

## HOME OBLIGORS MORTGAGE ENHANCED SECURITIES (PROPRIETARY) LIMITED (Series 1)

(Private company incorporated in the Republic of South Africa under number 2006/007171/07)

**Investor report dated 31 October 2008**

**termination date as at 30 September 2008**

### Salient information

**Asset class** Residential mortgage backed home loans

**Transaction parties**

<b>- Series manager</b>	Absa Capital (division of Absa Bank Ltd)	<b>- Swap counterparty</b>	Absa Capital (division of Absa Bank Ltd)
<b>- Servicer</b>	Absa Home Loans (division of Absa Bank Ltd)	<b>- Liquidity facility provider</b>	Rand Merchant Bank (division of Firststrand Bank Ltd)
<b>- Rating agencies</b>	Fitch Ratings, Moody's Investor Services and Standard & Poor's	<b>- Redraw facility provider</b>	Rand Merchant Bank (division of Firststrand Bank Ltd)

### Notes in Issue

**Issue date** 20 Aug 2007  
**Interest payment dates** 19th day of Jan, Apr, Jul and Oct

Class	Amount	Rating	ISIN number	BESA stock code	Issue margin	Issue date	Scheduled maturity	Legal maturity
<b>B1</b>	852,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043266	HMS1B1	+45 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>B2</b>	670,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043274	HMS1B2	+50 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>B3</b>	600,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043282	HMS1B3	+50 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>B4</b>	396,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043290	HMS1B4	10.61% Nacs	20-Aug-07	19-Jul-10	19-Jul-43
<b>B5</b>	219,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043308	HMS1B5	10.43% Nacs	20-Aug-07	19-Jul-12	19-Jul-45
<b>B6</b>	44,000,000	AAA(zaf), Aaa.za, zaAAA	ZAG000043316	HMS1B6	10.29% Nacs	20-Aug-07	19-Jul-12	19-Jul-45
<b>C1</b>	106,000,000	AA(zaf), Aa1.za	ZAG000043324	HMS1C1	+64 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>C2</b>	130,000,000	AA(zaf), Aa1.za	ZAG000043332	HMS1C2	+74 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>D1</b>	60,000,000	A(zaf), Aa2.za	ZAG000043340	HMS1D1	+100 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>D2</b>	73,000,000	A(zaf), Aa2.za	ZAG000043357	HMS1D2	+105 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>E1</b>	34,000,000	BBB(zaf), A3.za	ZAG000043365	HMS1E1	+200 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>E2</b>	41,000,000	BBB(zaf), A3.za	ZAG000043373	HMS1E2	+215 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>F1</b>	15,000,000	BB(zaf), Baa1.za	ZAG000043381	HMS1F1	+300 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>F2</b>	19,000,000	BB(zaf), Baa1.za	ZAG000043399	HMS1F2	+350 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>G1</b>	15,000,000	Baa3.za	ZAG000043407	HMS1G1	+500 bps	20-Aug-07	19-Jul-10	19-Jul-43
<b>G2</b>	18,000,000	Baa3.za	ZAG000043415	HMS1G2	+550 bps	20-Aug-07	19-Jul-12	19-Jul-45
<b>Subloan</b>	50,000,000							
<b>Total</b>	<u>3,342,000,000</u>							

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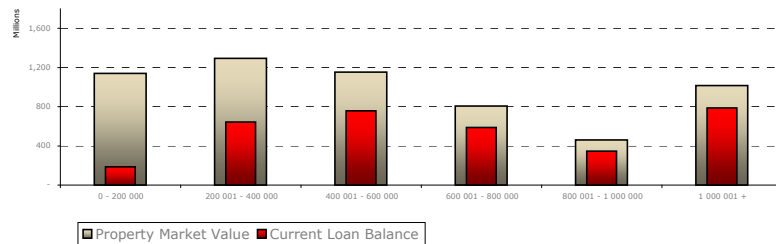
### Collateral portfolio

<b>Current loan balance</b>	R 3,310,644,816
<b>Current property market valuation</b>	R 5,866,756,640
<b>Weighted average seasoning (months)</b>	18
<b>Weighted average index LTV</b>	71.24%
<b>Number of loans</b>	7,206

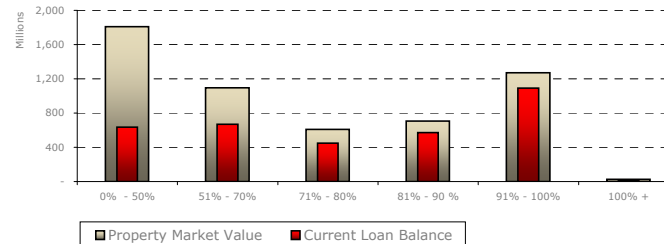
Portfolio characteristics		Portfolio covenants		Breached
Weighted average original LTV	70.11%	Required Weighted average original LTV	78.51%	No
Weighted average current LTV (Excl potential redraws)	73.54%	Required Weighted average current LTV (Excl potential redraws)	77.54%	No
Weighted average current LTV (Incl potential redraws)	77.00%	Required Weighted average current LTV (Incl potential redraws)	79.77%	No
Weighted average PTI ratio	20.10%	Required Weighted average PTI ratio	22.34%	No
Non owner occupied	4.30%	Non owner occupied limit	5.20%	No
Self employed borrowers	28.70%	Self employed borrowers limit	28.10%	Yes
Weighted average interest rate (Prime - 1.65%)	13.85%	Required Weighted average interest rate	12.60%	No
Highest single borrower balance	R 4,599,423	Highest Single borrower balance limit	R 5,000,001	No
Large loans	1.27%	Large loans limit	5.00%	No
AVM %	0.00%	AVM limit %	0.00%	No

### Collateral portfolio distribution data

**Loan Distribution**



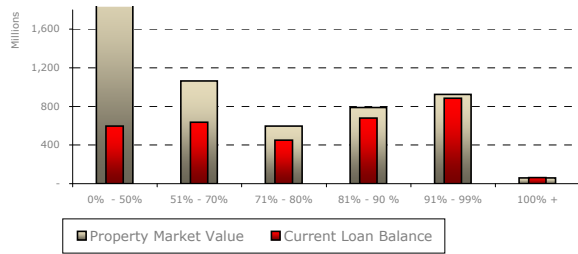
**Original LTV Distribution**



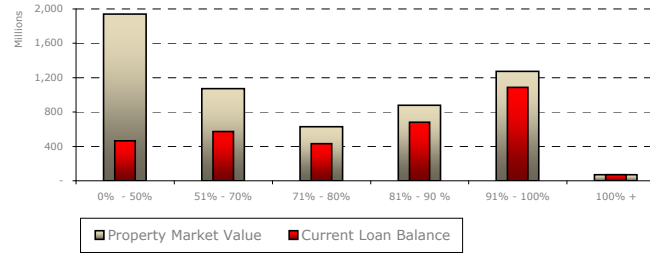
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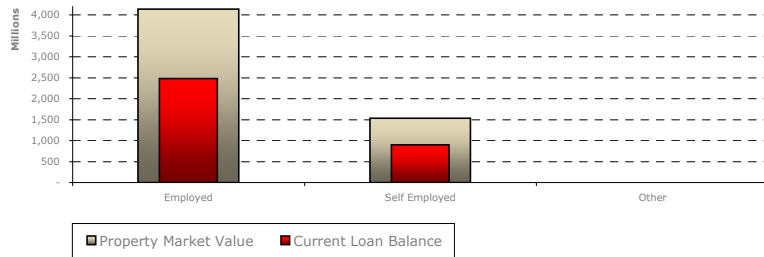
**Current LTV Distribution (Excl potential redraws)**



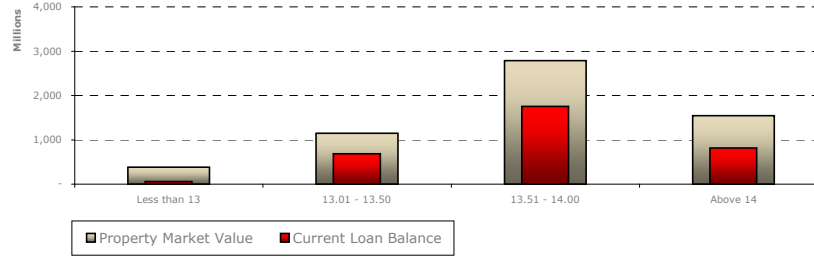
**Current LTV Distribution (Incl potential redraws)**



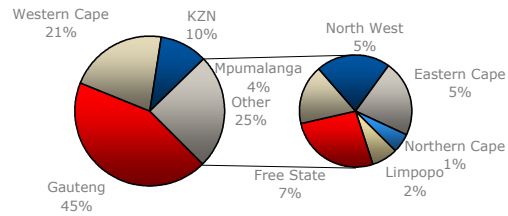
**Occupational Status Distribution**



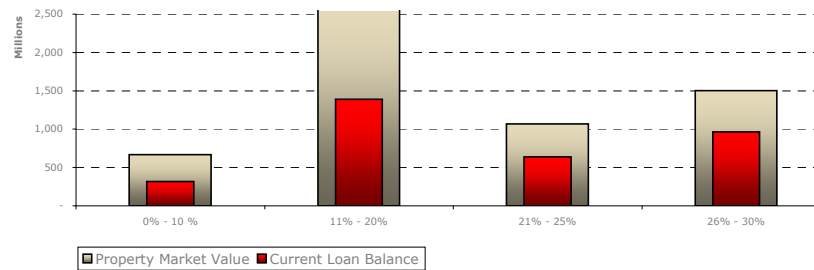
**Interest Rate Distribution**



**Geographical Distribution**



**PTI Ratio Distribution**



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### Collateral portfolio performance

			Trigger events	Trigger breached
<b>Arrears Distribution as at 30 September 2008</b>				
	<b>Current Loan Balance</b>	<b>%</b>		
Cash	31,551,722	0.94%	<b>Arrears reserve trigger event (&gt;3 month arrears exceeds 0.75%)</b>	No
Performing Loans	3,137,081,640	93.87%	<b>Principal deficiency for 3 consecutive payment date</b>	No
1 Month	100,943,529	3.02%	<b>Arrears reserve not funded for 6 consecutive payment dates</b>	No
2 Months	29,511,676	0.88%	<b>3 Month rolling average arrears (&gt;3 month arrears exceeds 2.00%)</b>	No
3 Months	19,878,996	0.59%	<b>WA Original LTV (exceeds required WA original LTV + 10%)</b>	No
>= 4 Months	23,032,436	0.69%	<b>WA Interest rate (falls below required WA interest rate less 0.1%)</b>	No
	<b>3,342,000,000</b>			

### Commentary

Homes Series 1 is performing in line with expectations from an arrears perspective and no trigger has been breached to date.

The portfolio covenant breached is not a Trigger and will be restored with new asset added to the pool of assets.

The delayed perfection of securities has been completed within the time frame allowed by the transaction documents.

### Contact details

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