



ASX Announcement

Tuesday, May 20, 2008

RHG Residential Mortgage Backed Securities (RMBS) Update

RHG Limited (previously known as RAMS Home Loans Group) currently has the following term Residential Mortgage Backed Securities (RMBS) outstanding.

Residential Mortgage Backed Securities¹

Balance at end of April 2008 \$billion	Expected Call Date
0.24	May 2008
0.38	June 2008
0.69	July 2008
0.43	October 2008
0.50	October 2010
0.73	May 2011
0.43	November 2011
0.47	December 2011
0.25	December 2011

Each RMBS may be repaid at the group's option on a call date. If a call is not exercised the coupon on the bond will typically increase and the bond will become repayable, at the group's option, on any future coupon payment date. This is not an event of default and is clearly contemplated in the various transaction documents.

Due to the continuing uncertainty in financial markets, RHG is considering various options in regards to the upcoming call dates. The first call date in May is for a bond issued in 2002, which is referred to as RMS 2002-1. The bond was initially issued with a face value of \$1,200 mil and has since paid down to an outstanding value of \$186.96 mil on the A3 notes as at 19th May. The A1 and A2 notes have been repaid in full. The B note, being the subordinated note, has a current balance of \$45 mil. We have considered a number of options to call and refinance this security but believe a restructure of the securities is the appropriate course of action in the current market.

We have proposed a restructure to noteholders as follows:-

- The call date be moved to April 2010 on all remaining notes or the call will be exercisable, at our option, when the remaining principal outstanding is five percent of the original balance.
- The coupon on the remaining A3 notes will increase to the step up margin as contemplated under the original documents plus another five basis points.
- The coupon on the B notes will increase to the step up margin as contemplated under the original documents plus another five basis points.

¹ RHG provides support in respect of various facilities by way of representations and warranties, the provision of credit support and by undertaking a range of services. To the extent that the group breaches any of these representations or undertakings, the group may be exposed to further losses

- We will contribute further credit support of \$720,000 which should result in an upgrading of the credit rating of the B notes.
- Various program documents to be amended to ratify this proposal.

This proposal is subject to approval from noteholders. If approval is not obtained then the notes will not be called, as contemplated under the original transaction documents and the original step up margin will be paid. Due to the size of this outstanding bond we believe this proposal will not have a material impact on our financial results.

We believe this will give noteholders certainty as to the likely call date, compensation for their co operation and enhanced credit protection.

The bond due in June is referred to as Series 11. It was issued in December 2001 and had an initial face value of \$1,450 mil. Series 11 has an outstanding balance of \$364 mil as at 19th May. Whilst we are continuing to explore options on this bond it is likely that a similar proposal, as noted above, will be put to noteholders.

Further media enquiries

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