



**ASX Announcement
RAMS Home Loans Group Limited (RHG)**

RAMS Funding and Annual General Meeting Update

20 November 2007

Annual General Meeting

RAMS reminds shareholders that the annual general meeting will be held at 3:00 pm next Monday 26 November 2007 at The Sydney Masonic Hall, 66 Goulburn Street, Sydney NSW.

The directors encourage any shareholders who are unable to attend and vote at the meeting to appoint a proxy to do so on their behalf. To be effective, a proxy form must be received in the required form not later than 48 hours prior to the meeting.

Westpac Proposal

On 2 October 2007, RAMS announced a Proposal from Westpac under which Westpac offered to

- Purchase the RAMS origination business and brand for \$140 million
- Fund up to \$500m of loan settlements from 15 November 2007
- Participate (subject to various terms and conditions) as a \$1.5 billion cornerstone investor in a syndicate to refinance one or both of RAMS two XCP programs when they fall due in February 2008.

The Westpac proposal included a number of conditions precedent. The bulk of these conditions have now been met.

At its Board Meeting yesterday, the directors confirmed their unanimous recommendation that shareholders vote in favour of the proposal from Westpac Banking Corporation (Westpac) in the absence of a superior proposal. Directors also wished to provide shareholders with a report to update them with further information prior to the general meeting.

Receipt of a superior proposal appears unlikely

In the Explanatory Memorandum to the Westpac proposal, directors unanimously recommended that shareholders vote in favour of the proposal, in the absence of a superior proposal. Similarly, the Independent Expert, Deloitte Corporate Finance Pty Limited, concluded that, in the absence of a superior offer, the proposed transaction is in the best interests of shareholders.

As at today, no superior proposal has been received.

Independent Expert's Report

Deloitte's independent expert's report was dated 18 October 2007. Directors have requested Deloitte to carry out a "subsequent events" review to determine whether any developments since that date might cause them to change their opinion. The results of that review will be announced at the Annual General Meeting.

Directors know of no subsequent event or market development that is likely to cause Deloitte to change its opinion.

With regards to the Deloitte valuation of RAMS after completion of the Westpac proposal, new business approvals and book run-off rates have been broadly in line with the assumptions made by Deloitte in their valuations. If anything, the likely costs of refinancing (if achievable) are now expected to be at the higher end of the range assumed.

Funding of new business

RAMS continues to settle approved loans and to approve new loans. All warehouse facilities (including the \$1 billion increase in facilities provided by its relationship banks in August 2007) have been fully drawn. Commencing 16 November 2007, RAMS commenced settling loans into the warehouse facility provided by Westpac under the Westpac proposal. Funding under the Westpac proposal will cease if shareholder approval to the Westpac proposal is not obtained at the general meeting.

In the absence of the Westpac warehouse facility, RAMS and its lead managers have been unable to locate alternative sources of new funding in sufficient volumes to meet the ongoing needs of the business. A summary of the current state of global credit markets is as follows:

- Australian market: There has been some improvement in market conditions with issues recently coming to market. However capacity is limited. As previously announced RAMS completed a \$300m domestic bond issue in October and plans a further issue of \$200-300m within the next few months if conditions permit.
- European market: Continues to remain effectively closed to new issues.
- US A-1+ ABCP market: We believe there has been some support for multi-seller programs for existing participants with bank liquidity support. However the market remains effectively closed for single-seller programs (such as RAMS). The likelihood of the Extendible CP market returning in its previous form remains remote.
- US AAA RMBS market: There have been a small number of US domestic issues of AAA variable rate bonds at margins well over previous margins to LIBOR. The US market remains effectively closed to Australian RMBS issuers.
- Other options: there is no market for whole loan sales at reasonable pricing.

Extension of Existing Warehouse Facilities

To date all warehouses due to expire have been extended prior to expiration. It continues to be the directors' commercial expectation that, assuming continuation of existing market conditions, warehouses will be extended as they fall due.

Refinancing of RAMS' XCP loan book

As previously announced, RAMS two XCP programs must be refinanced on or prior to 11 February 2008. In the Explanatory Memorandum issued in connection with the Westpac Proposal, directors were of the view that the global credit markets will, at some future time, reopen for borrowers of RAMS quality. However directors were not able to determine when that time will be. Whilst markets can change rapidly, directors believed it unlikely that RAMS could refinance its XCP programs in the RMBS markets by February 2008. Consequently RAMS intended to seek to negotiate warehouse facilities to permit the loan portfolios to be term funded in the RMBS markets in an orderly fashion. Directors advised that the cornerstone investment of \$1.5 billion by Westpac will, in their opinion, assist the company in obtaining warehouses to refinance one or both of its two XCP programs.

Negotiations with various parties are in process and are at various stages in the approval process. If all negotiations are successfully concluded, the two XCP programs will be able to be refinanced in full. If not successful, the Directors are confident that at least one of the two XCP programs will be refinanced.

The 90 day milestone of the 180 day refinancing period has now passed. RAMS has been formally advised by National Australia Bank (one of its market value swap providers and one of its RMBS lead managers) that in its opinion a term bond issue of the required amount is not possible by 11 February 2008. Your directors concur with this opinion. As a consequence, as well as seeking to put in place the warehouse facility above, RAMS will continue to work with its market value swap providers in compliance with its obligations under the XCP documentation.

If RAMS is unable to refinance its two XCP programs by 11 February 2008, then it will lose all (or substantially all) of the economic value of those loans but will be obliged to continue to pay trail commissions on those loans.

Directors will continue to keep the market informed as to the progress of the refinancing of RAMS' XCP programs and will provide a further update at the annual general meeting on 26 November 2007.