

# PROSPECTUS

## Semper Finance 2006-1 Limited

(incorporated with limited liability in Jersey, Channel Islands)

### Credit linked notes

€500,000

**Class A+ Floating Rate Credit Linked Notes**

Issue Price: 100%

€138,000,000

**Class A Floating Rate Credit Linked Notes**

Issue Price: 100%

€111,500,000

**Class B Floating Rate Credit Linked Notes**

Issue Price: 100%

€92,500,000

**Class C Floating Rate Credit Linked Notes**

Issue Price: 100%

€83,000,000

**Class D Floating Rate Credit Linked Notes**

Issue Price: 100%

€32,700,000

**Class E Floating Rate Credit Linked Notes**

Issue Price: 100%

€7,400,000

**Class F Floating Rate Credit Linked Notes**

Issue Price: 100%

The Class A+, Class A, Class B, Class C, Class D, Class E and Class F Notes (each class of Notes, a "Class", and all Classes collectively, the "Issue" or the "Notes") of Semper Finance 2006-1 Limited (the "Issuer") are linked to the performance of a reference pool (the "Reference Pool") of certain loan claims for the payment of principal and interest, including partial claims, denominated in euro (each such claim, a "Reference Claim"), arising from certain loans, including syndicated loans, originated by Eurohypo AG, including its branches ("EUROHYPO" or the "Bank") or its predecessors, subsidiaries or affiliates. All Reference Claims are secured by one or more first priority or subordinated mortgages (*Hypotheken* or *Grundschulden*) (the "Mortgages") on one or more residential or commercial or mixed-use residential and commercial properties located in the New Federal States (each, a "Mortgaged Property"). For the purposes of Loss Allocation, such Mortgage or Mortgages (subject to customary real rights of use such as real servitudes (*Grunddienstbarkeiten*)) will be allocated to such Reference Claims as collateral as described herein (the "Reference Mortgages") (see "DESCRIPTION OF THE REFERENCE POOL"). Certain characteristics of the Reference Claims and the Mortgages 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 1,850,672,544.

Application has been made to the Irish Financial Services Regulatory Authority (the "IFSC"), 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. 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 December 7, 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.

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

**Arranger**

**Eurohypo AG**

**Lead Manager**

**Commerzbank Aktiengesellschaft**

The date of this Prospectus is December 5, 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 Note Collateral as well as all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the Senior Guarantee and the First Pledge Agreement) and grant to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration 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 Note Collateral 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 Note Collateral 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 Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, 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 A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F 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, EUROHYPO 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, EUROHYPO 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 EUR</u>	<u>Interest Rate</u>	<u>ISIN</u>
Class A+	500,000	EURIBOR* + 0.25%	XS0274873941
Class A	138,000,000	EURIBOR* + 0.25%	XS0274874246
Class B	111,500,000	EURIBOR* + 0.33%	XS0274874592
Class C	92,500,000	EURIBOR* + 0.52%	XS0274874832
Class D	83,000,000	EURIBOR* + 0.85%	XS0274875052
Class E	32,700,000	EURIBOR* + 3.30%	XS0274875565
Class F	7,400,000	EURIBOR* + 4.50%	XS0276247748

(\*) 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 Note Collateral.

The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Note Collateral 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 Note Collateral, 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 December 7, 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 on or about December 7, 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 EUROHYPO 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, Class E and Class F 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 Fitch Ratings Ltd. ("**Fitch**", 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&amp;P</u>	<u>Fitch</u>
Class A+	AAA	AAA
Class A	AAA	AAA
Class B	AA	AA
Class C	A	A
Class D	BBB	BBB
Class E	BB	BB
Class F	BB-	NR

The rating of "AAA" is the highest rating that S&P and Fitch assign to long term debt.

The ratings of each Class of Notes by S&P and Fitch addresses the likelihood of timely payment of interest and payment of principal no later than the Legal Maturity Date. The rating of each Class of Notes by S&P and Fitch 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 both 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, 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, EUROHYPO, 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 Europäische Hypothekenbank S.A. (the "**Note Collateral Provider**" or "**Eurohypo S.A.**") only is responsible for the information under "THE NOTE COLLATERAL PROVIDER" and "THE COLLATERAL – Terms and Conditions of the Note Collateral".

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 S.A. 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 S.A., 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 S.A., 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, EUROHYPO and Eurohypo S.A. 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 or of Eurohypo S.A. 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".***

A copy of this Prospectus has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 as amended and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 as amended to the issue of the Notes by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

**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.**

Investment Warning: The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they 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 they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.

Any individual intending to invest in any investment described in this document should consult his professional adviser 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.

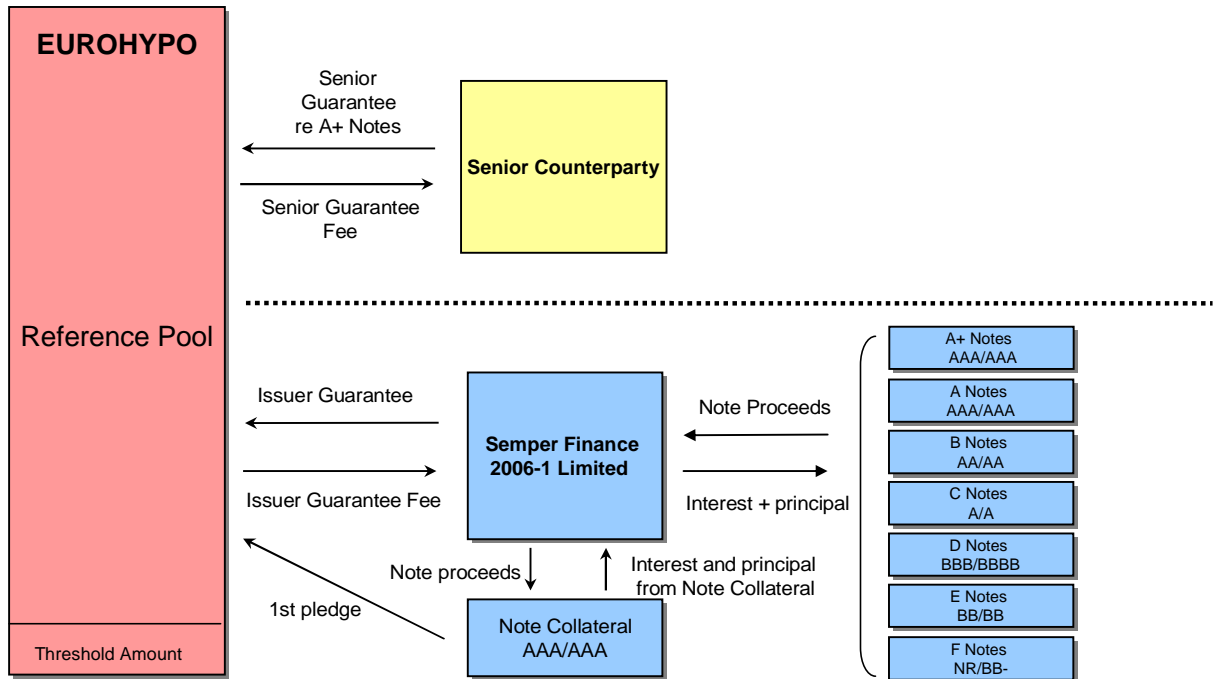
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**TRANSACTION OVERVIEW**  
(as of the end of business on the Issue Date)

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** Semper Finance 2006-1 Limited, a company with limited liability under the laws of Jersey, Channel Islands, having its registered office at 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands, telephone number: +44 1534 835625. 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 reference pool of certain loan claims for the payment of principal and interest denominated in euros arising from certain mortgage loans originated by EUROHYPO or its predecessors, including their respective branches and serviced by EUROHYPO. Each Reference Claim is secured by one or more first priority or subordinated mortgages (*Hypotheken* or *Grundschulden*) on one or more residential or commercial properties, the vast majority being multi family properties, and in few cases by commercial properties, located in the New Federal States.

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 Clause 2.2 of the Trust Agreement.

For the purpose of Loss Allocation, the mortgages securing a Reference Claim are allocated to such Reference Claim as collateral as described herein. See "THE NOTES" and "DESCRIPTION OF THE REFERENCE POOL".

**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, allocation of Late Recoveries 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.

**Administrator** Structured Finance Management Offshore Limited, 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands.

**Cash Administrator** Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom

**The Transaction Account Bank** Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom

**The Bank** Eurohypo AG, Helfmann-Park 5, 65760 Eschborn, Germany

<b>The Servicer</b>	The Bank or any subsidiary or affiliate of the Bank or any substitute Servicer appointed in accordance with the Servicing Principles. See "REFERENCE POOL SERVICING".
<b>The Arranger</b>	Eurohypo AG, Helfmann-Park 5, 65760 Eschborn, Germany (the " <b>Arranger</b> ").
<b>The Lead Manager</b>	Commerzbank Aktiengesellschaft, Kaiserplatz , 60261 Frankfurt am Main, Germany (the " <b>Lead Manager</b> " or " <b>Commerzbank</b> ")
<b>The Trustee</b>	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstraße 6, 40476 Düsseldorf, Germany
<b>The Principal Paying Agent</b>	Deutsche Bank AG London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom
<b>The Irish Listing Agent</b>	Deutsche Bank Luxembourg S.A., 2 Bld Konrad Adenauer, L-1115 Luxembourg
<b>The Irish Paying Agent</b>	Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland
<b>Depository Agent</b>	There shall be no depository agent involved in connection with the issue of the Notes.
<b>Cut-off Date</b>	End of business on October 02, 2006 (the " <b>Cut-off Date</b> ")
<b>Issue Date</b>	December 7, 2006
<b>Payment Dates</b>	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 30 <sup>th</sup> 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 March 30, 2007.
<b>Interest Accrual Period</b>	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.
<b>Payment of Interest</b>	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, allocation of Late Recoveries 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 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, the Class E and then the Class F 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, in each case, be 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 allocation of Late Recoveries and/or the Unjustified Loss Allocation procedure, if any, in each case, on the relevant Payment Date.

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

### **Late Recoveries**

Any payment the Servicer receives during a Collection Period which is allocable to a Liquidated Reference Claim pursuant to Provision 4 (Allocation of Payments and Foreclosure Proceeds) of the Reference Pool Provisions in respect of which a Realised Loss was allocated to the Outstanding Threshold Amount and/or the Notes (each, a "**Late Recovery**"), shall be allocated as of the following Payment Date to reverse previous Loss Allocations in the order which is the reverse of the order of the Loss Allocation to increase, to the extent allocable to any Class of Notes, equally each Note Principal Amount of the Notes in the relevant Class or Classes and/or to increase the Outstanding Threshold Amount, provided that, in the case of the Class A+ Notes, only the product of the A+ Reduction Factor and the amount of the Late Recoveries allocable to the Class A+ Notes shall be so allocated.

See "THE NOTES – Loss Allocation – Late Recoveries".

### **Redemption - Scheduled Maturity Date**

The Payment Date falling in September 2082.

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, certain Notes may remain outstanding after the Scheduled Maturity Date and payments will be made on such Notes on the Legal Maturity Date.

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

**Redemption - Legal Maturity Date**

The Payment Date falling in September 2084.

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

**Early Redemption**

The Issuer may redeem the Notes before the Scheduled Maturity Date on any Payment Date following the occurrence of an Early Termination Event. Early Termination Events are defined as the termination of the Issuer Guarantee by the Bank at its option as of any Payment Date

- (1) following the Collection Period during which certain legal, regulatory or tax changes affecting the Bank, and/or the Issuer occurred, or
- (2) following the Collection Period during which the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the initial Aggregate Principal Balance of the Reference Pool as of the Cut-off Date, or
- (3) falling on or after the Payment Date falling in March 2015.

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 last calendar day of the calendar month immediately 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 first calendar day immediately following the last day of the previous Collection Period until the last 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 payment of principal and interest, including partial claims, and certain undrawn commitments, in each case denominated in euro held by or for the benefit of EUROHYPO

arising from certain fixed or floating rate mortgage loans, including syndicated loans. The reference claims have been originated by EUROHYPO (previously named Deutsche Hypo Deutsche Hypothekenbank Frankfurt-Hamburg AG and including its predecessors, namely, Eurohypo AG Europäische Hypothekenbank der Deutschen Bank, and Rheinyp Rheinische Hypothekenbank AG). The Borrowers are housing associations, either corporate entities owned directly or indirectly by municipalities (*kommunale Wohnungsbaugesellschaften*) or co-operatives (*genossenschaftliche Wohnungsbaugesellschaften*). Each Borrower is a German registered co-operative (*eingetragene Genossenschaft*), a German civil law partnership (*Gesellschaft bürgerlichen Rechts*), a German limited liability company (*Gesellschaft mit beschränkter Haftung*), a German stock corporation (*Aktiengesellschaft*), a German limited partnership (*KG*) or a German limited partnership with a German limited liability company or stock corporation as unlimited partner (*GmbH & Co KG bzw. AG & Co KG*). The calculated final maturity (as of the Cut-off Date) of the Reference Claims does not extend beyond June 2082. The fixed rate loans bear interest at rates initially fixed for a certain period, generally between 1 and 10 years, and at the end of this period the rate of interest is adjusted for a subsequent fixed rate period or changed to a floating rate. The Reference Claims had an aggregate Outstanding Nominal Amount as of the Cut-off Date of EUR 1,850,672,543.96.

Each Reference Claim is secured by one or more first priority or subordinated mortgages (*Hypotheken* or *Grundschulden*) (subject to customary real rights of use such as real servitudes (*Grunddienstbarkeiten*)) on one or more residential or commercial properties, the vast majority being multi family properties, and in a few cases by commercial properties, located in the New Federal States. For the purpose of Loss Allocation, such mortgages are allocated to such Reference Claim as collateral as described herein. See "DESCRIPTION OF THE REFERENCE POOL — Reference Mortgages" and "— Allocation of Payments and Foreclosure Proceeds".

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.

As of the Cut-off Date, the Eligibility Criteria with respect to each of the Reference Claims must be met. Reference Claims

which did not meet the Eligibility Criteria as of the Cut-off Date may be removed from the Reference Pool after the Issue Date. The Reference Pool does not constitute a revolving pool of assets and therefore, it does not constitute an actively managed pool of assets. 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".

**Servicing of the Reference Pool** The Servicer will administer, collect and enforce the Reference Claims, including by way of Foreclosure on the related Reference Mortgages.

The Servicer will service the Reference Claims in accordance with the Servicing Standards.

See "REFERENCE POOL SERVICING".

**Servicing Standards** The standard credit and collection procedures of the Bank 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 Class Principal Amounts to EUR 1 per Note of the Class F Notes, 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 (i) Accrued Interest until the date Realised Losses are allocated and (ii) Enforcement Costs, in each case, in respect of each Reference Claim which becomes a Defaulted Reference Claim or Liquidated Reference Claim, as relevant. See "THE NOTES – Loss Allocation".

Reference Claims with respect to which any of the Eligibility Criteria, Servicing Standards or, if relevant, the requirements for transfer of Reference Claims are not complied with will not qualify for Loss Allocation and may be removed from the Reference Pool, unless one of certain exceptions applies.

See "THE NOTES – Loss Allocation" and "DESCRIPTION OF

THE REFERENCE POOL – Reference Pool Provisions – Non-compliance".

### **Note Collateral**

As security for the obligations of the Issuer under the Notes, the Issuer will purchase the Note Collateral and pledge the Note Collateral to the Trustee on or about the Issue Date. The Issuer will deposit the Note Collateral in a security trust account held in Germany. The payment obligations of the Issuer under each Class of Notes will be secured by a corresponding series of Note Collateral from the Note Collateral Provider.

The Trustee Claim with respect to each Class of Notes will be secured by a pledge (*Pfandrecht*) for the benefit of the Trustee over a corresponding series of Note Collateral. The pledges over the Note Collateral 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.

The Note Collateral will be comprised of public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of the Note Collateral Provider which rank at least *pari passu* with all other public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of the Note Collateral Provider. The Note Collateral will be rated AAA by Fitch and AAA by S&P.

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 Administration Agreement, the Senior Guarantee and the First Pledge Agreement) and grant to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration 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. All classes of Notes will be issued in denominations of EUR 50,000. The Global Notes representing the Notes will not be exchangeable for definitive securities. The Global Notes will be held in custody by Deutsche Bank AG, London Branch as common depository for Euroclear and Clearstream, Luxembourg. 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 Note Collateral and under the Issuer Guarantee.

The Issuer will receive the funds necessary for payment of the initial costs incurred in connection with the issuance, listing and placement of the Notes, acquisition of the Note Collateral and costs related thereto under a funding loan (the "**Funding Loan**") granted to the Issuer by the Bank.

See "THE FUNDING LOAN".

The Bank will pay under the Issuer Guarantee, *inter alia*, the Guarantee Fee to the Issuer on the Issue Date and on each Payment Date. The "**Guarantee Fee**" will be an amount calculated by the Bank, in each case in respect of the two immediately following Payment Dates, as the sum of (i) the costs and expenses of the Issuer, (ii) the amounts necessary to amortize the Funding Loan and (iii) the excess, if any, of (A) the aggregate 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 Note Collateral less (iv) amounts available to the Issuer from any Guarantee Fee paid prior to the relevant Payment Date.

See "THE ISSUER GUARANTEE".

#### **Use of Proceeds**

The net proceeds from the issue of the Notes are approximately EUR 465,600,000. The net proceeds are equal to the gross proceeds and will be used by the Issuer to acquire the Note Collateral. The Note Collateral will be deposited in the Custody Account of the Issuer with the Custodian pursuant to the Custody Account 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, Class E Notes and Class F 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 6,000.

**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 Fitch 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 Note Collateral.

The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Note Collateral 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, the Administrator, any of the Agents, any Servicer, 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, the Administrator, any of the Agents, any Servicer, 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 the Administrator, nor any of the Agents, nor any Servicer, 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 Note Collateral 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 Administrator or the Transaction Account 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.

#### **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 Borrowers 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.

#### **Mortgages**

Each Reference Claim is secured by one or more Mortgages. Such Mortgages may secure one or more

Reference Claims, as well as other junior-ranking claims of the Bank.

Accordingly, in such cases only a portion of the proceeds from such Mortgages 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 Mortgages may be repaid or otherwise extinguished and new claims allocated to the Mortgages.

The Bank may at any time release, or cause to be released, any Mortgage if in its professional judgement it concludes that it is required to do so by applicable law or contractual arrangements.

In the event that a Borrower defaults on a Reference Claim secured by one or more Mortgages, the Servicer is required to foreclose on the Mortgage or Mortgages securing such Reference Claim in accordance with the Servicing Standards. However, there is no guarantee that the value of the portion of such Mortgage or Mortgages 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 Mortgages to the Reference Claims are described under "THE NOTES – Loss Allocation" and "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Reference Mortgages" and "– Allocation of Payments and Foreclosure Proceeds".

### **Compliance with Transaction Documents and Realised Losses**

Compliance with the Terms and Conditions, in particular the Eligibility Criteria 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 Mortgages**

Neither the Noteholders nor the Issuer will have any right to or interest in any Reference Claim or Reference Mortgage 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, the Class E Notes and the Class F Notes together with the initial Outstanding Threshold Amount will be EUR 490,172,543.96. 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 F Notes will be reduced and after they have been reduced to EUR 1 per Note, then the Note Principal Amounts of the Class E Notes, 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 F Notes, 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 30<sup>th</sup> 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 may redeem the Notes before the Scheduled Maturity Date on any Payment Date following the occurrence of an Early Termination Event. Early Termination Events are defined as the termination of the Issuer Guarantee by the Bank at its option as of any Payment Date (i) following the Collection Period during which certain legal, regulatory or tax changes affecting the Bank, and/or the Issuer occurred; or (ii) following the Collection Period during which the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the initial Aggregate Principal Balance of the Reference Pool as of the Cut-off Date; or (iii) falling on or after the Payment Date falling in March 2015.

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

### **Collateral and Trustee Claim**

On the Issue Date, the Issuer will pledge (*verpfänden*) the Note Collateral as well as all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the First Pledge Agreement and the Senior Guarantee) and grant to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration 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 Note Collateral and any other security interest in respect of the Note Collateral 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 Note Collateral 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 Note Collateral, if the required Foreclosure Amount cannot be achieved through sale of such Note Collateral in accordance with the procedure set out in the Trust Agreement, the Trustee will deliver such Note Collateral 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".

### **Jersey Law Security**

Under the Jersey Security Agreement, a Jersey law security interest is created in respect of all of the Issuer's present and future claims, right, title and interest in and to the Administration Agreement. Under Jersey Law, security can only be enforced by way of a power of sale pursuant to the Security

Interests (Jersey) Law 1989, as amended. Therefore, realisation of such assets of the Issuer secured under the Jersey Security Agreement will depend on there being a market for such assets.

### **Regional Distribution of the Mortgaged Properties**

Although the Mortgaged Properties securing the Reference Claims are distributed throughout the New Federal States, such Mortgaged Properties may be predominant in certain German federal states, such as Saxony and Berlin. See "DESCRIPTION OF THE REFERENCE POOL — Property Data – Distribution of Properties by Federal State". Any deterioration in prices in the commercial and/or residential real property market in the German federal state in which the Mortgaged Properties are located and any deterioration in the economic conditions in such German federal state which adversely affects the ability of the Borrowers to make payments on the Reference Claims may increase the likelihood of losses on the Reference Claims. A predominance of the Mortgaged Properties in such German federal states may therefore result in a greater risk of loss than if such concentration had not been present. Such losses, if they occur, may have an adverse effect on the yield to maturity of the Notes.

### **The Subordinated Nature of Certain Reference Mortgages**

As of the Cut-off Date, mortgages in an aggregate nominal amount of EUR 277,094,002 excluding amounts relating to interest and costs ranked senior or equal to Reference Mortgages, and to such extent, Reference Mortgages ranked equal or were subordinated. If the Mortgaged Property is foreclosed upon, subordinated mortgages are more likely to suffer losses than senior ranking mortgages. While a subordinated mortgagee has the right to initiate foreclosure proceedings, the minimum purchase price in a forced sale need only satisfy the sum of all costs arising in connection with the forced sale and the secured claims of the senior ranking mortgagee(s) and may only, in the first foreclosure proceedings, together with such senior ranking costs and mortgages, be not lower than (i) 50% of the market value as determined by the court or (ii) 70% of the market value so determined by the court, upon objection by a creditor whose claim is not covered by the purchase price but whose claim would be covered if the purchase price amounted to 70% of the court-determined market value of the real estate. Therefore, there is an increased risk that subordinated mortgagees may receive from the proceeds less than the amounts due under their respective secured claims and, if the purchase price does not exceed the secured claim of the senior ranking mortgagee(s) (including, if applicable, for the payment of interest) plus costs, will not receive any part of the proceeds in a forced sale. The principal amount of any mortgage will be increased at a rate per annum specified in respect of such mortgage (*dinglicher Zins*) which typically ranges between 10% and 20% per annum. The amount accrued on a mortgage at such rate will have the same priority (*Rang*) as such mortgage for the purposes of the allocation of the foreclosure proceeds in an amount equal to the sum of (a) current amounts (*laufende Beträge*) meaning the last amount due before the commencement of the foreclosure (*Beschlagnahme*) and all amounts due until the court order conferring title in the foreclosure (*Zuschlag*) or, in certain cases, the date on which the foreclosure proceeds are distributed (*Verteilungstermin*) and (b) amounts (including, but not limited to, interest) in arrears (*rückständige Beträge*) for the last two years prior to the last due date before the commencement of the foreclosure (*Beschlagnahme*). The principal amount as increased in accordance with the foregoing will typically, but not necessarily, secure any payment claim of the senior ranking mortgagee(s) against the relevant borrower (whether such claim arises under the loan for which such mortgage was primarily given or otherwise). Therefore, the subordination of such subordinated mortgagees could be substantially higher than the initial principal amount of the relevant senior ranking mortgage. If any mortgage securing a Reference Claim is subordinated to any other mortgage, the increase of that senior ranking mortgage as described in the foregoing may result in a corresponding reduction of the foreclosure proceeds allocable to such Reference Claim and, thus, a corresponding increase of any Realised Loss in respect of such Reference Claim. See "DESCRIPTION OF THE REFERENCE POOL – Reference Pool Provisions – Allocation of Payments and Foreclosure Proceeds". In addition, subordinated mortgages can be affected to a greater extent by a decline in the value of the real estate encumbered with such mortgage than first priority mortgages. See "DESCRIPTION OF THE REFERENCE POOL – The Mortgages and the Mortgaged Properties".

As of the Cut-off Date, the aggregate principal amount of all portions of Mortgages securing the Reference Claims exceeds the aggregate Outstanding Nominal Amount of all Reference Claims.

### **Reliance on the Creditworthiness of the Bank**

The net proceeds from the issue of the Notes will be used to acquire the Note Collateral, which will be issued by Eurohypo S.A. 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 Note Collateral 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".

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 Borrower Groups 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 Borrower Groups or any other borrowers or guarantors of the Reference Claims, including information on the Bank's other exposures to any Borrower Group 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 Mortgages, in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, subject to the servicing conditions under such Reference Loan documentation) 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 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 in respect of which the Bank acts as the Agent Bank, the 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. 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 Bank acting as Agent Bank, in administering the Reference Claims, enforcing claims against Borrowers, including taking decisions with respect to enforcement and/or foreclosure on the related Reference Mortgages and also, as the case may be with respect to Reference Claims arising under syndicated Reference Loans, 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.

### **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 Borrower Groups 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 to the Borrower Groups 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, the Class E Notes and the Class F 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 Note Collateral.

The Noteholders will not be entitled to gross-up payments in the event that the payments on the Notes and/or payments under the Note Collateral 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 Note Collateral, the Issuer Guarantee or the Senior Guarantee. See "THE NOTES – Early Redemption by the Issuer".

See "TAXATION".

## **THE ISSUER**

**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.**

**Violation of the Memorandum and Articles of Association (*Satzung*) of the Issuer or the Trust Agreement by the Issuer may adversely affect the Performance of the Notes**

The memorandum and articles of association of the Issuer and the Trust Agreement put in place certain restrictions with respect to the business and corporate governance of the Issuer. The Issuer may only undertake such business which is related to the transaction and agreements described in this Prospectus. However, any action which provokes a breach of the memorandum and articles of association or the Trust Agreement, respectively, and/or the commitment of further indebtedness, would generally constitute legal, valid and binding obligations of the Issuer and may adversely affect the payment of principal of the Notes.

## 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.

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**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, THE SERVICER, 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, THE SERVICER, 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 THE SERVICER, 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**

Semper Finance 2006-1 Limited, incorporated with limited liability under the laws of Jersey, Channel Islands, with its registered office at 47 Esplanade, St. Helier JE1 OBD, Jersey, Channel Islands (the "**Issuer**") will issue on December 7, 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 138,000,000 and divided into 2,760 Class A Notes, each having an initial principal amount of EUR 50,000,

- (c) Class B Floating Rate Credit Linked Notes (the "**Class B Notes**") which are issued in an initial aggregate principal amount of EUR 111,500,000 and divided into 2,230 Class B Notes, each having an initial principal amount of EUR 50,000,
- (d) Class C Floating Rate Credit Linked Notes (the "**Class C Notes**") which are issued in an initial aggregate principal amount of EUR 92,500,000 and divided into 1,850 Class C Notes, each having an initial principal amount of EUR 50,000,
- (e) Class D Floating Rate Credit Linked Notes (the "**Class D Notes**") which are issued in an initial aggregate principal amount of EUR 83,000,000 and divided into 1,660 Class D Notes, each having an initial principal amount of EUR 50,000, and
- (f) Class E Floating Rate Credit Linked Notes (the "**Class E Notes**") which are issued in an initial aggregate principal amount of EUR 32,700,000 and divided into 654 Class E Notes, each having an initial principal amount of EUR 50,000.
- (g) Class F Floating Rate Credit Linked Notes (the "**Class F Notes**") which are issued in an initial aggregate principal amount of EUR 7,400,000 and divided into 148 Class F Notes, each having an initial principal amount of EUR 50,000.

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 Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, 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**"), and 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, allocation of Late Recoveries, 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, the Administrator, any Servicer, 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, the Administrator, any Servicer, 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 the Administrator, nor any Servicer, 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 Note Collateral 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 sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 138,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 111,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 92,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 83,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 32,700,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes, and
  - (g) EUR 7,400,000 floating rate public sector Luxembourg covered bonds (*Lettres de*

*Gage Publiques*) of Eurohypo S.A. (the "**Series F Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class F Notes, and

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

- (ii) pledge (*verpfänden*) all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the Senior Guarantee and the First Pledge Agreement) to the Trustee and grant to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration Agreement (together with the collateral set out under Section 3.1(i) above, the "**Collateral**") 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.

The pledges over the Note Collateral 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 December 7, 2006 (the "**Trust Agreement**") with Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstraße 6, 40476 Düsseldorf, 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 Administration Agreement, the Custody Account Agreement, the Agency Agreement, the Subscription Agreement, the Securities Purchase Agreement, the Issuer Guarantee, the Senior Guarantee 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, a Frankfurt Business Day and a London Business Day and on which Clearstream Luxembourg, Clearstream Frankfurt and Euroclear settle payments. "**TARGET Settlement Day**" means a day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) settles payments. "**Frankfurt 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 Frankfurt am Main, Germany. "**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.

## **7. PAYMENTS OF INTEREST**

### **7.1 Accrual Basis**

The Note Principal Amount shall bear interest from December 7, 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 by any Late Recoveries or 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 30<sup>th</sup> calendar day of March, June, September and December of each year, subject to Section 6.4 (Payments – Business Day) (each a "**Payment Date**"). The first Payment Date shall be March 30, 2007.

### **7.3 Interest Amount**

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 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).

### **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 0.25% per annum,  
in the case of the Class A Notes, EURIBOR plus 0.25% per annum,  
in the case of the Class B Notes, EURIBOR plus 0.33% per annum,  
in the case of the Class C Notes, EURIBOR plus 0.52% per annum,

in the case of the Class D Notes, EURIBOR plus 0.85% per annum, and  
in the case of the Class E Notes, EURIBOR plus 3.30% per annum,  
in the case of the Class F Notes, EURIBOR plus 4.50% 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 three and four 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 three months) which appears on Reuters Page EURIBOR01 (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 Reuters Page EURIBOR01 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 F Notes,

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

fourth, 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,

fifth, 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,

sixth, 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,

seventh, 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,

eighth, 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 1,360,500,000;

*provided that* (i) the Bank has duly notified the Trustee pursuant to Section 8.4 (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 9.4(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, the Bank pursuant to Clause 25.4 of the Trust Agreement, 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, Servicing Standards or, if

relevant, requirements for transfer of such Reference Claim pursuant to Provision 7 (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 8 (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, 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 and in each case not otherwise recovered from Collections (including Foreclosure Proceeds) as allocated pursuant to Provision 4 (Allocation of Payments and Foreclosure 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 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.

**"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 specified in the Reference Claim List, as reduced by the Collections in respect of such Reference Claim, 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, and (ii) that is a Defaulted Reference Claim or Liquidated Reference Claim, the Drawn Amount of such Reference Claim,

*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.

**"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.

**"Undrawn Amount"** means, with respect to a Contingent Reference Claim at any time, the

amount equal to the excess of (i) the initial Outstanding Nominal Amount of such Contingent Reference Claim as specified in the initial Reference Claim List 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 (and Accrued Interest shall include interest at the Contractual Rate of Interest for such period of time during which contractual or statutory default interest accrues in respect of a Reference Claim and shall not include, in respect of such same period, contractual or statutory default interest) 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.

**"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 and/or a Mortgage 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 and/or such Mortgage, including all such reasonable fees, disbursements, costs and expenses of a foreclosure or other enforcement on the Mortgage or on any other assets of the relevant Borrower Group and irrespective of whether any portion of the proceeds from such foreclosure or other enforcement is allocable to claims other than a Reference Claim.

**"Collections"** means, with respect to a Reference Claim, all payments (including prepayments, Late Recoveries and Foreclosure Proceeds) allocable to the principal amount of such Reference Claim pursuant to Provision 4 (Allocation of Payments and Foreclosure 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.

**"Collection Period"** means with respect to the first Payment Date, the period from the Cut-off Date until the last calendar day of the calendar month immediately 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 first calendar day immediately following the last day of the previous Collection Period until the last 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 25,072,543.96 (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 by Late Recoveries or as a result of the Unjustified Loss Allocation procedure.

**"Determination Date"** means the 6<sup>th</sup> Frankfurt 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 8.4 (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, 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 Borrower to enter into any Reference Loan, 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.

**"Bankruptcy"** means the Borrower: (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 10,000 has not been made when due within 30 calendar days from the relevant due date (after giving effect to any grace period applicable on the Issue Date but irrespective of any extension thereof after the Issue Date), *provided that* a payment of any amount shall be deemed to have been made if the related payment obligation of the Borrower pursuant to the underlying Reference Loan has been fully satisfied in such amount.

**"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. (Frankfurt 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. (Frankfurt 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 the Outstanding Nominal Amount of any Reference Claim which is either a Defaulted Reference Claim or a Liquidated Reference Claim but, for the avoidance of doubt, excluding the Outstanding Nominal Amounts of any Reference Claims removed from the Reference Pool pursuant to Provision 7 (Transfers) or Provision 8 (Non-compliance) of the Reference Pool Provisions.

## 8.2 Late Recoveries

Any payment the Servicer receives during a Collection Period which is allocable to a Liquidated Reference Claim pursuant to Provision 4 (Allocation of Payments and Foreclosure Proceeds) of the Reference Pool Provisions in respect of which a Realised Loss was allocated to the Outstanding Threshold Amount and/or the Notes (each such payment, a "**Late Recovery**"), shall be allocated as of the following Payment Date (after the Loss Allocation on such date in accordance with Section 8.1 (Loss Allocation - Order and Conditions)) to reverse previous Loss Allocations in the order which is the reverse of the order of the Loss Allocation set forth in Section 8.1 (Loss Allocation – Order and Conditions) to increase, to the extent allocable to any Class of Notes, equally each Note Principal Amount of the Notes in the relevant Class or Classes but not higher than the amount by which the Note Principal Amounts of the Notes have been reduced due to any Loss Allocation and/or to increase the Outstanding Threshold Amount, provided that, in the case of the Class A+ Notes, only the product of the A+ Reduction Factor and the amount of the Late Recoveries allocable to the Class A+ Notes shall be so allocated.

For the avoidance of doubt,

- (i) for the period from the allocation of Realised Losses to any Notes pursuant to the Loss Allocation until the allocation of the related Late Recoveries pursuant to this Section 8.2, the Noteholders shall receive no payment of interest in respect of the increase of the Note Principal Amounts pursuant to this Section 8.2 or otherwise with respect to the amount of such Late Recoveries;
- (ii) Late Recoveries to the extent allocable to the principal of the relevant Reference Claim shall constitute Collections on the relevant Reference Claim;

- (iii) the Noteholders shall have no rights with respect to any Late Recoveries after the final redemption of their Notes; and
- (iv) the cumulative amount of all Late Recoveries with respect to any single Liquidated Reference Claim shall be limited to the amount of Realised Loss in respect of such Liquidated Reference Claim allocated to the Notes (in the case of Loss Allocation to the Class A+ Notes, such Realised Loss shall be taken into account without multiplication by the A+ Reduction Factor) and/or the Outstanding Threshold Amount pursuant to the Loss Allocation, and the exceeding amount shall be deemed not to be a Late Recovery.

### **8.3 Determinations**

Any Realised Losses and Late Recoveries 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.

### **8.4 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 Servicer, (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 the Outstanding Threshold Amount and thereafter 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 Foreclosure 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, 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, the Class E, the Class F 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 by Late Recoveries and/or 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 7 (Transfers) and/or Provision 8 (Non-compliance) 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

The Notes shall be redeemed on the Payment Date falling in September 2082 (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) if one or more Classes of Notes remain outstanding pursuant to paragraph (a) above, the Terms and Conditions shall continue to apply to such Classes of Notes.

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

## 10.3 Legal Maturity

In the event that any Defaulted Reference Claim for which no Realised Loss has been determined remains outstanding as of the end of the Collection Period immediately preceding the Payment Date falling in September 2084 (the "**Legal Maturity Date**"), the Issuer shall:

- (a) cause the determination of the Appraised Loss in respect of each such Defaulted Reference Claim;
- (b) cause the Bank to make the determination pursuant to Section 8.3 (Loss Allocation - Determinations) for the purposes of the Loss Allocation on the Legal Maturity Date in respect of any Realised Losses and Appraised Losses to be allocated to the Notes in accordance with the Loss Allocation on the Legal Maturity Date, and
- (c) redeem the remaining outstanding Notes at their Note Principal Amounts on the Legal Maturity Date.

"**Appraised Loss**" means, with respect to any Reference Claim, the excess of (A) the Outstanding Nominal Amount and the Accrued Interest and the Enforcement Costs 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 and taking into account any expected Enforcement Costs) in accordance with the Reference Pool Provisions and the Servicing Standards, determined by a Value Expert appointed for this purpose by the Trustee in accordance with the Trust Agreement, provided that, where the Appraised Loss as calculated on the basis of such determination exceeds an amount of EUR 300,000, a further determination shall be made by another Value Expert appointed for this purpose by the Trustee in accordance with the Trust agreement and Appraised Value shall mean, with respect to such relevant Reference Claim, the mean of both determinations as established jointly by both Value Experts in accordance with the Trust Agreement.

## 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 30<sup>th</sup> 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 28<sup>th</sup> 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 by Late Recoveries and/or 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 30 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 30 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 all of the Notes (but not some only) (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 Section 10.3 (Redemption – 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 less than 10% of the Initial Aggregate Principal Balance, or (iii) falling in or after March 2015; 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 Jersey, 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 German tax purposes and/or to make any tax withholding or deduction in respect of any payments on the Notes, the Note Collateral, 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 Jersey 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 first Payment Date falling two years after 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 5 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 Note Collateral, 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 Note Collateral (divided by the number of Notes of the Class of Notes relating to such Series of Note Collateral).

## 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, removed from the Reference Pool pursuant to Provision 7 (Transfers) and/or Provision 8 (Non-compliance) 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 8.2 (Late Recoveries) and/or 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

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

## 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. (Frankfurt 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 Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, 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 Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin, 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 Deutsche Bank Luxembourg S.A., 2 Bld Konrad Adenauer, L-1115 Luxembourg 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 F 1 by Fitch, and/or A-1+ by S&P 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 15 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 have a short term rating of at least F 1 by Fitch and A-1+ by S&P.

### 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 borrower 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 Note Collateral 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 guidelines of the Irish Stock Exchange and, with respect to such supplement, take all measures required by the guidelines 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 SFM Structured Finance Management (Deutschland) GmbH, with its seat on the Issue Date at Eysseneckstraße 4, 60322 Frankfurt am Main Germany, as its authorised agent for service of process (the "**Process Agent**") in relation to any legal proceedings before a German court.

## 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 December 7, 2006 between Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstraße 6, 40476 Düsseldorf, Germany (the "**Trustee**"), Semper Finance 2006-1 Limited, 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands, a company with limited liability incorporated under the laws of Jersey, Channel Islands (the "**Issuer**") and Eurohypo AG, Helfmann-Park 5, 65760 Eschborn, 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 138,000,000,
  - (c) Class B Floating Rate Credit Linked Notes in an initial principal amount of EUR 111,500,000,
  - (d) Class C Floating Rate Credit Linked Notes in an initial principal amount of EUR 92,500,000,
  - (e) Class D Floating Rate Credit Linked Notes in an initial principal amount of EUR 83,000,000, and
  - (f) Class E Floating Rate Credit Linked Notes in an initial principal amount of EUR 32,700,000;
  - (g) Class F Floating Rate Credit Linked Notes in an initial principal amount of EUR 7,400,000;
- (ii) a loss guarantee agreement (the "**Issuer Guarantee**") between the Issuer as protection seller and the Bank as protection buyer effective as of December 7, 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 on or about December 7, 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 8.1, 8.2, 8.3, 8.4, 8.8, Clause 9.6, Clause 11.1, Clause 13.5 and Clause 17.1, 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 a current account in EUR (the "**Transaction Account**") with Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom 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 December 7, 2006 (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), terminate the Transaction Account Agreement and close the Transaction Account. In such case the Issuer shall within 30 calendar days after receiving such written consent of the Trustee (i) open a new Transaction Account with another Transaction Account Bank having at least the Transaction Account Bank Required Ratings from each of the Rating Agencies, (ii) transfer the funds credited to the Transaction Account to such new Transaction Account and (iii) close the Transaction 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 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 to such

new Transaction Account and (iii) close the Transaction Account with the former Transaction Account Bank.

**"Transaction Account Bank Required Rating"** means the following ratings: A-1+ (short term) by S&P and F1+ by Fitch and A1 (long term) and P-1 (short term) by Moody's Investors Service Limited ("**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.

#### **4. NOTE COLLATERAL; PLEDGES; SUBSTITUTION**

- 4.1 On or before the Issue Date the Issuer has purchased pursuant to a securities purchase agreement dated December 7, 2006 (the "**Securities Purchase Agreement**") from Eurohypo S.A. the securities set forth under (i) through (vii) below:

- (i) EUR 500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series A+ Collateral**"),
- (ii) EUR 138,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series A Collateral**"),
- (iii) EUR 111,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series B Collateral**"),
- (iv) EUR 92,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series C Collateral**"),
- (v) EUR 83,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series D Collateral**"),
- (vi) EUR 32,700,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series E Collateral**"), and
- (vii) EUR 7,400,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series F Collateral**").

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

Each Series will be represented by a global certificate deposited with Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"). The Note Collateral will be held in the securities account no. 2000000290 (the "**Custody Account**") of the Issuer with Eurohypo AG, Helfmann-Park 5, 65760 Eschborn, Germany (in such capacity and each successor custodian, the "**Custodian**") pursuant to a custody account agreement between the Issuer, the Trustee and the Custodian dated December 7, 2006 (the "**Custody Account Agreement**").

- 4.2 Pursuant to the terms of the first pledge agreement between the Issuer and the Bank dated December 7, 2006 (the "**First Pledge Agreement**"), the Issuer has pledged (*verpfänden*) the



Note Collateral 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 Note Collateral shall be limited to the portion of the Note Collateral 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 Note Collateral to the Trustee as trustee (*Treuhänder*) for the security purposes set forth in Clause 4.4 below. 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 Note Collateral (including, but not limited to, the claim for re-delivery of the Note Collateral 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.
  - (vii) the pledge over the Series F Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class F Notes.
- 4.5 The Bank shall be entitled, at its option, (i) to sell at par and transfer to the Issuer, public sector Pfandbriefe, lettres de gage or other mortgage bonds (the "**Substitute Note Collateral**") conditional upon the repurchase at par of a corresponding nominal amount of one or more of the series of Note Collateral set out in the preceding Clause 4.4(i) through (vi) (in each case in whole or in part) as specified by the Bank, provided that the Substitute Note Collateral shall be rated at least equal to the substituted Note Collateral, or (ii) provide such other collateral as substitute for the Note Collateral ("**Other Substitute Collateral**") in each case in such form and amount so that the Rating Agencies give the written confirmation to the Issuer and the Trustee that upon such other action the then current rating of the respective Notes would not, solely as a result of such substitution, be qualified downgraded or withdrawn. In the case of Clause 4.5 sentence 1 (i) the Issuer shall pledge, assign or otherwise charge, as reasonably instructed by the Bank, any such Substitute Note Collateral to the Bank as security for the obligations of the Issuer towards the Bank under the Issuer Guarantee and thereafter create over such Substitute Note Collateral a security interest equivalent to the security interest created in favour of the Bank (which shall, however, rank junior to the security interest in favour of the Bank) in favour of the Trustee for the benefit of the Noteholders. Thereupon, the substituted Note Collateral shall be released to the Bank and the Substitute Note Collateral shall qualify as Note Collateral. In the case of Clause 4.5 sentence 1 (ii), sentences 2 and 3 of this Clause 4.5

shall apply *mutatis mutandis*.

- 4.6 The Issuer shall, upon the maturity of the Note Collateral, (i) acquire from the proceeds payable to it upon such maturity and not payable by it to the Bank under the Issuer Guarantee or to the Noteholders, public sector Pfandbriefe, lettres de gage or other mortgage bonds (the "**Maturity Substitute Note Collateral**") at par provided that the Maturity Substitute Note Collateral shall be rated at least equal to the Note Collateral as at maturity, or (ii) provide for such other collateral as substitute for the Note Collateral ("**Other Maturity Substitute Collateral**") in each case in such form and amount so that the Rating Agencies give the written confirmation to the Issuer and the Trustee that upon such other action the then current rating of the respective Notes would not, solely as a result of such substitution, be qualified downgraded or withdrawn, and (iii) as long as neither any Maturity Substitute Note Collateral nor any Other Maturity Substitute Collateral is acquired, provide for the proceeds payable to it upon the maturity of the Note Collateral to be held in a custody account (which shall be a sub-account to or an account separate from the Transaction Account but which may be the same account as the Refund Account) (the "**Substitution Account**") with a custodian bank the rating of which is at least A-1+ (short term) by S&P and F1+ by Fitch. In the case of Clause 4.6 sentence 1 (i) the Issuer shall pledge, assign or otherwise charge, as reasonably instructed by the Bank, any such Maturity Substitute Note Collateral to the Bank as security for the obligations of the Issuer towards the Bank under the Issuer Guarantee and thereafter create over such Maturity Substitute Note Collateral a security interest equivalent to the security interest created in favour of the Bank (which shall, however, rank junior to the security interest in favour of the Bank) in favour of the Trustee for the benefit of the Noteholders. Thereupon, the Maturity Substitute Note Collateral shall qualify as Note Collateral. In the cases of Clause 4.6 sentence 1 (ii) and (iii), sentences 2 and 3 of this Clause 4.6 shall apply *mutatis mutandis*.
- 4.7 In the event that the rating of the Custodian by any of the Rating Agencies falls below the Custodian Required Rating, the Issuer shall within 30 Business Days, or if the Issuer fails to do so, the Trustee shall promptly after it has become aware of such downgrading but in any event no later than 30 Business Days after having become aware of such downgrading and such failure, transfer or cause the transfer of the Note Collateral to its securities account with a new Custodian having the Custodian Required Rating from each of the Rating Agencies or at its discretion, take any other action in each case in such form and amount so that the Rating Agencies give the written confirmation to the Issuer and the Trustee that upon such other action the then current rating of the respective Notes would not, solely as a result of such downgrade of the debt of the Custodian, be qualified downgraded or withdrawn provided that the Issuer shall ensure that the security interests of the Bank and the Trustee shall remain unaffected by such substitution of the Custodian or other action taken.

"**Custodian Required Rating**" means with respect to any Custodian, the following ratings of unsecured debt of such Custodian: A-2 (short term) by S&P and F1 by Fitch.

## 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,
    - (b) the agency agreement between the Issuer, the Trustee and the Principal Paying

Agent dated December 4, 2006 (the "**Agency Agreement**"),

- (c) the subscription agreement for the Notes between the Issuer and Commerzbank Aktiengesellschaft (in such capacity, the "**Lead Manager**") dated December 7, 2006 (the "**Subscription Agreement**"),
  - (d) the Securities Purchase Agreement,
  - (e) the Issuer Guarantee,
  - (f) the cash administration agreement between the Issuer, the Trustee and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, (in such capacity, the "**Cash Administrator**" which term shall also include any replacement Cash Administrator) dated December 7, 2006 (the "**Cash Administration Agreement**"), and
  - (g) the Custody Account 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 and the Jersey law security interest granted under the Jersey Security Agreement referred to in Clause 5.8 serve to secure the Trustee Claim.
- 5.3 The Issuer hereby gives notice to the Bank of the pledge pursuant to Clause 5.1(i)(e) and (g) 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.
- 5.4 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.
- 5.5 The Trustee hereby authorises the Issuer and the Cash Administrator on the Issuer's behalf to administer the Transaction Account and deal in the ordinary course of business with the claims and rights pledged to the Trustee pursuant to Clause 5.1.
- 5.6 The authorisation pursuant to Clause 5.5 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 5.5 and upon the receipt of such notice the Transaction Account Bank shall make payments only as instructed by the Trustee.
- 5.7 To the extent that the Issuer receives any amounts as part of the Guarantee Fee relating to Late Recoveries and/or the Unjustified Loss Allocation procedure, the Issuer shall provide for such amounts to be transferred immediately to a custody account (which shall be a sub-account to or an account separate from the Transaction Account but which may be the same account as the Substitution Account) (the "**Refund Account**") with a custodian bank the rating of which is at least A-1+ (short term) by S&P and F1+ by Fitch. Sentences 2 and 3 of Clause 4.6 shall apply *mutatis mutandis*.

- 5.8 As at December 7, 2006, the Trustee and the Issuer have entered into a Jersey security agreement governed by Jersey law (the "**Jersey Security Agreement**"). The parties hereby acknowledge that the Issuer has pursuant to the Jersey Security Agreement granted to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration Agreement

## **6. FORECLOSURE ON COLLATERAL**

- 6.1 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 Note Collateral). In foreclosing on the Collateral pursuant to this Clause 6, 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.

### **6.2 Note Collateral**

With respect to the Note Collateral, 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 (*Early Redemption for Default – Default Events*) and Section 11.2 (*Early Redemption for Default – Method and Amount*) of the Terms and Conditions, respectively, or, in the case of (ii) under the definition "Foreclosure Event", no later than ten 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 6.6 below or otherwise), it shall organise or have organised for each Series of Note Collateral a panel of at least 3 Dealers to bid for the purchase of such Series of Note Collateral 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 Note Collateral which equal or exceed the relevant Foreclosure Amount, the Trustee shall sell and transfer such Series of Note Collateral 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 Note Collateral which is equal or exceeds the relevant Foreclosure Amount, the Trustee shall sell and transfer such Series of Note Collateral to the Dealer who offered such bid;
  - (c) only 1 bid for the Series of Note Collateral 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 6.2.

**"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 Note Collateral pursuant to this Clause 6.

- (ii) If, with respect to any Series of Note Collateral, the Trustee is not able to effect foreclosure pursuant to this Clause 6.2, including, for the avoidance of doubt, the receipt of the proceeds thereof at least equal to the relevant Foreclosure Amount, within 10 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 6.3 with respect to such Series of Note Collateral.

6.3 In the event that any Series of Note Collateral is not realised in accordance with Clause 6.2 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 Note Collateral to the Noteholders of the Class of the Foreclosure Notes secured by such Series of Note Collateral 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 Note Collateral, as applicable, representing such Series of Note Collateral that the total principal amount of the Note Collateral 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).

6.4 Without prejudice to the instructions given by the Noteholders pursuant to Clause 6.3 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 Note Collateral, and (ii) the time and precise manner in which it shall deliver the relevant Series of Note Collateral to the Noteholders of such Class.

## **6.5 Other Collateral**

The Trustee shall foreclose on the other Collateral (other than the Jersey law security interest granted under the Jersey Security Agreement referred to in Clause 5.8, which shall be enforced as set out in the Jersey Security Agreement) 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.

6.6 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.

6.7 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 Note Collateral 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 29.2(d).

6.8 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 6.

6.9 Upon the occurrence of a Foreclosure Event, the Trustee shall be obliged towards the Noteholders to effect the foreclosure on the Note Collateral and on the other Collateral pursuant to this Clause 6 regardless of whether the Issuer performs its obligations under this Agreement, including in particular its obligations under Clauses 21 and 23.

## **7. REPRESENTATIONS OF THE ISSUER**

7.1 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.

7.2 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.

## **8. REPORTS; DOCUMENTS; INFORMATION**

8.1 With respect to each Collection Period not later than on the 9<sup>th</sup> 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 as of the end of such Collection Period;
- (ii) unless the Bank has given the Non-compliance Notice pursuant to Clause 11.1 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 8 (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 7 (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 30 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 individual Late Recoveries and Unjustified Loss Allocations and their distribution and allocation;
- (viii) a computation of any Cash Settlement Amounts due from the Issuer and the Senior Guarantee Counterparty, respectively;
- (ix) 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;
- (x) information it has received on the occurrence of a Default Event;
- (xi) the amounts of principal (if any) payable on each Note on the related Payment Date; and
- (xii) stratification tables profiling the Reference Pool in the form notified to the Trustee.

8.2 In connection with the redemption of the Notes, the Bank will provide the Trustee with the Scheduled Maturity 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 8.1, *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 8.1, *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 5<sup>th</sup> 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 8.1;
- (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.

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

- 8.3 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.
- 8.4 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 17.1(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.
- 8.5 The Trustee shall accept 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 25.
- 8.6 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 Mortgages.
- 8.7 Without prejudice to the provisions of Clause 28, 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 13 or a Value Expert duly appointed pursuant to Clause 14 or a vicarious agent (*Erfüllungsgehilfe*) duly appointed pursuant to Clause 19, *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.

- 8.8 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 30. All Reports, documents and information provided to the Trustee shall be true, accurate and complete in all material respects.

## **9. VERIFICATION; CONFIRMATION OF LOSS ALLOCATION; INITIATION OF PROCEDURES**

- 9.1 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 Clauses 17.1(i) and 17.3(i) and provided that the Trustee shall have no obligation to check the information set out in the Reference Claim List other than in connection with an allocation of Realised Loss. 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 10 through 12, as applicable, within the scope of the Trustee Duties and subject to Clause 15 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- 9.2 (a) In addition to the checks pursuant to paragraph 9.1 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 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 and the Bank and take such other actions, including the specific procedures set out in Clauses 10 through 12, as applicable, within the scope of its Trustee Duties and subject to Clause 15 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 9.2 if the conditions of Clause 15.2 are met.
- 9.3 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 (Investor Notifications) 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 17, by reference to the corresponding data contained in the related Reports delivered to it by the Bank pursuant to Clause 8 in respect of the relevant Collection Period.

- 9.4 (a) The Trustee shall, within three Business Days after delivery of the relevant Investor Notifications pursuant to paragraph 9.3, 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 9.1, (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 9.3 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 9.2(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 the procedures set out in Clause 13 have been initiated pursuant to Clauses 10 to 12 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 13.6, 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.
- 9.5 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 9.1, 9.2(a), 10, 11, 12 and/or 15. 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.
- 9.6 The Trustee may request, and the Bank shall provide to the Trustee, subject to Clause 17.1(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.

## 10. LOSS ALLOCATION PROCEDURE

- 10.1 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 9.1, 9.2 and 9.3, 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 13. 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 Mortgages, 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 Mortgages securing a Reference Claim which became a Liquidated Reference Claim have been previously released in breach of the Reference Pool Provisions.

10.2 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 9.1, 9.2 and 9.3, 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 13 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.

## 11. REFERENCE CLAIM REMOVAL PROCEDURE

11.1 The Bank shall give notice (each, a "**Non-compliance Notice**") to the Trustee if any of the Eligibility Criteria, 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.

11.2 Without limitation to the requirements under Provision 8(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 8(a)(A) (Non-compliance) of the Reference Pool Provisions are met;
- (ii) the conditions under Provision 8(a)(B) (Non-compliance) of the Reference Pool Provisions 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 8(b) or Provision 8(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 13.

11.3 Any removal of a Reference Claim or portion thereof, as relevant, from the Reference Pool

pursuant to Provision 7 (Transfers) or Provision 8 (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. REDEMPTION PROCEDURES**

- 12.1 In the event that the Trustee has reason to believe on the basis of its checks pursuant to Clauses 9.1, 9.2 and 9.3 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 13. 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.
- 12.2 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 13 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. EXPERT FOR THE PROCEDURES**

- 13.1 Without prejudice to the provisions of Clause 13.4 below, upon giving a Notice pursuant to Clause 9.5 or receipt of a reasoned request pursuant to Clause 11.2, 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*).
- 13.2 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 28.2 is complied with.
- 13.3 The Trustee shall promptly notify the Issuer, the Bank and each of the Rating Agencies of such appointment and the nature of the dispute.
- 13.4 Prior to the appointment of the Expert pursuant to paragraph 13.1, 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.
- 13.5 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.

- 13.6 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.

#### **14. EXPERT FOR DETERMINATION OF APPRAISED VALUE**

- 14.1 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 a certified valuer 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 Value. Promptly upon receipt of a determination from a Value Expert which is needed as a basis to determine Appraised Loss and which would result in an Appraised Loss with respect to a Reference Claim in excess of EUR 300,000, the Trustee shall appoint a second Value Expert which shall make a second determination. For the avoidance of doubt, the appointment of the Value Expert(s) is for the purposes of obtaining an expert opinion (*Schiedsgutachten*) and not for arbitration (*Schiedsvertrag*).
- 14.2 The Value Expert(s) 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 28.2 is complied with and shall use all reasonable efforts to provide for a timely determination of the Appraised Values.
- 14.3 The Trustee shall promptly notify the identity of the Value Expert(s) to the Bank, the Issuer and each of the Rating Agencies.
- 14.4 Upon request by the Trustee and/or a Value Expert, the Bank shall provide the relevant Value Expert with such information and documents regarding the Overdue Reference Claims or Defaulted Reference Claims and access as the relevant Value Expert may reasonably require for the determination of the Appraised Values. The Bank may limit the access of such 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.
- 14.5 To the extent that one Value Expert is appointed, any determination by way of a written certificate of such 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. The preceding sentences 1 and 2 of this Clause 14.5 shall apply *mutatis mutandis* to the extent that two Value Experts are appointed, provided that in such case, the Value Experts shall jointly determine the mean of the appraised values determined by them with respect to each relevant Reference Claim and shall jointly deliver an

additional written certificate to the Trustee with a copy to the Bank and the Issuer with respect to the determination of such mean(s), which shall then constitute the Appraised Value.

## 15. OBLIGATION OF THE TRUSTEE TO ACT

15.1 If the Trustee becomes aware on the basis of its checks pursuant to Clauses 9.1, 9.2 and 9.3 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 Clause 15.2, take or initiate any of the Procedures under this Trust Agreement, appoint an Expert (pursuant to Clause 13) or a Value Expert (pursuant to Clause 14) or take such other action which the Trustee, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.

15.2 Subject to Clause 6.9, 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 21.1 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 21.2 (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 19) 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 30 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).

## 16. REPRESENTATIONS AND UNDERTAKINGS OF THE TRUSTEE

16.1 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 25.1 has neither occurred nor to its best knowledge is foreseeable.

16.2 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.

16.3 The Trustee hereby acknowledges, having regard to the provisions of Clause 15.2, that the occurrence of a Default Event specified under (ii) of Section 11.1 (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 25.1, *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.

16.4 The Trustee undertakes not to assign, neither in whole nor 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.

- 16.5 The Trustee undertakes, in connection with its resignation pursuant to Clause 25.1, (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.
- 16.6 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.

## **17. UNDERTAKINGS OF THE BANK AND THE ISSUER**

17.1 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 13 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 8 on the Reporting 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 9.4(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.

17.2 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.

17.3 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;
- (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; and
- (vii) have managing directors which are not employees nor management nor supervisory board members of the Bank or any subsidiary of the Bank.

17.4 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.

17.5 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, and
- (c) observe all corporate formalities and other formalities required by its constitutional documents.

## **18. 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.

## **19. RETAINING OF THIRD PARTIES**

- 19.1 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.
- 19.2 The Trustee shall promptly notify the Rating Agencies, the Bank and the Issuer of every instruction of a third party made pursuant to paragraph 19.1.
- 19.3 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.

## **20. ADVISORS**

- 20.1 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).
- 20.2 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.

## **21. FEES AND REIMBURSEMENT OF THE TRUSTEE**

- 21.1 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.
- 21.2 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.

## **22. 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.

## **23. 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 26.

## **24. TAXES**

- 24.1 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.
- 24.2 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.

## **25. TERMINATION; REPLACEMENT**

- 25.1 Without prejudice to Clause 25.5, the Trustee may resign as Trustee for good cause (*aus wichtigem Grund*) at any time.
- 25.2 Subject to Clause 25.3, 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.
- 25.3 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.
- 25.4 Notwithstanding the provisions of Clause 25.1 through Clause 25.3 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.

- 25.5 Any resignation by the Trustee in accordance with Clause 25.3(A)(ii) or (B), any revocation of the appointment of the Trustee in accordance with Clause 25.2(C) and any appointment of a successor trustee in accordance with Clause 25.4 shall become effective only upon (i) the appointment by the Issuer or, in case of Clause 25.3, the Trustee on behalf of the Transaction Creditors or, in the case of Clause 25.4, 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 25.1, the Trustee shall use all best efforts to appoint a successor trustee not later than on the 2<sup>nd</sup> 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 best efforts to appoint a successor trustee not later than the 2<sup>nd</sup> Business Day prior to the Trustee Resignation Effective Date. In the case of Clause 25.2(i) and (ii) and Clause 25.3(i), respectively, the Bank and the Issuer shall use best efforts to appoint a successor trustee which meets the requirements set forth in Clause 25.5(i) not later than on the date on which the termination becomes effective.
- 25.6 The costs incurred in connection with replacing the Trustee pursuant to Clauses 25.1 through 25.4 shall be borne by the Issuer. If the replacement pursuant to Clause 25.2 or 25.3 is due to the Trustee's conduct and such conduct does not meet the standard of care pursuant to Clause 26, 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.
- 25.7 The successor trustee appointed in accordance with Clause 25.5 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, and to the Senior Guarantee Counterparty pursuant to the Senior Guarantee.
- 25.8 The Trustee shall provide the successor trustee with a reasonably detailed report regarding its activities under or in connection with this Trust Agreement.
- 25.9 Upon the effectiveness of any replacement of the Trustee pursuant to Clause 25.4, 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.
- 25.10 Notwithstanding the resignation of the Trustee pursuant to Clause 25.1, the Trustee:
- (i) shall be obliged to hold and transfer and assign to a successor trustee, if any, appointed in accordance with Clause 25 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.

## **26. 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*).

## **27. EXTENT OF LIABILITY**

Without prejudice to the provisions of Clause 26, 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.

## **28. CONFIDENTIALITY**

- 28.1 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 19 shall treat as confidential any information concerning the Borrower Groups and the providers of the Reference Mortgages 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 19, 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.
- 28.2 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 19 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 Borrower Groups and the providers of the Reference Mortgages 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.
- 28.3 Notwithstanding Clause 28.2 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 19 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 Borrower Groups and the providers of the Reference Mortgages and the business operations of the Bank obtained in connection with the performance of its duties in connection with this Trust Agreement.

## 29. LIMITED RECOURSE; NON-PETITION AND PRIORITY OF PAYMENTS

- 29.1 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 29.2 (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 Note Collateral and/or held in the Refund Account and/or the Substitution Account) 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.
- 29.2 (a) Any amounts received by the Issuer under the Note Collateral and/or held in the Refund Account and/or the Substitution Account, 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/or the Refund Account and/or the Substitution 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 Jersey 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 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 Administrator, the Custodian or the Account Banks, but excluding amounts payable by the Issuer under the Funding Loan);
  - (v) *fifth*, any amounts payable by the Issuer under the Funding Loan;
  - (vi) *sixth*, the amount of the transaction fee payable to the Issuer as part of the Guarantee Fee under the Issuer Guarantee to be retained by the Issuer.
- (d) The proceeds of any foreclosure on the Collateral by the Trustee shall be applied in accordance with Clause 6.7 and the Issuer shall apply any proceeds it receives pursuant to Clause 6.7(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, *sixth*, Class E Notes and *seventh*, Class F Notes.

"**Account Banks**" means the Transaction Account Bank and the bank(s) with which the Substitution Account and/or the Refund Account is held.

### 30. COMMUNICATIONS

- 30.1 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.
- 30.2 Any communication under this Trust Agreement shall be in German, provided that any communications with the Issuer or any of the Rating Agencies shall be English or in German upon request.
- 30.3 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:

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft  
Schwannstraße 6  
40476 Düsseldorf  
Germany

Attn.: Geschäftsführung  
Telephone: +49 211 8772 2449  
Facsimile: +49 211 8772 2441  
E-mail: SecuritisationDE@deloitte.de

(b) if to the Issuer:

Semper Finance 2006-1 Limited  
47 Esplanade  
St. Helier  
Jersey JE1 OBD  
Channel Islands

Attn.: The Directors  
Telephone: +44 1435 835625  
Facsimile: +44 1534 822462  
Email: directors@sfmoffshore.com

(c) if to the Bank:

Eurohypo AG  
Helfmann-Park 5  
65760 Eschborn  
Germany

Attn.: Stefanie Tauscher  
Telephone: +49 69 2548 22060  
Facsimile: +49 69 2548 82060  
Email: Stefanie.Tauscher@Eurohypo.com

(d) if to the Senior Guarantee Counterparty:

As identified to the Trustee from time to time

(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 Fitch:

Fitch Ratings Ltd.  
CMBS Surveillance  
4<sup>th</sup> Floor, 101 Finsbury Pavement  
London EC2A 1RS  
United Kingdom

Attn.: Mario Schmidt  
Telephone: +44 20 7417 4232  
Facsimile: +44 20 7417 4242  
Email: sf\_surveillance@fitchratings.com



### **31. 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.

### **32. AMENDMENTS**

32.1 This Trust Agreement (including this Clause 32) 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.

32.2 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.

### **33. GOVERNING LAW; PLACE OF PERFORMANCE; JURISDICTION**

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

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

33.3 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 Frankfurt am Main. The Issuer hereby submits to the jurisdiction of such court. The Issuer has appointed SFM Structured Finance Management (Deutschland) GmbH, with its seat on the Issue Date at Eysseneckstraße 4, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

### **34. 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.

### **35. 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 (each, a "**Reference Claim**") for the payment of principal and interest and certain other payment claims, in each case including partial claims, and certain undrawn commitments (each, a "**Contingent Reference Claim**"), in each case denominated in euro, held by or for the benefit of EUROHYPO or any of its subsidiaries or affiliates, arising from certain loans, including syndicated loans, (each, a "**Reference Loan**") originated, including by way of merger or acquisition from a third party, by EUROHYPO (or its predecessors or subsidiaries or affiliates) which Reference Claims 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 not removed from the Reference Pool pursuant to Provision 7 (Transfers) and/or Provision 8 (Non-compliance) of the Reference Pool Provisions. All Reference Claims are secured by one or more first priority or subordinated mortgages (*Hypotheken* or *Grundschulden*) (the "**Mortgages**") on one or more residential or commercial properties located in the New Federal States (each, a "**Mortgaged Property**").

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.

The aggregate Outstanding Nominal Amount of the Reference Claims included in the initial Reference Pool as of the end of business (in Frankfurt am Main) on October 02, 2006 (the "**Cut-off Date**") was approximately EUR 1,850,672,544 (the "**Initial Aggregate Principal Balance**").

"**New Federal States**" means the following German federal states (*Bundesländer*): Mecklenburg-Western Pomerania, Brandenburg, Saxony-Anhalt, Berlin, Thuringia and Saxony.

#### 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 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 (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,

- (iii) the repayment characteristics of the Reference Claim (bullet, annuity or instalment),
  - (iv) the remaining term of the Reference Claim to the interest reset date as of the Cut-off Date,
  - (v) the remaining term to maturity of the Reference Claim as of the Cut-off Date,
  - (vi) the Property Value of the related Mortgaged Property (including the date of determination of such Property Value), and
  - (vii) the priority of the related Mortgage or Mortgages.
- (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 and the related Mortgages 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 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.

### 3. Reference Mortgages

Each Reference Loan is secured by one or more mortgages within the meaning of § 1113 (1) (*Hypothek*) or § 1191 (1) (*Grundschuld*) of the German Civil Code (*Bürgerliches Gesetzbuch*) (each such mortgage securing a Reference Loan, a "**Mortgage**") on one or more residential or commercial properties, the vast majority being multi-family properties, and in a few cases commercial properties (each, a "**Mortgaged Property**"). The portion of such Mortgage or Mortgages which is allocable for the purpose of the Loss Allocation to a Reference Claim (each, a "**Reference Mortgage**") is determined by the allocation of Foreclosure Proceeds pursuant to Provision 4.3 below.

### 4. Allocation of Payments and Foreclosure 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 which is not a syndicated Reference Loan or a payment on any other payment claim against the Borrower of such Reference Loan and such payment is less than the total amount then due under such Reference Loan 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) in accordance with the Bank's standard business practice, provided that, to the extent that (i) any loan or other agreement from which any other payment claim of the Bank against the Borrower of a Reference Loan results and such other payment claim is secured by a Mortgage, or (ii) or the relevant claim is a Reference Claim that has been removed from the Reference Pool in accordance with Clause 7 (Transfers) or Clause 8 (Non-Compliance) of the Reference Pool Provisions, such payment will be allocated to such other payment claim or such removed Reference Claim only after satisfaction of all Reference Claims secured by such same Mortgage in full.

"**Borrower Group**" means with respect to a Reference Claim, the legal entities or persons forming a borrower group whether within the meaning of § 19(2) of the German Banking Act (*Kreditwesengesetz*) or from an economic point of view pursuant to the records of the Bank with the main Borrower under such Reference Claim identified as such borrower group in the records of the Bank and including such Borrower.

"**Borrower** " means with respect to a Reference Claim, the main borrower 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.

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

With respect to syndicated Reference Loans, any payments received by the Agent Bank with respect to a Reference Loan 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. 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) in accordance with the Bank's standard business practice.

#### 4.3 *Allocation of Foreclosure Proceeds*

For the purposes of the Loss Allocation with respect to a Reference Claim, the Foreclosure Proceeds shall be allocated in the following order of priority:

- (A) *first*, to the Enforcement Costs relating to such Reference Claim,
- (B) *second*, towards satisfying the claim for Accrued Interest in relation to such Reference Claim,
- (C) *third*, towards satisfying the outstanding principal amount of such Reference Claim,
- (D) *fourth*, to any other claims,

*provided that* in the case of any Mortgage securing *pari passu* such Reference Claim and one or more other claims of the Bank (which shall, for the avoidance of doubt, not include (i) such other payment claims of the Bank against the Borrower of a Reference Loan which result from a loan or other agreement that has been entered into after the Cut-off Date, nor (ii) Reference Claims that have been removed from the Reference Pool in accordance with Clause 7 (Transfers) or Clause 8 (Non-Compliance) of the Reference Pool Provisions), the Foreclosure Proceeds shall be allocated pursuant to (A) through (D) above in proportion which the outstanding principal amount of such Reference Claim bears to the aggregate outstanding principal amount of all other claims of the Bank secured by such Mortgage;

For the purposes of the foregoing, any set off rights of the Bank against any obligation of the Borrower shall be treated as follows:

*pari passu*, toward satisfying such Reference Claim and any other claims of the Bank against such Borrower (other than Reference Claims and including, for the avoidance of doubt, such other payment claims of the Bank against the Borrower of a Reference Loan which result from a loan or other agreement that has been entered into after the Cut-off Date).

**"Foreclosure"** means, with respect to any Mortgage or any other mortgage on the related Mortgaged Property(ies) securing a Reference Claim, the foreclosure on any such Mortgage or any such other mortgage or a Property Sale, forced sale (*Zwangsvorsteigerung*) or forced administration (*Zwangsverwaltung*).

**"Foreclosure Proceeds"** means the proceeds of any Foreclosure (after deduction of any foreclosure costs whether such deduction is made by any competent judicial authority or otherwise) received by or on behalf of the Bank in respect of any claim of the Bank, *provided that*, if the Reference Mortgage and/or the Reference Claim is held by a third party, the payment of the Foreclosure Proceeds on such Reference Mortgage allocable to the Bank shall be deemed to have been allocated to the Bank.

#### 4.4 *Non-compliance with Allocation Rules*

In the event that Provisions 4.1 to 4.3, as applicable, are not complied with in relation to the actual allocation of the relevant payments or Foreclosure 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 as of the Cut-off Date in respect of each Reference Claim:

- (i) the Bank is the sole creditor of such Reference Claim or, if the underlying Reference Loan is syndicated, such Reference Claim and related Reference Mortgages 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 and such Reference Claim is free of third party rights other than (a) rights to re-transfer excess Reference Mortgage and (b) security interests (including in the form of an assignment for security purposes) granted to a third party in connection with a finance transaction,
- (ii) such Reference Claim has been originated, including by way of merger or acquisition from a third party, by the Bank in the ordinary course of business and in accordance with all applicable laws,
- (iii) such Reference Claim and each Reference Mortgage that secures such Reference Claim is legally valid and binding and enforceable in accordance with its terms and applicable provisions of law and is subject to German law,
- (iv) such Reference Claim constitutes an unsubordinated, unconditional and irrevocable obligation of the relevant Borrower, to the extent fully drawn, to pay its full face amount in accordance with its terms, and is neither subject to any defence, dispute, counterclaim or enforcement order or other similar claim,
- (v) such Reference Claim is denominated in euro,  
  
"euro" or "EUR" means the single unified currency of the members of the European Union which adopted the euro in accordance with the Treaty on European Union, as amended,
- (vi) the principal amount payable on such Reference Claim is not determined by reference to any formula or index involving any contingency and is not subject to any other contingency,
- (vii) such Reference Claim is distinguishable from other claims of the Bank and 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 Mortgage,
- (viii) the Reference Claims and the Reference Mortgages comply with the information (including the account number, the principal balance as of the Cut-off Date, the interest rate, the loan to value ratio as of the Cut-off Date, the maturity date and the property type) provided in respect of the Reference Pool (a) in the Prospectus (the "**Prospectus**") dated December 5, 2006 published in relation to the issue of the Notes, and (b) in the Reference Claim List,
- (ix) such Reference Claim and the related Reference Mortgage can be identified in the files of the Servicer on the basis of the Reference Claim List,
- (x) if such Reference Claim arises from a syndicated Reference Loan, the Bank is the Agent Bank of such Reference Loan, the Bank holds at least 50% of the Reference Loan, and no other syndicate bank ranks senior to the Bank,
- (xi) the Reference Loan relating to such Reference Claim is a bullet, annuity or instalment

loan and the principal amount committed under the Reference Loan is either fully drawn or, where not yet fully drawn, the Borrower under the relevant Reference Loan is allowed to make drawings up to the principal amount committed in total under the relevant Reference Loan,

- (xii) no Reference Loan relating to a Reference Claim is a revolving credit facility nor a loan with capitalising or accreting interest,
- (xiii) the Reference Loan relating to such Reference Claim is secured by one or more first ranking and/or subordinated Mortgage(s) which
  - (a) is or are accessory mortgages (*Hypotheken*) or non-accessory mortgages (*Grundschulden*) in certificated or non-certificated form (*Brief-* or *Buchgrundpfandrechte*),
  - (b) has or have an aggregate nominal amount equal to, or in excess of, the principal amount of such Reference Claim as of the Cut-off Date,
  - (c) is or are, subject to the following Provision 5(xiii)(d), legally valid and binding and enforceable in accordance with its terms and applicable provisions of law,
  - (d) (A) has or have been registered for the Bank, or a trustee acting on behalf of the Bank, in the respective land register (*Buchgrundpfandrecht*), or, in the case of certificated Mortgages, the Bank, or a trustee acting on behalf of the Bank, has possession of the relevant mortgage certificate and the Bank's or trustee's right to such Mortgages can be traced back via consecutive publicly certified assignment declarations to a person registered in the respective land register (§ 1155 German Civil Code (*Bürgerliches Gesetzbuch*)) or (B) in respect of such Mortgage or Mortgages, an application(s) for such registration has or have been filed and a notary has confirmed that such Mortgage(s), when registered, will have the agreed-upon rank, or (C) the principal amount of such Mortgage or Mortgages is in a notarial trust account and the notary will pay it out to the relevant Borrower only upon registration at the agreed-upon rank,
- (xiv) with respect to any Mortgaged Property, the maximum loan to Property Value ratio is not higher than 99.99% as of the Cut-off Date,

**"Property Value"** means the market value (*Verkehrswert*) of the relevant Mortgaged Property as determined by the internal real estate appraisal unit of the Bank or by an external valuer on behalf of the Bank.

- (xv) each Mortgaged Property is located in Germany and has been appraised in accordance with the Bank's appraisal guidelines for German properties as they applied at the time of the relevant appraisal, provided that with respect to approximately 1.7% of all Mortgaged Properties, no such appraisal has been made since their acquisition from a predecessor of the Bank and provided further that such Mortgaged Properties with respect to which no such appraisal has been made have been identified to the Trustee,
- (xvi) to the best knowledge of the Bank, no Mortgaged Property is subject to any material engineering or environmental risks which would be unacceptable to a prudent lender, and if any of the Bank's internal valuers or external valuers, appointed by the Bank or the Borrower, has recommended to the Bank that an engineering or environmental report be obtained in respect of the relevant Mortgaged Property from an external expert, the Bank has obtained such engineering or environmental report and taken it into consideration when underwriting the relevant Reference Loan,

- (xvii) each Mortgaged Property is covered (i) through the fire damage indemnity insurance taken out by the Bank, which also covers damage caused by mains water, storm and hail, or (ii) by building insurance which a prudent lender lending on its own account would deem adequate, and in the case of (ii) the insurance company is aware of the Bank being a creditor whose claim is secured by a Mortgage (*Realrechtsanmeldung*), the insurance company has confirmed the existence of such insurance coverage, the Bank has received no notification of non-payment of any premiums due under the insurance policies, the insurance policies have been either physically delivered to the Bank or a copy thereof and/or a copy of an invoice relating to the insurance premiums has been provided to the Bank,
- (xviii) except to the extent permitted by the following Provision 5(xix), the Bank is not aware of any Borrower which is in breach of any of its obligations in any material respect pursuant to the underlying loan agreement or any owner of a Mortgaged Property which is in breach of any of its obligations in any material respect pursuant to the underlying collateral agreement,
- (xix) no payment in respect of a Reference Claim has been overdue for more than 10 calendar days since October 3, 2002,
- (xx) no agreement has been concluded and no such agreement is being negotiated with respect to such Reference Claim according to which its repayment would be suspended for credit and/or risk reasons, with the exception of two cases where repayment suspensions have been agreed in order to enable the relevant Borrower to finance refurbishment measures without having to take up a new loan which cases have been identified to the Trustee, and provided that conversions from amortizing loans to bullet repayment loans do not qualify as suspensions for the purposes of this Provision 5(xx),
- (xxi) the Bank has not commenced enforcement proceedings against the Borrower or provider of the related Reference Mortgage,
- (xxii) no litigation is pending with respect to such Reference Claim nor, to the best knowledge of the Bank, is any such litigation threatened,
- (xxiii) to the best knowledge of the Bank, the Borrower is not subject to Bankruptcy or any other similar proceedings,
- (xxiv) without prejudice to any risk transfer between the Bank and affiliated companies of the Bank, neither the Bank nor any person affiliated with any of it carries direct or indirect obligations of liability for the performance of such Reference Claim or for the related Reference Mortgage,
- (xxv) no loan loss provisions in respect of a Reference Claim exist,
- (xxvi) the seasoning of the Reference Loan underlying such Reference Claim is at least 12 months or, if the seasoning of the Reference Loan underlying such Reference Claim is less than 12 months, there is at least one different Reference Loan to the Borrower under such Reference Loan or another borrower in the same Borrower Group as such Borrower the seasoning of which is at least 12 months,
- (xxvii) the calculated final maturity of such Reference Claim falls on or before the last day of the Collection Period immediately preceding the Scheduled Maturity Date,
- (xxviii) the aggregate Outstanding Nominal Amounts of such Reference Claim together with all other Reference Claims secured by Mortgaged Properties situated in a single federal state does not exceed 38% of the Initial Aggregate Principal Balance as of the Cut-off Date,



- (xxix) the aggregate Outstanding Nominal Amounts of such Reference Claim together with all other Reference Claims arising from Reference Loans extended to a single Borrower Group does not exceed 6.0% of the Initial Aggregate Principal Balance as of the Cut-off Date,
- (xxx) each Borrower is a German registered co-operative (*eingetragene Genossenschaft*), a German civil law partnership (*Gesellschaft bürgerlichen Rechts*) a German limited liability company (*Gesellschaft mit beschränkter Haftung*), a German stock corporation (*Aktiengesellschaft*), a German limited partnership (*KG*) or a German limited partnership with a German limited liability company or a stock corporation as unlimited partner (*GmbH & Co KG bzw. AG & Co KG*),
- (xxxi) each Sub-Borrower Group has a Eurohypo BRF Rating of iA+ to iB-. "**Eurohypo BRF Rating**" means a rating as determined by the rating system developed by EUROHYPO. This system produces a one-year probability of default which is determined by a combination of property and borrower related risks. The probability of default represents the probability that the interest and amortisation to be paid under a loan will neither be paid by the cash flows generated by the property nor by the relevant borrower in the Sub-Borrower Group. The one-year probability of default is translated into the Eurohypo BRF Rating using EUROHYPO's masterscale,
- (xxxii) each Reference Claim and each Reference Mortgage has been created under the substantive laws of the Federal Republic of Germany,
- (xxxiii) no waiver of any default in respect of any Reference Claim or Reference Mortgage has been granted beyond waivers granted in accordance with the business practice applied by a prudent mortgage lender,
- (xxxiv) all Mortgaged Properties are multifamily, commercial or mixed-use of multi-family and commercial properties,
- (xxxv) each grantor of a Reference Mortgage is the owner of the relevant Mortgaged Property,
- (xxxvi) Mortgaged Properties that have been valued since October 2002 have been valued as described in Section 3.5 (Property Valuation) of the Credit and Collection Policies.

Compliance with the Eligibility Criteria as of the Cut-off Date is, subject to Provision 8 (Non-compliance) of the Reference Pool Provisions, a condition for the Loss Allocation and does not constitute an obligation of the Bank or the Issuer.

## 6. Servicing Standards

The administration, collection and enforcement of each Reference Claim, including the foreclosure on any related Reference Mortgage, 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, by the Bank acting in its capacity as agent and security agent under the respective Reference Loan documentation (the Bank, in such capacity, the "**Agent Bank**").

Each Servicer and the Agent Bank will service the Reference Claims in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, subject to the servicing conditions under such Reference Loan documentation and to the extent it is or becomes responsible for servicing of such Reference Claims) and with

the Servicing Principles *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 mortgage loans 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) 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 8 (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.

## 7. 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, 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 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 7.

The Bank may remove any transferred Reference Claim, irrespective of the compliance or non-compliance with the requirements set out above, from the Reference Pool in accordance with the procedures set out in the Trust Agreement.

## 8. Non-compliance

(a) If in respect of a Reference Claim (i) any of the Eligibility Criteria as of the Cut-off Date or (ii) at any time on or after the Cut-off Date any Servicing Standard, or (iii) any requirement for transfer of such Reference Claim pursuant to Provision 7 (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 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 90 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 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(xxvii) (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 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 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 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 would not have remedied the non-compliance of such Eligibility Criterion.
- (d) Except as set out in this Provision 8, there shall be no recourse against the Bank, any Servicer or the Issuer for any non-compliance with the Eligibility Criteria, Servicing Standards and/or requirements for transfer of a Reference Claim pursuant to Provision 7 (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.

## **The Residential Market in Eastern Germany**

### **Housing stock**

Today, the housing stock in eastern Germany (including West Berlin) comprises around 8.7 million dwellings. Approximately 67% thereof are attributable to buildings with more than 3 residential units. Around 43% of the units are in pre-war buildings and a slightly higher percentage in buildings erected before German reunification. Almost 14% of the residential units were built subsequently.

Following reunification, significant investment was made in the construction of new buildings and the modernisation of existing housing stock in order to adapt them to changed requirements.

Despite growth in demand, with 36.2 m<sup>2</sup> per inhabitant, the housing supply in eastern Germany remains lower than that in western Germany (42.8 m<sup>2</sup> per inhabitant). Equally, the level of ownership continues to vary between eastern Germany and western Germany. Around 33.8% of the eastern German population owns their own homes whereas this is true of around 44.1% in western Germany.

### **Demography**

Since reunification, eastern Germany has had to cope with a significant demographic decline with the associated effects on the housing market. Since 1991, the population has decreased by approx. 8% to around 16.8 million (including West Berlin). This decline is projected to continue, with geographic variations. Rural areas that are remote from the conurbations of Berlin, Leipzig and Dresden are expected to mainly be affected by the decrease, while some urban areas may even register an increase in the number of inhabitants. As a result, demand in these areas is expected to be comparatively stable.

Due to the reduction in the size of households, the trend in the number of households is far more stable than the development in terms of the population. Overall, the number of households has risen in eastern Germany since reunification. Although no further significant increase is expected, the predicted decline, which also varies geographically, is only slight (according to the forecasts of the Bundesamt für Bauwesen und Raumordnung (German Office for Construction and Urban Planning) for 2002 to 2020: -2.3%).

### **Construction**

Construction in the period from the end of WWII to reunification in 1990 was characterised by a focus on multi-storey buildings, with the construction of owner-occupied houses being clearly under-represented compared with western Germany. In the 1950s and 1960s, residential construction was dominated by block construction buildings with predominantly 3 to 4 storeys. In the 1970s and 1980, the trend changed in favour of prefab buildings. With reunification and the associated tax subsidies, the housing market in eastern Germany boomed. The construction of new buildings peaked in 1995/96. Of the residential units approved in 1996 (157,229), around 63% was attributable to flats in multi-dwellings. Since then, there has been a marked decline in construction activity, which now focuses on single-family and double-family houses. Of the planning permissions for new homes granted in 2005 (29,009), such housing accounted for around 81%. Planning permission for dwellings in multi-family houses totalled a mere 5,412. Given the demographic conditions, it can be assumed that construction activity will remain at a low level and focus on economically more attractive regions such as the areas of Berlin, Leipzig, Dresden and the coastal areas along the Baltic Sea.

### **Price trend**

As a result of surplus supply, home prices have clearly decreased since the mid-1990s, although a stable base is now established at a low level.

## **Investment market**

Residential real estate in western and eastern Germany has evolved into an investment product in high demand with German and international investors. The Berlin housing market, in particular, recorded a number of sales. Following several major transactions, increasingly smaller portfolios are now also being traded. The most recent large-scale transaction was the sale of WOBA DRESDEN by the City of Dresden at the beginning of 2006. Other cities are also considering the sale of their housing portfolios.

## **Supply/demand ratio**

Following the boom in construction at the beginning of the 1990s and the migration from eastern to western Germany, significant surplus supply built up in eastern Germany. Among the states in eastern Germany, Saxony-Anhalt currently has the highest vacancy rate at almost 20% and Berlin the lowest at around 6%. The vacancies affect major housing complexes from the pre-unification era and old, Wilhelminian style architecture in city centres. The continued demolition of residential units has resulted in a slight decline in vacancy rates since 2003 (14.9% in 2004).

## **Urban Regeneration (*Stadtumbau Ost*)**

The East German Urban Regeneration programme (*Stadtumbau Ost*), launched in 2002 and subsidised by the German government, the federal states and local councils, is aimed at improving living conditions in eastern Germany and providing stability in the housing market. This includes a reduction in the number of unoccupied existing buildings. By 2010, around 350,000 residential units are to be demolished. 126,000 have been torn down and this has produced a reduction in vacancy rates.

## **Residential construction building types in the former German Democratic Republic (GDR)**

### *Traditional construction*

Traditional residential buildings are solid masonry buildings (e.g. brick, calcium silicate blocks, aerated concrete) with timber beam or solid ceilings (e.g. steel beam, reinforced concrete or hand-mounted ceilings) and carpenter-style roof constructions. They can be built with flexibility in terms of style, building height, design of the façade and size of the flats. Construction of the shell is associated with high expenditure in terms of human resources and is time-intensive.

### *Industrial construction*

At the end of the 1950s, industrial construction methods were introduced in the former GDR to increase productivity in residential construction. These methods were further developed up until the end of the 1980s. The relevant stage of development or type of construction depended on the performance capabilities (load bearing and radius) of the existing crane equipment.

#### – *Block construction (1958 to 1975, in some cases up to 1999)*

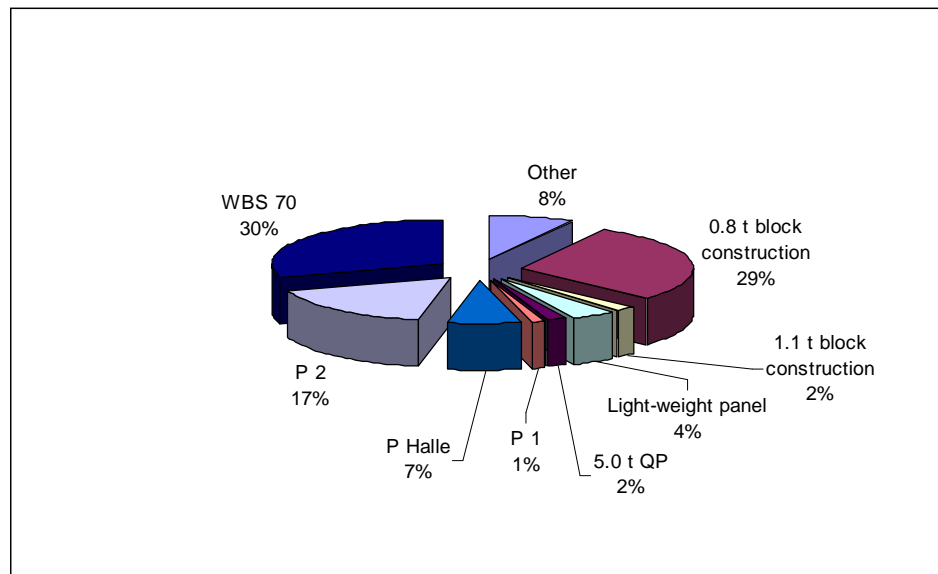
This features industrially manufactured building components, which were assembled on site according to the “building block principle” to form the shell of the building. Initially, light concrete elements with a width of 1.20 m and a height of between 1.00 m and 1.30 m (load bearing level 0.8 t) were used. Over time, these were developed into storey-height construction elements (three-layer external wall element, load bearing level 2.0 t). The ceiling components, loggias/balcony features and window and front door surrounds were pre-fabricated reinforced concrete sections. The roof constructions were built carpenter-style as pitched roofs, later as flat reinforced concrete roofs. The buildings feature up to five floors, with an axis grid of load-bearing walls of 2.40 m and 3.60 m.

This construction type varied at regional level (district level), with the “Brandenburg 0.8 t” type used most frequently.

– *Pre-fab construction (1964 to 1990, in some cases pre-1964)*

Pre-fab construction is a further stage in the development of block construction, whereby buildings are constructed 100% from storey-height, fully prepared sections, which were exclusively produced (industrially) in assembly line slab facilities. Assembly was carried out according to type-specific workflow plans. The first pre-fab systems were also based on an axis grid of load-bearing walls of 2.40 m and 3.60 m (load-bearing level 5.0 t), which was developed to 6.00 m (load-bearing level 6.3 t). In the 6 m grid, pre-stressed concrete ceilings were used. Roofing was based on specifically developed manufactured parts. The elements of the external walls were essentially installed with a clean finish in the form of single, double and triple layer slabs. Depending on the pre-fab system, the buildings could comprise a number of floors (as a rule 5 to 6 floors and high-rise buildings up to 28 floors).

In some respects, the construction methods varied regionally (at district level), with the "P2 hall" and "WBS 70" being used most frequently.



**GDR housing stock – industrially manufactured buildings**

Source: *Institut für Erhaltung und Modernisierung von Bauwerken e.V of TU Berlin*

Structural types

The approximately 2.2 million flats constructed using the industrial method can be grouped in an overview of types with a similar structure. The biggest groups are the P2 type with 17% and its successor, the WBS 70 type, with 30% overall share. Both types involve large-scale panel construction with maximum component weights of 5 t and 6.3 t. The 0.8 t modular building type with significantly smaller components had a market share of 29%.

*Evaluation of the building fabric and suitability for redevelopment*

– *Building fabric*

In principle, with industrial construction methods, it can be assumed that the individual systems

were developed on the basis of a high level of engineering expertise and therefore comply with the required stability. The technical total useful life of the buildings was set at 80 years, provided that planned ongoing maintenance was carried out.

In construction terms, qualitative differences have emerged with regard to pre-fabrication (slab manufacturing facilities) and the actual construction (on-site assembly). However, neither of these jeopardise the stability of the buildings.

– *Suitability for redevelopment*

Based on their construction features, block and pre-fab buildings have the pre-requisites for redevelopment. A distinction should be made between repairs and modernisation with and without changes to the floor plan.

Redevelopment without changes to the floor plan can be implemented with little expenditure on planning and favourable costs. Depending on the scope of repairs and modernisation (standard of fixtures and fittings) costs would generally amount to between EUR 400.00 and EUR 550.00/m<sup>2</sup> of living space.

If the plan is to redevelop with changes to the floor plan to improve the layout of the living areas and these changes affect the structural properties of the building, more extensive preliminary planning services and the associated planning permission from the authorities are required. Changes in the floor plan result in higher redevelopment costs depending on their type and extent. As a rule, the range is between EUR 500.00 and EUR 750.00/m<sup>2</sup> of living space.

In principle, the condition of the shell should be checked for construction defects and structural damage prior to redevelopment.

**Existing debt/ Act on Subsidies with Existing Debt (*Altschuldenhilfegesetz, AHG*)**

For the purposes of the Act on Subsidies with Existing Debt (*Altschuldenhilfegesetz; AHG*), existing debts are loans which were granted prior to 30 June 1990 on the basis of legal provisions of the German Democratic Republic (GDR) for residential purposes as part of the nationally owned and cooperative housing construction. Existing debt was transferred from the GDR state bank to today's Deutsche Kreditbank AG (DKB). As part of a debt restructuring, a number of these loans were refinanced by EUROHYPO and its legal predecessors, but are still existing debt for the purposes of the AHG.

The Act on Subsidies with Existing Debt (*Altschuldenhilfegesetz; AHG*) entered into force on 23 June 1993. The act is a response to a condition of the Reunification Treaty, which stipulates that a partial release of existing debt (reduction to DM 150.00 or €76.69/m<sup>2</sup> living space) for the eastern German housing industry is linked to privatising a minimum of 15% of the existing housing stock or living space through the sale to mainly the tenants and cooperative members. As the majority of the housing companies found it difficult to accomplish such privatisation, a resolution of the German Parliament of May 1995 permitted other forms of privatisation, such as the sale to interim owners and the establishment of new cooperatives, to facilitate the implementation of the privatisation measures for the companies.

With the amendment dated 15 December 2000, Section 6a AHG was introduced as an instrument for housing companies whose existence was threatened in the face of significant vacancy rates, for reinstating their capacity to act.

In accordance with Section 6a AHG, housing companies are released from existing debt relating to properties they demolish/re-build (up to a maximum amount of €70.56/m<sup>2</sup> living space – basis €76.76 less repayments made), provided that the following conditions were fulfilled at the time of application (to be made to Kreditanstalt für Wiederaufbau (KfW) up to December 31, 2003):



- Housing vacancy rate for the company as a whole > 15%
- The company's existence must be under threat as a result of the vacancy rate, with the following key figures substantiated:
  - 1) negative cash flow trend or cash flow to repayment ratio  $\leq 2.0$
  - 2) Borrowed capital costs to rents  $\geq 40\%$  or operating income of the property management excluding maintenance  $\leq \text{€}7.67/\text{m}^2$  living space
- Submission of a confirmed restructuring concept, which takes into account aspects of housing and urban planning
- Declaration of willingness to make a financial contribution towards implementing the restructuring concept from the bank which is financing the existing debt (appendix 2 to the application), which was usually made in the form of a commitment to waive breakage costs in the event of repayments in the context of existing debt reimbursement
- Participation of the federal states and municipalities in the form of subsidies towards re-building (as a rule,  $\text{€}60.00/\text{m}^2$  living space; this is to guarantee that the company does not incur additional costs as a result of demolition).

Section 6a AHG stipulates gradual implementation of demolition projects by 2010. It should be noted that at the time of application, a re-build volume was defined only and no concrete number of existing buildings. The decision on whether a property is actually demolished depends on the trend in vacancy rates. Following demolition, the KfW makes a direct payment to the creditor by means of a transfer to the loan account to be repaid (strict use of funds guaranteed).

### **Types of Borrowers in the Reference Pool**

#### **Municipal companies**

The housing stock previously nationally owned (VEB housing industry) was transferred to the individual municipalities in accordance with the Municipal Assets Act (*Kommunalvermögensgesetz*) and the Reunification Treaty in mid-1990. The individual municipalities then transferred this housing stock, including any existing debt on the properties, to newly established municipal real estate companies.

This municipal structure does not provide recourse to the town or city concerned as a shareholder. In some cases, guarantees are in place.

The companies face the problem of conflicting economic and social requirements. The companies are being tasked by their shareholders with some municipal duties, which do not cover costs, with support from the municipality available in rare cases only due to the difficult financial situation (generally budgets are consolidated).

#### **Cooperatives**

Cooperatives are companies with a free and changing number of members whose purpose is to promote the acquisition or trade of its members (collective owners) by means of joint management, without members being personally liable for the liabilities of the cooperative. Additional funding obligations of the collective owners are usually excluded in the articles of association, or are difficult to enforce in the event of insolvency.

This company form also existed in the former GDR alongside the enterprises nationally owned. The

housing cooperatives in the Reference Portfolio have generally emerged from the workers' housing cooperatives established in the 1950s to combat the housing crisis.

Cooperatives focus on promoting the financial situation of their members. The basic idea underlying cooperatives is that similarly minded people join efforts to pursue an aim through common activity and mutual support, which would be impossible to achieve for an individual. The cooperative idea promotes a higher degree of identification by tenants/members with the company (being a tenant in your own home) and as a result, greater tenant loyalty.

In contrast to private landlords and municipal real estate companies, it is binding on members of a cooperative to subscribe to shares in the cooperative. The rent deposit to be paid otherwise is usually lower compared with the subscription to shares in the cooperative and is paid out soon after a tenant moves out of a rented property. After leaving a cooperative, departing members must wait up to 5 years (upper limit under the Cooperative Act) for repayment of their shares in the cooperative.

## 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).

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 (i) as a result of principal prepayment thereof in full or (ii) if, as a result of late payments or otherwise, the Issuer deems such exclusion necessary or desirable. 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 actual characteristics of the Reference Pool will change over time primarily as a result of amortisation in the Reference Pool.

The determination of weighted average LTV with respect to the Reference Claims as set out in this Prospectus is based on the market value (*Verkehrswert*) of the relevant Mortgaged Property. The figures determined on the last date of valuation of the relevant Reference Loan were used for the purpose of the determination of the weighted average LTV as set out in this Prospectus.

The market value was determined by the internal real estate appraisal unit of the Bank or by an external valuer on behalf of the bank.

The Bank has selected the Reference Claims set out in the following tables, and will select Reference Claims to be removed, from loans included in its portfolio meeting the Eligibility Criteria. Reference Claims have been or will be selected in accordance with the Reference Pool Provisions and there can be no assurance, and the Bank makes no representation, that the Reference Claims included in the Reference Pool 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 Reference Pool is expected to have the following approximate aggregate characteristics as of the Cut-off Date:

Number of loans	1,773
Total commitment (in EUR)	1,850,672,544
Largest total commitment to a borrower group (in EUR)	108,111,630
Largest total commitment to a borrower group as % of to	5.8%
Weighted average LTV	64.7%
Number of Borrower Groups	217
Maximum Loan Maturity	2082
Weighted average term to maturity	19.75
Weighted average Seasoning	8.18
Weighted average life (assumption of 0% CPR)	11.82
Number of Mortgaged Properties	1,506
Weighted Average ICR	2.68
Weighted average interest rate	5.22%

The following definitions have been used in preparing the tables shown below.

The information are shown on different aggregation levels:

1. Loan level, where a loan has the same meaning as a Reference Claim.

2. Sub-borrower group level, where a sub-borrower group (a "**Sub-Borrower Group**") means that one or more Mortgaged Properties and the related Reference Claims which are secured by such Mortgaged Properties are pooled to calculate in particular ICR and LTV. The pooling is based on the information whether a cross collateralisation (*weite Sicherungszweckerklärung*) exists or not (*enge Sicherungszweckerklärung*).

If cross collateralisation does not exist, a Mortgaged Property secures only one or more exactly defined Reference Claims and other exactly defined claims. Claims other than such defined claims of the borrower are not secured by such Mortgaged Property.

In contrast, if cross collateralisation does exist, a Mortgaged Property secures generally all Reference Claims and all other claims of the Bank against the borrower.

In order to determine sub-borrower groups, the relevant agreements related to the Mortgaged Properties were reviewed and the sub-borrower groups were fixed. As the possible combination of agreements with and without cross collateralisation is wide, simplifications were applied. As a consequence, the information shown regarding sub-borrower groups might be more conservative than it would have been had no simplifications been applied. In particular, this applies in relation to the calculated ICR and LTV ratios.

For reporting purposes the determination of the sub-borrower groups shall remain unchanged.

3. Borrower group level, where the borrower group has the same meaning as Borrower Group. The information on the borrower group level is calculated on the basis of the data which have been calculated at sub-borrower group level. As a consequence, the information shown regarding regarding ICR and LTV ratios might be more conservative than it would have been had the calculation not been based on data calculated at sub-borrower group level.

"**Current Principal Balance**" means the outstanding balance of the Reference Claim as of the Cut-off Date or the relevant end of Collection Period, plus any undrawn commitment.

"**Property** " means the constructive unit of certain buildings. Thus, a Property may include one or more buildings.

"**Property Value**" means the market value appraised by an external or internal valuer. On the sub borrower group level and borrower group level, Property Value, for the purpose of the LTV calculation, is the aggregate Property Value amount of all the Mortgaged Properties securing the Reference Claims belonging to the sub borrower group and borrower group respectively.

"**Maturity Date**" means the date on which the Bank has no longer any obligation to continue financing the Reference Claim.

"**Remaining Term**" means the term between the Cut-off Date or the end of the relevant Collection Period and the Maturity Date for each Reference Claim.

"**Seasoning**" means the term between the date the loan underlying the Reference Claim was originated and the Cut-off date or the relevant End of Collection Period.

"**Calculatory Surplus** " considers security purpose agreements with narrow scope (which, as a matter of principal, do not result in cross-collateralisation of the relevant mortgage) (*enge Sicherungszweckerklärungen*) and security purpose agreements with broad scope (which, as a matter of principal, do result in cross-collateralisation of the relevant mortgage) (*weite Sicherungszweckerklärungen*) within a Borrower Group for the calculation of the LTV. The Calculatory Surplus of a security purpose agreement with broad scope (which, as a matter of principal, results in cross-collateralisation of the relevant mortgage) (*enge*

*Sicherungszweckerklärungen*) can be used to support the calculated LTV of properties with a security purpose agreement with narrow scope (which, as a matter of principal, does not result in cross-collateralisation of the relevant mortgage) (*enge Sicherungszweckerklärungen*). The LTV of the debited security purpose agreements with broad scope (which, as a matter of principal, do result in cross-collateralisation of the relevant mortgage) (*weite Sicherungszweckerklärungen*) increases, the LTV of the relieved security purpose agreements with narrow scope (which, as a matter of principal, do not result in cross-collateralisation of the relevant mortgage) (*enge Sicherungszweckerklärungen*) decreases. For reporting purposes the procedure of determination of the amounts of Calculatory Surplus shall remain unchanged.

**"Current Loan-to-Value"** or **"LTV"** means (A) the sum of (i) the Current Principal Balance as defined above, (ii) the aggregate of prior and equal ranking mortgages on the relevant Mortgaged Property(ies) to be taken into account for the purposes of calculating the LTV in accordance with standard procedures of the Bank and (iii) the amount of Calculatory Surplus as defined above, (B) divided by the Property Value of the Mortgaged Property(ies) securing the Reference Claim. The LTV is calculated on the sub-borrower group level by taking into account the Mortgaged Properties and Reference Claims belonging to a sub-borrower group resulting to an uniform LTV being applied to the Reference Claim belonging to a sub-borrower group, assuming all Reference Claims rank coequally.

**"Minimum LTV"** means the percentage of the Property Value as of the Cut-off Date which expresses the aggregate amount of third party senior ranking mortgages referring to a Mortgaged Property. The Minimum LTV is calculated on the sub-borrower group level by taking into account the Mortgaged Properties and Reference Claims belonging to a sub-borrower group.

**"Lowest LTV"** is calculated on the borrower group level and means the lowest LTV which was calculated for a Reference Loan belonging to a borrower group.

**"Highest LTV"** is calculated on the borrower group level and means the highest LTV which was calculated for a Reference Loan belonging to a borrower group.

**"Weighted Average LTV"** is calculated on the borrower group level and means regarding all Reference Claims belonging to the borrower group, the sum of the products of the Reference Claim's Current Principal Balances with its LTV, divided by the sum of the Current Principal Balances of all Reference Claims belonging to the borrower group.

**"Annual Passing Rent"** means the rental income generated by the Mortgaged Property, excluding recoverable service charges. The annual passing rent includes in some cases subsidies which are granted by the municipality or state, which are usually granted temporary and where the municipality or state is not obliged to extend the period. In syndicated Reference Claims, Annual Passing Rent means the whole rental income generated by the Mortgaged Property, not only the part which is derived from the syndicate proportion of the Reference Claim participated by the Bank.

**"Net Operating Income"** ("NOI") means the Annual Passing Rent of a property as defined above deducted by the maximum of (A) the normalised operating costs in accordance with the relevant German regulatory framework (II. Berechnungsverordnung) or (B) the actual non recoverable costs.

**"Current Interest Rate"** means the interest rate as of the Cut-off Date or the relevant End of Collection Period. In cases of floating rate loans the interest rate is the sum of the base rate (*Referenzzins*) and the margin. In cases where the base rate (*Referenzzins*) is not available a 12-month-EURIBOR has been assumed.

**"Current Interest Coverage Ratio"** ("ICR") means (A) the Net Operating Income of the Mortgaged Property(ies) securing the Reference Claim (assumed to remain constant over time) divided by (B) the sum of (i) the amount of interest to be paid during a one year period calculated at the Current Interest

Rate on the Reference Claim as of the Cut-off Date or the relevant End of Collection Period and (ii) a normalised interest and principal amortisation amount which apply to the senior and/or equal ranking third party mortgages referring to a Mortgaged Property. The interest to be paid is calculated with reference to the current principal balance including any undrawn commitments.

The ICR is calculated on the sub-borrower group level by taking into account the Mortgaged Properties and Reference Claims belonging to a sub-borrower group

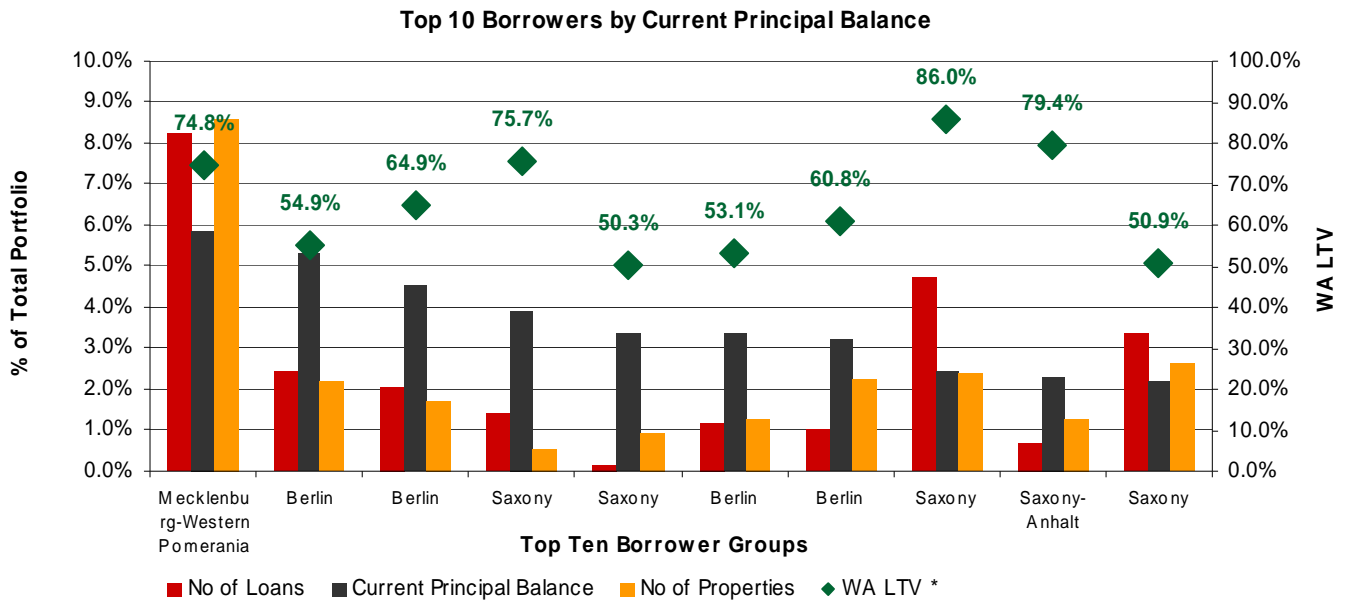
**"Weighted Average ICR"** is calculated on the borrower group level and means regarding all Reference Claims belonging to the borrower group, the sum of the products of the Reference Claim's Current Principal Balances with its ICR, divided by the sum of the Current Principal Balances of all Reference Claims belonging to the borrower group.

# 1. BORROWER DATA

## 1.1 Top 10 Borrower Groups by Current Principal Balance

Pos.	Location of Borrower Group (Federal State)	No of Loans	in %	Current Principal Balance	in %	No of Properties	in %	Property Value	in %	WA LTV *	Vacancy Rate
1	Mecklenburg-Western Pomerania	146	8.2%	108,111,630	5.8%	129	8.6%	180,071,959	4.7%	74.8%	8.5%
2	Berlin	43	2.4%	98,308,063	5.3%	33	2.2%	248,119,000	6.5%	54.9%	2.6%
3	Berlin	36	2.0%	83,846,183	4.5%	26	1.7%	249,540,000	6.6%	64.9%	5.4%
4	Saxony	25	1.4%	72,180,483	3.9%	8	0.5%	95,680,000	2.5%	75.7%	14.6%
5	Saxony	3	0.2%	62,456,082	3.4%	14	0.9%	129,190,000	3.4%	50.3%	7.2%
6	Berlin	21	1.2%	61,853,284	3.3%	19	1.3%	119,942,000	3.2%	53.1%	6.3%
7	Berlin	18	1.0%	59,370,878	3.2%	34	2.3%	224,895,000	5.9%	60.8%	4.2%
8	Saxony	84	4.7%	44,754,042	2.4%	36	2.4%	66,750,000	1.8%	86.0%	1.1%
9	Saxony-Anhalt	12	0.7%	42,645,445	2.3%	19	1.3%	82,831,000	2.2%	79.4%	4.0%
10	Saxony	60	3.4%	40,921,499	2.2%	40	2.7%	95,792,000	2.5%	50.9%	8.5%
	<b>Total Top 10</b>	<b>448</b>	<b>25.3%</b>	<b>674,447,590</b>	<b>36.4%</b>	<b>358</b>	<b>23.8%</b>	<b>1,492,810,959</b>	<b>39.2%</b>		<b>6.1%</b>
	<b>Total Portfolio (217 Borrowers)</b>	<b>1,773</b>	<b>100.0%</b>	<b>1,850,672,544</b>	<b>100.0%</b>	<b>1,506</b>	<b>100.0%</b>	<b>3,805,606,699</b>	<b>100.0%</b>	<b>64.7%</b>	<b>7.2%</b>

\* Loans might not be cross-collateralised

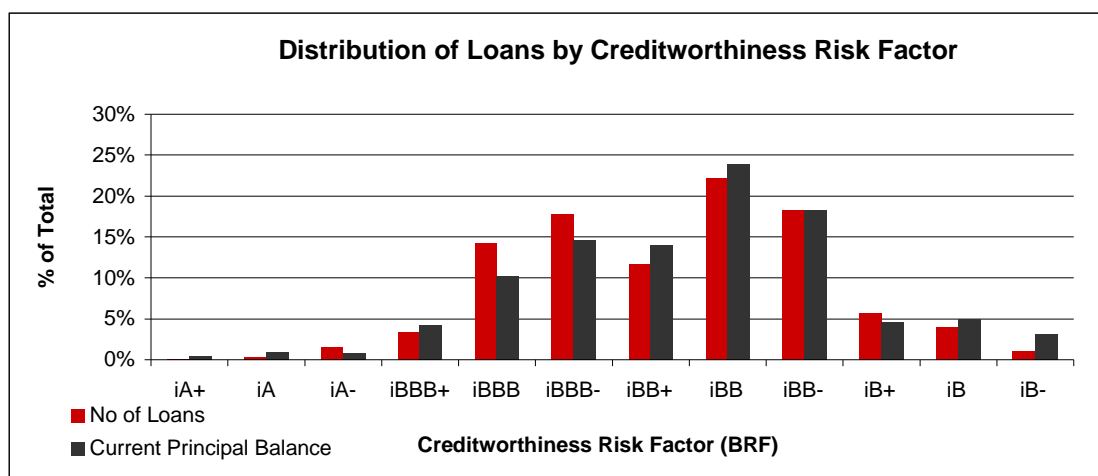


## 2. LOAN DATA

### 2.1 Distribution of Loans by Internal Creditworthiness Risk Factor (BRF)

Creditworthiness Risk Factor	No of Loans	in %	Current Principal Balance	in %	WA LTV *
iA+	1	0%	7,161,445	0%	52.3%
iA	5	0%	17,522,026	1%	66.4%
iA-	26	1%	13,664,985	1%	49.0%
iBBB+	59	3%	77,042,226	4%	49.2%
iBBB	253	14%	189,716,838	10%	51.8%
iBBB-	315	18%	269,859,208	15%	64.7%
iBB+	207	12%	259,880,360	14%	61.9%
iBB	394	22%	441,375,239	24%	66.8%
iBB-	325	18%	338,862,744	18%	71.7%
iB+	101	6%	85,973,157	5%	66.4%
iB	69	4%	91,014,732	5%	74.0%
iB-	18	1%	58,599,585	3%	71.7%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

\* Loans might not be cross-collateralised



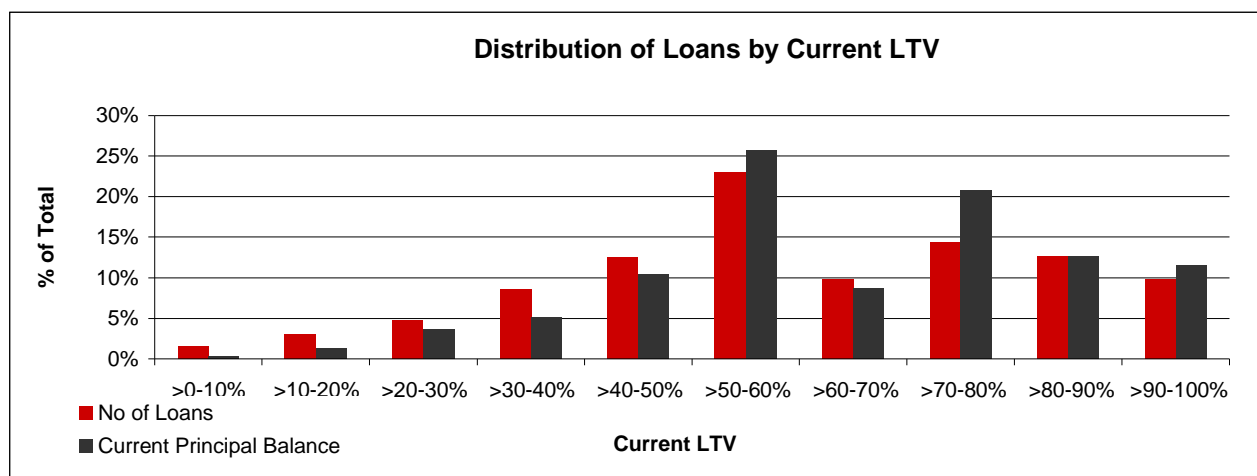


## 2.2 Distribution of Loans by Current Loan-to-Value (LTV)

Current LTV (Loan-to-Value)	No of Loans	in %	Current Principal Balance	in %	WA ICR*
>0-10%	28	2%	4,826,969	0%	35.9
>10-20%	52	3%	23,534,018	1%	9.0
>20-30%	85	5%	65,883,195	4%	5.4
>30-40%	153	9%	95,862,071	5%	4.2
>40-50%	222	13%	193,820,330	10%	3.2
>50-60%	408	23%	476,042,277	26%	2.6
>60-70%	173	10%	159,859,221	9%	2.1
>70-80%	254	14%	384,257,408	21%	2.1
>80-90%	224	13%	233,493,183	13%	1.9
>90-100%	174	10%	213,093,873	12%	1.8
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>2.7</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.

Minimum: 0.4%  
 Maximum: 99.9%  
 Weighted Average: 64.7%



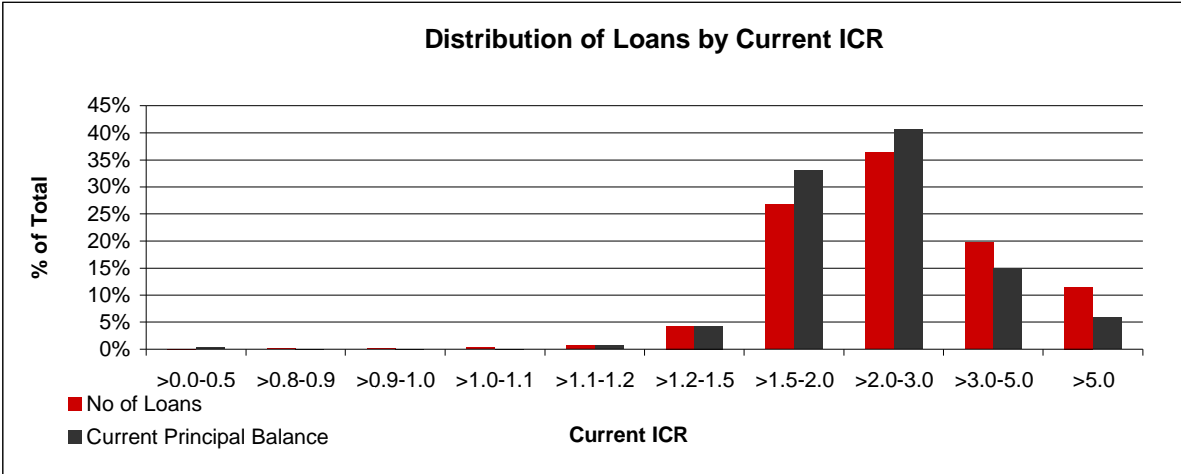
**2.3 Distribution of Loans by Current Interest Cover Ratio (ICR)**

Current ICR** (Interest Cover Ratio)	No of Loans	in %	Current Principal Balance	in %	WA LTV *
>0.0-0.5	1	0%	5,406,343	0%	25.3%
>0.8-0.9	3	0%	1,238,300	0%	79.5%
>0.9-1.0	3	0%	1,215,341	0%	90.4%
>1.0-1.1	5	0%	1,571,100	0%	89.6%
>1.1-1.2	11	1%	13,016,714	1%	88.6%
>1.2-1.5	76	4%	79,514,080	4%	74.9%
>1.5-2.0	476	27%	611,219,104	33%	78.9%
>2.0-3.0	645	36%	752,133,956	41%	63.3%
>3.0-5.0	349	20%	277,704,515	15%	48.1%
>5.0	204	12%	107,653,090	6%	27.7%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

\* Loans might not be cross-collateralised

\*\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extent the period.

Minimum: 0.23  
 Maximum: 303.17  
 WA ICR: 2.68

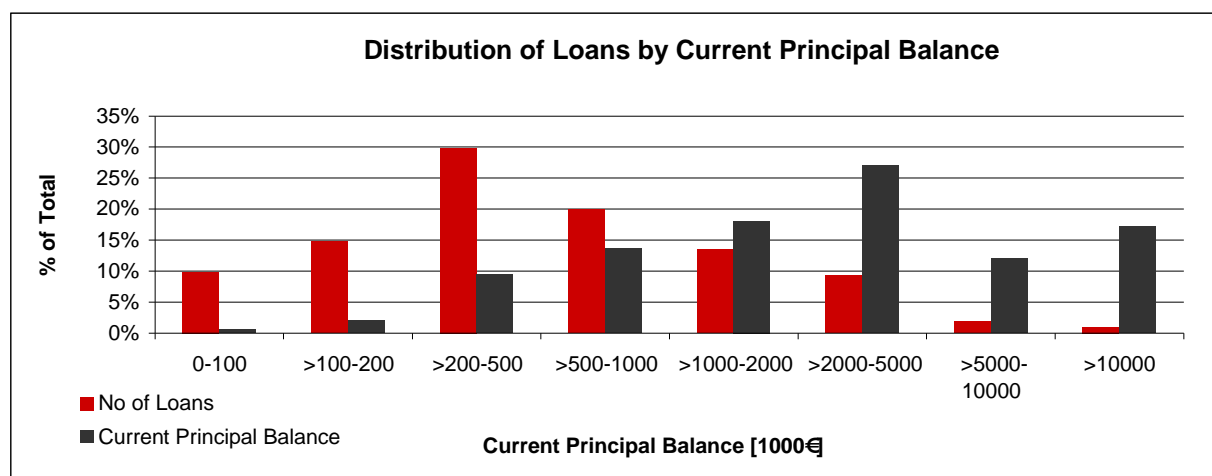


## 2.4 Distribution of Loans by Current Principal Balance

Current Principal Balance [1000€]	No of Loans	in %	Current Principal Balance	in %	WA LTV *
0-100	174	10%	11,166,721	1%	55.9%
>100-200	262	15%	38,313,002	2%	55.3%
>200-500	529	30%	174,486,769	9%	59.8%
>500-1000	354	20%	251,101,804	14%	62.6%
>1000-2000	239	13%	334,112,915	18%	63.5%
>2000-5000	165	9%	499,734,788	27%	65.8%
>5000-10000	33	2%	223,006,341	12%	68.0%
>10000	17	1%	318,750,203	17%	67.8%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

\* Loans might not be cross-collateralised

Minimum: 5  
Maximum: 39,301

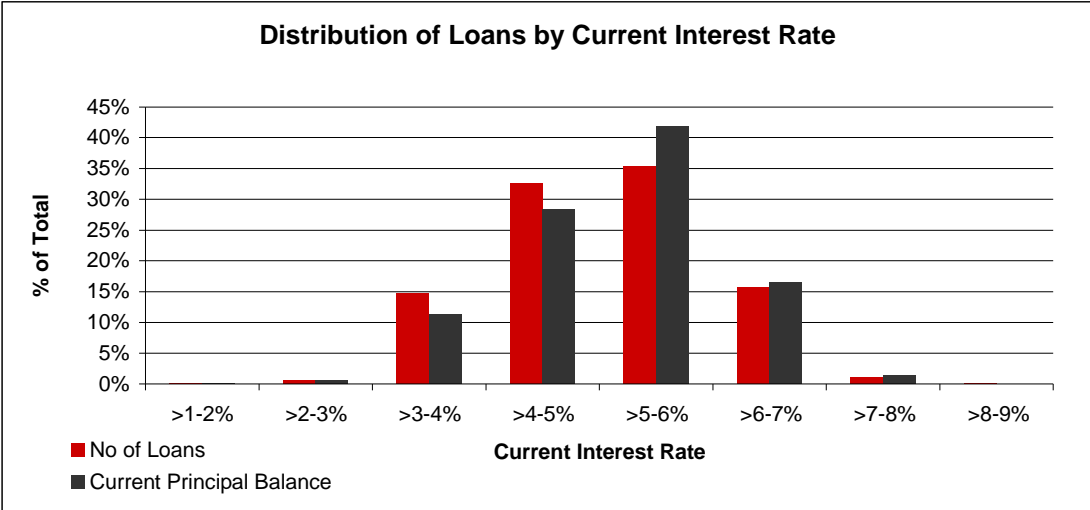


**2.5 Distribution of Loans by Current Interest Rate**

Current Interest Rate	No of Loans	in %	Current Principal Balance	in %	WA LTV *
>1-2%	2	0%	860,000	0%	72.3%
>2-3%	9	1%	9,460,843	1%	66.3%
>3-4%	262	15%	210,377,000	11%	68.2%
>4-5%	576	32%	524,764,515	28%	63.6%
>5-6%	626	35%	774,074,038	42%	63.9%
>6-7%	278	16%	305,081,452	16%	66.3%
>7-8%	19	1%	25,843,224	1%	64.7%
>8-9%	1	0%	211,470	0%	73.9%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

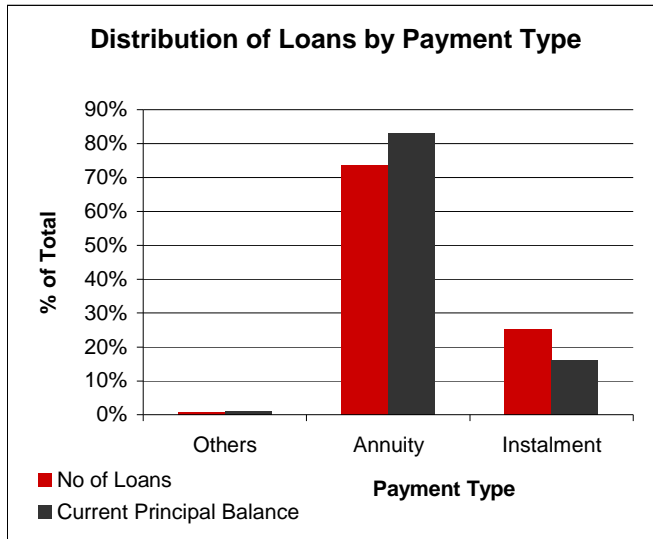
\* Loans might not be cross-collateralised

Minimum: 1.6 %  
 Maximum: 8.2 %  
 Weighted Average: 5.2 %



## 2.6 Distribution of Loans by Payment Type

Payment Type	No of Loans	in %	Current Principal Balance	in %
Others	15	1%	17,530,381	1%
Annuity	1,309	74%	1,535,333,396	83%
Instalment	449	25%	297,808,767	16%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>

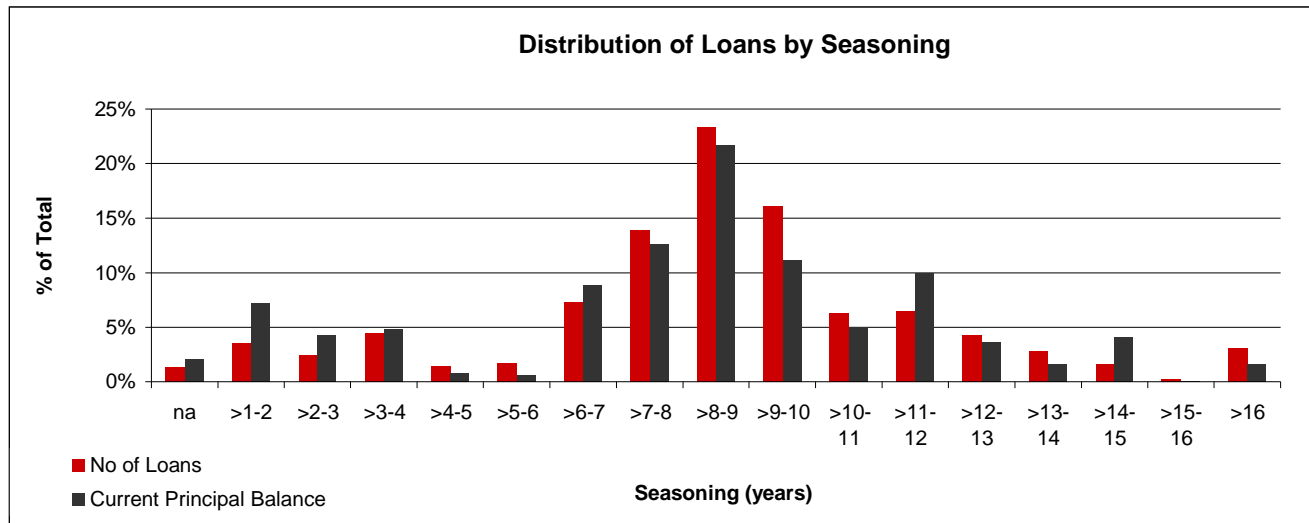


## 2.7 Distribution of Loans by Seasoning

Seasoning (years)	No of Loans	in %	Current Principal Balance	in %	WA LTV *
na	23	1%	38,951,801	2%	59.0%
>1-2	62	3%	132,920,059	7%	65.0%
>2-3	43	2%	79,503,363	4%	68.2%
>3-4	79	4%	89,530,068	5%	59.7%
>4-5	25	1%	13,419,825	1%	67.1%
>5-6	30	2%	10,657,450	1%	65.6%
>6-7	130	7%	164,743,757	9%	70.0%
>7-8	246	14%	233,003,614	13%	66.4%
>8-9	413	23%	401,496,371	22%	64.0%
>9-10	285	16%	206,082,664	11%	64.9%
>10-11	111	6%	92,919,186	5%	64.5%
>11-12	114	6%	184,259,997	10%	69.1%
>12-13	76	4%	67,478,128	4%	60.7%
>13-14	49	3%	30,350,179	2%	64.1%
>14-15	28	2%	75,269,584	4%	62.4%
>15-16	4	0%	928,653	0%	22.5%
>16	55	3%	29,157,847	2%	31.7%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

\* Loans might not be cross-collateralised

Minimum: 0.01 years  
 Maximum: 40.87 years  
 Weighted Average: 8.18 years

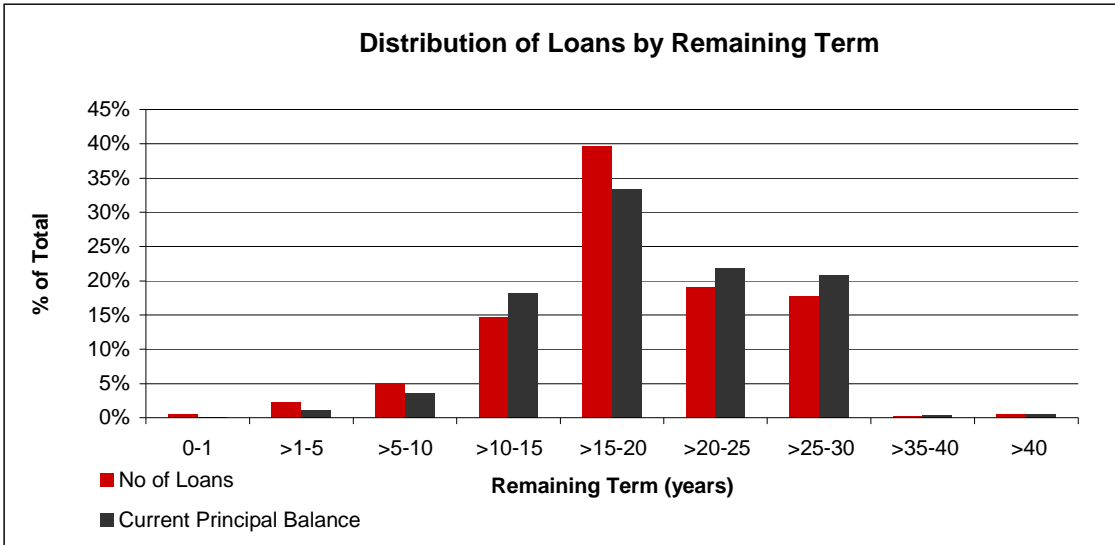


**2.8 Distribution of Loans by Remaining Term**

Remaining Term (years)	No of Loans	in %	Current Principal Balance	in %	WA LTV *
0-1	10	1%	1,429,502	0%	24.3%
>1-5	40	2%	20,315,753	1%	34.2%
>5-10	91	5%	67,426,515	4%	53.1%
>10-15	261	15%	337,153,499	18%	61.6%
>15-20	703	40%	619,156,705	33%	68.6%
>20-25	339	19%	403,595,116	22%	66.6%
>25-30	316	18%	385,289,769	21%	63.8%
>35-40	5	0%	6,143,721	0%	45.7%
>40	8	0%	10,161,966	1%	46.3%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>	<b>64.7%</b>

\* Loans might not be cross-collateralised

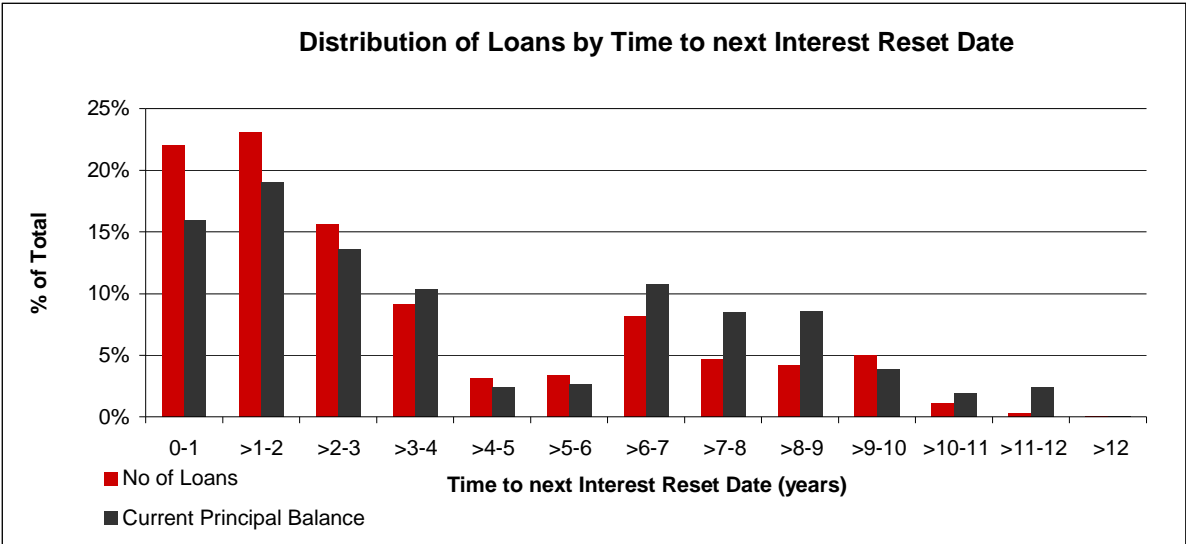
Minimum: 0.24 years  
 Maximum: 75.71 years  
 Weighted Average: 19.75 years



**2.9 Distribution of Loans by Time to next Interest Reset Date**

Time to next Interest Reset Date (years)	No of Loans	in %	Current Principal Balance	in %
0-1	391	22%	295,031,530	16%
>1-2	409	23%	352,206,365	19%
>2-3	276	16%	251,012,657	14%
>3-4	162	9%	191,001,662	10%
>4-5	56	3%	45,074,132	2%
>5-6	60	3%	48,295,314	3%
>6-7	144	8%	199,067,598	11%
>7-8	83	5%	157,055,185	8%
>8-9	74	4%	158,448,021	9%
>9-10	89	5%	71,745,915	4%
>10-11	19	1%	35,598,362	2%
>11-12	5	0%	45,020,719	2%
>12	1	0%	665,756	0%
na	4	0%	449,328	0%
<b>Total</b>	<b>1,773</b>	<b>100%</b>	<b>1,850,672,544</b>	<b>100%</b>

Minimum: 0.00 years  
 Maximum: 12.00 years  
 Weighted Average: 4.29 years



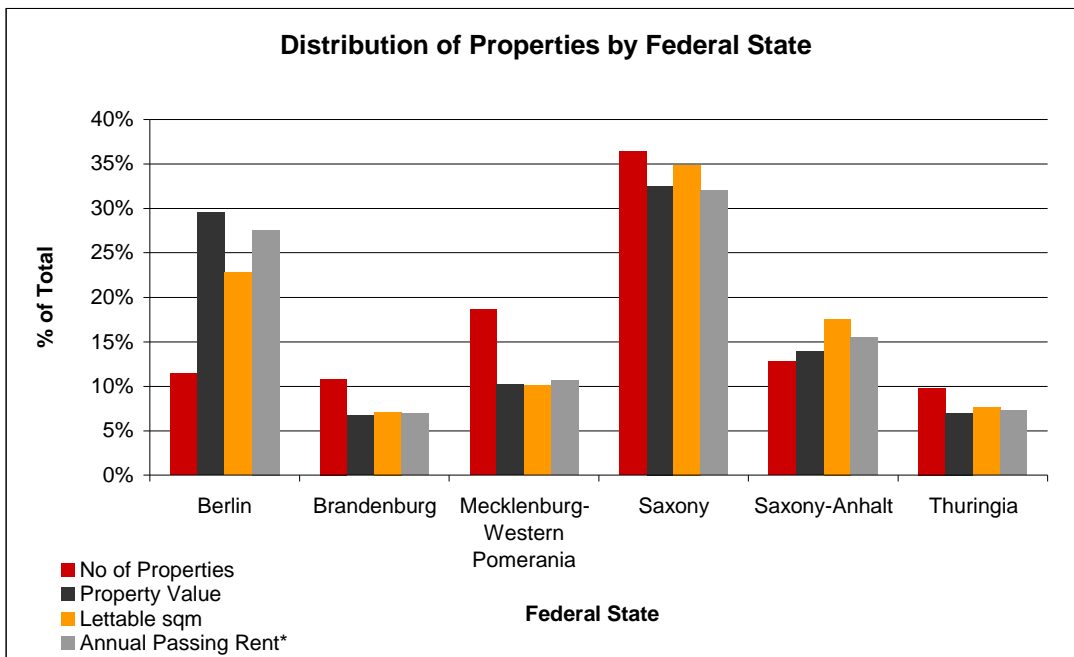


### 3 PROPERTY DATA

#### 3.1 Distribution of Properties by Federal State

Federal State	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
Berlin	172	11%	1,126,029,400	30%	27,904	20%	1,841,631	23%	115,606,450	28%	69,330	3.8%
Brandenburg	163	11%	256,948,000	7%	9,957	7%	575,526	7%	29,001,630	7%	32,509	5.6%
Mecklenburg-Western Pomerania	281	19%	387,395,959	10%	14,489	11%	813,482	10%	44,702,070	11%	51,182	6.3%
Saxony	549	36%	1,238,216,310	33%	49,437	36%	2,824,274	35%	134,298,900	32%	239,070	8.5%
Saxony-Anhalt	193	13%	529,667,980	14%	25,178	18%	1,423,108	18%	65,107,850	16%	139,045	9.8%
Thuringia	148	10%	267,349,050	7%	10,990	8%	617,810	8%	30,397,720	7%	51,374	8.3%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

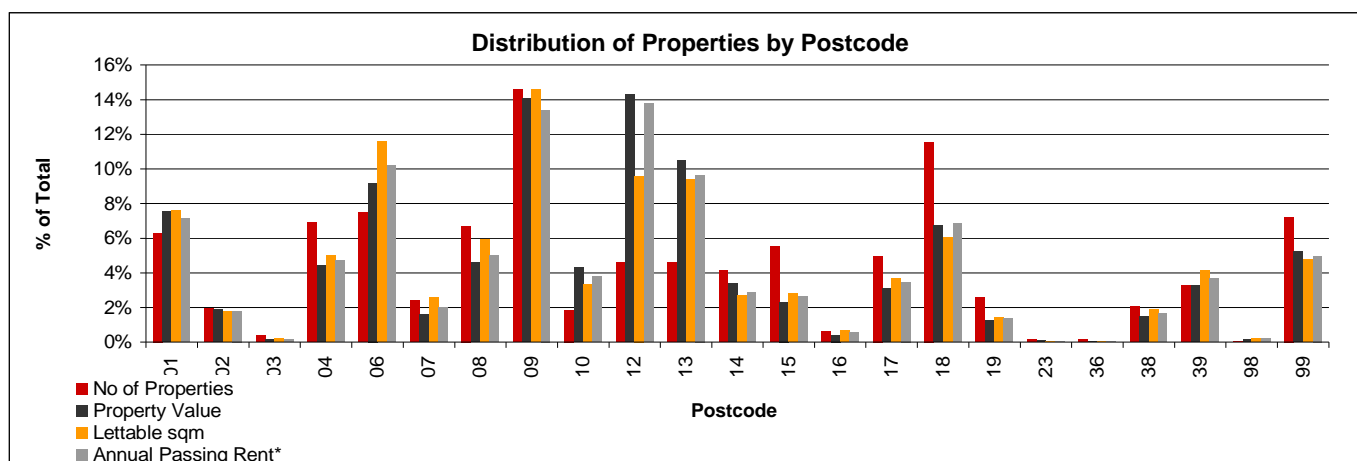
\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.



### 3.2 Distribution of Properties by Postcode (first 2 digits)

Postcode	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
01	95	6%	288,264,610	8%	10,402	8%	613,709	8%	29,896,820	7%	44,638	7.3%
02	29	2%	72,150,000	2%	2,349	2%	143,980	2%	7,496,890	2%	3,961	2.8%
03	6	0%	6,020,000	0%	238	0%	15,627	0%	667,540	0%	1,388	8.9%
04	104	7%	168,645,000	4%	7,368	5%	403,920	5%	19,766,480	5%	40,496	10.0%
06	113	8%	348,990,980	9%	16,743	12%	936,067	12%	42,862,950	10%	88,183	9.4%
07	36	2%	60,021,000	2%	3,763	3%	209,188	3%	8,441,830	2%	36,463	17.4%
08	101	7%	174,077,210	5%	8,551	6%	481,531	6%	21,017,900	5%	50,865	10.6%
09	220	15%	535,079,490	14%	20,767	15%	1,181,134	15%	56,120,810	13%	99,110	8.4%
10	28	2%	163,484,000	4%	3,906	3%	268,689	3%	15,790,650	4%	14,711	5.5%
12	69	5%	543,564,400	14%	11,885	9%	776,524	10%	57,659,420	14%	22,971	3.0%
13	69	5%	398,942,000	10%	11,591	8%	761,559	9%	40,408,780	10%	31,548	4.1%
14	62	4%	128,589,000	3%	3,572	3%	217,979	3%	12,014,130	3%	6,690	3.1%
15	83	6%	88,362,000	2%	3,973	3%	228,289	3%	11,047,640	3%	13,724	6.0%
16	9	1%	15,980,000	0%	1,023	1%	56,764	1%	2,382,410	1%	7,172	12.6%
17	75	5%	117,322,000	3%	5,264	4%	297,232	4%	14,592,200	3%	10,352	3.5%
18	174	12%	256,823,959	7%	8,748	6%	487,912	6%	28,747,440	7%	36,151	7.4%
19	39	3%	48,086,000	1%	2,048	1%	114,484	1%	5,699,380	1%	8,071	7.0%
23	2	0%	3,200,000	0%	102	0%	5,580	0%	300,560	0%	243	4.4%
36	2	0%	1,360,000	0%	87	0%	5,828	0%	236,860	0%	222	3.8%
38	31	2%	56,837,000	1%	2,599	2%	154,413	2%	6,904,690	2%	19,797	12.8%
39	49	3%	123,840,000	3%	5,836	4%	332,628	4%	15,340,210	4%	31,065	9.3%
98	1	0%	6,470,000	0%	327	0%	18,471	0%	844,070	0%	2,586	14.0%
99	109	7%	199,498,050	5%	6,813	5%	384,323	5%	20,874,960	5%	12,103	3.1%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.



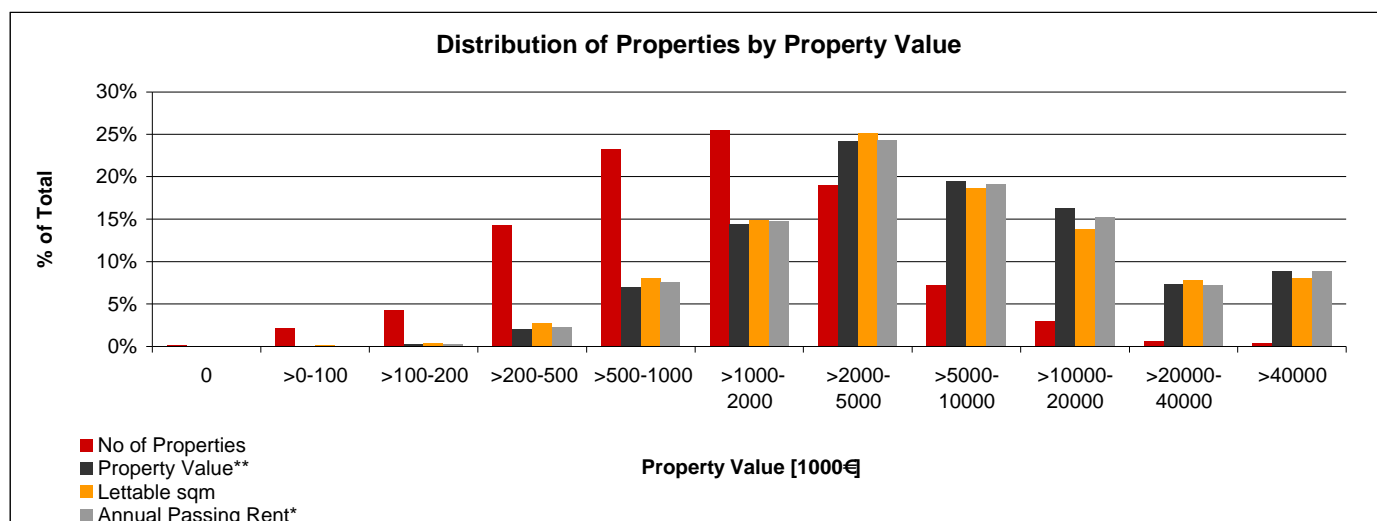
### 3.3 Distribution of Properties by Property Value

Property Value [1000€]	No of Properties	in %	Property Value**	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
0	2	0%	0	0%	99	0%	4,004	0%	97,450	0%	1,725	43.1%
>0-100	32	2%	2,138,290	0%	255	0%	16,498	0%	503,600	0%	5,474	33.2%
>100-200	64	4%	9,830,990	0%	528	0%	31,589	0%	1,349,940	0%	4,169	13.2%
>200-500	216	14%	77,736,739	2%	3,827	3%	217,688	3%	9,650,410	2%	28,121	12.9%
>500-1000	350	23%	265,410,899	7%	11,425	8%	655,383	8%	31,560,140	8%	61,966	9.5%
>1000-2000	384	25%	548,335,691	14%	21,504	16%	1,208,399	15%	61,937,470	15%	72,063	6.0%
>2000-5000	287	19%	920,685,460	24%	35,942	26%	2,041,411	25%	101,972,090	24%	152,035	7.4%
>5000-10000	109	7%	741,462,630	19%	26,015	19%	1,510,894	19%	80,290,680	19%	84,478	5.6%
>10000-20000	46	3%	623,234,000	16%	18,267	13%	1,119,672	14%	64,043,930	15%	71,833	6.4%
>20000-40000	10	1%	279,792,000	7%	10,214	7%	635,501	8%	30,144,210	7%	48,225	7.6%
>40000	6	0%	336,980,000	9%	9,879	7%	654,792	8%	37,564,700	9%	52,421	8.0%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.

\*\* The two Properties with Property Value of €0 will be demolished in the cause of the demolition program.

Minimum: 0  
Maximum: 76,110,000

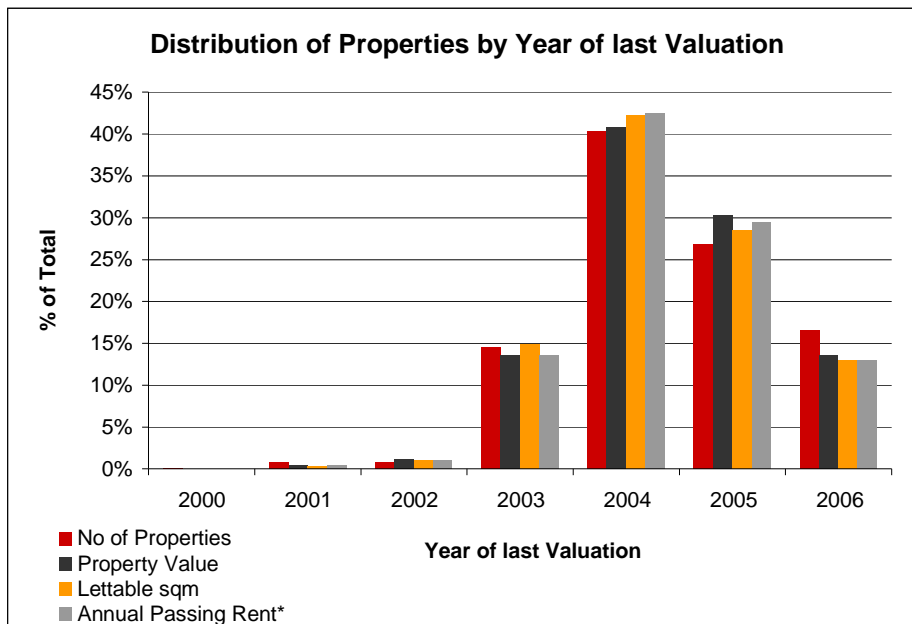


### 3.4 Distribution of Properties by Year of last Valuation

Year of last Valuation	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
2000	1	0%	337,450	0%	0	0%	375	0%	50,100	0%	0	0.0%
2001	11	1%	15,640,000	0%	521	0%	28,465	0%	1,722,450	0%	823	2.9%
2002	12	1%	46,727,000	1%	1,388	1%	79,463	1%	4,283,360	1%	3,603	4.5%
2003	219	15%	516,329,410	14%	21,659	16%	1,207,440	15%	57,086,420	14%	115,589	9.6%
2004	608	40%	1,554,121,590	41%	58,487	42%	3,417,773	42%	178,194,620	43%	244,161	7.1%
2005	405	27%	1,154,765,710	30%	38,092	28%	2,307,652	29%	123,216,920	29%	139,560	6.0%
2006	250	17%	517,685,539	14%	17,808	13%	1,054,663	13%	54,560,750	13%	78,774	7.5%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

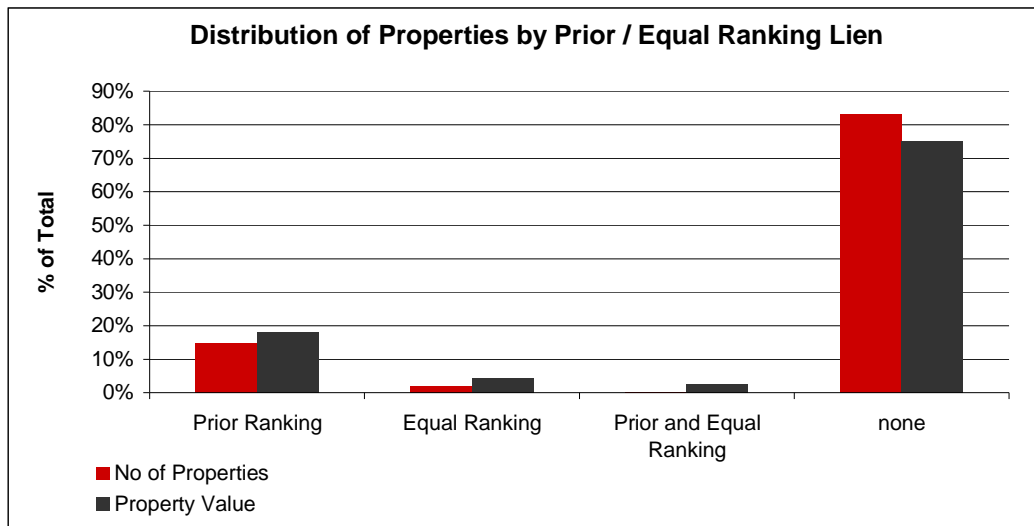
\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.

Minimum: 2000  
Maximum: 2006



### 3.5 Distribution of Properties by Prior / Equal Ranking Lien

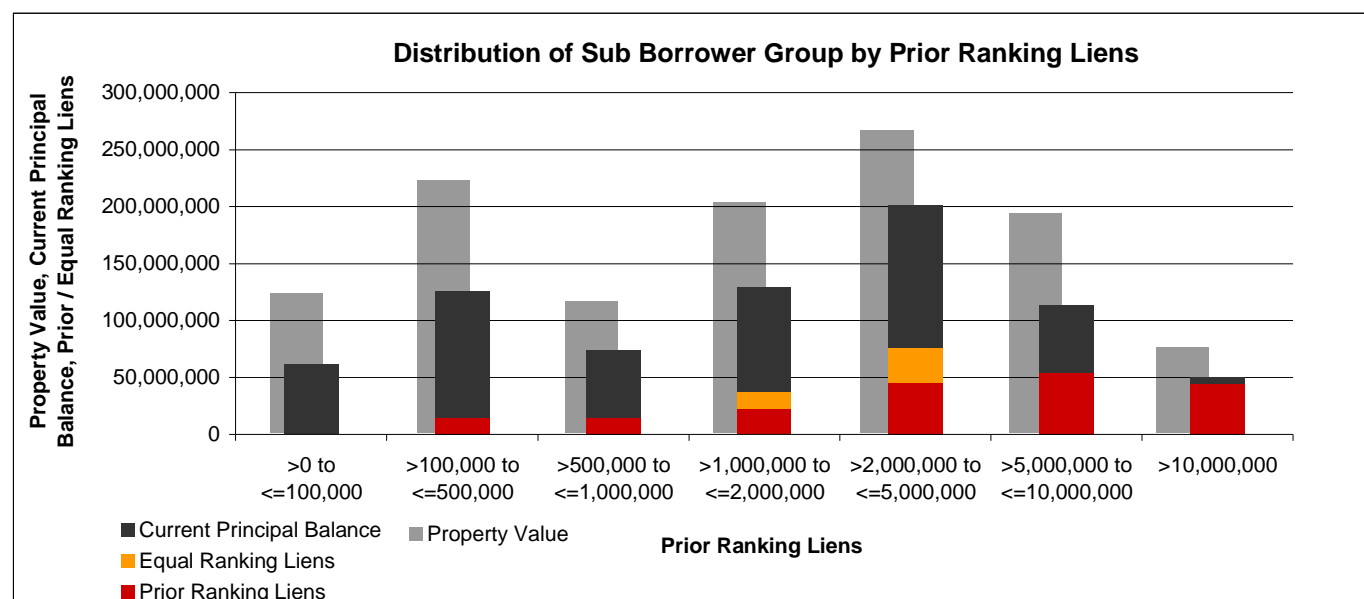
Prior / Equal Ranking Lien	No of Properties	in %	Property Value	in %	Prior Ranking Lien	Equal Ranking Lien	Total of Prior and Equal Ranking Lien
Prior Ranking	222	15%	692,248,098	18%	186,445,627	0	186,445,627
Equal Ranking	30	2%	167,935,500	4%	0	50,345,435	50,345,435
Prior and Equal Ranking	3	0%	91,010,000	2%	8,297,095	32,005,844	40,302,939
none	1,251	83%	2,854,413,101	75%	0	0	0
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>194,742,722</b>	<b>82,351,279</b>	<b>277,094,002</b>



### 3.6 Distribution of Sub Borrower Groups by Prior Ranking Lien

Prior Ranking Liens	No of Properties	in %	Property Value	in %	No of Loans	in %	Current Principal Balance	in %	Prior Ranking Liens	Equal Ranking Liens	WA LTV*
>0 to <=100,000	73	5%	123,459,388	3%	121	7%	60,794,281	3%	810,236	0	64.0%
>100,000 to <=500,000	93	6%	223,862,990	6%	128	7%	110,623,616	6%	14,503,529	0	66.0%
>500,000 to <=1,000,000	59	4%	116,099,670	3%	56	3%	58,995,819	3%	14,263,348	920,000	70.0%
>1,000,000 to <=2,000,000	83	6%	204,107,000	5%	100	6%	91,848,847	5%	22,589,635	14,790,135	66.6%
>2,000,000 to <=5,000,000	112	7%	267,935,910	7%	119	7%	124,897,712	7%	44,980,217	31,201,158	79.9%
>5,000,000 to <=10,000,000	89	6%	193,950,000	5%	30	2%	59,759,190	3%	53,666,279	0	63.3%
>10,000,000	1	0%	76,110,000	2%	1	0%	5,593,812	0%	43,929,478	0	65.1%
with Prior Rankung Liens	510	34%	1,205,524,958	32%	555	31%	512,513,278	28%	194,742,722	46,911,293	69.4%
without Prior Rankung Liens	996	66%	2,600,081,741	68%	1,218	69%	1,338,159,266	72%	0	35,439,987	62.9%
Total	1,506	100%	3,805,606,699	100%	1,773	100%	1,850,672,544	100%	194,742,722	82,351,279	64.7%

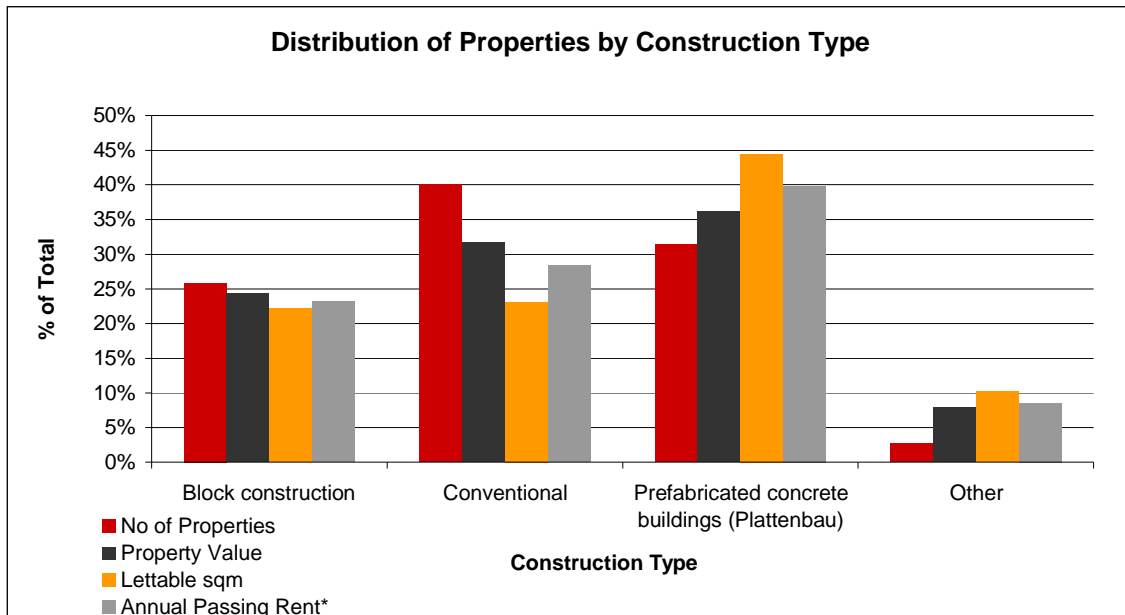
\* Loans might not be cross-collateralised



### 3.7 Distribution of Properties by Construction Type

Construction Type	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
Block construction (Blockbauweise)	389	26%	924,291,070	24%	31,173	23%	1,799,678	22%	96,961,300	23%	81,323	4.5%
Conventional	603	40%	1,205,529,849	32%	30,305	22%	1,869,459	23%	119,218,370	28%	84,971	4.5%
Prefabricated concrete buildings (Plattenbau)	473	31%	1,376,918,520	36%	61,833	45%	3,600,102	44%	167,013,020	40%	323,176	9.0%
Other	41	3%	298,867,260	8%	14,644	11%	826,592	10%	35,921,930	9%	93,040	11.3%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.



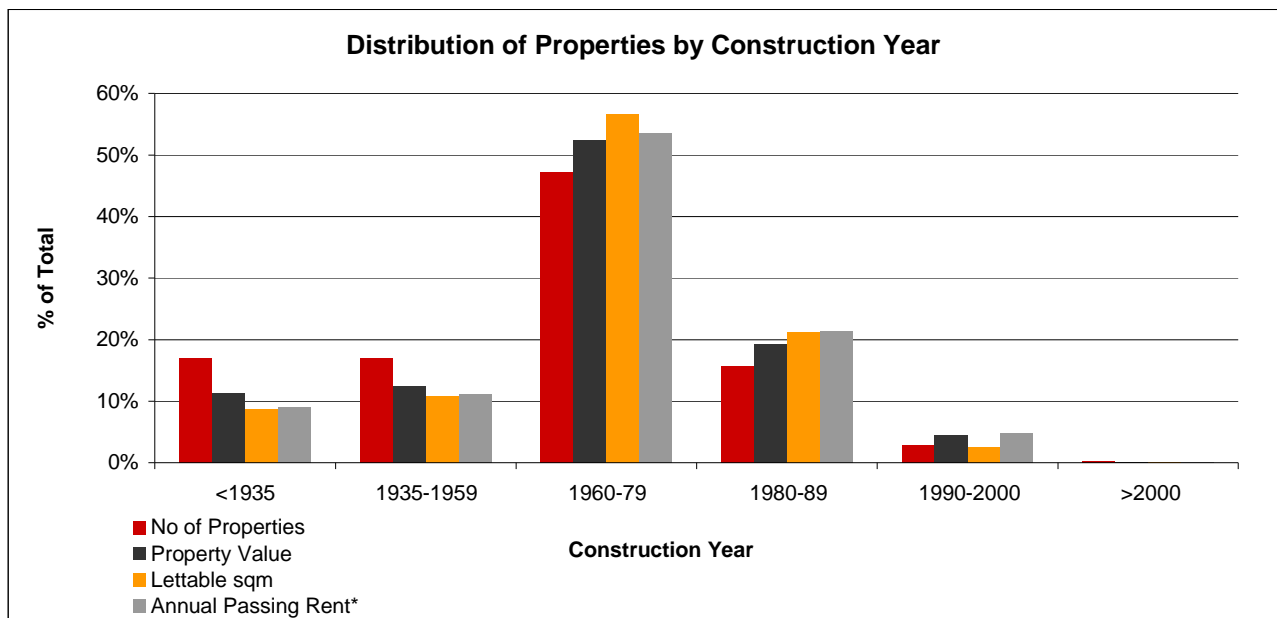
### 3.8 Distribution of Properties by Construction Year

Construction Year	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
<1935	257	17%	427,777,209	11%	11,009	8%	707,045	9%	37,598,110	9%	34,097	4.8%
1935-1959	256	17%	472,254,380	12%	15,531	11%	875,912	11%	46,960,730	11%	35,931	4.1%
1960-79	711	47%	1,994,782,753	52%	79,008	57%	4,583,223	57%	224,018,010	53%	316,228	6.9%
1980-89	235	16%	733,071,857	19%	29,196	21%	1,721,819	21%	89,987,170	21%	179,455	10.4%
1990-2000	44	3%	173,510,500	5%	3,160	2%	204,079	3%	20,253,240	5%	16,799	8.2%
>2000	3	0%	4,210,000	0%	51	0%	3,753	0%	297,360	0%	0	0.0%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extent the period.

Minimum: 1750

Maximum: 2004

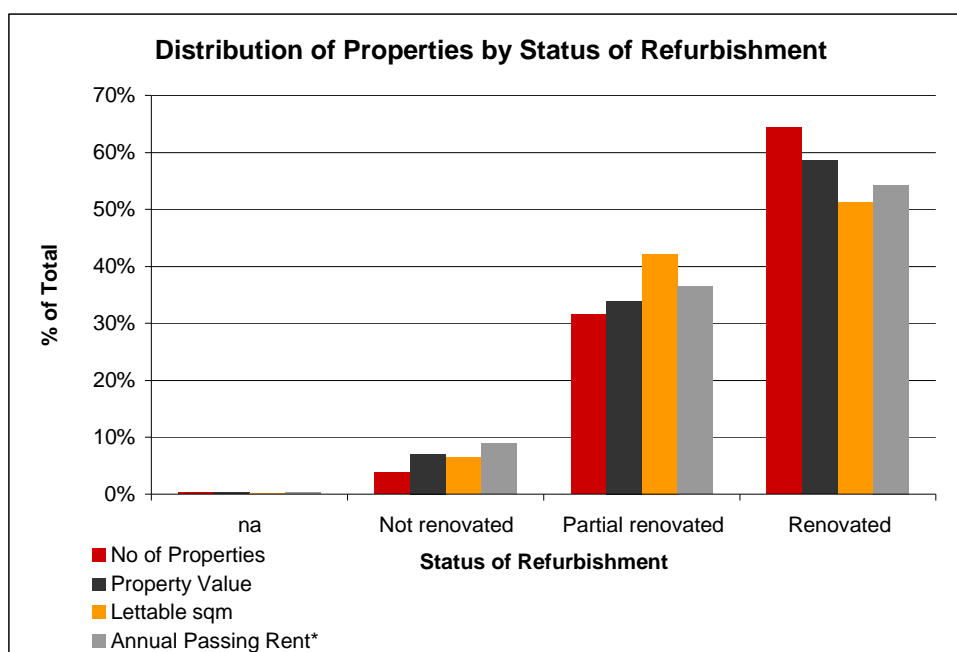




### 3.9 Distribution of Properties by Status of Refurbishment

Status of Refurbishment	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
na	4	0%	13,090,000	0%	321	0%	15,036	0%	1,089,100	0%	0	0.0%
Not renovated	57	4%	270,992,380	7%	8,841	6%	523,720	6%	37,446,310	9%	65,593	12.5%
Partial renovated	475	32%	1,290,652,305	34%	58,533	42%	3,414,270	42%	152,952,730	36%	307,334	9.0%
Renovated	970	64%	2,230,872,014	59%	70,260	51%	4,142,805	51%	227,626,480	54%	209,583	5.1%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extent the period.

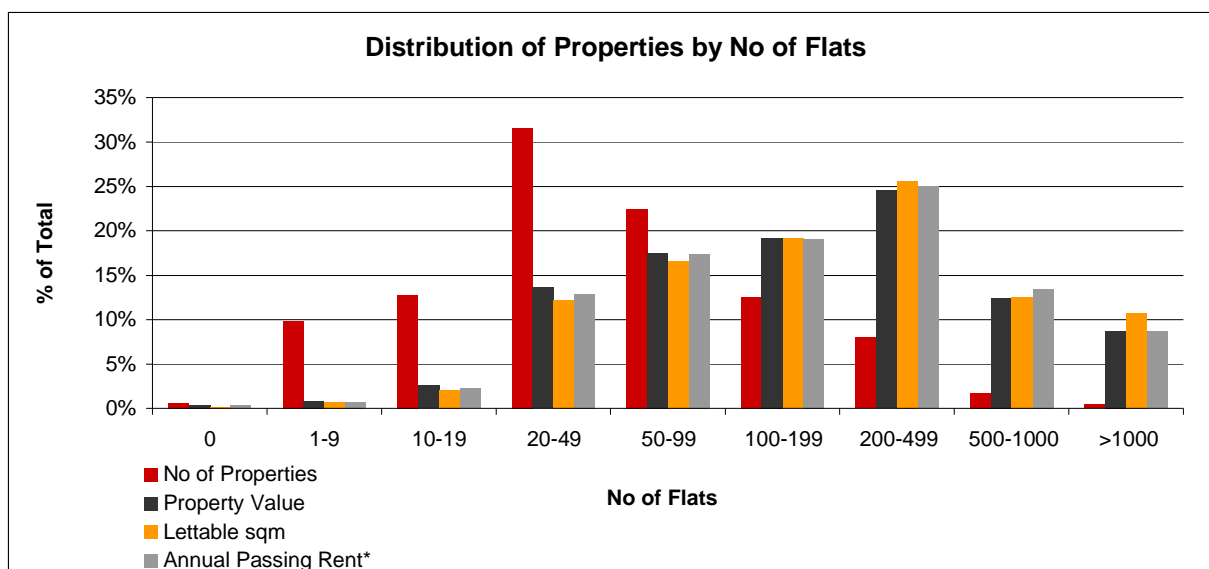


### 3.10 Distribution of Properties by No of Flats

No of Flats	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
0	9	1%	16,344,950	0%	0	0%	17,545	0%	1,517,260	0%	2,125	12.1%
1-9	148	10%	33,096,339	1%	909	1%	61,260	1%	3,158,410	1%	5,636	9.2%
10-19	193	13%	99,071,950	3%	2,757	2%	168,447	2%	9,548,540	2%	7,405	4.4%
20-49	476	32%	519,529,461	14%	16,439	12%	990,259	12%	54,102,030	13%	66,984	6.8%
50-99	338	22%	666,838,629	18%	23,565	17%	1,344,669	17%	73,073,640	17%	78,287	5.8%
100-199	189	13%	730,062,740	19%	27,353	20%	1,550,983	19%	80,079,320	19%	103,353	6.7%
200-499	120	8%	934,803,630	25%	35,921	26%	2,075,411	26%	104,847,150	25%	155,491	7.5%
500-1000	26	2%	474,487,000	12%	16,854	12%	1,017,867	13%	56,551,500	13%	79,282	7.8%
>1000	7	0%	331,372,000	9%	14,157	10%	869,390	11%	36,236,770	9%	83,947	9.7%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extent the period.

Minimum: 0  
 Maximum: 3,017  
 Weighted  
 Average: 92

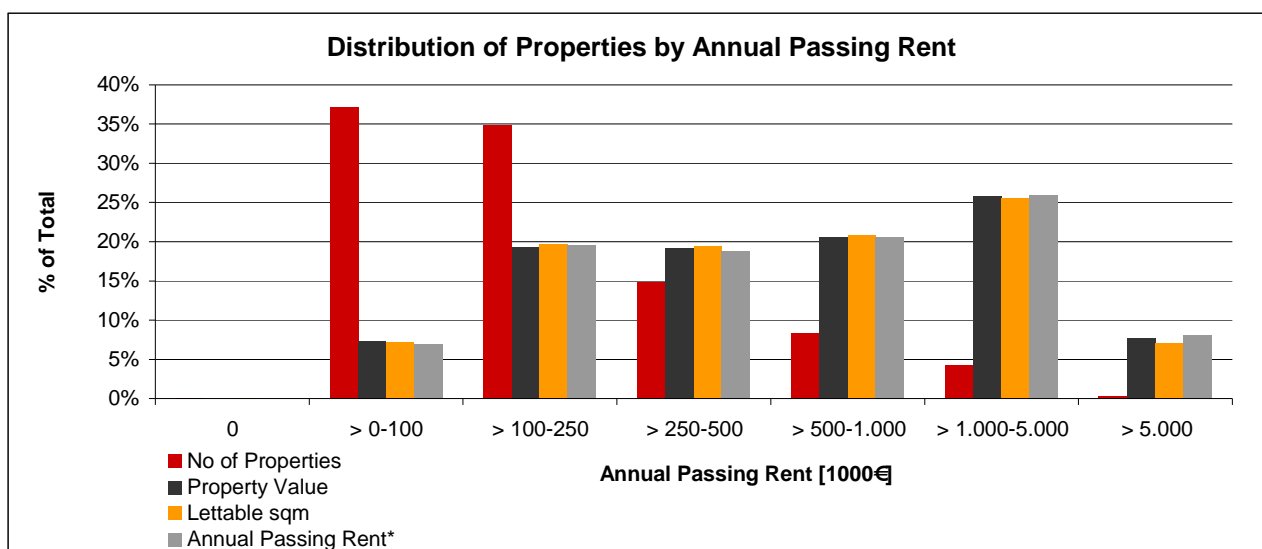


### 3.11 Distribution of Properties by Annual Passing Rent

Annual Passing Rent [1000€]	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
0	2	0%	345,100	0%	142	0%	3,600	0%	0	0%	3,600	100.0%
> 0-100	560	37%	280,805,208	7%	10,058	7%	589,412	7%	29,266,240	7%	54,947	9.3%
> 100-250	525	35%	733,068,011	19%	28,126	20%	1,598,269	20%	81,908,900	20%	99,817	6.2%
> 250-500	224	15%	730,917,750	19%	27,588	20%	1,578,079	19%	78,713,770	19%	106,191	6.7%
> 500-1.000	126	8%	784,137,630	21%	29,246	21%	1,687,672	21%	86,203,960	21%	120,299	7.1%
> 1.000-5.000	64	4%	981,213,000	26%	34,171	25%	2,066,792	26%	108,953,850	26%	145,897	7.1%
> 5.000	5	0%	295,120,000	8%	8,624	6%	572,007	7%	34,067,900	8%	51,759	9.0%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>7.2%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.

Minimum: 0  
 Maximum: 7,660,150  
 Weighted  
 Average: 278,297  
 €/m<sup>2</sup> 4.31

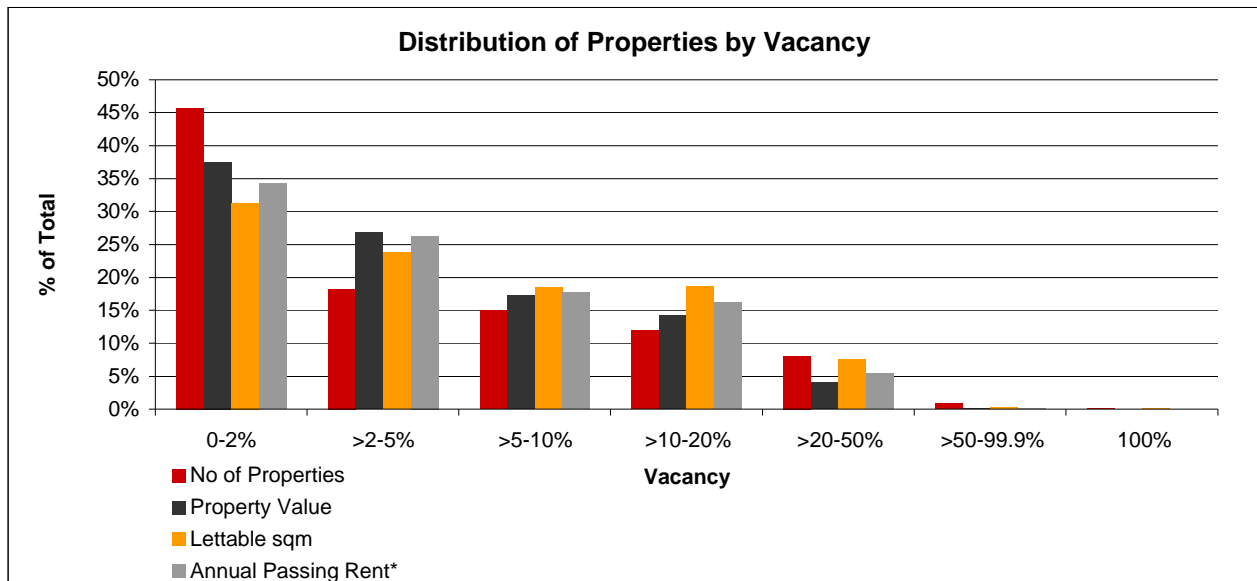


### 3.12 Distribution of Properties by Vacancy

Vacancy	No of Properties	in %	Property Value	in %	No of Residential Units	in %	Lettable sqm	in %	Annual Passing Rent*	in %	Vacant sqm	in % of lettable
0-2%	688	46%	1,426,874,034	37%	43,497	32%	2,532,433	31%	143,369,200	34%	16,320	3%
>2-5%	275	18%	1,022,348,225	27%	32,456	24%	1,924,308	24%	110,142,340	26%	68,693	12%
>5-10%	225	15%	658,954,099	17%	25,257	18%	1,493,979	18%	74,415,690	18%	108,136	19%
>10-20%	180	12%	539,228,371	14%	25,801	19%	1,512,415	19%	68,060,650	16%	216,508	37%
>20-50%	122	8%	154,124,780	4%	10,559	8%	611,099	8%	22,669,450	5%	159,474	27%
>50-99.9%	14	1%	3,732,090	0%	243	0%	17,997	0%	457,290	0%	9,779	2%
100%	2	0%	345,100	0%	142	0%	3,600	0%	0	0%	3,600	1%
<b>Total</b>	<b>1,506</b>	<b>100%</b>	<b>3,805,606,699</b>	<b>100%</b>	<b>137,955</b>	<b>100%</b>	<b>8,095,831</b>	<b>100%</b>	<b>419,114,620</b>	<b>100%</b>	<b>582,510</b>	<b>100%</b>

\* The annual passing rent includes subsidies which are granted by the municipality or state. The subsidies are usually granted temporary and the municipality or state is not obliged to extend the period.

Average: 7.2%



## 4. SUB BORROWER GROUPS

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
1	1	267	2,000	IBB	7	4	1,474,357	7,150,000	24.9%	45.6%	2.97	296	0	16,252	328
2	2	269	2,000	IBBB+	1	7	1,598,411	3,790,000	0.0%	42.2%	3.14	107	4	6,067	0
3	3	272	1,001	IBB-	1	1	434,598	1,140,000	0.0%	38.2%	5.33	90	0	3,571	64
4		272	1,002	IBB-	1	1	217,299	1,340,000	16.3%	32.5%	4.44	80	0	3,995	0
5		272	1,003	IBB-	1	1	282,489	1,450,000	12.1%	31.6%	4.93	70	0	4,775	0
6		272	1,004	IBB	2	1	848,551	2,560,000	0.0%	33.2%	4.66	88	0	5,362	161
7		272	1,005	IBB	3	1	1,353,577	2,540,000	14.2%	67.5%	2.42	88	0	5,337	374
8		272	1,006	IBB	4	1	1,633,293	3,160,000	14.0%	65.7%	2.49	110	0	6,619	265
9		272	1,007	IBB	1	1	314,956	980,000	0.0%	32.2%	6.71	30	0	2,048	154
10		272	1,008	IBB-	1	1	406,007	970,000	0.0%	41.9%	5.28	42	0	3,002	0
11		272	1,009	IBB-	1	1	176,905	1,030,000	0.0%	17.2%	13.28	60	0	2,998	0
12		272	1,010	IBB-	2	1	173,031	960,000	0.0%	18.1%	10.33	30	0	2,019	226
13		272	1,011	IBB-	1	1	132,936	1,050,000	0.0%	12.7%	17.59	50	0	3,219	158
14		272	1,012	IBB-	2	1	185,671	800,000	0.0%	23.3%	9.42	60	0	2,387	55
15	4	274	1,001	IBB-	1	1	65,324	2,880,000	0.0%	2.3%	51.63	81	2	5,720	921
16		274	1,002	IB+	1	1	88,287	2,940,000	0.0%	3.1%	30.68	80	1	5,222	1,606
17		274	2,000	IBB-	20	22	12,694,898	26,280,000	0.0%	48.4%	3.72	1,164	35	68,688	6,385
18	5	276	1,002	IA-	1	1	233,579	920,000	0.0%	25.4%	8.94	24	0	1,353	0
19		276	1,003	IA+	1	1	7,161,445	13,700,000	0.0%	52.3%	3.81	93	21	10,749	314
20		276	1,004	IBBB	2	2	3,030,255	4,400,000	12.0%	80.9%	1.67	62	8	6,320	134
21		276	1,005	IBBB+	1	2	8,555,046	16,950,000	0.0%	50.5%	2.85	465	13	28,092	1,795
22		276	1,007	IA-	4	1	2,995,263	5,650,000	0.0%	53.1%	2.99	132	0	9,727	97
23		276	1,008	IBBB+	2	1	5,653,491	12,380,000	0.0%	45.7%	2.64	380	0	22,595	4,157
24		276	1,009	IBBB+	2	1	3,970,935	8,190,000	0.0%	48.5%	3.25	300	0	17,471	87
25		276	1,011	IBBB	2	1	539,221	1,710,000	0.0%	31.6%	5.40	21	7	2,472	375
26		276	1,012	IBBB+	1	5	22,042,504	39,950,000	0.0%	55.2%	2.79	1,116	32	78,077	4,884
27		276	1,013	IBBB	2	1	4,881,249	8,460,000	0.0%	57.7%	2.46	153	17	10,482	287
28		276	1,014	IA-	1	1	51,674	145,000	0.0%	35.7%	4.53	4	0	174	0
29		276	1,015	IA-	1	1	198,142	627,000	0.0%	31.7%	4.36	15	0	668	44
30		276	1,017	IBBB	1	1	2,540,482	6,850,000	0.0%	37.1%	4.95	124	0	7,642	69
31	6	282	2,000	IBB+	1	1	4,452,738	7,100,000	0.0%	62.8%	3.30	407	0	21,569	1,767
32	7	286	1,003	IBBB-	1	1	2,069,416	2,250,000	0.0%	92.0%	2.58	110	0	7,398	888
33		286	1,004	IBBB	3	1	350,061	820,000	0.0%	42.7%	2.93	20	0	939	0
34		286	1,005	IBBB	3	1	799,590	1,710,000	0.0%	46.8%	2.35	37	0	1,976	59
35		286	1,007	IBB-	5	1	5,094,267	5,250,000	0.0%	97.1%	2.54	239	0	14,005	280
36		286	1,008	IBBB	2	1	367,280	981,358	3.8%	41.3%	3.34	20	0	1,153	0
37		286	1,009	IBBB-	1	1	688,731	2,100,000	0.0%	32.8%	5.61	80	0	4,550	59
38		286	1,010	IBB+	1	1	883,373	1,250,000	0.0%	70.7%	3.79	80	0	4,108	411
39		286	1,011	IBB-	2	1	2,625,347	3,300,000	0.0%	79.6%	2.99	160	0	8,102	162
40		286	1,016	IBBB	1	1	209,966	428,000	0.0%	49.1%	3.05	13	0	559	0
41		286	1,017	IBBB-	3	1	838,291	1,800,000	0.0%	46.6%	3.07	50	0	2,169	43
42		286	1,018	IBBB	3	1	518,351	980,000	0.0%	52.9%	2.93	26	0	1,256	0
43		286	1,019	IBB-	1	1	544,845	560,000	0.0%	97.3%	2.67	40	0	2,590	725
44		286	1,020	IBBB	1	1	262,511	498,000	0.0%	52.8%	2.64	11	0	650	0
45		286	1,021	IBBB	1	1	216,864	470,000	0.0%	46.2%	3.41	12	0	687	0
46		286	1,022	IBB+	1	1	536,176	1,680,000	0.0%	69.8%	1.37	41	0	2,015	0
47		286	1,023	IBBB	2	1	671,597	1,540,000	9.1%	52.7%	2.21	34	0	1,778	0
48		286	1,024	IBB+	2	1	1,097,572	1,783,000	0.0%	61.6%	2.61	64	0	2,875	86
49		286	1,025	IBBB	2	1	174,685	345,000	0.0%	50.7%	3.73	8	0	508	0
50		286	1,026	IBBB	2	1	273,114	483,000	0.0%	56.6%	3.36	12	0	762	0
51		286	1,027	IBBB	2	1	273,114	483,000	0.0%	56.6%	3.58	12	0	762	0
52		286	1,028	IBBB	2	1	272,986	483,000	0.0%	56.6%	3.44	12	0	762	0
53		286	1,029	IBBB	2	1	98,428	161,000	0.0%	61.2%	3.17	4	0	254	0
54		286	1,030	IBBB	2	1	174,685	345,000	0.0%	50.7%	3.45	8	0	508	0
55		286	1,031	IBBB	2	1	86,042	202,000	0.0%	42.6%	4.12	6	0	307	0
56		286	1,032	IBBB	1	1	141,198	220,000	0.0%	64.2%	2.54	7	0	318	0
57		286	1,033	IBBB	1	1	66,186	188,000	0.0%	35.3%	4.21	6	0	284	45
58		286	1,034	IBBB-	2	1	945,258	1,250,000	0.0%	75.7%	3.12	60	0	2,990	60
59		286	1,035	IBB+	5	1	14,560,960	15,250,000	0.0%	95.5%	2.07	672	0	35,178	1,407
60		286	1,036	IBB-	1	1	433,879	855,230	0.0%	50.8%	3.14	27	0	1,062	42
61		286	1,037	IBBB	3	1	340,074	880,000	0.0%	38.7%	4.31	16	0	989	59
62		286	1,038	IBBB	3	1	109,552	350,000	0.0%	31.4%	4.26	8	0	395	0
63		286	1,040	IBB	1	46	39,301,037	43,219,670	0.0%	91.0%	1.71	1,926	5	113,487	17,318
64		286	1,041	IBB-	1	1	856,927	1,207,111	0.0%	71.0%	2.53	42	0	2,522	378
65		286	1,042	IBB-	2	1	1,578,797	5,200,000	10.3%	40.6%	2.96	130	0	8,418	505
66		286	1,043	IBB-	1	1	1,622,688	3,100,000	0.0%	52.4%	2.21	81	0	4,789	96
67		286	1,044	IBB-	1	1	657,847	750,300	0.0%	87.7%	1.40	41	0	2,757	937
68		286	1,045	IBBB	2	1	286,026	746,625	27.7%	66.0%	1.72	20	0	905	0
69		286	1,046	IBBB	1	1	302,531	974,000	0.0%	31.1%	3.37	24	0	1,270	102
70		286	1,047	IBBB	3	1	677,129	1,148,690	0.0%	59.0%	2.20	19	3	1,405	0
71		286	1,048	IBBB-	1	1	485,766	1,500,000	0.0%	32.4%	3.52	35	0	1,947	58
72		286	1,049	IBB-	6	1	1,891,129	3,651,300	0.0%	51.8%	1.87	37	8	4,463	941
73		286	1,050	IBB-	2	1	1,087,411	2,100,000	0.0%	51.8%	2.57	40	0	2,618	0
74		286	1,051	IBB-	1	1	123,938	860,000	0.0%	14.5%	10.30	16	0	1,045	0
75		286	1,052	IBB-	1	1	484,506	1,530,000	0.0%	31.7%	3.83	33	0	1,770	106
76		286	1,053	IBB-	2	1	574,929	663,000	0.0%	86.8%	1.78	15	0	913	0
77		286	1,054	IBB-	2	1	545,165	844,760	0.0%	64.6%	1.94	27	0	1,049	0
78		286	1,055	IBB-	2	1	509,872	1,121,000	12.1%	57.6%	2.53	33	0	1,620	49
79		286	1,056	IBB-	1	1	331,015	1,000,000	0.0%	33.2%	6.50	50	0	1,528	0
80		286	1,057	IBBB	1	1	166,532	715,000	0.0%	23.3%	7.95	17	0	1,269	0
81		286	1,058	IBBB	1	1	53,078	300,000	0.0%	17.7%	6.66	7	0	346	0
82		286	1,059	IBBB	2	1	504,130	1,568,642	0.0%	32.2%	3.89	39	0	1,904	0
83		286	1,060	IBBB	3	1	901,425	1,683,000	0.0%	53.6%	2.44	50	0	2,250	90
84		286	1,061	IBB+	2	1	693,838	1,777,770	11.1%	50.1%	2.33	50	0	2,815	56
85		286	1,062	IBB+	3	1	698,566	1,300,000	0.0%	53.8%	2.88	37	0	2,082	0
86		286	1,063	IBBB	3	1	263,467	697,000	0.0%	37.9%	4.45	21	0	1,102	0
87		286	1,064	IBBB	1	1	530,209	1,422,220	11.6%	48.8%	2.44	40	0	2,252	0
88		286	1,065	IBBB	1	1	311,130	1,643,019	0.0%	19.0%	6.57	36	0	1,892	0
89		286	1,066	IBB-	1	1	399,948	1,405,780	11.7%	40.1%	2.89	40	0	2,238	0
90		286	1,067	IBB-	1	1	569,262	2,094,220							

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
101		286	1,085	iBBB-	1	1	310,511	970,000	8.5%	40.5%	3.04	20	0	1,174	0
102		286	1,087	iBBB-	2	1	1,668,350	4,160,000	0.0%	40.2%	2.90	68	0	3,889	0
103		286	1,089	iBBB-	1	1	562,051	1,540,000	0.0%	36.5%	3.04	20	0	1,453	0
104		286	1,090	iBBB-	2	1	1,736,963	3,960,000	18.7%	62.6%	1.19	60	0	3,719	0
105		286	1,101	iBBB-	2	1	352,801	667,000	0.0%	52.9%	2.89	22	0	1,647	379
106		286	1,102	iBB-	2	1	279,653	1,100,000	0.0%	25.5%	6.71	36	0	1,835	0
107		286	1,104	iBBB-	1	1	447,380	903,375	11.4%	60.9%	2.34	25	0	1,095	44
108		286	1,105	iBBB-	1	1	125,267	313,619	0.0%	40.0%	5.00	7	0	372	0
109		286	1,106	iBBB-	1	1	816,520	4,050,000	0.0%	20.2%	5.87	97	0	4,696	0
110		286	1,107	iBBB-	1	1	744,584	3,700,000	0.0%	20.2%	5.65	88	0	4,063	0
111		286	1,108	iBBB-	1	1	645,361	3,270,000	0.0%	19.8%	6.17	78	0	3,886	0
112		286	1,109	iBBB-	2	1	697,866	2,070,000	0.0%	33.8%	3.45	58	0	2,391	0
113	8	295	1,001	iB+	1	1	1,319,223	2,350,000	0.0%	56.2%	2.12	180	0	8,878	1,181
114	9	296	2,000	iBB-	4	5	2,837,854	5,910,000	0.0%	48.1%	4.76	558	0	30,989	6,160
115	10	299	2,000	iBBB-	3	3	1,264,003	9,100,000	0.0%	13.9%	10.66	264	0	14,353	0
116	11	300	2,000	iBB-	1	2	907,482	1,750,000	1.1%	52.9%	3.03	69	0	3,607	108
117	12	304	2,000	iBBB+	3	1	1,076,503	2,270,000	0.0%	47.5%	1.46	96	0	5,376	172
118	13	307	1,001	iBB-	1	1	347,278	1,300,000	0.0%	26.8%	6.28	33	0	2,102	191
119		307	1,002	iBB-	1	1	957,095	1,900,000	0.0%	50.4%	2.67	69	0	3,478	52
120	14	312	1,001	iBBB-	1	6	244,879	1,398,000	4.1%	21.7%	6.88	46	0	2,575	13
121		312	1,002	iBBB-	1	1	1,371,261	2,810,000	21.9%	70.7%	2.47	132	0	6,837	589
122		312	1,003	iBBB-	1	2	796,557	1,462,000	0.0%	54.5%	2.85	73	0	3,641	664
123	15	316	1,001	iA-	6	5	4,694,887	8,452,000	0.0%	55.6%	2.38	240	0	12,947	292
124		316	1,002	iBBB+	3	3	3,528,589	7,000,000	0.0%	50.5%	3.83	227	0	14,143	807
125		316	1,004	iBBB+	1	1	782,996	950,000	0.0%	82.5%	3.05	65	0	2,743	91
126		316	1,005	iA-	1	1	444,788	1,490,000	0.0%	29.9%	5.56	50	0	2,784	0
127	16	322	1,001	iBBB-	1	9	7,878,578	9,500,000	10.3%	93.3%	1.62	367	9	19,082	293
128		322	1,002	iBBB-	1	1	103,119	1,550,000	0.0%	6.7%	30.74	56	0	3,308	53
129		322	2,000	iBBB-	6	56	5,615,600	44,510,000	16.7%	29.4%	4.85	2,290	62	133,307	11,294
130	17	328	1,001	iBB+	1	1	813,263	2,180,000	0.0%	37.4%	2.15	31	0	1,967	0
131		328	1,002	iBB+	3	1	431,671	761,000	0.0%	56.8%	1.85	10	0	575	0
132		328	1,003	iBB+	6	6	5,941,820	12,521,000	0.0%	47.5%	3.91	403	0	22,372	69
133		328	1,004	iBB+	1	1	611,231	1,620,000	0.0%	37.8%	4.52	40	0	2,876	0
134		328	1,005	iBB-	1	1	108,227	540,000	0.0%	20.1%	6.66	12	0	641	0
135		328	1,011	iBB+	1	1	572,989	1,440,000	0.0%	39.8%	1.89	24	0	1,675	0
136		328	1,012	iBB+	4	1	1,502,352	2,081,000	0.0%	72.2%	2.82	90	0	4,251	0
137		328	1,013	iBB+	8	1	7,416,853	12,887,000	0.0%	57.6%	1.76	200	0	11,290	124
138	18	329	1,001	iBB+	1	3	2,358,674	4,620,000	0.0%	51.1%	3.21	175	0	10,479	71
139		329	1,004	iBB+	1	1	594,311	1,375,000	0.0%	43.3%	3.99	55	0	2,742	0
140		329	1,005	iBB+	1	1	594,311	1,375,000	0.0%	43.3%	4.15	55	0	2,742	0
141		329	1,006	iBB+	1	1	594,311	1,375,000	0.0%	43.3%	4.11	55	0	2,742	0
142		329	1,007	iBB+	1	1	594,311	1,375,000	0.0%	43.3%	3.91	55	0	2,742	0
143	19	330	1,001	iBBB-	1	1	5,593,812	76,110,000	57.8%	65.1%	1.25	2,607	27	173,776	7,797
144		330	1,002	iBB+	1	1	1,363,140	11,300,000	0.0%	12.1%	13.82	80	0	6,232	638
145		330	1,003	iA-	1	10	1,140,100	5,687,000	0.0%	20.1%	6.46	187	16	15,200	1,237
146		330	1,004	iA-	1	1	94,845	558,000	0.0%	17.0%	6.00	42	0	2,822	54
147		330	1,005	iBBB+	1	1	85,875	241,000	0.0%	35.7%	0.88	14	0	824	0
148		330	1,006	iBBB+	1	1	119,521	478,000	0.0%	25.1%	3.22	15	1	1,259	59
149		330	1,007	iBBB-	2	1	18,504,942	53,590,000	8.2%	73.2%	1.27	1,746	2	132,083	8,631
150		330	1,010	iBBB-	1	1	3,704,115	11,550,000	0.0%	32.1%	5.88	395	0	21,701	197
151		330	1,011	iBBB-	1	1	747,539	9,660,000	0.0%	20.9%	5.30	350	1	19,531	0
152		330	1,012	iA-	1	1	2,246,515	7,040,000	0.0%	32.0%	3.23	180	0	10,001	65
153		330	1,013	iA-	1	1	500,740	1,578,000	0.0%	31.8%	3.16	40	0	2,215	64
154		330	1,014	iBBB+	1	1	262,869	514,000	0.0%	51.2%	2.83	8	0	720	83
155		330	1,015	iA-	1	1	285,131	599,000	0.0%	47.7%	3.03	11	0	771	0
156		330	1,016	iA-	1	1	190,944	455,000	0.0%	42.0%	3.05	7	1	564	68
157		330	1,017	iA-	1	10	14,394,796	19,535,000	0.0%	73.7%	2.11	902	0	51,071	690
158	20	330	1,020	iBBB-	2	1	10,135,995	26,000,000	12.6%	51.6%	1.96	824	0	60,289	1,308
159		332	1,001	iBB-	1	1	990,792	3,630,000	0.0%	42.8%	2.23	93	4	5,124	233
160		332	1,002	iBB-	1	1	187,364	1,180,000	0.0%	15.9%	3.53	27	3	2,474	0
161		332	1,003	iBB-	2	1	257,820	1,540,000	0.0%	16.8%	4.93	36	1	3,081	0
162		332	1,004	iBB-	1	1	227,988	5,610,000	0.0%	4.1%	23.61	190	0	6,029	0
163		332	1,005	iBB-	1	1	231,798	1,670,000	0.0%	13.9%	5.54	37	2	3,137	0
164		332	1,006	iB+	1	1	100,979	360,000	0.0%	28.1%	2.01	8	2	742	62
165	21	333	1,001	iBB+	1	1	44,300	13,315,000	0.0%	0.4%	303.17	438	0	32,319	1,616
166		333	1,002	iBB-	1	1	293,168	1,644,000	0.0%	17.9%	5.93	39	0	2,271	0
167		333	1,003	iBB-	1	1	5,513,039	8,770,000	0.0%	62.9%	4.31	97	0	7,357	0
168		333	1,004	iBB-	2	1	19,769,775	41,860,000	0.0%	47.3%	2.40	1,255	0	82,785	662
169		333	1,005	iBB-	2	1	10,827,877	21,500,000	0.0%	50.4%	2.24	588	0	42,242	338
170		333	1,006	iBB+	7	1	2,143,535	10,070,000	7.7%	29.0%	3.40	129	135	14,808	552
171		333	1,007	iBB+	3	1	4,292,562	17,840,000	0.0%	24.1%	8.20	222	18	15,652	1,041
172		333	1,008	iBB+	1	1	442,051	2,140,000	0.0%	20.7%	5.70	39	5	4,140	149
173		333	1,009	iBB+	1	1	655,934	2,600,000	0.0%	25.3%	7.08	64	0	4,560	0
174		333	1,010	iBB+	1	1	607,377	2,560,000	0.0%	23.8%	6.38	64	0	4,378	219
175		333	1,011	iBB+	2	1	1,030,645	2,630,000	0.0%	39.2%	3.82	66	0	4,755	143
176		333	1,012	iBB+	1	1	279,119	830,000	0.0%	33.7%	4.28	19	0	1,498	15
177		333	1,013	iBB+	1	1	282,471	2,370,000	0.0%	12.0%	6.67	34	0	3,098	0
178		333	1,014	iBB+	1	1	379,700	2,000,000	0.0%	19.0%	7.43	26	6	2,833	98
179		333	1,015	iBB+	1	1	391,334	2,090,000	0.0%	18.8%	3.94	19	0	2,214	155
180		333	1,016	iBB+	1	1	818,710	1,690,000	2.8%	51.2%	3.16	46	0	2,730	0
181		333	1,017	iBB+	1	1	1,963,140	4,010,000	0.4%	49.4%	3.51	116	0	6,804	272
182		333	1,018	iBB+	1	1	682,381	2,100,000	0.0%	32.5%	4.68	54	0	3,781	76
183		333	1,019	iBB+	1	1	1,140,971	3,090,000	0.0%	37.0%	4.50	85	1	5,492	217
184		333	1,020	iBB+	2	1	396,087	920,000	0.0%	43.1%	2.39	24	0	1,690	0
185		333	1,022	iBB-	3	1	9,781,770	10,390,000	0.0%	94.2%	1.17	40	27	6,059	475
186		333	1,029	iB+	1	1	5,301,269	5,340,000	0.0%	99.3%	1.71	96	0	6,669	1,914
187		333	1,034	iBB+	2	1	5,945,995	31,870,000	0.2%	18.9%	6.57	601	18	40,593	306
188		333	1,035	iBB+	5	10	25,324,852	56,490,000	14.7%	59.6%	1.79	1,550	25	93,167	1,847
189	22	337	1,001	iB-											

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
201		337	1,014	IB	1	1	312,533	4,600,000	31.6%	38.4%	2.29	33	0	2,595	0
202		337	1,015	IB	1	1	628,412	3,000,000	0.0%	21.0%	6.16	28	7	2,512	258
203		337	1,016	IB	1	1	2,585,494	4,650,000	8.7%	64.3%	2.18	29	24	7,731	629
204		337	1,018	IB-	1	1	2,836,046	6,370,000	16.5%	61.0%	1.42	27	22	7,395	745
205		337	1,019	IB	1	1	2,127,158	3,330,000	0.0%	63.9%	1.55	84	0	5,180	190
206		337	1,020	IB	1	1	5,635,604	9,380,000	0.0%	60.1%	1.61	209	1	13,186	0
207		337	1,021	IB	1	1	671,869	1,360,000	0.0%	49.5%	1.79	36	3	2,156	0
208		337	1,022	IB	1	1	635,531	1,840,000	12.2%	46.7%	1.46	33	1	2,082	0
209		337	1,023	IB	1	1	285,074	370,000	0.0%	77.1%	1.41	9	1	546	15
210		337	1,024	IB	1	1	3,800,983	5,200,000	0.0%	73.1%	1.35	119	0	7,826	0
211		337	1,025	IB	2	1	7,502,604	11,760,000	0.0%	63.8%	1.61	276	0	15,447	93
212		337	1,026	IB	1	1	447,913	800,000	0.0%	56.0%	1.41	23	0	1,289	0
213		337	1,027	IB-	1	1	1,821,138	9,950,000	0.0%	18.4%	13.47	178	5	14,004	2,186
214		337	1,028	IB	1	1	828,639	1,520,000	0.0%	54.6%	1.72	30	2	2,241	0
215	23	341	1,001	IBB	3	1	2,607,146	12,075,000	16.0%	37.6%	3.31	293	6	22,405	213
216		341	1,002	IBB	1	1	880,816	5,910,000	0.0%	31.0%	4.42	38	2	4,835	221
217		341	1,003	IBB+	3	1	4,714,595	24,500,000	2.0%	21.2%	6.35	710	17	53,753	2,616
218		341	1,004	IBB	5	1	552,831	5,400,000	42.8%	68.9%	2.36	59	2	5,179	170
219		341	1,005	IBB	1	1	1,256,797	4,100,000	0.0%	30.7%	5.30	65	0	3,016	458
220		341	1,006	IB+	1	1	1,044,146	2,400,000	0.0%	43.6%	2.68	20	2	1,708	130
221		341	1,007	IBB+	1	1	4,689,376	19,550,000	0.0%	24.0%	3.70	431	0	25,055	526
222	24	345	1,001	IB	1	1	8,518,265	8,880,000	0.0%	96.0%	2.50	358	0	20,634	1,492
223	25	945	2,000	IBB	9	7	6,389,852	9,860,000	17.0%	81.8%	1.92	388	0	21,348	1,297
224	26	946	2,000	IBB	12	40	26,766,072	55,689,910	6.8%	79.9%	1.90	2,667	9	147,067	10,809
225	27	951	2,000	IBB-	5	5	5,211,689	5,980,000	0.0%	87.2%	2.10	507	6	26,814	4,177
226	28	959	2,000	IBB	11	7	6,001,722	6,507,500	0.0%	92.3%	1.93	242	3	16,516	1,032
227	29	961	1,001	IBB	1	1	280,027	337,450	0.0%	83.0%	3.02	0	2	375	0
228	30	969	1,001	IBBB-	1	1	166,776	350,000	0.0%	47.7%	3.03	12	0	722	49
229		969	1,002	IBBB-	1	1	146,449	310,000	0.0%	47.3%	3.07	10	0	634	0
230		969	1,003	IBBB-	2	2	1,196,423	2,110,000	0.0%	56.8%	3.55	70	0	4,309	0
231		969	1,005	IBBB-	1	2	605,574	1,150,000	0.0%	52.7%	3.66	44	0	2,555	127
232		969	1,007	IBBB-	1	5	951,252	1,610,000	0.0%	59.1%	2.79	46	0	3,090	0
233		969	1,013	IBBB-	1	1	58,565	170,000	0.3%	34.8%	5.14	6	0	382	47
234		969	1,014	IBBB-	1	3	605,574	1,060,000	0.0%	57.2%	3.18	40	0	2,204	136
235		969	1,017	IBBB-	1	1	178,657	580,000	0.0%	30.9%	4.78	18	0	1,145	126
236		969	1,018	IBBB-	1	1	145,774	410,000	0.0%	35.6%	3.45	18	0	860	143
237		969	1,019	IBBB-	2	2	1,311,924	2,439,200	0.0%	53.8%	3.48	105	0	4,704	0
238		969	1,020	IBBB-	1	1	263,980	780,000	0.0%	33.9%	6.18	32	0	1,804	56
239	31	972	1,001	IBB+	1	1	308,243	1,990,000	0.0%	15.5%	9.09	69	0	4,166	0
240		972	1,002	IBB+	1	1	240,200	1,170,000	0.0%	20.6%	6.73	32	0	2,196	0
241		972	1,003	IBB+	1	1	116,804	350,000	0.0%	33.4%	4.35	12	0	721	0
242		972	2,000	IBB+	11	5	1,893,911	3,510,000	0.0%	54.0%	3.24	156	0	8,730	709
243	32	995	1,001	IBB-	2	1	599,637	1,610,000	0.0%	37.3%	2.61	40	0	2,339	117
244		995	1,002	IBB-	2	2	136,924	2,100,000	0.0%	6.6%	25.72	49	2	3,276	135
245	33	999	2,000	IBBB-	5	3	4,549,746	10,350,000	0.0%	44.0%	3.71	452	0	25,430	804
246	34	1008	1,001	IB+	1	1	179,245	1,990,000	0.0%	18.2%	5.55	24	0	1,691	152
247		1008	1,002	IB+	1	1	282,330	500,000	0.0%	56.5%	2.97	48	0	2,178	523
248		1008	1,003	IB+	1	1	208,716	680,000	0.0%	30.7%	3.95	21	0	1,227	0
249		1008	1,004	IB+	1	1	413,119	650,000	0.0%	63.6%	1.92	18	0	955	0
250		1008	2,000	IB+	5	5	5,192,759	12,070,000	0.0%	43.1%	4.96	565	21	35,791	4,185
251	35	1018	2,000	IBB+	5	8	9,646,527	19,730,000	0.0%	48.9%	3.62	913	10	49,798	1,469
252	36	1050	2,000	IBBB-	1	1	282,704	801,000	0.0%	35.3%	6.15	28	0	1,808	0
253	37	1051	1,001	IBB+	1	1	2,535,620	7,130,000	0.0%	35.6%	3.94	191	0	11,599	0
254	38	1070	1,001	IBBB	1	1	371,926	1,990,000	0.0%	18.7%	6.92	72	0	3,684	0
255		1070	2,000	IBBB	8	10	12,519,621	24,551,000	1.9%	52.9%	3.03	941	0	54,306	1,433
256	39	1090	1,001	IB+	2	1	3,286,286	5,850,000	0.0%	56.2%	1.68	139	0	9,071	181
257	40	3731	1,001	IB	1	1	302,984	670,000	0.0%	45.3%	2.17	22	0	1,045	0
258		3731	1,002	IB	1	1	326,602	530,000	0.0%	61.7%	2.51	18	0	896	0
259		3731	2,000	IB	5	2	4,439,996	6,230,000	0.0%	71.3%	1.90	176	0	9,636	265
260	41	3782	2,000	IBB	4	2	5,883,026	6,270,000	0.0%	93.9%	1.73	232	0	12,420	560
261	42	4693	1,001	IBB	1	1	327,235	410,000	0.0%	79.9%	1.81	13	0	778	0
262	43	4993	1,001	IBB	1	1	1,076,741	1,252,000	0.0%	86.1%	1.28	48	0	2,116	0
263	44	6248	2,000	IB	1	1	175,793	270,000	0.0%	65.2%	2.17	12	0	579	0
264	45	14005	2,000	IBB-	1	1	246,377	392,000	0.0%	62.9%	2.14	10	0	666	83
265	46	14132	1,001	IBB+	1	1	169,092	410,000	0.0%	41.3%	2.45	12	0	694	60
266		14132	1,002	IBB+	1	1	169,086	410,000	0.0%	41.3%	2.97	12	0	699	0
267		14132	2,000	IBBB-	26	14	17,660,922	20,770,000	0.1%	85.1%	1.51	654	0	41,421	2,652
268	47	14242	2,000	IBB-	1	1	645,478	1,100,000	0.0%	58.7%	3.45	29	0	1,832	0
269	48	14244	1,001	IB+	1	2	115,041	257,000	0.0%	44.8%	5.82	10	0	534	0
270	49	44644	2,000	IB+	1	1	168,067	680,000	0.0%	24.5%	3.62	24	0	1,591	344
271	50	44994	1,001	IBB	2	2	2,240,866	4,040,400	0.0%	55.5%	1.96	84	0	4,978	0
272		44994	1,003	IBB	1	1	1,246,872	1,330,000	0.0%	93.6%	1.67	22	0	1,444	0
273		44994	1,004	IBBB+	1	1	527,806	1,060,000	0.0%	49.8%	1.59	18	0	1,254	85
274		44994	1,005	IBBB+	2	1	2,282,177	4,560,000	0.0%	50.1%	3.00	69	1	5,735	101
275		44994	1,006	IBBB+	1	1	394,088	1,400,000	0.0%	28.2%	4.19	24	0	1,706	68
276		44994	1,007	IBBB+	1	1	665,756	1,090,000	0.0%	61.1%	1.61	20	0	1,283	0
277		44994	1,008	IBB+	1	1	1,277,624	4,430,000	0.0%	28.9%	3.76	88	0	5,577	0
278		44994	1,009	IBB+	3	1	1,502,632	2,125,000	0.0%	70.8%	1.74	54	0	2,533	0
279	51	47694	1,001	IBB+	1	1	783,736	970,000	0.0%	80.8%	1.61	48	0	2,502	67
280		47694	1,002	IBB+	7	1	1,119,422	1,620,000	0.0%	69.2%	1.66	35	1	2,419	0
281		47694	2,000	IBB+	8	6	8,715,460	10,120,000	0.0%	86.2%	1.67	507	0	30,479	1,488
282	52	48995	1,001	IBB-	1	1	361,407	1,660,000	0.0%	21.8%	6.94	66	0	3,821	459
283	53	66395	1,001	IBB-	1	1	637,267	990,000	0.0%	64.4%	1.24	21	3	1,436	106
284	54	81645	2,000	IB+	3	3	9,206,199	12,520,000	0.0%	73.6%	3.19	1,001	0	48,928	5,128
285	55	106395	1,001	IBB	3	1	895,711	3,150,000	0.0%	28.5%	8.32	189	0	10,062	503
286		106395	1,002	IBB	1	1	181,178	640,000	0.0%	28.4%	7.97	42	0	2,031	135
287		106395	1,003	IBB	2	1	291,514	1,150,000	0.0%	25.4%	9.51	60	0	3,270	0
288	56	5000304	2,000	IBBB	5	6	8,555,041	11,540,000	0.0%	74.2%</					

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
301	60	5001609	2,000	iBBB-	10	13	16,111,218	20,690,000	0.0%	77.9%	1.69	1,051	0	60,472	10,929
302	61	5001661	1,001	iB+	1	1	531,548	850,000	0.0%	62.6%	1.84	32	0	1,656	265
303		5001661	1,002	iB+	1	1	307,363	1,280,000	0.0%	24.1%	6.61	36	0	2,690	0
304		5001661	1,003	iB+	1	1	306,530	820,000	0.0%	37.4%	6.99	95	0	5,859	762
305	62	5001670	2,000	iBBB	13	7	4,548,243	8,120,000	0.8%	56.8%	2.48	225	0	12,727	209
306	63	5001673	1,001	iBBB	1	1	547,326	840,000	0.0%	65.2%	5.08	52	0	2,941	68
307		5001673	1,005	iBB	2	2	3,503,571	3,980,000	0.0%	88.1%	1.66	158	0	8,987	126
308		5001673	1,007	iBBB	3	2	1,439,792	1,810,000	0.0%	79.6%	2.12	72	0	3,970	0
309		5001673	1,009	iBBB	1	1	1,016,013	2,040,000	0.0%	49.9%	3.62	75	0	4,268	0
310		5001673	1,015	iBBB-	1	2	1,319,928	2,340,000	0.0%	56.5%	2.82	134	0	8,021	354
311		5001673	1,017	iBBB-	3	1	769,432	1,140,000	0.0%	67.5%	2.51	40	0	2,447	151
312		5001673	1,018	iBBB-	1	1	163,471	650,000	0.0%	25.2%	7.56	28	0	1,404	0
313		5001673	1,019	iBBB	1	2	1,059,585	2,400,000	0.0%	44.2%	3.81	78	2	5,129	0
314		5001673	1,020	iBBB-	3	1	551,428	670,000	0.0%	82.4%	2.94	54	0	3,235	0
315		5001673	1,021	iBBB	6	1	2,340,783	3,080,000	0.0%	76.0%	2.72	240	0	14,550	153
316		5001673	1,022	iBBB	2	3	3,116,618	4,850,000	0.0%	64.3%	2.67	196	0	10,734	63
317		5001673	1,023	iBBB-	2	1	991,335	1,520,000	0.0%	65.3%	2.51	99	4	6,301	567
318		5001673	1,024	iBBB	1	1	678,159	1,680,000	0.0%	40.4%	3.84	65	0	3,580	0
319		5001673	1,025	iBBB	1	1	678,159	1,680,000	0.0%	40.4%	3.79	64	0	3,582	0
320		5001673	1,026	iBBB	2	1	536,523	1,040,000	0.0%	51.6%	2.98	35	0	2,174	0
321	64	5001702	2,000	iB-	5	3	5,115,564	6,420,000	0.0%	79.7%	2.39	250	0	15,088	314
322	65	5001719	2,000	iBB-	2	2	3,859,131	4,100,000	0.0%	94.2%	1.78	302	0	17,326	2,966
323	66	5001725	1,001	iBBB-	2	1	2,952,760	10,700,000	0.0%	27.6%	3.84	324	0	20,132	221
324		5001725	1,002	iBBB	2	1	4,792,876	16,430,000	0.0%	29.2%	5.22	633	0	35,769	1,395
325		5001725	1,003	iBBB-	1	1	437,050	1,000,000	0.0%	43.8%	3.34	38	0	2,247	115
326		5001725	2,000	iBBB-	6	6	3,440,882	8,920,000	0.0%	36.6%	3.32	245	0	15,370	377
327	67	5001808	2,000	iB+	16	22	18,829,658	26,345,000	0.0%	71.5%	2.23	1,178	0	67,589	6,129
328	68	5001816	2,000	iBBB-	4	4	4,744,409	8,980,000	0.0%	52.9%	3.60	486	0	25,291	1,555
329	69	5001819	2,000	iBBB	12	18	29,316,518	58,340,000	0.0%	50.3%	3.28	2,547	0	145,098	11,170
330	70	5001831	1,001	iBB	1	2	5,406,343	1,609,200	0.0%	25.3%	0.23	207	0	6,864	3,273
331		5001831	2,000	iBB-	2	4	2,214,647	9,450,000	0.0%	76.4%	7.89	824	0	37,011	6,688
332	71	5001923	2,000	iBB	4	17	4,550,145	20,249,980	0.0%	22.5%	7.65	1,141	0	64,263	10,400
333	72	5001958	1,001	iBB	1	3	1,784,691	8,726,000	0.0%	20.5%	9.09	453	0	24,369	2,421
334		5001958	2,000	iBB-	2	2	638,859	1,390,000	0.0%	46.0%	4.98	58	0	3,481	466
335	73	5001966	1,001	iBB	1	1	617,129	2,160,000	0.0%	28.6%	4.89	86	0	4,507	136
336		5001966	1,002	iBB	1	1	777,359	1,670,000	0.0%	46.6%	2.32	132	0	6,217	1,454
337	74	5002051	1,001	iBB-	3	1	392,229	630,000	0.0%	62.3%	1.86	15	0	777	0
338		5002051	1,002	iB	1	1	169,658	620,000	0.0%	27.4%	1.86	28	0	1,681	718
339		5002051	1,003	iBB-	4	1	733,052	1,130,000	0.0%	64.9%	1.92	25	0	1,438	46
340		5002051	1,004	iBB-	17	5	70,885,544	93,300,000	0.0%	76.0%	1.82	4,197	0	237,834	34,525
341	75	5002104	1,001	iBBB-	1	1	41,615	1,130,000	0.0%	3.7%	36.00	32	0	2,272	0
342		5002104	1,002	iBBB-	3	1	954,493	3,300,000	16.9%	45.8%	2.64	88	0	5,395	0
343		5002104	1,003	iBBB-	3	1	1,552,991	2,800,000	0.0%	55.5%	2.70	88	0	5,293	0
344		5002104	1,004	iBBB-	3	1	2,289,105	4,640,000	13.0%	62.4%	2.19	144	0	8,899	62
345		5002104	1,005	iBB	9	6	9,109,313	12,060,000	2.5%	78.1%	1.57	414	0	25,748	2,142
346		5002104	1,006	iBBB-	5	2	4,639,586	10,000,000	7.5%	53.9%	2.42	253	0	17,272	237
347		5002104	1,007	iBBB-	1	4	2,738,935	12,040,000	21.2%	43.9%	2.95	387	0	24,422	561
348		5002104	1,008	iBB	12	1	10,000,247	11,540,000	0.0%	94.5%	1.60	415	0	23,847	286
349	76	5002153	2,000	iB	1	1	3,067,453	5,460,000	0.0%	56.2%	3.17	235	0	12,429	1,206
350		5002153	1,001	iB	3	1	7,110,088	7,200,000	0.0%	98.8%	2.20	559	0	31,957	5,401
351	77	5002167	2,000	iBB	8	4	23,283,784	40,070,000	0.9%	59.1%	1.97	1,423	0	81,977	4,117
352	78	5002172	1,001	iBB	7	2	3,020,669	4,983,670	12.8%	73.4%	1.52	158	0	8,129	1,511
353	79	5002451	2,000	iBB+	5	1	26,385,601	32,502,000	0.0%	81.2%	2.26	2,271	0	133,629	18,494
354	80	5002452	2,000	iBB+	6	5	15,922,402	27,710,000	0.0%	57.5%	2.63	904	0	53,396	3,313
355	81	5002674	2,000	iB+	3	2	3,709,036	4,750,000	0.0%	78.1%	2.19	208	0	10,385	457
356	82	5003146	1,001	iBB	3	1	241,472	3,770,000	0.0%	6.5%	15.92	86	0	4,528	346
357		5003146	1,002	iBB	3	1	3,546,794	7,630,000	0.0%	46.5%	2.27	174	0	10,833	60
358		5003146	1,003	iBB	1	1	155,498	4,240,000	0.0%	3.7%	24.97	74	0	4,255	274
359		5003146	1,004	iBB	1	1	106,721	5,320,000	0.5%	2.5%	38.86	84	0	5,597	0
360		5003146	1,005	iBB	1	1	124,368	1,580,000	0.0%	7.9%	14.69	30	0	1,670	184
361		5003146	1,006	iBB	1	1	2,056,944	4,400,000	0.0%	46.8%	2.91	144	0	8,364	116
362		5003146	1,007	iBB	1	1	2,068,026	4,150,000	0.0%	49.9%	3.01	144	0	8,370	398
363		5003146	1,008	iBB	1	1	2,063,156	4,570,000	0.0%	45.2%	3.03	144	0	8,344	373
364		5003146	1,009	iBB	1	1	915,931	2,510,000	0.0%	36.5%	3.06	64	0	3,636	171
365		5003146	1,010	iBB	1	1	667,968	1,770,000	0.0%	37.8%	2.65	44	0	2,909	444
366		5003146	1,011	iBB-	1	1	218,650	1,100,000	26.8%	46.7%	1.80	32	0	1,873	234
367		5003146	1,012	iBB	1	1	889,943	2,130,000	0.0%	41.8%	3.71	60	0	3,571	195
368		5003146	1,013	iBB	1	1	208,314	560,000	0.0%	37.2%	4.38	16	0	903	56
369		5003146	1,014	iBB	1	1	640,884	1,090,000	28.5%	87.3%	2.01	60	0	2,729	136
370		5003146	1,015	iBB-	1	1	502,427	740,000	0.0%	67.9%	3.47	40	0	2,129	277
371		5003146	1,016	iBB	1	1	520,912	1,260,000	0.0%	41.4%	2.46	40	0	2,127	291
372		5003146	1,017	iBB	1	1	520,357	1,230,000	0.0%	42.4%	2.57	40	0	2,117	199
373		5003146	1,018	iBB-	1	1	416,811	1,020,000	0.0%	41.1%	2.30	28	0	1,719	325
374		5003146	1,019	iBB	1	1	276,683	660,000	0.0%	42.0%	2.33	20	0	1,121	167
375		5003146	1,020	iBB	1	1	139,529	350,000	0.0%	39.9%	3.09	12	0	584	0
376		5003146	1,021	iBB-	1	1	135,807	290,000	0.0%	46.9%	1.11	10	0	573	286
377		5003146	1,022	iBB	1	1	229,903	610,000	0.0%	37.7%	8.06	51	0	2,976	334
378		5003146	1,023	iBB-	1	1	298,656	380,000	0.0%	78.6%	3.40	24	0	1,374	287
379		5003146	1,024	iBB+	1	1	497,644	580,000	0.0%	85.9%	3.13	40	0	2,284	627
380		5003146	1,025	iB+	1	1	196,755	410,000	0.0%	48.0%	2.93	16	0	896	280
381		5003146	2,000	iBB	31	15	23,279,348	43,442,000	0.0%	53.6%	2.56	1,954	0	108,856	10,389
382	83	5003212	2,000	iBB-	2	1	12,195,087	13,620,000	0.0%	89.6%	1.83	757	0	43,654	5,784
383	84	5003451	1,001	iBB	1	2	14,093,974	31,220,000	0.0%	45.2%	2.62	1,121	7	69,976	6,238
384		5003451	1,003	iBBB-	1	3	17,260,329	45,670,000	0.0%	37.8%	2.61	861	7	59,351	1,260
385		5003451	1,006	iBB+	1	9	31,101,779	52,300,0							



Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
401		5006131	1,007	iBBB-	5	1	2,138,186	2,440,000	8.1%	95.8%	1.67	90	0	5,037	56
402		5006131	1,008	iBBB-	2	1	619,513	980,000	0.0%	63.3%	2.45	32	0	1,952	0
403		5006131	1,009	iBBB-	4	1	2,179,538	3,050,000	0.0%	71.5%	2.25	96	0	5,853	187
404		5006131	1,010	iBBB-	2	1	822,856	1,130,000	0.0%	72.9%	2.24	40	0	2,140	47
405		5006131	1,011	iBBB-	6	1	3,743,118	5,040,000	0.0%	74.3%	2.27	184	0	9,844	126
406		5006131	1,012	iBBB-	2	1	555,758	770,000	0.0%	72.2%	2.29	24	0	1,446	0
407		5006131	1,013	iBBB-	4	1	2,914,463	3,460,000	0.0%	84.3%	1.88	120	0	6,360	0
408		5006131	1,014	iBBB-	4	1	1,625,138	2,220,000	15.3%	88.5%	1.86	96	0	4,421	48
409		5006131	1,015	iBBB-	4	1	1,108,603	4,800,000	9.6%	32.7%	4.64	176	0	9,408	47
410		5006131	1,016	iBBB-	4	1	8,217,836	8,870,000	4.2%	96.8%	1.61	300	0	17,448	223
411		5006131	2,000	iBBB-	39	20	18,394,708	24,790,000	19.7%	93.9%	1.69	855	0	47,479	340
412	93	5007157	1,001	iBB	1	1	887,487	1,450,000	0.0%	61.3%	4.37	120	0	5,374	335
413		5007157	1,002	iBB	1	1	596,878	1,680,000	0.0%	35.6%	5.60	56	0	3,336	0
414		5007157	1,003	iBB	1	1	255,805	1,080,000	0.0%	23.7%	8.23	36	0	2,123	0
415	94	5007254	1,001	iBBB+	1	1	331,743	3,460,000	0.0%	9.6%	14.75	128	0	7,177	174
416	95	5007257	1,001	iB+	1	1	404,207	870,000	49.4%	95.9%	0.99	32	0	1,895	180
417		5007257	1,002	iBB-	1	1	308,140	620,000	40.5%	90.2%	0.98	16	0	1,081	64
418		5007257	1,003	iBB-	1	1	319,469	770,000	45.6%	87.1%	1.03	19	0	1,300	70
419		5007257	1,004	iB	1	1	412,817	750,000	42.0%	97.1%	0.90	28	0	1,347	102
420		5007257	1,005	iBB-	1	1	502,994	1,410,000	50.6%	86.2%	0.99	38	0	2,713	152
421		5007257	1,013	iBB-	1	1	292,280	620,000	40.5%	87.6%	1.03	20	0	1,056	46
422		5007257	1,014	iBB-	1	1	390,613	900,000	47.8%	91.2%	1.03	36	0	1,703	56
423		5007257	2,000	iBB-	5	4	4,423,524	1,720,000	0.0%	82.8%	1.34	41	0	2,896	76
424	96	5007263	2,000	iBB	6	4	4,126,004	7,540,000	0.0%	54.8%	2.28	205	0	13,182	575
425	97	5007264	1,001	iBBB-	1	2	5,733,117	13,160,000	40.1%	83.7%	1.85	698	0	39,536	4,823
426	98	5007403	2,000	iA-	3	1	1,270,261	2,000,000	0.0%	63.6%	2.88	115	0	6,087	226
427	99	5007406	2,000	iBB+	5	2	6,437,119	9,460,000	31.2%	99.3%	1.98	638	0	46,404	7,132
428	100	5007505	1,001	iB	1	1	896,561	4,680,000	0.0%	19.2%	14.26	310	0	18,046	1,985
429	101	5008257	1,001	iBB-	1	1	815,250	4,000,000	1.3%	21.7%	9.65	246	0	12,519	496
430	102	5008560	1,001	iB+	1	1	647,016	1,460,000	0.0%	44.4%	3.90	60	0	2,925	0
431		5008560	2,000	iB-	1	3	672,985	2,400,000	71.9%	99.9%	1.36	145	0	8,036	1,956
432	103	5008709	2,000	iBB-	1	1	288,592	600,000	28.8%	76.9%	1.55	24	0	1,245	58
433	104	5008763	2,000	iB+	6	2	2,981,046	3,640,000	0.0%	81.9%	3.20	216	0	12,049	1,394
434	105	5009019	2,000	iBBB+	4	2	3,338,977	9,900,000	10.4%	44.1%	1.76	199	0	14,377	0
435	106	5009157	2,000	iB+	2	1	1,509,768	1,680,000	0.0%	89.9%	1.67	50	0	3,421	137
436	107	5009202	1,001	iB+	1	1	341,320	660,000	33.3%	85.0%	2.23	30	0	1,875	58
437		5009202	1,002	iB+	1	1	483,864	1,020,000	28.0%	75.5%	2.50	60	0	2,868	469
438		5009202	1,003	iB+	1	1	517,187	1,050,000	37.9%	87.2%	2.05	60	0	2,866	326
439		5009202	1,004	iB+	1	1	255,932	470,000	30.7%	85.2%	1.84	20	0	1,106	0
440		5009202	2,000	iB+	3	3	1,124,968	2,760,000	10.6%	51.3%	3.50	118	0	6,621	237
441	108	5009507	1,001	iBB-	1	2	384,706	400,000	0.0%	96.2%	1.08	11	0	778	103
442		5009507	2,000	iB+	3	2	461,770	960,000	0.0%	48.2%	2.71	9	1	2,476	58
443	109	5009512	1,001	iBBB-	2	1	7,141,535	25,950,000	0.0%	47.3%	2.43	870	0	52,229	2,350
444	110	5009671	1,001	iBBB+	1	1	479,683	1,100,000	0.0%	43.7%	3.33	42	0	2,375	0
445		5009671	2,000	iBBB+	1	1	312,748	1,190,000	0.0%	26.3%	6.05	65	0	3,700	94
446	111	5010110	1,001	iBB	1	1	3,988,567	5,380,000	0.0%	74.2%	2.27	294	0	16,502	3,439
447		5010110	2,000	iBB+	1	1	305,930	970,000	0.0%	31.6%	6.76	48	0	2,424	144
448	112	5010576	1,001	iBB	6	3	3,696,224	7,237,000	0.8%	51.9%	3.38	228	0	12,207	76
449		5010576	1,002	iBB	4	1	1,051,417	2,138,000	0.0%	49.2%	3.23	64	0	3,510	75
450	113	5010902	2,000	iBBB-	12	12	8,385,986	12,080,000	24.1%	93.5%	1.42	404	0	22,360	413
451	114	5010908	2,000	iBB-	2	2	1,370,264	1,851,000	0.0%	74.1%	2.00	108	0	4,720	212
452	115	5012405	1,002	iBBB	1	1	531,064	1,680,000	0.0%	31.7%	5.26	61	0	3,749	207
453		5012405	2,000	iBBB	7	5	4,973,327	11,040,000	0.0%	45.1%	3.16	645	0	35,861	973
454	116	5012454	2,000	iBB	51	46	20,767,242	41,664,000	3.6%	53.5%	2.50	1,328	106	75,099	3,065
455	117	5012655	2,000	iBB	6	4	2,498,850	3,470,000	0.0%	72.0%	2.35	140	0	8,230	0
456	118	5013408	2,000	iBBB-	10	3	5,096,901	6,260,000	0.0%	81.5%	1.87	294	0	15,758	46
457	119	5013551	1,001	iBBB	1	1	576,666	910,000	0.0%	63.6%	1.57	28	0	1,638	68
458		5013551	2,000	iBBB-	1	1	863,105	4,960,000	0.0%	17.5%	7.73	174	0	9,229	27
459	120	5014111	2,000	iBBB-	3	2	6,017,225	12,056,000	16.9%	66.8%	2.54	672	0	37,616	2,479
460	121	5014124	1,001	iBB	1	1	2,099,626	3,620,000	0.0%	58.1%	1.98	128	0	7,300	504
461	122	5014134	2,000	iBB+	6	4	5,767,035	7,940,000	0.0%	72.7%	2.86	391	0	21,827	2,900
462	123	5014555	2,000	iBBB	4	3	5,276,021	15,750,000	34.5%	68.0%	1.68	610	0	33,369	401
463	124	5014807	1,001	iBBB	2	1	574,828	3,580,000	0.0%	16.1%	6.98	96	0	5,635	0
464		5014807	1,002	iBBB	2	1	538,957	1,110,000	32.1%	80.6%	1.32	27	0	1,774	0
465		5014807	1,003	iBBB	2	1	810,528	1,950,000	27.1%	68.6%	1.49	40	0	2,948	0
466		5014807	1,004	iBBB	1	1	1,371,035	5,460,000	0.0%	25.2%	5.33	138	0	8,420	84
467		5014807	1,005	iBBB	2	1	865,688	2,090,000	32.0%	73.4%	1.32	56	0	3,280	66
468		5014807	1,006	iBBB	1	1	219,642	1,030,000	0.0%	21.4%	7.34	32	0	1,708	0
469		5014807	2,000	iBBB	3	2	3,728,084	8,440,000	0.0%	44.2%	2.47	247	0	13,075	261
470	125	5015359	1,001	iBBB+	1	1	1,055,629	4,130,000	0.0%	25.6%	6.08	128	0	6,893	0
471		5015359	1,002	iBBB-	6	2	6,819,606	10,620,000	0.0%	64.3%	3.19	551	0	29,601	1,270
472		5015359	1,003	iBBB+	1	1	532,924	2,210,000	0.0%	24.2%	6.58	60	0	3,716	0
473		5015359	1,004	iBBB-	1	1	1,057,389	2,400,000	0.0%	44.1%	7.12	240	0	12,620	435
474		5015359	1,005	iBBB+	1	1	1,527,186	3,950,000	0.0%	38.7%	4.89	177	0	9,123	378
475	126	5015401	1,001	iBB	1	1	1,497,158	2,830,000	0.0%	53.0%	3.68	240	0	13,003	2,469
476		5015401	2,000	iBBB-	1	1	798,164	1,930,000	0.0%	41.4%	3.32	69	0	4,441	351
477	127	5015656	2,000	iA-	2	1	249,744	1,500,000	0.0%	16.7%	11.94	64	0	3,361	0
478	128	5015674	2,000	iBBB-	4	2	3,279,816	5,900,000	0.0%	55.6%	2.21	186	0	10,494	0
479	129	5015677	1,001	iBB+	1	1	887,899	1,005,000	0.0%	88.4%	2.04	41	0	2,750	202
480	130	5015684	2,000	iBB	2	1	3,699,097	8,640,000	0.0%	42.9%	4.00	507	0	29,029	3,092
481	131	5016051	1,001	iBBB+	1	1	70,603	150,000	0.0%	47.1%	3.12	7	0	353	52
482		5016051	1,002	iBBB+	1	1	70,603	150,000	0.0%	47.1%	3.56	4	0	298	0
483		5016051	1,003	iBBB+	1	1	72,775	150,000	0.0%	48.6%	3.49	6	0	312	53
484		5016051	1,004	iBBB+	1	1	75,247	150,000	0.0%	50.2%	3.49	5	0	324	108
485		5016051	1,005	iBBB	1	1	685,583	1,290,000	0.0%						

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
	501	5016276	1,006	IBB+	1	1	585,933	1,890,000	49.9%	80.9%	1.36	56	0	3,425	0
	502	5016276	1,009	IBB+	1	1	508,161	1,020,000	0.0%	49.9%	2.88	32	0	1,810	62
	503	5016276	1,010	IBB+	1	1	1,212,128	1,030,000	0.0%	93.5%	1.71	64	0	3,420	328
	504	5016276	2,000	IBB	13	11	6,304,331	10,070,000	20.0%	85.1%	1.78	441	0	26,126	3,034
	505	135 5016858	1,001	IB	1	1	1,688,761	2,090,000	0.0%	80.9%	1.43	100	0	5,251	194
	506	136 5016968	2,000	IBB+	7	6	9,765,002	12,700,000	0.0%	76.9%	2.18	728	0	41,187	7,059
	507	137 5016978	2,000	IBB-	10	12	7,367,629	8,769,990	0.0%	84.1%	1.59	368	0	19,902	721
	508	138 5017003	2,000	IBB+	7	3	8,657,095	12,240,000	0.0%	70.8%	2.29	586	0	32,501	3,222
	509	139 5017301	1,001	IBB+	1	1	507,682	1,870,000	59.3%	86.5%	1.16	80	0	3,566	43
	510	140 5017820	2,000	IBB-	3	2	28,936,222	50,240,000	0.0%	57.6%	2.19	2,448	43	138,480	17,585
	511	141 5018075	2,000	IBBB-	3	1	3,914,256	5,790,000	0.0%	67.7%	2.82	355	0	21,192	1,384
	512	142 5018078	2,000	IBB-	7	3	3,281,087	4,810,000	0.7%	68.9%	2.21	196	0	10,704	417
	513	143 5018354	1,002	IBBB	2	1	195,418	450,000	0.0%	43.5%	3.15	12	0	572	0
	514	5018354	1,003	IBBB	2	1	261,937	560,000	0.0%	46.8%	3.07	14	0	770	0
	515	5018354	1,004	IBBB	2	1	687,915	1,490,000	0.0%	46.2%	3.11	34	0	1,995	0
	516	5018354	1,005	IBBB	2	1	79,784	170,000	0.0%	47.0%	2.81	4	0	235	0
	517	5018354	2,000	IBB	2	2	2,055,303	7,840,000	45.7%	71.9%	1.44	293	0	16,111	2,045
	518	144 5018563	2,000	IBB-	3	3	5,713,335	12,020,000	0.0%	47.6%	3.13	668	0	40,344	5,134
	519	145 5018970	2,000	IBB-	16	16	19,542,031	36,300,000	0.0%	53.9%	2.70	1,759	0	99,133	13,431
	520	146 5019252	2,000	IBBB+	3	3	3,120,652	12,656,000	0.0%	24.7%	4.62	374	0	23,163	0
	521	147 5019603	2,000	IBB+	5	5	14,219,740	26,616,000	5.0%	58.4%	2.19	819	0	50,183	1,638
	522	148 5020210	1,001	IBB	1	1	1,330,461	4,120,000	0.0%	32.3%	5.01	293	0	10,802	547
	523	149 5020610	2,000	IB+	1	2	710,831	2,350,000	0.0%	30.3%	5.56	81	0	4,298	49
	524	150 5020654	1,001	IB+	1	1	334,631	1,830,000	0.0%	18.3%	6.27	60	0	3,233	139
	525	5020654	1,002	IB+	1	1	281,260	1,790,000	0.0%	15.8%	6.78	60	0	3,238	321
	526	5020654	1,003	IB+	1	1	486,482	1,300,000	0.0%	37.5%	3.40	40	0	2,365	123
	527	151 5020662	2,000	IBB	4	1	2,183,523	3,190,000	0.0%	68.5%	2.17	131	0	7,547	127
	528	152 5020810	1,001	IB	3	1	1,620,479	1,770,000	0.0%	91.6%	2.66	140	0	8,240	1,137
	529	5020810	2,000	IB+	4	5	1,293,289	2,390,000	0.0%	54.2%	2.96	181	0	8,274	1,093
	530	153 5021466	1,001	IB+	1	3	1,384,936	2,510,000	0.0%	55.2%	3.16	149	0	7,115	676
	531	154 5021570	2,000	IBBB-	3	3	1,158,109	11,590,000	0.0%	10.0%	11.14	452	0	23,648	1,053
	532	155 5021599	2,000	IBBB-	14	4	3,343,049	10,250,000	0.0%	32.7%	7.56	734	0	36,648	1,347
	533	156 5021657	2,000	IBB-	10	1	9,956,956	15,100,000	19.8%	85.8%	1.81	378	0	23,115	379
	534	157 5021667	1,001	IBBB	4	1	1,191,708	3,230,000	33.2%	70.1%	1.39	58	0	4,451	0
	535	5021667	1,002	IBBB-	4	1	1,293,711	3,102,000	37.3%	79.0%	1.24	72	0	4,405	0
	536	5021667	1,003	IBBB	2	1	464,400	2,290,000	17.9%	38.2%	2.53	55	0	3,166	63
	537	5021667	1,004	IBB+	4	1	854,491	1,803,000	38.0%	85.4%	1.12	42	0	2,616	52
	538	5021667	2,000	IBBB	19	14	12,766,379	38,220,000	0.0%	33.5%	5.63	1,180	14	69,952	2,535
	539	158 5021670	2,000	IBB	6	25	16,275,181	24,690,000	4.0%	69.9%	1.42	651	0	36,410	1,071
	540	159 5021671	1,001	IB+	1	1	208,189	690,000	0.0%	30.2%	3.35	18	0	1,126	68
	541	5021671	2,000	IB+	10	7	7,947,107	11,530,000	2.7%	71.6%	2.83	1,095	15	64,802	17,032
	542	160 5021859	1,001	IBB+	1	1	685,106	3,580,000	10.0%	34.7%	2.08	45	0	4,290	0
	543	161 5022662	2,000	IBBB-	2	2	2,845,424	7,420,000	0.0%	38.4%	2.23	256	0	12,096	567
	544	162 5023072	1,001	IBB-	3	1	509,028	970,000	0.0%	52.5%	2.83	40	0	2,146	0
	545	5023072	1,002	IBB-	1	1	384,360	790,000	0.0%	48.7%	2.45	18	0	1,078	0
	546	5023072	1,003	IBB-	5	1	1,739,482	2,430,000	0.0%	71.6%	2.37	90	0	4,806	0
	547	163 5023284	2,000	IBBB-	14	1	6,859,071	7,130,000	0.0%	96.3%	1.88	273	0	14,784	512
	548	164 5023457	1,001	IBB+	1	1	534,554	1,190,000	0.0%	45.0%	3.57	38	0	2,156	0
	549	5023457	1,002	IB+	1	1	392,500	630,000	0.0%	62.4%	2.64	18	0	1,178	0
	550	165 5023661	1,001	IBB	9	5	14,321,978	21,280,000	0.0%	67.4%	1.52	832	6	42,854	481
	551	5023661	1,002	IBB	1	1	58,724	2,800,000	0.0%	2.1%	47.21	160	0	5,424	98
	552	5023661	1,003	IBB	1	1	2,761,833	5,460,000	0.0%	50.6%	2.01	212	0	9,303	248
	553	166 5023808	2,000	IBB	2	1	3,911,724	5,090,000	0.0%	76.9%	2.03	154	0	8,242	0
	554	167 5024116	2,000	IBB-	5	5	3,678,084	6,290,000	0.0%	58.5%	2.33	181	2	10,793	302
	555	168 5024118	2,000	IBBB-	7	1	2,376,410	3,716,000	1.4%	65.4%	1.63	93	0	5,377	126
	556	169 5024553	2,000	IB+	3	2	4,940,782	11,120,000	0.0%	44.5%	2.79	606	0	32,413	3,767
	557	170 5024562	2,000	IBB-	2	2	657,041	1,360,000	31.3%	79.6%	1.92	87	77	5,828	222
	558	171 5025157	1,002	IBBB	1	4	3,953,673	7,600,000	0.0%	52.1%	2.01	232	0	12,480	181
	559	172 5025208	2,000	IB	5	1	2,232,692	2,300,000	0.0%	97.1%	1.36	94	0	5,005	150
	560	173 5025451	2,000	IBB-	2	2	5,377,227	12,640,000	0.0%	42.6%	3.99	711	0	39,836	2,733
	561	174 5025812	2,000	IBB-	9	2	1,446,773	3,390,000	0.0%	42.7%	3.09	178	0	8,949	1,807
	562	175 5026601	1,001	IBBB-	2	4	507,930	7,770,000	34.9%	41.5%	2.27	368	0	18,624	54
	563	5026601	1,005	IBBB-	1	1	345,388	4,050,000	0.0%	8.6%	11.79	136	0	6,835	239
	564	5026601	1,006	IBB	6	1	7,018,863	10,850,000	0.0%	64.7%	1.90	0	24	7,844	1,085
	565	5026601	1,007	IBBB-	1	1	1,010,222	13,090,000	2.9%	10.7%	10.49	423	0	23,330	89
	566	5026601	1,008	IBBB-	2	1	615,647	3,620,000	0.0%	17.1%	7.22	135	0	7,775	0
	567	5026601	1,009	IBBB-	1	1	357,554	17,860,000	0.0%	9.6%	6.86	385	0	26,915	2,005
	568	176 5026806	2,000	IBB	2	2	138,517	347,000	0.0%	40.0%	6.06	13	0	919	0
	569	177 5026807	1,001	IBB	1	1	42,048	4,559,000	0.0%	1.0%	289.61	216	0	11,166	100
	570	5026807	1,002	IBB	1	1	2,853,105	5,516,000	0.0%	51.8%	8.01	112	0	8,493	221
	571	178 5026809	2,000	IBB-	2	1	188,199	236,000	0.0%	79.8%	1.49	6	0	439	52
	572	179 5026810	2,000	IBBB	1	1	207,676	315,000	0.0%	66.0%	1.91	12	0	696	0
	573	180 5026860	2,000	IBBB-	13	14	7,746,780	11,527,000	0.5%	67.7%	2.43	523	0	29,886	3,432
	574	181 5026873	1,001	IBBB	1	1	398,523	1,070,000	0.0%	37.3%	9.32	12	0	961	0
	575	5026873	2,000	IBB-	2	1	793,790	1,480,000	23.1%	76.7%	1.41	54	0	2,726	0
	576	182 5026957	2,000	IB	4	1	7,898,899	7,930,000	0.0%	99.7%	1.65	405	2	22,403	669
	577	183 5027040	2,000	IBB+	9	3	12,196,869	12,600,000	0.0%	96.9%	1.81	575	0	32,907	393
	578	184 5027047	2,000	IB-	1	1	739,608	990,000	0.0%	74.8%	0.87	22	0	1,874	283
	579	185 5027203	1,001	IBB	1	1	483,432	690,000	0.0%	70.1%	1.48	15	0	960	0
	580	5027203	1,002	IBB	1	1	276,695	1,550,000	0.0%	17.9%	7.13	38	0	2,421	0
	581	5027203	1,003	IBB	1	1	67,976	320,000	1.6%	22.9%	3.29	8	1	594	73
	582	5027203	1,004	IBB	2	1	932,413	1,330,000	0.0%	70.2%	2.25	35	0	2,141	0
	583	186 5027478	1,001	IB+	2	1	4,339,521	6,470,000	4.7%	71.8%	2.03	327	0	18,471	2,586
	584	187 5027567	2,000	IBB+	1	2									

Cont.Nr. Sub Borrower Group	Cont.Nr. Borrower Group	Borrower Group	Sub Borrower Group	BRF	No of Loans	No of Properties	Current Principal Balance	Property Value	Minimum LTV	LTV	ICR	Residential Units	Other Units	Lettable sqm	Vacant sqm
601		5028359	1,003	IBB-	1	1	177,443	160,000	0.0%	98.5%	1.57	8	0	460	58
602		5028359	1,004	IBB-	1	1	83,469	170,000	0.0%	49.1%	3.28	6	0	307	0
603		5028359	1,005	IBB-	1	1	417,592	820,000	0.0%	51.0%	3.75	32	0	1,737	119
604		5028359	1,006	IB-	1	1	242,909	80,000	0.0%	91.2%	1.27	26	0	1,462	752
605		5028359	1,007	IBB-	1	1	178,432	500,000	0.0%	35.7%	6.07	24	0	1,289	58
606		5028359	1,008	IBB-	1	1	283,943	590,000	0.0%	48.2%	4.00	30	0	1,418	181
607		5028359	1,009	IBB-	1	1	306,314	600,000	0.0%	51.1%	5.08	32	0	1,682	0
608		5028359	1,010	IB	1	1	203,234	260,000	0.0%	78.2%	4.46	24	0	1,546	319
609		5028359	1,011	IBB-	1	1	289,505	700,000	0.0%	41.4%	5.23	32	0	1,650	0
610		5028359	1,012	IBB-	1	1	234,010	910,000	0.0%	25.8%	7.72	40	0	2,101	0
611		5028359	1,013	IBB-	1	1	83,510	170,000	0.0%	49.2%	3.57	6	0	300	0
612		5028359	1,014	IBB-	2	1	110,083	160,000	0.0%	68.9%	2.55	5	0	311	0
613		5028359	2,000	IBB-	2	2	197,631	500,000	0.0%	77.6%	4.30	23	0	1,216	0
614	198	5028551	1,001	IBB	1	6	2,257,863	2,860,000	0.0%	79.0%	3.26	221	0	12,528	1,788
615		5028551	2,000	IBB	1	4	311,580	990,000	0.0%	31.5%	7.77	81	0	5,089	359
616	199	5028555	2,000	IB	1	1	2,120,134	2,390,000	0.0%	88.8%	1.88	152	0	9,229	2,264
617	200	5028556	2,000	IB+	3	5	1,904,151	3,260,000	6.1%	64.5%	3.20	183	0	9,492	341
618	201	5028558	1,001	IBBB-	1	1	40,785	240,000	0.0%	17.0%	6.35	8	0	512	64
619		5028558	1,002	IBBB-	1	1	134,324	750,000	0.0%	18.0%	7.18	30	0	1,706	0
620		5028558	1,003	IBBB-	1	1	106,340	660,000	0.0%	16.2%	7.62	24	0	1,356	0
621		5028558	1,004	IBBB-	1	1	74,658	410,000	0.0%	18.3%	7.12	18	0	831	0
622		5028558	1,005	IBBB-	1	1	49,874	330,000	0.0%	15.2%	8.62	12	0	784	0
623		5028558	1,006	IBBB-	1	1	123,078	760,000	0.0%	16.2%	8.65	32	0	1,849	0
624		5028558	1,007	IBBB-	1	1	84,482	520,000	0.0%	16.3%	8.04	18	0	1,165	0
625		5028558	1,008	IBBB-	1	1	239,355	1,610,000	0.0%	14.9%	7.95	60	0	3,346	157
626		5028558	1,009	IBBB-	1	1	233,381	1,560,000	0.0%	15.0%	9.18	64	0	3,701	16
627	202	5028671	2,000	IBB	10	10	5,778,694	8,440,000	24.6%	93.0%	1.61	344	0	19,330	464
628	203	5028680	2,000	IBB	9	5	1,192,640	2,090,000	0.1%	57.2%	2.30	72	0	3,833	0
629	204	5028737	2,000	IBB-	8	5	1,541,659	2,775,000	0.0%	55.6%	2.92	114	0	6,118	519
630	205	5028759	2,000	IBB	1	1	3,333,655	5,660,000	0.0%	58.9%	2.69	149	0	10,946	57
631	206	5028762	1,001	IBB	1	1	1,169,065	3,000,000	0.0%	39.0%	3.12	152	0	8,554	768
632	207	5028765	1,001	IBB+	1	1	413,724	530,000	0.0%	78.1%	2.82	40	0	1,996	221
633	208	5028766	2,000	IBB	2	2	1,696,047	4,110,000	22.1%	63.4%	1.78	243	0	12,673	331
634	209	5029022	2,000	IBBB	2	1	2,046,094	4,850,000	0.0%	42.2%	4.99	185	0	9,812	375
635	210	5029106	2,000	IB	6	1	4,274,989	4,950,000	0.0%	86.4%	1.60	180	0	10,014	675
636	211	5029673	2,000	IBBB-	2	1	1,130,607	2,400,000	0.0%	47.2%	5.09	100	0	5,813	182
637	212	5030501	2,000	IB+	1	1	312,245	390,000	0.0%	80.1%	1.63	12	0	699	0
638	213	5031955	2,000	IBB+	2	1	253,554	520,000	0.0%	48.8%	2.24	21	0	1,176	103
639	214	5031956	1,001	IBBB	1	1	443,011	730,000	0.0%	60.7%	2.82	35	0	2,006	0
640		5031956	2,000	IBBB	8	11	8,569,206	10,866,000	4.0%	82.9%	2.00	513	1	29,169	673
641	215	5044951	1,001	IB+	1	1	133,141	460,000	0.0%	29.0%	4.61	16	0	908	0
642		5044951	1,002	IB+	1	1	115,174	360,000	0.0%	32.0%	4.13	12	0	705	0
643		5044951	1,003	IB+	1	1	170,471	400,000	0.0%	42.7%	2.98	16	0	832	0
644		5044951	1,004	IB+	1	1	357,743	690,000	0.0%	51.9%	2.72	31	0	1,765	0
645		5044951	1,005	IB+	1	1	142,493	490,000	0.0%	29.1%	4.58	17	0	964	0
646	216	6506562	1,001	IB-	1	1	184,033	1,532,000	68.1%	80.1%	1.08	51	0	3,009	0
647	217	6512000	2,000	IBB+	1	1	553,374	940,000	0.0%	58.9%	1.74	21	3	1,423	197
					1,773	1,506	1,850,672,544	3,805,606,699				137,955	1,065	8,095,831	582,510

## REFERENCE POOL SERVICING

Each Servicer and the Agent Bank will service the Reference Claims in accordance with the Credit and Collection Policies (in the case of Reference Claims arising under syndicated Reference Loans, subject to the servicing conditions under such Reference Loans documentation) 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 the Reference Claims and/or foreclosure on the Reference Mortgages (collectively the "**servicing**" and the "**service**") will be carried out by the Servicers.

In servicing of the Reference Claims, each Servicer and the Agent Bank will at all times act (in the case of a syndicated Reference Loans to the extent permissible under the relevant Reference Loan documentation) as a reasonable creditor in the protection of its own interests acting reasonably in accordance with its general business practices, specifically with respect to monitoring insurance requirements applicable to any Mortgaged Property under the underlying agreement or agreements, taking into account the interests of the Transaction Creditors.

**Conflict of Interests:** In the case of a conflict of interest between the interests of the Transaction Creditors and the interests of the Bank or a third party with regard to servicing of the Reference Claims, the Servicers and the Agent Bank will not place the interests of any of the Transaction Creditors in a less favourable position than its own interests or the interests of the Bank or any such third party, but will treat the conflicting interests on a pari passu basis, subject to the terms and conditions of the relevant obligations of any Borrower and any related collateral and provided that, to the extent that (i) the Bank's or such third party's claims are subordinated by any applicable legal or contractual provision, or (ii) the relevant claim is a Reference Claim that has been removed from the Reference Pool in accordance with Clause 7 (Transfers) or Clause 8 (Non-Compliance) of the Reference Pool Provisions, the Bank will give, in the case of a conflict of the interests of the Transaction Creditors and the relevant creditor with respect to such claim as set out in (i) and (ii), priority to the interests of the Transaction Creditors. For the avoidance of doubt, claims against Borrower Groups, other than the Reference Claims and any other claims under the same Reference Loan, which Servicers and the Agent Bank continue to service (including claims in respect of which the Issuer has transferred the related credit risk to third parties) will be treated by the Servicers and the Agent Bank as claims separate from the Reference Claims and any other claims under the Reference Loan. In particular, allocation of payments and foreclosure proceeds for the purposes of this Transaction as set out in the Reference Pool Provisions will not be affected by such other claims, payments and foreclosure proceeds in respect thereof and their allocation in accordance with any rules applicable to such other claims.

In the case of a conflict of interest among the interests of the Senior Guarantee Counterparty and the Noteholders, the Servicers and the Agent Bank will 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 of Notes which then ranks most senior for the purposes of the Loss Allocation.

Each Servicer and the Agent Bank will take all measures it deems necessary or appropriate in its due, professional judgement to service the relevant Reference Claims which are necessary to

comply with supervisory requirements and will refrain from acting when so required by applicable law, regulations or a competent regulator.

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

Within the framework of the provisions of the Servicing Standards, each Servicer and the Agent Bank will aim at minimising losses and maximising recoveries from the Reference Mortgages.

Compliance with the Servicing Standards is, subject to Provision 8 of the Reference Pool Provisions (*Non-compliance*), a condition to the Loss Allocation and does not constitute an obligation of any Servicer, the Agent Bank, 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 unless otherwise required by mandatory provisions of law and (B) 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. **Prepayment of Reference Claims**

Without prejudice to the legal and contractual termination rights of the Borrowers, the Bank may approve the partial or full early repayment of a Reference Claim, provided that such approval is granted in a manner consistent with general practices in the banking industry, applicable law and the Servicing Standards.

## 3. **Payment Rescheduling and Debt Restructuring**

- (1) In accordance with the Credit and Collection Policies and subject to this Section 3, each Servicer and the Agent Bank are authorised to agree on payment rescheduling or debt restructuring with a Borrower. In doing so, the relevant Servicer or the Agent Bank 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 or any Reference Mortgage to any claim or collateral held by any party other than the Bank and in such case, if the Servicer or the Agent Bank is convinced, in its reasonable judgement, that 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, as applicable, such portion of the Reference Claim. For the avoidance of doubt, the relevant Servicer or the Agent Bank 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 payment restructuring before a Credit Event with respect to such Reference Claim has occurred.
- (2) In all cases of a payment rescheduling or debt restructuring, each of the Servicers and the Agent Bank will adequately safeguard the interests of the Transaction Creditors in the fullest performance of the Reference Claims at all times and will not place such interests in a less

favourable position than the interests of the Bank or itself in relation to the Bank's or its other claims against the same Borrower.

- (3) Each Servicer, the Agent Bank, or the Bank, if relevant, will only agree to payment rescheduling or debt restructuring of a Reference Claim (whether the relevant Borrower is in arrears or not), if the principal amount of such Reference Claim, under the altered repayment schedule or as restructured, is due to be repaid in full at the earlier of (i) in the end of the Collection Period immediately preceding June 2082 and (ii) 5 years after the principal amount of such Reference Claim would have been due but for any payment rescheduling or debt restructuring.

#### **4. Payments in Arrears from Borrowers**

- (1) If a Borrower is in arrears with a payment due, the relevant Servicer or the Agent Bank 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 or the Agent Bank will handle the case as would a reasonable creditor in the protection of its own interests.
- (2) The Trustee will allow each Servicer and the Agent Bank to exercise reasonable discretion in handling such cases of a Borrower's default within the scope of the Credit and Collection Policies. Each Servicer and the Agent Bank will exercise this discretion as would a prudent commercial mortgage lender in the protection of its own interests.

#### **5. Adjustment of Loan Rates**

Before any reset date of a fixed rate Reference Loan, the Servicer or the Agent Bank will negotiate with the Borrower the new loan rate in accordance with its standard procedures, taking into account the prevailing market conditions.

#### **6. Conversion of Floating into Fixed Loan Rates and vice versa**

In the case of floating rate Reference Loans, if the Bank has the option to require the Borrower to agree to a fixed loan rate in accordance with the underlying loan agreement as soon as a certain reference rate (usually a long-term interest rate) specified in such loan agreement exceeds a certain percentage per annum, then the Bank Servicer will consider exercising such option in accordance with its standard procedures then in effect, taking into account the prevailing market conditions and the interests of the Transaction Creditors. In the case of fixed rate Reference Loans, if, as at an interest reset date, the Bank and the Borrower do not reach agreement on a new fixed interest rate, the interest rate may be changed to a floating rate interest which, however, in general occurs for an interim period only until a refinancing by the Borrower.

#### **7. Replacement of Borrowers; Release of Mortgages**

It is to be expected that during the term of the Notes, some Borrowers will sell their Mortgaged Properties to a third party or that for other reasons (e.g. compulsory auction following foreclosure) a change will occur in the ownership of such Mortgaged Property. The Servicers and the Agent Bank will be entitled to approve the replacement of a Borrower (the "**Former Borrower**") by a new Borrower (the "**New Borrower**"), subject to the following conditions:

- (a) the New Borrower assumes the debt of the Former Borrower, provided that this will not result in a deterioration in rank or value of the Mortgages;

- (b) the replacement is made in connection with the change in title to the Mortgaged Property (including by way of forced sale) to the New Borrower or a third party collateral provider, and extends to all Reference Claims which are secured by real property liens on such Mortgaged Property;
- (c) the existence, content, priority and enforceability (including any immediate executability) of the Reference Claim and the related Mortgage will not be adversely affected by the replacement;
- (d) the replacement complies with all applicable legal requirements as well as the standard procedures of the Issuer; in particular, the New Borrower must fulfil all requirements which the Bank applies for extension of loans in accordance with its loan conditions; in this regard, no lesser requirements may be applied in relation to the fact that the Reference Claim is included in the Reference Pool;
- (e) (i) to the extent that, as at the date at which the substitution is effective, the Former Borrower complies with the Eligibility Criteria, the New Borrower shall equally comply with such same Eligibility Criteria or (ii) the Trustee receives advance notice of such intended replacement and the Trustee confirms that, in its professional judgement, such intended replacement will not adversely affect the interests of the Transaction Creditors;
- (f) the Eurohypo BRF Rating of the New Borrower will be at least equal to the Eurohypo BRF Rating of the Former Borrower at the date as at which the replacement is effective; and
- (g) in the case of Reference Claims in respect of which the Credit Event Notice has been given pursuant to Section 8.1 (Loss Allocation – Order and Conditions) of the Terms and Conditions, any such replacement may only be made with due regard to the interests of the Transaction Creditors.

Moreover, the Servicers and the Agent Bank will be entitled to release or to approve a release of a Mortgage (including the related Reference Mortgage) if the Borrower refinances the related Reference Loan, in whole or in part or if such release results in a maximum increase of the relevant LTV (in each case determined in accordance with the terms of the relevant Reference Loan) by 5.0%, provided that the relevant LTV shall not, by any such release, be increased beyond the actual LTV as at the Cut-off Date.

## **8. Substitution of Mortgaged Properties**

The relevant Servicer and the Agent Bank will be entitled, at its sole discretion, to allow a Borrower to substitute a Mortgaged Property by another property (the "**Substituted Property**") in accordance with the terms of the relevant Reference Loan, subject to a renewed credit approval, the applicable requirements of the Credit and Collection Policies and the following conditions:

- (a) the Substituted Property will comply with the Bank's quality standards and afford the same security and quality standards as the Mortgaged Property which is being replaced;
- (b) the value of the Substituted Property as assessed by an internal valuer of the Bank or an external valuer will be such that any LTV covenant with respect to the relevant loan will not be breached; in the case that there is no LTV covenant, the LTV of the Reference Claim secured on the Substituted Property will be equal or lower than before such substitution;

- (c) the terms and conditions of the relevant Reference Loan may not change in any material respect as a result of the substitution;
- (d) the rating of the Notes will not be adversely affected as a result of such substitution, provided, however, that a confirmation of the rating by any of the Rating Agencies will not be necessary if the aggregate of the Property Value of all Substituted Properties (including the relevant Substitution Property) does not exceed 15% of the Aggregate Principal Balance;
- (e) (i) to the extent that, as at the date at which the substitution is effective, the original Mortgaged Property complies with the Eligibility Criteria, the Substituted Property shall equally comply with such same Eligibility Criteria or (ii) the Trustee receives advance notice of such intended substitution and confirms that, in its professional judgement, such intended substitution will not adversely affect the interests of the Transaction Creditors.

## **9. Other Changes in Reference Claim Conditions**

In addition to the cases provided for in these Servicing Principles, the Bank, each Servicer and the Agent Bank will be authorised to amend contractual provisions of the underlying Reference Loan, which in the Bank's professional judgement may affect the Reference Claims, only if doing so will, in the due and reasonable professional judgement of the Bank neither adversely affect the validity and enforceability of the Reference Claims and the Reference Mortgage nor reduce the value of the Reference Loans or the Reference Mortgages nor result in Realised Losses or otherwise adversely affect the Transaction Creditors in a material manner.

## **10. Use of Third Parties by the Bank Servicers**

Each Servicer and the Agent Bank may delegate the performance of its duties in the context of enforcing the Reference Claims and foreclosing on the Reference Mortgages, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*) pursuant to § 278 of the German Civil Code. A more extensive delegation of duties by the Servicers and the Agent Bank 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 each Servicer and the Agent Bank may retain outside consultants and experts to the extent it deems necessary in its due professional judgement. Each Servicer and the Agent Bank will select and monitor such consultants and experts with the care expected of a prudent bank.

## **11. Change in Servicers**

Each Servicer and the Agent Bank may be substituted in its function as Servicer or Agent Bank regarding 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 and the determination and allocation of Realised Losses remains unchanged,
- (ii) the obligations under the Transaction Documents continue to be complied with,
- (iii) in the professional judgement of the Bank such change will not adversely affect the



interests of the Transaction Creditors,

- (iv) each of the Rating Agencies has given its written confirmation to the Bank and the Trustee that such substitution does not adversely affect the rating of the Notes, and
- (v) the Trustee has agreed that such change will not adversely affect the interests of the Transaction Creditors.

In the case of any substitution pursuant to this Section 11, all references in the Terms and Conditions, including the Reference Pool Provisions, to the Servicers or the Agent Bank shall be deemed to include such new servicer or new agent bank.

## CREDIT AND COLLECTION POLICIES

### 1. Origination Network

Eurohypo AG is headquartered in Eschborn, Germany, with a national network of seven branches in Germany, and an international network of 9 branches and 10 representative offices across Europe, one branch and two representative offices across the USA, and a subsidiary in Japan.

There are five divisions dealing with commercial real estate:

- Corporate Banking Germany
- Corporate and Investment Banking International Continental Europe
- European Real Estate Investment Banking and Corporate Banking United Kingdom
- Corporate and Investment Banking International USA
- Corporate and Investment Banking International Asia / Pacific.

#### 1.1 National

The Corporate Banking Germany ("**CBG**") division focuses on the financing of medium to large-scale German real estate projects with a minimum volume of EUR 2.5 million to a professional real estate client base. EUROHYPO provides real estate financing for all types of income-producing properties, provided they are able to meet the Bank's sustainable-debt criteria for credit worthiness, property quality and long-term rental potential. In the large loan segment the division is normally supported by the structuring capabilities of European Debt Capital Markets Origination ("**EDO**").

#### 1.2 International

Outside of Germany, four international divisions operate across 17 continental European countries, the United Kingdom, North America and the Asia/Pacific rim. The divisions combine the market and financing expertise of their local real estate experts with the structuring capabilities of the Bank's international transaction teams based either locally or in Eschborn. Target clients of the division include: institutional real estate investors, real estate investment companies and professional private clients with financing requirements per project in excess of EUR 10 million.

### 2. Parties Involved in the Origination Process

#### 2.1 Customer Relations (Sales and Transaction Management)

##### 2.1.1 Sales

Sales (and in defined cases EDO) is responsible for marketing, market data analysis, business development and customer relationships. In the loan origination process, Sales (or EDO) is responsible for contact with the clients, for making available all the relevant information and for its validation as well as for negotiating terms and conditions.

##### 2.1.2 Transaction Management ("**Trama**")

Trama is the link between Sales and Credit Processing, responsible for, amongst other things, client adoption, preparation of credit reports (including production of the internal credit ratings), property due diligence and loan documentation.

Post closing, Trama is responsible for the monitoring of the loans, and processing any changes with regard to the loan document

The division or corporate centre (e.g. Special Loan Management) responsible for transaction management depends upon the location of the financed properties and in some cases on the type of properties or borrower,.

### 2.1.3 *European Debt Capital Markets ("EDCM")*

EDCM Syndication and EDCM Securitisation assess the marketability of large loans (defined as loans over EUR 50 million and EUR 100 million for syndication and securitisation respectively). Normally a large loan is only approved if EDCM is confident to sell the whole or major parts of the loan to bank partners via syndication or to capital markets investors via securitisation. The ability to sell down large loans via syndication or securitisation is an integral part of the EUROHYPO "buy-and-manage" business model.

## 2.2 **Credit Processing**

### 2.2.1 *EUROHYPO Credit Operations ("ECO")*

ECO is responsible for the active management of credit risk, and is independent from the market units/sales departments (Sales and Trama). ECO is responsible for, inter-alia, the approval of new credit exposures (responsibility shared with Trama and Sales) and acceptance of payment rescheduling and other changes in the underlying contract. In some cases the credit risk normally managed by ECO is managed by other special risk management units with specialist knowledge. These units are Special Loan Management Funds and Special Loan Management Housing Associations.

### 2.2.2 *Real Estate Appraisal and Consulting ("RAC")*

RAC is responsible for property valuations, reviews and advisory. Its main tasks are the support as an internal (but also external) service provider of the loan approval process and the monitoring of existing loans via internal valuations. It is also an independent unit from Sales and Trama.

## 3. **Origination Process**

### 3.1 **Non Binding Offer Letter**

New business is primarily solicited by the Sales teams within EUROHYPO's regional branch offices, by the Bank's representative offices and by EDO.

After initially discussing a client's financing request and verification of relevant information and documents, EUROHYPO's sales team sets out a financing proposal in a Non-Binding Offer Letter in co-ordination with Trama ("Four Eyes Principle").

Prior to any binding commitment on behalf of EUROHYPO, the approval of ECO and any other necessary loan approval bodies must be obtained provided that the following information is available:

- Detailed description of the property to be used as collateral
- Preliminary valuation of the property by RAC
- Calculation of the Debt Service Coverage Ratio (DSCR)

- Latest annual accounts and/or other appropriate information regarding the creditworthiness of all borrowers and guarantors, including their respective parent companies
- Information regarding the borrower's management
- Lease contracts and other property due diligence

### 3.2 Risk Rating

Trama assesses the collected information aided by EUROHYPO's IT-supported balance sheet analysis system ("**BARS**") and risk screening system ("**IRIS**"), both standardised procedures for classifying credit risks. Key elements in this credit risk analysis are the probability of default ("**PD**"), the loss given default ("**LGD**") and the exposure at default ("**EAD**"), all aggregated into the expected loss ("**EL**") for a certain loan. The PD is based on a performance focused questionnaire which factors in property and borrower risk aspects. The answers are statistically optimised aggregates, calibrated using the existing long-term data history of asset performance and defaults. The LGD calculation is based on expected proceeds of the collateral based on historical foreclosure proceeds and market forecasts after costs and duration of settlement.

The subsequent PDs and ELs for certain loans are transformed via the EUROHYPO masterscale (see below) resulting into risk ratings delivering comparability to external ratings

Ratingclass	PD and EL-Ratio	PD and EL-Ratio	PD and EL-Ratio
	Midpoint	Min. (excl.)	Max. (incl.)
iAAA	0,01%	0,00%	0,01%
iAA+	0,02%	0,01%	0,02%
iAA	0,03%	0,02%	0,03%
iAA-	0,04%	0,03%	0,04%
iA+	0,05%	0,04%	0,05%
iA	0,07%	0,05%	0,07%
iA-	0,09%	0,07%	0,11%
iBBB+	0,14%	0,11%	0,18%
iBBB	0,23%	0,18%	0,30%
iBBB-	0,39%	0,30%	0,50%
iBB+	0,64%	0,50%	0,83%
iBB	1,07%	0,83%	1,37%
iBB-	1,76%	1,37%	2,27%
iB+	2,92%	2,27%	3,75%
iB	4,82%	3,75%	6,19%
iB-	7,95%	6,19%	10,22%
iCCC+	13,00%	10,22%	16,87%
iCCC	22,00%	16,87%	27,84%
iCCC-	31,00%	27,84%	33,41%
iCC+	37,00%	33,41%	40,10%
iCC	44,00%	40,10%	48,12%
iCC-	53,00%	48,12%	57,75%
iC+	63,00%	57,75%	69,30%
iC	76,00%	69,30%	83,16%
iC-	91,00%	83,16%	99,99%
iD	100,00%	100,00%	100,00%

The result of the risk analyses has to be approved by both Trama and ECO and in specific cases Special Loan Management.

### **3.3 Credit Approval**

Trama summarises the results of the risk analyses, the above-mentioned collected information, the structure of financing as well as the property valuation together with its own recommendations in a "Credit Report".

The Credit Report has to be approved by ECO. Individuals at various seniority levels within ECO are competent to approve the Credit Report depending on overall exposure to the borrower and the results of the rating process. The "Four Eyes Principle" underpins the loan approval process. This principle has the signature from an authorised individual from Sales or Trama as the first approval, and the signature from the responsible individual within ECO (and in specific cases Special Loan Management) as the necessary second approval. ECO (and in some cases SLM) can withhold approval if issues that it raises are not resolved satisfactorily.

In case of exposures exceeding the competences of the individuals in ECO (or in some cases SLM), approval is required from the Subcredit Committee Commercial Real Estate (SK-CRE, comprising members of EUROHYPO's board of management and divisional heads of risk management units), the Credit Committee (KK, comprising members of EUROHYPO's and Commerzbank's board of management) and ultimately Commerzbank's board of management.

### **3.4 Loan Documentation**

Following approval of the Credit Report, Trama negotiates the "Loan Contract" which is then signed by Sales and Trama (and in defined cases by ECO or SLM). If necessary, the internal legal department and/or external legal advisors will support the process.

As a general rule, as well as the internal legal department, EUROHYPO relies on external lawyers for the drafting of loan agreements as well as the documentation and registration of the security on EUROHYPO's behalf. External counsel also prepares expert opinions and answers legal questions with regard to loan agreement and security agreement documentation. Exceptions include most of the German loans, where loan documentation is subject to standardised loan agreements developed by EUROHYPO, in some cases in conjunction with external lawyers.

The choice of the applicable law and jurisdiction usually depends on where the property is located. This is based on the principle that contractual claims and securities may need to be enforced by law and that is generally easier and more successful in the legal system and jurisdiction of the country in which the security might have to be executed.

### **3.5 Property Valuation**

In principle, all properties intended to serve as collateral for the loan are inspected and valued by EUROHYPO's independent RAC department. A value assessment has to be prepared containing, inter-alia, statements with respect to the location, size, age, type of construction and eligibility as collateral. Such assessment must be attached to the Credit Report.

For non-domestic business outside of Germany an external valuation is normally required, in addition to or instead of an internal RAC valuation. To obtain an external valuation, the relationship manager in Trama has to contact RAC, who will prepare an instruction letter including the Bank's specific requirements in respect of market data, property due diligence, calculation format, etc. RAC will then choose an appropriate valuer recognised as professional with high ethical standards and with the necessary expertise in the marketplace in question. All of these external valuations addressed to the Bank are checked for plausibility by RAC.

As part of the valuation process, RAC and the external valuer will inspect the properties. However, in the case of extensive property portfolios, the required inspection may be met by

inspecting a representative sample of such properties. Although only a representative number of properties will be inspected, the valuation will be made for the whole portfolio. For the loan to be eligible for Pfandbrief cover, all properties must be inspected, and in such cases Inspection of the remaining properties required for final acceptance of the same as collateral is made then at a later stage.

In a few instances, such as when EUROHYPO is part of a banking syndicate, EUROHYPO accepts external valuations without the bank's own prior instructions. In these events RAC reviews the full report, sometimes including further due diligence reflecting special requirements typical of a German Pfandbrief bank.

### **3.6 Collateralisation**

Loans should be secured at least by real estate first lien (in some circumstances second liens will be accepted too) or mortgage, free and clear of any third party rights, or by other appropriate collateral. For rented properties the rental income is usually additionally pledged or assigned for security purposes to or otherwise made subject to a security interest or equivalent right for the benefit of EUROHYPO according to the respective national legal standards. Additional security will then depend on the quality of the borrower, the quality of the property and the market standards of the respective country.

### **3.7 Building Insurance**

Building insurance is required for every property financing. In most jurisdictions it is common practice to have the insurance proceeds assigned to EUROHYPO. The insurance proceeds therefore serve as a collateral surrogate should the property be damaged or destroyed. Reconstruction costs are always covered, and according to the jurisdiction loss of rent for a limited period of time can be covered as well.

### **3.8 Disbursement and Closing Procedures**

EUROHYPO takes account of the practices prevailing in the individual markets and therefore will allow certain deviations from the lending principles to be made, provided that any such deviations have been approved as part of the Credit Report.

Conditions precedent to the closing of the transaction are set forth in the loan document (e.g. suitable evidence of the application of funds and the status of construction must be provided). The relevant checks that the conditions have been met before the loan is disbursed are carried out by Trama (and in defined cases by ECO or SLM).

The disbursement takes place generally after registration of the lien or mortgage or against the provision of guarantee issued by a credit institution under public law. There are, however, other possibilities for disbursement in an interlocutory situation before the security is registered or in the hands of the Bank. Authorised bodies of Sales and Trama (and in defined cases by ECO or SLM) have to approve the loan disbursement. Depending on credit range there are different competence levels.

## **4. Monitoring**

The policy of EUROHYPO is that credit monitoring on an on-going basis is essential in order to recognise credit risks at an early stage.

An on-going monitoring process ("*Folgeprotokollierung*") with different frequencies depending on the exposure amount and the rating level has been established.

For every review a record has to be prepared by Trama. This record needs further approval by ECO (and in some cases SLM) according to the same competence levels as applicable to credit approval.

Trama requests from the borrower the documents needed for the ongoing monitoring of the loan. This will include financial information according to section 18 of the German Banking Act (KWG) as well as property information such as new lease agreements and tenancy lists.

## **5. Changes to the Financing**

Trama is responsible for the processing of all changes to the underlying loan contracts such as further advances, property or borrower substitutions, covenant amendments, etc. Authorised individuals from both Trama and from ECO (and in some cases SLM) must approve these changes. The approval is subject to the same process as new financing proposals.

## **6. Arrears Management**

Administration and monitoring of the loans is based on a computer-supported loan information and payment tracking system. Following a drawdown or interest roll over under a duly approved loan, all loan information is entered into EUROHYPO's automated payment tracking system which provides an automated process for monitoring and collecting payments on each loan and generates reports in respect of such loan.

As soon as a payment on a loan is overdue for five Business Days, the system generates a reminder letter. Another reminder letter and a pre-collection letter are then generated within two weeks.

In specific circumstances because of a high outstanding amount and the Bank's relationship with a borrower this standard procedure can be inconvenient. Therefore the loan manager can insert a block in the system to inhibit the reminder letter to be sent automatically to the borrower.

For Non EUR Loans with properties located in foreign countries the system generates a weekly notice ("List of not reminded loans in arrears"). The notice is sent to the Trama officer supervising the relevant account/s who then contacts the borrower to discuss the failure to pay. If the payment is not received within a reasonable period of time, the loan manager contacts the borrower again.

Once a month Trama downloads a report of loans (EUR and Non EUR) from the system which shows arrears greater than 42 days. An additional report with regard to payments in arrears of more than 10 days and with an amount equal or in excess of EUR 50.000 is in place as well.

Trama/ECO (and in some cases SLM) decides on the action to be taken in respect of a loan in default. Decisions are taken at such level of management as is required to grant formal credit approvals, depending on the relevant loan exposure and the rating of the Borrower.

Defaulted loans will be transferred to the "Intensive Care Department" ("ICD"). ICD takes appropriate actions on a case by case basis, depending upon the circumstances of the Borrower and the Reference Collateral. Decisions are taken at such level as is required to grant formal credit approvals, depending on the amount of the necessary action.

## **SCHEDULED REDEMPTION PROFILE AND WEIGHTED AVERAGE LIVES OF THE NOTES**

### **Scheduled Redemption Profile**

The table entitled "Scheduled Redemption Profile" below is based on the Reference Pool as of Cut Off Date and certain assumptions, in particular on the assumption that:

- (i) the Reference Pool on the Issue Date has the same characteristics as the Reference Pool is currently anticipated to have at the Cut Off Date;
- (ii) all payments on the Reference Claims scheduled to be received, are received on their due dates;
- (iii) no losses, no modification, waiver or amendment is made regarding any payment of principal or interest on any of the Reference Claims;
- (iv) no Reference Claims are removed by the Bank pursuant to the Reference Pool Provisions;
- (v) no Reference Claims are replenished by the Bank pursuant to the Reference Pool Provisions;
- (vi) the principal and interest payments have been stated on the existing amortization type as of Cut off Date. At the reset dates or for floating rate Reference Claims it is assumed that the interest rate remains constant and that redemption schedule will follow the existing pattern. The interest rates and principal payment mode as of Cut Off Date have been used for further calculations, except some cases where e.g. the original interest rate was calculated with disagio;
- (vii) in cases of difference between Current Principal Balance and the calculated future amortization the difference was assumed to be due in 2006;
- (viii) the cash flow was cut in 2050 and it is assumed that all outstanding Principal Balance will be repaid by end of 2050.

As the actual rate at which the Reference Claims will be repaid and a number of other relevant factors concerning the Reference Claims are unknown, it is unlikely that the Reference Claims and the Notes will have the characteristics as calculated with the assumptions assumed above. Therefore, the actual redemption profile may differ from Scheduled Redemption Profile set out below.



**TABLE "Scheduled Redemption Profile"**

Year	Amount of Amortisation	Outstanding Reference Pool (end of year)
2006	€ 29,791,864	€ 1,820,880,680
2007	€ 74,647,144	€ 1,746,233,536
2008	€ 77,292,528	€ 1,668,941,008
2009	€ 76,661,652	€ 1,592,279,356
2010	€ 103,546,997	€ 1,488,732,359
2011	€ 80,299,047	€ 1,408,433,312
2012	€ 83,389,883	€ 1,325,043,429
2013	€ 85,645,912	€ 1,239,397,517
2014	€ 90,182,803	€ 1,149,214,714
2015	€ 92,896,140	€ 1,056,318,574
2016	€ 94,372,872	€ 961,945,702
2017	€ 90,804,942	€ 871,140,760
2018	€ 89,115,296	€ 782,025,464
2019	€ 87,174,530	€ 694,850,934
2020	€ 82,899,363	€ 611,951,571
2021	€ 78,547,812	€ 533,403,759
2022	€ 72,204,384	€ 461,199,374
2023	€ 60,822,290	€ 400,377,084
2024	€ 51,813,921	€ 348,563,163
2025	€ 46,078,633	€ 302,484,530
2026	€ 43,008,957	€ 259,475,573
2027	€ 41,749,646	€ 217,725,927
2028	€ 38,451,184	€ 179,274,743
2029	€ 32,792,934	€ 146,481,809
2030	€ 27,938,858	€ 118,542,951
2031	€ 23,044,162	€ 95,498,789
2032	€ 20,097,861	€ 75,400,928
2033	€ 16,864,400	€ 58,536,528
2034	€ 12,457,586	€ 46,078,942
2035	€ 10,072,496	€ 36,006,447
2036	€ 7,571,470	€ 28,434,977
2037	€ 3,379,309	€ 25,055,668
2038	€ 1,166,004	€ 23,889,664
2039	€ 820,633	€ 23,069,031
2040	€ 663,589	€ 22,405,442
2041	€ 671,460	€ 21,733,983
2042	€ 554,466	€ 21,179,517
2043	€ 487,235	€ 20,692,282
2044	€ 435,414	€ 20,256,868
2045	€ 434,479	€ 19,822,389
2046	€ 434,479	€ 19,387,911
2047	€ 434,479	€ 18,953,432
2048	€ 434,479	€ 18,518,953
2049	€ 434,479	€ 18,084,474
2050	€ 18,084,474	€ 0
	<b>€ 1,850,672,544</b>	

## Weighted Average Lives of the Notes

Weighted Average Life refers to the average amount of time that will elapse from December 2006 to the date of payment of principal in full to the Noteholders (assuming no losses). The Weighted Average Lives of the Notes will be influenced by the actual rate of repayment of the Reference Claims.

The rate of repayment may itself be influenced by various economic, tax, legal and other factors such as changes in the value of the Mortgaged Properties or the level of EURIBOR from time to time. Thus, if prevailing interest rates fall below the interest rates on the Reference Claims, then the Reference Claims are likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the interest rates on the Reference claims. This in turn, will create a shorter Weighted Average Life for the Notes.

The model used in this Prospectus for the Reference Claims employs an assumed constant per annum rate of prepayment ("Constant Prepayment Rate" or "CPR") each quarter relative to the then aggregate Outstanding Nominal Amount of the Reference Claims. Constant Prepayment Rate is a presumed constant rate of payments of principal not anticipated by the schedule amortisation of the loan which when compounded quarterly results in a reduction in the expected pool balance of the stated percentage each year without regard to prepayment penalties.

CPR does to purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans including the Reference Claims.

The following tables were prepared based on the characteristics of the Reference Claims to be included in the Reference Pool and the following additional assumptions (the "Modelling Assumptions"):

- (a) There are no Reference Claims in arrears or in default as of the Cut-off Date.
- (b) The initial Class Principal Amounts relate to the Cut-off Date.
- (c) Each repayment of principal is received only on scheduled payment dates.
- (d) The Payment Dates are assumed to be end of March, June, September and December.
- (e) The cash flow was cut in 2050 and it is assumed that all outstanding Principal Balance will be repaid by end of 2050.
- (f) Other than the stated CPR amount, it is assumed that there is no other form of prepayment even at fixed interest reset dates when Borrowers may repay without penalty and the scheduled redemption of the underlying Reference Pool remain unchanged.
- (h) In the case of tables headed "Time Call March 2015", it is assumed that the Notes are redeemed on the Payment Date falling in March 2015.

The actual characteristics and performance of the Reference Claims are likely to differ from the assumptions used in constructing the tables set forth below. Those tables are purely indicative and provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios (e.g., it is not expected that the Reference Claims will prepay at a constant rate until maturity). Furthermore, it is not expected that all of the Reference Claims will prepay at the same rate or that there will be no defaults or delinquencies on the Reference Claims. Any difference between such assumptions and the actual characteristics and performance of the Reference Claims will cause the Weighted Average Lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

### Weighted Average Life

<b>CPR: 0.0%</b>		Average Life		
<b>Note Class</b>	<b>Volume in EUR</b>	<b>Without Call</b>	<b>Time Call March 2015</b>	<b>Clean-Up Call @ 10%</b>
Senior Guarantee (incl. A+ Note)	1,360,500,000	8.02	6.26	8.02
Class A	138,000,000	17.00	8.33	17.00
Class B	111,500,000	19.46	8.33	19.46
Class C	92,500,000	21.94	8.33	21.79
Class D	83,000,000	24.91	8.33	22.33
Class E	32,700,000	28.20	8.33	22.33
Class F	7,400,000	30.38	8.33	22.33

<b>CPR: 2.5%</b>		Average Life		
<b>Note Class</b>	<b>Volume in EUR</b>	<b>Without Call</b>	<b>Time Call March 2015</b>	<b>Clean-Up Call @ 10%</b>
Senior Guarantee (incl. A+ Note)	1,360,500,000	5.77	5.30	5.77
Class A	138,000,000	12.49	8.33	12.49
Class B	111,500,000	13.81	8.33	13.81
Class C	92,500,000	14.98	8.33	14.96
Class D	83,000,000	16.09	8.33	15.33
Class E	32,700,000	16.93	8.33	15.33
Class F	7,400,000	17.33	8.33	15.33

<b>CPR: 5.0%</b>		Average Life		
<b>Note Class</b>	<b>Volume in EUR</b>	<b>Without Call</b>	<b>Time Call March 2015</b>	<b>Clean-Up Call @ 10%</b>
Senior Guarantee (incl. A+ Note)	1,360,500,000	4.55	4.48	4.55
Class A	138,000,000	10.22	8.33	10.22
Class B	111,500,000	11.35	8.33	11.35
Class C	92,500,000	12.35	8.33	12.32
Class D	83,000,000	13.27	8.33	12.58
Class E	32,700,000	13.94	8.33	12.58
Class F	7,400,000	14.10	8.33	12.58

<b>CPR: 7.5%</b>		Average Life		
<b>Note Class</b>	<b>Volume in EUR</b>	<b>Without Call</b>	<b>Time Call March 2015</b>	<b>Clean-Up Call @ 10%</b>
Senior Guarantee (incl. A+ Note)	1,360,500,000	3.77	3.77	3.77
Class A	138,000,000	8.74	8.33	8.74
Class B	111,500,000	9.77	8.33	9.77
Class C	92,500,000	10.68	8.33	10.68
Class D	83,000,000	11.53	8.33	11.08
Class E	32,700,000	12.16	8.33	11.08
Class F	7,400,000	12.33	8.33	11.08

## THE ISSUER GUARANTEE

On December 7, 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 collecting the amounts under the Note Collateral.

The Bank will pay under the Issuer Guarantee, *inter alia*, the Guarantee Fee to the Issuer on the Issue Date and on each Payment Date. The "**Guarantee Fee**" will be an amount calculated by the Bank, in each case in respect of the two immediately following Payment Dates, as the sum of (i) the costs and expenses of the Issuer, (ii) the amounts necessary to amortize the Funding Loan and (iii) the excess, if any, of (A) the aggregate 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 Note Collateral less (iv) amounts available to the Issuer from any Guarantee Fee paid prior to the relevant Payment Date.

### Termination

The Issuer Guarantee will terminate when none of the Notes are outstanding, unless terminated earlier in accordance with the 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 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 Note Collateral.

### 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 Note Collateral 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.

### NOTE COLLATERAL

On the Issue Date, the Issuer will pledge to the Bank the Note Collateral 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 Note Collateral.

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

- (a) EUR 500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 138,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 111,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 92,500,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (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 83,000,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes,
- (f) EUR 32,700,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage Publiques*) of Eurohypo S.A. (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes, and
- (g) EUR 7,400,000 floating rate public sector Luxembourg covered bonds (*Lettres de Gage*

*Publiques*) of Eurohypo S.A. (the "**Series F Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class F Notes;

Each Series will be represented by a global certificate deposited with the Clearstream Frankfurt. The Note Collateral will be held in the securities account no. 2000000290 (the "**Custody Account**") of the Issuer with Eurohypo AG, Helfmann-Park 5, 65760 Eschborn (in such capacity and each successor custodian, the "**Custodian**") pursuant to the Custody Account Agreement.

The Issuer does not intend to provide post-issuance information regarding the Note Collateral.

## TERMS AND CONDITIONS OF THE NOTE COLLATERAL

Issuer:	EUROHYPO Europäische Hypothekenbank S.A.
Ratings:	AAA (S&P) / AAA (Fitch)
Status:	Senior / Covered Bond
Type:	<i>Lettres de Gage Publiques</i>
Principal Amount:	EUR 500,000 / ISIN DE000A0G2816 / WKN A0G281 (the " <b>Series A+ Collateral</b> "), EUR 138,000,000 / ISIN DE000A0G2808 / WKN A0G280 (the " <b>Series A Collateral</b> "), EUR 111,500,000 / ISIN DE000A0G2824 / WKN A0G282 (the " <b>Series B Collateral</b> "), EUR 92,500,000 / ISIN DE000A0G2832 / WKN A0G283 (the " <b>Series C Collateral</b> "), EUR 83,000,000 / ISIN DE000A0G2840 / WKN A0G284 (the " <b>Series D Collateral</b> "), EUR 32,700,000 / ISIN DE000A0G2857 / WKN A0G285 (the " <b>Series E Collateral</b> ") and EUR 7,400,000 / ISIN DE000A0G2865 / WKN A0G286 (the " <b>Series F Collateral</b> ");  collectively, the " <b>Note Collateral</b> ".
Currency:	EUR
Issue Date:	December 7, 2006
Maturity Date:	March 2018
Issue Price:	100%
Interest Payments:	30 <sup>th</sup> of March, June, September, December
Day Count Fraction:	Actual/360
Business Days:	TARGET, Frankfurt am Main, London
Interest Rate:	EURIBOR – 4 bps
Redemption:	Linked to the Notes
Amortisation:	Linked to the Notes
Denominations:	Series A+ Collateral, Series A Collateral, Series B Collateral, Series C Collateral, Series D Collateral, Series E Collateral and Series F Collateral: EUR 50,000
Listing:	None
Governing Law:	Luxembourg



## OTHER COLLATERAL

Pursuant to the Terms of the Trust Agreement, the Issuer pledges (*verpfändet*) 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,
  - (b) the agency agreement between the Issuer, the Trustee and the Principal Paying Agent dated December 4, 2006 (the "**Agency Agreement**"),
  - (c) the subscription agreement for the Notes between the Issuer and Commerzbank Aktiengesellschaft (in such capacity, the "**Lead Manager**") dated December 7, 2006 (the "**Subscription Agreement**"),
  - (d) the Securities Purchase Agreement,
  - (e) the Issuer Guarantee,
  - (f) the cash administration agreement between the Issuer, the Trustee and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom (in such capacity, the "**Cash Administrator**" which term shall also include any replacement Cash Administrator) dated December 7, 2006 (the "**Cash Administration Agreement**"), and
  - (g) the Custody Account Agreement; and
- (ii) all its present and future claims and rights against the Trustee arising under the Trust Agreement.

Moreover, pursuant to the Jersey Security Agreement, the Issuer grants to the Trustee a Jersey law security interest in respect of all its present and future claims, right, title and interest in and to the Administration Agreement.

Such pledges and such Jersey law security interest serve to secure the Trustee Claim.

## ACCOUNTS AND CASH ADMINISTRATION

### Accounts

In connection with the Transaction the Issuer will maintain the Transaction Account, which is an interest bearing account in EUR. The Issuer will open the Transaction Account with Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, as the initial Transaction Account Bank, before the Issue Date.

Pursuant to the Trust Agreement, all of the Issuer's rights and claims in respect of the Transaction Account open as of the Issue Date and the related Transaction Account Agreement 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 Transaction Account. 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 the Transaction Account Bank a fee as separately agreed by the Transaction Account Bank with the Issuer with the consent of the Bank. Recourse of the Transaction Account Bank against the Issuer is limited.

### **Set-off Waiver**

Pursuant to the Transaction Account Agreement, the Transaction Account Bank 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 Transaction Account Bank 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, Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, 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 Transaction Account.

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**

### **Description of the Administrator**

The following description of the Administrator and the Administration Agreement consists of summaries of certain provisions of the Administration Agreement and is qualified by reference to the provisions of the Administration Agreement. The description does not, however, restate the terms of the Administration Agreement in its entirety and prospective investors must refer to the Administration Agreement for detailed information.

Structured Finance Management Offshore Limited has been appointed to act as Administrator pursuant to the Administration Agreement. Structured Finance Management Offshore Limited is a Jersey Trust Company owned jointly by SFM Holdings Limited and OBD Investments Limited which are both Jersey incorporated companies. Structured Finance Management Offshore Limited is regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998, for the purpose of carrying out trust company business.

### **General Provisions**

The Administrator will be responsible for providing or procuring the provision of corporate administration services to the Issuer in Jersey, Channel Islands, including, but not limited to, (i) performing all general company secretarial, registrar and company administration services for the Issuer (other than (a) any services to be performed in connection with the listing, or maintenance of the listing of the Notes and (b) such services as shall be rendered to the Issuer pursuant to the Transaction Documents other than the Administration Agreement), including the provision of at least two directors and a secretary of the Issuer; (ii) arranging for the preparation of the accounts of the Issuer (iii) keeping duplicate copy accounts of the Issuer provided by the directors and such books and records as are required by any applicable law or otherwise for the proper conduct of the affairs of the Issuer and, upon instructions from the directors, preparing for forwarding to members of the Issuer all statements and notices which the board is required to issue, send or serve in accordance with the Articles of Association of the Issuer; (iv) providing adequate staff and other facilities in Jersey, Channel Islands (including the provision of the Issuer's registered office, telephone and facsimile transmission facilities) for efficiently performing its functions as Administrator and carrying on its duties under the Administration Agreement; (v) filing on a timely basis (insofar as the directors have duly approved, signed and delivered the same and monies in respect of applicable fees are made available by or on behalf of the Issuer) the annual return of shareholders, annual applications for exempt company status and any other applicable statutory returns and exempt company tax filings in Jersey, Channel Islands; (vi) accepting service of process and any other documents or notices to be served on the Issuer in Jersey, Channel Islands; and (vii) providing such other corporate administration services as may be required by the Issuer from time to time and agreed by the Administrator.

### **Termination**

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

- (1) This Agreement and the Services to be performed hereunder may be terminated:-
  - (a) on one month's notice in writing given by the Administrator to the Company; or
  - (b) on one month's notice in writing given by the Company to the Administrator.
- (2) This Agreement shall be terminated immediately on written notice from the Administrator to the Company if the Administrator shall consider any of the following events to have occurred:

- (a) the Company becomes insolvent or is declared en désastre (bankrupt) or is subject to a creditors' (insolvent) winding-up in Jersey or is subject to any analogous procedure in any other jurisdiction;
  - (b) the Company commits any breach of the terms of this Agreement which is incapable of remedy or commits any other breach which is capable of remedy but fails to remedy such breach after the Administrator has given at least thirty days' notice in writing to the Company requiring such breach to be remedied; and/or
  - (c) any changes are made to the terms of any of the Transaction Documents which affect the duties and obligations of the Company thereunder and which changes are expected to have a material adverse affect on the Administrator unless any such change has been previously approved by the Administrator.
- (3) Upon the termination of this Agreement howsoever occurring, the Administrator shall be entitled to resign, or procure the resignation of any Delegate, from each office and position held in relation to the Company including without prejudice to the generality of the foregoing the resignation of the secretary and the directors provided by the Administrator and the Company shall forthwith notify the Administrator of:-
- (a) an address to be the new registered office of the Company in Jersey in substitution for the Administrator's address;
  - (b) an address to which all the books and records of the Company may be transferred provided always that the Administrator shall have a lien on all such books, records and documents of the Company until all fees and disbursements up to the date of termination of the Agreement have been paid; and
  - (c) the names of at least two persons into whose names the shares in the Company shall be transferred.
- (4) Upon the termination of this Agreement howsoever occurring, the Administrator shall use their best endeavours to assist in the orderly transfer of the administration of the Company and shall be entitled to charge and be paid fees to the date of termination and at their respective normal rates in force at that time for any work done in transferring the administration of the Company. The termination of this Agreement shall be without prejudice to any antecedent liability of the parties hereto.

### **Indemnification of the Administrator**

The Issuer undertakes (subject always to the provisions of the Companies (Jersey) Law 1991) to indemnify and hold harmless the Administrator together with any or all of the respective officers, employees, servants, successors, assigns or duly appointed agents of the Administrator (the "**Delegates**") against all actions, proceedings, accounts, claims or demands and any costs and expenses reasonably incurred in connection therewith (but excluding any indirect, consequential or punitive damages) which may be brought or made or threatened to be brought or made against the Administrator or any Delegate in connection with the affairs of the Issuer including without prejudice to the generality of the foregoing in connection with the services provided by the Administrator or any Delegate under the Administration Agreement save to the extent that any such liability shall have arisen solely from the fraud, bad faith, wilful misconduct or negligence of the Administrator or any Delegate, including the costs and expenses of defence against any claim or liability in connection therewith.

**Administrator's fee**

For its services rendered under the Administration Agreement, the Administrator is to receive an administrator's fee and to be reimbursed for all disbursements reasonably incurred in connection with the provision of the services. Such administrator's fee is payable by the Issuer as separately agreed with the Administrator with the consent of the Bank. Recourse of the Administrator against the Issuer is limited accordingly.

## THE FUNDING LOAN

Pursuant to the Funding Loan Agreement, the Bank has agreed to grant the Issuer a loan in an amount of up to EUR 5,250,000.00 to be employed by the Issuer to fund the payment of initial costs incurred in connection with the issuance, listing and placement of the Notes, acquisition of the Note Collateral and costs related thereto. The Loan will be drawn by the Issuer on or after the closing date in each case in such amounts as are required to cover the Issuer's costs incurred in connection with the issue, listing and placement of the Notes and the acquisition of the Note Collateral.

Interest on the Funding Loan is payable quarterly in arrears on each March 30, June 30, September 30 and December 30, beginning with March 30, 2007, in the amount of 4.90%.

The Funding Loan will be amortized over a period of time of 7 1/2 years as from the date of drawdown in quarterly instalments of EUR 175,000.

The Issuer will receive amounts necessary pay interests and amortizations owed by it under the Funding Loan as part of the Guarantee Fee paid to the Issuer by the Bank under the Issuer Guarantee.

The Bank will be entitled to early termination of the Funding Loan if (i) the underlying circumstances also trigger a termination right under the Notes and such termination right in respect of the Notes is exercised earlier or at the same time, or (ii) the Issuer does not comply, upon reminder with specific reference to the Bank's termination right, with its obligation to provide annual accounts or information regarding its business position.

## THE ISSUER

The Issuer, Semper Finance 2006-1 Limited, was incorporated in Jersey, Channel Islands on November 13, 2006. The Issuer was incorporated under the Companies (Jersey) Law 1991 as a public company of unlimited duration and with limited liability. Its registered number is 95135.

The Issuer's registered office and principal place of business is at 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands, where the Issuer's register of members is kept. The Memorandum and Articles of Association of the Issuer may be inspected at the registered office of the Issuer and at the registered office of the Principal Paying Agent.

The Issuer is wholly owned by Structured Finance Management Offshore Limited ("**SFMO**") (as trustee of the Semper Finance Charitable Trust), a trust company incorporated in Jersey and having its registered office at 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands. The Issuer has no subsidiaries.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Companies (Jersey) Law 1991, the authorisation and issue of the Notes, the acquisition of the Note Collateral, 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 November 13, 2006, its date of incorporation.

### **Directors, Secretary and Corporate Services**

The Directors of the Issuer and their respective business addresses and other principal activities are:

<i>Name</i>	<i>Nationality</i>	<i>Business Address</i>	<i>Occupation</i>
Elisabeth Ann Mills	British	47 Esplanade St. Helier Jersey JE1 OBD Channel Islands	Trust Director
Peter John Richardson	British	47 Esplanade St. Helier Jersey JE1 OBD Channel Islands	Trust Director

The Secretary of the Issuer is Structured Finance Management Offshore Limited whose registered office is at 47 Esplanade, St. Helier, Jersey JE1 OBD, Channel Islands.

SFMO has agreed, pursuant to and on the terms of the Administration Agreement dated December 7, 2006, to provide certain corporate services to the Issuer, including the provision of directors and the secretary. Fees are payable to SFMO thereunder.

Each of the directors is an employee of SFMO. Bedell Cristin is legal advisor to the Issuer as to Jersey law and fees will be payable to Bedell Cristin from time to time for acting in such capacity.

### **Principal Banker**

The principal banker of the Issuer is Deutsche Bank AG, London Branch.

## Principal Activities

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities. The Issuer's activities will principally be the issue of the Notes and the execution and performance of the Transaction Documents, the execution and performance of all documents relating thereto to which it is expressed to be a party, the exercise of related rights and powers and other activities reasonably incidental thereto.

## Share Capital

The authorised share capital of the Issuer is GBP 2 comprising 2 shares of GBP 1 each. The issued and paid up share capital of the Issuer is GBP 2 as at the date of this Prospectus.

## Capitalisation

The unaudited capitalisation of the Issuer as at the date of this Prospectus, adjusted for the Notes to be issued is as follows:

### *Share Capital*

Total Share Capital	€2.97*
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### *Loan Capital*

€500,000 Class A+ Floating Rate Credit Linked Notes	€500,000
€138,000,000 Class A Floating Rate Credit Linked Notes	€138,000,000
€111,500,000 Class B Floating Rate Credit Linked Notes	€111,500,000
€92,500,000 Class C Floating Rate Credit Linked Notes	€92,500,000
€83,000,000 Class D Floating Rate Credit Linked Notes	€83,000,000
€32,700,000 Class E Floating Rate Credit Linked Notes	€32,700,000
€7,400,000 Class F Floating Rate Credit Linked Notes	€7,400,000
€5,250,000 Funding Loan	€5,250,000

<b>TOTAL CAPITALISATION</b>	<b>€470,850,002.97</b>
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\*Issuers share capital of GBP 2.00 converted at a rate of GBP 0.67290 = €1.00, which was the European Central Bank reference exchange rate as at December 1, 2006.

There are no other outstanding securities, loans or subscriptions, allotments or options in respect of the Issuer.

There is no goodwill in the balance sheet of the Issuer, nor will any goodwill need to be written off upon the issue of the Notes.

## 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, 2007. Since the date of the Issuer's incorporation, no statutory financial statements have been prepared.



**Auditors**

The auditors of the Issuer are KPMG Channel Islands Limited, 5 St. Andrew's Place, Charing Cross, Jersey JE4 8WQ, Channel Islands.

All executive directors of KPMG Channel Islands Limited, but not KPMG Channel Islands Limited itself, are members of the Institute of Chartered Accountants in England and Wales.

**Fiscal Year**

The Issuer's fiscal year is the calendar year.

**Distribution of Profits**

The Issuer will pay a dividend from its profits of not more than EUR 500 in each financial year to its shareholder.

**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 1.2% of the initial aggregate principal amount of the Notes and will be payable by the Issuer and sourced from the Funding Loan granted to the Issuer 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

### Statutory Auditors

The Bank's independent auditors are KPMG, Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Marie-Curie Straße 30, 60439 Frankfurt am Main, Germany ("KPMG"). KPMG is member of the Institut der Wirtschaftsprüfer e.V., Düsseldorf, Germany (the "IDW") and the Wirtschaftsprüferkammer.

### General Information about EUROHYPO

#### History and Development of EUROHYPO

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

The shares of EUROHYPO are listed on the Frankfurt Stock Exchange.

#### Change in shareholder structure

The capital stock of the Bank amounted to €913,688,919 as at December 31, 2005 and is divided into 351,418,815 no par value bearer shares, each with an arithmetical par value of €2.60. Following the acquisition of 9.73% of the shares held by the Deutsche Bank Group and 7.35% held by the Allianz Group, Commerzbank held 48.92% of the shares in EUROHYPO as of December 15, 2005. On March 31, 2006 the remaining shares held by Deutsche Bank Group and Allianz Group were transferred to Commerzbank giving Commerzbank Group a 98.04 % shareholding in EUROHYPO. The free float remains unchanged at 1.96%. With effect from April 1, 2006, EUROHYPO is a fully consolidated subsidiary of the Commerzbank Group.

## **Business Overview**

### **Principal Activities**

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.

Eurohypo Group operates the following business divisions:

- Corporate Banking Germany;
- Corporate and Investment Banking International Continental Europe;
- European Real Estate Investment Banking and Corporate Banking United Kingdom;
- Corporate and Investment Banking International USA;
- Corporate and Investment Banking International Asia / Pacific;
- Retail Banking
- Public Finance / Global Markets

### **Corporate Banking Germany**

The Bank focuses on professional players in the market and expands activities in the area of syndications. The minimum credit volume per property is €2.5 million.

### **Corporate and Real Estate Investment Banking International**

The Bank concentrates on large finance projects, has strong structuring and advisory capabilities as well as experienced real estate investment banking teams.

### **Retail Banking**

The Bank finances low risk properties in Germany with above-average customer orientation and with a maximum credit volume per property of €2.5 million.

### **Public Finance**

This business area is characterized by a combined market approach of EUROHYPO and Eurohypo S.A.. The Bank predominantly finances central and regional governments, municipalities and public sector credit institutions. Moreover the Bank also participates as co-lead and co-manager in the placement of international bonds and reaches larger market shares through a broader product range, including private public partnerships and derivatives.

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 issued 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 USA, which until recently has not been eligible as cover assets.

### **Significant new products and/or activities**

### **Rapid Integration into the Commerzbank Group**

The conceptional phase of the integration into the Commerzbank Group has been completed and has gone absolutely according to plan. The discussions and negotiations have taken place in a constructive and cooperative atmosphere.

The Bank has now started the phase of implementing the decisions and resolutions which were taken.

The Bank profits through identification of synergies. It will be able to offer a broader product range and will benefit from cross selling opportunities.

The shared use of resources, the addition of Commerzbank products to enlarge EUROHYPO's product range and the support provided by the existing network of Commerzbank branches when opening up new markets will help to improve EUROHYPO's competitive position in the future.

In retail banking, EUROHYPO plans to establish a joint "credit factory" together with Commerzbank, from which it anticipates cost synergies and associated with this, a significant increase in the efficiency of this business division. In addition, the Bank anticipates that savings will be made on the basis of its increased size, both in the back-office area, such as IT, and in the funding division. The Bank will increase earnings synergies with an improved product range and through the exploitation of cross-selling opportunities.

However, the Bank remains a legally independent entity with its own brand name.

### **Principal Markets**

EUROHYPO's principal geographical markets are Germany, Continental Europe, the United Kingdom and the United States of America.

In the course of this year, the Bank has extended its activities to the Asian markets, while in Europe, its sights were and are set on the markets neighbouring the EU states. In 2007 the markets in Asia will be further penetrated by representative offices in Singapore and Hong Kong. In South America, the Bank will target selected lucrative markets, such as Mexico and Brazil.

### **Organisational Structure**

EUROHYPO is the parent entity to a group of companies (the "**Eurohypo Group**"). In addition to EUROHYPO, the scope of consolidation includes 33 fully consolidated German and international subsidiaries. A list of the subsidiaries included in the consolidated financial statements is herein incorporated by reference to page 196 of the Group Annual Report of 2005. In addition thereto, two more companies, "Eurohypo Japan Corporation" in Tokyo, Japan, and Time Square Funding Financials" in New York, USA, are fully consolidated subsidiaries. Affiliated companies, which are only of minor significance in terms of a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, are not included in the consolidated financial statements.

### **Trend Information**

There has been no material adverse change in the prospects of the Bank since the date of its last published audited financial statements.

### **Management and Supervisory Bodies**

As a German stock corporation, the Bank has a two-tier board system. The management board is responsible for the management of the Bank and the representation of the Bank with respect to third parties, while the supervisory board appoints and removes the members of the management board and supervises the board's activities.

The names of the current members of the Management Board, their functions with respect to the

Issuer, and an indication of the principal activities performed by them outside the Bank, where these are significant with respect to the Issuer, are as follows:

<b>Name, Profession</b>	<b>Responsibilities</b>	<b>Mandates in other Supervisory Boards (of German companies) to be established under law</b>	<b>Membership of comparable German and international supervisory bodies of commercial companies</b>
Bernd Knobloch Chairman	Corporate Banking International Investment Banking International European Debt Capital Markets Strategy and Group Coordination Corporate Communication Legal	CommerzLeasing und Immobilien AG, Düsseldorf (Chairman)	Eurohypo Investment Banking Ltd., United Kingdom*
Dirk Wilhelm Schuh Deputy Chairman	Risk Management Human Resources Organization	GEWOBA Wohnen und Bauen AG, Bremen**	EUROHYPO Europäische Hypothekenbank S.A., Luxembourg, (Member of the Administrative Board) */** CASIA Immobilien- Management GmbH, Eschborn, (Chairman of the Administrative Board)* CORECD Commerz Real Estate Consulting and Development GmbH, Berlin Service-Center Inkasso GmbH, Düsseldorf (Chairman of Advisory Board) CAMPANIA VermietungsgesellschaftmbH (to be renamed: KENSTONE GmbH), Eschborn (Chairman of Advisory Board)
Joachim Plesser	Corporate Banking Germany		HypZert Gesellschaft zur Zertifizierung von Immobilienfachverständigen für Beleihungs- wertermittlungen GmbH, Berlin CASIA Immobilien- Management GmbH, Eschborn* CORECD, Commerz Real Estate Consulting and Development GmbH, Berlin
Henning Rasche	Public Finance/Global Markets Client Interest Rate and Currency Management		EUROHYPO Europäische Hypothekenbank S.A., Luxembourg, (Chairman of the Advisory Board) */**

<b>Name, Profession</b>	<b>Responsibilities</b>	<b>Mandates in other Supervisory Boards (of German companies) to be established under law</b>	<b>Membership of comparable German and international supervisory bodies of commercial companies</b>
Jochen Klösger	Retail Banking		
Martin Zielke	Finance/Controlling/Tax Audit Operations Global Markets Information Technology	CommerzLeasing und Immobilien AG, Düsseldorf*	Eurohypo Systems GmbH, Eschborn*

\* internal Group mandate

\*\* mandate in large corporations pursuant to Section 340a Paragraph 4 No. 1 HGB

Since 1 April 2006, Bernd Knobloch is also a member of the Board of Management of Commerzbank.

The Supervisory Board consists of 12 members. Six members are elected by the shareholders at their Annual General Meeting, and six members are elected by employees of the Bank in accordance with the German Employees' Representation Act.

The names and functions in the Bank of the current members of the Supervisory Board, and the principal activities performed by them outside the Bank, where these are significant with respect to the Bank, are as follows:

<b>Name, Profession</b>	<b>Mandates in other Supervisory Boards (of German companies) to be established under law</b>	<b>Membership of comparable German and international supervisory bodies of commercial companies</b>
Klaus-Peter Müller Bad Homburg Chairman Chairman of the Board of Managing Directors of Commerzbank AG	- Linde AG, Wiesbaden - Steigenberger Hotels AG, Frankfurt am Main	- Liquiditäts-Konsortialbank GmbH, Frankfurt am Main - Assicurazioni Generali S.p.A., Triest - Parker Hannifin Corporation, Cleveland/Ohio/U.S.A. - Commerzbank International S.A., Luxembourg - Kreditanstalt für Wiederaufbau (KfW) Frankfurt am Main
Brigitte Siebert Eschborn Deputy Chairwoman Bank employee	-	-
Wolfgang Barth Frankenthal Bank employee	-	-
Herbert Bayer Frankfurt/Main Union Secretary ver.di	- Deutsche Wertpapierservice Bank AG - Deutsche Börse AG, Frankfurt/Main	-
Peter Birkenfeld Bad Homburg Full-time Works Council member	-	-

Name, Profession	Mandates in other Supervisory Boards (of German companies) to be established under law	Membership of comparable German and international supervisory bodies of commercial companies
Dr.-Ing. E.h. Hans-Peter Keitel Essen Chairman of the Board of Managing Directors of HOCHTIEF AG	- HOCHTIEF Construction AG (Chair)* - National-Bank AG	- HOCHTIEF AUSTRALIA Ltd.* - Leighton Holdings Limited (Deputy Chairman) - The Turner Corporation (Deputy Chairman) - SGS S.A., Geneva
Klaus Müller-Gebel Bad Soden Lawyer	- comdirect bank AG, Quickborn (Deputy Chairman) - Commerzbank AG, Frankfurt/Main - Deutsche Schiffsbank AG, Bremen/Hamburg	-
Cornelia Pielenz Berlin Lawyer	- AGIS Allianz- Dresdner Informationssysteme GmbH, München	-
Dr. h.c. Hans Reischl Cologne Former Chairman of the Board of Managing Directors of REWE Zentral AG	- KarstadtQuelle AG, Essen - Maxdata AG, Marl - ALTE LEIPZIGER Versicherung s-aG, Oberursel - ALTE LEIPZIGER Holding AG, Oberursel	-
Wolfgang Hartmann Kelkheim Member of the Board of Managing Directors of Commerzbank AG	- Vaillant GmbH, Remscheid - Hypothekenbank in Essen AG, Essen - Commerz Grundbesitz Investment- gesellschaftmbH, Wiesbaden	- Commerz Grundbesitzgesellschaft mbH, Wiesbaden
Dr. Achim Kassow Frankfurt am Main Member of the Board of Managing Directors of Commerzbank AG	- Volksfürsorge Deutsche Sachversicherung AG, Hamburg - ThyssenKrupp Steel AG, Duisburg - comdirect bank AG, Quickborn - Commerz Grundbesitz InvestmentgesellschaftmbH, Wiesbaden - COMINVEST Asset Management GmbH, Frankfurt am Main	- COMMERZ PARTNER Beratungsgesellschaft für Vorsorge und Finanzprodukte mbH, Frankfurt am Main - Commerz GrundbesitzgesellschaftmbH, Wiesbaden - Commerzbank (Schweiz) AG, Zürich - BRE Bank S.A., Warschau
Christian Weber	—	Service-Center Inkasso GmbH, Düsseldorf (Member of Advisory Board)

\* internal Group mandate

The business address of members of the Management Board and the Supervisory Board is Helfmann-Park 5, 65760 Eschborn, Germany.

There are no potential conflicts of interests between any duties to EUROHYPO of the members of the Management Board and the Supervisory Board and their private interests or other duties.

## **Major Shareholders**

The Bank's major shareholder is the Commerzbank Group (98.04%). The remaining 1.96% of the Bank's outstanding share capital is in free float.

Thanks to its size and specialist approach, EUROHYPO will play a key role within the Commerzbank Group. The alliance will provide EUROHYPO with new commercial impetus. Together with Commerzbank, EUROHYPO will extend its range of products, enabling the Bank to increasingly make use of market opportunities in Corporate and Retail Banking at national and international level.

## **Financial Information concerning Eurohypo Group's Assets and Liabilities, Financial Position and Profits and Losses**

### **Historical Financial Information**

The historical financial information of 2005 in respect to the Eurohypo Group consisting essentially of balance sheet, income statement, cash flow statement and accounting policies and explanatory notes is incorporated herein by reference to pages 115 to 189 of the Group Annual Report of 2005.

The historical financial information of 2004 in respect to the Eurohypo Group consisting essentially of balance sheet, income statement, cash flow statement, segment reporting, development and composition of capital and reserves and notes to the consolidated financial statements is incorporated herein by reference to pages 121 to 197 of the Group Annual Report of 2004.

The audit report for the financial year ending December 31, 2004 is herein incorporated by reference to page 207 of the Group Annual Report 2004. The audit report for the financial year ending December 31, 2005 is herein incorporated by reference to page 199 of the Group Annual Report 2005.

### **Auditing of historical annual financial information**

The historical financial information as of December 31, 2004 and December 31, 2005 has been audited.

### **Interim and other Financial Information**

The interim financial information with respect to the Eurohypo Group consisting essentially of balance sheet, income statement, cash flow statement and accounting policies and explanatory notes, which is unaudited, is herein incorporated by reference to pages 10 to 26 of the Group Interim Report as of March 31, 2006, pages 12-30 of the Group Interim Report as of June 30, 2006 and pages 12-30 of the Group Interim Report as of September 30, 2006.

### **Legal and arbitration proceedings**

During the last 12 months there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the Issuer's and/or Eurohypo Group's financial position or profitability.

### **Significant Change in Eurohypo Aktiengesellschaft's financial position**

There has occurred no significant change in the financial position of Eurohypo Group since the end of the last financial period, December 31, 2005.



## **Documents on Display**

The Bank's articles of association and Eurohypo Group's historical financial statements for the financial years ending December 31, 2004 and December 31, 2005, the three months ended March 31, 2006, the six month ended June 30, 2006 and the nine month ended September 30, 2006 are available both physically at Helfmann-Park 5, 65760 Eschborn, Germany, and electronically on the Bank's homepage at [www.eurohypo.com/basedocuments](http://www.eurohypo.com/basedocuments) and [www.eurohypo.com/en/investor\\_relations](http://www.eurohypo.com/en/investor_relations).

## THE NOTE COLLATERAL PROVIDER

### **Incorporation, Registered Office, Duration and Object**

EUROHYPO Europäische Hypothekenbank S.A. (the "Note Collateral Provider" or "Eurohypo S.A.") was incorporated in Luxembourg as a "société anonyme" on 24 April 1989, with the name "Europäische Hypothekenbank der Deutschen Bank". The incorporation is published in the Memorial C, Recueil des Sociétés et Associations, N°200 of 20 July 1989.

Following a decision of the Extraordinary General Meeting held on 8 November 1990, the name was changed to "Europäische Hypothekenbank S.A.", published in Mémorial C, Nr. 484 of 28 December 1990.

Following a decision of the Extraordinary General Meeting held on 28 March 2003, the name was changed to "EUROHYPO Europäische Hypothekenbank S.A.", published in Mémorial C, Nr. 509 of 10 May 2003.

Its commercial name is Eurohypo Lux.

Eurohypo S.A. is incorporated for an unlimited period of time.

It is registered in the Register of Commerce and Companies in Luxembourg (www.rcl.lu) under the Number B 30469.

The address of its registered office is 5, rue Heienhaff, L-1736 Senningerberg, Luxembourg. Tel: +352 26 34 55-1.

The object of Eurohypo S.A. is to conduct all business which a Pfandbrief bank is allowed to conduct pursuant to the law of 5 April 1993 on the financial sector, as amended (*Loi du 5 avril 1993 sur le secteur financier, telle que modifiée*). Since September 1999, Eurohypo S.A. is in possession of a specialized banking license pursuant to the Luxembourg law concerning mortgage banks dated November 21, 1997, which became part of the law of 5 April 1993 as Art. 12-1 to Art. 12-9. As a result of that, it is authorized to issue Lettres de gage (*Pfandbriefe*) according to Luxembourg law in order to refinance its lending activities which are possible as mortgage secured lending or public sector secured lending as main business and to do related and ancillary business. Before September 1999 it had a licence for general banking business. Eurohypo S.A. had a branch in Dublin, Ireland, which has ceased its activities on 31 July 2006 and has been closed.

### **Share capital and Shareholders**

At 31 December 2005 Eurohypo S.A.'s ordinary share capital amounted to €234,631,000 divided into 234,631 registered shares in the denomination of €1,000 each.

EUROHYPO AG, Eschborn, which was created in 2002 by the merger of the mortgage bank subsidiaries of Deutsche Bank AG, Dresdner Bank AG and Commerzbank, holds all but one of the shares in Eurohypo S.A..

There has been a significant change in the shareholder structure of EUROHYPO AG (as described below).

### **Capitalisation**

The following table sets forth the capitalisation (unaudited) of Eurohypo S.A. as of 31 December 2005 in comparison to the capitalisation (unaudited) of Eurohypo S.A. as of 31 December 2004.

	As of 31 December 2004 (in EUR millions)	As of 31 December 2005 (in EUR millions)
Liabilities		
Liabilities to banks		
Registered public Pfandbriefe issued	5.0	5.0
Liabilities to customers		
Registered public Pfandbriefe issued	1,088.3	1,112.2
Liabilities in certificate form		
Public Pfandbriefe	8,786.9	13,237.9
Other bonds	191.6	191.6
Total liabilities	10,071.8	14,546.7
Capital and reserves		
Subscribed capital	234.6	234.6
Reserves	15.9	19.5
Total capital and reserves	250.5	254.1
Total capitalisation	10,322.3	14,800.8

Save as disclosed herein, there has been no material change in the capitalisation of Eurohypo S.A. since 31 December 2005.

## Management

The composition of the Board of Directors and the General Management is as follows:

Board of Directors:

*Henning Rasche*

Chairman

Member of the Board of Managing Directors of EUROHYPO AG, Eschborn

Professional address:

Helfmann Park 5

D-65760 Eschborn

Germany

*Dirk Wilhelm Schuh*

Vice Chairman

Deputy Chairman of the Board of Managing Directors of EUROHYPO AG, Eschborn

Professional address:

Helfmann Park 5

D-65760 Eschborn

Germany

*Reinolf Dibus*

Member of the Board of Managing Directors

Professional address:

Airport Center

5, rue Heienhaff

L-1736 Senningerberg

Luxembourg

*Wolfgang Groth*  
Head of Treasury of EUROHYPO AG, Eschborn  
Professional address:  
Helfmann Park 5  
D-65760 Eschborn  
Germany

*Hermann Vogt*  
Head of Public Finance of EUROHYPO AG, Eschborn  
Professional address:  
Helfmann Park 5  
D-65760 Eschborn  
Germany

Managing Directors

*Reinolf Dibus*, Treasury and Credits  
Member of the Board of Directors  
Professional address:  
Airport Center  
5, rue Heienhaff  
L-1736 Senningerberg  
Luxembourg

*Walter Siemann*, Internal Organisation  
Professional address:  
Airport Center  
5, rue Heienhaff  
L-1736 Senningerberg  
Luxembourg

*Jean-Luc Spetz*, Credit Risk Management, Legal, Compliance, Loan Administration  
Professional address:  
Airport Center  
5, rue Heienhaff  
L-1736 Senningerberg  
Luxembourg

### **Conflict of Interests**

There are no potential conflicts of interests between any duties owed by the members of the Board of Directors and the members of the General Management to Eurohypo S.A. and any private interests or other duties which such person may have.

### **Special Auditor (*Treuhänder*)**

PricewaterhouseCoopers S.à.r.l., 400, route d'Esch, L-1471 Luxembourg, Luxembourg, is the special auditor monitoring Eurohypo S.A.'s collateral pool for Pfandbriefe (*Lettres de Gage*).

### **Auditors**

KPMG Audit Réviseurs d'Entreprises, 31, Allée Scheffer, L-2520 Luxembourg, Luxembourg, member of the Luxembourg "Institut des Réviseurs d'Entreprises" are Eurohypo S.A.'s independent auditors. They have audited the financial statements of Eurohypo S.A. for the years 1999 until 2005 and have issued their

unqualified opinion in each case.

### **Annual Meetings**

The annual meeting of the shareholders takes place on 15 April of each year at Eurohypo S.A.'s registered office or any other place in Luxembourg specified in the invitation to the shareholders.

### **Financial Year**

The financial year of Eurohypo S.A. is the calendar year.

### **Business Overview**

Founded in 1989 in Luxembourg with a licence for general banking business, Eurohypo S.A. initially conducted only public sector financing and mortgage banking business.

Eurohypo S.A. exchanged its licence for general banking business in September 1999 for a specialised licence as a Pfandbriefbank (*banque d'émission de lettres de gage*) and is since then authorised to issue Pfandbriefe in accordance with the Luxembourg Pfandbrief Law.

In line with this law Eurohypo S.A. is allowed to do as principal business public sector and property lending and issue Pfandbriefe which are covered respectively by public sector or mortgage loans. However, Eurohypo S.A. focuses on public sector finance in EU and OECD countries with the exception of Turkey, Mexico and South Korea as set out in its Articles of Association. To fund these lending activities Eurohypo S.A. issues Pfandbriefe depending on market conditions and investor interest (i.e. fixed rate, floating rate, currency, term) and does repo business (repurchase transactions) with banks.

On 31 December 2005 Eurohypo S.A. had 38 employees.

Eurohypo S.A.'s branch office in Ireland, EUROHYPO Europäische Hypothekenbank S. A., Dublin Branch has ceased its activities on 31 July 2006 and has been closed.

### **Principal activities**

The Bank is a specialist provider of financing for the public sector markets. It focuses on public sector financing activities and raises funding for this business activity through the issuance of public Pfandbriefe and repo business (repurchase transactions).

### **Principal markets**

According to the Luxembourg Pfandbrief law Eurohypo S.A. is allowed to do business in all OECD and EU countries. However in its Articles of Association it has restricted itself by not doing business in Turkey, Mexico and South Korea. Eurohypo S.A.'s principal geographical markets are Continental Europe, the United Kingdom, the United States of America, Canada and Japan.

### **Description of the group**

Eurohypo S.A. is part of Commerzbank Group. Since 31 March 2006 Commerzbank Group owns 98 per cent. of EUROHYPO which in turn holds all but one share of the shares in Eurohypo S.A..

### **Major Shareholdings**

Eurohypo S.A. holds a 33 per cent. interest in the capital of EUROHYPO Investment Banking Limited, London (formerly Deutsche Equus Limited, London).

## **Recent Development and Outlook**

The newly restructured public finance division launched on 1 January 2005 with its central portfolio has already produced impressive results in its first year.

Eurohypo S.A.'s new commitments in public sector finance totalled €9.7 billion in 2005, compared with €2.8 billion in the previous year.

During the financial year 2005, issuing activities totalled a volume of €6.8 billion, compared with €2.2 billion in 2004.

A major individual transaction was the first issue in domestic Canadian dollars, a 10-year bond for 250 million Canadian dollars. This was aimed at spreading the existing investor base still further.

On 4 April 2006 Eurohypo S.A. received from EUROHYPO subordinated capital in form of a loan of €100,000,000.

Eurohypo S.A. remains the top issuer in the Luxembourg Pfandbrief (*Lettres de Gage*) market and increased its market share to 56 per cent. at the end of the year, as shown by statistics Eurohypo S.A. compiles for itself and the other Pfandbriefbanks in Luxembourg with regard to the nominal amount of Pfandbriefe outstanding. As a result of these significant growth rates, Eurohypo S.A. is today among the top ten Luxembourg banks in terms of total assets. KPMG in its analysis of the Luxembourg banking market (Luxembourg Banks - Insights 2006) and the Luxembourg newspaper "d'Wort" in its comparison of the banks in Luxembourg (*classement des banques*), both referring to the financial statements as of 31 December 2005, allocate in terms of total assets position 8 to Eurohypo S.A.. Eurohypo Group has assigned to Eurohypo S.A. the responsibility for direct acquisitions in France, Belgium, Luxembourg and Switzerland.

The business model for public sector finance business which was introduced across the Group in 2005 will be consistently implemented. As in the previous year, Eurohypo S.A. will be taking a prominent role in the context of the new business activities for the Eurohypo Group and contributing the expertise and experience in the public sector gained since its establishment, making best use of the special potential offered under Luxembourg law.

In terms of issuing business, Eurohypo S.A. will be using its excellent positioning in the various markets and high level recognition and visibility in international investor circles to develop a thriving issuing operation in various currencies and to respond to the challenge of market leadership for Pfandbriefe (*Lettres de Gage Publiques*) in Luxembourg's financial centre.

### **Significant change in Eurohypo S.A.'s financial position**

Eurohypo S.A. achieved growth unequalled in its history. Total assets were up 43 per cent. from €16.7 billion at 31 December 2004 to €23.8 billion at the end of 2005.

For the first time ever, the financial year ended with a profit after tax of more than €20 million. This increase to 21.3 million from €15.1 million the previous year represents growth of 36.3 per cent. ROE of 10.1 per cent. after tax means that Eurohypo S.A. has already achieved the 9 per cent. target in 2005, which the parent company had set for the financial year 2007.

### **Cash flow statement**

Eurohypo S.A. is a specialist provider for financing in the public sector. It engages solely in public sector financing activities and funds these activities primarily through the issuance of public Pfandbriefe (*Lettres de Gage Publiques*) and repo business (repurchase transactions). The entire nominal value of Pfandbriefe in issue must be secured fully and at all times by appropriate cover collateral. The outstanding Pfandbriefe are covered by all collateral assets registered in the cover

register. Claims are not allocated to a specific Pfandbrief or Series. The pool of claims is not static, but characterized by a constant flow of incoming and outgoing items.

The Luxembourg Pfandbrief law states that Pfandbriefe in circulation and the assets that cover them, including the respective hedge derivatives, are not affected in case of the bank's bankruptcy or a moratorium, but are treated as special funds. The final maturity and current servicing of Pfandbriefe are thus not influenced by bankruptcy of the issuing bank. Hence, cash flow statements are not pertinent for Holders of Pfandbriefe. A Holder is mainly interested in the quality and the value of the assets in the collateral pool. An overview of the composition of the collateral pool is stated in the annual report (pages 48 and 49 in the Annual Report for 2004 and pages 52 and 53 in the Annual Report for the year 2005). In order to provide high transparency Eurohypo S.A. provides on its regularly updated website "www.eurohypo.lu" comprehensive information about its business development and about the composition of the collateral.

### **Important Events**

There has been a significant change in the shareholder structure of EUROHYPO AG, Eurohypo S.A.'s shareholder.

The previous shareholder structure was the following:

Deutsche Bank Group	28%
Commerzbank Group	49%
Allianz Group	21%
Free Float	2%

Since 31 March 2006 Commerzbank Group owns 98 per cent. of EUROHYPO's share capital.

A reorganisation of activities has taken place in the Ireland branch as part of the staff reduction measures at Group level. In this context, all claims and liabilities as at 1 November 2005 have been transferred to the office in Luxembourg and at the same time, the scope of the branch office has been restricted to that of an origination platform only.

During the course of these changes, 12 employees were made redundant. The Dublin branch has ceased its activities on 31 July 2006 and has been closed.

### **Trend information**

Eurohypo S.A. anticipates positive returns and a moderate increase in volumes for the financial year 2006 compared to the exceptional growth in 2005 as well as cost and income synergies from the acquisition of EUROHYPO by Commerzbank, which are likely to generate dynamic momentum for the Bank and its business development.

### **Statement of "No Material Adverse Change"**

There has been no significant change in the prospects of Eurohypo S.A. since the date of its last published audited financial statements.

## 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, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, is an independent accounting firm pursuant to the law regulating the profession of certified public accountants in Germany (Wirtschaftsprüferordnung) and applicable regulations thereunder. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft is a limited liability company incorporated under the laws of the Federal Republic of Germany, with its registered office at Rosenheimer Platz 4, 81669 Munich, and is registered in the Munich Commercial Register under HRB 83442.

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and its affiliated companies are a group of German accounting, tax service and consulting firms with 18 branches and offices in Germany, about 3,400 employees, and a turnover for the period ending on June 30, 2006, of approximately €517 million.

Internationally, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft is a member of Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu is an organisation (Swiss *Verein*) of member firms around the world, which provide services in four professional areas – audit, tax, consulting and financial advisory services – with 135,000 people in nearly 150 countries and with a 12 month turnover of 20 billion U. S. dollars worldwide for the period ending on May 31, 2006. Services are not provided by the Deloitte Touche Tohmatsu Verein and, for regulatory and other reasons, certain member firms do not provide services in all four professional areas. As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other, related names.

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 Fitch, and AAA by S&P.

The Class A Notes are expected to be rated AAA by Fitch, AAA and by S&P.

The Class B Notes are expected to be rated AA by Fitch and AA by S&P.

The Class C Notes are expected to be rated A by Fitch and A by S&P.

The Class D Notes are expected to be rated BBB by Fitch and BBB by S&P.

The Class E Notes are expected to be rated BB by Fitch and BB by S&P.

The Class F Notes are expected not to be rated by Fitch and to be rated BB- by S&P.

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 and Fitch assign to long term debts.

The ratings of each Class of the Notes by S&P and Fitch address the likelihood that the holders of such Class will receive all payments to which they are entitled, as described herein. The ratings of each Class of the Notes by S&P and Fitch also address 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 (*Solidaritätszuschlag*) 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 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 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).

### **Possible Introduction of a Flat Tax (*Abgeltungssteuer*) on Investment Income and Private Capital Gains**

According to Ministry of Finance press releases, the German coalition government has reached agreement on the introduction of a flat tax (*Abgeltungssteuer*) on investment income and private capital gains as elements of a corporate income tax reform.

The flat tax would be levied by German withholding agents as a withholding tax, inter alia, on interest income, dividends and capital gains from the disposal of securities held as non-business assets, irrespective of any holding period. Payment of the flat tax would satisfy any income tax liability of the investor in respect of such investment income or private capital gains. The envisaged tax would be levied at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) of the relevant gross income. However, taxpayers would be able to apply for a tax assessment on the basis of net taxable income. According to the press releases, the flat tax would take effect from 1 January 2009 but would only be imposed on capital gains from assets acquired after 31. December 2008.

As of the date of this offering circular, no draft bill has been presented. It remains unclear whether and in which form the envisaged legislative changes will become effective.

### **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**

Business profits derived by the Issuer would only be subject to German corporate income tax if the Issuer (i) had its place of effective management and control (*Geschäftsleitung*) or otherwise maintained a permanent establishment (*Betriebsstätte*) in Germany or (ii) appointed a permanent representative (*ständiger Vertreter*) for its business in Germany or (iii) otherwise received German-source income. In the case of (i) such business profits would be subject to German trade tax if the Issuer maintained a permanent establishment in Germany to the extent that the net income would be attributable to such permanent establishment.

For German tax purposes, the place of effective management and control of the Issuer is defined as the place where the preponderance of managerial decisions which are relevant in conducting the day-to-day business of the Issuer, is taken. The place of effective management and control constitutes a permanent establishment. A permanent establishment is otherwise constituted by any fixed place of business or facility which serves the purposes of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*), such as an office or a branch.

A permanent representative of an Issuer is defined as a person that habitually acts in an agency capacity and – subject to the instructions of such Issuer in respect of business dealings of the Issuer – in particular concludes contracts in the name of or acts as an intermediary with respect to contracts concluded by the Issuer.

In principle, as there are no activities in Germany attributable to the Issuer for tax purposes, the Issuer has been advised that it should neither maintain a permanent establishment (*Betriebsstätte*) in Germany nor should have been treated as having appointed a permanent representative (*ständiger Vertreter*). However, investors should note that there is no certainty that the German tax authorities will agree with this assessment. In particular, it should be noted that current legislative proposals may be viewed as an indication that vehicles such as those typically used in securitisation transactions will be required to satisfy increased "substance" criteria in the future. As a consequence, the Issuer may be exposed to a higher risk that a tax authority considers it having its place of effective management and control, or otherwise maintaining a permanent establishment, or as having appointed a permanent representative, in Germany.

If the Issuer were treated (i) as effectively managed and controlled in Germany or otherwise maintaining a German permanent establishment or (ii) as having appointed a German permanent representative, the Issuer would be subject to German corporate income tax and, in the case of (i) above, to trade tax. In calculating the tax base, the Issuer would, however, generally be entitled to deduct expenses accrued in a given tax year, including the interest paid on the Notes for corporate income tax purposes. The Issuer could therefore be expected to have a relatively small if not a flat corporate income tax base. However, in the case of (i) above, half of the interest payments deducted for corporate income tax purposes would have to be added-back in order to determine the trade tax base and consequently trade tax on such amount would be levied. Furthermore, Investors should note that according to Ministry of Finance press releases, the German coalition government has reached agreement on certain elements of corporate tax reform, including a decrease of the corporate income tax rate from 25% to 15% (in each case plus 5.5% solidarity surcharge thereon) such that the aggregate nominal income tax burden for corporations (corporate income tax and trade tax) would decrease to below 30%. The tax reform package would enter into force on January 1, 2008 and would

also contain certain revenue raisers: For purposes of corporate income tax, debt financing of companies would be limited by an anti interest-stripping rule (*Zinsschranke*). Net interest expenses if exceeding Euro 1 million would only be deductible to an extent of 30 per cent. of current year net earnings before interest. Non-deductible interest expenses would be carried forward and would generally be deductible in subsequent fiscal years, subject to limitations similar to those applicable in the current year. For purposes of trade tax, the addition of 50 per cent. of interest on long term debt (if applicable) would be replaced by an addition to the tax base of 25 per cent. of all interest payments and certain other interest components, such as those contained in rental and lease payments, in excess of Euro 100,000. As of the date of this offering circular it remains unclear whether and in which form the envisaged legislative changes will become effective.

Investors should further note that even if the German tax authorities agreed with the above assessment and do not view the Issuer's activities as carried out by a permanent establishment or permanent representative in Germany, the Issuer might otherwise receive German-source income, *i.e.*, deriving from the (i) interest and, potentially, capital gains from the Note Collateral and, in addition thereto, potentially, (ii) Guarantee Fees under the Issuer Guarantee. German-source income should, however, not result in a limited (*beschränkte*) German corporate income tax liability (and trade tax liability) in the case that the acquired Note Collateral solely consists of Luxembourg public covered bonds (*Öffentliche Pfandbriefe*). By contrast, if the Issuer exchanged the Note Collateral by other Collateral Assets, the income received from such Collateral Assets may constitute income taxable in Germany. As Germany and Jersey have not concluded a double taxation treaty, Germany's right to tax such income would not be excluded or limited. The Issuer has been advised that German-source income deriving from the Issuer Guarantee should not be subject to a limited (*beschränkte*) German corporate income tax liability (and trade tax liability). By contrast, other Collateral Assets constituting taxable German-source income, may trigger withholding tax. With regard to such income, Investors should note that according to a legislative proposal it is contemplated to introduce additional requirements for the exemption from and the reimbursement of such German withholding tax under applicable double taxation treaties or under EC law. Hence, if said proposal was implemented, tax withheld may not be recoverable by the Issuer or, as the case may be, the Issuer may not apply for a certificate of exemption (*Freistellungsbescheinigung im Steuerabzugsverfahren*) unless the Issuer met certain substance requirements as specified by the proposed rules.

### **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 an 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 IN JERSEY

The following summary of the anticipated tax treatment in Jersey of the Issuer is based on Jersey taxation law and practice in force at the date of this document and does not constitute legal or tax advice. Prospective investors should consult their professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change.

The Issuer will have exempt company status within the meaning of Article 123A of the Income Tax (Jersey) Law 1961, as amended for the current calendar year. The effect of such special status is that the Issuer is treated as a non-resident company for the purposes of Jersey tax laws and is therefore exempt from Jersey income tax on its profits arising outside Jersey (and, by concession, on bank deposit interest arising in Jersey) and from any obligation to withhold Jersey income tax from any interest or dividend payments made by it. Such status is applied for on an annual basis (together with payment of the required charge, currently £600). The retention of exempt company status is conditional upon the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax.

As an exempt company, payments in respect of the Notes will not be subject to taxation in Jersey, no withholding will be required for or on account of Jersey income tax on such payments to any holder of a Note and gains derived from the sale of Notes will not be subject to Jersey income tax, in each case in the hands of persons not resident for income tax purposes in Jersey. As at the date of this Prospectus, Jersey has no capital gains tax and no inheritance tax or gift tax.

No stamp duty or similar taxes are payable in Jersey in connection with the issue, redemption or sale of the Notes.

### **European Union Directive on the Taxation of Savings Income**

On 3 June 2003, the European Union Council of Economic and Finance Ministers adopted a directive on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"). From 1 July 2005, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other EU Member State; however, Austria, Belgium and Luxembourg will instead apply a withholding tax system for a transitional period in relation to such payments.

Jersey is not subject to the EU Savings Tax Directive. However, in keeping with Jersey's policy of constructive international engagement, the States of Jersey has introduced a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent situate in Jersey (the terms "beneficial owner" and "paying agent" are defined in the EU Savings Tax Directive). The retention tax system will apply for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. The transitional period will end only after all EU Member States apply automatic exchange of information and the EU Member States unanimously agree that the United States of America has committed to exchange of information upon request. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

Under the implementation of the retention tax system in Jersey the Issuer will not be obliged to levy retention tax in respect of interest payments made by it to a paying agent.

## **European Union Code of Conduct on Business Taxation**

On 3 June 2003, the European Union Council of Economic and Finance Ministers reached political agreement on the adoption of a Code of Conduct on Business Taxation. Jersey is not a member of the European Union, however, the Policy & Resources Committee of the States of Jersey has announced that, in keeping with Jersey's policy of constructive international engagement, it intends to propose legislation to replace the Jersey exempt company regime by 2008 with a general zero rate of corporate tax.



## SUBSCRIPTION AND SALE.

### Subscription of the Notes

Pursuant to the Subscription Agreement dated December 7, 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.

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
- (iii) 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.* Each of the Managers has agreed and represented that (i) the offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each of the Managers has agreed and represented that it will not offer, sell or deliver Notes or distribute or make available any Notes or copies of this Prospectus or any other document relating to Notes 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, in compliance with the terms and procedures provided therein, provided that such professional investors will act in that capacity and not as depositaries or nominees for other holders; or
- (b) in circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**"), as amended and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Each of the Managers has represented and agreed that 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:

- (a) 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, as amended (the "**Banking Act**") and the implementing guidelines of the Bank of Italy; and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines (*Istruzioni di Vigilanza per le Banche*) of the Bank of Italy, pursuant to which the issue, offer or sale of securities in the Republic of Italy may need to be preceded and followed by appropriate notice

to be filed with the Bank of Italy depending, inter alia, on the aggregate value of the securities issued, offered or sold in the Republic of Italy and their characteristic, unless an exemption applies.

In any case, the Notes cannot be offered, sold, delivered, distributed or made available to any non-professional investor in Italy either in the primary or secondary market.

*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.

*Jersey.* The Notes may not be offered to, sold to or purchased by persons resident for income tax purposes in Jersey other than financial institutions in the normal course of business.

*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 465,600,000. The Issuer will use the net proceeds from the issue of the Notes to acquire the Note Collateral from Eurohypo S.A. on the Issue Date.

## GENERAL INFORMATION

### Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer on November 30, 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 guidelines 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 (the "**Prospectus Directive**"), for the Prospectus to be approved. The Prospectus constitutes a prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). 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, Class E Notes and Class F Notes to be admitted to the Official List and trading on its regulated market. The Issuer has appointed Deutsche Bank Luxembourg S.A., 2 Bld Konrad Adenauer, L-1115 Luxembourg, as the initial listing agent for the Irish Stock Exchange in Dublin and Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, 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 Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, 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 XS0274873941  
Common Code 027487394  
WKN A0LDKG

Class D  
ISIN XS0274875052  
Common Code 027487505  
WKN A0LDKL

Class A  
ISIN XS0274874246  
Common Code 027487424  
WKN A0LDKH

Class E  
ISIN XS0274875565  
Common Code 027487556  
WKN A0LDKM

Class B  
ISIN XS0274874592  
Common Code 027487459  
WKN A0LDKJ

Class F  
ISIN XS0276247748  
Common Code 027624774  
WKN A0LDR9

Class C  
ISIN XS0274874832  
Common Code 027487483  
WKN A0LDKK

## 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](http://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 December 7, 2006, the Administration Agreement dated December 7, 2006, the Cash Administration Agreement dated December 7, 2006, the Agency Agreement dated December 4, 2006, the Custody Account Agreement when entered into after the Issue Date pursuant to the Trust Agreement, the Transaction Account Agreement dated December 7, 2006, the Subscription Agreement dated December 7, 2006, the First Pledge Agreement dated December 7, 2006, and the Issuer Guarantee dated December 7, 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").

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Channel Islands

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Channel Islands

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