

## HAUS 2000-1 Limited

Germany

PLEASE NOTE: This pre-sale report addresses the structure and economics of the proposed financing based on the information provided to Moody's as of February 29th, 2000. Investors should be aware that certain issues relative to the bond and tax structure have not been finalised. The final rating on the transaction may differ from the preliminary rating, based on subsequent changes in information and the review of the final version of all documents as well as the tax and legal opinions. Any subsequent changes will be disseminated by Moody's through its rating desk.

**EXPECTED CLOSING DATE:**

March 14th, 2000

**AUTHOR:****London**

Marie-Jeanne  
Kerschkamp  
Analyst  
(44-20) 7772-5430  
Kerschkm@moodys.com

**CONTACTS:****London**

Detlef Scholz  
Managing Director  
(44-20) 7772-5398  
ScholzD@moodys.com

**New York**

Vernessa Poole  
Asset-Backed  
Securities and  
Collateralized Debt  
Obligations  
(212) 553-4796  
poolev@moodys.com

Sally Cornejo  
All Mortgage Related  
and Fully Supported  
Securities  
(212) 553-4806  
cornejos@moodys.com

**TRANSACTION IN BRIEF****Ratings**

Class	Rating	Amount	% of Total	Window	Interest Rate
A-1	(P)Aaa	€ [319,400,000]	[18.11]	[•]	1m Euribor +[•]%
A-2	(P)Aaa	€ [1,351,800,000]	[76.64]	[•]	1m Euribor +[•]%
M	(P)A1	€ [70,600,000]	[4.00]	[•]	1m Euribor +[•]%
B	(P)Baa2	€ [22,100,000]	[1.25]	[•]	1m Euribor +[•]%

**Structure Summary**

Structure Type:	Senior/subordinated, sequential pay, pass through
Final Legal Maturity:	[December 10th, 2037]
Distribution Dates:	[10th of each month, commencing April 10th, 2000]
Issuer:	Haus 2000-1 Limited
Seller/Servicer:	Deutsche Bank 24 AG (not rated)
Originators:	Deutsche Bank AG, Deutsche Bank 24 AG
Trustee:	Chase Manhattan Bank, New York
Data Protection Trustee:	Deutsche Bank Bauspar AG
Interest Rate Swap:	Deutsche Bank AG ( <b>Aa3/Prime-1/B</b> )
Return Swap:	Deutsche Bank AG ( <b>Aa3/Prime-1/B</b> )
Reserve Fund:	Initial Deposit [0.85]%, cap [1.00]%, floor [0.6]%
Liquidity Support:	Servicer Advances
Lead Manager:	Deutsche Bank AG

**Portfolio Summary**

Collateral:	Loan claims secured by residential mortgages in Germany
Principal Amount:	€1,763,846,658
Number of Loan Claims:	23,028
Cut-off Date:	February 15th, 2000
Loan Claim Type:	Monthly payments, fixed rate, fully amortizing
Average LTV:	74.5%
Average Outstanding Principal Balance:	€76,596
Performance:	Fully performing since origination
Average Loan Rate:	6.17%
Years to Reset Date:	5.8 years (weighted average)
Remaining Term:	22.0 years (weighted average)
Seasoning:	2.7 years (weighted average)
Concentration:	Geographically diversified, above average concentration in North Western Germany



## OPINION

Moody's has assigned the following prospective ratings to the debt issuance of Haus 2000-1 Limited:

(P)**Aaa** to € Class A-1 Floating Rate Notes,

(P)**Aaa** to € Class A-2 Floating Rate Notes,

(P)**A1** to € Class M Floating Rate Notes,

(P)**Baa2** € Class B Floating Rate Notes.

The prospective ratings of the each of the two senior classes of Notes, Class A-1 and Class A-2, are based upon:

- Analysis of the quality and characteristics of the pool of loan claims secured by mortgages;
- Credit support furnished by a mezzanine tranche of [4%], a junior tranche of [1.25%], a reserve fund and excess spread;
- Legal and structural integrity of the transaction;
- Benefit of an interest rate swap agreement entered into with Deutsche Bank AG available for the two senior classes of Notes.

The prospective ratings of Class M and Class B are based, besides the quality of the asset pool, on the assessment of the following parameters:

- Available credit enhancement for each class of Notes provided by subordination for Class M, the reserve fund and excess spread;
- Impact resulting from subordinated positions within the structure of the transaction;
- Legal and structural integrity of the transaction;
- Benefit of an interest rate swap agreement entered into with Deutsche Bank AG available to each class of Notes.

The prospective ratings of the Notes reflect the timely payment of interest and the ultimate payment of principal. Payments under the loan claims are the primary and sole source of funds available to the Issuer to fulfill its financial obligations under the Notes.

The prospective ratings do not represent any assessment of (i) the likelihood or frequency of prepayment on the mortgage loans, (ii) the degree to which the frequency of prepayments might differ from that originally anticipated, or (iii) whether or to what extent prepayments may be received. Historical information on prepayment characteristics of German mortgages is limited.

## RATING SUMMARY

### Overview

Haus 2000-1 Limited, the Issuer, is funding the acquisition of 23,028 loan claims secured by mortgages through the issuance of two senior, one mezzanine and one junior class of Notes. The collateral pool comprises loan claims backed by German residential mortgages. The Originators of the loan claims are Deutsche Bank AG and the Seller. The Seller of the loan claims is Deutsche Bank 24 AG, a wholly-owned subsidiary of Deutsche Bank AG.

Deutsche Bank 24 AG was launched through a spin-off in September 1999 to become the first bank in Germany offering services to customers as an integrated branch and direct bank. Deutsche Bank 24 AG offers an extensive range of products and services to approximately 6.9 million customers through a network of approximately 1,500 branches and finance centres throughout Germany.

### Structure

The Issuer is a special purpose vehicle incorporated under the laws of Jersey and ultimately owned and controlled by the trustees of the HAUS Charitable Trust. This structure ensures the Issuer's independence from the Seller of the collateral pool. The Issuer's organizational set-up and its limited business purpose are designed to make the transaction insolvency-remote.

All classes of Notes are issued based on a senior/subordinated pay-through structure. All interest and principal payments are based on the seniority of the respective class. All notes pay monthly floating rate interest based on Euribor plus the relevant spread and pass-through principal.

### ***Servicer***

Deutsche Bank 24 AG is the Servicer under the Servicing Agreement. The Servicer provides administrative and other services to the Issuer in relation to the pool on a day-to-day basis, including monitoring collections, managing arrears and enforcement and foreclosure procedures, directing amounts due to the Issuer and providing monthly reports.

Moody's has undertaken a review of the mortgage operations of the Deutsche Bank 24 AG and believes it has the capacity and experience to provide all of the required services. The Servicer has assumed Deutsche Bank AG's underwriting, servicing and collection philosophy, standards and policies.

### ***Servicer Advances***

The Servicer intends to make Servicer Advances to the extent that these advances are deemed recoverable based solely on the Servicer's assessment. The Servicer Advances will enhance the regularity of the cash flows to the Noteholders. If the long-term rating of Deutsche Bank AG or, if Deutsche Bank 24 AG as the Servicer has a long-term rating, the Servicer's long-term rating should fall below A2, Deutsche Bank 24 AG has to secure a back-up guaranty for this advancing obligation or, alternatively, transfer the servicing rights to an appropriately rated institution.

### ***Reserve Fund***

On the Closing Date, the Issuer makes a deposit in the Reserve Fund providing limited coverage for interest shortfalls and realised losses. The initial deposit amount will equal [0.85]% of the aggregate note principal amount, subject to a required amount of [1.00]% of the aggregate note principal balance as of the closing date, stepping down subject to certain minimum amounts relative to the aggregate note principal amount. The amortisation of the Reserve Fund will also be related to certain performance criteria of the pool.

### ***Transaction Accounts and Permitted Investments***

The transaction accounts are opened and maintained with Deutsche Bank AG. The commingling risk in this transaction is limited as interest and principal payments collected are transferred on a monthly basis to the transaction accounts established with Deutsche Bank AG. In the event that the short-term rating of Deutsche Bank AG falls below **Prime-1**, the accounts have to be closed and replaced with accounts held at a bank with a **Prime-1** short-term rating.

Funds on deposit will be invested in permitted investments, which are **Aaa** or **Prime-1** rated securities or deposits with credit institutions which has a **Prime-1** rating for its short-term unsecured debt.

### ***Swap Agreements***

As the weighted average interest rate of the loan claims changes over the life of the transaction, the Issuer entered into an interest swap agreement with Deutsche Bank AG. Under the agreement, the Issuer will receive from Deutsche Bank AG a floating rate of interest – one month Euribor – plus a constant margin for each respective class of Notes. At the same time, the Issuer will pay Deutsche Bank AG the fixed interest rate payments received under the pool of loan claims. All four different classes of Notes benefit from the interest rate swap agreement. If Deutsche Bank AG's long-term debt rating falls below **A1**, Deutsche Bank will find a replacement counterparty, a guarantor or otherwise secure its obligations under the interest rate swap.

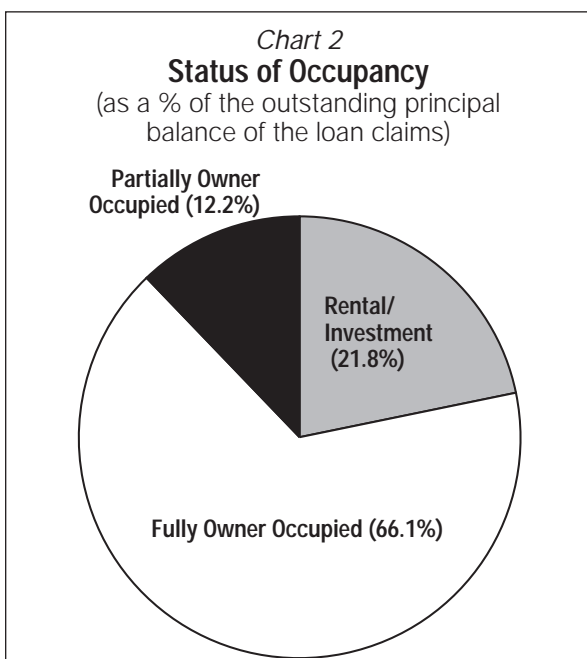
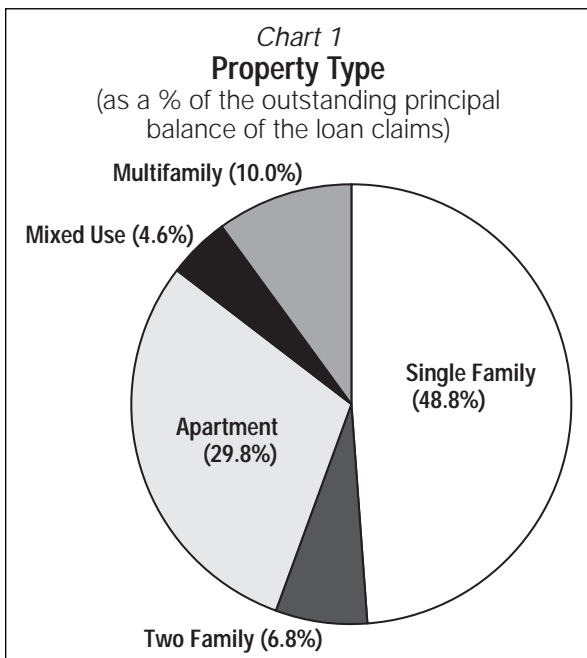
The Issuer also entered into two return swaps with Deutsche Bank AG. Under the swaps, Deutsche Bank will pay a floating interest rate on the funds standing to the credit of the transaction accounts and a fixed interest rate on the Reserve Fund. At loss of **A1** as a long-term rating, Deutsche Bank AG will find a replacement swap counterparty, a guarantor or otherwise secure its obligations under the return swaps.

### Optional Termination

The Seller has the option to repurchase the loan claims if the principal balance of the loan claims is reduced to less than 10% of the principal balance.

### Collateral

The Notes are backed by loan claims which are secured by residential mortgages on properties in Germany. The majority of the loan claims were originated by Deutsche Bank AG with a weighted average seasoning of 2.75 years. None of the loans claims included in this pool has been delinquent for more than 30 days since origination. The outstanding principal balances of the loan claims vary from about €4,464 to €993,403 with an average loan balance of €76,596. All loans make monthly payments of interest and all the loans are fully amortizing until the maturity of the loan. The interest rate on the loan claims is in a range of 3.50% to 10.40% with a weighted average rate of 6.17%. The next reset date of the fixed rate loans varies in the majority of all cases between one and ten years with a weighted average of almost 5.8 years.



### Portfolio Quality

Favorable pool characteristics include:

- Underwriting procedures and general credit standards for originating and servicing the loan pool.
- Size and homogeneity of the pool comprising more than 23,000 loans.
- Good geographic and economic diversity despite some above average concentrations in North Western Germany.
- Average seasoning of 2.7 years with 16% of the loans originated before 1996.
- No delinquency since origination.
- Availability of excess spread to support the transaction.
- No substitution of mortgages.
- Moody's assessment of the pool quality is in line with the Seller's total book of loan claims backed by residential mortgages.

Less favorable pool characteristics comprise:

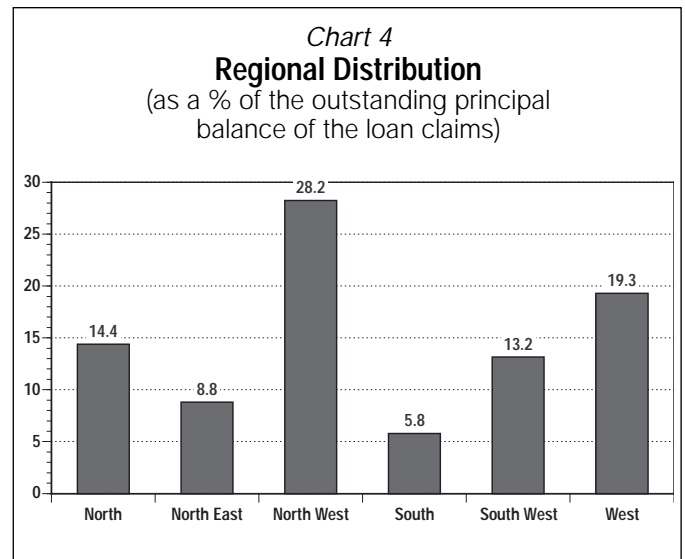
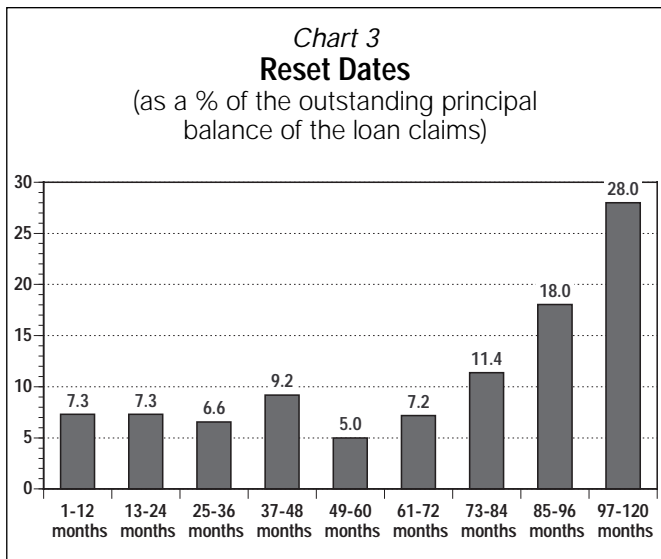
- Improved but still limited data on the historical performance of the Seller's residential portfolio of similar loans in general and this pool in particular.
- Percentage of self-employed borrowers 14%.
- Percentage of rentals/investment of 22%.

### Interest Rate Reset Risk

In Germany, mortgages are generally fixed rate mortgages that reset after a number of years, e.g. five or ten years. At the end of this period the interest rate is adjusted based, to some extent, on prevailing market conditions. The risk of the interest due under the mortgages being insufficient to cover interest due on Notes is transferred to Deutsche Bank AG as the swap counterparty.

### Higher Loss Severity

Although Moody's expects that the frequency of default will be comparatively low for loan claims in the pool, many of those that do default are expected to have an above average severity of loss because of their subordinate position. Consequently, pools backed by "Nachrangige



Grundsschulden" (Subordinated Mortgages) typically show a higher variability of expected loss, especially in times of economic stress. Moody's believes that the credit risk mitigated by the levels of credit enhancement for this transaction is consistent with the ratings assigned to the Notes.

## Legal Issues

### **Types of Mortgage Claims**

Two different types of mortgage claims are included in the transaction: "Buchgrundsschulden" (Uncertificated Mortgages) and "Briefgrundsschulden" (Certificated Mortgages). Certificated Mortgages are readily transferable, but such transfer would require a costly and time consuming administrative process because of the requirement of a detailed description of each mortgage. Uncertificated Mortgages require the entry in the respective land register in Germany in order to perfect their transfer to the Issuer. Therefore, just the loan claims and all corresponding economic rights have been transferred at the spin-off from Deutsche Bank AG to the Seller. The mortgages, however, remain registered as of the Closing Date, in the name of Deutsche Bank AG in the relevant land registers until the occurrence of certain trigger events under this transaction.

### **Preparatory Event and Trigger Event**

To prevent the transaction and the transfer of the mortgage claims from being affected by a demerger or partial sale of Seller by Deutsche Bank AG, two triggers are incorporated. Generally, as soon as Deutsche Bank AG ceases to hold more than 50% of the Seller's voting capital, the Seller will seek a rating from Moody's within a certain limited period of time.

After the occurrence of a "Preparatory Event", the Seller together with the Trustee, has to prepare the registration of the Uncertificated Mortgages. A Preparatory Event has occurred if Deutsche Bank AG holds more than 50% of the voting capital of the Seller and its long-term unsecured debt rating has fallen to or below **A3**. In case Deutsche Bank AG has ceased to own 50% of the voting stock, the event is triggered if the Seller's long-term rating has fallen to or below **A3**. A Preparatory Event has also occurred, if the Seller has failed within two months from the date Deutsche Bank AG reduced its holdings in the Seller, to initiate a rating process with a rating agency or within eight months of such event, has not obtained a reasonable opinion from Moody's.

At the occurrence of a "Trigger Event", the Trustee has to send the applications for the registration of the Uncertificated Mortgages to the specified land registers. As long as Deutsche Bank AG' holdings in the Seller are more than 50%, a Trigger Event has occurred if Deutsche Bank AG's long-term rating falls to **Baa1** or below. If the Seller has obtained a long-term rating, the downgrade of its long-term rating to **Baa1** or below triggers the transfer of the Uncertificated Mortgages.

### **Warranties of the Seller**

The warranties given by the Seller regarding the pool of loan claims include, among others, the following:

- The Seller is the sole creditor of the loan claim and the Seller or Deutsche Bank AG are the sole beneficiaries of the related collateral.
- The Seller has the right to assign the pool to the Issuer.
- No loan claim has a current principal balance in excess of €1,000,000.
- All loan claims are subject to German law and all properties encumbered with mortgages are located in Germany.
- The loan claims are legally valid and enforceable in accordance with their terms.
- All loan claims were originated in compliance with the underwriting and credit policies of Deutsche Bank AG and the Seller.
- No payment on a loan claim has been overdue since origination.
- No pending litigation with respect to any loan claim.
- All relevant information in the information memorandum regarding purchased rights, their origination and their management is true and correct.

The Seller has an obligation to repurchase and accept retransfer of a mortgage loan claim and corresponding collateral (if applicable) at any time after the Closing Date for an unremediable breach of a representation or warranty relating to the pool of loan claims.

© Copyright 2000 by Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007.  
All rights reserved. ALL INFORMATION CONTAINED HEREIN IS COPYRIGHTED IN THE NAME OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S"), AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,000 to \$1,500,000.

