

PROSPECTUS

PB Domicilio 2007-1 Limited

(incorporated in Ireland)

Credit linked notes

€500,000

Class A1+ Floating Rate Credit Linked Notes

Issue Price: 100%

€500,000

Class A2+ Floating Rate Credit Linked Notes

Issue Price: 100%

€38,300,000

Class B Floating Rate Credit Linked Notes

Issue Price: 100%

€13,400,000

Class C Floating Rate Credit Linked Notes

Issue Price: 100%

€11,200,000

Class D Floating Rate Credit Linked Notes

Issue Price: 100%

€5,700,000

Class E Floating Rate Credit Linked Notes

Issue Price: 100%

The Class A1+, Class A2+, Class B, Class C, Class D and Class E (each class of Notes, a "Class", and all Classes collectively, the "Issue" or the "Notes") of PB Domicilio 2007-1 Limited (the "Issuer") are linked to the performance of a reference pool (the "Reference Pool") of certain claims (each such claim, a "Reference Claim") for the payment of principal and interest in the case of amortising loans, and for the payments under the building savings agreements, and payments of interest in the case of bullet loans, arising from certain residential mortgage loans originated pursuant to applicable provisions of Italian law and, to the extent not contradictory, the German Act on Building Societies (*Bausparkassengesetz*) by BHW Bausparkasse AG ("BHW" or the "Bank") (including its branches), and serviced by the Servicer. Each Reference Claim is secured by one or more first priority or subordinated mortgages (the "Mortgages") on one or more residential properties located in Italy (each, a "Mortgaged Property") and in some cases by certain additional collateral. For the purposes of Loss Allocation such Mortgage or Mortgages and any other collateral will be allocated to such Reference Claims as collateral as described herein (together, the "Reference Collateral") (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 Protected Amount of the Reference Claims included in the Reference Pool as of the Cut-off Date was EUR 1,388,636,810.45.

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

Merrill Lynch International (in such capacity, the "Lead Manager") will purchase the Notes from the Issuer on July 9, 2007 (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.

Joint Arranger, Sole Bookrunner and Lead Manager

MERRILL LYNCH INTERNATIONAL

Joint Arranger

Deutsche Postbank AG

The date of this Prospectus is July 2, 2007.

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" .

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

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

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

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

On the Issue Date, the Issuer will also pledge the Eurohypo Pfandbriefe and the Postbank Notes to the Bank as security for the Issuer's obligations under the Loss Guarantee as described herein. Such pledge will rank senior to the pledge in respect of the Eurohypo Pfandbriefe and the Postbank Notes 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 Clearstream Banking AG, Frankfurt, 60485 Frankfurt am Main, Germany ("**Clearstream Frankfurt**"). The Temporary Global Notes will be deposited with Clearstream Frankfurt on or before the Issue Date.

The Notes may be transferred in book-entry form only. The Class B Notes, Class C Notes, Class D Notes and Class E Notes will be issued in denominations of EUR 100,000 and the Class A1+ Notes and Class A2+ Notes will be issued in denominations of EUR 50,000. The Global Notes will not be

exchangeable for definitive securities.

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 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 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 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.

<u>Class</u>	<u>Initial Class Principal Amount</u>	<u>Interest Rate</u>	<u>ISIN</u>
Class A1+	EUR 500,000	EURIBOR* + 0.35%	DE000A0NYWL2
Class A2+	EUR 500,000	EURIBOR* + 0.35%	DE000A0NYWM0
Class B	EUR 38,300,000	EURIBOR* + 0.35%	DE000A0NYWN8
Class C	EUR 13,400,000	EURIBOR* + 0.48%	DE000A0NYWP3
Class D	EUR 11,200,000	EURIBOR* + 0.90%	DE000A0NYWQ1
Class E	EUR 5,700,000	EURIBOR* + 3.00%	DE000A0NYWR9

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

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

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

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

The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Eurohypo Pfandbriefe and/or the Postbank Notes become subject to withholding taxes and/or payments under the Loss Guarantee become subject to any 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 a Loss Guarantee Termination occur as a result of withholding or deduction for taxes with respect to payments on the Notes, the Eurohypo Pfandbriefe, the Postbank Notes, the Loss Guarantee, the Super Senior Swap, the Junior Senior Swap or any other agreement relating to this Transaction. See "THE NOTES – Early Redemption by the Issuer".

In connection with the issue of the Notes,

- (i) the Bank will enter into a loss guarantee agreement (the "**Loss Guarantee**") between the Issuer as protection seller and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Loss 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;
- (ii) Deutsche Postbank AG will issue unsecured, unsubordinated bearer notes (the "**Postbank Notes**") under which Deutsche Postbank AG undertakes to pay the purchaser of the Postbank Notes the principal amount equal to the aggregate of the principal amounts payable under the Class D Notes and Class E Notes;
- (iii) the Issuer will use the proceeds from the issue of the Notes to purchase the Eurohypo Pfandbriefe from Eurohypo AG and the Postbank Notes from Deutsche Postbank AG on the Issue Date;
- (iv) the Bank will enter into a credit default swap (the "**Junior Senior Swap**") between a counterparty as protection seller (the "**Junior Senior Swap Counterparty**") and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Junior Senior Swap, the Junior Senior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A2+ Notes is reduced as a result of any Loss Allocation; and
- (v) the Bank will enter into a credit default swap (the "**Super Senior Swap**") between a counterparty as protection seller (the "**Super Senior Swap Counterparty**" and together with the Junior Senior Swap Counterparty, the "**Swap Counterparties**") and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Super Senior Swap, the Super Senior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A1+ 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 Super Senior Swap and the Junior Senior Swap and the respective rights and obligations of BHW and the Swap Counterparties thereunder, *provided that* in the case of a conflict of interest between the interests of the Super Senior Swap Counterparty, the Junior Senior Swap Counterparty and the Noteholders, priority will be given to the interests of the Super Senior Swap Counterparty and the holder of the Class A1+ Notes, then to the interests of the Junior Senior Swap Counterparty and the holder of the Class A2+ 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 purposes of the Loss Allocation. See "THE TRUST AGREEMENT".

The Class A1+, Class A2+, Class B, Class C, Class D and Class E Notes (the "**Notes**") are expected to be rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" or the "**Rating Agency**"). It is a condition of the issue of the Notes that each Class of the Notes receives the rating indicated below:

<u>Class</u>	<u>S&P</u>
Class A1+	AAA
Class A2+	AAA
Class B	AA
Class C	A
Class D	BBB
Class E	BB

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

The rating of each Class of Notes by S&P addresses the likelihood that the holders of such Class will receive all payments to which they are entitled, as described herein. The rating of each Class of Notes by S&P also addresses the risk that a Realised Loss will be allocated to such Class pursuant to the Terms and Conditions as described herein. The rating of S&P 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 Agency at any time.

There can be no assurance as to whether any rating agency other than the Rating Agency would rate the Notes or, if it did, what rating would be assigned by such other rating agency. The ratings assigned to the Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agency.

In this Prospectus references to "**euro**" or "**EUR**" or "**€**" are to the single unified currency of the members of the European Union ("**EU**"), including Germany and Ireland, which adopted the euro in accordance with the Treaty on European Union, as amended from time to time. The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order to ascribe to them the correct technical meaning under applicable law.

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

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

- (a) the Trustee only is responsible for the information under "THE TRUSTEE";
- (b) the Bank only is responsible for the information under "OUTLINE OF THE TRANSACTION – The Reference Pool", "DESCRIPTION OF THE REFERENCE POOL", "REFERENCE POOL SERVICING" and "THE BANK";
- (c) Eurohypo AG is responsible for the information under "THE COLLATERAL – Outline of the Terms and Conditions of the Eurohypo Pfandbriefe" and "EUROHYPO AG";
- (d) Deutsche Postbank AG is responsible for the information under "THE COLLATERAL – Outline of the Terms and Conditions of the Postbank Notes" and "DEUTSCHE POSTBANK AG"; and
- (e) Deutsche International Corporate Services (Ireland) Limited is responsible for the information under "THE ADMINISTRATION – Description of the Administrator".

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.

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.

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

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which Deutsche Postbank AG 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 Deutsche International Corporate Services (Ireland) Limited is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Subject to the following paragraphs, each of the Issuer, the Trustee, the Bank, Eurohypo AG, Deutsche Postbank AG and Deutsche International Corporate Services (Ireland) Limited 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; the Bank; Eurohypo AG or of Deutsche Postbank AG which is material in the context of the issue and offering of the Notes or with respect to the Reference Pool since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

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

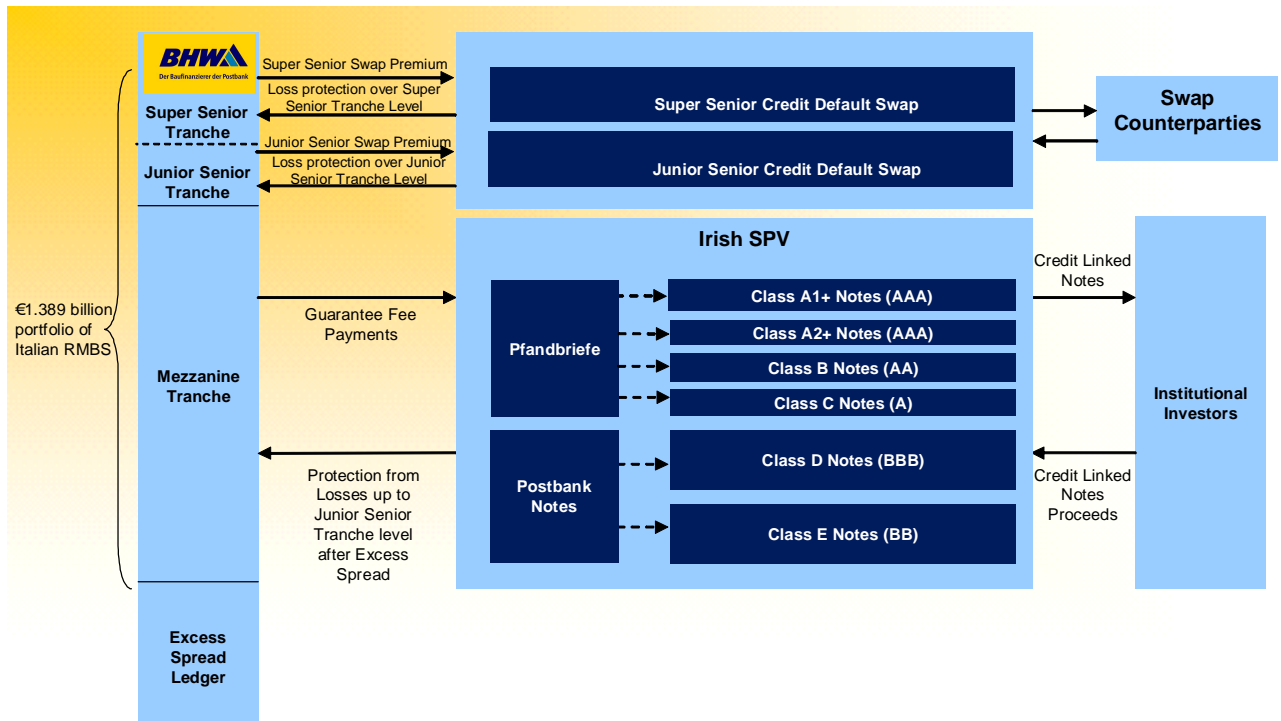
In connection with the issue and distribution of the Notes, the Lead Manager, or any person acting for it, may over-allot Notes (*provided that* the aggregate principal amount of Notes allotted does not exceed 105 percent of the aggregate principal amount of Notes) or effect transactions with a view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

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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

PB Domicilio 2007-1 Limited, a private limited liability company incorporated under the laws of Ireland with registration number 439599 and having its registered office at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland, telephone number: (+353) 1 680 6000. The Issuer has been established for the purpose of issuing the Notes, entering into the Loss 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 claims for the payment of principal and interest in the case of amortising loans, and for the payments under the building savings agreements and payments of interest in the case of bullet loans, arising from certain residential mortgage loans originated pursuant to applicable provisions of Italian law and, to the extent not contradictory, the German Act on Building Societies (*Bausparkassengesetz*) by the Bank (including its branches), and serviced by the Servicer. Each Reference Claim is secured by one or more first priority or subordinated mortgages on one or more residential properties located in Italy and in some cases by certain additional collateral. See "THE NOTES".

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".

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

Status of the Notes

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

Administrator

Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

The Account Bank

BNP Paribas Securities Services, Frankfurt Branch, Grüneburgweg 14, 60322 Frankfurt am Main, Germany.

The Bank

BHW Bausparkasse AG, Lubahnstrasse 2, 31789 Hameln,

	Germany (including its branches).
The Servicer	The Bank. See "REFERENCE POOL SERVICING".
The Lead Manager	Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom.
Joint Arrangers	Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom and Deutsche Postbank AG, Friedrich-Ebert-Allee 114-126, 53113 Bonn, Germany.
The Trustee	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstrasse 6, 40476 Düsseldorf, Germany.
The Principal Paying Agent	BNP Paribas Securities Services, Frankfurt Branch, Grüneburgweg 14, 60322 Frankfurt am Main, Germany.
The Irish Listing Agent	BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald-Hesperage, L-2085 Luxembourg, Luxembourg.
The Irish Paying Agent	BNP Paribas Securities Services, Dublin Branch, 6 George's Dock, IFSC, Dublin 1, Ireland.
Cut-off Date	April 30, 2007
Issue Date	July 9, 2007
Payment Dates	Without prejudice to Section 11.2 (Early Redemption for Default – Method and Amount) of the Terms and Conditions, payments of principal and interest on the Notes will be made to the Noteholders quarterly in arrear, on the 7 th calendar day of January, April, July and October, 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 in October 2007.
Interest Accrual Period	In respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date.
Payment of Interest	On each Payment Date, the interest accrued during the applicable Interest Accrual Period at the per annum rate indicated herein for each Class of Notes will be payable on the Class Principal Amounts outstanding as of the immediately preceding Payment Date (after Loss Allocation, allocation of Late Recoveries, Unjustified Loss Allocation and payment of principal, if any, on such date) or the Issue Date (in the case of the first Payment Date) as described herein.

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

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

Payment of Principal

On each Payment Date, the Notes may be redeemed in an amount equal to the Excess Amount as follows:

- (i) the Class A1+ Notes shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A1+ Reduction Factor;
- (ii) after the Class A1+ Notes have been redeemed in full, the Class A2+ shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A2+ Reduction Factor;
- (iii) after the Class A2+ Notes have been redeemed in full the Class B, the Class C, the Class D and then the Class E Notes, in this order sequentially, shall be redeemed up to an amount or in an amount in aggregate equal to the Excess Amount,

provided that the redemption amount allocated to each Class of Notes will be, in each case, calculated after the reduction of the Class Principal Amount(s) by allocation of Realised Losses, if any, and the increase of the Class Principal Amount(s) as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, Late Recoveries and/or Unjustified Loss Allocation, if any, in each case, on the relevant Payment Date pursuant to Section 8 (Loss Allocation), Section 8.5 (Loss Allocation – Excess Spread Ledger), Section 8.2 (Loss Allocation – Late Recoveries) and Section 9 (Unjustified Loss Allocation) of the Terms and Conditions.

"Excess Amount" means, in respect of each Payment Date, the excess, if any, of (A) the aggregate of the Class Principal Amounts of all Classes of Notes (multiplied in the case of the Class A1+ Notes by the A1+ Increase Factor and multiplied in the case of the A2+ Notes by the A2+ Increase Factor) as of the calendar day immediately preceding such Payment Date, as reduced by allocation of Realised Losses, if any, and increased as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, by any Late Recoveries and/or as a result of allocation of Unjustified Loss Allocation, if any, in each case, on such Payment Date (divided, in the case of Class A1+ Notes, by the A1+ Reduction Factor and divided, in the case of the Class A2+ Notes, by the A2 Reduction Factor) over (B) the aggregate Outstanding Protected 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) 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 A1+ Reduction Factor and multiplied, in the case of (ii) above, by the A2+ 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 A1+ Reduction Factor and divided, if such Class Excess results from the application of (ii) above, by the A2+ 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), (ii) and (iii) above.

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

**Redemption - Scheduled
Maturity Date**

The Payment Date falling in January 2031. The Notes will be redeemed on the Scheduled Maturity Date unless earlier redeemed as described herein, *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 each Payment Date after the Scheduled Maturity Date as described herein.

See "THE NOTES – Redemption – Scheduled Maturity".

**Redemption - Legal Maturity
Date**

The Payment Date falling in January 2033. See "THE NOTES – Redemption – Legal Maturity".

Early Redemption

The Issuer shall redeem the Notes before the Scheduled Maturity Date as described herein if a Loss Guarantee Termination occurs.

Loss Guarantee Termination occurs: (A) on the Payment Date as of which the Loss Guarantee is terminated by the Bank at its option (i) following the occurrence of a Regulatory Event, or (ii) following the reduction of the Aggregate Principal Balance to 10% or less of the Initial Aggregate Principal Balance, or (iii) falling in or after January 2013; or (B) on the date the Loss Guarantee is terminated because of the occurrence of an Issuer Event of Default or a Bank Event of Default.

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

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 has occurred, *provided that* the right to declare the Notes due shall cease to exist if such Default Event has been cured before the right is exercised. 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 (and excluding) the Cut-off Date until (and including) the last Servicer Business Day of the second calendar month preceding the month in which the first Payment Date occurs, and with respect to any subsequent Payment Date the period from the calendar day immediately following the last day of the previous Collection Period until the last Servicer Business Day of the second calendar month 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 loan claims for the payment of principal and interest in the case of amortising loans, and for the payments under the building savings agreements and payments of interest in the case of bullet loans, arising from 21,208 fixed rate, amortising or bullet residential mortgage loans with a calculated final maturity (as of the Cut-off Date) not extending beyond January 2031. The loans bear interest at rates initially fixed for a certain period, generally between 1 and 25 years, and at the end of this period the rate of interest is adjusted for a subsequent fixed rate period. The aggregate Outstanding Nominal Amount of the Reference Claims as of the Cut-off Date was EUR 1,486,140,274.22. The aggregate Outstanding Protected Amounts as of the Cut-off Date was EUR 1,388,636,810.45. The aggregate principal balance of the Building Savings Contracts maintained by the Borrowers in connection with the Reference Loans as of the Cut-off Date was EUR 97,503,463.77.

Each Reference Claim is secured by one or more first priority or subordinated mortgages on one or more residential properties located in Italy, and in some cases certain other collateral. 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 Agency on or before such date.

As of the Cut-off Date or, with respect to Provision 6(xxxv) of the Reference Pool Provisions, as of May 31, 2007, certain

Eligibility Criteria with respect to each of the Reference Claims must be met. Reference Claims which did not meet such Eligibility Criteria as of the Cut-off Date or May 31, 2007, as applicable, 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 Collateral.

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

See "REFERENCE POOL SERVICING".

Servicing Standards The standard credit and collection policies 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".

Realised Loss Realised Loss means, with respect to a Liquidated Reference Claim, the Outstanding Protected 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, including or (where there are no other losses with respect to such Liquidated Reference Claim) consisting 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).

See "THE NOTES – Loss Allocation".

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 balance on the Excess Spread Ledger to zero, and thereafter to reduce the Note Principal Amounts to EUR 1 per Note of the Class E Notes, the Class D Notes, the Class C Notes and the Class B Notes, in this order sequentially. Realised Losses will be allocated to reduce the Class Principal Amount of the Class A2+ Notes only after the Class Principal Amount of the Class B Notes has been reduced to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A2+ Reduction Factor shall be

allocated to reduce the Class Principal Amount of the Class A2+ Notes. Realised Losses will be allocated to reduce the Class Principal Amount of the Class A1+ Notes only after the Class Principal Amount of the Class A2+ Notes has been reduced to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A1+ Reduction Factor shall be allocated to reduce the Class Principal Amount of the Class A1+ Notes.

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

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

Excess Spread Ledger

The Bank will maintain for the purpose of the Loss Allocation an Excess Spread Ledger as set out in Section 8.5 (Excess Spread Ledger) of the Terms and Conditions.

As of any Payment Date, the Excess Spread Amount calculated in respect of the Related Collection Period will be credited to the Excess Spread Ledger. On each Payment Date, any amount standing to the credit of the Excess Spread Ledger shall, in the following order, (i) be reduced by Realised Losses to be allocated on such Payment Date, (ii) be allocated to reverse previous reductions of the Note Principal Amounts of any Class of Notes and (iii) be applied to pay interest on any Notes which have been reduced due to Loss Allocation prior to such Payment Date, in each case, pursuant to Section 8.1 (Loss Allocation – Order and Conditions) of the Terms and Conditions. Prior to an Early Redemption by the Issuer pursuant to Section 12 (Early Redemption by the Issuer) of the Terms and Conditions, the balance of the Excess Spread Ledger may not exceed EUR 9,200,000.

"Excess Spread Amount" means (i) with respect to the first and second Collection Periods following the Cut-off Date, zero and (ii) with respect to any Collection Period thereafter, an amount in euro equal to the product of (a) 0.50% per annum, (b) the Aggregate Nominal Balance as of the end of such Collection Period reduced by the aggregate Outstanding Nominal Amounts of all Reference Claims in relation to which a Credit Event has occurred as of the end of such Collection Period, and (c) the actual number of days in such Collection Period divided by 360.

See "THE NOTES – Loss Allocation – Excess Spread Ledger".

Note Collateral

On the Issue Date, the Issuer will purchase public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Eurohypo Pfandbriefe**") from Eurohypo AG and bearer notes of

Deutsche Postbank AG (the "**Postbank Notes**") from Deutsche Postbank AG pursuant to the Securities Purchase Agreement. The Eurohypo Pfandbriefe together with the Postbank Notes are referred to as the "**Note Collateral**".

The Eurohypo Pfandbriefe constitute direct, unconditional and unsubordinated obligations of Eurohypo AG ranking *pari passu* among themselves. The Eurohypo Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz*) and rank at least *pari passu* with all other obligations of Eurohypo AG arising from public Pfandbriefe (*Öffentliche Pfandbriefe*).

The Postbank Notes constitute unsecured, unsubordinated obligations of Deutsche Postbank AG ranking *pari passu* among themselves and *pari passu* with all other unsecured, unsubordinated obligations of Deutsche Postbank AG. Each Series of Postbank Notes has terms and conditions matching with those of the Class of Notes secured by such Series, including with respect to principal and interest (except for the rate of interest), payment dates, re-increase as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, by Late Recoveries and/or as a result of the Unjustified Loss Allocation and maturity date; allocation of any Realised Loss to the Class D Notes or the Class E Notes shall result in a redemption of the principal amount of the corresponding Series of Postbank Notes in an amount equal to the amount by which the Class Principal Amount of the Class D Notes or the Class E Notes has been reduced pursuant to such Loss Allocation.

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 Eurohypo Pfandbriefe or Postbank Notes. 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 Loss Guarantee towards the Bank. In addition, the Issuer will on the Issue Date pledge (*verpfänden*) to the Trustee all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the First Pledge Agreement, the Irish Security Agreement, the Super Senior Swap and the Junior Senior Swap) to secure the Trustee Claim under the Trust Agreement.

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

Form and Denominations

Each Class of Notes will be initially represented by a Temporary Global Note in bearer form which will be exchangeable for a Permanent Global Note in bearer form representing the relevant Class of Notes as described herein. The Notes may be transferred in book-entry form only. The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be issued in denominations of EUR 100,000 and the Class A1+ Notes and Class A2+ Notes will be issued in

denominations of EUR 50,000. The Global Notes representing the Notes will not be exchangeable for definitive securities. Clearstream Frankfurt will hold the Global Notes for Clearstream Frankfurt Accountholders, including for the account of the operator of Euroclear and Clearstream Luxembourg, each of which is a Clearstream Frankfurt Accountholder. 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 Swap Counterparties, 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 Loss Guarantee, the Super Senior Swap and the Junior Senior Swap 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 Loss Guarantee.

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

In addition, pursuant to the Loss Guarantee, the Bank shall pay to the Issuer on each Payment Date falling in October in advance an annual transaction fee in the amount of EUR 1,000.

Pursuant to the Loss Guarantee, the Bank will, on the Issue Date, deposit an amount into the Cash Collateral Account for the benefit of the Issuer sufficient to cover any one and one-half Guarantee Fees.

See "THE LOSS GUARANTEE".

Use of Proceeds

The net proceeds from the issue of the Notes are approximately EUR 69,600,000. 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 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 A1+ Notes, Class A2+ Notes, Class B Notes, Class C Notes, Class D Notes and the Class E Notes to be admitted to the Official List and trading on the regulated market of the Irish Stock Exchange. The direct cost of the admission of the Notes to trading on the Irish Stock Exchange amount to approximately EUR 5,782.40.
Settlement	It is expected that delivery of the Notes will be made on or about the Issue Date through the book-entry facilities of Clearstream Frankfurt 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 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	<p>Payments with respect to the Notes are to be made by the Issuer net of any withholding taxes required to be deducted by law and any withholding taxes imposed with respect to the Eurohypo Pfandbriefe, the Postbank Notes and/or the Loss Guarantee.</p> <p>The Noteholders will not be entitled to gross-up payments in the event that payments on the Notes and/or payments under the Eurohypo Pfandbriefe and/or the Postbank Notes become subject to withholding taxes and/or payments under the Loss Guarantee become subject to any taxes, and the Noteholders will not have the right to require an early redemption of the Notes in such event. See "THE NOTES – Taxes".</p>

RISK FACTORS

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

THE NOTES

Liability and Limited Recourse under the Notes

The Notes represent obligations of the Issuer only, and do not represent an interest in or obligations of the Lead Manager, the Trustee, any of the Agents, the Servicer, the Bank or any of their respective 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 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 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 Loss Guarantee or the amount of the proceeds resulting from enforcement of the security granted by the Issuer to the Trustee over the Collateral pursuant to the Trust Agreement. If the Trustee enforces the claims under the Notes, such enforcement will be limited to those assets of the Issuer over which the Trustee was granted security. To the extent that such assets, or the proceeds of the realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders in full, then any shortfall arising shall be extinguished and neither any Noteholder nor the Trustee shall have any further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when, in the reasonable opinion of the Trustee, no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders, and neither assets nor proceeds will be so available thereafter.

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

Credit Linked Notes

The payment of principal of and, due to potential principal reductions, interest on the Notes is conditional upon the performance of the Reference Claims as described herein. 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.

In any insolvency of the Bank, the principal balances of the Building Savings Contracts relating to non-amortising Reference Claims may cease to be increased. In such event, it is possible that the Outstanding Protected Amounts of such Reference Claims will no longer be reduced before the final maturity of such Reference Claims. In addition, the obtaining of a follow-on financing with respect to a Reference Loan may be deferred in any insolvency of the Bank. This may result in a delay of the redemption of the relevant Reference Claim and the related Principal Reductions, and, as such, in a

delay in the redemption of the Notes, if the Notes have not been redeemed upon the insolvency of the Bank.

Compliance 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

Neither the Noteholders nor the Issuer will 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. See "THE NOTES - Loss Allocation".

Leverage

The initial aggregate of the Class Principal Amounts of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be EUR 68,600,000. The initial notional amount of the Junior Senior Swap and the initial Class Principal Amount of the Class A2+ Notes will be EUR 55,700,000. However, the Initial Aggregate Principal Balance of the Reference Pool will be EUR 1,388,636,810.45. Upon the occurrence of any Realised Loss, the balance on the Excess Spread Ledger will be reduced to zero and thereafter such Realised Loss will be allocated to reduce the Note Principal Amounts of the Class E Notes to EUR 1 per Note, then to reduce the Note Principal Amounts of the Class D Notes to EUR 1 per Note, then to reduce the Note Principal Amounts of the Class C Notes to EUR 1 per Note, then to reduce the Note Principal Amounts of the Class B Notes to EUR 1 per Note. Realised Losses will be allocated to reduce the Note Principal Amounts of the Class A2+ Notes and the notional amount of the Junior Super Senior Swap only after the Note Principal Amounts of the Class B Notes have been reduced to EUR 1 per Note. Realised Losses will be allocated to reduce the Note Principal Amounts of the Class A1+ Notes and the notional amount of the Super Senior Swap only after the Note Principal Amounts of the Class A2+ Notes have been reduced to EUR 1 per Note. Accordingly, the Class E Notes, then the Class D Notes, then the Class C Notes, then the Class B Notes and then the Class A2+ Notes together with the Junior Senior Swap 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 aggregate of the Class Principal Amounts of the Notes plus the notional amount of the Junior Senior Swap, the Notes, other than the Class A1+ 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 A1+ Notes, is a multiple of the loss risk in respect of the Reference Pool. This leverage increases the risk of loss to Noteholders.

Trust Agreement, Servicing Principles - Interests of the Noteholders and the Swap Counterparties

Pursuant to the Trust Agreement the Trustee will carry out its duties thereunder as a trustee for the benefit of the Noteholders and the Swap Counterparties. In the case of a conflict of interest among the interests of the Super Senior Swap Counterparty, the Junior Senior Swap Counterparty and/or the Noteholders, priority will be given to the interests of the Super Senior Swap Counterparty and the holders of the Class A1+ Notes, then to the interests of the Junior Senior Swap Counterparty and the holders of the A2+ Notes, then among the other Noteholders, to the interests of the Noteholders of the Class or Classes of Notes which rank most senior for the purposes of the Loss Allocation.

Similarly, pursuant to the Servicing Principles, the Bank in its capacity as Servicer will, in the case of a conflict of interest among the interests of the Super Senior Swap Counterparty, the Junior Senior Swap Counterparty and/or the Noteholders give priority to the interests of the Super Senior Swap

Counterparty and the holders of the Class A1+ Notes, then to the interests of the Junior Senior Swap Counterparty and the holders of the Class A2+ Notes, then among the other Noteholders, to the interests of the Noteholders of the Class or Classes of Notes which rank most senior for the purposes of the Loss Allocation.

See "THE TRUST AGREEMENT" and "REFERENCE POOL SERVICING".

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 Trustee Resignation Effective Date, each Noteholder may declare due the Notes held by it by delivery of a written notice to the Issuer with a copy to the Trustee. However, even in such circumstances the foreclosure on the Collateral needs to be carried out by the resigning Trustee holding the Collateral. Accordingly, the due and timely redemption of the Notes by foreclosure on the Collateral in accordance with the Trust Agreement may be adversely affected in such circumstances. See "THE NOTES – Early Redemption for Default" and "THE TRUST AGREEMENT".

Early Redemption by the Noteholders

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

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

Early Redemption by the Issuer

The Issuer shall redeem the Notes before the Scheduled Maturity Date as described herein if a Loss Guarantee Termination occurs. Loss Guarantee Termination occurs: (A) on the Payment Date as of which the Loss Guarantee is terminated by the Bank at its option (i) following the occurrence of a Regulatory Event, or (ii) following the reduction of the Aggregate Principal Balance to 10% or less of the Initial Aggregate Principal Balance, or (iii) falling in or after January 2013; or (B) on the date the Loss Guarantee is terminated because of the occurrence of an Issuer Event of Default or a Bank Event of Default.

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

Collateral and Trustee Claim

On the Issue Date, the Issuer will pledge (*verpfänden*) the Eurohypo Pfandbriefe and the Postbank Notes as well as all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the First Pledge Agreement, the Irish Security Agreement, the

Super Senior Swap and the Junior Senior Swap) to secure the Trustee Claim (*Treuhänderanspruch*) under the Trust Agreement.

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

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

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

Senior Pledge of the Bank

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

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

Irish Law

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

It is the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the monies or claims constituting such assets. In particular, the Irish courts have held that, in order to create a fixed charge over receivables, it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the

chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Floating charges have certain weaknesses, including the following:

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

Geographical Distribution of the Mortgaged Properties

Although the Mortgaged Properties securing the Reference Claims are distributed throughout Italy, such Mortgaged Properties may be concentrated in certain locations, such as densely populated and highly industrialised areas. See "DESCRIPTION OF THE REFERENCE POOL — Information Tables Regarding the Initial Reference Pool – Pool Distribution by Region". Any deterioration in prices in the residential real property market in the areas in which the Mortgaged Properties are located and any deterioration in the economic conditions in such areas 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 concentration of the Mortgaged Properties in such areas 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 Servicer will, in certain cases, at its sole discretion, allow a Borrower to substitute another property for a Mortgaged Property, subject to certain conditions. See REFERENCE POOL SERVICING – Substitution of Mortgaged Properties.

Reliance on the Creditworthiness of the Bank and Receipt of Payments under the Note Collateral

The net proceeds from the issue of the Notes will be used to acquire the Eurohypo Pfandbriefe, which will be issued by Eurohypo AG, and the Postbank Notes, which will be issued by Deutsche Postbank AG. Under the Put Agreement, the Put Counterparty will be obliged to purchase, from time to time, some or all of the Eurohypo Pfandbriefe from the Issuer. The Bank will be obliged to pay the Guarantee Fees under the Loss 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, receipt of payments from the Put Counterparty in accordance with the terms of the Put Agreement and receipt of the payment of the Guarantee Fee pursuant to the Loss Guarantee. In addition, termination of the Loss Guarantee, *inter alia*, as a result of the Bank's default under the Loss 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 Deutsche Postbank AG in respect of the payments under the Postbank Notes, Eurohypo AG in respect of the payments under the Eurohypo Pfandbriefe, the Put Counterparty in respect of the receipt of payments under the Put

Agreement and the Bank in respect of the receipt of payments under the Loss 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 Borrowers except as specifically set out in the Notes and the Trust Agreement, subject to applicable law, regulations and contractual obligations of the Bank, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and the Servicer. 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 Borrowers or any other debtors or guarantors of the Reference Claims, including information on the Bank's other exposures to any Borrower 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 will carry out the administration, collection and enforcement of the Reference Claims, including foreclosure on the related Reference Collateral, in accordance with the Credit and Collection Policies subject only to the Servicing Principles (see "REFERENCE POOL SERVICING").

Subject to certain conditions being met, the Bank may be substituted in its function as Servicer of a Reference Claim by another banking institution or 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 Servicer in administering the Reference Claims and enforcing claims against Borrowers, including taking decisions with respect to enforcement and/or foreclosure on the related Reference Collateral.

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 Borrowers other than the Reference Claims. The interests or obligations of the Bank in its respective capacities with respect to such other claims may in certain aspects conflict with the interests of the Noteholders.

The Bank may engage in commercial relationships, in particular, be lender, provide investment

banking and other financial services to the Borrowers 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 A1+ Notes, the Class A2+ Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes to be admitted to the Official List and trading on its regulated market. However, there can be no assurance that a secondary market for the Notes will develop or that a market will develop for all Classes of Notes or, if it does develop, that it will continue.

Taxation

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

The Noteholders will not be entitled to gross-up payments in the event that the payments on the Notes and/or payments under the Eurohypo Pfandbriefe and/or the Postbank Notes become subject to withholding taxes and/or payments under the Loss Guarantee become subject to any 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 a Loss Guarantee Termination occur as a result of withholding or deduction for taxes with respect to payments on the Notes, the Eurohypo Pfandbriefe, the Postbank Notes, the Loss Guarantee, the Super Senior Swap, the Junior Senior Swap or any other agreement relating to this Transaction. See "THE NOTES – Early Redemption by the Issuer".

See "TAXATION".

Foreclosure Proceedings in Italy

Foreclosure proceedings in respect of real property in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. The average length of time for a forced sale of a borrower's real estate asset, from the court order or injunction of payment to the final sharing-out, has been between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less, whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average. The length of time required to conclude foreclosure proceedings may affect the amount of Accrued Interest that may accumulate with respect to a Reference Claim and may therefore lead to an increase in the amount of Realised Loss allocable to the Excess Spread Ledger and/or the Notes.

However, it is to be noted that forced sale proceedings in Italy are currently subject to Law 80/2005, Law 263/2005 and Law 52/06 of 1 March 2006 aimed, *inter alia*, at speeding up and simplifying such proceedings. Speeding up and simplifying such proceedings could reduce the period of time between the occurrence of a Credit Event with respect to a Reference Claim and, ultimately, the allocation of Realised Losses (if any) in respect of such Reference Claim to the Excess Spread Ledger and/or to the Notes. Such a reduction could reduce the aggregate interest payments the Noteholders of such Notes would otherwise have received.

See "THE NOTES – Loss Allocation".

Prepayments of loans in Italy

The amortisation profile of the Notes will depend, *inter alia*, on the amount and timing of repayment of principal (including prepayments and Foreclosure Proceeds) with respect to the Reference Claims. The potential to amortise the Notes may therefore be increased by a higher than anticipated rate of prepayments of principal with respect to the Reference Claims.

In this respect, the adoption of Law No. 40 of 2 April 2007 (the "**Bersani Decree**") should be noted. The costs associated with prepayment under mortgage-backed loans in Italy have caused prepayment rates in the Italian market to be lower compared to other jurisdictions. The Bersani Decree aims at reducing the prepayment costs with a view to allow borrowers to refinance their mortgage-backed loans more easily. In this regard, the Italian Ministry of Financial Affairs has published a fee table in which prepayment fees have been regulated.

With specific regard to mortgage-backed loans executed after 2 February 2007, under the Bersani Decree prepayment fees are no longer permitted. Any provision to the contrary under such loans would be null and void.

The Bersani Decree also contains provisions applicable to mortgage-backed loans for the purchase of residential properties executed before 2 February 2007. In this respect, the Bersani Decree lays down basic rules which may lead to a renegotiation of the relevant mortgage-backed loans and, more importantly, a reduction of the applicable prepayment fees.

The Bersani Decree is expected to have an impact on the market of residential mortgage-backed loans with particular regard to the enforceability of the borrowers' obligations to pay prepayment fees to the lender and the rate of prepayments. As a result of the entry into force of the Bersani Decree, the rate of prepayment in respect of the Reference Claims could be significantly higher than the rate traditionally experienced by the Bank for residential mortgage-backed loans or the rate assumed for the purposes of calculating the weighted average life of the Notes.

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

THE ISSUER

Preferred creditors under Irish law

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

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

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of

the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

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

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

Examination

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

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

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

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

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

- the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the holders of Notes as secured by the Trust Agreement and the Irish Security Agreement (as defined below);
- the potential for the examiner to seek to set aside any negative pledge in the Notes, the Trust Agreement or the Irish Security Agreement, prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority

over the amounts secured by the security granted pursuant to the Trust Agreement and the Irish Security Agreement. See "RISK FACTORS - Preferred creditors under Irish law".

Not a Bank Deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Irish Financial Services Regulatory Authority. The Issuer is not regulated by the Irish Financial Services Regulatory Authority by virtue of the issue of the Notes.

Taxation of the Issuer in Germany

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 recent legislative changes 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.

THE NOTES

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

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

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

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

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY, AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF THE LEAD MANAGER, THE TRUSTEE, ANY OF THE AGENTS, THE SERVICER, THE BANK OR ANY OF THEIR RESPECTIVE 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 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 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

PB Domicilio 2007-1 Limited, incorporated under the laws of Ireland as a private limited company with its registered office at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland (the "**Issuer**") issues 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 A1+ Floating Rate Credit Linked Notes (the "**Class A1+ Notes**") which are issued in an initial aggregate principal amount of EUR 500,000 and divided into 10 Class A1+ Notes, each having an initial principal amount of EUR 50,000,
- (b) Class A2+ Floating Rate Credit Linked Notes (the "**Class A2+ Notes**") which are issued in an initial aggregate principal amount of EUR 500,000 and divided into 10 Class A2+ 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 38,300,000 and divided into 383 Class B Notes, each having an initial principal amount of EUR 100,000,
- (d) Class C Floating Rate Credit Linked Notes (the "**Class C Notes**") which are issued in an initial aggregate principal amount of EUR 13,400,000 and divided into 134 Class C Notes, each having an initial principal amount of EUR 100,000,
- (e) Class D Floating Rate Credit Linked Notes (the "**Class D Notes**") which are issued in an initial aggregate principal amount of EUR 11,200,000 and divided into 112 Class D Notes, each having an initial principal amount of EUR 100,000, and
- (f) Class E Floating Rate Credit Linked Notes (the "**Class E Notes**") which are issued in an initial aggregate principal amount of EUR 5,700,000 and divided into 57 Class E Notes, each having an initial principal amount of EUR 100,000.

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

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

1.2 Global Notes

Each Class of Notes is initially represented by a temporary global bearer note (each a "**Temporary Global Note**") without interest coupons. The Temporary Global Notes shall be exchangeable, as provided in Section 1.3 (Notes – Exchange of Temporary Global Notes), for permanent global bearer notes (each a "**Permanent Global Note**") without interest coupons representing each such Class. Each Permanent Global Note shall be deposited with Clearstream Banking AG, Frankfurt, 60485 Frankfurt am Main, Germany ("**Clearstream Frankfurt**"), 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**".

Copies of the form of the Global Notes representing each Class of Notes admitted to the Official List and trading on the regulated market of the Irish Stock Exchange are available free of charge at the specified offices of the Principal Paying Agent and the Irish Paying Agent.

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 and not later than 180 calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant accountholders (each a "**Clearstream Frankfurt Accountholder**") to Clearstream Frankfurt, and by Clearstream Frankfurt to the Principal Paying Agent, 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 by or on behalf of the Issuer and authenticated by the Principal Paying Agent.

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, allocation of Late Recoveries, Unjustified Loss Allocation and the Collateral pursuant to Section 3 (Collateral) and the redemption of the Notes in accordance with Section 10.1 (Redemption – Amortisation of the Notes) and Section 10.2 (Redemption – Scheduled Maturity), if applicable.

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.

2.2 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 Servicer, the Bank or any of their respective 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 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 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.

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 Loss 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

The Issuer shall:

- (i) pledge (*verpfänden*) to the Trustee the following securities:
 - (a) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A1+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A1+ Notes,
 - (b) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A2+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A2+ Notes,
 - (c) EUR 38,300,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
 - (d) EUR 13,400,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
 - (e) EUR 11,200,000 floating rate notes of Deutsche Postbank AG (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes, and
 - (f) EUR 5,700,000 floating rate notes of Deutsche Postbank AG (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes;
- (ii) pledge (*verpfänden*) all its present and future claims and rights under the Transaction Documents (other than the Administration Agreement, the First Pledge Agreement, the Irish Security Agreement, the Super Senior Swap and the Junior Senior Swap) to the Trustee to secure the Trustee Claim under the Trust Agreement. The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer under the Notes be fulfilled, as set out in Appendix A to the Terms and Conditions; and
- (iii) charge and assign by way of security all its present and future claims, rights, title and interest in and to the administration agreement, as amended from time to time (the "**Administration Agreement**") between the Issuer, the Trustee and Deutsche International Corporate Services (Ireland) Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland as administrator of the Issuer (the "**Administrator**") dated July 3, 2007

(together with the collateral referred to under (i) above and the claims and rights pledged as set out under (ii) above, the "**Collateral**") to the Trustee as security for the Trustee Claim (*Treuhänderanspruch*) pursuant to an Irish security agreement, as amended from time to time (the "**Irish Security Agreement**") between the Issuer and the Trustee dated July 9, 2007.

The pledges over the Eurohypo Pfandbriefe and the Postbank Notes 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 Loss Guarantee towards the Bank.

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 Swap Counterparties, the Issuer has entered into a trust agreement dated July 9, 2007 as amended from time to time (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 Agency Agreement, the Administration Agreement, the Custody Agreement, First Pledge Agreement, the Irish Security Agreement, the Loss Guarantee, the Put Agreement, the Securities Purchase Agreement, the Super Senior Swap, the Junior Senior Swap, the Subscription Agreement, and the Transaction Account Agreement 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 residential mortgage loan 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, Clearstream Frankfurt for credit to the accounts held by the relevant Clearstream Frankfurt Accountholders with Clearstream Frankfurt 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 Clearstream Frankfurt for credit to the accounts held by the relevant Clearstream Frankfurt Accountholders 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 Clearstream Frankfurt 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 Dublin Business Day. "**TARGET Settlement Day**" means a day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open. "**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. "**Dublin 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 Dublin, Ireland.

7. PAYMENTS OF INTEREST

7.1 Accrual Basis

The Note Principal Amount shall bear interest from July 9, 2007 (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, as a result of any

Unjustified Loss Allocation procedure and/or any allocation of amounts standing to the credit of the Excess Spread Ledger, 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 7th calendar day of January, April, July and October of each year, subject to Section 6.4 (Payments – Business Day) (each a "**Payment Date**"). The first Payment Date shall be in October 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, 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 for all Classes of Notes, 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 subsequent 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 A1+ Notes, EURIBOR plus 0.35% per annum,
in the case of the Class A2+ Notes, EURIBOR plus 0.35% per annum,
in the case of the Class B Notes, EURIBOR plus 0.35% per annum,
in the case of the Class C Notes, EURIBOR plus 0.48% per annum,
in the case of the Class D Notes, EURIBOR plus 0.90% per annum, and
in the case of the Class E Notes, EURIBOR plus 3.00% per annum.

"**EURIBOR**" for each Interest Accrual Period means the rate for deposits in euro for a period of three months (with respect to the first Interest Accrual Period interpolated between two and 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) and by the Treaty of Amsterdam (signed in Amsterdam on October 2, 1997).

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 Rate and not later than the first day of the Interest Accrual Period immediately following such EURIBOR Determination Date, the Interest Amount and the aggregate of the Interest Amounts for all Notes of each Class in each case for such 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 Bank, the Issuer and, in respect of each Class of Notes then listed on the Irish Stock Exchange, the Irish Paying Agent and the Irish Stock Exchange.

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 balance on the Excess Spread Ledger (as defined in Section 8.5 (Excess Spread Ledger)),

second, after the balance on the Excess Spread Ledger has been reduced to zero, to reduce equally the Note Principal Amounts of the Class E Notes,

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

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

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

sixth, after the Note Principal Amount of each Class B Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class A2+ Notes to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A2+ Reduction Factor shall be allocated to reduce the Class Principal Amount of the Class A2+ Notes on such Payment Date, whereby "**A2+ Reduction Factor**" means 500,000 divided by 55,700,000,

seventh, after the Note Principal Amount of each Class A2+ Note has been reduced to EUR 1 per Note, to reduce equally the Note Principal Amounts of the Class A1+ Notes to EUR 1 per Note, *provided that* only the product of the Realised Losses and the A1+ Reduction Factor shall be allocated to reduce the Class Principal Amount of the Class A1+ Notes on such Payment Date, whereby "**A1+ Reduction Factor**" means 500,000 divided by 1,264,336,810.45;

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 10.4 of the Trust Agreement. Realised Losses may not be allocated pursuant to the Loss Allocation if and for as long as the Issuer or, failing the Issuer pursuant to Clause 26.4 of the Trust Agreement, the Bank is in breach of its obligation to maintain a trustee pursuant to Section 4 (Trustee) of the Terms and Conditions or any condition for the Loss Allocation 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 8 (Transfers) of the Reference Pool Provisions is not complied with shall not qualify for allocation of Realised Losses pursuant to the Loss Allocation, subject to certain limited exceptions, as set out in Provision 9 (Non-compliance) of the Reference Pool Provisions.

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

"**Realised Loss**" means, with respect to a Liquidated Reference Claim, the Outstanding Protected 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, including or (where there are no other losses with respect to such Liquidated Reference Claim) consisting 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).

"Outstanding Protected Amount" means with respect to a Reference Claim as of any date, the Outstanding Nominal Amount of such Reference Claim as of such date minus the principal balance of the savings account pursuant to the Building Savings Contract as of such date relating to such Reference Claim (if any), as stated in the Servicer's records (including annually capitalised interest).

"Outstanding Nominal Amount" means with respect to a Reference Claim, the initial principal amount of such Reference Claim as of the Cut-off Date, as reduced by the Collections in respect of such Reference Claim *provided that* 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.

"Building Savings Contract" means the building savings contract (*contratto di risparmio edilizio*) entered into between the Borrower and the Bank in connection with a Reference Loan.

"Accrued Interest" means unpaid interest at the Contractual Rate of Interest or any applicable contractual or statutory default interest accrued, including, for the avoidance of doubt, any capitalised interest (if any), *provided that* in connection with payment rescheduling or debt restructuring of a Reference Claim in accordance with the Servicing Standards (i) interest on any amount of principal foregone as part thereof shall be deemed to accrue as if such amount had not been foregone 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 at any time to a Reference Claim under the relevant Reference Loan agreement.

"Enforcement Costs" means in relation to a Reference Claim all reasonable fees, disbursements, costs and expenses (excluding internal costs and expenses of the Bank and the Servicer) payable or incurred in connection with the enforcement of such Reference Claim, including Foreclosure on the related Reference Collateral, other than any foreclosure costs already included in the determination of the Foreclosure Proceeds, *provided that* for the purpose of the determination of Appraised Loss, such amounts will be appraised.

"Collections" means, with respect to a Reference Claim, all payments (including prepayments, Foreclosure Proceeds and Late Recoveries) allocable to the principal amount of such Reference Claim pursuant to Provision 5 (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"**) (*RID-Process*) shall constitute a Collection at the time it is made, *provided that* if it is claimed back thereafter, (i) it shall cease to constitute a Collection and the Outstanding Nominal Amount of the relevant Reference Claim shall be re-increased 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 (and excluding) the Cut-off Date until (and including) the last Servicer Business Day of the second calendar month preceding the month in which the first Payment Date occurs, and with respect to any subsequent Payment Date the period from the calendar day immediately following the last day of the previous Collection Period until the last Servicer Business Day of the second calendar month 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.

"Servicer Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) at the place of the registered head office of the Servicer, which initially is Hameln, Germany

"Determination Date" means the 4th Frankfurt Business Day following the delivery date for the relevant Report pursuant to Clause 3 of the Trust Agreement 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 any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Reference Claim, however described.

"Bankruptcy" means the Borrower: (a) 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; (b) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (c) 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; (d) if relevant, has a resolution passed for its winding-up, official management or

liquidation (other than pursuant to a consolidation, amalgamation or merger); (e) 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; (f) 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; (g) 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 (f) (inclusive); or (h) takes any action in furtherance of, or 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 one or more payments due under the related Reference Loan, including payments due to be made into the related Building Savings Contract, in an aggregate amount of not less than the Minimum Amount remain unpaid for 30 calendar days from the relevant due date after which due and unpaid amounts equal to the Minimum Amount were first outstanding (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.

"Minimum Amount" means in respect of a Reference Claim on any date the product of (i) the amount of the scheduled payments which fall due on any single scheduled interest payment date under the related Reference Loan, which amount may include without limitation, interest on such Reference Loan and life insurance premiums, payments into the related Building Savings Contract and account maintenance fees (each, an **"Instalment"**) and (ii) the lesser of (A) three and (B) the total number of Instalments yet to become payable under the related Reference Loan.

"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 Frankfurt 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 Frankfurt Business Day or on a day which is not a Frankfurt Business Day, such Credit Event Notice shall be deemed delivered on the immediately following Frankfurt Business Day.

8.2 Late Recoveries

Any payment the Servicer receives during a Collection Period which is allocable to a Liquidated Reference Claim pursuant to Provision 5 (Allocation of Payments and Foreclosure Proceeds) of the Reference Pool Provisions in respect of which a Realised Loss had been allocated to the Notes (each, 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 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 Late Recoveries shall be allocated, in such reverse order, to increase equally each Note Principal Amount of the relevant Class or Classes of Notes, *provided that*, in the case of the Class A2+ Notes, only the product of the

A2+ Reduction Factor and the amount of the Late Recoveries allocable to the Class A2+ Notes shall be so allocated and *provided that*, in the case of the Class A1+ Notes, only the product of the A1+ Reduction Factor and the amount of the Late Recoveries allocable to the Class A1+ 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 related Late Recoveries pursuant to this Section 8.2, the Noteholders shall receive no additional payment of interest in respect of the increase of the Note Principal Amounts pursuant to this Section 8.2 or otherwise on the account of the amount of such Late Recoveries;
- (ii) Late Recoveries allocable to the principal amount of such Liquidated Reference Claim shall constitute Collections on such 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 and debited to the Excess Spread Ledger (in the case of Loss Allocation to the Class A2+ Notes, such Realised Loss shall be taken into account without multiplication by the A2+ Reduction Factor and in the case of Loss Allocation to the Class A1+ Notes, such Realised Loss shall be taken into account without multiplication by the A1+ Reduction Factor) pursuant to the Loss Allocation and the exceeding amount shall be deemed not to be a Late Recovery.

8.3 Determinations

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

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, the Accrued Interest and the Enforcement Costs 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.

8.5 Excess Spread Ledger

- (i) The Bank will maintain for the purpose of the Loss Allocation a ledger (the "**Excess Spread Ledger**") as set out in this Section 8.5.

As of any Payment Date, the Excess Spread Amount calculated in respect of the Related Collection Period will be credited to the Excess Spread Ledger, *provided that*, prior to an Early Redemption by the Issuer pursuant to Section 12 (Early Redemption by the Issuer), the balance of the Excess Spread Ledger may not exceed EUR 9,200,000.

"Excess Spread Amount" means (i) with respect to the first and second Collection Periods following the Cut-off Date, zero and (ii) with respect to any Collection Period thereafter, an amount in euro equal to the product of (a) 0.50% per annum, (b) the Aggregate Nominal Balance as of the end of such Collection Period reduced by the aggregate Outstanding Nominal Amounts of all Reference Claims in relation to which a Credit Event has occurred as of the end of such Collection Period, and (c) the actual number of days in such Collection Period divided by 360.

"Aggregate Nominal 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 8 (Transfers) or Provision 9 (Non-compliance) of the Reference Pool Provisions.

- (ii) On each Payment Date on which any amount of Realised Losses is to be allocated to the Excess Spread Ledger pursuant to Section 8.1 (Loss Allocation – Order and Conditions), such amount of Realised Losses will be debited to the Excess Spread Ledger after the Excess Spread Amount with respect to such Payment Date has been credited to the Excess Spread Ledger.
- (iii) If as of any Payment Date (after the Loss Allocation and allocations of Late Recoveries and/or reversals of the Realised Loss as a result of the Unjustified Loss Allocation procedure on such Payment Date, if any), any amount stands to the credit of the Excess Spread Ledger, such amount shall be allocated to reverse previous reduction of the Note Principal Amounts of any Class of Notes pursuant to the Loss Allocation 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, such amount standing to the credit of the Excess Spread Ledger shall be allocated, in such reverse order, to increase equally each Note Principal Amount of the relevant Class or Classes, *provided that*, in the case of the Class A2+ Notes, only the product of the A2+ Reduction Factor and the portion of the amount standing to the credit of the Excess Spread Ledger allocable to the Class A2+ Notes shall be so allocated and *provided that*, in the case of the Class A1+ Notes, only the product of the A1+ Reduction Factor and the portion of the amount standing to the credit of the Excess Spread Ledger allocable to the Class A1+ Notes shall be so allocated.
- (iv) If as of any Payment Date, after the application of the amount standing to the credit of the Excess Spread Ledger pursuant to (iii) above, any remaining amount stands to the credit of the Excess Spread Ledger, such amount shall be applied to pay interest on any Notes which have been reduced due to Loss Allocation prior to such Payment Date 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) *provided that*, in the case of the Class A2+ Notes, only the product of the A2+ Reduction Factor and the portion of the amount standing to the credit of the Excess Spread Ledger applicable to the Class A2+ Notes shall be so applied and *provided that*, in the case of the Class A1+ Notes, only the product of the A1+ Reduction Factor and the portion of the amount standing to the credit of the Excess Spread Ledger applicable to the Class A1+ Notes shall be so applied. Such payment of interest in respect of any Class of Notes shall be in an amount equal to the lesser of (A) any amount standing to the credit of the Excess Spread Ledger and (B) the amount standing to the credit of the Interest Ledger for such Class of Notes.

Noteholders shall have no rights with respect to any amounts standing to the credit of the Excess Spread Ledger after the final redemption of their Notes.

"Interest Ledger" means a ledger, maintained by the Bank, which shall on any Payment Date,

(A) be credited in an amount equal to the excess of (i) the amount of interest which would have been payable on such Payment Date on any Class of Notes to which a Realised Loss has or had been allocated if such Realised Loss had not been allocated, over (ii) the actual Interest Amount paid on such Class of Notes on such Payment Date, and

(B) be debited in an amount equal to the sum of (i) any amount applied pursuant to Section 8.5(iv) above on the Payment Date preceding such Payment Date and (ii) the Unjustified Loss Allocation Interest Amount paid pursuant to Section 9.1(ii) (Unjustified Loss Allocation – Reversal of Realised Loss) on such Payment Date,

provided that the Bank shall categorise all such amounts credited or debited to the Interest Ledger by the particular Class of Notes in relation to which such amounts have been credited or debited.

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 pursuant to Section 8.2 (Loss Allocation – Late Recoveries) in the same way as Late Recoveries; and

(ii) the Issuer shall pay an amount equal to the excess of:

(A) the sum of (1) the Unjustified Loss Allocation Interest Amount with respect to such Unjustified Loss Allocation and (2) default interest at a rate of 3% 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,

over

(B) the sum of any amounts already paid to the Noteholders of such Class of Notes in accordance with Section 8.5(iv) (Loss Allocation – Excess Spread Ledger) up to such Payment Date.

"Unjustified Loss Allocation Interest Amount" means the aggregate of the amounts determined in respect of each Payment Date since the Payment Date on which the Unjustified Loss Allocation was made as the excess of (x) 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 over (y) the Interest Amount actually paid on such Class of Notes on such Payment Date.

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 5 (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

Without prejudice to Section 9.1 above, Unjustified Loss Allocation with respect to a given Collection Period, if any, shall be determined and the re-instatement of the Note Principal Amount of any Note 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

- (a) On each Payment Date, the Notes may be redeemed in an amount equal to the Excess Amount as follows:
- (i) the Class A1+ Notes shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A1+ Reduction Factor;
 - (ii) after the Class A1+ Notes have been redeemed in full, the Class A2+ Notes shall be redeemed up to an amount or in an amount, as applicable, equal to the product of the Excess Amount and the A2+ Reduction Factor;
 - (iii) after the Class A2+ Notes have been redeemed in full, the Class B, the Class C, the Class D and then the Class E Notes, in this order sequentially, shall be redeemed up to an amount or in an amount 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 after the reduction of the Class Principal Amount(s) by allocation of Realised Losses, if any, and the increase of the Class Principal Amount(s) as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, Late Recoveries and/or Unjustified Loss Allocation, if any, in each case, on the relevant Payment Date pursuant to Section 8 (Loss Allocation), Section 8.5 (Loss Allocation – Excess Spread Ledger), Section 8.2 (Loss Allocation – Late Recoveries) and Section 9 (Unjustified Loss Allocation).

"Excess Amount" means, in respect of each Payment Date, the excess, if any, of (A) the aggregate of the Class Principal Amounts of all Classes of Notes (multiplied, in the case of the Class A1+ Notes, by the A1+ Increase Factor and multiplied, in the case of the Class A2+ Notes, by the A2+ Increase Factor) as of the calendar 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 the amounts standing to the credit of the Excess Spread Ledger pursuant to Section 8.5 (Loss Allocation – Excess Spread Ledger), by any Late Recoveries pursuant to Section 8.2 (Loss Allocation – Late Recoveries) and/or 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 A1+ Notes, by the A1+ Reduction Factor and divided, in the case of the Class A2+ Notes, by the A2+ Reduction Factor), over (B) the aggregate Outstanding Protected Amounts of all Reference Claims other than Liquidated Reference Claims in respect of which Realised Losses have been allocated prior or will be allocated on such Payment Date pursuant to Loss Allocation (and, for the avoidance of doubt, excluding any Reference Claims removed from the Reference Pool prior to or on such Payment Date pursuant to Provision 8 (Transfers)

and/or Provision 9 (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 A1+ Reduction Factor and multiplied, in the case of (ii) above, by the A2+ 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 A1+ Reduction Factor and divided, if such Class Excess results from the application of (ii) above, by the A2+ 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.

- (b) Each Note of a particular Class shall be redeemed on each Payment Date in an amount equal to the redemption amount allocated to such Class in accordance with paragraph (a) above divided by the number of Notes in such Class.

10.2 Scheduled Maturity

The Notes shall be redeemed on the Payment Date falling in January 2031 (the "**Scheduled Maturity Date**") at their Note Principal Amount as of the Scheduled Maturity Date unless redeemed earlier in accordance with Section 10.1 (Redemption – Amortisation of the Notes), Section 11 (Early Redemption for Default) or Section 12 (Early Redemption by the Issuer) *provided that* if any Reference Claim (other than a Liquidated Reference Claim or a Non-qualifying Reference Claim) is overdue and outstanding for 90 calendar days or more from the relevant due date or in respect of which Bankruptcy has occurred is outstanding (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 Protected Amounts of such Overdue Reference Claims exceeds the amount standing to the credit of the Excess Spread Ledger following the allocation pursuant to Section 8.5(ii), (iii) and (iv) (Loss Allocation – Excess Spread Ledger) on 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 aggregate of the Outstanding Protected Amounts of such 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 A1+ Notes, by the A1+ Increase Factor and multiplied, in the case of Class A2+ Notes, by the A2+ Increase Factor) immediately after the Scheduled Maturity Date is in an amount equal to the aggregate of the Outstanding Protected Amounts of such Overdue Reference Claims as of the end of the Collection Period immediately preceding 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, *provided that* on each Payment Date following the Scheduled Maturity Date, such Classes of Notes shall be redeemed sequentially, starting with the most senior Class or Classes of Notes for the purposes of the Loss Allocation and *provided that* the next Class or Classes shall be redeemed only after the Class or Classes more senior for the purposes of the Loss Allocation have been fully redeemed, as set out in Section 10.1 (Redemption – Amortisation of the Notes), except that for the purpose of this Section 10.2(b), references to "Reference Claims" in the definition of "Excess Amount" therein shall be deemed to be references to such Overdue Reference Claims, and *provided further that* all such Classes of Notes shall be redeemed if on such Payment Date the amount standing to the credit of the Excess Spread Ledger following the allocation pursuant to Section 8.5(ii),

(iii) and (iv) (Loss Allocation – Excess Spread Ledger) on such Payment Date is equal to or exceeds the aggregate of the Outstanding Protected Amounts of the such Overdue Reference Claims on such Payment Date.

"**A1+ Increase Factor**" means 1 divided by the A1+ Reduction Factor.

"**A2+ Increase Factor**" means 1 divided by the A2+ 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 January 2033 (the "**Legal Maturity Date**"), the Issuer shall:

- (i) cause the determination of the Appraised Loss in respect of each such Defaulted Reference Claim;
- (ii) 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, and
- (iii) 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 Protected Amount, 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 the Enforcement Costs) in accordance with the Reference Pool Provisions and the Servicing Standards, determined as the arithmetic mean of amounts determined by two external, qualified and recognised independent experts appointed for this purpose by the Trustee in accordance with the Trust Agreement, *provided that* for the determination of an Appraised Value otherwise (including for the purposes of Section 12.2(c) (Early Redemption by the Issuer – Deferred Redemption)) than for the purposes of this Section 10.3 (Redemption – Legal Maturity) and Section 11.2 (Early Redemption for Default – Method and Amount) an amount determined by the Bank, in case such amount is at least equal to the sum of the Outstanding Protected Amount, the Accrued Interest and the Enforcement Costs in respect of the relevant Reference Claim or, in case such amount is determined by the Bank to be lower than the sum of the Outstanding Protected Amount, the Accrued Interest and the Enforcement Costs in respect of the relevant Reference Claim, by one independent expert appointed for this purpose by the Trustee in accordance with the Trust Agreement shall suffice.

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

11.2 Method and Amount

In the event that any Noteholder exercises its right pursuant to Section 11.1 (Early Redemption for Default – Default Events) the Issuer shall (i) redeem all of the Notes (but not some only) within 10 Business Days following the Termination Date in the amount equal to the Note Principal Amounts as of the Termination Date as reduced by Realised Losses to be determined and allocated pursuant to the Loss Allocation as of the Termination Date and as increased as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, 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 and increased as a result of allocation of the amounts standing to the credit of the Excess Spread Ledger, by Late Recoveries and/or as a result of the Unjustified Loss Allocation procedure); *provided that*, if, as of the Termination Date, any Defaulted Reference Claim is outstanding, 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 Protected 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 A1+ Notes, by the A1+ Increase Factor and multiplied, in the case of the Class A2+ Notes, by the A2+ Increase Factor) immediately after the Termination Date is in an amount equal to the aggregate of the Outstanding Protected Amounts of such Defaulted Reference Claims 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, no Payment Dates shall occur as from the Termination Date. For the avoidance of doubt, for the purpose of determining the interest payable hereunder, EURIBOR shall be EURIBOR as determined on the EURIBOR Determination Date immediately preceding 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 Loss Guarantee Termination

The Issuer shall redeem the Notes (all Classes but not some only, in whole but not in part except by operation of Section 12.2 and Section 12.3) (i) in the case of a Loss Guarantee Termination pursuant to clause (A) of the definition of "Loss Guarantee Termination", and subject to Section 12.2 below, on the Payment Date on which such Loss Guarantee Termination occurs or (ii) in the case of a Loss Guarantee Termination pursuant to clause (B) of the definition of "Loss Guarantee Termination", and subject to Section 12.3 below, within 10 Business Days following the date as of which such Loss Guarantee Termination occurs, in each case, at the then current Note Principal Amount as of such Payment Date or such date (the "**Early Redemption Date**") in accordance with this Section 12 (the "**Early Redemption**").

"Loss Guarantee Termination" occurs:

- (A) on the Payment Date as of which the Loss Guarantee is terminated by the Bank at its option (i) following the occurrence of a Regulatory Event, or (ii) following the reduction of the Aggregate Principal Balance to 10% or less of the Initial Aggregate Principal Balance, or (iii) falling in or after January 2013; or
- (B) on the date the Loss Guarantee is terminated because of the occurrence of an Issuer Event of Default or a Bank Event of Default.

"Regulatory Event" means any enactment or establishment of or supplement or amendment to, or change in, (A) the laws of the Federal Republic of Germany or Ireland, or an official communication of previously not existing or not publicly available official interpretation of such laws or a change in the official interpretation, implementation or application of such laws, or (B) any accord, standard or recommendation of the Basel Committee on Banking Supervision or an official communication of previously not existing or not publicly available official interpretation of any such accord, standard or recommendation, or a change in the official interpretation, implementation or application of any such accord, standard or recommendation, in each case, that becomes effective on or after the Issue Date, as a result of which, in the determination of the Bank, subject to the professional judgement of the Trustee, for reasons outside their control, and after taking reasonable measures (such measures not involving any material additional payment by, or capital or other expenses for, the Bank or the Issuer), (i) the Bank would be materially restricted from complying with the conditions for the Loss Allocation and/or the Bank and/or the Issuer would be materially restricted from performing any of their obligations under any of the Notes, the Loss Guarantee, the Super Senior Swap, the Junior Senior Swap and/or the Trust Agreement, (ii) the Bank would (either by a voluntary submission or by applicable law) 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 Loss Guarantee, the Super Senior Swap or the Junior Senior Swap) and/or the amount of regulatory capital freed up in respect of any Reference Claim or the Reference Pool, including where a reduction of the risk weighting factor for such Reference Claim or the Reference Pool does no longer result in the reduction (expressed as a percentage of the principal amount of such Reference Claim or the Aggregate Principal Balance) that existed on the Issue Date immediately after the issue of the Notes or (iii) the Bank and/or the Issuer would be required to pay any additional amounts on account of taxes resulting from a change in the Issuer's status for Irish tax purposes and/or to make any tax withholding or deduction in respect of any payments on the Notes, the Eurohypo Pfandbriefe, the Postbank Notes, the Loss Guarantee, the Super Senior Swap, the Junior Senior Swap or any other agreement relating to the Transaction. For the avoidance of doubt, the occurrence of a Regulatory Event shall not be excluded by the fact that, prior to the Issue Date (a) the event constituting such Regulatory Event was announced or contained in any proposal for a change in the official interpretation, implementation or application of the laws of the Federal Republic of Germany or Ireland or any accord, standard or recommendation of the Basel Committee on Banking Supervision (including any document or other communication in draft form) or expressed in any statement by any official of the competent authority in expert meetings or other discussions in connection with such change or (b) the competent authority has taken any decision or expressed any view with respect to any individual transaction other than the Transaction. Accordingly, such proposals, statements, decisions or views shall not be taken into account when assessing the capital adequacy treatment to which the Bank is subject on the Issue Date immediately after the issue of the Notes.

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

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

"Loss Guarantee Bankruptcy" means that a party to the Loss 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).

"Aggregate Principal Balance" means the aggregate Outstanding Protected Amount of all Reference Claims including the Outstanding Protected 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 Protected Amounts of any Reference Claims removed from the Reference Pool pursuant to Provision 8 (Transfers) or Provision 9 (Non-compliance) of the Reference Pool Provisions.

12.2 Deferred Redemption

If (i) the Notes are redeemed because of a Loss Guarantee Termination pursuant to clause (A) of the definition of "Loss Guarantee Termination" in Section 12.1 (Early Redemption by the Issuer – Loss Guarantee Termination) and (ii) any Overdue Reference Claims are outstanding as of the end of the Collection Period immediately preceding the Early Redemption Date, and the aggregate of the Outstanding Protected Amounts of such Overdue Reference Claims exceeds the amount standing to the credit of the Excess Spread Ledger following the allocation pursuant to Section 8.5(ii), (iii) and (iv) (Loss Allocation – Excess Spread Ledger) on the Early Redemption Date, then the redemption of the Notes shall be subject to the following:

- (a) the redemption of those Notes to which the Outstanding Protected Amounts of such Overdue Reference Claims as of the end of the Collection Period immediately preceding the Early Redemption Date would be allocated pursuant to the Loss Allocation if those 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 A1+ Notes, by the A1+ Increase Factor and multiplied, in the case of the Class A2+ Notes, by the A2+ Increase Factor) immediately after the Early Redemption Date is in an amount equal to the aggregate of such Outstanding Protected Amounts as of the end of the Collection Period immediately preceding the Early Redemption 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, *provided that* on each Payment Date following the Early Redemption Date, such Classes of Notes shall be redeemed sequentially starting with the most senior Class or Classes of Notes for the purposes of Loss Allocation and *provided that* the next Class or Classes shall be redeemed only after the Class or Classes more senior for the purposes of the Loss Allocation have been fully redeemed, as set out in Section 10.1 (Redemption – Amortisation of the Notes), except that, for the purpose of the Section 12.2(b), references to "Reference Claims" in the definition of "Excess Amount" therein shall be deemed to be references to such Overdue Reference Claims, and *provided further that* all such Classes of Notes shall be redeemed if on such Payment Date the amount standing to the credit of the Excess Spread Ledger following the allocation pursuant to Section 8.5(ii), (iii) and (iv) (Loss Allocation – Excess Spread Ledger) on such Payment Date is equal to or exceeds the aggregate of the Outstanding Protected Amounts of the such Overdue Reference Claims on such Payment Date; and
- (c) if as of the end of the Collection Period immediately preceding the Payment Date falling 24 months after the Early Redemption Date any Overdue Reference Claims remain outstanding, the Bank shall cause the determination and, *provided that* the conditions for Loss Allocation set out in Section 8.1 (Loss Allocation - Order and Conditions) have been met, allocation of the Appraised Loss in respect of each such Overdue Reference Claim and the redemption of the remaining Notes as if such Payment Date would constitute the Legal Maturity Date pursuant to Section 10.3 (Redemption - Legal Maturity).

12.3 Redemption in the case of Issuer Event of Default or Bank Event of Default

In the event that the termination of the Loss Guarantee occurs because of (i) the occurrence of

an Issuer Event of Default pursuant to clause (B) of the definition of "Loss Guarantee Termination" or (ii) 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 Early Redemption Date for the purpose of this Section 12.2.

12.4 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.

12.5 Redemption Amount per Note

If only a portion of the Class Principal Amount of any Class is redeemed on the Early Redemption Date, each Note of such Class will be redeemed in an amount equal to such portion divided by the number of Notes of such Class, *provided that* the result shall, for each Note, be rounded to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

13. TAXES

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

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

If on any Payment Date any withholding or deduction on account of taxes is imposed with respect to payments under the Eurohypo Pfandbriefe and/or the Postbank Notes and/or the Loss Guarantee, the amount payable by the Issuer under any Note of a particular Class on such Payment Date shall be reduced by the amount of such withholding or deduction made with respect to the Eurohypo Pfandbriefe and/or the Postbank Notes (divided by the number of Notes of the Class of Notes secured by such Series of Eurohypo Pfandbriefe or Postbank Notes) and/or the Loss Guarantee.

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 Frankfurt 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 the Rating Agency 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 of the Outstanding Protected Amounts of the Reference Claims or portions thereof, as relevant, removed from the Reference Pool pursuant to Provision 8 (Transfers) and Provision 9 (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) the Excess Spread Amount to be credited to, and each amount to be debited from, the Excess Spread Ledger;
- (g) any increase of the Note Principal Amounts of such Class pursuant to Section 8.5(iii) (Loss Allocation – Excess Spread Ledger) of the Terms and Conditions and any interest payments to be made pursuant to Section 8.5(iv) (Loss Allocation – Excess Spread Ledger) of the Terms and Conditions;
- (h) re-instatement, if any, of the Note Principal Amounts of such Class on account of previous Unjustified Loss Allocations and/or Late Recoveries and any allocation thereof to the Notes pursuant to Section 9 (Unjustified Loss Allocation) or Section 8.2 (Loss Allocation – Late Recoveries), amounts and distributions of Late Recoveries and any Collections in respect of the Reference Claims for which Unjustified Loss Allocation has been determined;
- (i) determination of Appraised Losses, if applicable;
- (j) in the event of final payment on such Class, the fact that such is the final payment;
- (k) the aggregate of the Outstanding Protected 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;
- (l) stratification tables profiling the Reference Pool in respect of, in particular, distribution by outstanding balance, seasoning, employment status, LTV, prior ranking charges, amortisation type and interest rate; and
- (m) the Aggregate Principal Balance as of the beginning and as of the end of the Related Collection Period.

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

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 Frankfurt 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) the Rating Agency 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 Clearstream Frankfurt 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 pursuant to (A) and to the Irish Paying Agent on or before the date on which the relevant notice is given in accordance with (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 Clearstream Frankfurt. 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 BNP Paribas Securities Services, Frankfurt Branch, Grüneburgweg 14, 60322 Frankfurt am Main, Germany 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 BNP Paribas Securities Services, Dublin Branch, 6 George's Dock, IFSC, Dublin 1, Ireland as the initial Irish paying agent (the "**Irish Paying Agent**" which term shall include any substitute Irish Paying Agent appointed in accordance with the Transaction Documents). The Irish Paying 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) and the Irish Paying Agent (including any successor Irish Paying Agent) shall act solely as agents 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 or an affiliate of the Principal Paying Agent, the rating of which was taken into account at the appointment of such Principal Paying Agent, is withdrawn or falls below A-2 by S&P, the Issuer or, if the Issuer fails to do so, the Trustee, shall within 30 calendar days upon becoming aware thereof terminate the appointment of the Principal Paying Agent by giving not less than 5 calendar days' prior notice to the Principal Paying Agent and appoint another bank or financial institution as Principal Paying Agent *provided that* such successor Principal Paying Agent or any of its affiliates shall be rated at least A-2 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 debtor in respect of all obligations arising under or in connection with the Notes and the Transaction Documents *provided that*:

- (i) the New Issuer assumes all rights and duties of the Issuer in respect of the Notes and under the Transaction Documents and the Collateral is, upon the Issuer's substitution, held by the Trustee to secure the obligations of the New Issuer under the Notes or, as applicable, the Trustee Claim in respect thereof;
- (ii) the New Issuer has obtained all necessary authorisations, governmental approvals in the country in which it has its registered office and is in a position to fulfil all its obligations in respect of the Notes without discrimination against the Noteholders in their entirety;
- (iii) the New Issuer may pay in the currency required hereunder and without being obliged to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the New Issuer has its domicile or tax residence all amounts required for the fulfilment of the payment obligations arising under the Notes and the substitution shall

not result in any withholding or deduction of taxes on the amounts payable under the Notes and/or the under the Eurohypo Pfandbriefe and/or the Postbank Notes 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 the Rating Agency has given a written confirmation that the substitution shall not adversely affect its rating of the Notes; and
- (vi) the Issuer and the New Issuer enter into such agreements and execute such documents as the Trustee considers necessary for the effectiveness of the substitution.

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

17.2 Notice of Substitution

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

17.3 Effects of Substitution

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

18. MISCELLANEOUS

18.1 Presentation Period

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

18.2 Replacement of Global Notes

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

18.3 Place of Performance

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

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 Swap Counterparties

Any reference in the Terms and Conditions to the Swap Counterparties (including by reference to the Transaction Creditors) shall not entitle any Noteholder to invoke any of the rights of the Swap Counterparties under the Trust Agreement, the Super Senior Swap or the Junior Senior Swap or to rely on or enforce any breach thereof and shall not limit the right of the Swap Counterparties 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 FIDEUROP GmbH, with its seat on the Issue Date at Westhafen Tower, Westhafenplatz 1, 60327 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 Issuer undertakes to maintain an agent for service of process in the Federal Republic of Germany as long as any Note remains outstanding.

THE TRUST AGREEMENT

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

This Trust Agreement is entered into as of July 9, 2007 between Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstrasse 6, 40476 Düsseldorf, Germany (the "**Trustee**"), PB Domicilio 2007-1 Limited, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland, a private limited company incorporated under the laws of Ireland (the "**Issuer**") and BHW Bausparkasse AG, Lubahnstrasse 2, 31789 Hameln, 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 A1+ Floating Rate Credit Linked Notes in an initial principal amount of EUR 500,000,
 - (b) Class A2+ Floating Rate Credit Linked Notes in an initial principal amount of EUR 500,000,
 - (c) Class B Floating Rate Credit Linked Notes in an initial principal amount of EUR 38,300,000,
 - (d) Class C Floating Rate Credit Linked Notes in an initial principal amount of EUR 13,400,000,
 - (e) Class D Floating Rate Credit Linked Notes in an initial principal amount of EUR 11,200,000, and
 - (f) Class E Floating Rate Credit Linked Notes in an initial principal amount of EUR 5,700,000;
- (ii) a loss guarantee agreement (the "**Loss Guarantee**") between the Issuer as protection seller and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Loss 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.

The Bank will also enter into a credit default swap (the "**Junior Senior Swap**") between a counterparty as protection seller (the "**Junior Senior Swap Counterparty**") and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Junior Senior Swap, the Junior Senior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A2+ Notes is reduced as a result of any Loss Allocation.

In addition, the Bank will enter into a credit default swap (the "**Super Senior Swap**") between a counterparty as protection seller (the "**Super Senior Swap Counterparty**" and together with the Junior Senior Swap Counterparty, the "**Swap Counterparties**") and the Bank as protection buyer effective as of July 9, 2007. Pursuant to the Super Senior Swap, the Super Senior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the amounts by which the Class Principal Amount of the Class A1+ Notes is reduced as a result of any Loss Allocation.

Each amount payable as a result of Realised Losses under the Loss Guarantee, the Junior Senior Swap and the Super Senior Swap is referred to as a "**Cash Settlement Amount**". The Noteholders and the Swap Counterparties are together 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 Junior Senior Swap and Super Senior Swap. With respect to Realised Losses giving rise to the payment of any Cash Settlement Amount under the Junior Senior Swap and/or the Super Senior Swap, references to Loss Allocation (or allocation of Realised Losses) and Unjustified Loss Allocation shall be deemed to be references to "**Cash Settlement**" and "**Unjustified Cash Settlement**", respectively.

NOW THEREFORE, the parties agree as follows:

1. DUTIES OF THE TRUSTEE

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

2. POSITION OF THE TRUSTEE

- 2.1 The Trustee shall carry out the duties (the "**Trustee Duties**") hereunder and shall perform the tasks and functions set out in the Terms and Conditions (this Trust Agreement and the Terms and Conditions together, the "**Trustee Documents**") as a trustee for the benefit of, and with particular regard to the interests of, the Transaction Creditors. In case of a conflict of interest among the interests of the Super Senior Swap Counterparty, the Junior Senior Swap Counterparty and/or the Noteholders, the Trustee shall give priority to the interests of the Super Senior Swap Counterparty and the Class A1+ Noteholders, then to the interests of the Junior Senior Swap Counterparty and the Class A2+ 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 purposes of the Loss Allocation.
- 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 Clearstream Frankfurt, Section 6.3 (Payments – Discharge) of the Terms and Conditions shall apply in respect of such on-payment and the discharge of the Issuer in respect of the related payment obligation under the Notes. Similarly, upon payment by the Issuer to the Noteholders the right of the Trustee to request a payment pursuant to (ii) above in respect of the same payment obligation of the Issuer shall cease to exist to the extent of the sums so paid by the Issuer.

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

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

- (i) a current account in EUR (the "**Transaction Account**") with BNP Paribas Securities Services, Frankfurt Branch, Grüneburgweg 14, 60322 Frankfurt am Main, Germany as account bank (in such capacity, the "**Account Bank**" which term shall also include any replacement Account Bank pursuant hereto) opened pursuant to the bank mandate dated June 20, 2007 and the agreement in respect of the Transaction Account and the Cash Collateral Account between the Issuer, the Trustee and the Account Bank dated July 9, 2007, as amended from time to time (together, the "**Transaction Account Agreement**", which term shall also include any other agreement in respect of the Transaction Account and the Cash Collateral Account); and
- (ii) an account (the "**Cash Collateral Account**") with the Account Bank opened pursuant to the Transaction Account Agreement.

3.3 The Issuer may, for good cause (*aus wichtigem Grund*), with the prior written consent of the Trustee (which shall not be unreasonably withheld), (i) open a new Transaction Account and a new Cash Collateral Account with another Account Bank, (ii) transfer the funds credited to the

Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Account Bank. In such case the Issuer shall within 30 calendar days after receiving such written consent (i) open a new Transaction Account and a new Cash Collateral Account with another Account Bank having at least the Account Bank Required Rating from the Rating Agency, (ii) transfer the funds credited to the Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Account Bank.

In the event that the rating of the Account Bank or an affiliate of the Account Bank, the rating of which was taken into account at the appointment of such Account Bank by the Rating Agency is withdrawn or falls below the Account Bank Required Rating, the Issuer shall within 30 calendar days, or if the Issuer fails to do so, the Trustee as soon as it becomes aware of such downgrading but in any event not later than 30 calendar days after having become aware of such downgrading shall (i) open a new Transaction Account and a new Cash Collateral Account with another Account Bank having at least the Account Bank Required Rating from the Rating Agency, (ii) transfer any amounts standing to the credit of the Transaction Account and the Cash Collateral Account to such new Transaction Account and such new Cash Collateral Account, respectively, and (iii) close the Transaction Account and the Cash Collateral Account with the former Account Bank.

"Account Bank Required Rating" means the following ratings: A-1 (short term) by S&P.

3.4 The Issuer shall ensure that, unless otherwise provided herein or instructed by the Trustee pursuant to this Trust Agreement, all payments made to the Issuer be made by way of a bank transfer to or deposit in the Transaction Account. Should any amounts payable to the Issuer be paid in any way other than by bank transfer to or deposit in the Transaction Account, the Issuer shall promptly credit such amounts to the Transaction Account.

3.5 On the date which is the earliest of

- (i) the Reporting Date on which it is reported that any amount of principal is payable on any Class A1+ Notes,
- (ii) the Reporting Date on which it is reported that any Realised Loss is allocable to the Class A1+ Notes pursuant to Section 8 (Loss Allocation) of the Terms and Conditions,
- (iii) the Issuer's and the Trustee's becoming aware of any Put Counterparty Rating Event, or
- (iv) 12 Business Days prior to the date of maturity of the Series A1+ Collateral, if the Issuer has not received notice of termination of the Loss Guarantee pursuant to Clause 8.1(iii) of the Loss Guarantee,

the Issuer, or if the Issuer fails to do so, the Trustee not later than 3 Frankfurt Business Days following such failure, shall open an account (the "**Series A1+ Cash Deposit Account**") with a bank which has the Cash Deposit Account Bank Required Rating from the Rating Agency on such date (in such capacity, the "**Cash Deposit Account Bank**" which term shall also include any replacement Cash Deposit Account Bank pursuant hereto) on which the Series A1+ Cash Deposit shall be deposited pursuant to an agreement between the Issuer, the Trustee and the Cash Deposit Account Bank dated as of such date (the "**Series A1+ Cash Deposit Agreement**");

"Cash Deposit Account Bank Required Rating" means the following ratings: A-1 (short term) by S&P.

"Series A1+ Cash Deposit" means the amount standing to the credit of the Series A1+ Cash Deposit Account from time to time, *provided that* the Series A1+ Cash Deposit shall not be lower than zero at any time.

3.6 On the date which is the earliest of

- (i) the Reporting Date on which it is reported that any amount of principal is payable on any Class A2+ Notes,
- (ii) the Reporting Date on which it is reported that any Realised Loss is allocable to the Class A2+ Notes pursuant to Section 8 (Loss Allocation) of the Terms and Conditions,
- (iii) the Issuer's and the Trustee's becoming aware of any Put Counterparty Rating Event, or
- (iv) 12 Business Days prior to the date of maturity of the Series A2+ Collateral, if the Issuer has not received notice of termination of the Loss Guarantee pursuant to Clause 8.1(iii) of the Loss Guarantee,

the Issuer, or if the Issuer fails to do so, the Trustee not later than 3 Frankfurt Business Days following such failure, shall open an account (the "**Series A2+ Cash Deposit Account**") with a bank which has the Cash Deposit Account Bank Required Rating from the Rating Agency on such date (in such capacity, the "**Cash Deposit Account Bank**" which term shall also include any replacement Cash Deposit Account Bank pursuant hereto) on which the Series A2+ Cash Deposit shall be deposited pursuant to an agreement between the Issuer, the Trustee and the Cash Deposit Account Bank dated as of such date (the "**Series A2+ Cash Deposit Agreement**");

"Series A2+ Cash Deposit" means the amount standing to the credit of the Series A2+ Cash Deposit Account from time to time, *provided that* the Series A2+ Cash Deposit shall not be lower than zero at any time.

3.7 On the date which is the earliest of

- (i) the Reporting Date on which it is reported that any amount of principal is payable on any Class B Notes,
- (ii) the Reporting Date on which it is reported that any Realised Loss is allocable to the Class B Notes pursuant to Section 8 (Loss Allocation) of the Terms and Conditions,
- (iii) the Issuer's and the Trustee's becoming aware of any Put Counterparty Rating Event, or
- (iv) 12 Business Days prior to the date of maturity of the Series B Collateral, if the Issuer has not received notice of termination of the Loss Guarantee pursuant to Clause 8.1(iii) of the Loss Guarantee,

the Issuer, or if the Issuer fails to do so, the Trustee not later than 3 Frankfurt Business Days following such failure, shall open an account (the "**Series B Cash Deposit Account**") with a bank which has the Cash Deposit Account Bank Required Rating from the Rating Agency on such date (in such capacity, the "**Cash Deposit Account Bank**" which term shall also include any replacement Cash Deposit Account Bank pursuant hereto) on which the Series B Cash Deposit shall be deposited pursuant to an agreement between the Issuer, the Trustee and the Cash Deposit Account Bank dated as of such date (the "**Series B Cash Deposit Agreement**").

"Series B Cash Deposit" means the amount standing to the credit of the Series B Cash Deposit

Account from time to time, *provided that* the Series B Cash Deposit shall not be lower than zero at any time.

3.8 On the date which is the earliest of

- (i) the Reporting Date on which it is reported that any amount of principal is payable on any Class C Notes,
- (ii) the Reporting Date on which it is reported that any Realised Loss is allocable to the Class C Notes pursuant to Section 8 (Loss Allocation) of the Terms and Conditions,
- (iii) the Issuer's and the Trustee's becoming aware of any Put Counterparty Rating Event, or
- (iv) 12 Business Days prior to the date of maturity of the Series C Collateral, if the Issuer has not received notice of termination of the Loss Guarantee pursuant to Clause 8.1(iii) of the Loss Guarantee,

the Issuer, or if the Issuer fails to do so, the Trustee not later than 3 Frankfurt Business Days following such failure, shall open an account (the "**Series C Cash Deposit Account**" and together with the Series A1+ Cash Deposit Account, the Series A2+ Cash Deposit Account and the Series B Cash Deposit Account, the "**Cash Deposit Accounts**") with a bank which has the Cash Deposit Account Bank Required Rating from the Rating Agency on such date (in such capacity, the "**Cash Deposit Account Bank**" which term shall also include any replacement Cash Deposit Account Bank pursuant hereto) on which the Series C Cash Deposit shall be deposited pursuant to an agreement between the Issuer, the Trustee and the Cash Deposit Account Bank dated as of such date (the "**Series C Cash Deposit Agreement**").

"**Series C Cash Deposit**" means the amount standing to the credit of the Series C Cash Deposit Account from time to time, *provided that* the Series C Cash Deposit shall not be lower than zero at any time.

The Account Bank and the Cash Deposit Account Bank are together referred to as the "**Account Banks**"; the Series A1+ Cash Deposit Account, the Series A2+ Cash Deposit Account, the Series B Cash Deposit Account, the Series C Cash Deposit Account (each, a "**Cash Deposit Account**") are together referred to as the "**Cash Deposit Accounts**"; and the Transaction Account, the Cash Collateral Account and the Cash Deposit Accounts are together referred to as the "**Accounts**".

4. NOTE COLLATERAL; PLEDGES

4.1 On or before the Issue Date the Issuer has purchased pursuant to a securities purchase agreement dated July 9, 2007, as amended from time to time (the "**Securities Purchase Agreement**") from Eurohypo AG the securities set forth under (i) through (iv) below and from Deutsche Postbank AG the securities set forth under (v) and (vi) below:

- (i) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG, ISIN DE000EH092Y5, due January 7, 2013 (the "**Series A1+ Collateral**"),
- (ii) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG, ISIN DE000EH092Z2, due January 7, 2013 (the "**Series A2+ Collateral**"),
- (iii) EUR 38,300,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG, ISIN DE000EH09203, due January 7, 2013 (the "**Series B Collateral**"),

- (iv) EUR 13,400,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG, ISIN DE000EH09211, due January 7, 2013 (the "**Series C Collateral**"),
- (v) EUR 11,200,000 floating rate notes of Deutsche Postbank AG, ISIN DE0001397172, due January 7, 2033 (the "**Series D Collateral**"),
- (vi) EUR 5,700,000 floating rate notes of Deutsche Postbank AG, ISIN DE0001397180, due January 7, 2033 (the "**Series E Collateral**").

Each of the Series of Collateral under (i) through (vi) is referred to as a "**Series**". The Series A1+ Collateral, the Series A2+ Collateral, the Series B Collateral and the Series C Collateral are collectively referred to as the "**Eurohypo Pfandbriefe**".

The Series D Collateral and the Series E Collateral are collectively referred to as the "**Postbank Notes**".

The Eurohypo Pfandbriefe together with the Postbank Notes are referred to as the "**Note Collateral**".

Each Series will be represented by a global certificate deposited with Clearstream Frankfurt. The Note Collateral will be held in the securities account no. 560 000 (the "**Custody Account**") of the Issuer with Deutsche Postbank AG (in such capacity and each successor custodian, the "**Custodian**") pursuant to a custody agreement between the Issuer, the Trustee and Deutsche Postbank AG dated July 9, 2007, as amended from time to time (the "**Custody Agreement**").

- 4.2 Pursuant to the terms of the first pledge agreement between the Issuer and the Bank dated July 9, 2007, as amended from time to time (the "**First Pledge Agreement**"), the Issuer has pledged (*verpfänden*) the Eurohypo Pfandbriefe and the Postbank Notes to the Bank as security for the obligations of the Issuer under the Loss Guarantee towards the Bank to make payments with respect to Realised Losses allocated to the Notes. The right of the Bank to foreclose on the Eurohypo Pfandbriefe shall be limited to the portion of the Eurohypo Pfandbriefe, the aggregate nominal amount of which is equal to such amount of Realised Losses allocated to the Class A+, Class A, Class B or Class C Notes. The right of the Bank to foreclose on the Postbank Notes shall be limited to the amounts payable under the Postbank Notes on any date due to Realised Losses allocated to the Class D or the Class E Notes. The pledge under the First Pledge Agreement ranks senior to the pledge pursuant to Clause 4.3 below.
- 4.3 The Issuer hereby pledges (*verpfänden*) pursuant to §§ 1293, 1204 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*) the Eurohypo Pfandbriefe, subject to the condition subsequent (*auflösende Bedingung*) as set out in the following sentence, and the Postbank Notes to the Trustee as trustee (*Treuhänder*) for the security purposes set forth in Clause 4.4 below. The pledge of the Eurohypo Pfandbriefe referred to in the preceding sentence shall be automatically extinguished upon receipt by the Issuer of the amounts equal to the Strike Price on the date of receipt of such amounts with respect to such Eurohypo Pfandbriefe, the aggregate nominal amount of which is equal to such amount in EUR. The Trustee hereby accepts such pledges. For the purpose of constituting such pledges, the Issuer hereby assigns to the Trustee all of its present and future claims and rights against the Bank for delivery of the Eurohypo Pfandbriefe and the Postbank Notes (including, but not limited to, the claim for re-delivery of the Eurohypo Pfandbriefe and the Postbank Notes 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 A1+ Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A1+ Notes,

- (ii) the pledge over the Series A2+ Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A2+ 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.

4.5 Following the opening of the Series A1+ Cash Deposit Account with the Cash Deposit Account Bank pursuant to Clause 3.5, the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series A1+ Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series A1+ Cash Deposit Account, to the Bank to secure the Issuer's obligations to the Bank under the Loss Guarantee. Thereafter the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series A1+ Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series A1+ Cash Deposit Account to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A1+ Notes. The security interests over the Series A1+ Cash Deposit Account Agreement for the benefit of the Bank shall rank senior to the security interests of the Trustee. Any reference in the Transaction Documents to the Series A1+ Collateral shall include the amounts standing to the credit of the Series A1+ Cash Deposit Account, unless otherwise specified or the context requires otherwise.

4.6 Following the opening of the Series A2+ Cash Deposit Account with the Cash Deposit Account Bank pursuant to Clause 3.6, the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series A2+ Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series A2+ Cash Deposit Account, to the Bank to secure the Issuer's obligations to the Bank under the Loss Guarantee. Thereafter the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series A2+ Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series A2+ Cash Deposit Account to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A2+ Notes. The security interests over the Series A2+ Cash Deposit Account Agreement for the benefit of the Bank shall rank senior to the security interests of the Trustee. Any reference in the Transaction Documents to the Series A2+ Collateral shall include the amounts standing to the credit of the Series A2+ Cash Deposit Account, unless otherwise specified or the context requires otherwise.

4.7 Following the opening of the Series B Cash Deposit Account with the Cash Deposit Account Bank pursuant to Clause 3.7, the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series B Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series B Cash Deposit Account, to the Bank to secure the Issuer's obligations to the Bank under the Loss Guarantee. Thereafter the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series B Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series B Cash Deposit Account to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes. The security interests over the Series B Cash Deposit Account Agreement

for the benefit of the Bank shall rank senior to the security interests of the Trustee. Any reference in the Transaction Documents to the Series B Collateral shall include the amounts standing to the credit of the Series B Cash Deposit Account, unless otherwise specified or the context requires otherwise.

- 4.8 Following the opening of the Series C Cash Deposit Account with the Cash Deposit Account Bank pursuant to Clause 3.8, the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series C Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series C Cash Deposit Account, to the Bank to secure the Issuer's obligations to the Bank under the Loss Guarantee. Thereafter the Issuer shall pledge, assign or otherwise charge all its then-present and future claims and rights arising from the Series C Cash Deposit Account Agreement, including all its then-present and future claims and rights under the Series C Cash Deposit Account to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes. The security interests over the Series C Cash Deposit Account Agreement for the benefit of the Bank shall rank senior to the security interests of the Trustee. Any reference in the Transaction Documents to the Series C Collateral shall include the amounts standing to the credit of the Series C Cash Deposit Account, unless otherwise specified or the context requires otherwise.
- 4.9 Under the terms of the put agreement between the Issuer and a counterparty (the "**Put Counterparty**") dated July 9, 2007, as amended from time to time (the "**Put Agreement**"), the Issuer is granted an option to require the Put Counterparty to purchase, from time to time, some or all of the Eurohypo Pfandbriefe from the Issuer, at a price equal to par plus interest accrued thereon (the "**Strike Price**"). Such option will be exercisable by the Issuer from time to time on:
- (i) each date which is three Business Days prior to the date on which any amount of principal is payable on any Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes in accordance with the Terms and Conditions, and/or
 - (ii) each date which is three Business Days prior to a date on which Realised Losses are allocated to the Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes in accordance with the Terms and Conditions, and/or
 - (iii) the day which is three Business Days prior to the 30th calendar day after the occurrence of a Put Counterparty Rating Event,

provided that, with respect to (i) and (ii) above, such option shall not be exercised by the Issuer to the extent that sufficient funds are available on the respective Cash Deposit Account to satisfy the respective payment obligations of the Issuer pursuant to Clause 4.12, and

provided further that the due date for the physical delivery of the Eurohypo Pfandbriefe and the payment of the Strike Price for each exercised option will be on the third Business Day following the date or day, as applicable, referred to in (i), (ii) and (iii) above.

- 4.10 Pursuant to the Put Agreement, in the event that the rating of the Put Counterparty by the Rating Agency is withdrawn or falls below the Put Counterparty Required Rating (the "**Put Counterparty Rating Event**"), the Put Counterparty shall promptly notify each of the Issuer and the Trustee of such withdrawal or downgrade, and
- (i) the Issuer shall within 30 calendar days of any such occurrence procure that
 - (a) an appropriately rated third party issues a guarantee for the Put Counterparty, or
 - (b) the Put Counterparty enters into an agreement with a third party having the Put

Counterparty Required Rating so that the Put Counterparty will transfer all rights and obligations under the Put Agreement to such third party by way of assumption of contract (*Vertragsübernahme*) in which case the Issuer shall give its consent to such agreement, *provided that*, for the avoidance of doubt, the Put Counterparty shall not be obliged to enter into such agreement, or

- (c) the Put Counterparty enters into a back-up Put Agreement with a third party having the Put Counterparty Required Rating in which case the Issuer shall give its consent to such agreement, *provided that*, for the avoidance of doubt, the Put Counterparty shall not be obliged to enter into such back-up Put Agreement;

provided that the obligation to continue any such measure in (a) or (c) above shall terminate upon any reinstatement of the Put Counterparty Required Rating;

or

- (ii) the Issuer shall within 30 calendar days of any such occurrence exercise all put options in respect of all Eurohypo Pfandbriefe held by the Issuer at par plus interest accrued (if any) and the Issuer shall invest the proceeds in the respective Cash Deposit Accounts with the Cash Deposit Account Bank which must have the Cash Deposit Account Bank Required Rating from the Rating Agency.

"Put Counterparty Required Rating" means A-1 (short term) by S&P.

- 4.11 The Issuer shall apply any amount received pursuant to Clause 4.9 above (i) towards (a) its payment obligation to the Bank with respect to Realised Losses allocated to the Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes in accordance with the Terms and Conditions and/or (b) its payment obligation to the Noteholders with respect to any amount of principal payable on any Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes in accordance with the Terms and Conditions and (c) its payment obligation to the Noteholders with respect to a portion of the Interest Amount payable on any Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes, and thereafter (ii) towards the respective Cash Deposit Account.
- 4.12 The Issuer shall apply any amounts standing to the credit of the Series A1+ Cash Deposit Account, the Series A2+ Cash Deposit Account, the Series B Cash Deposit Account and/or the Series C Cash Deposit Account towards (i) any payment obligation of the Issuer to the Bank with respect to Realised Losses allocated to the to the Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes, respectively, in accordance with the Terms and Conditions and/or (ii) any payment obligation of the Issuer to the Noteholders with respect to any amount of principal payable on any Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes, respectively, in accordance with the Terms and Conditions.
- 4.13 The Eurohypo Pfandbriefe will mature on January 7, 2013. On such date, the Issuer shall, to the extent not already applied pursuant to Clause 4.11(i), invest the proceeds received under the Series A1+ Collateral, Series A2+ Collateral, Series B Collateral and Series C Collateral upon their maturity in the Series A1+ Cash Deposit Account, Series A2+ Cash Deposit Account, Series B Cash Deposit Account and Series C Cash Deposit Account, respectively, with the Cash Deposit Account Bank which must have the Cash Deposit Account Bank Required Rating from the Rating Agency.
- 4.14 On or after the date on which such proceeds are invested in the Cash Deposit Accounts pursuant to Clause 4.13, the Issuer may, subject to confirmation by the Rating Agency, apply the amounts standing to the credit of each Cash Deposit Account towards the purchase of Eligible Securities. The Issuer shall pledge, assign or otherwise charge the Eligible Securities to the Bank to secure the Issuer's obligations under the Loss Guarantee towards the Bank and

thereafter pledge, assign or otherwise charge the Eligible Securities to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes, as applicable. The security interests over the Eligible Securities for the benefit of the Bank shall rank senior to the security interests of the Trustee. Any reference in the Transaction Documents to the Note Collateral shall include the Eligible Securities, unless otherwise specified or the context requires otherwise.

"**Eligible Securities**" means at any time securities which are

- (a) denominated and payable in euros, or any other currency if the Issuer is sufficiently hedged against currency risks and
- (b) which
 - (i) qualify as negotiable instruments, and
 - (ii) are
 - (A) securities issued by a member state of the European Union or institutions that have a guarantee by such member state (i.e., KfW, etc.) and have a long term rating of at least AA- by S&P, or
 - (B) public sector Pfandbriefe (*Öffentliche Pfandbriefe*) which have a rating of AAA by S&P.

5. OTHER COLLATERAL

5.1 The Issuer hereby pledges (*verpfänden*) pursuant to §§ 1204, 1273 and 1279 of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee for the collateral purposes set out in Clause 5.2 below the following claims and rights:

- (i) all its present and future claims and rights arising from:
 - (a) the Transaction Account Agreement, including all its present and future claims and rights under the Transaction Account and all its present and future claims and rights under the Cash Collateral Account,
 - (b) the agency agreement between the Issuer, the Trustee and the Principal Paying Agent dated July 3, 2007, as amended from time to time (the "**Agency Agreement**"),
 - (c) the subscription agreement for the Notes between the Issuer and Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom (in such capacity, the "**Lead Manager**") dated July 9, 2007, as amended from time to time (the "**Subscription Agreement**"),
 - (d) the Securities Purchase Agreement,
 - (e) the Loss Guarantee,
 - (f) the Custody Agreement, and
 - (g) the Put Agreement; and
- (ii) all its present and future claims and rights against the Trustee arising under this

Agreement.

The Trustee hereby accepts such pledges.

- 5.2 The pledges pursuant to Clause 5.1 serve to secure the Trustee Claim.
- 5.3 The parties hereby acknowledge that the Issuer has, pursuant to the Irish Security Agreement, charged and assigned by way of security in favour of the Trustee all its present and future claims, right, title and interest in and to the Administration Agreement as security for the Trustee Claim.
- 5.4 The Issuer hereby gives notice to the Bank of the pledge pursuant to Clause 5.1(i)(e) and the Bank hereby confirms receipt of such notice. The Issuer shall give written notice to the other debtors of the claims pledged pursuant to Clause 5.1(i) and shall provide a written confirmation to the Trustee that it has received a confirmation of receipt of such notice from each such debtor.
- 5.5 So long as the Trustee does not take any action pursuant to this Clause 5 the Issuer shall be entitled to administer the Collateral pledged to the Trustee pursuant to Clause 5.1.
- 5.6 The Trustee hereby authorises the Issuer to administer the Transaction Account and the Cash Collateral Account and deal in the ordinary course of business with the Collateral pledged to the Trustee pursuant to Clause 4.3 and Clause 5.1.
- 5.7 The authorisation pursuant to Clause 5.6 may be withdrawn by the Trustee upon the occurrence of a Foreclosure Event or if, in the professional judgement of the Trustee such withdrawal is desirable or expedient to protect the interests of the Noteholders. The Trustee shall promptly give notice to the Issuer and the Account Bank of its withdrawal of the authorisation pursuant to Clause 5.6 and upon the receipt of such notice the Account Bank shall make payments only as instructed by the Trustee.
- 5.8 To the extent that the Issuer receives any amounts as part of the Guarantee Fee relating to Late Recoveries, the Unjustified Loss Allocation Procedure and/or amounts standing to the credit of the Excess Spread Ledger pursuant to Section 8.5(iii) (Loss Allocation – Excess Spread Ledger) of the Terms and Conditions, in each case, allocable to the Class A1+ Notes, Class A2+ Notes, Class B Notes or Class C Notes, the Issuer shall apply such amounts to effect an increase of the relevant Cash Deposit Account.

6. CASH COLLATERAL

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

"**Guarantee Fee**" means the amount payable by the Bank to the Issuer calculated by the Bank as the sum of (i) the costs and expenses of the Issuer and (ii) the excess, if any, of (A) the aggregate Interest Amount 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 or, if relevant, from the Put Counterparty in respect of the Eurohypo Pfandbriefe under the Put Agreement, on or in respect of the relevant Payment Date.

7. FORECLOSURE ON COLLATERAL

7.1 If and to the extent any Notes become due and subject to early redemption (each such Note, a "**Foreclosure Note**") upon the occurrence of a Foreclosure Event the Trustee shall, if in its professional judgement the payments due and payable under the Note Collateral have not been made or, in the case of the Eurohypo Pfandbriefe, the relevant Eurohypo Pfandbriefe have not been sold in accordance with the terms of the Put Agreement, in each case, on the date on which the Foreclosure Notes become due, foreclose or cause foreclosure on the Collateral (including the relevant Series of the Note Collateral) pursuant to this Clause 7. In foreclosing on the Collateral pursuant to this Clause 7, the Trustee shall not exercise its pledge over the Collateral but shall act on behalf of the Issuer on the basis of an authorisation which is hereby granted by the Issuer. Only if such authorisation is revoked by the Issuer or ceases to be effective for any other reason, the Trustee shall exercise such pledge and foreclose on the Collateral in accordance with the applicable statutory provisions. The enforcement of the pledges granted under this Trust Agreement shall not require any enforceable judgement or other executory title (*vollstreckbarer Titel*) and Section 1277 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall not apply.

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

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

7.2 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 and Section 11.2 of the Terms and Conditions, respectively, or, in the case of (ii) under the definition "Foreclosure Event" later than three Business Days after the Trustee becomes aware of a Foreclosure Event with respect to the relevant Class of Notes (whether by notification from the Issuer or the Bank pursuant to Clause 7.6 below or otherwise), it shall organise or have organised for each Series of Note Collateral a panel of at least 3 Dealers to bid for the purchase of such Series of Notes 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 7.2.

"Foreclosure Amount" means, in respect of each Class of Foreclosure Notes, the sum of (i) the Class Principal Amount of such Foreclosure Notes and (ii) the accrued interest under the Series of Note Collateral related to such Class.

"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 7.

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

7.3 In the event that any Series of Note Collateral is not realised in accordance with Clause 7.2 above, the Trustee shall, in accordance with the written instructions of the relevant Noteholders delivered to the Principal Paying Agent and specifying the relevant transfer details, transfer and deliver in book-entry form or cause to be transferred and delivered in book-entry form such Series of 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 Eurohypo Pfandbriefe and/or Postbank Notes, as applicable, representing such Series of Eurohypo Pfandbriefe and/or Postbank Notes, respectively, that the total principal amount of the Eurohypo Pfandbriefe and/or Postbank Notes, as applicable delivered to any Noteholder of such Class is equal to the aggregate Note Principal Amount of the Notes of such Class held by such Noteholder of such Class as of the date of such transfer (rounded upwards to the nearest euro).

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

7.5 Other Collateral

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

7.6 Each of the Issuer and the Bank shall notify the Trustee without delay of the occurrence of a Foreclosure Event and shall provide reasonable details thereof. After it becomes aware of the occurrence of a Foreclosure Event the Trustee shall without delay give notice to the Noteholders, the Bank and the Rating Agency of the same.

7.7 The Trustee shall promptly notify the Rating Agency about the selection of panel(s) of Dealers and all determinations pursuant to this Clause 7.

7.8 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 7 regardless of whether the Issuer performs its obligations under this Agreement, including in particular its obligations under Clauses 22 and 24.

8. REPRESENTATIONS OF THE ISSUER

8.1 The Issuer hereby represents to the Trustee that:

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

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

9. REPORTS; DOCUMENTS; INFORMATION

9.1 With respect to each Collection Period not later than on the 15th Frankfurt Business Day of each calendar month immediately preceding the calendar month in which a Payment Date occurs (the "**Reporting Date**"), the Bank shall 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 12.1 in respect of the relevant Reference Claim(s), information on each Non-complying Reference Claim, on each Non-qualifying Reference Claim and each removal of a Reference Claim or a portion thereof, as relevant, from the Reference Pool pursuant to Provision 9 (Non-compliance) of the Reference Pool Provisions; for the avoidance of doubt, such information shall only consist of the identifier of the relevant Reference Claim pursuant to Provision 2.1(i) of the Reference Pool Provisions; *provided that* the relevant non-compliance is sufficiently recorded in the files of the Servicer relating to such Reference Claim;
- (iii) information on each transfer of a Reference Claim and each removal of a Reference Claim from the Reference Pool pursuant to Provision 8 (Transfers) of the Reference Pool Provisions;
- (iv) information on the determination of each Liquidated Reference Claim, Realised Losses and their allocation, including (a) a statement to the effect that all amounts expected to be recovered in respect of any Defaulted Reference Claim have been received by the Servicer, (b) the time when the last such amount was received, (c) Enforcement Costs with respect to and/or Accrued Interest on the Reference Claim and/or any external costs and expenses connected with payment rescheduling or debt restructuring, and (d) the amount of the Realised Losses with respect to such Reference Claim;

- (v) the aggregate Outstanding Protected Amount of all Liquidated Reference Claims and Defaulted Reference Claims as well as of all Reference Claims which are overdue for more than 90 calendar days as of 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 and other identifiers assigned to such Reference Claim in the Reference Claim List, Outstanding Protected Amount, payments under the Building Savings Contract in arrear, interest in arrear (contractual and default), the aggregate amount of payments in arrears for the purpose of calculating the Minimum Amount, the period of non-payment of such amounts, and information on measures taken in respect thereof, such as termination status, enforcement and foreclosure measures (*procedura esecutivo*);
- (vii) the Excess Spread Amount to be credited to, and each amount to be debited from, the Excess Spread Ledger on the related Payment Date, any increase of the Note Principal Amounts of any Class or Classes pursuant to Section 8.5(iii) (Loss Allocation – Excess Spread Ledger) of the Terms and Conditions;
- (viii) information on individual Unjustified Loss Allocations and Late Recoveries and their distribution;
- (ix) stratification tables profiling the Reference Pool in respect of the information specified in Section 14.1(l) (Investor Notification – Regular) of the Terms and Conditions;
- (x) a computation of any Cash Settlement Amounts due from the Issuer and the Swap Counterparties under the Loss Guarantee, the Super Senior Swap and the Junior Senior Swap, respectively;
- (xi) information on debt restructuring and payment rescheduling, including any amounts of principal foregone, with respect to any Reference Claim commenced and/or concluded during the Collection Period;
- (xii) information it has received on the occurrence of a Default Event; and
- (xiii) the amounts of principal (if any) payable on each Note on the related Payment Date.

9.2 In connection with the redemption of the Notes, the Bank shall 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 9.1, *inter alia*, the following:

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

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

- (i) details with respect to Defaulted Reference Claims for the purposes of Section 10.3 (Redemption – Legal Maturity) of the Terms and Conditions;
- (ii) redemption amounts with respect to each Note then outstanding; and
- (iii) determination of Appraised Losses, if any.

"**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 7th Frankfurt Business Day prior to the Termination Redemption Date and the actual date of redemption of the Notes in accordance with Section 11 (Early Redemption for Default) of the Terms and Conditions, respectively, or the Reporting Date immediately preceding the Early Redemption Date, as relevant, and including, *inter alia*:

- (i) the Termination Redemption Date or the date of the actual redemption of the Notes, or the Early Redemption Date, as relevant;
- (ii) relevant information pursuant to Clause 9.1;
- (iii) the determination of the Appraised Losses and any other determinations pursuant to the Terms and Conditions for the purposes of the early redemption, as relevant;
- (iv) the reasons for the early redemption and determinations for the purposes of Section 11.2 (Early Redemption for Default – Method and Amount) or Section 12.2 (Early Redemption by the Issuer – Deferred Redemption) of the Terms and Conditions, if relevant;
- (v) details of the Overdue Reference Claims for the purposes of Section 12.2 (Early Redemption by the Issuer – Deferred Redemption) of the Terms and Conditions, if relevant;
- (vi) details of the Defaulted Reference Claims for the purposes of Section 11.2 (Early Redemption for Default – Method and Amount) of the Terms and Conditions, if relevant; 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 or 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**".

- 9.3 The Bank confirms that the initial Reference Claim List as of the Cut-off Date as provided for in Provision 2.1 of the Reference Pool Provisions (Reference Claims – Identification) has been delivered to the Trustee.
- 9.4 Subject to applicable law, regulations and contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Servicer, and subject to Clause 18.1(ii), the Bank shall provide the Trustee with such additional information, documents and facilities as the Trustee may reasonably require for the performance of the Trustee Duties.
- 9.5 The Trustee shall take delivery of the Reports and all other documents delivered to it pursuant to this Trust Agreement and shall:

- (a) keep such documents for one year after the termination of this Trust Agreement and, at the discretion of the Bank, thereafter either destroy such documents or deliver the same to the Bank; or
 - (b) forward the documents to the successor Trustee if the Trustee is replaced in accordance with Clause 26.
- 9.6 In addition, subject to applicable law, regulations and contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicer, the Bank shall grant the independent auditors of the Trustee the right to inspect, after having received reasonable notice and during normal business hours, all books, documents and data which affect the Reference Claims or the Reference Collateral.
- 9.7 Without prejudice to the provisions of Clause 29, the Trustee shall comply with the applicable data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Servicer and shall not disclose any Report, document or other information obtained from the Bank pursuant to this Trust Agreement to any third party without prior written consent of the Bank, except to an Expert duly appointed pursuant to Clause 14 or a Value Expert duly appointed pursuant to Clause 15 or a vicarious agent (*Erfüllungsgehilfe*) duly appointed pursuant to Clause 20, *provided that* applicable data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Servicer are observed.
- 9.8 Unless otherwise specified or agreed with the Trustee, the Bank shall provide the Trustee with all Reports, documents and information pursuant to Clause 31. All Reports, documents and information provided to the Trustee shall be true, accurate and complete in all material respects.

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

- 10.1 The Trustee shall check the acceptability of the Reports and other documents delivered and information otherwise provided to it pursuant to this Trust Agreement, other than those documents provided pursuant to Clause 18.1(i) and Clause 18.3(i), in light of all circumstances (*Plausibilitätsprüfung*). 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 the Loss Allocation or any other risk for the Transaction Creditors due to any failure of the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, the Trustee shall promptly notify the Issuer and the Bank and shall conduct such further reviews and take such other actions, including the specific procedures set out in Clauses 11 through 13, as applicable, within the scope of the Trustee Duties and subject to Clause 16 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- 10.2 (a) In addition to the checks pursuant to Clause 10.1 above, the Trustee shall half yearly at or about the end of each 6 month period following the Issue Date if the aggregate amount of Realised Losses determined from the Issue Date exceeds EUR 150,000 or any Realised Losses are allocated to the Notes, verify the determination and allocation of Realised Losses in respect of each Reference Claim for which Realised Losses have been or are to be allocated to the Notes during such half year, in each case, including whether the Eligibility Criteria (including the Eligibility Criterion under Provision 6(xxii)(a) of the Reference Pool Provisions) were met and the Servicing Standards were complied with in

connection with such Reference Claims. With respect to the determination and allocation of Realised Losses, if on the basis of such check, the Trustee has not identified any non-compliance with any of the conditions and requirements for the Loss Allocation in respect of any such Realised Loss, the Trustee shall promptly confirm by written notification to the Issuer and the Bank such determination and allocation of Realised Losses, *provided that*, without prejudice to Unjustified Loss Allocation and the provision set forth in the following sentence, such confirmation shall not be a condition precedent for the relevant Loss Allocation. If, on the basis of such check, the Trustee comes to the conclusion that any of the conditions and requirements for the Loss Allocation in respect of such Realised Loss have not been complied with, the Trustee shall promptly notify the Issuer, the Bank and the Rating Agency and take such other actions, including the specific procedures set out in Clauses 11 through 13, as applicable, within the scope of its Trustee Duties and subject to Clause 16 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors. For the avoidance of doubt, if the Trustee has performed its verification pursuant to this Clause 10.2(a) in respect of Realised Loss for a specific Reference Claim, the Trustee shall not be obliged, notwithstanding the procedures set out in Clauses 12 to 14, to verify the determination of such Realised Loss again at a later date.

- (b) The Trustee shall only be obliged to carry out the verifications pursuant to this Clause 10.2 if the conditions of Clause 16.2 are met.
- 10.3 The Trustee shall verify the accuracy of each Regular Notification, including the calculation of the Interest Amounts in respect of each Class of Notes, the Early Redemption Notification, if any, and the information to be provided to the Senior Swap Counterparties pursuant to the provisions of the Super Senior Swap and the Junior Senior Swap, respectively, as agreed with the Bank and notified to the Trustee (each, an "**Investor Notification**"), in each case, provided to it by the Bank pursuant to Clause 18, by reference to the corresponding data contained in the related Reports delivered to it by the Bank pursuant to Clause 9 in respect of the relevant Collection Period.
- 10.4 The Trustee shall, within three Frankfurt Business Days after delivery of the relevant Investor Notifications pursuant to Clause 10.3, give a 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 Clause 10.1 and (ii) either (a) such check does not reveal any indication of breach of related conditions and requirements for the 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 and on the basis of its verification pursuant to Clause 10.3 the relevant Investor Notification is accurate; or (b) 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.
- 10.5 The Trustee shall deliver to the Issuer and the Bank as soon as possible a notice (the "**Notice**") initiating the procedures, if any, pursuant to Clauses 10.1, 10.2(a), 11, 12, 13 and/or 16 (each, a "**Procedure**"). Such Notice shall provide reasonable details with respect to (i) a summary of the relevant facts and circumstances, (ii) the extent of the Trustee's disagreement with the relevant determination or calculation or other action (failure to act) of the Bank or the Issuer, if applicable, and (iii) the Trustee's reasons for such disagreement.
- 10.6 The Trustee may request, and the Bank shall provide to the Trustee, subject to Clause 18.1(ii), such further information, access to its facilities and documentation, subject to applicable law, 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, as the Trustee and its advisors shall require to facilitate the Procedures.

11. LOSS ALLOCATION PROCEDURE

- 11.1 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3, that a determination of a Defaulted Reference Claim or allocation of Realised Losses may be unjustified in whole or in part because of the determination thereof or the allocation thereof to a particular Transaction Creditor being erroneous, the Trustee shall promptly give the Issuer and the Bank notice thereof and shall proceed in accordance with Clause 14. The determination and/or allocation of Realised Losses shall be erroneous if, *inter alia*:
- (i) a Reference Claim has been determined to be a Liquidated Reference Claim without proper enforcement of such Reference Claim, including by foreclosure (*procedura esecutivo*) on Reference Collateral, if relevant, in accordance with the Servicing Standards;
 - (ii) a Reference Claim has been determined as a Liquidated Reference Claim at a time when further proceeds could still be reasonably expected to be received on such Reference Claim; or
 - (iii) Reference Collateral securing a Reference Claim which became a Liquidated Reference Claim has been previously released in breach of the Servicing Standards.
- 11.2 If the Notice is received by the Bank before the Determination Date preceding the Payment Date on which the allocation of the Realised Loss in respect of which the Notice was given should take place, such Realised Loss shall not be allocated pursuant to the Loss Allocation until and unless its due allocation is determined pursuant to Clause 14.
- 11.3 In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3, that an Unjustified Loss Allocation or Unjustified Cash Settlement (as defined in the Loss Guarantee, the Super Senior Swap and the Junior Senior Swap, respectively) has occurred, it shall notify the Issuer and the Bank accordingly. In the event that the Bank declines to confirm the occurrence of an Unjustified Loss Allocation or Unjustified Cash Settlement, the Trustee shall appoint an Expert pursuant to Clause 14 to determine whether an Unjustified Loss Allocation or Unjustified Cash Settlement has occurred, which Transaction Creditors have been affected thereby, and details of the re-instatement of the relevant Note Principal Amount of the affected Notes or reimbursement of the amounts of the Unjustified Cash Settlement.

12. REFERENCE CLAIM REMOVAL PROCEDURE

- 12.1 The Bank shall give without undue delay but not later than 120 days after the Bank becomes aware that 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**"), notice thereof (each, a "**Non-compliance Notice**") to the Trustee, unless such non-compliance has been reported in the Pool Report. The Non-compliance Notice shall only consist of the identifier of such Reference Claim pursuant to Provision 2.1(i) (Reference Claims, Identification) of the Reference Pool Provisions, account number and the sub-account number only, *provided that* the relevant non-compliance is sufficiently recorded in the files of the Bank relating to such Reference Claim.
- 12.2 Without limitation to the requirements under Provision 9(a)(ii) (Non-compliance) of the Reference Pool Provisions, on or after the delivery date of any Non-compliance Notice, the

Bank may request from the Trustee a confirmation to the effect that in the professional judgement of the Trustee:

- (i) the conditions under Provision 9(a)(A) (Non-compliance) of the Reference Pool Provisions are met;
- (ii) the conditions under Provision 9(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 9(b) or Provision 9(c) (Non-compliance) of the Reference Pool Provisions are met.

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

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

13. REDEMPTION PROCEDURES

- 13.1 In the event that the Trustee has reason to believe on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3 that a determination by the Bank pursuant to Section 10 (Redemption), Section 11 (Early Redemption for Default) or Section 12 (Early Redemption by the Issuer) of the Terms and Conditions has not been made in accordance with the Terms and Conditions, it shall promptly give notice to the Issuer and the Bank thereof and shall proceed in accordance with Clause 14. Any such determination shall be erroneous if, *inter alia*:
- (i) any Appraised Loss is determined in breach of the applicable provisions of the Terms and Conditions; or
 - (ii) the determination of the aggregate Outstanding Protected Amount of the Overdue Reference Claims or Defaulted Reference Claims, as relevant, is erroneous.
- 13.2 If the Notice is received by the Bank before the Determination Date preceding the relevant redemption date, the redemption will be deferred until the latter of the next Payment Date or the Payment Date following the final determination of the matter(s) in respect of which the Notice was given pursuant to the procedures under Clause 14. 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.

14. EXPERT FOR THE PROCEDURES

- 14.1 Without prejudice to the provisions of Clause 14.4 below, upon giving a Notice pursuant to Clause 10.5 or receipt of a reasoned request pursuant to Clause 12.2, the Trustee shall appoint a disinterested third party that is an auditing firm of recognised standing having an office in Germany belonging to one of the five largest, measured by turn-over, accounting groups worldwide but which is not an affiliate of either the Issuer, the Bank, or the Trustee (the "**Expert**") to resolve the disputed matter. For the avoidance of doubt, the appointment of each Expert is for the purposes of obtaining an expert opinion (*Schiedsgutachten*) and not for arbitration (*Schiedsvertrag*).
- 14.2 Such Expert shall be selected by the Trustee in its reasonable discretion after consultation with the Bank, if practicable, having regard to the nature of the dispute and interest of the Transaction Creditors in the timely determination of the disputed issue. The Trustee shall ensure that Clause 29.2 is complied with.
- 14.3 The Trustee shall promptly notify the Issuer, the Bank and the Rating Agency of such appointment and the nature of the dispute.
- 14.4 Prior to the appointment of the Expert pursuant to Clause 14.1, the Trustee may, at its sole discretion but having due regard to the interests of the Transaction Creditors, seek an amicable solution of the matter of disagreement by negotiation with the Bank.
- 14.5 Each of the Bank and the Trustee shall, upon request of the Expert, provide the Expert with such information, documents and access as the Expert may reasonably require for the performance of its duties hereunder. The Bank may limit the access of any Expert to any of its information, facilities and documentation to the extent that the Bank, based on advice of in-house legal counsel, determines that such limitation is necessary in order to avoid a violation of applicable law, regulations and/or contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Servicer.
- 14.6 Any determination by way of a written certificate of the Expert will, in the absence of manifest error, be final and binding. The Expert shall deliver such written certificate to the Trustee, with a copy to the Issuer and the Bank. To the extent that, pursuant to the findings of the Expert in such written certificate, a Realised Loss is to be determined and allocated to the 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. For the avoidance of doubt, the Trustee shall not be obliged to verify such determination and allocation to the extent such determination and allocation is final and binding.

15. EXPERT FOR DETERMINATION OF APPRAISED VALUE

- 15.1 Promptly upon receipt of the notice from the Issuer or the Bank, as the case may be, that determination of any 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 the requested number of disinterested third party experts, each of which is a certified valuer (taxator, *Wertgutachter*) in respect of real property but none of which is 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 Experts**") to determine the Appraised Value. For the avoidance of doubt, the appointment of each Value Expert is for the purposes of obtaining an expert opinion (*Schiedsgutachten*) and not for arbitration (*Schiedsvertrag*).
- 15.2 The Value Experts shall be selected by the Trustee in its reasonable discretion having regard to

the interests of the Transaction Creditors in professional determination of the Appraised Values in timely manner. The Trustee shall ensure that Clause 29.2 is complied with and shall use all reasonable efforts to provide for a timely determination of the Appraised Values.

- 15.3 The Trustee shall promptly notify the identity of the Value Experts to the Bank, the Issuer and the Rating Agency.
- 15.4 Upon request by the Trustee and/or a Value Expert, the Bank shall provide the Value Expert with such information and documents regarding the Overdue Reference Claims or Defaulted Reference Claims and access as the Value Expert may reasonably require for the determination of the Appraised Values. The Bank may limit the access of the Value Expert to any of its information, facilities and documentation of the Bank to the extent that the Bank, based on advice of in-house legal counsel, determines, that such limitation is necessary in order to avoid a violation of applicable law, regulations and contractual obligations of the Bank, in particular data protection laws and regulations and statutory, regulatory and contractual bank secrecy obligations of the Bank.
- 15.5 Any determination by way of a written certificate of a Value Expert will, in the absence of manifest error, be a final and binding determination of such Value Expert for the purposes of determination of the Appraised Value as defined in Section 10.3 (Redemption –Legal Maturity) of the Terms and Conditions. The Value Experts shall deliver such written certificate to the Trustee with a copy to the Bank and the Issuer.

16. OBLIGATION OF THE TRUSTEE TO ACT

- 16.1 If the Trustee becomes aware on the basis of its checks pursuant to Clauses 10.1, 10.2 and 10.3 that the interests of the Transaction Creditors are at risk due to any failure by the Issuer or the Bank duly to discharge its obligations under the Trustee Documents, the Trustee shall promptly give Notice to the Issuer and the Bank thereof and, at its discretion and subject to Clause 16.2, take or initiate any of the Procedures under this Trust Agreement, appoint an Expert (pursuant to Clause 14) or a Value Expert (pursuant to Clause 15) or take such other action which the Trustee, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- 16.2 Subject to Clause 7.8, the Trustee shall only be obliged to perform its Trustee Duties if, and to the extent that:
- (a) it is convinced (on reasonable grounds) that its fees pursuant to Clause 22.1 will be paid and it will be indemnified to its satisfaction (either by reimbursement of costs or in any other way it deems appropriate) against all costs and expenses resulting from its activities pursuant to Clause 22.2 (including fees for retaining an Expert, the Value Experts or an Advisor as well as fees and expenses of any third party retained in accordance with Clause 20) and against all liability, obligations and attempts to bring any action in or out of court, (the claim for such fees and indemnification, the "**Indemnification Claim**"); or
 - (b) the Issuer or, failing whom, the Bank has, upon the Trustee's request, paid an adequate advance for the Trustee's Indemnification Claim,

provided that any Indemnification Claim which shall be incurred or requested by the Trustee (i) in connection with or for a period of 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).

17. REPRESENTATIONS AND UNDERTAKINGS OF THE TRUSTEE

- 17.1 The Trustee represents to the Issuer and the Bank that it is legally competent and in a position to perform the duties ascribed to it under the Trustee Documents and that, as at the time of concluding this Trust Agreement, a reason for terminating this Trust Agreement pursuant to Clause 26.1 has neither occurred nor to its best knowledge is foreseeable.
- 17.2 The Trustee undertakes without delay to provide the Issuer and the Bank with a copy of each notice it receives from a Noteholder pursuant to Section 11.1 (Early Redemption for Default – Default Events) of the Terms and Conditions.
- 17.3 The Trustee hereby acknowledges, having regard to the provisions of Clause 16.2, that the occurrence of a Default Event specified under (ii) of Section 11 (Early Redemption for Default – Default Events) of the Terms and Conditions will not, as such, give the Trustee the right to terminate this Trust Agreement under Clause 26.1, *provided that* it cannot be excluded that, with regard to all other circumstances and events, a good cause (*wichtiger Grund*) which would give the Trustee such right might occur when such Default Event occurs.
- 17.4 The Trustee undertakes neither to assign, in whole or in part, the Trustee Claim. The Trustee undertakes not to transfer, assign, pledge or otherwise charge the Collateral except in accordance with the Transaction Documents.
- 17.5 The Trustee undertakes, in connection with its resignation pursuant to Clause 26.1, (i) to give the Issuer and the Bank a reasonable advance notice of its intention to give notice to the Noteholder pursuant to Section 11.1(ii) (Early Redemption for Default - Default Events) of the Terms and Conditions and, if relevant, (ii) to give notice to the Noteholders pursuant to Section 11.1(iii) (Early Redemption for Default - Default Events) of the Terms and Conditions.
- 17.6 The Trustee hereby confirms that a copy of the Terms and Conditions, the Junior Senior Swap and the Super Senior Swap is available to it and that it is familiar with the terms of the Super Senior Swap, the Junior Senior Swap and the Terms and Conditions.

18. UNDERTAKINGS OF THE BANK AND THE ISSUER

- 18.1 For as long as any of the Notes are outstanding the Bank shall:
- (i) as soon as practicable after publication, provide the Trustee with two copies of its latest annual audited 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;
 - (ii) subject to applicable law, regulations and contractual obligations of the Bank and/or the Servicer, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicer, and internal business secrecy practice of the Bank and/or the Servicer, 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 Servicer for the purposes of performance of the Trustee Duties and the duties under Clause 14 and Clause 15, respectively, 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 Servicer, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicer, and

internal business secrecy practice of the Bank and/or the Servicer, 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 (a) the Issuer 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, or (b) 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 Servicer, in particular data protection laws and regulations, and subject to statutory, regulatory and contractual bank secrecy obligations of the Bank and/or the Servicer, and internal business secrecy practice of the Bank and/or the Servicer, 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, Accrued Interest and Enforcement Costs have been received by the Servicer) with the notices pursuant to Section 8.4 (Loss Allocation - Notice to Trustee) of the Terms and Conditions;
- (vii) provide the Trustee with a copy of each Investor Notification in draft form when the related Report is delivered by the Bank to the Trustee pursuant to Clause 9 on the Reporting Date or the date determined pursuant to the definition of "Early Redemption Report", immediately preceding the delivery of such Investor Notification;
- (viii) after the Trustee has given its confirmation pursuant to Clause 10.4, promptly, but not later than the Frankfurt 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 Agency, (ii) to the Noteholders in accordance with the Terms and Conditions or, if relevant, to the Principal Paying Agent for communication to the Noteholders in accordance with the Terms and Conditions, (iii) to the Custodian and the Put Counterparty and (iv) to the Swap Counterparties;
- (ix) provide the Trustee with any amendment of the Junior Senior Swap or the Super Senior Swap relevant in connection with the Trustee Duties hereunder.

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

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

- (i) as soon as practicable after publication, provide the Trustee with two copies of its latest annual financial statements and make its latest annual published financial statements available for inspection by the Transaction Creditors at the specified offices of the Bank and the Principal Paying Agent, if different;

- (ii) execute such additional documents and take such further action as the Trustee may reasonably consider necessary or appropriate to give effect to this Trust Agreement and to ensure the validity, binding effect and enforceability of the Terms and Conditions;
- (iii) notify the Trustee immediately if (a) it cannot discharge in full any obligation to make payments of principal or interest on the Notes pursuant to the Terms and Conditions with respect to any Payment Date, (b) it is in breach of any other obligations under the Transaction Documents, or becomes aware of a breach of any obligation of the Bank hereunder, or (c) the occurrence of (a) or (b) is imminent;
- (iv) without delay provide the Bank and the Trustee with a notice if the Notes become due and subject to early redemption by operation of insolvency or other mandatory laws or the occurrence thereof is imminent;
- (v) give the Bank, if different from the Principal Paying Agent, and the Trustee at least 30 calendar days notice of its replacement of the Principal Paying Agent; and
- (vi) when requested to do so by the Bank, exercise its election right pursuant to Section 11.2(a) and (b) (Early Redemption for Default – Method and Amount) of the Terms and Conditions in accordance with the directions of the Bank.

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

- (a) engage in any business or any other activities other than:
 - (i) the performance of its obligations under this Trust Agreement, the Notes and the other Transaction Documents;
 - (ii) the enforcement of its rights;
 - (iii) the performance of any acts which are necessary or desirable in connection with (i) or (ii) above; and
 - (iv) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the professional judgement of the Trustee, are necessary or desirable having regard to the interests of the Transaction Creditors in order to ensure that the Trustee Documents are always valid and effective,
- (b) hold subsidiaries (except in the case of a substitution of the Issuer pursuant to the Terms and Conditions),
- (c) dispose of any assets, including the Collateral, or any part thereof or interest therein, except as otherwise provided in (a) above,
- (d) alienate, or create or permit to subsist any pledge or other security interest in, any assets or any part thereof or interest therein, unless permitted under (a) above,
- (e) incur further indebtedness or give any guarantee or indemnity in respect of any obligation of any person,
- (f) have any employees,
- (g) amend or agree to an amendment of any of the Transaction Documents or its

Memorandum and Articles of Association except as required by applicable law or requested by the Trustee,

- (h) acquire the obligations or securities of its shareholders,
- (i) commingle its assets with those of any other entity,
- (j) issue or repurchase shares or reduce its share capital or declare or pay dividends or any other distributions of any kind whatsoever, except as contemplated by the Transaction Documents,
- (k) open any bank account (except as contemplated by the Transaction Documents),
- (l) lease or otherwise acquire any real property (including office premises or like facilities),
- (m) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person, and
- (n) make any loans or advances to any entity.

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

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

19. ACTIONS REQUIRING CONSENT

If the Issuer or the Bank requests that the Trustee grants its consent pursuant to the Trustee Documents or otherwise under the Transaction Documents, the Trustee may grant or withhold the requested consent at its discretion, taking into account the interests of the Transaction Creditors. The Trustee shall notify the Issuer, the Bank and the Swap Counterparties of any material consent granted by it pursuant to this Clause 19, if so requested.

20. RETAINING OF THIRD PARTIES

20.1 The Trustee may delegate the performance of its Trustee Duties, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*, § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*)). A more extensive delegation of the Trustee Duties is not permitted.

20.2 The Trustee shall promptly notify the Rating Agency, the Bank and the Issuer of every instruction of a third party made pursuant to Clause 20.1.

20.3 For the purposes of appointment of the Expert or Value Expert, the Trustee shall only be liable for the exercise of due care in the selection of the Expert and/or Value Expert. The Trustee shall not be liable for the performance of the Expert and/or Value Expert.

21. ADVISORS

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

22. FEES AND REIMBURSEMENT OF THE TRUSTEE

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

23. FEES AND EXPENSES OF THE EXPERT AND VALUE EXPERT

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

24. RIGHT TO INDEMNIFICATION

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

25. TAXES

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

26. TERMINATION; REPLACEMENT

- 26.1 Without prejudice to Clause 26.5, the Trustee may resign as Trustee for good cause (*aus wichtigem Grund*) at any time.
- 26.2 Subject to Clause 26.3, the Issuer shall be authorised and obliged to revoke the appointment of the Trustee as trustee under this Trust Agreement and give immediate notice thereof to the Bank and the Rating Agency (A) for good cause (*aus wichtigem Grund*), (B) upon the written instruction of the Swap Counterparties upon the occurrence of good cause (*aus wichtigem Grund*), (C) after having been (i) so instructed in writing by Noteholders representing at least 25% of the aggregate Note Principal Amount of the Notes then outstanding upon the occurrence of good cause (*aus wichtigem Grund*) or (ii) informed by the Rating Agency that the continued appointment of the Trustee in its capacity hereunder would adversely affect the then current rating of any Class of Notes by the Rating Agency.
- 26.3 In the case of insolvency, bankruptcy, receivership, examinership, winding-up or liquidation of the Issuer, the Trustee shall be obliged to resign, and shall give immediate notice thereof to the Bank, the Rating Agency and the Issuer, if (A) so instructed in writing (i) by the Swap Counterparties upon the occurrence of good cause (*aus wichtigem Grund*), (ii) by Noteholders representing at least 25% of the aggregate Note Principal Amount of the Notes then outstanding upon the occurrence of good cause (*aus wichtigem Grund*) or (B) informed by the Rating Agency that the continued appointment of the Trustee in its capacity hereunder would adversely affect the then current rating of any Class of Notes by the Rating Agency.
- 26.4 Notwithstanding the provisions of Clauses 26.1 through 26.3 above, in the event that the Issuer does not comply with its obligation pursuant to Section 4.2 (Trustee – Obligation to Maintain a Trustee) of the Terms and Conditions or such non-compliance, in the reasonable opinion of the Bank, is imminent, the Bank shall appoint a successor trustee.
- 26.5 Any resignation by the Trustee in accordance with Clause 26.3(A)(ii) or (B), any revocation of the appointment of the Trustee in accordance with Clause 26.2(C) and any appointment of the Trustee in accordance with Clause 26.4 shall become effective only upon (i) the appointment by the Issuer or, in case of Clause 26.3, the Trustee on behalf of the Transaction Creditors or, in the case of Clause 26.4, the Bank, of a successor trustee, which must be a bank, financial services institution, auditing firm or law firm of recognised standing which has its principal office in Germany and with respect to which the Rating Agency 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 and any other relevant Transaction Documents. In the case of Clause 26.1, the Trustee shall use its best efforts to appoint a successor trustee not later than the 2nd Business Day prior to the Trustee Resignation Effective Date and for so long as no successor trustee has been appointed, the Issuer and the Bank shall have the right, in consultation with each other and the Trustee, to appoint a successor trustee and each of them shall use all reasonable efforts to appoint a successor trustee not later than the 2nd Business Day prior to the Trustee Resignation Effective Date. In the case of Clause 26.2(i) and (ii) and Clause 26.3(i), respectively, the Bank and the Issuer shall use all reasonable efforts to appoint a successor trustee which meets the requirements set forth in Clause 26.5(i) not later than on the date on which the termination becomes effective.
- 26.6 The costs incurred in connection with replacing the Trustee pursuant to Clauses 26.1 through 26.4 shall be borne by the Issuer. If the replacement pursuant to Clause 26.2 or 26.3 is due to the Trustee's conduct and such conduct does not meet the standard of care pursuant to Clause 27, the Issuer shall be entitled, without prejudice to any additional rights, to demand

from the Trustee the payment of an amount equal to such costs.

- 26.7 The successor trustee appointed in accordance with Clause 26.5 shall give notice of the appointment, including its address, without delay to the Issuer, the Bank and the Rating Agency, as relevant, in accordance with this Trust Agreement, and to the Noteholders in accordance with the Terms and Conditions, or, if this is not possible, in any other appropriate way, to the Super Senior Swap Counterparty pursuant to the Super Senior Swap and to the Junior Senior Swap Counterparty pursuant to the Junior Senior Swap.
- 26.8 The Trustee shall provide the successor trustee with a reasonably detailed report regarding its activities under or in connection with this Trust Agreement.
- 26.9 Upon the effectiveness of any replacement of the Trustee pursuant to Clause 26.4, the Trustee shall be released from the Trustee Duties but shall continue to be entitled to payments due to it under this Trust Agreement and outstanding as of the date of the effective replacement of the Trustee. For the avoidance of doubt, the replacement of the Trustee shall not release the Trustee from its obligations under this Trust Agreement arising prior to or in connection with the replacement. In the case of a replacement of the Trustee, all references herein to the Trustee shall be deemed to be references to the successor trustee.
- 26.10 Notwithstanding the resignation of the Trustee pursuant to Clause 26.1, the Trustee:
- (i) shall be obliged to hold and transfer and assign to a successor trustee, if any, appointed in accordance with Clause 26 its Trustee Claim together with any Collateral then existing and held by the Trustee, and
 - (ii) upon the occurrence of the Trustee Resignation Effective Date shall, for as long as no successor trustee is appointed, exercise its rights in respect of the Collateral and the payment of principal and interest on the Notes in accordance with Section 11 (Early Redemption for Default) of the Terms and Conditions to the extent that this is reasonably required to protect the interests of the Noteholders.
- 26.11 This Agreement shall be terminated on the date as of which no Notes are outstanding and the Junior Senior Swap and the Super Senior Swap are no longer in effect.

27. STANDARD OF CARE

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

28. EXTENT OF LIABILITY

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

29. CONFIDENTIALITY

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

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

- 30.1 Notwithstanding any other provision of this Trust Agreement, the Trustee and the Bank shall have recourse in respect of any claim against the Issuer hereunder or otherwise only in accordance with the priority of payments set out in Clause 30.2 (the "**Priority of Payments**"). The obligations of the Issuer under this Trust Agreement shall not be obligations or responsibilities of, or guaranteed by, any other person or entity. The Issuer shall have no assets available for payment of its obligations hereunder other than the amounts received under the Transaction Documents and other assets of the Issuer (but excluding, with respect to all obligations hereunder other than the Trustee Claim, the portion of the Guarantee Fee payable by the Bank under the Loss Guarantee relating to the interest amounts payable under the Notes, the amounts received under the Note Collateral, the amounts received from the Put Counterparty in respect of the Eurohypo Pfandbriefe and any amounts standing to the credit of any Cash Deposit 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.

- 30.2 (a) Any amounts received by the Issuer under the Collateral, including the proceeds from the foreclosure thereof, shall be applied to satisfy the payment obligations of the Issuer to the Bank under the Loss 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 Loss Guarantee shall be applied to satisfy the payment obligations of the Issuer under the Notes in the Order of Seniority, *provided that* any amount applied to a particular Class of Notes shall be applied *first*, to interest and *second*, to principal on such Class.
- (c) Any credit available on the Transaction Account and not applied pursuant to paragraphs (a) and (b) above (but excluding the transaction fee payable to the Issuer under the Loss Guarantee, which shall only be retained by the Issuer and/or paid as a dividend to its shareholders) shall be applied by the Issuer on any Payment Date to pay all fees, costs, charges, indemnities, losses, damages, claims, liabilities and expenses due and payable on such date in the following order of priority:
- (i) *first, pro rata*, any annual return or company fees and any other amounts of the Issuer then due and payable to governmental authorities in Ireland or elsewhere and any fees, costs and disbursements incurred in connection with the winding up of the Issuer;
 - (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 Administrator, the Custodian, the Account Banks, the agent for the service of process, the Irish Stock Exchange, the Rating Agency 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 Administrator, the Custodian or the Account Banks).
- (d) The proceeds of any foreclosure on the Collateral by the Trustee not applied pursuant to paragraphs (a) and (b) above shall be applied in accordance with paragraph (c).

"**Order of Seniority**" means *first*, Class A1+, *second*, Class A2+, *third*, Class B, *fourth*, Class C, *fifth*, Class D and *sixth*, Class E Notes.

31. COMMUNICATIONS

- 31.1 All notices to Noteholders under this Trust Agreement shall be given in accordance with Section 15 (Form of Notices) of the Terms and Conditions. All communications under this

Trust Agreement shall be made by e-mail, mail or facsimile, *provided that* notices regarding termination of this Trust Agreement or the replacement of the Trustee given by e-mail or facsimile shall promptly be confirmed by mail.

31.2 Any communication under this Trust Agreement shall be in English.

31.3 Subject to written notification of any change of address, all notices under this Trust Agreement to the parties set out below shall be directed to the following addresses:

(a) if to the Trustee:

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft
Schwannstrasse 6
40476 Düsseldorf
Germany

Attn.: Geschäftsführung
Telephone: (+49) 211 8772-2449 or -3851
Facsimile: (+49) 211 8772-2441
E-mail: SecuritisationDE@deloitte.de

(b) if to the Issuer:

PB Domicilio 2007-1 Limited
5 Harbourmaster Place
IFSC
Dublin 1
Ireland

Attn.: The Directors
Telephone: (+353) 1 680 6000
Facsimile: (+353) 1 680 6050
E-mail: corporate.services@db.com

(c) if to the Bank:

BHW Bausparkasse AG
Lubahnstrasse 2
31789 Hameln
Germany

Attn.: Ruth Freistühler
Telephone: (+49) 5151 18 2410
Facsimile: (+49) 5151 18 5069
E-mail: RFreistuehle@bhw.de

(d) if to the Super Senior Swap Counterparty (if any):

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

(e) if to the Junior Senior Swap Counterparty (if any):

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

(f) if to the Put Counterparty (if any):

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

(g) if to S&P:

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

Attn.: Structured Finance Surveillance
Telephone: (+44) 20 7176-3800
Facsimile: (+44) 20 7176-3598
E-mail: StructuredFinanceEurope@standardandpoors.com

32. SEVERABILITY CLAUSE

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

33. AMENDMENTS

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

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

34. GOVERNING LAW; PLACE OF PERFORMANCE; JURISDICTION

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

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

34.3 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Trust Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. The Issuer hereby submits to the jurisdiction of such court. The Issuer has appointed FIDEUROP GmbH, with its seat on the Issue Date at Westhafen Tower, Westhafenplatz 1, 60327 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. The Issuer undertakes to maintain an agent for service of process in the Federal Republic of Germany until all of its obligations under this Trust Agreement have been fulfilled.

35. CONDITION PRECEDENT

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

36. COUNTERPARTS

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

DESCRIPTION OF THE REFERENCE POOL

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

Reference Pool Provisions

1. General

The Reference Pool shall consist of claims (each, a "**Reference Claim**") for the payment of principal and interest in the case of amortising loans, and for the payments under the building savings agreements and payments of interest in the case of bullet loans, arising from certain residential mortgage loans (each, a "**Reference Loan**"), originated pursuant to applicable provisions of Italian law and, to the extent not contradictory, the German Act on Building Societies (*Bausparkassengesetz*) by the Bank pursuant to its credit and collection policies applicable to mortgage loans consistently applied and as in effect at the time of origination, which are included in the Reference Pool as of the Cut-off Date in accordance with Provision 2.1 (Reference Claims - Identification) and not removed from the Reference Pool pursuant to Provision 9 (Non-compliance) of the Reference Pool Provisions or Provision 8 (Transfers) of the Reference Pool Provisions.

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 Protected Amount of the Reference Claims included in the initial Reference Pool on April 30, 2007 (the "**Cut-off Date**") was EUR 1,388,636,810.45 (the "**Initial Aggregate Principal Balance**").

2. Reference Claims

2.1 Identification

(A) Each Reference Claim forming part of the initial Reference Pool as of the Cut-off Date has been identified to the Trustee in a notice in the form set out as Schedule 1 to the Trust Agreement 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 or any other relevant identifier attributed in the records of the Servicer to the Reference Claim,
- (ii) the Outstanding Nominal Amount and the Outstanding Protected Amount of the Reference Claim and the balance of the Building Savings Contract, in each case as of the Cut-off Date, and
- (iii) the remaining term of the Reference Claim to the end of the fixed rate period as of the Cut-off Date.

(B) After the Issue Date, the Servicer 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 or any other relevant identifier attributed in the records of the Servicer to the Reference Claim.

Further details regarding each Reference Claim and the related Mortgages and other collateral are contained in the related records of the Servicer. 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 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 Servicer.

The Servicer 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, and the Outstanding Protected Amount of such New Reference Claim as of the date of such replacement shall be equal to the Outstanding Nominal Amount of such New Reference Claim as of such date minus the principal balance of the Building Savings Contract (including annually capitalised interest) relating to such New Reference Claim, as of such date, as stated in the Servicer's records, *provided that* the Outstanding Protected Amount is not increased thereby,
- (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 Reference Claim replaced by such New Reference Claim with the Eligibility Criteria as of the Cut-off Date or, with respect to Provision 6(xxxv) of the Reference Pool Provisions, as of May 31, 2007 and the Servicing Standards 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 or, subject to the requirements set forth in Provision 6 (Eligibility Criteria) of the Reference Pool Provisions, will be secured by one or more mortgages within the meaning of § 2808 of the Italian Civil Code (each such mortgage securing a Reference Loan, a "**Mortgage**") on one or more residential 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 5(b)(i) below. The initial loan to value of the Reference Mortgage, as of the Cut-off Date, is set out below in Provision 6(vii).

4. Additional Collateral

A Reference Claim may be secured by certain additional collateral. If a Reference Claim is secured by any collateral other than a Mortgage, such collateral, to the extent such collateral was a condition for or taken in connection with the extension or continuation of the Reference Loan relating to such Reference Claim, is referred to as the "**Additional Collateral**". The portion of any Additional Collateral securing a Reference Claim which is allocable to such Reference Claim for the purpose of the Loss Allocation pursuant to Provision 5(b) below is referred to as the "**Additional Reference Collateral**" (and together with the Reference Mortgage(s) allocable to such Reference Claim, as the "**Reference Collateral**"). The Additional Reference Collateral and, thus, the Reference Collateral, shall not include any security interest or right of set-off or withholding in respect of any Building Savings Contract and the amounts credited thereto.

5. Allocation of Payments and Foreclosure Proceeds

(a) Allocation of Payments

Subject to Provision 5(b) below and any binding allocation of payment to a particular claim by the relevant payor, in the event that the Servicer receives a payment on a Reference Loan or payment on any other claim serviced by or on behalf of the Servicer 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 claim(s), the payment received shall be allocated for the purpose of Loss Allocation in accordance with the Servicer's standard procedures.

(b) Allocation of Foreclosure Proceeds

For the purposes of the Loss Allocation with respect to a Reference Claim,

- (i) the Foreclosure Proceeds in respect of any Relevant Mortgage securing such Reference Claim less the Priority Amount shall be allocated in the following order of priority:
 - (A) *first*, to the Enforcement Costs relating to such Reference Claim,
 - (B) *second*, to any Accrued Interest relating to such Reference Claim,
 - (C) *third*, towards satisfying the outstanding principal amount of such Reference Claim, and
 - (C) *fourth*, to any other claims,

provided that in the case of any Mortgage securing *pari passu* such Reference Claim and one or more other Reference Claims serviced by or on behalf of the Servicer, the Foreclosure Proceeds shall be allocated to such Reference Claim pursuant to (B) above in proportion which the Outstanding Protected Amount of such Reference Claim bears to the aggregate of the Outstanding Protected Amounts of all Reference Claims secured by such Mortgage and serviced by or on behalf of the Servicer;

"Priority Amount" means in respect of a Reference Claim the principal amount of the Priority Mortgages in respect of such Reference Claim.

"Priority Mortgages" means in respect of a Reference Claim those Relevant Mortgages or

portions of Relevant Mortgages the aggregate principal amount of which, together with any prior ranking charges or equal ranking charges on the same Mortgaged Property, equals the product of the Minimum LTV (if any) relating to such Reference Claim and the related Property Value, *provided that* the determination of such prior or equal ranking charges shall be made in accordance with the standards used by the Bank as of the Cut-off Date for the calculation of the Minimum LTV.

"Relevant Mortgage" means in respect of a Reference Claim each Mortgage which secures such Reference Claim and for which a Foreclosure is effected by or on behalf of the Servicer.

- (ii) the Foreclosure Proceeds in respect of any single Additional Collateral shall be allocated in the following order of priority:

first, towards satisfying any claims other than such Reference Claim serviced by or on behalf of the Servicer secured by such particular Additional Collateral;

second, towards satisfying such Reference Claim;

for the avoidance of doubt, if any single Additional Collateral is securing exclusively a Reference Claim, the Foreclosure Proceeds in respect of such Additional Collateral will be allocated first towards satisfying such Reference Claim, and

- (iii) the Foreclosure Proceeds on any other collateral, shall, if and to the extent the other collateral secures the Reference Claim under the relevant agreement with the collateral provider, be allocated in the following order of priority:

first, towards satisfying any claims other than such Reference Claim serviced by or on behalf of the Servicer and secured by such other collateral,

second, towards satisfying such Reference Claim.

For the purposes of the foregoing, any set-off rights of the holder of such Reference Claim against the Borrower in respect of the Reference Claim shall be deemed to constitute Additional Collateral and be treated in accordance with (b)(ii) above, to the extent such set-off right was a condition for or was constituted in connection with the extension or continuation of the Reference Loan relating to a Reference Claim, otherwise such set-off rights shall be deemed to constitute collateral other than Reference Collateral. For the avoidance of doubt, the Additional Collateral shall not include any set-off rights in respect of the related Building Savings Contract and the balance of such Building Savings Contract shall be allocated first to such Reference Claim and thereafter to claims other than such Reference Claim.

"Foreclosure" means, with respect to any Mortgage, any other mortgage on the related Mortgaged Property(ies), any Additional Collateral or any other collateral securing a Reference Claim, the foreclosure on any such Mortgage, any such other mortgage, any such Additional Collateral or any such other collateral or a Property Sale.

"Foreclosure Proceeds" means in respect of any Reference Claim the total net proceeds of any Foreclosure received by or on behalf of the Servicer or the holder of such Reference Claim, provided that, if any Mortgage is held by a third party and would have constituted a Reference Mortgage if it were held by the holder of the Reference Claim and serviced by or on behalf of the Servicer, the payment of the proceeds of any Foreclosure on such Mortgage shall be deemed to have been received by the Servicer.

- (c) Non-compliance with Allocation Rules

In the event that Provisions 5(a) and (b) (Allocation of Payments and Foreclosure Proceeds -

Allocation of Payments, - Allocation of Foreclosure Proceeds), 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.

6. Eligibility Criteria

The following criteria (the "**Eligibility Criteria**") shall be met as of the Cut-off Date or, with respect to Provision 6(xxxv) below, as of May 31, 2007, in respect of each Reference Claim and, in certain cases indicated below, in respect of the Reference Pool:

- (i) the Reference Claim is free of third party rights other than (a) rights to re-transfer excess Reference Collateral 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 by the Bank, in compliance with all applicable legal provisions and the Bank's credit and collection policies in effect at the time of origination and all required consents, approvals and authorisations have been obtained in respect thereof, and in respect of the ability of the Bank to undertake such business;
- (iii) such Reference Claim is subject to Italian law, each Mortgaged Property is located in Italy, each borrower under the relevant Reference Loan (each, a "**Borrower**") is a *famiglia consumatrice* (an individual), and not a legal entity;
- (iv) without prejudice to the Servicing Standards such Reference Claim is legally valid and enforceable in accordance with its terms and applicable provisions of law and, subject to Provision 6(vii)(b) below, all Reference Collateral is legally valid and binding and enforceable in accordance with its terms and applicable provisions of law;
- (v) such Reference Claim constitutes an unsubordinated, unconditional, irrevocable, binding and enforceable obligation of the relevant Borrower 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 nor (without prejudice to any mortgages and other encumbrances ranking in priority to the related Reference Mortgages) subordinated in priority of payment;
- (vi) the Bank has proper documentation in place for such Reference Claim, indicating, in particular, the amounts outstanding thereunder from time to time and the related Reference Collateral;
- (vii) such Reference Claim is an amortising or a bullet loan claim and is secured by one or more first ranking Mortgage(s), in which case it is free from any third party prior ranking rights, or (in the case of Reference Mortgages with a Minimum LTV of greater than 0%) by subordinated Mortgage(s),
 - (a) which are in an aggregate nominal amount equal to, or in excess of, the Outstanding Protected Amount of such Reference Claim as of the Cut-off Date;
 - (b) (A) which have been registered for the Bank on the respective land register (*ufficio del registro immobiliare*), and (i) the Bank's right to such Mortgages can be traced back via consecutive publicly certified assignment declarations to a person registered on the respective land register or (ii) the relevant Mortgage has been transferred to the Bank in writing signed by the transferor, or (B) for which an application for such registration has been filed, to the extent that no other unprocessed application is pending;

"**LTV**" (loan to value) means with respect to a Reference Claim its loan to value ratio

calculated as the aggregate of (i) the Outstanding Protected Amount of such Reference Claim and (ii) the aggregate of prior and equal ranking mortgages (*ipoteca*), or parts thereof, and capitalising encumbrances reducing the property value of the relevant Mortgaged Property, such as usufructs (*usufrutto*) or interest on heritable building rights (*diritto di superficie*), and any similar right, on the relevant Mortgaged Property, minus (iii) the amount of the Additional Collateral with respect to such Reference Claim, divided by the property value of the relevant Mortgaged Property as last determined by the Servicer, expressed as a percentage.

"**Maximum LTV**" means 80% (or any lower percentage specified in respect of the loan to value ratio of the relevant Reference Claim in the Reference Claim List) of the Property Value, *provided that* the Maximum LTV may be up to 1% higher than the actual maximum loan to value ratio of the relevant Reference Claim;

"**Minimum LTV**" means 0% (or any higher percentage specified in respect of the loan to value ratio of the relevant Reference Claim in the Reference Claim List) of the Property Value, *provided that* the Minimum LTV may be up to 1% higher than the actual minimum loan to value ratio of the relevant Reference Claim;

"**Property Value**" means the market value (*Marktwert*) of a Mortgaged Property determined pursuant to the Bank's credit and collection policies, as set forth in the Reference Claim List as of the Cut-off Date;

provided that the aggregate nominal amount of all third party mortgages ranking senior to the Reference Mortgages does not exceed EUR 0 (subject, in each case, to customary real rights of use such as real servitudes (*servitù*) and other customary unregistered usufructs (*usufrutto*), public law construction encumbrances (*vincoli di diritto pubblico*) and statutory priorities including, without limitation, statutory priorities for real estate tax);

- (viii) the Mortgages in respect of such Reference Claim are mortgages (*ipoteca*);
- (ix) such Reference Claim satisfies the requirements of Italian law and, to the extent not contradictory to such law, the requirements set forth in or pursuant to § 7 of the Building Savings Bank Act (*Bausparkassengesetz*);
- (x) such Reference Claim is distinguishable from other claims of the Bank;
- (xi) 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;
- (xii) except to the extent permitted by Provision 6(xiii), no Borrower is in breach of any of its obligations pursuant to the underlying loan agreement and no owner of Mortgaged Property is in breach of the underlying collateral agreement;
- (xiii) if such Reference Claim constitutes a bullet claim, no interest payments in respect of such Reference Claim and no payments to the related Building Savings Contract or, if such Reference Claim constitutes an amortising claim, no interest or principal payments in respect of such Reference Claim are overdue for more than 30 days in an aggregate amount exceeding one Instalment;
- (xiv) no litigation is pending with respect to such Reference Claim nor, to the best knowledge of the Bank is any such litigation threatened;
- (xv) such Reference Claim is denominated in euro,

"**euro**" or "**EUR**" means with respect to the Reference Claims, 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;

- (xvi) at least one Instalment has been paid or one scheduled payment of interest has been made in respect of such Reference Claim;
- (xvii) the final maturity of such Reference Claim falls on or before the last day of the Collection Period immediately preceding the Scheduled Maturity Date;
- (xviii) no Reference Claim has an Outstanding Protected Amount which is, together with any prior ranking charges on the related Mortgaged Property, in excess of EUR 1,102,170.50 and the aggregate Outstanding Protected Amounts of all Reference Claims against any Borrower does not exceed EUR 1,102,170.50;
- (xix) if the Reference Loan relating to such Reference Claim is a bullet loan, then under the terms of the Reference Loan relating to such Reference Claim the Borrower is required to make monthly payments either to the related Building Savings Contract in an amount of not less than one thousandth of the Building Savings Amount unless the Bank has agreed to waive such monthly minimum payment requirement in accordance with its credit and collection policies or to the related endowment policy, or to the related mutual fund schemes,

"Building Savings Amount" means the amount initially set in the building savings contract (*contratto di risparmio edilizio*);

- (xx) to the best knowledge of the Bank, the Borrower is not subject to bankruptcy, sequestration, moratorium or any other similar proceedings;
- (xxi) such Reference Claim together with all other Reference Claims and the related Reference Collateral comply with the information (including the account number, the principal balance, the interest rate and loan to value ratio) provided in respect of the Reference Pool (a) in the Reference Claim List and (b) in the Terms and Conditions, and neither the Borrower nor the Servicer may unilaterally increase the principal balance of such Reference Claim or extend its term other than in accordance with the Servicing Standards;
- (xxii) such Reference Claim and the related Reference Collateral can be identified in the files of the Bank on the basis of the relevant Reference Claim List;
- (xxiii) each Mortgage has been appraised in accordance with the Bank's lending guidelines for Italian residential mortgage loans and in compliance with any applicable regulatory requirements, in each case as they applied at the time of the relevant appraisal;
- (xxiv) without prejudice to clause (xix) (*minimum payments to Building Savings Contract or endowment policy or mutual fund schemes*) above, no agreement has been concluded or is being negotiated with respect to such Reference Claim according to which its repayment would be suspended;
- (xxv) the Bank has not commenced enforcement proceedings against the Borrower or relevant provider of such Reference Collateral;
- (xxvi) none of the Reference Claims is a capitalising or accreting loan;
- (xxvii) with the exception of three Reference Claims, as identified in the Reference Claim List, all loan claims of the Bank against the Borrower of such Reference Claim secured by a mortgage on one and the same Mortgage Property form part of the Reference Pool;
- (xxviii) if such Reference Claim is an amortising loan claim, the interest rate applicable to such Reference Claim is fixed until maturity of the loan, and if such Reference Claim is a bullet loan

claim, the interest rate applicable to such Reference Claim is fixed until the allocation (*Zuteilung*) of the loan or until interest re-set;

(xxix) if it is indicated in the Reference Claim List that the SCIP-Programme applies to such Reference Claim, the Bank has received the amount in respect of the interest subsidy;

(xxx) the Reference Loan to which such Reference Claim relates is a *mutuo fondiario*;

(xxxi) no more than 4% of the aggregate Outstanding Protected Amount of all Reference Claims relates to Borrowers that are subject to bankruptcy law (*legge fallimentare*);

(xxxii) such Reference Claim has been granted either for the purpose of financing the purchase, the construction or the modernisation of real estate or repayment of an existing real estate financing;

(xxxiii) the construction work on the Mortgaged Property relating to such Reference Claim has been completed;

(xxxiv) the Mortgaged Property relating to such Reference Claim is used for residential purposes; and

(xxxv) no payment on such Reference Claim is overdue with respect to more than one instalment and no Bankruptcy has occurred in respect of such Reference Claim.

Compliance with the Eligibility Criteria as of the Cut-off Date or, with respect to Provision 6(xxxv) of the Reference Pool Provisions, as of May 31, 2007, is, subject to Provision 9 (Non-compliance) of the Reference Pool Provisions, a condition for the Loss Allocation and does not constitute an obligation of the Bank or the Issuer.

7. Servicing Standards

The administration, collection and enforcement of each Reference Claim, including the foreclosure on any related Reference Collateral, will be carried out by the Servicer in accordance with the Servicing Standards.

"**Servicing Standards**" means the Servicing Principles and the Credit and Collection Policies, *provided that* in case of any inconsistency between the Servicing Principles and the Credit and Collection Policies, the Servicing Principles shall prevail.

"**Credit and Collection Policies**" means the standard credit and collection policies of the Bank applicable to mortgage loans as amended or supplemented from time to time in accordance with the Servicing Principles, consistently applied by the Bank.

"**Servicing Principles**" means the servicing principles set forth in Appendix C to the Terms and Conditions. The Servicing Principles constitute an integral part of the Terms and Conditions.

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

8. Transfers

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

- (A) a third party (other than any consolidated banking affiliates of the Bank), *provided that* (without prejudice to any substitution of the Servicer in accordance with the Servicing Principles):
- (i) the Servicer remains responsible for the servicing of 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 8.

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.

9. Non-compliance

- (a) If in respect of a Reference Claim (i) any of the Eligibility Criteria as of the Cut-off Date or, with respect to Provision 6(xxxv) of the Reference Pool Provisions, as of May 31, 2007 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 8 (Transfers) of the Reference Pool Provisions is not complied with in any material respect with regard to the interests of the Transaction Creditors at the relevant time in relation to any Reference Claim, the Bank may remove such Reference Claim from the Reference Pool in accordance with the procedures set out in the Trust Agreement. Any such Reference Claim shall not qualify for the allocation of Realised Losses pursuant to the Loss Allocation unless:

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

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

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

provided that:

- (i) if no Credit Event has occurred in respect of a Reference Claim and 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,
 - (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 can conclude 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 6(xvii) (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 Protected 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 9 there shall be no recourse against the Bank, the 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 8 (Transfers) of the Reference Pool Provisions. To the extent that a Realised Loss in respect of any Reference Claim may not be allocated to the Notes pursuant to paragraphs (a) through (c), such Reference Claim shall be referred to as a "**Non-qualifying Reference Claim**".
- (e) The Bank shall notify the Noteholders pursuant to Section 14.2 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 (Section 8.1 of the Terms and Conditions).

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 Protected Amounts, the term to the next interest reset date and other characteristics of the Reference Claims. (The sum of the Outstanding Protected Amounts and the percentages in the following tables may not equal the totals due to rounding). The Outstanding Protected Amounts are denominated in EUR.

A Reference Claim 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. This may result in changes to certain characteristics of the Reference Pool as of the Issue Date in comparison with the description of the Reference Pool set out in this Prospectus as of the Cut-off Date. 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.

Pool Distribution by Loan Purpose - 30.04.2007 -

Loan Purpose	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
SCIP-Program (Privatisations)	477,512,832.70 €	34.39%	11,967	56.43%	44.73%	0.84%
Other loans	911,123,977.75 €	65.61%	9,241	43.57%	54.21%	8.50%
TOTAL	1,388,636,810.45 €	100.00%	21,208	100.00%	50.95%	5.87%

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Pool Distribution by Outstanding Balance - 30.04.2007 -

Balance Bucket (€)	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
<= 10,000	15,810,078.20 €	1.14%	2,262	10.67%	46.78%	1.40%
> 10,000 <= 20,000	30,334,181.74 €	2.18%	2,129	10.04%	43.05%	1.71%
> 20,000 <= 30,000	34,026,011.19 €	2.45%	1,349	6.36%	34.92%	2.82%
> 30,000 <= 40,000	62,620,857.89 €	4.51%	1,770	8.35%	38.40%	3.75%
> 40,000 <= 50,000	102,322,057.42 €	7.37%	2,267	10.69%	42.23%	4.86%
> 50,000 <= 60,000	109,707,786.92 €	7.90%	1,991	9.39%	44.32%	4.88%
> 60,000 <= 70,000	109,479,711.13 €	7.88%	1,687	7.95%	45.77%	6.18%
> 70,000 <= 80,000	103,765,011.66 €	7.47%	1,389	6.55%	47.46%	6.46%
> 80,000 <= 90,000	93,345,323.54 €	6.72%	1,098	5.18%	50.05%	7.38%
> 90,000 <= 100,000	101,942,878.08 €	7.34%	1,073	5.06%	51.41%	8.33%
> 100,000 <= 110,000	80,450,996.97 €	5.79%	767	3.62%	54.45%	6.26%
> 110,000 <= 120,000	81,522,989.95 €	5.87%	709	3.34%	55.02%	7.33%
> 120,000 <= 130,000	66,034,926.91 €	4.76%	529	2.49%	56.72%	7.58%
> 130,000 <= 140,000	54,294,740.60 €	3.91%	402	1.90%	57.38%	5.51%
> 140,000 <= 150,000	57,274,008.36 €	4.12%	395	1.86%	58.93%	7.65%
> 150,000 <= 160,000	38,427,736.65 €	2.77%	248	1.17%	58.13%	6.88%
> 160,000 <= 170,000	35,569,280.75 €	2.56%	216	1.02%	60.47%	4.62%
> 170,000 <= 180,000	24,458,221.92 €	1.76%	140	0.66%	58.71%	4.35%
> 180,000 <= 190,000	28,633,481.50 €	2.06%	155	0.73%	59.46%	3.88%
> 190,000 <= 200,000	24,725,930.99 €	1.78%	127	0.60%	57.96%	7.05%
> 200,000 <= 250,000	65,243,398.96 €	4.70%	294	1.39%	60.68%	5.91%
> 250,000 <= 300,000	30,032,951.28 €	2.16%	111	0.52%	60.14%	3.71%
> 300,000 <= 350,000	14,715,558.73 €	1.06%	46	0.22%	58.38%	2.15%
> 350,000 <= 400,000	10,933,227.82 €	0.79%	29	0.14%	58.58%	0.00%
> 400,000 <= 500,000	10,030,820.08 €	0.72%	22	0.10%	59.39%	4.32%
> 500,000 <= 600,000	0.00 €	0.00%	0	0.00%	0.00%	0.00%
> 600,000 <= 700,000	0.00 €	0.00%	0	0.00%	0.00%	0.00%
> 700,000 <= 800,000	0.00 €	0.00%	0	0.00%	0.00%	0.00%
> 800,000 <= 900,000	873,553.54 €	0.06%	1	0.00%	67.20%	0.00%
> 900,000 <= 1,000,000	958,917.17 €	0.07%	1	0.00%	53.47%	100.00%
> 1,000,000	1,102,170.50 €	0.08%	1	0.00%	42.39%	0.00%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average current Outstanding Balance = 65,477.03 €
 Weighted average current Outstanding Balance = 65,477.03 €
 Maximum current Outstanding Balance = 1,102,170.50 €
 Minimum current Outstanding Balance = 2,704.67 €

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Pool Distribution by Region - 30.04.2007 -

Region	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
Abruzzo	14,541,499.94 €	1.05%	248	1.17%	52.74%	0.00%
Basilicata	227,729.08 €	0.02%	5	0.02%	40.61%	100.00%
Calabria	4,732,310.11 €	0.34%	52	0.25%	57.41%	100.00%
Campania	21,967,561.98 €	1.58%	292	1.38%	55.25%	100.00%
Emilia-Romagna	46,703,778.50 €	3.36%	520	2.45%	58.52%	0.00%
Friuli-Venezia-Giulia	7,938,460.57 €	0.57%	213	1.00%	54.57%	0.00%
Lazio	892,040,840.14 €	64.24%	13,334	62.87%	49.61%	0.00%
Liguria	9,031,315.19 €	0.65%	142	0.67%	51.78%	0.00%
Lombardia	174,777,693.07 €	12.59%	3,268	15.41%	50.88%	0.00%
Marche	8,632,118.28 €	0.62%	98	0.46%	58.41%	0.00%
Molise	3,590,752.31 €	0.26%	53	0.25%	54.33%	100.00%
Piemonte	33,354,471.62 €	2.40%	480	2.26%	54.31%	0.00%
Puglia	10,988,701.98 €	0.79%	121	0.57%	58.77%	100.00%
Sardegna	35,037,846.19 €	2.52%	418	1.97%	55.49%	100.00%
Sicilia	4,965,857.34 €	0.36%	58	0.27%	61.80%	100.00%
Toscana	50,308,978.37 €	3.62%	808	3.81%	49.62%	0.00%
Trentino-Alto-Adige	10,499,458.50 €	0.76%	130	0.61%	49.41%	0.00%
Umbria	15,158,281.86 €	1.09%	240	1.13%	52.70%	0.00%
Valle D'Aosta	614,983.93 €	0.04%	8	0.04%	59.50%	0.00%
Veneto	43,524,171.49 €	3.13%	720	3.39%	56.12%	0.00%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

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Pool Distribution by LTV - 30.04.2007 -

LTV Bucket	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
> 0 <= 5%	211,836.66 €	0.02%	21	0.10%	3.64%	0.00%
> 5% <= 10%	2,904,073.45 €	0.21%	123	0.58%	8.13%	9.90%
> 10% <= 15%	11,366,183.78 €	0.82%	356	1.68%	12.80%	3.52%
> 15% <= 20%	25,702,513.54 €	1.85%	628	2.96%	17.81%	3.62%
> 20% <= 25%	44,651,017.95 €	3.22%	911	4.30%	22.61%	4.33%
> 25% <= 30%	57,472,474.44 €	4.14%	1,056	4.98%	27.61%	3.97%
> 30% <= 35%	80,634,867.64 €	5.81%	1,322	6.23%	32.47%	3.87%
> 35% <= 40%	104,099,755.65 €	7.50%	1,842	8.69%	37.63%	3.85%
> 40% <= 45%	143,073,553.55 €	10.30%	2,808	13.24%	42.71%	3.59%
> 45% <= 50%	147,665,069.33 €	10.63%	2,864	13.50%	47.54%	4.03%
> 50% <= 55%	170,723,509.87 €	12.29%	3,068	14.47%	52.41%	5.17%
> 55% <= 60%	163,902,245.84 €	11.80%	2,204	10.39%	57.62%	5.44%
> 60% <= 65%	168,512,406.63 €	12.14%	1,879	8.86%	62.52%	7.40%
> 65% <= 70%	147,772,154.52 €	10.64%	1,203	5.67%	67.01%	9.08%
> 70% <= 75%	66,532,657.81 €	4.79%	516	2.43%	72.19%	11.66%
> 75% <= 80%	53,412,489.79 €	3.85%	407	1.92%	79.05%	11.37%
unknown						
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average LTV = 50.95%
 Weighted average current LTV = 50.95%
 Maximum current LTV = 80.00%
 Minimum current LTV = 1.07%

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Pool Distribution by DTI - 30.04.2007 -

DTI Bucket	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
> 0 <= 10%	13,409,907.77 €	0.97%	338	1.59%	41.55%	2.34%
> 10% <= 20%	85,848,288.71 €	6.18%	2,214	10.44%	41.93%	3.59%
> 20% <= 25%	91,247,607.89 €	6.57%	2,058	9.70%	43.81%	2.70%
> 25% <= 30%	128,133,227.33 €	9.23%	2,545	12.00%	46.95%	5.20%
> 30% <= 35%	160,555,715.32 €	11.56%	2,756	13.00%	49.69%	5.65%
> 35% <= 40%	189,272,456.35 €	13.63%	2,847	13.42%	52.05%	6.37%
> 40% <= 45%	195,180,502.76 €	14.06%	2,553	12.04%	53.31%	6.43%
> 45% <= 50%	164,708,373.41 €	11.86%	2,003	9.44%	54.01%	7.14%
> 50% <= 55%	145,061,201.65 €	10.45%	1,617	7.62%	54.16%	7.42%
> 55% <= 60%	120,809,658.13 €	8.70%	1,194	5.63%	55.22%	5.66%
> 60% <= 65%	47,512,224.44 €	3.42%	484	2.28%	53.80%	7.47%
> 65% <= 70%	16,236,603.92 €	1.17%	195	0.92%	53.16%	8.04%
> 70% <= 80%	16,887,681.05 €	1.22%	183	0.86%	49.28%	4.78%
> 80% <= 90%	3,929,609.87 €	0.28%	35	0.17%	47.48%	0.66%
> 90% <= 100%	3,527,104.65 €	0.25%	36	0.17%	54.94%	2.65%
> 100% <= unknown	0.00 €	0.00%	0	0.00%	0.00%	0.00%
unknown	6,316,647.20 €	0.45%	150	0.71%	45.10%	2.23%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average DTI = 40.37%
 Weighted average current DTI = 40.37%
 Maximum current DTI = 100.00%
 Minimum current DTI = 0.83%

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Pool Distribution by Interest Rate - 30.04.2007 -

Balance Interest Rate	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
> <= 4.25%	133,427,225.71 €	9.61%	2,723	12.84%	43.99%	4.95%
> 4.25% <= 4.50%	113,532,785.61 €	8.18%	1,767	8.33%	46.73%	7.12%
> 4.50% <= 4.75%	111,298,882.44 €	8.01%	1,599	7.54%	50.88%	8.41%
> 4.75% <= 5.00%	209,214,289.42 €	15.07%	2,518	11.87%	53.37%	6.83%
> 5.00% <= 5.25%	202,733,418.67 €	14.60%	3,039	14.33%	49.69%	5.49%
> 5.25% <= 5.50%	156,486,703.04 €	11.27%	2,113	9.96%	54.23%	7.02%
> 5.50% <= 5.75%	203,611,072.16 €	14.66%	3,009	14.19%	53.52%	5.37%
> 5.75% <= 6.00%	105,997,398.95 €	7.63%	1,609	7.59%	53.66%	5.77%
> 6.00% <= 6.25%	85,806,761.26 €	6.18%	1,653	7.79%	50.18%	3.34%
> 6.25% <= 6.50%	45,978,760.91 €	3.31%	922	4.35%	49.08%	1.48%
> 6.50% <= 6.75%	19,518,225.58 €	1.41%	243	1.15%	50.31%	2.42%
> 6.75% <= 7.00%	1,031,286.70 €	0.07%	13	0.06%	53.78%	0.00%
> 7.00%	0.00 €	0.00%	0	0.00%	0.00%	0.00%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average Interest Rate = 5.17%
 Weighted average current Interest Rate = 5.17%
 Maximum current Interest Rate = 6.79%
 Minimum current Interest Rate = 3.58%

BHW Bausparkasse AG

Pool Distribution by Prior Ranking Charges - 30.04.2007 -

Prior Ranking	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
Mortgages without prior ranking charges	1,382,303,630.19 €	99.54%	21,065	99.33%	50.93%	5.86%
Mortgages subject prior ranking charges	6,333,180.26 €	0.46%	143	0.67%	54.10%	7.40%
Unknown	0.00 €	0.00%	0	0.00%	0.00%	0.00%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

BHW Bausparkasse AG

Pool Distribution by Property Type - 30.04.2007 -

Property Type	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
One Family House	67,079,030.96	4.83%	523	2.47%	54.63%	14.80%
Two-Family House	3,673,027.12	0.26%	30	0.14%	50.70%	14.45%
Multi-Family House	2,703,005.11	0.19%	29	0.14%	51.56%	12.26%
Holiday Property	288,790.25	0.02%	3	0.01%	41.17%	0.00%
Prefabricated House (Fertighaus)	1,256,345.85	0.09%	10	0.05%	59.48%	15.27%
Apartment (Eigentumswohnung)	1,312,252,268.87	94.50%	20,592	97.10%	50.76%	5.34%
Building land	517,414.76	0.04%	9	0.04%	59.70%	56.02%
Other Properties	158,563.69	0.01%	1	0.00%	21.47%	0.00%
Unkown	708,363.84	0.05%	11	0.05%	42.46%	14.32%
TOTAL	1,388,636,810.45	100%	21,208	100%	50.95%	5.87%

BHW Bausparkasse AG

Pool Distribution by Employment Status - 30.04.2007 -

Employment Status	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
Civil Servants	28,347,959.05	2.04%	320	1.51%	53.90%	8.29%
Public Sector Employees	111,146,409.44	8.00%	1,405	6.62%	53.08%	14.81%
Other Employees	673,671,357.32	48.51%	8,973	42.31%	53.49%	7.40%
Self-Employed	50,973,222.63	3.67%	443	2.09%	51.00%	7.51%
Other (Pensioners, Students, ...)	152,906,802.93	11.01%	3,673	17.32%	42.71%	2.42%
unknown	371,591,059.08	26.76%	6,394	30.15%	48.85%	1.43%
TOTAL	1,388,636,810.45	100%	21,208	100%	50.95%	5.87%

BHW Bausparkasse AG

Pool Distribution by Occupation Status - 30.04.2007 -

Occupation Status	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
Owner Occupied	1,381,589,101.97	99.49%	20,935	98.71%	50.89%	5.89%
Non-Owner Occupied	7,047,708.48	0.51%	273	1.29%	61.81%	2.77%
TOTAL	1,388,636,810.45	100%	21,208	100%	50.95%	5.87%

BHW Bausparkasse AG

Pool Distribution by Amortisation Type - 30.04.2007 -

Amortisation Type	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
Bullet	1,024,750,536.23	73.80%	10,757	50.72%	53.69%	7.55%
Annuity	363,886,274.22	26.20%	10,451	49.28%	43.22%	1.13%
TOTAL	1,388,636,810.45	100%	21,208	100%	50.95%	5.87%

BHW Bausparkasse AG

Pool Distribution by Seasoning - 30.04.2007 -

Seasoning (in months)	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
<= 3	0.00 €	0.00%	0	0.00%	0.00%	0.00%
> 3 <= 6	13,001,918.13 €	0.94%	122	0.58%	59.15%	22.29%
> 6 <= 9	55,392,883.61 €	3.99%	596	2.81%	59.20%	11.22%
> 9 <= 12	85,039,049.02 €	6.12%	1,055	4.97%	56.00%	12.68%
> 12 <= 18	162,763,035.61 €	11.72%	2,267	10.69%	53.97%	10.66%
> 18 <= 24	174,882,991.88 €	12.59%	2,195	10.35%	54.26%	9.39%
> 24 <= 30	138,637,515.82 €	9.98%	1,773	8.36%	52.28%	7.51%
> 30 <= 36	121,546,428.78 €	8.75%	1,518	7.16%	50.54%	3.78%
> 36 <= 42	109,320,237.87 €	7.87%	1,403	6.62%	49.82%	4.14%
> 42 <= 48	143,922,922.23 €	10.36%	2,099	9.90%	49.16%	3.28%
> 48 <= 54	118,740,546.10 €	8.55%	2,360	11.13%	48.36%	1.87%
> 54 <= 60	158,886,441.06 €	11.44%	3,336	15.73%	45.77%	0.47%
> 60	106,502,840.34 €	7.67%	2,484	11.71%	44.46%	0.59%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average current Seasoning = 34.43

Weighted average current Seasoning = 34.43

Maximum current Seasoning = 63.93

Minimum current Seasoning = 5.53

BHW Bausparkasse AG

Pool Distribution by Remaining Term to next Reset Date - 30.04.2007 -

Next Reset Date (in months)	Aggregated Securitized Balance (Protected Amount)	Percent of Total Securitized Balance	Number of Reference Claims	Percent of Total Number of Reference Claims	Weighted Average LTV	Percentage South Italy
<= 12	49,513,040.65 €	3.57%	434	2.05%	59.44%	9.41%
> 12 <= 24	14,169,912.54 €	1.02%	327	1.54%	30.58%	4.02%
> 24 <= 36	19,782,196.48 €	1.42%	352	1.66%	35.87%	5.15%
> 36 <= 48	37,436,113.74 €	2.70%	633	2.98%	39.30%	5.56%
> 48 <= 60	45,796,175.98 €	3.30%	853	4.02%	40.44%	5.32%
> 60 <= 72	52,492,014.55 €	3.78%	1,086	5.12%	41.52%	4.94%
> 72 <= 84	74,468,042.07 €	5.36%	1,054	4.97%	46.65%	4.80%
> 84 <= 96	92,508,031.49 €	6.66%	1,056	4.98%	49.76%	9.48%
> 96 <= 108	74,858,958.21 €	5.39%	911	4.30%	50.70%	12.82%
> 108 <= 120	86,348,795.47 €	6.22%	1,246	5.88%	49.65%	5.86%
> 120 <= 132	118,320,849.11 €	8.52%	1,907	8.99%	49.82%	3.04%
> 132 <= 144	132,033,177.21 €	9.51%	1,445	6.81%	54.70%	4.19%
> 144 <= 156	118,058,366.40 €	8.50%	1,133	5.34%	56.73%	4.49%
> 156 <= 168	132,295,565.47 €	9.53%	1,306	6.16%	59.10%	9.65%
> 168 <= 180	115,708,932.24 €	8.33%	1,493	7.04%	57.93%	10.30%
> 180 <= 192	53,099,234.52 €	3.82%	1,423	6.71%	46.96%	0.06%
> 192 <= 204	24,098,956.74 €	1.74%	488	2.30%	48.06%	0.16%
> 204 <= 216	19,977,931.55 €	1.44%	498	2.35%	44.48%	0.97%
> 216 <= 228	26,083,945.69 €	1.88%	808	3.81%	44.14%	3.25%
> 228 <= 240	26,393,454.33 €	1.90%	716	3.38%	48.20%	0.39%
> 240 <= 300	75,193,116.01 €	5.41%	2,039	9.61%	49.17%	1.08%
> 300	0.00 €	0.00%	0	0.00%	0.00%	0.00%
TOTAL	1,388,636,810.45 €	100%	21,208	100%	50.95%	5.87%

Original weighted average current Term to Reset = 132.41
 Weighted average current Term to Reset = 132.41
 Maximum current Term to Reset = 295.00
 Minimum current Term to Reset = 0.07

BHW Bausparkasse AG

REFERENCE POOL SERVICING

The Servicer will service the Reference Claims in accordance with the Credit and Collection Policies and the following Servicing Principles. The Servicing Principles are attached as Appendix C to the Terms and Conditions and constitute an integral part of the Terms and Conditions.

Servicing Principles

1. Common Principles

1.1 General

The administration, collection and enforcement of each Reference Claim, including the foreclosure on any related Reference Collateral, will be carried out by the Bank (in such capacity, the "**Servicer**" which term shall include any substitute servicer appointed in accordance with these Servicing Principles). In administering, collecting and enforcing the Reference Claims and/or foreclosing on the Reference Collateral (collectively the "**servicing**" and to "**service**") the Servicer will at all times act as a reasonable creditor in the protection of its own interests and acting reasonably in accordance with its general business practices taking into account the interests of the Transaction Creditors.

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 Servicer will not place the interests of any of the Transaction Creditors in a less favourable position than the interests of the Bank or any such third party.

In the case of a conflict of interest among the interests of the Super Senior Swap Counterparty, the Junior Senior Swap Counterparty and/or the Noteholders, the Servicer will give priority to the interests of the Super Senior Swap Counterparty and the holder of the Class A1+ Notes, then to the interests of the Junior Senior Swap Counterparty and the holder of the Class A2+ Notes 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.

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

Unless otherwise provided herein, the Servicer will perform its duties in the course of servicing the Reference Claims in compliance with the Credit and Collection Policies. In particular, the Servicer may not re-allocate any amount on the Building Savings Contract to any claim other than the Reference Claim and, for the avoidance of doubt, until the redemption of the Reference Loan, the amount standing to the credit on the Building Savings Contract as set out in the Reference Claim List will not be reduced.

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

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

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 Agency receives notice thereof from the Bank.

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

2. Payments in Arrears from Borrowers; Payment Rescheduling and Debt Restructuring

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

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

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

In case any Borrower falls in arrears with respect to a Reference Claim on one or more payments due under the related Reference Loan, including payments due to be made into the related Building Savings Contract, in an aggregate amount of not less than the Minimum Amount for more than 90 calendar days from the relevant due date after which the Minimum Amount was reached or first exceeded and no payment rescheduling or debt restructuring agreement has been entered into, the Servicer will commence legal proceedings against the Borrower which are required to enforce the Reference Claim, and/or foreclose on the related Reference Collateral, unless the Servicer concludes, in its professional judgement, that such enforcement or foreclosure would not be justified in view of the expected expenses and expected proceeds thereof.

In all cases of a payment rescheduling or debt restructuring, the Servicer 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 its own interests or the interests of the holder of the relevant Reference Claim in relation to their respective other claims against the same Borrower.

The Servicer 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 before the end of the Collection Period immediately preceding the Scheduled Maturity Date at the latest.

3. Adjustment of Instalments

In respect of any reset date, the Servicer will propose a new interest rate to the Borrower. The Servicer will propose such rate in accordance with its standard procedures then in effect, taking into account the interests of the Transaction Creditors. The new Instalments to be calculated (which is based on (i) the initial repayment / savings rate agreed with the Borrower on the completion date of the Reference Loan, (ii) the proposed new interest rate and (iii) the initial outstanding of the Reference Claim as of the completion date) may not lead to an increased term of the Reference Loan. The Servicer may only agree with the Borrower on the adjustment of the Instalments in respect of a Reference Claim if as a result of the reset agreement the scheduled payments to the related Building Savings Contract are not reduced below the amount payable prior to such adjustment. The Servicer will notify the Trustee of any interest reset in the Pool Reports. The Servicer will only agree to an adjustment of the Instalments in respect of a Reference Claim, if the Reference Claim, as a result of the reset agreement, is due to be repaid in full before the end of the Collection Period immediately preceding the Scheduled Maturity Date at the latest.

4. Replacement of the Borrowers

It is to be expected that during the term of the Notes, some Borrowers will sell their Mortgaged Property 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 Servicer will be entitled to approve the replacement of a Borrower (the "Former Borrower") by a new Borrower (the "New Borrower"), if:

- (a) 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; and
- (b) the replacement complies with all applicable legal requirements as well as the standard procedures of the Servicer; in this regard, no lesser requirements may be applied in relation to the fact that the Reference Claim is included in the Reference Pool.

5. Substitution of Mortgaged Properties

The Servicer will, in certain cases, at its sole discretion, allow a Borrower to substitute a Mortgaged Property by another property (the "**Substitute Property**") in accordance with the terms of the relevant loan, subject to a renewed credit approval, the Credit and Collection Policies, and the following conditions:

- (a) The Substitute Property will comply with the usual quality standards of the Servicer and afford at least the same security as the Mortgaged Property which is being replaced.
- (b) The LTAV of the Reference Claim secured by the mortgage(s) on the Substitute Property will be equal to or lower than the LTAV of the Reference Claim secured by the Mortgage(s) which is being replaced.
- (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 any substitution of a Mortgaged Property.

6. Other Changes to the Conditions of the Reference Loan

In addition to the cases provided for in Sections 2 to 5 the Servicer will be authorised to take action in the context of servicing the Reference Claims (in particular to amend contractual provisions of the underlying Reference Loan), which in the Servicer's professional judgement may affect the terms of the Reference Claims or the Reference Collateral, only if:

- (a) doing so will, in the due and reasonable professional judgement of the Servicer neither adversely affect the validity and enforceability of the Reference Claims and the Reference Collateral nor reduce the value of the Reference Loans or the Reference Collateral nor result in Realised Losses or otherwise materially adversely affect the Transaction Creditors, or
- (b) the Trustee has given prior consent to such action,

provided that the Servicer may at any time after the occurrence of a Credit Event with respect to any Reference Claim agree to a sale of the relevant Mortgaged Property or Additional Collateral in the open market (*freihändiger Verkauf*) and may, upon such sale, surrender the related Mortgage or security interests (such sale, a "**Property Sale**") if the Servicer expects, in its reasonable judgement, that the net proceeds from such sale will be higher than the net proceeds from any other form of foreclosure on such Mortgaged Property or Additional Collateral.

The Servicer will, however, not extend the maturity of the Reference Claims beyond the Scheduled Maturity Date.

7. Insurance

If necessary, the Servicer will also make use of claims on life insurance and other insurance policies which Borrowers have transferred to it or the Bank as a collateral for the relevant Reference Loan to the extent such claims constitute Additional Collateral. The Servicer, in accordance with its due and reasonable professional judgement, is entitled to administer the insurance policies and to take legal steps to make it possible to realise the value of the policies. Such steps include the making of premium and other payments to the debit of the respective Borrower and the initiation of payment claims against the insurer. Furthermore, in accordance with its professional judgement, the Servicer is entitled to take legal action to enforce claims under the insurance policies against the respective insurer. Finally, in accordance with the provisions of the respective assignment agreement, the Servicer may, in the name of the respective Borrower, make all declarations to which such Borrower as insured party would be entitled.

8. Accounting

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

- (i) the identification number and any other identifiers attributed to each Reference Claim in the Reference Claim List,
- (ii) the Outstanding Nominal Amount and the Outstanding Protected Amount of the Reference Claim as of the Cut-off Date,

- (iii) the applicable nominal rate of interest per annum,
- (iv) the repayment and interest characteristics of such Reference Claim, and
- (v) the remaining term to maturity of the Reference Claim as of the Cut-off Date.

Accounting records, journals, daily accounts and portfolio inventories for the annual financial statements will be kept in safekeeping for a period of 4 years after the relevant accounting period, or for such longer or shorter period as required from time to time by applicable law. The accounting records with respect to the Reference Claims will be kept current and will not fall behind for more than 30 calendar days.

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

9. Vicarious Agents; Consultants

The Servicer may delegate the performance of its duties in the context of enforcing the Reference Claims and foreclosing on the Reference Collateral, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*) pursuant to § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*). A more extensive delegation of duties by the Servicer in the context of servicing the Reference Claims is not permitted.

In connection with servicing the Reference Claims the Servicer may retain outside consultants and experts to the extent it deems necessary in its due, professional judgement. The Servicer will select and monitor such consultants and experts with the care expected of a prudent bank.

10. Reporting

The Bank will deliver to the Trustee, its auditors, an Expert or a Value Expert such reports and information and provide such access and facilities at such times as specified in the Terms and Conditions and/or the Trust Agreement.

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

11. Change in Servicer

The Servicer may be substituted in its function as Servicer of a Reference Claim by a subsidiary of the Bank, a servicing company specialised in the servicing and administration of loans or any other entity, *provided that*:

- (i) in the professional judgement of the Trustee such substitution will not adversely affect the performance of the servicing as set out in the Servicing Standards and the determination and allocation of Realised Losses,
- (ii) in the professional judgement of the Bank such substitution will not adversely affect the interests of the Transaction Creditors, and
- (iii) in the case of a substitution by an entity other than an affiliate of the Bank, the Rating Agency and the Trustee have given their prior written confirmation of such substitution, which shall not be unreasonably withheld.

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 Servicer shall be deemed to include such new servicer.

12. Revaluation

Pursuant to the Reference Loan agreement, if a Mortgage or any other mortgage on the related Mortgaged Property(ies) securing any claim of the Bank becomes completely or partially free as a result of principal repayment, the Bank is entitled to use the freed portion of such Mortgage or other mortgage on the related Mortgaged Property(ies) as collateral for a new loan (i.e., to revalue it), *provided that* the revalued portion of such Mortgage or other mortgage on the related Mortgaged Property(ies) will be deemed to rank junior to the related Reference Mortgage.

CREDIT AND COLLECTION POLICIES

The following is the text of the credit and collection policies of the Bank in its capacity as the initial Servicer, effective as of the Issue Date. In case of any inconsistency between the Servicing Principles and the Credit and Collection Policies, the Servicing Principles shall prevail. The Credit and Collection Policies may be amended or supplemented from time to time in accordance with the Servicing Principles. In the event of a substitution of the Servicer the credit and collection policies of the new servicer will apply to the servicing of the Reference Pool following such substitution.

1. Origination Network in Italy

The network of the Bank in Italy consists of three regions: North, Mid and South of Italy. Each of the regions is divided into 2 or 4 "regional directorates" (10 in total) and 58 area managements (in total). Each area management consists of an average one million inhabitants. The 10 regional directorates are sub-divided into 290 "team managements" where the loans are originated.

The integrated multi-channel marketing division of the BHW Group consists of the following:

- (i) general marketing (free lance sales contributors who act out of BHW Financial Srl. which is a subsidiary of BHW Bausparkasse AG)
- (ii) brokers or other distribution channels

2. Origination and Underwriting Process in Italy

The free lance sales contributors are responsible not only for originating new business but also for preparing applications, including detailed borrower and property assessments substantiated by all necessary documentation. The application procedure is defined by explicit guidelines in a standard internal handbook.

The free lance sales contributors are responsible for providing the documents necessary for making and (preliminarily) reviewing decisions on building loans:

- (i) Documentation of income (i.e.)
 - Employed persons:
 - Wage and salary statements normally from the last three months and annual wage confirmation/most recent tax notice
 - Statement of account
 - Self-employed persons:
 - Income tax notices from the last two years
 - Signed balance sheets from the last three years with income statements
 - Statement of account
 - Self-disclosed information, list of assets (savings contracts, securities deposits, real estate)
- (ii) Property documents (i.e.)
 - Purchase contract
 - Calculation of the total surface and the residential and usable space
 - Up-to-date land register extract
 - Official site map
- (iii) Additional documents, if relevant (life insurance, etc.)

- (iv) Authentication documents (i.e.)
 - Copy of official ID card
 - Identity check

3. Credit Application

The application file is forwarded by the free lance sales contributors to credit officers at the credit department of the Italian branch of BHW. In accordance with the regional concept, the credit officers are organised by regions. All 32 credit officers work out of the credit department in Bolzano.

The credit processing is divided into the following phases:

- (i) The market value of the property used as collateral is essentially determined based on internal calculations for loan amounts up to EUR 60,000 (or EUR 50,000 for the regions of South Italy which are Campania, Basilicata, Puglia, Calabria and Sicilia). For loan amounts above these limits the market value has to be calculated by external valuers. The external valuers need special qualifications and a track record before being eligible to appraise the market value according to the guidelines of the Bank. The Bank works together with approximately 30 external valuers.

When determining the market value, the permanent features of the property are to be taken into account; however, the market value cannot exceed the purchase price. The collateral value is calculated by using any direct discounts for age and deficiencies (if applicable); in addition to these discounts further lump-sum discounts are applied, e.g. with respect to the soil value, the building value, etc. The Bank uses a lump sum of either 6.25% or 12.5% for owner occupied properties depending on the age of the property and 20% for investment properties. (As of 1st April 2006 these lump-sum discounts were adjusted to 0%, 6.25% for owner occupied properties and remained unchanged for investment properties.)

Credit for up to 80% of the market value of the collateral can be awarded.

- (ii) After deduction of the monthly payment obligations from all liabilities and other items of a specific borrower, at least 40% of the net monthly family income must remain in the revenue and expenditure account, whereby certain minimum amounts must be reached. A small shortfall can only be approved by the department head or the team leaders and if the client has a proven track record of making his payments.

The allocation of competence within the credit department is as follows:

- (i) authorised credit officers are allowed to sign alone up to EUR 50,000 within 80% of the collateral value
- (ii) two authorised credit officers are allowed to sign together up to EUR 125,000 if the loan exceeds 80% of the collateral value
- (iii) team managers are authorised to sign up to EUR 200,000
- (iv) departmental managers are authorised to sign up to EUR 500,000
- (v) management board members are authorised to sign up to EUR 2,500,000
- (vi) entire management board is to sign for financing greater than EUR 2,500,000.

4. Credit Disbursement

The credit funds are disbursed after all the essential conditions agreed in the credit agreement have been met (e.g. certificated land charges in executable form, construction status reports and, if applicable, assignment of additional collateral documents). After redemption of the loan, the loan account will be settled. If the loan is not redeemed at the end of the fixed rate period, there will be a prolongation of the loan with a new fixed interest rate.

5. Methods of Payment and Course of Reminders for Mortgage Loans

5.1 Methods of Payment

Payments from roughly 85% of the customers are received by direct debit (RID-Process). The remaining portion is paid by bank transfers. The due amounts are collected on the first day of the month for such month for BSD (*Bausparsofordarlehen*) (i.e., in advance). With respect to annuity loans the payments become due in arrears. As a whole, each month payments for approximately 23,000 customers are collected through direct debiting. The direct debiting is processed through Banca di Trento e Bolzano.

5.2 Course of Reminders

5.2.1 For Customers Paying by Direct Debit

- After first delinquent instalment:
An automatic dunning letter is sent out
- After second delinquent instalment:
Loan is handed over to the workout department; briefing of relevant sales force; debtor data is forwarded to one of the two debt collection companies (Euroservice / GIB Italia) if the loan is secured by a guarantee of General Electric ("GE") or PMI Mortgage Insurance Company
- After third delinquent instalment:
A dunning letter is sent out; debtor data is forwarded to one of two debt collection companies (Euroservice / GIB Italia). Within 40 days there should be clarification whether the debtor clears the debt or not. If the debtor does not pay the debt, a final dunning letter will be sent out making clear that the business connection will be terminated within the statutory period of 4 weeks.

5.2.2 For Customers Paying not by Direct Debit

- The above applies without the first automatic payment reminder.

6. Quantity of Debit Notes for All Products of BHW

Debit notes for approximately 23,000 customers with approximately 750 contracts per month (returned direct debit: approximately 3.3%)

7. Credit Controlling

At regular intervals, Credit Controlling analyses the payments in arrears (more than three instalments) by product group, year of commitment, type of security and region. Potential restructuring measures are actively reviewed based on the aforementioned analyses.

In addition major exposures of over EUR 250,000 encumbered with payments in arrears of more than two instalments are analysed monthly by the credit department managers to determine further action (e.g. involvement of sales force, restructuring/execution) and are recorded in an intensive support service procedure.

8. Treatment of Problem Exposures – first steps

The Bank monitors the routine servicing of credits with computer support by reconciling incoming payments and the established debit amount on a monthly basis. If arrears in payments are determined, corresponding action is taken based on payment reminder lists. When interest and principal payments are in arrears in an amount of two instalments the relevant free lance contributor and his supervisor are informed in order to contact the client. When interest and principal payments are in arrears in an amount of either two or three month's instalments (see above) and depending on the immanent risk of the loan a collection firm receives the relevant documentation in order to contact the client. After receiving information from the collection firm there will be discussions about rescheduling with the borrower. With regard to amounts in arrears of a minimum of seven monthly instalments, the process of foreclosing the loan is usually started. With a client being in arrears of six or more monthly instalments, risk provisions are manually built.

9. Restructuring

The intensive support service in general starts with the fourth payment in arrears and ends between seven and ten instalments in arrears.

Potential restructuring measures are actively reviewed by the credit department. Based on the information received from the debt collection company, the financial options, personal circumstances of the borrower and the collateral property, possible solutions are assessed. If no restructuring is possible, the enforcement is initiated rapidly.

Within the intensive support service there is a focus on finding individual solutions to achieve the regular payments of the agreed instalments.

Based on information from the customer, the problems (e.g., unemployment, divorce, unforeseen major financial burdens, etc.) which have led to the payment difficulties are analysed. A solution is attempted to be found in cooperation with the customer.

If a review of the borrower's present circumstances reveals that the customer is able, even under deteriorated conditions, to service the financing, the Bank prepares either:

- a deferral plan = partial postponement of interest and principal payments over a fixed agreed period which cannot be longer than 12 months until the customer's situation improves, or
- a restructuring concept = fundamental restructuring of the entire exposure of the customer, including the term, interest rate changes, additional restructuring loans, etc. If these measures are successful and the customer meets his or her payment obligations, the entire exposure is transferred back to the credit department after 12 months.

10. Foreclosure

The foreclosure process usually starts when the borrower is in arrears with seven to ten instalments.

If the customer is not able to service even modified financing, a "private sale" of the real estate is sought. The Bank will therefore initiate the foreclosure proceedings against the borrower. The debtor's file is passed on to a law firm. Currently the Bank works together with Brandstedter, Gostner & Partner, Andrea Esposito and Pancheri & Unterhofer. The debtor has to meet the attorney's final call within 11 days.

A private sale normally leads to substantially higher proceeds than a forced sale. Therefore the Bank tries to persuade the customer to have his property marketed with the cooperation of a commissioned external party (broker) within a reasonable period of time. If the purchase price obtained does not cover the residual debt, an agreement is sought early on with the customer to repay the still outstanding residual claim.

If the customer does not cooperate or does not fulfil any agreement reached, the following actions are initiated:

- real estate foreclosure measures
- foreclosure on other assets of the customer (chattel execution/execution *in personam*)
- realisation of alternative and additional collateral

11. Risk Provisions

The individual value adjustments (*Einzelwertberichtigungen*, EWB) are made manually in Bolzano. An EWB is set up for all loan amounts (after deducting the amount on the savings account) that exceed 70% of the market value. As soon as the official evaluation from the court is available, the EWB is newly calculated by taking into account the defined market value from the local court by building a provision for all loan amounts (after deduction of the amount on the savings account) in excess of 100% of this defined property value. If the property is not sold in the first court hearing the market value is reduced by 20% and the EWB is increased by this same amount. A further 20% reduction is made to the market value of the respective property if it is not sold in the second court hearing and the EWB is increased by this same amount.

THE LOSS GUARANTEE

On July 9, 2007 the Bank and the Issuer will enter into a loss guarantee agreement (the "**Loss Guarantee**") between the Issuer as protection seller and the Bank as protection buyer.

Payments

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

The Bank will pay under the Loss Guarantee, *inter alia*, the Guarantee Fee to the Issuer in arrear on each Payment Date. The "**Guarantee Fee**" will be an amount calculated by the Bank as the sum of (i) the costs and expenses of the Issuer and (ii) the excess, if any, of (A) the aggregate Interest Amount 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 or, if relevant, from the Put Counterparty in respect of the Eurohypo Pfandbriefe under the Put Agreement, on or in respect of the relevant Payment Date.

Cash Collateral

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

Termination

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

Early Termination Option

Pursuant to the terms of the Loss Guarantee, the Bank will have the right (but not the obligation) (each, an "**Early Termination Option**") to terminate the Loss Guarantee for any of the reasons set out in clause (A) of the definition of "Loss Guarantee Termination" under Section 12.1(i) (Early Redemption by the Issuer – Loss 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 Loss Guarantee by notice to the Issuer and upon delivery of such notice, the right of the Bank to terminate the Loss 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 on the relevant Payment Date an amount equal to the Realised Losses determined in accordance with the Terms and Conditions, *provided that* the Loss Guarantee shall remain outstanding if and as long as any Notes remain outstanding pursuant to Section 12.2 (Early Redemption by the Issuer – Deferred Redemption) of the Terms and Conditions.

The Issuer will receive the funds necessary for such payment from the amounts received under the Eurohypo Pfandbriefe, the Postbank Notes, the Put Agreement, the Series A1+ Cash Deposit Account, if any, the Series A2+ Cash Deposit Account if any, the Series B Cash Deposit Account, if any, the Series C Cash Deposit Account, if any, and/or the Eligible Securities, if any.

Early Termination Events

Pursuant to the terms of the Loss Guarantee, the Loss 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 determined in accordance with Section 12.3 (Early Redemption by the Issuer – Redemption in the case of Issuer Event of Default or Bank Event of Default) of the Terms and Conditions.

The Loss 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 Loss 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 Loss Guarantee will rank senior to any security interest in respect of the Eurohypo Pfandbriefe and the Postbank Notes 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.

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 Eurohypo Pfandbriefe and the Postbank Notes as security for its obligations under the Loss Guarantee pursuant to the First Pledge Agreement. The pledge will extend to the principal but not income to be earned on the Note Collateral (see "COLLATERAL").

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

- (a) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A1+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A1+ Notes,
- (b) EUR 500,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series A2+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A2+ Notes,
- (c) EUR 38,300,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
- (d) EUR 13,400,000 floating rate public Pfandbriefe (*Öffentliche Pfandbriefe*) of Eurohypo AG (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
- (e) EUR 11,200,000 floating rate notes of Deutsche Postbank AG (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes, and
- (f) EUR 5,700,000 floating rate notes of Deutsche Postbank AG (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes.

Each Series will be represented by a global certificate deposited with Clearstream Frankfurt. The Note Collateral will be held in the securities account no. 560 000 (the "**Custody Account**") of the Issuer with Deutsche Postbank AG (in such capacity and each successor custodian, the "**Custodian**") pursuant to the Custody Agreement.

OUTLINE OF THE TERMS AND CONDITIONS OF THE EUROHYPO PFANDBRIEFE

Issuer:	Eurohypo AG
Ratings:	AAA (S&P)
Status:	Senior / Secured (<i>Pfandbrief</i>)
Type of Pfandbrief	Public (<i>Öffentliche Pfandbriefe</i>)
Principal Amount:	EUR 500,000 / ISIN DE000EH092Y5 (the " Series A1+ Collateral "), EUR 500,000 / ISIN DE000EH092Z2 (the " Series A2+ Collateral "), EUR 38,300,000 / ISIN DE000EH09203 (the " Series B Collateral "), and EUR 13,400,000 / ISIN DE000EH09211 (the " Series C Collateral "), collectively, the " Eurohypo Pfandbriefe ".
Currency:	EUR
Issue Date:	July 9, 2007
Maturity Date:	January 7, 2013
Issue Price:	100%
Interest Payments:	January 7 th , April 7 th , July 7 th , October 7 th
Day Count Fraction:	Actual/360 adjusted basis
Business Days:	TARGET, Frankfurt, Dublin
Interest Rate:	3 month EURIBOR minus 0.80%
Call Details:	None
Denominations:	EUR 50,000;
Form:	Debt Issuance Programme
Listing:	None
Governing Law:	German

OUTLINE OF THE TERMS AND CONDITIONS OF THE POSTBANK NOTES

Issuer:	Deutsche Postbank AG
Ratings:	A (S&P)
Status:	Unsecured, unsubordinated bearer notes
Principal Amount:	EUR 11,200,000 / ISIN DE0001397172 / WKN 139717 (the " Series D Collateral "), and EUR 5,700,000 / ISIN DE0001397180 / WKN 139718 (the " Series E Collateral "); collectively, the " Postbank Notes ".
Currency:	EUR
Issue Date:	July 9, 2007
Maturity Date:	January 7, 2033
Issue Price:	100%
Interest Payments:	January 7 th , April 7 th , July 7 th , October 7 th
Day Count Fraction:	Actual/360 adjusted basis
Business Days:	TARGET, Frankfurt, Dublin
Interest Rate:	3 month EURIBOR plus 0.05%
Redemption:	Linked to the Notes
Amortisation:	Linked to the Notes
Denominations:	EUR 100,000
Listing:	None
Governing Law:	German

OTHER COLLATERAL

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

- (i) all its present and future claims and rights arising from:
 - (a) the Transaction Account Agreement, including all its present and future claims and rights under the Transaction Account and all its present and future claims and rights under the Cash Collateral Account,
 - (b) the agency agreement between the Issuer, the Trustee and the Principal Paying Agent dated July 3, 2007, as amended from time to time (the "**Agency Agreement**"),
 - (c) the subscription agreement for the Notes between the Issuer and Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom (in such capacity, the "**Lead Manager**") dated July 9, 2007, as amended from time to time (the "**Subscription Agreement**"),
 - (d) the Securities Purchase Agreement,
 - (e) the Loss Guarantee,
 - (f) the Custody Agreement, and
 - (g) the Put Agreement; and
- (ii) all its present and future claims and rights against the Trustee arising under the Trust Agreement.

The Trustee thereby accepts such pledges.

Such pledges serve to secure the Trustee Claim.

Pursuant to the Irish Security Agreement, the Issuer will charge and assign by way of security in favour of the Trustee all its present and future claims, right, title and interest in and to the Administration Agreement as security for the Trustee Claim.

ACCOUNTS

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

- (i) the Transaction Account, which is an interest bearing account in EUR. The Issuer will open the Transaction Account with BNP Paribas Securities Services, Frankfurt Branch, Grüneburgweg 14, 60322 Frankfurt am Main, Germany as the initial Account Bank, before the Issue Date; and
- (ii) the Cash Collateral Account, which is an interest bearing account in EUR, with the Account Bank, on or before the Issue Date.

In addition, the Issuer may open and maintain the Series A1+ Cash Deposit Account, the Series A2+ Cash Deposit Account, the Series B Cash Deposit Account and the Series C Cash Deposit Account in accordance with the Transaction Documents.

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

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

Consideration

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

Set-off Waiver

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

ADMINISTRATION

Pursuant to the Administration Agreement governed by Irish law, the Administrator has agreed to provide book-keeping and other corporate and administrative services to the Issuer as well as account management functions with respect to the Accounts. The Issuer has a right to replace the Administrator at any time upon notice to the Administrator.

Description of the Administrator

The Administrator is Deutsche International Corporate Services (Ireland) Limited, a limited liability company, incorporated under the laws of Ireland (registered number 149528), whose business address is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Consideration

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

Termination of the Administration Agreement

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

6. TERMINATION AND APPOINTMENT OF SUBSTITUTE ADMINISTRATOR

6.1 If any of the following events shall occur:

- (a) material default is made by the Administrator in the performance or observance of any of its covenants and obligations under this Agreement, which in the opinion of the Trustee is materially prejudicial to the interests of the Secured Parties and which, in the case of a default that is in the sole opinion of the Trustee remediable, continues unremedied for a period of 30 days after written notice by the Trustee requiring the same to be remedied;
- (b) an order is made or an effective resolution passed for winding up the Issuer;
- (c) the Administrator ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of any amounts due to its creditors generally or becomes unable to pay its debts as they fall due or otherwise becomes insolvent; or
- (d) (other than in the case of a reorganisation the terms of which have been approved by the Trustee and where the Administrator is solvent) an order is made against the Administrator under any applicable liquidation, insolvency, composition, reorganisation, examinership or other similar laws, or an administrative or other receiver, examiner or other similar official is appointed in relation to the Administrator or in relation to the whole or any substantial part of the undertaking or assets of the Administrator or an encumbrancer shall take possession of the whole or any substantial part of the undertaking or assets of the Administrator, and in any of the foregoing cases it shall not be discharged within 15 days; or if the Administrator shall initiate or consent to judicial proceedings relating to itself under any applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally;

then the Issuer, with the prior written consent of the Trustee, or the Trustee may,

- (i) in writing appoint as administrator any person to succeed the Administrator or any successor Administrator previously appointed (a "**Substitute Administrator**"), on the condition in each case that the Substitute Administrator agrees with the Issuer to perform the duties and obligations of the Administrator pursuant to and in accordance with the terms of this Agreement, such appointment to be effective upon the termination of the appointment of the Administrator; and
 - (ii) following the giving to the holders of the Notes of a notice of the appointment of the Substitute Administrator, by notice in writing to the Administrator terminate the appointment of the Administrator and the arrangements with the Administrator hereunder, such termination to be effective from the date set out in the notice.
- 6.2 The Administrator shall forthwith notify the Issuer and the Trustee in writing of the occurrence or expected occurrence of any of the events referred to in Clause 6.1 (a) to (d).
- 6.3 The Issuer and the Trustee shall, from the date of termination of the appointment of the Administrator pursuant to Clause 6.1, be discharged from performing further the obligations set out in this Agreement, except that the Issuer shall, following such termination, pay to the Administrator any amount due and outstanding in respect of the Administration Fees calculated up to the date of effectiveness of such termination. The termination of the appointment of the Administrator under Clause 6.1 shall be without liability or penalty on the part of the Issuer for so doing and the Administrator shall not be entitled to compensation in respect of such termination.
- 6.4 Forthwith after service of notice in writing of the termination of the appointment of the Administrator pursuant to Clause 6.1, the Administrator shall deliver to (and in the meantime hold on trust for and to the order of) the Issuer, as it shall direct all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer, any original contracts and/or the Transaction Documents, any monies then held by the Administrator on behalf of the Issuer and any other assets of the Issuer and shall take such further action as the Issuer may reasonably direct.
- 6.5 The Administrator shall, from the later of (i) the date of termination of its appointment pursuant to Clause 6.1 and (ii) the date of its compliance in full with its obligations under Clause 6.4, be discharged from performing further the obligations set out in this Agreement, without prejudice to any then existing rights and liabilities of the Administrator, the Issuer and the Trustee hereunder, including, without limitation, the Issuer's or the Trustee's right to sue the Administrator or make any other claim or take any other action with respect to a breach by the Administrator of its obligations prior to the termination of its appointment as Administrator hereunder.

THE ISSUER

The Issuer was incorporated in Ireland under registered number 439599 as a private company limited by shares under the Irish Companies Acts 1963 to 2006 under the name of PB Domicilio 2007-1 Limited on May 11, 2007. The registered office of the Issuer is at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland. The Issuer is incorporated for an indefinite length of life and has been established as a special purpose vehicle for the purpose of issuing the Notes and acquiring the Note Collateral and performing all tasks ancillary thereto. The business of the Issuer is summarised below.

As of the Issue Date, the entire authorised share capital of the Issuer is EUR 3 divided into 3 ordinary shares of EUR 1.00 par value each, all of which are issued and fully paid up (the "**Shares**") and held by Medb Charitable Trust Limited (1 share), Badb Charitable Trust Limited (1 share) and Eurydice Charitable Trust Limited (1 share) (the "**Issuer Shareholders**") which are charitable trust companies incorporated under the laws of Ireland as companies limited by guarantee.

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

Business of the Issuer

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

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Irish Companies Acts 1963 to 2006, 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 May 11, 2007, its date of incorporation.

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

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

The Issuer has no employees.

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

Directors

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

Name	Address	Description
Jennifer Coyne	5 Harbourmaster Place IFSC Dublin 1 Ireland	Company Administrator
Priscilla Shire	5 Harbourmaster Place IFSC Dublin 1 Ireland	Company Administrator

Jennifer Coyne is an employee of the Administrator. Priscilla Shire is an employee of the Administrator.

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

Administration

Pursuant to an administration agreement dated July 3, 2007 between the Issuer, the Administrator and the Trustee (the "**Administration Agreement**"), the Issuer has appointed Deutsche International Corporate Services (Ireland) Limited as administrator (the "**Administrator**") to provide corporate and secretarial and administrative services to the Issuer, whose business address is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Secretary

The secretary of the Issuer is Deutsche International Corporate Services (Ireland) Limited whose business address is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Indebtedness Statement

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

Financial Statements

Audited financial statements will be published on an annual basis. The Issuer will not prepare interim financial statements. The Issuer's accounting reference date in each year is December 31. The first set of audited financial statements will be in respect of the period up to December 31, 2007. Since the date of its incorporation no statutory financial statements have been prepared.

Auditors

The auditors of the Issuer are Deloitte & Touche, Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2, Ireland who are chartered accountants and are members of the Institute of Chartered Accountants in Ireland and are qualified to practice as auditors in Ireland.

Expenses

It is estimated that preliminary expenses and the expenses (including legal expenses, listing expenses and initial expenses of service providers) associated with the issue of the Notes will not exceed 2% of the initial aggregate principal amount of the Notes and will be payable by the Bank.

Litigation

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

Material Change

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

Material Contracts

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

THE BANK

Formation

BHW Bausparkasse AG is a special bank institute in the legal form of a public limited corporation. The institute was founded in 1928. The public limited corporation is registered in the Commercial Register of the Local Court of Hannover under Commercial Register No. (HRB) 100345.

From the outset, the capital providers of BHW Bausparkasse AG were civil service professional organizations (*Standesorganisationen des öffentlichen Dienstes*). Endowed with a series of privileges, BHW Bausparkasse AG contracted exclusively with clients from the civil service (*öffentlicher Dienst*) and their relatives until 1982. This customer group is still the best represented group today at BHW Bausparkasse AG.

Initial formations of building societies (*Bausparkassen*) in the form of special banks with restricted business date back nearly 80 years. Only building societies may offer building savings contracts (*Bausparverträge*) in Germany. The course of these building savings contracts is technically and mathematically determined and classified by certain rates in consultation with the German banking supervision authorities. After a savings period, customers are entitled to disbursement of the accumulated credit and to additional disbursement of a building savings loan (*Bauspardarlehen*) in the amount of the difference between the Building Savings Amount (*Bausparsumme*) initially set pursuant to the building savings contract and the credit saved. The interest rate remains unchanged until the interest reset date. The German government promotes the savings period through building savings assistance (*Bausparförderung*) and the later procurement of concrete residential space through assistance to residential building (*Eigenheimförderung*). The loans of the building societies may only be used for housing purposes. In accordance with a special German supervision act, building societies may also move beyond the narrow building savings business to undertake a broader range of various forms of financing and refinancing. For example, German building societies nowadays grant a large scope of loans for housing purposes which are not coupled with building savings contracts. Thus, German building societies compete with the products of mortgage banks and regular commercial banks and savings institutions.

Company Portrait

BHW Bausparkasse AG is part of the Postbank Group, which is a leading German retail bank. BHW Bausparkasse AG holds the number two market position in private home finance with a market share of 12.5% and the number two position among the German building savings societies (*Bausparkassen*) with a market share of 11.7% (as of December 31, 2006).

The BHW Bausparkasse AG is well positioned to fully realize the big growth potential of the market for private provisioning by enhancing its strengths regarding distribution network, obtaining new customers, using cross selling potential, innovation leadership in Bausparen, and B2B in processing of loans (Credit Center).

The activities of BHW Bausparkasse AG encompass all asset and liability transactions permitted in accordance with the German Building Savings Bank Act (*Bausparkassengesetz*). Mortgage loans not backed by any building savings contract are taking on increasing significance.

BHW Bausparkasse AG uses the distribution network of the Postbank Finanzberatung AG which is one of the largest financial-services distribution networks in Germany with 4,300 full-time tied agents and around 1,650 service centers (including 850 former branches of DPWN).

Furthermore, BHW Bausparkasse AG operates three branch offices in western Europe (Belgium, Luxembourg and Italy). Home financing products (*Wohnungsbaufinanzierungen*) are sold there with and without building savings plans. For its German clientele, BHW Bausparkasse AG possesses the

technical instruments to undertake mortgage-backed financing of real estate in several western European countries.

BHW-Gesellschaft für Wohnungswirtschaft mbH, a 100 % subsidiary of BHW Holding AG, holds a 94% stake of BHW Bausparkasse AG. BHW Holding AG itself owns the remaining 6% of the company.

Supervision

As a special building society, BHW Bausparkasse AG is generally subject to the German Banking Supervision Act (*Kreditwesengesetz* - the Banking Act) as well as to the special act for building societies, the Building Savings Bank Act (*Gesetz über Bausparkassen*). Supervision is conducted by the general supervision authorities, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) in Bonn.

Registered Office

The registered office of BHW Bausparkasse AG is in Hameln, Lubahnstraße 2. The main administration and management board of the company is located there.

Guarantee of Deposits

BHW Bausparkasse AG is a member of the Deposit Guarantee Fund for building societies (*Bausparkassen- Einlagensicherungsfonds e.V.*) in Berlin, and is a compulsory member of the legal guarantee institution for private institutes (*Entschädigungseinrichtung deutscher Banken GmbH*), in Cologne.

Building Society Sector

There are currently 27 building societies in Germany (16 in the private-law form of a joint stock corporation and 11 public-law divisions or subsidiaries of state banks). The total assets of all German building societies amounted to EUR 192.2 bn as of December 31, 2005. German building societies account for two-thirds of home financing in Germany. Nearly one-third of all adults in Germany hold one or more building savings contracts (source: infratest).

BHW Bausparkasse AG has been rated BBB+/Stable/A-2 by S&P. Total assets amounted to EUR 46.2 billion as of December 31, 2006, the second highest figures among all German private building societies after Bausparkasse Schwäbisch Hall.

Bodies of BHW Bausparkasse AG (as of April 2007)

Management Board

Management is conducted by the Management Board which is monitored by the Supervisory Board.

The Management Board currently consists of the following members:

Dr. Michael Meyer (Chairman)
Hans-Joachim Gasda (Deputy Chairman)
Dr. Ralf Kauther
Dr. Joachim Klare
Horst Küpker

Executive Managers:

Dietmar König
Hans-Joachim Neumann

Supervisory Board

The Supervisory Board currently consists of the following members:

Prof. Dr. Wulf von Schimmelmann, Chairman, Chairman of the Management Board, Deutsche Postbank AG, Bonn

Dr. Mario Daberkow, Member of the Management Board, Deutsche Postbank AG, Bonn

Werner Hille, Former Division Manager Rechnungswesen, Deutsche Postbank AG, Bonn

Dr. Peter Hoch, Member of the Supervisory Board, Deutsche Postbank AG, Bonn, and former President of Mastercard Europe, Munich

Dr. Wolfgang Klein, Member of the Management Board, Deutsche Postbank AG, Bonn

Ralf Stemmer, Member of the Management Board, Deutsche Postbank AG, Bonn

Peter Erdmann, Member of the Management Board, Pensionskasse der BHW Bausparkasse VvaG, Copenbrügge

Timo Heider, 1st Deputy Chairman of Workers Council, BHW Bausparkasse AG/ BHW Holding AG/Postbank Finanzberatung AG, Hameln

Beate Meyer, Member of Workers Council, BHW Bausparkasse AG/ BHW Holding AG, Hameln

Detlef Schulz, Deputy Chairman, Chairman of Workers Council BHW Bausparkasse AG, Hessisch Oldendorf

Dieter Sell, Team Leader Abrechnung BHW Bausparkasse AG, Hameln

Gerd Tausenfreund, Labor Union Secretary, ver.di Vereinte Dienstleistungsgewerkschaft, Nidderau

Equity

The subscribed capital of BHW Bausparkasse AG is divided into 400,000 registered no-par value shares, which have been fully paid in.

BHW-Gesellschaft für Wohnungswirtschaft mbH, a 100 % subsidiary of BHW Holding AG, holds a 94% stake of BHW Bausparkasse AG. BHW Holding AG itself owns the remaining 6% of the company.

Equity Development (in millions of EUR)	31.12.2006	31.12.2005	31.12.2004
Subscribed capital	204,517	204,517	204,517
Capital reserves	680,000	680,000	680,000
Profit reserves	78,595	80,161	80,161
Total	963,112	964,678	964,678
Retained earnings	0	0	0
Shareholders' equity	963,112	964,678	964,678

The equity of BHW Bausparkasse AG is adequate to its business activities. Furthermore, the Deutsche Postbank AG, as the parent company, is obligated to guarantee the equity adequacy.

In the 2006 reporting year, risk weighted assets increased by 2.2% to EUR 13.7 billion. The liable equity capital of BHW Bausparkasse AG in accordance with § 10 of the Banking Act increased by 11.5% to EUR 1,439.3 million. The equity capital resources are therefore above the minimum rate required by supervisory law. On December 31, 2006, the solvency ratio defined in Principle I of the German Banking Act (Kreditwesengesetz) was met at 10.5% and thus continues to lie above the required minimum rate. The core capital ratio amounted to 6.9%.

Financial Statements

BHW Bausparkasse AG

Financial Statements in Accordance with the Provisions of the German Commercial Code (HGB)

(in millions of EUR)	31.12.2006 (audited)	31.12.2005 (audited)	31.12.2004 (audited)	31.12.2003 (audited)
Total assets	46,178	46,538	41,693	38,060
Shareholders' equity	963	965	965	965
Equity ratio	2.1%	2.1%	2.3%	2.5%
- Core capital ratio in accordance with the Banking Act	6.9%	6.4%	6.6%	5.8%
- Total capital ratio in accordance with the Banking Act	10.5%	9.6%	10.4%	9.1%
Building savings deposits (Bauspareinlagen)	16,669	16,540	15,081	14,228
Building savings loans (<i>Bauspardarlehen</i>)	3,193	3,418	3,676	3,831
Aggregate excess building savings balance (<i>Kollektiver Überschuss</i>)	13,476	13,122	11,405	10,397
Reserve fund for building contracts (<i>Fonds baupartechnische Abwicklung</i>)	107	107	88	88
Bridge financing (<i>Vor- und Zwischenfinanzierungen</i>)	18,709	16,308	14,932	16,025
Mortgage loans	4,846	4,338	3,716	3,073
Trust loans (<i>Treuhandkredite</i>)	11,283	12,445	11,010	7,902
Number of Bauspar-contracts in thousands (<i>Vertragsbestand</i>)	4,524	4,646	4,413	4,447
New building contracts with fully paid contract fee (building contract amount) (<i>Eingelöstes Neugeschäft/ Bausparsumme</i>)	10,852	11,381	10,796	12,525
Building loan allocations (amount) (<i>Zuteilungsangebote/Betrag</i>)	7,518	6,533	6,340	6,082
Net interest income	170	451	588	576
Net commission income	-62	30	36	18
Administrative expenses	340	432	437	438
Operating result	-294	35	156	330
Net income	0	0	0	0
Transfer of Profits ¹	-298	24	154	236
Number of employees ²	3,123	3,735	3,968	3,947

¹ BHW Bausparkasse AG and BHW Holding AG have entered into a Profit Transfer Agreement as of 11 April 2003, that has been cancelled as of December 29, 2006. In the contract period all profits and losses have been transferred to the BHW Holding AG.

² Average figure for the respective fiscal year in accordance with the German Commercial Code, not including Management Board members.

The profit situation in 2006 (-298.0 Mio. EUR/ in 2005: +24.4 Mio EUR) was significantly influenced by several special effects:

In order to accommodate the behaviour of the customers during the low-interest period a new, more conservative calculation method of provisions in the Bauspar collective had to be introduced that lead to extra expenditures of 182.8 Mio. (for the most part provisions for the years before 2006) in addition to the ongoing allocations.

Due to the process of integration additional 81.6 Mio EUR had to be provided for financing severance agreement and early retirement offers.

In consideration of the transfer of losses to the BHW Holding AG there is an annual deficit of 0.4 Mio EUR, which is covered by withdrawal from the surplus reserve.

EUROHYPO AG

History and Development of Eurohypo Aktiengesellschaft

Legal name: Eurohypo Aktiengesellschaft
Commercial name: EUROHYPO AG

Eurohypo Aktiengesellschaft is registered in the commercial register of the local court of Frankfurt am Main under Number 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 Number of the registered office: +49 69 2548-0

Business Overview

The bank is a specialist provider of financing for the real estate and public sector markets. It engages in real estate and public sector financing activities, both directly and through its subsidiaries.

The Eurohypo Group raises funding for its real estate and public financing and refinancing commitments primarily through the issuance of mortgage and public *Pfandbriefe*. Other bonds are issued to fund those parts of the Eurohypo Group's 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 up to this date has not been eligible as cover assets.

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.

Commerzbank Inlandsbanken Holding AG, Frankfurt/Main, a subsidiary of Commerzbank AG, has issued the board of managing directors of Eurohypo AG with the formal demand, pursuant to section 327a AktG, stating that the company's Annual General Meeting wished to resolve to transfer the shares of minority shareholders to the main shareholder, Commerzbank Inlandsbanken Holding AG, in exchange for an appropriate level of cash compensation (squeeze-out). A resolution on this request, and the approval of a controlling and profit transfer agreement, will be on the agenda of Eurohypo's Ordinary General Meeting in summer 2007.

Securities Listing

In general Eurohypo's securities (excluding, for the avoidance of doubt, the Eurohypo Pfandbriefe (as defined in Clause 4.1 of the Trust Agreement)) are listed and are admitted for trading on the Luxembourg Stock Exchange or on the Frankfurt Stock Exchange.

DEUTSCHE POSTBANK AG

Establishment, History, Name and Head Office

As a result of the Post Reform I as of 1990, the banking services of the Deutsche Bundespost (German Federal Post) were transferred into a new, separate legal entity, the Deutsche Postbank AG ("**Postbank**"). In January 1995 Postbank became a joint-stock company; the relating entry into the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of the City of Bonn was made under the number HRB 6793.

In December 1998, with effect as of January 1, 1999, the Federal Republic of Germany sold its participation in Postbank to Deutsche Post AG, Bonn ("**Deutsche Post**"). Thus, an even closer relationship between Deutsche Post and Postbank, as well as the basis for a common marketing strategy, were formed. Nonetheless, the operational independence of Postbank has been maintained.

In June 1999, with effect as of January 1, 2000, the Federal Republic of Germany as well as the Federal States of Berlin and Bavaria arranged for the sale of their participations in Deutsche Siedlungs- und Landesrentenbank ("**DSL Bank**"), a bank incorporated under public law, to Postbank.

The merger was entered into the commercial register on May 26, 2000. According to the "Agreement upon Merger" (*Verschmelzungsvertrag*), all transactions and businesses of DSL Bank, for this purpose transformed into a private joint-stock corporation (*Aktiengesellschaft*), were considered to be made for the account of Postbank as of 1 January 2000.

On January 1, 2006, Postbank purchased 850 of the most attractive Deutsche Post retail outlets. These retail outlets are known as "Postbank Centres", which were conceived under the former Deutsche Post ownership and which function as competence centres for financial services. In contrast to the smaller Deutsche Post retail outlets offering Postbank's general core line for checking and savings, the Postbank Centres offer products requiring more substantial advisory services. These products, sold by approximately 1,900 specially-trained financial service advisers, include investment funds, consumer credit and retirement provision products.

On January 2, 2006, Postbank purchased 82.9% of the shares of BHW Holding AG and owned 91.04% of the capital of BHW Holding AG. Following submission of a mandatory offer to the remaining minority shareholders, Postbank now controls some 98.43% of the voting rights.

Postbank's head office is located at Friedrich-Ebert-Allee 114 –126 in Bonn, Germany. Postbank operates branches in Berlin, Bielefeld, Bonn, Cologne, Dortmund, Dresden, Duesseldorf, Essen, Erfurt, Frankfurt am Main, Hamburg, Hanover, Karlsruhe, Leipzig, Ludwigshafen, Magdeburg, Mannheim, Munich, Nuremberg, Saarbruecken, Schwerin, Stuttgart and London.

Objectives

The objectives of the company comprise of the provision of diverse banking services as well as undertakings related thereto, with the exception of investments covered by §1 of the Law on Capital Investment Companies (*Gesetz ueber Kapitalanlagegesellschaften – KAGG*).

Postbank, however, is entitled to enter into numerous types of businesses useful and appropriate to serve the objectives of the enterprise.

Fiscal Year

The fiscal year of Postbank concurs with the calendar year.

Ownership

The group parent company Deutsche Post AG holds 50% plus 1 share of the shares of Deutsche Postbank AG.

Share Capital

As of December 31, 2006, the share capital of Postbank was fixed by its Articles of Association at four hundred and ten million euros, and is divided into one hundred and sixty-four million individual ordinary shares (shares with no-par value).

Management

The members of the **Management Board** as at December 31, 2006 were:

Prof. Dr. Wulf von Schimmelmann (Chairman of the Management Board)

Dirk Berensmann

Henning R. Engmann

Stefan Jütte

Dr. Wolfgang Klein

Loukas Rizos

Dr. Mario Daberkow

Hans- Peter Schmid

Ralf Stemmer

The members of the **Supervisory Board** as at December 31, 2006 were:

Shareholder representatives:

Dr. Klaus Zumwinkel (Chairman)

Chairman of the Board of Management of Deutsche Post AG, Bonn

Jörg Asmussen

Head of Department, Federal Ministry of Finance, Berlin

Wilfried Boysen

Dr. Edgar Ernst

Member of the Board of Management of Deutsche Post AG, Bonn

Dr. Peter Hoch

Prof. Dr. Ralf Krüger

Management Consultant, Prof. at the Fachhochschule Wiesbaden, Kronberg

Dr. Hans-Dieter Petram

Member of the Board of Management of Deutsche Post AG, Bonn

Dr. Bernd Pfaffenbach

State Secretary, Federal Ministry of Economics and Technology, Berlin

Dr. Klaus Schlede

Previously Deputy Chairman of the Management Board of Deutsche Lufthansa AG, Cologne

Elmo von Schorlemer
Lawyer, Aachen

Employees' representatives:

Michael Sommer (Deputy Chairman)
Chairman of the German Trade Union Federation, Berlin

Marietta Auer
Head of Department, Deutsche Postbank AG, Bonn

Rosemarie Bolte
Regional Head of Department, Financial Services, at Ver.di Trade Union, Stuttgart

Annette Harms
Deputy Chair of Deutsche Postbank AG Workscounsel, Hamburg

Ralf Höhmann
Chairman of Deutsche Postbank AG Workscounsel, Stuttgart

Elmar Kallfelz
Member of the Advisory Board of the Bundesanstalt für Post und Telekommunikation, Bonn

Harald Kuhlow
Appointed Expert to the General Workscounsel of Deutsche Postbank AG, Bonn

Sabine Schwarz
Chair of Deutsche Postbank AG Workscounsel, Berlin

Christine Weiler
Chair of Deutsche Postbank AG Workscounsel, Munich

Gerd Tausendfreund
Union Secretary of the Ver.di Trade Union, Stuttgart

The Supervisory Board of Deutsche Postbank AG has appointed Dr. Wolfgang Klein as Chairman of the Deutsche Postbank AG Management Board in its meeting on March 16, 2007. He follows Prof. Dr. Wulf von Schimmelmänn, who on March 12, 2007 exercised his contractual right to resign from his position as Chairman of the Management Board as of June 30, 2007.

The Supervisory Board of Deutsche Post AG has appointed Dr. Wolfgang Klein as Member of the Management Board of Deutsche Post AG on March 13, 2007. He follows Prof. Dr. Wulf von Schimmelmänn in this position as of July 1, 2007.

The former Chief Financial Officer of Deutsche Postbank AG, Henning R. Engmann has asked the Supervisory Board of Deutsche Postbank AG after the successful integration of the BHW Group to release him from his mandate. The Supervisory Board has complied with his request in its meeting on March 16, 2007. Marc Heß was appointed Chief Financial Officer (CFO) and General Director of Deutsche Postbank AG as of April 1, 2007.

Auditors

The independent auditors of Postbank are PwC Deutsche Revision, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Moskauer Strasse 19, 40227 Düsseldorf. They have audited the financial statements of Postbank since 1999.

Business Objectives

Postbank provides financial services for retail customers and for companies in Germany. Accordingly, Postbank offers to private customers a standardised range of products that may be tailored to the customer's particular needs. These products are consistently updated, expanded and optimised with the help of a highly efficient core banking software that, in light of the large processing volumes, delivers considerable economies of scale and thus dynamic growth at a relatively low cost. Postbank offers comprehensive multi-channel access for its customers: coverage is safeguarded by the 850 retail outlets, purchased as of January 1, 2006, which supplement the thousands of Deutsche Post offices providing Postbank services. In addition thereto are the telephone and online banking direct sales channels. Postbank's highly specialised mobile financial services advisers and third party sales furnish its offerings with an individualised advisory approach.

The fields of businesses of Postbank are retail banking, corporate banking, transaction banking, and financial markets.

Retail banking

The scope of products offered to private clients includes the traditional giro and savings business, credit and debit cards, the provision of loans (including consumer (instalment) credits, house finance (real-estate loans)), the provision of savings contracts for building purposes, security trading, depots and the sale of investment funds and insurance policies.

In the area of financing for private buildings, the acquisitions of DSL Bank and BHW significantly enhanced Postbank's portfolio of products in addition to providing access to sales channels via co-operation partners (banks, building societies, insurance and construction companies and other mediators) and tied financial agents.

Corporates

The business with corporations is focused upon payments and related services as well as the provision of financings for corporates, real estate projects (project developers, as well as real estate funds and brokers) and the public sector; leasing and factoring are also offered.

For companies within the Deutsche Post Group, Postbank offers specialised financial services in the field of logistics. Furthermore, Postbank has assumed the main banking functions for its group, Deutsche Post.

Emphasis is also placed upon mortgage loans; Postbank continues the scope of business formerly provided by DSL Bank on behalf of the Federal Government of Germany.

Transaction Banking

The Transaction Banking segment of Postbank is one of the leading full-service payment providers with respect to banks in Germany. Large processing volumes and a modern information technology platform promote high efficiency. The business benefits from broad experience in payments and a strong track record with insourcing (Dresdner Bank and Deutsche Bank since 2004, HypoVereinsbank since 2006). The scope of products offered to customers includes domestic transfers, direct debits, checks, bills of exchange and international payment orders. Another product group is comprised of investigations, filings and cards. Furthermore, Postbank and BHW are expanding the credit processing business line and the respective service offering. Postbank anticipates an expansion of its national payments business (e.g., by attracting new clients) as well as the establishment of a service provision on a European basis (e.g., cross-border co-operations and joint ventures).

Financial Markets

This division is responsible for the management of the money and capital market businesses of Postbank and the control of its market price and liquidity risks. Postbank uses many of the major products and strategies presently prevailing in the money, foreign exchange and capital markets. Postbank is entitled to issue covered bonds (*gedeckte Schuldverschreibungen*). Furthermore, Postbank, via a subsidiary, manages special funds for institutional investors.

Listing

Securities issued by Deutsche Postbank AG are listed on the regulated markets of the Düsseldorf, Hamburg, Hanover, Stuttgart, Luxembourg, Madrid (AIAF) and Paris exchanges.

Consolidated Income Statement for the period January 1 to December 31, 2006, 2005 and 2004

	2006	2005	2004 ¹
	€m	€m	€m
Interest income	7,669	5,350	5,271
Interest expense	-5,496	-3,675	-3,704
Net interest income	2,173	1,675	1,567
Allowance for losses on loans and advances	-337	-205	-185
Net interest income after allowance for losses on loans and advances	1,836	1,470	1,382
Fee and commission income	1,623	801	706
Fee and commission expense	-216	-102	-94
Net fee and commission income	1,407	699	612
Net trading income	245	205	198
Net income from investment securities	292	252	297
Administrative expenses	-2,812	-1,886	-1,869
Other income	205	252	161
Other expenses	-232	-273	-133
Profit before tax	941	719	648
Income tax expense	-245	-226	-212
Profit from ordinary activities after tax	696	493	436
Minority interest	-1	-1	-1
Net profit for the period	695	492	435

¹ Prior period figures restated

Earnings per share

	2006	2005	2004 ¹
Basic earnings per share (€)	4,24	3,00	2,65
Diluted earnings per share (€)	4,24	3,00	2,65

The average number of shares outstanding in the fiscal year 2005 / 2006 was 164,000,000

¹ Prior period figures restated

Consolidated Balance Sheet as of December 31, 2006, 2005 and 2004

Assets	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004¹
	€m	€m	€m
Cash reserve	1,015	968	1,125
Loans and advances to other banks	16,350	17,801	23,820
Loans and advances to customers	87,182	52,873	47,739
Allowance for losses on loans and advances	-1,155	-776	-667
Trading assets	13,280	10,386	9,695
Hedging derivatives	485	639	973
Investment securities	63,299	55,423	43,483
Intangible assets	2,505	223	168
Property and equipment	1,015	825	926
Income tax assets	244	434	520
Other assets	667	1,484	472
Total assets	184,887	140,280	128,254

Shareholders' Equity and Liabilities	Dec.31,2006	Dec.31,2005	Dec. 31,2004¹
	€m	€m	€m
Deposits from other banks	47,319	30,778	16,215
Due to customers	101,316	78,481	80,519
Securitised liabilities	15,886	14,738	16,615
Trading liabilities	3,681	3,345	2,702
Hedging derivatives	958	1,668	2,245
Provisions	3,691	969	997
Income tax liabilities	1,058	1,030	995
Other liabilities	786	427	517
Subordinated debt	5,048	3,783	2,808
Shareholders' Equity	5,207	5,061	4,641
a) Issued capital	410	410	410
b) Share premium	1,160	1,160	1,159
c) Retained earnings	2,940	2,998	2,636
d) Consolidated net profit	695	492	435
Minority interest	2	1	1
Total liabilities and shareholders' equity	184,887	140,280	128,254

¹ Prior period figures restated

Statement of Changes in Equity

	Issued capital	Share premium	Retained earnings	Currency translation reserve	Revaluation reserve	Consolidated net profit	Total	Minority interest	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at December 31, 2003	410	1,159	3,002	-94	-200	589	4,866	14	4,880
First time application of IAS 39 (rev. 2003)									
Cumulative impairment			-422		422		0		0
New designation of financial instruments					-141		-141		-141
IAS restatements			66				66		66
Balance at January 1, 2004	410	1,159	2,646	-94	81	589	4,791	14	4,805
First time application of IAS 39 (rev. 2003)									
Cumulative impairment			13		-13		0		0
New designation of financial instruments					98		98		98
Dividend payment						-589	-589		-589
Currency translation Differences				-26			-26		-26
Changes in unrealised gains and losses, net of deferred taxes					56		56		56
Consolidated net profit January 1 - December 31, 2004						420	420	1	421
IAS restatements			-125			15	110		110
Treasury shares							0		0
Other changes							0	-14	-14
Balance at December 31, 2004	410	1,159	2,534	-120	222	435	4,640	1	4,641
For info: Total of items in 2004 that change shareholders' equity in accordance with IAS 1.96c			13	-26	141	435	563	1	564
Dividend payment						-205	-205		-205
Appropriation to retained earnings			230			-230	0		0
Currency translation Differences				43			43		43
Changes in unrealised gains and losses, net of deferred taxes					89		89		89
Consolidated net profit January 1 - December 31, 2005						492	492	1	493
Treasury shares		1					1		1
Other changes							0	-1	-1
Balance at December 31, 2005	410	1,160	2,764	-77	311	492	5,060	1	5,061
For Info: Total of items in 2005 that change shareholders' equity in accordance with IAS 1.96c				43	89	492	624	1	625
Dividend payment						-205	-205		-205
Appropriation to retained earnings			287			-287	0		0
Currency translation Differences				-40			-40		-40
Change in unrealised gains and losses, net of deferred taxes					-305		-305		-305
Consolidated net profit January 1 - December 31, 2006						695	695	1	696
Treasury shares							0		0
Other changes							0	0	0
Balance at December 31, 2006	410	1,160	3,051	-117	6	695	5,205	2	5,207
For Info: Total of items until June 30, 2006 that change shareholders' equity in accordance with IAS 1.96c				-40	-305	695	350	1	351

Consolidated Cash Flow Statement

	2005	2006
	€m	€m
Net profit for the period	492	695
Non-cash items in net profit for the period and reconciliation of net profit to net cash used in operating activities		
Depreciation and write-downs of property and equipment, write-downs of investment securities, loans and advances, and reversals of impairment losses on these items	314	318
Changes in provisions	7	254
Changes in other non-cash items	-141	-89
Gains on disposal of property and equipment and investment securities	-263	-269
Other adjustments (net)	-1,544	-2,103
Subtotal	-1,135	-1,194
Changes in working capital after adjustment for non-cash Components		
Loans and advances to other banks	5,710	7,605
Loans and advances to customers	-5,202	-6,997
Trading assets	-669	-2,354
Hedging derivatives with positive fair values	176	618
Other operating assets	-927	1,734
Deposits from other banks	14,397	6,649
Due to customers	-2,063	2,400
Securitised liabilities	-1,598	3,834
Trading liabilities	642	-409
Hedging derivatives with negative fair values	-586	-857
Other liabilities	-90	-5
Other payments from operating activities	-	138
Interest received	5,109	7,058
Interest paid	-3,496	-5,169
Other income	132	163
Dividends received	58	79
Income taxes paid	-106	-85
Net cash used in operating activities	10,352	5,540

	2005	2006
	€m	€m
Proceeds from the disposal of		
Investment securities	6,069	18,862
Investments in subsidiaries	18	131
Property and equipment	83	54
Intangible assets	3	3
Payments to acquire		
Investment securities	-17,250	-22,490
Investments in subsidiaries	-29	-1,753
Property and equipment	-65	-58
Intangible assets	-66	-101
Net cash from investing activities	-11,237	-5,352
Dividends paid	-205	-205
Net change in cash and cash equivalents from other financing activities	943	- 220
Net cash used in/from financing activities	738	-425
Cash and cash equivalents at start of period	1,125	968
Addition to basis of consolidation		217
Net cash used in operating activities	10,352	5,540
Net cash from investing activities	-11,237	-5,352
Net cash used in/from financing activities	738	-425
Effect of exchange differences	-10	67
Cash and cash equivalents at end of period	968	1,015

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 Swap Counterparties. 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 €17 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 140 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 A1+ Notes are expected to be rated AAA by S&P.

The Class A2+ Notes are expected to be rated AAA by S&P.

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

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

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

The Class E Notes are expected 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 assigns to long term debts.

The rating of each Class of the Notes by S&P addresses the likelihood that the holders of such Class will receive all payments to which they are entitled, as described herein. The rating of each Class of the Notes by S&P also addresses the risk that a Realised Loss will be allocated to such Class pursuant to the Terms and Conditions as described herein. The rating of S&P 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 Agency at any time.

There can be no assurance as to whether any rating agency other than the Rating Agency would rate the Notes or, if it did, what rating would be assigned by such other rating agency. The ratings assigned to the Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agency.

TAXATION OF THE NOTES IN GERMANY

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Taxation of Noteholders

Tax Residents

Payments of interest on the Notes to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidarit t zuschlag*) at a rate of 5.5% thereon). Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business.

Upon the disposition of a Note carrying interest, a holder of the Note will also have to include in his taxable income any consideration invoiced separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**accrued interest**"). Accrued interest paid upon the acquisition of the Notes may be declared as negative income if the Note is held as a non-business asset. If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realised when a Note held as a non-business asset is redeemed to its initial subscriber will be taxable investment income, however, only if the Original Issue Discount exceeds certain thresholds; in such case, the Note qualifies as a financial innovation (*Finanzinnovation*) under German tax law.

If the Note qualifies as a financial innovation (including, among other things, zero coupon notes or other discounted notes or notes with accrued interest added) 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 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. On May 25, 2007 the German Parliament resolved a bill for a corporate income tax reform. According to the bill, the withholding tax on interest payments (*Zinsabschlag*) will decrease from 30% to 25% plus 5.5% solidarity surcharge on such tax. The 25% withholding tax would only be imposed on interest payments deriving from notes received after December 31, 2008.

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 (*Nichtveranlagungs-Bescheinigung*) 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 over-withheld will entitle the holder of a Note to a refund, based on an assessment to tax.

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

On May 25, 2007, the German Parliament resolved a bill for a corporate income tax reform. According to this bill a flat tax (*Abgeltungssteuer*) on investment income and private capital gains will be introduced as elements of said corporate income tax reform.

The flat tax would be levied by German withholding agents as a withholding tax, inter alia, on interest income 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. In this case, the personal income tax rate will be levied on the gross investment income, no expenses related to the investment income except for a small lump-sum tax allowance will

be deductible.

According to the bill, the flat tax would become effective from January 1, 2009. The flat tax would generally be imposed on private capital gains deriving from the Notes and realised after December 31, 2008.

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.

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*).

On April 25, 2007 the German government has released a draft of a German Investment Reform Act according to which a German resident Noteholder might be viewed as having acquired in substance units of a foreign investment fund. It remains unclear whether and in which form the envisaged changes will become effective.

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 the 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).

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 recent legislative changes 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. 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. Investors should note that according to the bill for a corporate income tax reform adopted by the German Parliament on May 25, 2007, the addition of 50% of the interest on long term debt (if applicable) mechanism will be replaced by an addition to the tax base of 25% of all interest payments and certain other interest components in excess of EUR 100,000 rule. However, pursuant to an exemption provided for by Sec. 19 Para 3 No. 2 of the Trade Tax Application Directive (*Gewerbesteuerdurchführungsverordnung*), the addition of half of the interest paid by an issuer is not applicable to certain qualifying business entities. The exemption is applicable to business entities which are exclusively acquiring credit receivables or are assuming credit risks relating to certain credit receivables originated by banks in the sense of Sec. 1 German Banking Act (*Kreditwesengesetz – KWG*) directly or indirectly and by refinancing the acquisition or the granting of a security in respect of the assumed credit risk by notes. Pursuant to the documents, the Issuer is acquiring such credit risks. Insofar, the Issuer should benefit from the exemption provided by Sec. 19 Trade Tax Application Directive. According to the bill for a corporate income tax reform, the scope of the exemption provided by Sec. 19 Trade Tax Application Directive will not be modified. Consequently, the exemption provision would also apply under the new legislation.

Furthermore, investors should, however, note that according to the bill for a corporate income tax reform adopted by the German Parliament on May 25, 2007, the corporate income tax rate will decrease 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 enters into force on January 1, 2008 and also contains certain revenue raisers. The corporate income tax reform will introduce new interest-stripping rules (*Zinsschranke*) in order to reduce the tax deductibility of interest payments and debt financing of companies accordingly. The interest stripping rules provide that interest paid by a company is only fully tax deductible for corporate income tax purposes, if the net interest expenses (balance of interest expenses and interest received in a calendar year) did not exceed EUR 1 million. If such net interest payments exceeded the threshold of EUR 1 million, the interest expenses would generally not be tax deductible to the extent that they exceeded 30% of the current year net earnings before interest, tax and depreciation/amortisation. 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. Such provisions are expected not to apply to nonconsolidated companies and further, according to the technical explanation of the bill under certain conditions to securitisation vehicles. However, investors should note that the technical explanation does not have any binding effects upon the German tax authorities, which, in principle, could take a different view.

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 Loss 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 Eurohypo Pfandbriefe and Postbank Notes. By contrast, if the Issuer exchanged the Note Collateral by certain other collateral assets, the income received from such collateral assets may constitute income taxable in Germany. The Issuer has been advised that German-source income deriving from the Loss Guarantee should not be subject to a limited (*beschränkte*) German corporate income tax liability (and trade tax liability). By contrast,

certain other collateral assets constituting taxable German-source income, may trigger withholding tax. With regard to such income, investors should note that according to the German Tax Act 2007, the Issuer would have to meet additional requirements for the exemption from and the reimbursement of such German withholding tax under applicable double taxation treaties or under European Community law. Hence, 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.

TAXATION OF THE NOTES IN IRELAND

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons such as dealers in securities.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local tax laws.

Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

A Note issued by the Issuer may be regarded as property situate in Ireland (and hence Irish source income) on the grounds that a bearer note is deemed to be situate where it is physically held or a debt is deemed to be situate where the debtor resides. However, the interest earned on such Notes is exempt from income tax if paid to a person who for the purposes of Section 198 of the Taxes Consolidation Act 1997 ("**TCA 1997**") is regarded as being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Communities (other than Ireland) or not being such a Member State a territory with which Ireland has entered into a double tax treaty. Ireland has currently ratified a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Israel, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, U.S.A. and Zambia.

If the above exemption does not apply there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that this practise will continue to apply.

Withholding Taxes

In general, withholding tax at the rate of 20 per cent. must be deducted from interest payments made by an Irish company. However, Section 246 TCA 1997 ("**Section 246**") provides that this general obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by the

Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in a relevant territory (see above for details). This exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the company through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 ("**Section 64**") provides for the payment of interest on a "**quoted Eurobond**" without deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

- (i) is issued by a company;
- (ii) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established); and
- (iii) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
 - (i) the quoted Eurobond is held in a recognised clearing system (Euroclear, Clearstream Frankfurt and Clearstream Luxembourg have been designated as recognised clearing systems); or
 - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently 20 percent) from interest on any quoted Eurobond, where such interest is collected by a person in Ireland on behalf of any holder of Notes.

Capital Gains Tax

A Noteholder will not be subject to Irish taxes on capital gains provided that such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disposer or if the donee/successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the donee/successor may be liable to Irish capital acquisitions tax. As stated above, Notes issued by the Issuer may be regarded as property situate in Ireland. Accordingly, if such Notes are comprised in a gift or inheritance, the donee/successor may be liable to Irish capital acquisitions tax, even though the disposer may not be domiciled in Ireland.

Stamp duty

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

SUBSCRIPTION AND SALE.

Subscription of the Notes

Pursuant to the Subscription Agreement dated July 9, 2007, 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 it 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.

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; (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; and (iii) anything done in Ireland with respect to the Notes will only be done in conformity with the provisions of the Irish Market Abuse Directive (2003/6/EC) Regulations 2005.

Italy. The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, the Lead Manager has represented and agreed that no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (A) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July 1998, as amended; or
- (B) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (A) or (B) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and

(iii) in compliance with any other applicable laws and regulations.

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 69,600,000. The Issuer will use the net proceeds from the issue of the Notes to acquire the Note Collateral.

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer on June 28, 2007.

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 Clearstream Frankfurt.

All notices to the Noteholders regarding the Notes shall either (A) be delivered to Clearstream Frankfurt 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 "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 Class A1+ Notes, Class A2+ Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes to be admitted to the Official List and trading on its regulated market. The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald-Hesperage, L-2085 Luxembourg, Luxembourg as the initial listing agent for the Irish Stock Exchange in Dublin and BNP Paribas Securities Services, Dublin Branch, 6 George's Dock, 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 BNP Paribas Securities Services, Dublin Branch, 6 George's Dock, 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 A1+
ISIN DE000A0NYWL2
Common Code 030902777
WKN A0NYWL

Class C
ISIN DE000A0NYWP3
Common Code 030902858
WKN A0NYWP

Class A2+
ISIN DE000A0NYWM0
Common Code 030902807
WKN A0NYWM

Class D
ISIN DE000A0NYWQ1
Common Code 030902904
WKN A0NYWQ

Class B
ISIN DE000A0NYWN8
Common Code 030902831
WKN A0NYWN

Class E
ISIN DE000A0NYWR9
Common Code 030902955
WKN A0NYWR

Publication of Documents

This Prospectus will be made available to the public by publication in the electronic form on the website of the Irish Financial Services Regulatory Authority (www.ifsra.ie).

Availability of Documents

Copies of the following documents may be obtained in physical form during customary business hours on any working day from the date hereof (or the date of publication of such document, as relevant) as long as this Prospectus is valid and as long as any of the Notes remain outstanding at the registered office of the Issuer and the head office of the Principal Paying Agent and as long as any of the Notes are listed on the regulated market of the Irish Stock Exchange they will also be available and may be obtained (free of charge) at the specified offices of the Irish Paying Agent:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the resolution of the board of directors of the Issuer approving the issue of the Notes and the Transaction;
- (iii) this Prospectus, the Trust Agreement dated July 9, 2007, the Administration Agreement dated July 3, 2007, the Agency Agreement dated July 3, 2007, the Custody Agreement dated July 9, 2007, the Transaction Account Agreement dated July 9, 2007, the Subscription Agreement dated July 9, 2007, the First Pledge Agreement dated July 9, 2007, and the Loss Guarantee dated July 9, 2007;
- (iv) all future annual financial statements of the Issuer; 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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ISSUER

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Dublin 1
Ireland

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Germany

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United Kingdom

JOINT ARRANGER

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Germany

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Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft
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40476 Düsseldorf
Germany

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Germany

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