

INFORMATION MEMORANDUM

DUKE 2002 Limited

(incorporated with limited liability in Jersey, Channel Islands)

€30,000,000 Class A-1 Floating Rate Amortising Credit Linked Notes
Issue Price: 100%
€250,000 Class A-2+ Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€345,000,000 Class A-3 Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€300,000,000 Class A-4 Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€36,950,000 Class B Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€39,250,000 Class C Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€36,950,000 Class D Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€21,700,000 Class E Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€250,000 Class F+ Floating Rate Amortising Credit-Linked Notes
Issue Price: 100%
€4,000,000 Floating Rate Amortising Funding Notes
Issue Price: 100%

The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes offered hereby (each class of Notes, a "**Class**", and all Classes collectively, the "**Issue**" or the "**Notes**") of DUKE 2002 Limited (the "**Issuer**") are linked to the performance of a reference pool (the "**Reference Pool**") of certain loan claims or certain portions of a loan claim (each such loan claim or portion of a loan claim, a "**Reference Claim**") for the payment of principal arising from certain mortgage loans originated and serviced by Westfälische Hypothekbank AG, Dortmund ("**WestHyp**" or the "**Bank**"). Subject to the satisfaction of certain conditions, the Reference Pool may be replenished until November 2008, see "TERMS AND CONDITIONS OF THE NOTES -- § 3 Reference Pool -- Replenishment". Each Reference Loan is, unless otherwise stated herein, secured by one or more mortgages (each a "**Mortgage**") on one or more commercial properties located in the Netherlands or in the United Kingdom (each, a "**Mortgaged Property**"), and in some cases by certain other collateral. For the purposes of Loss Allocation one or more Mortgage or Mortgages and the other collateral is or are 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 €4,000,000 Floating Rate Amortising Funding Notes offered (the "**Funding Notes**") are not credit-linked and are issued for the purpose of providing the Issuer with the funds necessary to pay any fees, costs and expenses payable to the Lead Managers (as defined below) in connection with the offer and sale of the Notes and the Funding Notes and certain additional costs.

Arranger



Lead Managers



Westfälische Hypothekbank AG



Bayerische Hypo- und Vereinsbank AG



The date of this Information Memorandum is September 30, 2002.

For reference to the definitions of capitalised words and phrases appearing herein see "Index of Defined Terms".

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 certainty 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 and interest on the Notes could be reduced to €1 per Note as a result of losses incurred in respect of such Reference Claims, provided that the holders of the Class F+ Notes will be entitled to certain interest subparticipation in the interest income on the Reference Pool as described herein.

The Issuer will invest the proceeds from the issue of the Notes in certain public sector *Pfandbriefe* of the Bank (the "**Pfandbrief Collateral**") and in certain medium-term notes of the Bank (the "**Note Collateral**", and together with the Pfandbrief Collateral, the "**Collateral**") and will use the remaining proceeds from the issue of the Notes to make three deposits of Cash (the "**Cash Deposits**") with the Bank. On the Issue Date the Issuer will pledge (*verpfänden*) the Collateral to the Trustee to secure the Trustee Claim, and will pledge (*verpfänden*) all its present and future claims and rights in respect of the Cash Deposits to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1, Class A-2+ and Class A-3 Notes, in each case in accordance with 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 - Clause 4 Collateral; Pledge; Custodian; Collections" and "- Clause 5 Cash Deposits; Pledge."

On the Issue Date the Issuer will also pledge (*verpfänden*) the Collateral and the Cash Deposits to the Bank as security for the Issuer's obligations under a loss guarantee agreement (the "**Loss Guarantee**") between the Issuer as guarantor and the Bank as beneficiary as described herein. Such pledge will rank senior to the pledges in respect of the Collateral and the Cash Deposits granted to the Trustee pursuant to the Trust Agreement. See "THE TRUST AGREEMENT - Clause 4 Collateral; Pledge; Custodian; Collections" and "- Clause 5 Cash Deposits; Pledge".

Notwithstanding the Collateral, the Additional Cash Deposits and the Cash Deposits, the amount of principal of and interest on the Notes may be reduced as a result of losses incurred by the Issuer in respect of 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, which may be reduced by such losses, will be secured by the Collateral or the Cash Deposits, if relevant.

Pursuant to the Trust Agreement the Trustee will, inter alia, verify the determinations and allocations of losses incurred in the Reference Pool to the Noteholders (see "TERMS AND CONDITIONS OF THE NOTES – § 8 Allocation of Realised Losses").

For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS".

WestLB AG, Düsseldorf ("**WestLB**") will purchase the Notes and the Funding Notes from the Issuer on the Issue Date and will, together with WestHyp and Bayerische Hypo- und Vereinsbank AG, München ("**HVB**", and together with WestLB and WestHyp the Lead Managers, the "**Lead Managers**") offer the Notes and the Funding Notes, from time to time, in negotiated transactions or otherwise at varying prices to be determined at the time of the sale. Proceeds to the Issuer from the sale of the Notes and the Funding Notes will be net of any selling concessions of the Issuer, transaction structuring fees and management, underwriting and placement commissions of the Lead Managers, and other expenses of the Issuer in connection with the issue of the Notes and the Funding Notes.

Application has been made to list the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes and the Funding Notes on the Luxembourg Stock Exchange.

The Notes and the Funding Notes are governed by German law. Each Class of Notes and the Funding Notes will be represented by a global note in bearer form (the "**Global Note**") without interest coupons attached.

The Global Notes will be deposited with Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**") on or before the Issue Date. The Notes and the Funding Notes may be transferred in book-entry form only. Each of the Class A-1, Class A-3, Class A-4, Class B, Class C, Class D and Class E Notes will be issued in denominations of €50,000 and the Class A-2+ and Class F+ Notes will be issued in denominations of €10,000. The Funding Notes will be issued in denominations of €0.01. The Global Notes will not be exchangeable for definitive securities. Clearstream Frankfurt will hold the Global Notes in custody for financial institutions that are accountholders in Clearstream Frankfurt (the "**Clearstream Frankfurt Accountholders**"), including such Notes and Funding Notes which are held through the operator of the Euroclear System ("**Euroclear**") and Clearstream Banking,

société anonyme ("**Clearstream Luxembourg**"). Payments with respect to the Notes and the Funding Notes are to be made by the Issuer in Euro and without deduction of German withholding taxes, unless otherwise required by law.

THE NOTES AND THE FUNDING NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY, AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF ANY OF THE LEAD MANAGERS, THE TRUSTEE, THE BANK OR ANY OF THEIR RESPECTIVE AFFILIATES (OTHER THAN THE ISSUER) OR ANY AFFILIATE OF THE ISSUER OR ANY OTHER THIRD PERSON OR ENTITY. NEITHER THE NOTES NOR THE FUNDING NOTES NOR THE REFERENCE CLAIMS IN THE REFERENCE POOL WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY ANY OF THE LEAD MANAGERS, THE TRUSTEE, THE BANK OR ANY OF THEIR RESPECTIVE AFFILIATES OR BY ANY AFFILIATE OF THE ISSUER OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

<u>Class</u>	<u>Class Principal Amount</u>	<u>Interest Rate</u>	<u>WKN</u>	<u>ISIN</u>
Class A-1	€30,000,000	EURIBOR* + 0.13%	150 230	DE0001502300
Class A-2+	€250,000	EURIBOR* + 0.13%	150 231	DE0001502318
Class A-3	€345,000,000	EURIBOR* + 0.37%	150 232	DE0001502326
Class A-4	€300,000,000	EURIBOR* + 0.43%	150 233	DE0001502334
Class B	€36,950,000	EURIBOR* + 0.55%	150 234	DE0001502342
Class C	€39,250,000	EURIBOR* + 0.83%	150 235	DE0001502359
Class D	€36,950,000	EURIBOR* + 1.75%	150 236	DE0001502367
Class E	€21,700,000	EURIBOR* + 4.50%	150 237	DE0001502375
Class F+	€250,000	EURIBOR* + 0.55%	150 238	DE0001502383
Funding Notes	€4,000,000	EURIBOR* + 0.20%	150 239	DE0001502391

(*) As determined on each EURIBOR Determination Date. See "TERMS AND CONDITIONS OF THE NOTES — § 6 Payments of Interest; Class F+ Interest Subparticipation".

Payments on the Notes and the Funding Notes to the Noteholders and the holders on the Funding Notes will be made on the 23rd day of August, November, February and May of each year, or, if such 23rd day is not a Business Day, on the next succeeding day which is a Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day, commencing in February 2003 (each, a "**Payment Date**").

The Notes and the Funding Notes will not provide for gross-up payments in the case that interest payable under the Notes or Funding Notes is or becomes subject to income taxes (including withholding taxes) or taxes on capital.

On each Payment Date, subject to the requirements and conditions of the Terms and Conditions of the Notes, the Realised Losses in respect of qualifying Reference Claims will be allocated to reduce the Class F+, the Class E, the Class D, the Class C, the Class B, the Class A-4, Class A-3, Class A-2+ and thereafter the Class A-1, in this order sequentially, until the Class Principal Amount of each of the Class F+, Class E, Class D, Class C, Class B, Class A-4, Class A-3, Class A-2+ and Class A-1 Notes has been reduced to €1 per Note, *provided that* each Realised Loss so allocated to the Class F+ Notes shall reduce the Class Principal Amount of the Class F+ Notes only in an amount equal to the product of the amount of such Realised Loss and the F+ Reduction Factor (as defined in the Terms and Conditions) and each Realised Loss so allocated to the Class A-2+ Notes shall reduce the Class Principal Amount of the Class A-2+ Notes only in an amount equal to the product of the amount of such Realised Loss and the A-2+ Reduction Factor (as defined in the Terms and Conditions).

In connection with the issue of the Notes,

- (i) the Bank as beneficiary will enter into a loss guarantee agreement (the "**Loss Guarantee**") with the Issuer (in such capacity, the "**Guarantor**"). Pursuant to the Loss Guarantee, the Issuer will pay to the Bank amounts equal to the Realised Losses allocated to the Notes (in the case of the Class A-2+ Notes and the Class F+ Notes as multiplied by the Relevant Reduction Factor);
- (ii) the Issuer will use the proceeds from the issue of the Notes to purchase from the Bank the Pfandbrief Collateral and the Note Collateral and to make the Cash Deposits; and

- (iii) the Bank as protection buyer may enter into one or more credit default swaps with a proposed maximum notional amount of EUR 97,790,455.54 (the "**A-2+ Senior Swap**") with one or more counterparties (the "**A-2+ Senior Swap Counterparty**"). Pursuant to the terms of the A-2+ Senior Swap, the A-2+ Senior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the Realised Losses allocated to the Class A-2+ Notes;
- (iv) the Bank as protection buyer may enter into one or more credit default swaps with a proposed maximum notional amount of EUR 14,981,512.47 (the "**Junior Swap**", and together with the A-2+ Senior Swap, the "**Credit Swaps**") with one or more counterparties (the "**Junior Swap Counterparty**", and together with the A-2+ Senior Swap Counterparty, the "**Credit Swap Counterparties**"). Pursuant to the terms of the Junior Swap, the Junior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the Realised Losses allocated to the Class F+ Notes.

The right of the Issuer to allocate losses to the Notes as described herein and all other rights and obligations of the Issuer and the Trustee with respect to the Notes pursuant to the Transaction Documents will not be affected by the Credit Swaps and the respective rights and obligations of the protection buyer and the Credit Swap Counterparties thereunder, *provided that* in the case of a conflict of interest between the interests of the Noteholders and the interests of the Credit Swap Counterparties, priority will be given to the interests of the holders of the Class A-1 Notes, then to the interests of the A-2+ Senior Swap Counterparty and the holders of the Class A-2+ Notes, and then, among the other Noteholders, to the interests of the holders of the Class of Notes that ranks most senior at any time for the purposes of Loss Allocation, and then to the Junior Swap Counterparty. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT" and "REFERENCE POOL SERVICING".

The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D and Class E Notes (together the "**Rated Notes**") are expected to be rated by each of Moody's Investors Service Ltd. ("**Moody's**") and Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), (collectively, the "**Rating Agencies**"). It is a condition of the issue of the Notes that the Rated Notes receive the following rating:

<u>Class</u>	<u>Moody's</u>	<u>S&P</u>
A-1	Aaa	AAA
A-2+	Aaa	AAA
A-3	Aaa	AAA
A-4	Aa1	AAA
B	Aa2	AA
C	A2	A
D	Baa2	BBB
E	Ba3	BB-
Funding Notes	Aaa	AAA

The rating of the Notes addresses the likelihood that the holders of such Notes will receive all payments to which they are entitled, as described herein. The rating of the Rated Notes addresses also the risk that a Realised Loss will be allocated to such Notes pursuant to the Terms and Conditions of the Notes as described herein. The ratings assigned to the Rated Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Rated Notes might suffer a lower than expected yield due to prepayments.

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

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Rated Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

In this Information Memorandum references to "**Euro**", "**EUR**" or "**€**" are to the single currency which was introduced in the member states of the European Union ("**EU**") participating in the third stage of the Economic and Monetary Union as of January 1, 1999. In this Information Memorandum references to "**Sterling**" or "**£**" are to the

lawful currency of the United Kingdom and references to "**Swiss Franc**" or "**CHF**" are to the lawful currency of Switzerland.

This Information Memorandum serves to describe the Notes, the Funding Notes, the Issuer, the Bank, the Collateral and the Reference Pool.

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

- (a) the Trustee only is responsible for the information under "THE TRUSTEE - Description of the Trustee";
- (b) the Bank only is responsible for the information under "DOCUMENTS INCORPORATED BY REFERENCE", "SUMMARY - The Reference Pool"; ; "EXCHANGE CONTROLS", "DESCRIPTION OF THE REFERENCE POOL", "REFERENCE POOL SERVICING", "CREDIT AND COLLECTION POLICIES", "THE BANK", "RATING" and "GENERAL INFORMATION - Luxembourg Listing"; and
- (c) the Administrator only is responsible for the information under "CORPORATE ADMINISTRATION, ACCOUNTS AND CASH ADMINISTRATION - Corporate Administration - Description of the Administrator".

To the best knowledge and belief of the Issuer, the Trustee, the Bank, the Administrator and the Cash Administrator (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum for which the Issuer, the Trustee, the Bank, the Administrator and the Cash Administrator, respectively, are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. Subject to the following paragraph, each of the Issuer, the Trustee, the Bank, the Administrator and the Cash Administrator accepts responsibility accordingly.

THE NOTES AND THE FUNDING NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES AND THE FUNDING NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS.

No person has been authorised to give any information or to make any representation other than as contained in this Information Memorandum and, in connection with the issue and sale of the Notes and the Funding 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 any of the Lead Managers. Neither delivery of this Information Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereto.

Neither the delivery of the Information Memorandum nor the offering, sale or delivery of any Note or Funding Note shall, in any circumstances, create any implication that the information contained in the Information Memorandum is true subsequent to the date upon which the Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer or the Bank or with respect to the Reference Pool since the date thereof or, as the case may be, the date upon which the Information Memorandum has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into the Information Memorandum by reference or that any other information supplied in connection with the issue of the Notes and the Funding 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 any of the Lead Managers other than as set out in this Information Memorandum that would permit a public offer of the Notes or Funding Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes or Funding Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum (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 circumstances that will result in compliance with applicable laws, orders, rules and regulations, and each of the Lead Managers has represented that all offers and sales by it have been effected on such terms.

This Information Memorandum 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 Information Memorandum (or of any part thereof) and the offering and sale of the Notes and the Funding Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum (or any part thereof) comes are required by the Issuer and the Lead Managers to inform themselves about and to observe any such restrictions. This Information Memorandum 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. For a further description of certain restrictions on offerings and sales of the Notes and the Funding Notes and distribution of this Information Memorandum (or of any part thereof) see "SUBSCRIPTION AND SALE".

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

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

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

In connection with the issue of the Notes, the Lead Manager may over-allot or may effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

It should be remembered that the price of the securities and the income from them can go down as well as up.

DOCUMENTS INCORPORATED BY REFERENCE

The audited unconsolidated annual financial statements for the financial year ended December 31, 2000 and December 31, 2001 and the unaudited unconsolidated interim reports for the period ended June 30, 2002 of WestHyp are incorporated by reference into this Information Memorandum.

Copies of the documents which are incorporated into this Information Memorandum by reference will be available free of charge from the specified offices of each the Issuer, the Principal Paying Agent and WestLB International S.A. Luxembourg, Luxembourg, in its capacity as the Luxembourg Intermediary and Luxembourg Listing Agent.

TABLE OF CONTENTS

SUMMARY.....	9
RISK FACTORS	18
TERMS AND CONDITIONS OF THE NOTES	23
THE MAIN PROVISIONS OF THE TRUST AGREEMENT.....	53
REPLENISHMENT SCHEDULE	79
INTEREST SUBPARTICIPATION PROVISIONS.....	80
WEIGHTED AVERAGE LIFE OF THE NOTES	83
DESCRIPTION OF THE REFERENCE POOL	84
ORIGINATION AND UNDERWRITING	97
ARREARS AND ENFORCEMENT PROCEDURES.....	101
REFERENCE POOL SERVICING	102
THE ISSUER	109
THE BANK	112
CORPORATE ADMINISTRATION, ACCOUNTS AND CASH ADMINISTRATION.....	122
THE LOSS GUARANTEE AND THE SECURITY PLEDGE AGREEMENT	124
THE COLLATERAL AND THE CASH DEPOSITS	126
LEGAL AND REGULATORY FRAMEWORK OF THE PFANDBRIEF COLLATERAL.....	129
THE TRUSTEE	131
TERMS AND CONDITIONS OF THE FUNDING NOTES	132
RATING	138
TAXATION.....	139
SUBSCRIPTION AND SALE	142
GENERAL INFORMATION.....	144
INDEX OF DEFINED TERMS.....	146

SUMMARY

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Information Memorandum.

The Notes	<p>The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes are credit-linked to a reference pool of certain loan claims or, in case of syndicated loans, certain portions of loan claims for payment of principal, arising from certain commercial mortgage loans originated and serviced by the Bank. The loans are secured by one or more mortgages over certain real estate, and by certain other collateral.</p> <p>For the purpose of Loss Allocation, a certain undivided portion of the Mortgage or Mortgages and the other collateral is allocated to such Reference Claim as collateral as described herein. See "TERMS AND CONDITIONS OF THE NOTES" and "DESCRIPTION OF THE REFERENCE POOL".</p>
The Funding Notes	<p>The Funding Notes are not credit-linked and are issued to provide the Issuer with the funds necessary to pay the fees, costs and expenses payable to the Lead Managers in connection with the offer and sale of the Notes. See "TERMS AND CONDITIONS OF THE FUNDING NOTES".</p>
The Issuer	<p>DUKE 2002 Limited, St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands. The Issuer has been established for the purpose of issuing the Notes and the Funding Notes, entering into the Loss Guarantee and into all other Transaction Documents to which it is a party. See "THE ISSUER".</p>
The Bank	<p>Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany. See "THE BANK".</p>
The Arranger	<p>WestLB AG, Herzogstrasse 15, 40217 Düsseldorf, Germany.</p>
The Lead Managers	<p>WestLB AG, Herzogstrasse 15, 40217 Düsseldorf, Germany ("WestLB"), Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany ("WestHyp") and Bayerische Hypo- und Vereinsbank AG, München ("HVB", and together with WestLB and WestHyp the "Lead Managers").</p>
The Servicer	<p>Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany. See "REFERENCE POOL SERVICING".</p>
The Trustee	<p>Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, 40212 Düsseldorf, Germany. See "THE TRUSTEE".</p>
Administrator	<p>Deutsche International Trust Corporation (C.I.) Limited, St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands.</p>
Cash Administrator	<p>Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany, in its capacity as cash administrator to the Issuer in accordance with the terms of the Cash Administration Agreement.</p>
Transaction Account Bank	<p>WestLB AG, Düsseldorf, Herzogstrasse 15, 40217 Düsseldorf, Germany, in its capacity as the bank at which the Transaction Account is held in accordance with the terms of the Transaction Account Agreement.</p>
Cash Deposit Account Bank	<p>Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany, in its capacity as the bank at which the Cash Deposit Account is held in accordance with the terms of the Cash Deposit and Account Agreement.</p>
Cut-off Date	<p>July 31, 2002</p>

Issue Date	September 30, 2002
Payment Dates	Payments of principal and interest on the Notes and the Funding Notes will be made to the Noteholders and the holders of the Funding Notes quarterly on the 23rd day of August, November, February and May of each year, or, if such 23rd 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, commencing in February 2003.
Interest Accrual Period	The Interest Accrual Period for each Class of Notes will be, 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) a Payment Date and ending on (but excluding) the immediately following Payment Date.
Payment of Interest and Principal	<p>Interest accrued during the applicable Interest Accrual Period on each Class of Notes and on the Funding Notes at the per annum rate indicated on page 3 hereof will be payable on each Payment Date as described herein. See "TERMS AND CONDITIONS OF THE NOTES — § 6 Payments of Interest; Class F+ Interest Subparticipation".</p> <p>On each Payment Date prior to the Payment Date falling in November 2008, the Notes may be redeemed, and on each Payment Date starting with the Payment Date falling in November 2008 the Notes shall be redeemed, in an amount equal to the sum of (i) the aggregate of payments of principal (including principal prepayments) on the Reference Claims received by the Issuer during the Related Collection Period, (ii) any amounts to be redeemed in connection with the removal of a Reference Claim from the Reference Pool pursuant to § 3(7) or § 8(4) of the Terms and Conditions of the Notes as reduced by any amounts replenished during the Related Collection Period pursuant to § 3(9) of the Terms and Conditions of the Notes and (iii) any amounts to be redeemed pursuant to § 8(3) of the Terms and Conditions of the Notes (such sum, the "Principal Collections") as follows:</p> <p><i>first</i>, the Class A-1 Notes will be redeemed,</p> <p><i>then</i>, after the Class A-1 Notes have been redeemed in full, the Class A-2+ Notes will be redeemed in an amount equal to the Principal Collections multiplied by 250,000 divided by 97,790,455.54,</p> <p><i>then</i>, after the Class A-2+ Notes have been redeemed in full, the Class A-4 Notes will be redeemed,</p> <p><i>then</i>, after the Class A-4 Notes have been redeemed in full, the Class A-3 Notes will be redeemed,</p> <p><i>then</i>, after the Class A-3 Notes have been redeemed in full, the Class B, the Class C, the Class D and the Class E Notes, in this order sequentially, will be redeemed, and</p> <p><i>then</i>, after the Class E Notes have been redeemed in full, the Class F+ Notes will be redeemed in an amount equal to the Principal Collections multiplied by 250,000 divided by 14,981,512.47;</p> <p><i>provided that</i> the redemption amount allocated to each Class of Notes will be, in each case, calculated after the reduction thereof by allocation of Realised Losses on the relevant Payment Date pursuant to § 8 of the Terms and</p>

Conditions of the Notes, if any, and *provided further that* (A) the excess of (i) the cumulative Collections received during all Collection Periods preceding the Payment Date falling in November 2008 over (ii) the aggregate Outstanding Nominal Amounts as of the relevant Replenishment Date of all Reference Claims added to the Reference Pool during the Replenishment Period in accordance with § 3(9) as reduced by (B) the cumulative principal payments made on the Notes (in the case of the Class A-2+ and Class F+ Notes, multiplied by the Relevant Increase Factor) during the Replenishment Period shall be deemed to be Principal Collections on the Payment Date falling in November 2008.

Principal payments on the Funding Notes will be made on each Payment Date in the amounts specified therein.

See "TERMS AND CONDITIONS OF THE NOTES — § 6 Payments of Interest; Class F+ Interest Subparticipation", "— § 7 Payments of Principal", "— § 8 Allocation of Realised Losses" and "TERMS AND CONDITIONS OF THE FUNDING NOTES".

The Reference Pool

On the Cut-off Date, the Reference Pool consisted of certain loan claims or portions of loan claims arising from 77 floating or fixed rate, amortising or bullet, monthly, bi-monthly, quarterly, semi-annual or annual payment commercial mortgage loans of the Bank with a stated final maturity (as of the Cut-off Date) not extending beyond April 2025. The loans bear interest at a floating rate or a rate that is initially fixed for a certain period, generally between 1 and 10 years, and at the end of this period the rate of interest is adjusted for a subsequent fixed rate period or changed to a floating rate.

The Reference Claims had an aggregate principal balance as of the Cut-off Date of approximately €923,121,968.

The Reference Loans are secured by one or more mortgages on one or more commercial properties and in some cases certain other collateral. For the purpose of Loss Allocation, a certain portion of one or more mortgages are allocated to such Reference Claim as collateral as described herein. See "TERMS AND CONDITIONS OF THE NOTES — § 3(3) Reference Mortgages".

Reference Claims may be removed from the Reference Pool, or a substitution 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 Issuer deems such exclusion necessary or desirable. This may result in changes to certain characteristics of the Reference Pool set out in this Information Memorandum. In the event that any of the characteristics of the Reference Pool on the Issue Date varies materially from those described herein, revised information regarding the Reference Pool will be made available to purchasers of the Notes and the Rating Agencies on or before such date. The final Reference Pool has been presented to the Rating Agencies.

As of the Cut-off Date, certain eligibility criteria with respect to each of the Reference Claims must be met. Reference Claims which did not meet such eligibility criteria as of the Cut-off Date may be removed from the Reference Pool after the Issue Date and will not qualify for Loss Allocation. See "DESCRIPTION OF THE REFERENCE POOL" and "TERMS AND CONDITIONS OF THE NOTES — § 3(5) Eligibility Criteria".

New Reference Claims may be added to the Reference Pool as of any Payment

Date from (and including) the Issue Date until (and including) the Payment Date falling in November 2008 (the "**Replenishment Period**"), *provided that* the Replenishment Conditions are met.

See "TERMS AND CONDITIONS OF THE NOTES – § 3(9) Replenishment"

Non-EUR Reference Claims

Re-sets

The Outstanding Nominal Amount of each Non-EUR Reference Claim will be deemed to be equal to the amount in Euro converted at the Exchange Rate determined as described herein.

As of each Replenishment Date, the Bank may re-set the Outstanding EUR Equivalent Amounts of all (but not some only) Non-EUR Reference Claims denominated in the same non-EUR currency (excluding Reference Claims with respect to which a Credit Event has occurred) with new Outstanding EUR Equivalent Amounts based on movements in the exchange rate between the Euro and the currency of such Non-EUR Reference Claims (each a "**Re-set**"), *provided that* the Re-set Conditions are met.

See "TERMS AND CONDITIONS OF THE NOTES — § 3(10) Non-EUR Reference Claims — Conversion, Re-sets".

Servicing of the Reference Pool

The Bank will administer, collect and enforce the Reference Claims and foreclose on the Reference Collateral in accordance with the Terms and Conditions of the Notes and its standard credit and collection procedures. Subject to the requirements and conditions of the Terms and Conditions of the Notes, the Bank is entitled to delegate its servicing obligations with respect to the Reference Pool to a third party servicer. See "REFERENCE POOL SERVICING" and "TERMS AND CONDITIONS OF THE NOTES — § 3(6) Servicing Principles".

Reference Claims with respect to which a breach of a Servicing Principle occurs may be removed from the Reference Pool and if not removed, will qualify for Loss Allocation only under certain limited circumstances. See "TERMS AND CONDITIONS OF THE NOTES — § 3(6) Servicing Principles".

Allocation of Realised Losses

On each Payment Date, subject to the requirements and conditions of the Terms and Conditions of the Notes, any Realised Losses in respect of qualifying Reference Claims will be allocated to reduce the Class F+, the Class E, the Class D, the Class C, the Class B, the Class A-4, the Class A-3, the Class A-2+ and the Class A-1 Notes, in this order sequentially, until the Class Principal Amount of each of the Class F+, Class E, Class D, Class C, Class B, Class A-4, Class A-3, Class A-2+ and Class A-1 Notes has been reduced to €1 per Note, *provided that* each Realised Loss so allocated to the Class F+ Notes shall reduce the Class Principal Amount of the Class F+ Notes only in an amount equal to the product of the amount of such Realised Loss and the F+ Reduction Factor and each Realised Loss so allocated to the Class A-2+ Notes shall reduce the Class Principal Amount of the Class A-2+ Notes only in an amount equal to the product of the amount of such Realised Loss and the A-2+ Reduction Factor. See "TERMS AND CONDITIONS OF THE NOTES — § 8 Allocation of Realised Losses". No Realised Losses will be allocated to the Funding Notes.

Reference Claims with respect to which a breach of any of the Eligibility Criteria, Replenishment Conditions or Servicing Principles occurs will qualify for Loss Allocation only under certain limited circumstances. See "TERMS

AND CONDITIONS OF THE NOTES — § 8 Allocation of Realised Losses", "— § 3(7) Non-compliance with Eligibility Criteria, Replenishment Conditions or Servicing Principles".

Class F+ Interest Subparticipation The holders of the Class F+ Notes are entitled to a limited interest subparticipation in the interest income received by the Issuer or the relevant holder of any Reference Claim on the Reference Pool as described herein. Upon each reduction of the Class Principal Amount of the Class F+ Notes due to Loss Allocation in respect of any Reference Claim, the holders of the Class F+ Notes will receive a payment in an amount equal to such reduction, subject in each case to the availability of sufficient interest income on the Reference Pool after the end of the calendar month in which such Reference Claim became a Defaulted Reference Claim as described herein. See "TERMS AND CONDITIONS OF THE NOTES - § 6 Payment of Interest; Class F+ Interest Subparticipation" and "INTEREST SUBPARTICIPATION PROVISIONS."

Trustee Claim The Trustee Claim entitles the Trustee to demand that any present and future obligations of the Issuer under the Notes be fulfilled as set out in the Trust Agreement. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 3(1) Trustee Claim; Accounts; Cash Administration".

Collateral The Trustee Claim with respect to each of the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C and Class F+ Notes will be secured by a pledge (*Pfandrecht*) for the benefit of the Trustee over a corresponding Series of public sector *Pfandbriefe* of the Bank (the "**Pfandbrief Collateral**"), and the Trustee Claim with respect to each of the Class D and Class E Notes will be secured by a pledge (*Pfandrecht*) for the benefit of the Trustee over a corresponding Series of medium-term notes of the Bank (the "**Note Collateral**", and together with the Pfandbrief Collateral, the "**Collateral**"). On the Issue Date, the Issuer will pledge (*verpfänden*) the Collateral to the Trustee as security for the Trustee Claim pursuant to the Trust Agreement. The pledges over the 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. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT — Clause 4 Collateral; Pledge; Custodian; Collections" and "THE COLLATERAL".

Upon the occurrence of a Default Event (as defined in the Trust Agreement), the Trustee will either (i) sell each Series of the Collateral and redeem the corresponding Class of Notes if the net sales proceeds (together with the proceeds from the realisation of any Cash Deposit) are sufficient to pay principal and accrued interest on such Class of Notes, or (ii) otherwise deliver each Series of the Collateral not sold pursuant to (i) to the Noteholders of the corresponding Class of Notes in full satisfaction of all obligations under such Class of Notes. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 8 Realisation of the Collateral and the Cash Deposits" and "THE COLLATERAL".

The Pfandbrief Collateral is expected to be rated Aa1 by Moody's Investors Service Ltd. ("**Moody's**") and AAA by Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc. ("**S&P**"). The Note Collateral is expected to be rated A2 by Moody's and A- by S&P. See "THE COLLATERAL".

Cash Deposits On the Issue Date the Issuer will make three deposits of cash in an initial aggregate principal amount of EUR 2,400,000.00 (the "**Class A-1 Cash Deposit**"), in an initial aggregate principal amount of EUR 20,000.00 (the "**Class A-2+ Cash Deposit**") and in an initial aggregate principal amount of

EUR 27,600,000.00 (the "**Class A-3 Cash Deposit**", and together with the Class A-1 Cash Deposit, the Class A-2+ Cash Deposit the "**Cash Deposits**") with the Bank as the initial Cash Deposit Account Bank and pledge (*verpfänden*) all its present and future rights in respect of the Cash Deposits to the Trustee as security for the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1, Class A-2+ and Class A-3 Notes, respectively, in accordance with the Trust Agreement. The pledges over the Cash Deposits 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. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 5 Cash Deposits; Pledge."

Upon the occurrence of a Default Event with respect to the Class A-1, Class A-2+ or Class A-3 Notes, the Trustee shall demand from the Cash Deposit Account Bank prompt repayment to the Trustee of the Cash Deposit(s) securing such Class(es) of Notes together with interest accrued thereon unless in the professional judgement of the Trustee another method of foreclosure is desirable or expedient to protect the interests of the Class A-1, Class A-2+ or Class A-3 Noteholders. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 8 Realisation of the Collateral and the Cash Deposits" and "THE COLLATERAL".

Additional Cash Collateral

On the Issue Date the Bank will make a deposit of cash in an initial aggregate principal amount of EUR 30,370,000 (the "**Additional Cash Deposit**") with a third-party account bank having the required rating of unsecured debt of A-1+ (short-term) by S&P and P-1 (short-term) by Moody's and pledge all its present and future claims and rights in respect of the Additional Cash Deposit to the Issuer as security for the obligations of the Bank to make principal and interest payments owed to the Issuer under the Series A-1, Series A-2+ and Series A-3 Collateral and the Funding Note Collateral. See "MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 6 Additional Cash Collateral".

Final Scheduled Payment Date

Unless any Class of Notes has been previously redeemed as described herein, and subject to the conditions specified in § 10 of the Terms and Conditions of the Notes, the aggregate principal amount of the Notes is expected to be redeemed on the Payment Date falling in August 2025.

See "TERMS AND CONDITIONS OF THE NOTES — § 10 Redemption".

Legal Maturity Date

Unless any Class of Notes has been previously redeemed as described herein the Notes may be redeemed at the option of the Issuer on the Payment Date falling in August 2027.

See "TERMS AND CONDITIONS OF THE NOTES — § 10 Redemption".

Early Redemption

The Issuer will redeem the Notes as described herein before the Final Scheduled Maturity Date on the Payment Date as of which the termination of the Loss Guarantee becomes effective upon the exercise by the Bank of its Early Termination Right. The Bank will have the right but no obligation to terminate the Loss Guarantee on any Payment Date following the Collection Period during which (i) a Regulatory Event occurred, (ii) the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the initial aggregate principal balance of the Reference Pool as of the Cut-off Date (the "**Initial Aggregate Principal Balance**"), (iii) the 6th anniversary of the Issue Date occurred or (iv) a Tax Event occurred. In addition, the Issuer will redeem the Notes as described herein if the Loss Guarantee is terminated as a result of the occurrence of an Early Termination Event. See "TERMS

AND CONDITIONS OF THE NOTES — § 11 Early Redemption".

**Early Redemption at the
Option of the Noteholders**

Each Noteholder will be entitled to demand redemption of the Notes held by it in the event that the Issuer fails to make within 30 days from the relevant due date any payment due to be made under the relevant Notes. In the event that any Noteholder exercises such right, the Issuer will redeem all of the Notes (but not some only) as described herein.

See "TERMS AND CONDITIONS OF THE NOTES — § 17 Early Redemption at the Option of the Noteholder".

Denomination and Global Notes

Each Class of Notes and the Funding Notes will be represented by a Global Note in bearer form representing the relevant Class of Notes as described herein. The Notes and the Funding Notes may be transferred in book-entry form only. Each of the Class A-1, Class A-3, Class A-4, Class B, Class C, Class D and Class E Notes will be issued in denominations of €50,000, and the Class A-2+ and Class F+ Notes will be issued in denominations of €10,000. The Funding Notes will be issued in denominations of €0.01. The Global Notes will not be exchangeable for definitive securities. Clearstream Frankfurt will hold the Global Notes for the Clearstream Frankfurt Accountholders, including for the account of the operator of Euroclear and Clearstream Luxembourg, each of which is a Clearstream Frankfurt Accountholder.

See "TERMS AND CONDITIONS OF THE NOTES" and "TERMS AND CONDITIONS OF THE FUNDING NOTES".

Loss Guarantee

On the Issue Date, a loss guarantee agreement (the "**Loss Guarantee**") will be entered into between the Bank and the Issuer (in such capacity, the "**Guarantor**") in connection with the issue of the Notes. 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 in accordance with the Terms and Conditions (in the case of the Class A-2+ Notes and the Class F+ Notes as multiplied by the Relevant Reduction Factor). Each such payment will be funded from and result in a corresponding reduction in the amount of the Collateral and, if relevant, the Cash Deposits. See "THE LOSS GUARANTEE AND THE SECURITY PLEDGE AGREEMENT"

Loss Guarantee Collateral

On the Issue Date, the Issuer will pledge (*verpfänden*) the Collateral and the Cash Deposits to the Bank as security for the Issuer's obligations under the Loss Guarantee. Such pledge will rank senior to the security interests in respect of the Collateral and the Cash Deposits, respectively, granted to the Trustee pursuant to the Trust Agreement. See "THE LOSS GUARANTEE AND THE SECURITY PLEDGE AGREEMENT".

Credit Swaps

In connection with the issue of the Notes, the Bank as protection buyer may enter into one or more credit default swaps with a proposed maximum notional amount of EUR 97,790,455.54 (the "**A-2+ Senior Swap**") with one or more counterparties (the "**A-2+ Senior Swap Counterparty**") and may further enter into one or more credit default swaps with a proposed maximum notional amount of EUR 14,981,512.47 (the "**Junior Swap**", and together with the Senior Swap, the "**Credit Swaps**") with one or more counterparties (the "**Junior Swap Counterparty**", and together with the Senior Swap Counterparty, the "**Credit Swap Counterparties**"). Pursuant to the terms of the A-2+ Senior Swap, the A-2+ Senior Swap Counterparty will pay to the Bank Amounts equal to a specified multiple of the Realised Losses allocated to

the Class A-2+ Notes. Pursuant to the terms of the Junior Swap, the Junior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the Realised Losses allocated to the Class F+ Notes.

The right of the Issuer to allocate losses to the Notes as described herein and all other rights and obligations of the Issuer and the Trustee with respect to the Notes pursuant to the Transaction Documents will not be affected by the Credit Swaps and the respective rights and obligations of the protection buyer and the Credit Swap Counterparties thereunder, *provided that* in the case of a conflict of interest between the interests of the Noteholders and the interests of the Credit Swap Counterparties, priority will be given to the interests of the holders of the Class A-1 Notes, then to the interests of the A-2+ Senior Swap Counterparty and the holders of the Class A-2+ Notes, and then, among the other Noteholders, to the interests of the holders of the Class of Notes that ranks most senior at any time for the purposes of Loss Allocation, and then to the Junior Swap Counterparty.

Trust Agreement

Pursuant to the Trust Agreement between the Issuer and the Trustee for the benefit of the Noteholders and the Credit Swap Counterparties the Trustee will verify the Loss Allocation and will supervise and verify determinations and calculations and other actions of the Issuer in connection with the Notes and the Credit Swaps, as specified therein. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT".

Issuer's Source of Income

The Issuer will receive the funds necessary for the payments under the Notes from the Collateral, the Cash Deposits (with respect to the Class A-1, Class A-2+ and Class A-3 Notes) and under the Loss Guarantee. Under the Loss Guarantee the Bank will (i) with respect to the first Payment Date, on the Issue Date and (ii) with respect to each subsequent Payment Date, no later than the 22nd Business Day prior to such Payment Date, pay in advance to the Issuer with respect to the period (such period, the "**Guarantee Fee Calculation Period**") commencing on (but excluding) in the case of (i) the Issue Date and in the case of (ii) such Payment Date and ending on (and including) the immediately following Payment Date (the "**Relevant Payment Date**") an amount (the "**Guarantee Fee**") calculated by the Bank as the sum of (i) the amount of all costs and expenses of the Issuer with respect to such Guarantee Fee Calculation Period, (ii) the amount of principal and interest payable by the Issuer under the Funding Notes on the Relevant Payment Date, (iii) the difference between (A) the aggregate Interest Amount payable by the Issuer on the Notes and (B) the aggregate amount of interest payable by the Bank on the Collateral and, if relevant, on the Cash Deposits, in each case as of the Relevant Payment Date (such difference, the "**Spread**") and (iv) the aggregate Interest Subparticipation Amounts payable to the holders of the Class F+ Notes on the Relevant Payment Date, *provided that* the amount referred to in (i) above shall be estimated by the Bank in good faith based on previous payments with respect to costs and expenses of the Issuer and the information provided to it by the Issuer.

Use of Proceeds

The net proceeds from the issue of the Notes and the Funding Notes will amount to approximately EUR 814,350,000. The Issuer will use the net proceeds from the issue of the Notes (i) to acquire the Pfandbrief Collateral and the Note Collateral from the Bank (ii) and to make the Cash Deposits with the Bank. The Issuer will use the net proceeds from the Funding Notes to pay the fees, costs and expenses payable to the Lead Managers in connection with the offer and sale of the Notes and the Funding Notes and certain additional costs.

Prepayment Considerations	<p>The amount of principal and of interest available for payments on the Notes will depend on, among other things, the level and timing of principal payments (including prepayments, repurchases, defaults and liquidations) on the Reference Loans. The Notes are subject to inherent cash flow uncertainties because certain Reference Loans may be prepaid without penalty at any reset date (and certain other dates).</p> <p>See "WEIGHTED AVERAGE LIFE OF THE NOTES".</p>
Determinations under the Notes	The Principal Paying Agent will initially perform the function of an interest determination bank with respect to the Notes and the Funding Notes.
Selling Restrictions	<p>Subject to certain exceptions, the Notes and the Funding Notes are not being offered, sold or delivered within the United States or to U.S. persons.</p> <p>For a description of these and other restrictions on sale and transfer see "SUBSCRIPTION AND SALE".</p>
Listing	Application has been made to list the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes and the Funding Notes on the Luxembourg Stock Exchange.
Principal Paying Agent	Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany.
Luxembourg Listing Agent and Luxembourg Intermediary	WestLB International S.A. Luxembourg, 32-34, Boulevard Grande-Duchesse Charlotte, 1344 Luxembourg, Luxembourg.
Settlement	It is expected that delivery of the Notes will be made on or about September 30, 2002 through the book-entry facilities of Clearstream Frankfurt, against payment therefor in Euro in immediately available funds.
Governing Law	The Notes and the Funding Notes will be governed by and construed in accordance with the laws of Germany.
Ratings	<p>The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E Notes and the Funding Notes are expected to be assigned the ratings shown on page 4 hereof at closing by Moody's and S&P. It is a condition of the issue of the Notes, that the Notes receive such rating. The Class F+ Notes are expected to be privately rated.</p> <p>See "RATING".</p> <p>See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT" and "REFERENCE POOL SERVICING"</p>
Transaction	The Notes, including the Terms and Conditions of the Notes, the Funding Notes, including the Terms and Conditions of the Funding Notes, the Trust Agreement, the Loss Guarantee, the Credit Swaps and all other agreements and documents executed in connection with the Transaction (together, the " Transaction Documents ") together with the conclusion and performance of the Transaction Documents as well as all other acts, undertakings and activities connected therewith and described herein are referred to as the " Transaction ".

RISK FACTORS

The following is a summary of certain factors which prospective investors should consider before deciding to purchase the Notes or the Funding Notes. The following statements are not exhaustive: The prospective investor should consider all of the information provided in this Information Memorandum and consult with their own professional advisers if they consider it necessary.

Liability and Limited Recourse under the Notes and the Funding Notes

The Notes and the Funding Notes represent obligations of the Issuer only, and do not represent obligations of any of the Lead Managers, the Trustee, the Bank or any of their respective affiliates or any affiliate of the Issuer or any other third person or entity. Neither any of the Lead Managers, nor the Trustee, 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 or the holders of the Funding Notes if the Issuer fails to make a payment due under the Notes or the Funding Notes.

The Issuer's ability to satisfy its payment obligations under the Notes and the Funding Notes is dependent upon it receiving in full the amounts payable to it under the Collateral, the Cash Deposits (as applicable) 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 and the Cash Deposits. 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.. Enforcement under the Funding Notes will be limited to those assets which were transferred to the Issuer under the Loss Guarantee for the purpose of paying principal and interest on the Funding Notes. There is no assurance that the Collateral when realised, the Cash Deposit and the Guarantee Fee will be sufficient to satisfy all obligations of the Issuer. The Issuer will have no other assets or sources of revenue available. To the extent that such assets, or the proceeds or realisation thereof, prove ultimately insufficient to satisfy the claims of all Noteholders and all holders of the Funding Notes in full, then any shortfall arising shall be extinguished and neither any Noteholder nor any holder of the Funding Notes nor the Trustee shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the Noteholders or the holders of the Funding Notes, and neither assets nor proceeds will be so available thereafter.

In particular, 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, *provided that* if the Trustee becomes aware that bankruptcy, insolvency or similar proceedings have been instituted or a petition for the institution thereof has been filed in any jurisdiction other than Germany, it shall take all necessary steps and actions to institute bankruptcy proceedings of the Issuer in Germany with regard to the assets of the Issuer located in Germany if, in the professional judgement of the Transaction Trustee, it is desirable or expedient to protect the interests of the Noteholders.

Credit-Linked Notes

The payments of principal of and, due to potential principal reductions, interest on the Notes are conditional upon the performance of the Reference Claims. Final losses following the process of collections, enforcement and foreclosure on the related Mortgage or Mortgages and other collateral incurred on qualifying Reference Claims will be allocated to reduce the principal amount of the Notes. With respect to the Notes, there is no guarantee that the holders of such Notes will receive the full principal amount of the Notes and interest thereon and ultimately the obligations of the Issuer to pay principal of and interest on such Notes could be reduced to €1 per Note as a result of losses incurred in respect of the Reference Claims. With respect to the Class F+ Notes, however, the holders thereof are entitled to certain interest subparticipation in the interest income on the Reference Pool, subject in each case to the availability of sufficient interest income on the Reference Pool, as described herein. See "TERMS AND CONDITIONS OF THE NOTES - § 6 Payments of Interest; Class F+ Interest Subparticipation" and "INTEREST SUBPARTICIPATION PROVISION."

The payment obligations of the Issuer under the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C and Class F+ Notes will be secured by a corresponding Series of the public sector *Pfandbriefe* of the Bank, and the payment obligations of the Issuer under the Class D and the Class E Notes will be secured by a corresponding Series

of medium-term notes of the Bank. In addition, the payment obligations of the Issuer under the Class A-1, Class A-2+ and Class A-3 Notes will be secured by a corresponding Cash Deposit. Notwithstanding this Collateral and the Cash Deposits, the amount of principal of and interest on the Notes may be reduced as a result of losses incurred in respect of the Reference Pool. Only the obligations of the Issuer to pay any amounts of principal and interest determined to be due to the holders of the Notes in accordance with the Terms and Conditions of the Notes, which may be reduced by such losses, will be secured by the Collateral or the Cash Deposits, if relevant.

Reference Collateral

For the purpose of Loss Allocation, a certain portion of the Mortgages are allocated to the Reference Loans as described herein. A forced sale of the underlying pieces of land in which less than the estimated value is realised will generally result in an allocation of the resulting loss to the Noteholders, as described above.

The principles of Loss Allocation and the principles and methods of enforcement on the Mortgages and allocation of the proceeds thereof to the Reference Claims are described under "TERMS AND CONDITIONS OF THE NOTES – § 8 Allocation of Realised Losses" and "DESCRIPTION OF THE REFERENCE POOL – The Mortgages and Reference Mortgages".

Re-set of Non-EUR Reference Claims

As of each Replenishment Date the Issuer may re-set the then Outstanding EUR Equivalent Amounts of all (but not some only) Non-EUR Reference Claims denominated in the same non-EUR currency (excluding Reference Claims with respect to which a Credit Event has occurred) based on movements in the exchange rate between Euro and the currency of such Non-EUR Reference Claims if certain conditions described herein are complied with. Reduction of the Outstanding EUR Equivalent Amount of a Reference Claim as a result of a Re-set increases the Issuer's ability to replenish the Reference Pool during the Replenishment Period, and will lead to repayments on the Note Principal Amounts after the Replenishment Period. See "TERMS AND CONDITIONS OF THE NOTES – § 3(10) Non-EUR Reference Claims; Re-sets".

No Interest in the Reference Claims

The Noteholders will have no right to or interest in any Reference Claim even if Realised Losses in respect of such Reference Claim have been allocated to the Notes. See "TERMS AND CONDITIONS OF THE NOTES – § 8 Allocation of Realised Losses".

Leverage

The initial aggregate principal amount of the Credit Linked Notes will be €810,350,000. However, the Initial Aggregate Principal Balance will be approximately €923,121,968. Upon the occurrence of any Realised Loss, the Class Principal Amount of the Class F+ Notes, then of the Class E Notes, then of the Class D Notes, then of the Class C Notes, then of the Class B Notes, then of the Class A-4 Notes, then of the Class A-3 Notes, then of the Class A-2+ Notes and thereafter of the Class A-1 Notes will be reduced by such Realised Losses, in case of the Class F+ Notes by multiplying the relevant Realised Loss (or part thereof) by the F+ Reduction Factor and in case of the Class A-2+ Notes by multiplying the relevant Realised Loss (or part thereof) by the A-2+ Reduction Factor. Accordingly, the Class F+ Notes, then the Class E Notes, then the Class D, then the Class C Notes, then the Class B Notes, then the Class A-4 Notes, then the Class A-3 Notes and then the Class A-2+ Notes provide a first loss protection with respect to the Reference Pool. Since the Aggregate Principal Balance of the Reference Pool is expected most of the time to exceed the aggregate principal amount of such Classes of Notes, the Notes provide protection for the Reference Pool on a leveraged basis and, as a result of such leverage, the loss risk in respect of such Notes is a multiple of the loss risk in respect of the Reference Pool.

Interests of the Noteholders and the Credit Swap Counterparties

Pursuant to the Trust Agreement, the Trustee shall carry out its duties thereunder as a trustee for the benefit of the Noteholders and the Credit Swap Counterparties. In the case of a conflict of interest, the Trustee shall give priority to the interests of the holders of the Class A-1 Notes, then to the interests of the A-2+ Senior Swap Counterparty and the holders of the Class A-2+ Notes, then, among the other Noteholders, to the interests of the Class of Notes that rank

most senior at any time for the purposes of Loss Allocation, and then to the interests of the Junior Swap Counterparty (see "THE MAIN PROVISIONS OF THE TRUST AGREEMENT — Clause 2 (Position of the Trustee)").

Similarly, pursuant to the Servicing Principles, the Servicer shall, in the case of a conflict of interest, give priority to the interests of the Credit Swap Counterparties and the holders of the Class of Notes or Classes of Notes that rank most senior at any time for the purposes of Loss Allocation.

Realisation of Collateral

The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C and Class F+ Notes constitute direct obligations of the Issuer secured by the corresponding Series of the Pfandbrief Collateral, and the Class D and Class E Notes constitute direct obligations of the Issuer secured by the corresponding Series of the Note Collateral. If, upon the occurrence of a Default Event, any Series of the Pfandbrief Collateral or the Note Collateral, as the case may be, cannot be sold at a price sufficient to pay principal and accrued interest on the Class of Notes secured by such Series in full, the Trustee will deliver Pfandbrief Collateral or the Note Collateral, as the case may be, to the Noteholders of such Class of Notes in full satisfaction of payment obligations for principal and interest under such Class of Notes. As a result of such delivery, it cannot be excluded that the Noteholders will not be able to obtain the full outstanding amount of principal and interest on the Notes. See "THE PFANDBRIEF COLLATERAL".

Class F+ Notes and the Class F+ Interest Subparticipation

Notwithstanding the collateral, losses incurred in the Reference Pool will first be allocated to, and will reduce the Class Principal Amount of, the Class F+ Notes. However, while the obligations of the Issuer to pay principal of, and interest on, the Class F+ Notes could be reduced to €1 per Note as a result of losses incurred in respect of the Reference Pool, the holders of the Class F+ Notes are entitled to an interest subparticipation in the interest income received by the Bank on the Reference Pool. Upon each reduction of the principal amount of the Class F+ Notes, the holders of the Class F+ Notes shall receive a payment in an amount equal to such reduction under such interest subparticipation, subject in each case to the availability of sufficient interest income on the Reference Pool as described herein. Accordingly, the holders of the Class F+ Notes rely for mitigation of the first loss position of the Class F+ Notes on the interest income on the Reference Pool received by the Servicer.

The Issuer will receive the funds necessary for the payments of any Interest Subparticipation Amounts from payments under the Loss Guarantee.

The Class F+ interest subparticipation is a payment claim against the Issuer and does not and shall not give rise to any legal interest of the Class F+ Noteholders in the interest claims of the Bank or the payments received thereon or in the claims of the Issuer against the Bank under the Loss Guarantee.

See "TERMS AND CONDITIONS OF THE NOTES - § 6 Payments of Interest; Class F+ Interest Subparticipation", "INTEREST SUBPARTICIPATION PROVISIONS" and "THE LOSS GUARANTEE AND THE SECURITY PLEDGE AGREEMENT".

Prepayments

Subject to certain limitations, Borrowers under the Reference Loans may prepay the Reference Claims. Such prepayments may result in changes to certain characteristics of the Reference Pool set out in this Information Memorandum, in particular with regard to the risk profile of the Reference Pool. In addition, prepayments may reduce the interest income on the Reference Pool available for the purposes of the Class F+ interest subparticipation.

Under certain Reference Loans, prepayments may be made without penalty.

Early Redemption by the Issuer

The Issuer will redeem the Notes as described herein before the Final Scheduled Payment Date on the Payment Date as of which the termination of the Loss Guarantee becomes effective upon the exercise by the Bank of its Early Termination Right. The Loss Guarantee may be terminated at the option of the Bank on any Payment Date following the Collection Period during which (i) a Regulatory Event occurred or (ii) the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the Initial Aggregate Principal Balance of the Reference Pool as

of the Cut-off Date or (iii) the 6th anniversary of the Issue Date occurred or (iv) a Tax Event occurred, *provided that* the Bank may waive any of its rights to terminate the Loss Guarantee set forth in (i) to (iv) above in whole or in part by notice to the Trustee and upon delivery of such notice to the Trustee the relevant redemption right will cease to exist to the extent specified in such notice.

In addition, the Issuer will redeem the Notes as described herein if the Loss Guarantee is terminated as a result of the occurrence of an Early Termination Event.

See "TERMS AND CONDITIONS OF THE NOTES — § 11 Early Redemption".

Reliance on Administration and Collection Procedures

The Bank will carry out administration, collections and enforcement of the Reference Claims and the Reference Claims as well as enforcement on related Reference Collateral in accordance with the Servicing Principles as described herein (see "REFERENCE POOL SERVICING"), but to a material degree also in accordance with its standard credit and collection procedures. Accordingly, the Noteholders are relying on the Bank's business judgement and standard practices in administering the Reference Claims, enforcing claims against Borrowers and taking decisions with respect to enforcement on the related Reference Collateral.

Conflicts of Interests

The Bank is acting in different capacities in connection with the Transaction. The Bank acting in such capacities 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 its 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.

Limited Liquidity

There is currently no secondary market for the Notes. Neither the Issuer nor the Bank nor the Lead Managers will be obliged to ensure that a secondary market for the Notes will or, if it does develop, that it will continue. There can, therefore, be no assurance that a secondary market for the Notes will develop or that a market will develop for all Classes of the Notes or, if it does develop, that it will continue.

Taxation

The Notes and the Funding Notes will not provide for a gross-up of payments in the case that the payments on the Notes or the Funding Notes become subject to withholding or deduction of taxes. See "TERMS AND CONDITIONS OF THE NOTES — § 15 Taxes" and "TERMS AND CONDITIONS OF THE FUNDING NOTES — § 10 Taxes".

The Noteholders and the holders of the Funding Notes will not have the right to require an early redemption of the Notes or the Funding Notes if withholding or deduction of taxes is imposed with respect to payments on the Notes or the Funding Notes.

In addition, if any withholding or deduction on account of taxes is imposed with respect to the Collateral, the Bank will not be required to gross-up such payments under the Loss Guarantee or otherwise but will have an option to terminate the Loss Guarantee in such circumstances as described herein. Termination of the Loss Guarantee in such circumstances will result in an early redemption of the Notes as described herein. See "TERMS AND CONDITIONS OF THE NOTES - § 11 Early Redemption".

Gains from the alienation of Notes or the Funding Notes including gains derived by a secondary or any subsequent acquirer of the Notes or the Funding Notes upon redemption of the Notes or the Funding Notes at maturity ("**capital gains**") derived by an individual Noteholder or holder of the Funding Notes resident in Germany not holding the Notes or the Funding Notes as business assets are subject to personal income tax, regardless of the period between acquisition and alienation of the Notes or the Funding Notes.

With respect to the assessment of net asset tax and trade tax on capital, there is no assurance that these taxes will not be reintroduced during the life of the Notes, the Funding Notes or the Reference Claims by way of legislative change and, if such reintroduction does take place, that such change will contain provisions protecting existing investments. See "TAXATION".

Currency Information

As contemplated by the Treaty on European Union (the "**Maastricht Treaty**"), the third stage of Economic and Monetary Union ("**EMU**") started on January 1, 1999 and the single currency, the Euro, became the legal currency for those eleven member states of the European Union ("**EU**") which fulfilled the necessary convergence criteria for adoption of the Euro set out pursuant to the Maastricht Treaty. During a transitional period between January 1, 1999 and December 31, 2001, and thereafter until the end of February 2002, the former national currencies of the member states participating in EMU continued to be the legal tender in their respective states of issue, but as non-decimal sub-units of the Euro.

Exchange Controls

There are, except in limited embargo circumstances, no legal restrictions in Germany on international capital movements and foreign exchange transactions. However, for statistical purposes only, every individual or corporation residing in Germany must report to Deutsche Bundesbank, subject to certain exceptions, any payment received from or made to an individual or a corporation resident outside of Germany if such payment exceeds €12,500 (or the equivalent in a foreign currency).

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes are set out below.

THE PAYMENT OF PRINCIPAL OF AND, DUE TO PRINCIPAL REDUCTIONS, INTEREST ON THE NOTES IS CONDITIONAL UPON THE PERFORMANCE OF A POOL OF REFERENCE CLAIMS AS SET FORTH IN § 8 AND § 9 BELOW.

THERE IS NO CERTAINTY THAT THE HOLDERS OF ANY CLASS OF NOTES WILL RECEIVE THE FULL PRINCIPAL AMOUNT OF THE RELEVANT CLASS OF NOTES AND INTEREST THEREON AND ULTIMATELY THE OBLIGATIONS OF THE ISSUER TO PAY PRINCIPAL AND INTEREST ON ANY CLASS OF NOTES COULD BE REDUCED TO €1 PER NOTE AS A RESULT OF LOSSES INCURRED IN RESPECT OF SUCH REFERENCE CLAIMS PROVIDED THAT THE HOLDERS OF THE CLASS F+ NOTES WILL BE ENTITLED TO AN INTEREST SUBPARTICIPATION PURSUANT TO § 6(7) AND THE INTEREST SUBPARTICIPATION PROVISIONS. UPON EACH REDUCTION OF THE PRINCIPAL AMOUNT OF THE CLASS F+ NOTES AS A RESULT OF LOSS ALLOCATION, THE HOLDERS OF THE CLASS F+ NOTES SHALL RECEIVE A PAYMENT IN AN AMOUNT EQUAL TO SUCH REDUCTION UNDER SUCH INTEREST SUBPARTICIPATION, SUBJECT IN EACH CASE TO THE AVAILABILITY OF SUFFICIENT INTEREST INCOME ON THE REFERENCE POOL DURING THE RELEVANT PERIOD AS SET OUT IN THE INTEREST SUBPARTICIPATION PROVISIONS.

HOLDERS OF ANY CLASS OF NOTES SHALL HAVE NO 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 RESPECTIVE CLASS OF NOTES.

§ 1

Classes of Notes; Form; Principal Amounts

- (1) DUKE 2002 Limited, incorporated with limited liability under the laws of Jersey, Channel Islands (the "**Issuer**") issues the following classes of credit linked notes (each, a "**Class**" and collectively, the "**Notes**") pursuant to these terms and conditions (the "**Terms and Conditions**"):

Class A-1 Floating Rate Amortising Credit Linked Notes
(the "**Class A-1 Notes**")

which are issued in the aggregate principal amount of €30,000,000 and divided into
600 Class A-1 Notes,
each having a principal amount of €50,000

Class A-2+ Floating Rate Amortising Credit Linked Notes
(the "**Class A-2+ Notes**")

which are issued in the aggregate principal amount of €250,000 and divided into
25 Class A-2+ Notes,
each having a principal amount of €10,000,

Class A-3 Floating Rate Amortising Credit Linked Notes
(the "**Class A-3 Notes**")

which are issued in the aggregate principal amount of €345,000,000 and divided into
6900 Class A-3 Notes,
each having a principal amount of €50,000,

Class A-4 Floating Rate Amortising Credit Linked Notes
(the "**Class A-4 Notes**")
which are issued in the aggregate principal amount of €300,000,000 and divided into
6000 Class A-4 Notes,
each having a principal amount of €50,000,

Class B Floating Rate Amortising Credit Linked Notes
(the "**Class B Notes**")
which are issued in an aggregate principal amount of €36,950,000 and divided into
739 Class B Notes,
each having a principal amount of €50,000,

Class C Floating Rate Amortising Credit Linked Notes
(the "**Class C Notes**")
which are issued in an aggregate principal amount of €39,250,000 and divided into
785 Class C Notes,
each having a principal amount of €50,000,

Class D Floating Rate Amortising Credit Linked Notes
(the "**Class D Notes**")
which are issued in an aggregate principal amount of €36,950,000 and divided into
739 Class D Notes,
each having a principal amount of €50,000,

Class E Floating Rate Amortising Credit Linked Notes
(the "**Class E Notes**")
which are issued in the aggregate principal amount of €21,700,000 and divided into
434 Class E Notes,
each having a principal amount of €50,000, and

Class F+ Floating Rate Amortising Credit Linked Notes
(the "**Class F+ Notes**")
which are issued in the aggregate principal amount of €250,000 and divided into
25 Class F+ Notes,
each having a principal amount of €10,000.

The rank with respect to the allocation of Realised Losses (§ 8(2)) as between each Class of Notes is set out in § 8.

- (2) Each Class of Notes is represented by a permanent global bearer note (the "**Global Note**") without interest coupons.
- (3) Each Global Note will be kept in custody by Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"), until all obligations of the Issuer under the relevant Class of Notes have been satisfied. Definitive Notes (*Einzelurkunden*) and interest coupons will not be issued. Copies of the Global Notes are available free of charge at the main offices of the Issuer and from the Luxembourg Intermediary.
- (4) Simultaneously with the Notes, the Issuer has issued €4,000,000 Floating Rate Amortising Funding Notes (the "**Funding Notes**") which are not subject to Loss Allocation (§ 8(1)) and constitute direct and unsubordinated obligations of the Issuer ranking at least *pari passu* with all other current and future unsubordinated obligations of the Issuer. However, the payment obligations under the Funding Notes are limited to the amounts received by the Issuer under the Loss Guarantee (§ 11(1)) for the purpose of paying interest and principal on the Funding Notes.

§ 2

Status; Collateral; Limited Recourse

- (1) The Notes constitute direct and unsubordinated obligations of the Issuer, ranking *pari passu* (subject to Loss Allocation, allocation of Late Recoveries, Unjustified Loss Allocation and the redemption of the Notes pursuant to § 7(1)) among themselves and at least *pari passu* with all other current and future unsubordinated obligations of the Issuer. The payment of principal and interest on the Notes is conditional upon the performance of a pool of reference claims, whereby the payment of interest is conditional on the performance of the reference claims to the extent that the basis for the accrual of interest is reduced by the allocation of losses in respect of such reference claims. There is no guarantee that the holders of the Notes will receive the full principal amount of the respective Notes and interest thereon, and ultimately the obligations of the Issuer to pay principal and interest on any Class of Notes could be reduced to €1 per Note as a result of losses incurred in respect of such reference claims *provided that* the holders of the Class F+ will be entitled to certain interest subparticipation in the interest income on the Reference Pool pursuant to § 6(7) and the interest subparticipation provisions (the "**Interest Subparticipation Provisions**") set out in Appendix D attached hereto. The Interest Subparticipation Provisions constitute an integral part of these Terms and Conditions.
- (2) The Notes represent obligations of the Issuer only, and do not represent an interest in or obligations of the Lead Managers, the Trustee, 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 Managers, the Bank, the Trustee or any of their respective affiliates or by any other person or entity except as described herein.
- (3) The Issuer's ability to satisfy its payment obligations is dependent upon it receiving in full the amounts payable under the Collateral, the Cash Deposits (as applicable) 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 and the Cash Deposits 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. 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.
- (4) 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.
- (5) Pursuant to the Trust Agreement (§ 4(1)) the Issuer shall pledge (*verpfänden*) to the Trustee:
 - (a) €27,600,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-1 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes,
 - (b) €230,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-2+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes,
 - (c) €317,400,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-3 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes,
 - (d) €300,000,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-4 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-4 Notes,
 - (e) €36,950,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the

Class B Notes,

- (f) €39,250,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
- (g) €36,950,000 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes,
- (h) €21,700,000 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes, and
- (i) €250,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series F+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class F+ Notes.

Each of the Series of Collateral under (a) to (i) is referred to as a "**Series**". The Series A-1 Collateral, the Series A-2+ Collateral, the Series A-3 Collateral, the Series A-4 Collateral, the Series B, the Series C and the Series F+ Collateral are collectively referred to as the "**Pfandbrief Collateral**", and the Series D Collateral and the Series E Collateral are collectively referred to as the "**Note Collateral**" (and, together with the Pfandbrief Collateral, the "**Collateral**"). Clause 8 of the Trust Agreement provides that under certain limited circumstances the Trustee may transfer and deliver the securities forming part of any Series of the Collateral to the Noteholders of the Class secured by such Series in full satisfaction of all obligations under the Notes of such Class (see Appendix A). The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer under the Notes to be fulfilled as set out in Clause 3(1) of the Trust Agreement.

In addition, pursuant to the Trust Agreement (§ 4(1)) the Issuer shall pledge (*verpfänden*) to the Trustee

- (a) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 2,400,000.00 (the "**Class A-1 Cash Deposit**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes,
- (b) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 20,000.00 (the "**Class A-2+ Cash Deposit**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes, and
- (c) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 27,600,000.00 (the "**Class A-3 Cash Deposit**", and together with the Class A-1 Cash Deposit and the Class A-2+ Cash Deposit, the "**Cash Deposits**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes.

The pledges over the Collateral and the pledge over the Cash Deposits will be subject and rank junior to first ranking pledges (*Pfandrechte*) for the benefit of the Bank as security for the obligations of the Issuer under the Loss Guarantee towards the Bank.

- (6) Notwithstanding the Collateral, the Additional Cash Deposits and the Cash Deposits referred to in § 2(5), the amount of principal of, and interest on, the Notes may be reduced as a result of Realised Losses with respect to the Reference Claims and only the obligations of the Issuer to pay any amount of principal determined to be due to the Noteholders in accordance with these Terms and Conditions, which may be reduced by such Realised Losses, shall be secured by the corresponding Series of Collateral and the corresponding Cash Deposit, if relevant.

§ 3 Reference Pool

(1) General

Subject to § 8 and § 9, the payment of principal of and, due to principal reductions, interest on each Class of Notes is conditional upon the performance of a replenishable reference pool (the "**Reference Pool**"). The Reference Pool consists of certain loan claims and certain portions of loan claims of the Issuer for the payment of principal and interest (each such loan claim and each loan claim added to the Reference Pool after the Issue Date in accordance with § 3(9), a "**Reference Claim**") arising from certain commercial mortgage loans, including syndicated loans (each, a "**Reference Loan**"). The Reference Claims are specified pursuant to § 3(2). As of the close of the business day (in Frankfurt) on July 31, 2002 (the "**Cut-off Date**") the aggregate principal amount of the Reference Pool was approximately €923,121,968.

(2) Reference Claims

- (a) Each Reference Claim is identified in Schedule 1 to the Trust Agreement (§ 4(1)) (the "**Reference Claim List**") by reference to:
 - (i) the account number attributed in the records of the Issuer to the Reference Claim,
 - (ii) the outstanding principal amount in € of the Reference Claim as of the Cut-off Date,
 - (iii) the repayment characteristics of the Reference Claim (annuity, bullet or fixed instalment),
 - (iv) the remaining term to the next reset date of the Reference Claim as of the Cut-off Date.
- (b) Further details regarding each Reference Claim and the related Mortgages and other collateral are contained in the related records of the Bank. Such records are attributable to the relevant Reference Claim by reference to the account number referred to in paragraph (a)(i) above.

(3) Reference Mortgages

Each Reference Loan is or, subject to the requirements set forth in § 3(5), will be secured by one or more first ranking Mortgages on one or more commercial properties (each a "**Mortgaged Property**"). The Mortgaged Properties are distributed throughout the Netherlands and the United Kingdom. The extent to which such Mortgage is allocable for the purpose of the Loss Allocation to a Reference Claim is determined by the allocation of Enforcement Proceeds pursuant to § 3(8)(b)(i) (each Mortgage, to the extent so allocable to a Reference Claim, is referred to as a "**Reference Mortgage**").

(4) Additional Reference Collateral

A Reference Claim may be secured by certain additional collateral. If a Reference Loan is secured by any collateral other than a Mortgage, such collateral shall, for the purposes of the Notes, be allocated as collateral to the Reference Claim, except to the extent such collateral was neither a condition for nor taken in connection with the extension or continuation of the related Reference Loan (such collateral "**Additional Collateral**", each Additional Collateral to the extent so allocable for the purpose of Loss Allocation to a Reference Claim pursuant to § 3(8)(b)(i) is referred to as "**Additional Reference Collateral**" and together with the Reference Mortgage(s), the "**Reference Collateral**").

(5) Eligibility Criteria

As of the Cut-off Date the following criteria with respect to each Reference Claim (the "**Eligibility Criteria**") shall be met:

- (a) the Bank is the sole legal and beneficial creditor of each Reference Claim and the sole holder of the related Reference Collateral and, in the case of syndicated loans, the Reference Claim and the related Reference Collateral are such portions of the syndicated loan claim and the related collateral, respectively, as have

been allocated to the Bank under the terms and conditions of the syndicated loan. Each Reference Claim and the related Reference Collateral are free of third party rights other than rights to re-transfer such Reference Collateral upon full payment of such Reference Claim;

- (b) each Reference Claim has been granted by the Bank in the ordinary course of its business and in compliance with the German Mortgage Bank Act (*Hypothekbankgesetz* – the "**Mortgage Bank Act**"), German Banking Act (*Kreditwesengesetz* – the "**Banking Act**") and with all other applicable legal provisions and the standard credit collection procedures of the Bank effective at the time of grant and consistently applied and all required consents, approvals and authorisations have been obtained in respect thereof, and in respect of the Bank's ability to undertake such business;
- (c) each Reference Claim is legally valid, binding and enforceable in accordance with its terms and applicable provisions of law, and each Reference Claim constitutes an unconditional, irrevocable, binding and enforceable obligation of the borrower under such Reference Claim identified in the records of the Bank as the counterparty of the Bank under the relevant Reference Loan (the "**Borrower**") to pay its full face amount, and is not subject to any right of set-off or counterclaim;
- (d) each Reference Claim is secured by one or more first ranking mortgages (each a "**Mortgage**") on one or more commercial properties located in the Netherlands or in the United Kingdom, which are in an aggregate nominal amount equal to, or in excess of, the Outstanding Nominal Amount of the respective Reference Claim;
- (e) the principal amount of the initial advance in respect of each Reference Claim secured by one or more Mortgages plus the principal amount of any loans secured, on a *pari passu* basis, by the same Mortgages as such Reference Claim, as of the Cut-off Date was not more than the open market value (the "**Property Value**") of the relevant Mortgaged Property or Properties in the opinion of an external valuation expert appointed by the Bank or the agent bank in case of syndicated loans as certified in a Valuation Report prepared in accordance with (f) below;
- (f) prior to loan draw-down by the Bank, a formal valuation report (each a "**Valuation Report**") regarding the Mortgaged Property has been obtained from an external valuation expert appointed by the Bank or the agent bank in case of syndicated loans which, *inter alia*, includes (i) an assessment of the local market environment, (ii) a review of the rent rolls and property expenses, (iii) disclosure of unusual tenancy terms, (iv) photographs of the relevant property, (v) comparable information in respect of the value determination, and (vi) adequate disclosure in the case that an engineering report or environmental report is required, and the Bank, or the agent bank in case of syndicated loans, has conducted a due diligence investigation in respect of any disclosure in the Valuation Report in respect of any engineering reports or environmental reports and unusual tenancy terms and has concluded that they would be acceptable to a prudent lender pursuant to applicable market practices in the relevant jurisdiction;
- (g) to the best of the Bank's knowledge, no Mortgaged Property is subject to any engineering or environmental risks, and the Bank has either obtained an engineering report or environmental report in respect of the Mortgaged Property from an external expert or an independent internal valuation expert, or in the case such report has not been obtained, an external valuation firm appointed by the Bank or the agent bank in case of syndicated loans has not recommended to the Bank or the agent bank in case of syndicated loans that an engineering report or environmental report be obtained in respect of the Mortgaged Property from an external expert ;
- (h) each Reference Collateral is legally valid, binding and enforceable in accordance with its terms and applicable provisions of law, and all the land and charge certificates, title deeds and other documents necessary to prove title to the Mortgaged Property are held by or to the order of the Bank or, in the case of syndicated loans, the security agent as trustee for the Bank;
- (i) the Bank has proper documentation in place for each Reference Claim, indicating, in particular, the amounts outstanding thereunder from time to time and identifying the related Reference Collateral, and each such Reference Claim can be easily identified as part of the Reference Pool;
- (j) neither the Bank nor the Borrower has the right to unilaterally increase the principal balance of such

Reference Claim or extend its term;

- (k) the amount of principal outstanding from any Borrower under any Reference Claim does not exceed €100,000,000;
- (l) no Reference Claim is or will be repayable later than April 2025;
- (m) each Reference Claim is denominated either in Euro, Sterling or Swiss Franc;
- (n) subject to (o) below, the Bank is not aware of (i) any breach by any Borrower of any of its obligations pursuant to the underlying loan agreement which has not been remedied, cured or waived or (ii) any breach of any third-party security agreement by the owner of any Reference Collateral, where in either case (i) or (ii) any such breach would have a material adverse effect on the ability of the Borrower to repay the Reference Claim;
- (o) no scheduled payment of interest or principal in respect of a Reference Claim is or has been overdue for more than 30 days since the origination of such Reference Claim;
- (p) no litigation with respect to any Reference Claim or any Reference Collateral is pending nor, to the best of the Bank's knowledge, is any such litigation threatened;
- (q) neither any of the Borrowers nor any of the providers of the Reference Collateral (i) is in bankruptcy, insolvency, administration, liquidation, receivership, moratorium or any other similar proceedings or (ii) has generally stopped its payments;
- (r) the Reference Claims and the Reference Collateral comply with the information (including information with respect to the account number, principal balance, interest rate, payment frequency and maturity date of the Reference Claims) provided in respect of the Reference Pool (i) in the information memorandum dated September 30, 2002 published in relation to the issue of the Notes and the Funding Notes (the "**Information Memorandum**") and in the Reference Claim List and (ii) the information supplied to the Trustee and the Rating Agencies on or about the Issue Date in the data files "POOLDOWNLOAD 31072002-MOODYS INCLUDING VIRTUALS.ZIP" and "CMBS TEMPLATE V9_S&P AUG 20th_Gunther Plohr" (A) on the Reference Loans concerning original balance, current balance, balloon balance, seasoning, maturity, reset date, Debt Service Coverage Ratio, LTV, interest payments, principal payments and total payments, (B) on the Mortgaged Properties concerning open market value, date of valuation, region of the Mortgaged Property and (C) on syndicated loans concerning the portion of the loan held by the Issuer is consistent with the data shown in the records of the Issuer;
- (s) each Mortgaged Property has been appraised in accordance with the Servicing Standards (as defined below);
- (t) each Reference Claim and the related Reference Collateral can be identified in the files of the Bank on the basis of the Reference Claim List and information provided therein is true, accurate and complete;
- (u) no agreement has been concluded or is being negotiated for any Reference Claim according to which its repayment would be suspended;
- (v) the Bank has not commenced or prepared enforcement proceedings against any Borrower or relevant provider of the Reference Collateral;
- (w) none of the Reference Claims has been written down by the Bank;
- (x) neither the Bank nor any person affiliated with it carries direct or indirect obligations or liability for the performance of any Reference Claim or for any Reference Collateral;
- (y) (i) each Mortgaged Property is either owned by the person who has granted the Mortgage or leased by such person on the basis of a leasehold agreement the term of which exceeds the maturity of the Reference Claim secured by such Mortgage; in the latter case, all lease payments have been made when due; and
(ii) prior to loan draw-down, the Bank received a certificate of, or report on, title from a solicitor relating

to such Mortgaged Property the contents of which were such as would be acceptable to a prudent lender;

- (z) each Mortgaged Property is insured with a reputable insurance company under a policy that a prudent lender would deem sufficient to cover its exposure in relation to the relevant Mortgaged Property in terms both of the amount insured and the risks covered, *provided that*, with respect to Reference Claims which are secured by a Mortgage on a Mortgaged Property located in the Netherlands, such Mortgaged Property is either (i) covered by an adequate insurance in accordance with the foregoing or (ii) subject to an insurance contract between the Bank and a leading Dutch insurance company pursuant to which the Bank is protected against certain losses resulting from the failure by the Borrower to maintain an adequate insurance with respect to such Mortgaged Property.

(6) Servicing Principles

- (a) The administration, collection and enforcement of each Reference Claim, including the Enforcement on the Reference Collateral, shall be carried out by the Bank (in such capacity, the "**Servicer**") or by the agent bank in respect of a syndicated Reference Loan (each such agent bank, a "**Servicing Agent**"). Servicing Agents shall only be involved in the servicing in relation to syndicated Reference Loans where the Bank is not the agent. The Bank acting as the Servicer will service each Reference Claim in accordance with both (i) its standard credit and collection procedures for similar assets as in effect from time to time and (ii) the servicing standards set out in Appendix C to the Terms and Conditions (the "**Servicing Standards**", and together with the procedures under (i) above, the "**Servicing Principles**"). The Servicing Standards constitute an integral part of the Terms and Conditions. The Bank and the Trustee may agree at any time to amend or supplement the Servicing Standards, *provided that* any such amendment or supplement does not materially affect the interests of the Noteholders or the Credit Swap Counterparties and the Rating Agencies receive notice thereof from the Bank, unless otherwise required by mandatory provisions of law. The Bank shall comply with the standard of care of a prudent lender and, in particular, apply reasonable procedures and take all measures it deems necessary or appropriate in its due professional discretion to administer, collect and enforce the Reference Claims and the Reference Collateral or which are necessary to comply with supervisory requirements and to refrain from acting when so required by regulatory requirements.
- (b) The Bank is entitled to delegate its servicing obligations with respect to the Reference Pool to a third party servicer which is either a banking institution or a servicing company specialised in the servicing and administration of loans, subject to confirmation by the Rating Agencies that such delegation will neither result in a withdrawal of the rating in respect of, nor in a downgrading of, any Class of Notes, *provided that* such third party servicer assumes all of the Bank's servicing obligations under the Transaction Documents. The Bank is also entitled to delegate certain functions in connection with the administration, collection and enforcement of the Reference Claims and the enforcement of the Reference Collateral, in whole or in part, to agents if the Bank remains responsible for any act or omission of any such agent as if such act or omission were its own.
- (c) In administering, collecting and enforcing the Reference Claims and enforcing the Reference Collateral in accordance with the Servicing Principles, the Bank will act at all times in the interest of the Noteholders and the Credit Swap Counterparties only and, in the case of any conflict between interests of the Noteholders or the Credit Swap Counterparties and the interests of the Bank or third parties, the Bank will not place the Noteholders' or the Credit Swap Counterparties' interests in a less favourable position than the interests of the Bank or any third party, subject to the terms and conditions of the relevant obligations of any Borrower and any related collateral.
- (d) Compliance with the Servicing Principles is a condition to Loss Allocation as provided in § 8 and does not constitute an obligation of the Servicer.

(7) Non-compliance with Eligibility Criteria, Replenishment Conditions or Servicing Principles

- (a) If and to the extent that (i) any of the Eligibility Criteria as of the Issue Date, (ii) any of the Replenishment Conditions as of the relevant Replenishment Date, (iii) at any time after the Issue Date, any of the Servicing Principles, or (iv) any requirement for transfer of such Reference Claim pursuant to § 8(4) is not complied

with in any material respect with regard to the interests of the Noteholders or the Credit Swap Counterparties (as defined in the Trust Agreement attached hereto as Appendix A) (collectively, the "**Transaction Creditors**") at the relevant time in relation to any Reference Claim, such Reference Claim shall not qualify for the allocation of a Realised Loss ("**Loss Allocation**") pursuant to § 8(1) and the Bank may remove such Reference Claim from the Reference Pool in accordance with the procedures set out in Clause 13 of the Trust Agreement, *provided*, however, if not removed, such Reference Claim shall qualify for the allocation of Realised Losses if the Trustee confirms pursuant to Clause 13 of the Trust Agreement that:

- (A) such non-compliance does not adversely affect the interests of the Transaction Creditors,
or (if the non-compliance can be fully remedied by the Bank)
- (B) the Bank has fully remedied such non-compliance (and any adverse effects of such non-compliance on the interest of the Transaction Creditors) (i) within 30 days after it becomes aware of such non-compliance (whether by notification from the Trustee or otherwise) and (ii) prior to occurrence of a Credit Event in relation to the relevant Reference Claim;

provided that,

- (i) if the Trustee confirms that such non-compliance affects only part of a Reference Claim or Reference Collateral and none of the exceptions under (A) and (B) apply, the Bank may remove such part of the Reference Claim from the Reference Pool and the remaining portion of the Reference Claim shall qualify for the allocation of Realised Losses pursuant to § 8(1);
 - (ii) even where the conditions set forth 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 confirms that the non-compliance of the Bank has not resulted in or contributed to such Realised Loss.
- (b) If any of the Eligibility Criteria, Replenishment Conditions or Servicing Principles is not complied with in respect of the Reference Pool (as opposed to a specific Reference Claim) paragraph (a) 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 from the Reference Pool, the Bank may effect such removal in accordance with the Trust Agreement and such removal shall constitute full remedy of such non-compliance pursuant to paragraph (a)(B) above, *provided that* the relevant Reference Claims shall be removed sequentially in the reverse order of that in which they were added to the Reference Pool, beginning therefore with the Reference Claim that was added most recently. If more than one Reference Claim were added to the Reference Pool at the same time, such Reference Claims shall be removed in the order of their respective length of term to maturity, beginning with the Reference Claim with the shortest remaining term to maturity. Finally, if any such Reference Claims have the same remaining term to maturity, the Bank shall have the discretion as to which of these Reference Claims to remove. For the avoidance of doubt, such non-compliance may not be remedied with regard to any Reference Claim remaining in the Reference Pool that is a Defaulted Reference Claim at the time of such removal.
- (c) If (i) under any Eligibility Criterion or Replenishment Condition, the principal amount or number of any Reference Claim is required not to exceed a given amount or number as of a given time, (ii) such Eligibility Criterion or Replenishment Condition is not complied with, (iii) such non-compliance is not remedied pursuant to paragraph (a) or (b) above, and (iv) a Realised Loss occurs in respect of one or more of such Reference Claims (each, an "**Affected Reference Claim**"), then an Affected Reference Claim shall not qualify for 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 Cut-off Date would not have remedied the non-compliance of such Eligibility Criterion or Replenishment Condition.
- (d) Except as set forth in paragraph (a), (b) and (c) above, there shall be no recourse against the Bank or the Issuer for any non-compliance referred to in paragraph (a), (b) or (c) above. To the extent that a Realised Loss may not be allocated in respect of any Reference Claim pursuant to paragraph (a) (b) or (c) above such Reference Claim shall be referred to herein as a "**Non-qualifying Reference Claim**".

- (e) The Issuer shall notify the Noteholders pursuant to § 12(1) 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 (§ 7(2)) and, subject to Replenishment in accordance with § 3(9), the Notes shall be redeemed in an amount equal to such aggregate principal amount pursuant to § 7 on the Payment Date (§ 5(3)) immediately following the Collection Period in respect of which such notice is given.

(8) Allocation of Collections and Enforcement Proceeds

- (a) Subject to paragraphs (b) and (c) below and any binding allocation of a payment to a particular claim by the relevant payor, in the event that the Bank receives a payment on a Reference Claim or payment on any other claim against the Borrower of such Reference Claim and such payment is less than the total amount then due under such Reference Claim and such other claims, the payment received shall be allocated for the purpose of Loss Allocation in proportion to the amount due of such Reference Claim and the total amount due of such other claims, provided that with respect to the portion of such amount to be allocated to the Reference Claim the provisions of (b) below shall apply. For the purposes of such allocation, such Reference Claim and such other claims shall be deemed due immediately upon the occurrence of a Credit Event (§ 11(4)) or non-payment of any such other claim for more than 90 days, regardless of any acceleration.

(b) Allocation of Enforcement Proceeds

- (i) The Bank shall allocate the Enforcement Proceeds received from the Enforcement of any Mortgage or Additional Collateral in the following order of priority, *provided that*, (A) in the case of a syndicated Reference Loan such proceeds received shall, subject to clause (B) below, only comprise the share of proceeds allocable to the Reference Claim in accordance with the terms and conditions of such Reference Loan, and (B) in the case of any Mortgage or Additional Collateral securing *pari passu* a Reference Claim and one or more other claims of the Bank arising under the same Reference Loan (whether such Reference Loan is syndicated or not) such proceeds received shall only comprise the share of proceeds allocable to such Reference Claim on a *pari passu* basis:

(A) *first*, towards reducing the Outstanding Nominal Amount of such Reference Claim,

(B) *second*, to any other claims (whether for principal, interest and enforcement costs or otherwise) secured by such Mortgage or Mortgages or Additional Collateral.

"Enforcement Proceeds" means, with respect to any Mortgage, any Additional Collateral or any other collateral securing a Reference Claim, any proceeds from the Enforcement of such Mortgage, such Additional Collateral or such other collateral (disregarding any deduction of fees, disbursements, costs and expenses paid or incurred in connection with the Enforcement of such Mortgage, such Additional Collateral or such other collateral).

- (ii) The Bank shall allocate the Enforcement Proceeds received from the Enforcement of any other collateral, if and to the extent the other collateral secures a Reference Claim under the relevant agreement with the collateral provider, in the following order of priority:

first, towards satisfying any other claims of the Bank,

second, towards satisfying the relevant Reference Claim.

For the purposes of the foregoing, any set-off rights of the Bank against any obligation of the Bank shall be deemed to constitute Additional Reference Collateral and be treated in accordance with (b) (i) above, if such obligation is directly related to the relevant Reference Claim or any related Reference Collateral; otherwise such set-off rights shall be deemed to constitute collateral other than Reference Collateral.

- (c) In the event that the Bank fails to comply with paragraph (a) or (b) above (as applicable), allocation of the relevant payments or Enforcement Proceeds shall be effected as if paragraph (a) or (b) above (as applicable) were complied with.

(9) Replenishment

The Bank may, without the consent of the Trustee, add new Reference Claims, including partial claims arising from syndicated loans, to the Reference Pool (in each case, a "**Replenishment**") on any Payment Date (each, a "**Replenishment Date**") from (and including) the Issue Date until (and including) the Payment Date falling in November 2008 (the "**Replenishment Period**"), if the following conditions (the "**Replenishment Conditions**") are met as of the relevant Replenishment Date:

- (a) The sum of (i) the aggregate Outstanding Nominal Amount of all Reference Claims including (A) the Outstanding Nominal Amount of any Reference Claim which is either a Defaulted Reference Claim or a Liquidated Reference Claim and (B) the Outstanding Nominal Amount of such new Reference Claims, but excluding the Outstanding Nominal Amounts of any Reference Claims removed from the Reference Pool pursuant to § 3(7) (Non-compliance with Eligibility Criteria, Replenishment Conditions or Servicing Principles) (the "**Aggregate Principal Balance**") and (ii) the cumulative amount of all Collections in respect of all Defaulted Reference Claims and Liquidated Reference Claims as from the occurrence of the relevant Credit Event does not exceed the Relevant Maximum Aggregate Principal Balance.

"**Relevant Maximum Aggregate Principal Balance**" means, in respect of any Replenishment Date, the amount set out opposite such Replenishment Date in a schedule (the "**Replenishment Schedule**") attached as Appendix B to these Terms and Conditions.

- (b) In respect of each such new Reference Claim the Eligibility Criteria (except for the Eligibility Criterion under § 3(5)(d) and (r) above) must be met.
- (c) Each such new Reference Claim must be secured by one or more first ranking mortgages on one or more commercial properties located in the Netherlands or in the United Kingdom, which are in an aggregate nominal amount equal to, or in excess of, the Outstanding Nominal Amount of the respective Reference Claim.
- (d) All Replenishments on the Replenishment Date, taken together, must not cause the Reference Pool to contravene, or if the Reference Pool is already in contravention prior to such addition, cause to worsen such contravention of the following concentration threshold: the aggregate Outstanding Nominal Amount of all Reference Claims, including new Reference Claims, arising from loans which are secured by one or more Mortgages on Mortgaged Properties used as Speciality Assets shall not exceed 5% of the Aggregate Principal Balance. "**Speciality Assets**" means properties which are predominantly used as hotels, conference centres, restaurants, bars, pubs or for other leisure-related operations or which are predominantly used as nursing homes or for other healthcare-related operations (in each case as specified by the Bank for its internal purposes in accordance with its standard business practice).
- (e) As of such Replenishment Date no Realised Losses in excess of an aggregate amount of €3,000,000 have been determined.
- (f) The Debt Service Coverage Ratio of each new Reference Claim shall not be less than 1.05.
- (g) The Current Loan-to-Value of each new Reference Claim shall not exceed 90%.
- (h) The Outstanding Nominal Amount of any new Reference Claim shall not exceed 10% of the Aggregate Principal Balance.
- (i) All Replenishments on the Replenishment Date, taken together, must not cause the Reference Pool to contravene, or if the Reference Pool is already in contravention prior to such addition, cause to worsen such contravention of the following concentration threshold: the aggregate Outstanding Nominal Amount of all Reference Claims, including new Reference Claims, arising from syndicated loans where the Bank is not the agent shall not exceed 30% of the Aggregate Principal Balance and the aggregate Outstanding Nominal Amount of all Reference Claims, including new Reference Claims, arising from syndicated loans where the Bank is the agent shall not exceed 5% of the Aggregate Principal Balance.
- (j) In respect of each such new Reference Claim, each of the Rating Agencies has given its prior written confirmation to the Bank and the Trustee that the Replenishment does not adversely affect the rating of any

Note existing prior to such Replenishment.

- (k) All Replenishments on the Replenishment Date, taken together, must not cause the Reference Pool to contravene, or if the Reference Pool is already in contravention prior to such addition, cause to worsen such contravention of the following concentration threshold: the average Outstanding Nominal Amount of the Reference Claims shall not exceed the amount of €12,000,000.
- (l) All Replenishments on the Replenishment Date, taken together, must not cause the Reference Pool to contravene, or if the Reference Pool is already in contravention prior to such addition, cause to worsen such contravention of the following concentration threshold: the weighted average Debt Service Coverage Ratio of the Reference Pool shall not be less than 1.50:1.
- (m) All Replenishments on the Replenishment Date, taken together, must not cause the Reference Pool to contravene, or if the Reference Pool is already in contravention prior to such addition, cause to worsen such contravention of the following concentration threshold: the weighted average Loan-to-Value of the Reference Pool shall not be higher than 75%.
- (n) No such new Reference Claim may have a legal maturity exceeding the longest maturity of any Reference Claim included in the initial Reference Pool.
- (o) The Bank shall have delivered to the Trustee an update of the Reference Claim List providing the information specified in § 3(2)(a) above with respect to such new Reference Claim. Such new Reference Claim and the related Reference Collateral can be identified in the files of the Bank on the basis of such update and the information provided in such update with respect to the new Reference Claim is true and accurate.

"Current Loan-to-Value" or **"LTV"** means the outstanding balance of the Reference Claim, divided by the then current Property Value.

"Debt Service Coverage Ratio" ("DSCR") means the Net Property Cash Flow of the Mortgaged Property(ies) securing the Reference Claim (assumed to remain constant over time) divided by the sum of (a) the aggregate amount of principal amortisation payments due during the full year commencing with the Cut-off Date or the relevant Replenishment Date, as applicable, and (b) the aggregate amount of interest payments which would be due during that same period calculated with reference to the then outstanding principal balance excluding any undrawn commitments, assuming that the interest rate applicable to the Reference Claim during such period is set, if a variable rate loan, relative to the index levels prevailing as of the Cut-off Date or the relevant Replenishment Date, as applicable, as would be required by the contractual terms of the loan underlying the Reference Claim. Balloon payments, defined as large payments exceptional to the regular amortisation schedule for each Reference Claim, and, if the relevant loan agreement provides that cash sweeps will be applied to amortisation payments, such cash sweeps, defined as the excess (if any) of the annual rental income generated by the relevant Mortgaged Property(ies) over the aggregate amount of interest payments due for the same annual period under the Reference Claim, have been excluded for the purpose of this calculation.

"Net Property Cash Flow" means the net annual rental income currently generated by a Mortgaged Property or Mortgaged Properties minus, in cases of non-fully "repairing and insuring" (FRI) tenancies, the relevant expenses and ground lease payments.

"Outstanding Nominal Amount" means (i) with respect to a EUR Reference Claim, its initial principal amount as specified in Schedule 1 to the Trust Agreement as reduced by the Collections in respect of such Reference Claim and (ii) with respect to a Non-EUR Reference Claim, its Outstanding EUR Equivalent Amount. **"Collections"** means with respect to a Reference Claim, all payments (including prepayments, Enforcement Proceeds and Late Recoveries), allocable to such Reference Claim and any other reductions of the principal amount, including by way of set-off, or amounts of principal forgone, of such Reference Claim.

"EUR Reference Claim" means a Reference Claim denominated in Euro and **"Non-EUR Reference Claim"** means a Reference Claim denominated in a currency other than Euro.

The Bank may waive its right to replenish the Reference Pool set forth in this § 3(9) by notice to the Trustee and upon delivery of such notice to the Trustee such right shall cease to exist. Compliance with the Replenishment

Conditions is a condition to the Loss Allocation and does not constitute an obligation of the Bank or the Issuer.

(10) Non-EUR Reference Claims - Conversion; Re-sets

- (a) The principal amount of any Reference Claim denominated in a currency other than Euro (each, a "**Non-EUR Reference Claim**"), shall be deemed to be equal to the amount of principal in Euro specified in respect of such Reference Claim in the Reference Claim List pursuant to paragraphs (b) and (c) below, as reduced pursuant to paragraph (f) below (the "**Outstanding EUR Equivalent Amount**").
- (b) The Bank shall specify in the related Reference Claim List the initial Outstanding EUR Equivalent Amount of each Non-EUR Reference Claim as of the Cut-off Date or, in the case of a Non-EUR Reference Claim which is subsequently added to the Reference Pool as of any Replenishment Date, in each case determined on the basis of the Market Exchange Rate prevailing on or about the Cut-off Date or the relevant Replenishment Date, as applicable. Each exchange rate used at the Cut-off Date is herein referred to as a "**Cut-off Exchange Rate**".

"**Market Exchange Rate**" means with respect to a Non-EUR Reference Claim, the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in Euro and the currency of the relevant Non-EUR Reference Claim, as published on Reuters page OPTREF or, in the event that such page is not published, an alternative currency exchange rate determined by the Bank as the arithmetic mean of the mid-market exchange rates for conversion from the relevant currency into Euro that at least three leading London banks, selected by the Bank, quote at such time in the London Inter-bank market, as determined by the Bank acting in a commercially reasonable manner. "**Reuters Page**" means the relevant display page on the Reuter Monitor Money Rates Service (or such other page as may replace such page on that service for the purpose of displaying comparable foreign exchange rates).

- (c) On any Replenishment Date (each, a "**Re-set Date**"), the Bank may re-set the then Outstanding EUR Equivalent Amounts of the Non-EUR Reference Claims which are denominated in the same currency (the "**Re-set Currency**") by new Outstanding EUR Equivalent Amounts to be specified (together with the relevant Exchange Rate) in the related Reference Claim List (each, a "**Re-set**") subject to the following conditions (the "**Re-set Conditions**"):
 - (i) Re-sets may only be carried out on a Re-set Date if the aggregate Outstanding Nominal Amount of all Reference Claims, including (A) such new Outstanding EUR Equivalent Amounts, (B) any new Reference Claims replenished pursuant to § 3(9) as of such date, and (C) the Outstanding Nominal Amount of any Defaulted Reference Claim or Liquidated Reference Claim, but excluding the Outstanding Nominal Amounts of any Reference Claims removed from the Reference Pool pursuant to § 3 (7) (Non-compliance with Eligibility Criteria, Replenishment Conditions or Servicing Principles), does not exceed the Relevant Maximum Aggregate Principal Balance as of the Replenishment Date falling on or immediately preceding such Re-set Date;
 - (ii) Re-sets must be made for all (but not some only) Non-EUR Reference Claim denominated in the Re-set Currency (excluding Reference Claims with respect to which a Credit Event has occurred);
 - (iii) the new Outstanding EUR Equivalent Amounts must be determined on the basis of the Market Exchange Rate on the Re-set Date;
 - (iv) If the relevant Market Exchange Rate results in an increase of the Outstanding EUR Equivalent Amount, the re-set may only be carried out if the Replenishment Conditions set forth in § 3(9) (except the Replenishment Conditions under § 3(9)(b), (c), (d), (j), (n) and (o)) are met with respect to such re-set, assuming for this purpose that the increase of the Outstanding EUR Equivalent Amount resulting from such re-set constitutes a Replenishment; and
 - (v) the Bank delivers to the Trustee an update of the Reference Claim List specifying each new Outstanding EUR Equivalent Amount and the Exchange Rate in respect of the relevant Non-EUR Reference Claims not later than 11:30 CET on the Re-set Date.

New Reference Claims denominated in the Re-set Currency or Euro may only be added to the Reference Pool on the Re-set Date in accordance with § 3(9) and, if denominated in the Re-set

Currency, its Outstanding EUR Equivalent Amount must be determined on the basis of the Exchange Rate specified under (v).

"Exchange Rate" means at any time in respect of a Non-EUR Reference Claim, the Market Exchange Rate which was last specified in the related Reference Claim List in respect of such Non-EUR Reference Claim pursuant to paragraph (b) or (c) above.

- (d) Each Re-set made in accordance with paragraph (c) shall become effective as of 11:30 CET on the Re-set Date, or if the Reference Claim List is not delivered pursuant to (c)(v) by that time but is delivered before such time on the immediately following Business Day, as of the immediately following Business Day, and upon such effectiveness the new Outstanding EUR Equivalent Amount shall replace the previous Outstanding EUR Equivalent Amounts of the relevant Non-EUR Reference Claims.
- (e) If in respect of a Re-set of the Outstanding EUR Equivalent Amount of a Reference Claim any of the Re-set Conditions is not complied with (subject to paragraph (d)) as of the Re-set Date, all Re-sets as of such Re-set Date of the Reference Claims denominated in the same Re-set Currency as the Reference Claims in respect of which the non-compliance occurred, shall have no effect and the Outstanding EUR Equivalent Amounts of the relevant Reference Claims shall not be affected by such purported Re-set.
- (f) Any Collections in respect of a Non-EUR Reference Claim which are received in Euro shall reduce directly the Outstanding EUR Equivalent Amount of such Reference Claim on a one to one basis. Any Collections in respect of a Non-EUR Reference Claim which are received in the currency of such Reference Claim (including any other reduction of the principal amount, such as by way of set-off, of such Reference Claim) shall be converted to Euro at the Exchange Rate and the Outstanding EUR Equivalent Amount of such Reference Claim shall be reduced by the resulting Euro amount.
- (g) The Outstanding EUR Equivalent Amounts and the Exchange Rates with respect to each Non-EUR Reference Claim, as well as reasonable details on the determination thereof, shall be available in the records of the Bank regarding such Reference Claims.

§ 4 Trustee

- (1) For the benefit of the Noteholders and the Credit Swap Counterparties, the Issuer has entered into a trust agreement (the **"Trust Agreement"**) dated September 30, 2002 with Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, 40212 Düsseldorf, Germany. **The text of the main provisions of the Trust Agreement (excluding Schedules) is attached as Appendix A hereto and constitutes an integral part of these Terms and Conditions.**
- (2) In accordance with the procedures set out in the Trust Agreement, the Trustee is obliged under the Trust Agreement to (i) verify the determination and allocation of Realised Losses pursuant to § 8, (ii) verify the process of removal of any Reference Claims pursuant to § 3(7) or § 8 (4) from the Reference Pool and the related redemption of the Notes pursuant to § 3(7), (iii) verify the determinations and allocations in connection with an Early Redemption (§ 11(1)) and Credit Events pursuant to § 11, (iv) make required appointments of third party experts pursuant to § 9, § 11 and the Trust Agreement, and (v) perform such other functions as are specified in the Transaction Documents.
- (3) As long as any of the Notes are outstanding, the Issuer shall ensure that a well-recognised trustee of international standing selected from the five big international auditing firms at the relevant time or their affiliates is appointed at all times who has undertaken substantially the same functions and obligations as the Trustee pursuant to the Terms and Conditions of the Notes and the Trust Agreement (together with all documents evidencing the Credit Swaps (as defined in the Trust Agreement), the Schedules thereto and all other agreements and documents executed in connection with the issue of the Notes and transactions contemplated hereby, the **"Transaction Documents"**).

§ 5 Payments

- (1) Payments in respect of the Notes shall be made on each Payment Date by wire transfer of same day funds to Clearstream Frankfurt for credit to the relevant accountholders of Clearstream Frankfurt.
- (2) All payments made by or on behalf of the Issuer to Clearstream Frankfurt shall discharge the liability of the Issuer under the relevant Notes to the extent of the sums so paid.
- (3) Payments in respect of the Notes to the Noteholders shall become due and payable quarterly in arrear, on each 23rd day of August, November, February and May of each year or if such 23rd day is not a Business Day, on the next succeeding day which is a Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day, commencing in February 2003 (each, a "**Payment Date**"). "**Business Day**" means a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System are operational and commercial banks are open for business in Frankfurt am Main.

§ 6 Payments of Interest; Class F+ Interest Subparticipation

- (1) The Note Principal Amount of the Notes of each Class shall bear interest from September 30, 2002 (the "**Issue Date**") until the close of the day (both days inclusive) preceding the day on which such Note Principal Amount has been redeemed in full, *provided that* the Note Principal Amount shall not bear interest for any period during which the Note Principal Amount has been reduced to €1 by allocation of Realised Losses pursuant to these Terms and Conditions. The "**Note Principal Amount**" of any Note means, in respect to any date, an amount (rounded, if necessary, to the nearest €0.01, with €0.005 being rounded upwards) equal to the initial principal amount of such Note on the Issue Date as, on or before such date, (i) reduced by any Realised Losses allocated to such Note, (ii) increased by any Late Recoveries or as a result of any Unjustified Loss Allocation procedure, and (iii) reduced by all amounts paid on such Note in respect of principal. The "**Class Principal Amount**" means, in respect of each Class of Notes, the aggregate of the Note Principal Amounts of all Notes of such Class.
- (2) 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 (§ 6(4)) for the relevant Interest Accrual Period (§ 6(3)) to the Note Principal Amount of such Note on the relevant Determination Date (§ 6(5)) and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 365.
- (3) "**Interest Accrual Period**" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the Payment Date falling in February 2003, and in respect of any subsequent Payment Date, the period commencing on (and including) a Payment Date and ending on (but excluding) the immediately following Payment Date.
- (4) The interest rate payable on the Notes for each Interest Accrual Period (each, an "**Interest Rate**") shall be
 - in the case of the Class A-1 Notes, EURIBOR plus 0.13% per annum,
 - in the case of the Class A-2+ Notes, EURIBOR plus 0.13% per annum,
 - in the case of the Class A-3 Notes, EURIBOR plus 0.37% per annum,
 - in the case of the Class A-4 Notes, EURIBOR plus 0.43% per annum,
 - in the case of the Class B Notes, EURIBOR plus 0.55% per annum,
 - in the case of the Class C Notes, EURIBOR plus 0.83% per annum,
 - in the case of the Class D Notes, EURIBOR plus 1.75% per annum,
 - in the case of the Class E Notes, EURIBOR plus 4.50% per annum,
 - in the case of the Class F+ Notes, EURIBOR plus 0.55% 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 four and five months) which appears on Moneyline Telerate Page 248 of the Associated Press-Dow Jones Telerate Service (or such other page as may replace such page on that service for the purpose of displaying Brussels interbank offered rate quotations of

major banks) as of 11:00 a.m. (Brussels time) on the second TARGET Settlement Day immediately preceding the commencement of such Interest Accrual Period (each, a "**EURIBOR Determination Date**"), all as determined by the Principal Paying Agent (§ 14).

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

- (5) On each Determination Date, the Principal Paying Agent shall determine and promptly notify to the Bank (if different from the Principal Paying Agent), the Issuer, the Trustee, the Luxembourg Stock Exchange and the Noteholders the Interest Amount payable on each Note for the relevant Interest Accrual Period on the relevant Payment Date to the relevant Noteholder. "**Determination Date**" means with respect to any Payment Date the 5th Business Day preceding such Payment Date.

As long as any Class of Notes is listed on the Luxembourg Stock Exchange, the Issuer shall on each EURIBOR Determination Date determine and notify to the Luxembourg Stock Exchange and to the Luxembourg Intermediary the Interest Rate for the immediately following Interest Accrual Period with respect to each of such listed Class.

- (6) All Interest Rates and 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.
- (7) Upon reduction of the Class Principal Amount of the Class F+ Notes as a result of the allocation of a Realised Loss (or any part thereof) in respect of a Reference Claim in accordance with § 8, the Issuer shall pay to the holders of the Class F+ Notes (the "**Class F+ Noteholders**") an amount equal to such reduction of the Class Principal Amount of the Class F+ Notes (each such amount so payable an "**Interest Subparticipation Amount**") from the relevant Available Interest Income, subject to and in accordance with the Interest Subparticipation Provisions. The portion of each Interest Subparticipation Amount payable on each Class F+ Note shall be the Interest Subparticipation Amount divided by the number of the Class F+ Notes then outstanding.

§ 7 Payments of Principal

- (1) (a) On each Payment Date prior to the Payment Date falling in November 2008, the Notes may be redeemed, and on each Payment Date starting with the Payment Date falling in November 2008 the Notes shall be redeemed, in an amount equal to the sum of (i) the aggregate of payments of principal (including principal

prepayments) on the Reference Claims received by the Bank during the Related Collection Period (§ 7(2)), (ii) any amounts to be redeemed in connection with the removal of a Reference Claim from the Reference Pool pursuant to § 3(7) or § 8(4) as reduced by any amounts replenished during the Related Collection Period pursuant to § 3(9) and (iii) any amounts to be redeemed pursuant to § 8(3) (such sum, the "**Principal Collections**") as follows:

first, the Class A-1 Notes shall be redeemed;

then, after the Class A-1 Notes have been redeemed in full, the Class A-2+ Notes shall be redeemed in an amount equal to the Principal Collections multiplied by 250,000 divided by 97,790,455.54,

then, after the Class A-2+ Notes have been redeemed in full, the Class A-4 Notes will be redeemed,

then, after the Class A-4 Notes have been redeemed in full, the Class A-3 Notes will be redeemed,

then, after the Class A-3 Notes have been redeemed in full, the Class B, the Class C, the Class D and the Class E Notes, in this order sequentially, shall be redeemed,

then, after the Class E Notes have been redeemed in full, the Class F+ Notes shall be redeemed in an amount equal to the Principal Collections multiplied by 250,000 divided by 14,981,512.47;

provided that the redemption amount allocated to each Class of Notes will be, in each case subject to § 3(7), calculated after the reduction thereof by allocation of Realised Losses on the relevant Payment Date pursuant to § 8, if any, and *provided further that* (A) the excess of (i) the cumulative Collections received during all Collection Periods preceding the Payment Date falling in November 2008 over (ii) the aggregate Outstanding Nominal Amounts as of the relevant Replenishment Date of all Reference Claims added to the Reference Pool during the Replenishment Period in accordance with § 3(9) as reduced by (B) the cumulative principal payments made on the Notes (in the case of the Class A-2+ and Class F+ Notes, multiplied by the Relevant Increase Factor) during the Replenishment Period shall be deemed to be Principal Collections on the Payment Date falling in November 2008.

- (b) In respect of the first Payment Date, the Principal Collections determined pursuant to paragraph (a) above shall be increased by (A) €923,121,968 minus (B) the aggregate of the outstanding principal amount of all Reference Claims on the end of the calendar day immediately preceding the Issue Date.
 - (c) 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) and (b) above divided by the number of Notes in such Class.
- (2) "**Collection Period**" means, in respect of the first Payment Date, the period commencing on the Issue Date and ending on January 31, 2003 (both days inclusive) and, in respect of any subsequent Payment Date, the period from the first day of the third month preceding the month in which such Payment Date occurs and ending on the last day of the month preceding the month in which the related Payment Date occurs (both dates inclusive) and "**Related Collection Period**" means the Collection Period immediately preceding a given Payment Date and the relevant Determination Date.
- (3) On each Determination Date the Bank shall determine the amounts of principal payable on each Note on the related Payment Date and shall promptly notify such amounts to the Principal Paying Agent (if different from the Bank) and the Trustee. The Luxembourg Stock Exchange will be regularly informed of the aggregate outstanding principal amount of each Class of Notes listed on the Luxembourg Stock Exchange.

§ 8

Allocation of Realised Losses

- (1) On each Payment Date, the aggregate amount of any Realised Losses not previously allocated shall be allocated (prior to any principal payments to the Notes on such Payment Date) as follows:

first, Realised Losses up to an aggregate amount equal to the Tranche F+ Amount shall be allocated to reduce the Class Principal Amount of the Class F+ Notes, provided that for any Realised Losses so allocated the Class Principal Amount of the Class F+ Notes shall only be reduced in an amount equal to the

product of such Realised Losses and the F+ Reduction Factor; "**F+ Reduction Factor**" means 250,000 divided by 14,981,512.47; "**Tranche F+ Amount**" means 14,981,512.47;

second, after the Note Principal Amount of each of the Class F+ Notes has been reduced to €1 per Class F+ Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class E Notes;

third, after the Note Principal Amount of each of the Class E Notes has been reduced to €1 per Class E Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class D Notes;

fourth, after the Note Principal Amount of each of the Class D Notes has been reduced to €1 per Class D Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class C Notes;

fifth, after the Note Principal Amount of each of the Class C Notes has been reduced to €1 per Class C Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class B Notes;

sixth, after the Note Principal Amount of each of the Class B Notes has been reduced to €1 per Class B Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class A-4 Notes;

seventh, after the Note Principal Amount of each of the Class A-4 Notes has been reduced to €1 per Class A-4 Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class A-3 Notes;

eighth, after the Note Principal Amount of each of the Class A-3 Notes has been reduced to €1 per Class A-3 Note, Realised Losses shall be allocated up to an aggregate amount equal to the Tranche A-2+ Amount to reduce the Class Principal Amount of the Class A-2+ Notes, *provided that*, for any Realised Losses so allocated, the Class Principal Amount of the Class A-2+ Notes shall only be reduced in an amount equal to the product of such Realised Losses and the A-2+ Reduction Factor as of such Payment Date; "**A-2+ Reduction Factor**" means 250,000 divided by 97,790,455.54; "**Tranche A-2+ Amount**" means 97,790,455.54;

ninth, after the Note Principal Amount of each of the Class A-2+ Notes has been reduced to €1 per Class A-2+ Note, Realised Losses shall be allocated to reduce the Class Principal Amount of the Class A-1 Notes;

provided that (i) the Bank has duly notified the Trustee pursuant to § 8(7), (ii) such determination and/or allocation of Realised Losses shall be subject to the terms of any Notice received in accordance with Clause 12 of the Trust Agreement before 11 a.m. CET on the 5th Business Day preceding the relevant Payment Date and (iii) in respect of each Reference Claim for which losses are to be allocated, the Trustee has confirmed such determination and allocation of Realised Losses pursuant to Clause 11(2)(a) of the Trust Agreement. Realised Losses may not be allocated if and for as long as the Issuer is in breach of its obligation to maintain a trustee pursuant to § 4(3) or the Issuer or the Bank are in breach of any of their respective obligations under the Trust Agreement and such breach of 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.

Accordingly, the Note Principal Amount of each Note of any Class shall be reduced on each Payment Date in an amount equal to the reduction of the Class Principal Amount of such Class in accordance with this paragraph (1) divided by the number of Notes in such Class, *provided that* the Note Principal Amount of each Note of any Class shall not be reduced below €1.

A Reference Claim in respect of which any of the Eligibility Criteria, Replenishment Conditions, Servicing Principles or, if relevant, requirements for transfer of such Reference Claim pursuant to § 8(4) is not complied with shall not qualify for allocation of Realised Losses pursuant to this § 8(1), subject to certain limited exceptions as set out in § 3(7).

The allocation of Realised Losses to any Note shall not be affected by (i) the invalidity or unenforceability or (ii) any redemption other than in accordance with the Terms and Conditions, of any other Note ranking equal or junior to such Note for the purposes of Loss Allocation.

- (2) "**Realised Loss**" in respect of a Liquidated Reference Claim means an amount equal to the Outstanding Nominal Amount of such Liquidated Reference Claim as of the end of the Collection Period during which it became a Liquidated Reference Claim, *provided that* such Liquidated Reference Claim has been notified to the Trustee

pursuant to § 8(7) and *provided further that*, if, before or after the occurrence of a Credit Event in respect of such Reference Claim, any amount of principal has been forgone in connection with any payment rescheduling or debt restructuring of such Reference Claim in compliance with the Servicing Principles, such amount shall be included in, or (where the remaining Outstanding Nominal Amount of such Reference Claim has been redeemed in full so that there are no other losses with respect to such Liquidated Reference Claim) constitute the Realised Loss with respect to such Liquidated Reference Claim.

"Liquidated Reference Claim" means a Reference Claim (i) in respect of which a Realised Loss has not previously been allocated pursuant to § 8(1), (ii) in respect of which a Credit Event had occurred and was not remedied before a Credit Event Notice has been given pursuant to (iii) below, (iii) in respect of which a Credit Event Notice has been given regarding such Credit Event and (iv) as to which the Bank has notified the Trustee pursuant to § 8(7) that the Bank has determined in accordance with the Servicing Principles that all amounts expected to be recovered in respect of such Reference Claim and allocable to the principal amount thereof have been paid on such Reference Claim.. For this purpose, the Bank may, without limitation, assume that all amounts expected to be recovered in respect of a Reference Claim have been paid if the Enforcement of the relevant Reference Collateral is completed or was not commenced on the basis of an independent third party expert (which is a recognized competent firm of valuers with relevant market knowledge) opinion stating on the basis of an independent appraisal of the market value of the Reference Collateral that the Enforcement Proceeds will not result in a reduction of the Realised Loss in respect of such Reference Claim. For the avoidance of doubt, a Reference Claim cannot become a Liquidated Reference Claim as a result of a sale of such Reference Claim to a third party. For the avoidance of doubt, a Reference Claim which has been fully redeemed after any amount of principal has been forgone in connection with any payment rescheduling or debt restructuring of such Reference Claim in compliance with the Servicing Principles, may constitute a Liquidated Reference Claim.

"Enforcement" means, with respect to any Reference Mortgage, any other Mortgage or any Additional Reference Collateral, the enforcement by or on behalf of the Bank of such Reference Mortgage, other Mortgage or Additional Reference Collateral (i) in accordance with the Servicing Principles as in effect at the time of such enforcement and, in particular, with its applicable usual business practice and standard credit and collection procedures (including applicable reminder procedures) as in effect at such time and (ii) involving those departments, divisions, officers and employees of the Bank as required by the Servicing Principles as in effect at such time.

- (3) Any payments of principal the Bank receives during a Collection Period on a Reference Claim in respect of which any Realised Losses had been allocated to the Notes (the **"Late Recoveries"**), converted, where necessary, in accordance with (11) below, shall be allocated as of the following Payment Date as follows:
- (a) if Realised Losses are to be allocated to the Notes on such Payment Date: (i) such Late Recoveries shall be allocated to reduce such Realised Losses (so that only the amount by which such Realised Losses exceed such Late Recoveries shall be allocated to the Notes pursuant to § 8) and (ii) the amount allocated pursuant to (i) shall constitute Principal Collections for the purpose of redemption of the Notes pursuant to § 7;
 - (b) any amount of such Late Recoveries remaining after any allocation pursuant to paragraph (a) above, shall be allocated as follows:
 - (A) to reverse any previous Loss Allocation for which no Interest Subparticipation Amount has been paid sequentially (starting with the most senior Class to which Realised Losses were allocated), such that for each amount of Late Recoveries so allocated to the Class A-1 Notes, Class A-2+ Notes, Class A-3 Notes, Class A-4 Notes, Class B Notes, Class C Notes, Class D Notes, Class E and Class F+ Notes, the Class Principal Amount of such Class of Notes shall be increased by an amount (the **"Increase Amount"**) equal to the amount of Late Recoveries, *provided that*
 - (i) in case of the Class A-2+ Notes, the Class Principal Amount of the Class A-2+ Notes shall be increased by an amount equal to the product of the amount of Late Recoveries and the A-2+ Reduction Factor,
 - (ii) in case of the Class F+ Notes, the Class Principal Amount of the Class F+ Notes shall be increased by an amount equal to the product of the amount of Late Recoveries and the F+ Reduction Factor, and

- (iii) the Increase Amount for any Class of Notes shall not exceed the amount by which the Class Principal Amount of such Class was previously reduced by Loss Allocation;
 - (B) any Interest Subparticipation Amount deferred to or beyond such Payment Date shall be reduced as of such Payment Date by the amount of the Increase Amount to the extent allocated to the Class F+ Notes, and
 - (C) any amount of the Late Recoveries not allocated pursuant to paragraphs (A) and (B) above (the "**Unused Late Recoveries**") shall be allocated pursuant to paragraph 3(a) above on any subsequent Payment Date to reduce any future Realised Losses which otherwise would have to be allocated to the Notes pursuant to Loss Allocation on such Payment Date so that only the amount by which such future Realised Losses exceed such amount of Late Recoveries shall be allocated to the Notes pursuant to Loss Allocation; for this purpose any amount of Late Recoveries to be used pursuant to this paragraph (C) will be recorded in a separate account maintained by the Bank.
- (c) 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 § 8(3), the Noteholders shall receive no additional payment of interest in respect of the increase of the Note Principal Amounts pursuant to this § 8(3) or otherwise on the account of the amount of such Late Recoveries;
 - (ii) Late Recoveries shall constitute Collections on the relevant Reference Claims; and
 - (iii) the Noteholders shall have no rights with respect to any Late Recoveries after the final redemption of the Notes.
- (4) The Reference Pool and the rights and obligations under these Terms and Conditions including the right to allocate the Realised Losses, shall not be affected by the transfer of any Reference Claim by the Bank to a third party, *provided that* (i) the Bank or an affiliated entity which will assume the servicing function in accordance with § 3(6)(b) remains responsible for servicing and determination and allocation of Realised Losses with respect to such Reference Claim, (ii) the standards of the servicing and the determination and allocation of Realised Losses remain unchanged upon such transfer, (iii) the obligations of the Bank under the Transaction Documents remain to be complied with, and (iv) in the professional judgement of the Trustee such transfer shall not adversely affect the interests of the Noteholders or the Credit Swap Counterparties. The Bank may remove any Reference Claim transferred in accordance with the requirements set out under (i) through (iv) above from the Reference Pool in accordance with procedures set out in the Trust Agreement.
- (5) The Realised Losses incurred during a Collection Period and their allocation on the related Payment Date shall be determined by the Bank after the end of the Collection Period but not later than on the relevant Determination Date.
- (6) In determining and allocating Realised Losses, the Bank shall duly protect the interests of the Transaction Creditors with respect to such allocations and shall not place the Transaction Creditors in a less favourable position than is its own position or any third party's position with respect to the Reference Claims, Reference Collateral and/or any of the Borrowers relevant in connection with such allocation.
- (7) The Bank shall immediately notify the Trustee in writing of each Reference Claim which has become a Liquidated Reference Claim, the amount of Realised Losses with respect to such Liquidated Reference Claim and intended allocation of such Realised Losses pursuant to § 8(1).
- (8) The holders of any Class of Notes shall have no right to or interest in any Reference Claim including, but not limited to, where a Realised Loss in respect of such Reference Claim has been allocated to any such Class of Notes.
- (9) If any Note remains outstanding after any other Note, which, for the purposes of Loss Allocation, ranks equal or junior to such outstanding Note, has been, for any reason, redeemed, repurchased or cancelled (whether following a Default Event of otherwise) in full or in part (as opposed to any reduction of the principal amount by Loss Allocation), each such other junior or equal ranking Note shall be deemed to remain outstanding for the

purposes of the Loss Allocation in respect of such Note.

- (10) Any Late Recovery in respect of a Non-EUR Reference Claim received in the currency of such Reference Claim shall be converted for the purposes of § 8(3) above at the Market Exchange Rate on the date of the receipt of the Late Recovery by the Bank, *provided* that the cumulative amount so converted of all Late Recoveries with respect to any single Liquidated Reference Claim shall be limited to the amount of the Realised Loss in respect of such Liquidated Reference Claim allocated to the Notes pursuant to the Loss Allocation.

§ 9

Unjustified Loss Allocation

- (1) On any Payment Date following the determination of an Unjustified Loss Allocation (§ 9(2)), the amount of Unjustified Loss Allocation shall be treated as a Late Recovery with regard to the reduction and reversal of Realised Losses. The Issuer shall pay interest on the amount by which the Note Principal Amount of any Note was decreased as a result of an Unjustified Loss Allocation for the period from such allocation until re-instatement thereof, at the rate(s) of interest applicable to such Note during such period plus a default interest of 3 % per annum, *provided*, for the avoidance of doubt, that the Unjustified Loss Allocation shall result in redemption of the Notes as and when the Collections on the related Reference Claims are actually received.
- (2) "**Unjustified Loss Allocation**" means allocation of Realised Losses to a Class (or Classes) of Notes pursuant to § 8(1) if (i) the determination of the Realised Losses itself or the allocation thereof to a particular Class of Notes was erroneous and/or (ii) a breach of § 3(5), § 3(6) or § 3(9) (subject to § 3(7)(a) and (b)) had occurred in respect of a Reference Claim with respect to which a Realised Loss was allocated.
- (3) Unjustified Loss Allocation for a given Collection Period, if any, shall be determined, and the re-instatement of the Note Principal Amount of any Notes for purposes of § 8(1) calculated, by a third party expert appointed by the Trustee in accordance with the Trust Agreement in consultation with the Bank not later than on the relevant Determination Date. Notwithstanding any notification from the expert, the Bank shall notify the Trustee of the Unjustified Loss Allocations and the re-instatement of the Note Principal Amount.

§ 10

Redemption

- (1) The Notes shall be redeemed on the Payment Date falling in August 2025 (the "**Final Scheduled Payment Date**") at their Note Principal Amount as of the Final Scheduled Payment Date (as reduced by Loss Allocation as of such date). If any Reference Claim (other than a Liquidated Reference Claim or a Non-qualifying Reference Claim) is overdue and outstanding or in respect of which a Credit Event has occurred as of the end of the Collection Period immediately preceding the Final Scheduled Payment Date (each, an "**Overdue Reference Claim**", which term shall include, for the avoidance of doubt, any Defaulted Reference Claim), the redemption of the Notes shall be subject to the following:
- (a) the Outstanding Nominal Amount of each Overdue Reference Claim shall be deemed to be a Realised Loss, if (A) the sum of (i) such deemed Realised Losses, (ii) any other Realised Losses to be allocated pursuant to Loss Allocation as of the Final Scheduled Payment Date and (iii) the aggregate amount of any deferred Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, outstanding immediately before the Final Scheduled Payment Date does not exceed (B) the sum of (aa) the aggregate of all Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, payable on the Final Scheduled Payment Date in respect of such deemed Realised Losses, such actual Realised Losses and such deferred Interest Subparticipation Amounts and (bb) any Unused Late Recoveries as of the Final Scheduled Payment Date;
- (b) if the condition set out in paragraph (a) above is not met, the Bank shall have the right to determine the Estimated Losses (§ 11(4)) for one or more such Overdue Reference Claims as if they were Defaulted Reference Claims, *provided that* the sum of (x) such Estimated Losses and (y) the Outstanding Nominal Amounts of any such Overdue Reference Claims as of the Final Scheduled Payment Date for which Estimated Losses have not been determined, if any, shall be deemed to be Realised Losses if (A) the sum of (i) the aggregate amount of such deemed Realised Losses, (ii) any other Realised Losses to be allocated pursuant to Loss Allocation as of the Final Scheduled Payment Date and (iii) the aggregate amount of any deferred Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, outstanding immediately

before the Final Scheduled Payment Date does not exceed (B) the sum of (aa) the aggregate of all Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, payable on the Final Scheduled Payment Date in respect of such deemed Realised Losses, such actual Realised Losses and such deferred Interest Subparticipation Amounts and (bb) any Unused Late Recoveries as of the Final Scheduled Payment Date;

- (c) if any such Overdue Reference Claims cannot be allocated pursuant to (a) or (b) above, the redemption of those Notes to which the Outstanding Nominal Amounts of such Overdue Reference Claims would be allocated pursuant to the Loss Allocation if those amounts were Realised Losses shall be deferred so that the aggregate amount of the outstanding Note Principal Amounts, in the case of the Class F+ and Class A-2+ Notes when multiplied by the Relevant Increase Factor, is equal to (x) the aggregate of the Outstanding Nominal Amounts of such Overdue Reference Claims as of the end of the Collection Period immediately preceding the Final Scheduled Payment Date minus (y) any Unused Late Recoveries; and
 - (d) if any Notes remain outstanding pursuant to (a), (b) or (c) above, the Terms and Conditions shall continue to apply to such Notes *provided that* on any Payment Date following the Final Scheduled Payment Date deemed Realised Losses may be determined if the conditions set forth in (a) or (b) above are met.
- (2) In the event that any Defaulted Reference Claim for which no Realised Loss has been determined remains outstanding on the Determination Date immediately preceding the Payment Date falling in August 2027 (the "**Legal Maturity Date**"), the Issuer shall:
- (a) cause the determination of the Estimated Loss in respect of each such Defaulted Reference Claim;
 - (a) cause the Bank to determine whether any such Estimated Loss shall constitute a Realised Loss to be allocated to the remaining outstanding Notes in accordance with § 8 on the Legal Maturity Date, and
 - (b) redeem the remaining outstanding Notes at their Note Principal Amounts on the Legal Maturity Date.

§ 11 Early Redemption

- (1) Subject to § 11(2) below, the Issuer shall redeem the Notes (all Classes but not some only, in whole but not in part) on the Payment Date (the "**Early Redemption Date**") as of which the termination of the loss guarantee agreement entered into between the Bank and the Issuer on or about September 30, 2002 (the "**Loss Guarantee**") becomes effective upon the exercise by the Bank of its Early Termination Right at the then current Note Principal Amount in accordance with this § 11 (the "**Early Redemption**"). The Trustee shall receive prior notice of the Early Redemption pursuant to § 12(2).

"**Early Termination Right**" means the option of the Bank to terminate the Loss Guarantee (subject, where applicable, to the continuation of certain rights and obligations thereunder) with at least 5 Business Days prior notice to the Issuer on any Payment Date following the Collection Period during which

- (i) a Regulatory Event occurred; or
- (ii) the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the Initial Aggregate Principal Balance; or
- (iii) the 6th anniversary of the Issue Date occurred; or
- (iv) a Tax Event occurred,

provided that the Bank may waive any of its rights to terminate the Loss Guarantee set forth in (i) to (iv) above in whole or in part by notice to the Trustee and upon delivery of such notice to the Trustee the relevant redemption right will cease to exist to the extent specified in such notice.

"**Regulatory Event**" means any enactment of or supplement or amendment to, or change in, (A) the laws of the Federal Republic of Germany or Jersey, or an official communication of previously not existing or not publicly available official interpretation of such laws, or a change in the official interpretation, implementation or application of such laws, or (B) any accord, standard or recommendation of the Basle 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 (and confirmed in writing by the Trustee in its professional judgment), the Bank and/or the Issuer would, 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 and/or the Issuer), (i) be materially restricted from performing any of their obligations under any of the Transaction Documents or (ii) be subject to a 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 or the Credit Swaps) and/or the amount of regulatory capital freed up in respect of any Reference Claim, including, without limitation, as a result of a reduction of the risk weighting factor for such Reference Claim by comparison to the situation that existed on the Issue Date immediately after the issue of the Notes. For the avoidance of doubt, the occurrence of a Regulatory Event shall not be excluded by the fact that, prior to the Issue Date, (a) the event constituting such Regulatory Event was announced or contained in any proposal for a change in the official interpretation, implementation or application of the laws of the Federal Republic of Germany or Jersey (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 or the Issuer is subject on the Issue Date immediately after the issue of Notes.

"Tax Event" means an adoption of or a change in law or regulation of the interpretation, implementation or application thereof, in each case that becomes effective on or after the Issue Date, as a result of which, in the determination of the Bank, for reasons outside its control and after taking reasonable measures (such measures not involving any material additional payment by, or capital or other expenses for, the Bank) 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 Jersey tax purposes and/or to make any tax withholding or deduction in respect of any payments on the Notes, the Collateral, the Cash Deposits, the Credit Swaps and/or the Loss Guarantee or the Issuer would be required to pay any insurance tax in respect of the Notes and/or the Loss Guarantee.

- (2) If any Defaulted Reference Claim (§ 11(4)) is outstanding as of the end of the Collection Period immediately preceding the Early Redemption Date, the Early Redemption shall be subject to the following:
 - (a) the Outstanding Nominal Amount of each such Defaulted Reference Claim shall be deemed to be a Realised Loss, if (A) the sum of (i) such deemed Realised Losses, (ii) any other Realised Losses to be allocated pursuant to Loss Allocation as of the Early Redemption Date and (iii) the aggregate amount of any deferred Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, outstanding immediately before the Early Redemption Date does not exceed (B) the sum of (aa) the aggregate of all Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, payable on the Early Redemption Date in respect of such deemed Realised Losses, such actual Realised Losses and such deferred Interest Subparticipation Amounts and (bb) any Unused Late Recoveries as of the Early Redemption Date;
 - (b) if the condition set out in paragraph (a) above is not met, the Bank shall have the right to determine Estimated Loss for one or more Defaulted Reference Claims, *provided that* the sum of (x) such Estimated Losses and (y) the Outstanding Nominal Amounts of any such Defaulted Reference Claims as of the end of the Collection Period preceding the Early Redemption Date for which Estimated Losses have not been determined, if any, shall be deemed to be Realised Losses if, on such basis, (A) the sum of (i) such deemed Realised Losses, (ii) any other Realised Losses to be allocated pursuant to Loss Allocation as of the Early Redemption Date and (iii) the aggregate amount of any deferred Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, outstanding immediately before the Early Redemption Date does not exceed (B) the sum of (aa) the aggregate of all Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, payable on the Early Redemption Date in respect of such deemed Realised Losses, such actual Realised Losses and such deferred Interest Subparticipation Amounts and (bb) any Unused Late Recoveries as of the Early Redemption Date;
 - (c) if the conditions set out in paragraphs (a) or (b) above are not met, the Class or Classes of Notes ranking

most junior for the purposes of Loss Allocation as of such Early Redemption Date (each a "**Subordinated Class**"), shall remain outstanding in an aggregate Class Principal Amount (or aggregate Class Principal Amounts), in the case of the Class F+ and the Class A-2+ Notes when multiplied with the Relevant Increase Factor, equal to (x) the aggregate Outstanding Nominal Amount of all Defaulted Reference Claims, in each case as of the end of the Collection Period immediately preceding such Early Redemption Date minus (y) any Unused Late Recoveries; all other Classes of Notes, together with the portion of the Class Principal Amount of any Subordinated Class not required to remain outstanding pursuant to the above, shall be redeemed in full, *provided that* (i) such redemption shall not lead to the exclusion of any Reference Claim from the Reference Pool, (ii) no Estimated Losses may be allocated to the Notes so redeemed and (iii) redemption amounts pursuant to § 7 shall be calculated on the basis of principal payments on the Defaulted Reference Claims only, and *provided further that* on any Payment Date following the Early Redemption Date deemed Realised Losses may be determined if the conditions set forth in (a) or (b) are met.

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.

"**A-2+ Increase Factor**" means 1 divided by the A-2+ Reduction Factor. "**F+ Increase Factor**" means 1 divided by the F+ Reduction Factor. "**Relevant Increase Factor**" means, with respect to the Class A-2+ Notes, the A-2+ Increase Factor and, with respect to the Class F+ Notes, the F+ Increase Factor. "**Relevant Reduction Factor**" means, with respect to the Class A-2+ Notes, the A-2+ Reduction Factor and, with respect to the Class F+ Notes, the F+ Reduction Factor.

- (3) If the Loss Guarantee is terminated as a result of the occurrence of an Early Termination Event, the Issuer
 - (a) shall, subject to paragraph (3)(b) below, redeem all of the Notes (but not some only) within 15 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 Loss Allocation (§ 8) as of the Termination Date (as reduced by Late Recoveries and as a result of an Unjustified Loss Allocation) as if such date were a Payment Date (with the Related Collection Period ending on the Termination Date) plus accrued interest on such Notes to the date of redemption; or
 - (b) if any Defaulted Reference Claim is outstanding on the Termination Date, the Issuer may, if the Issuer so elects (and the Issuer will so elect if so instructed by the Bank), redeem the Notes subject to the following:
 - (i) the Outstanding Nominal Amount of each such Defaulted Reference Claim as of the Termination Date will be deemed to be a Realised Loss if the sum of (A) such deemed Realised Losses, (B) any other Realised Losses determined on or before the Termination Date but not yet allocated to the Notes and (C) the aggregate amount of any deferred Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, outstanding immediately before the Termination Date does not exceed the sum of (aa) the aggregate of all Interest Subparticipation Amounts, multiplied by the F+ Increase Factor, which would be payable on the Termination Date in respect of such deemed Realised Losses, such actual Realised Losses and such deferred Interest Subparticipation Amounts and (bb) any Unused Late Recoveries as of the Termination Date; and the Notes shall be redeemed in full, after allocation of such deemed Realised Losses and such other Realised Losses as of the Termination Date and payment of all Interest Subparticipation Amounts, in the order set out in § 7(1) within 15 Business Days following the Termination Date;
 - (ii) if the condition set out in paragraph (i) above is not met, the redemption of the Notes to which any subsequent Realised Losses in respect of such Defaulted Reference Claim(s) are to be allocated pursuant to § 8(1), shall be deferred so that the aggregate amount of the outstanding Note Principal Amounts, in the case of the Class F+ Notes multiplied by the F+ Increase Factor, is equal to the aggregate Outstanding Nominal Amount of such Defaulted Reference Claims minus any Unused Late Recoveries remaining immediately after the Termination Date.
 - (c) In the case of (3)(a) above, the actual Realised Losses referred to therein will be allocated to the Notes as of the Termination Date pursuant to Loss Allocation and all Interest Subparticipation Amounts then

payable shall be paid by the Issuer to the Class F+ Noteholders on the date of redemption.

- (d) In the case of (3)(b)(ii) above, the Issuer shall procure that the Estimated Losses in respect of the Defaulted Reference Claims referred to in (3)(b)(ii) above are determined within 60 days of the Termination Date. Such Estimated Losses shall constitute Realised Losses to be allocated to the remaining outstanding Notes pursuant to Loss Allocation. Not later than on the fifth Business Day following the expiry of the 60 day period: (i) each such Realised Loss shall be allocated pursuant to the Loss Allocation, (ii) the Issuer shall pay all Interest Subparticipation Amounts then payable and (iii) the Issuer shall redeem the remaining outstanding Notes at the then outstanding Note Principal Amounts together with accrued interest thereon to the date of redemption.

"Early Termination Event" means that:

- (i) the assets of the Bank or the Issuer become subject to insolvency, moratorium or similar proceedings which affect or prejudice the performance of its obligations under the Transaction Documents or there is a refusal to institute such proceedings for lack of assets; or
- (ii) the Bank fails to make any payment due to be made under the Loss Guarantee, the Collateral or the Cash Deposits within 14 days from the relevant due date; or
- (iii) the Loss Guarantee terminates by operation of law.

"Termination Date" means the date on which the termination of the Loss Guarantee becomes effective as a result of the occurrence of an Early Termination Event.

- (4) (a) **"Defaulted Reference Claim"** means in respect of any Payment Date or Determination Date a Reference Claim, other than a Liquidated Reference Claim, which is outstanding at the end of the immediately preceding Collection Period and in respect of which
- (i) no breach of § 3(5), § 3(6) or § 3 (9) (subject to § 3(7)(a) and (b)) has occurred,
 - (ii) a Credit Event has occurred on or after the Issue Date and has not been remedied or waived as of the end of such Collection Period, and
 - (iii) Credit Event Notice has been given with respect to such Credit Event.
- (b) **"Credit Event"** means (i) Bankruptcy or (ii) Failure to Pay.

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

"Failure to Pay" means, with respect to a Reference Claim, that a due payment in an aggregate amount of not less than €10,000, or if lower, 50% of the Outstanding Nominal Amount of such Reference Claim has

not been made where due within 90 calendar days from the relevant due date (irrespective of any extension thereof granted after the Issue Date or the Replenishment Date on which such Reference Claim was added to the Reference Pool, as relevant), *provided that* a payment shall be deemed to have been made if the related payment obligation of the Borrower or pursuant to the relevant Reference Loan has been fully satisfied.

"Credit Event Notice" means an irrevocable notice by the Bank to the Trustee that describes a Credit Event that occurred and was not remedied or waived on or after the Issue Date. A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred and specify the Reference Claim in respect of which the Credit Event has occurred. A Credit Event Notice may be delivered between 9:00 a.m. and 4:00 p.m. (Frankfurt time) on any Business Day in accordance with the Trust Agreement. If a Credit Event Notice is delivered to the Trustee after 4:00 p.m. (Frankfurt time) on a Business Day or on a day which is not a Business Day, such Credit Event Notice shall be deemed delivered on the immediately following Business Day.

- (c) **"Estimated Loss"** as of a certain date means with respect to a certain Defaulted Reference Claim for which no Realised Loss has been determined the excess of (A) the Outstanding Nominal Amount of such Reference Claim as of such date over (B) its Final Value.

"Final Value" means with respect to a Defaulted Reference Claim the aggregate amount of the expected future recoveries allocable to such Defaulted Reference Claim in accordance with the Servicing Principles determined on the basis of an independent appraisal of the market value of the Mortgaged Property allocable to the relevant Reference Mortgages and the Additional Reference Collateral and any residual value of the Defaulted Reference Claim and obtained 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 Clause 16 of the Trust Agreement.

- (4) Upon redemption of the Notes pursuant to this § 11, the Noteholders shall not receive any further payments of interest or principal on the Notes.

§ 12 Notifications

- (1) With respect to each Payment Date, the Issuer, or the Principal Paying Agent on its behalf, shall, not later than the 5th Business Day preceding the relevant Payment Date, notify (i) the Noteholders in accordance with § 16, and (ii) as long as any Class of Notes is listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange, of the following information prepared by the Bank (each a **"Regular Notification"**):
- (i) the Note Principal Amount of each Note of such Class on which interest shall be paid on such Payment Date;
 - (ii) 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;
 - (iii) the amount of principal to be paid on each Note of such Class on such Payment Date;
 - (iv) the aggregate Outstanding Nominal Amount of the Reference Claims added to the Reference Pool by way of Replenishment during the Related Collection Period;
 - (v) 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;
 - (vi) re-instatement of the Note Principal Amount of such Class on account of previous Unjustified Loss Allocations and/or 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;
 - (vii) the aggregate Outstanding Nominal Amount of the Reference Claims removed from the Reference Pool pursuant to § 3(7) or § 8(4);
 - (viii) determination of Estimated Losses, if applicable;

- (ix) in the event of the final payment on the Notes of such Class, the fact that such is the final payment,
 - (x) the aggregate Outstanding Nominal Amounts of all Reference Claims in the Reference Pool which are Defaulted Reference Claims as of the end of the Related Collection Period and
 - (xi) if relevant, the amount of the Interest Subparticipation Amounts to be paid on each Class F+ Note and, if relevant, any Interest Subparticipation Amounts deferred and the interest thereon to be paid to the Class F+ Noteholders.
- (2) In connection with the early redemption of the Notes pursuant to § 11(1), pursuant to § 11(3) or pursuant to § 17, the Issuer, or the Principal Paying Agent on its behalf, shall not later than the 45th day prior to the Early Redemption Date or the actual date of redemption of the Notes, as applicable, notify (i) the Noteholders in accordance with § 16, and (ii) *provided that* any Notes are then listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange, of the following information prepared by the Bank (the "**Early Redemption Notification**"):
- (i) the Early Redemption Date or the Termination Date and the date of the redemption, as applicable; and
 - (ii) other matters specified in § 12(1) to the extent applicable to such Class.
- (3) The right of the Trustee to request at any time such documents and information as it considers necessary pursuant to the Trust Agreement remains unaffected by the provisions of this § 12.

§ 13

Substitution of the Issuer

- (1) The Issuer may, without the 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;
 - (ii) the New Issuer has obtained all necessary authorisations and governmental approvals in the country in which it has its registered office and is in 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 if 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 Collateral, which would not arise if there was no such substitution;
 - (iv) there shall have been delivered to the Trustee, the Bank and the Principal Paying Agent (if different from the Bank) 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, shall not adversely affect the interests of the Transaction Creditors and each Rating Agency has given a written confirmation that the substitution shall not adversely affect its rating of the Notes; and
 - (vi) the Issuer and the New Issuer enter into such agreements and execute such documents as the Trustee considers necessary for the effectiveness of the substitution.

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

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

- (2) The New Issuer shall give notice of the substitution to the Noteholders pursuant to § 16 with a copy to the Luxembourg Stock Exchange. Upon the substitution, the New Issuer shall prepare a supplement to the Information Memorandum in accordance with the rules of the Luxembourg Stock Exchange and, with respect to such supplement, take all measures required by the rules of the Luxembourg Stock Exchange.
- (3) 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.

§ 14

Agents

- (1) (a) The Issuer has appointed Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany to act as principal paying agent and interest determination bank (in such capacity, the "**Principal Paying Agent**"). The Principal Paying Agent (including any successor thereof) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders.

(b) The Issuer shall procure 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. The Issuer may with the prior written consent of the Bank, by giving not less than 30 calendar days' notice to the Noteholders in accordance with § 16, 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.

(c) 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.
- (2) (a) The Issuer has appointed WestLB International S.A. Luxembourg, Luxembourg, as initial Luxembourg intermediary (in such capacity, the "**Luxembourg Intermediary**"). The Luxembourg Intermediary shall act as intermediary between the Issuer and the holders of Notes of any Class which is listed on the Luxembourg Stock Exchange. The Luxembourg Intermediary shall, among others, make available documents and information as specified in the Terms and Conditions and deliver copies of the Information Memorandum and the published financial statements of the Issuer and the Bank upon request. The Luxembourg Intermediary (including any successor thereof) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders.

(b) The Issuer shall procure that for as long as any Notes remain listed on the Luxembourg Stock Exchange there shall always be an intermediary in Luxembourg. The Issuer may with the prior written consent of the Bank, by giving not less than 30 calendar days' notice to the Noteholders in accordance with § 16, replace the Luxembourg Intermediary by one or more other banks or other financial institutions which assume such functions.

§ 15

Taxes

Payments shall only be made after the 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 and shall, upon request of a Noteholder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes.

§ 16

Form of Notices

All notices to the Noteholders regarding the Notes shall be (i) published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) if and to the extent a publication in such form is required by the rules of the Luxembourg Stock Exchange and (ii)(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 at a web site the address of which has been notified to the Noteholders pursuant to (ii)(A) and to the Luxembourg Intermediary on or before the date on which the relevant notice is given in accordance with (ii)(B). Any notice referred to under (ii)(A) above shall be deemed to have been given to all the Noteholders on the seventh day after the day on which the said notice was delivered to Clearstream Frankfurt. Any notice referred to under (ii)(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.

§ 17

Early Redemption at the Option of the Noteholders

- (1) Each holder of Notes of any Class shall be entitled to declare due the Notes held by it and to demand redemption thereof in accordance with paragraph (b) below by delivery of a written notice to the Issuer with a copy to the Trustee if the Issuer fails to make within 30 Business Days from the relevant due date any payment due to be made under such Class of Notes, *provided that*, if an Early Termination Event has occurred on or before the date on which the aforementioned early redemption notice is given by the relevant Noteholders, the Notes shall be redeemed in accordance with the provisions set forth in § 11(3) above.
- (2) In the event that any Noteholder exercises such right, the Issuer shall redeem all of the Notes (but not some only) within 15 Business Days following the Termination Notice Date in the amount equal to the Note Principal Amounts as of the Termination Notice Date as reduced by Realised Losses to be determined and allocated pursuant to Loss Allocation (§ 8) as of Termination Notice Date (as reduced by Late Recoveries and as a result of an Unjustified Loss Allocation) as if such date were a Payment Date (with the Related Collection Period ending on the Termination Date) plus accrued interest thereon to the date of repayment.
- (3) If any Note remains outstanding after any other Note, which, for the purposes of Loss Allocation, ranks equal or junior to such outstanding Note, has been, for any reason, redeemed in full or in part (as opposed to any reduction of the principal amount by Loss Allocation), each such other Note shall be deemed to remain outstanding for the purposes of the Loss Allocation in respect of such Note.

"Termination Notice Date" means the date on which the first early redemption notice from a Noteholder pursuant to paragraph (1) above is received by the Issuer.

§ 18

Miscellaneous

- (1) The presentation period for the Global Note *provided* in § 801(1), sentence 1, of the German Civil Code shall end five years after the actual final Payment Date in respect of the Notes.
- (2) If a Global Note is lost, stolen, damaged or destroyed, it may be replaced by the Issuer or by the Principal Paying Agent on its behalf 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.
- (3) Place of performance of the Notes shall be Dortmund.
- (4) Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.

- (5) 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

Applicable Law; Place of Jurisdiction; Service of Process

- (1) The Notes and all of the rights and obligations of the Noteholders and the Issuer under these Notes shall be governed by the laws of the Federal Republic of Germany.
- (2) The 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 Dortmund (non-exclusive jurisdiction). The Issuer hereby submits to the jurisdiction of such court. The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their loss or destruction.
- (3) For service of process relating to any judicial disputes in connection with the Notes, the Issuer has appointed WestLB AG, with its seat on the Issue Date at Herzogstrasse 15, 40217 Düsseldorf, Germany, as its authorized agent for service of process in relation to any legal proceedings before a German court.

THE MAIN PROVISIONS OF THE TRUST AGREEMENT

The following is the text of the Trust Agreement (excluding Schedules thereto). The Trust Agreement will be attached as **Appendix A** to the Terms and Conditions of the Notes and will constitute an integral part of the Terms and Conditions of the Notes. In case of any overlap or inconsistency in the definition of a term or expression in the Trust Agreement and elsewhere in this Information Memorandum, the definition in the Trust Agreement will prevail.

This Agreement is entered into as of September 30, 2002 between DUKE 2002 Limited, a company incorporated with limited liability under the laws of Jersey, Channel Islands (the "**Issuer**"), Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany and Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, 40212 Düsseldorf, Germany (the "**Trustee**", which term shall also designate any successor of the Trustee), and sets out the rights and obligations of the Trustee which govern the performance of its functions under this Agreement in connection with:

- (i) the issue by the Issuer of the following classes of credit linked notes (each, a "**Class**", and together, the "**Notes**");

€30,000,000 Class A-1 Floating Rate Amortising Credit Linked Notes (the "**Class A-1 Notes**"),
€250,000 Class A-2+ Floating Rate Amortising Credit Linked Notes (the "**Class A-2+ Notes**"),
€345,000,000 Class A-3 Floating Rate Amortising Credit Linked Notes (the "**Class A-3 Notes**"),
€300,000,000 Class A-4 Floating Rate Amortising Credit Linked Notes (the "**Class A-4 Notes**"),
€36,950,000 Class B Floating Rate Amortising Credit Linked Notes (the "**Class B Notes**"),
€39,250,000 Class C Floating Rate Amortising Credit Linked Notes (the "**Class C Notes**"),
€36,950,000 Class D Floating Rate Amortising Credit Linked Notes (the "**Class D Notes**"),
€21,700,000 Class E Floating Rate Amortising Credit Linked Notes (the "**Class E Notes**"),
€250,000 Class F+ Floating Rate Amortising Credit Linked Notes (the "**Class F+ Notes**");

- (ii) a loss guarantee agreement (the "**Loss Guarantee**") between the Bank, in its capacity as protection buyer, and the Issuer (in such capacity, the "**Guarantor**"). 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 (in the case of the Class A-2+ Notes and the Class F+ Notes as multiplied by the Relevant Reduction Factor);
- (iii) one or more credit default swaps with a proposed maximum notional amount of EUR 97,790,455.54 (the "**A-2+ Senior Swap**") with one or more counterparties (the "**A-2+ Senior Swap Counterparty**"). Pursuant to the terms of the A-2+ Senior Swaps, the A-2+ Senior Swap Counterparties will pay to the Bank amounts equal to a specified multiple of the Realised Losses allocated to the A-2+ Notes;
- (iv) one or more credit default swaps with a proposed maximum notional amount of EUR 14,981,512.47 (the "**Junior Swap**", and together with the A-2+ Senior Swap, the "**Credit Swaps**") with one or more counterparties (the "**Junior Swap Counterparty**", and together with the A-2+ Senior Swap Counterparty, the "**Credit Swap Counterparties**"). Pursuant to the terms of the Junior Swap, the Junior Swap Counterparty will pay to the Bank amounts equal to a specified multiple of the Realised Losses allocated to the Class F+ Notes.

Each amount paid as a result of Realised Losses under the Loss Guarantee and the Credit Swaps is referred to as a "**Cash Settlement Amount**". The Noteholders and the Credit Swap Counterparties are jointly referred to as "**Transaction Creditors**".

Terms used but not defined herein have the same meaning as in the Terms and Conditions of the Notes (the "**Terms and Conditions**"). Simultaneously with the Notes, the Issuer will issue EUR 4,000,000 Floating Rate Funding Notes (the "**Funding Notes**"). The Terms and Conditions of the Notes, the terms and conditions of the Funding Notes, this Trust Agreement, including the Schedules hereto, the documents evidencing the Loss Guarantee and the Credit Swaps, including the Schedules thereto, the Security Purchase Agreement (Clause 4(1)), the Security Pledge Agreement (Clause 4(2)), the Transaction Account Agreement (Clause 3(2)(i)), the Cash Deposit and Account Agreement (Clause 3(2)(ii)), the Custody Agreement (Clause 4(1)), the administration agreement (the "**Administration Agreement**") dated September 30, 2002 between the Issuer and Deutsche International Trust Corporation (C.I.) Limited, Jersey, Channel Islands (the "**Administrator**"), the cash administration agreement (the

"**Cash Administration Agreement**") dated September 30, 2002 between the Issuer, the Trustee and Westfälische Hypothekenbank AG, Dortmund (the "**Cash Administrator**"), the subscription agreement for the Notes and the Funding Notes (the "**Subscription Agreement**") dated September 30, 2002 between the Issuer and WestLB AG, Düsseldorf, Germany ("**WestLB**") and the agency agreement (the "**Agency Agreement**") dated September 30, 2002 between the Issuer and the Principal Paying Agent 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**".

NOW THEREFORE, the parties hereto agree as follows:

Clause 1 **Duties of the Trustee**

This Agreement *inter alia* sets out rights and obligations of the Trustee which govern the performance of its function under this Agreement. Unless otherwise stated in this 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.

Clause 2 **Position of the Trustee**

- (1) The Trustee shall carry out the duties hereunder (the "**Trustee Duties**") 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 the case of a conflict of interest between the interests of the Credit Swap Counterparties and the Noteholders, the Trustee shall give priority to the interests of the holders of the Class A-1 Notes, then to interests of the A-2+ Senior Swap Counterparty and the holders of the Class A-2+ Notes, then, among the other Noteholders, to the interests of the holders of the Class of Notes that ranks most senior at any time for the purposes of Loss Allocation, and then to the interests of the Junior Swap Counterparty. With respect to any matter pertaining to the Class A-2+ Notes, the duties of the Trustee shall also run to the benefit of each A-2+ Senior Swap Counterparty. In the case of any conflict of interest between the interests of the A-2+ Senior Swap Counterparty and the holders of Class A-2+ Notes, the Trustee shall give priority to the interests of the A-2+ Senior Swap Counterparty.
- (2) This Agreement grants the Transaction Creditors the right to demand that the Trustee performs the Trustee Duties (contract for the benefit of a third party pursuant to § 328 of the German Civil Code (*echter Vertrag zugunsten Dritter*)).
- (3) Without limitation to the provisions of the Terms and Conditions, in the case of insolvency, bankruptcy, winding-up, liquidation or other similar proceedings with respect to the Issuer or its assets, the Trustee, for as long as this Agreement remains in effect, shall:
 - (i) co-operate with the relevant receiver or administrator of the Issuer's assets or purchaser of the Reference Claims or any other competent authority or person, as applicable, to ensure that the Terms and Conditions are complied with and the interests of the Transaction Creditors are duly protected, and
 - (ii) use its best endeavours to obtain relevant information with respect to the Reference Pool and other information, documents and access necessary for the Trustee to carry out the Trustee Duties.
- (4) The obligations of the Trustee under this Agreement are owed exclusively to the Transaction Creditors, unless otherwise specified or the context otherwise requires.

Clause 3 Trustee Claim; Accounts

(1) The Issuer hereby grants the Trustee a separate claim (the "**Trustee Claim**") entitling the Trustee to demand from the Issuer

- (i) that any present or future obligations of the Issuer under the Notes and the Funding Notes be fulfilled, including, for the avoidance of doubt, in respect of the Class F+ Notes any obligation to pay the Interest Subparticipation Amounts subject to § 6(7) of the Terms and Conditions and the Interest Subparticipation Provisions, and
- (ii) if a Default Event or, in case of the Funding Notes, a Funding Note Default Event (as defined in § 8 of the Terms and Conditions of the Funding Notes) has occurred or, the occurrence thereof is, in the professional judgement of the Trustee, imminent, and no insolvency proceedings have been instituted against the assets of the Trustee that any payment owed under the Notes or the Funding Notes will be made to a trust account (*Treuhandkonto*) of the Trustee for on-payment to the relevant Noteholders or holders of the Funding Notes, respectively.

The obligations of the Issuer to make payments to the relevant Noteholders or holders of the Funding Notes shall remain unaffected. The Trustee Claim may be enforced separately from the Noteholders' or holders' of any Funding Note 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 or each holder of any Funding Note shall have a claim against the Trustee for on-payment to the relevant Noteholders or holders of the Funding Notes. The relevant obligation of the Issuer under the Notes or the Funding Notes shall only be fulfilled once the on-payment to the relevant Noteholders or holders of the Funding Notes by the Trustee has occurred. For the avoidance of doubt, upon on-payment by the Trustee to the Noteholders or holders of the Funding Notes the liability of the Issuer under the Notes or the Funding Notes in respect of the same payment obligation shall be discharged to the extent of the sums so on-paid. Similarly, upon payment by the Issuer to the Noteholders or holders of the Funding Notes, respectively, 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.

(2) The Issuer shall maintain for the purposes of the Transaction the following accounts:

- (i) a current account (the "**Transaction Account**") with WestLB AG, Düsseldorf, as account bank (in such capacity, the "**Transaction Account Bank**", which term shall also include any replacement Transaction Account Bank pursuant to hereto) opened pursuant to an agreement (the "**Transaction Account Agreement**") between the Issuer, the Trustee and the Transaction Account Bank dated September 24, 2002; and
- (ii) an account (the "**Cash Deposit Account**") with Westfälische Hypothekenbank AG, Dortmund (in such capacity, the "**Cash Deposit Account Bank**", which term shall include any replacement Cash Deposit Account Bank pursuant to hereto) on which the Cash Deposits (Clause 5(1)) shall be deposited pursuant to an agreement (the "**Cash Deposit and Account Agreement**") between the Issuer, the Trustee and the Cash Deposit Account Bank dated September 30, 2002.

The Transaction Account Bank and the Cash Deposit Account Bank are referred to together as the "**Account Banks**". The Transaction Account and the Cash Deposit Account are referred to together as the "**Accounts**". The Transaction Account Agreement and the Cash Deposit and Account Agreement are referred to together as the "**Account Agreements**".

In the event that the rating of the Transaction Account Bank by any of the Rating Agencies falls below the Transaction Bank Required Rating, the Issuer shall within 5 calendar days, or if the Issuer fails to do so, the Trustee shall promptly after it has become aware of such downgrading but in any event no later than 5 calendar days after having become aware of such downgrading and such failure (i) close the Transaction Account with such Transaction Account Bank and (ii) open a new Transaction Account with another Transaction Account Bank having the Transaction Bank Required Rating from each of the Rating Agencies.

"**Transaction Account Bank Required Rating**" means, with respect to any Transaction Account Bank, the

following ratings of unsecured debt of such Transaction Account Bank: A1 (short term) by S&P and P-1 (short term) by Moody's.

"**Eligible Securities**" means public sector or mortgage *Pfandbriefe*, Euro-denominated bonds issued by the Federal Republic of Germany or other Euro-denominated debt securities which are rated AAA by S&P and Aaa by Moody's.

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

Clause 4 **Collateral; Pledge; Custodian; Collections**

- (1) On or before the Issue Date the Issuer has purchased pursuant to a security purchase agreement dated September 30, 2002 (the "**Security Purchase Agreement**") from the Bank the securities set forth under (i) through (ix) below:
- (i) €27,600,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661921, WKN 661 921 (the "**Series A-1 Collateral**");
 - (ii) €230,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661922, WKN 661 922 (the "**Series A-2+ Collateral**");
 - (iii) €317,400,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661923, WKN 661 923 (the "**Series A-3 Collateral**");
 - (iv) €300,000,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661924, WKN 661 924 (the "**Series A-4 Collateral**");
 - (v) €36,950,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661925, WKN 661 925 (the "**Series B Collateral**");
 - (vi) €39,250,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661926, WKN 661 926 (the "**Series C Collateral**");
 - (vii) €36,950,000 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund, Series 805322, WKN 805 322 (the "**Series D Collateral**");
 - (viii) €21,700,000 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund, Series 805323, WKN 805 323 (the "**Series E Collateral**");
 - (ix) €250,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661927, WKN 661 927 (the "**Series F+ Collateral**").

Each of the Series of Collateral under (i) through (ix) is referred to as a "**Series**". The Series A-1 Collateral, the Series A-2+ Collateral, the Series A-3 Collateral, the Series A-4 Collateral, the Series B Collateral, the Series C Collateral and the Series F+ Collateral are collectively referred to as the "**Pfandbrief Collateral**", and the Series D Collateral and the Series E Collateral are collectively referred to as the "**Note Collateral**" (and together with the Pfandbrief Collateral, the "**Collateral**"). Each Series will be represented by a global certificate deposited with Clearstream Frankfurt. The Collateral will be held in the securities account no. 4302130614 (with respect to the Pfandbrief Collateral) and in the securities account no. 4912130616 (with respect to the Note Collateral) of the Issuer with WestLB AG, Düsseldorf (in such capacity and each successor custodian pursuant to paragraph (8) below, the "**Custodian**") pursuant to a custody agreement between the Issuer, the Trustee and WestLB dated September 24, 2002 (the "**Custody Agreement**"), *provided that*, upon request of the Bank, the Issuer shall instruct the Custodian to transfer, within 5 Business Days after the receipt of such request by the Issuer, the Collateral to a securities account of the Issuer with the Bank if such transfer of the Collateral to a securities account with the Bank is, in the professional judgement of the Bank, necessary to obtain a zero risk weighting pursuant to § 13(1) No. 2 lit. d) of Principle I (*Grundsatz I*) of the German Principles on Own Capital and

Liquidity of Banking Institutions (*Grundsätze über die Eigenmittel und die Liquidität der Kreditinstitute*) or to obtain relief from the large exposure limits pursuant to § 20(2) No. 2 lit. c) of the German Banking Act (*Kreditwesengesetz*) with respect to the Reference Claims. In the event of such transfer, the Bank shall promptly give notice thereof to each of the Rating Agencies. Each Series shall (i) rank, with respect to the Pfandbrief Collateral, at least *pari passu* with all other public sector *Pfandbriefe* of the Bank in accordance with the German Mortgage Bank Act, and with respect to the Note Collateral, at least *pari passu* with all other notes of the Bank and (ii) have terms and conditions matching with those of the Class of Notes secured by such Series, including with respect to principal, payment dates, reincrease in case of Late Recoveries or as a result of Unjustified Loss Allocation and maturity date, *provided that* (i) the interest payable on each Series of the Collateral does not match the aggregate Interest Amount payable on the Class of Notes secured by such Series, (ii) the Collateral shall not provide for Loss Allocation but, instead, provide for a payment of principal as and when a Realised Loss is allocated to the related Class of Notes and (iii) in the case of the Series A-1, Series A-2+ and Series A-3 Collateral, the amount of principal does not match the principal amount of the Class of Notes secured by such Series. For the avoidance of doubt, any payment of principal on the Collateral pursuant to (ii) shall enable the Issuer to comply with its payment obligations under the Loss Guarantee and does not secure any payment obligations towards the Noteholders. The Issuer will receive the funds necessary to pay the excess of the aggregate Interest Amount payable on the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes over the interest payments receivable on the related Series of Collateral and on the related Cash Deposits, if relevant, under the Loss Guarantee.

- (2) Pursuant to the terms of a security pledge agreement between the Issuer and the Bank dated September 30, 2002 (the "**Security Pledge Agreement**"), the Collateral is subject 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.
- (3) The Issuer hereby pledges (*Pfandrecht* pursuant to §§ 1293, 1204 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*)) each Series of Collateral to the Trustee as trustee (*Treuhänder*) for the security purposes set forth in paragraph (4) below. The Trustee accepts such pledges. For the purpose of constituting such pledges, the Issuer hereby assigns to the Trustee all of its present and future claims against the Bank for delivery of the Collateral (including, but not limited to, the claim for re-delivery of the Collateral pursuant to § 1223 (1) of the German Civil Code (*Bürgerliches Gesetzbuch*)). The Issuer hereby gives notice to the Bank of the pledge pursuant to this paragraph (3) and the Bank hereby confirms receipt of such notice. For the avoidance of doubt, the pledges (*Pfandrecht*) of the Trustee created pursuant to this paragraph (3) shall rank junior to the pledges (*Pfandrecht*) for the benefits of the Bank referred to in paragraph (2) above.
- (4) The pledges pursuant to paragraph (3) shall serve to secure the Trustee Claim as follows:
 - (a) the pledge over the Series A-1 Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes;
 - (b) the pledge over the Series A-2+ Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes;
 - (c) the pledge over the Series A-3 Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes;
 - (d) the pledge over the Series A-4 Collateral shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-4 Notes;
 - (e) 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;
 - (f) 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;
 - (g) 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;
 - (h) 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;

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

The Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Noteholders are collectively referred to as the "**Secured Noteholders**".

- (5) The Trustee hereby instructs the Bank, until further instruction with the consent of the Trustee only, to pay to the Transaction Account the amounts payable under the Collateral on any Payment Date (as reduced by any amounts payable by the Issuer to the Bank on such date under the Loss Guarantee) for payments due under the Notes on such date.
- (6) The instruction pursuant to paragraph (5) may be withdrawn by the Trustee upon the occurrence of a Default 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 Bank of its withdrawal of the instruction pursuant to paragraph (5) and upon receipt of such notice, payments under the Collateral shall be made by the Bank only as instructed by the Trustee.
- (7) In the event that the rating of the Series A-4 Collateral is downgraded below Aa2 by Moody's or below AA by S&P, the Bank shall procure that the Issuer enters, within 30 calendar days after the written request of the Trustee (such request to be made by the Trustee only after it has been informed of such downgrading by the relevant Rating Agency or has otherwise become aware of such downgrading), into additional security arrangements (including, but not limited to, the pledge, or security transfer, of Eligible Securities) for the benefit of the Class A-4 Noteholders satisfactory to the Trustee in respect of which each of the Rating Agencies has confirmed in writing to the Bank and the Issuer that such additional security arrangements will be sufficient to ensure that the rating of the Class A-4+ Notes will not be adversely affected by such downgrading of the Series A-4 Collateral. The Bank shall reimburse the Issuer for all costs and expenses incurred by the Issuer in connection with such additional security arrangements.
- (8) In the event that the short term unsecured debt of the Custodian is downgraded below the required rating of A-1 by S&P or P-1 by Moody's, the Issuer shall, within 5 Business Days after it has become aware of such downgrading, or if the Issuer fails to do so, the Trustee promptly after it has become aware of such downgrading but in any event no later than 5 Business Days after having become aware of such downgrading and such failure, transfer or cause to be transferred the Collateral to a securities account of the Issuer with a new Custodian having such required ratings from each of the Rating Agencies, *provided that* the Issuer and the Trustee shall ensure that the pledges on the Collateral for the benefit of the Bank and the Trustee shall remain unaffected by such substitution of the Custodian. For the avoidance of doubt, the right of the Bank to demand from the Issuer to transfer the Collateral to a securities account of the Bank with the Issuer if the conditions set forth in the fifth sentence of Clause 4(1) are met, shall remain unaffected by this Clause 8.

Clause 5

Cash Deposits; Pledge

- (1) (a) On the Issue Date the Issuer shall make the following three deposits of cash (each a "**Cash Deposit**") with Westfälische Hypothekenbank AG, Dortmund (in its capacity as the initial Cash Deposit Account Bank) by payment to the Cash Deposit Account in accordance with the Cash Deposit and Account Agreement:
 - (i) a cash deposit in an initial aggregate principal amount of EUR 2,400,000.00 being equal to the excess of the initial Class Principal Amount of the Class A-1 Notes over the initial aggregate principal amount of the Series A-1 Collateral (the "**Class A-1 Cash Deposit**");
 - (ii) a cash deposit in an initial aggregate principal amount of EUR 20,000.00 being equal to the excess of the initial Class Principal Amount of the Class A-2+ Notes over the initial aggregate principal amount of the Series A-2+ Collateral (the "**Class A-2+ Cash Deposit**"); and
 - (iii) a cash deposit in an initial aggregate principal amount of EUR 27,600,000.00 being equal to the excess of the initial Class Principal Amount of the Class A-3 Notes over the initial aggregate principal amount of the Series A-3 Collateral (the "**Class A-3 Cash Deposit**").
- (b) On each date on which any amount of principal is payable on any Class A-1, Class A-2+ or Class A-3 Note

in accordance with the Terms and Conditions, the Issuer may demand from the Cash Deposit Account Bank the repayment of the corresponding Cash Deposit in an amount equal to such amount of principal multiplied by the Cash Deposit Fraction (as determined, for the avoidance of doubt, on such date prior to any reduction of the Cash Deposits and/or the Series A-1, Series A-2+ and Series A-3 Collateral as a result of such principal payments on such Class A-1, Class A-2+ or Class A-3 Note).

"**Cash Deposit Fraction**" means, with respect to any date and with respect to any Cash Deposit, (i) the amount of such Cash Deposit on such date divided by (ii) the sum of (A) the aggregate principal amount of the corresponding Series of Pfandbrief Collateral and (B) the amount of such Cash Deposit, in each case on such date.

- (c) Pursuant to the Loss Guarantee the Issuer will be obliged to pay to the Bank amounts equal to all Realised Losses allocated to the Notes in accordance with § 8(1) of the Terms and Conditions. In the event that any Realised Losses are allocated to the Class A-1, Class A-2+ or Class A-3 Notes, the Issuer (i) will pursuant to the Cash Deposit and Account Agreement be entitled to demand from the Bank (in its capacity as Cash Deposit Account Bank) repayment of the relevant Cash Deposit in an amount equal to the product of (A) the amount of Realised Losses allocated to Class A-1, Class A-2+ or Class A-3 Notes (for the avoidance of doubt, in case of the Class A-2+ Notes after multiplication with the A-2+ Reduction Factor) and (B) the Cash Deposit Fraction and (ii) will pursuant to the Loss Guarantee set off such claim for repayment of the relevant portion of such Cash Deposit against its payment obligations towards the Bank under the Loss Guarantee. Accordingly, the amount of the Cash Deposits securing the payments obligations of the Issuer towards the Class A-1, Class A-2+ and Class A-3 Noteholders, respectively, in accordance with this Clause 5 will be reduced upon any allocation of Realised Losses to the Class A-1, Class A-2+ or Class A-3 Notes.
 - (d) Each Cash Deposit shall bear interest from the Issue Date at a rate equal to EURIBOR (as determined from time to time pursuant to the Terms and Conditions). The Issuer will receive the funds necessary to pay the excess of the aggregate Interest Amount payable on the Class A-1, Class A-2+ or Class A-3 Notes over the interest payments receivable on the related Series of Collateral and the related Cash Deposit under the Loss Guarantee.
 - (e) Except in the case of a repayment of the relevant Cash Deposit as a result of principal payments on the Class A-1, Class A-2+ or Class A-3 Notes pursuant paragraph (b) above or as a result of an allocation of Realised Losses to the Class A-1, Class A-2+ or Class A-3 Notes pursuant to paragraph (c) above, the Issuer may demand the repayment of any Cash Deposit only upon termination of such Cash Deposit by giving 30 calendar days' prior written notice to the Cash Deposit Account Bank, *provided that* pursuant to the terms of the Cash Deposit and Account Agreement any such termination will not become effective, and the Issuer will not be entitled to demand repayment of such Cash Deposit, if the Cash Deposit Account Bank has, before the expiry of the aforementioned notice period, (i) pledged, or transferred for security purposes, to the Issuer Eligible Securities in an aggregate principal amount equal to the amount of such Cash Deposit as security for its payment obligations with respect to such Cash Deposit, or (ii) entered into similar arrangements for the benefit of the Issuer, including guarantees or letters of credits, in respect of which each of the Rating Agencies has confirmed in writing to the Cash Deposit Account Bank and the Issuer that such arrangements will be sufficient to ensure that the rating of the Class of Notes secured by such Cash Deposit will not be adversely affected by the non-repayment of such Cash Deposit.
 - (f) In the event that the Issuer may demand the repayment of any Cash Deposit as a result of a termination of such Cash Deposit pursuant to paragraph (e) above, the Issuer shall (i) transfer the amounts so repaid to a cash deposit account with another Cash Deposit Account Bank having the Cash Deposit Account Bank Required Rating from each of the Rating Agencies, (ii) grant a first ranking pledge (*Pfandrecht*) over its claims and rights in respect of such Cash Deposit (including, but not limited to, the claim against the new Cash Deposit Account Bank for the repayment of such Cash Deposit) to the Bank as security for the obligations of the Issuer under the Loss Guarantee towards the Bank and (iii) grant a second ranking pledge (*Pfandrecht*) over its claims and rights in respect of such Cash Deposit (including, but not limited to, the claim against the new Cash Deposit Account Bank for the repayment of such Cash Deposit) to the Trustee as security for the Trustee Claim with respect of the payment obligations of the Issuer under the related Class of Notes.
- (2) Pursuant to the terms of the Security Pledge Agreement, the Issuer has pledged (*Pfandrecht*) all its present and

future claims and rights in respect of the Cash Deposits (including, but not limited to, the claim for the repayment of the Cash Deposits under the Cash Deposit and Account Agreement) to the Bank as security for the obligations of the Issuer under the Loss Guarantee towards the Bank.

- (3) The Issuer hereby pledges (*Pfandrecht* pursuant to §§ 1204, 1273, 1279 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*)) for the security purposes set forth in paragraph (6) below all its present and future claims and rights in respect of the Cash Deposits (including, but not limited to, the claim for the repayment of the Cash Deposits under the Cash Deposit and Account Agreement) to the Trustee. The Trustee hereby accepts such pledges. For the avoidance of doubt, the pledges (*Pfandrecht*) of the Trustee created pursuant to this paragraph (3) shall rank junior to the pledges (*Pfandrecht*) for the benefit of the Bank referred to in paragraph (2) above.
- (4) The Issuer hereby gives notice to the Bank of the pledge pursuant to paragraph (3) above and the Bank hereby confirms receipt of such notice.
- (5) The pledges pursuant to paragraph (3) shall serve to secure the Trustee Claim as follows:
 - (a) the pledge over the Class A-1 Cash Deposit shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes;
 - (b) the pledge over the Class A-2+ Cash Deposit shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes; and
 - (c) the pledge over the Class A-3 Cash Deposit shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes.
- (6) The Trustee hereby authorises the Issuer and the Cash Administrator on the Issuer's behalf to administer the Cash Deposit Account, the Cash Deposits and deal in the ordinary course of business with the claims and rights pledged to the Trustee pursuant to paragraph (3).
- (7) The authorisation pursuant to paragraph (6) may be withdrawn by the Trustee upon the occurrence of a Default Event or, if in the professional judgement of the Trustee such withdrawal is desirable or expedient to protect the interests of the Class A-1, Class A-2+ or Class A-3 Noteholders. The Trustee shall promptly give notice to the Issuer and the Cash Deposit Account Bank of its withdrawal of the authorisation pursuant to paragraph (6) and upon receipt of such notice the Cash Deposit Account Bank shall make payments only as instructed by the Trustee.

Clause 6

Additional Cash Collateral; Funding Note Collateral

- (1) The Bank agrees to make on the Issue Date a deposit of cash in an initial aggregate principal amount of EUR 30,370,000 (the "**Additional Cash Deposit**") (being equal to 3.2899% of the Initial Aggregate Principal Balance) with a third-party account bank having the Additional Cash Deposit Account Bank Required Rating (the "**Additional Cash Deposit Account Bank**") by payment to account no. 840 810 000 9 (with WestLB AG, bank code 300 500 00) of the Bank with such Additional Cash Deposit Account Bank (the "**Additional Cash Deposit Account**") in accordance with an agreement between the Bank and the Additional Cash Deposit Account Bank dated on or about the Issue Date (the "**Additional Cash Deposit and Account Agreement**"). Any interest payable upon the Additional Cash Deposit pursuant to the terms of the Additional Cash Deposit and Account Agreement shall increase the Additional Cash Deposit.
- (2) The Bank hereby pledges (*Pfandrecht* pursuant to §§ 1204, 1273, 1279 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*)) for the security purposes set forth in paragraph (4) below all its present and future claims in respect of the Additional Cash Deposit (including, but not limited to, the claim against the Additional Cash Deposit Account Bank for the repayment of the Additional Cash Deposit under the Additional Cash Deposit and Account Agreement) to the Issuer. The Issuer hereby accepts such pledge.
- (3) The Bank shall give written notice of the pledge pursuant to paragraph (2) to the Additional Cash Deposit Account Bank and shall provide the Issuer and the Trustee with a written confirmation that it has received a

confirmation of receipt of such notice from the Additional Cash Deposit Account Bank.

- (4) The pledge pursuant to paragraph (2) shall serve to secure the obligations of the Bank to make principal and interest payments owed to the Issuer under the Series A-1, Series A-2+ and Series A-3 Collateral and the Funding Note Collateral.
- (5) On any Payment Date the Additional Cash Deposit shall be reduced by an amount equal to the excess of (A) the amount of such Additional Cash Deposit on such Payment Date (as increased by any interest on such date pursuant to Clause 6(1)) over (B) the product of 3.2899% and the Aggregate Principal Balance as of such Payment Date. Upon any such reduction of the Additional Cash Deposit, the Issuer shall instruct the Additional Cash Deposit Account Bank to repay, within 2 Business Days after the relevant Payment Date, the amount by which the Additional Cash Deposit is to be reduced to the Bank. For the avoidance of doubt, the pledge pursuant to paragraph (2) shall cease to exist with respect to the amounts so repaid to the Bank.
- (6) In the event that the rating of the Additional Cash Deposit Account Bank falls below the Additional Cash Deposit Account Bank Required Rating, the Bank shall promptly after it has become aware of such downgrading but in any event not later than 5 Business Days after having become aware of such downgrading (i) close the Additional Cash Deposit Account with the Additional Cash Deposit Account Bank, (ii) transfer all amounts standing to the credit of the Additional Cash Deposit Account to a new account with another Additional Cash Deposit Account Bank having the Additional Cash Deposit Account Bank Required Rating from each of the Rating Agencies and (iii) grant a first ranking pledge (*Pfandrecht*) over its claims and rights in respect of the Additional Cash Deposit (including, but not limited to, the claim against the new Additional Cash Deposit Account Bank for the repayment of such Additional Cash Deposit) to the Issuer as security for the payment obligations of the Bank towards the Issuer set out in paragraph (4) above.

"Additional Cash Deposit Account Bank Required Rating" means, with respect to any Additional Cash Deposit Account Bank, the following ratings of unsecured debt of such bank: A-1+ (short term) by S&P and P-1 by Moody's.

- (7)
 - (a) The Bank hereby pledges (*Pfandrecht* pursuant to §§ 1293, 1204 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*)) €3,680,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund, Series 661928, WKN 661 928 (the **"Funding Note Collateral"**) to the Issuer for the security purpose set forth in paragraph (b) below. The Issuer accepts such pledge. The Funding Note Collateral will be represented by a global certificate deposited with Clearstream Frankfurt. For the purpose of constituting the pledge over the Funding Note Collateral, the Bank shall, at its own cost, deliver the Funding Note Collateral to the securities account no. 4302130614 of the Issuer at WestLB AG, Düsseldorf.
 - (b) The pledge over the Funding Note Collateral pursuant to paragraph (a) above shall serve to secure the obligations of the Bank under the Loss Guarantee to pay to the Issuer on each Payment Date amounts equal to those owed by the Issuer in respect of principal and interest under the Funding Notes on such Payment Date (such claim of the Issuer, the **"Funding Note Fee Claim"**).
- (8)
 - (a) The Issuer hereby pledges (*Pfandrecht* pursuant to §§ 1204, 1273, 1279 et seq. of the German Civil Code (*Bürgerliches Gesetzbuch*)) its Funding Note Fee Claim against the Bank to the Trustee for the security purpose set forth in paragraph (b) below. The Trustee accepts such pledge. The Issuer hereby gives notice to the Bank of the pledge pursuant to this paragraph (7)(a) and the Bank hereby confirms receipt of such notice.
 - (b) The pledge over the Funding Note Fee Claim pursuant to paragraph (8)(a) shall serve to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Funding Notes.
 - (c) If the Issuer fails to make any payment due to be made under the Funding Notes within 30 Business Days from the relevant due date (such event, a **"Funding Note Default Event"**), the Trustee shall, promptly after it becomes aware of such Funding Note Default Event, enforce the pledge over the Funding Note Fee Claim (including, for the avoidance of doubt, by realisation of the Funding Note Collateral securing such Funding Note Fee Claim) and shall apply the proceeds from such enforcement to the holders of the Funding Notes in redemption of such Funding Notes.

Clause 7
Representations of the Issuer and the Bank

- (1) The Issuer hereby represents to the Trustee that:
 - (a) the Collateral and the claims and rights in respect of the Cash Deposits have not previously been transferred, assigned, pledged or otherwise charged (in whole or in part) to any third party, except in accordance with the Security Pledge Agreement; and
 - (b) no third-party rights (other than under the Security Pledge Agreement) to or in relation to the Collateral or the Cash Deposits have been created by it, or to the best of its knowledge, exist.
- (2) The Bank hereby represents to the Issuer and the Trustee that the Collateral constitutes, in the case of the Pfandbrief Collateral, public sector *Pfandbriefe* of the Bank and, in the case of the Note Collateral, notes of the Bank which are valid and enforceable in accordance with their terms and, in the case of the Pfandbrief Collateral, the German Mortgage Bank Act.
- (3) In the event that any of the Collateral proves to be invalid or if the transfer itself 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.

Clause 8
Realisation of the Collateral and the Cash Deposits

- (1) Upon the occurrence of a Default Event the Trustee shall, promptly after it becomes aware of such occurrence, foreclose or cause enforcement on the Collateral as set forth below. In foreclosing on the Collateral pursuant to this Clause 8, the Trustee will not exercise the pledge over the Collateral but acts 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.

A "**Default Event**" shall occur when:

- (i) any Noteholder exercises the right of early redemption pursuant to § 17 of the Terms and Conditions; or
 - (ii) the Notes become subject to early redemption as a result of the occurrence of an Early Termination Event pursuant to § 11(3) of the Terms and Conditions.
- (2)
 - (a) As soon as reasonably practicable but not later than 3 Business Days after the Trustee becomes aware of a Default Event (whether by notification from the Issuer pursuant to paragraph (5) below or otherwise), it shall organise or have organised for each Series of the Collateral a panel of at least 3 Dealers to bid for the purchase of such Series of the 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 Notes. If the Trustee receives, with regard to any Series of the Collateral:
 - (i) 3 or 2 bids for all of such Series of the Collateral which equal or exceed the relevant Enforcement Amount, the Trustee shall sell and transfer such Series of the 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);
 - (ii) only 1 bid for all of such Series of the Collateral which is equal or exceeds the relevant Enforcement Amount, the Trustee shall sell and transfer such Series of the Collateral to the Dealer who offered such bid;
 - (iii) no bid for all of such Series of the Collateral which equals or exceeds the relevant Enforcement Amount or no bid, the Trustee shall (subject to paragraph (b) below) select another panel of Dealers and repeat the procedure pursuant to this paragraph (2).

"**Enforcement Amount**" means with respect to each Class of Notes secured by Collateral, the sum of (i) the Class Principal Amount of such Class of Notes (minus, if relevant, the amount of the Cash Deposit

securing such Class of Notes), and (ii) the aggregate interest accrued on such Class of Notes (assuming, for the purposes of calculating the Enforcement Amount only, that the Notes bear interest at a rate equal to EURIBOR (as determined from time to time in accordance with the Terms and Conditions)).

"Dealer" means a dealer in (or syndicate of such dealers) of recognised standing operating in the bond and *Pfandbrief* market selected by the Trustee to bid for the purchase of the Pfandbrief Collateral pursuant to this Clause 8.

- (b) If, with respect to any Series of the Collateral, the Trustee is not able to effect enforcement pursuant to this paragraph (2) 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 Enforcement Amount cannot be achieved, it shall proceed in accordance with paragraph (3) with respect to such Series of the Collateral.
 - (c) Upon the sale and transfer to the purchaser of any Series of the Collateral the Trustee shall apply the proceeds thereof or cause their application (i) first, to the Noteholders of the Class secured by such Series of the Collateral in redemption of such Class of Notes in accordance with the Terms and Conditions, (ii) second, after all claims under (i) have been fully satisfied, to reimburse the Trustee for all its claims against the Issuer under this Agreement, if any, and (iii) finally, after all claims under (i) and (ii) have been fully satisfied, to transfer the remaining proceeds, if any, to the Issuer.
- (3) In the event that any Series of the Collateral is not realised in accordance with paragraph (2) above, the Trustee shall transfer and deliver or cause to be transferred and delivered such Series of the Collateral to the Noteholders of the Class secured by such Series of the Collateral, in exchange for, and upon surrender of, the Notes of such Class held by such Noteholders to it, and in full satisfaction of all obligations for the payment of principal and accrued interest under such Class of Notes, *provided that* the Trustee will in each case transfer and deliver or cause to be transferred and delivered such number of *Pfandbriefe* or notes, as the case may be, representing such Series of the Collateral that the total principal amount of the *Pfandbriefe* or notes, as the case may be, delivered to any Noteholder of such Class is equal to the aggregate Note Principal Amount of the Notes of such Class (minus, if relevant, the amount of the Cash Deposit securing such Class of Notes) as of the date of such transfer held by such Noteholder of such Class (rounded downwards to the nearest Euro).
 - (4) For the avoidance of doubt, the delivery or enforcement procedures described in this Clause 8 shall not be affected by moratorium or similar proceedings or measures affecting the assets of the Issuer.
 - (5) The Issuer shall notify the Trustee without delay of the occurrence of a Default Event and shall provide reasonable details thereof. After it becomes aware of the occurrence of a Default Event the Trustee shall without delay give notice to the Noteholders, the Credit Swap Counterparties and the Rating Agencies of the same.
 - (6) The Trustee shall give notice to the Noteholders specifying in reasonable detail, with respect to each Class of Notes, the relevant Enforcement Amount, and (i) the enforcement procedure and the amounts and time of payment of the proceeds of the sale of the relevant Series of the Collateral to the Noteholders of such Class or, as applicable, (ii) the time and precise manner in which it shall deliver the relevant Series of the Collateral to the Noteholders of such Class.
 - (7) The Trustee shall promptly notify each of the Rating Agencies about the selection of panel(s) of Dealers and all determinations pursuant to this Clause 8.
 - (8) Upon the occurrence of a Default Event, the Trustee shall be obliged towards the Noteholders to effect the realisation of the Collateral pursuant to this Clause 8 regardless of whether the Issuer performs its obligations under this Agreement, including in particular its obligations under Clauses 23 and 24.
 - (9) Upon the occurrence of a Default Event with respect to the Class A-1, Class A-2+ or Class A-3 Notes, the Trustee shall demand from the Cash Deposit Account Bank prompt repayment to the Trustee of the Cash Deposit(s) securing such Class(es) of Notes together with interest accrued thereon unless in the professional judgement of the Trustee another method of foreclosure is desirable or expedient to protect the interests of the Class A-1, Class A-2+ or Class A-3 Noteholders.

Clause 9
Collections; Determinations

- (1) The Bank shall administer, collect and enforce the Reference Claims, including by Enforcement of the Reference Collateral, in accordance with its standard credit and collection procedures, consistently applied, and requirements of the Terms and Conditions and shall make such other determinations, allocations and calculations as provided for in and in accordance with the Transaction Documents.
- (2) The Trustee will allow the Bank in its capacity as Servicer of the Reference Claims reasonable discretion in application of the Bank's standard procedures with respect to the administration, collections and enforcement of the Reference Claims, including by Enforcement of the Reference Collateral. The Bank will exercise this discretion as would a reasonable creditor in the protection of its own interests.

Clause 10
Reports; Documents; Information

- (1) With respect to each Collection Period, not later than the 7th Business Day (the "**Reporting Date**") preceding the relevant Payment Date, the Bank will provide the Trustee with a report on the performance of the Reference Pool (each a "**Pool Report**") including, *inter alia* :
 - (i) details on the status of repayments and amounts outstanding on each Reference Claim as of the end of such Collection Period;
 - (ii) information on measures being taken to collect all due amounts on the Reference Claims, e.g., terminations, enforcement proceedings, engagement of a collection agent;
 - (iii) information on the removal of individual Reference Claims from the Reference Pool in accordance with § 3(7) or § 8(4) of the Terms and Conditions;
 - (iv) information on enforcement and liquidation proceedings with respect to the Reference Claims, the Mortgages and other Reference Collateral, aggregate proceeds of such proceedings and the amount allocable to the relevant Reference Claim;
 - (v) information on determination of each Liquidated Reference Claim, Realised Losses and their allocation;
 - (vi) information on Reference Claims with respect to which a Credit Event has occurred during the given Collection Period;
 - (vii) information on prepayments on the Reference Claims during the Collection Period, including the total amount received in early repayment, as well as information on each Replenishment during the Collection Period;
 - (viii) information on interest reset dates on each Reference Claim during the given Collection Period;
 - (ix) information on the Reference Claims in arrears including the Reference Claim number, Outstanding Nominal Amount, maturity date, frequency of payments, repayments in arrears, interest in arrears, costs in arrears;
 - (x) payments and re-increase of principal amount on account of previous Unjustified Loss Allocation, distribution of Late Recoveries or exclusion of Reference Claims from the Reference Pool;
 - (xi) in respect of each Non-EUR Reference Claim, the Outstanding EUR Equivalent Amount(s) and the applicable Exchange Rate(s), as well as the outstanding nominal amount in the currency of the Reference Claim and information on each Re-set with respect to the Collection Period;
 - (xii) information on the Available Interest Income, *provided that* such information will be included for the first time in the Pool Report with respect to the Collection Period during which the first Reference Claim in the Reference Pool becomes a Defaulted Reference Claim and, if relevant, information on the Interest Subparticipation Amounts and any deferred Subparticipation Amounts.

- (2) (a) With respect to an early redemption of the Notes pursuant to § 11(1), pursuant to § 11(3) or pursuant to § 17 of the Terms and Conditions, the Bank shall provide the Trustee with the Early Redemption Report not later than the 5th Business Day prior to the Early Redemption Date or the actual date of redemption of the Notes, as relevant.

"Early Redemption Report" means a report delivered to the Trustee by the Bank including, *inter alia*:

- (i) the Early Redemption Date or the date of the actual redemption of the Notes, as relevant;
 - (ii) relevant information pursuant to Clause 10(1);
 - (iii) the determinations of the Estimated Losses and any other determinations pursuant to the Terms and Conditions for the purposes of the early redemption, if relevant; and
 - (iv) the reasons for the early redemption and determinations for the purposes of § 11(2), § 11(3) or § 17(2) of the Terms and Conditions, if relevant.
- (b) With respect to the Legal Maturity Date, the Bank shall provide the Trustee with the Legal Maturity Date Report not later than the 5th Business Day prior to the Legal Maturity Date.

"Legal Maturity Date Report" means a report delivered to the Trustee by the Bank including, *inter alia*:

- (i) information on determination of the Estimated Losses, if relevant, of the Defaulted Reference Claims as of the end of the Collection Period immediately preceding the Legal Maturity Date; and
 - (ii) redemption amounts with respect of each Note then outstanding.
- (c) In connection with each Replenishment, the Bank shall provide the Trustee with the Replenishment Report.

"Replenishment Report" means a report to be delivered to the Trustee by the Bank on each Reporting Date which includes (as of the date(s) specified therein) *inter alia*:

- (i) information on the characteristics of the Reference Pool and other information necessary for the Trustee to monitor compliance with the Replenishment Conditions; and
- (ii) stratification tables profiling the Reference Pool as of the end of the Collection Period immediately preceding such Reporting Date.

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

- (3) Subject to applicable law, in particular data protection laws and regulations and contractual bank secrecy obligations of the Issuer, the Bank will provide the Trustee with such additional information, documents and facilities as the Trustee may reasonably require for the performance of the Trustee Duties.
- (4) The Trustee shall take delivery of the Reports and all other documents delivered to it pursuant to this Agreement and shall forward the documents to the successor Trustee if the Trustee is replaced in accordance with Clause 26.

The Trustee shall keep such documents for at least one year after the termination of this Agreement and, may afterwards either destroy such documents or deliver the same to the Bank.

- (5) In addition, to the extent permitted by law, the Bank will grant the Trustee the right to inspect, after having received reasonable notice and during normal business hours, all books, documents and data which affect the rights belonging to the Reference Pool. The Trustee or its auditors (as applicable) shall have a right to inspect and request production of personal data subject to applicable data protection laws and regulations and contractual bank secrecy obligations of the Bank.
- (6) Without prejudice to the provisions of Clause 29, the Trustee shall comply with the applicable data protection laws and regulations and contractual bank secrecy obligations of the Bank and shall not disclose any Report, document or other information obtained from the Bank pursuant to this Agreement to any third party without

prior written consent of the Bank, except to a vicarious agent (*Erfüllungsgehilfe*) in accordance with Clause 21 or an Expert pursuant to Clause 15 or Valuation Experts pursuant to Clause 16 duly appointed in accordance with this Agreement, *provided that* applicable data protection laws and regulations and contractual bank secrecy obligations of the Bank are observed.

- (7) Unless otherwise specified or agreed with the Trustee, the Bank will provide the Trustee with all Reports, documents and information in writing pursuant to Clause 31.

Clause 11

Verification; Initiation of Procedures

- (1) (a) The Trustee shall on a quarterly basis conduct plausibility checks (*Plausibilitätsprüfung*) of the information contained in the Reports and other documents delivered and information otherwise provided to it pursuant to this Trust Agreement. If these checks by the Trustee do not reveal any indication of a material breach of duty by the Issuer or the Bank under the Transaction Documents or any other risk for the Transaction Creditors, the Trustee is not obliged to examine such Reports, documents or information any further, *provided that* if the Trustee reasonably believes that the information provided to it in the Reports or otherwise is not adequate to enable it to conduct plausibility checks in accordance with its duties under this Trust Agreement, the Trustee shall require the Bank to provide it with such further information as will enable proper plausibility checks to be conducted. The Trustee shall not be obliged to examine any details of enforcement proceedings if, in its best judgement, the measures taken by the Bank appear to be reasonable.
- (b) If, on the basis of any plausibility checks pursuant to Clause 11(1)(a) above, the Trustee comes to the conclusion that there is indication of a material breach or the Issuer or the Bank actually is in breach of any of its respective obligations under the Transaction Documents or that the interests of the Transaction Creditors are otherwise at risk, the Trustee shall promptly notify the Issuer, the Bank and each Credit Swap Counterparty and shall conduct such further reviews and, after consultation with the Rating Agencies take such other actions, including the specific procedures set out in Clauses 12 through 14, as applicable, within the scope of the Trustee Duties and subject to Clause 17 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- (2) (a) In addition to the checks pursuant to paragraph (1) above, the Trustee shall on a quarterly basis, prior to Loss Allocation on any Payment Date, verify the determination and allocation of Realised Losses in respect of each Reference Claim for which Realised Losses are to be allocated to the Notes as of the immediately following Payment Date, including whether the Eligibility Criteria and the Replenishment Conditions were met and the Servicing Principles were complied with in connection with such Reference Claims and the Related Reference Collateral. With respect to the determination and allocation of Realised Losses, if, on the basis of such check, the Trustee comes to the conclusion that the conditions for the Loss Allocation which are to be fulfilled have been complied with, that neither the Bank nor the Issuer is in breach of any of its respective obligations under the Transaction Documents and that the interests of the Transaction Creditors are not otherwise at risk, the Trustee shall promptly confirm by written notification to the Bank and the Issuer such determination and allocation of Realised Losses. If, on the basis of such check, the Trustee comes to the conclusion that the conditions for the Loss Allocation which are to be fulfilled have not been complied with, that either the Bank or the Issuer is in breach of any of its respective obligations under the Transactions Documents or the interests of the Transaction Creditors are otherwise at risk, the Trustee shall promptly notify the Bank, the Issuer and the Rating Agencies and take such other actions, including the specific procedures set out in Clauses 12 through 14, as applicable, within the scope of its Trustee Duties and subject to Clause 17 as it, in its professional judgement, considers desirable or expedient to protect the interests of the Transaction Creditors.
- (b) The Trustee shall only be obliged to carry out the verifications pursuant to this paragraph (2) if the conditions of Clause 17(2) are met.
- (3) The Trustee may request and the Bank will provide to the Trustee and the auditors of the Trustee, if any, such further information, access to its facilities and documentation, to the extent permitted by applicable law, as the Trustee and its advisors shall reasonably require to facilitate the Procedures.

- (4) The Trustee shall deliver to the Bank, the Issuer and each Credit Swap Counterparty as soon as possible a notice (the "**Notice**") initiating the procedure, if any, (each, a "**Procedure**") pursuant to this Clause 11 and Clauses 12, 13, 13 a, 14 and/or 17. Such Notice shall provide reasonable details with respect to the (i) summary of the relevant facts and circumstances, (ii) extent of its disagreement with the relevant determination or calculation or other action (failure to act) of the Issuer or the Bank and (iii) reasons for such disagreement.

Clause 12

Loss Allocation Procedure

- (1) In the event that the Trustee has reason to believe that a determination or allocation of Realised Losses may be unjustified in whole or in part because the determination of the relevant Realised Loss itself or the allocation thereof to a particular Class of Notes, was erroneous the Trustee shall promptly give the Bank, the Issuer and each Credit Swap Counterparty (subject to any applicable data protection and banking secrecy laws) Notice thereof and shall proceed in accordance with Clause 15. Determination and/or allocation of Realised Losses shall be erroneous if, *inter alia*,:
- (a) a Reference Claim has been determined to be a Liquidated Reference Claim without proper enforcement of the Reference Claim, including by Enforcement of the Reference Collateral, in accordance with the Servicing Principles, or
 - (b) a Reference Claim has been determined to be a Liquidated Reference Claim at a time when further payments or proceeds from the Enforcement of the Reference Collateral could still be reasonably expected to be received on such Reference Claim.
- (2) If the Notice is received by the Bank before 11 a.m. CET on the 4th Business Day 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 to the Notes pursuant to § 8 of the Terms and Conditions to the extent specified in such Notice until and unless its due allocation is determined pursuant to Clause 15 hereof. Without prejudice to the procedure under § 9 of the Terms and Conditions, if the Notice is not received by the Bank before 11 a.m. CET on the 4th Business Day preceding such Payment Date, the allocation of such Realised Loss shall be binding for such Payment Date.
- (3) Not later than on the third Business Day following the receipt of a notice from the Bank pursuant to § 9(3) of the Terms and Conditions, the Trustee shall provide each of the Credit Swap Counterparties with a copy of such notice. In the event that the Trustee has reason to believe that an Unjustified Loss Allocation has occurred it shall promptly appoint an Expert pursuant to Clause 15 to determine whether an Unjustified Loss Allocation has occurred, which Transaction Creditors have been affected thereby, and give details of the re-instatement of the relevant Note Principal Amounts of the affected Notes or repayment of the relevant Cash Settlement Amount under the Credit Swaps.

Clause 13

Non-compliance Notice; Reference Claim Removal

- (1) The Bank will promptly give notice to the Trustee and the Credit Swap Counterparties, if any of the Eligibility Criteria, the Replenishment Conditions or the Servicing Principles is not complied with (a "**Non-compliance Notice**"). The Non-compliance Notice shall describe in reasonable detail the breach of the Eligibility Criteria, Replenishment Conditions or Servicing Principles.
- (2) On or after the delivery date of any Non-compliance Notice, the Bank may request from the Trustee a confirmation (the "**Confirmation**"), in case of which such Confirmation shall also be delivered to each Credit Swap Counterparty, to the effect that, in the professional judgement of the Trustee, the relevant non-compliance
- (i) does not adversely affect the interests of the Transaction Creditors;
 - (ii) any adverse effect of such non-compliance on the interest of the Transaction Creditors has been fully remedied and the conditions specified under § 3(7)(a)(B) of the Terms and Conditions have been met;
 - (iii) affects only a specific part of a certain Reference Claim or a certain Reference Collateral; and/or

(iv) has not resulted in or contributed to the relevant Realised Loss.

In the event the Trustee delivers a Confirmation, it shall be binding absent manifest error for the purposes of Loss Allocation. In the event the Trustee fails to deliver a Confirmation, the Trustee shall upon request of the Bank proceed in accordance with Clause 15.

- (3) A removal of any Reference Claim from the Reference Pool pursuant to § 3(7) or § 8(4) of the Terms and Conditions will become effective as of the Payment Date immediately following the Pool Report in which the Bank has declared to remove such Reference Claim.

Clause 13 a

Non-EUR Reference Claims Procedure

- (1) In the event that the Trustee has reason to believe, on the basis of its checks pursuant to Clause 11(1) and (2), that any determination in connection with the Non-EUR Reference Claims was erroneous the Trustee shall promptly give the Bank and the Issuer Notice thereof and shall proceed in accordance with Clause 15. A determination in connection with the Non-EUR Reference Claims shall be erroneous if, *inter alia*, a Re-set is made in breach of § 3(10) of the Terms and Conditions of the Notes (Non-EUR Reference Claims - Conversion; Re-sets).
- (2) If a Notice is received by the Bank that a Re-set is erroneous, such Re-set and all other Re-sets of the Reference Claims denominated in the same Re-set Currency on the given Re-set Date shall not be effected and the Outstanding EUR Equivalent Amounts of the relevant Non-EUR Reference Claims shall be as last determined in accordance with § 3(10) of the Terms and Conditions of the Notes (Non-EUR Reference Claims - Conversion; Re-sets) until and unless the disputed Re-set is determined pursuant to Clause 15.

Clause 14

Redemption Procedures

- (1) In the event that the Trustee has no reason to believe that a determination made by the Bank in connection with a redemption of the Notes pursuant to § 10, § 11 or § 17 of the Terms and Conditions is erroneous, it shall give the Bank, upon its request, a written confirmation that the Trustee, in its professional judgement, agrees with such determination and shall provide a copy of such notice to the Issuer and the Credit Swap Counterparties. In the event that the Trustee has reason to believe that a determination made by the Bank in connection with a redemption of the Notes pursuant to § 10, § 11 or § 17 of the Terms and Conditions is erroneous, it shall promptly give the Bank, the Issuer and each of the Credit Swap Counterparties (subject to any applicable data protection and banking secrecy laws) Notice thereof and shall proceed in accordance with Clause 15. Any such determination shall be erroneous if, *inter alia*:
- (i) any Estimated Loss is determined in breach of applicable provisions of the Terms and Conditions; or
 - (ii) the determination of the aggregate Outstanding Nominal Amount of the Overdue Reference Claims or Defaulted Reference Claims, as relevant, is erroneous.
- (2) If the Notice is received by the Bank before the Determination Date preceding the relevant redemption date, the redemption will be deferred until the next Payment Date or, if later, final determination of the matter(s) in respect of which the Notice was given pursuant to the procedures under Clause 15. Without prejudice to the procedure under § 9 of the Terms and Conditions, if the Notice is received by the Bank after the relevant Determination Date, the determinations in respect of which Notice was given will be binding for the given redemption date.

Clause 15

Expert

- (1) Without prejudice to the provisions of paragraph (4) below, upon giving a Notice or receipt of a request by the Bank pursuant to Clause 13(2) the Trustee shall appoint an independent third party that is an auditing firm of recognised standing which is located in Germany and is not an affiliate (within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*)) of the Bank, the Issuer or the Trustee (the "**Expert**") to resolve

the disputed matter.

- (2) Such Expert shall be selected by the Trustee in its commercially reasonable discretion after consultation with the Bank, if practicable, having regard to the nature of the dispute and the interest of the Transaction Creditors in the timely determination of the disputed issue.
- (3) The Trustee shall promptly notify each of the Rating Agencies and each Credit Swap Counterparty in writing of such appointment and nature of the dispute.
- (4) Prior to the appointment of an Expert pursuant to paragraph (1), the Trustee may, in its commercially reasonable discretion, but having due regard to the interests of the Transaction Creditors, seek an amicable solution of the matter in dispute by negotiation with the Bank.
- (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 performance of its duties hereunder. The Bank may limit the access of the Trustee or the Expert to any information, facilities and documentation of the Bank to the extent that the Bank, based on advice of legal counsel, determines that such limitation is necessary in order to avoid a violation of applicable data protection laws and regulations and contractual bank secrecy obligations of the Bank.
- (6) Any determination by way of a written certificate of the Expert will, in the absence of manifest error, be final and binding. The Trustee shall procure that the Expert delivers such written certificate to the Trustee with a copy to the Bank and the Issuer. Not later than on the third Business Day following the receipt of such written certificate from the Expert, the Trustee shall provide each of the Credit Swap Counterparties with a copy thereof.

Clause 16

Expert for Determination of Final Values

- (1) Promptly upon receipt of the notice from the Bank that determination of Final Value of a Defaulted Reference Claim is necessary for the purposes of § 10, § 11 or § 17 of the Terms and Conditions the Trustee shall appoint two experts of recognised standing in the respective country none of which an affiliate (within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*)) of the Bank, the Issuer or the Trustee or has been involved as an Expert in connection with the same Reference Claim (the "**Valuation Experts**") to determine the Final Values of the Defaulted Reference Claims notified to the Trustee by the Bank.
- (2) The Valuation Experts shall be selected by the Trustee in its reasonable discretion and after consultation with the Bank, if practicable, having regard to the interest of the Transaction Creditors in the professional determination of the Final Values in a timely manner.
- (3) The Trustee shall promptly notify the identity of the Valuation Experts to the Bank, the Issuer, each Credit Swap Counterparty and each of the Rating Agencies.
- (4) Upon request of the Trustee and/or the Valuation Experts the Bank will provide the Valuation Experts with such information and documents regarding the Defaulted Reference Claims and access as the Valuation Experts may reasonably require for determination of the Final Values. The Bank may limit the access of the Valuation Experts to any information, facilities and documentation of the Bank to the extent that the Bank, based on advice of legal counsel, determines, that such limitation is necessary in order to avoid a violation of applicable data protection laws and regulations and contractual bank secrecy obligations of the Bank.
- (5) Any determination by way of a written certificate of the Valuation Experts will, in the absence of manifest error, be final and binding. The Valuation Experts shall deliver such written certificate to the Trustee with a copy to the Bank, the Issuer and each Credit Swap Counterparty.

Clause 17

Obligation of the Trustee to Act

- (1) If the Trustee becomes aware on the basis of its check pursuant to Clause 11(1) that the interests of the Transaction Creditors are at risk due to any failure by the Issuer or the Bank duly to discharge its respective obligations under the Transaction Documents, the Trustee shall promptly give Notice to the Bank, the Issuer and

each Credit Swap Counterparty and, at its commercially reasonable discretion and subject to paragraph (2) below, take or initiate any of the Procedures under this Agreement, appoint the Expert or the Valuation Experts or take such other action which the Trustee, in its professional judgement, and after consultation with the Rating Agencies considers desirable or expedient to protect the interests of the Transaction Creditors.

- (2) The Trustee shall only be obliged to intervene in accordance with paragraph (1) if, and to the extent that
- (i) it is convinced (on reasonable grounds) that its fees pursuant to Clause 22(1) will be paid and it will be indemnified by the Issuer pursuant to Clause 24 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 (including fees for retaining an Expert or Valuation Experts, counsel, banks, auditors, or other experts as well as expenses incurred in retaining third parties to perform certain duties) and against all liability, obligations and attempts to bring any action in or out of court, (the "**Indemnification Claim**");
 - (ii) the Issuer has, upon the Trustee's request, paid an adequate advance for the Indemnification Claim.

Clause 18 **Representations of the Trustee**

The Trustee represents to the Issuer and the Bank that it has the legal capacity and is in a position to perform the duties ascribed to it under the Transaction Documents and that, as at the time of concluding this Agreement, a ground for terminating this Agreement pursuant to Clause 26(1) has neither occurred nor is foreseeable.

Clause 19 **Undertakings of the Bank and the Issuer**

- (1) For as long as any present or future obligations of the Issuer under the Notes or any Credit Swaps (collectively, the "**Transaction Obligations**") are outstanding, the Bank shall:
- (i) as soon as practicable after publication and in any event no later than one hundred and eighty days after the end of each fiscal year, provide the Trustee with two copies of its latest annual financial statements and make its latest annual financial statements available for inspection by the Transaction Creditors at the registered office of the Issuer and at the specified offices of the Bank and the Principal Paying Agent (if different from the Bank);
 - (ii) subject to applicable law and banking secrecy obligations, permit the Trustee, the Expert and the Valuation Experts and their respective advisers to inspect the Bank's books and records for the purposes of performance of the Trustee Duties, the duties under Clause 15 and 16, respectively, to give any information necessary for such purposes and to make the relevant records available for inspection;
 - (iii) subject to applicable law and banking secrecy obligations, execute such additional documents and take such further action, at any time and to the extent permitted by law, as the Trustee may reasonably consider necessary or appropriate to give effect to this Agreement and to ensure the validity, binding effect and enforceability of the Transaction Documents to which the Bank is a party;
 - (iv) send or have sent to the Trustee a copy of any notice to be given to the Noteholders in accordance with the Terms and Conditions as soon as possible, but no later than on the day of the publication or dispatch, as relevant, of such notice;
 - (v) notify the Trustee immediately if (A) the Issuer cannot discharge in full any obligation to make payments of principal or interest on the Notes with respect to any Payment Date or (B) the Bank or the Issuer is in breach of any other obligations under the Transaction Documents;
 - (vi) notify the Trustee if it becomes aware that the interests of the Transaction Creditors with respect to the Reference Claims or the Reference Collateral are impaired or jeopardised by any action of a third party, and send to the Trustee 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 defense of the rights of the Transaction Creditors;

- (vii) procure that its standard credit and collection procedures for its assets similar to the Reference Claims at all times comply with the relevant provisions of the German Banking Act (*Kreditwesengesetz*).
- (2) 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 Agreement and to ensure the validity, binding effect and enforceability of the Transaction Documents to which the Issuer is a party;
 - (iii) notify the Trustee immediately if (A) it cannot discharge in full any obligation to make payments of principal or interest on the Notes with respect to any Payment Date or (B) it is in breach of any other obligations under the Transaction Documents;
 - (iv) elect to defer the redemption of the Notes and procure that Estimated Losses are determined pursuant to Section 17(2)(b) of the Terms and Conditions if the Bank so demands by notice to the Issuer;
 - (v) 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; and
 - (vi) give the Bank, if different from the Principal Paying Agent, and the Trustee at least 30 calendar days notice of the replacement of the Principal Paying Agent.
- (3) For as long as any of the Notes are outstanding the Issuer shall not be entitled without the Trustee's prior written consent to (except as otherwise contemplated by the Transaction Documents):
- (a) engage in any business or any other activities other than:
 - (i) the performance of its obligations under this Agreement, the Notes, the Funding 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 Transaction Trustee, are necessary or desirable having regard to the interests of the Transaction Creditors in order to ensure that the Trustee Documents are always valid and effective;
 - (b) hold subsidiaries (except in the case of a substitution of the Issuer pursuant to the Terms and Conditions);
 - (c) dispose of any assets, including the Collateral, or any part thereof or interest therein, except as otherwise provided in (a) above;
 - (d) alienate, or create or permit to subsist any pledge or other security interest in, any assets or any part thereof or interest therein, unless permitted under (a) above;
 - (e) incur further indebtedness or give any guarantee or indemnity in respect of any obligation of any person;
 - (f) have any employees;
 - (g) amend any of the Transaction Documents or its Memorandum and Articles of Association except as required by applicable law or requested by the Trustee;
 - (h) acquire the obligations or securities of its shareholders;
 - (i) commingle its assets with those of any other entity;
 - (j) issue or repurchase shares or reduce its share capital or declare or pay dividends or any other distributions

- of any kind whatsoever, except as contemplated by the Transaction Documents;
- (k) open any bank account, except as contemplated by the Transaction Documents;
 - (l) lease or otherwise acquire any real property (including office premises or like facilities);
 - (m) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; and
 - (n) make any loans or advances to any entity.
- (4) The Issuer shall, except as contemplated in the Transaction Documents:
- (a) conduct its own business in its own name and hold itself out as a separate entity from any other person or entity;
 - (b) pay its own liabilities out of its own funds, and
 - (c) observe all corporate formalities and other formalities required by its constitutive documents.

Clause 20 **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 reasonable discretion, taking into account the interests of the Transaction Creditors.

Clause 21 **Retaining of Third Parties**

- (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). A more extensive delegation of the Trustee Duties is not permitted.
- (2) The Trustee shall promptly notify the Rating Agencies, the Bank and the Issuer of every instruction of a third party made pursuant to paragraph (1).
- (3) For the purposes of appointment of the Expert or the Valuation Experts, the Trustee shall only be liable for the exercise of due care in the selection of the Expert and/or the Valuation Experts. The Trustee shall not be liable for performance of the Expert and/or the Valuation Experts.

Clause 21 a **Advisors**

- (1) The Trustee is authorized, in connection with the performance of its duties under this Agreement, 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).
- (2) The Trustee may rely on such information and advice without having to make its own investigations. The Trustee shall not be liable for any damages or losses caused by its acting reasonably in reliance on information or advice of the Advisors. The Trustee shall not be liable for any negligence of the Advisors. The Trustee shall only be liable for the exercise of due care in the selection of any Advisor.

Clause 22
Fees and Reimbursement of the Trustee

- (1) For the performance of the Trustee Duties the Issuer will pay the Trustee a fee which shall be (together with other details) separately agreed between the Issuer and the Trustee with the consent of the Bank.
- (2) The Issuer shall bear all reasonable costs and disbursements (including costs incurred in obtaining legal advice and the costs of other experts and advisers) 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 without limitation the costs and disbursements in connection with the Procedures and the appointment of the Expert or the Valuation Experts.

Clause 23
Fees and Expenses of the Expert and Valuation Experts

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

Clause 24
Right to Indemnification

The Issuer shall indemnify the Trustee against all losses, liabilities, obligations (including any taxes), actions in and out of court and costs and disbursements incurred by the Trustee in connection with this 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.

Clause 25
Taxes

- (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.
- (2) All payments of fees and reimbursements of expenses to the Trustee shall include 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 Agreement.

Clause 26
Termination; Replacement

- (1) Without prejudice to Clause 26(5), the Trustee may resign from its role as Trustee for good cause (*aus wichtigem Grund*) at any time.
- (2) Subject to Clause 26(3), the Issuer shall be authorised and obliged to revoke the appointment of the Trustee as trustee under this Agreement and give immediate notice thereof to the Bank and the Rating Agencies (i) for good cause (*aus wichtigem Grund*), (ii) upon the written instruction of any Credit Swap Counterparty upon the occurrence of good cause (*aus wichtigem Grund*) or (iii) after having been so instructed in writing (A) by Noteholders representing at least 25% of the sum of the aggregate Note Principal Amounts of the Notes then outstanding or (B) by any of the Rating Agencies, if the continued appointment of the Trustee in its capacity hereunder would result in the downgrading or withdrawal of the then current rating of any Class of Notes by such Rating Agency. The institution of any insolvency proceedings in respect of the Trustee shall constitute cause for the purpose of clause (i) above.
- (3) In case of insolvency, bankruptcy, winding-up or liquidation of the Issuer, the Trustee shall be obliged to resign, and shall give immediate notice thereof to the Bank, the Rating Agencies and the Issuer, if so instructed in writing (i) by any Credit Swap Counterparty upon the occurrence of good cause (*aus wichtigem Grund*), (ii) by Noteholders representing at least 25% of the aggregate Note Principal Amounts of the Notes then outstanding or (iii) by any of the Rating Agencies if the continued appointment of the Trustee in its capacity hereunder would result in the downgrading or withdrawal of the then current rating of any Class of Notes by such Rating Agency.

- (4) Notwithstanding the provisions of paragraphs (1) through (3) above, in the event that the Issuer does not comply with its obligation pursuant to § 4(3) of the Terms and Conditions or such non-compliance, in the reasonable opinion of the Bank, is imminent, the Bank may appoint a successor Trustee.
- (5) Any resignation by the Trustee in accordance with Clause 26(3)(ii) or (iii) and any revocation of the appointment of the Trustee in accordance with Clause 26(2)(iii) shall become effective only upon (i) the appointment by the Issuer (or in the case of Clause 26(3), by the Trustee) of a successor trustee which must be a bank, financial services institution or auditing firm of recognized standing which has its principal office in Germany and with respect to which each of the Rating Agencies that had assigned ratings to the Notes prior to such resignation or replacement confirms that the appointment of such successor Trustee will not result in a withdrawal of the rating in respect of, or downgrading of the Notes, (ii) the transfer to such successor trustee of all authorities and powers granted to the Trustee hereunder, and (iii) the acceptance by such successor trustee of such appointment and of the rights and obligations under the Transaction Documents. In the case of Clause 26(1), the Trustee shall use all reasonable efforts to appoint a successor trustee within 30 Business Days after the resignation notice has been delivered to the Issuer and the Bank by the Trustee. In the case of Clause 26(2)(i) and (ii) and (3)(i), the Issuer shall use all reasonable efforts to appoint a successor trustee within 30 Business Days after the revocation notice has been delivered to the Trustee by the Issuer.
- (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), 26(3) or 26(4) is due to the Trustee's conduct, 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.
- (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 Credit Swap Counterparties, as relevant, in accordance with this Agreement, and to the Noteholders in accordance with the Terms and Conditions, or, if this is not possible, in any other appropriate way.
- (8) The Trustee shall provide the successor trustee with a reasonably detailed report regarding its activities under or in connection with this Agreement.
- (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 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 Agreement arising prior to or in connection with the replacement.

Clause 27 **Standard of Care**

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

Clause 28 **Extent of Liability**

Without prejudice to the provisions of Clause 27, the Trustee shall not be liable for: (i) any action or failure to act of the Issuer, (ii) the Notes 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 documents, information or to provide access and facilities to the Trustee or an Expert or Valuation Experts.

Clause 29 **Confidentiality**

- (1) The Trustee shall ensure that its auditors, the Expert, the Valuation Experts and any agent appointed pursuant to Clause 21(1) shall treat as confidential any information concerning the Borrowers and the providers of the

Reference Collateral or the business operations of the Bank obtained in connection with the performance of this Agreement. This shall not apply (i) to disclosure of the necessary information to the Expert or Valuation Experts duly appointed under this Agreement, (ii) to information which is or becomes generally known in a manner not attributable to the Trustee, (iii) if the Trustee is legally required to disclose information or requested to do so by a competent public authority, (iv) if the disclosure of information by the Trustee is legally permissible and necessary to enforce rights arising from the Notes or the other Transaction Documents, or (v) to the disclosure of necessary information to the Rating Agencies.

- (2) The Trustee shall ensure that each Expert and Valuation Expert appointed under this Agreement, prior to its appointment taking effect, each auditor of the Trustee (if relevant), an Expert or a Valuation Expert, each Advisor of the Trustee and each third party retained by the Trustee in accordance with Clause 21 which is to perform any duty pursuant to this 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, Valuation 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 Bank obtained in connection with the performance of its duties in connection with this Agreement.
- (3) Notwithstanding paragraph (2) above, the Bank may, at its sole discretion and at any time, request each Expert and Valuation Expert appointed under this Agreement and each auditor of the Trustee, an Expert or a Valuation Expert which is to perform any duty pursuant to this Agreement to sign a confidentiality undertaking in such form as the Bank may, in its professional judgement require to the effect that the Expert, Valuation Expert or auditor, as relevant, shall treat as confidential any information concerning the Borrowers and the providers of Reference Collateral and the business operations of the Bank in connection with the performance of its duties in connection with the Agreement.

Clause 30

Limited Recourse and Non-Petition; Priority of Payments

- (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 will not be obligations or responsibilities of, or guaranteed by, any other person or entity. The Issuer will 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 Collateral, the Cash Deposits and the guarantee fee received by the Issuer from the Bank under the Loss Guarantee which shall be applied in accordance with the Priority of Payments, and, with respect to all obligations hereunder, excluding the transaction fee payable to the Issuer under the Loss Guarantee. Claims in respect of any shortfall will be extinguished and the failure to make any payment in respect of any such shortfall will 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 until the expiration of a period of one year and one day following payment of all amounts payable under the Notes, *provided that* if the Trustee becomes aware that bankruptcy, insolvency or similar proceedings have been instituted or petition for the institution thereof has been filed in any jurisdiction other than Germany, it shall take all necessary steps and actions to institute bankruptcy proceedings of the Issuer in Germany with regard to the assets of the Issuer located in Germany if, in the professional judgement of the Trustee, it is desirable or expedient to protect the interests of the Noteholders.
- (2)
 - (a) Any amounts received by the Issuer under the Collateral and the Cash Deposits, including the proceeds from the foreclosure thereof, shall be applied to satisfy the payment obligations of the Issuer towards the Bank under the Loss Guarantee to the extent so required by the first ranking pledge of the Bank over such Collateral and such Cash Deposits.
 - (b) Any amounts received by the Issuer under the Collateral and the Cash Deposits, 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 (but excluding such portion of such fee which corresponds to the amount of principal and interest payable under the Funding Notes) shall be applied to satisfy the payment obligations of the Issuer under the Notes.

- (c) Such portion of the guarantee fee received by the Issuer from the Bank under the Loss Guarantee which corresponds to the amount of principal and interest payable under the Funding Notes (including the proceeds from the foreclosure on the Funding Note Collateral) shall be applied to satisfy the payment obligations of the Issuer under the Funding Notes.
- (d) Any credit available on the Transaction Account and not applied pursuant to paragraphs (a) to (c) 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**, any fees, costs and disbursements (including any fees, costs and disbursements of any Expert and/or Valuation Expert) due and payable to the Trustee in accordance with this Trust Agreement;
 - (ii) **second, pro rata**, any annual return or exempt company fees and any other amounts then due and payable to governmental authorities in Jersey or elsewhere;
 - (iii) **third, pro rata**, any amounts of regular fees and expenses then due and payable to the directors and the auditors of the Issuer, the Principal Paying Agent, the Cash Administrator, the Administrator, the Custodian, the Account Banks, the agent for the service of process, the Luxembourg Stock Exchange, the Rating Agencies and other operational creditors of the Issuer;
 - (iv) **fourth, pro rata**, any other amounts then due and payable by the Issuer (including, without limitation, any indemnification claims of the Issuer's directors, auditors or legal advisers, the Trustee, the Principal Paying Agent, the Cash Administrator, the Administrator, the Custodian or the Account Banks).

Clause 31 Communications

- (1) All communications under this Agreement shall be made by mail or by fax which shall be confirmed by mail.
- (2) Any communication under this Agreement shall be in English.
- (3) Subject to written notification of any change of address, all notices under this Agreement to the parties set out below shall be directed to the following addresses:

- (a) for the Issuer:

DUKE 2002 Limited
St. Paul's Gate
New Street
St. Helier, Jersey JE4 8ZB
Channel Islands

Attn.: Corporate Services Department
Telephone: +44 1534 889373
Telefax: +44 1434 889884

- (b) for the Bank:

Westfälische Hypothekenbank AG
Florianstrasse 1
44139 Dortmund

Germany

Attn.: Dirk Bergander
Telephone: 0049 231 1082 309
Telefax: 0049 231 1082 468

(c) for the Trustee:

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft
Bahnstrasse 16
40212 Düsseldorf
Germany

Attn.: Geschäftsführung
Telephone: (+49) 211 8772 9366
Telefax: (+49) 211 8772 9240

(d) for Moody's:

Moody's Investors Service Limited
Structured Finance Group Monitoring Department
2 Minster Court
Mincing Lane
London EC3R 7XB
United Kingdom

Attn.: Natasa Agathocleous
Telephone: (+44) 207 772 5300
Telefax: (+44) 207 772 5400

(e) for S&P

Standard & Poor's Ratings Group
18 Finsbury Circus
London EC2M 7NJ
United Kingdom

Attn.: Structured Finance Surveillance Department
Telephone: (+44) 207 826-3800
Telefax: (+44) 207 826-3890

(f) for the Credit Swap Counterparties:

the address identified to the Trustee in a side letter delivered to the Trustee on the date hereof.

Clause 32
Partial Invalidity

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

Clause 33
Amendments

This Agreement may only be amended in writing by agreement of all parties hereto. The Trustee shall only give its consent after consultation with the Rating Agencies.

Clause 34
Governing Law; Place of Performance; Jurisdiction

- (1) This Agreement shall be governed by the laws of the Federal Republic of Germany.
- (2) Place of performance for the obligations of all parties is Dortmund.
- (3) The place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Agreement shall be the District Court (*Landgericht*) in Dortmund (non-exclusive jurisdiction). The Issuer hereby submits to the jurisdiction of such court. The Issuer hereby appoints WestLB AG, with its seat on the Issue Date at Herzogstrasse 15, 40217 Düsseldorf, Germany, as its agent who is authorized to receive service of process in relation to any legal proceedings before a German court.

Clause 35
Condition Precedent

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued on the Issue Date.

Clause 36
Counterparts

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

REPLENISHMENT SCHEDULE

The following is the Replenishment Schedule which will be attached as **Appendix B** to the Terms and Conditions of the Notes and will constitute an integral part of the Terms and Conditions of the Notes.

Replenishment Date falling in	Relevant Maximum Balance
	923,121,968.01
Feb-03	897,334,752.38
May-03	884,440,384.40
Aug-03	871,399,734.07
Nov-03	858,703,750.00
Feb-04	845,941,466.99
May-04	833,337,895.45
Aug-04	820,337,089.33
Nov-04	807,825,377.36
Feb-05	795,153,485.07
May-05	782,551,627.69
Aug-05	769,792,648.87
Nov-05	757,516,981.92
Feb-06	745,118,973.62
May-06	732,803,007.02
Aug-06	720,312,899.05
Nov-06	708,287,187.19
Feb-07	676,942,736.32
May-07	636,541,793.72
Aug-07	602,233,944.94
Nov-07	591,170,258.54
Feb-08	579,935,913.30
May-08	534,795,343.24
Aug-08	529,069,608.87
Nov-08	510,475,958.16

INTEREST SUBPARTICIPATION PROVISIONS

The following is the text of the Interest Subparticipation Provisions regarding limited interest subparticipation for the benefit of the Class F+ Noteholders. The Interest Subparticipation Provisions will be attached as **Appendix D** to the Terms and Conditions and will constitute 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 Interest Subparticipation Provisions and elsewhere in this Information Memorandum, the definition in the Interest Subparticipation Provisions will prevail.

1. Entitlement; Amount; Period

On any day (each, an **"Interest Subparticipation Payment Date"**) as of which a Realised Loss (or any part thereof) in respect of a Reference Claim is allocated to the Class F+ Notes, the Issuer shall pay the Class F+ Noteholders the Interest Subparticipation Amounts from the relevant Available Interest Income as set out in Section 2 (Monthly Interest Accounts), but subject to Section 3 (Deferral).

"Available Interest Income" means, in respect of each Interest Subparticipation Amount and the related Liquidated Reference Claim, the aggregate amount of interest payments paid on the Reference Pool and the Extended Reference Pool, if relevant, during the period (the **"Subparticipation Period"**) from (but excluding) the end of the calendar month in which such Reference Claim became a Defaulted Reference Claim to (and including) the end of the Reporting Month preceding the date on which the relevant Interest Subparticipation Amount is payable in accordance with this Section 1 (Entitlement; Amount; Period), or if applicable Section 3 (Deferral), reduced as set out in Section 2 (Monthly Interest Accounts) by any other Interest Subparticipation Amounts (as multiplied by the F+ Increase Factor) previously paid or payable by the Issuer on the same date and recorded in the Monthly Interest Accounts.

The Issuer shall pay to the Class F+ Noteholders the Interest Subparticipation Amounts to the extent and at the time sufficient Available Interest Income is received by the Bank on the Reference Pool and the Extended Reference Pool, if any. Accordingly, the Issuer's obligation to pay out Interest Subparticipation Amounts is dependent on the amounts of Available Interest Income received by the Bank on the Reference Pool and the Extended Reference Pool, if any, as set out in Section 2 (Monthly Interest Accounts) and such amounts being paid to the Issuer under the Loss Guarantee accordingly.

"Reporting Month" means the period from the first calendar day of each calendar month to the last calendar day of such calendar month (both days inclusive), *provided that* the first Reporting Month shall be the period from the first calendar day of the calendar month during which the first Reference Claim in the Reference Pool becomes a Defaulted Reference Claim to the last day of such calendar month (both days inclusive).

2. Monthly Interest Accounts

For the purpose of determining the relevant Available Interest Income, the interest payments received by the Bank during each Reporting Month on the Reference Pool and the Extended Reference Pool, if any, will be separately recorded by the Bank (each, a **"Monthly Interest Account"**) until the date (the **"Subparticipation Termination Date"**) which is the earlier of (i) the Legal Maturity Date and (ii) the date on which the Class F+ Notes have been redeemed in full or, if upon such final redemption any Interest Subparticipation Amount deferred pursuant to paragraph (c) below is outstanding, the date following such redemption on which all Interest Subparticipation Amounts have been paid in full.

The Monthly Interest Accounts will be recorded on each Determination Date to include the latest completed Reporting Month. Upon an allocation of any Realised Loss to the Class F+ Notes and for as long as any Interest Subparticipation Amount remains unpaid, a copy of all relevant Monthly Interest Accounts will be sent by the Bank to the Trustee. The relevant Available Interest Income will be applied to, and the Monthly Interest Accounts shall be reduced by, any Interest Subparticipation Amount (as multiplied by the F+ Increase Factor) as follows:

- (a) If several Interest Subparticipation Amounts are due to be paid by the Issuer on any one Interest Subparticipation Payment Date out of the Available Interest Income, the Issuer shall apply the relevant Interest Subparticipation Amounts to reduce (as multiplied by the F+ Increase Factor) the relevant Available Interest Income in any order chosen by the Bank;
- (b) any Interest Subparticipation Amount due to be paid by the Issuer shall be applied to reduce (as multiplied

by the F+ Increase Factor) the related Available Interest Income in chronological order so that the oldest Monthly Interest Account with a positive balance is reduced first,

provided that the balance on any Monthly Interest Account shall in no event be reduced below zero.

3. Deferral

To the extent an Interest Subparticipation Amount (or any portion thereof) as multiplied by the F+ Increase Factor exceeds the relevant Available Interest Income as of any Interest Subparticipation Payment Date, its payment shall be deferred until the next Payment Date on which such Interest Subparticipation Amount (or any portion thereof) as multiplied by the F+ Increase Factor does not exceed the relevant Available Interest Income as of such date and such Interest Subparticipation Amount (or any portion thereof) can otherwise be paid out of the then applicable Available Interest Income as set out in Section 2 (Monthly Interest Accounts), *provided that* such deferral and any obligation of the Issuer to pay any Interest Subparticipation Amount (or any outstanding portion thereof, as relevant) shall cease to exist on the Legal Maturity Date. Any Interest Subparticipation Amount (or portion thereof) so deferred shall bear interest as set out in § 6 (Payments of Interest; Class F+ Interest Subparticipation) of the Terms and Conditions of the Notes in the same manner as the Note Principal Amount of the Class F+ Notes until the obligation of the Issuer to pay such Interest Subparticipation Amount (or the relevant portion thereof, as relevant) ceases to exist.

In the event that any Interest Subparticipation Amount (or any portion thereof) is deferred pursuant to this Section 3,

- (a) these Interest Subparticipation Provisions shall remain in effect until the Subparticipation Termination Date, and
- (b) the Bank has undertaken towards the Issuer to continue to maintain the Reference Pool (without any obligation to replenish the Reference Pool but without prejudice to Section 4 (Extended Reference Pool)) for the purposes of these Interest Subparticipation Provisions regardless of any termination of the Loss Guarantee. For the avoidance of doubt, any redemption of the Notes pursuant to § 10 (Redemption) or § 11 (Early Redemption) of the Terms and Conditions of the Notes shall not result in the exclusion of any Reference Claim from the Reference Pool.

4. Extended Reference Pool

As of the Final Scheduled Payment Date if any Interest Subparticipation Amount is deferred pursuant to Section 3 (Deferral) beyond the Final Scheduled Payment Date until the Subparticipation Termination Date, the Bank will maintain a reference pool (the "**Extended Reference Pool**") of certain payment claims (each, an "**Extended Reference Claim**") as follows:

- (a) the Bank will include by way of replenishment in the Extended Reference Pool Extended Reference Claims so that, on each Extended Replenishment Date, the sum of the aggregate outstanding principal amount of such Extended Reference Claims (including any overdue Extended Reference Claims previously added to the Extended Reference Pool) and the Aggregate Principal Balance is not less than 10% of the initial aggregate principal amount of all Reference Claims as of the Cut-off Date (the "**Initial Aggregate Principal Balance**") minus the cumulative amount of all Realised Losses as of such date;
- (b) the Bank will, on each Extended Replenishment Date after the Final Scheduled Payment Date, add new Extended Reference Claims to the Extended Reference Pool equal to the sum of the aggregate Extended Collections on the Extended Reference Pool and the Collections on the Reference Pool, if applicable, paid during the immediately preceding Extended Collection Period and Collection Period, respectively;

provided that for the purposes of both (a) and (b)

- (A) each Extended Reference Claim shall be an asset as described in § 3(1) of the Terms and Conditions of the Notes, and
- (B) the Replenishment Conditions under § 3(9) of the Terms and Conditions of the Notes shall be met in respect of each replenishment of the Extended Reference Pool as of the relevant Extended Replenishment Date, except

- (i) the Replenishment Condition under § 3(9)(b) with respect to the Eligibility Criterion under § 3(5)(l) and
 - (ii) the Replenishment Conditions under § 3(9)(a), (e), (i), (j), (k), (l), (m), (n) and (o);
- (c) the Bank will replenish the Extended Reference Pool pursuant to (a) and (b) only with Extended Reference Claims the interest rate of which as of the relevant Extended Replenishment Date is such that upon each such replenishment the Weighted Average Interest Rate per annum owed on all Extended Reference Claims (including all overdue Extended Reference Claims) taken together, if applicable, with all Reference Claims (including all Overdue Reference Claims, Defaulted Reference Claims and Liquidated Reference Claims) is not less than 9% per annum.

"Extended Replenishment Date" means the Final Scheduled Payment Date and each Payment Date after the Final Scheduled Payment Date until (but excluding) the Subparticipation Termination Date.

"Extended Collections" means Collections with respect to each Extended Reference Claim.

"Extended Collection Period" means, with respect to the Extended Replenishment Date immediately following the Final Scheduled Payment Date, the period from (but excluding) the Final Scheduled Payment Date until (and including) the last day of the calendar month immediately preceding the month in which the Extended Replenishment Date immediately following the Final Scheduled Payment Date occurs and, with respect to each subsequent Extended Replenishment Date, the Collection Period immediately preceding such date.

"Weighted Average Interest Rate" is calculated by (i) summing the products obtained by multiplying (A) the Outstanding Nominal Amount of each Reference Claim by its corresponding interest rate and (B) the outstanding principal amount of each Extended Reference Claim by its corresponding interest rate, and (ii) dividing such sum by the aggregate of the Outstanding Nominal Amounts of all Reference Claim and the outstanding principal amounts of all Extended Reference Claims.

There shall be no Loss Allocation with respect to the Extended Reference Pool.

5. Determinations

Each Interest Subparticipation Amount and interest on any deferred Interest Subparticipation Amount payable on any date pursuant to these Interest Subparticipation Provisions and § 6(7) of the Terms and Conditions of the Notes will be determined and other determinations and calculations pursuant to these Interest Subparticipation Provisions will be made by the Bank on the relevant Determination Date and promptly notified to the Principal Paying Agent (if different from the Bank) and the Trustee. Interest income on any Reference Claim and any Extended Reference Claim denominated in a currency other than Euro shall be converted, for the purposes of these Interest Subparticipation Provisions, to Euro at the applicable Exchange Rate on such date.

6. No Subparticipation in Reference Claims

The Class F+ limited interest subparticipation is a payment claim against the Issuer and does not and shall not give rise to any legal interest of the Class F+ Noteholders in the interest claims of the Bank under the Reference Claims or the Extended Reference Claims or the payments received thereon or in the claims of the Issuer against the Bank under the Loss Guarantee

7. Non-compliance

If the requirements referred to in Section 4 (a) through (c) (Extended Reference Pool) or any other requirement to be fulfilled by the Issuer or the Bank under these Interest Subparticipation Provisions are not complied with, the Class F+ Noteholders shall be placed in the same position with respect to the calculation of the Interest Subparticipation Amounts and/or the Available Interest Income as if such requirements were complied with, taking into account the actual default rate (or, where necessary, the expected default rate) in respect of interest payments on the Extended Reference Pool. Except as stated in this Section 7 there shall be no other recourse against or other legal effects under the Transaction Documents on the Issuer or the Bank as a result of such non-compliance.

WEIGHTED AVERAGE LIFE OF THE NOTES

Weighted Average Life refers to the average amount of time that will elapse from the Closing Date to the date of payment of principal to the Noteholders (assuming no losses). The Weighted Average Lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Reference Loans and the utilisation of the Replenishment feature by WestHyp within the Replenishment Period.

The model used in this Information Memorandum for the Reference Loans employs an assumed constant per annum rate of prepayment each month relative to the then Outstanding Principal Balance of a pool of mortgage loans. Constant Prepayment Rate ("CPR") is a presumed constant rate of payments of principal not anticipated by the scheduled amortisation of the loan which when compounded monthly results in a reduction in the expected pool balance of the stated percentage each year without regard to prepayment penalties. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Reference Loans to be included in the Reference Pool.

The following table has been prepared based on the characteristics of the Reference Claims to be included in the Reference Pool and the following additional assumptions:

- (a) There are no Reference Loans in arrears or in default as of the Cut-off Date.
- (b) The initial Class Principal Amounts relate to the Cut-off Date.
- (c) Each repayment of principal is received only on scheduled payment dates.
- (d) Other than the stated CPR amount, it is assumed that there is no other form of prepayment.
- (e) The Reference Pool is amortised monthly.
- (f) Each Reference Claim is assumed with a constant interest rate as of the Cut-off Date.

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

	CPR - NL	0%	0%	0%	4%	4%	4%	6%	6%	6%	8%	8%	8%	10%	10%	10%
	CPR - UK	0%	0%	0%	5%	5%	5%	7%	7%	7%	9%	9%	9%	11%	11%	11%
	WAL Total	9,63	9,28	5,9	6,58	6,41	5,11	5,84	5,73	4,79	5,23	5,15	4,49	4,72	4,64	4,64
	Pool															
	Clean up		10%	10%		10%	10%		10%	10%		10%	10%		10%	10%
	Call (%)															
	Time Call			6			6			6			6			6
	(yrs)															
Class A1		1,55	1,55	1,55	0,62	0,62	0,62	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58
Class A2+		4,46	4,46	4,46	1,74	1,74	1,74	1,35	1,35	1,35	1,10	1,10	1,10	0,95	0,95	0,95
Class A3		11,30	11,30	6,33	8,35	8,35	6,33	7,53	7,53	6,27	6,81	6,81	6,08	6,24	6,24	5,82
Class A4		7,40	7,40	6,18	4,87	4,87	4,86	4,13	4,13	4,13	3,55	3,55	3,55	3,07	3,07	3,07
Class B		13,58	13,58	6,33	9,92	9,87	6,33	9,29	9,27	6,33	8,64	8,64	6,33	8,00	8,00	6,33
Class C		14,25	13,78	6,33	10,38	10,00	6,33	9,58	9,50	6,33	9,06	8,98	6,33	8,39	8,22	6,33
Class D		17,28	13,83	6,33	11,62	10,00	6,33	10,38	9,50	6,33	9,39	9,00	6,33	8,84	8,25	6,33
Class E		18,43	13,83	6,33	12,52	10,00	6,33	11,54	9,50	6,33	10,59	9,00	6,33	9,34	8,25	6,33
Class F+		20,24	13,83	6,33	12,97	10,00	6,33	12,04	9,50	6,33	11,26	9,00	6,33	10,51	8,25	6,33

DESCRIPTION OF THE REFERENCE POOL

Information Tables regarding the Initial Reference Pool

The following tables set out, as of the Cut-off Date, the number, aggregate principal balance and other characteristics of the Reference Claims, including partial claims. (The sum of the amounts of the aggregate principal balances and the percentages in the following tables may not equal the totals due to rounding).

A Reference Claim may cease to exist or be removed from the Reference Pool or a substitution may be made for certain Reference Claims prior to the Issue Date as a result of principal prepayment thereof in full or if, as a result of late payments or otherwise, the Bank deems such exclusion necessary or desirable. In addition, the Bank may add new Reference Claims to the Reference Pool in accordance with the Replenishment Conditions. See "TERMS AND CONDITIONS OF THE NOTES – § 3 Reference Pool".

This may result in changes to certain of the Reference Pool characteristics set out in this Information Memorandum. 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.

After the Issue Date, the actual characteristics of the Reference Pool will change over time primarily as a result of Replenishments in the Reference Pool.

Summary

The Reference Claims are expected to have the following approximate aggregate characteristics as of the Cut-off Date.

Number of Reference Claims:	77
Number of Mortgaged Properties:	122
Total Current Balance:	€923,121,968.01
Average Current Balance:	€11,988,596.99
Weighted Average Seasoning	19.76 months
Weighted Average Remaining Term to Maturity	133.42 months
Weighted Average LTV:	71.73%
Weighted Average DSCR	1.67
Weighted Average ICR	1.92

Certain Reference Claims are secured by more than one Mortgaged Property (the "**Multi-property Claims**").

In the case of syndicated loans, the Reference Claim and the related Mortgaged Property are such portions of the syndicated loan claim and the related mortgaged property, respectively, as have been allocated to the Bank under the terms and conditions of the syndicated loan.

Definitions

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

"**Current Balance**" means the outstanding balance of the Reference Claim as of the Cut-off Date.

"**Original Balance**" means the balance of the Reference Claim as of the date on which it was originated.

"**Current Loan-to-Value**" or "**LTV**" means the Current Balance as defined above, divided by the Property Value.

"**Remaining Term**" means the term between the Cut-off Date and the Maturity Date of each Reference Claim.

"**Seasoning**" means the term between the date the loan underlying the Reference Claim was originated and the Cut-off Date.

An "**Amortising**" loan is a loan in respect of which the principal amount is scheduled to be repaid through instalments.

A "**Bullet**" loan is a loan in respect of which the entire principal amount is scheduled to be repaid through one principal payment at the maturity of the loan.

"**Interest Coverage Ratio**" ("**ICR**") means the Net Property Cash Flow of the Mortgaged Property(ies) securing the Reference Claim (assumed to remain constant over time) divided by the aggregate amount of interest payments which would be due during that same period calculated with reference to the then outstanding principal balance excluding any undrawn commitments, assuming that the interest rate applicable to the Reference Claim during such period is set, if a variable rate loan, relative to the index levels prevailing as of the Cut-off Date as would be required by the contractual terms of the loan underlying the Reference Claim.

"**Debt Service Coverage Ratio**" ("**DSCR**") means the Net Property Cash Flow of the Mortgaged Property(ies) securing the Reference Claim (assumed to remain constant over time) divided by the sum of (a) the aggregate amount of principal amortisation payments due during the full year commencing with the Cut-off Date, and (b) the aggregate amount of interest payments which would be due during that same period calculated with reference to the then outstanding principal balance excluding any undrawn commitments, assuming that the interest rate applicable to the Reference Claim during such period is set, if a variable rate loan, relative to the index levels prevailing as of the Cut-off Date as would be required by the contractual terms of the loan underlying the Reference Claim. Balloon payments, defined as large payments exceptional to the regular amortisation schedule for each Reference Claim, and, if the relevant loan agreement provides that cash sweeps will be applied to amortisation payments, such cash sweeps, defined as the excess (if any) of the annual rental income generated by the relevant Mortgaged Property(ies) over the aggregate amount of interest payments due for the same annual period under the Reference Claim, have been excluded for the purpose of this calculation.

"**Net Property Cash Flow**" means the net annual rental income currently generated by a Mortgaged Property or Mortgaged Properties minus, in cases of non-fully "repairing and insuring" (FRI) tenancies, the relevant expenses and ground lease payments.

"**Property Type**" means the primary usage type of the Mortgaged Property(ies).

Overview

Loan Number	No. of Tranches	No. of Properties	Current LTV	Current DSCR	Current ICR	Current Balance (€)	% of Total
1	1	2	70.40%	1.96	2.28	5,398,790.29	0.58%
2	1	1	66.44%	1.75	2.01	4,846,426.63	0.53%
3	1	1	64.12%	1.95	2.27	3,865,557.77	0.42%
4	1	1	67.23%	1.72	1.99	6,329,026.05	0.69%
5	2	4	59.57%	2.88	2.88	12,511,861.17	1.36%
6	2	4	61.02%	2.85	2.85	10,703,630.13	1.16%
7	1	3	83.58%	1.60	1.60	12,705,846.05	1.38%
8	2	4	65.49%	2.07	2.07	17,684,812.16	1.92%
9	2	2	62.25%	2.25	2.36	11,077,877.91	1.20%
10	2	1	42.20%	3.21	3.21	16,276,000.65	1.76%
11	4	1	60.61%	2.35	2.35	41,527,647.26	4.50%
12	1	1	74.97%	1.21	1.42	8,677,300.63	0.94%
13	2	1	65.42%	1.64	2.12	4,129,399.96	0.45%
14	1	1	80.28%	1.51	2.12	928,896.03	0.10%
15	2	1	74.72%	1.21	1.88	6,832,424.19	0.74%
16	1	5	52.14%	2.79	2.79	24,322,619.58	2.63%
17	1	3	72.93%	1.14	2.18	1,489,272.88	0.16%
18	1	2	78.46%	1.14	2.29	12,704,945.00	1.38%
19	1	1	76.72%	1.68	2.54	1,427,361.45	0.15%
20	1	2	72.66%	1.09	2.43	2,250,252.97	0.24%
21	2	1	73.73%	1.21	2.48	3,814,261.92	0.41%
22	1	1	83.96%	1.05	1.52	6,940,103.17	0.75%
23	3	5	83.87%	1.21	1.94	2,743,883.57	0.30%
24	1	2	82.34%	1.14	1.57	1,653,438.24	0.18%
25	1	1	81.50%	1.35	2.02	19,267,020.44	2.09%
26	1	3	83.64%	1.26	1.80	7,520,745.14	0.81%
27	1	1	78.60%	1.34	1.59	3,834,442.83	0.42%
28	1	1	80.98%	1.16	1.90	8,268,210.36	0.90%
29	1	1	76.19%	1.20	2.28	1,528,146.80	0.17%
30	2	1	81.89%	1.07	1.52	5,852,378.96	0.63%
31	1	1	84.35%	1.41	2.10	2,679,191.58	0.29%
32	1	6	59.27%	2.18	2.18	100,000,000.00	10.83%
33	1	1	79.19%	1.58	1.93	17,608,411.47	1.91%
34	1	1	77.80%	1.20	1.72	5,041,187.50	0.55%
35	4	3	83.77%	1.15	1.67	19,370,595.97	2.10%
36	1	1	68.39%	1.54	1.54	9,000,000.00	0.97%
37	1	1	78.28%	1.60	1.71	5,166,287.76	0.56%
38	2	1	79.70%	1.12	1.65	6,358,311.67	0.69%
39	1	1	83.97%	1.20	1.69	2,762,657.71	0.30%
40	1	2	81.16%	1.36	1.99	2,661,478.88	0.29%
41	1	1	81.84%	1.12	1.63	1,669,500.00	0.18%
42	1	1	84.19%	1.24	1.69	1,641,750.00	0.18%
43	1	1	80.29%	1.42	1.70	16,705,357.25	1.81%
44	1	1	82.17%	1.22	1.68	1,417,427.81	0.15%

45	1	1	74.97%	1.14	1.72	2,960,000.00	0.32%
46	1	1	82.67%	1.23	1.68	2,934,752.50	0.32%
47	1	4	56.45%	2.63	2.63	15,000,000.00	1.62%
48	2	3	78.55%	1.10	1.58	2,933,815.99	0.32%
49	1	1	87.18%	1.11	1.58	1,700,000.00	0.18%
50	1	1	72.38%	1.19	1.93	1,505,354.33	0.16%
51	1	1	90.05%	1.26	1.35	5,359,125.39	0.58%
52	1	1	83.55%	1.48	1.48	11,006,203.79	1.19%
53	1	1	79.71%	1.22	1.50	7,268,813.73	0.79%
54	1	1	77.69%	1.13	1.80	20,196,703.90	2.19%
55	1	1	80.53%	1.33	1.74	17,733,105.96	1.92%
56	1	1	76.82%	1.08	2.15	12,423,860.43	1.35%
57	1	1	82.62%	1.07	1.83	42,952,990.07	4.65%
58	1	2	76.76%	1.01	1.75	9,210,016.93	1.00%
59	1	1	87.74%	0.95	1.02	9,537,323.51	1.03%
60	1	1	87.22%	1.36	1.36	17,789,096.82	1.93%
61	1	1	84.01%	1.20	1.28	14,749,592.87	1.60%
62	1	1	76.50%	1.05	1.37	23,924,095.59	2.59%
63	2	1	80.78%	1.28	1.42	22,176,460.80	2.40%
64	1	1	72.46%	1.06	1.15	37,673,851.63	4.08%
65	2	1	80.82%	1.18	1.43	26,725,446.41	2.90%
66	1	1	81.56%	1.46	1.46	20,876,592.94	2.26%
67	1	1	82.80%	1.24	1.24	15,517,467.55	1.68%
68	1	1	46.00%	3.10	3.10	19,196,867.07	2.08%
69	1	1	82.51%	1.43	1.43	3,519,425.63	0.38%
70	1	1	62.68%	1.08	1.81	2,807,541.81	0.30%
71	1	1	84.37%	1.46	1.46	3,644,205.27	0.39%
72	1	1	85.78%	1.17	1.76	15,094,336.60	1.64%
73	3	3	66.82%	2.29	2.49	10,780,566.36	1.17%
74	1	1	61.65%	2.19	2.31	10,000,000.00	1.08%
75	2	2	73.31%	1.94	1.94	7,697,618.39	0.83%
76	1	1	80.00%	1.53	1.53	20,796,605.99	2.25%
77	1	1	45.37%	2.15	2.15	28,235,391.98	3.06%
							0.00%

TOTAL	101	122						923,121,968.01	100.00%
-------	-----	-----	--	--	--	--	--	----------------	---------

Max			90.05%	3.21	3.21	100,000,000.00
Min			42.20%	0.95	1.02	928,896.03
Weighted Average			71.73%	1.67	1.92	11,988,596.99

Country

Country	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
Netherlands	52	67.53%	96	78.69%	513,201,491.04	55.59%
United Kingdom	25	32.47%	26	21.31%	409,920,476.98	44.41%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Current LTV

CLTV Range	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 40 < 50	3	3.90%	3	0.0245902	63,708,259.70	6.90%
>= 50 < 60	4	5.19%	19	0.1557377	151,834,480.75	16.45%
>= 60 < 70	12	15.58%	21	0.1721311	132,752,486.04	14.38%
>= 70 < 80	24	31.17%	33	0.2704918	207,925,528.27	22.52%
>= 80 < 90	33	42.86%	45	0.3688525	361,542,087.86	39.17%
>= 90 < 100	1	1.30%	1	0.0081967	5,359,125.39	0.58%
		0.00%	0	0.00%		0.00%
TOTAL	77	100.00%	122	1	923,121,968.01	100.00%

Max CLTV 90.05%
Min CLTV 42.20%
WA CLTV 71.73%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Remaining Term

Remaining Term (Months)	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 48 < 60	4	5.19%	4	3.28%	71,036,406.86	7.70%
>= 60 < 72	3	3.90%	3	2.46%	26,007,355.60	2.82%
>= 72 < 84	7	9.09%	9	7.38%	38,675,690.69	4.19%
>= 84 < 96	7	9.09%	17	13.93%	51,200,374.44	5.55%
>= 96 < 108	11	14.29%	18	14.75%	79,448,930.63	8.61%
>= 108 < 120	14	18.18%	21	17.21%	161,257,949.60	17.47%
>= 120 < 132	6	7.79%	12	9.84%	49,846,748.42	5.40%
>= 132 < 144	4	5.19%	7	5.74%	65,394,770.64	7.08%
>= 144 < 156	4	5.19%	4	3.28%	65,878,278.73	7.14%
>= 156 < 168	5	6.49%	10	8.20%	154,976,186.72	16.79%
>= 168 < 180	2	2.60%	2	1.64%	46,767,251.99	5.07%
>= 180 < 192	2	2.60%	2	1.64%	5,024,779.96	0.54%
>= 192 < 204	5	6.49%	10	8.20%	36,626,827.75	3.97%
>= 204 < 216	1	1.30%	1	0.82%	37,673,851.63	4.08%
>= 216 < 228	1	1.30%	1	0.82%	15,517,467.55	1.68%
>= 240 < 300	1	1.30%	1	0.82%	17,789,096.82	1.93%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Seasoning

Seasoning (Months)	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 0 < 12	37	48.05%	60	49.18%	470,343,322.59	50.95%
>= 12 < 24	8	10.39%	9	7.38%	151,122,862.20	16.37%
>= 24 < 36	7	9.09%	13	10.66%	65,490,130.08	7.09%
>= 36 < 48	17	22.08%	30	24.59%	196,848,856.18	21.32%
>= 48 < 60	4	5.19%	4	3.28%	24,058,158.12	2.61%
>= 60 < 72	2	2.60%	2	1.64%	9,639,966.00	1.04%
>= 72 < 84	1	1.30%	1	0.82%	4,129,399.96	0.45%
>= 96 < 108	1	1.30%	3	2.46%	1,489,272.88	0.16%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Max Seasoning **106**
Min Seasoning **1**
WA Seasoning **19.75**

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Current Interest Coverage Ratio

CICR	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 1 < 1.1	1	1.30%	1	0.82%	9,537,323.51	1.03%
>= 1.1 < 1.2	1	1.30%	1	0.82%	37,673,851.63	4.08%
>= 1.2 < 1.3	2	2.60%	2	1.64%	30,267,060.42	3.28%
>= 1.3 < 1.4	3	3.90%	3	2.46%	47,072,317.80	5.10%
>= 1.4 < 1.5	7	9.09%	7	5.74%	96,625,635.46	10.47%
>= 1.5 < 1.6	9	11.69%	12	9.84%	69,751,628.97	7.56%
>= 1.6 < 1.7	8	10.39%	12	9.84%	39,088,811.65	4.23%
>= 1.7 < 1.8	7	9.09%	8	6.56%	71,910,292.00	7.79%
>= 1.8 < 1.9	5	6.49%	7	5.74%	80,310,405.11	8.70%
>= 1.9 < 2	7	9.09%	13	10.66%	46,813,983.05	5.07%
>= 2 < 2.1	4	5.19%	7	5.74%	44,477,450.81	4.82%
>= 2.1 < 2.2	6	7.79%	13	10.66%	147,206,821.28	15.95%
>= 2.2 < 2.3	4	5.19%	6	4.92%	23,497,439.87	2.55%
>= 2.3 < 2.4	3	3.90%	4	3.28%	62,605,525.17	6.78%
>= 2.4 < 2.5	3	3.90%	6	4.92%	16,845,081.25	1.82%
>= 2.5 < 2.6	1	1.30%	1	0.82%	1,427,361.45	0.15%
>= 2.6 < 4	6	7.79%	19	15.57%	98,010,978.60	10.62%
		0.00%		0.00%		0.00%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Max CICR 3.21
Min CICR 1.02
WA CICR 1.92

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Current Debt Service Coverage Ratio

CDSCR	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 0,5 < 1	1	1.30%	1	0.82%	9,537,323.51	1.03%
>= 1 < 1,1	9	11.69%	11	9.02%	144,035,091.55	15.60%
>= 1,1 < 1,2	14	18.18%	22	18.03%	122,629,931.35	13.28%
>= 1,2 < 1,3	16	20.78%	22	18.03%	109,985,998.11	11.91%
>= 1,3 < 1,4	5	6.49%	6	4.92%	61,285,144.93	6.64%
>= 1,4 < 1,5	6	7.79%	6	4.92%	58,430,976.45	6.33%
>= 1,5 < 1,6	5	6.49%	7	5.74%	61,039,759.54	6.61%
>= 1,6 < 1,7	3	3.90%	3	2.46%	10,723,049.17	1.16%
>= 1,7 < 1,8	2	2.60%	2	1.64%	11,175,452.68	1.21%
>= 1,9 < 2	3	3.90%	5	4.10%	16,961,966.46	1.84%
>= 2 < 2,1	1	1.30%	4	3.28%	17,684,812.16	1.92%
>= 2,1 < 2,2	3	3.90%	8	6.56%	138,235,391.98	14.97%
>= 2,2 < 2,3	2	2.60%	5	4.10%	21,858,444.27	2.37%
>= 2,3 < 2,4	1	1.30%	1	0.82%	41,527,647.26	4.50%
>= 2,6 < 4	6	7.79%	19	15.57%	98,010,978.60	10.62%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Max CDSCR **3.21**
Min CDSCR **0.95**
WA CDSCR **1.67**

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Amortisation Type					
-------------------	--	--	--	--	--

Amortisation	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
Annuity	31	40.26%	47	38.52%	285,427,957.66	30.92%
Bullet - IO	9	11.69%	15	12.30%	106,177,644.77	11.50%
Installment	29	37.66%	34	27.87%	405,115,491.05	43.89%
Mixed Repayment	8	10.39%	26	21.31%	126,400,874.53	13.69%
		0.00%		0.00%		0.00%

TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%
-------	----	---------	-----	---------	----------------	---------

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Currency at Origination					
-------------------------	--	--	--	--	--

Currency	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
CHF	4	5.19%	5	4.10%	20,439,800.74	2.21%
CHF / EUR	8	10.39%	21	17.21%	128,260,014.03	13.89%
EUR	40	51.95%	70	57.38%	364,501,676.26	39.49%
GBP	25	32.47%	26	21.31%	409,920,476.98	44.41%
		0.00%		0.00%		0.00%

TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%
-------	----	---------	-----	---------	----------------	---------

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Type of Interest Rate Fixing					
------------------------------	--	--	--	--	--

Interest Rate Fixing	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
Fix	66	85.71%	95	77.87%	747,102,786.17	80.93%
	4	5.19%	8	6.56%	86,566,337.98	9.38%
Fix - step up						
Fix & Float	5	6.49%	17	13.93%	49,459,370.80	5.36%
Float	2	2.60%	2	1.64%	39,993,473.07	4.33%
		0.00%		0.00%		0.00%

TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%
-------	----	---------	-----	---------	----------------	---------

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Property Type

Property Type	No. of Properties	% of Total	Current Balance (€)	% of Total
Office	75	61.48%	648,517,098.32	70.25%
Retail	22	18.03%	135,229,359.23	14.65%
Residential	6	4.92%	22,891,204.39	2.48%
Mixed Usage	18	14.75%	115,952,939.03	12.56%
Industrial	1	0.82%	531,367.05	0.06%
		0.00%		0.00%
TOTAL	122	100.00%	923,121,968.01	100.00%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Please note that for purposes of this table in case of Multi-Property Claims the outstanding balance of any Reference Claim is allocated according to the appraised value of each property.

Balance Range

Balance Range (€)	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€)	% of Total
>= 0 < 5.000.000	26	33.77%	37	30.33%	67,348,442.55	7.30%
>= 5.000.000 < 10.000.000	17	22.08%	22	18.03%	120,457,663.67	13.05%
>= 10.000.000 < 15.000.000	10	12.99%	22	18.03%	118,664,383.70	12.85%
>= 15.000.000 < 20.000.000	12	15.58%	20	16.39%	207,243,071.94	22.45%
>= 20.000.000 < 25.000.000	6	7.79%	10	8.20%	132,293,078.80	14.33%
>= 25.000.000 < 30.000.000	2	2.60%	2	1.64%	54,960,838.39	5.95%
>= 35.000.000 < 40.000.000	1	1.30%	1	0.82%	37,673,851.63	4.08%
>= 40.000.000 < 45.000.000	2	2.60%	2	1.64%	84,480,637.33	9.15%
>= 100.000.000 < 500.000.000	1	1.30%	6	4.92%	100,000,000.00	10.83%
		0.00%		0.00%		0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01	100.00%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Region

Country	Region	No. of Pro- perties	% of Total	Current Balance (€)	% of Total
Netherlands	Drente	1	0.82%	1,641,750.00	0.18%
	Flevoland	1	0.82%	3,865,557.77	0.42%
	Friesland	2	1.64%	1,501,017.59	0.16%
	Gelderland	14	11.48%	37,967,738.74	4.11%
	Groningen	2	1.64%	2,218,425.32	0.24%
	Limburg	1	0.82%	209,311.43	0.02%
	Noord-Brabant	6	4.92%	37,061,614.65	4.01%
	Noord-Holland	22	18.03%	110,625,798.16	11.98%
	Overijssel	12	9.84%	40,398,886.68	4.38%
	Utrecht	14	11.48%	76,902,991.28	8.33%
	Zuid-Holland	21	17.21%	200,808,399.43	21.75%
			0.00%		0.00%

United Kingdom		1	0.82%	22,176,460.80	2.40%
	City of London				
	Cumbria	1	0.82%	3,644,205.27	0.39%
	East Sussex	2	1.64%	10,076,355.54	1.09%
	Greater London	3	2.46%	85,275,890.97	9.24%
	Hampshire	1	0.82%	6,140,011.28	0.67%
	London	8	6.56%	122,382,427.19	13.26%
	Norfolk	1	0.82%	12,423,860.43	1.35%
	North Yorkshire	1	0.82%	11,006,203.79	1.19%
	Scotland	1	0.82%	3,519,425.63	0.38%
	South Yorkshire	2	1.64%	63,149,693.97	6.84%
	Surrey	1	0.82%	9,537,323.51	1.03%
	Wales	1	0.82%	5,359,125.39	0.58%
	West Midlands	1	0.82%	23,924,095.59	2.59%
	Wiltshire	1	0.82%	3,070,005.64	0.33%
	Manchester	1	0.82%	28,235,391.98	3.06%
			0.00%		0.00%

TOTAL	122	100.00%	923,121,968.01	100.00%
-------	-----	---------	----------------	---------

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

Current Interest Rate

Current Interest Rate	No. of Loans	% of Total	No. of Properties	% of Total	Current Balance (€) % of Total
>= 4 < 4,5	6	7.79%	14	11.48%	44,664,142.77 4.84%
>= 4,5 < 5	7	9.09%	9	7.38%	81,990,781.71 8.88%
>= 5 < 5,5	19	24.68%	34	27.87%	210,827,936.60 22.84%
>= 5,5 < 6	18	23.38%	32	26.23%	253,473,267.45 27.46%
>= 6 < 6,5	10	12.99%	12	9.84%	120,988,644.02 13.11%
>= 6,5 < 7	7	9.09%	9	7.38%	134,574,725.05 14.58%
>= 7 < 7,5	7	9.09%	9	7.38%	58,285,203.78 6.31%
>= 7,5 < 8	2	2.60%	2	1.64%	15,509,724.82 1.68%
>= 8,5 < 9	1	1.30%	1	0.82%	2,807,541.81 0.30%
		0.00%		0.00%	0.00%
TOTAL	77	100.00%	122	100.00%	923,121,968.01 100.00%

Pool-Cut as of 31.07.2002 / All amounts recalculated into € with currency exchange rates as of July, 31st 2002.

ORIGINATION AND UNDERWRITING

Business of WestHyp

Westfälische Hypothekenbank AG ("**WestHyp**") was incorporated under the laws of the Federal Republic of Germany on December 28, 1961.

WestHyp operates purely as a mortgage bank and is thereby regulated under the provisions of the German Mortgage Bank Act. WestHyp engages in residential and commercial property mortgage lending, public sector lending (i.e., lending to sovereigns and other public law entities) and limited related activities.

As of December 31, 2001 WestHyp's total assets amounted to €41,712 million, with net earnings totalling €22.92 million. In 2001, WestHyp's average number of employees was 248.

Origination of Dutch Mortgage Loans

In October 1991 WestHyp began to originate Dutch residential, and two years later, commercial mortgage loans through its headquarters in Dortmund. Since the foundation of WestHyp Finance B.V. in 1995, a wholly owned subsidiary of WestHyp, a substantial part of WestHyp's Dutch commercial mortgage loans has been originated through the Amsterdam office of WestHyp Finance B.V. which has extensive contacts with Dutch clients. WestHyp Finance B.V. currently employs three real estate experts as relationship managers. Their successful relationship management is due to long-term experience in the Dutch real estate market including Dutch banking backgrounds.

Origination of Dutch commercial loans also takes place through WestHyp's relationship managers at WestHyp's head office in Dortmund. This is the case for German closed-end property funds, participations in syndicated loans offered by other banks and private German investors specialising in high quality real estate. The relationship management for these customers is centralised in Dortmund with specialised teams.

Both, the relationship managers of WestHyp Finance B.V. and the relationship managers of WestHyp's head office are supported by the credit managers of the International Property Finance Department. This department which is also located in Dortmund is responsible for the entire credit process.

Origination of UK Mortgage Loans

WestHyp started to originate UK commercial mortgage loans in 1992. The first loans were granted through WestHyp's head office in Dortmund in close cooperation with the former Hypo Bank in London which acted as syndicate leader. In 1993 the first loan was granted directly by WestHyp and since that time WestHyp has built up relationships to UK clients, first via WestHyp's head office in Dortmund, later via its representative office in London.

The representative office in London was closed in 2000 and WestHyp started a close cooperation with HVB Real Estate Capital, which is part of the HVB Group in Munich and a well-established bank in UK property finance business.

In addition, specialised teams at WestHyp's head office in Dortmund are responsible for the relation management in the case of mortgage loans secured on UK properties granted to German property funds and participations in syndicated loans offered by other banks. Both, the relationship managers at HVB Real Estate Capital London and the relationship managers in Dortmund receive support from the credit managers of the International Property Finance Department, which is responsible for the entire credit process.

Partners of WestHyp in the origination process

In the Netherlands and the UK WestHyp maintains a network of well-established contacts existing for many years with various lawyers, notaries and property appraisers. WestHyp's partners are world-wide operating real estate agents and international law firms of recognised standing as well as smaller property appraisal firms which are regionally specialised and smaller law firms highly specialised in property financing.

Credit Approval and Drawdown

The origination of property financing in the Netherlands and the United Kingdom is undertaken by specially trained relationship managers in Amsterdam, London and Dortmund who are responsible for the whole customer relationship. However, the credit authority is vested in the credit specialists of the International Property Finance Department in Dortmund. The credit approval is granted

- (i) by the Head of the International Property Finance Department in the case of loans up to €2.5 mn,
- (ii) by the Head of the Credit Department in the case of loans up to €3.75 mn,
- (iii) by WestHyp's management board in the case of loans of above €3.75 mn.

WestHyp's relationship managers initiate the credit approval process. They compile the necessary loan and property information. If a credit request meets (according to the relationship managers) the necessary requirements with regard to the underwriting criteria concerning the quality of the property and the borrower's creditworthiness, it is forwarded to, and discussed with the International Property Finance Department (*Kreditabteilung*). From the start of the credit approval process there is a close cooperation between the relationship managers and the credit specialists of the International Property Finance Department in Dortmund.

Prior to the credit approval, WestHyp's loan managers of the International Property Finance Department produce a "credit decision paper" (*Beschlussvorlage*). This credit decision paper contains at least the following items: information on the borrower (e.g. creditworthiness), details of the terms of the loan (e.g. structure, collateral), the property appraisal (incl. property information, value of property, LTV, DSCR, cash flow information etc.), the rental situation (creditworthiness of the tenants, maturity of leases, current rent, Estimated Rental Value etc.) and a management summary which contains the final opinion of the loan manager and recommendation for the credit decision. All information of this credit decision paper is checked by a second loan manager.

For Dutch mortgage loans WestHyp requires a first ranking mortgage combined with an assignment of all rental income and for UK mortgage loans a first fixed and floating charge over the property combined with an assignment of all rental income.

In some cases additional collateral will be agreed upon. The collateral depends on the structure of the financing and the ratios. Normally, the LTV does not exceed 85 % of the Open Market Value. A higher LTV (up to normally maximum 90 %) can be accepted if the customer is of excellent creditworthiness, the payment of interest and other costs is secured by a very good tenant and/or additional collateral is provided. The maximum permitted LTV is 100 % of the Open Market Value.

The check of the legal validity is an important prerequisite for the disbursement of the loan. WestHyp has long-term relationships with experienced Dutch and UK law firms which check the relevant agreements constituting the mortgages and the collateral, if any, and provide WestHyp with a legal opinion, a report on title and a report on lease.

The final loan commitment is issued by the International Property Finance Department and will be countersigned and approved by the borrower. Conditions precedent to the closing of the transaction are set forth in the loan documents. WestHyp's operational manual defines the scope of the internal checks and reviews before the loan is paid out.

The items which have to be reviewed and approved before loan disbursement are in detail

- the valuation report,
- an environmental report on the property (if applicable),
- tenancy agreements,
- ground leases,
- security documents,
- the loan agreement,
- the legal opinion, report on title, report on lease
- extracts of the chamber of commerce records and articles of association,
- proof of identity,
- description of the location of the property,
- powers of attorney (if applicable) for signatures,
- building insurance policies,

- last available borrower's accounts,
- drawdown notices,
- the purchase contract (if applicable),
- the subordinate loan agreement (if any),
- a land registry check in regard of the first ranking of the mortgage on the property
- registration of the mortgage in the land registry
- other documents required in the loan agreement.

New loans with a total balance of €5 million or more are presented after disbursement to the Credit Committee (*Kreditausschuss*) of WestHyp's Supervisory Board.

Every year WestHyp receives at least one up-date of the tenancy schedules from the borrowers, as well as profit and loss and balance sheet information etc. according to § 18 of the German Banking Act. On the basis of this information the ratios of the loan and the creditworthiness of the borrower are reassessed.

Loan Contract

The loan contract is governed by German, Dutch or English law. The place of jurisdiction is generally Dortmund if the loan is subject to German law. Otherwise it is a town located in the Netherlands or the United Kingdom. The language of the loan contract can be either Dutch, German or English.

Type of Mortgage

The mortgages (and all property-related collateral) are subject to Dutch or British law.

Type of Loan

WestHyp's Dutch and UK commercial mortgage loans are mainly long term financings with a maturity of at least 5 years. The maximum term to the next reset date is, in the case of Dutch mortgage loans, 10 years, and in the case of UK mortgage loans 25 years. Most of the loans are extended as quarterly payable fixed-rate annuities. In closed-end property fund financing it is a common feature to have no amortisation during the first 5 years or even for a longer period (i.e. up to 10 years) in the case of loans with low LTVs.

Bullet loans are an exception and are only granted if the loan ratios are excellent. The amortisation of Dutch and UK commercial mortgage loans is on average between 1.5 % and 2 % per year, however there are also loans with higher amortisation (up to 3 %).

Collateralisation

WestHyp has the policy of providing only first ranking mortgage financing in the Netherlands and only first fixed charge financing in the UK. All mortgages/fixed charges must be immediately enforceable and registered with the local land registry. In addition, a first ranking pledge/assignment on all rental income generated by the mortgaged property is agreed. Additional collateral can also be required (e.g. pledge of borrower's shares, guarantee of the borrower's shareholder or escrow deposit accounts).

Leasehold

Due to the restricted availability of land, leasehold is a common feature in the Netherlands and the United Kingdom, especially in cities like Amsterdam and Rotterdam where the municipality is an important land owner. In most cases their term is unlimited. When taking the credit decision, WestHyp examines whether and to which extent groundlease payments have been made. In most cases groundlease payments have been made by the borrower or the person granting the relevant mortgage in advance for the entire term of the leasehold agreement. There are, however, a few cases where the borrower or the person granting the relevant mortgage is obliged to make annual groundlease payments during the term of the leasehold agreement.

Property Appraisal

Certified Dutch and UK appraisers accompany WestHyp during the credit process and carry out the property appraisals. In addition, WestHyp makes its own site inspections.

WestHyp has been working with these partners for many years. These long-term partnerships offer WestHyp a wide range of real estate advisory services in a short time, especially property appraisals including an assessment of the property and its location as well as reliable indications on property values and a wide "stand-by-advice"-service regarding all aspects of property appraisal and the Dutch and UK real estate market.

The external valuers determine the Open Market Value (OMV), the Foreclosure Value and the reconstruction value of the property. In addition, they give information about the Estimated Rental Value (ERV) in comparison to the current rent.

For the determination of the OMV the international standard calculation method is used, i.e. the capitalised returns method for commercial properties. This is based on an investment return that is expected to be periodic and sustained, regardless of any particular owner-proprietor. All relevant factors are taken into consideration which could influence the expected return and/or the value of the property, such as location, equipment, quality of tenants, maturity of leases, quality or intended use as well as local and general economic conditions, the infrastructure, the necessary maintenance expenses and the remaining useful economic life.

ARREARS AND ENFORCEMENT PROCEDURES

The main objective of the arrears and work out procedures is to avoid or minimise the losses for WestHyp.

If a Borrower is in arrears with a due payment, WestHyp will proceed in accordance with its standard procedures. If such standard procedures do not generally provide for the specific case at hand, WestHyp will handle the case as would a prudent creditor in the protection of its own interests.

REFERENCE POOL SERVICING

Servicing Principles

As provided in the Terms and Conditions of the Notes (see "THE NOTES — § 3(6) Servicing Principles"), the administration, collection and enforcement of the Reference Claims, including the Enforcement on the Reference Collateral, shall be carried out by the Bank (in such capacity, the "**Servicer**") or by the agent bank in respect of a syndicated Reference Loan (each such agent bank, a "**Servicing Agent**"). Servicing Agents are only involved in the servicing in relation to syndicated Reference Loans where the Bank is not the agent.

The Bank acting as the Servicer will service each Reference Claim in accordance with both (i) its standard credit and collection procedures for similar assets as in effect from time to time and (ii) the Servicing Standards. The Servicing Standards will be attached as **Appendix C** to the Terms and Conditions of the Notes and will constitute an integral part of the Terms and Conditions of the Notes.

Servicing Standards

Administration, Collection and Enforcement of the Reference Claims

The Bank will comply with the standard of care of a prudent lender and, in particular, apply reasonable procedures and take all measures it deems necessary or appropriate in its due professional discretion to administer, collect and enforce the Reference Claims (including Reference Claims forming part of a syndicated loan claim) and the Reference Collateral or which are necessary to comply with supervisory requirements and to refrain from acting when so required by regulatory requirements and act at all times in the interests of the Noteholders only, and, in the case of any conflict between interests of the Noteholders and the interests of the Bank or third parties, the Bank will not place the Noteholders' interests in a less favourable position than its own interests or the interests of any third party, but will treat the conflicting interests on a *pari passu* basis, subject to the terms and conditions of the relevant obligations of any Borrower and any related collateral. Such a conflict could arise in a case where the Bank has transferred to third parties the risk with respect to a new loan that was extended to the same Borrower, for instance by virtue of another transaction similar to this one relating to a pool that includes such new loan. In such a situation the Reference Claim and the claim arising under the new loan would be treated as separate "stand-alone transactions" and the performance of one claim would not impact the other. A "stand-alone transaction" should be defined as a transaction where all payments or proceeds attributable to performance of a claim or, in the event of the Borrower's failure to perform, arising by virtue of enforcement of the security of such claim are applied in satisfaction of all obligations arising under or in connection with the loan related to such claim. In the case of a conflict of interest among the interests of the Credit Swap Counterparties and the Noteholders, the Bank will give priority to the interests of the Credit Swap Counterparties and the Noteholders of the Class which then ranks most senior for the purposes of the Loss Allocation. In the event of a conflict of interest between holders of Notes of different Classes, the interests of the holders of Notes of the Class which then ranks most senior for the purposes of the Loss Allocation will prevail.

In administering, collecting and enforcing the Reference Claims and the Reference Collateral the Bank will at any time

- (a) exercise the same diligence in servicing the Reference Pool, and otherwise apply the same standards in servicing the Reference Pool, as it does in servicing its other mortgage loan claims comparable with the Reference Claims;
- (b) take all actions the Bank in its due professional judgement deems necessary or desirable to maximise the value of the Reference Claims and/or the Reference Collateral; and
- (c) use its best efforts to obtain and maintain all licenses, authorisations and approvals necessary under applicable law in connection with the servicing of the Reference Pool.

The Bank will exercise any termination right under the relevant Reference Loan only if the exercise of such termination right is, in the due professional judgment of the Issuer and considering the circumstances of the individual case, necessary or desirable to maximise the value of the Reference Claim and/or the related Reference Collateral.

Allocation of Payments

Subject to mandatory rules of applicable law with respect to the allocation of a payment to a particular claim by the relevant payor, in the event that the Bank receives a payment on a Reference Claim or any other payment claim against the Borrower of such Reference Claim and such payment is less than the total amount then due under such Reference Claim and such other claims, the payment received will be allocated pursuant to the relevant loan agreement(s) or, in the absence of provisions on the allocation of payments in such agreement(s), according to the binding instruction of the relevant payor. Failing any such provision or instruction, the Bank will allocate the payment in proportion to the amount due of such Reference Claim and the total amount due of such other claims. For the purposes of such allocation, such Reference Claim and such other claims will be deemed due immediately upon the occurrence of a Credit Event (§ 11(4) of the Terms and Conditions) in respect of such Reference Claim or non-payment of any such other claim for more than 90 days, regardless of any acceleration.

Prepayment of the Reference Claims

Without prejudice to the legal and contractual termination rights of the Borrower, the Bank may approve the partial or early repayment of a Reference Claim. The Bank will usually be indemnified by the Borrower for any interest loss and the cost of unwinding the hedging arrangements (if any). In addition, the Borrower may be subject to prepayment penalties charged by the Bank on a case-by-case basis. In exceptional cases only, prepayment penalties will be charged by the Bank to cover lost margin. Prepayment penalties will be typically reduced in one or more steps from the first annual period to final maturity of the Reference Claim.

Reporting

With respect to each Collection Period, the Bank will provide the Trustee and each of the Rating Agencies with a report (the "**Pool Report**") on the performance of the Reference Pool and the determination of the Realised Losses. Further, the Bank will deliver to the Trustee such other reports and information at such times as specified in the Terms and Conditions and/or the Trust Agreement.

See "THE NOTES — Notifications" and "THE MAIN PROVISIONS OF THE TRUST AGREEMENT".

Payments in Arrears from Borrowers

The administration and monitoring of the Reference Claims by the Servicer is based on a computer supported payment tracking system.

Following a draw-down or interest rollover under an approved loan all relevant information regarding that particular transaction is entered into an in-house IT system. This system is a comprehensive tailor-made programme containing all data regarding the transaction, including the properties, borrowers, syndicate members, financial information such as interest rate fixings, final maturity, repayments and the like. The internal payment tracking system calculates the amounts due from the Borrowers and those calculations are used to verify the calculations which are made manually by the Loan Administration department. The system provides a notification in the case of non-receipt of funds one banking day after the relevant due date.

Branch management will notify the Borrower of any late payment and take any action deemed necessary. Senior management of the Bank will determine on a case-by-case basis whether and what action will be taken in respect of a Reference Claim in default. Such action will be based upon the particular circumstances of the default and the likelihood of remedy, such as the financial situation of the Borrower and, if appropriate, other providers of Reference Collateral, the value of the Mortgaged Property and any Additional Reference Collateral, and the future prospects. It may be necessary to undertake a review of the Reference Collateral. Certain security may, in accordance with applicable law, need to be protected, including, without limitation, the perfection of rent pledges.

Local management will report the default to the head office as appropriate and will make recommendations in respect of any action to be taken and necessity for a loan loss provision to be made.

Payment Rescheduling and Debt Restructuring

If a Borrower falls into payment default with respect to a Reference Claim, the Bank will be entitled, subject to the restrictions (if relevant) applicable to Reference Claims forming part of a syndicated loan claim, to declare the Reference Claim immediately due and payable. In accordance with the Bank's standard procedures and subject to "Common Principles" below, the Bank is also authorised to agree to a payment rescheduling and/or debt restructuring with a Borrower in arrears. In doing so, the Bank may in particular forego the repayment of a portion of the relevant Reference Claim if the Bank is convinced, in its reasonable judgement, that the aggregate amount of collections on such Reference Claim will be higher than the aggregate amount it would collect thereon had it not agreed to forego such portion of the Reference Claim. In such case the principal amount foregone will constitute a Realised Loss. The Bank will notify the Rating Agencies (subject to any applicable data protection and banking secrecy laws) if payment rescheduling and/or debt restructuring as described in this paragraph occurs.

Common Principles

In all cases of payment rescheduling or debt restructuring, the Bank shall adequately safeguard the interests of the Noteholders in the fullest performance of the Reference Claims at all times and minimise Realised Losses, notwithstanding its right to forgive a portion of the relevant Reference Claim, and, in a conflict of interest situation, will not place such interests in a less favourable position than its own interests in relation to the same Borrower.

The Bank will only agree to payment rescheduling or debt restructuring of a Reference Claim, if the 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 Final Scheduled Payment Date at the latest.

Security Enforcement

The action to be taken by the Bank in recovering defaulted Reference Claims will be decided by senior management on a case-by-case basis. Collateral enforcement requires very close co-operation between loan managers, senior management, chartered surveyors, the Bank's legal department and external local counsel. In each case, the Bank establishes a specific recovery procedure for the distressed loan with a view to maximising recoveries.

Before exercising security on the Mortgaged Property, the primary concern is to protect cash flow generated by the asset. To this end, the Bank may use external property managers or surveyors to administer the property and to collect rent which is transferred directly to the Bank.

The Mortgaged Property will be sold on the free market or by way of a forced sale, subject to an internal or external valuation and subject to applicable legal requirements in the relevant jurisdiction.

Adjustment of Loan Rates

In the case of floating rate Reference Claims, the interest rate will be typically based on EURIBOR plus a margin. In the case of fixed rate Reference Claims, the Bank will negotiate any interest rate reset, including the conversion of a fixed rate into a floating interest rate, with the Borrower in accordance with its standard procedures, taking into account the prevailing market conditions and the interests of the Noteholders. Hedging arrangements required by the Bank will be agreed with the Borrower on a case-by-case basis. The Bank will notify the Rating Agencies if an adjustment of the loan rates as described in this paragraph occurs.

Replacement of 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 Bank will be entitled to approve replacement of a Borrower (the "**Former Borrower**") by a new Borrower (the "**New Borrower**"), subject to the following conditions:

- (a) The New Borrower assumes the debt of the Former Borrower, provided that this will not result in a deterioration in rank or value of the Mortgages.
- (b) The replacement is made in connection with the change in title to the Mortgaged Property (including by

way of forced sale) to the New Borrower or a third-party collateral provider, and extends to all loan claims which are secured by real property liens on such Mortgaged Property.

- (c) The existence, content, priority and enforceability (including any immediate executability) of the Reference Claim and the related Mortgage will not be adversely affected by the replacement.
- (d) The replacement complies with all applicable legal requirements as well as the standard procedures of the Bank; in particular, the New Borrower must fulfil all requirements which the Bank applies for extension of loans in accordance with its loan conditions; in this regard, no lesser requirements may be applied in relation to the fact that the Reference Claim is included in the Reference Pool.
- (e) The Trustee and the Rating Agencies receive prompt notice of any such replacement.
- (f) The rating will not be adversely affected as a result of any such replacement.
- (g) In the case of Defaulted Reference Claims, any such replacement may only be made with due regard to the interests of the Noteholders.

Substitution of Mortgaged Properties

The Bank may, at its sole discretion, allow a Borrower to substitute a Mortgaged Property (the "**Old Property**") by another property (the "**Substituted Property**") in accordance with the terms of the relevant loan and subject to a renewed credit approval and the conditions outlined in "Origination and Underwriting", above, if each of the Rating Agencies has given its confirmation to the Bank and the Trustee that such substitution does not adversely affect the rating of any Note existing prior to such substitution, provided that such consent shall not be required if each of the following conditions are met:

- (a) The Substituted Property will comply with the Bank's quality standards and afford the same security as the Mortgaged Property which is being replaced.
- (b) The value of the Substituted Property will be assessed by an internal or external chartered surveyor.
- (c) Without prejudice to the provisions under "Other Changes to the Conditions of the Reference Loan" below, the terms and conditions of the relevant loan underlying the Reference Claim may not change in any material respect as a result of the substitution.
- (d) The Substituted Property will be located in the Netherlands or in the United Kingdom.
- (e) The substitution is a multi-property substitution and the Substituted Property will be of the same property type as the Old Property.
- (f) The DSCR, ICR and LTV of the Reference Claim will not deteriorate.
- (g) Upon such substitution the Rating Agencies are notified thereof with delivery of the supporting property documentation.
- (h) If the Substituted Property is a leasehold such leasehold shall extend at least 30 years beyond the maturity of the related Reference Claim;
- (i) If there are rated tenancies for the Old Property, a similar or greater proportion of tenancies for the Substituted Property is rated not lower than that of the tenants for the Old Property. If tenants are unrated, the Bank's internal assessment of credit is equal or better in the case of the Substituted Property by comparison to the Old Property. For the purpose of this paragraph the Bank may take into account the credit rating of any explicit lease guarantor.
- (j) The weighted average remaining term of the occupational leases at the Substituted Property are at least as long as that for the Old Property.
- (k) Not more than 25% of the rent roll (NCF) of all Mortgaged Properties securing the same Reference Claim as of the Closing Date may be substituted.

- (l) Dutch properties shall be substituted with Dutch properties only and UK properties shall be substituted with UK properties only.
- (m) The Bank's senior unsecured rating is at or above A3.

Further Advances

The Bank may agree with a Borrower on further advances with respect to a Reference Loan. In such case, the Bank will not place the Noteholders' interests in a less favourable position than its own interests and to the extent that the Reference Collateral is used as collateral for further advances the interests of the Bank will be fully subordinated to the interests of the Noteholders in respect of such further advances and no enforcement action may be taken, including, without limitation, by way of acceleration of payments or enforcement against the Reference Collateral securing such further advance prior to enforcement action being taken in respect of the corresponding Reference Loan, unless a new valuation of the property underlying the further advance and the Reference Loan was completed prior to the making of the further advance, and pursuant to such valuation the current balance of the Reference Loan results in an LTV of 90% or less. For the avoidance of doubt, if pursuant to such valuation the current balance of the Reference Loan (including the further advance) would result in an LTV of more than 90%, any mortgages on the Mortgaged Property or Properties securing such further advance must be subordinated to the relevant Reference Mortgage(s). Such further advances will be treated as separate loans which will not form part of the Reference Pool.

Amendment to the Terms of a Reference Claim at a Review Date

The Bank may, at any scheduled reset date pursuant to the relevant loan documentation (each such date, a "**Review Date**"), agree with the Borrower on an extension of the maturity of a Reference Claim and/or an amendment of any of the terms of such Reference Claim (whether by amendment of the existing loan agreement or by entering into a new loan agreement), *provided that*, following such extension and/or amendment, the Issuer shall remove such Reference Claim from the Reference Pool in accordance with the procedures set out in Clause 13 of the Trust Agreement if any of the following conditions are met:

- (a) such Reference Claim has been added to the Reference Pool on or before the relevant Review Date by way of Replenishment pursuant to § 3(9) of the Terms and Conditions;
- (b) the period for which the maturity of such Reference Claim is extended (such period, an "**Extension Period**") exceeds 10 years or commences on or after January 1, 2008;
- (c) the scheduled annual average amortisation during the Extension Period is lower than the greater of (i) the highest annualised nominal amortisation during the period from the Cut-off Date until the beginning of the Extension Period or (ii) the annual average amortisation as determined in the amortisation schedule agreed at the origination of such Reference Claim;
- (d) the terms of such Reference Claim, as amended on the Review Date, provide for an increase of the principal amount of such Reference Claim after the beginning of the Extension Period;
- (e) the Debt Service Coverage Ratio of such Reference Claim is, as of the Review Date, lower than 1.05, *provided that*, for the purposes of determining such Debt Service Coverage Ratio, the interest rate applicable to such Reference Claim shall be deemed to be (i) in case of fixed rate loans, the highest interest rate applicable during the Extension Period and (ii) in case of variable rate loans for which a cap on the increase of the interest rate applies, the maximum interest rate agreed between the parties with respect to the Extension Period; or
- (f) in case of variable rate loans, the parties have not agreed on a cap on the increase of the interest rate with respect to the Extensions Period.

Other Changes to the Conditions of Reference Claims

Except as provided under "Payments in Arrears from Borrowers", "Prepayment of the Reference Claims", "Adjustment of Loan Rates", "Replacement of Borrowers" and "Further Advances", and, in accordance with the terms of the Reference Claim and Reference Collateral documentation, the Bank shall be authorised to take action in the context of servicing the Reference Claims and the Reference Collateral (in particular to amend contractual provisions of the loan contracts and to accept security over the Reference Collateral relating to a Reference Claim to secure a claim other than such Reference Claim) only if doing so will, in due professional judgement of the Bank acting as a prudent lender, neither (i) adversely affect the validity and enforceability of the Reference Claims and the Reference Collateral or (ii) reduce the value of the Reference Claims or the Reference Collateral, nor result in Realised Losses or otherwise materially adversely affect the Noteholders.

Use of Third Parties by the Bank

Subject to approval by the Rating Agencies, the Bank may delegate its servicing obligations with respect to the Reference Pool to a third party servicer, provided that such third party servicer will assume all of the Bank's obligations under the Transaction Documents.

The Bank is also entitled to delegate certain functions in the context of administering, collecting and enforcing the Reference Claims as well as enforcing on the Reference Collateral, in whole or in part, to agents.

Reference Claims serviced by Servicing Agent

Responsibility for Servicing Agents

The servicing of a Reference Claim may be carried out by a Servicing Agent. The Servicer shall be held responsible for servicing the Reference Claims serviced by Servicing Agents, however, in the case of the servicing of Reference Claims arising under syndicated Reference Loans the responsibility of the Servicer is subject to certain limitations as set out herein. In the case of syndicated Reference Loans the Servicer is only responsible for the reasonable election of the Servicing Agent and the monitoring of compliance with the servicing requirements under the applicable Reference Loan documentation by the relevant Servicing Agent servicing the Reference Claim.

Enforcement

The Servicer will take all actions which it deems necessary, in its professional judgment, to ensure that the relevant Servicing Agent complies with its respective servicing obligations under the relevant Reference Loan documentation.

Actions

The Servicer will not agree with the relevant Servicing Agent and/or other syndicate banks, if applicable, on any servicing principle, rule or action, or otherwise act in a manner, which, in the professional judgment of the Servicer, is inconsistent with the Servicing Standards. In the case of Reference Claims arising under syndicated Reference Loans the participation, if applicable, of the Bank as a syndicate bank in the servicing of the syndicated Reference Loan must comply with the Servicing Principles.

Breach of Servicing Standards

If any requirement of the Servicing Standards is not met in respect of a Reference Claim such Non-qualifying Reference Claim will not qualify for the Loss Allocation as set out in and under the conditions contained in § 3(7) of the Terms and Conditions of the Notes and will be removed from the Reference Pool in accordance with the procedures set out in the Trust Agreement (see "THE MAIN PROVISIONS OF THE TRUST AGREEMENT").

Servicing Audit

Internal Audit

The internal audit department conducts a random review of the Reference Claim facility files. Any remedial action identified is notified to senior management, copied to the Management Board.

External Auditors

The annual audit conducted by the Bank's external auditors, currently Wollert-Elmendorff Deutsche Industrie-Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, 40212 Düsseldorf, includes a review of compliance with § 18 of the German Banking Act, i.e., the annual check of each borrower's creditworthiness. This audit includes a random inspection of loan files and accounts.

Pfandbriefe Cover Audit By Federal Banking Supervisory Authority

The *Pfandbriefe* cover audit (*Deckungsprüfung*) conducted by the German Federal Banking Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**FBSA**") consists of a random check on property valuations and mortgage security.

THE ISSUER

Incorporation, Duration and Registered Office

The Issuer is a limited liability company incorporated with unlimited duration on September 11, 2002 (with registered number 84010) under the Companies (Jersey) Law, 1991 and having its registered office at St Paul's Gate, New Street, St Helier, Jersey, JE4 8ZB, Channel Islands.

Corporate Purpose of the Issuer

The Instrument of Trust constituting the Duke Charitable Trust obliges its trustee to use all reasonable endeavours to procure that the principal activities of the Issuer shall be as follows:

- (a) to acquire, hold, manage, dispose of and otherwise deal with assets in any form and of any nature and denominated in any currency including (but not limited to) present and future receivables of all kinds, and securities and tangible assets including, but not limited to, commodities and to enter into transactions having a similar commercial effect including, without limitation, derivative contracts relating to any such assets;
- (b) to obtain funding on a limited recourse basis by the issue of commercial paper, notes, bonds, debentures and other instruments or by any other means (including, for the avoidance of doubt, by the borrowing of money) and to use such funding for or in connection with the acquisition, holding, management and disposal of, or dealing with, assets or in connection with transactions referred to in paragraph (a) above; and
- (c) to enter into agreements and transactions (including, without limitation, interest and/or currency exchange agreements and transactions) in connection with or ancillary to the activities mentioned under paragraphs (a) and (b) above.

The Instrument of Trust constituting the Duke Charitable Trust further provides that the trustee of the Duke Charitable Trust shall not act in any way so as to prejudice, or which may be inconsistent with, the performance by the Issuer of its obligations under any agreements or arrangements to which it may be party.

Business Activity

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations in relation to the matters outlined above.

Employees

The Issuer will have no employees.

Corporate Administration

The Issuer has appointed Deutsche International Trust Corporation (C.I.) Limited as corporate administrator (the "**Administrator**") to provide corporate secretarial and administrative services pursuant to a corporate administration agreement dated September 30, 2002 between the Issuer and the Administrator (the "**Administration Agreement**"). The register of members is maintained by the Administrator at the registered office.

Capital and Shares

The authorised share capital of the Issuer is £ 10,000 divided into 10,000 ordinary share of £ 1 each.

The Issuer has issued 2 ordinary shares with a nominal value of £ 1 each, all of which are fully paid. Under the Instrument of Trust constituting the Duke Charitable Trust and the Transaction Documents, while any Notes are outstanding, the Issuer shall not issue any additional shares and the trustee of the Duke Charitable Trust may not

dispose of or otherwise deal with any shares in the Issuer so long as any indebtedness of the Issuer under the Transaction Documents is outstanding.

Capitalisation

The capitalisation of the Issuer as at the date of this Offering Circular, adjusted for the issue of the Notes, is as follows:

Share Capital

Issued and fully paid	
2 shares of £ 1 each	£ 2

Loan Capital

Notes	EUR 814,350,000
-------	-----------------

Indebtedness

The Issuer has no indebtedness as at the date of this document other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

Holding Structure

All of the issued and outstanding shares in the Issuer's capital are owned or controlled by the trustee of the Duke Charitable Trust. The Duke Charitable Trust is a charitable trust constituted under the laws of Jersey, of which the trustee is, at the date hereof, Deutsche International Trustee Services (C.I.) Limited.

Management

The Issuer is managed by its board of directors, who are appointed by the shareholders.

The current directors of the Issuer are:

Name	Business Occupation
Niall Iain McCallum	Banker
Philip John Godley	Chartered Accountant
Mark Anthony Rumbold	Banker

The business address of the directors is St Paul's Gate, New Street, St Helier, Jersey, JE4 8ZB, Channel Islands.

The directors have agreed to act as the directors of the Issuer and in respect, *inter alia*, thereof fees are payable under the Administration Agreement.

Secretary

Deutsche International Trust Corporation (C.I.) Limited has been appointed and accepted its appointment as secretary of the Issuer. The address of the secretary is St Paul's Gate, New Street, St Helier, Jersey, JE4 8ZB, Channel Islands.

Subsidiaries

The Issuer has no subsidiaries or affiliates.

Miscellaneous Expenses of the Issuer

The Issuer is expected to incur certain Miscellaneous Expenses. "**Miscellaneous Expenses**" means, in addition to any tax liabilities, annual return filing fees and exempt company status fees incurred by the Issuer:

- (a) fees, costs and expenses of the Administrator (including fees payable in respect of the directors) under the Administration Agreement;
- (b) fees, costs and expenses of the agents appointed under the Agency Agreement;
- (c) legal fees and expenses of the Lead Managers under the Subscription Agreement;
- (d) the fees, costs and expenses of the auditors of the Issuer (in respect of their acting as such) and a transaction fee to be retained by the Issuer of £ 500 per annum;
- (e) the fees of the Rating Agencies and the Luxembourg Stock Exchange in respect of the rating and listing respectively of the Notes;
- (f) legal expenses from time to time;
- (g) all other expenses incurred by the Issuer with the prior written consent of the Trustee to the extent not paid under paragraph (a) to (g) above (such consent not to be unreasonably withheld unless the giving of such consent might have an adverse effect on the ability of the Issuer to perform its obligations in relation to the Transaction).

Financial Statements

Audited financial statements will be published on an annual basis, and included in the relevant Quarterly Report. The auditors of the Issuer are Deloitte & Touche, PO Box 403, Lord Coutanche House, 66-68 Esplanade, St. Helier, Jersey JE4 8WA, Channel Islands. The Issuer's accounting reference date in each year is February 28, beginning February 28, 2004. Since the date of its incorporation no financial statements have been prepared.

THE BANK

Incorporation and Seat

WestHyp was incorporated under the laws of the Federal Republic of Germany on December 30, 1961. On September 11, 1975 the Issuer moved its seat to Dortmund, Federal Republic of Germany. The WestHyp is registered at the Amtsgericht Dortmund under No. HRB 4152. Its head office is located at Florianstrasse 1, D-44139 Dortmund.

Objects

The objects of WestHyp are all business activities permitted for a mortgage bank (*Hypothekenbank*) according to the laws of Germany.

Share Capital

As at June 30, 2002, the issued capital stock of WestHyp amounted to €39,000,000, consisting of 78,000 non-par bearer shares.

The capital stock of WestHyp is owned as follows:

- 75.0 % by Bayerische Hypo- und Vereinsbank AG,
- 12.5 % by Deutscher Herold Allgemeine Versicherung Aktiengesellschaft and
- 12.5 % by Deutscher Herold Lebensversicherung Aktiengesellschaft.

As at June 30, 2002, the participatory capital (*Genußrechtskapital*) amounted to €146,397,000.

Capitalisation

The following table sets forth the capitalisation of WestHyp as of December 31, 2001 and June 30, 2002 (unaudited):

	As of June 30, 2002 (in million €)	As of December 31, 2001 (in million €)
Debt		
Accounts due to other banks	6,770.4	6,283.3
Accounts due to customers	5,740.7	5,166.6
Bonds	30,695.6	29,125.2
Subordinated liabilities	297.1	273.1
Total debt	43,503.8	40,848.2
Equity		
Capital stock	80.5	79.5
Reserve from capital surplus	78.1	69.1
Revenue reserves	225.6	225.6
Unappropriated retained earnings	6.7	22.9
Total equity	390.9	397.1
Fund for General Banking Risks	25.6	25.6
Participatory capital	<u>146.4</u>	<u>146.4</u>
Total capitalisation	<u>44,077.7</u>	<u>41,417.3</u>

Save as disclosed herein, there has been no material change in the capitalisation of WestHyp since June 30, 2002.

Management

Supervisory Board

Current members of the Supervisory Board are as follows:

Dr. Egbert Eisele,
Member of the Executive Board of Bayerische Hypo- und Vereinsbank AG, Chairman

Dr. Paul Siebertz,
Member of the Executive Board of Bayerische Hypo- und Vereinsbank AG, 1st Vice-Chairman

Dr. Jochen Melchior,
Chairman of the Executive Board of STEAG AG, 2nd Vice-Chairman

Michael Amann, (*),
WestHyp

Bernd Henkel, (*)
WestHyp

Susanne Kobosch, (*)
WestHyp

Arnulf Loy,
CFO of the Zürich Agrippina Group

Prof. Dr. Erhard Meyer-Galow
Management Consultant

Dr. Claus Nolting
Executive Board Chairman of HVB Real Estate Bank AG

Wolf-Edgar Schreifels, (*)
WestHyp

Peter Thelen,
Chairman of the Executive Boards of Deutscher Herold Versicherungsgesellschaften

Dr. Bernd Thiemann,
Member of the Executive Board of the Rothschild GmbH

(*)Employees' representative

Executive Board

The current members of the Executive Board are:

Dr. Georg Kottmann

Kurt Sachs

Jürgen Töniges

The business address of the members of the Supervisory Board and of the Executive Board is that of the head office of WestHyp.

Annual General Meeting

The annual general meeting of shareholders is to be held at the Issuer's seat or in another German city where a stock exchange is located.

Independent Auditors

Independent auditors of WestHyp are Wollert-Elmendorff Deutsche Industrie-Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, D-40212 Düsseldorf. They have audited the financial statements of WestHyp for the years ended 1998, 1999, 2000 and 2001 and have issued an unqualified opinion in each case.

Subsidiaries

As at December 31, 2001, The WestHyp held the majority of the voting rights of the following companies:

- WestHyp Finance B.V., Amsterdam, Netherlands
- GGV Gesellschaft für Grundbesitzverwaltung und Immobilien-Management mbH, Dortmund, Germany
- WestHyp Immobilien Holding GmbH, Dortmund, Germany
- WestHyp Immobilien Management Beteiligungsgesellschaft mbH, Dortmund, Germany
- WestHyp Immobilien Management GmbH & Co. KG, Dortmund, Germany
- ImmoVation GmbH, Dortmund, Germany

Fiscal Year

The fiscal year is the calendar year.

Business

WestHyp is a pure mortgage bank operating under the strict regulations of the German Mortgage Bank Act. WestHyp's lending activities are restricted to mortgage loans for residential and commercial properties and public sector loans as well as the purchase of asset pool eligible securities issued by public law entities.

Property Finance

WestHyp's real-estate lending consists mainly of financing of domestic residential and commercial properties. In addition, property finance loans were granted in the Netherlands and England and to a lesser extent in Belgium, Austria and Switzerland. As at December 31, 2001, the entire property financing amounted to € 9.24 billion (approximately 41 % residential properties and approximately 59 % commercial properties).

Foreign mortgage loans amounted to 27 % (€2.5 billion) of total property financing. Most of WestHyp's loans abroad were denominated in the respective national currency.

Public sector lending

As at December 31, 2001 WestHyp's public sector lending and related securities business amounted to approximately €30.9 billion. The public sector receivables amounted to €16.1 billion. In addition, the total contains approximately €5.6 billion of bonds to the public sector.

In recent years WestHyp has broadened its range of innovative capital market products with complex interest rate structures. To hedge market risks WestHyp uses derivative instruments.

Funding

German mortgage banks can issue special bonds, the so-called "Pfandbriefe". There are two important sources of funding, the mortgage bond (*Hypothekendarpfandbrief*) and the public sector bond (*Öffentlicher Darpfandbrief*). Principal and interest on these bonds have to be covered at all times by a pool of assets supervised by an independent trustee. For this purpose, mortgage banks use two independent registers: mortgage bonds are backed by qualified mortgage loans, public sector bonds are backed by public sector loans. Though the assets are listed in special registers, they remain on the banks' balance sheet. WestHyp funds the assets which are not eligible for any of the registers by unsecured debenture bonds.

In addition to the traditional "Darpfandbrief", in recent years WestHyp began to issue complex structured securities different in size and conditions and tailor made to the requirements of its investors. In 1995, WestHyp started funding of its public sector loans by jumbo issues which are syndicated issues with volumes of € 500 million and more. Further, WestHyp has expanded its funding basic by callable step-ups, callable capped floaters, multi-tranche or reversed floaters as well as phased interest bonds.

In 2001 WestHyp's total funding amounted to €14.0 billion, of which €1.8 billion mortgage Darpfandbriefe and € 6.4 billion public sector Darpfandbriefe. Other bond and loan funding amounted to €5.8 billion.

WestHyp has one branch in Berlin and four representative offices throughout Germany (Dortmund, Munich, Frankfurt, Hamburg).

On June 30, 2002, WestHyp's number of employees was 253.

For a detailed description of WestHyp and its business activities as well as a compilation of its financial statements, reference is made to the latest annual or interim report which are also available on the internet page www.westhyp.de.

FINANCIAL STATEMENTS OF WESTHYP

Balance Sheet of Westfälische Hypothekenbank AG as of December 31, 2001 (audited)

(€million)

Assets	12/31/2001	12/31/2000
1. Cash reserve	58.098	18.781
a) Cash on hand	0.069	0.059
b) Balances with central banks	58.029	18.722
thereof with the Bundesbank: (PY: 18.722) [58.029]		
3. Loans and advances to other banks	8,262.019	8,457.141
a) Mortgage loans	334.022	308.087
b) Municipal loans	7,414.722	7,665.800
c) Other loans and advances	513.225	483.254
thereof payable on demand: (PY: 21.072) [18.596]		
collateralized by securities: (PY: 0) [0]		
4. Loans and advances to customers	17,315.870	16,892.284
a) Mortgage loans	8,629.904	7,827.252
b) Municipal loans	8,672.336	9,056.005
c) Other loans and advances	13.630	9.027
thereof collateralized by securities: (PY: 0) [0]		
5. Bonds and other fixed-income securities	15,522.466	10,645.682
b) Bonds and notes issued by		
ba) public sector issuers	5,574.668	4,711.322
thereof eligible for Bundesbank borrowings (PY: 1,617.060) [1,836.819]		
bb) other issuers	9,229.364	5,249.568
thereof eligible for Bundesbank borrowings (PY: 2,549.624) [2,938.071]		
c) Own bonds	718.434	684.792
At par: (PY: 657.798) [691.736]		
7. Participating interests	0.067	0.043
Thereof in other banks: (PY: 0) [0]		
Thereof in financial services providers: (PY: 0) [0]		
8. Shares in related companies	41.906	41.882
Thereof in other banks: (PY: 0) [0]		
Thereof in financial services providers: (PY: 0) [0]		
9. Special assets	12.330	13.295
Thereof loans in transit: (PY: 13.295) [12.330]		
10. Recovery claims against the public sector and bonds resulting from their exchange	21.336	26.804
12. Tangible assets	5.426	7.215
15. Sundry assets	278.773	480.802
16. Deferred charges and prepaid expenses	194.213	174.735
a) from issues and loans	150.547	
b) other	43.666	
TOTAL ASSETS	41,712.504	36,758.664
Equity and liabilities	12/31/2001	12/31/2000

1. Accounts due to other banks	6,283.325	5,482.379
a) Registered mortgage Pfandbrief bonds issued	788.424	667.082
b) Registered public-sector Pfandbrief bonds issued	388.434	286.311
c) Other liabilities	5,106.467	4,528.986
Thereof repayable on demand (PY: 210.219) [133.976]		
Delivered to lender as collateral for loans:		
registered mortgage Pfandbrief bonds (PY: 2.556) [2.556]		
registered public-sector Pfandbrief bonds (PY: 0) [0]		
2. Accounts due to customers	5,166.602	5,123.919
a) Registered mortgage Pfandbrief bonds issued	2,071.082	2,140.022
b) Registered public-sector Pfandbrief bonds issued	1,864.567	1,978.408
d) Other liabilities	1,230.953	1,005.489
Thereof repayable on demand (PY: 35.045) [20.804]		
Delivered to lender as collateral for loans:		
registered strict mortgage Pfandbrief bonds (PY: 53.070) [52.047]		
registered public-sector Pfandbrief bonds (PY: 65.752) [48.368]		
3. Debts evidenced by certificates	29,125.191	25,142.818
a) Bonds issued		
aa) Mortgage Pfandbrief bonds	2,362.508	1,601.966
ab) Public-sector Pfandbrief bonds	21,532.039	19,364.397
ac) Other bonds	5,230.644	4,176.455
4. Special liabilities	12.330	13.295
Thereof borrowings in transit (PY:13.295) [12.330]		
5. Sundry liabilities	78.869	42.872
6. Deferred income	175.864	142.890
a) from issues and loans	99.748	99.191
b) other	76.116	43.699
7. Accruals	28.150	30.842
a) for pensions and similar commitments	18.619	17.471
b) for taxes	1.193	5.847
c) other	8.338	7.524
9. Subordinate liabilities	273.083	231.804
10. Participatory capital	146.397	135.492
Thereof maturing in less than 2 years (PY: 15.339) [0]		
11. Fund for general banking risks	25.565	25.565
12. Equity	397.128	386.788
(a) Capital stock		
(aa) Common stock	38.000	37.000
(ab) Dormant preferred stock	41.500	41.500
(b) Additional paid-in capital	69.059	57.479
(c) Revenue reserves		
(ca) Legal reserve	0.299	0.299
(cd) Other (Art. 7 HBG)	225.350	225.350
(d) Unappropriated retained earnings/ (Accumulated deficit)	22.920	25.160
TOTAL EQUITY AND LIABILITIES	41,712.504	36,758.664
1. Contingent liabilities	111.505	115.219
b) from suretyships, guaranties and warranty contracts	111.505	115.219
2. Other	297.554	384.707
c) Irrevocable loan commitments	297.554	384.707

Income statement for the year ended December 31, 2001

Expenses	12/31/2001	12/31/2000
1. Interest expense	2,384.767	2,081.754
2. Commission expense	18.493	8.946
4. General administrative expenses	32.667	32.583
a) Personnel expenses		
aa) Wages and salaries	16.095	16.335
ab) Social security taxes, pension expense and related employee benefits thereof pension expense (PY: 2.249) [1.947]	4.253	4.683
b) Other	12.319	11.565
5. Amortization, depreciation and write-down of intangible and tangible assets	1.451	1.537
6. Other operating expenses	8.019	9.183
7. Write-down of and allowances for receivables and specific securities as well as annual provisions for lending business	33.620	47.179
9. Write-down of participating interests, shares in related companies and other long-term securities	14.013	1.651
10. Expenses from loss absorption	0.188	0.211
13. Income taxes	9.688	12.410
14. Non-income taxes (other than included in 6.)	0.156	0.191
15. Profit transferred under profit-pooling/sharing or P&L transfer agreements	3.271	2.082
16. Net income	22.920	25.160
TOTAL EXPENSES	2,529.253	2,222.887
Income	12/31/2001	12/31/2000
1. Interest income from	2,506.771	2,205.728
a) lending and money market business	1,701.427	1,666.802
b) fixed-income and book-entry securities	805.344	538.926
2. Current income from	2.187	2.101
b) participating interests	0.087	0.001
c) shares in affiliated companies	2.100	2.100
4. Commission income	5.997	7.876
8. Other operating income	14.298	7.182
TOTAL INCOME	2,529.253	2,222.887

Balance sheet of Westfälische Hypothekenbank AG as of June 30, 2002 (unaudited)

in €million	June 30, 2002	June 30, 2001
Loans and advances		
to other banks	10,156.3	8,924.5
mortgage loans	345.7	318.2
municipal loans	8,468.6	7,306.9
other loans and advances	1,342.0	1,299.4
Loans and advances		
to customers	17,475.5	16,974.0
mortgage loans	8,797.4	8,047.0
municipal loans	8,674.6	8,887.4
other loans and advances	3.5	39.6
Bonds and other		
fixed-income securities	16,133.6	14,270.3
bonds third-party issuers	15,472.6	13,600.2
own bonds	661.0	670.1
Accounts due to		
other banks	6,770.4	5,247.4
thereof bonds issued:		
registered mortgage		
Pfandbrief bonds	730.0	738.7
registered public-sector		
Pfandbrief bonds	438.3	275.6
Accounts due to		
customers	5,740.7	5,100.8
thereof bonds issued:		
registered mortgage		
Pfandbrief bonds	2,140.3	1,999.7
registered public-sector		
Pfandbrief bonds	2,228.9	1,924.8
Debts evidenced by certificates	30,695.6	29,300.6
thereof bonds issued:		
mortgage Pfandbrief bonds	2,441.1	1,600.7
public-sector		
Pfandbrief bonds	22,946.8	21,290.4
other	5,307.7	6,409.5
Subordinated liabilities	297.1	274.1
Participatory capital	146.4	146.1
Equity	384.2	374.2
thereof		
capital stock	80.5	79.5
thereof		
common stock	39.0	38.0
dormant preferred stock	41.5	41.5
reserves	303.7	294.7
Total assets	44,296.8	40,743.3

Income statement for the period ended June 30, 2002 (unaudited)

in €million	Jan. 1 to June 30, 2002	Jan. 1 to June 30, 2001
Net interest income	60.4	63.3
Comission income	3.8	3.0
Comission expense	7.9	7.3
Net commission expense	(4.1)	(4.3)
Net interest and commission income	56.3	59.0
Wages and salaries	7.9	8.1
Social security taxes, pension expense	2.2	2.2
Personnel expenses	10.1	10.3
Other administrative expenses	7.0	6.6
Administrative expenses	17.1	16.9
Other operating income, net	0.3	0.7
Operating profit before risk provisioning	39.5	42.8
Risk provisioning	(21.8)	(14.0)
Operating profit	17.7	28.8
Write-down of participating interests, shares in related companies and other long-term securities	6.8	6.5
Expenses from loss absorption	0.1	0.1
Earnings before taxes	10.8	22.2

Recent Developments and Outlook Changing markets and a general economic downturn had an impact on WestHyp's business: apart from lower demand, especially WestHyp's quest for a clearly higher risk quality (better borrower credit standings) and thus more selective lending decisions was reflected in the accounts.

Total new lending business by mid-2002 came to €4,379 million (PY: €5,913 million). Loans worth €501 million (PY: €530 million) were granted within WestHyp's new property finance business, while in the capital market business a total new volume of €3,954 million (PY: €5,442 million) was contracted.

Business in municipal loans including securities eligible for the public-sector coverage pool, totalling €2,899 million (PY: €3,874 million), as well as that in other securities of €979 million (PY: €1,509 million), shrank significantly. Transactions in this area were downscaled deliberately since amid this difficult market environment, the envisaged level of margins could hardly be achieved.

Net interest and commission income for the first half of the year was earned at €56.3 million, hence up 0.7 percent from the year-earlier prorated €55.9 million. Despite substantial capital expenditures for a future-oriented IT platform, WestHyp's general administrative expenses of €17.1 million were maintained at the year-earlier magnitude, as was the gross operating profit of €39.2 million (PY: €38.8 million). The net balance of other operating income and expenses of €0.3 million sank from the prorated 6-month 2001 level of €3.2 million. Risk-provisioning expenses were kept substantially unchanged, whereas the poor market caused the liquidity results to decline, bringing the operating result after risk provisioning to €17.7 million (PY: €25.1 million). Semi-annual EBT thus amounted to €10.8 million (PY: €18.0 million). In view of the current market situation, the Bank expects a still sufficing performance for all of 2002.

CORPORATE ADMINISTRATION, ACCOUNTS AND CASH ADMINISTRATION

Corporate Administration

Pursuant to the administration agreement (the "**Administration Agreement**") dated September 30, 2002 between the Issuer and Deutsche International Trust Corporation (C.I.) Limited, Jersey, Channel Islands (the "**Administrator**") has agreed to provide book-keeping and other corporate and administrative services to the Issuer. The Administration Agreement is governed by the laws of Jersey.

Description of the Administrator

The Administrator is Deutsche International Trust Corporation (C.I.) Limited, incorporated under the laws of Jersey (registered number 8822, whose business address is St. Paul's Gate, New Street, St. Helier, Jersey JE4 8ZB, Channel Islands.

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

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.

Accounts

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

- (i) the Transaction Account, which is an interest bearing current account. The Issuer will open the Transaction Account with WestLB AG, Düsseldorf, as the initial Transaction Account Bank, before the Issue Date; and
- (ii) the Cash Deposit Account, which is a bearing a rate of interest equal to EURIBOR (as defined in the Terms and Conditions). The Cash Deposit Account will be opened with Westfälische Hypothekenbank AG, Dortmund, as the initial Cash Deposit Account Bank, on or before the Issue Date.

Pursuant to the Trust Agreement all of the Issuer's rights and claims in respect of the Cash Deposit Account and the Cash Deposit and Account Agreement are pledged to the Trustee to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1, Class A-2+ and Class A-3 Notes.

Pursuant to the Trust Agreement the Trustee has authorized the Issuer and the Cash Administrator on the Issuer's behalf to administer the Cash Deposit Account. Such authorisation may be withdrawn by the Trustee upon the occurrence of Default Event or if, in the professional judgement of the Trustee, such withdrawal is desirable or expedient to protect the interests of the Class A-1, Class A-2+ or Class A-3 Noteholders.

Account Bank Rating Event

In the event that the rating of the Transaction Account Bank by any of the Rating Agencies falls below the Transaction Bank Required Rating, the Issuer shall within 30 calendar days, or if the Issuer fails to do so, the Trustee shall promptly after it has become aware of such downgrading but in any event no later than 30 calendar days after having become aware of such downgrading and such failure (i) close the Transaction Account with such Transaction Account Bank and (ii) open a new Transaction Account with another Transaction Account Bank having the Transaction Bank Required Rating from each of the Rating Agencies.

Consideration

As consideration for the performance of their respective services and functions under the respective Account Agreements, the Issuer will pay each Account Bank a fee separately agreed by each Account Bank with the Issuer

with the consent of the Bank. Recourse of the relevant Account Bank against the Issuer is limited accordingly.

Cash Administration

Pursuant to the Cash Administration Agreement Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany (the "**Cash Administrator**") will act as the initial Cash Administrator for the Issuer. The Cash Administrator will provide professional services to the Issuer with respect to, inter alia, the management of the Accounts. For a description of the Cash Administrator see "THE BANK".

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

THE LOSS GUARANTEE AND THE SECURITY PLEDGE AGREEMENT

Loss Guarantee

On September 30, 2002 the Bank and the Issuer will enter into a loss guarantee agreement (the "**Loss Guarantee**").

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 (in the case of the Class A-2+ Notes and the Class F+ Notes as multiplied by the Relevant Reduction Factor) as of such date *provided that* the payment of such amount (or the relevant portion thereof) in respect of Realised Losses allocated to the Class F+ Notes in an amount equal to the amount of the related deferred Interest Subparticipation Amounts, if any, shall be deferred until and shall be paid at the time the deferred Interest Subparticipation Amounts are paid in accordance with the Interest Subparticipation Provisions, but in any event not beyond the Legal Maturity Date, whether or not any Interest Subparticipation Amount has been due for payment before such date.

The Issuer will receive the funds necessary for the payments under the Loss Guarantee by liquidation of the Collateral and/or the Cash Deposits, if relevant, as described herein.

Pursuant to the Loss Guarantee the Bank will (i) with respect to the first Payment Date, on the Issue Date and (ii) with respect to each subsequent Payment Date, no later than the 22nd Business Day prior to such Payment Date, pay in advance to the Issuer with respect to the period (such period, the "**Guarantee Fee Calculation Period**") commencing on (but excluding) in the case of (i) the Issue Date and in the case of (ii) on such Payment Date and ending on (and including) the immediately following Payment Date (the "**Relevant Payment Date**") an amount (the "**Guarantee Fee**") calculated by the Bank as the sum of (i) the amount of all costs and expenses of the Issuer with respect to such Guarantee Fee Calculation Period, (ii) the amount of principal and interest payable by the Issuer on the Funding Notes on the Relevant Payment Date, (iii) the difference between (A) the aggregate Interest Amount payable by the Issuer on the Notes and (B) the aggregate amount of interest payable by the Bank on the Collateral and, if relevant, on the Cash Deposits (for the avoidance of doubt, prior to any withholding or deductions on account of tax, if relevant), in each case as of the Relevant Payment Date (such difference, the "**Spread**") and (iv) the aggregate Interest Subparticipation Amounts payable to the holders of the Class F+ Notes on the Relevant Payment Date, *provided that* the amount referred to in (i) above shall be estimated by the Bank in good faith based on previous payments with respect to the costs and expenses of the Issuer and the information provided to it by the Issuer. If any Guarantee Fee is subject to any deduction or withholding for or on account of any tax, levy, duty, assessment or other governmental charge, the Bank will be obligated to gross-up such Fixed Rate Fee for any deduction or withholding (notwithstanding the Bank's ability to terminate the Loss Guarantee following the occurrence of a Tax Event).

In addition, the Bank will pay to the Issuer under the Loss Guarantee on each Payment Date falling in February in advance an annual transaction fee in the amount of £ 500 which may be retained by the Issuer and/or paid as a dividend to its shareholders.

Termination

The Loss Guarantee will terminate when none of the Notes are outstanding unless terminated earlier as a result of an exercise of an Early Termination Right or as a result of the occurrence of an Early Termination Event.

Early Termination Right

Pursuant to the terms of the Loss Guarantee, the Bank will have the right (but no obligation) (each, an "**Early Termination Right**") to terminate the Loss Guarantee by giving at least 5 Business Days prior notice to the Issuer

on any Payment Date following the Collection Period during which (i) a Regulatory Event occurred, (ii) the Aggregate Principal Balance of the Reference Pool has been reduced to less than 10% of the Initial Aggregate Principal Balance, (iii) the 6th anniversary of the Issue Date occurred or (iv) a Tax Event occurred, *provided that* the Loss Guarantee will remain in full force and effect as long as any of the Notes remain outstanding in accordance with § 11(2) of the Terms and Conditions.

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 the limitations specified in such notice.

If the Bank exercises any of its Early Termination Rights, the Issuer will pay to the Bank an amount equal to all Realised Losses allocated to the Notes, including in respect of deemed Realised Losses and Estimated Losses, if relevant, determined in accordance with § 11(2) of the Terms and Conditions.

The Issuer will receive the funds necessary for such payment from the Collateral and/or the Cash Deposits, if relevant.

Early Termination Events

Pursuant to the terms of the Loss Guarantee, the Loss Guarantee will terminate in the event (each, an "**Early Termination Event**") that (i) the assets of the Bank or the Issuer become subject to insolvency, moratorium or similar proceedings which affect or prejudice the performance of its obligations under the Transaction Documents or there is a refusal to institute such proceedings for lack of assets, (ii) the Bank fails to make any payment due to be made under the Loss Guarantee, the Collateral or the Cash Deposits within 14 days from the relevant due date or (iii) the Loss Guarantee terminates by operation of law.

Upon the occurrence of an Early Termination Event, the Issuer will pay to the Bank an amount equal to all Realised Losses allocated to the Notes, including in respect of deemed Realised Losses and Estimated Losses, if relevant, determined in accordance with § 11(3) of the Terms and Conditions.

Redemption of the Notes

Early termination of the Loss Guarantee will result in redemption of the Notes as described under "TERMS AND CONDITIONS OF THE NOTES - § 11 Early Redemption".

Security Pledge Agreement

On the Issue Date, the Issuer will pledge (*verpfänden*) to the Bank the Collateral and all its claims and rights in respect of the Cash Deposits as security for its obligations under the Loss Guarantee pursuant to the Security Pledge Agreement.

The security interest under the Security 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 Collateral and the Cash Deposits in accordance with the Trust Agreement for the benefit of the Trustee. The rights of the Bank as pledgee under the Security Pledge Agreement will have priority over the rights of the Trustee as pledgee under the Trust Agreement.

THE COLLATERAL AND THE CASH DEPOSITS

Collateral

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

- (a) €27,600,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-1 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes,
- (b) €230,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-2+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes,
- (c) €317,400,000 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-3 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes,
- (d) €300,000,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series A-4 Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-4 Notes,
- (e) €36,950,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series B Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class B Notes,
- (f) by €39,250,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series C Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class C Notes,
- (g) €36,950,000.00 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund (the "**Series D Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class D Notes,
- (h) €21,700,000.00 Floating Rate Notes of Westfälische Hypothekenbank AG, Dortmund (the "**Series E Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class E Notes, and
- (i) €250,000.00 public sector *Pfandbriefe* of Westfälische Hypothekenbank AG, Dortmund (the "**Series F+ Collateral**") to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class F+ Notes.

Each Series will be represented by a global certificate deposited with Clearstream Frankfurt. The Collateral will be held in the securities account no. 4302130614 (with respect to the Pfandbrief Collateral) and in the securities account no. 4912130616 (with respect to the Note Collateral) of the Issuer with WestLB AG, Düsseldorf (in such capacity, the "**Custodian**") pursuant to the Custody Agreement, *provided that*, upon request of the Bank, the Issuer shall instruct the Custodian to transfer, within 5 Business Days after the receipt of such request by the Issuer, the Collateral to a securities account of the Issuer with the Bank if such transfer of the Collateral to a securities account with the Bank is, in the professional judgement of the Bank, necessary to obtain a zero risk weighting pursuant to § 13(1) No. 2 lit. d) of Principle I (*Grundsatz I*) of the German Principles on Own Capital and Liquidity of Banking Institutions (*Grundsätze über die Eigenmittel und die Liquidität der Kreditinstitute*) or to obtain relief from the large exposure limits pursuant to § 20(2) No. 2 lit. c) of the German Banking Act (*Kreditwesengesetz*) with respect to the Reference Claims. In the event of such transfer, the Bank shall promptly give notice thereof to each of the Rating Agencies, pursuant to Clause 4(1) of the Trust Agreement. Each Series shall (i) rank, with respect to the Pfandbrief Collateral, at least *pari passu* with all other public sector *Pfandbriefe* of the Bank in accordance with the German Mortgage Bank Act, and with respect to the Note Collateral, at least *pari passu* with all other notes of the Bank and (ii) have terms and conditions matching with those of the Class of Notes secured by such Series, including with respect to principal, payment dates, reincrease in case of Late Recoveries or as a result of Unjustified Loss

Allocation and maturity date, *provided that* (i) the interest payable on each Series of the Collateral does not match the aggregate Interest Amount payable on the Class of Notes secured by such Series, (ii) the Collateral shall not provide for Loss Allocation but, instead, provide for a payment of principal as and when a Realised Loss is allocated to the related Class of Notes and (iii) in the case of the Series A-1, Series A-2+ and Series A-3 Collateral, the amount of principal does not match the principal amount of the Class of Notes secured by such Series. For the avoidance of doubt, any payment of principal on the Collateral pursuant to (ii) shall enable the Issuer to comply with its payment obligations under the Loss Guarantee and does not secure any payment obligations towards the Noteholders. The Issuer will receive the funds necessary to pay the excess of the aggregate Interest Amount payable on the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes over the interest payments receivable on the related Series of Collateral and on the related Cash Deposits, if relevant, under the Loss Guarantee.

The payment obligations of the Bank towards the Issuer under the Series A-1, the Series A-2+ and the Series A-3 Collateral will be secured by the Additional Cash Deposit as set out in the Trust Agreement. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 6 Additional Cash Collateral".

The Pfandbrief Collateral is expected to be rated Aa1 by Moody's and AAA by S&P, respectively. It is a condition of the issue of the Class A-1, Class A-2+, Class A-3, Class A-4, Class B and Class F+ Notes that the Pfandbrief Collateral receives the above ratings.

The Note Collateral is expected to be rated A2 by Moody's and A- by S&P, respectively. It is a condition of the issue of the Class C, Class D and Class E Notes that the Note Collateral receives the above ratings.

Pursuant to the terms of a security pledge agreement between the Issuer and the Bank dated September 30, 2002 (the "**Security Pledge Agreement**"), the Collateral will be subject and ranking junior to first ranking pledges (*Pfandreht*) for the benefit of the Bank as security for the obligations of the Issuer under the Loss Guarantee towards the Bank.

If a Default Event occurs, the Trustee will

- (i) sell the relevant Series of Collateral at market price in accordance with the Trust Agreement and apply any proceeds from such sale towards redeeming the Class of Notes secured by such Series, or
- (ii) if the proceeds from the sale of any Series of Collateral and, if relevant, the proceeds from the realisation of the corresponding Cash Deposit would not be sufficient to redeem the Notes secured by such Series at par plus accrued interest, the Trustee will transfer and deliver such Series of Collateral to the Noteholder of the Class of Notes secured by such Series in full satisfaction of all obligations for the payment of principal and accrued interest under such Class of Notes, *provided that* the Trustee will in each case transfer and deliver such number of public sector *Pfandbriefe* or notes, as the case may be, forming part of such Series of Collateral that the total principal amount of the *Pfandbriefe* or notes, as the case may be, delivered to any Noteholder of such Class is equal to the aggregate Note Principal Amount of the Notes of such Class (minus, if relevant, the amount of the Cash Deposit securing such Class of Notes) as of the date of such transfer held by such Noteholder of such Class (rounded downwards to the nearest Euro).. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT".

A "**Default Event**" will occur when

- (i) any Noteholder exercises the right of early redemption (see "TERMS AND CONDITIONS OF THE NOTES — § 17 Early Redemption at the Option of the Noteholders"); or
- (ii) the Notes become subject to early redemption as a result of the occurrence of an Early Termination Event (see "TERMS AND CONDITIONS OF THE NOTES - § 11(3) Early Redemption").

The Issuer will notify the Trustee without delay of the occurrence of a Default Event and will provide reasonable details thereof. After it becomes aware of the occurrence of a Default Event the Trustee will without delay give notice to the Noteholders, the Credit Swap Counterparties and the Rating Agencies of the same.

There is no guarantee that the market price of the Collateral will be sufficient to redeem the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes at par plus accrued interest.

Cash Deposits

In addition, pursuant to the Trust Agreement the Issuer will pledge (*verpfänden*) to the Trustee

- (a) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 2,400,000.00 (the "**Class A-1 Cash Deposit**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-1 Notes,
- (b) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 20,000.00 (the "**Class A-2+ Cash Deposit**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-2+ Notes, and
- (c) all its present and future claims and rights in respect of a deposit of cash in the initial aggregate principal amount of EUR 27,600,000.00 (the "**Class A-3 Cash Deposit**", and together with the Class A-1 Cash Deposit and the Class A-2+ Cash Deposit, the "**Cash Deposits**") to be made by the Issuer with Westfälische Hypothekenbank AG, Dortmund, on the Issue Date to secure the Trustee Claim with respect to the payment obligations of the Issuer under the Class A-3 Notes.

Pursuant to the terms of an agreement between the Issuer, the Trustee and the Westfälische Hypothekenbank AG, Dortmund (in such capacity, the "**Cash Deposit Account Bank**") dated September 30, 2002 (the "**Cash Deposit and Account Agreement**") the amount of each Cash Deposit may be reduced or re-increased from time to time as a result of Loss Allocation and corresponding cash settlement payment by the Issuer under the Loss Guarantee, Late Recoveries, Unjustified Loss Allocation or payments of principal and interest on the Class A-1, Class A-2+ or Class A-3 Notes. For the avoidance of doubt, any reduction of the Cash Deposit as a result of allocation of Realised Losses to the Class A-1, Class A-2+ or Class A-3 Notes shall enable the Issuer to comply with its payment obligations towards the Bank under the Loss Guarantee and does not secure any payment obligations towards the Class A-1, Class A-2+ or Class A-3 Noteholders. See "THE MAIN PROVISIONS OF THE TRUST AGREEMENT - Clause 5 Cash Deposit; Pledge".

Pursuant to the terms of the Security Pledge Agreement the pledges over the Cash Deposits 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.

Upon the occurrence of a Default Event with respect to the Class A-1, Class A-2+ or Class A-3 Notes, the Trustee will be obliged to demand from the Cash Deposit Account Bank prompt repayment to the Trustee of the Cash Deposit(s) securing such Class(es) of Notes together with interest accrued thereon unless in the professional judgement of the Trustee another method of foreclosure is desirable or expedient to protect the interests of the Class A-1, Class A-2+ or Class A-3 Noteholders.

Notwithstanding the Collateral, the Additional Cash Deposits and the Cash Deposits, the amount of principal of, and interest on, the Notes may be reduced as a result of losses incurred by the Issuer with respect to the Reference Pool, and only the obligations of the Issuer to pay any amount of principal and interest determined to be due to the Noteholders, respectively, in accordance with the Terms and Conditions of the Notes, which may be reduced by such losses, will be secured by the Collateral or the Cash Deposits, if relevant.

LEGAL AND REGULATORY FRAMEWORK OF THE PFANDBRIEF COLLATERAL

Mortgage Banks

German mortgage banks are a type of specialised private law credit institutions regulated under the Mortgage Bank Act. The Mortgage Bank Act specifies the types of banking activities in which a mortgage bank may engage and the types of investments a mortgage bank may make. The Mortgage Bank Act also authorises mortgage banks to finance their business activities through the issue of mortgage and public sector bonds (*Pfandbriefe*) (as described below) and prohibits other credit institutions governed by private law from issuing such securities. Core business of a mortgage bank consists of (i) granting loans secured by domestic real estate and issuing mortgage *Pfandbriefe* (*Hypothekendarpfandbriefe*) on the basis of certain qualifying mortgages acquired and (ii) granting loans to or guaranteed by domestic public law entities and issuing public sector *Pfandbriefe* (*Öffentliche Pfandbriefe*) on the basis of the claims acquired. In addition, the Mortgage Bank Act permits mortgage banks to engage in certain other specifically enumerated activities, which include mortgage and public finance activities in the member states of the EU, European Economic Area and (in the case of mortgage lending) in Switzerland and other European states which are full members of the OECD, purchasing and selling securities (other than forward transactions) in their own name for the account of others, securities custody and collections of bills of exchange and similar securities. To finance their mortgage and public sector lending they mainly issue *Pfandbriefe*, but also borrow money on a secured or unsecured basis or through issuing debt securities other than *Pfandbriefe* (subject to limitations set out in the Mortgage Bank Act). The Mortgage Bank Act also specifies the permitted use by mortgage banks of available funds and limits the acquisition of real property to the prevention of losses relating to mortgage loans and the provision of business premises and accommodation for employees.

Pfandbriefe

Pfandbriefe are standardised German law debt instruments, the quality and standards of which are strictly regulated by the Mortgage Bank Act and reviewed by the FBSA (as described below). They are generally medium- to long-term bonds (typically with an original maturity of two to ten years) which are secured or "covered" at all times by a pool of specific qualifying assets (principally loans) (*Deckungsvermögen*). *Pfandbriefe* are recourse obligations of the issuing bank, and no separate vehicle is created for their issue generally or for the issue of any specific series of *Pfandbriefe*.

Cover Pool

A single pool of assets secures or "covers" (*deckt*) all of the outstanding mortgage *Pfandbriefe* (*Hypothekendarpfandbriefe*) of a mortgage bank and a separate pool of qualifying assets covers all of the outstanding public sector *Pfandbriefe* (*Öffentliche Pfandbriefe*) of the mortgage bank. The assets that qualify for inclusion in the pool as ordinary cover for mortgage *Pfandbriefe* are mainly first mortgages issued by the mortgage bank on residential and commercial property in Germany with an LTV of not more than 60%. The asset pool for *Öffentliche Pfandbriefe* consists of loans to public law entities and securities issued or guaranteed by public law entities. Under the Mortgage Bank Act, within each asset pool up to 10% of the amount of all outstanding *Pfandbriefe* may consist of certain other collateral (substitute collateral), including (i) securities issued or guaranteed by the Federal Republic of Germany (*Bund*), a German federal state (*Land*), the European Communities, the European Investment Bank and other member states of the European Union or the European Economic Area; and (ii) cash and credit balances with the Deutsche Bundesbank and other qualifying banks. Within each asset pool, the total amount of credit balances serving as substitute cover is limited to 10% of the outstanding *Pfandbriefe* issued against the respective pool. The portion of the mortgage bank's mortgage portfolio (excluding certain claims which are sufficiently secured by other collateral in accordance with § 5(1) No. 2 of the Mortgage Bank Act) that does not qualify as cover of the outstanding mortgage *Pfandbriefe* may not exceed 20% of the total volume of the bank's mortgage lending. The cover assets are entered into a register (*Deckungsregister*) supervised by the Statutory Trustee.

Statutory Trustee

An independent individual is appointed by the FBSA after consultation with the relevant mortgage bank, as Statutory Trustee (*Staatlicher Treuhänder*) to supervise the cover asset registers to ensure that the legally required coverage of *Pfandbriefe* is being maintained. The Statutory Trustee must verify that a qualifying asset meets the statutory criteria prior inclusion in the register. The Statutory Trustee is required to ensure the safekeeping of assets included in the asset pool and related documents under joint control with the mortgage bank and may release them to

the mortgage bank only as permitted by statute. An asset may only be withdrawn from an asset pool with explicit permission of the Statutory Trustee. Prior to issue, the Statutory Trustee must certify that new *Pfandbriefe* issues meet the coverage requirements.

Insolvency

If the mortgage bank becomes insolvent both pools of assets securing the *Pfandbriefe* generally remain unaffected. Only if at the same time one or both asset pools were insolvent, which could occur as a result of (i) the asset pool's inability to meet the obligations arising from the *Pfandbriefe* issued against it (*Zahlungsunfähigkeit*) or (ii) an excess of the obligations arising from the *Pfandbriefe* issued against the asset pool over the pool's assets (*Überschuldung*), separate insolvency proceedings would be initiated against one or both asset pools by the FBSA.

In this case the holders of *Pfandbriefe* issued against the respective asset pool would have first claim on the respective asset pool. Their preferential right would include the interest on the *Pfandbriefe* accrued after the commencement of insolvency proceedings. The Mortgage Bank Act provides that assets included in the asset pools for *Pfandbriefe* may only be seized and sold to satisfy claims arising from the respective *Pfandbriefe*. In addition, because the *Pfandbriefe* constitute general liabilities of the mortgage bank, the holders would also have recourse to any assets of the mortgage bank outside the pools. However, as regards these assets, the holders of the *Pfandbriefe* would rank equal with other unsecured and unsubordinated creditors of the mortgage bank.

Safeguards

The Mortgage Bank Act provides certain safeguards for purchasers of *Pfandbriefe* and sets out the following principles:

- (i) the aggregate principal amount of assets in a pool (subject to certain adjustment; see below) must at all times be greater than or equal to the aggregate principal amount of the outstanding *Pfandbriefe*;
- (ii) the aggregate interest yield on an asset pool must at all times be greater than or equal to the aggregate interest payable on all respective outstanding *Pfandbriefe*;
- (iii) the currency in which *Pfandbriefe* are issued may only differ from the currency in which the assets in the relevant pool are denominated if adequate measures are taken to avoid any currency risk; and
- (iv) the maturity of the *Pfandbriefe* may not materially exceed the maturity of the assets in the respective pool.

A mortgage bank is required to replenish an asset pool if it ceases to fulfil the coverage criteria, although the failure to do so does not give rise to any default on or right to accelerate the respective *Pfandbriefe* issued by the mortgage bank or to the insolvency of the mortgage bank. If an asset pool contains more assets than are necessary to fulfil the coverage criteria, the mortgage bank may with the approval of the Statutory Trustee remove assets from the relevant pool.

Mortgage banks are limited in the extent to which they may issue *Pfandbriefe*. The aggregate amount of all *Hypotheken-* and *Öffentliche Pfandbriefe* outstanding may not exceed 60 times the issuing mortgage bank's regulatory liable capital. If after notice by the FBSA a mortgage bank fails to comply with this limitation, the FBSA may order the bank to place all or part of its annual net profit into reserves until full compliance with the issue limitations is restored.

Supervision

Pursuant to the Mortgage Bank Act and the Banking Act (*Gesetz über Kreditwesen*), mortgage banks are subject to governmental supervision and regulation by the FBSA. The FBSA is, inter alia, responsible for supervising the compliance of mortgage banks with the provisions of the Mortgage Bank Act and, in particular, for the approval of valuation guidelines for mortgaged property, the approval of the principal characteristics of loan terms, the resolution of disputes between a mortgage bank and the Statutory Trustee and the enforcement of the limitation on the issue of *Pfandbriefe* pursuant to the Mortgage Bank Act.

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) verify the determination and allocation of Realised Losses, (ii) make required appointments of third party experts, and (iii) perform such other functions as are specified in the Trust Agreement. See "The Trust Agreement".

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 Bahnstrasse 16, 40212 Düsseldorf, and is registered in the Düsseldorf Commercial Register under HRB 21633.

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, is part of the Deloitte & Touche Group. Deloitte & Touche Group is a leading group of German accounting, tax service and consulting firms with 17 branches and offices in Germany, more than 2,900 employees, and a turnover for the period ending on June 30, 2001, of approximately Euro 401 million.

Internationally, Deloitte & Touche is a member of Deloitte Touche Tohmatsu, one of the world's leading accounting firms, tax advisors and business consultants with a 12 month turnover of 13,8 billion U.S. dollars worldwide for the period ending on May 31, 2001. Deloitte Touche Tohmatsu provides expert advice to multinational companies, as well as to large German concerns, public administrations, and fast growing small-to medium-sized businesses.

Deloitte Touche Tohmatsu employs a team of over 95,000 persons, operating in 140 countries to serve the international activities of its clients wherever necessary.

The foregoing information regarding the Trustee has been provided by the Trustee, and the Issuer assumes no responsibility for its contents.

As compensation for its services under the Trust Agreement, the Trustee will be paid a fee as separately agreed with the Issuer.

TERMS AND CONDITIONS OF THE FUNDING NOTES

§ 1

Form; Principal Amount; Further Notes of the Issuer

(1) This issue of notes of DUKE 2002 Limited, incorporated with limited liability under the laws of Jersey, Channel Islands (the "**Issuer**"), in an aggregate principal amount of €4,000,000 is divided into

400,000,000 Floating Rate Funding Notes
(the "**Funding Notes**")
each having a principal amount of €0.01.

(2) The Funding Notes are represented by a global bearer note (the "**Global Note**") without interest coupons.

(3) The Global Note will be kept in custody by Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"), until all obligations of the Issuer under the Funding Notes have been satisfied. Definitive Notes and interest coupons will not be issued. Copies of the Global Note are available free of charge at the head offices of the Issuer and the Luxembourg Intermediary (§ 9).

(4) The Global Note is manually signed by one authorised representative of the Issuer.

(5) Simultaneously with the Funding Notes, the Issuer issued the following classes of amortising credit-linked notes (collectively, the "**Notes**"):

€30,000,000 Class A-1 Floating Rate Amortising Credit-Linked Notes (the "**Class A-1 Notes**"),
€250,000 Class A-2+ Floating Rate Amortising Credit-Linked Notes (the "**Class A-2+ Notes**"),
€345,000,000 Class A-3 Floating Rate Amortising Credit-Linked Notes (the "**Class A-3 Notes**"),
€300,000,000 Class A-4 Floating Rate Amortising Credit-Linked Notes (the "**Class A-4 Notes**"),
€36,950,000 Class B Floating Rate Amortising Credit-Linked Notes (the "**Class B Notes**"),
€39,250,000 Class C Floating Rate Amortising Credit-Linked Notes (the "**Class C Notes**"),
€36,950,000 Class D Floating Rate Amortising Credit-Linked Notes (the "**Class D Notes**"),
€21,700,000 Class E Floating Rate Amortising Credit-Linked Notes (the "**Class E Notes**"),
€250,000 Class F+ Floating Rate Amortising Credit-Linked Notes (the "**Class F+ Notes**").

The Terms and Conditions of the Notes are attached hereto as Annex A.

§ 2

Status; Limited Recourse

(1) The Funding Notes constitute direct and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and, subject to (2) below, at least *pari passu* with all other current and future unsubordinated obligations of the Issuer, including the Notes.

(2) All payment obligations of the Issuer under the Funding Notes constitute limited obligations to pay out only the amounts received by the Issuer under a loss guarantee agreement (the "**Loss Guarantee**") entered into on September 30, 2002 between the Issuer and Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany ("**WestHyp**" or the "**Bank**") with respect to the Issuer's obligations under the Funding Notes, *provided* that the relevant amounts are actually credited to the Issuer's accounts. The Funding Notes shall not give rise to any payment obligation in excess of the foregoing. If a holder of Funding Notes (each a "**Holder**", and together, the "**Holders**") enforces the claims under the Funding Notes, such enforcement will be limited to those assets which were transferred

to the Issuer under the Loss Guarantee for the purpose of paying principal and interest on the Funding Notes. To the extent that such assets, or the proceeds of realisation thereof, prove ultimately insufficient to satisfy the claims of all Holders in full, then any shortfall arising shall be extinguished and none of the Holders shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Holders, and neither assets nor proceeds will be so available thereafter.

§ 3 Payments

- (1) Payments of principal in respect of the Funding Notes shall be made on each Payment Date to Clearstream Frankfurt for credit to the accounts of the relevant accountholders of Clearstream Frankfurt.
- (2) Payments of interest on the Funding Notes shall be made on each Payment Date to Clearstream Frankfurt for credit to the accounts of the relevant accountholders of Clearstream Frankfurt.
- (3) All payments made by or on behalf of the Issuer to Clearstream Frankfurt shall discharge the liability of the Issuer under the Funding Notes to the extent of the sums so paid.
- (4) Payments of principal and interest on the Funding Notes to the Holders shall become due and payable quarterly in arrear, on each 23rd day of August, November, February and May of each year commencing in February 2003, provided that if any such date is not a Business Day the payment will 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 (each a "**Payment Date**"), and no further interest will be paid for the period of delay in such payment. "**Business Day**" means a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System are operational and commercial banks are open for business in Frankfurt am Main.

§ 4 Payments of Interest

- (1) The Funding Note Principal Amount of the Funding Notes shall bear interest from September 30, 2002 (the "**Issue Date**") until the close of the day (both days inclusive) preceding the day on which such amount has been redeemed in full. The "**Funding Note Principal Amount**" of any Funding Note as of any Payment Date shall equal the initial principal amount of such Funding Note on the Issue Date as reduced by all amounts paid on such Funding Note in respect of principal on or before such Payment Date.
- (2) The amount of interest payable in respect of each Funding Note on any Payment Date (the "**Interest Amount**") shall be calculated by applying the Interest Rate (§ 4(4)) for the relevant Interest Accrual Period (§ 4(3)) to the Funding Note Principal Amount of Funding Notes outstanding on the relevant Determination Date and 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 €0.01 (with €0.005 being rounded upwards).
- (3) "**Interest Accrual Period**" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such subsequent Payment Date.
- (4) The interest rate payable on the Funding Notes for each Interest Accrual Period (the "**Interest Rate**") shall be EURIBOR plus 0.20% per annum.

"**EURIBOR**" for each Interest Accrual Period shall be determined by the Principal Paying Agent (§ 9) on each Determination Date (§ 4 (5)) and means the rate for deposits in Euro for a period of three months (with respect to the first Interest Accrual Period interpolated between four and five months) which appears on Moneyline Telerate Page 248 of the Associated Press-Dow Jones Telerate Service (or such other page as may replace such page on that service for the purpose of displaying Brussels interbank offered rate quotations of major banks) as of 11:00 a.m. (Brussels time) on the second TARGET Settlement Day immediately preceding the commencement of an Interest

Accrual Period (each, a "**EURIBOR Determination Date**").

If Moneyline Telerate Page 248 is not available or if no such quotation appears thereon, in each case as at such time, the Issuer shall request the principal Euro-zone office of the Reference Banks selected by it to provide the Issuer 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 interbank market for the relevant Interest 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 Issuer with such offered quotations, EURIBOR for such Interest 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 Issuer with such offered quotations, EURIBOR for such Interest Period shall be the rate per annum which the Issuer 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 Issuer by major banks in the Euro-zone, selected by the Issuer, at approximately 11.00 a.m. (Brussels time) on such EURIBOR Determination Date for loans in Euro to leading European banks for such Interest 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 interbank 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 Maastricht Treaty. "**TARGET Settlement Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is operational.

(5) With respect to the first Interest Accrual Period, the Principal Paying Agent has determined and, on each Determination Date, the Principal Paying Agent will determine and, in each case, the Principal Paying Agent will promptly notify the Issuer of the Interest Amount payable on each Funding Note for the relevant Interest Accrual Period payable on the relevant Payment Date to the Holders. "**Determination Date**" means the second Business Day prior to the 23rd day of the calendar month in which a Payment Date occurs commencing in February 2003 and "**relevant Determination Date**" means the Determination Date immediately preceding a given Payment Date.

§ 5

Payments of Principal

(1) The Funding Notes shall be redeemed on each Payment Date pursuant to the following amortisation schedule.

Amortisation Date	Outstanding Principal Amount	Amortisation Payment
	4,000,000.00	
Feb-03	3,833,333.33	166,666.67
May-03	3,666,666.66	166,666.67
Aug-03	3,499,999.99	166,666.67
Nov-03	3,333,333.32	166,666.67
Feb-04	3,166,666.65	166,666.67
May-04	2,999,999.98	166,666.67
Aug-04	2,833,333.31	166,666.67
Nov-04	2,666,666.64	166,666.67
Feb-05	2,499,999.97	166,666.67
May-05	2,333,333.30	166,666.67
Aug-05	2,166,666.63	166,666.67
Nov-05	1,999,999.96	166,666.67
Feb-06	1,833,333.29	166,666.67
May-06	1,666,666.62	166,666.67
Aug-06	1,499,999.95	166,666.67
Nov-06	1,333,333.28	166,666.67
Feb-07	1,166,666.61	166,666.67
May-07	999,999.94	166,666.67
Aug-07	833,333.27	166,666.67
Nov-07	666,666.60	166,666.67
Feb-08	499,999.93	166,666.67
May-08	333,333.26	166,666.67
Aug-08	166,666.59	166,666.67
Nov-08	0.00	166,666.59

(2) Pursuant to the Loss Guarantee, on each Determination Date the Principal Paying Agent shall determine the amounts of principal payable on each Funding Note on the related Payment Date and notify such amounts to the Issuer and Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Bahnstrasse 16, 40212 Düsseldorf, as trustee in respect of the Notes (the "**Trustee**").

§ 6 Final Payment Date

Unless previously redeemed in whole or in part or purchased and cancelled, the principal amount of the Funding Notes will be reduced to zero by the Payment Date falling in November 2008 (the "**Final Payment Date**").

§ 7 Early Redemption

(1) In the case of an early redemption of the Notes pursuant to § 11(1) of the Terms and Conditions of the Notes as a result of a Loss Guarantee Termination (as defined in the Terms and Conditions of the Notes), the Funding Notes will be redeemed at their Funding Note Principal Amount immediately prior to the Early Redemption Date (as defined in the Terms and Conditions of the Notes) ("**Early Redemption**").

(2) In the case of Early Redemption, The Bank will be obliged to pay the Issuer in accordance with the Loss Guarantee an amount equal to the remaining unpaid principal amount under the Funding Notes.

(3) Upon Early Redemption, the Holders will not receive any further payments of interest or principal on the Funding Notes.

§ 8

Early Redemption at the Option of the Holder

Each Holder shall be entitled to declare due the Funding Notes and demand immediate redemption thereof at the then outstanding principal amount plus accrued interest (if any) thereon to the date of repayment, in the event that the Issuer fails to make any payment due to be made under the Funding Notes within 30 Business Days from the relevant due date (such event, a "**Funding Note Default Event**").

§ 9

Agents

- (1) (a) The Issuer has appointed Westfälische Hypothekenbank AG, Florianstrasse 1, 44139 Dortmund, Germany to act as principal paying agent and interest determination bank (in such capacity, the "**Principal Paying Agent**"). The Principal Paying Agent (including any successor thereof) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Holders.

(b) The Issuer shall procure that for as long as any Funding Notes shall be outstanding there shall always be a Principal Paying Agent to perform the functions assigned to it hereunder. The Issuer may with the prior written consent of the Bank, by giving not less than 30 calendar days' notice to the Holders in accordance with § 11, 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.

(c) All Interest Amounts determined and other calculations and determinations made by the Principal Paying Agents for the purposes of the Funding Notes shall, in the absence of manifest error, be final and binding.
- (2) (a) The Issuer has appointed WestLB International S.A. Luxembourg, Luxembourg, as initial Luxembourg intermediary (in such capacity, the "**Luxembourg Intermediary**"). The Luxembourg Intermediary shall act as intermediary between the Issuer and the holders of the Funding Notes which are listed on the Luxembourg Stock Exchange. The Luxembourg Intermediary (including any successor thereof) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Holders.

(b) The Issuer shall procure that for as long as any of the Funding Notes remain listed on the Luxembourg Stock Exchange there shall always be an intermediary in Luxembourg. The Issuer may with the prior written consent of the Bank, by giving not less than 30 calendar days' notice to the Holders in accordance with § 11, replace the Luxembourg Intermediary by one or more other banks or other financial institutions which assume such functions.

§ 10

Taxes

Payments in respect of the Funding Notes shall only be made after the 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 and shall, upon request of a Holder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes.

§ 11

Form of Notices

All notices to the Holders regarding the Funding Notes shall be (i) published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) if and to the extent a publication in such form is required by the rules of the Luxembourg Stock Exchange and (ii) (A) delivered to Clearstream Frankfurt for communication by it to the Holders or (B) made available for a period of not less than 30 calendar days at a web site the address of which has been notified to the Holders pursuant to (ii) (A) and to the Luxembourg Intermediary on or before the date on which the relevant notice is given in accordance with (ii)(B). Any notice referred to under (ii)(A) above shall be deemed to have been given to all Holders on the seventh day after the day on which the said notice was delivered to Clearstream Frankfurt. Any notice referred to under (ii)(B) above shall

be deemed to have been given to all Holders 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.

§ 12

Miscellaneous

- (1) The presentation period for the Global Note provided in § 801(1), sentence 1 of the German Civil Code shall end five years after the date on which the last payment in respect of the Funding Notes was due.
- (2) If the 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 the Global Note being damaged, the Global Note shall be surrendered before a replacement is issued. In the event of the Global Note being lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of the Global Note pursuant to the statutory provisions.

§ 13

Applicable Law, Place of Performance, Place of Jurisdiction, Service of Process

- (1) The Funding Notes and all of the rights and obligations of the Holders and the Issuer under the Funding Notes shall be governed by the laws of the Federal Republic of Germany.
- (2) The place of performance for all obligations arising out of or in connection with the Funding Notes shall be Dortmund, Germany.
- (3) The place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Funding Notes shall be the District Court (*Landgericht*) in Dortmund, Germany (non-exclusive jurisdiction). The Issuer hereby submits to the jurisdiction of such court. The German courts shall have exclusive jurisdiction over the annulment of the Global Note in the event of their loss or destruction.
- (4) For service of process relating to any judicial disputes in connection with the Funding Notes, the Issuer has appointed WestLB AG, with its seat on the Issue Date at Herzogstrasse 15, 40217 Düsseldorf, as its authorised agent for service of process in relation to any legal proceeding before a German Court.

RATING

The Class A-1, Class A-2+, Class a-3, Class A-4, Class B, Class C, Class D and Class E Notes and the Funding Notes (together, the "**Rated Notes**") are expected to be rated by each of Moody's and S&P.

It is a condition of the issue of the Notes that the Rated Notes receive the rating indicated on page 4 of this Information Memorandum.

The ratings of the Rated Notes address the likelihood that holders of such Notes will receive all payments to which they are entitled, as described herein. The ratings of the Rated Notes address the risk that a Realised Loss will be allocated to such Notes pursuant to the Terms and Conditions of the Notes as described herein. However, the ratings assigned to the Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Notes might suffer a lower than expected yield due to prepayments. As the Rated Notes are direct unsecured obligations of the Issuer, a deterioration of the credit quality (or a downgrade in case of public rating) of the Issuer could result in a corresponding downgrade of the Rated Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organisation. The ratings assigned to the Rated Notes should be evaluated independently from similar ratings on other types of securities. In the event that the ratings initially assigned to the Rated Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to such Notes.

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Rated Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Rated Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

The Class F+ Notes are expected to be privately rated.

TAXATION

The information contained in this section "Taxation" is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes and the Funding Notes. It should be read in conjunction with the section entitled "Risk Factors". Potential purchasers of the Notes and the Funding Notes are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Notes.

Taxation in Germany

Income Tax / Trade Tax on Income

Interest paid to a Noteholder or holder of any Funding Note resident in Germany is subject to personal or corporate income tax (plus solidarity tax thereon currently at a rate of 5.5%). Such interest is also subject to trade tax (*Gewerbesteuer*) on income if the Notes or the Funding Notes form part of the property of a German business. Where the Notes or the Funding Notes are kept in a custodial account maintained with a German financial institution or financial services institution (including a German branch of a non-German financial institution or financial services institution, but excluding a non-German branch of a German financial institution or financial services institution; the "**Institution**") such Institution is generally required to withhold a tax at a rate of 30% (plus solidarity tax thereon at a rate of 5.5%) of the gross amount of interest paid to a Noteholder or holder of any Funding Note resident in Germany. Such withholding tax is credited against the Noteholder's or holder's of any Funding Note final liability for personal or corporate income tax.

Interest derived by a non-resident Noteholder or holder of any Funding Note is subject to German personal or corporate income tax (plus solidarity tax thereon at a rate of 5.5%) if the Notes or the Funding Notes form part of the business property of a permanent establishment (in which case such interest is also subject to trade tax on income) or a fixed base maintained in Germany by the Noteholder or holder of any Funding Note. Tax treaties concluded by Germany generally permit Germany to tax the interest income in this situation.

Where the non-resident Noteholder or holder of any Funding Note keeps the Notes or the Funding Notes in a custodial account maintained with a German Institution such Institution is generally required to withhold a tax at a rate of 30% (plus solidarity tax thereon at a rate of 5.5%) of the gross amount of interest paid, *provided that* the interest constitutes income from German sources (for instance, because the Notes or the Funding Notes form part of the business property of a permanent establishment which the Noteholder or holder of any Funding Note maintains in Germany). Such withholding tax is credited against the Noteholder's or holder's of any Funding Note final liability for personal or corporate income tax.

Gains from the alienation of Notes or Funding Notes, including gains derived by a secondary or any subsequent acquiror of the Notes or Funding Notes upon redemption of the Notes or Funding Notes, respectively, at maturity, ("**capital gains**") derived by an individual Noteholder or holder of any Funding Note resident in Germany not holding the Notes or Funding Notes, respectively, as business assets are subject to personal income tax, regardless of the period between acquisition and alienation of the Notes or Funding Notes, as the payment of interest on the Notes or Funding Notes is contingent on an uncertain event. Capital gains derived by an individual Noteholder or holder of any Funding Note resident in Germany holding Notes or Funding Notes as a business asset are subject to personal income tax (plus solidarity tax thereon at a rate of 5.5%) and trade tax on income. Capital gains derived by a corporate Noteholder or holder of any Funding Note resident in Germany are subject to corporate income tax (plus solidarity tax thereon at a rate of 5.5%) and trade tax on income. Capital gains derived by a nonresident Noteholder or holder of any Funding Note are subject to personal or corporate income tax (plus solidarity tax thereon at a rate of 5.5%) if the Notes or Funding Notes form part of the business property of a permanent establishment (in which case such gains are also subject to trade tax on income) or fixed base maintained in Germany by the Noteholder or holder of any Funding Note. Where the Notes or Funding Notes are kept in a custodial account maintained with a German Institution such Institution is generally required to withhold tax at a rate of 30% (plus solidarity tax thereon at a rate of 5.5%) of 30% of the proceeds from the alienation or redemption of the Notes or Funding Notes, or, where such Institution has since acquiring or selling the Notes or Funding Notes held such Notes or Funding Notes, respectively, in custody, of the excess of the sales or redemption proceeds over the purchase price for the Notes or Funding Notes, respectively.

Tax treaties concluded by Germany generally do not permit Germany to tax the capital gains derived by a Noteholder or holder of any Funding Note resident in the other treaty country, unless the Notes or Funding Notes form part of the business property of a permanent establishment or a fixed base maintained in Germany by the Noteholder or holder of any Funding Note. Where Germany is allowed to tax the capital gains, any tax withheld by the Institution will give rise to a refundable credit against the Noteholder's or holder's of any Funding Note assessed liability for personal or corporate tax.

Gift or Inheritance Tax

The gratuitous transfer of a Note or Funding Note by a Noteholder or holder of any Funding Note as a gift or by reason of the death of the Noteholder or holder of any Funding Note is subject to German gift or inheritance tax if the Noteholder or holder of any Funding Note, respectively, or the recipient is resident or deemed to be resident in Germany under German law at the time of the transfer. If neither the Noteholder or holder of any Funding Note nor the recipient is resident, or deemed to be resident, in Germany at the time of the transfer no German gift or inheritance tax is levied unless the Notes form part of the business property of a permanent establishment or fixed base maintained in Germany by the Noteholder or holder of any Funding Note. Tax treaties concluded by Germany generally permit Germany to tax the transfer in this situation.

Taxation of the Issuer

The Issuer will derive interest and, potentially, capital gains from the Collateral. The income and gains derived by the Issuer will only be subject to German tax if the Issuer has its place of effective management and control or maintains a permanent establishment, or appoints a permanent representative, for its business in Germany.

It is expected that the Issuer will not be treated as having its place of effective management and control, as maintaining a permanent establishment or as appointing a permanent representative in Germany.

Proposed EU Savings Tax Directive

On December 13, 2001 the Council of the European Union approved a new draft directive regarding the taxation of savings income. It is proposed that each EU member state under its domestic law requires paying agents (within the meaning of the directive) established within its territory to provide to the competent authority of its EU member state of establishment details of the payment of interest (within the meaning of the directive) to an individual resident in another EU member state. The competent authority of the EU member state of the paying agent shall then communicate this information to the competent authority of the EU member state of which the recipient is a resident. The proposed directive is to be implemented by the EU member states by January 1, 2004. However, for a transitional period of seven years Austria, Belgium and Luxembourg may opt to withhold tax from such payments instead of providing details of the payment of interest to the competent authorities of the relevant other EU member states. During the first three years after the directive has come into force tax will have to be withheld by these EU member states at a rate of 15% and thereafter of 20%. It is envisaged that the Council of the European Union will decide on the final text of the directive no later than December 31, 2002. However, since the implementation of the proposal is subject to certain non EU member states and associated territories and dependencies of EU member states also agreeing to supply information or imposing a withholding tax it is currently not possible to predict whether, when, or in what form the proposal will ultimately be adopted. Noteholders and holders of the Funding Notes who are individuals should note that, if this proposal is adopted, the Issuer will not pay any additional amounts in respect of any withholding tax imposed as a result thereof.

Taxation in Jersey

General

The following summary of the anticipated tax treatment in Jersey in relation to the payments on the Notes and Funding Notes is based on the taxation law and practice in force at the date of this document, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes or Funding Notes and the receipt of interest and distributions (whether or not on a winding-up) with respect to such Notes or Funding Notes under the

laws of the jurisdictions in which they may be liable to taxation.

Jersey

The Issuer qualifies for "exempt company" status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31 December 2002. The Issuer will be required to pay an annual exempt company charge, which is currently £600, in respect of each calendar year during which it wishes to have "exempt company" status. The retention of "exempt company" status is conditional upon the Comptroller of Income Tax being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax.

As an "exempt company", the Issuer will not be liable to Jersey income tax other than on Jersey source income (except, by concession, bank deposit interest on Jersey bank accounts). For so long as the Issuer is an "exempt company", payments in respect of the Notes and Funding Notes will not be subject to any taxation in Jersey (unless the Noteholder or the holder of Funding Notes, as applicable, is resident in Jersey) and no withholding in respect of taxation will be required on such payments to any holder of the Notes or Funding Notes.

Under current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue or transfer of Notes or Funding Notes. In the event of the death of an individual sole Noteholder or holder of Funding Notes, as applicable, duty at rates of up to 0.75% of the value of the Notes or Funding Notes, as applicable, held may be payable on the registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Notes or Funding Notes held by the deceased individual sole Noteholder or holder of Funding Notes, as applicable.

SUBSCRIPTION AND SALE

Subscription and Sale of the Notes Pursuant to a subscription agreement of September 30, 2002 (the "**Subscription Agreement**") between the Issuer and WestLB AG, Düsseldorf ("**WestLB**"), WestLB has agreed, subject to certain conditions, to subscribe for the Notes and the Funding Notes. The Issuer has agreed to pay to the Lead Managers certain selling concessions, transaction structuring fees and management, underwriting and placement commissions and reimburse the Lead Managers for certain of its expenses in connection with the issue of the Notes and the Funding Notes.

In the Subscription Agreement the Issuer has made certain representations and warranties in respect of its legal and financial matters.

The Subscription Agreement entitles WestLB to terminate their respective obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes and the Funding Notes. The Issuer has agreed to indemnify WestLB against certain liabilities in connection with the offer and sale of the Notes and the Funding.

Selling Restrictions

United States of America and its Territories. (1) The Notes and the Funding 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 or pursuant to an exemption from the registration requirements of the Securities Act. WestLB represents and agrees that it has offered and sold the Notes and the Funding Notes, and will offer and sell the Notes and the Funding 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 and the Funding Notes only in accordance with Rule 903 of the Regulation S under the Securities Act. Neither WestLB, its affiliates nor any persons acting on its behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Funding Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. WestLB also agrees that at or prior to confirmation of sale of Notes or Funding Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes or Funding 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 by any person referred to in Rule 903(b)(2)(iii) (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 WestLB, 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."

Terms used in this clause (1) have the meaning given to them by Regulation S.

(2) In addition, under U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**"), notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. WestLB has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, the Notes or the Funding Notes within the United States or its possessions in connection with their original issuance.

Further, in connection with the original issuance of the Notes and the Funding Notes WestLB has represented and agreed that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions or otherwise involve its U.S. office in the offer and sale of the Notes or the Funding Notes.

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 C Rules.

United Kingdom. WestLB has represented and agreed that: (a) it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date, will not offer or sell any Notes or Funding Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing, or disposing of investments (as principal or agent) for the purpose of their businesses or otherwise in circumstances

which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes or the Funding Notes in, from or otherwise involving the United Kingdom; and (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 any Notes or Funding Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer..

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

Jersey. The Notes and the Funding Notes may not be offered to, sold to or purchased or held by, or for the account of, persons (other than financial institutions) resident for income tax purposes in Jersey.

Germany. WestLB has confirmed and agreed that, according to the German Securities Prospectus Act (*Verkaufprospektgesetz*), a sales prospectus for the Notes and the Funding Notes does not have to be deposited or published.

General. WestLB has represented and agreed that it will not offer, sell or deliver any of the Notes or Funding Notes, directly or indirectly, or distribute this Information Memorandum or any other offering material relating to the Notes or the Funding 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.

GENERAL INFORMATION

Use of Proceeds

The net proceeds from the issue of the Notes and the Funding Notes will amount to approximately €814,350,000. The Issuer will use the net proceeds from the issue of the Notes to acquire the Pfandbrief Collateral and the Note Collateral from the Bank which will serve as Collateral for the Notes. The Issuer will use the net proceeds from the Funding Notes to pay the fees, costs and expenses payable to the Lead Managers in connection with the offer and sale of the Notes and certain additional costs.

Subject of this Information Memorandum

This Information Memorandum relates to €810,350,000 aggregate principal amount of the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ credit linked notes and the €4,000,000 aggregate principal amount of funding notes issued by DUKE 2002 Limited, with Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, as Trustee. Westfälische Hypothekenbank AG, Dortmund, acts as the servicer of the Reference Pool.

Authorisation

The issue of the Notes and the Funding Notes was authorised by a resolution of the board of directors of the Issuer on September 24, 2002.

Litigation

Save as disclosed herein, there are no litigation or arbitration proceedings against or affecting the Issuer nor is the Issuer aware of any pending or threatened proceedings, which are or might be material in the context of the issue of the Notes.

Material Change

Save as disclosed herein, there has been no material adverse change in the financial position of the Issuer since its incorporation on September 11, 2002.

Payment Information

In connection with the listed Notes and Funding Notes, the Luxembourg Stock Exchange will be informed by the Issuer of all notifications regarding payments as defined in and in the manner described in § 16 of the Terms and Conditions of the Notes and § 11 of the Terms and Conditions of the Funding Notes.

Payments and transfers of the Notes and the Funding Notes will be settled through Clearstream Frankfurt and also through Euroclear and Clearstream Luxembourg. In accordance with Chapter VI, Article 3, point A/II/2 of the rules of the Luxembourg Stock Exchange, the Notes and the Funding Notes will be freely transferable and no transaction made on the Luxembourg Stock Exchange will be cancelled.

All notices regarding the Notes and the Funding Notes will be published in a newspaper with general circulation in Luxembourg, expected to be the Luxemburger Wort or in such other publication or manner conforming to the rules of the Luxembourg Stock Exchange.

Luxembourg Listing

Application has been made to list the Class A-1, Class A-2+, Class A-3, Class A-4, Class B, Class C, Class D, Class E and Class F+ Notes and the Funding Notes on the Luxembourg Stock Exchange. The Issuer has appointed WestLB International S.A. Luxembourg, 32-34, Boulevard Grande-Duchesse Charlotte, 1344 Luxembourg, Luxembourg, as the initial listing agent (the "**Luxembourg Listing Agent**") for the Luxembourg Stock Exchange and as its initial Luxembourg intermediary. Prior to such listing of the Class A-1, Class A-2+, Class A-3, Class B, Class C, Class D, Class E and Class F+ Notes and the Funding Notes the constitutional documents of the Issuer and

legal notices relating to the issue will be registered with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where copies of these documents may be obtained upon request.

Clearing Codes

Class A-1

WKN 150 230

ISIN DE0001502300

Class A-2+

WKN 150 231

ISIN DE0001502318

Class A-3

WKN 150 232

ISIN DE0001502326

Class A-4

WKN 150 233

ISIN DE0001502334

Class B

WKN 150 234

ISIN DE0001502342

Class C

WKN 150 235

ISIN DE0001502359

Class D

WKN 150 236

ISIN DE 0001502367

Class E

WKN 150 237

ISIN DE0001502375

Class F+

WKN 150 238

ISIN DE0001502383

Funding Notes

WKN 150 239

ISIN DE0001502391

The Notes have been accepted for clearing by Euroclear and Clearstream Luxembourg.

Availability of Documents

Copies of the following documents may be obtained during customary business hours on any working day from the date hereof (or the date of publication of such document, as relevant) and so long as any of the Notes remain outstanding at the head office of the Issuer and as long as any of the Notes are listed on the Luxembourg Stock Exchange they will be available (free of charge) to and may also be obtained (free of charge) at the head office of the Luxembourg Listing Agent, WestLB International S.A., Luxembourg:

- (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 Information Memorandum;
- (iv) the Trust Agreement dated September 30, 2002 and the Subscription Agreement dated September 30, 2002;
- (v) the terms and conditions of the Collateral;
- (vi) all future annual financial statements of the Issuer and the Bank and all future published interim financial statements of the Bank (the Bank currently publishes interim financial statements as of June 30 and September 30 of each year; the Issuer does not publish interim financial statements); and
- (vii) the documents incorporated by reference herein.

INDEX OF DEFINED TERMS

€.....	4
£.....	4
A-2+ Reduction Factor	40
A-2+ Senior Swap.....	4, 15, 53
A-2+ Senior Swap Counterparty	4, 15, 53
Account Agreements	55
Account Banks.....	55
Accounts.....	55
Additional Cash Deposit	14, 60
Additional Cash Deposit Account	60
Additional Cash Deposit Account Bank	60
Additional Cash Deposit Account Bank Required Rating.....	61
Additional Cash Deposit and Account Agreement	60
Additional Collateral	27
Additional Reference Collateral.....	27
Administration Agreement	53, 109, 122
Administrator	53, 109, 122
Advisor	72
Affected Reference Claim.....	31
Agency Agreement	54
Aggregate Principal Balance.....	33
Amortising	86
Available Interest Income.....	80
Bank.....	1, 132
Banking Act	28
Bankruptcy	47
Borrower	28
Bullet	86
Business Day	37, 133
capital gains	21, 139
Cash Administration Agreement	54
Cash Administrator.....	54, 123
Cash Deposit	58
Cash Deposit Account	55
Cash Deposit Account Bank	55, 128
Cash Deposit and Account Agreement	55, 128
Cash Deposit Fraction.....	59
Cash Deposits.....	2, 14, 26, 128
Cash Settlement Amount	53
CHF	5
Class.....	1, 23, 53
Class A-1 Cash Deposit	13, 26, 58, 128
Class A-1 Notes.....	23, 53, 132
Class A-2+ Cash Deposit.....	13, 26, 58, 128
Class A-2+ Notes.....	23, 53, 132
Class A-3 Cash Deposit	14, 26, 58, 128
Class A-3 Notes.....	23, 53, 132
Class A-4 Notes.....	24, 53, 132
Class B Notes	24, 53, 132
Class C Notes	24, 53, 132
Class D Notes	24, 53, 132
Class E Notes	24, 53, 132
Class F+ Noteholders	38

Class F+ Notes	24, 53, 132
Class Principal Amount	37
Clearstream Frankfurt	2, 24, 132
Clearstream Frankfurt Accountholders.....	2
Clearstream Luxembourg.....	3
Collateral.....	2, 13, 26, 56
Collection Period	39
Collections	34
Confirmation	67
CPR	83
Credit Event.....	47
Credit Event Notice.....	48
Credit Swap Counterparties	4, 15, 53
Credit Swaps.....	4, 15, 53
Current Balance	85
Current Loan-to-Value	34, 85
Custodian	56, 126
Custody Agreement.....	56
Cut-off Date	27
Cut-off Exchange Rate.....	35
Dealer	63
Debt Service Coverage Ratio.....	34, 86
Default Event	62, 127
Defaulted Reference Claim.....	47
Determination Date	38, 134
DSCR.....	34, 86
Early Redemption	44, 135
Early Redemption Date.....	44
Early Redemption Notification	49
Early Redemption Report.....	65
Early Termination Event	47, 125
Early Termination Right	44, 124
EC Treaty.....	38
Eligibility Criteria	27
Eligible Securities	56
EMU	22
Enforcement.....	41
Enforcement Amount.....	62
Enforcement Proceeds	32
Estimated Loss.....	48
EU	4, 22
EUR	4
EUR Reference Claim	34
EURIBOR	37, 133
EURIBOR Determination Date.....	38, 134
Euro	4
Euroclear.....	2
Euro-zone.....	38, 134
Exchange Rate	36
Expert	68
Extended Collection Period	82
Extended Collections.....	82
Extended Reference Claim	81
Extended Reference Pool	81
Extended Replenishment Date	82
Extension Period.....	106

F+ Increase Factor	46
F+ Reduction Factor	40
Failure to Pay	47
FBSA	108
Final Payment Date	135
Final Scheduled Payment Date	43
Final Value	48
Former Borrower	104
FSMA	143
Funding Note Collateral	61
Funding Note Default Event	61, 136
Funding Note Fee Claim	61
Funding Note Principal Amount	133
Funding Notes	1, 24, 53, 132
Global Note	2, 24, 132
Guarantee Fee	16, 124
Guarantee Fee Calculation Period	16, 124
Guarantor	3, 15, 53
Holder	132
Holders	132
HVB	2, 9
ICR	86
Increase Amount	41
Increase Factor	46
Indemnification Claim	70
Information Memorandum	29
Initial Aggregate Principal Balance	14, 81
Institution	139
Interest Accrual Period	37, 133
Interest Amount	37, 133
Interest Coverage Ratio	86
Interest Rate	37, 133
Interest Subparticipation Amount	38
Interest Subparticipation Payment Date	80
Interest Subparticipation Provisions	25
Issue	1
Issue Date	37, 133
Issuer	1, 23, 53, 132
Junior Swap	4, 15, 53
Junior Swap Counterparty	4, 15, 53
Late Recoveries	41
Lead Managers	2, 9
Legal Maturity Date	44
Legal Maturity Date Report	65
Liquidated Reference Claim	41
Loss Allocation	31
Loss Guarantee	2, 3, 15, 44, 53, 124, 132
LTV	34, 85
Luxembourg Intermediary	50, 136
Luxembourg Listing Agent	144
Maastricht Treaty	22
Market Exchange Rate	35
Miscellaneous Expenses	111
Monthly Interest Account	80
Moody's	4, 13, 50
Mortgage	1, 28

Mortgage Bank Act.....	28
Mortgaged Property	1, 27
Multi-property Claims	85
Net Property Cash Flow	34, 86
New Borrower	104
New Issuer	49
Non-compliance Notice	67
Non-EUR Reference Claim.....	34, 35
Non-qualifying Reference Claim.....	31
Note Collateral.....	2, 13, 26, 56
Note Principal Amount	37
Notes	1, 23, 53, 132
Notice.....	67
Old Property.....	105
Original Balance.....	85
Outstanding EUR Equivalent Amount.....	35
Outstanding Nominal Amount	34
Overdue Reference Claim.....	43
Payment Date.....	3, 37, 133
Pfandbrief Collateral	2, 13, 26, 56
Pool Report	64, 103
Principal Collections	10, 39
Principal Paying Agent.....	50, 136
Priority of Payments	75
Procedure.....	67
Property Type.....	86
Property Value	28
Rated Notes.....	4, 138
Rating Agencies	4, 50
Realised Loss.....	40
Reference Banks	38, 134
Reference Claim	1, 27
Reference Claim List.....	27
Reference Collateral.....	1, 27
Reference Loan.....	27
Reference Mortgage.....	27
Reference Pool	1, 27
Regular Notification.....	48
Regulatory Event.....	44
Related Collection Period	39
relevant Determination Date	134
Relevant Increase Factor	46
Relevant Maximum Aggregate Principal Balance.....	33
Relevant Payment Date.....	16, 124
Relevant Reduction Factor	46
Remaining Term.....	85
Replenishment	33
Replenishment Conditions.....	33
Replenishment Date	33
Replenishment Period	12, 33
Replenishment Report	65
Replenishment Schedule	33
Reporting Date	64
Reporting Month.....	80
Reports	65
Re-set.....	12, 35

Re-set Conditions	35
Re-set Currency.....	35
Re-set Date	35
Reuters Page	35
Review Date	106
S&P.....	4, 13, 50
Seasoning.....	85
Secured Noteholders	58
Securities Act	142
SECURITIES ACT	5
Security Pledge Agreement.....	57, 127
Security Purchase Agreement	56
Series	26, 56
Series A-1 Collateral	25, 56, 126
Series A-2+ Collateral	25, 56, 126
Series A-3 Collateral	25, 56, 126
Series A-4 Collateral	25, 56, 126
Series B Collateral.....	25, 56, 126
Series C Collateral.....	26, 56, 126
Series D Collateral.....	26, 56, 126
Series E Collateral.....	26, 56, 126
Series F+ Collateral.....	26, 56, 126
Servicer	30, 102
Servicing Agent.....	30, 102
Servicing Principles.....	30
Servicing Standards	30
Specialty Assets.....	33
Spread	16, 124
Sterling	4
Subordinated Class	46
Subparticipation Period.....	80
Subparticipation Termination Date.....	80
Subscription Agreement	54, 142
Substituted Property	105
Swiss Franc	5
TARGET Settlement Day	38, 134
Tax Event	45
taxes.....	50, 136
TEFRA C Rules.....	142
Termination Date	47
Termination Notice Date.....	51
Terms and Conditions	23, 53
Tranche A-2+ Amount	40
Tranche F+ Amount.....	40
Transaction	17, 54
Transaction Account	55
Transaction Account Agreement	55
Transaction Account Bank	55
Transaction Account Bank Required Rating.....	55
Transaction Creditors.....	31, 53
Transaction Documents	17, 36, 54
Transaction Obligations	70
Trust Agreement	36
Trustee.....	53, 135
Trustee Claim	55
Trustee Documents.....	54

Trustee Duties.....	54
United Kingdom	143
Unjustified Loss Allocation.....	43
Unused Late Recoveries.....	42
Valuation Experts.....	69
Valuation Report.....	28
Weighted Average Interest Rate	82
WestHyp.....	1, 9, 97, 132
WestLB.....	2, 9, 54, 142

THE ISSUER

DUKE 2002 Limited
St. Paul's Gate
New Street
St. Helier
JE 4 8ZB
Jersey
Channel Islands

THE BANK

Westfälische Hypothekenbank AG
Florianstrasse 1
44139 Dortmund
Germany

THE ARRANGER

WestLB AG
Herzogstrasse 15
40217 Düsseldorf
Germany

THE TRUSTEE

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft
Bahnstrasse 16
40212 Düsseldorf
Germany

THE PRINCIPAL PAYING AGENT

Westfälische Hypothekenbank AG
Florianstrasse 1
44139 Dortmund
Germany

THE LUXEMBOURG LISTING AGENT AND LUXEMBOURG INTERMEDIARY

WestLB International S.A. Luxembourg
32-34, Boulevard Grande-Duchesse Charlotte
1344 Luxembourg
Luxembourg

TRANSACTION COUNSEL AND LEGAL ADVISOR TO THE LEAD MANAGER

Hengeler Mueller
Bockenheimer Landstrasse 51-53
60325 Frankfurt am Main
Germany