

## 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 January 2009

Determination date as at 31 December 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

<b>Issue date</b>	20 Aug 2007
<b>Interest payment dates</b>	19th day of Jan, Apr, Jul and Oct

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

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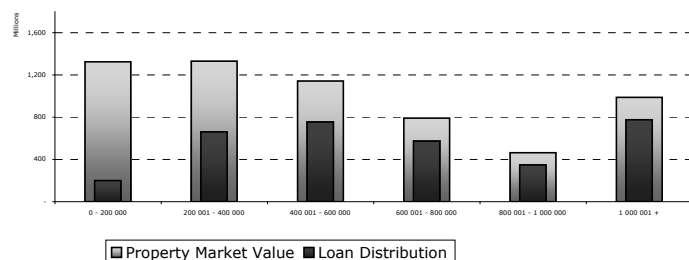
### Collateral portfolio

<b>Current loan balance</b>	R 3,312,006,183
<b>Current property market valuation</b>	R 6,039,246,209
<b>Weighted average seasoning (months)</b>	21
<b>Weighted average index LTV</b>	71.28%
<b>Number of loans</b>	7,490

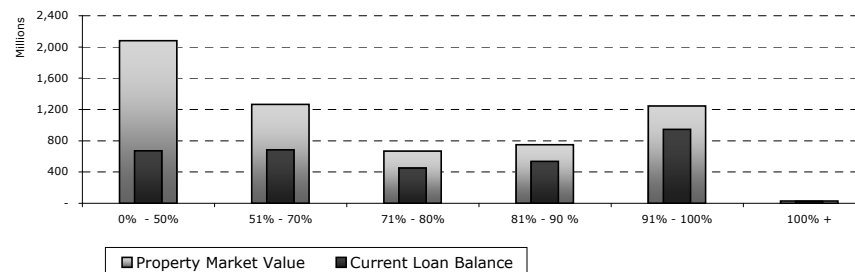
Portfolio characteristics		Portfolio covenants		Breached
<b>Weighted average original LTV</b>	74.72%	<b>Required Weighted average original LTV</b>	78.51%	No
<b>Weighted average current LTV (Excl potential redraws)</b>	73.57%	<b>Required Weighted average current LTV (Excl potential redraws)</b>	77.54%	No
<b>Weighted average current LTV (Incl potential redraws)</b>	77.02%	<b>Required Weighted average current LTV (Incl potential redraws)</b>	79.77%	No
<b>Weighted average PTI ratio</b>	20.19%	<b>Required Weighted average PTI ratio</b>	22.34%	No
<b>Non owner occupied</b>	4.20%	<b>Non owner occupied limit</b>	5.20%	No
<b>Self employed borrowers</b>	27.60%	<b>Self employed borrowers limit</b>	28.10%	No
<b>Weighted average interest rate (Prime - 1.61%)</b>	13.39%	<b>Required Weighted average interest rate (Prime- 1.90%)</b>	13.10%	No
<b>Highest single borrower balance</b>	R 5,057,190	<b>Highest Single borrower balance limit</b>	R 5,000,001	Yes
<b>Large loans</b>	1.19%	<b>Large loans limit</b>	5.00%	No
<b>AVM %</b>	0.00%	<b>AVM limit %</b>	0.00%	No

### Collateral portfolio distribution data

**Loan Distribution**



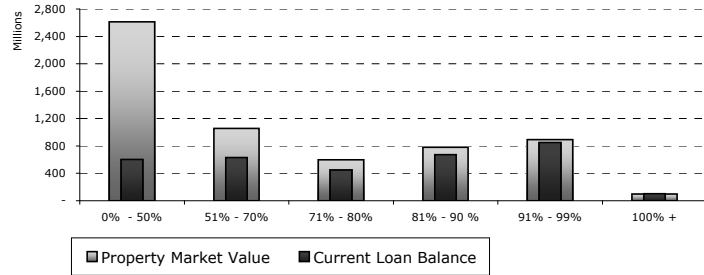
**Original LTV Distribution**



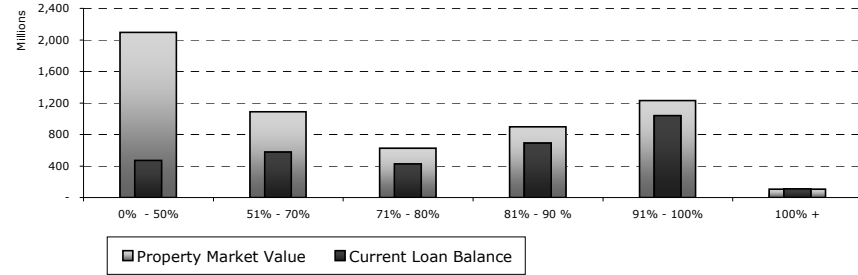
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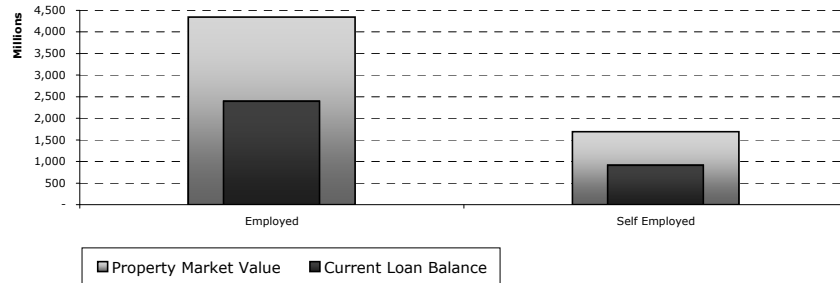
**Current LTV Distribution (Excl potential redraws)**



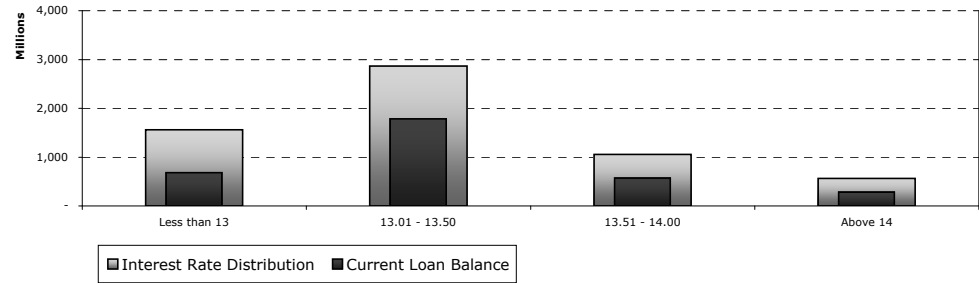
**Current LTV Distribution (Incl potential redraws)**



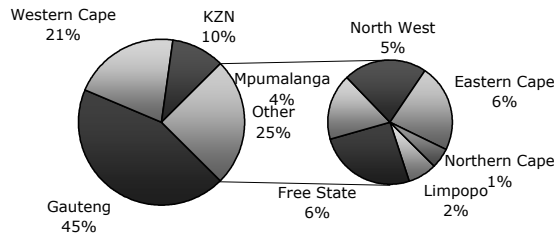
**Occupational Status Distribution**



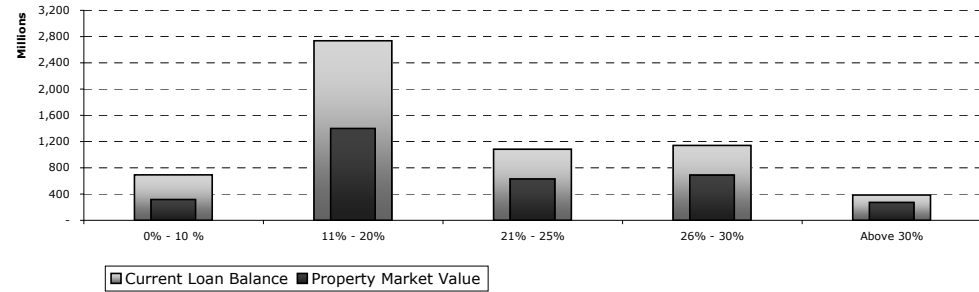
**Interest Rate Distribution**



**Geographical Distribution**



**PTI Ratio Distribution**



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### Collateral portfolio performance

#### Arrears Distribution as at 31 December 2008

	Current Loan Balance	%
Cash	29,993,817	0.90%
Performing Loans	3,113,327,209.00	93.16%
1 Month	111,902,146.00	3.35%
2 Months	33,085,725.00	0.99%
3 Months	33,581,718.00	1.00%
>= 4 Months	20,109,385.00	0.60%
	<b>3,342,000,000</b>	

#### Arrears Trigger Event

Arrears reserve trigger event (>3 month arrears exceeds 0.75%)

#### Trigger breached

No

#### Early Amortisation Trigger Event

Principal deficiency for 3 consecutive payment date

No

Arrears reserve not funded for 6 consecutive payment dates

No

3 Month rolling average arrears (>3 month arrears exceeds 2.00%)

No

WA Original LTV (exceeds required WA original LTV + 10%)

No

WA Interest rate (falls below required WA interest rate less 0.1%)

No

### 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 in respect of the highest single borrower does not constitute a trigger breach. The breach is as a result of a further advance on a specific loan, which has subsequently been repurchased by Absa at book value.

### Contact details

#### Consultant:

#### Debt Capital Markets

Nico Pieters

Tel: 011 895 6980

E-mail:

nico.pieters@absacapital.com

#### Consultant:

#### Debt Capital Markets

Pierre Swart

Tel: 011 895 7038

E-mail: pierre.swart@absacapital.com

#### Product Controller

Walter Green

Tel: 011 895 6769

E-mail:

walter.green@absacapital.com

#### Product Accountant

Meesha Ichharam

Tel: 011 895 6980

E-mail:

meesha.ichharam@absacapital.com

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