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## INFORMATION MEMORANDUM



### RM2.41 BILLION IN NOMINAL VALUE BONDS

*arising from a*

### RESIDENTIAL MORTGAGE-BACKED SECURITISATION TRANSACTION

*Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers*



**AmInvestment Bank Berhad**  
(formerly known as AmMerchant Bank Berhad)  
(Company No. 23742-V)



**CIMB Investment Bank Berhad**  
(formerly known as Commerce International  
Merchant Bankers Berhad)  
(Company No. 18417-M)

**This Information Memorandum is dated 17 August 2007.**

## Responsibility Statement

This Information Memorandum has been approved by the directors of Cagamas MBS Berhad ("**CMBS**" or the "**Issuer**") and they collectively and individually accept full responsibility for the accuracy of the information given (other than information in relation to Portfolio 2007-2 or information obtained from public sources) and confirm that, after having made all reasonable enquiries, and to the best of their information and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this Information Memorandum false or misleading and there is no material omission in this Information Memorandum. Information in relation to Portfolio 2007-2 has been supplied by the Government of Malaysia (the "**Originator**") through the Bahagian Pinjaman Perumahan and the Issuer has relied upon the representation and warranty that the information supplied is true and accurate. While the directors of CMBS believe that all reasonable care has been taken in ensuring the accuracy of the information in relation to Portfolio 2007-2 and all information obtained from public sources and the directors of CMBS are not, as at the date of this Information Memorandum, aware of any inaccuracy in relation to such information, the responsibility of the directors of CMBS is limited to ensuring reasonable care in the reproduction of such information.

## General Statement of Disclaimer and Important Notice

This Information Memorandum is in connection with the issue of RM2.410 billion nominal value asset-backed securities comprising Bonds arising from a residential mortgage-backed securitisation transaction (the "**CMBS 2007-2**") by the Issuer. Using the proceeds of the CMBS 2007-2, the Issuer will purchase housing loans and all charges, guarantees, insurances and rights in connection thereto (the "**Mortgage Assets**") from the Originator. Details of these transactions are described in this Information Memorandum.

At the point of issuance of CMBS 2007-2, the Bonds shall not be issued, offered, sold, transferred or otherwise disposed, directly or indirectly, nor shall any document or other material in connection therewith including this Information Memorandum be distributed, in Malaysia other than to persons who fall within any of the categories of persons specified under Schedule 2 or Section 38(1)(b), and Schedule 3 or Section 39(1)(b) and Schedule 5 or Section 66(3) of the Securities Commission Act 1993 (as amended from time to time) ("**SCA**").

Subsequent to the issuance of CMBS 2007-2, the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of CMBS 2007-2 will be subject to the selling restrictions that CMBS 2007-2 may not be offered or sold directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons who fall within any of the categories of persons specified under Schedule 2 or Section 38(1)(b) and Schedule 5 or Section 66(3) of the SCA.

No application is being made to list CMBS 2007-2 on any stock exchange, nor is any such application contemplated.

The Issuer has authorised AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad) ("**AmInvestment**") (Company No. 23742-V) and CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) ("**CIMB**") (Company No. 18417-M) (collectively the "**Joint Lead Arrangers**" and/or "**Joint Lead Managers**") to distribute this Information Memorandum, which is now being provided by the Joint Lead Managers on a confidential basis to potential investors for the sole purpose of assisting them to decide whether to subscribe for or purchase CMBS 2007-2. This Information Memorandum may not be, in whole or in part, reproduced or used for any other purpose, or shown, given, copied to or filed with any other person including, without limitation, any government or regulatory authority except with the prior consent of the Issuer, the Joint Lead Arrangers and the Joint Lead Managers and as required under Malaysian laws, regulations or guidelines.

None of the information or data contained in this Information Memorandum has been independently verified by the Joint Lead Arrangers nor the Joint Lead Managers. No representation or warranty, express or implied, is given or assumed by the Joint Lead Arrangers or the Joint Lead Managers as to the authenticity, origin, validity, accuracy or completeness of information and data contained in this Information Memorandum or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Joint Lead Arrangers, and the Joint Lead Managers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to CMBS 2007-2 and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by Malaysian laws. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Joint Lead Arrangers, the Joint Lead Managers or any other person. The Joint Lead Arrangers and the Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the tenure of CMBS 2007-2 or to advise any investor in CMBS 2007-2 of any information coming to their attention.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (each such jurisdiction a “**Foreign Jurisdiction**”), and has not been and will not be lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any Foreign Jurisdiction and it does not constitute an issue or offer of, or an invitation to apply for, CMBS 2007-2 or any other securities of any kind by any party in any Foreign Jurisdiction.

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In addition, recipients of this Information Memorandum should note the selling restrictions in Singapore and Hong Kong as set out in Chapter 5 of this Information Memorandum.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all information and data in this Information Memorandum, (b) it is lawful for the recipient to subscribe for or purchase CMBS 2007-2 under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of CMBS 2007-2, (d) the Issuer, the Joint Lead Managers and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of CMBS 2007-2, and they shall not have any responsibility or liability in the event that such subscription or purchase of CMBS 2007-2 is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Bonds can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing CMBS 2007-2, and is able and is prepared to bear the economic and financial risks of investing in or holding the Bonds, (g) it is subscribing or accepting CMBS 2007-2 for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase CMBS 2007-2 would constitute an excluded issue, excluded offer or excluded invitation as defined in the SCA. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is

subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase CMBS 2007-2 in relation to any recipient who does not fall within item (h) above.

This Information Memorandum is not, and should not be construed as, a recommendation by the Issuer, the Joint Lead Arrangers, the Joint Lead Managers or any other party to the recipient to subscribe for or purchase CMBS 2007-2. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, CMBS 2007-2 and all other relevant matters, and each recipient should consult its own professional financial, legal and other appropriate professional advisers.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any CMBS 2007-2 shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with CMBS 2007-2 is correct as of any time subsequent to the date indicated in the document containing the same.

This Information Memorandum includes “forward looking statements”. These statements include, among other things, discussions on the projected cash flows of Portfolio 2007-2. All these statements are based on estimates and assumptions made by the Issuer that, although believed to be reasonable, are subject to risks and uncertainties that may cause actual events and the future results of the Issuer to be materially different from that expected or indicated by such statements and estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of a forward looking statement in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or any other person that the plans and objectives of the Issuer will be achieved.

CMBS 2007-2 are direct and secured obligations of the Issuer, issued on a limited recourse basis solely to the funds available to the Issuer from the Collections 2007-2 or from the proceeds of realisation of Portfolio 2007-2 or any security held by the Security Agent (as defined in this Information Memorandum) or any rights, title or interest, therein or related thereto. The Bonds will not be obligations or responsibilities of any person other than the Issuer.

In particular, CMBS 2007-2 will not be obligations or responsibilities of the holding company of CMBS, Cagamas Berhad, the Originator, the Joint Lead Arrangers, the Joint Lead Managers, the Trustee or any of their related corporations and associated companies. CMBS 2007-2 also do not represent deposits or liabilities of the Originator. The Originator does not in any way stand behind CMBS 2007-2 except to the extent specified in the documentation in connection with this securitisation exercise and as described in this Information Memorandum.

This Information Memorandum may include certain historical information, estimates, projections or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the local financial industry and certain other matters. Such information, estimates, projections or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, derived from such and other third party sources.

The Issuer, its holding company, the Joint Lead Arrangers, the Joint Lead Managers and certain other parties referred to in this Information Memorandum are companies limited by shares incorporated under the Companies Act 1965 (“**Companies Act**”). Substantially all the directors, officers and employees and certain professional advisers referred to in this Information Memorandum are residents of Malaysia and a substantial portion of the assets of such companies and persons are located in Malaysia. Any person seeking to take any legal action against such companies or persons outside Malaysia will have to establish that a court outside Malaysia has jurisdiction in respect of such action and, even if such court decides that it has the relevant jurisdiction, it may be difficult for that party to effect service of process outside Malaysia or to enforce judgments obtained from such court predicated upon such liability provisions of laws of foreign countries.

CIMB will perform the functions required to be performed by the Facility Agent as stated in the Rules on Fully Automated System for Issuing/Tendering issued by Bank Negara Malaysia to the extent applicable to CMBS 2007-2.

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and totals thereof are due to, and certain numbers appearing in this Information Memorandum are shown after, rounding. Where this Information Memorandum contains or refers to a summary of a document or agreement, the summary is not meant to be exhaustive and potential investors should refer to or read the document or agreement in its entirety.

#### **Statements Of Disclaimer – Securities Commission**

A copy of this Information Memorandum will be deposited with the Securities Commission, who takes no responsibility for its contents.

The approval of the Securities Commission for the issue of CMBS 2007-2 was granted on 6 August 2007. A recipient of this Information Memorandum acknowledges and agrees that the approval of the Securities Commission shall not be taken to indicate that the Securities Commission recommends an investment in or purchase of CMBS 2007-2.

The Securities Commission shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness or completeness of any statements made or opinions or reports expressed or contained in this Information Memorandum.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR INVESTING IN CMBS 2007-2.

#### **Confidentiality**

This Information Memorandum and its contents are strictly confidential and are provided strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is provided to prospective investors solely with reference to their own evaluation of CMBS 2007-2.

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## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION.....</b>	<b>9</b>
1.1	OVERVIEW.....	9
1.2	BRIEF DESCRIPTION OF THE SECURITISATION TRANSACTION.....	9
1.3	SALIENT CHARACTERISTICS OF THE BONDS .....	10
<b>2</b>	<b>THE SECURITISATION STRUCTURE .....</b>	<b>15</b>
2.1	SALE OF THE MORTGAGE ASSETS .....	15
2.1.1	<i>Overview of the Sale.....</i>	<i>15</i>
2.1.2	<i>Nature of the Sale.....</i>	<i>15</i>
2.1.3	<i>Legal True Sale and Equitable Assignment.....</i>	<i>15</i>
2.1.4	<i>Terms of the Sale.....</i>	<i>16</i>
2.1.5	<i>Mortgage Assets .....</i>	<i>16</i>
2.1.6	<i>Purchase Consideration.....</i>	<i>16</i>
2.1.7	<i>Cancellation .....</i>	<i>17</i>
2.2	ISSUANCE OF BONDS .....	17
2.2.1	<i>Partial Early Redemption Option.....</i>	<i>17</i>
2.2.2	<i>Optional Redemption in Full.....</i>	<i>17</i>
2.2.3	<i>Mandatory Redemption in Full.....</i>	<i>17</i>
2.2.4	<i>Formula for Optional/Mandatory Redemption in Full.....</i>	<i>18</i>
2.3	SERVICING FUNCTION.....	19
2.3.1	<i>Servicing by the Originator .....</i>	<i>19</i>
2.3.2	<i>Servicing of the Bonds by the Issuer.....</i>	<i>19</i>
2.4	APPLICATION OF FUNDS .....	21
<b>3</b>	<b>THE MORTGAGE POOL – PORTFOLIO 2007-2 .....</b>	<b>23</b>
3.1	MORTGAGE ASSETS .....	23
3.2	ELIGIBILITY CRITERIA .....	23
3.3	COMPENSATION OR REPLACEMENT .....	25
3.4	DESCRIPTION OF THE ELIGIBLE MORTGAGE ASSETS (AS AT 28 FEBRUARY 2007)....	26
3.4.1	<i>Portfolio Description and Characteristics.....</i>	<i>26</i>
3.4.2	<i>Historical Data .....</i>	<i>40</i>
3.4.3	<i>Cash Flow Description.....</i>	<i>42</i>
3.5	INSURANCE POLICIES.....	61
3.6	STANDARD HOUSING LOAN DOCUMENTATION.....	63
3.7	PENSION DEDUCTION .....	66
<b>4</b>	<b>INVESTMENT CONSIDERATIONS.....</b>	<b>67</b>
4.1	RISKS RELATED TO LIMITED RECOURSE OBLIGATIONS.....	67
4.2	RISKS ASSOCIATED WITH AN INVESTMENT IN THE BONDS.....	68
4.3	RISKS RELATED TO THE MORTGAGE ASSETS.....	70
4.4	RISKS RELATED TO THE ISSUER.....	72
4.5	DEPENDENCE ON TRANSACTION ADMINISTRATOR .....	73
4.6	DEPENDENCE ON SERVICER.....	73
4.7	CHANGE IN LAW .....	74
<b>5</b>	<b>TAX AND REGULATIONS.....</b>	<b>75</b>
5.1	TAX CONSIDERATIONS.....	75
5.1.1	<i>Withholding Tax.....</i>	<i>75</i>
5.1.2	<i>Stamp Duty and Capital Gains Tax.....</i>	<i>75</i>
5.1.3	<i>Calculation of Tax Liability of the Issuer.....</i>	<i>75</i>
5.2	REGULATIONS .....	75
5.2.1	<i>Exchange Control Policy.....</i>	<i>75</i>
5.2.2	<i>Clearing and Settlement.....</i>	<i>76</i>
5.3	SELLING RESTRICTIONS .....	77
5.3.1	<i>Malaysia.....</i>	<i>77</i>
5.3.2	<i>Singapore.....</i>	<i>78</i>
5.3.3	<i>Hong Kong.....</i>	<i>78</i>

	5.4	BNM TREATMENT .....	79
<b>6</b>		<b>TERMS AND CONDITIONS OF THE BONDS.....</b>	<b>81</b>
<b>7</b>		<b>THE ISSUER .....</b>	<b>117</b>
	7.1	COMPANY BACKGROUND.....	117
	7.2	BOARD OF DIRECTORS .....	118
	7.3	BORROWINGS.....	119
	7.4	MATERIAL COMMITMENTS AND CONTINGENCIES .....	119
	7.5	MATERIAL CONTRACTS.....	120
	7.6	MATERIAL LITIGATION .....	120
<b>8</b>		<b>CAGAMAS BERHAD.....</b>	<b>121</b>
	8.1	COMPANY BACKGROUND.....	121
	8.2	BOARD OF DIRECTORS .....	121
	8.3	SHAREHOLDING AND CAPITAL STRUCTURE .....	124
	8.4	FINANCIAL HIGHLIGHTS OF CAGAMAS .....	125
<b>9</b>		<b>CAGAMAS HOLDINGS BERHAD.....</b>	<b>127</b>
<b>10</b>		<b>PARTIES TO THE TRANSACTION .....</b>	<b>129</b>
	10.1	THE ORIGINATOR .....	129
	10.1.1	<i>Housing Loan/Home Financing Scheme.....</i>	<i>131</i>
	10.1.2	<i>Collections 2007-2 and Bonds Servicing.....</i>	<i>132</i>
	10.1.3	<i>Representations and Warranties by the Originator.....</i>	<i>132</i>
	10.1.4	<i>Undertakings of the Originator .....</i>	<i>133</i>
	10.1.5	<i>Compensation or Replacement.....</i>	<i>134</i>
	10.1.6	<i>Repurchase by the Originator .....</i>	<i>135</i>
	10.2	THE SERVICER .....	135
	10.2.1	<i>Duties/Obligations of Servicer.....</i>	<i>136</i>
	10.2.2	<i>Fees .....</i>	<i>138</i>
	10.2.3	<i>Terms of Agreement and Servicer Default.....</i>	<i>139</i>
	10.3	TRUSTEE .....	139
	10.4	TRANSACTION ADMINISTRATOR AND ADMINISTRATOR .....	140
	10.4.1	<i>Transaction Administrator.....</i>	<i>140</i>
	10.4.2	<i>Administrator.....</i>	<i>142</i>
	10.4.3	<i>Other Common Terms.....</i>	<i>144</i>
<b>11</b>		<b>TRANSACTION DOCUMENTS, ISSUE DOCUMENTS.....</b>	<b>147</b>
	11.1	MASTER SALE AND PURCHASE AGREEMENT 2007 .....	147
	11.2	DEED OF WARRANTIES 2007 .....	147
	11.3	DEED OF ASSIGNMENT 2007-2 .....	148
	11.4	SERVICING AGREEMENT 2007-2.....	148
	11.5	SUBSCRIPTION AGREEMENT 2007-2 .....	149
	11.6	TRUST DEED 2007-2.....	149
	11.7	DEPOSITORY AND PAYING AGENCY AGREEMENT 2007-2.....	152
	11.8	SECURITY DOCUMENTS 2007-2.....	152
	11.9	ADMINISTRATION AGREEMENT 2007-2 .....	154
	11.10	TRANSACTION ADMINISTRATION AGREEMENT 2007-2 .....	154
<b>12</b>		<b>CONFLICT OF INTEREST.....</b>	<b>155</b>
<b>APPENDIX I</b>		OVERVIEW OF MALAYSIA	
<b>APPENDIX II</b>		OVERVIEW OF THE RESIDENTIAL PROPERTY MARKET	
<b>APPENDIX III</b>		PROFILE OF TAKAFUL NASIONAL SDN BERHAD AND MALAYSIA NATIONAL INSURANCE BERHAD	

**DEFINITIONS OF KEY TERMS AND ABBREVIATIONS**

<b>“Account Records”</b>	means books and records kept by the Originator (whether in paper or electronic form) recording all information and transactions as they apply to any Mortgage Transactions, including notes and statements intended to be read with the aforesaid books and records.
<b>“ADIs”</b>	means Authorised Depository Institutions.
<b>“Administration Agreement 2007-2”</b>	means the agreement between Cagamas and the Issuer pursuant to which Cagamas provides, inter alia, corporate and administrative services to the Issuer.
<b>“Administration Services Documents 2007-2”</b>	means, the agreements for the provision of certain services by Cagamas to the Issuer, being:-  (a) the Administration Agreement 2007-2; and  (b) the Transaction Administration Agreement 2007-2.
<b>“Agency Agreement 2007-2”</b>	means the agreement for the appointment of CIMB as the facility agent made between the Issuer, Trustee and CIMB.
<b>“AmInvestment”</b>	means AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad) (Company No. 23742-V)
<b>“Armed Forces”</b>	means the Malaysian Army, Navy and Airforce as more particularly defined under the Armed Forces Act 1972.
<b>“Arrears of Instalments”</b>	means, in relation to a Mortgage Transaction, any part of a Monthly Instalment (including previous Monthly Instalments) which has or have accrued past its Instalment Payment Date and remain(s) unpaid by the relevant Obligor.
<b>“Assignment of Contractual Rights 2007-2”</b>	means legal assignment of all rights, benefits, interest and title, present and future, of the Issuer in, to and under the Purchase Contract, the Deed of Assignment 2007-2, the Servicing Agreement 2007-2 and the Administration Services Documents 2007-2, in favour of the Security Agent.
<b>“Bare Land”</b>	means land upon which a Residential Unit is intended to be constructed but which, at the Purchase Date, has not had any such construction started thereon.
<b>“BNM”</b>	means Bank Negara Malaysia.
<b>“Bonds”</b>	means the residential mortgage-backed securities of RM2.41 billion in nominal value to be known as “CMBS 2007-2” to be issued by the Issuer.
<b>“Bondholder” or “Holder”</b>	means the person who is for the time being a beneficial owner of the Bonds.
<b>“BPP”</b>	means the Bahagian Pinjaman Perumahan, the division of the Federal Treasury of the GOM responsible for all aspects of the Mortgage Transactions.



<b>“Business Day”</b>	means a day on which banks are open for business in Kuala Lumpur excluding Saturday and Sunday.
<b>“Cagamas”</b>	means Cagamas Berhad (Company No. 157931-A).
<b>“Cagamas Holdings”</b>	means Cagamas Holdings Berhad (Company No. 762047-P)
<b>“Central Depository”</b>	means BNM as the Central Depository of the global certificate(s) for the Bonds.
<b>“Charge over Collections Account 2007-2”</b>	means the legal assignment and a charge over the Collections Account 2007-2 and monies standing to the credit of the same in favour of the Security Agent.
<b>“CIMB”</b>	means CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) (Company No. 18417-M).
<b>“CMBS”</b>	means Cagamas MBS Berhad (Company No. 655289-H).
<b>“CMBS 2004-1”</b>	means the RM1.555 billion fixed rate asset-backed bonds issued by CMBS in 2004 on its inaugural securitisation of a portfolio of Housing Facility(s) amounting to RM1.94 billion in Outstanding Principal Amount.
<b>“CMBS 2005-1-i”</b>	means the RM2.05 billion fixed rate asset-backed Sukuk Musyarakah issued by CMBS in August 2005 on its second securitisation of a portfolio of Housing Facility(s) amounting to RM2.84 billion in Outstanding Principal Amount.
<b>“CMBS 2005-2”</b>	means the RM2.06 billion fixed rate asset-backed bonds issued by CMBS in December 2005 on its third securitisation of a portfolio of Housing Facility(s) amounting to RM2.898 billion in Outstanding Principal Amount.
<b>“CMBS 2007-1-i”</b>	means the RM2.110 billion fixed rate asset-backed Sukuk Musyarakah issued by CMBS in May 2007 on its fourth securitisation of a portfolio of Housing Facility(s) amounting to RM2.538 billion in Outstanding Principal Amount.
<b>“CMBS 2007-2”</b>	means the proposed issuance of RM2.41 billion in nominal value residential mortgage-backed securities.
<b>“Collection Period”</b>	means each quarterly period commencing from the Purchase Date.
<b>“Collections”</b>	means, in respect of any Collection Period, all sums received or recovered from Obligors or Security Providers on or under or in respect of any Mortgage Transaction comprised in Portfolio 2007-2 during such Collection Period (whether interest, profit, principal, fees or any other amounts) and all proceeds of any sale or other disposal of the Mortgage Assets or the Mortgaged Property comprised in Portfolio 2007-2 received during such Collection Period (including for the avoidance of doubt any Equivalent Amount paid by the Originator) in respect of Portfolio 2007-2.
<b>“Collections 2007-2”</b>	means the Collections in relation to Portfolio 2007-2 and with a Collection Period commencing from the Purchase Date 2007-2.

<b>“Collections Account 2007-2”</b>	means, in relation to Portfolio 2007-2, the bank account held by the Issuer with a bank acceptable to the Trustee and the rating agencies for the receipt of all Collections 2007-2.
<b>“Completion Date”</b>	means the date on which the Issuer pays the Purchase Consideration pursuant to Purchase Contract 2007-2 and, in the case of Portfolio 2007-2, is also the Issue Date.
<b>“Coupon”</b>	means the amount specified under the terms of the Trust Deed 2007-2 as the agreed interest in respect of each Tranche of the Bonds.
<b>“Debenture 2007-2”</b>	means the debenture by the Issuer creating a first fixed charge over the Mortgage Assets of Portfolio 2007-2 in favour of the Security Agent.
<b>“Deed of Assignment 2007-2”</b>	means the deed executed concurrently with Purchase Contract 2007-2 for the assignment of the Mortgage Assets of Portfolio 2007-2 to the Issuer.
<b>“Deed of Warranties 2007”</b>	means the deed executed concurrent with the Master Sale and Purchase Agreement 2007 and pursuant to which warranties in relation to each purchase of a portfolio of Mortgage Assets and the remedies in relation to any breach of such warranties, are given or set forth.
<b>“Depository and Paying Agency Agreement 2007-2”</b>	means the agreement between, amongst others, the Issuer and Bank Negara Malaysia for Bank Negara Malaysia to act as the Central Depository and Paying Agent for the Bonds.
<b>“Eligibility Criteria”</b>	means the “Core Eligibility Criteria” which have to be fulfilled by all Mortgage Assets purchased from the Originator and the “Portfolio Eligibility Criteria” in relation to Portfolio 2007-2 which are set forth in Chapter 3 of this Information Memorandum.
<b>“Eligible Person”</b>	means a person eligible under the HLF Act to be provided by the GOM with Housing Facilities.
<b>“Enforcement Procedures”</b>	means the procedures established by the Servicer and generally applicable to the enforcement of the obligations of any Obligor or Security Provider under the relevant Mortgage Instruments.
<b>“Equivalent Amount”</b>	means in relation to any Mortgage Asset comprised in Portfolio 2007-2 for which the Issuer elects to be compensated pursuant to the Deed of Warranties 2007, such amount equivalent to and to be paid at the same time as the remaining Monthly Instalments payable under that Mortgage Asset after the date from which the Originator is required to commence payment of the Equivalent Amount.
<b>“Events of Default”</b>	means each of those events constituting a default on CMBS 2007-2.
<b>“GOM” or “Government”</b>	means the Government of Malaysia.
<b>“Government Employee”</b>	means any person in the employment of the Government under a valid contract of service with the Government.
<b>“GST”</b>	means goods and services tax.
<b>“Guidelines”</b>	means the Government’s guidelines (as amended from time to time) for the grant of Housing Facility(s).

<b>“HLF Act”</b>	means the Housing Loans Fund Act 1971 as amended, revised or re-enacted from time to time.
<b>“Home Financing”</b>	<p>means the financing or refinancing granted by the Originator to an Eligible Person for the purpose of:</p> <ul style="list-style-type: none"><li>(a) the purchase of a Bare Land or a Residential Unit; or</li><li>(b) the construction of a Residential Unit; or</li><li>(c) the renovation or refurbishment of a Residential Unit</li></ul> <p>which financing or refinancing was made in accordance with Syariah principles.</p>
<b>“Housing Loan”</b>	<p>means a loan granted by the Originator to an Eligible Person for the purpose of the financing or refinancing of:</p> <ul style="list-style-type: none"><li>(a) the purchase of a Bare Land or a Residential Unit; or</li><li>(b) the construction of a Residential Unit; or</li><li>(c) the renovation or refurbishment of a Residential Unit;</li></ul>
<b>“Housing Facility(s)”</b>	means collectively the Home Financing and/or the Housing Loan granted by the Originator to an Eligible Person.
<b>“Instalment Payment Date”</b>	means in relation to a Mortgage Transaction, the date on which a Monthly Instalment is payable.
<b>“Insurance Policies”</b>	means in relation to a Mortgage Transaction, any and all insurance or takaful policies in respect of or covering the relevant Obligor and or the relevant Mortgaged Property including any MRTA Policy and or Residential Unit Policy.
<b>“Insurance Providers”</b>	means Takaful Nasional Sdn Berhad and Malaysia National Insurance Berhad, the takaful/insurance companies providing the MRTA Policies and the Residential Unit Policies for the Mortgaged Properties in Portfolio 2007-2.
<b>“Interest Payment Date”</b>	means each date for the payment of interest on CMBS 2007-2.
<b>“Issue Date”</b>	means the date of issue of CMBS 2007-2.
<b>“Issue Documents”</b>	<p>means the agreements related to and executed in connection with the issue of CMBS 2007-2 and include:</p> <ul style="list-style-type: none"><li>(a) the Subscription Agreement 2007-2;</li><li>(b) the Trust Deed 2007-2;</li><li>(c) the Administration Services Documents 2007-2;</li><li>(d) the Depository and Paying Agency Agreement 2007-2;</li><li>(e) the Security Documents 2007-2; and</li></ul>

	(f) the Agency Agreement 2007-2.
<b>“Issuer”</b>	means CMBS.
<b>“Joint Lead Arrangers”</b>	means AmlInvestment and CIMB.
<b>“Joint Lead Managers”</b>	means AmlInvestment and CIMB.
<b>“Joint Principal Advisers”</b>	means AmlInvestment and CIMB.
<b>“Land Code”</b>	means the National Land Code (Act 56 of 1965), the Land Ordinance of Sabah (Cap 68) or the Land Code (Cap 81) of Sarawak, as the case may be, including any amendment, revision or re-enactment from time to time.
<b>“Laws”</b>	means any law (including common law), constitution, statute, ordinance, treaty, regulation, rule, guidelines, directives, orders, decrees, judgments or awards of any legislative, statutory, judicial or administrative body or entity.
<b>“MARC”</b>	means Malaysian Rating Corporation Berhad (Company No. 364803-V).
<b>“Master Sale and Purchase Agreement 2007”</b>	means the master agreement dated 18 May 2007 between the Originator and the Issuer for the sale from time to time by the Originator of Mortgage Assets to the Issuer.
<b>“Maturity Date”</b>	means, in respect of each Tranche, the date on which the principal amount of that Tranche is to be redeemed in accordance with the Trust Deed 2007-2.
<b>“Monthly Instalment”</b>	means the instalments payable by the Obligor monthly or at such other interval as may be agreed upon between the Obligor and the Originator in accordance with the terms and conditions of a Mortgage Transaction and shall include any variations thereof from time to time.
<b>“Monthly Pension”</b>	means the monthly amount, without deductions, receivable by a Pensioner as her/his basic pension.
<b>“Monthly Salary”</b>	means the monthly amount, without deductions, receivable by a Government Employee as her/his basic salary.
<b>“Mortgage Assets”</b>	means all of the rights, titles, interests and benefits of the Originator in, to, under and in respect of Mortgage Transactions that are sold and assigned to the Issuer by the Originator pursuant to or under the Master Sale and Purchase Agreement 2007 and a Purchase Contract and includes all amounts to be collected under such Mortgage Transactions and all charges, guarantees, insurances and other rights in connection thereto, including any proceeds from recoveries.
<b>“Mortgage Charge”</b>	means a legal charge registered under the relevant Land Code to secure a Mortgage Transaction.
<b>“Mortgage Instrument”</b>	means any agreement, charge, assignment or other instrument or document creating and or evidencing a lien or other security interest on each Mortgaged Property securing the Housing Facilities (as the case may be) and includes any guarantee and/or indemnity and/or any other security instrument (if any) relating to or connected with such Mortgage

	Instrument.
<b>“Mortgage Transaction”</b>	means a Housing Facility but, in relation to Portfolio 2007-2, refers only to a Housing Loan.
<b>“Mortgaged Property”</b>	means Bare Land or a Residential Unit which is the subject of a Mortgage Transaction.
<b>“MRTA Policy”</b>	means a mortgage reducing term assurance policy insuring repayment of at least the Outstanding Principal Amount of a Mortgage Transaction in the case, inter alia, of the death of the Obligor.
<b>“Obligor”</b>	means an Eligible Person(s) who is the GOM’s counterparty to a Mortgage Transaction.
<b>“Operating Account”</b>	means the existing account that has been opened and maintained by the Issuer for the receipt of, inter alia, amounts which are required to be paid into such account from the Collections Account 2007-2.
<b>“Originator”</b>	means the GOM.
<b>“Outstanding Amount”</b>	means that amount at any point in time which an Obligor would need to pay in a single lump sum in order to satisfy and discharge her/his obligations and liabilities to the GOM under her/his Mortgage Transaction.
<b>“Outstanding Principal Amount”</b>	means the amount of the principal outstanding on a Mortgage Transaction.
<b>“Outstanding Repurchase Value”</b>	means, in relation to a portfolio of Mortgage Assets to be repurchased by the Originator, the lower of the Purchase Consideration in relation to that portfolio or the Outstanding Principal Amount at the Repayment Date applicable of that portfolio.
<b>“Paying Agent”</b>	means BNM as Paying Agent for the Bonds.
<b>“Pensioner”</b>	means an Eligible Person who has retired and has become entitled to a pension from the GOM.
<b>“Portfolio 2007-2”</b>	means the pool of Mortgage Assets the subject of this Information Memorandum and described in Chapter 3 of this Information Memorandum.
<b>“Purchase Consideration”</b>	means the amount agreed in the Purchase Contract 2007-2 as the consideration payable by the Issuer to the Originator for the sale and purchase of the Mortgage Assets the subject of Purchase Contract 2007-2.
<b>“Purchase Contract Date”</b>	means the date of a Purchase Contract.
<b>“Purchase Contract Date 2007-2”</b>	means the date of Purchase Contract 2007-2.
<b>“Purchase Contract”</b>	means an agreement (and the schedules, annexures or attachments thereto) between the Originator and the Issuer for the purchase of any portfolio of Mortgage Assets.

<b>“Purchase Contract 2007-2”</b>	means the agreement on or about the date of the Trust Deed 2007-2 for the purchase by the Issuer of Portfolio 2007-2.
<b>“Purchase Date”</b>	means the date before, current with or after the Purchase Contract Date, as specified in a Purchase Contract, from which the Collections relating to the Mortgage Assets the subject of the Purchase Contract are sold or deemed sold to the Issuer.
<b>“Purchase Date 2007-2”</b>	means 28 February 2007.
<b>“RAM”</b>	means RAM Rating Services Berhad (Company No. 763588-T).
<b>“Remaining Tenure”</b>	means the unexpired Tenure of the Mortgage Transactions from the Purchase Date.
<b>“RENTAS”</b>	means Real Time Electronic Transfer of Funds and Securities System.
<b>“Reporting Accountants”</b>	means Ernst & Young, the firm of accountants appointed as Reporting Accountants in relation to the issue of the Bonds.
<b>“Repurchase Date”</b>	means the date specified by the Issuer as the date on which the Originator is to repurchase all the outstanding Mortgage Assets of a portfolio and pay the Outstanding Repurchase Value in accordance with the terms of the Deed of Warranties 2007.
<b>“Residential Unit Policy”</b>	means the insurance policy insuring a Residential Unit against, amongst others, specified risk of loss or damage.
<b>“Residential Unit”</b>	means a unit of property intended primarily for residential purposes and shall include a house, condominium, unit, apartment, flat or shophouse.
<b>“SC”</b>	means the Securities Commission of Malaysia.
<b>“Security Agent”</b>	means Malaysian Trustee Berhad (Company No. 21666-V)
<b>“Security Documents 2007-2”</b>	means the documents executed as security for the Bonds and include:  (a) the Debenture 2007-2;  (b) the Charge over Collections Account 2007-2; and  (c) the Assignment of Contractual Rights 2007-2.
<b>“Security Provider”</b>	means any person, other than the Obligor, providing security for a Mortgage Transaction and includes any of the Insurance Providers.
<b>“Servicer Bonus”</b>	means bonus payment to the Servicer subject to Portfolio Performance Criteria and Servicer Performance Criteria.
<b>“Servicer Fee”</b>	means the fee payable to the Servicer.
<b>“Servicer”</b>	means the Originator.
<b>“Servicing Agreement 2007-2”</b>	means the servicing agreement between the Issuer, the Originator, Transaction Administrator and the Trustee in relation to Portfolio 2007-2.
<b>“SSTS”</b>	means Scripless Securities Trading System.

<b>“Subscription Agreement 2007-2”</b>	means, the agreement to be executed in connection with the issue of CMBS 2007-2.
<b>“Sum Assured”</b>	means amount obliged to be paid by any of the Insurance Providers to the relevant Obligor as defined under the relevant Insurance Policies undertaken.
<b>“Tenure”</b>	means the tenure of a Mortgage Transaction as varied from time to time.
<b>“the Code”</b>	means the Rules on the Scripless Securities under the Real Time Electronic Transfer of Funds and Securities (RENTAS) System.
<b>“Title Documents”</b>	means the issue documents of title to the Mortgaged Properties.
<b>“Tranche”</b>	means each series of the Bonds and referred to respectively as Tranches 2007-2/1 to 2007-2/7.
<b>“Transaction Administration Agreement 2007-2”</b>	means the agreement between Cagamas and the Issuer pursuant to which Cagamas provides, inter alia, services to the Issuer in relation, amongst others, to the purchase of Portfolio 2007-2, the issue of the Bonds and the assessment and reconciliation of data in relation to the Mortgage Assets.
<b>“Transaction Documents”</b>	<p>means the agreements related to and in connection with the sale and purchase of Portfolio 2007-2 and include:</p> <ul style="list-style-type: none"><li>(a) the Purchase Contract 2007-2;</li><li>(b) the Deed of Assignment 2007-2;</li><li>(c) the Servicing Agreement 2007-2;</li><li>(d) the Master Sale and Purchase Agreement 2007; and</li><li>(e) the Deed of Warranties 2007.</li></ul>
<b>“Trust Deed 2007-2”</b>	means the trust deed between the Issuer, the Trustee and the Security Agent relating to the Bonds and appointing the Trustee and the Security Agent to act for and on behalf of the Bondholders.
<b>“Trustee”</b>	means Malaysian Trustees Berhad (Company No. 21666-V).
<b>“VAT”</b>	means value added tax.

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## 1 INTRODUCTION

### 1.1 Overview

The Government of Malaysia ("**GOM**" or the "**Originator**") through its Housing Loans Division (*Bahagian Pinjaman Perumahan* or "**BPP**") grants Housing Facilities to public sector employees pursuant to the HOUSING LOANS FUND ACT 1971 (ACT 42).

In April 2004, the GOM appointed Cagamas to securitise GOM's Housing Facilities. The mandate is not limited to the existing outstanding portfolio of Housing Loans and Home Financing and extends to all future GOM Housing Loans and Home Financing. As at 23 July 2007, approximately RM20.54 billion of Housing Facilities (in Outstanding Principal Amount) remain outstanding (excluding Housing Facilities sold pursuant to CMBS' previous securitisations in October 2004, August 2005, December 2005, May 2007 and those earmarked for Portfolio 2007-2).

For the purposes of the securitisation exercise, Cagamas incorporated a subsidiary, Cagamas MBS Berhad (the "**Issuer**" or "**CMBS**"). CMBS will purchase Housing Facilities progressively from BPP and will issue asset backed securities to raise the purchase consideration for such purchases.

In October 2004, CMBS completed the first securitisation of a portfolio of Housing Facilities serviced by Pensioners. It involved the issuance of CMBS 2004-1 in the form of RM1.555 billion of asset-backed fixed rate bonds and the purchase of Housing Facilities with an aggregate Outstanding Principal Amount of approximately RM1.94 billion.

In August 2005, CMBS completed the second securitisation of a portfolio of Housing Facilities serviced by Government Employees and Pensioners. It involved the issuance of CMBS 2005-1-i in the form of RM2.05 billion of asset-backed fixed rate Sukuk Musyarakah and the purchase of Housing Facilities with an aggregate Outstanding Principal Amount of approximately RM2.84 billion.

In December 2005, CMBS completed the third securitisation of a portfolio of Housing Facilities serviced by Government Employees and Pensioners. It involved the issuance of CMBS 2005-2 in the form of RM2.06 billion of asset-backed fixed rate bonds and the purchase of Housing Facilities with an aggregate Outstanding Principal Amount of approximately RM 2.898 billion.

In May 2007, CMBS completed the fourth securitisation of a portfolio of Housing Facilities serviced by Government Employees and Pensioners. It involved the issuance of CMBS 2007-1-i in the form of RM2.11 billion of asset-backed fixed rate Sukuk Musyarakah and the purchase of Housing Facilities with an aggregate Outstanding Principal Amount of approximately RM2.538 billion.

### 1.2 Brief Description of the Securitisation Transaction

This transaction, involving the issue of Bonds, is the fifth in CMBS' ongoing securitisation programme of GOM Housing Facilities. The Issuer, CMBS, will purchase from the Originator, the GOM, a portfolio of Housing Loans granted to Eligible Persons (serviced by Government Employees and Pensioners) ("**Mortgage Transactions**") together with all amounts to be collected under such Mortgage Transactions and all charges, guarantees, insurances and other rights in connection thereto (the "**Mortgage Assets**"). The aggregate Outstanding Principal Amount of Portfolio 2007-2 is RM3.016 billion. The Monthly Instalments of these Mortgage Transactions will be deducted at source from the Monthly Salary or Monthly Pension payable to the relevant Obligor. The Mortgage Transactions are covered by Residential Unit Policies and MRTA Policies.



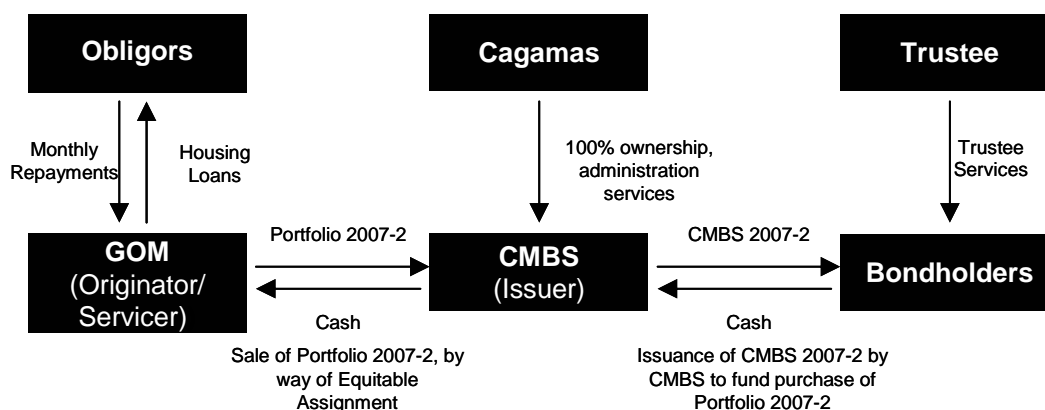
CMBS will issue asset-backed securities of RM2.41 billion in nominal value and utilise the proceeds to settle in whole the purchase consideration payable to the Originator for Portfolio 2007-2, in payment of the fees, costs and expenses relating to the distribution of the Bonds and, any excess, to be paid into the Collections Account 2007-2. The Monthly Instalments of these Mortgage Transactions will be received from the Originator on a quarterly basis and utilised for the payment of senior expenses, interest and redemption of principal.

Malaysian Rating Corporation Berhad (“**MARC**”) and RAM Rating Services Berhad (“**RAM**”) have reviewed the transaction structure and performed collateral analysis on Portfolio 2007-2. After taking into account *inter alia* that (i) a portion of the cash flow from Portfolio 2007-2 is scheduled for payment after the ultimate legal maturity of the Bonds; and (ii) the interest rate of the Mortgage Transactions in Portfolio 2007-2 is lower than the interest rate under the Bonds; the overcollateralisation of 125.1% is sufficient for both MARC and RAM to assign a rating of AAA to the Bonds.

The GOM, in its capacity as the Servicer, will continue to administer the Mortgage Transactions after the securitisation exercise, through the BPP.

Malaysian Trustees Berhad has been appointed as the Trustee and the Security Agent for the transaction. The Transaction Administrator and the Administrator for CMBS will be Cagamas, who will receive quarterly or other periodic servicer reports on the Collections 2007-2 from BPP and reconcile, amongst others, the amounts received against the amounts expected to be received.

Please refer to the following diagram for a graphical illustration of the securitisation transaction.



### 1.3 Salient Characteristics of the Bonds

Issuer	: Cagamas MBS Berhad
Originator/Servicer	: Government of Malaysia
Trustee/ Security Agent	: Malaysian Trustees Berhad
Transaction Administrator/Administrator	: Cagamas Berhad
Central Depository and Paying Agent	: Bank Negara Malaysia
Rating Agencies	: Malaysian Rating Corporation Berhad RAM Rating Services Berhad

Description of the Bonds	<p>The Bonds will be issued in tranches with different maturities.</p> <p>The Bonds will be issued within six (6) months from the date of the approval of the issue by the Securities Commission.</p> <p>The Bonds are issued on a limited recourse basis. This means that holders of the Bonds will have only the benefit of Portfolio 2007-2 and the Collections 2007-2 or proceeds of realisation thereof and limited recourse to the counterparties to the Administration Services Documents 2007-2 and Transaction Documents for any breach of those agreements, to satisfy their right to receive payment of interest and redemption of principal.</p> <p>The payment of the Collections from Portfolio 2007-2 or the proceeds of realisation thereof shall constitute a complete discharge of the Issuer's duties and obligations in relation to the Bonds and the holders of the Bonds waive all claims against the Issuer or any of its other assets in respect of any duties and obligations of the Issuer, which but for such waiver, the Issuer would be subject to under or in connection with the Bonds.</p> <p>Holders of the Bonds will also be deemed to have agreed (by their investment in or purchase of a Bond or the holding of a beneficial interest therein) not to petition for or join any person in petitioning for the winding up of the Issuer or otherwise institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceedings under any applicable laws.</p> <p>Note: There is no cross default provision among the Events of Default except for the Issuer's other indebtedness not being in respect of securities issued in relation to the securitisation of staff Housing Facilities from the Government. In the event of any future issue of securities by the Issuer, a default on or in respect of such future securities or any existing securities will not, by reason solely of such default entitle holders of CMBS 2007-2 to declare an Event of Default on or in respect of CMBS 2007-2. The event or events giving rise to such default on such future or existing securities may, however, constitute events falling within any of the Events of Default of CMBS 2007-2, in which case, an Event of Default can be declared on CMBS 2007-2.</p>
Amount	: RM2.41 billion in Nominal Value
Joint Principal Advisers, Joint Lead Arrangers	: AmInvestment and CIMB
Facility Agent	: CIMB
Joint Lead Managers	: AmInvestment and CIMB
Security	<p>The Bonds will be secured against the portfolio of Mortgage Assets of Portfolio 2007-2 and the security created pursuant to the Security Documents 2007-2 but is otherwise without recourse to the Issuer or any of its other assets. Such security will be created in favour of the Security Agent and will consist of the following:</p> <p>(a) A debenture by the Issuer creating a first fixed charge over the Mortgage Assets in Portfolio 2007-2 ("Debenture 2007-2");</p>

- (b) A legal assignment and a charge over the Collections Account 2007-2 and monies standing to the credit of the same ("Charge over Collections Account 2007-2"); and
- (c) A legal assignment of all rights, benefits, interest and title, present and future, of the Issuer in, to and under the Purchase Contract 2007-2, the Deed of Assignment 2007-2, the Servicing Agreement 2007-2 and the Administration Services Documents 2007-2 ("Assignment of Contractual Rights 2007-2").

Tranches

The Bonds will be issued in the following tranches:

<u>Tranche</u>	<u>Tenure (months)</u>
Tranche 2007-2/1	36
Tranche 2007-2/2	60
Tranche 2007-2/3	84
Tranche 2007-2/4	120
Tranche 2007-2/5	144
Tranche 2007-2/6	180
Tranche 2007-2/7	240

Coupon Rate (%)	:	<u>Tranche</u>	<u>Interest Rate (% pa)</u>
		Tranche 2007-2/1	4.00%
		Tranche 2007-2/2	4.10%
		Tranche 2007-2/3	4.28%
		Tranche 2007-2/4	4.52%
		Tranche 2007-2/5	4.70%
		Tranche 2007-2/6	4.90%
		Tranche 2007-2/7	5.08%

Coupon payment frequency : Coupon is payable quarterly in arrears from the date of issuance (each date of payment of interest, an "Interest Payment Date" save for the last payment which shall be made on a Maturity Date) in respect of each tranche as the date on which the tranche is to be redeemed by the Issuer in accordance with the Trust Deed 2007-2.

Interest will be calculated on the basis of actual number of days elapsed and a 365-day year.

Rating : Credit Rating Assigned: AAA

Rating Agency: MARC

Rating Definition: AAA *Indicates that the ability to repay principal and pay interest on a timely basis is extremely high.*

Credit Rating Assigned: AAA

Rating Agency: RAM

Rating Definition: *Issues rated AAA are judged to be of the best quality and offer the highest safety for timely payment of interest and principal.*

Selling Restrictions : The Bonds may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons to whom the offer or invitation to purchase the Bonds would fall within:

- (a) at the point of issuance of the Bonds, Schedule 2 or Section 38(1)(b) and Schedule 3 or Section 39(1)(b) and Schedule 5 or Section 66(3) of the Securities Commission Act 1993 as amended from time to time (the "SCA"); and
- (b) after the issuance of the Bonds, Schedule 2 or Section 38(1)(b) and Schedule 5 or Section 66(3) of the SCA.

In addition, if any offer or sale of these Bonds or any distribution of any document or other material in connection therewith is to be conducted in any jurisdiction other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale or distribution.

Listing : The Bonds will not be listed on the Bursa Malaysia Securities Berhad or any other stock exchange.

The detailed terms and conditions of the Bonds are set forth in Chapter 6 of this Information Memorandum.

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## **2 THE SECURITISATION STRUCTURE**

The transaction is the securitisation of a portfolio of Mortgage Assets (the "Portfolio 2007-2") originated by the GOM. The securitisation is effected through a sale of Portfolio 2007-2 to CMBS for a cash consideration. The Issuer will fund the purchase through the issuance of the Bonds.

### **2.1 Sale of the Mortgage Assets**

#### **2.1.1 Overview of the Sale**

The seller is the GOM (as the Originator) acting through the BPP and the purchaser is the Issuer. The Mortgage Assets which are being sold as Portfolio 2007-2 constitute Mortgage Transactions which are being serviced by Obligors currently in the service of the GOM receiving Monthly Salaries or Pensioners receiving Monthly Pensions. The Monthly Instalments for the Mortgage Transactions will be deducted at source from the Monthly Salaries or the Monthly Pensions payable to the Obligors. It is a criterion of the sale that the Monthly Salaries or Monthly Pensions received by the Obligors are adequate to service the Monthly Instalments under the Mortgage Transactions.

#### **2.1.2 Nature of the Sale**

The Originator has entered into the Master Sale and Purchase Agreement 2007 with the Issuer. The sale of Portfolio 2007-2 will be pursuant to Purchase Contract 2007-2 which will specify the commercial terms applicable in respect of the purchase of that portfolio but will otherwise incorporate the terms of the Master Sale and Purchase Agreement 2007 and the Deed of Warranties 2007. Portfolio 2007-2 will be more particularly identified in a summary of the relevant Mortgage Transactions annexed to Purchase Contract 2007-2. The sale and purchase will be of all the rights, titles, interests and benefits of the Originator in the Mortgage Assets on and as of the Purchase Date 2007-2 and in consideration of the Issuer paying to the Originator the Purchase Consideration on the Completion Date. The Originator also agrees to service and administer all Mortgage Assets sold in accordance with the terms of the Servicing Agreement 2007-2.

The Originator may, pursuant to the Master Sale and Purchase Agreement 2007, enter into future Purchase Contracts with the Issuer for the sale of other portfolios of Mortgage Assets.

The Originator makes various representations and warranties under the Deed of Warranties 2007 which are incorporated into the Purchase Contract 2007-2. The Originator also warrants that the information set forth in the summary of the relevant Mortgage Transactions is true and accurate and not misleading and that the portfolio of the Mortgage Assets sold pursuant to the Purchase Contract 2007-2 satisfies the Eligibility Criteria up to the Completion Date.

#### **2.1.3 Legal True Sale and Equitable Assignment**

Zaid Ibrahim & Co., in its capacity as the Transaction and Issuer's Legal Counsel, has furnished an opinion to confirm that the sale of Mortgage Assets by the Originator under the Master Sale and Purchase Agreement 2007 will be a "true sale" by way of an equitable absolute assignment for legal purposes and no notification will be required to be given to the Obligors or any Security Provider or any other person. The equitable absolute assignment is by the Deed of Assignment 2007-2 executed concurrent with the Purchase Contract 2007-2. The Issuer is entitled, however, to require a legal transfer of the Mortgage Transactions. The Issuer bears the risk of default by an Obligor or any Security Provider under the Mortgage Transactions.

In addition, the Trustee may give or require that notice be given to the Obligors or any Security Provider of the sale of the Mortgage Assets once an Event of Default has occurred and upon such notification, an absolute and perfected legal assignment will be created. The Trustee may then require the Obligors to make payments directly to the Collections Account 2007-2, may require registration of the Mortgage Charges in the name of CMBS, may require the Insurance Providers to recognize CMBS as the loss payee and otherwise require the execution and delivery of such documents and deeds as may be necessary to perfect the title of CMBS to the Mortgage Assets.

#### **2.1.4 Terms of the Sale**

Portfolio 2007-2 will be the subject of Purchase Contract 2007-2 dated on or about the date of the Trust Deed 2007-2.

The principal commercial terms of the sale are as follows:

- (a) the portfolio size is determined and Portfolio 2007-2 is purchased as of 28 February 2007. The Issuer is purchasing, inter alia, all rights to Portfolio 2007-2 and Collections 2007-2 therefrom on and from the Purchase Date 2007-2.
- (b) the aggregate Outstanding Principal Amount on the Mortgage Transactions of Portfolio 2007-2 is RM3.016 billion as at Purchase Date 2007-2.
- (c) the Purchase Consideration will be settled in cash to the Originator on the Issue Date of the Bonds.
- (d) the Housing Facility(s) Portfolio 2007-2 must satisfy an agreed list of Eligibility Criteria
- (e) the Originator will act as the servicer and remit quarterly Collections from Portfolio 2007-2 seven (7) months in arrears from the date of commencement of the relevant quarter. Thus Collections for the months of March, April and May 2007 will be remitted by October 2007 and so on.

#### **2.1.5 Mortgage Assets**

The Mortgage Assets of Portfolio 2007-2 include, the Originator's rights, benefits, titles and interests in and to the relevant Mortgage Transactions and Mortgage Instruments and all amounts to be collected under the Mortgage Transactions and all charges, guarantees and insurances and other rights in connection thereto, including any proceeds from recoveries.

#### **2.1.6 Purchase Consideration**

The price to be paid for Portfolio 2007-2 on the Completion Date will equal the fair value of the Mortgage Assets as at the Purchase Contract Date 2007-2 and will be settled fully in cash.

The fair value has been agreed between the Originator as a willing seller and the Issuer as a willing buyer and is based on a discounted cash flow calculation using agreed assumptions – see *Section 3.4.3 of Chapter 3 of this Information Memorandum for the assumptions.*

### **2.1.7 Cancellation**

In the event the Purchase Consideration is not paid by the Completion Date, the Purchase Contract 2007-2 shall be terminated unless otherwise agreed by the parties. In that case the issue of the Bonds will be aborted but without prejudice to any other future issue.

## **2.2 Issuance of Bonds**

The Issuer will issue the Bonds comprising seven (7) Tranches with maturities of 3, 5, 7, 10, 12, 15 and 20 years.

Holders of the Bonds will be limited in their recourse to Portfolio 2007-2 underlying the Bonds and the proceeds from or the realisation of the Portfolio 2007-2 and security under the Security Documents 2007-2. Save for such recourse, Bondholders have no claims against the Issuer or any of its other assets in respect of any liability of the Issuer under the Bonds.

### **2.2.1 Partial Early Redemption Option**

In the event of prepayments on the Mortgage Transactions resulting in Collections 2007-2 being in excess of forecast cashflows, the Issuer may on giving not less than thirty (30) nor more than sixty (60) days' notice to the Trustee and the holders of the Bonds (which notice shall be irrevocable) and by using Collections 2007-2, on any Bond maturity date, redeem Tranche 2007-2/6 and Tranche 2007-2/7 being the last two tranches of the Bonds, such that redemption on Tranche 2007-2/6 shall occur only after Tranche 2007-2/7 is fully redeemed. Each such redemption shall be for a par value of the Bonds in multiples of RM1,000 and on condition that after such redemption there will remain credited to the Collections Account 2007-2 a minimum amount (the "Required Prepayment Balance") of RM90 million.

### **2.2.2 Optional Redemption in Full**

The Issuer may redeem all (but not some only) outstanding Bonds on any Interest Payment Date falling after the date on which the amount of the Outstanding Principal Amount on Portfolio 2007-2 is equal to or less than ten percent (10%) of the Outstanding Principal Amount on the Issue Date by giving not less than thirty (30) nor more than sixty (60) days' notice to the Trustee and the Bondholders (which notice shall be irrevocable). Such redemption shall be at the amount given by the formula set forth below.

### **2.2.3 Mandatory Redemption in Full**

Under the terms of the Deed of Warranties 2007, which are incorporated into Purchase Contract 2007-2, the occurrence of any of the following events which in the opinion of the Issuer affects the entire Portfolio 2007-2 will, by written notice from the Issuer, oblige a repurchase by the Originator of the entire outstanding Portfolio 2007-2:

- (a) the failure by the Originator to comply with any applicable law with respect to the Mortgage Assets;
- (b) the failure to vest and maintain vested in the Issuer a perfected ownership interest in the Mortgage Assets, free and clear of any encumbrances;
- (c) any successful dispute, claim or defence of an Obligor to the legality and enforceability of any Mortgage Assets and such dispute, claim or defence would be applicable to all Mortgage Assets;



- (d) any successful attempt by any person to avoid, rescind or set-aside any transfer by the Originator to the Issuer of the Mortgage Assets under any law, including any bankruptcy law or other insolvency law, and such avoidance, rescission or setting aside would be applicable to all Mortgage Assets.

Such redemption shall be at an amount given by the formula set forth below.

The repurchase will be for a consideration which is the lower of the Purchase Consideration or the Outstanding Principal Amount at the relevant date for the repurchase of the entire portfolio.

In such circumstances, the Issuer shall cancel and redeem all (but not some only) of the outstanding Bonds on the Interest Payment Date falling after the date on which the Originator repurchases the entire Portfolio 2007-2.

#### 2.2.4 Formula for Optional/Mandatory Redemption in Full

Redemption of the Bonds under paragraphs 2.2.2 and 2.2.3 shall be at an amount given by the following:

$$\text{Early Redemption Proceeds ("ERS")} = \frac{(\text{PB} \times \text{ERP})}{100}$$

where:

PB = aggregate nominal value of the Bonds to be redeemed

ERP = redemption amount per RM100 of the nominal value of the Bonds to be redeemed (rounded to the nearest 5 decimal places) subject to a minimum of RM100 calculated based on the formula set out below.

$$\text{ERP} = \left( \frac{100}{\left(1 + \frac{\text{YTM}}{4}\right)^{(N-1)}} \right) + \left( \sum_{k=1}^N \frac{\left(100 \times \frac{\text{Coupon}}{4}\right)}{\left(1 + \frac{\text{YTM}}{4}\right)^{(k-1)}} \right)$$

For the purposes of calculating the ERP, the following variables are used:

- (a) Coupon = the interest rate applicable to the relevant Tranche;
- (b) YTM = the lower of (i) the Coupon applicable to the relevant Tranche or (ii) the yield to maturity of Reference Malaysian Government Securities plus a spread of 25 basis points.

Reference Malaysian Government Securities shall be Malaysian Government Securities for tenures which are equal to the remaining tenure of the Tranche being redeemed and shall be determined from:

- (1) the latest Consolidated Government Securities Rates published by BNM weekly, two (2) Business Days prior to the date of issue of the notice of redemption;

or, if that published rate is unavailable:

- (2) the arithmetic average of the mid-rates quoted by any five (5) Principal Dealers (being dealers in securities as appointed by BNM

from time to time to bid at primary issues of Malaysian Government Securities), two (2) Business Days prior to the date of issue of the notice of redemption.

In the case where the rate for a particular tenure is not available directly, then such a rate shall be extrapolated on a linear basis using the available arithmetic average mid-rates, provided that if the tenure of the tranche is not an integer, the Reference Malaysian Government Securities shall be the arithmetic mean of the rates of the two (2) nearest tenures derived from (1) or (2) above.

- (c) N = number of interest payments to be made between Maturity Date and the date of redemption, inclusive of both the Maturity Date and the date of redemption.

## **2.3 Servicing Function**

### **2.3.1 Servicing by the Originator**

Pursuant to the Servicing Agreement 2007-2 between the Originator, the Issuer, the Transaction Administrator and the Trustee, the Originator will act as the Servicer of the Mortgage Assets of Portfolio 2007-2 for a specified fee.

The Servicer will provide certain services to the Issuer in relation to the Mortgage Assets and these include but are not limited to:

- (a) the collection of all amounts from the Mortgage Assets in Portfolio 2007-2;
- (b) the payment of Collections 2007-2 to the Collections Account 2007-2;
- (c) the provision of quarterly servicer reports summarising the amount of Collections 2007-2, prepayments and any other payments received, delinquency and default information;
- (d) the keeping of records, books, accounts and data in relation to each Mortgage Transaction in Portfolio 2007-2;
- (e) using its best efforts to maintain the relevant Insurance Policies; and
- (f) the taking of action for the realisation of any Mortgage Asset in relation to which there has been any default by the Obligor thereto.

Information on the Servicer is further provided in Chapter 10 of this Information Memorandum.

### **2.3.2 Servicing of the Bonds by the Issuer**

The Issuer will receive quarterly payments from the Originator and this will be credited into the Collections Account 2007-2.

The monies in the Collections Account 2007-2 will be used for payments in the following order:

- (a) to the payment to the Issuer's existing Operating Account as and when due of such amount as is computed by the Transaction Administrator as the amount of the tax liability of the Issuer in respect of Portfolio 2007-2 (such computation to take into account amounts previously paid from the Collections Account 2007-2 to the credit of the existing Operating Account);

- (b) to the payment of all fees and expenses of the Trustee, the Security Agent, the Facility Agent, the Paying Agent, the Central Depository and the rating agencies to the extent such fees and expenses having fallen due but have not been paid by the Transaction Administrator;
- (c) to the payment on each Interest Payment Date of the Servicer Fee on Portfolio 2007-2 and the payment as and when due of any amounts required for the perfection or enforcement of any rights under or in connection with any Mortgage Assets of Portfolio 2007-2;
- (d) to the payment on each Interest Payment Date of the fees due and payable to the Transaction Administrator and the Administrator;
- (e) if so required, to the payment of any Obligor who is not then in default of any of its payment obligations under a Mortgage Asset, of an amount equal to any Excess Amount paid by such Obligor in relation to a Mortgage Asset in Portfolio 2007-2; where "Excess Amount" means any amount paid by the Obligor which it was not contractually obliged to pay at the time it made the relevant Excess Amount payment;
- (f) to the payment of interest due and payable on CMBS 2007-2;
- (g) to redeem CMBS 2007-2 according to their Maturity Dates until all maturing CMBS 2007-2 are fully redeemed;
- (h) to the payment of Servicer Bonus as specified in the Servicing Agreement 2007-2 upon the Servicer meeting criteria agreed with the rating agencies relating to the performance of Portfolio 2007-2 and the Servicer's performance in carrying out its duties; and
- (i) prior to the respective Maturity Dates of CMBS 2007-2, to early redemption pursuant to the options for early redemption.

Following the declaration of an Event of Default, the priority of payment changes to the following:

- (a) to the payment to its existing Operating Account of such amount as is computed by the Transaction Administrator as the amount of the tax liability of the Issuer in respect of Portfolio 2007-2 (such computation to take into account amounts previously paid from the Collections Account 2007-2 to the credit of its existing Operating Account);
- (b) towards payment of all fees and expenses of the Trustee, the Security Agent, the Facility Agent, the Paying Agent, the Central Depository and the rating agencies to the extent such fees and expenses having fallen due but have not been paid by the Transaction Administrator;
- (c) towards payment of all fees, costs and expenses incurred or to be incurred by the Security Agent in the enforcement of the Security Documents 2007-2 and/or in connection with or incidental to disposal or winding up of Portfolio 2007-2;
- (d) towards the payment to the Servicer of its accrued and unpaid fees, costs and expenses;
- (e) pro-rata payment of interest on CMBS 2007-2;

- (f) pro-rata redemption until all of CMBS 2007-2 and all other amounts payable to the holders of CMBS 2007-2 have been paid in full;
- (g) towards payment to the Transaction Administrator and the Administrator of their accrued and unpaid fees; and
- (h) payment of any surplus to the Issuer.

Amounts paid in respect of fees and expenses having fallen due but have not been paid by the Transaction Administrator and which the Transaction Administrator is liable for are recoverable against the Transaction Administrator.

## 2.4 Application of Funds

With regards to the proceeds of issue of the Bonds, their application is as follows:

- (a) in payment of the fees, costs and expenses relating to the issue and distribution of CMBS 2007-2;
- (b) in settlement in whole of the Purchase Consideration payable to the Originator for Portfolio 2007-2; and
- (c) any excess from (a) and (b) above to be credited to Collections Account 2007-2.

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### 3 THE MORTGAGE POOL – PORTFOLIO 2007-2

#### 3.1 Mortgage Assets

The Mortgage Assets of Portfolio 2007-2 consist of Housing Loans outstanding from Obligor currently in the service of the GOM and receiving Monthly Salaries and/or Pensioners receiving Monthly Pensions. The criterion for the Monthly Salary received by Government Employees and the Monthly Pension received by the Pensioners is that it is adequate to service the Monthly Instalments.

#### 3.2 Eligibility Criteria

There are certain Core Eligibility Criteria for the purchase of all Mortgage Assets (including those comprised in future portfolios). In addition, there will be Portfolio Eligibility Criteria applicable to each portfolio.

The Originator will represent that each Mortgage Transaction within a portfolio satisfies the Core Eligibility Criteria and the Portfolio Eligibility Criteria. In the event of a breach of such representation, in relation to any Mortgage Transactions, the Originator will at the election of the Issuer, compensate the Issuer by payment of the Equivalent Amount or replace such Mortgage Transaction with another Mortgage Transaction acceptable to the Issuer.

The Core Eligibility Criteria, applicable to each Mortgage Transaction in a portfolio, is that it must meet the following criteria as at the Purchase Contract Date:

- (a) it is absolutely beneficially owned by the Originator free from all encumbrances other than in favour of the Originator;
- (b) it was created in accordance with the Guidelines of the Originator for the grant of Housing Loans or Home Financing and credit standards no less stringent than those generally applied by the Originator;
- (c) it is a Mortgage Transaction which is a legal, valid and binding obligation of the related Obligor and where applicable, related Security Provider enforceable against such Obligor and where applicable, related Security Provider in accordance with its terms, subject to applicable bankruptcy or insolvency related exceptions;
- (d) to the best knowledge of the Originator, it is a Mortgage Transaction which the relevant Obligor has not exercised or indicated an intention to exercise the option of early settlement/prepayment, any right of rescission, set-off, counterclaim or defence (including the defence of usury);
- (e) all amounts required to be paid for the purchase of the Mortgaged Property, the subject of the Mortgage Transaction, have been paid;
- (f) it is not a Mortgage Transaction which the Originator is prohibited or restricted by law, contract or otherwise from effecting a transfer of the same together with all related security thereto free from all encumbrances;
- (g) all security created under or pursuant to the Mortgage Transaction (whether a land charge, an assignment of rights or otherwise) is a first ranking security having priority to all secured and unsecured claims, has been validly created and perfected and all procedures in accordance with the Originator's usual practices have been adhered to in the creation and perfection of such security and all documents evidencing such security are in the possession and custody of the Originator;

- (h) it was advanced and is repayable in Ringgit Malaysia;
- (i) the amount of the financing under the Mortgage Transaction has been fully disbursed and the Originator retains no obligation to make any further advances of any nature under the Mortgage Transaction and the Originator has satisfied all obligations to be fulfilled on or prior to the time the Mortgage Transaction is sold to the Issuer;
- (j) the Mortgaged Property the subject of the Mortgage Transaction, if a Residential Unit, has a certificate of fitness for occupation;
- (k) the Mortgage Transaction provides for settlement of amounts due from the Obligor by monthly instalments; and
- (l) the Mortgage Asset must have been created more than six (6) months prior to the Purchase Date.

In relation to Portfolio 2007-2, each Mortgage Transaction in Portfolio 2007-2 must also meet the following criteria:

- (a) the amount of the monthly salary/pension due to the Obligor is equal to or greater than the amount of the monthly instalment required to be paid to the Originator;
- (b) it has not been classified by the Originator in accordance with its usual practices as being currently in default (a default being a case where there are any Arrears of Instalments which are at least three (3) months overdue) nor has any payment in respect thereof been rescheduled, amended or changed to avoid or eliminate a delinquency or default or following a delinquency or default;
- (c) each Mortgage Asset includes homeowner's insurance (covering, inter alia, loss by fire) and Mortgage Reducing Term Assurance (MRTA) policy cover and each of such policies has had the premium thereon paid and the policies are endorsed with the interest of the Originator as 'mortgagee', 'financier' or 'lender';
- (d) the sum assured under the MRTA policy cover for each Mortgage Transaction is equal to or greater than the Outstanding Principal Amount in respect of that Mortgage Transaction;
- (e) the MRTA policy cover for each Mortgage Transaction will remain in effect at least until the scheduled date for payment of the last monthly instalment of the relevant Mortgage Transaction;
- (f) the Obligor under the Mortgage Transaction is not a person identified in the records of the Originator as being or having been the subject of bankruptcy proceedings, as having been convicted of any offence capable of resulting in imprisonment or as being deceased;
- (g) a Mortgage Transaction where the obligor must currently be in the service of the Government of Malaysia (other than in service in the Armed Forces) and must have opted for the pension scheme ("Pension Scheme") or the Employee Provident Fund Scheme ("EPF Scheme"), or who is a pensioner under the Pension Scheme. Where the Obligor has opted for the EPF scheme, the tenure of the Mortgage Transaction must not extend beyond the mandatory retirement age stipulated in the scheme of service of the Obligor;
- (h) where the Obligor is a pensioner, pension payments to the Obligor have commenced and the Public Service Department – Pension Division has prior to the Purchase Date 2007-2 received and acted on instructions to deduct and make payment of the monthly instalment to the Originator;

- (i) a Mortgage Transaction in which the salary/pension deduction for Monthly Instalments must have commenced at least six (6) months prior to Purchase Date 2007-2;
- (j) a Mortgage Transaction which has not been already sold/transferred to the Issuer and its related parties;
- (k) a Mortgage Transaction where the original tenure shall not be more than 25 years;
- (l) the underlying Mortgaged Property of the Mortgage Transaction is not a Malay Reserve Land or Native Land or Customary Land, except in the states where CMBS is permitted or has been authorised or gazetted to take a charge on such lands.

### 3.3 Compensation or Replacement

The Originator will represent:

- (a) that each Mortgage Transaction within Portfolio 2007-2 satisfies the Eligibility Criteria up to the 2007-2 Completion Date of the purchase of Portfolio 2007-2; and
- (b) that the information given in Purchase Contract 2007-2 in relation to the Mortgage Assets is true and accurate and is not misleading because of any omission or ambiguity or for any other reason.

In the event of a breach of any of the representations, in relation to any Mortgage Transaction or an order for sale is granted in respect of any second charge created by an Obligor (which is a breach of the terms of the Purchase Contract 2007-2), or as proposed by the Originator, otherwise than as permitted by the terms in the Servicing Agreement, to alter the terms for repayment by an Obligor on the Monthly Instalments payable under a Mortgage Transaction, the Originator will, as provided by the Deed of Warranties 2007, either, at the election of the Issuer, compensate the Issuer by the payment of the Equivalent Amount or, replace such Mortgage Assets with such other Mortgage Assets acceptable to the Issuer.

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### 3.4 Description of the Eligible Mortgage Assets (as at 28 February 2007)

#### 3.4.1 Portfolio Description and Characteristics

##### Eligible Portfolio 2007-2 Summary (as at 28 February 2007)

Aggregate Outstanding Principal Amount	Approximately RM3.016 billion
Mortgage Type	Mortgage Transaction
Current Obligor Status	Obligors currently in the service of the GOM receiving Monthly Salaries and/or Pensioners receiving Monthly Pensions.
	Active employees: 98.22%
	Pensioners: 1.78 %
Repayment Source	Direct deductions from Monthly Salaries and/or Monthly Pensions and remitted directly to BPP.
Mortgage Security	First ranking legal security on the Mortgaged Property.
MRTA Coverage	MRTA coverage equal to or more than the Outstanding Principal Amount.
Number of Mortgages	63,461
Average Mortgage Size	RM 47,524.77
Weighted Average Interest Rate	4.00% (Fixed)
Weighted Average Seasoning	7.58 years
Weighted Average Term to Maturity (at origination)	24.09 years
Weighted Average Remaining Life to Maturity	16.31 years
Weighted Average Current Age*	43 years
Weighted Average Age at Maturity*	60 years

\* as at 28 February 2007

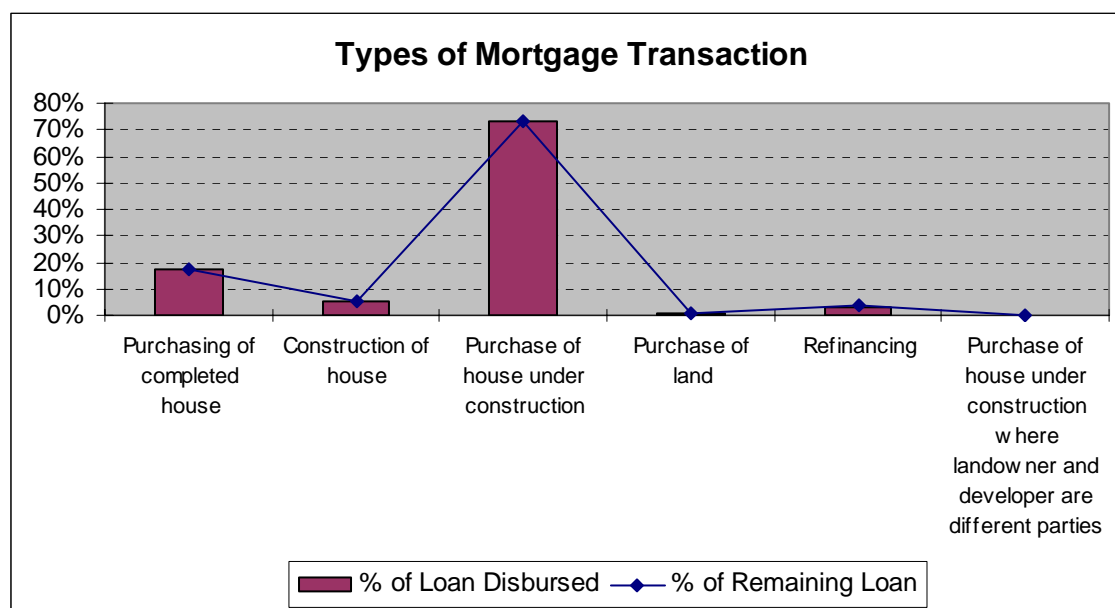
See "Eligibility Criteria" in Section 3.2 of this chapter for the Portfolio Eligibility Criteria.

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The following diagrams (Table 1 and Figure 1) indicate the types of Mortgage Transactions constituting Portfolio 2007-2 as at 28 February 2007. 74.81% of the Mortgage Transactions (by number of loans) were for the purpose of purchasing Residential Units under construction.

**Table 1 – Distribution by Types of Mortgage Transaction**

Types of Mortgage Transaction	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
Purchasing of completed house	10,363	730,425,856	17.61%	515,415,587	17.09%
Construction of house	3,366	229,313,988	5.53%	157,893,127	5.24%
Purchase of house under construction	47,478	3,025,070,704	72.92%	2,217,398,417	73.52%
Purchase of land	410	21,807,882	0.53%	17,802,143	0.59%
Refinancing	1,781	137,403,646	3.31%	104,094,062	3.45%
Purchase of house under construction where landowner and developer are different parties	63	4,217,009	0.10%	3,366,268	0.11%
<b>Total</b>	<b>63,461</b>	<b>4,148,239,085</b>	<b>100.00%</b>	<b>3,015,969,604</b>	<b>100.00%</b>

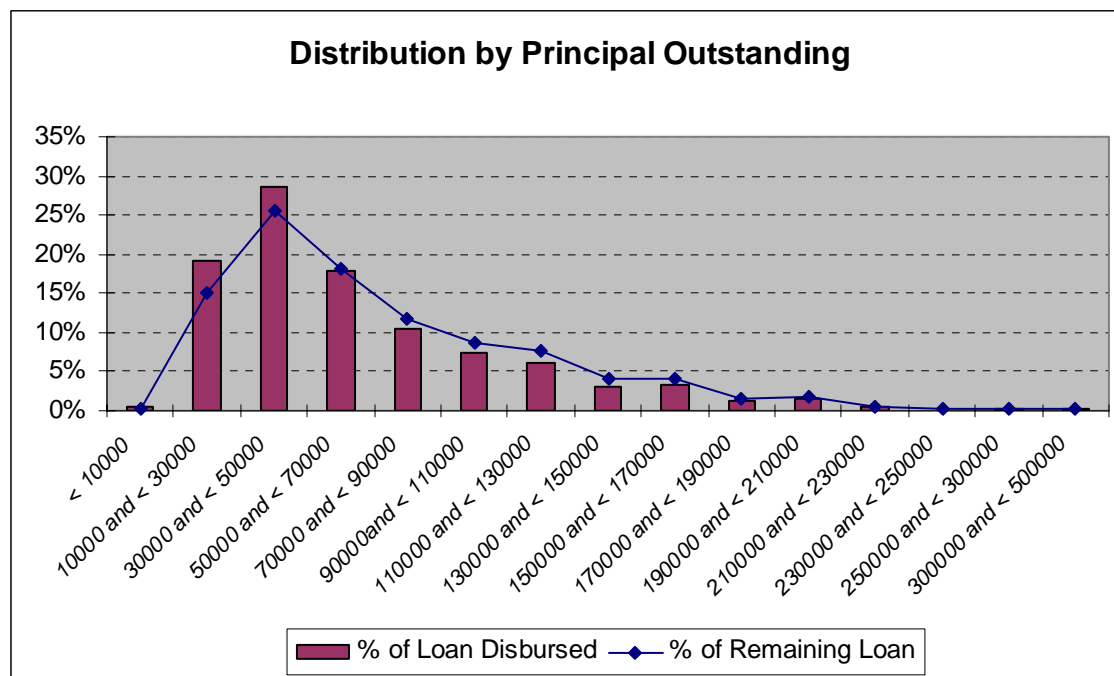


**FIGURE 1**

The following diagrams (Table 2 and Figure 2) indicate the distribution of the principal outstanding of the Mortgage Transactions. Approximately 3.67% by number of loans in Portfolio 2007-2 consists of Mortgage Transactions that have principal outstanding of greater than RM130,000.

**Table 2 – Distribution of Mortgage Transactions by Principal Outstanding**

Range (RM)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
<10,000	766	17,220,900	0.42%	5,676,141	0.19%
10000 and < 30000	22,129	796,684,959	19.21%	452,822,180	15.01%
30000 and < 50000	19,812	1,189,291,510	28.67%	773,427,748	25.64%
50000 and < 70000	9,294	744,544,936	17.95%	549,917,308	18.23%
70000 and < 90000	4,546	430,910,050	10.39%	357,919,639	11.87%
90000 and < 110000	2,661	305,579,878	7.37%	262,077,693	8.69%
110000 and < 130000	1,925	255,274,581	6.15%	234,792,401	7.78%
130000 and < 150000	873	130,340,055	3.14%	120,742,631	4.00%
150000 and < 170000	788	134,365,630	3.24%	124,955,765	4.14%
170000 and < 190000	257	50,014,982	1.21%	46,242,638	1.53%
190000 and < 210000	278	59,116,165	1.43%	55,128,916	1.83%
210000 and < 230000	73	17,287,796	0.42%	16,007,777	0.53%
230000 and < 250000	17	4,496,878	0.11%	4,066,124	0.13%
250000 and < 300000	24	7,002,050	0.17%	6,507,112	0.22%
300000 and < 500000	18	6,108,715	0.15%	5,685,531	0.19%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

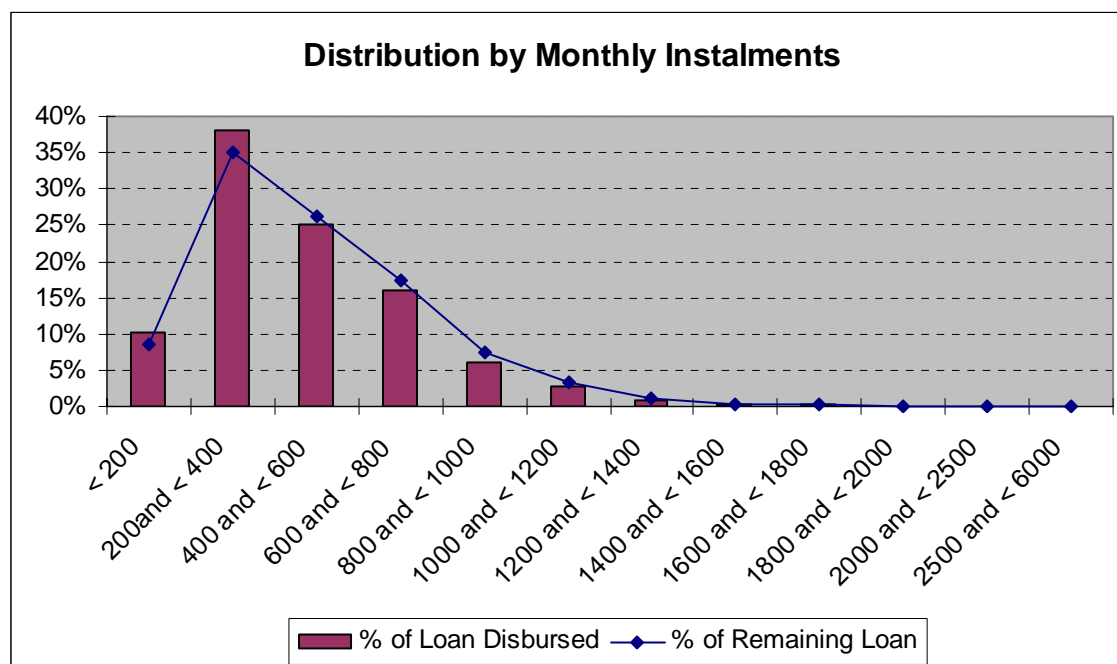


**FIGURE 2**

The following diagrams (Table 3 and Figure 3) indicate the distribution of the Monthly Instalments of Portfolio 2007-2. Approximately 64.20% of all Mortgage Transactions (by number of loans) pay Monthly Instalments between RM200 and RM600.

**Table 3 – Distribution of Mortgage Transactions by Monthly Instalments**

Range (RM)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
< 200	14,731	424,470,054	10.23%	259,704,964	8.61%
200 and < 400	28,429	1,575,083,634	37.97%	1,057,252,639	35.06%
400 and < 600	12,314	1,045,647,972	25.21%	790,109,027	26.20%
600 and < 800	5,408	664,994,507	16.03%	524,620,429	17.39%
800 and < 1000	1,636	252,420,311	6.08%	220,770,737	7.32%
1000 and < 1200	611	114,342,854	2.76%	101,914,621	3.38%
1200 and < 1400	194	39,224,814	0.95%	33,731,592	1.12%
1400 and < 1600	63	13,071,007	0.32%	11,576,391	0.38%
1600 and < 1800	45	10,736,568	0.26%	9,196,465	0.30%
1800 and < 2000	14	3,908,677	0.09%	3,565,227	0.12%
2000 and < 2500	10	2,682,829	0.06%	2,220,647	0.07%
2500 and < 6000	6	1,655,858	0.04%	1,306,864	0.04%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

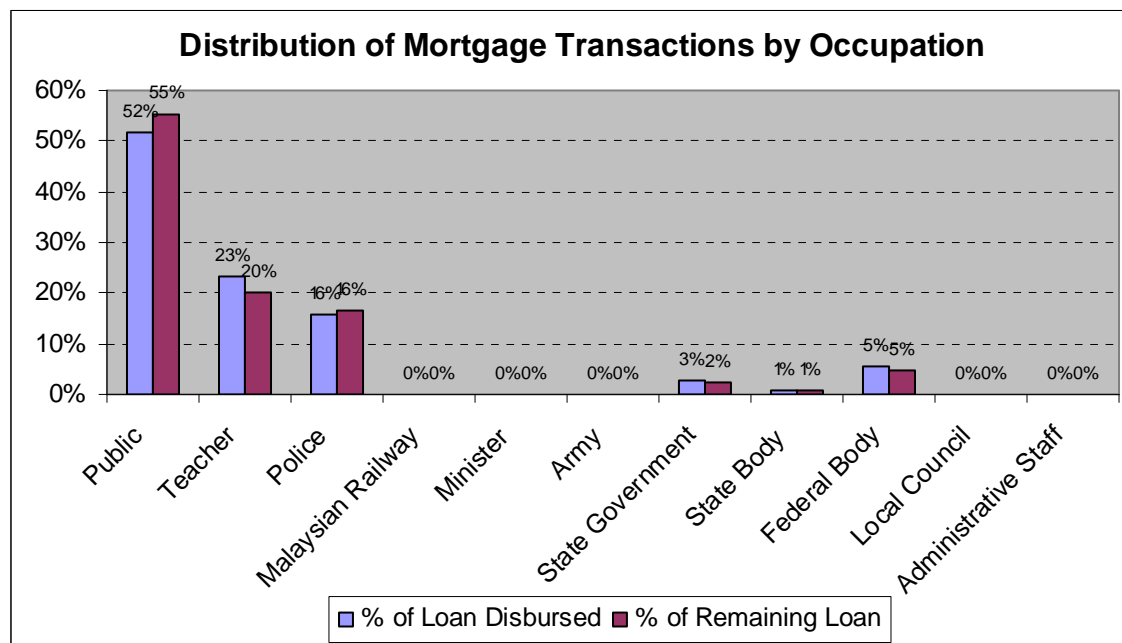


**FIGURE 3**

The following diagrams (Table 4 and Figure 4) show the occupation of government employees (Obligors). Over 48.24% of the number of loans in Portfolio 2007-2 consist of Obligors classified as 'Public', which are not classified in each of the specific occupation listed below.

**Table 4 – Distribution of Mortgage Transactions by Employee Occupation**

Occupation	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
Public	30,612	2,144,822,393	51.70%	1,669,673,313	55.36%
Teacher	13,376	968,430,577	23.35%	609,554,924	20.21%
Police	12,176	650,418,011	15.68%	494,671,648	16.40%
Malaysian Railway	105	4,084,315	0.10%	2,310,711	0.08%
Member of Parliament	4	210,783	0.01%	150,844	0.01%
Army	4	231,257	0.01%	164,983	0.01%
State Government	2,462	112,204,649	2.70%	73,956,718	2.45%
State Body	724	34,801,078	0.84%	20,729,135	0.69%
Federal Body	3,777	223,249,109	5.38%	137,838,452	4.57%
Local Council	202	8,058,497	0.19%	5,535,994	0.18%
Administrative Staff	19	1,728,416	0.04%	1,382,882	0.05%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

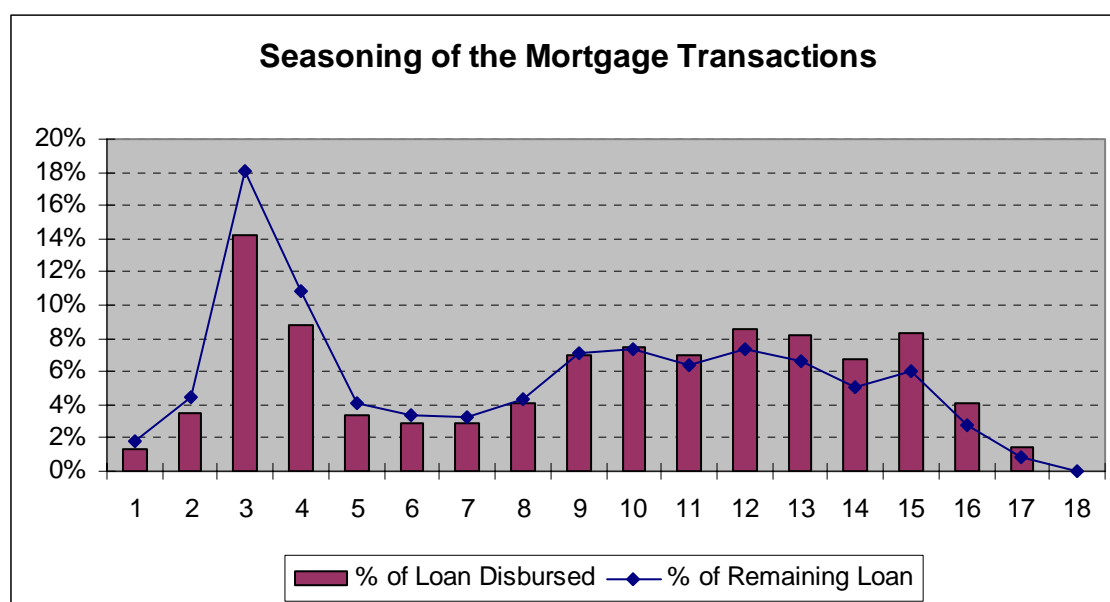


**FIGURE 4**

The following diagrams (Table 5 and Figure 5) provide an illustration of the seasoning of Portfolio 2007-2. About 16.90% of all Mortgage Transactions (by number of loans) have seasoning of 4 years or less.

**Table 5 – Distribution of Mortgage Transactions by Seasoning**

Seasoning (Years)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
1	515	56,914,129	1.37%	55,346,840	1.84%
2	1,331	142,657,956	3.44%	135,598,538	4.50%
3	5,258	589,198,594	14.20%	546,139,486	18.11%
4	3,620	363,071,017	8.75%	328,225,959	10.88%
5	1,863	139,740,102	3.37%	122,542,981	4.06%
6	1,788	119,532,054	2.88%	100,919,270	3.35%
7	1,911	122,019,310	2.94%	99,044,930	3.28%
8	2,555	171,462,648	4.13%	131,983,599	4.38%
9	4,308	290,594,697	7.01%	214,757,692	7.12%
10	4,922	311,620,552	7.51%	220,956,090	7.33%
11	4,877	289,099,788	6.97%	192,962,993	6.40%
12	6,496	354,765,007	8.55%	223,287,595	7.40%
13	6,562	340,510,914	8.21%	199,802,050	6.62%
14	5,482	278,470,752	6.71%	154,177,549	5.11%
15	7,274	347,162,322	8.37%	180,503,768	5.98%
16	3,580	170,592,970	4.11%	83,140,779	2.76%
17	1,114	60,446,615	1.46%	26,435,985	0.88%
18	5	379,658	0.01%	143,497	0.00%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

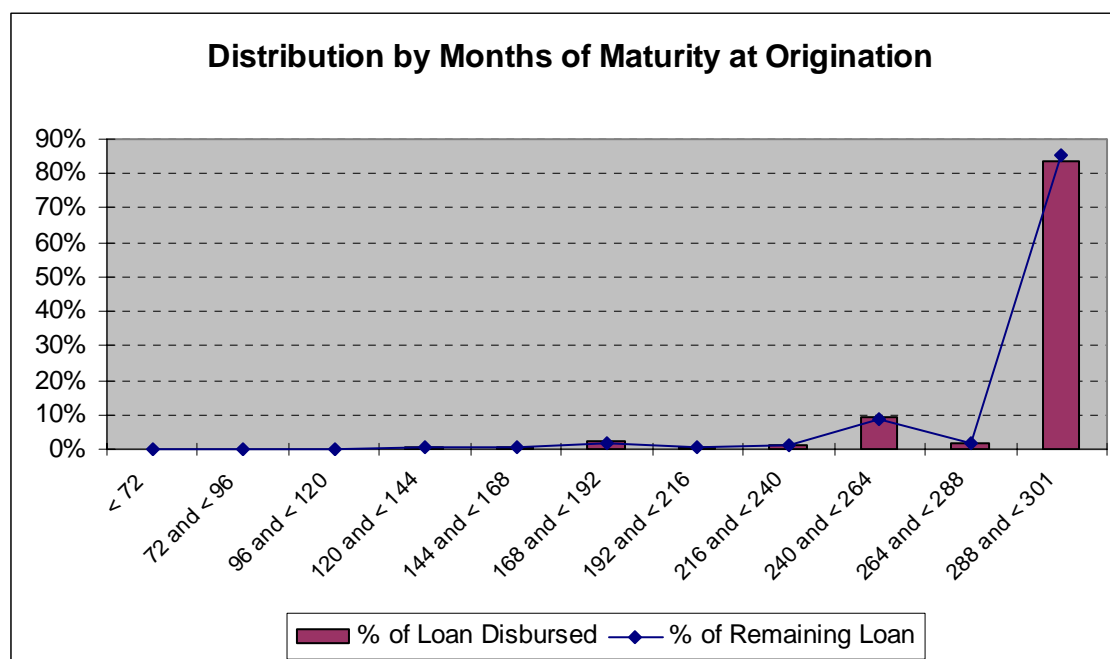


**FIGURE 5**

The following diagrams (Table 6 and Figure 6) indicate the distribution of the original maturities. Approximately 86.33% of all Mortgage Transactions (by number of loans) have maturities of between 24 to 25 years at origination date.

**Table 6 – Distribution of Mortgage Transactions by Months of Maturity at Origination**

Months to Maturity (Months)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
< 72	8	407,691	0.01%	194,095	0.01%
72 and < 96	18	1,040,348	0.03%	692,379	0.02%
96 and < 120	28	2,483,930	0.06%	1,940,965	0.06%
120 and < 144	231	17,652,030	0.43%	12,734,178	0.42%
144 and < 168	468	28,011,202	0.68%	20,416,728	0.68%
168 and < 192	1,129	86,250,028	2.08%	49,266,797	1.63%
192 and < 216	325	27,591,382	0.67%	18,335,086	0.61%
216 and < 240	468	38,762,802	0.93%	27,002,707	0.90%
240 and < 264	5,199	394,378,608	9.51%	259,588,214	8.61%
264 and < 288	799	71,293,775	1.72%	56,288,091	1.87%
288 and < 301	54,788	3,480,367,289	83.90%	2,569,510,365	85.20%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

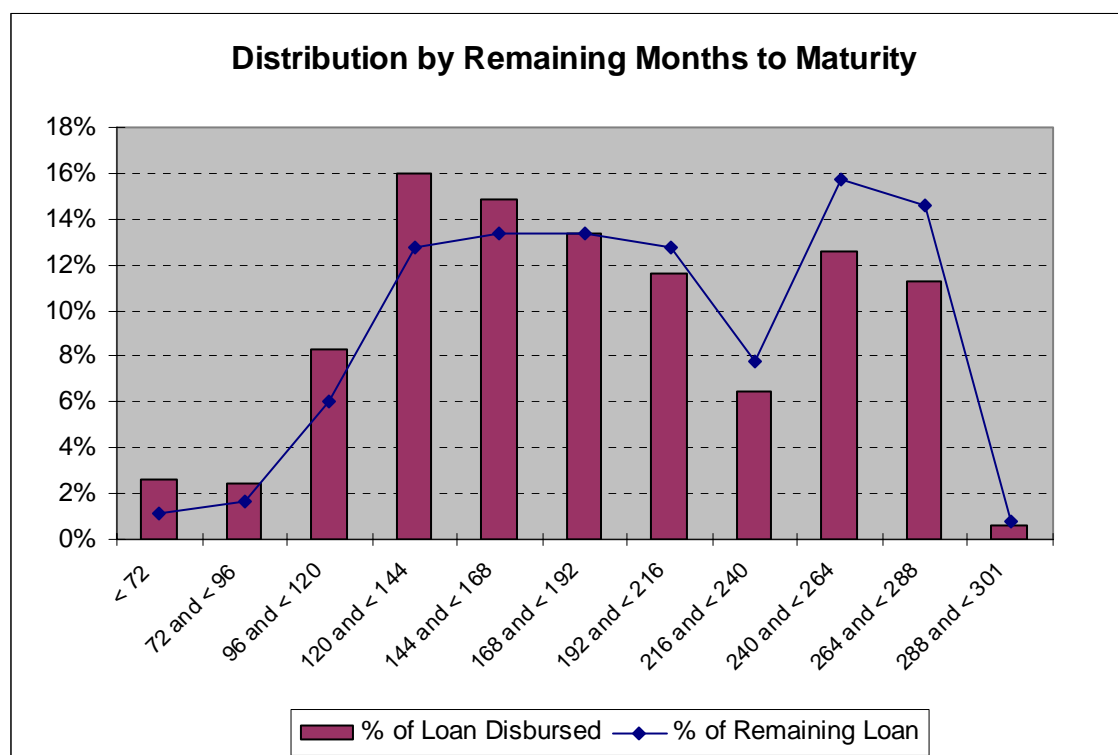


**FIGURE 6**

The following diagrams (Table 7 and Figure 7) show the remaining life of the portfolio. Approximately 15.35% of the number of loans in Portfolio 2007-2 have remaining maturity of 20 to 25 years.

**Table 7 – Distribution of Mortgage Transactions by Remaining Maturity**

Months to Maturity (Months)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
< 72	1,772	107,772,031	2.60%	35,032,815	1.16%
72 and < 96	1,571	102,663,079	2.47%	50,300,156	1.67%
96 and < 120	6,452	343,150,323	8.27%	181,550,966	6.02%
120 and < 144	13,435	663,779,316	16.00%	384,791,942	12.76%
144 and < 168	11,277	614,555,406	14.81%	402,841,088	13.36%
168 and < 192	8,978	554,626,922	13.37%	402,094,341	13.33%
192 and < 216	6,646	480,427,510	11.58%	385,511,129	12.78%
216 and < 240	3,588	268,899,621	6.48%	234,143,180	7.76%
240 and < 264	5,403	521,193,451	12.56%	475,021,782	15.75%
264 and < 288	4,123	466,974,881	11.26%	440,861,577	14.62%
288 and < 301	216	24,196,545	0.58%	23,820,627	0.79%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%



**FIGURE 7**



The following diagrams (Table 8 and Figure 8) illustrate the distribution of ages of the Obligors. Approximately 2.98% of the number of loans in Portfolio 2007-2 consist of Obligors aged 55 years or more.

<b>Age (Years)</b>	<b>Number of Loans</b>	<b>Amount Disbursed (RM)</b>	<b>% of Amount Disbursed (%)</b>	<b>Principal Outstanding (RM)</b>	<b>% of Principal Outstanding (%)</b>
<30	913	90,063,827	2.17%	86,607,900	2.87%
31	561	58,519,803	1.41%	55,722,470	1.85%
32	585	59,257,823	1.43%	55,558,409	1.84%
33	635	63,777,205	1.54%	59,205,113	1.96%
34	718	72,794,140	1.75%	67,268,953	2.23%
35	861	85,765,158	2.07%	78,778,982	2.61%
36	986	94,510,844	2.28%	86,272,687	2.86%
37	1,104	101,282,085	2.44%	91,490,071	3.03%
38	1,192	101,076,425	2.44%	89,951,919	2.98%
39	1,393	115,595,956	2.79%	101,258,389	3.36%
40	1,855	141,599,344	3.41%	120,060,414	3.98%
41	2,342	164,059,537	3.95%	133,805,012	4.44%
42	2,717	182,118,047	4.39%	143,220,137	4.75%
43	3,267	208,511,354	5.03%	157,427,149	5.22%
44	3,772	229,139,436	5.52%	166,390,017	5.52%
45	4,429	252,603,550	6.09%	175,779,622	5.83%
46	4,872	273,725,660	6.60%	184,723,148	6.12%
47	5,171	290,511,369	7.00%	188,767,548	6.26%
48	4,953	286,342,519	6.90%	183,464,840	6.08%
49	4,447	259,341,406	6.25%	164,037,136	5.44%
50	3,687	220,366,831	5.31%	137,301,524	4.55%
51	3,350	200,696,526	4.84%	124,344,530	4.12%
52	2,583	157,597,228	3.80%	96,449,412	3.20%
53	2,054	123,796,922	2.98%	75,351,640	2.50%
54	1,715	104,794,631	2.53%	63,828,546	2.12%
55	1,411	85,688,627	2.07%	52,654,496	1.75%
>55	1,888	124,702,832	3.01%	76,249,540	2.53%
<b>Total</b>	<b>63,461</b>	<b>4,148,239,085</b>	<b>100.00%</b>	<b>3,015,969,604</b>	<b>100.00%</b>

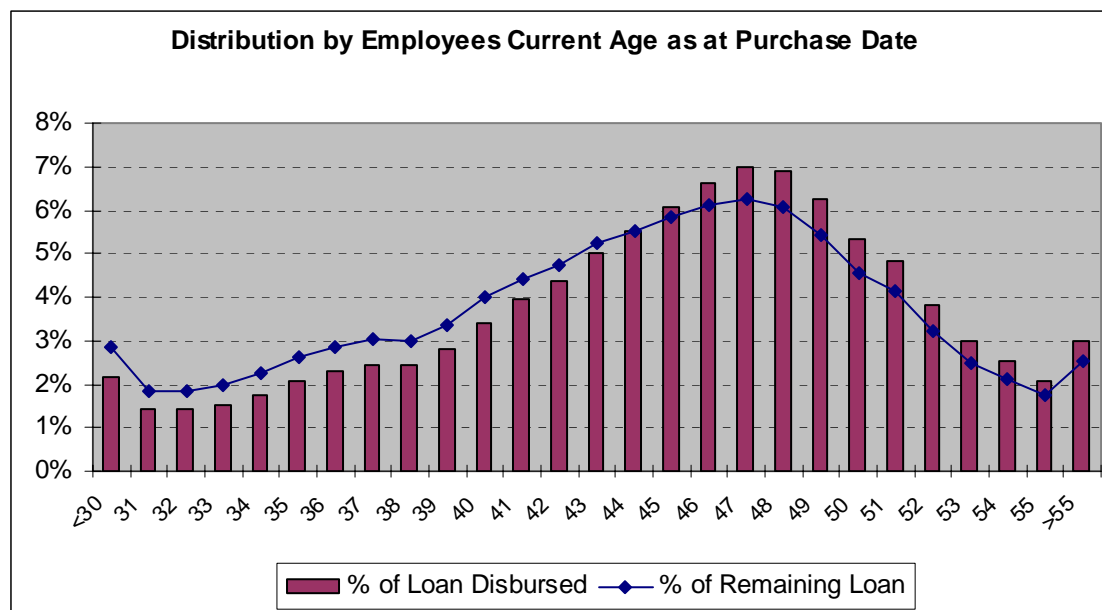


FIGURE 8

The following diagrams (Table 9 and Figure 9) provide the expected age of the Obligor at maturity of their Mortgage Transaction.

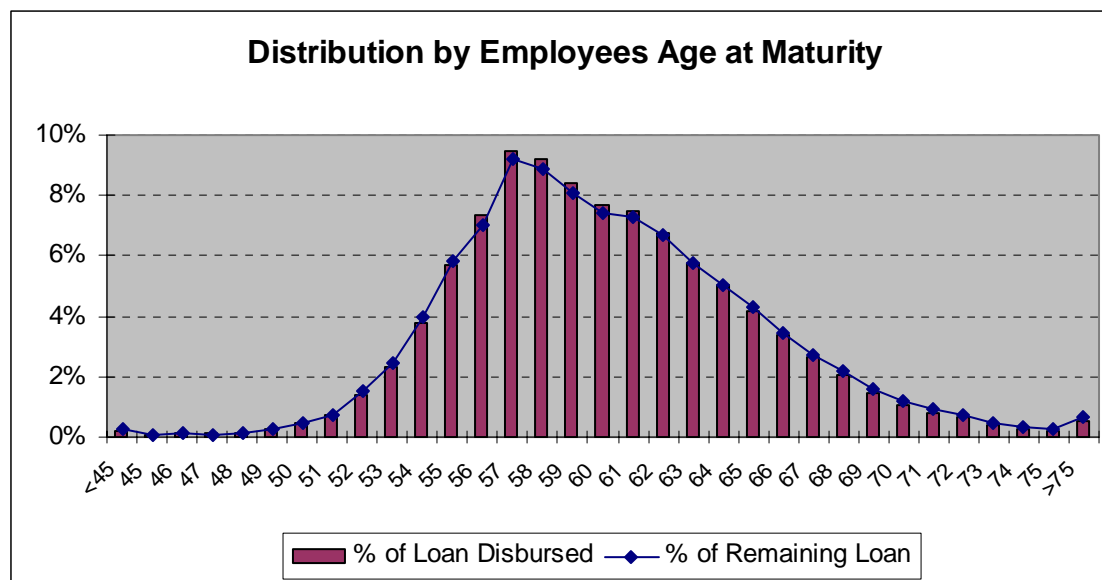
**Table 9 – Distribution of Mortgage Transactions by Employee's Age at Maturity**

Age at Maturity (Years)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
<45	190	9,310,913	0.22%	7,481,056	0.25%
45	46	3,094,067	0.07%	2,383,019	0.08%
46	75	4,807,202	0.12%	3,427,893	0.11%
47	70	4,235,820	0.10%	2,884,482	0.10%
48	106	6,734,378	0.16%	4,911,807	0.16%
49	157	10,237,430	0.25%	7,126,559	0.24%
50	265	18,869,367	0.45%	14,127,202	0.47%
51	431	29,145,603	0.70%	22,118,364	0.73%
52	834	58,745,909	1.42%	45,670,409	1.51%
53	1,414	95,189,000	2.29%	74,423,826	2.47%
54	2,352	155,413,279	3.75%	119,598,990	3.97%
55	3,598	235,006,016	5.67%	175,517,085	5.82%
56	4,888	304,132,495	7.33%	212,013,305	7.03%
57	6,045	392,345,656	9.46%	278,580,708	9.24%
58	6,127	381,088,847	9.19%	267,319,229	8.86%
59	5,695	349,610,338	8.43%	243,497,802	8.07%
60	5,168	319,529,368	7.70%	223,468,257	7.41%

Table continues overleaf

**Table 9 – Distribution of Mortgage Transactions by Employee's Age at Maturity**

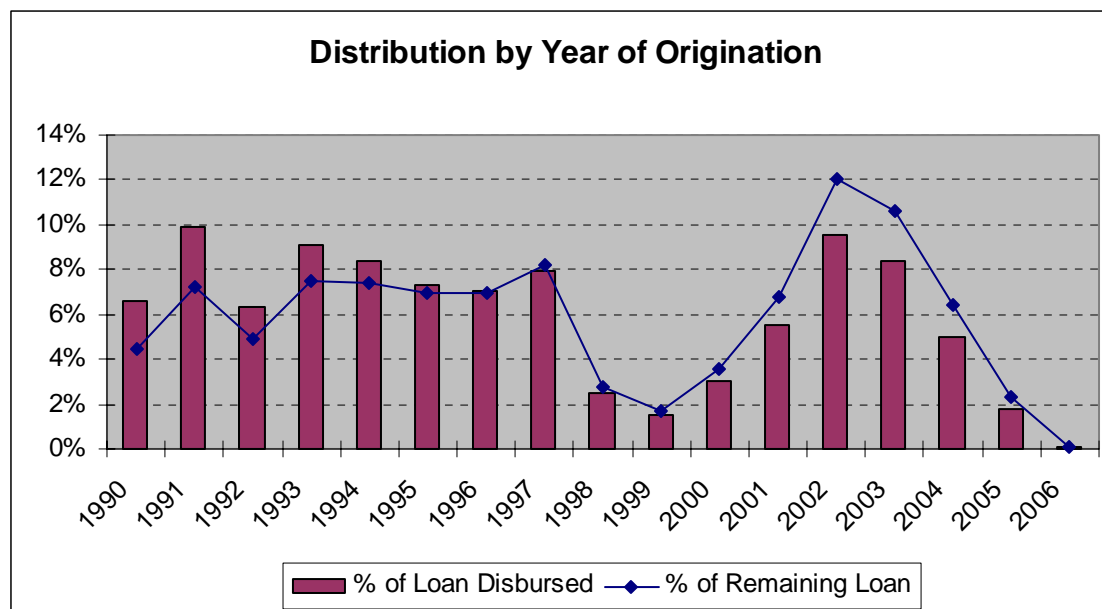
Age at Maturity (Years)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
<i>Continuation from previous page</i>					
61	4,862	310,268,152	7.48%	219,560,343	7.28%
62	4,259	279,809,135	6.75%	202,093,950	6.70%
63	3,618	239,771,320	5.78%	173,205,156	5.74%
64	3,081	207,720,387	5.01%	151,720,221	5.03%
65	2,593	173,721,729	4.19%	129,171,611	4.28%
66	2,060	140,315,651	3.38%	103,874,413	3.44%
67	1,611	109,931,457	2.65%	82,392,802	2.73%
68	1,181	85,384,150	2.06%	66,254,806	2.20%
69	840	61,227,042	1.48%	48,167,012	1.60%
70	595	44,997,129	1.08%	36,108,600	1.20%
71	411	33,312,648	0.80%	27,189,539	0.90%
72	302	26,584,761	0.64%	21,990,118	0.73%
73	179	16,082,512	0.39%	13,749,043	0.46%
74	119	11,008,591	0.27%	9,520,839	0.32%
75	91	8,646,111	0.21%	7,444,879	0.25%
>75	198	21,962,622	0.53%	18,976,280	0.63%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

**FIGURE 9**

The following Table 10 and Figure 10 provide the total number of mortgages by origination year.

**Table 10 – Number of Mortgage Transactions Originated by Year**

Origination Year (Year)	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
1990	5,876	274,084,823	6.61%	134,574,514	4.46%
1991	8,679	412,263,077	9.94%	218,366,514	7.24%
1992	5,103	261,388,244	6.30%	146,652,636	4.86%
1993	6,943	376,711,423	9.08%	225,666,227	7.48%
1994	6,070	347,158,600	8.37%	223,593,720	7.41%
1995	5,008	303,892,273	7.33%	209,548,650	6.95%
1996	4,408	292,772,194	7.06%	210,899,491	6.99%
1997	4,721	330,221,100	7.96%	247,544,733	8.21%
1998	1,801	105,230,284	2.54%	83,832,405	2.78%
1999	952	61,052,331	1.47%	50,360,270	1.67%
2000	1,953	127,216,656	3.07%	108,756,225	3.61%
2001	2,545	227,976,583	5.50%	203,593,096	6.75%
2002	3,700	397,235,402	9.58%	363,413,531	12.05%
2003	3,080	347,855,281	8.39%	320,263,659	10.62%
2004	1,880	205,839,239	4.96%	194,296,060	6.44%
2005	701	73,255,634	1.77%	70,589,313	2.34%
2006	41	4,085,941	0.10%	4,018,559	0.13%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

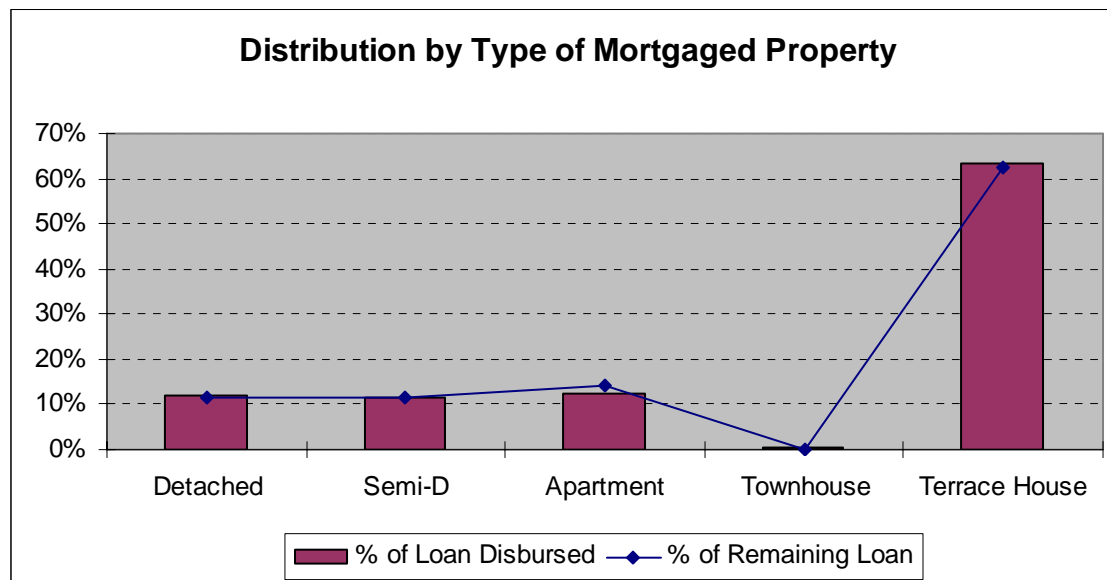


**FIGURE 10**

The following Table 11 and Figure 11 provide the types of collateral. Approximately 66.80% of the loans in Portfolio 2007-2 are secured by terrace houses.

**Table 11 – Distribution by Type of Mortgaged Property**

Type of Property	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
Detached House	7,344	503,485,232	12.14%	345,134,488	11.44%
Semi-Detached	6,322	486,243,403	11.72%	352,435,765	11.69%
Apartments	7,255	518,330,320	12.50%	422,503,791	14.01%
Townhouse	146	9,392,896	0.23%	6,613,496	0.22%
Terrace House	42,394	2,630,787,234	63.42%	1,889,282,064	62.64%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%



**FIGURE 11**

The following Table 12 provides the breakdown of Portfolio 2007-2 by joint and single borrowing accounts. Approximately 83.96% of number of loans in Portfolio 2007-2 are taken individually.

**Table 12 – Joint vs. Single Obligor**

Type of obligor	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
Joint	10,177	637,389,107	15.37%	479,024,684	15.88%
Single	53,284	3,510,849,978	84.63%	2,536,944,920	84.12%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

Table 13 provides the breakdown of Portfolio 2007-2 by gender with 43.63% of number of loans taken by female Obligors and 56.37% loans taken by male Obligors.

Table 13 – Distribution by Gender					
Gender	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
Male	35,773	2,090,906,269	50.40%	1,477,680,297	49.00%
Female	27,688	2,057,332,816	49.60%	1,538,289,307	51.00%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

The following Table 14 provides the purpose of mortgages for first or second house. Approximately 98.84% of number of loans in Portfolio 2007-2 are loans to Obligors for purchase of first house.

Table 14 – Purpose of Mortgages: First Loan/Second Loan					
First Loan/Second Loan	Number of Loans	Amount Disbursed (RM)	% of Amount Disbursed (%)	Principal Outstanding (RM)	% of Principal Outstanding (%)
First Loan	62,726	4,063,760,443	97.96%	2,939,192,407	97.45%
Second Loan	735	84,478,642	2.04%	76,777,197	2.55%
Total	63,461	4,148,239,085	100.00%	3,015,969,604	100.00%

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### 3.4.2 Historical Data

Historical transactional data for the 88-month period from January 1998 to April 2005 (not limited to Portfolio 2007-2) was analysed for five pools of Mortgage Transactions by certain years of origination (1996, 1997, 1998, 1999 and 2000). The historical data was analysed for delinquencies, defaults and prepayments.

**Table 15 – Number of Mortgage Transactions Originated by Year**

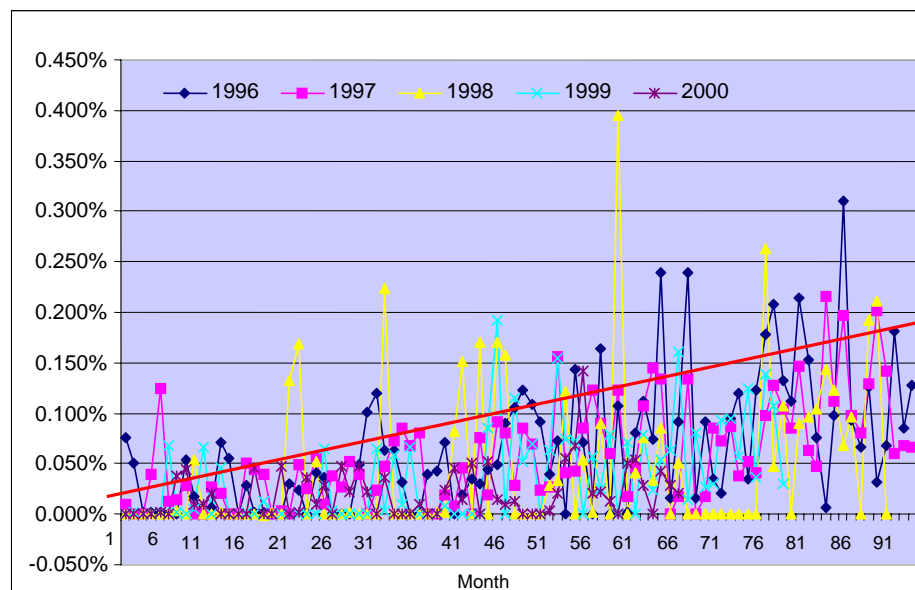
Year of Origination	No of Accounts at Origination	Home Financing Amount at Origination (RM)	Outstanding Balance (RM)
1996	2,305	154,859,330	116,169,801
1997	4,596	318,890,073	242,975,639
1998	1,008	75,342,844	66,050,257
1999	2,536	195,384,101	171,773,880
2000	3,969	294,335,655	269,389,931

**Table 16 – Average Annual Prepayment by Year as a Percentage of Total Portfolio**

Year of Origination	Voluntary (%)	Involuntary (%)	Total Prepayment (%)
1996	0.632	0.127	0.759
1997	0.547	0.163	0.710
1998	0.413	0.124	0.537
1999	0.363	0.088	0.451
2000	0.166	0.071	0.237
Average	0.424	0.115	0.539

(Note: Voluntary Prepayment arises from Obligor who voluntarily make unscheduled mortgage repayments. Involuntary Prepayments arise primarily from death of Pensioners.)

The average annual prepayment may be distorted by extremely high or low prepayment in certain months. The graph below shows that the historical monthly prepayment rate increased gradually over time to 0.2% (annual rate of 2.4%).



The delinquency summary below analyses the delay in scheduled principal and profit collections of the Islamic mortgage Home Financing from the scheduled collection month by working out the average percentage of delinquent Home Financing in the 12 months subsequent to the scheduled collection month. The high percentage of 1-month delinquency reflects the technical delay in transfer and recording of collections.

**Table 17 – Level of Delinquency**

Year of Origination	Months (%)											
	1	2	3	4	5	6	7	8	9	10	11	12
1996	57.6	2.3	0.4	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.0
1997	58.1	2.5	0.5	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1
1998	55.5	3.4	1.3	0.9	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.0
1999	61.0	4.2	1.1	0.5	0.1	0.1	0.2	0.1	0.1	0.1	0.0	0.0
2000	59.2	5.8	1.6	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1
<b>Average</b>	<b>58.3</b>	<b>3.6</b>	<b>1.0</b>	<b>0.5</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

By analysing historical monthly and accumulated default data summarised below, we have observed that the levels of delinquency stabilise when the repayment of Mortgage Transactions was 10 months overdue. The analysis of the historical default rate is therefore calculated as an average percentage of the outstanding Home Financing amount overdue for 10 months (270-300 days) against the total Home Financing amount originated in each respective year. Historical default levels are summarised as follows:



**Table 18 – Level of Defaults**

Year of Origination	Months Overdue (%)			Average
	10	11	12	
1996	0.04	0.05	0.03	0.04
1997	0.06	0.04	0.08	0.06
1998	0.02	0.03	0.04	0.03
1999	0.06	0.05	0.04	0.05
2000	0.07	0.08	0.09	0.08
<b>Average</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>

**Table 19 – Accumulated Default Analysis**

Year of Origination	Loss Curve Month (%)		
	10	11	12
1996	5.1	4.5	2.9
1997	5.8	3.7	6.4
1998	2.9	3.3	3.1
1999	4.0	3.0	2.8
2000	4.5	5.3	5.5
<b>Average</b>	<b>4.5</b>	<b>4.0</b>	<b>4.1</b>

### 3.4.3 Cash Flow Description

Key assumptions in the base case cash flow projections

#### Default rate

In line with the historical data, cash flow projections assume default rates ranging from 0.04% to 0.06% per calendar month of the initial Aggregate Outstanding Principal Amount over the 20 year period with an average default rate of approximately 0.58% p.a. throughout the tenure of the Bonds.

The recovery rate of the defaulted amount is assumed at around 10% and the average recovery time is 12 months based on historical data.

Delinquency rate

The long period of delinquency assumption is mainly due to the extended period of technical delinquencies (up to 270 days) as a result of delay in data input, employees (Obligors) changing department, employees retiring and changing from payroll to pension system, etc. However, administrative improvements in respect of salary deductions are presently in progress and are anticipated to reduce the delinquency level. The delinquent amount will be recovered over 8 months in assessing the liquidity impact on the transaction. The recovery speed is based on the 88-month historical data, which shows over 98% of the delinquencies in the current month was recovered in the first and second months.

Prepayment rate

Prepayment of the Mortgage Transactions disrupts future scheduled instalments resulting in early settlement of principal outstanding at the time of prepayment but in loss of future cash flow stream. Although motivation of prepayment may be low due to the comparatively lower profit rate, historical portfolio performance has indicated an average prepayment level of 2.4% per annum.

The key assumptions applied in the cash flow projections are summarised below:

Key Assumptions	Base Case
Default rate	0.70% p.a. for first 88 months 0.51% p.a. thereafter
Default recovery rate	10% of the defaulted amount
Default recovery lag time	12 months
Delinquency rate	25% for each monthly instalment due
Delinquency recovery lag time	Over 8 months following the delinquency with 98% recovery in the first and second months
Prepayment	Gradually build up to 2.4% per annum over 75 months and maintain at 3% per annum after 108 months

Expenses

The following fees and expenses are assumed in the base case cash flow projections based on the Transaction Administration Agreement, Administration Agreement and the Servicing Agreement:

Fee to Transaction Administrator	0.102% per annum
Fee to Administrator	0.002% per annum
Fee to Servicer	0.010% per annum

All the above fees are calculated based on the Outstanding Principal Amount at the beginning of each quarter from the Purchase Date 2007-2. The fees will be paid quarterly in arrears on each Interest Payment Date.

The base case cash flow projections have also assumed payment of the Servicer Bonus where applicable.

Calculation of Fair Value

Section 2.1.6 refers to the fair value being determined based on a discounted net cash flow calculation using agreed assumptions. The discounted cash flow is the present value of the projected net cash flows based on the following stressed assumptions, which are the same stressed assumptions utilised by the rating agencies in order to assign the appropriate rating to the Bonds.

Key Assumptions	Stress Scenarios
Default rate	Average of 1.08–1.13% per annum
Default recovery rate	5% of the defaulted amount
Default recovery lag time	18-24 months
Delinquency rate	25–45% for each monthly instalment due
Delinquency recovery lag time	Over 8 months following the delinquency, with 98% recovery in the first and second months or simple delay of 9 months
High Prepayment Scenario	Gradually build up to 4.8% per annum over 108 months and maintained at 4.8% and 6% per annum thereafter (by MARC and RAM respectively).
Low Prepayment Scenario	A low prepayment stress scenario was also tested at gradual build up to 1.2% per annum over 108 months and 1.5% per annum thereafter (MARC).

Projected Cash Flows

Projected cash flows have been run for the following base cases:

- Base case with assumed average prepayment rate of 2.47% per annum derived from historical data;
- Base case with assumed low average prepayment rate of 0.40% per annum.

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## Base Case Projected Cash Flow Before Tax with Assumed Prepayment Rate

## Notes:

Collections of Principal	Include scheduled collections, collections of delinquent amounts, recoveries from defaults and prepayments of principal.
Collections of Interest	Include scheduled Interest, collections of delinquent interest, collections of compressed interest, collections of delinquent compressed interest and prepaid compressed interest.
Other Income	Income from permitted investments
Senior Expenses	Include Servicer Fees, Transaction Administrator Fees and Administrator Fees.
Bond Principal	Include scheduled redemption and early redemption.

Period	Collections of Principal (+)	Collections of Interest (+)	Other Income (+)	Total Cash Flow Available	Senior Expenses (-)	Bond Interest (-)	Bond Principal (-)	Servicer Bonus (-)	Total Cash Outflows Before Tax	Net Cash Flows Before Tax Cumulative
1	-	-	-	-	-	-	-	-	-	-
2	-	-	37,292	37,292	-	-	-	-	-	37,292
3	40,876,039	27,720,141	37,331	68,633,510	859,551	26,443,250	-	-	27,302,801	41,368,001
4	-	-	80,422	80,422	-	-	-	-	-	41,448,423
5	-	-	123,559	123,559	-	-	-	-	-	41,571,982
6	44,926,477	29,914,451	123,771	74,964,699	845,402	26,443,250	-	-	27,288,652	89,248,029
7	-	-	154,943	154,943	-	-	-	-	-	89,402,972
8	-	-	186,148	186,148	-	-	-	-	-	89,589,120
9	45,591,042	29,436,840	186,503	75,214,385	831,068	26,443,250	-	-	27,274,318	137,529,187
10	-	-	236,635	236,635	-	-	-	-	-	137,765,822
11	-	-	286,819	286,819	-	-	-	-	-	138,052,641
12	46,212,008	28,938,348	287,364	75,437,721	816,554	26,443,250	-	-	27,259,804	186,230,557
13	-	-	337,848	337,848	-	-	-	-	-	186,568,406
14	-	-	388,386	388,386	-	-	-	-	-	186,956,791
15	47,324,169	28,428,268	389,142	76,141,580	801,867	26,443,250	-	-	27,245,117	235,853,254
16	-	-	440,480	440,480	-	-	-	-	-	236,293,734
17	-	-	491,873	491,873	-	-	-	-	-	236,785,607
18	47,875,475	27,907,114	492,844	76,275,433	787,014	26,443,250	-	-	27,230,264	285,830,776
19	-	-	543,897	543,897	-	-	-	-	-	286,374,673
20	-	-	595,004	595,004	-	-	-	-	-	286,969,677
21	48,394,891	27,380,349	596,190	76,371,430	772,005	26,443,250	-	-	27,215,255	336,125,852
22	-	-	648,014	648,014	-	-	-	-	-	336,773,867
23	-	-	699,894	699,894	-	-	-	-	-	337,473,760
24	48,857,730	26,848,292	701,298	76,407,320	756,848	26,443,250	-	-	27,200,098	386,680,983
25	-	-	753,284	753,284	-	-	-	-	-	387,434,267
26	-	-	805,327	805,327	-	-	-	-	-	388,239,594
27	49,283,907	26,311,424	806,950	76,402,281	741,559	26,443,250	-	-	27,184,809	437,457,066
28	-	-	859,057	859,057	-	-	-	-	-	438,316,123
29	-	-	911,220	911,220	-	-	-	-	-	439,227,344
30	49,694,958	25,770,395	913,064	76,378,417	726,150	26,443,250	-	-	27,169,400	488,436,362
31	-	-	965,273	965,273	-	-	-	-	-	489,401,635
32	-	-	1,017,538	1,017,538	-	-	-	-	-	490,419,172
33	50,089,241	25,225,343	1,019,603	76,334,187	710,623	26,443,250	-	-	27,153,873	539,599,487
34	-	-	1,071,893	1,071,893	-	-	-	-	-	540,671,380
35	-	-	1,124,239	1,124,239	-	-	-	-	-	541,795,619

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
36	50,452,889	24,676,233	1,126,526	76,255,648	694,983	26,443,250	515,000,000	16,070,917	558,209,151	59,842,117
37	-	-	625,663	625,663	-	-	-	-	-	60,467,779
38	-	-	124,279	124,279	-	-	-	-	-	60,592,059
39	50,775,587	24,123,454	125,061	75,024,102	679,240	21,293,250	-	-	21,972,490	113,643,670
40	-	-	180,452	180,452	-	-	-	-	-	113,824,122
41	-	-	235,902	235,902	-	-	-	-	-	114,060,025
42	51,051,971	23,567,596	236,336	74,855,903	663,407	21,293,250	-	-	21,956,657	166,959,270
43	-	-	291,685	291,685	-	-	-	-	-	167,250,956
44	-	-	347,092	347,092	-	-	-	-	-	167,598,048
45	51,301,233	23,008,936	347,758	74,657,926	647,494	21,293,250	-	-	21,940,744	220,315,230
46	-	-	403,033	403,033	-	-	-	-	-	220,718,263
47	-	-	458,367	458,367	-	-	-	-	-	221,176,629
48	51,527,767	22,447,865	459,264	74,434,896	631,511	21,293,250	-	-	21,924,761	273,686,764
49	-	-	514,439	514,439	-	-	-	-	-	274,201,203
50	-	-	569,673	569,673	-	-	-	-	-	274,770,877
51	51,740,934	21,884,573	570,803	74,196,310	615,463	21,293,250	-	-	21,908,713	327,058,474
52	-	-	625,862	625,862	-	-	-	-	-	327,684,336
53	-	-	680,980	680,980	-	-	-	-	-	328,365,316
54	51,908,969	21,319,129	682,342	73,910,440	599,354	21,293,250	-	-	21,892,604	380,383,152
55	-	-	737,236	737,236	-	-	-	-	-	381,120,389
56	-	-	792,189	792,189	-	-	-	-	-	381,912,578
57	52,022,272	20,752,004	793,783	73,568,059	583,198	21,293,250	-	-	21,876,448	433,604,190
58	-	-	848,453	848,453	-	-	-	-	-	434,452,643
59	-	-	903,182	903,182	-	-	-	-	-	435,355,826
60	52,067,249	20,183,405	905,007	73,155,660	567,010	21,293,250	386,060,000	10,089,703	418,009,963	90,501,523
61	-	-	546,725	546,725	-	-	-	-	-	91,048,247
62	-	-	188,071	188,071	-	-	-	-	-	91,236,318
63	52,072,710	19,614,296	188,836	71,875,843	550,810	17,309,038	-	-	17,859,848	145,252,313
64	-	-	245,299	245,299	-	-	-	-	-	145,497,612
65	-	-	301,821	301,821	-	-	-	-	-	145,799,433
66	52,042,403	19,045,106	302,391	71,389,900	534,610	17,309,038	-	-	17,843,648	199,345,685
67	-	-	358,483	358,483	-	-	-	-	-	199,704,168
68	-	-	414,634	414,634	-	-	-	-	-	200,118,801
69	51,966,818	18,476,163	415,439	70,858,419	518,418	17,309,038	-	-	17,827,456	253,149,765
70	-	-	471,111	471,111	-	-	-	-	-	253,620,876
71	-	-	526,843	526,843	-	-	-	-	-	254,147,719
72	51,866,498	17,908,053	527,882	70,302,433	502,248	17,309,038	-	-	17,811,286	306,638,866
73	-	-	583,109	583,109	-	-	-	-	-	307,221,975
74	-	-	638,395	638,395	-	-	-	-	-	307,860,370
75	51,733,716	17,340,544	639,667	69,713,928	486,106	17,309,038	-	-	17,795,144	359,779,153
76	-	-	694,414	694,414	-	-	-	-	-	360,473,568
77	-	-	749,220	749,220	-	-	-	-	-	361,222,787
78	51,336,042	16,772,551	750,724	68,859,316	470,003	17,309,038	-	-	17,779,041	412,303,062

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
79	-	-	804,713	804,713	-	-	-	-	-	413,107,775
80	-	-	858,760	858,760	-	-	-	-	-	413,966,535
81	50,809,809	16,207,911	860,492	67,878,212	454,014	17,309,038	-	-	17,763,052	464,081,695
82	-	-	913,590	913,590	-	-	-	-	-	464,995,285
83	-	-	966,745	966,745	-	-	-	-	-	465,962,031
84	50,287,277	15,648,768	968,704	66,904,749	438,174	17,309,038	415,393,000	9,225,355	442,365,567	90,501,213
85	-	-	578,606	578,606	-	-	-	-	-	91,079,819
86	-	-	188,104	188,104	-	-	-	-	-	91,267,922
87	49,741,750	15,094,673	188,902	65,025,325	422,483	12,793,547	-	-	13,216,030	143,077,217
88	-	-	243,066	243,066	-	-	-	-	-	143,320,283
89	-	-	297,287	297,287	-	-	-	-	-	143,617,571
90	49,205,232	14,550,135	297,850	64,053,217	406,948	12,793,547	-	-	13,200,495	194,470,293
91	-	-	351,131	351,131	-	-	-	-	-	194,821,425
92	-	-	404,469	404,469	-	-	-	-	-	195,225,893
93	48,686,532	14,020,956	405,256	63,112,744	391,839	12,793,547	-	-	13,185,385	245,153,252
94	-	-	457,685	457,685	-	-	-	-	-	245,610,937
95	-	-	510,169	510,169	-	-	-	-	-	246,121,106
96	48,186,093	13,497,805	511,177	62,195,075	377,015	12,793,547	-	-	13,170,562	295,145,619
97	-	-	562,776	562,776	-	-	-	-	-	295,708,396
98	-	-	614,430	614,430	-	-	-	-	-	296,322,825
99	47,663,444	12,979,582	615,656	61,258,682	362,332	12,793,547	-	-	13,155,879	344,425,628
100	-	-	666,403	666,403	-	-	-	-	-	345,092,031
101	-	-	717,204	717,204	-	-	-	-	-	345,809,236
102	46,958,333	12,466,122	718,645	60,143,100	347,800	12,793,547	-	-	13,141,347	392,810,989
103	-	-	768,353	768,353	-	-	-	-	-	393,579,342
104	-	-	818,113	818,113	-	-	-	-	-	394,397,455
105	46,210,891	11,959,257	819,766	58,989,914	333,443	12,793,547	-	-	13,126,990	440,260,379
106	-	-	868,392	868,392	-	-	-	-	-	441,128,770
107	-	-	917,070	917,070	-	-	-	-	-	442,045,841
108	45,398,257	11,460,127	918,930	57,777,314	319,287	12,793,547	-	-	13,112,834	486,710,320
109	-	-	966,411	966,411	-	-	-	-	-	487,676,731
110	-	-	1,013,943	1,013,943	-	-	-	-	-	488,690,674
111	46,748,563	10,993,838	1,016,006	58,758,407	305,364	12,793,547	-	-	13,098,911	534,350,170
112	-	-	1,064,624	1,064,624	-	-	-	-	-	535,414,795
113	-	-	1,113,295	1,113,295	-	-	-	-	-	536,528,090
114	45,702,642	10,489,583	1,115,564	57,307,789	291,058	12,793,547	-	-	13,084,605	580,751,274
115	-	-	1,162,789	1,162,789	-	-	-	-	-	581,914,063
116	-	-	1,210,066	1,210,066	-	-	-	-	-	583,124,129
117	44,393,676	9,995,227	1,212,538	55,601,441	277,054	12,793,547	-	-	13,070,601	625,654,969
118	-	-	1,258,102	1,258,102	-	-	-	-	-	626,913,071
119	-	-	1,303,715	1,303,715	-	-	-	-	-	628,216,786
120	42,815,079	9,511,535	1,306,384	53,632,997	263,432	12,793,547	566,477,000	11,814,808	591,348,786	90,500,996
121	-	-	747,621	747,621	-	-	-	-	-	91,248,617
122	-	-	188,279	188,279	-	-	-	-	-	91,436,897

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
123	41,221,836	9,042,729	189,254	50,453,818	250,263	6,334,289	-	-	6,584,552	135,306,163
124	-	-	235,147	235,147	-	-	-	-	-	135,541,310
125	-	-	281,089	281,089	-	-	-	-	-	135,822,399
126	39,711,320	8,589,976	281,627	48,582,924	237,549	6,334,289	-	-	6,571,838	177,833,485
127	-	-	325,682	325,682	-	-	-	-	-	178,159,167
128	-	-	369,782	369,782	-	-	-	-	-	178,528,949
129	38,154,150	8,152,081	370,507	46,676,737	225,263	6,334,289	-	-	6,559,552	218,646,134
130	-	-	412,681	412,681	-	-	-	-	-	219,058,815
131	-	-	454,899	454,899	-	-	-	-	-	219,513,714
132	36,715,010	7,730,234	455,803	44,901,048	213,423	6,334,289	-	-	6,547,712	257,867,050
133	-	-	496,228	496,228	-	-	-	-	-	258,363,278
134	-	-	536,697	536,697	-	-	-	-	-	258,899,974
135	35,403,017	7,321,441	537,773	43,262,231	201,984	6,334,289	-	-	6,536,273	295,625,932
136	-	-	576,588	576,588	-	-	-	-	-	296,202,519
137	-	-	615,445	615,445	-	-	-	-	-	296,817,964
138	33,938,894	6,924,834	616,686	41,480,414	190,926	6,334,289	-	-	6,525,215	331,773,163
139	-	-	653,739	653,739	-	-	-	-	-	332,426,902
140	-	-	690,832	690,832	-	-	-	-	-	333,117,734
141	32,552,208	6,543,241	692,232	39,787,681	180,282	6,334,289	-	-	6,514,571	366,390,844
142	-	-	727,611	727,611	-	-	-	-	-	367,118,456
143	-	-	763,029	763,029	-	-	-	-	-	367,881,485
144	31,318,683	6,178,009	764,582	38,261,274	170,034	6,334,289	303,433,000	5,704,679	315,642,002	90,500,757
145	-	-	476,438	476,438	-	-	-	-	-	90,977,195
146	-	-	187,996	187,996	-	-	-	-	-	91,165,191
147	30,092,944	5,824,202	188,688	36,105,834	160,129	2,739,553	-	-	2,899,682	124,371,343
148	-	-	223,474	223,474	-	-	-	-	-	124,594,817
149	-	-	258,296	258,296	-	-	-	-	-	124,853,113
150	28,819,605	5,483,094	258,798	34,561,497	150,579	2,739,553	-	-	2,890,133	156,524,478
151	-	-	292,058	292,058	-	-	-	-	-	156,816,536
152	-	-	325,354	325,354	-	-	-	-	-	157,141,889
153	27,550,771	5,155,289	325,997	33,032,057	141,390	2,739,553	-	-	2,880,943	187,293,003
154	-	-	357,743	357,743	-	-	-	-	-	187,650,746
155	-	-	389,523	389,523	-	-	-	-	-	188,040,269
156	26,314,707	4,840,982	390,301	31,545,990	132,565	2,739,553	-	-	2,872,118	216,714,140
157	-	-	420,576	420,576	-	-	-	-	-	217,134,716
158	-	-	450,883	450,883	-	-	-	-	-	217,585,599
159	25,139,502	4,269,877	451,790	29,861,169	124,086	2,739,553	-	-	2,863,639	244,583,129
160	-	-	480,382	480,382	-	-	-	-	-	245,063,511
161	-	-	509,005	509,005	-	-	-	-	-	245,572,516
162	23,962,499	3,973,566	510,036	28,446,100	115,945	2,739,553	-	-	2,855,499	271,163,118
163	-	-	537,223	537,223	-	-	-	-	-	271,700,341
164	-	-	564,439	564,439	-	-	-	-	-	272,264,780
165	22,751,273	3,703,272	565,587	27,020,132	108,138	2,739,553	-	-	2,847,691	296,437,221

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
166	-	-	591,355	591,355	-	-	-	-	-	297,028,576
167	-	-	617,150	617,150	-	-	-	-	-	297,645,726
168	21,600,203	3,445,217	618,409	25,663,829	100,678	2,739,553	-	-	2,840,231	320,469,324
169	-	-	642,826	642,826	-	-	-	-	-	321,112,150
170	-	-	667,271	667,271	-	-	-	-	-	321,779,421
171	20,593,889	3,195,038	668,635	24,457,562	93,540	2,739,553	-	-	2,833,094	343,403,889
172	-	-	691,856	691,856	-	-	-	-	-	344,095,745
173	-	-	715,102	715,102	-	-	-	-	-	344,810,847
174	19,538,530	2,958,029	716,568	23,213,126	86,690	2,739,553	-	-	2,826,243	365,197,730
175	-	-	645,513	645,513	-	-	-	-	-	365,843,244
176	-	-	574,387	574,387	-	-	-	-	-	366,417,631
177	18,511,194	2,731,348	575,657	21,818,200	80,139	2,739,553	-	-	2,819,692	385,416,138
178	-	-	596,046	596,046	-	-	-	-	-	386,012,184
179	-	-	616,457	616,457	-	-	-	-	-	386,628,640
180	17,553,556	2,514,877	617,720	20,686,153	73,882	2,739,553	223,637,000	5,343,377	231,793,812	175,520,982
181	-	-	398,458	398,458	-	-	-	-	-	175,919,440
182	-	-	178,970	178,970	-	-	-	-	-	176,098,409
183	16,622,693	2,307,580	179,571	19,109,844	67,892	-	-	-	67,892	195,140,361
184	-	-	199,593	199,593	-	-	-	-	-	195,339,954
185	-	-	219,636	219,636	-	-	-	-	-	195,559,590
186	15,603,808	2,109,926	220,073	17,933,807	62,171	-	-	-	62,171	213,431,226
187	-	-	238,803	238,803	-	-	-	-	-	213,670,029
188	-	-	257,553	257,553	-	-	-	-	-	213,927,583
189	14,557,226	1,922,624	258,070	16,737,920	56,741	-	-	-	56,741	230,608,762
190	-	-	275,715	275,715	-	-	-	-	-	230,884,477
191	-	-	293,378	293,378	-	-	-	-	-	231,177,855
192	13,545,934	1,745,631	293,971	15,585,536	51,608	-	-	-	51,608	246,711,783
193	-	-	310,458	310,458	-	-	-	-	-	247,022,241
194	-	-	326,962	326,962	-	-	-	-	-	247,349,203
195	12,623,443	1,578,440	327,626	14,529,509	46,763	-	-	-	46,763	261,831,949
196	-	-	343,053	343,053	-	-	-	-	-	262,175,002
197	-	-	358,497	358,497	-	-	-	-	-	262,533,499
198	11,688,215	1,420,353	359,227	13,467,795	42,178	-	-	-	42,178	275,959,117
199	-	-	372,109	372,109	-	-	-	-	-	276,331,226
200	-	-	385,006	385,006	-	-	-	-	-	276,716,232
201	10,739,580	1,271,810	385,794	12,397,185	37,861	-	-	-	37,861	289,075,556
202	-	-	399,070	399,070	-	-	-	-	-	289,474,626
203	-	-	412,360	412,360	-	-	-	-	-	289,886,985
204	9,859,000	1,132,391	413,205	11,404,597	33,813	-	-	-	33,813	301,257,769
205	-	-	425,479	425,479	-	-	-	-	-	301,683,248
206	-	-	437,767	437,767	-	-	-	-	-	302,121,015
207	9,021,365	1,001,668	438,666	10,461,700	30,015	-	-	-	30,015	312,552,700
208	-	-	449,988	449,988	-	-	-	-	-	313,002,689
209	-	-	461,324	461,324	-	-	-	-	-	313,464,012



Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
210	8,245,488	879,094	462,273	9,586,856	26,453	-	-	-	26,453	323,024,414
211	-	-	472,006	472,006	-	-	-	-	-	323,496,420
212	-	-	481,750	481,750	-	-	-	-	-	323,978,169
213	7,547,966	763,952	482,743	8,794,661	23,111	-	-	-	23,111	332,749,720
214	-	-	492,382	492,382	-	-	-	-	-	333,242,102
215	-	-	502,032	502,032	-	-	-	-	-	333,744,134
216	6,891,342	655,605	503,068	8,050,015	19,965	-	-	-	19,965	341,774,183
217	-	-	511,955	511,955	-	-	-	-	-	342,286,139
218	-	-	520,853	520,853	-	-	-	-	-	342,806,992
219	6,253,925	553,656	521,929	7,329,510	17,004	-	-	-	17,004	350,119,498
220	-	-	530,089	530,089	-	-	-	-	-	350,649,587
221	-	-	538,258	538,258	-	-	-	-	-	351,187,845
222	5,602,401	458,074	539,371	6,599,846	14,223	-	-	-	14,223	357,773,468
223	-	-	546,729	546,729	-	-	-	-	-	358,320,197
224	-	-	554,097	554,097	-	-	-	-	-	358,874,294
225	4,941,300	368,990	555,243	5,865,534	11,627	-	-	-	11,627	364,728,201
226	-	-	561,918	561,918	-	-	-	-	-	365,290,119
227	-	-	568,602	568,602	-	-	-	-	-	365,858,721
228	4,283,300	286,435	569,779	5,139,515	9,218	-	-	-	9,218	370,989,017
229	-	-	575,715	575,715	-	-	-	-	-	371,564,733
230	-	-	581,659	581,659	-	-	-	-	-	372,146,392
231	3,626,133	210,382	582,865	4,419,380	6,995	-	-	-	6,995	376,558,777
232	-	-	588,067	588,067	-	-	-	-	-	377,146,844
233	-	-	593,276	593,276	-	-	-	-	-	377,740,120
234	2,965,054	140,818	594,506	3,700,379	4,957	-	-	-	4,957	381,435,542
235	-	-	598,974	598,974	-	-	-	-	-	382,034,516
236	-	-	603,447	603,447	-	-	-	-	-	382,637,963
237	2,289,390	77,792	604,700	2,971,881	3,105	-	-	-	3,105	385,606,739
238	-	-	608,421	608,421	-	-	-	-	-	386,215,160
239	-	-	612,147	612,147	-	-	-	-	-	386,827,307
240	1,509,327	21,653	613,418	2,144,398	1,443	-	-	2,856,703	2,858,146	386,113,559
241	-	-	613,312	613,312	-	-	-	-	-	386,726,871
242	-	-	613,208	613,208	-	-	-	-	-	387,340,079
243	399,240	218	614,485	1,013,943	-	-	-	-	-	388,354,022
244	-	-	616,180	616,180	-	-	-	-	-	388,970,203
245	-	-	617,878	617,878	-	-	-	-	-	389,588,081
246	398,126	31	619,164	1,017,321	-	-	-	-	-	390,605,402
247	-	-	620,867	620,867	-	-	-	-	-	391,226,269
248	-	-	622,574	622,574	-	-	-	-	-	391,848,843
249	398,998	2	623,869	1,022,869	-	-	-	-	-	392,871,712
250	-	-	625,583	625,583	-	-	-	-	-	393,497,295
251	-	-	627,300	627,300	-	-	-	-	-	394,124,595
252	400,357	-	628,605	1,028,963	-	-	-	-	-	395,153,558

Period	Collections of Principal (+)	Collections of Interest (+)	Other Income (+)	Total Cash Flow Available	Senior Expenses (-)	Bond Interest (-)	Bond Principal (-)	Servicer Bonus (-)	Total Cash Outflows Before Tax	Net Cash Flows Before Tax Cumulative
253	-	-	630,330	630,330	-	-	-	-	-	395,783,888
254	-	-	632,059	632,059	-	-	-	-	-	396,415,947
255	-	-	633,374	633,374	-	-	-	-	-	397,049,321
256	-	-	634,692	634,692	-	-	-	-	-	397,684,013
257	-	-	636,013	636,013	-	-	-	-	-	398,320,026
258	-	-	637,337	637,337	-	-	-	-	-	398,957,363
259	-	-	638,663	638,663	-	-	-	-	-	399,596,026
260	-	-	639,992	639,992	-	-	-	-	-	400,236,018
261	-	-	641,324	641,324	-	-	-	-	-	400,877,342
262	-	-	642,659	642,659	-	-	-	-	-	401,520,001
263	-	-	643,996	643,996	-	-	-	-	-	402,163,997
264	-	-	645,337	645,337	-	-	-	-	-	402,809,334
265	-	-	646,680	646,680	-	-	-	-	-	403,456,014
266	-	-	648,025	648,025	-	-	-	-	-	404,104,039
267	-	-	649,374	649,374	-	-	-	-	-	404,753,413
268	-	-	650,726	650,726	-	-	-	-	-	405,404,139
269	-	-	652,080	652,080	-	-	-	-	-	406,056,219
270	-	-	653,437	653,437	-	-	-	-	-	406,709,656
271	-	-	654,797	654,797	-	-	-	-	-	407,364,453
272	-	-	656,160	656,160	-	-	-	-	-	408,020,612
273	-	-	657,525	657,525	-	-	-	-	-	408,678,137
274	-	-	658,894	658,894	-	-	-	-	-	409,337,031
275	-	-	660,265	660,265	-	-	-	-	-	409,997,296
276	-	-	661,639	661,639	-	-	-	-	-	410,658,935
277	-	-	663,016	663,016	-	-	-	-	-	411,321,951
278	-	-	664,396	664,396	-	-	-	-	-	411,986,347
279	-	-	665,779	665,779	-	-	-	-	-	412,652,125
280	-	-	667,164	667,164	-	-	-	-	-	413,319,290
281	-	-	668,553	668,553	-	-	-	-	-	413,987,842
282	-	-	669,944	669,944	-	-	-	-	-	414,657,786
283	-	-	669,721	669,721	-	-	-	-	-	415,327,508
284	-	-	669,500	669,500	-	-	-	-	-	415,997,008
285	-	-	670,895	670,895	-	-	-	-	-	416,667,903
286	-	-	672,291	672,291	-	-	-	-	-	417,340,195
287	-	-	673,691	673,691	-	-	-	-	-	418,013,885
288	-	-	675,093	675,093	-	-	-	-	-	418,688,978
289	-	-	676,498	676,498	-	-	-	-	-	419,365,476
290	-	-	677,906	677,906	-	-	-	-	-	420,043,381
291	-	-	679,316	679,316	-	-	-	-	-	420,722,697
292	-	-	680,730	680,730	-	-	-	-	-	421,403,428
293	-	-	682,147	682,147	-	-	-	-	-	422,085,575
294	-	-	683,567	683,567	-	-	-	-	-	422,769,141
295	-	-	682,829	682,829	-	-	-	-	-	423,451,970
296	-	-	682,092	682,092	-	-	-	-	-	424,134,062

Period	Collections of Principal (+)	Collections of Interest (+)	Other Income (+)	Total Cash Flow Available	Senior Expenses (-)	Bond Interest (-)	Bond Principal (-)	Servicer Bonus (-)	Total Cash Outflows Before Tax	Net Cash Flows Before Tax Cumulative
297	-	-	683,514	683,514	-	-	-	-	-	424,817,576
298	-	-	684,936	684,936	-	-	-	-	-	425,502,512
299	-	-	686,362	686,362	-	-	-	-	-	426,188,874
300	-	-	687,790	687,790	-	-	-	-	-	426,876,664

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## Base Case Projected Cash Flow Before Tax with Minimal Prepayment Rate

## Notes:

Collections of Principal	Include scheduled collections, collections of delinquent amounts, recoveries from defaults and prepayments of principal.
Collections of Interest	Include scheduled Interest, collections of delinquent interest, collections of compressed interest, collections of delinquent compressed interest and prepaid compressed interest.
Other Income	Income from permitted investments
Senior Expenses	Include Servicer Fees, Transaction Administrator Fees and Administrator Fees.
Bond Principal	Include scheduled redemption and early redemption.

Period	Collections of Principal (+)	Collections of Interest (+)	Other Income (+)	Total Cash Flow Available	Senior Expenses (-)	Bond Interest (-)	Bond Principal (-)	Servicer Bonus (-)	Total Cash Outflows Before Tax	Net Cash Flows Before Tax Cumulative
1	-	-	-	-	-	-	-	-	-	-
2	-	-	37,292	37,292	-	-	-	-	-	37,292
3	36,160,277	27,700,767	37,331	63,898,374	859,551	26,443,250	-	-	27,302,801	36,632,864
4	-	-	75,490	75,490	-	-	-	-	-	36,708,354
5	-	-	113,689	113,689	-	-	-	-	-	36,822,043
6	39,941,767	29,940,620	113,886	69,996,273	846,745	26,443,250	-	-	27,289,995	79,528,321
7	-	-	139,838	139,838	-	-	-	-	-	79,668,159
8	-	-	165,817	165,817	-	-	-	-	-	79,833,976
9	40,348,786	29,511,443	166,135	70,026,364	833,830	26,443,250	-	-	27,277,080	122,583,260
10	-	-	210,838	210,838	-	-	-	-	-	122,794,099
11	-	-	255,589	255,589	-	-	-	-	-	123,049,687
12	40,730,360	29,063,983	256,074	70,050,418	820,808	26,443,250	-	-	27,264,058	165,836,048
13	-	-	300,910	300,910	-	-	-	-	-	166,136,957
14	-	-	345,792	345,792	-	-	-	-	-	166,482,750
15	41,621,573	28,607,330	346,466	70,575,369	807,681	26,443,250	-	-	27,250,931	209,807,188
16	-	-	391,956	391,956	-	-	-	-	-	210,199,144
17	-	-	437,494	437,494	-	-	-	-	-	210,636,637
18	41,970,624	28,141,809	438,358	70,550,791	794,451	26,443,250	-	-	27,237,701	253,949,728
19	-	-	483,220	483,220	-	-	-	-	-	254,432,948
20	-	-	528,130	528,130	-	-	-	-	-	254,961,078
21	42,306,734	27,672,694	529,184	70,508,612	781,122	26,443,250	-	-	27,224,372	298,245,318
22	-	-	574,822	574,822	-	-	-	-	-	298,820,140
23	-	-	620,508	620,508	-	-	-	-	-	299,440,648
24	42,605,048	27,200,113	621,753	70,426,915	767,697	26,443,250	-	-	27,210,947	342,656,616
25	-	-	667,416	667,416	-	-	-	-	-	343,324,032
26	-	-	713,128	713,128	-	-	-	-	-	344,037,160
27	42,885,847	26,724,355	714,566	70,324,768	754,188	26,443,250	-	-	27,197,438	387,164,491
28	-	-	760,233	760,233	-	-	-	-	-	387,924,724
29	-	-	805,950	805,950	-	-	-	-	-	388,730,674
30	43,171,324	26,245,882	807,581	70,224,787	740,599	26,443,250	-	-	27,183,849	431,771,612
31	-	-	853,255	853,255	-	-	-	-	-	432,624,867
32	-	-	898,978	898,978	-	-	-	-	-	433,523,845
33	43,460,227	25,764,630	900,803	70,125,661	726,928	26,443,250	-	-	27,170,178	476,479,328
34	-	-	946,485	946,485	-	-	-	-	-	477,425,813
35	-	-	992,216	992,216	-	-	-	-	-	478,418,029

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
36	43,738,713	25,280,358	994,236	70,013,307	713,174	26,443,250	515,000,000	5,586,098	547,742,522	688,814
37	-	-	497,635	497,635	-	-	-	-	-	1,186,449
38	-	-	518	518	-	-	-	-	-	1,186,967
39	43,996,390	24,793,253	1,037	68,790,680	699,341	21,293,250	-	-	21,992,591	47,985,055
40	-	-	49,786	49,786	-	-	-	-	-	48,034,841
41	-	-	98,586	98,586	-	-	-	-	-	48,133,427
42	44,227,807	24,303,706	98,740	68,630,253	685,436	21,293,250	-	-	21,978,686	94,784,994
43	-	-	147,438	147,438	-	-	-	-	-	94,932,433
44	-	-	196,187	196,187	-	-	-	-	-	95,128,620
45	44,452,954	23,811,789	196,545	68,461,289	671,464	21,293,250	-	-	21,964,714	141,625,194
46	-	-	245,184	245,184	-	-	-	-	-	141,870,378
47	-	-	293,873	293,873	-	-	-	-	-	142,164,251
48	44,676,729	23,317,689	294,434	68,288,853	657,428	21,293,250	-	-	21,950,678	188,502,425
49	-	-	343,009	343,009	-	-	-	-	-	188,845,434
50	-	-	391,636	391,636	-	-	-	-	-	189,237,070
51	44,909,355	22,821,376	392,401	68,123,133	643,328	21,293,250	-	-	21,936,578	235,423,625
52	-	-	440,920	440,920	-	-	-	-	-	235,864,544
53	-	-	489,490	489,490	-	-	-	-	-	236,354,035
54	45,117,934	22,322,697	490,459	67,931,090	629,162	21,293,250	-	-	21,922,412	282,362,713
55	-	-	538,895	538,895	-	-	-	-	-	282,901,608
56	-	-	587,382	587,382	-	-	-	-	-	283,488,990
57	45,292,320	21,821,910	588,555	67,702,786	614,936	21,293,250	-	-	21,908,186	329,283,590
58	-	-	636,870	636,870	-	-	-	-	-	329,920,460
59	-	-	685,236	685,236	-	-	-	-	-	330,605,696
60	45,417,849	21,318,996	686,613	67,423,458	600,661	21,293,250	375,000,000	446,428	397,340,339	688,814
61	-	-	343,663	343,663	-	-	-	-	-	1,032,477
62	-	-	358	358	-	-	-	-	-	1,032,835
63	45,524,811	20,814,736	716	66,340,263	586,352	17,449,500	-	-	18,035,852	49,337,247
64	-	-	51,034	51,034	-	-	-	-	-	49,388,281
65	-	-	101,404	101,404	-	-	-	-	-	49,489,685
66	45,617,266	20,309,349	101,563	66,028,178	572,012	17,449,500	-	-	18,021,512	97,496,351
67	-	-	151,675	151,675	-	-	-	-	-	97,648,026
68	-	-	201,840	201,840	-	-	-	-	-	97,849,866
69	45,685,038	19,802,945	202,209	65,690,191	557,645	17,449,500	-	-	18,007,145	145,532,913
70	-	-	252,089	252,089	-	-	-	-	-	145,785,001
71	-	-	302,021	302,021	-	-	-	-	-	146,087,022
72	45,750,345	19,295,914	302,598	65,348,858	543,260	17,449,500	-	-	17,992,760	193,443,120
73	-	-	352,242	352,242	-	-	-	-	-	193,795,362
74	-	-	401,938	401,938	-	-	-	-	-	194,197,301
75	45,805,104	18,787,755	402,724	64,995,583	528,855	17,449,500	-	-	17,978,355	241,214,529
76	-	-	452,119	452,119	-	-	-	-	-	241,666,648
77	-	-	501,566	501,566	-	-	-	-	-	242,168,214
78	45,786,776	18,278,744	502,560	64,568,080	514,436	17,449,500	-	-	17,963,936	288,772,358

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
79	-	-	551,628	551,628	-	-	-	-	-	289,323,986
80	-	-	600,749	600,749	-	-	-	-	-	289,924,735
81	45,732,003	17,769,741	601,949	64,103,693	500,021	17,449,500	-	-	17,949,521	336,078,907
82	-	-	650,652	650,652	-	-	-	-	-	336,729,559
83	-	-	699,407	699,407	-	-	-	-	-	337,428,966
84	45,685,142	17,261,511	700,813	63,647,466	485,623	17,449,500	380,000,000	2,452,495	400,387,618	688,814
85	-	-	350,771	350,771	-	-	-	-	-	1,039,585
86	-	-	365	365	-	-	-	-	-	1,039,950
87	45,616,573	16,753,519	731	62,370,824	471,236	13,383,500	-	-	13,854,736	49,556,038
88	-	-	51,269	51,269	-	-	-	-	-	49,607,307
89	-	-	101,860	101,860	-	-	-	-	-	49,709,167
90	45,560,666	16,250,279	102,020	61,912,964	456,871	13,383,500	-	-	13,840,371	97,781,761
91	-	-	152,201	152,201	-	-	-	-	-	97,933,962
92	-	-	202,436	202,436	-	-	-	-	-	98,136,397
93	45,525,313	15,757,540	202,805	61,485,658	442,793	13,383,500	-	-	13,826,293	145,795,762
94	-	-	252,661	252,661	-	-	-	-	-	146,048,423
95	-	-	302,569	302,569	-	-	-	-	-	146,350,992
96	45,514,689	15,266,007	303,148	61,083,844	428,864	13,383,500	-	-	13,812,364	193,622,472
97	-	-	352,704	352,704	-	-	-	-	-	193,975,176
98	-	-	402,313	402,313	-	-	-	-	-	194,377,488
99	45,483,108	14,774,457	403,099	60,660,664	414,936	13,383,500	-	-	13,798,436	241,239,717
100	-	-	452,333	452,333	-	-	-	-	-	241,692,050
101	-	-	501,619	501,619	-	-	-	-	-	242,193,669
102	45,259,667	14,282,787	502,613	60,045,067	401,018	13,383,500	-	-	13,784,518	288,454,217
103	-	-	551,323	551,323	-	-	-	-	-	289,005,540
104	-	-	600,086	600,086	-	-	-	-	-	289,605,626
105	44,981,294	13,792,904	601,285	59,375,483	387,139	13,383,500	-	-	13,770,639	335,210,470
106	-	-	649,415	649,415	-	-	-	-	-	335,859,885
107	-	-	697,597	697,597	-	-	-	-	-	336,557,482
108	44,618,350	13,306,138	699,000	58,623,487	373,328	13,383,500	-	-	13,756,828	381,424,141
109	-	-	746,462	746,462	-	-	-	-	-	382,170,603
110	-	-	793,976	793,976	-	-	-	-	-	382,964,579
111	44,364,394	12,822,948	795,581	57,982,923	359,621	13,383,500	-	-	13,743,121	427,204,381
112	-	-	842,491	842,491	-	-	-	-	-	428,046,872
113	-	-	889,452	889,452	-	-	-	-	-	428,936,323
114	43,891,070	12,342,737	891,256	57,125,063	345,987	13,383,500	-	-	13,729,487	472,331,899
115	-	-	937,386	937,386	-	-	-	-	-	473,269,285
116	-	-	983,566	983,566	-	-	-	-	-	474,252,852
117	43,093,778	11,866,785	985,567	55,946,130	332,493	13,383,500	-	-	13,715,993	516,482,989
118	-	-	1,030,581	1,030,581	-	-	-	-	-	517,513,570
119	-	-	1,075,645	1,075,645	-	-	-	-	-	518,589,215
120	41,951,737	11,395,993	1,077,839	54,425,569	319,236	13,383,500	525,000,000	13,677,058	552,379,795	20,634,990
121	-	-	560,257	560,257	-	-	-	-	-	21,195,246
122	-	-	42,138	42,138	-	-	-	-	-	21,237,385

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
123	40,766,293	10,935,545	42,766	51,744,603	306,311	7,451,000	-	-	7,757,311	65,224,677
124	-	-	88,630	88,630	-	-	-	-	-	65,313,307
125	-	-	134,542	134,542	-	-	-	-	-	65,447,849
126	39,657,065	10,487,076	134,775	50,278,915	293,723	7,451,000	-	-	7,744,723	107,982,041
127	-	-	179,221	179,221	-	-	-	-	-	108,161,262
128	-	-	223,714	223,714	-	-	-	-	-	108,384,977
129	38,463,648	10,049,377	224,134	48,737,159	281,450	7,451,000	-	-	7,732,450	149,389,686
130	-	-	267,080	267,080	-	-	-	-	-	149,656,766
131	-	-	310,072	310,072	-	-	-	-	-	149,966,837
132	37,392,482	9,624,181	310,673	47,327,336	269,520	7,451,000	-	-	7,720,520	189,573,654
133	-	-	352,253	352,253	-	-	-	-	-	189,925,907
134	-	-	393,877	393,877	-	-	-	-	-	190,319,784
135	36,460,212	9,207,914	394,654	46,062,781	257,884	7,451,000	-	-	7,708,884	228,673,680
136	-	-	435,016	435,016	-	-	-	-	-	229,108,697
137	-	-	475,422	475,422	-	-	-	-	-	229,584,118
138	35,308,431	8,799,617	476,370	44,584,418	246,523	7,451,000	-	-	7,697,523	266,471,014
139	-	-	515,289	515,289	-	-	-	-	-	266,986,303
140	-	-	554,250	554,250	-	-	-	-	-	267,540,552
141	34,230,064	8,403,084	555,364	43,188,512	235,487	7,451,000	-	-	7,686,487	303,042,577
142	-	-	592,922	592,922	-	-	-	-	-	303,635,500
143	-	-	630,521	630,521	-	-	-	-	-	304,266,021
144	33,329,627	8,020,423	631,796	41,981,846	224,760	7,451,000	260,000,000	7,229,910	274,905,669	71,342,198
145	-	-	389,824	389,824	-	-	-	-	-	71,732,022
146	-	-	147,601	147,601	-	-	-	-	-	71,879,622
147	32,418,443	7,645,436	148,160	40,212,039	214,278	4,396,000	-	-	4,610,278	107,481,383
148	-	-	185,399	185,399	-	-	-	-	-	107,666,783
149	-	-	222,678	222,678	-	-	-	-	-	107,889,460
150	31,420,117	7,279,987	223,103	38,923,207	204,065	4,396,000	-	-	4,600,065	142,212,601
151	-	-	259,088	259,088	-	-	-	-	-	142,471,689
152	-	-	295,111	295,111	-	-	-	-	-	142,766,801
153	30,402,215	6,925,160	295,688	37,623,063	194,133	4,396,000	-	-	4,590,133	175,799,730
154	-	-	330,405	330,405	-	-	-	-	-	176,130,136
155	-	-	365,159	365,159	-	-	-	-	-	176,495,294
156	29,403,528	6,581,532	365,883	36,350,943	184,496	4,396,000	-	-	4,580,496	208,265,741
157	-	-	399,358	399,358	-	-	-	-	-	208,665,098
158	-	-	432,868	432,868	-	-	-	-	-	209,097,966
159	28,464,653	6,247,916	433,735	35,146,303	175,135	4,396,000	-	-	4,571,135	239,673,135
160	-	-	466,035	466,035	-	-	-	-	-	240,139,170
161	-	-	498,369	498,369	-	-	-	-	-	240,637,539
162	27,498,026	5,924,519	499,374	33,921,919	166,047	4,396,000	-	-	4,562,047	269,997,411
163	-	-	530,476	530,476	-	-	-	-	-	270,527,887
164	-	-	561,612	561,612	-	-	-	-	-	271,089,500
165	26,453,656	5,609,988	562,750	32,626,394	157,232	4,396,000	-	-	4,553,232	299,162,662

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
166	-	-	592,578	592,578	-	-	-	-	-	299,755,239
167	-	-	622,438	622,438	-	-	-	-	-	300,377,677
168	25,468,202	5,306,814	623,703	31,398,719	148,719	4,396,000	-	-	4,544,719	327,231,677
169	-	-	652,325	652,325	-	-	-	-	-	327,884,002
170	-	-	680,977	680,977	-	-	-	-	-	328,564,979
171	24,673,592	5,013,357	682,366	30,369,315	140,479	4,396,000	-	-	4,536,479	354,397,815
172	-	-	709,985	709,985	-	-	-	-	-	355,107,800
173	-	-	737,633	737,633	-	-	-	-	-	355,845,433
174	23,781,674	4,728,373	739,141	29,249,189	132,466	4,396,000	-	-	4,528,466	380,566,156
175	-	-	765,660	765,660	-	-	-	-	-	381,331,816
176	-	-	792,209	792,209	-	-	-	-	-	382,124,025
177	22,907,238	4,452,255	793,831	28,153,324	124,706	4,396,000	-	-	4,520,706	405,756,643
178	-	-	819,274	819,274	-	-	-	-	-	406,575,917
179	-	-	844,745	844,745	-	-	-	-	-	407,420,661
180	22,118,842	4,185,527	846,478	27,150,847	117,197	4,396,000	331,661,000	7,708,157	343,882,354	90,689,154
181	-	-	517,429	517,429	-	-	-	-	-	91,206,584
182	-	-	188,040	188,040	-	-	-	-	-	91,394,623
183	21,351,649	3,925,809	188,775	25,466,232	109,906	296,405	-	-	406,311	116,454,545
184	-	-	215,075	215,075	-	-	-	-	-	116,669,619
185	-	-	241,403	241,403	-	-	-	-	-	116,911,022
186	20,414,136	3,673,508	241,878	24,329,522	102,838	296,405	-	-	399,244	140,841,300
187	-	-	267,057	267,057	-	-	-	-	-	141,108,357
188	-	-	292,263	292,263	-	-	-	-	-	141,400,619
189	19,395,328	3,430,897	292,845	23,119,069	96,040	296,405	-	-	392,446	164,127,243
190	-	-	316,823	316,823	-	-	-	-	-	164,444,066
191	-	-	340,827	340,827	-	-	-	-	-	164,784,893
192	18,398,198	3,198,503	341,512	21,938,213	89,532	296,405	-	-	385,938	186,337,168
193	-	-	364,317	364,317	-	-	-	-	-	186,701,485
194	-	-	387,147	387,147	-	-	-	-	-	187,088,632
195	17,521,359	2,976,267	387,930	20,885,556	83,308	296,405	-	-	379,713	207,594,475
196	-	-	409,693	409,693	-	-	-	-	-	208,004,168
197	-	-	431,480	431,480	-	-	-	-	-	208,435,649
198	16,585,310	2,762,554	432,356	19,780,220	77,329	296,405	-	-	373,735	227,842,134
199	-	-	345,123	345,123	-	-	-	-	-	228,187,258
200	-	-	257,800	257,800	-	-	-	-	-	228,445,058
201	15,581,389	2,558,609	258,428	18,398,426	71,622	296,405	-	-	368,028	246,475,457
202	-	-	277,479	277,479	-	-	-	-	-	246,752,935
203	-	-	296,549	296,549	-	-	-	-	-	247,049,485
204	14,662,250	2,364,629	297,147	17,324,026	66,199	296,405	-	-	362,604	264,010,907
205	-	-	315,124	315,124	-	-	-	-	-	264,326,031
206	-	-	333,121	333,121	-	-	-	-	-	264,659,151
207	13,785,307	2,180,005	333,796	16,299,108	61,037	296,405	-	-	357,442	280,600,817
208	-	-	350,749	350,749	-	-	-	-	-	280,951,566
209	-	-	367,720	367,720	-	-	-	-	-	281,319,286



Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
210	12,996,231	2,003,838	368,468	15,368,537	56,122	296,405	-	-	352,527	296,335,296
211	-	-	383,116	383,116	-	-	-	-	-	296,718,413
212	-	-	397,780	397,780	-	-	-	-	-	297,116,192
213	12,347,063	1,835,838	398,593	14,581,495	51,428	296,405	-	-	347,833	311,349,854
214	-	-	413,834	413,834	-	-	-	-	-	311,763,689
215	-	-	429,092	429,092	-	-	-	-	-	312,192,781
216	11,773,880	1,674,960	429,970	13,878,811	46,916	296,405	-	-	343,321	325,728,270
217	-	-	444,517	444,517	-	-	-	-	-	326,172,787
218	-	-	459,079	459,079	-	-	-	-	-	326,631,866
219	11,238,728	1,458,807	460,020	13,157,556	42,563	296,405	-	-	338,969	339,450,454
220	-	-	473,851	473,851	-	-	-	-	-	339,924,305
221	-	-	487,698	487,698	-	-	-	-	-	340,412,003
222	10,661,427	1,300,061	488,699	12,450,187	38,363	296,405	-	-	334,768	352,527,421
223	-	-	501,450	501,450	-	-	-	-	-	353,028,872
224	-	-	514,216	514,216	-	-	-	-	-	353,543,088
225	10,048,152	1,159,944	515,274	11,723,371	34,326	296,405	-	-	330,731	364,935,727
226	-	-	527,677	527,677	-	-	-	-	-	365,463,404
227	-	-	540,094	540,094	-	-	-	-	-	366,003,498
228	9,436,656	1,025,887	541,206	11,003,749	30,463	296,405	-	-	326,869	376,680,378
229	-	-	552,890	552,890	-	-	-	-	-	377,233,269
230	-	-	564,588	564,588	-	-	-	-	-	377,797,857
231	8,830,693	895,436	565,752	10,291,882	26,773	296,405	-	-	323,178	387,766,560
232	-	-	576,724	576,724	-	-	-	-	-	388,343,284
233	-	-	587,709	587,709	-	-	-	-	-	388,930,993
234	8,232,891	773,385	588,922	9,595,199	23,253	296,405	-	-	319,658	398,206,534
235	-	-	599,196	599,196	-	-	-	-	-	398,805,730
236	-	-	609,483	609,483	-	-	-	-	-	399,415,213
237	7,621,609	657,221	610,742	8,889,571	19,901	296,405	-	-	316,306	407,988,478
238	-	-	620,307	620,307	-	-	-	-	-	408,608,785
239	-	-	629,884	629,884	-	-	-	-	-	409,238,669
240	6,960,940	547,177	631,186	8,139,303	16,720	296,405	23,339,000	6,031,215	29,683,340	387,694,632
241	-	-	609,400	609,400	-	-	-	-	-	388,304,032
242	-	-	587,593	587,593	-	-	-	-	-	388,891,625
243	6,246,674	443,781	588,840	7,279,295	13,725	-	-	-	13,725	396,157,195
244	-	-	597,021	597,021	-	-	-	-	-	396,754,216
245	-	-	605,211	605,211	-	-	-	-	-	397,359,426
246	5,488,782	347,529	606,463	6,442,774	10,931	-	-	-	10,931	403,791,269
247	-	-	613,793	613,793	-	-	-	-	-	404,405,063
248	-	-	621,133	621,133	-	-	-	-	-	405,026,195
249	4,684,792	258,706	622,419	5,565,917	8,348	-	-	-	8,348	410,583,765
250	-	-	628,855	628,855	-	-	-	-	-	411,212,620
251	-	-	635,299	635,299	-	-	-	-	-	411,847,919
252	3,790,132	177,914	636,616	4,604,662	5,988	-	-	-	5,988	416,446,593

Period	Collections of Principal	Collections of Interest	Other Income	Total Cash Flow Available	Senior Expenses	Bond Interest	Bond Principal	Servicer Bonus	Total Cash Outflows Before Tax	Net Cash Flows Before Tax
	(+)	(+)	(+)		(-)	(-)	(-)	(-)		Cumulative
253	-	-	642,068	642,068	-	-	-	-	-	417,088,661
254	-	-	647,527	647,527	-	-	-	-	-	417,736,188
255	2,786,322	105,946	648,871	3,541,138	3,876	-	-	-	3,876	421,273,450
256	-	-	653,230	653,230	-	-	-	-	-	421,926,680
257	-	-	657,595	657,595	-	-	-	-	-	422,584,275
258	1,568,830	44,171	658,960	2,271,961	2,039	-	-	-	2,039	424,854,197
259	-	-	662,010	662,010	-	-	-	-	-	425,516,207
260	-	-	665,064	665,064	-	-	-	-	-	426,181,271
261	521,376	3,665	666,446	1,191,487	540	-	-	-	540	427,372,218
262	-	-	668,380	668,380	-	-	-	-	-	428,040,597
263	-	-	670,316	670,316	-	-	-	-	-	428,710,914
264	412,108	63	671,711	1,083,882	-	-	-	-	-	429,794,796
265	-	-	673,538	673,538	-	-	-	-	-	430,468,334
266	-	-	675,369	675,369	-	-	-	-	-	431,143,703
267	416,020	11	676,774	1,092,804	-	-	-	-	-	432,236,507
268	-	-	678,616	678,616	-	-	-	-	-	432,915,123
269	-	-	680,461	680,461	-	-	-	-	-	433,595,584
270	421,096	-	681,877	1,102,973	-	-	-	-	-	434,698,558
271	-	-	683,734	683,734	-	-	-	-	-	435,382,292
272	-	-	685,596	685,596	-	-	-	-	-	436,067,888
273	183,772	-	687,022	870,794	-	-	-	-	-	436,938,682
274	-	-	688,643	688,643	-	-	-	-	-	437,627,325
275	-	-	690,268	690,268	-	-	-	-	-	438,317,593
276	-	-	691,704	691,704	-	-	-	-	-	439,009,297
277	-	-	693,144	693,144	-	-	-	-	-	439,702,440
278	-	-	694,586	694,586	-	-	-	-	-	440,397,026
279	-	-	696,032	696,032	-	-	-	-	-	441,093,058
280	-	-	697,480	697,480	-	-	-	-	-	441,790,538
281	-	-	698,932	698,932	-	-	-	-	-	442,489,470
282	-	-	700,386	700,386	-	-	-	-	-	443,189,857
283	-	-	701,844	701,844	-	-	-	-	-	443,891,701
284	-	-	703,305	703,305	-	-	-	-	-	444,595,005
285	-	-	704,768	704,768	-	-	-	-	-	445,299,774
286	-	-	706,235	706,235	-	-	-	-	-	446,006,009
287	-	-	707,705	707,705	-	-	-	-	-	446,713,714
288	-	-	709,178	709,178	-	-	-	-	-	447,422,892
289	-	-	710,654	710,654	-	-	-	-	-	448,133,545
290	-	-	712,133	712,133	-	-	-	-	-	448,845,678
291	-	-	713,615	713,615	-	-	-	-	-	449,559,293
292	-	-	715,100	715,100	-	-	-	-	-	450,274,393
293	-	-	716,588	716,588	-	-	-	-	-	450,990,981
294	-	-	718,080	718,080	-	-	-	-	-	451,709,061
295	-	-	719,574	719,574	-	-	-	-	-	452,428,635
296	-	-	721,072	721,072	-	-	-	-	-	453,149,706

Period	Collections of Principal (+)	Collections of Interest (+)	Other Income (+)	Total Cash Flow Available	Senior Expenses (-)	Bond Interest (-)	Bond Principal (-)	Servicer Bonus (-)	Total Cash Outflows Before Tax	Net Cash Flows Before Tax Cumulative
297	-	-	722,572	722,572	-	-	-	-	-	453,872,278
298	-	-	724,076	724,076	-	-	-	-	-	454,596,354
299	-	-	725,583	725,583	-	-	-	-	-	455,321,937
300	-	-	727,093	727,093	-	-	-	-	-	456,049,030

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### 3.5 Insurance Policies

*The following are only summaries of the relevant insurance policies and should not be taken as exhaustive or as necessarily being the terms of the insurance policies for all mortgage transactions.*

There are two types of insurance policies: a Mortgage Reducing Term Assurance Policy ("MRTA") and a Residential Unit Policy. Prior to August 2006, Obligors were provided only with insurance policies offered by Malaysia National Insurance Berhad ("MNI") and/or Takaful Nasional Sdn Berhad ("Takaful Nasional"). Effective August 2006, both MRTA Policy and Residential Unit Policy are now provided by Takaful Nasional, Takaful Ikhlas Sdn Bhd ("Takaful Ikhlas") and Syarikat Takaful Malaysia Berhad ("Takaful Malaysia") (collectively known as "Takaful"). However, Portfolio 2007-2 consist only of Obligors under the Takaful Nasional and MNI insurance policies.

#### MRTA Policy

The MRTA policies offered by Takaful provide that a Sum Assured will be paid in the event of the death of the Obligor. The Sum Assured reduces annually and would at any time be greater than the Outstanding Principal Amount. In the event of a claim, the Sum Assured would be paid to the Government in reduction of the Outstanding Principal Amount with any excess being paid to the estate of the Obligor.

Takaful does not pay if the death of the Obligor is from Acquired Immune Deficiency Syndrome (AIDS) or any AIDS related conditions and Takaful Nasional cover will pay RM1,000 towards funeral expenses.

Premium on a policy is paid once at inception of the policy. Once paid the policy is non-cancellable.

The policy provides for a supplementary benefit in the event of permanent total disability. For the MNI policy, this only applies to policies entered into after 1 August 1995. The supplementary benefit takes the form of the payment of the Sum Assured. In the case of Takaful Nasional, this includes an additional payment of medical expenses up to a maximum of RM1,000. The supplementary benefit automatically terminates on the 60<sup>th</sup> birthday of the Obligor or if the MRTA policy is surrendered.

Permanent total disability means disability, whether caused by bodily injury or disease, which wholly prevents the Obligor from engaging in any business or occupation or performing any work for compensation or profit and includes irrecoverable loss of sight of one eye and the amputation of a limb at or above the wrist or above the ankle.

The supplementary benefit is paid only after at least 180 days of evidence of the disability.

If an Obligor is found to be older than as stated in the proposal and declaration for the policy, the policy is not avoided but the Sum Assured shall be adjusted for the premium actually paid and for the correct age.

#### Residential Unit Policy

The Residential Unit Policy is a homeowner or householder's insurance policy provided by Takaful to cover for a specified period the Residential Unit and the contents up to a maximum total sum insured.

Premium on a policy is paid once on inception of the policy.

The policy cover is against loss or damage as a result of any of the following perils:

- (a) fire, lightning, thunderbolt, subterranean fire,
- (b) explosion,
- (c) aircraft and other aerial devices or articles dropped,
- (d) impact by any road vehicle or animals not belonging to the insured or any member of his or her family,
- (e) bursting or overflowing of domestic water tanks, apparatus or pipes except for:
  - (i) the first RM50.00;
  - (ii) unfurnished house
  - (iii) where the bursting or overflowing is a result of default of the water tank, apparatus or pipe itself
- (f) theft if accompanied with forcible or violent entry and the private dwelling was not left alone for more than 90 days,
- (g) hurricane, cyclone, typhoon, windstorm,
- (h) earthquake, volcanic eruption,
- (i) flood

The policy does not cover loss or damage occasioned by or through or in consequence of:

- (a) war, invasion, act of foreign enemy, civil war etc.,
- (b) mutiny, riot, insurrection, etc.
- (c) any act of terrorism;
- (d) confiscation, commandeering, requisition or destruction to property by order of the Government or local authority,
- (e) loss or damage by nuclear weapons material, ionising radiations or contamination by radioactivity,
- (f) hurricane, cyclone, typhoon or windstorm to any building in the course of construction, reconstruction or repair,
- (g) subsidence or landslips,

Consequential loss or damage of any kind whatsoever is also excluded except for loss of rent, reasonable additional expense necessarily incurred at a hotel, lodging house or boarding house and injury to third parties or damage to their property (subject to conditions applying in respect of liability for such loss or damage).

The insurer is also not liable:

- (a) under peril (e) above for the first RM50.00; and
- (b) under perils (g), (h) and (i) for the first one percent (1%) of the total sum insured under the relevant Insurance Policies or RM200.00 whichever is lower.

In the event of loss to the property insured, the insurer shall pay the lower of the insured value or the market value of the insured property. The market value of the insured property shall be determined by a valuation obtained by the insurer.

A Loss Mortgagee (Chargee) clause substantially in the following terms would be endorsed on the relevant policies:

*"Loss if any, payable to Federal Treasury, Mortgagee (Chargee), as interest may appear and this insurance, as to the interest of the Mortgagee (Chargee) only therein shall not be invalidated by any act or neglect of the Mortgagor (Chargor) or the Owner of the private dwelling nor any foreclosure or notice of sale or by the occupation of the premises for purposes more hazardous than permitted by the Policy. Provided that if the Mortgagor (Chargor) or Owner shall neglect to pay any premium due under the Policy the Mortgagee (Chargee) shall on demand pay the same. Provided also that the Mortgagee (Chargee) shall notify the Company (the insurer) of any non-occupancy or of any change of ownership or occupancy or increase of hazard. Whenever the Company pays the Mortgagee (Chargee) any sum in respect of loss or damage under the policy, the Company shall become legally*

*subrogated to all the rights of the Mortgagee (Chargee) to the extent of such payment but not so as to impair the right of the Mortgagee (Chargee) to recover the full amount of any claim it may have on the Mortgagor (Chargor) or Owner.*

The cancellation of the policy cannot be effected by the Mortgagee or (Chargor) or Owner except on 14 days notification in writing to the Mortgagee (Chargee).

Profiles of Takaful Nasional and MNI are provided in Appendix III of this Information Memorandum.

### **3.6 Standard Housing Loan Documentation**

*The following summary is not to be taken as exhaustive or complete as to all the terms and conditions of the documents summarised. It is intended to provide an overview of the current documentation used but no assurance is given that such documentation has in all cases been used in the documenting of the Mortgage Transactions in Portfolio 2007-2.*

A number of standard form documents are used by the Government for the documentation of the Housing Loans and Home Financing provided by it. The form used in any particular case depends upon whether the property is in Peninsular Malaysia, Sabah or Sarawak and whether there is separate title to the property or not. Where assignment is used, slightly different forms of these documents are used in cases where the financing is provided for refinancing purposes or renovations.

#### **3.6.1 Property with Title**

For property with title, a charge is used as a security for the loan with the principal terms being as follows:

##### Peninsular Malaysia

##### *First Party Charge:*

In Peninsular Malaysia for a first party charge, a prescribed Form 16 A under the National Land Code is used with Form A Tambahan E ("Form 16") as its Annexure.

Form 16 sets out a list of covenants and undertakings by the Chargor (the Obligor) which includes amongst others, that the Chargor:

- (a) will pay the Chargee (the Originator) on demand the monthly instalments and the Chargor irrevocably authorizes the Chargee to deduct the amount of the monthly instalments from his or her monthly salary or pension;
- (b) will keep the property including all fixtures in good and tenantable repair;
- (c) will pay all assessments, taxes, quit rents and other impositions;
- (d) will not allow the land or buildings to become so crowded with persons residing in them so as to adversely affect the security;
- (e) will not register any dealings against the property unless the Chargee has given its consent in writing; and
- (f) will not do any act in relation to the property which is against the law.

The Chargee at its discretion and at the expense of the Chargor may insure the property:

- against loss or damage by fire;
- against risks as the Chargee may from time to time think expedient; and/or take out an MRTA Policy on the life of the Chargor.

The Chargor will repay every sum paid by the Chargee for effecting or keeping on foot any insurance.

The Chargee can make payments as it considers necessary to any person in connection with maintaining, repairing, amending, altering or improving or insuring the land or building thereon or for cost and expenses for the enforcement, protection or improvement of the security created by the charge and all such amounts shall be repaid by the Chargor on demand. Expenses for this purpose includes:

- (a) taking out and maintaining any policy on the life of the Chargor or any policy guaranteeing the repayment of the money secured by the charge;
- (b) any work in or in connection with the construction, repair, maintenance or improvement of any private road or street or of drains, sewerage pipes, septic tanks and other like thing;
- (c) any compliance with any notice or requirement relating to dilapidation, nuisance or other thing of a like nature;
- (d) quit rent, tax or assessment; and
- (e) all cost and disbursements incurred by the Chargee incidental to the collection of any monies due to it.

The charge is transferable by the Chargee, at the cost of the Chargor, to any person without the consent of the Chargor.

If the Chargor:

- (a) defaults in payment of one or more instalments due;
- (b) allows a second charge to be registered without the consent of the Chargee;
- (c) becomes bankrupt or enters into any composition or compromise with her/his creditors;
- (d) dies;
- (e) has her/his employment with the Chargee terminated; or
- (f) resigns,

all monies owed under the charge is immediately due and the Chargee is entitled to exercise any right available to it at law or under the charge. If after the sale of the land the amount recovered by the Chargee is less than the amount due, the Chargor shall pay the Chargee the difference.

*Third Party Charge:*

The prescribed Form 16A under the National Land Code is used with Form B Tambahan E as its Annexure.

Under the Form B Tambahan E, the Chargor must ensure that the Obligor gives the Chargee the power to deduct the monthly instalment from the Obligor's monthly salary or pension. Other terms and conditions are similar to those under the first party charge.

#### Sabah

In Sabah, the same documents are used for first and third party charges. The terms and conditions are similar to those in the charge used for Peninsular Malaysia.

A Memorandum of Charge in the prescribed form as found under Section 104 and Schedule XV of the Land Ordinance Chapter 68 and a Land Survey Form 18 are used for registration of the charge at the relevant land office.

#### Sarawak

##### *First Party Charge:*

A Memorandum of Charge (under Section 143 of Sarawak Land Code) and titled Annexure E, Form C is used.

##### *Third Party Charge:*

A Memorandum of Charge (under Section 143 of the Sarawak Land Code) and titled Annexure E, Form H (2) is used.

The two documents are largely similar and have terms and conditions similar to those in the charges used for Peninsular Malaysia.

### **3.6.2 Property Without Title**

For property without title under a conventional loan, an assignment is used to secure the loan. The documents used are identical for Sabah, Sarawak and Peninsular Malaysia and differ only slightly from the documents used for property with title. A loan agreement sets forth the terms of the loan and the rights and obligations of the parties (similar in terms to that already summarized in relation to property with title) and a deed of assignment creates the security by way of an assignment of all the Obligor's rights, title and interests in the property and under the agreement for the purchase of the property.

When the separate title is issued, the Obligor is, at his or her own cost, to procure a transfer of the property into the name of the Obligor and to charge the title in favour of the GOM. The Obligor appoints the Secretary General of the Federal Treasury as the attorney of the Obligor to enforce all rights and remedies under the agreement for the purchase or the relevant property and to do all acts and execute all whatsoever documents to give effect to any sale, letting or lease by the GOM of the property.

The Government may at its absolute discretion assign all its rights, interest and obligations to such person or corporation as it thinks fit. The assignee shall assume the rights, interest and obligations in the loan agreement and assignment as if the assignee had been the party to the loan agreement and assignment in place of the Government. The loan agreement and assignment remain in force until the transfer to the Obligor and the charge to the Government is registered against the separate document of title to the property or the money secured by the property is fully repaid, whichever is first.



**3.7 Pension Deduction**

A mandate letter is typically signed by the Obligor authorizing the originator to either:

- (a) deduct the Obligor's Monthly Pension in lieu of Monthly Salary after the Obligor has retired from public service; or
- (b) deduct from the Employees Provident Fund's savings of the Obligor in settlement of the Outstanding Amount.

The mandate letter is usually signed by the Obligor when the application of the Housing Loan is approved by the Originator.

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## 4 INVESTMENT CONSIDERATIONS

*An investment in the Bonds involves risks and such investment is only suitable for investors who have knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of such an investment. The following section summarises certain of such risks associated with the investment in the Bonds and may not be exhaustive. Only sophisticated investors who have knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Bonds should consider any investment therein. In addition to the other information contained in this Information Memorandum, prospective purchasers of the Bonds are strongly advised to read and carefully consider, in light of their own financial circumstances and investment objectives, the factors discussed below and to conduct their own independent investigation of the risks posed by the Bonds and consult their own financial and legal advisors on the risks associated with the investment in the Bonds prior to making an investment in the Bonds.*

*Any investment in debt securities carries risks. Different debt securities carry different risks and an investment in any debt securities has to be evaluated on its own merits. An investment in the Bonds is in that respect no different. Potential investors in the Bonds are strongly encouraged to evaluate the Bonds on their own merit and not by reference to any other debt securities whether of a comparable nature or otherwise.*

### 4.1 Risks Related to Limited Recourse Obligations

- (a) *There is no recourse against the Originator in respect of defaults by Obligors in respect of their obligations under Mortgage Transactions. Neither does the Originator stand behind the Bonds.*

The Bondholders bear the risk of any default by the Obligors in making payment of their Monthly Instalments. There is no recourse against the Originator in respect of such default.

The Bonds do not represent in any way obligations of the Originator nor does the Originator provide any guarantee or other assurance in respect of the Issuer's obligations on the Bonds.

- (b) *The Issuer's ability to make payments on the Bonds depends upon the collection of amounts owing by the Obligors in respect of the Mortgage Transactions.*

Obligors may fail to pay Monthly Instalments due from them on time or at all. In particular, if Obligors lose their salary or pension entitlements, this is likely to adversely affect the timing and amounts of Obligor payments. A significant increase in defaults or delinquencies by Obligors could lead to a default or delay in the making of payment of interest on or redemption of the Bonds.

- (c) *Bondholders' recourse in respect of the Bonds is limited solely to Collections 2007-2 from Portfolio 2007-2 or the realisation thereof.*

The Bonds will be redeemed and interest paid thereon only out of Collections 2007-2 from Portfolio 2007-2 or the realisation thereof. Neither the Issuer nor the Originator is obligated to make any payments in respect of the Bonds or the Mortgage Assets, except, in certain limited circumstances resulting from a breach of certain representations and warranties by the Originator regarding the Mortgage Assets when the Originator will be obliged to compensate the Issuer in the Equivalent Amount or replace the relevant Mortgage Assets. Consequently, Bondholders must rely upon payments on or the realisation of the Mortgage Assets for the payment of principal of and interest on the Bonds. Should the Bondholders not be paid in full on a

timely basis, the Bondholders would not be able to look to the Issuer or the Originator or to any assets of the Originator or the Issuer to satisfy their claims.

The sole remedy of the Bondholders of CMBS 2007-2 or any other person in respect of any obligation, covenant, representation, warranty or agreement of the Issuer under or related to the Issue Documents shall be against the Portfolio 2007-2 or proceeds of Collections 2007-2 therefrom or disposal thereof or enforcement of the Security Documents 2007-2 (the realisable assets). Neither the Trustee, the Bondholders nor any other person shall have any claim against the Issuer or the Originator to the extent that the realisable assets are insufficient to meet any such obligation, covenant, representation, warranty or agreement (the difference being referred to herein as a "shortfall") and all claims in respect of the shortfall shall be extinguished and waived.

- (d) *Bondholders may not petition for the winding-up of the Issuer or institute any insolvency proceedings against it.*

The Trustee (for itself and on behalf of the Bondholders) covenants and agrees in the Trust Deed 2007-2 that it will not institute against, or join any other person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings, or other proceedings under any applicable insolvency laws.

#### 4.2 Risks Associated with an Investment in the Bonds

- (a) *No prior market for the Bonds.*

Although the Issuer has previously issued CMBS 2004-1, CMBS 2005-1-i CMBS 2005-2 and CMBS 2007-1-i, the Bonds may be considered a new issue of securities for which there is currently no established secondary market. There can therefore be no assurance that a secondary market will develop or, if a secondary market does develop, as to the liquidity of that market for the Bonds or that it will continue for the entire tenure of the Bonds, as to the ability of Bondholders to sell their Bonds, or the prices at which Bondholders would be able to sell the Bonds. There is also no assurance that the price of the Bonds will not be adversely affected by the issue of additional asset-backed or other securities by the Issuer.

- (b) *The market value of the Bonds may be subject to fluctuation.*

Trading prices of the Bonds may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer and/or Cagamas, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer or Cagamas. Adverse economic developments could have a material adverse effect on the market value of the Bonds.

- (c) *An investment in the Bonds is subject to interest rate risk.*

Bondholders may suffer unforeseen losses due to fluctuations in interest rates. The Bonds are fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices. The Bonds may be similarly affected resulting in a capital loss for Bondholders. Conversely, when interest rates fall, bond prices and the prices at which the Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested for lower returns.

- (d) *An investment in the Bonds is subject to inflation risk.*

Bondholders may suffer erosion on redemption due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual return.

- (e) *The Bonds do not have a cross-default provision relating to a default on other securities of the Issuer.*

The terms of the Bonds do not provide the ability for Bondholders to declare an Event of Default in the event of a default by the Issuer on CMBS 2004-1 or CMBS 2005-1-i or CMBS 2005-2 or CMBS 2007-1-i or any other securities it may issue in the future. Bondholders are restricted in their right to declare a default to the Events of Default stipulated as being applicable under the terms of the Bonds.

- (f) *The Issuer may in certain circumstances exercise rights of Early Redemption.*

The Issuer has a right to redeem the last two (2) Tranches of the Bonds and may exercise a “clean up” option if the amount of the principal outstanding on the Mortgage Transactions of Portfolio 2007-2 is equal to or less than 10 per cent of the aggregate of the Outstanding Principal Amount on the Issue Date on giving not less than thirty (30) or more than sixty (60) days’ notice to the Trustee and the Bondholders.

Early redemption of the last two (2) Tranches is conditional upon there remaining to the credit of the Collections Account 2007-2 a minimum amount (the “Required Prepayment Balance”) of RM90 million after such redemption and that all the respective scheduled redemption on all other Tranches have been made. Prepayments can be made on any Bonds Maturity Date in the following order of priority:

- (i) firstly, Tranche 2007-2/7 until such tranche has been fully redeemed; and
- (ii) secondly, Tranche 2007-2/6.

If such rights of early redemption are exercised, the holders of the Bonds being cancelled may not make the return they are expecting.

- (g) *The ratings on the Bonds may be changed at any time and this may adversely affect the market value of the Bonds*

The Bonds are assigned preliminary ratings of “AAA” by both MARC and RAM. The ratings address the likelihood of full and timely payment of interest and principal to Bondholders. A rating is not a recommendation to purchase, hold or sell the Bonds as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigning rating organization in the future, if, in its judgment, circumstances in the future so warrant. In such circumstances, the market price and liquidity of the Bonds may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the Bonds. Any reduction, suspension or withdrawal of a rating of the Bonds will not constitute an Event of Default with respect to the Bonds.

### 4.3 Risks Related to the Mortgage Assets

- (a) *The Issuer's ability to make payments on the Bonds is dependent upon timely and complete payment by the Obligors and in the event a Mortgage Transaction becomes delinquent, the Issuer's ability to make payments on the Bonds on a timely basis may depend upon the timing and the amount of the realisations from any foreclosure proceedings commenced in respect of the related Mortgaged Property.*

There is no assurance, in the event of a default by an Obligor that the cash flow generated by the Mortgage Transactions will be timely or sufficient to ensure payment when due, or at all, of principal and interest due on the Bonds. The Issuer may be dependent on the timely resolution of, and the amount of realisations from, foreclosure proceedings commenced on the related Mortgaged Property.

- (b) *The Mortgage Assets are real estate assets and in the event a Mortgage Transaction becomes delinquent and foreclosure proceedings are commenced in respect of the related Mortgage Property, the amount of realisations from such proceedings is subject to conditions affecting the real estate market and the particular Mortgaged Property.*

The market for the Mortgaged Properties is subject to certain real estate risks which include, but are not limited to, adverse changes in the national, regional or local economic and demographic conditions, real estate values generally and in the locale of the property, interest rates, inflation, the supply of and demand for residential properties, zoning laws or other governmental rules and policies and competitive conditions (including the construction of new competitive properties). If the real estate market collapses or falls sharply, the market value of the Mortgaged Properties may be adversely affected. Such risks, as well as general economic conditions, may result in the delay or inability to find buyers for Mortgaged Properties in foreclosure proceedings and/or adversely affect the amount of realisations from the resolution of such proceedings. Furthermore, foreclosure proceedings will generally take time to be completed. In the event a Mortgaged Transaction becomes delinquent and the sale of the related Mortgaged Property is delayed or the proceeds therefrom are insufficient to satisfy the Outstanding Amount due under the related Mortgaged Transaction, the Issuer's ability to make payments on the Bonds on a timely basis or at all may adversely be affected.

- (c) *The Mortgage Transactions have the benefit of MRTA and Residential Property Insurance. Such MRTA and Residential Property Insurance are, however, provided by two insurers. Bondholders may suffer losses if any of the insurers default on its obligations or is excused from its obligations or delays in meeting its obligations.*

The Originator requires Obligors to obtain MRTA and Residential Property Insurance. Such insurance policies are provided only through Takaful Nasional and MNI. A default in the performance of their obligations by these Insurance Providers may result in losses to the Bondholders. Some information on these Insurance Providers may be found in Section 3.5 of Chapter 3 and Appendix III of this Information Memorandum.

These Insurance Providers are not obliged to meet any liabilities under the MRTA policies taken out with it in the event an Obligor is made totally and permanently disabled due to Acquired Immune Deficiency Syndrome ("AIDS"). Death of an Obligor due to AIDS or any AIDS related conditions is not covered. If these Insurance Providers are excused by the terms of its policy or by law from meeting its obligations under the policies taken out with it, this may result in losses to the Bondholders.

In making claims against these Insurance Providers, the Originator is dependent upon the Obligors or their personal representatives, in the case of the death of the

Obligor, to furnish complete and timely details and evidence to support a claim against the Insurance Provider. Delays in obtaining such details or evidence could compromise a claim or the amount that may be claimed against the Insurance Providers and result in losses.

- (d) *Obligors may in certain circumstances lose their salaries or pensions. Obligors may also be dependent upon their salary or pension payments to make payment of the Monthly Instalments due from them.*

The Monthly Instalments due on the Mortgage Transactions of the Portfolio 2007-2 are paid from the Monthly Salary or Monthly Pensions of the Obligors. An Obligor may lose her/his pension in the event of a conviction for certain types of offences, bankruptcy or loss of citizenship or her/his salary in the event of a termination of employment. Such loss could adversely affect the ability of an Obligor to make timely and complete payment of the Monthly Instalments due from her/him.

- (e) *The Issuer's interest in the Mortgage Assets will not be perfected against the Obligors until a later time if at all.*

The sale of the Mortgage Assets will only be by way of equitable assignment. In order to perfect a transfer of the Mortgage Assets in favour of the Issuer, it is necessary that notices of such transfer be delivered to the Obligors and/or the Security Providers. Accordingly, the transfer of the Mortgage Assets will not be perfected against the Obligors or the Security Providers until notices of such transfer are delivered to the relevant Obligors and the Security Providers. This would mean that, until such notices are delivered to the Obligors and the Security Providers, the Obligors and the Security Providers will be entitled to continue to make payments to the Originator under the Mortgage Transactions and exercise vis-à-vis the Issuer all defences (such as set-off rights) that are available against the Originator in respect of their obligations under the Mortgage Transactions.

The perfection of title to Mortgage Charges will require their registration in accordance with the relevant Land Codes. Any registration of such Mortgage Charges to perfect title to them may involve significant costs and take time. Such costs, if any, will have to be borne by the Issuer (and, ultimately, the Bondholders). The registration of such Mortgage Charges may be prevented or delayed if there are caveats lodged against the relevant land titles and the prior approval of the relevant State Authority may in some cases, where there are restrictions in interest or conditions of title requiring such prior approval, be required for such registration.

- (f) *There is no assurance that all of the Mortgage Transactions meet the applicable Eligibility Criteria or that the details provided by the Originator regarding the Mortgage Transactions are correct.*

Portfolio 2007-2 consists of over 63,000 individual Mortgage Transactions. It is not practical to undertake a due diligence review of all such Mortgage Transactions nor has any such attempt been made. No assurance can be or is given (save for certain representations and warranties from the Originator) with regard to details of the Mortgage Transactions nor as to their conformity with the Eligibility Criteria.

It has been determined, however, that Portfolio 2007-2 may include Mortgaged Properties that are of Malay Reserve Land, Native Land or Customary Land that are located in states where the Issuer is permitted or has been authorised or gazetted to take a charge on such lands.

- (g) *In the event a Mortgage Transaction goes into default, reliance will be placed on the Servicer to take enforcement proceedings.*

Among the responsibilities of the Servicer is the taking of enforcement action or proceedings in the event of a default by an Obligor in the performance of her/his obligations under a Mortgage Transaction. In the undertaking of such responsibility, the Servicer is entitled to exercise a reasonable discretion in the action to be taken and to deduct from the proceeds of realisation any legal costs incurred by it.

The Servicer may also be faced with capability constraints if a significant number of actions or proceedings needs to be undertaken by it. Such capability constraints need to be considered also in the light of the fact that the Servicer also has responsibility for enforcement action or proceedings for Mortgage Transactions of the Originator which are not the subject of Portfolio 2007-2. No assurance is given that there will be no delays or even failure in performance by the Servicer in the taking of enforcement action or proceedings.

- (h) *Bondholders may suffer losses if the Servicer fails to remit payments received from Obligor to the Issuer in accordance with the Servicing Agreement 2007-2*

Obligors will continue to make payments with respect to the Mortgage Assets to the Originator. Under the Servicing Agreement 2007-2, the Originator (in its capacity as the Servicer) is required to remit or procure the remittance to the Collections Account 2007-2 of any payments with respect to the Mortgage Assets payable to the Issuer received on or after the Issue Date.

If the Originator (in its capacity as the Servicer) fails to remit or procure the remittance of such payments to the Collections Account 2007-2 in accordance with the Servicing Agreement 2007-2, the ability of the Issuer to make payments under the Bonds would be adversely affected.

- (i) *The performance of Portfolio 2007-2 will be dependent on the prepayment experience of the Mortgage Transactions*

In the event of a demise of an Obligor, her/his Monthly Salary or Monthly Pension will cease and recourse must be to the MRTA claim for recovery of any amounts outstanding. Such recourse and recovery will constitute a prepayment of the Mortgage Transaction of that Obligor.

Prepayments may also result from the sale of the Mortgaged Properties by the Obligors, the refinancing of the Mortgage Transactions by the Obligors or the enforcement of the relevant Mortgage Assets due to a default in payment by the related Obligors. If substantial prepayments are received, the actual Collections 2007-2 would be less than would otherwise be the case.

#### **4.4 Risks Related to the Issuer**

- (a) *Neither the Originator nor the Issuer will compensate Bondholders for any withholding tax on payments pursuant to the Bonds.*

In the event that withholding taxes are imposed in respect of payments to Bondholders of amounts due pursuant to the Bonds, neither the Originator nor the Issuer is obliged to gross-up or otherwise compensate Bondholders for the lesser amounts the Bondholders may receive as a result of the imposition of withholding taxes.

- (b) *The Issuer is a subsidiary of Cagamas and will undertake further securitisation transactions and issue further debt securities in the future.*

The Issuer is restricted in its business activities by its Memorandum of Association to the securitisation of Mortgage Transactions of the Originator. The Originator currently has a total pool of approximately RM20.54 billion of Outstanding Principal Amount of Housing Loans and Home Financing (excluding Housing Facilities sold pursuant to the inaugural securitisation by the Issuer in October 2004, Home Financing sold pursuant to the second securitisation by the Issuer in August 2005, Housing Facilities sold pursuant to the third securitisation by the Issuer in December 2005, Home Financing sold pursuant to the fourth securitisation by the Issuer in May 2007 and those earmarked for Portfolio 2007-2) and will continue to add to that pool from time to time. The Issuer will seek to securitise most (if not all) of such Mortgage Transactions. In connection with such securitisation, further issues of debt securities will be made by the Issuer. The features of such debt securities and the characteristics of the portfolio underlying such debt securities may differ from the Bonds and Portfolio 2007-2 respectively.

It should be noted that the Issuer has no material assets and does not benefit from any guarantee or undertaking from its holding company, Cagamas, or upon completion of its restructuring exercise, Cagamas Holdings, with regard to its financial obligations or its financial status.

Although the structure of the Issuer and the transaction structure are designed to minimise the likelihood of the Issuer's insolvency or its liquidation, no assurance is given that the Issuer will not become insolvent or the subject of a winding-up or liquidation. In the event of an insolvency, winding-up or a liquidation of the Issuer, the interests of the Bondholders may be affected.

#### **4.5 Dependence on Transaction Administrator**

The performance by the Transaction Administrator of its obligations is to a certain extent in turn dependent upon the performance of its employees who will be performing the various roles of the Transaction Administrator and the continued services of these employees.

Like other employers, the Transaction Administrator has to compete for the best employees and its long term prospects will depend on its success in recruiting and retaining its employees. In recognising such importance, the Transaction Administrator believes that it can offer attractive remuneration packages comprising comprehensive benefit schemes for various levels of its employees, as well as, prepare a succession plan for its continuity.

#### **4.6 Dependence on Servicer**

The collection of payments from the Mortgage Assets of Portfolio 2007-2 is dependent upon the proper performance by the Servicer of its obligations under the Servicing Agreement 2007-2.

The performance by the Servicer of its obligations is to a certain extent in turn dependent upon the performance of its employees who will be performing the various roles of the Servicer and the continued services of these employees.

Like other employers, the Servicer has to manage its employees and is dependent on its success in recruiting and retaining its employees.

Additionally, in the event that the Servicer for any reason whatsoever is no longer capable of performing any of its functions under the Servicing Agreement 2007-2, the availability of a



replacement servicer is limited given that the Servicer is a division of the GOM and has the necessary infrastructure and experience.

#### **4.7 Change in Law**

The structure of the transaction and the issue of the Bonds are based on Malaysian law, tax and administrative practice as at the date of this Information Memorandum. No assurance can be given that Malaysian law, tax (or changes in tax rates) or administrative practice will not change after the date hereof or that such change will not adversely impact the structure of the transaction and the treatment of the Bonds.

In particular, changes in tax laws may result in a service and/or consumption tax, such as GST or VAT, being imposed in respect of payments of the fees by Issuer or Cagamas. In the event such service or consumption tax is imposed, the Issuer will be liable to pay the same and this has not been factored into the cash flows as illustrated in Section 3.4.3 of Chapter 3 above.

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## **5 TAX AND REGULATIONS**

### **5.1 Tax Considerations**

#### **5.1.1 Withholding Tax**

All payments by the Issuer in respect of the Bonds shall be made to the Bondholders without withholding or deductions for or on account of any present or future income tax imposed or levied by or on behalf of the tax authorities of Malaysia, or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required under the Malaysian law. The Issuer shall not be required to gross up in connection with such withholding or deduction.

Paragraph 33A of Schedule 6 of the Income Tax Act, 1967 provides that tax exemption is given on interest income derived by non-resident companies from Ringgit denominated debentures and Islamic securities (other than convertible loan stocks) approved by the Securities Commission and securities issued by the Government of Malaysia. Paragraph 35 of Schedule 6 of the Income Tax Act, 1967 further provides that tax exemption is given on interest income derived by an individual, unit trust and listed closed-end fund from debentures (other than convertible loan stocks) approved by the Securities Commission and securities or bonds issued by the Government of Malaysia.

The Issuer will therefore be exempted from the requirement to withhold tax under Section 109 of the Malaysian Income Tax Act, 1967 in respect of payments to foreign corporate Bondholders.

#### **5.1.2 Stamp Duty and Capital Gains Tax**

The issuance and the subsequent sale of the Bonds and Malaysian stamp duty is specifically exempted from stamp duty under the Stamp Duty (Exemption) (No. 12) Order 2001.

Based on Malaysian tax laws applicable as at the date of this Information Memorandum, Malaysian real property gains tax has been exempted effective 1 April 2007 pursuant to Real Property Gains Tax (Exemption)(No.2) Order 2007.

#### **5.1.3 Calculation of Tax Liability of the Issuer**

The Malaysian tax liability of the Issuer is calculated on an entity basis. The Issuer will set aside in the Operating Account the tax liabilities for each portfolio under a Purchase Contract to ensure that Bondholders do not bear unforeseen tax liabilities that could arise from other portfolios.

Potential investors should consult their own professional advisors in respect of their tax liability and the tax implications that could arise in their relevant jurisdictions.

### **5.2 Regulations**

#### **5.2.1 Exchange Control Policy**

Malaysia has historically maintained a liberal system of exchange controls. Prior to September 1998, the few exchange control rules that were in place were aimed at monitoring the settlement of payments and receipts for compilation of balance of payment statistics and to ensure that funds raised abroad were channelled to finance productive investments in Malaysia which either directly or indirectly generate foreign exchange.

On 1 September 1998, the GOM introduced a series of selective exchange control measures. These measures were designed to eliminate the internationalisation of the Ringgit to contain speculation and to stabilise short-term capital flows. There has since been a relaxation of the measures introduced.

The exchange control measures affect, among other things, transfer among non-residents via non-resident external accounts, the import and export of Ringgit in and out of Malaysia by resident and non-resident travellers, investment abroad by Malaysian investors and foreign investors investing in Malaysia.

Permission is given to resident companies to issue private debt securities ("PDS") to non-residents subject to the following conditions:

- (a) Payment for the PDS by non-residents at the primary market can be made in foreign currency equivalent or in Ringgit from the respective non-residents' External Accounts, however, all remittances abroad must be made in foreign currency other than the currency restricted by the GOM;
- (b) Payment to non-residents arising from the redemption of the PDS should be made in Ringgit and credited to the respective non-residents' External Account;
- (c) There is no restriction on the amount of issuance and the proceeds may be used for any purpose including the purchase of foreign currency assets not exceeding Ringgit Malaysia Fifty Million (RM50,000,000) in aggregate in a calendar year. This condition applies to PDS issued to residents as well.

A non-resident is free to repatriate capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investments in Malaysia.

## **5.2.2 Clearing and Settlement**

The Bonds will be represented by global certificates deposited with BNM as central depository. The issue, transfer and trading of the Bonds in the secondary market will be done through RENTAS operated by BNM and in accordance with the procedures established under the Code. Clearing and settlement for trades in the Bonds will also be undertaken through RENTAS and in accordance with the procedures established under the Code. BNM acts also as Paying Agent for the Bonds.

Procedures under the Code are subject to alteration by BNM.

### *The Issuing, Trading and Clearing System*

BNM is the operator of RENTAS which is a system for the issue of private debt securities on a scripless basis. As part of RENTAS, BNM also operates and manages the SSTS which is a scripless book-entry securities trading system that effects and records the trading and settlement of securities traded on RENTAS and an inter bank funds transfer system that effects and records transfers of funds between BNM and persons approved by it to have access to and utilise RENTAS (such persons being referred to as ADIs).

Interests in the Bonds can only be held through ADIs and will be represented by book entries in the records of the ADIs.

Payment of interest and principal with respect to book-entry interests in the Bonds will be credited, to the extent received by BNM, as the Paying Agent, to the accounts of the ADIs maintained with BNM.

Form and Interests

The Bonds will be represented by global certificates in bearer form and deposited with BNM as Central Depository. BNM will credit each ADI with an aggregate amount of the Bonds and Bonds are held by Bondholders having a beneficial interest in the Bonds through that ADI. ADIs are responsible for establishing and maintaining accounts for their customers (the Bondholders) having interests in the Bonds.

Neither the Issuer nor BNM will impose any fees or charges on Bondholders in respect of the deposit of the global certificates to the Bonds with BNM. The ADIs, however, will charge their normal fees and expenses in respect of the maintenance and operation of accounts for Bondholders.

Clearing, Settlement and Return of Capital

On issue of the Bonds, the global certificates in respect thereof will be deposited with BNM who will credit the accounts of the ADIs in accordance with the instructions of CIMB, as the Facility Agent, subject to availability of sufficient funds in the cash accounts of the relevant ADIs maintained with BNM. Allocation and settlement will normally be effected by 11.30 a.m. on the Issue Date with proceeds being paid to the Issuer by 2.00 p.m. on the same day.

Secondary market trading of the Bonds is through the SSTS with transfers of interests between the ADIs being reflected in the book entries maintained by BNM. Settlement is also effected through the SSTS through the accounts maintained by the ADIs with BNM.

Redemption and payment of interest, subject to receipt of the relevant funds, are also effected through credits by BNM to the accounts of the ADIs with BNM.

**5.3 Selling Restrictions****5.3.1 Malaysia**

The Bonds may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, including this Information Memorandum, other than to persons to whom the offer or invitation to purchase would fall within:

- (a) At the point of issuance, Schedule 2 or Section 38(1)(b) and Schedule 3 or Section 39(1)(b) and Schedule 5 or Section 66(3) of the Securities Commission Act 1993 as amended from time to time; and
- (b) After the issuance, Schedule 2 or Section 38(1)(b) and Schedule 5 or Section 66(3) of the Securities Commission Act 1993.

Each Bondholder may not sell, transfer or otherwise dispose of all or any part of its legal or beneficial interests in the Bonds to another person or persons nor offer to do so, unless such sale, transfer, disposal or offer, is subject to the condition that such person(s) shall undertake or otherwise be bound to observe the restrictions set out above.

### 5.3.2 Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each recipient of this Information Memorandum undertakes not to offer or sell the Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor specified in Section 274 of the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each recipient of this Information Memorandum also undertakes to notify and hereby notify the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased the Bonds, namely a person which is:

- (a) A corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) A trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Bonds under Section 275 of the SFA except:

- (i) To an institutional investor under section 274 of the SFA or to a relevant person, or to any person pursuant to an offer that is made on terms of such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and in accordance with the conditions specified in section 275 of the SFA;
- (ii) Where no consideration is given for the transfer; or
- (iii) By operation of law.

### 5.3.3 Hong Kong

Each recipient of this Information Memorandum undertakes that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any of the Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong or any rules made thereunder; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed

or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

#### 5.4 BNM Treatment

BNM has accorded the following regulatory treatments for residential mortgage-backed securities (“RMBS”) issued by CMBS (including CMBS 2007-2):

- (i) Holdings of RMBS by licensed institutions will qualify for a 20% risk weight under the Risk Weighted Capital Ratio framework;
- (ii) The RMBS will qualify for Class-2 liquefiable asset status if rated ‘AAA’ by a recognised rating agency under the liquidity framework. The CMBS 2007-2 will attract a yield slippage of 6%;
- (iii) Holdings of the RMBS under each facility code will not be aggregated with other credit facilities granted to Cagamas MBS Berhad or other debt securities issued by Cagamas Berhad in the computation of the Single Customer Credit Limit (“SCCL”); and
- (iv) Holdings of RMBS by insurance companies are accorded ‘secured credit facilities’ status.

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## 6 TERMS AND CONDITIONS OF THE BONDS

*Definitions of terms used under the terms and conditions set out hereunder may vary slightly from the definitions at the beginning of this Information Memorandum.*

### PRINCIPAL TERMS AND CONDITIONS OF THE BONDS ISSUANCE

#### 1. Issuer

- |       |   |   |
|-------|---|---|
| (i)   | <i>Name</i>   | Cagamas MBS Berhad (“ <b>CMBS</b> ”)  |
| (ii)  | <i>Address</i>  | 19th Floor, West Wing, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur   |
| (iii) | <i>Company Registration No.</i>                             | 655289-H  |
| (iv)  | <i>Date/Place of Incorporation</i>                          | 8 June 2004 / Kuala Lumpur  |
| (v)   | <i>Date of Listing (in case of a public-listed company)</i> | Not applicable, as Issuer is not listed   |
| (vi)  | <i>Status</i>   | Resident-controlled company and Bumiputera-controlled company   |
| (vii) | <i>Principal Activities</i>                                 | The principal activities of the Issuer consist of the purchase from time to time of residential mortgages from the Originator and the issue of securities (bonds, notes, etc.) (both conventional and Islamic) to finance the purchases. The residential mortgages originated by the Originator are secured conventional housing loans or Islamic home financing (each a “ <b>Mortgage Transaction</b> ”) granted by the Originator pursuant to the Housing Loans Fund Act 1971 (as amended from time to time, the “ <b>HLF Act</b> ”). Under the HLF Act, a fund (the “ <b>Fund</b> ”) is established in relation to the monies paid out or received for the purposes of such Mortgage Transactions. |

It is intended that purchases from the Originator will be of discrete pools of Mortgage Transactions and each purchase would be funded through a separate issue of securities, with each issue of securities being secured or having the benefit of, but being limited in its recourse for payment of interest and redemption of such securities to, the Mortgage Transactions purchased through the proceeds of that issue.

With regard to CMBS 2007-2 (as hereinafter defined), the subject of these Principal Terms and Conditions, see ITEM 4 FACILITY DESCRIPTION below on the limited recourse.

It is also intended that each issue of securities will not have the benefit of a provision entitling the holders of those securities to declare an event of default solely by reason of a default on another and different issue of securities (the “**cross default provision**”). This means that an issue of securities by the Issuer could go into



default but the holders of other securities (not in default) would not by reason only of such default be entitled to declare an event of default.

With regard to CMBS 2007-2, see the Note under ITEM 23 EVENTS OF DEFAULT.

*Note:*

- *This transaction, involving the issue of Residential Mortgage Backed Securities, CMBS 2007-2, will represent the fifth securitisation of Mortgage Transactions undertaken by the Issuer.*
- *In October 2004, the Issuer completed a securitisation involving RM1.555 billion of bonds and approximately RM1.94 billion of Mortgage Transactions.*
- *In August 2005, the Issuer completed a securitisation involving RM2.05 billion of Sukuk Musyarakah and approximately RM2.84 billion of Mortgage Transactions.*
- *In December 2005, the Issuer completed a securitisation involving RM2.06 billion of bonds and approximately RM2.9 billion of Mortgage Transactions.*
- *In May 2007, the Issuer completed a securitisation involving RM2.110 billion of Sukuk Musyarakah and approximately RM2.538 billion of Mortgage Transactions.*

(viii) *Board of Directors  
(as at 30 June  
2007)*

1. Dato' Mohd. Razif bin Abd Kadir
2. Dato' Huang Sin Cheng
3. Steven Choy Khai Choon

(ix) *Structure of  
shareholdings and  
names of  
shareholders or, in  
the case of a  
public company,  
names of all  
substantial  
shareholders*

100% owned by Cagamas Berhad (Co. No. 157931-A) ("**Cagamas**").

Upon completion of an exercise (the "**Proposed Exercise**") being undertaken by Cagamas, Cagamas and CMBS will become subsidiaries of a new holding company, Cagamas Holdings Berhad ("**Cagamas Holdings**").

(x) *Authorised capital  
/ Paid up capital  
(as at 30 June  
2007)*

Authorised capital:

RM100,000.00 comprising 100,000 ordinary shares of RM1 each.

Paid up capital:

RM2.00 consisting of 2 ordinary shares of RM1 each.

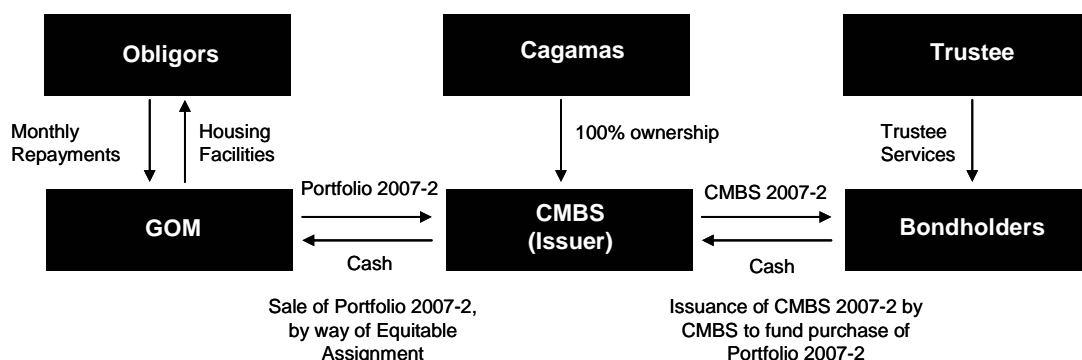
## 2. Originator

(i) *Name*

Government of Malaysia ("**GOM**")

- |        |  |   |
|--------|--|---|
| (ii)   | <i>Address</i>   | c/o Bahagian Pinjaman Perumahan, Blok 8, Kompleks Pejabat-Pejabat Kerajaan, Jalan Duta, 50592 Kuala Lumpur. |
| (iii)  | <i>Company Registration No.</i>  | Not applicable as Originator is the GOM.  |
| (iv)   | <i>Date/Place of Incorporation</i>   | Not applicable as Originator is the GOM.  |
| (v)    | <i>Date of Listing (in case of a public-listed company)</i>  | Not applicable as Originator is the GOM.  |
| (vi)   | <i>Status</i>  | Not applicable as Originator is the GOM.  |
| (vii)  | <i>Principal Activities</i>  | Not applicable as Originator is the GOM.  |
| (viii) | <i>Board of Directors</i>  | Not applicable as Originator is the GOM.  |
| (ix)   | <i>Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders</i> | Not applicable as Originator is the GOM.  |
| (x)    | <i>Authorised capital / Paid up capital</i>  | Not applicable as Originator is the GOM.  |
3. *Names of parties involved in the proposed transaction*
- |       |  |   |
|-------|--|---|
| (i)   | <i>Principal Adviser(s)/Lead Arranger(s)</i> | : 1. AmInvestment Bank Berhad (formerly known as AmMerchant Bank Berhad (Co. No. 23742-V) (" <b>AmInvestment</b> ")<br>2. CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) (Co. No. 18417-M) (" <b>CIMB</b> ")<br>Collectively known as the Joint Principal Advisers/ Joint Lead Arrangers/ Joint Lead Managers |
| (ii)  | <i>Arranger(s)</i>                           | : Not applicable  |
| (iii) | <i>Valuers</i>                               | : Not applicable  |
| (iv)  | <i>Solicitors</i>                            | : <u>Legal Counsel for the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers</u><br><br>Albar & Partners<br><br><u>Legal Counsel for the Issuer</u><br><br>Zaid Ibrahim & Co   |
| (v)   | <i>Financial Adviser</i>                     | : Not applicable  |
| (vi)  | <i>Technical Adviser</i>                     | : Not applicable  |
| (vii) | <i>Guarantor</i>                             | : Not applicable  |

- (viii) *Trustee* : Malaysian Trustees Berhad (Co. No. 21666-V) ("**MTB**")
- (ix) *Facility Agent* : CIMB
- (x) *Primary Subscriber and amount subscribed (where applicable)* : Not applicable
- (xi) *Underwriter(s) and amount underwritten* : Not applicable
- (xii) *Central Depository* : Bank Negara Malaysia ("**BNM**")
- (xiii) *Paying Agent* : BNM
- (xiv) *Reporting Accountant* : Ernst & Young (AF0039)
- (xv) *Others* :
- *Joint Lead Managers* : 1. AmlInvestment  
2. CIMB
  - *Transaction Administrator* : Cagamas
  - *Administrator* : Cagamas
  - *Accounting Advisor to the Issuer* : Not applicable
  - *Tax Advisor* : PricewaterhouseCoopers Taxation Services Sdn Bhd (Co. No. 464731-M)
  - *Servicer* : GOM
  - *Security Agent* : MTB



4. *Facility Description* : Asset-Backed issuance of Nominal Value RM2,410 million ("**CMBS 2007-2**") is in connection with the securitisation of a portfolio of Mortgage Assets<sup>1</sup> purchased from the Originator.

<sup>1</sup> *"Mortgage Assets" in relation to the CMBS 2007-2, means all of the rights, titles, interests and benefits of the Originator in, to, under and in respect of the Mortgage Transactions within Portfolio 2007-2 (as hereinafter defined) and includes all amounts to be collected under such Mortgage Transactions and all charges, guarantees and insurance and other rights in connection thereto, including any proceeds from recoveries, default interest etc thereon.*

CMBS 2007-2 will be issued in tranches with different maturities.

The CMBS 2007-2 will be issued within six (6) months from the date of the approval of the issue by the Securities Commission ("**SC**").

CMBS 2007-2 will be issued in tranches with different maturity on a limited recourse basis. This means that holders of the CMBS 2007-2 will have only the benefit of the specifically identified Mortgage Assets (Portfolio 2007-2) and the collections from or proceeds of realisation thereof and the proceeds from enforcement of any security created pursuant to the Security Documents 2007-2 (as hereinafter defined) and limited recourse to the counterparties to the Administration Services Documents 2007-2 (as hereinafter defined) and Transaction Documents (as hereinafter defined) for any breach of those agreements, to satisfy their right to receive interest and redemption.

The payment of the collections from Portfolio 2007-2 or the proceeds of realisation thereof and of the enforcement of any security created pursuant to the Security Documents 2007-2 shall constitute a complete discharge of the Issuer's duties and obligations in relation to CMBS 2007-2 and the holders of the CMBS 2007-2 waive all claims against the Issuer or any of its other assets in respect of any duties and obligations of the Issuer, which but for such waiver, the Issuer would be subject to under or in connection with the CMBS 2007-2.

Holders of CMBS 2007-2 will also be deemed to have agreed (by their investment in or purchase of a CMBS 2007-2 or the holding of a beneficial interest therein) not to petition for or join any person in petitioning for the winding up of the Issuer or otherwise institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceedings under any applicable laws.

5. *Issue Size (RM)* : The issue size of CMBS 2007-2 is RM2,410 million and consists of the following tranches:

<u>Tranche</u>	<u>Size</u>
Tranche 2007-2/1	RM515 million
Tranche 2007-2/2	RM375 million
Tranche 2007-2/3	RM380 million
Tranche 2007-2/4	RM525 million
Tranche 2007-2/5	RM260 million
Tranche 2007-2/6	RM250 million
Tranche 2007-2/7	RM105 million

6. *Issue Price (RM)* : To be issued at par.

7. *Tenor of the facility/ issue* : Tenor of the facility/issue from the date of issue of CMBS 2007-2:

<u>Tranche</u>	<u>Tenure</u>
Tranche 2007-2/1	36 months
Tranche 2007-2/2	60 months
Tranche 2007-2/3	84 months
Tranche 2007-2/4	120 months
Tranche 2007-2/5	144 months
Tranche 2007-2/6	180 months
Tranche 2007-2/7	240 months

8. *Interest/ Coupon (%) (please specify)* : 

<u>Tranche</u>	<u>Interest Rate (%)</u>
Tranche 2007-2/1	4.00%
Tranche 2007-2/2	4.10%
Tranche 2007-2/3	4.28%
Tranche 2007-2/4	4.52%
Tranche 2007-2/5	4.70%
Tranche 2007-2/6	4.90%
Tranche 2007-2/7	5.08%

9. *Interest/ Coupon payment frequency and basis* : Interest Payment Frequency

Interest is payable quarterly in arrears from the date of issuance (each date of payment of interest, an “**interest payment date**”) save for the last distribution which shall be made on a Maturity Date defined in respect of each tranche as the date on which that tranche is to be redeemed by the Issuer in accordance with the Trust Deed 2007-2.

Interest Calculation Basis

Interest will be calculated on the basis of actual number of days elapsed and a 365-day year.

- |                  |   |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
|------------------|---|---|---|----------------|----------------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|------------------|-------|
| 10.              | <i>Yield to Maturity (%)</i>              | : | <table border="0"> <tr> <td style="text-align: left;"><u>Tranche</u></td> <td style="text-align: right;"><u>YTM (%)</u></td> </tr> <tr> <td>Tranche 2007-2/1</td> <td style="text-align: right;">4.00%</td> </tr> <tr> <td>Tranche 2007-2/2</td> <td style="text-align: right;">4.10%</td> </tr> <tr> <td>Tranche 2007-2/3</td> <td style="text-align: right;">4.28%</td> </tr> <tr> <td>Tranche 2007-2/4</td> <td style="text-align: right;">4.52%</td> </tr> <tr> <td>Tranche 2007-2/5</td> <td style="text-align: right;">4.70%</td> </tr> <tr> <td>Tranche 2007-2/6</td> <td style="text-align: right;">4.90%</td> </tr> <tr> <td>Tranche 2007-2/7</td> <td style="text-align: right;">5.08%</td> </tr> </table>  | <u>Tranche</u> | <u>YTM (%)</u> | Tranche 2007-2/1 | 4.00% | Tranche 2007-2/2 | 4.10% | Tranche 2007-2/3 | 4.28% | Tranche 2007-2/4 | 4.52% | Tranche 2007-2/5 | 4.70% | Tranche 2007-2/6 | 4.90% | Tranche 2007-2/7 | 5.08% |
| <u>Tranche</u>   | <u>YTM (%)</u>                            |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/1 | 4.00%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/2 | 4.10%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/3 | 4.28%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/4 | 4.52%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/5 | 4.70%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/6 | 4.90%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| Tranche 2007-2/7 | 5.08%                                     |   |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| 11.              | <i>Security/Collateral (if any)</i>       | : | <p>CMBS 2007-2 will be secured against the Mortgage Assets of Portfolio 2007-2 by the security created pursuant to the Security Documents 2007-2 (as defined below) but is otherwise without recourse to the Issuer or any of its other assets. Such security will be created in favour of the Security Agent and will consist of the following:</p> <ul style="list-style-type: none"> <li>(i) a debenture by the Issuer creating a first fixed charge over the Mortgage Assets of Portfolio 2007-2 ("<b>Debenture</b>");</li> <li>(ii) a legal assignment and a charge over the Collections Account 2007-2 (as hereinafter defined) and monies standing to the credit of the same ("<b>Charge over the Collections Account</b>"); and</li> <li>(iii) a legal assignment of all rights, benefits, interests and titles, present and future, of the Issuer in, to and under the Purchase Contract 2007-2, the Deed of Assignment 2007-2, the Servicing Agreement 2007-2 and the Administration Services Documents 2007-2 (all such documents being as hereinafter defined)</li> </ul> <p>(collectively the "<b>Security Documents 2007-2</b>").</p> |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| 12.              | <i>Details on utilisation of proceeds</i> | : | <p>The entire proceeds of the issue will be applied:</p> <ul style="list-style-type: none"> <li>(i) In payment of fees, costs and expenses relating to the issue and distribution of CMBS 2007-2;</li> <li>(ii) In settlement in whole of the purchase consideration payable to the Originator for Portfolio 2007-2; and</li> <li>(iii) Any excess from (i) and (ii) above, shall be credited into Collections Account 2007-2</li> </ul>  |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| 13.              | <i>Sinking Fund (if any)</i>              | : | None.   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
| 14.              | <i>Rating</i>                             | : |   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |
|                  | - <i>Credit Rating Assigned [specify]</i> | : | AAA   |                |                |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |                  |       |

*if it is indicative]*

- *Name of Rating Agency* : Malaysian Rating Corporation Berhad (Co. No. 364803-V) ("**MARC**").  
RAM Rating Services Berhad (Co. No. 763588-T) ("**RAM**")
- 15. *Form and Denomination* : CMBS 2007-2 shall be issued in accordance with (1) the CODE OF CONDUCT AND MARKET PRACTICES FOR THE MALAYSIAN CORPORATE BOND MARKET issued by the *Institut Peniaga Bon Malaysia* and approved by BNM; (2) the RULES ON THE SCRIPLESS SECURITIES UNDER THE REAL TIME ELECTRONIC TRANSFER OF FUNDS AND SECURITIES ("**RENTAS**") SYSTEM issued by BNM; and (3) the RULES ON FULLY AUTOMATED SYSTEM FOR ISSUING/TENDERING ("**FAST**") issued by BNM, or their replacement thereof (collectively the "**Code of Conduct**") applicable from time to time.  
  
CMBS 2007-2 shall be represented by global certificates (in accordance with the Code of Conduct) to be deposited with BNM, which are exchangeable for definitive bearer certificates only in certain limited circumstances.  
  
The minimum denomination of CMBS 2007-2 shall be RM1,000 each or if required, such other denominations in accordance with FAST and/or any other procedures/guidelines issued by the relevant authority(s).
- 16. *Mode of Issue* : CMBS 2007-2 was placed out on a book running basis by the Joint Lead Managers on a best efforts basis pursuant to the terms and conditions agreed between the Issuer and the Joint Lead Managers.
- 17. *Selling Restrictions* : CMBS 2007-2 may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons (the "**Eligible Persons**") to whom the offer or invitation to purchase the CMBS 2007-2 would fall within:
  - (a) at the point of issuance of CMBS 2007-2, Schedule 2 or Section 38(1)(b) and Schedule 3 or Section 39(1)(b) and Schedule 5 or Section 66(3) of the SECURITIES COMMISSION ACT 1993 as amended from time to time (the "**SCA**"); and
  - (b) after the issuance of CMBS 2007-2, Schedule 2 or Section 38(1)(b) and Schedule 5 or Section 66(3) of the SCA.

In addition, if any offer or sale of CMBS 2007-2 or any distribution of any document or other material in connection therewith is to be conducted in any jurisdiction other than Malaysia, the applicable laws and regulations of such jurisdiction will also have to be complied with prior to any such offer, sale or distribution.
- 18. *Listing Status* : CMBS 2007-2 will not be listed on the Bursa Malaysia Securities Berhad or any other stock exchange.

19. *Minimum Level of Subscription (RM or %)* : 100% of the proposed issuance, failing which the issue shall be cancelled.
20. *Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained* : No other approvals sought.
21. *Conditions Precedent* The agreement for the subscription and issue of CMBS 2007-2 (the “**Subscription Agreement 2007-2**”) provides that the issue of CMBS 2007-2 will be subject to the satisfaction of certain conditions, including but not limited to:
- (i) Satisfactory completion and execution of all legal documentation, including but not limited to the Issue Documents and Transaction Documents, and duly endorsed as exempted under STAMP DUTY EXEMPTION (NO. 23) ORDER 2000 or STAMP DUTY EXEMPTION (NO. 12) ORDER 2001 as the case may be;
  - (ii) The Transaction Documents becoming unconditional (other than the fulfilment of any condition of issue of CMBS 2007-2) and a satisfactory ‘true sale’ opinion from legal counsel to the Issuer having been obtained;
  - (iii) Approval of the SC and such other regulatory bodies in respect of the issue of the CMBS 2007-2 having been obtained;
  - (iv) Winding-up search conducted on the Issuer wherein the Director General of Insolvency confirms that the Issuer is not wound up or the subject of winding up proceedings;
  - (v) Completion of due diligence carried out on the Issuer and the relevant Mortgage Assets to the satisfaction of the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers;
  - (vi) The Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers shall have received satisfactory documentary evidence that CMBS 2007-2 have obtained the required rating stated herein;
  - (vii) Board resolution of the Issuer authorizing the issuance of CMBS 2007-2, the execution of the Transaction Documents, the Issue Documents and all other documents relevant thereto, the opening of the Collections Account 2007-2 and the appointment of the Security Agent as the sole signatory thereto;
  - (viii) Collections Account 2007-2 has been established and notice of assignment and acknowledgement in respect of the charge over Collections Account 2007-2 has been received



by the Security Agent;

- (ix) Where relevant, evidence of the consent from the respective counterparties of Security Documents 2007-2 for the same to be assigned to the Security Agent pursuant to ITEM 11. SECURITY/ COLLATERAL (IF ANY) and that notices of such assignment have been served and the acknowledgement of such notices duly received;
- (x) The Minister of Finance has authorised the payment of monies out of the Fund under the HLF Act in connection with the securitisation of Portfolio 2007-2;
- (xi) Satisfactory legal opinion from legal counsel to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers addressed to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers and Trustee as to the legality, validity and enforceability of all legal documentation (including the Issue Documents and the Transaction Documents);
- (xii) Confirmation from legal counsel to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers that all the conditions precedent pertaining to the issue have been fulfilled; and
- (xiii) Such other conditions as may be advised by legal counsel to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers.

22. *Representations and Warranties*

- : The Subscription Agreement provides for representations and warranties, usual and customary for such transactions and such other representations as may be advised by the legal counsel to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers including but not limited to:
- (i) the Issuer is a limited liability company duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets and has complied in all material respects with all legal and regulatory requirements related to its business;
  - (ii) the execution, delivery and performance by the Issuer of the Issue Documents and the Transaction Documents are properly authorised and in compliance with the law;
  - (iii) the Issue Documents and the Transaction Documents constitute legal, valid, binding and enforceable obligations of the Issuer;
  - (iv) all filings legally required for the perfection of the Security Documents 2007-2 have been effected;

- (v) no litigation or other proceedings is in progress or pending against the Issuer;
- (vi) no steps for the winding-up of the Issuer have been taken;
- (vii) no default having occurred which might have a material adverse effect on the Issuer or its ability to perform any of its obligations under the Issue Documents and the Transaction Documents;
- (viii) the Issuer has complied with all undertakings, covenants and other obligations under the Issue Documents and the Transaction Documents;
- (ix) all information furnished by the Issuer is true and correct and not misleading and does not contain any material omission and all expressions of expectation, intention, belief and opinion and all projections contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer and its advisers;
- (x) no adverse change in condition of the Issuer which may affect the success of the issue and offering of CMBS 2007-2;
- (xi) the Issuer has not engaged in any activities since its incorporation other than those contemplated by its constituent documents;
- (xii) no information or documents have been withheld from the Joint Principal Advisers/ Joint Lead Arrangers/ Joint Lead Managers which may in any way materially affect their decision to perform their obligations under the Issue Documents, nor has the Issuer withheld from the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead Managers any information which is material in the context of the issue and offering of CMBS 2007-2; and
- (xiii) CMBS 2007-2 constitutes direct, unconditional and secured obligations limited in recourse to Portfolio 2007-2 and the security created by the Security Documents 2007-2.

Note: The foregoing representations and warranties will only be in the Subscription Agreement 2007-2 and valid only up to the date of issue of CMBS 2007-2. They will not be repeated in any other Issue Documents save for the Trust Deed where they will be relevant for events of default - see paragraph (ii) under 'Events of Default'.

23. *Events of Default*

- : Events of default typical of a transaction of such nature including but not limited to:
- (i) the Issuer fails to pay or distribute any amount due under CMBS 2007-2 or any of the Issue Documents on the due date, or if so payable, on demand;

- (ii) breach of the representations and warranties set forth under SECTION (A) GENERAL TERMS ITEM 22. REPRESENTATIONS AND WARRANTIES above (save for the matters dealt with under paragraphs (x) and (xii) of such representations and warranties) and in the reasonable opinion of the Trustee such event has a material adverse effect on CMBS 2007-2 or the ability of the Issuer to perform its obligations under the Issue Documents and/or the Transaction Documents;
- (iii) the Issuer breaches its obligations and undertakings under CMBS 2007-2 or any of the Transaction Documents and/or Issue Documents (other than that stated in (i) above) which in the opinion of the Trustee, is capable of remedy, is not remedied to the satisfaction of the Trustee within thirty (30) days from the date the Issuer becomes aware of such breach or is notified of such breach;
- (iv) it becomes unlawful for the Issuer and/or the Originator to perform its obligations under CMBS 2007-2 and/or any of the Transaction Documents and/or Issue Documents;
- (v) the Issuer changes the nature or scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations;
- (vi) proceedings or steps taken for the winding-up of the Issuer and in the reasonable opinion of the Trustee such event has a material adverse effect on the Issuer;
- (vii) the Issuer becomes insolvent;
- (viii) the Issuer fails to satisfy any judgment obtained against it and in the reasonable opinion of the Trustee such event has a material adverse effect on CMBS 2007-2 or the ability of the Issuer to perform its obligations under the Issue Documents and/or Transaction Documents;
- (ix) the Issuer repudiates any of the Transaction Documents and/or Issue Documents;
- (x) revocation, withholding or modification of any relevant licence, consent, authorisation or approval which materially and adversely impairs the Issuer's ability to comply with the terms and conditions of CMBS 2007-2 and/or any of the Transaction Documents and/or the Issue Documents;
- (xi) any of the provisions in the Transaction Documents and/or Issue Documents become ineffective, invalid or unenforceable and in the opinion of the Trustee such event is materially prejudicial to the interests of the holders of

CMBS 2007-2;

- (xii) the Originator repudiates or purports to repudiate any of the Transaction Documents;
- (xiii) any party to the Transaction Documents and/or the Issue Documents (other than the Issuer, the Trustee, the Facility Agent, the Central Depository, the Paying Agent and/or the Security Agent) breaches its representations or warranties, obligations and undertakings under such documents and if capable of remedy, is not remedied to the satisfaction of the Trustee within thirty (30) days from the date such party becomes aware or is notified of such breach and such unremedied breach has a material adverse effect for the holders of CMBS 2007-2;
- (xiv) the Issuer ceases to be a subsidiary of
  - (a) prior to completion of the Proposed Exercise, Cagamas; or
  - (b) after completion of the Proposed Exercise, Cagamas Holdings;
- (xv) the tax liability of the Issuer in relation to Portfolio 2007-2 is determined (after all appeals, if any, available to the Issuer) to be different to that originally advised by the Tax Adviser and such difference has a material adverse effect on the Issuer;
- (xvi) the Servicer breaches any of its representations, warranties, obligations or undertakings under the Servicing Agreement 2007-2 and such breach is not remedied to the satisfaction of the Trustee within thirty (30) days of notice to the Servicer and, in the view of the Trustee, such breach would have a material adverse effect for the holders of CMBS 2007-2;
- (xvii) any other securities or indebtedness of the Issuer (other than indebtedness in respect of securities issued in relation to the securitisation of staff housing loans/home financing from the Government) becomes due and payable prior to its stated maturity or where the security (if any) for such securities or indebtedness becomes enforceable;
- (xviii) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted against the Issuer;
- (xix) a receiver has been appointed over the whole or a substantial part of the assets of the Issuer; and
- (xx) any other Events of Default as may be advised by the legal counsel to the Joint Principal Advisers / Joint Lead Arrangers / Joint Lead

Managers.

Note: There is no cross default provision among the Events of Default except for the Issuer's other indebtedness as reflected in Clause (xvii) above. In the event of any future issue of securities by the Issuer, a default on or in respect of such future securities or any existing securities will not, by reason solely of such default entitle holders of CMBS 2007-2 to declare an Event of Default on or in respect of CMBS 2007-2. The event or events giving rise to such default on such future or existing securities may, however, constitute events falling within any of the Events of Default above, in which case, an Event of Default can be declared on CMBS 2007-2.

Upon the occurrence of an Event of Default, the Trustee may declare that the outstanding CMBS 2007-2 are immediately due and repayable at their nominal value and institute such proceedings as it may think fit against the Issuer to enforce such repayment of the CMBS 2007-2 and the provisions of Trust Deed 2007-2 and Transaction Documents, and to instruct the Security Agent to enforce the Security Documents 2007-2.

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|-----|---|---|--|
| 24. | <i>Principal terms and conditions for warrants (where applicable)</i> | : | Not applicable.  |
| 25. | <i>Other principal terms and conditions for the issue:</i>            |   |  |
|     | <i>A General Terms</i>  |   |  |
|     | <i>(i) Issue Date</i>   |   | Subject to the fulfilment of the Conditions Precedent, the targeted date of the issue of CMBS 2007-2 is by September 2007 but in any event the date of issuance of CMBS 2007-2 shall not be later than six (6) months from the date of the Securities Commission's approval.             |
|     | <i>(ii) Status</i>  |   | CMBS 2007-2 will constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank pari passu without discrimination, preference or priority among themselves, but subject to payments preferred under law and the Issue Documents.     |
|     | <i>(iii) Final Redemption</i>   |   | Unless previously cancelled, CMBS 2007-2 will be redeemed by the Issuer at one hundred percent (100%) of their nominal value together with the interest accrued on their respective maturity dates.  |
|     | <i>(iv) Default Interest</i>  |   | One percent (1.0%) per annum above the rate of interest payable on CMBS 2007-2 to be charged on the amount unpaid from and including the relevant payment date up to but excluding the date of actual payment, calculated based on the actual number of days elapsed and a 365-day year. |
|     | <i>(v) Repurchase and Cancellation</i>                                |   | Except as may otherwise be prohibited by any law, regulations or guidelines, the Issuer or its related corporations may at any time purchase CMBS 2007-2 in  |

the open market and if it does so it may hold such CMBS 2007-2, sell such CMBS 2007-2 or cancel such CMBS 2007-2 at its discretion. Such CMBS 2007-2 while held by or on behalf of the Issuer or its related corporations shall not entitle the holder(s) to vote at any meeting of the holders of CMBS 2007-2 but shall be included for the purposes of calculating the required quorum at meetings of holders of CMBS 2007-2.

(vi) *Optional  
Redemption in Full*

On giving not less than thirty (30) nor more than sixty (60) days' notice to the Trustee and the holders of CMBS 2007-2 (which notice shall be irrevocable) the Issuer may redeem all (but not some only) of the outstanding CMBS 2007-2 on any interest payment date falling after the date on which the amount of the principal outstanding on Portfolio 2007-2 is equal to or less than ten percent (10%) of the amount of the principal outstanding on the Issue Date.

Such redemption shall be at the amount given by the formula set forth in Annexure A.

(vii) *Mandatory  
Redemption in  
Full*

The Issuer shall redeem all (but not some only) of the outstanding CMBS 2007-2 on the interest payment date falling after the date on which the Originator repurchases the entire Portfolio 2007-2. Under the terms of the Deed of Warranties 2007 the occurrence of any of the following events which in the opinion of the Issuer affects the entire Portfolio 2007-2 will, by written notice from the Issuer, oblige such repurchase by the Originator:

- (i) the failure by the Originator to comply with any applicable law with respect to the Mortgage Assets;
- (ii) the failure to vest and maintain vested in the Issuer a perfected ownership interest in the Mortgage Assets, free and clear of any encumbrances;
- (iii) any successful dispute, claim or defence of an obligor to the legality and enforceability of any Mortgage Asset and such dispute, claim or defence would be applicable to all Mortgage Assets; and
- (iv) any successful attempt by any person to avoid, rescind or set-aside any transfer by the Originator to the Issuer of the Mortgage Assets under any law, including any bankruptcy law or other insolvency law, and such avoidance, rescission or setting aside would be applicable to all Mortgage Assets.

Such redemption shall be at an amount given by the formula set forth in Annexure A.

(viii) *Partial Early  
Redemption  
Option*

In the event of prepayments on the Mortgage Transactions resulting in Collections 2007-2 (as hereinafter defined) being in excess of forecast cashflows, the Issuer may on giving not less than thirty (30) nor more than sixty (60) days' notice to the Trustee

and the holders of CMBS 2007-2 (which notice shall be irrevocable) and by using the Collections 2007-2, on any CMBS 2007-2 redemption date, redeem on a pari passu and rateable basis the Tranche 2007-2/6 and Tranche 2007-2/7 being the last two tranches of CMBS 2007-2, such that redemption on Tranche 2007-2/6 shall occur only after Tranche 2007-2/7 has been fully redeemed.

In the event of Tranche 2007-2/6 having been fully redeemed on maturity, the Issuer may on each interest payment date utilise the remaining balance of the Collections Account 2007-2 to redeem Tranche 2007-2/7 in whole or in part.

Each such redemption shall be for a par value of CMBS 2007-2 in multiples of RM1,000 and on condition that after such redemption there will remain credited to the Collections Account 2007-2 a minimum amount (the **"Required Prepayment Balance"**) to be determined.

(ix) *Collections  
Account and  
Operating Account*

The Issuer will, in respect of CMBS 2007-2, open and maintain a collections account (**"Collections Account 2007-2"**) into which shall be credited the proceeds of the issue of CMBS 2007-2 net of the fees, costs and expenses relating to the issue and distribution of CMBS 2007-2 and the purchase consideration to be paid to the Originator for the purchase of Portfolio 2007-2, all amounts collected or received in respect of Portfolio 2007-2, all dividends, income and accretions arising from Permitted Investments and all proceeds, if any, of realisation of Portfolio 2007-2 and the security created pursuant to the Security Documents 2007-2.

In the absence of an Event of Default, all monies standing to the credit of Collections Account 2007-2 will be applied in the following payments and order of priority:

- (a) to the payment to the Issuer's existing Operating Account (as hereinafter referred to) as and when due of such amount as is computed by the Transaction Administrator as the amount of the tax liability of the Issuer in respect of Portfolio 2007-2 (such computation to take into account amounts previously paid from Collections Account 2007-2 to the credit of the existing Operating Account);
- (b) to the payment of all fees and expenses of the Trustee, the Security Agent, the Facility Agent, the Paying Agent, the Central Depository and the rating agencies to the extent such fees and expenses having fallen due have not been paid by the Transaction Administrator;
- (c) to the payment on each interest payment date of the Servicer Fee on Portfolio 2007-2 and the payment as and when due of any amounts required for the perfection or enforcement of any rights under or in connection with any Mortgage

## Assets of Portfolio 2007-2;

- (d) to the payment on each interest payment date of the fees due and payable to the Transaction Administrator and the Administrator;
- (e) if so required, to the payment to any obligor who is not then in default of any of its payment obligations under a Mortgage Asset, of an amount equal to any Excess Amount paid by such obligor in relation to a Mortgage Asset in Portfolio 2007-2; where **"Excess Amount"** means any amount paid by the obligor which it was not contractually obliged to pay at the time it made the relevant Excess Amount payment;
- (f) to the payment of interest due and payable on CMBS 2007-2;
- (g) to redeem CMBS 2007-2 according to their Maturity Dates until all maturing CMBS 2007-2 are fully redeemed;
- (h) to the payment of Servicer Bonus (if applicable); and
- (i) prior to the respective Maturity Dates of CMBS 2007-2, to early redemption pursuant to the options for early redemption.

Where payment in respect of any amounts are due to be made on the same day, payment of any such amount may be withheld until any amount having priority to that first mentioned amount shall have been satisfied.

Collections Account 2007-2 will be opened and maintained with a Financial Institution which carries a minimum credit rating of A3/P1 by RAM and/or A-/MARC-1 by MARC or its equivalent or a Financial Institution acceptable to the Trustee and rating agencies and shall be operated solely by the Security Agent. Any amount standing to the credit of Collections Account 2007-2 which is not utilised in payment, as provided above, shall be retained in Collections Account 2007-2 and invested in Permitted Investments. Save in respect of the payment to be made under (a) above, no payment shall be made from Collections Account 2007-2 to the existing Operating Account until all CMBS 2007-2 are fully redeemed. The Issuer shall be permitted to maintain and operate its existing Operating Account for receipt of amounts which are not required to be paid into Collections Account 2007-2 or which are required to be paid from Collections Account 2007-2 to the existing Operating Account. Monies standing to the credit of the existing Operating Account shall be utilised in meeting in priority any tax liability of the Issuer (and, until so utilised, amounts paid to the credit of the existing Operating Account in respect of Portfolio 2007-2 shall be held on trust for the holders of CMBS 2007-2) and the payment of any cost and expense which will not be paid out of Collections Account 2007-2 and any surplus thereafter may be applied in payment of dividend or any other



distribution to shareholders or otherwise utilised by the Issuer. An independent director of the Issuer shall be a signatory (either singly or jointly) for the operation of the existing Operating Account and the existing Operating Account shall not be encumbered in favour of any person.

(x) *Permitted Investments*

Permitted investments in any one of the following may be made by the Security Agent in the name of the Issuer (in consultation with the Transaction Administrator) out of the funds standing to the credit of Collections Account 2007-2 for the credit back to Collections Account 2007-2 of the proceeds of realisation and income from such investments:

- (a) securities issued or guaranteed by the Government of Malaysia or BNM;
- (b) securities (not being CMBS 2007-2) with a minimum rating of AA1/AA+ or P1/MARC-1 by RAM/MARC; or
- (c) accounts maintained with a financial institution with a minimum rating of AA1/AA+ or P1/MARC-1 by RAM/MARC; or
- (d) money market instruments of a financial institution with a minimum rating of AA1/AA+ or P1/MARC-1 by RAM/MARC.

PROVIDED THAT

- (a) the maturity of the Permitted Investment in securities shall fall on a date, which is at least five (5) business days before the next interest payment date or the Maturity Date, whichever is the earlier. However, permitted investments in money market instruments of a financial institution and accounts maintained with financial institutions may fall on a date, which is at least two (2) business days before next interest payment date or the Maturity Date, whichever is earlier;
- (b) the Permitted Investment is denominated in Ringgit Malaysia; and
- (c) no Permitted Investment shall be made if an Event of Default has occurred or would occur following the making of such Permitted Investment.

(xi) *Positive Covenants*

Covenants usual and customary to the Issuer, and such other covenants as may be advised by legal counsel for the Joint Principal Advisers/ Joint Lead Arrangers/ Joint Lead Managers for a transaction of such nature shall apply including but not limited to covenants that the Issuer shall:

- (a) Perform all its obligations under the Transaction Documents and the Issue Documents;

- (b) Ensure continuous compliance with the SC's requirements and conditions for CMBS 2007-2;
- (c) Maintain Collections Account 2007-2 and pay and/or cause to be paid all amounts into such account and make payments and distributions from such account, only as permitted under the Issue Documents;
- (d) Maintain its corporate existence and its right to carry on operations;
- (e) Preserve and keep in force and effect all consents, licences and rights necessary for the conduct of its business and comply in all material respects with all legal and regulatory requirements in relation to its business;
- (f) Obtain and promptly renew from time to time and comply with the terms and conditions of all consents and authorisations which may be required under any applicable law or regulation;
- (g) Prepare accounts in accordance with all relevant laws and applicable approved accounting standards and practices generally accepted in Malaysia;
- (h) Inform the Trustee of any change in its directors or shareholders and any other changes that may materially and adversely affect its business condition (financial or otherwise) or operating results;
- (i) Upon request and adequate prior notice from the Trustee:
  - (i) make available for their inspection the whole of the accounting or other records of the Issuer as the Trustee may reasonably require; and
  - (ii) give to the Trustee such information as it may reasonably require with respect to the Issuer's affairs to enable the Trustee to discharge its duties and obligations as trustee under the Trust Deed 2007-2 or imposed on the Trustee by the operation of law;
- (j) Give notice to the Trustee and the rating agencies promptly on becoming aware of any of the following:
  - (i) directive, ruling or condition imposed by the relevant authorities on the Issuer which would materially and adversely affect its business condition (financial or otherwise) or operating results;
  - (ii) default or event of default (actual or imminent) under any contractual

- obligation of the Issuer which would materially and adversely affect its business condition (financial or otherwise), or operating results;
- (iii) litigation, dispute, action, investigation or proceeding which may exist at any time before the court or any governmental regulatory agency which would materially and adversely affect its business condition (financial or otherwise), or operating results or its ability to carry on its business as is now conducted or its ability to perform its obligations under the Issue Documents or the Transaction Documents and will defend itself against such litigation, dispute, action or proceeding and will not settle such litigation, action or proceeding except with the prior consent of the Trustee; and
  - (iv) claims against the Issuer which would have a material adverse effect upon the ability of the Issuer to perform its obligations under the Issue Documents or the Transaction Documents, will defend itself against such claims and will not settle such claims except with the prior consent of the Trustee;
- (k) Take such steps as may have been notified by the Trustee following the occurrence of an Event of Default to remedy or mitigate the effect of the Events of Default or any other step as the Trustee may reasonably request;
  - (l) Make available for inspection by the Trustee, the rating agencies and any holder of CMBS 2007-2 all reports received by the Issuer from the Servicer or the Transaction Administrator and provide to the Trustee and, at the request of the rating agencies, to the rating agencies, copies of all reports received by the Issuer from the Servicer or Transaction Administrator;
  - (m) Take all action necessary or desirable to ensure that its performance of the Issue Documents and the Transaction Documents are in compliance with the law and continue to be its valid, binding and enforceable obligations;
  - (n) Ensure that all information furnished by or on behalf of the Issuer from time to time to the Trustee or the rating agencies are true and correct and not misleading and does not contain any material omission; and
  - (o) Exercise its rights under the Transaction Documents to require compensation or replacement by the Originator of any Mortgage

Assets or repurchase of Portfolio 2007-2 (if such rights arise) and if instruction as to such compensation, replacement or repurchase is given by the Trustee, in accordance with the instructions of the Trustee.

(xii) *Negative Covenants*

Covenants usual and customary to the Issuer, and such other covenants as may be advised by legal counsel for the Joint Principal Advisers/ Joint Lead Arrangers/ Joint Lead Managers for a transaction of such nature shall apply including but not limited to covenants that the Issuer shall not, without the prior written consent of the Trustee:

- (a) Reduce its authorised and/or issued shares;
- (b) Add to, delete, vary or amend its Memorandum and/or Articles of Association in any manner which may be prejudicial to the interest of holders of CMBS 2007-2 or may affect its ability to perform its obligations under the Issue Documents or the Transaction Documents;
- (c) Create or permit to exist over all or any part of Portfolio 2007-2 any security interest save and except as provided for in the Security Documents 2007-2;
- (d) Change the nature of its business nor carry on any business or engage in any activities not specifically authorised under its Memorandum of Association nor have any subsidiary;
- (e) Amalgamate, consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person;
- (f) Enter into any scheme of arrangement or reconstruction or apply for any restraining order pursuant to section 176 of the Companies Act, 1965;
- (g) Propose any resolution for its winding up or liquidation or take any action towards its winding up or liquidation;
- (h) Agree to any change to the terms and conditions of the documentation relating to any Mortgage Assets or agree to the exercise by the Originator of any rights thereunder which may be prejudicial to the interest of holders of CMBS 2007-2 or may affect its ability to perform its obligations under the Issue Documents or the Transaction Documents;
- (i) Terminate, revoke, replace or suspend the Transaction Documents, the Administration Agreement 2007-2 or the Transaction Administration Agreement 2007-2;
- (j) Vary or waive any terms or conditions of any of the Transaction Documents, the Administration

Agreement 2007-2 or the Transaction Administration Agreement 2007-2 or grant any time or indulgence to or release or vary the liability of any person from time to time liable thereunder in any manner which may be prejudicial to the interest of holders of CMBS 2007-2 or may affect its ability to perform its obligations under the Issue Documents or the Transaction Documents; or

- (k) Transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents or the Administration Agreement 2007-2 or the Transaction Administration Agreement 2007-2.

(xiii) *Application of Proceeds – Events of Default*

Upon the declaration of an Event of Default by the Trustee, all monies standing to Collections Account 2007-2 shall be applied in the following order and priority:

- (a) to the payment to its existing Operating Account of such amount as is computed by the Transaction Administrator as the amount of the tax liability of the Issuer in respect of Portfolio 2007-2 (such computation to take into account amounts previously paid from Collections Account 2007-2 to the credit of its existing Operating Account );
- (b) towards payment of all fees and expenses of the Trustee, the Facility Agent, the Paying Agent, the Central Depository, the Security Agent and the rating agencies to the extent such fees and expenses having fallen due have not been paid by the Transaction Administrator;
- (c) towards payment of all fees, costs and expenses incurred or to be incurred by the Security Agent in the enforcement of the Security Documents 2007-2 and/or in connection with or incidental to the disposal or winding up of Portfolio 2007-2;
- (d) towards the payment to the Servicer of its accrued and unpaid fees, costs and expenses;
- (e) pro-rata payment of interest on CMBS 2007-2;
- (f) pro-rata redemption until all of CMBS 2007-2 and all other amounts payable to the holders of CMBS 2007-2 shall have been paid in full;
- (g) towards payment to the Transaction Administrator and the Administrator of their accrued and unpaid fees; and
- (h) payment of any surplus to the Issuer.

Payment in respect of any tax liability or any liability in respect of fees and expenses of the Trustee, the Facility Agent, the Paying Agent, the Central Depository, the Security Agent and the rating agencies may be made at any time as and when such liabilities become due and

payable but payment of all other amounts may be withheld until any amount having priority to that first mentioned amount shall have been satisfied.

(xiv) *Enforcement of Securities*

Only the Trustee through the Security Agent has the authority to enforce the Security Documents 2007-2 and upon the occurrence of an Event of Default the Trustee may forthwith through the Security Agent enforce the Security Documents 2007-2 without the direction of the holders on CMBS 2007-2.

(xv) *Taxation*

All payments by the Issuer in respect of CMBS 2007-2 shall be made subject to any withholding or deductions for or on account of any present and future tax, duty, or charge of whatsoever nature imposed or levied by law or on behalf of any authority having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.

(xvi) *Transaction Administrator and Administrator*

The Transaction Administrator shall provide the following services to the Issuer in respect of Portfolio 2007-2:

- (a) receiving reports of the Servicer and providing their analysis thereof on Collections 2007-2, defaults, delinquencies and prepayments;
- (b) receiving the data from the Servicer for, and preparing reconciliation of Collections 2007-2;
- (c) verification of amounts due to the parties entitled thereto under the Issue Documents;
- (d) providing a quarterly report in relation to the foregoing;
- (e) appointing the advisors in connection with and for the purposes of the issue of CMBS 2007-2; and
- (f) such other services as may be agreed between the parties.

The Administrator shall provide the following services to the Issuer:

- (a) to prepare and maintain such books and records of the Issuer, including but not limited to the necessary registers prescribed by law in Malaysia as may be required in the normal course of the business in order to comply with any laws or regulations of Malaysia and in such form and manner as may be agreed upon from time to time;
- (b) to provide corporate secretarial services to the Issuer including, but not limited, to the filing of all necessary forms and statutory returns to comply with the Companies Act, 1965 and the regulations made thereunder, the preparation of notices to and resolutions of shareholders and directors and the preparation of minutes of

meetings of shareholders and directors;

- (c) to prepare and maintain such accounting records in accordance with applicable approved accounting standards in Malaysia as may be required in the normal course of the Issuer's business and to ensure the due and proper preparation and filing of all tax returns, computations and forms of the Issuer; and
- (d) such other services as may be agreed between the parties.

The Transaction Administrator and the Administrator will receive as consideration for their services fees to be mutually agreed upon by the respective parties, such fees to be paid only in arrears on an interest payment date.

The agreement between the Transaction Administrator and the Issuer is referred to as the "**Transaction Administration Agreement 2007-2**", the agreement between the Administrator and the Issuer is referred to as the "**Administration Agreement 2007-2**" and the Transaction Administration Agreement 2007-2 and the Administration Agreement 2007-2 are collectively referred to as the "**Administration Services Documents 2007-2.**"

(xvii) *Limited Recourse;  
No Petition*

CMBS 2007-2 are issued on a limited recourse basis. This means that holders of CMBS 2007-2 will have only the benefit of the specifically identified Mortgage Assets (Portfolio 2007-2) and the collections from or proceeds of realisation thereof, including amounts standing to the credit of the Collections Account 2007-2, and the enforcement of any security created pursuant to the Security Documents 2007-2, all rights of the Issuer under the Administration Services Documents 2007-2 and the Transaction Documents, to satisfy their right to receive interest payments and redemption. See also 'Facility Description' above. Holders of CMBS 2007-2 will also be deemed to have agreed (by their subscription or purchase of a CMBS 2007-2 or the holding of a beneficial interest therein) not to petition for or join any person in petitioning for the winding up of the Issuer or otherwise institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceedings under any applicable laws. Similarly, the Originator, the Servicer, the Transaction Administrator and the Administrator shall have no recourse to legal proceedings against the Issuer in respect of any amounts due or owing to them and may not petition for the winding up of the Issuer.

(xviii) *Issue Documents*

- (a) Subscription Agreement 2007-2;
- (b) Trust Deed 2007-2;
- (c) Administration Services Documents 2007-2;

		(d) Agency Agreement 2007-2;
		(e) Depository and Paying Agency Agreement 2007-2; and
		(f) Security Documents 2007-2.
(xix)	<i>Transaction Documents</i>	(a) Purchase Contract 2007-2;
		(b) Deed of Assignment 2007-2;
		(c) Servicing Agreement 2007-2;
		(d) Master Sale and Purchase Agreement 2007; and
		(e) Deed of Warranties 2007
(xx)	<i>Governing Law</i>	Laws of Malaysia and non-exclusive jurisdiction of the Courts of Malaysia.
(xxi)	<i>Incidental Expenses and Legal Fees</i>	Cagamas will undertake in the Transaction Administration Agreement 2007-2 to bear all legal costs, consultant/professional fees and out of pocket expenses (including the fees of the Trustee, the Facility Agent, the Security Agent, the Securities Commission, rating agencies and BNM but not the fees and expenses of the Joint Lead Managers and the Transaction Administrator) in connection with the issue and distribution of CMBS 2007-2 and for the duration of the tenor of CMBS 2007-2.
B	<i>Securitisation Transaction Overview</i>	<p>The Originator intends to sell Mortgage Assets from time to time to raise funds for purposes as it may determine.</p> <p>The Issuer has been incorporated for the purposes, inter alia, of purchasing Mortgage Assets from the Originator and to fund such purchases by the issue of securities. Any such securities shall be governed by, among others, the SC's GUIDELINES ON THE OFFERING OF ISLAMIC SECURITIES or the SC's GUIDELINES ON THE OFFERING OF PRIVATE DEBT SECURITIES and structured to comply with the SC's GUIDELINES ON THE OFFERING OF ASSET-BACKED SECURITIES, subject to such exemptions granted by the SC from time to time.</p> <p>Securities which may be issued by the Issuer may be conventional securities or Islamic securities.</p> <p>The proposed issue of CMBS 2007-2 contemplated in this term sheet relates to and is solely for the purpose of the issue of conventional securities pursuant to the securitisation of Portfolio 2007-2.</p>
C	<i>The Mortgage Assets</i>	
(i)	<i>Mortgage Assets</i>	<p>Each purchase of Mortgage Assets from the Originator will be of a specifically identified pool of Mortgage Assets which were originated by and currently serviced by the Originator.</p> <p>A purchase will include, where the context so permits, the Originator's rights, benefits, titles and interests in and to the relevant mortgages pursuant to which receivables arise and all amounts to be collected under the</p>



mortgages and all charges, guarantees and insurances and other rights in connection thereto, including any proceeds from recoveries, etc. thereon.

Issuance of CMBS 2007-2 will be for the purposes of purchasing the specifically identified pool of Mortgage Assets referred to as Portfolio 2007-2.

(ii) *Eligibility Criteria*

There are Core Eligibility Criteria for the purchase of any Mortgage Assets by the Issuer. In addition, there are portfolio-specific Eligibility Criteria applicable to each portfolio. The Portfolio Eligibility Criteria of different portfolios may, but need not, be similar. The Core Eligibility Criteria and the Portfolio Eligibility Criteria, in relation to the Portfolio, must be satisfied as of the Purchase Contract Date (being the date of the Purchase Contract for the purchase of the Portfolio).

Each Mortgage Transaction in the Portfolio must meet the following Core Eligibility Criteria as at the Purchase Contract Date:

- (i) it is absolutely beneficially owned by the Originator free from all encumbrances other than in favour of the Originator;
- (ii) it was created in accordance with the Guidelines of the Originator for the grant of Housing Loans or Home Financing and credit standards no less stringent than those generally applied by the Originator;
- (iii) it is a Mortgage Transaction which is a legal, valid and binding obligation of the related Obligor and where applicable, related Security Provider enforceable against such Obligor and where applicable, related Security Provider in accordance with its terms, subject to applicable bankruptcy or insolvency related exceptions;
- (iv) to the best knowledge of the Originator, it is a Mortgage Transaction which the relevant Obligor has not exercised or indicated an intention to exercise the option of early settlement/prepayment, any right of rescission, set-off, counterclaim or defence (including the defence of usury);
- (v) all amounts required to be paid for the purchase of the Mortgaged Property, the subject of the Mortgage Transaction, have been paid;
- (vi) it is not a Mortgage Transaction which the Originator is prohibited or restricted by law, contract or otherwise from effecting a transfer of the same together with all related security thereto free from all encumbrances;
- (vii) all security created under or pursuant to the Mortgage Transaction (whether a land charge, an assignment of rights or otherwise) is a first

ranking security having priority to all secured and unsecured claims, has been validly created and perfected and all procedures in accordance with the Originator's usual practices have been adhered to in the creation and perfection of such security and all documents evidencing such security are in the possession and custody of the Originator;

- (viii) it was advanced and is repayable in Ringgit Malaysia;
- (ix) the amount of the financing under the Mortgage Transaction has been fully disbursed and the Originator retains no obligation to make any further advances of any nature under the Mortgage Transaction and the Originator has satisfied all obligations to be fulfilled on or prior to the time the Mortgage Transaction is sold to the Issuer;
- (x) the Mortgaged Property the subject of the Mortgage Transaction, if a Residential Unit, has a certificate of fitness for occupation;
- (xi) the Mortgage Transaction provides for settlement of amounts due from the Obligor by monthly instalments; and
- (xii) the Mortgage Asset must have been created more than six (6) months prior to the Purchase Date.

Each Mortgage Transaction in Portfolio 2007-2 must meet the following additional criteria as at the Purchase Contract Date:

- (i) the amount of the monthly salary/pension due to the Obligor is equal to or greater than the amount of the monthly instalment required to be paid to the Originator;
- (ii) it has not been classified by the Originator in accordance with its usual practices as being currently in default (a default being a case where there are any Arrears of Instalments which are at least three (3) months overdue) nor has any payment in respect thereof been rescheduled, amended or changed to avoid or eliminate a delinquency or default or following a delinquency or default;
- (iii) each Mortgage Asset includes homeowner's insurance (covering, inter alia, loss by fire) and Mortgage Reducing Term Assurance (MRTA) policy cover and each of such policies has had the premium thereon paid and the policies are endorsed with the interest of the Originator as 'mortgagee', 'financier' or 'lender';
- (iv) the sum assured under the MRTA policy cover for each Mortgage Transaction is equal to or

greater than the Outstanding Principal Amount in respect of that Mortgage Transaction;

- (v) the MRTA policy cover for each Mortgage Transaction will remain in effect at least until the scheduled date for payment of the last monthly instalment of the relevant Mortgage Transaction;
- (vi) the Obligor under the Mortgage Transaction is not a person identified in the records of the Originator as being or having been the subject of bankruptcy proceedings, as having been convicted of any offence capable of resulting in imprisonment or as being deceased;
- (vii) a Mortgage Transaction where the Obligor must currently be in the service of the Government of Malaysia (other than in service in the Armed Forces) and must have opted for the pension scheme ("**Pension Scheme**") or the Employee Provident Fund Scheme ("**EPF Scheme**"), or who is a pensioner under the Pension Scheme. Where the Obligor has opted for a the EPF scheme, the tenure of the Mortgage Transaction must not extend beyond the mandatory retirement age stipulated in the scheme of service of the Obligor;
- (viii) where the Obligor is a pensioner, pension payments to the Obligor have commenced and the Public Service Department – Pension Division has prior to the Purchase Date 2007-2 received and acted on instructions to deduct and make payment of the monthly instalments to the Originator;
- (ix) a Mortgage Transaction in which the salary/pension deduction for Monthly Instalments must have commenced at least six (6) months prior to Purchase Date 2007-2;
- (x) a Mortgage Transaction which has not been already sold/transferred to the Issuer and its related parties;
- (xi) a Mortgage Transaction where the original tenure shall not be more than 25 years; and
- (xii) the underlying Mortgaged Property of the Mortgage Transaction is not a Malay Reserve Land or Native Land or Customary Land, except in the states where CMBS is permitted or has been authorised or gazetted to take a charge on such lands.

*D Sale of the  
Mortgage Assets*

*(i) Transaction*

The Issuer has entered into an agreement (the "**Master Sale and Purchase Agreement 2007**") with the Originator for the purchase by the Issuer of Mortgage

Assets which fully satisfy the Eligibility Criteria agreed. Concurrent therewith the Issuer has also entered into a deed of warranties (the "**Deed of Warranties 2007**") with the Originator pursuant to which warranties are given by the Originator in connection with each purchase by the Issuer and setting forth the rights of the Issuer in respect, amongst others, of any breach of such warranties.

This purchase of Portfolio 2007-2 will be pursuant to a Purchase Contract (the "**Purchase Contract 2007-2**") incorporating the terms of the Master Sale and Purchase Agreement 2007 and the Deed of Warranties 2007 and specifying details relevant to the purchase of Portfolio 2007-2 and warranties given in connection with such purchase. In connection with the purchase of Portfolio 2007-2, the Originator will execute an equitable absolute assignment in respect of the Originator's rights, interests, titles and benefits in and to the Mortgage Assets and which would include the unfettered right to collect all amounts due and payable in respect of the Mortgage Assets, interest in the insurance cover undertaken by the respective obligor associated with the Mortgage Assets and any collateral security, charge and guarantees associated with the Mortgage Assets (in relation to CMBS 2007-2, the "**Deed of Assignment 2007-2**").

Purchase Contract 2007-2 will specify a date (the "**Purchase Date 2007-2**") on and from which all Collections in respect of Portfolio 2007-2 the subject of the Purchase Contract 2007-2 shall be accounted for and paid to the Issuer.

In relation to CMBS 2007-2, the Purchase Date 2007-2 for Portfolio 2007-2 will be 28 February 2007. The purchase by the Issuer of Portfolio 2007-2 will entitle the Issuer to receive all Collections 2007-2 on the Mortgage Assets of Portfolio 2007-2 on and from that date. The aggregate amount outstanding in respect of principal on Portfolio 2007-2 as at 28 February 2007 is estimated to be RM3.0 billion.

All titles, risks and benefits under in and to Portfolio 2007-2 of Mortgage Assets will pass to the Issuer upon full payment of Portfolio 2007-2.

(ii) *Purchase  
Consideration*

The price to be paid for Portfolio 2007-2 on the date for completion of the purchase of Portfolio 2007-2 (the "**2007-2 Completion Date**", being a date not more than six (6) months from the date of SC approval) will equal the fair value of the Mortgage Assets and will be settled fully in cash.

(iii) *Cancellation*

In the event the Purchase Consideration is not paid, or the Issuer fails to take delivery of Portfolio 2007-2 by the 2007-2 Completion Date the Purchase Contract 2007-2 shall be terminated unless otherwise agreed by the parties.

(iv) *Representations  
and Warranties of  
the Originator*

Certain representations and warranties are made by the Originator in the Master Sale and Purchase Agreement 2007 and the Deed of Warranties 2007 with respect to

itself and the Mortgage Assets including but not limited to:

- (a) that the Originator has the power to and has taken all necessary action to ensure due authorisation by the Originator of the Transaction Documents, each of which constitute valid, binding and enforceable obligations of the Originator;
- (b) the Mortgage Assets purchased and the documentation relating thereto are in the sole and absolute beneficial ownership of the Originator and, will, when a transfer/assignment thereof is effected confer a good title on the Issuer or its nominee and/or any purchaser thereof from the Issuer, and there is no impediment to the registration/completion of such transfer/assignment;
- (c) there is, in respect of each Mortgage Transaction in any portfolio, no amount owing to the obligor by the Originator and in respect of which the obligor is entitled to exercise any right of set-off in respect of any of the monthly instalments;
- (d) neither the Originator nor any of its agents has received any information in writing or written notice of any litigation, dispute, complaint or insolvency (subsisting, threatened or pending) in relation to any obligor or the property the subject of the obligor's Mortgage Transaction which may have an adverse effect on the ability of any obligor to perform her/his obligations in respect of a Mortgage Transaction;
- (e) all information given in the Master Sale and Purchase Agreement 2007 and in the Purchase Contract 2007-2 (including any schedule, annexure or attachment thereto and the particulars of each Mortgage Asset) is true and accurate in all material respects and is not misleading because of any omission or ambiguity or for any other reason;
- (f) that each obligor has complied with all its obligations under the documentation for their respective Mortgage Transaction up to the Purchase Date 2007-2;
- (g) that accounts, records and documentation relating to the Mortgage Transactions have been properly kept and maintained and are up to date at least with transactions up to the Purchase Date 2007-2 and in the possession of the Originator or held to its order; and
- (h) the execution, delivery and performance of the Transaction Documents by the Originator are in compliance with all applicable laws.

If the Originator breaches any of its representations and warranties it shall indemnify and keep the Issuer indemnified against any loss, damage or claims suffered or incurred by the Issuer as a result of such breach.

(v) *Equitable Assignment*

The sale of Mortgage Assets by the Originator under the Master Sale and Purchase Agreement 2007 will be a 'true sale' by way of an equitable absolute assignment for legal purposes and as such no notification will be required to be given to the obligors. Notwithstanding the above, the Issuer or the Trustee may require that notice be given by the Originator to the obligors of the sale of the Mortgage Assets once an Event of Default has occurred and upon such notification, an absolute and perfected legal assignment will be created.

(vi) *Compensation or replacement of Mortgage Transactions*

The Originator will represent:

- (a) that each Mortgage Transaction within Portfolio 2007-2 satisfies the Eligibility Criteria up to the 2007-2 Completion Date of the purchase of Portfolio 2007-2; and
- (b) that the information given in Purchase Contract 2007-2 in relation to the Mortgage Assets is true and accurate and is not misleading because of any omission or ambiguity or for any other reason.

In the event of a breach of any of the foregoing representations, in relation to any Mortgage Transaction or an order for sale is granted in respect of any second charge created by a obligor in breach of the terms of the Purchase Contract 2007-2, or as proposed by the Originator, otherwise than as permitted by the terms in the Servicing Agreement, to alter the terms for repayment by an Obligor on the monthly instalments payable under a Mortgage Transaction, the Originator will, as provided by the Deed of Warranties 2007, either, at the election of the Issuer, compensate the Issuer in the Equivalent Amount (which is such amount equal to and to be paid at the same time as the outstanding instalments payable under such Mortgage Assets relative to that Mortgage Transaction) or, replace such Mortgage Asset with another Mortgage Asset acceptable to the Issuer.

E *Servicing the Mortgage Assets*

(i) *Servicing*

Pursuant to a Servicing Agreement (the "**Servicing Agreement 2007-2**") entered into between the Originator and the Issuer, the servicer to the Issuer is the Originator. The Servicer will provide certain services to the Issuer in relation to the Mortgage Assets purchased by it and these include but are not limited to:

- (a) the collection of all amounts from the Mortgage Assets in Portfolio 2007-2 ("**Collections 2007-2**");
- (b) the payment of Collections 2007-2 to Collections

Account 2007-2;

- (c) the provision of quarterly servicer reports summarising the amount of Collections 2007-2, prepayments and any other payments received, delinquency and default information;
- (d) the keeping of records, books, accounts and data in relation to each Mortgage Transaction in Portfolio 2007-2;
- (e) using its best efforts to maintain the relevant insurance policies; and
- (f) the taking of action for the realisation of any Mortgage Asset in relation to which there has been any default by the obligor thereto.

The Servicer undertakes also to designate each of the Mortgage Transactions transferred pursuant to Purchase Contract 2007-2 in its books of account, records and computer systems by reference to the agreed reference number of Purchase Contract 2007-2 and otherwise in such a manner as will identify Portfolio 2007-2 as being owned by the Issuer and will distinguish each of such Mortgage Transactions from other loans and debt securities owned or serviced by the Servicer.

(ii) *Periodic Payment*

The Servicer will make payment of Collections 2007-2 on a quarterly basis to Collections Account 2007-2.

The first payment will be in respect of Collections 2007-2 in the months of March, April and May of 2007 with subsequent Collections 2007-2 being for every quarter thereafter. The Servicer shall, in respect of each quarter, provide to the Transaction Administrator, in agreed readable soft copy form, the data required to enable a verification of Collections 2007-2 for the relevant quarter. In the event of any errors detected by the Transaction Administrator, the Servicer and the Issuer shall take any necessary action, including the Servicer making any payments or setting off against any future Collections 2007-2, to correct such errors.

(iii) *Quarterly Report*

On a quarterly basis, the Servicer will deliver to the Issuer, the Transaction Administrator, the rating agencies and the Trustee a report setting forth among other things, Collections 2007-2 including prepayments, delinquencies and defaults; certain portfolio performance statistics of the Mortgage Transactions and whether certain Mortgage Transaction performance tests (e.g. relating to yield and principal coverage) have been satisfied.

(iv) *Servicing Fee*

The Servicer will receive as compensation for its services a fee to be mutually agreed upon by the respective parties, such fee to be paid only on an interest payment date.

(v) *Servicer Default*

If any of the following events (each, a “**Servicer Event of Default**”) occurs:

- (a) the Servicer fails to effect any payment, transfer

or deposit as required under the Servicing Agreement 2007-2;

- (b) the Servicer fails to perform any of its obligations under the Servicing Agreement 2007-2 or breaches any of the terms of the Servicing Agreement 2007-2 (including the representations and warranties) and (except where in the opinion of the Issuer such failure is not capable of remedy) does not cure such default within ten (10) days after the earlier of (i) receipt of notice thereof from the Issuer or (ii) having actual knowledge thereof; and
- (c) any indebtedness of the Servicer to the Issuer is not paid after a period of thirty (30) days as notified by the Issuer in writing;

then the Issuer or the Trustee may by notice in writing to the Servicer, require the Servicer effective from the date specified in the notice (not being earlier than the date of the notice) to appoint a person nominated by the Issuer and acceptable to the Trustee and rating agencies as a sub-contractor of the Servicer (the “**External Service Provider**”) and to delegate to such External Service Provider the provision of such of the services and the performance of such of the obligations of the Servicer under the Servicing Agreement 2007-2 as the Servicer has defaulted in providing. The External Service Provider shall, in the name of and as agent of the Servicer, be entitled to exercise such of the rights and perform such of the obligations of the Servicer under the Servicing Agreement 2007-2 in respect of which the Servicer is in default.

(vi) *Servicer Bonus*

The Servicer, at the discretion of the Issuer, may be entitled to receive a bonus payment (the “**Servicer Bonus**”) on a Maturity Date for each preceding Bonus Determination Period (hereinafter defined), subject to the meeting of criteria agreed with the Rating Agencies relating to portfolio performance (“**Portfolio Performance Criteria**”) and Servicer performance in carrying out its duties (“**Servicer Performance Criteria**”).

The first “**Bonus Determination Period**” shall be the period commencing on the Issue Date and ending on the date of the latest available Quarterly Report prior to the first Maturity Date, with each subsequent Bonus Determination Period commencing from the end of the last Bonus Determination Period and ending on the date of the latest available Quarterly Report prior to the next Maturity Date.

Portfolio Performance Criteria may include maximum cumulative net default rates and minimum cumulative prepayment rates.

Servicer Performance Criteria may include collection timelines and foreclosure timelines.

The Servicer Bonus for any Bonus Determination Period, if payable, shall be the amount equivalent to a fixed



percentage of Collections 2007-2 (but excluding any prepayments) collected during that Bonus Determination Period to be mutually agreed upon by the respective parties.

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## ANNEXURE A

Formula for Optional/ Mandatory Redemption in Full:

In the event of a mandatory or optional redemption of the Bonds, the amount of the Early Redemption Proceeds (ERS) to be paid by the Issuer in redeeming the Bonds shall be given by the following formula :

$$\text{ERS} = \frac{(\text{PB} \times \text{ERP})}{100}$$

where:

PB = aggregate nominal value of the Bonds to be redeemed.

ERP = amount to be redeemed per RM100 of the nominal value of the Bonds to be redeemed (rounded to the nearest 5 decimal places) subject to a minimum of RM100 calculated based on the formula set out below.

$$\text{ERP} = \left( \frac{100}{\left(1 + \frac{\text{YTM}}{4}\right)^{(N-1)}} \right) + \left( \sum_{k=1}^N \frac{\left(100 \times \frac{\text{Coupon}}{4}\right)}{\left(1 + \frac{\text{YTM}}{4}\right)^{(k-1)}} \right)$$

For the purposes of calculating the ERP, the following variables are used:

- (i) Coupon = the Coupon Rate;
- (ii) YTM = the lower of (a) the Coupon Rate applicable to the relevant Tranche or (b) the yield to maturity of Reference Malaysian Government Securities plus a spread of 25 basis points.

Reference Malaysian Government Securities shall be Malaysian Government Securities for tenures which are equal to the remaining tenure of the Tranche being redeemed and shall be determined from:

- (a) the latest Consolidated Government Securities Rates published by BNM weekly, two (2) Business Days prior to the date of issue of the notice of redemption;

or, if that published rate is unavailable:

- (b) the arithmetic average of the mid-rates quoted by any five (5) Principal Dealers (being dealers in securities as appointed by BNM from time to time to bid at primary issues of Malaysian Government Securities), two (2) Business Days prior to the date of issue of the notice of redemption.

In the case where the rate for a particular tenure is not available directly, then such a rate shall be extrapolated on a linear basis using the available arithmetic average mid-rates, provided that if the tenure of the tranche is not an integer, the Reference Malaysian Government Securities shall be the arithmetic mean of the rates of the two (2) nearest tenures derived from (a) or (b) above.

- (iii) N = number of interest payments to be made between Maturity Date and the date of redemption, inclusive of both the Maturity Date and the date of redemption.

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## 7 THE ISSUER

### 7.1 Company Background

The Issuer is a public company limited by shares incorporated under the Companies Act, 1965 on 8 June 2004 and on 9 July 2004 became a wholly-owned subsidiary of Cagamas. Its registered office is located at 19<sup>th</sup> Floor, West Wing, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

Cagamas is currently undergoing a restructuring exercise ("Restructuring Exercise") involving all the companies held by Cagamas and upon completion, CMBS will become a wholly owned subsidiary of Cagamas Holdings.

CMBS' shareholding structure as at 30 June 2007 is as follows:

Authorised Capital : 100,000 ordinary shares of RM1 each.

Issued and Paid up Capital : 2 ordinary shares of RM1 each.

The Issuer has been incorporated solely for the purpose of operating a business involving the securitisation of housing loans from the GOM. It is intended to be as much as possible a bankruptcy remote vehicle and to such end has various restrictions incorporated into its memorandum and articles of association and the trust deed. It is, however, not limited in its capability to, or the manner in which it may, raise financing or undertake future securitisations. Its board of directors includes a nominee director and the Chief Executive Officer of Cagamas. At least one third of its board comprises independent directors.

The principal activities of the Issuer are:

- (a) To operate a business where the Issuer will:
  - (i) purchase from time to time from the Originator all of the rights, titles, interests and benefits of the Originator in, to, under and in respect of housing loans or financing granted by the Originator pursuant to the Housing Loans Fund Act 1971, as amended from time to time, on such terms and for such consideration as the Directors of the Issuer may deem fit;
  - (ii) issue asset-backed private debt securities, whether conventional or Islamic, including notes, bonds or debentures ("Asset-Backed Securities") on such terms and conditions and at such times as may be deemed fit, for the purchase of housing loans or home financing from the Originator and otherwise to raise and borrow money in whatsoever manner as may be decided by the Issuer.
- (b) To secure the repayment of the Asset-Backed Securities or any borrowings of the Issuer by charge, mortgage, pledge, lien, assignment or other security interest over the whole or any part of the Issuer's assets from time to time.
- (c) To do all such other things incidental or conducive in such business operations for the attainment or in furtherance of or in connection with the objects set forth above including the investment of its surplus funds in any form of debt securities, entering into forward contracts, swaps, futures contracts, options and derivative contracts for the purpose of hedging against or minimising any loss concerning the assets or business of the Issuer.

CMBS' shareholders as at 30 June 2007 are as follows:

	No. of Shares of RM1 each	Percentage of Issued and Paid-Up Capital (%)
Cagamas Berhad (Malaysian/Bumiputra)	2	100

Subsequent to the Restructuring Exercise, Cagamas Holdings will own the entire issued and paid up capital of the Issuer.

## 7.2 Board of Directors

The Board of Directors of the Issuer as at 30 June 2007 are as follows:

Name	Nationality
Dato' Mohd. Razif bin Abd Kadir *	Malaysian
Dato' Huang Sin Cheng **	Malaysian
Steven Choy Khai Choon *	Malaysian

\* Directors nominated by Cagamas

\*\* Independent director

A profile of the Board of Directors is as follows:

**Dato' Mohd. Razif bin Abd Kadir**, Malaysian, aged 54, was appointed to the Board of Directors and as Chairman of the Company on 9 July 2004. He is also a Director of Cagamas Berhad.

Dato' Mohd Razif is the Deputy Governor of Bank Negara Malaysia (BNM). He graduated with a Bachelor of Economics (Hons) degree from University of Malaya and obtained his Masters in Business Administration (majoring in Finance) from Syracuse University, New York, USA. He joined BNM in 1976 and since then, has held various senior positions in BNM including the positions of Chief Representative of BNM London Representative Office and Director of Bank Regulations Department. He was the Director-General of Labuan Offshore Financial Services Authority from 1999 to 2001.

**Dato' Huang Sin Cheng**, Malaysian, aged 62, was the First Director named in the Articles of Association and is also an independent Director of the Company.

Dato' Huang graduated with a Bachelor of Arts (Hons) degree from University of Malaya and is a Fellow of the Institute of Bankers Malaysia. He joined BNM in 1967 and has held various senior positions in BNM. In 1992, he was seconded to Cagamas Berhad as General Manager. He held that position until 1998, when he was recalled to BNM to take up the position of Assistant Governor. In 2000, he assumed the position of Deputy Governor of BNM until his retirement on 15 June 2002. He is also a Director of Bank Perusahaan Kecil &

Sederhana Malaysia Berhad, Global Maritime Ventures Berhad, Glory Incentive Sdn Bhd and KBB Resources Berhad.

**Steven Choy Khai Choon**, Malaysian aged 50, was appointed to the Board of Directors on 24 April 2006. He is also the President/Chief Executive Officer of Cagamas Berhad.

Mr. Choy graduated with a Bachelor of Commerce from University of New South Wales, Australia in 1982 and obtained his Master Degree in Business Administration from Oklahoma City University, USA in 1988. He is a Fellow of the Australian Society of CPA and member of the Malaysian Institute of Accountants.

Mr. Choy has more than 23 years of management experience in the financial services industry. He has held various senior positions in both local and international organisations including Credit Corporation Malaysia Berhad, Commercial Union Assurance Berhad, AVIVA Insurance Asia, Morley Fund Management Ltd and RHB Capital Berhad.

### 7.3 Borrowings

In October 2004, the Issuer completed the first securitisation of a portfolio of Mortgage Transactions, involving the issuance of RM1.555 billion of asset-backed fixed rate bonds (CMBS 2004-1) and the purchase of Mortgage Transactions with approximately RM1.9 billion in Outstanding Principal Amount. The issuance of CMBS 2004-1 bonds was secured against cash flows from the Mortgage Transactions which were calculated to be sufficient to meet the interest payments and redemption obligations of the Issuer.

In August 2005, the Issuer completed the second securitisation of a portfolio of Mortgage Transactions, involving the issuance of RM2.05 billion of asset-backed fixed rate Sukuk Musyarakah (CMBS 2005-1-i) and the purchase of Mortgage Transactions with approximately RM2.84 billion in Outstanding Principal Amount. The issuance of CMBS 2005-1-i was against cash flows from the Mortgage Transactions which were calculated to be sufficient to meet the payment of profit and return of capital obligations of the Issuer.

In December 2005, the Issuer completed the third securitisation of a portfolio of Mortgage Transactions, involving the issuance of RM2.06 billion of asset-backed fixed rate bonds (CMBS 2005-2) and the purchase of Mortgage Transactions with approximately RM2.898 billion in Outstanding Principal Amount. The issuance of CMBS 2005-2 bonds was secured against cash flows from the Mortgage Transactions which were calculated to be sufficient to meet the interest payments and redemption obligations of the Issuer.

In May 2007, the Issuer completed the fourth securitisation of a portfolio of Mortgage Transactions, involving the issuance of RM2.110 billion of asset-backed fixed rate Sukuk Musyarakah (CMBS 2007-1-i) and the purchase of Mortgage Transactions with approximately RM2.538 billion in Outstanding Principal Amount. The issuance of CMBS 2007-1-i was against cash flows from the Mortgage Transactions which were calculated to be sufficient to meet the payment of profit and return of capital obligations of the Issuer.

### 7.4 Material Commitments and Contingencies

Apart from the first, second, third and fourth issuance of asset-backed securities in October 2004, August 2005, December 2005 and May 2007, as at 30 June 2007, the directors of the Issuer are not aware of any material commitments and contingent liabilities, which upon becoming enforceable may have substantial impact on the financial position and the business of the Issuer.

**7.5 Material Contracts**

The Issuer has not entered into any contracts which is outside its ordinary course of business which only involves the securitisation of housing loans from the GOM. The first securitisation was completed in October 2004. The second and third securitisation were completed in August 2005 and December 2005 respectively whilst the fourth securitisation was completed in May 2007.

**7.6 Material Litigation**

As at 30 June 2007, the Issuer is not engaged in any litigation, either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence. The directors of the Issuer do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings, which may materially and adversely affect the position or the business of the Issuer.

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## 8 CAGAMAS BERHAD

### 8.1 Company Background

Cagamas, the National Mortgage Corporation, is a public limited company incorporated under the Companies Act, 1965 on 2 December 1986. Its registered office is located at 19<sup>th</sup> Floor, West Wing, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

Cagamas is currently undergoing the Restructuring Exercise and subsequent to which, it will be 100% owned by Cagamas Holdings.

Cagamas was established to promote home ownership among Malaysians. It provides alternative financial products to primary lenders, making housing loans more affordable to house buyers.

Its principal activities consist of the purchase of mortgage loans and hire purchase and leasing debts from primary lenders and the issue of bonds and notes to finance these purchases. Cagamas also purchases Islamic house financing debts and Islamic hire purchase debts and issues bonds under Islamic principles.

As at 30 June 2007, Cagamas' outstanding bonds (both conventional and Islamic) amounted to RM21.255 billion representing 9.87% of the outstanding private debt securities in the market.

### 8.2 Board of Directors

The Board of Directors of Cagamas as at 30 June 2007 are as follows:

Name	Nationality
Dato' Ooi Sang Kuang	Malaysian
Dato' Sri Tay Ah Lek	Malaysian
Datuk Amirsham A. Aziz	Malaysian
Dato' Mohd. Razif bin Abd Kadir	Malaysian
Dato' Albert Yeoh Beow Tit	Malaysian
Mrs. Yvonne Chia	Malaysian
YM Tunku Afwida Tunku A. Malek	Malaysian
Mr. Tang Wing Chew	Malaysian
Mr. Cheah Tek Kuang	Malaysian
Mr. George Ratilal	Malaysian
Dato' Sri Abdul Hamidy Abdul Hafiz	Malaysian



*Profile of Board of Directors*

As at 30 June 2007, the profiles of the Board of Directors are as follows:

**Dato' Ooi Sang Kuang**, Malaysian, aged 59, was appointed to the Board of Directors on 4 July 2002 as a Non-Executive Director. In October 2002, he assumed the position as Chairman of Cagamas and its Board Executive Committee. Dato' Ooi held a number of senior positions across the financial services sector.

Dato' Ooi is the Deputy Governor of BNM.

**Dato' Sri Tay Ah Lek**, Malaysian, aged 65, was appointed to the Board of Directors on 28 February 1987 as a Non-Executive Director. He is also a member of Cagamas' Board Executive Committee and Board Finance Committee.

Dato' Sri Tay is the Managing Director of Public Bank Berhad.

**Datuk Amirsham A. Aziz**, Malaysian, aged 57, was appointed to the Board of Directors on 12 July 1994 as a Non-Executive Director. He is also the Chairman of Cagamas' Board Finance Committee.

Datuk Amirsham is the President and Chief Executive Officer of Malayan Banking Berhad.

**Dato' Mohd. Razif bin Abd Kadir**, Malaysian, aged 54, was appointed to the Board of Directors on 27 February 2001 as a Non-Executive Director. He is also a member of Cagamas' Board Finance Committee.

Dato' Mohd. Razif is the Deputy Governor of BNM.

**Dato' Albert Yeoh Beow Tit**, Malaysian, aged 58, was appointed to the Board of Directors on 16 September 2003 as a Non-Executive Director. He is also the Chairman of the Board Risk Committee and a member of Board Finance Committee and Board Staff Compensation and Organisation Committee.

Dato' Albert Yeoh is the Chief Executive Officer and a Director of OCBC Bank (Malaysia) Berhad.

**Mrs. Yvonne Chia**, Malaysian, aged 54, was appointed to the Board of Directors on 21 May 2004 as a Non-Executive Director. She is also a member of Cagamas' Board Risk Committee and Board Audit Committee.

Mrs. Chia is the Group Managing Director/Chief Executive Officer of Hong Leong Bank Berhad.

**YM Tunku Afwida Tunku A. Malek**, Malaysian, aged 42, was appointed to the Board of Directors on 4 January 2005 as a Non-Executive Director. She is also the Chairman of Cagamas' Board Audit Committee.

YM Tunku Afwida is the Chief Executive Officer/Executive Director of Kenanga Investment Bank Berhad (formerly known as K&N Kenanga Berhad).

**Mr. Tang Wing Chew**, Malaysian, aged 63, was appointed to the Board of Directors on 3 January 2006 as a Non-Executive Director. He is also a member of the Company's Board Audit Committee and Board Risk Committee.

**Mr. Cheah Tek Kuang**, Malaysian, aged 60, was appointed to the Board of Directors on 29 April 2006 as a Non-Executive Director. He is also the Chairman of the Company's Board Staff Compensation and Organisation Committee and member of the Board Executive Committee.

Mr. Cheah is the Group Managing Director of AMMB Holdings Berhad.

**Mr. George Ratilal**, Malaysian, aged 47, was appointed to the Board of Directors on 29 April 2006 as a Non-Executive Director. He is also a member of the Board Finance Committee.

Mr. Ratilal is Vice President (Finance) of Petroliaam Nasional Berhad ("PETRONAS") and a member of its Management Committee.

**Dato' Sri Abdul Hamidy Abdul Hafiz**, Malaysian, aged 50, was appointed to the Board of Directors on 18 January 2007 as a Non-Executive Director.

Dato' Sri Hamidy is the Managing Director/Chief Executive Officer of Affin Bank Berhad.

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### 8.3 Shareholding and Capital Structure

The shareholding structure of Cagamas as at 30 June 2007 is as follows:

Authorised Capital : 500,000,000 ordinary shares of RM1 each

Issued and Paid-up Capital : 150,000,000 ordinary shares of RM1 each.

Cagamas is a resident controlled company. Its shareholders as at 30 June 2007 are:

Name	No. of Shares of RM1 each	Percentage of Issued and Paid-up Capital (%)
Bank Negara Malaysia	30,000,000	20.0
CIMB Group	24,684,000	16.5
Maybank Group	20,679,000	13.8
RHB Bank Group	13,532,400	9.0
AmBank Group	12,066,000	8.0
Public Bank Group	10,485,600	7.0
Hong Leong Bank Berhad	6,486,000	4.3
HSBC Bank Malaysia Berhad	6,201,000	4.1
Alliance Bank Group	5,583,000	3.7
Affin Bank Group	4,410,000	2.9
EON Bank Group	2,472,000	1.7
Standard Chartered Bank Malaysia Berhad	4,590,000	3.1
United Overseas Bank (Malaysia) Berhad	3,330,000	2.2
OCBC Bank (Malaysia) Berhad	2,997,000	2.0
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	738,000	0.5
Southern Investment Bank Berhad	450,000	0.3
Bangkok Bank Berhad	369,000	0.3
The Bank of Nova Scotia Berhad	327,000	0.2
ABN AMRO Bank Berhad	300,000	0.2
Deutsche Bank (Malaysia) Berhad	300,000	0.2
<b>Total</b>	<b>150,000,000</b>	<b>100.0</b>

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## 8.4 Financial Highlights of Cagamas

	2002	2003	2004	2005	2006
<b>Revenue (RM million)</b>					
Gross Operating Revenue	1,181.8	1,117.0	1,197.1	1,084.9	1,066.6
Profit Before Tax and Zakat	207.5	192.5	183.3	150.1	128.9
Profit After Tax and Zakat	150.1	138.3	131.3	107.0	93.3
Dividend After Tax	166.5	16.2	16.2	16.2	16.4
<b>Balance Sheet (RM million)</b>					
Mortgage Loans	14,816.8	15,195.6	13,565.0	11,442.7	8,671.1
Hire Purchase and Leasing Debts	10,513.3	11,235.8	11,732.2	9,735.1	7,217.4
Islamic Financing Debts	703.4	907.7	2,211.2	2,682.1	5,255.6
Total Assets	26,383.1	27,853.1	28,283.3	25,938.4	23,046.4
Debt Securities	24,940.2	26,433.2	26,737.4	24,359.5	21,429.4
Paid-up Capital	150.0	150.0	150.0	150.0	150.0
Reserves	1,014.3	986.1	1,106.5	1,197.3	1,271.7
Shareholders' Funds	1,164.3	1,136.1	1,256.5	1,365.3	1,432.9
<b>Per Share (sen)</b>					
Earnings*	100.0	92.2	87.5	71.3	62.2
Net Tangible Assets*	776.2	757.4	837.7	900.9	944.8
Gross Dividend	118.0	15.0	15.0	15.0	15.0
<b>Financial Ratios</b>					
Pre-tax Return on Average Shareholders' Funds (%)	18.9	16.7	15.3	11.5	9.3
After-tax Return on Average Shareholders' Funds (%)	13.6	12.0	11.0	8.2	6.7
Pre-tax Return on Average Total Assets (%)	0.8	0.7	0.7	0.6	0.5
After-tax Return on Average Total Assets (%)	0.6	0.5	0.5	0.4	0.4
Dividend Cover (times)	0.9	8.5	8.1	6.6	5.7
Risk-Weighted Capital Ratio (%)	22.3	18.9	20.6	24.5	28.8

\*Based on 150 million ordinary shares of RM1.00 each

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## 9 CAGAMAS HOLDINGS BERHAD

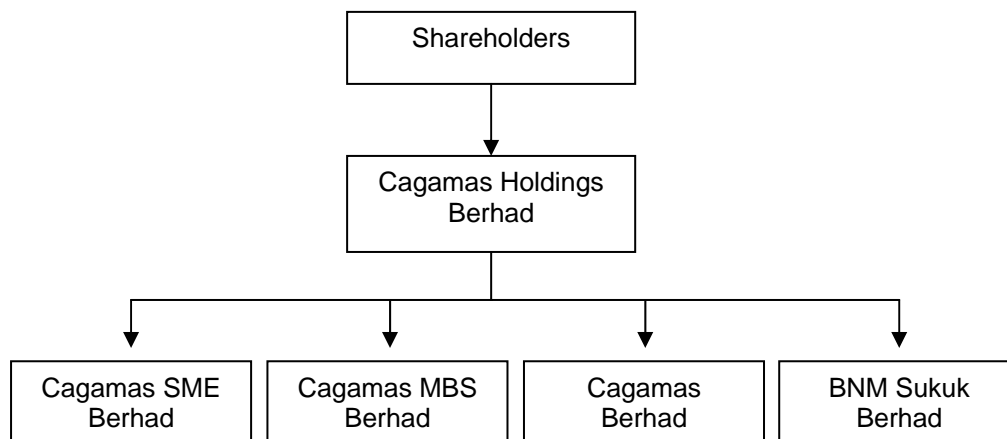
### 9.1 Company Background

Cagamas Holdings is a public company incorporated under the Companies Act, 1965 on 8 February 2007 and its registered office is at 19<sup>th</sup> Floor, West Wing, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur. It is principally involved in investment holding activities.

Under the proposed Restructuring Exercise, Cagamas Holdings will be the new holding company for all the group of companies held by Cagamas including the latter with 100% interest – please refer to CHART I for the proposed structure. The shareholders of Cagamas will be allotted shares in Cagamas Holdings in the same proportion of the existing shareholdings in Cagamas.

The Restructuring Exercise is being undertaken to avoid consolidation of CMBS' accounts with Cagamas' accounts and to avoid any misinterpretation of the financial position of Cagamas by third parties.

**CHART I**



At present, the shareholders of Cagamas have approved in principle the proposed Restructuring Exercise. BNM has confirmed that the regulatory treatment accorded to the bonds issued by CMBS remains unchanged. In addition, the rating agencies, namely RAM Rating Services Berhad and Malaysian Rating Corporation Berhad have confirmed that the proposed restructuring does not have an impact on the ratings accorded to the bonds issued by the Issuer. The bondholders of CMBS 2004-1, CMBS 2005-1-i and CMBS 2005-2 have, at the Bondholders' Meeting held on 7 March 2007 approved that the Issuer cease to be a subsidiary of Cagamas and instead become a subsidiary of Cagamas Holdings, as required under the terms of the Trust Deeds of the respective bond issuances.

Subsequent to the Restructuring Exercise, all operations of the respective companies within the group will continue to remain the same as prior to the Restructuring Exercise. The Restructuring Exercise is expected to be completed in the third quarter of 2007.

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## 10 PARTIES TO THE TRANSACTION

### 10.1 The Originator

The Originator for Portfolio 2007-2 is the GOM. The Mortgage Transactions to be securitised are Housing Loans originating from the BPP, a division established within the Ministry of Finance of Malaysia in 1970. The BPP is located at Perbendaharaan Malaysia, Blok 8, Kompleks Pejabat-Pejabat Kerajaan, Jalan Duta, 50592 Kuala Lumpur.

The BPP was established to provide and manage Housing Loans and Home Financing to members of the public services, members of the federal and state administration, Members of Parliament, Members of the State Legislative Assembly and Judges. It obtains funding from the "Loan Revolving Fund" created under the HLF Act.

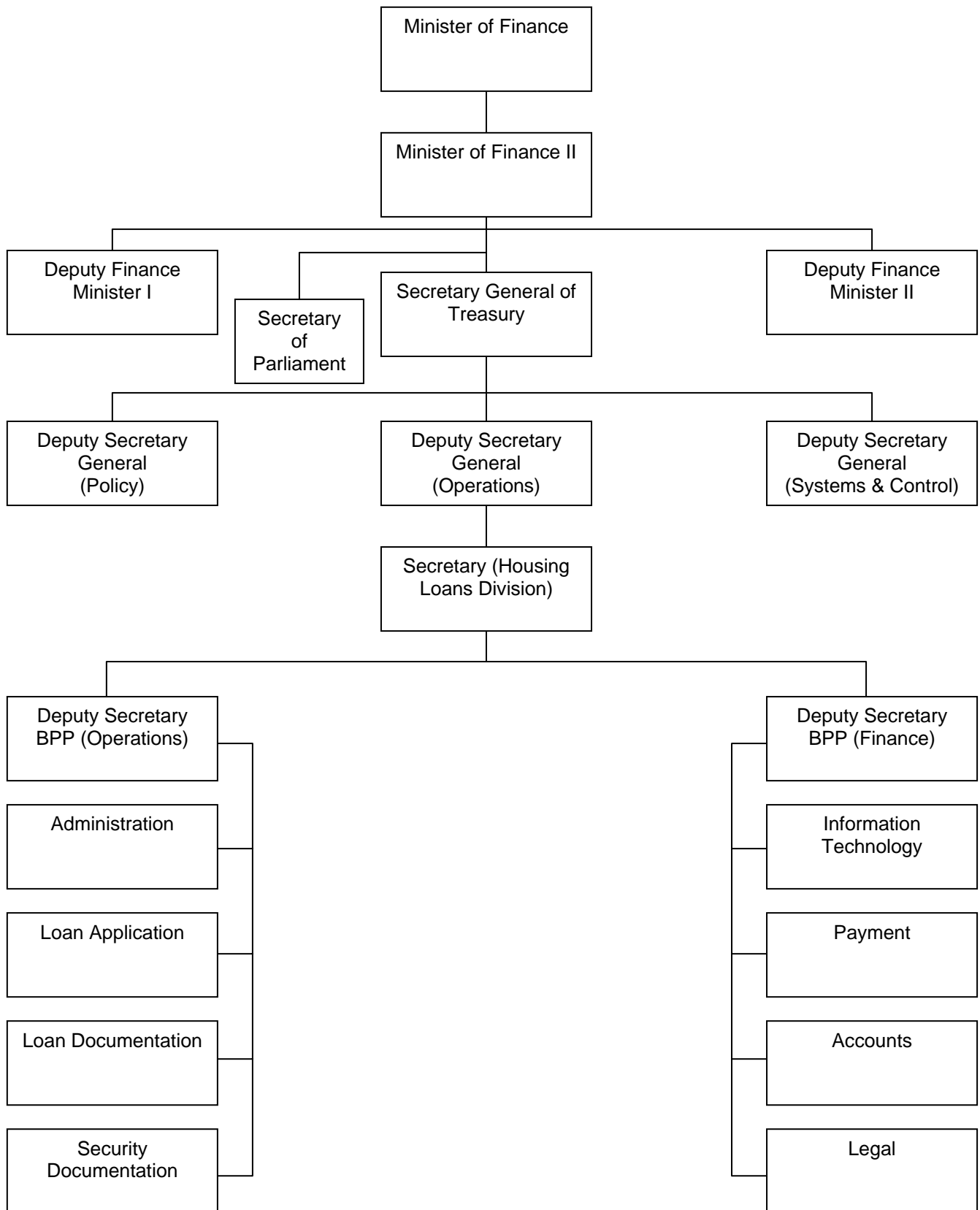
Financing disbursed by BPP is either conventional loans or Islamic financing. The Housing Loans or Home Financing are disbursed for the following purposes:

- (a) purchase of completed house;
- (b) financing of house built on own land;
- (c) purchase of house under construction;
- (d) purchase of land;
- (e) refinancing of existing housing loans from banks;
- (f) renovation of own house acquired through housing loan from BPP; and
- (g) purchase of second property.

As at 23 July 2007, approximately RM20.54 billion of Housing Loans and Home Financing (in Outstanding Principal Amount) remain outstanding (excluding Housing Facilities sold pursuant to securitisations of Housing Facilities to CMBS in October 2004, August 2005, December 2005, May 2007 and those earmarked for Portfolio 2007-2).

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**ORGANISATIONAL STRUCTURE OF THE BPP**

### 10.1.1 Housing Loan/Home Financing Scheme

The GOM offers two different schemes of housing loans and home financing, the Skim Pinjaman Perumahan Perbendaharaan and Skim Pembiayaan Perumahan Secara Islam or the Islamic home financing. Housing Loans and Home Financing are given to civil servants who meet the following criteria:

- (a) Malaysian citizens serving the GOM full time;
- (b) A confirmed staff having served the GOM at least one year;
- (c) Not a bankrupt, convict or under any disciplinary action; and
- (d) Earning a Monthly Salary sufficient to meet the Monthly Instalments.

All applications must be made at least six (6) months prior to retirement age and financing approved is subject to the applicant's maximum entitlement. The maximum entitlement of each civil servant is dependent upon the Monthly Salary when applying for the Housing Loan/Home Financing. The Obligor is allowed to apply for financing for 100% of the value of the Mortgaged Property provided that the amount applied for does not exceed the Obligor's maximum Housing Loan/Home Financing entitlement.

Housing Loans/Home Financing are charged a fixed interest/profit rate of 4% annually, computed on a monthly-rest basis. Should the Obligor leave civil service, the interest/profit rate shall be commercialised at 7% and 9% annually for loans/financing that are less than and greater than RM100,000 respectively.

Residential Unit Policies (except for purchase of land) and MRTA Policies (made compulsory since 1994) are compulsory throughout the Tenure. Payment of the premium on the Insurance Policies can also be financed by the Housing Loans/Home Financing. Prior to August 2006, MNI and Takaful Nasional are the exclusive writers of all Insurance Policies with Takaful Nasional providing exclusively coverage for all Home Financing. Effective August 2006, both Residential Unit Policies and MRTA Policies are exclusively offered by Takaful Nasional, Takaful Ikhlas and Takaful Malaysia. However, Portfolio 2007-2 consist only of Housing Loans under the Takaful Nasional and MNI insurance policies.

Security created over the Mortgaged Property consists of:

- (a) A first legal charge on the title of the property or an assignment of the rights of the Obligor under the agreement for the purchase of the Mortgaged Property providing the GOM a first ranking right over the property charged; and
- (b) Insurance coverage.

#### Loan/Financing Repayment and Collections

The repayment period for first Housing Loans/Home Financing is up to 25 years for pensionable Government Employees and up to age 56 for Government Employees under the Employee Provident Fund ("EPF") scheme. Second Housing Loans/Home Financing carry a maximum repayment period of 20 years for pensionable Government Employees and 20 years limited to the number of years left in service for Government Employees under the EPF scheme.

Housing Loan/Home Financing deductions for Obligor in service are made directly from their Monthly Salaries while deductions for Pensioners are made from their Monthly Pensions. Housing Loan/Home Financing deduction instructions are usually issued upon the property being financed achieving 95% completion or 18 months after the first disbursement, whichever falling earlier.

Jabatan Perkhidmatan Awam ("JPA") or the Public Service Department - Pensions Division manages pension payments of public sector retirees while the Veteran Affairs Division in the Ministry of Defence ("MINDEF") administers pension payments of retired army officers. Once an Obligor is pensioned, BPP issues payment deduction instructions to JPA or MINDEF accordingly. Upon receipt of these instructions, JPA or MINDEF deducts the amount of the Monthly Instalments from the amount of the Monthly Pensions due to the Obligors before crediting the balance into the Obligors' bank accounts. The instalments deducted are then remitted to BPP.

#### Non-performing Housing Loans/Home Financing

Where an account is in arrears for more than three (3) months, BPP serves the Obligor a notice to claim the amount overdue within one (1) month from the date of the notice. Should this fail, BPP would refer the case to its legal section which will then send a second notice allowing a further one (1) month's grace period. In the event the account remains delinquent thereafter, legal action is taken and foreclosure of the Mortgaged Property may be initiated in situations where all other options of recovery prove futile.

### **10.1.2 Collections 2007-2 and Bonds Servicing**

The first Collection Period is for the months of March, April and May 2007. The Collections 2007-2 for this period are to be paid by the Servicer to the credit of the Collections Account 2007-2 by October 2007. The first interest payment date on the Bonds is currently set in November 2007 (subject to actual determination depending on the date of issue of the Bonds).

Pursuant to Servicing Agreement 2007-2, the Servicer will provide the following services to the Issuer in relation to the Mortgage Assets purchased by it and these include but are not limited to:

- i) the collection of all amounts from the Mortgage Assets in Portfolio 2007-2;
- ii) the payment of Collections 2007-2 into Collections Account 2007-2;
- iii) the provision of quarterly servicer reports summarising the amount of Collections 2007-2, prepayments and any other payments received, delinquency and default information;
- iv) the keeping of records, books, accounts and data in relation to each Mortgage Transaction in Portfolio 2007-2;
- v) using best efforts to maintain the relevant insurance policies; and
- vi) the taking of action for the realisation of any Mortgage Asset in relation to which there has been any default by the Obligor thereto.

The Servicer undertakes also to designate each of the Mortgage Transactions transferred pursuant to Purchase Contract 2007-2 in its books of account, records and computer systems by reference to the agreed reference number of Purchase Contract 2007-2 and otherwise in such a manner as will identify Portfolio 2007-2 as being owned by the Issuer and will distinguish each of such Mortgage Transactions from other loans/financing and debt securities owned or serviced by the Servicer.

### **10.1.3 Representations and Warranties by the Originator**

The Originator has made certain representations and warranties in the Master Sale and Purchase Agreement 2007 and Deed of Warranties 2007 with respect to itself and the Mortgage Assets including but not limited to:

- (a) that the Originator has the power to and has taken all necessary action to ensure due authorisation by the Originator of the Transaction Documents, each of which constitute valid, binding and enforceable obligations of the Originator;

- (b) the Mortgage Assets purchased and the documentation relating thereto are in the sole and absolute beneficial ownership of the Originator and, will, when a transfer/assignment thereof is effected confer a good title on the Issuer or its nominee and or any purchaser thereof from the Issuer, and there is no impediment to the registration/completion of such transfer/assignment;
- (c) there is, in respect of each Mortgage Transaction in any portfolio, no amount owing to the Obligor by the Originator and in respect of which the Obligor is entitled to exercise any right of set-off in respect of any of the monthly instalments;
- (d) neither the Originator nor any of its agents has received any information in writing or written notice of any litigation, dispute, complaint or insolvency (subsisting, threatened or pending) in relation to any Obligor or the Mortgaged Property the subject of the Mortgage Transaction which may have an adverse effect on the ability of any Obligor to perform her/his obligations in respect of a Mortgage Transaction;
- (e) all information given in the Master Sale and Purchase Agreement 2007 and in each Purchase Contract (including any schedule, annexure or attachment thereto and the particulars of each Mortgage Asset) is true and accurate in all material respects and is not misleading because of any omission or ambiguity or for any other reason;
- (f) that each Obligor has complied with all its obligations under the documentation for their respective Mortgage Transaction up to the Purchase Contract Date;
- (g) that accounts, records and documentation relating to the Mortgage Assets have been properly kept and maintained and are up to date at least with transactions up to the Purchase Contract Date and in the possession of the Originator or held to its order; and
- (h) the execution, delivery and performance of the Transaction Documents by the Originator are in compliance with all applicable laws.

If the Originator breaches any of its representations and warranties it shall indemnify and keep the Issuer indemnified against any loss, damage or claims suffered or incurred by the Issuer as a result of such breach.

#### **10.1.4 Undertakings of the Originator**

Under the terms of the Master Sale and Purchase Agreement 2007 which are incorporated into Purchase Contract 2007-2, the Originator covenants to the Issuer that, amongst others,

- (a) the Originator shall comply with all Laws to which it or its properties may be subject;
- (b) the Originator shall not, save in the capacity of Servicer and as permitted by the terms of each Servicing Agreement, attempt to amend, modify or vary, or waive any breach of, any of the Mortgage Transactions or the Mortgage Instruments relative thereto or exercise any right under any Mortgage Instrument to vary, modify or supplement the terms of any Mortgage Transaction applicable on the Purchase Date relative to that Mortgage Transaction;

- (c) the Originator shall not take any action (i) which constitutes a defence to any Obligor or any Security Provider or which gives rise to a cause of action by the Obligor or any Security Provider under any Mortgage Transaction or Law; (ii) which infringes the right, title and interest of the Issuer in and to the Mortgage Assets or (iii) which may give rise to any liability on the part of the Issuer under any Mortgage Transaction or Law or Mortgage Instrument;
- (d) upon request by the Issuer or the Servicer, promptly deliver, and make available for inspection by the Issuer or the Servicer or their agents, during the normal business hours of the Originator, all Account Records including any relevant records, account books, instruments, notices and other documents relating to the Portfolio 2007-2 which is in the Originator's possession;
- (e) after becoming aware of the same, notify the Issuer and the Servicer of any breach of the warranties of the Originator within three (3) Business Days of becoming aware of such breach.

The Originator has also agreed that, if it permits the creation of or has created in its favour a second charge on any Mortgaged Property which is the subject matter of a Mortgage Asset that the Originator has sold to the Issuer, it shall ensure that the second chargee acknowledges the priority of the Issuer's interest under the first charge and agrees that the Issuer shall be entitled to take action to enforce the first charge without requiring any consent or agreement of the second chargee but that the second chargee shall not take action to enforce the second charge in its favour without the consent of the Issuer. The Originator may be the second chargee.

#### **10.1.5 Compensation or Replacement**

The Originator represents in the Deed of Warranties 2007 which will be incorporated into Purchase Contract 2007-2:

- (a) that each Mortgage Transaction within the Portfolio 2007-2 satisfies the Eligibility Criteria up to the Completion Date of the purchase of the Portfolio 2007-2; and
- (b) that the information given in each Purchase Contract in relation to the Mortgage Assets is true and accurate and is not misleading because of any omission or ambiguity or for any other reason.

In the event of a breach of any of the representations in relation to any Mortgage Transaction or an order for sale is granted in respect of any second charge created by an Obligor (which is a breach of the terms of the Purchase Contract 2007-2), or as proposed by the Originator, otherwise than as permitted by the terms in the Servicing Agreement, to alter the terms for repayment by an Obligor on the monthly instalments payable under a Mortgage Transaction, the Originator will, as provided by the Deed of Warranties 2007, either, at the election of the Issuer, compensate the Issuer by payment of the Equivalent Amount or, replace such Mortgage Assets with other Mortgage Assets acceptable to the Issuer.

##### **Compensation through Equivalent Amount**

The Equivalent Amount is intended to replicate the cashflows of the relevant Mortgage Transaction in relation to which the Equivalent Amount is paid and is that amount which is equivalent to and to be paid at the same time as the remaining Monthly Instalments payable under that Mortgage Transaction after the date from which the Originator is required to commence payment of the Equivalent Amount.

In the event of an election to be compensated in the Equivalent Amount, the Issuer will remain the owner of the Mortgage Transaction (in relation to which the Originator is paying the Equivalent Amount as compensation) but account to the Originator for any amounts collected or realised in relation to such Mortgage Transaction.

#### Replacement

Where the Issuer has elected to have a replacement of Mortgage Assets, the Originator is to supply a list of replacement Mortgage Assets (i) meeting the relevant Eligibility Criteria, (ii) having an aggregate Outstanding Principal Amount at least equivalent in value to the Outstanding Principal Amount of the Mortgage Assets to be replaced, (iii) having aggregate outstanding Monthly Instalments at least equivalent to the aggregate of the remaining Monthly Instalments of the Mortgage Assets to be replaced, and (iv) having such number of outstanding Monthly Instalments closely equivalent to the outstanding number of remaining Monthly Instalments of the Mortgage Assets to be replaced and the Issuer shall, at its discretion, determine if such replacement Mortgage Assets are acceptable in whole or in part.

To the extent that the Originator is unable to supply replacement Mortgage Assets acceptable to the Issuer, the Issuer shall be entitled to require the Originator to compensate the Issuer by paying to the Issuer the Equivalent Amount of the Mortgage Assets which are not replaced.

Where the Issuer has accepted a replacement Mortgage Asset having an Outstanding Principal Amount greater than the Outstanding Principal Amount of the Mortgage Asset replaced and the Issuer has recovered from or received through such replacement Mortgage Asset (due regard being had to differences in timing of receipt and the amount of Monthly Instalments) such amount equivalent to the amount the Issuer should (but for the replacement) have received through the Monthly Instalments of the Mortgage Asset replaced, the Issuer shall pay to the Originator or permit to be retained by the Originator (in its capacity as Servicer) for its own account any future amounts paid on or recovered from the replacement Mortgage Asset.

#### **10.1.6 Repurchase by the Originator**

The Deed of Warranties 2007 which has been incorporated into Purchase Contract 2007-2 provides in certain circumstances for the repurchase by the Originator of the entire outstanding Portfolio 2007-2. See section 2.2.3 for details.

### **10.2 The Servicer**

The Servicer for the Portfolio 2007-2 is the GOM. The Issuer appoints the Servicer to service and administer Portfolio 2007-2 as a separate pool and as lawful agent of the Issuer, in the Servicer's own name, to receive, collect, bank in and pursue the Collections 2007-2 in accordance with its relevant Enforcement Procedures and exercise the rights, powers and discretions of the Issuer in respect of and under and in connection with Portfolio 2007-2.

In performing its duties, the Servicer shall use reasonable care and shall act in good faith, using a degree of skill and attention no less than that which (a) it exercises with respect to collecting, servicing of and administering a similar portfolio for itself and (b), if applicable, it exercises with respect to collecting, servicing of and administering a similar portfolio for others. To the extent not inconsistent with the foregoing, it shall perform its duties in a manner reasonably consistent with practices and procedures followed by a reasonable and prudent financier providing collection, servicing and administration services for a pool of receivables of the nature and character of the Portfolio 2007-2. In performing its obligations, it shall take into

consideration, among other things, the payment obligations of the Issuer on each Interest Payment Date.

#### **10.2.1 Duties/Obligations of Servicer**

The Servicer shall act as custodian for the Originator with respect to the Account Records and as custodian of the Issuer for the Mortgage Instruments and Title Documents. The Servicer shall, as custodian, maintain and keep the Account Records, the Mortgage Instruments and the Title Documents in a secure place as to enable the Servicer efficiently to service and administer the Portfolio 2007-2.

The Servicer shall indemnify the Issuer for any loss or damage resulting from any default by the Servicer in the performance of its obligations to maintain and keep the Account Records, the Mortgage Instruments and the Title Documents in the manner prescribed or from any negligent act or omission relating to the custody by the Servicer of the Account Records, the Mortgage Instruments and the Title Documents.

Upon termination of the Servicing Agreement 2007-2 or the resignation or termination of the appointment of the Servicer or upon the written request of the Issuer, the Servicer shall, within a reasonable time, deliver to the Issuer or its designated agents to an address as specified by the Issuer all the Mortgage Instruments and Title Documents and copies of all the Account Records.

The Servicer will, at the cost and expense of the Issuer in relation to any default by an Obligor under or in connection with a Mortgage Transaction, comply with the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, take such action as would a reasonably prudent financier of a housing loan or home financing in respect of such default. It is acknowledged by the Issuer that financiers of housing loans or home financings generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would be exercised by a reasonably prudent financier of a housing loan or home financing in applying the Enforcement Procedures to any particular defaulting Obligor or taking action in enforcing any relevant Mortgage Instrument or in relation to any Insurance Policies. The Servicer shall be entitled to deduct from Collections 2007-2 direct costs and expenses reasonably incurred by the Servicer in respect of such enforcement (including without limitation legal costs incurred and repossession expenses other than the Servicer's overhead).

#### **Representations and Warranties**

The Servicer gives certain representations and warranties to the Issuer.

The representations and warranties relate to matters such as authority and capacity to enter into the Servicing Agreement 2007-2, all relevant consents, licences or approvals having been obtained for the Servicer to provide its services, due execution and delivery of agreements, the adequacy of the Servicer's operational systems and other matters.

#### **Undertakings from the Servicer**

The Servicer gives a number of undertakings in favour of the Issuer. These include:

- (a) not to attempt to pledge, assign or transfer any of the Mortgage Assets or act in any way which could impair the rights, titles or interests of the Issuer in and to the Portfolio 2007-2;
- (b) to furnish to the Issuer and the Trustee (i) within sixty (60) days after the end of each year, a compliance certificate signed by the Servicer stating that to the best of the Servicer's knowledge, no Servicer Event of Default or

Potential Servicer Event of Default exists, or if any such event exists, stating the nature and status thereof and (ii) as soon as possible and in any event within two (2) Business Days after the occurrence of any Servicer Event of Default or Potential Servicer Event of Default, a statement of the Servicer setting forth details of such event and the action which the Servicer proposes to take with respect thereto;

- (c) to prepare and submit in a timely manner (where appropriate, on behalf of the Issuer) all applications and filings necessary to perfect or secure the benefit of any Mortgage Instrument or Insurance Policy;
- (d) that it shall not agree to any variation, modification or supplement in the terms of any Mortgage Transaction comprised in the Portfolio 2007-2 or exercise any right under any Mortgage Instrument to vary, modify or supplement the terms of the Mortgage Transaction applicable on the Purchase Date relative to that Mortgage Transaction, unless such variation, modification or supplement is:
  - (i) more favourable and is not prejudicial to the interest of the Issuer, the Trustee or the Bondholders; or
  - (ii) required by Law; or
  - (iii) after Enforcement Procedures have been commenced and the Servicer is of the view that a rescheduling of the Mortgage Transaction, through a variation, modification or supplement of its terms, is likely to result in a better realization of the Mortgage Asset than the pursuit of Enforcement Procedures and such rescheduling is in accordance with guidelines agreed with the Purchaser and the Transaction Administrator.
- (e) to provide at least on a quarterly basis a Servicer Report to the Issuer, the Transaction Administrator, the Trustee and the rating agencies; and
- (f) to comply with all Laws in the performance of its obligations and duties hereunder and any Laws affecting the creation and servicing of Mortgage Transactions.

#### Delegation of Duties

The Servicer may not, other than as expressly provided, novate, transfer, sub-contract or delegate the performance of any of its duties or obligations under the Servicing Agreement 2007-2 to any person.

The Servicer may appoint any person as its sub-agent or sub-contractor necessary to assist it in the provision or performance of its obligations hereunder, provided that: (a) the Trustee's prior written consent has been obtained; (b) the Servicer shall use all reasonable skill and care in the selection of such sub-agent, sub-contractor or representative; (c) the Servicer shall not be relieved of its obligations under the Servicing Agreement 2007-2 by virtue of such appointment and shall be responsible for the acts of such sub-agent, sub-contractor or representative as if they were the acts of the Servicer; and (d) after such appointment, the Servicer shall retain the right to assign its rights against such sub-agent, sub-contractor or representative to the Issuer. The Issuer may require the Servicer to enforce any rights which the Servicer may have against any such sub-agent, sub-contractor or representative arising from the performance by such person of the Servicer's duties.



Any compensation payable to any person who has assumed obligations of the Servicer under the Servicing Agreement 2007-2 shall be paid by the Servicer from its own funds and the Issuer shall have no liability to such person with respect thereto. Any agreement that may be entered into by the Servicer and any person that provides for any delegation of the duties of the Servicer to such person shall be deemed to be between the Servicer and such person alone, and the Issuer shall not be deemed a party thereto and shall have no claims, rights, obligations, duties or liabilities with respect thereto.

#### 10.2.2 Fees

The Issuer shall pay to the Servicer quarterly in arrears, in respect of the Portfolio 2007-2, a Servicer Fee of zero point zero one percent (0.01%) per annum of the Outstanding Principal Amount at the commencement of that quarter (with the first quarter commencing from the Purchase Date) subject to and in accordance with the priority for payment thereof under the Trust Deed 2007-2. The Servicer Fee shall be payable in arrears only on each Interest Payment Date. All fees payable hereunder to the Servicer shall be deemed to include any applicable service tax and/or consumption tax (such as GST or VAT) payable thereon and the Issuer shall pay any service tax and/or consumption tax (such as GST or VAT) applicable to the services provided by the Servicer hereunder. No such fee shall be payable by the Issuer in respect of the period following the termination of the Servicing Agreement 2007-2.

The Issuer may also at its discretion pay the Servicer a discretionary bonus consideration for services provided by the Servicer. Payment of any Servicer Bonus will be subject to the Servicer meeting certain criteria relating to the performance of Portfolio 2007-2 and Servicer performance in carrying out its duties.

The Portfolio Performance Criteria shall include

- (a) the Cumulative Default of Portfolio 2007-2, determined at each Bonus Determination Date does not exceed (i) one point two (1.2) MULTIPLIED by (ii) an aggregate default threshold as at the relevant Bonus Determination Date, assuming a fixed monthly default rate of zero point seven zero percent (0.70%) per annum for the first 88 months from the Issue Date and a fixed monthly default rate of zero point five one percent (0.51%) per annum thereafter.

Cumulative Default on a Bonus Determination Date is calculated as (i) the aggregate Outstanding Principal Amount of the Mortgage Assets that are 90 days past due on a Bonus Determination Date and which shall be calculated net of total principal recoveries; DIVIDED by (ii) the Outstanding Principal Amount of the Mortgage Assets at the Purchase Date;

and

- (b) the Cumulative Prepayment Rate of Portfolio 2007-2, determined at each Bonus Determination Date does not fall below (i) zero point eight (0.8) MULTIPLIED by (ii) an aggregate prepayment threshold as at the relevant Bonus Determination Date, assuming a fixed monthly increase in prepayment from a monthly rate of zero point seven five five six percent (0.7556%) per annum in the first month to a rate of two point four percent (2.4%) per annum in the seventy-fifth (75<sup>th</sup>) month from the Issue Date, and a fixed monthly prepayment rate of two point four percent (2.4%) per annum thereafter.

Cumulative Prepayment Rate on a Bonus Determination Date is calculated as (i) the aggregate amount of prepayments by Obligors of Monthly Instalments or Outstanding Amounts from and including the Purchase Date (excluding any inadvertent overpayment which may arise from salary and/or pension over

deductions); DIVIDED by (ii) the Outstanding Principal Amount of the Mortgage Assets at the Purchase Date.

If the above criteria are satisfied for any Bonus Determination Date, the Issuer may at its discretion pay a Servicer Bonus of up to 2.00% on all Collections (excluding prepayments) for the period from the last Bonus Determination Date or the Issue Date (as the case may be) up to that Bonus Determination Date.

The Issuer also agrees to pay the Servicer a discretionary bonus fee of such amount as shall be determined by the Issuer in respect of the services provided by the Servicer subject to and after the Bonds have been fully redeemed and all obligations and liabilities of the Issuer in respect of the Bonds have been discharged.

### 10.2.3 Terms of Agreement and Servicer Default

If any of the following events (each, a “Servicer Event of Default”) occurs:

- (a) the Servicer fails to effect any payment, transfer or deposit as required under the Servicing Agreement 2007-2;
- (b) the Servicer fails to perform any of its obligations under the Servicing Agreement 2007-2 or breaches any of the terms of the Servicing Agreement 2007-2 (including the representations and warranties) and (except where in the opinion of the Issuer such failure is not capable of remedy) does not cure such default within ten (10) days after the earlier of (i) receipt of notice thereof from the Issuer or (ii) having actual knowledge thereof; or
- (c) any indebtedness of the Servicer to the Issuer is not paid after a period of thirty (30) days as notified by the Issuer in writing,

then the Issuer or the Trustee may by notice in writing to the Servicer, require the Servicer effective from the date specified in the notice (not being earlier than the date of the notice) to appoint a person nominated by the Issuer and acceptable to the Trustee and rating agencies as a sub-contractor of the Servicer (the “External Service Provider”) and to delegate to such External Service Provider the provision of such of the services and the performance of such of the obligations of the Servicer under the Servicing Agreement 2007-2 as the Servicer has defaulted in providing. The External Service Provider shall, in the name of and as agent of the Servicer, be entitled to exercise such of the rights and perform such of the obligations of the Servicer under the Servicing Agreement 2007-2 in respect of which the Servicer is in default.

### 10.3 Trustee

Details of the Trustee are as follows:

Name	Malaysian Trustees Berhad (Company No. 21666-V)
Registered Office	Level 19, Menara Prudential, No 10 Jalan Sultan Ismail, 50250 Kuala Lumpur
Business Office	Level 2, Menara Prudential, No. 10, Jalan Sultan Ismail, 50250 Kuala Lumpur
Share Capital (as at 30 June 2007)	Authorised: 500,000 ordinary shares of RM10 each

	Issued and fully paid: 110,000 ordinary shares of RM10 each on which only RM5 each has been paid on each ordinary share
Shareholders	PacificMas Berhad OCBC Bank (Malaysia) Berhad United Malacca Berhad RAM Consultancy Services Sdn Bhd Estate of Tan Hoon Siang Estate of Syed Omar bin Abdul Rahman Taha Alsagoff The Atlas Ice Company Berhad
Directors	Choi Siew Hong Lai Wan Ng Hon Soon Lee Wai Kit

#### Roles of Trustee

The Trustee will among others, represent and protect the interest and rights of the Bondholders in accordance with the Trust Deed 2007-2. The Trustee will also notify the Bondholders of the occurrence of any Event of Default as soon as the Trustee becomes aware of such event occurring.

#### Role of Security Agent

The Security Agent will among others, hold the Security Documents 2007-2 on trust for the Portfolio 2007-2 Bondholders, take such steps to dispose of Portfolio 2007-2 upon the occurrence of an Event of Default, and distribute monies in accordance with the application of proceeds upon realisation of the relevant security. It will also operate the Collections Account 2007-2 as sole signatory and, make regular payments and disbursements as per “waterfall” calculations, and make authorised investments according to the terms of the Issue Documents.

## **10.4 Transaction Administrator and Administrator**

### **10.4.1 Transaction Administrator**

The Transaction Administrator agrees to perform and provide the services necessary and appropriate to the purchase of the Portfolio 2007-2, the issue of the Bonds, the assessment and reconciliation of data in relation to the Mortgage Assets and the management of the Issuer's relationship with the Servicer.

The Transaction Administrator must appoint such advisers as may be required by the Issuer in connection with or for the purposes of the purchase of the Portfolio 2007-2 and the issue of the Bonds, including principal adviser, financial adviser, accounting adviser, tax adviser and legal adviser, and at its cost and expense pay and discharge all fees, costs and expenses of such advisers for any services provided by them to the Issuer for the term of the Transaction Administration Agreement 2007-2.

The Transaction Administrator must also appoint arrangers, managers, agents and other service providers as may be required in connection with or for the purposes of the issue of the Bonds, including joint lead arrangers, joint lead managers, trustee, Central Depository, facility agent, Paying Agent and rating agencies, and, save where the same is to be paid out of the proceeds of issue of the Bonds, at its cost and expense pay and discharge all fees, costs and expenses of such persons for any services provided by them to the Issuer for the term of the Transaction Administration Agreement 2007-2.

The Transaction Administrator must ensure the due and diligent performance by the advisers and service providers of their respective duties and functions and in default thereof to take such action, including legal proceedings, to enforce such obligations and liabilities of such persons and, if any damages are recovered against any such persons, to account to the Issuer for the same.

The Transaction Administrator must liaise with and deal with the Servicer in all matters regarding Portfolio 2007-2 and the Collections 2007-2 including but not limited to requesting for and receiving data from the Servicer, whether in the form of Servicer Report or otherwise, in relation to Portfolio 2007-2 or the Collections 2007-2 which are relevant to the discharge by the Issuer of its obligations under the Trust Deed 2007-2. In this respect, the Transaction Administrator must also review and consult with the Servicer with regard to action taken or proposed to be taken by the Servicer in relation to any Mortgage Transactions in default, dealing with issues arising on the Insurance Policies and auditing Portfolio 2007-2 and the services of the Servicer according to such criteria and procedures as the Transaction Administrator determines to be reasonable.

The Transaction Administrator must review and analyse the data received from the Servicer and provide its report thereon to the Issuer, the Trustee and the rating agencies indicating the amounts of Collections 2007-2, the reconciliation of Collections 2007-2 with amounts paid into the Collections Account 2007-2 and against expected performance of the Portfolio 2007-2 and indicating levels of default, delinquencies and prepayments and, as appropriate, any action taken or proposed in relation to any of the foregoing.

The Transaction Administrator must also compute the tax liability of the Issuer arising in respect of Portfolio 2007-2 and certify such amount to be paid out of the Collections Account 2007-2 and otherwise verify the accuracy of all amounts to be paid out of the Collections Account 2007-2.

The Transaction Administrator will also consult the Security Agent with regard to the making of investment of the Collections 2007-2 and provide such other services as may be agreed with the Issuer.

#### Representations and Warranties

The Transaction Administrator represents and warrants to the Issuer that it has duly authorised the Transaction Administration Agreement 2007-2 by all necessary action, and the Transaction Administration Agreement 2007-2 is a legal, valid and binding obligation enforceable against the Transaction Administrator in accordance with its terms and that all consents, licences or approvals required to be obtained, and all filings, registrations or notifications required to be made, by the Transaction Administrator in connection with the execution and delivery of the Transaction Administration Agreement 2007-2 and the performance of its obligations hereunder have been duly obtained or made.

The Transaction Administrator also represents and warrants that the execution, delivery and performance of the terms of the Transaction Administration Agreement 2007-2 will not violate or contravene any provision of any laws, conflict with or result in the breach of any provision of any agreement or instrument to which it is a party or by which it or any of its assets is bound. It will also not result in or require the creation or imposition of any mortgage, lien, pledge or charge on any of its assets.

The Transaction Administrator warrants that it has the skill, competence, qualification, expertise and resources required for the provision of the services contemplated by the Transaction Administration Agreement 2007-2.

### Fees and Expenses

The Issuer shall pay to the Transaction Administrator by way of remuneration a fee in an amount equal to zero point one zero two percent (0.102%) per annum of the Outstanding Principal Amount on the Mortgage Transactions at the beginning of each quarter with the first quarter being the Outstanding Principal Amount on the Purchase Date 2007-2. Except for the abovementioned fee paid to the Transaction Administrator and, save for cost and expenses incurred by the Transaction Administrator in relation to the roadshow for the Bonds where the same is to be paid out of the proceeds of issue of the Bonds and any other applicable service and/or consumption tax, such as GST or VAT, there shall be no other fees payable to the Transaction Administrator. Such fee shall be paid quarterly in arrears on each Interest Payment Date.

If on any Interest Payment Date, there is insufficient moneys in the Collections Account 2007-2 to fully pay such fee payable on that day, the unpaid portion of such fee shall accrue and be paid on the next Interest Payment Date subject to the availability of funds in the Collections Account 2007-2 and the cashflow priorities set out in the Trust Deed 2007-2. Any non-payment of such fee payable on any Interest Payment Date due to the insufficiency of funds in the Collections Account 2007-2 in accordance with the Trust Deed 2007-2 will not constitute a default on the part of the Issuer to pay such fee to the Transaction Administrator.

The Transaction Administrator shall solely be responsible for any cost and expense incurred by it in connection with or pursuant to the Transaction Administration Agreement 2007-2 or the performance of its obligations under the Transaction Administration Agreement 2007-2 and shall not be entitled to seek reimbursement of the same from the Issuer (save for costs and expenses in relation to the roadshow for the Bonds) or out of any Collections 2007-2.

No warranty is given by the Transaction Administrator as to the performance or profitability of the Portfolio 2007-2 or as to the achievement by the Issuer of its objectives or of any forecast or projection made in respect of the Bonds issued by it.

#### **10.4.2 Administrator**

The Administrator agrees to attend to the opening and maintenance of the Operating Account and ensure that all payments out of such account are in accordance with the provision of the Trust Deed 2007-2. The Administrator must also prepare and maintain such books and records in Malaysia as may be required in the normal course of the business of the Issuer in order to comply with any laws or regulations of Malaysia.

The Administrator must also provide corporate secretarial services to the Issuer which include the filing of all necessary forms and statutory returns to comply with the Companies Act, 1965 and the regulations made thereunder, the preparation of notices of and proposed resolutions of shareholders and directors meetings and the preparation of minutes of meetings of shareholders and directors.

The Administrator must prepare and maintain the accounting records of the Issuer in accordance with approved accounting standards in Malaysia and deal with any correspondence relating to the business of the Issuer. The Administrator must deliver all information or documents of the Issuer in their possession to any persons entitled to such information or documents when required under the Trust Deed 2007-2 or under related laws and regulations.

The Administrator must arrange, in conjunction with the Issuer's tax agents, the timely completion and submission of tax returns and ensure that the necessary tax is paid on behalf of the Issuer out of the Operating Account.

The Administrator must also arrange, in conjunction with the Issuer's auditors, the preparation and auditing of annual accounts of the Issuer. A company secretary must be provided for by the Administrator. Other corporate administration services may be provided by mutual agreement with the Issuer.

#### Future Portfolios

The Administrator may in future provide the same services contemplated by the Administration Agreement 2007-2 in connection with or for the purposes of other portfolios or pools of assets purchased by the Issuer and thus may enter into an agreement(s) on similar terms as the Administration Agreement 2007-2. In such cases, the liability, if any, of the Administrator, in connection with or arising out of any default or neglect in the provision of a service or an obligation to be discharged or performed under two or more agreements, shall be a single liability and any amount recoverable against the Administrator in respect of such liability shall be held *pari passu* and rateably for the persons entitled thereto.

#### Representations and Warranties

The Administrator gives certain representations and warranties to the Issuer.

The representations and warranties relate to matters such as that all necessary consents, licenses, registrations and approvals have been made or obtained and that the execution, delivery and performance of the terms of the Administration Agreement 2007-2 will not violate or contravene any provision of any laws, will not conflict with or result in the breach of any provision of any agreement and will not result in or require the creation or imposition of any mortgage, lien, pledge or charge on any of its assets.

The Administrator represents and warrants that all material facts and information in connection with the Administration Agreement 2007-2 are true, complete and accurate in every material respect. The Administrator also represents and warrants that it has the skills, competence, qualification, expertise and resources required for the provision of the services contemplated by the Administration Agreement 2007-2.

#### Fees and Expenses

The Issuer shall pay to the Administrator by way of remuneration a fee in an amount equal to zero point zero zero two percent (0.002%) per annum of the Outstanding Principal Amount on the Mortgage Transactions at the beginning of each quarter with the first quarter being the Outstanding Principal Amount on the Purchase Date 2007-2. Except for the abovementioned fee paid to the Administrator and any other applicable service and/or consumption tax such as GST or VAT, there shall be no other fees payable to the Administrator. Such fee shall be paid quarterly in arrears on each Interest Payment Date.

If on any Interest Payment Date, there is insufficient money in the Collections Account 2007-2 to fully pay such fee payable on that day, the unpaid portion of such fee shall accrue and be paid on the next Interest Payment Date subject to the availability of funds in the Collections Account 2007-2 and the cashflow priorities set out in the Trust Deed 2007-2. Any non-payment of such fee payable on any Interest Payment Date due to the insufficiency of funds in the Collections Account 2007-2 in accordance with the Trust Deed 2007-2 will not constitute a default on the part of the Issuer to pay such fee to the Administrator.

The Administrator shall solely be responsible for any cost and expense incurred by it in connection with or pursuant to the Administration Agreement 2007-2 or the performance of its obligations under the Administration Agreement 2007-2 and save where the same is to be paid out of proceeds of issue of the Bonds, shall not be entitled to seek reimbursement of the same from the Issuer or out of any Collections 2007-2.

#### **10.4.3 Other Common Terms**

##### *No Warranty or Indemnity*

Each of the Transaction Administrator and Administrator accepts responsibility for loss or damage to the Issuer and the Trustee to the extent that such loss or damage is due solely to the negligence, wilful default or bad faith of or breach by the Transaction Administrator or Administrator, as the case may be, or that of their respective employees or agents provided always that the Transaction Administrator's or Administrator's liability for any loss or damage arising out of any action or proceedings pursuant to the Administration Services Documents 2007-2 for any negligence of the Transaction Administrator or Administrator shall in no event exceed the amount of the fee paid by the Issuer to the date of such liability.

##### *Terms and Termination of the Administration Services Documents 2007-2*

The term of the Administration Services Documents 2007-2 shall be from the date it is signed until the date on which the Collections 2007-2 due on the Portfolio 2007-2 is reduced to zero or such other date as may be agreed by the Issuer, the Trustee and the Transaction Administrator or Administrator, as the case may be.

The relevant Administration Services Documents 2007-2 will be terminated if the Transaction Administrator or Administrator, as the case may be, fails to perform any of its obligations under it or breaches any of the terms of the relevant Administration Services Documents 2007-2 (including the representations and warranties) and (except where in the opinion of the Issuer such failure is not capable of remedy) does not cure such default within ten (10) days after the receipt of notice thereof from the Issuer or having actual knowledge thereof.

The relevant Administration Services Documents 2007-2 will also be terminated if the Transaction Administrator or Administrator, as the case may be, is unable to pay its debts as they fall due, goes into liquidation or has any winding up proceedings commenced against it.

The Issuer may then by notice in writing to the Transaction Administrator and/or Administrator, terminate the relevant Administration Services Documents 2007-2 and appoint another person to provide the services and perform the obligations of the Transaction Administrator and/or Administrator under the relevant Administration Services Documents 2007-2 (the "Substitute Transaction Administrator and/or Administrator").

The Transaction Administrator and Administrator shall co-operate and assist the Issuer and the Substitute Transaction Administrator or Administrator to take all reasonable steps required for the transfer of the duties and responsibilities of the Transaction Administrator or Administrator. The Transaction Administrator or Administrator must make available to the Substitute Transaction Administrator or Administrator, or such other person nominated in writing by the Issuer, all the Account Records, instruments, documents and any moneys then held by the Transaction Administrator or Administrator on behalf of the Issuer.

##### *Resignation*

Each of the Transaction Administrator and Administrator may resign by giving not less than fifteen (15) days' written notice to the Issuer and the Trustee without giving any reason and without being responsible for any liabilities incurred by reason of such resignation and may be removed by the Issuer giving notice to that effect to the Transaction Administrator or Administrator, the Bondholders and the Trustee but no such resignation or removal shall take effect until a successor transaction administrator and/or administrator has been appointed. The Issuer may appoint a successor transaction administrator or administrator.

However, if within sixty (60) days after such notice of resignation or removal being given, no successor transaction administrator and/or administrator shall have been appointed by the Issuer and has accepted such appointment, the retiring Transaction Administrator and/or Administrator shall have the right to appoint a successor transaction administrator.

The resignation or removal of the retiring transaction administrator and/or administrator and the appointment of any successor transaction administrator and/or administrator shall both become effective upon the successor transaction administrator notifying the Issuer in writing that it accepts such appointment and executing and delivering to the Issuer a duly completed deed of accession, whereupon the successor transaction administrator and/or administrator shall succeed to the position of the retiring Transaction Administrator and/or Administrator and the term "Transaction Administrator" or "Administrator" in the relevant Administration Services Documents 2007-2, the Servicing Agreement 2007-2 and the Trust Deed 2007-2 shall include such successor Transaction Administrator and/or Administrator where appropriate.

#### General

The Transaction Administrator and Administrator shall not have any obligations towards or relationship of agency or trust with any person not a party to the Administration Services Documents 2007-2 and the Transaction Administrator and Administrator shall only be obliged to perform the duties set out specifically in the relevant Administration Services Documents 2007-2. Whether acting for itself or in any other capacity, it will not be precluded from becoming the owner of, or acquiring any interest in, holding or disposing of any of the Bonds or any shares or securities of the Issuer with the same rights as it would have had if it were not acting as the Transaction Administrator and/or Administrator or from entering into or being interested in any contracts or transactions with the Issuer or from acting in, or as depository, trustee or agent for, any committee or body of holders of any securities of the Issuer and will not be liable to account for any profit, save any Bonds held by or on behalf of the Transaction Administrator or the Administrator shall not entitle it to vote at any meeting of the Bondholders, but shall be included for the purposes of calculating the required quorum at meetings of Bondholders.

The Transaction Administrator's and the Administrator's responsibilities under the Administration Services Documents 2007-2 shall be with respect only to the Portfolio 2007-2 but nothing precludes the Transaction Administrator or Administrator acting in any other capacity in relation to the Portfolio 2007-2 or any other pool of assets which may be purchased by the Issuer. The Transaction Administrator or Administrator acting reasonably and at its own cost, may consult any legal or other adviser with regard to its rights, duties, powers and obligations under the Administration Services Documents 2007-2 and shall be protected and shall incur no liability for any act or omission on its part if it is done or omitted in reliance on the opinion or advice of such legal or other adviser.



The Transaction Administrator and Administrator agree to keep confidential all documents, materials and other information relating to Issuer's business or information acquired by them in the course of or in connection with the performance of their duties under the Administration Services Documents 2007-2 and not to disclose any information without the prior consent of the Issuer unless required for the performance of their obligations under the Administration Services Documents 2007-2 or by law.

*No Petition*

Until six (6) months plus one day after the Bonds have been fully repaid, the Transaction Administrator and Administrator shall not apply for a judgment or take any proceedings for the obtaining of a judgment or any payment, money or damages by the Issuer. The Transaction Administrator and Administrator must not apply to wind-up or take any proceedings for the winding-up of the Issuer, levy or enforce any distress or other execution or take any proceedings for the levying or enforcement of any distress or other execution upon or against any property of the Issuer, apply to have a receiver appointed by any court or take any proceedings for the appointment of a receiver by a court to any of the assets of the Issuer or exercise or seek to exercise or take any proceedings for the exercise of any right of counter-claim against the Issuer, and the Transaction Administrator and Administrator waive their respective rights in respect of those applications or proceedings.

However, the Transaction Administrator and Administrator can obtain or take any proceedings to obtain an injunction or other order to restrain any breach of the relevant Administration Services Documents 2007-2 by the Issuer or in obtaining or taking any proceedings to obtain declaratory relief in relation to any provision of the Administration Services Documents 2007-2.

*Assignment*

The parties may not assign, transfer or grant or create any encumbrance over any of their rights and benefits in or under the Administration Services Documents 2007-2 save and except that the Transaction Administrator and Administrator acknowledge and agree that pursuant to the Trust Deed 2007-2, the Issuer has assigned or will assign by way of security all its rights under the Administration Services Documents 2007-2 to the Security Agent to hold for the benefit of the Bondholders.

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## 11 TRANSACTION DOCUMENTS, ISSUE DOCUMENTS

*The following section summarises the material terms of the Transaction Documents and the Issue Documents. This summary does not purport to be complete and is subject to the detailed terms of the Transaction Documents and the Issue Documents.*

### 11.1 Master Sale and Purchase Agreement 2007

The Issuer will at the request of the Originator from time to time consider, and if the Issuer thinks fit, purchase from the Originator portfolios of Mortgage Assets where each underlying Mortgage Transaction meets the applicable Eligibility Criteria.

Each sale and purchase of a portfolio of Mortgage Assets shall be by way of a separate Purchase Contract and conveyed by way of equitable absolute assignment of all the Originator's rights, titles, interests and benefits in and to the underlying Mortgage Transactions with the full risks and benefits of the ownership of the relevant portfolio being borne and enjoyed by the Issuer with effect from and including the Completion Date.

Title to each portfolio of Mortgage Assets shall pass from Originator to the Issuer on the relevant Completion Date upon payment of the relevant Purchase Consideration. Concurrent with the execution of each Purchase Contract the parties shall execute a deed of assignment of the conveyance of the Originator's rights, titles, interests and benefits and Servicing Agreement to be effective on the relevant Completion Date.

Notwithstanding that the sale and purchase of a portfolio of Mortgage Assets is intended as a sale by way of equitable absolute assignment, if in accordance with the Master Sale and Purchase Agreement 2007, the Issuer requires or directs a transfer of the Mortgage Assets, the Originator shall give notice in the form prescribed by the deed of assignment to each Obligor and any relevant Security Provider under any liability or obligation in relation to a Mortgage Transaction of a transfer of the relevant portfolio.

Pursuant to the Master Sale and Purchase Agreement 2007, the Originator and the Issuer will execute Purchase Contract 2007-2 to sell, convey, assign and transfer to the Issuer all the Mortgage Assets of Portfolio 2007-2. Portfolio 2007-2 will be more particularly identified in a summary of the relevant Mortgage Transactions. The sale and purchase will be of all the rights, title, interest and benefits of the Originator in the Mortgage Assets on and as of the Purchase Date 2007-2 and in consideration of the Issuer paying to the Originator the Purchase Consideration on the Completion Date.

The Originator also agrees to service and administer all Mortgage Assets sold in accordance with the terms of the Servicing Agreement 2007-2.

### 11.2 Deed of Warranties 2007

Under the terms of the Deed of Warranties 2007 (which are incorporated into Purchase Contract 2007-2), the Originator makes certain representations and warranties including:

- (a) that each Mortgage Transaction within the Portfolio satisfies the Eligibility Criteria up to the Completion Date of the purchase of the Portfolio; and
- (b) that the information given in each Purchase Contract in relation to the Mortgage Assets is true and accurate and is not misleading because of any omission or ambiguity or for any other reason.

In the event of a breach of any of the representations, in relation to any Mortgage Transaction or an order for sale is granted in respect of any second charge created by an Obligor (which is a breach of the terms of the Purchase Contract 2007-2), or as proposed by the Originator, otherwise than as permitted by the terms in the Servicing Agreement, to alter the terms for repayment by an Obligor on the monthly instalments payable under a Mortgage Transaction, the Originator will, as provided by the Deed of Warranties 2007, either, at the election of the Issuer, compensate the Issuer in the Equivalent Amount or, replace such Mortgage Assets with other Mortgage Assets acceptable to the Issuer.

*See Section 10.1.5 of Chapter 10 for further details on the compensation and replacement.*

It is also provided under the terms of the Deed of Warranties 2007 for the Originator to repurchase the entire outstanding Portfolio 2007-2 upon the occurrence of certain events which in the opinion of the Issuer affects the entire Portfolio 2007-2 - *See Section 2.2.3 of Chapter 2 for further details of these events.*

The repurchase will be for a consideration which is the lower of the Purchase Consideration or the Outstanding Principal Amount at the relevant date for the repurchase of the entire portfolio.

### **11.3 Deed of Assignment 2007-2**

Upon the date of execution of the Purchase Contract 2007-2 the Originator shall execute the Deed of Assignment 2007-2. Under the Deed of Assignment 2007-2, the Originator as the sole unencumbered legal and beneficial owner of all the rights, interests, titles and benefits in and under the Mortgage Assets, assigns absolutely to the Issuer by way of conveyance all the Originator's rights, interest, title and benefit into and under the Mortgage Assets free from encumbrances.

The Originator shall, in accordance with the Master Sale and Purchase Agreement 2007, upon request of the Issuer give notice to each Obligor of the Mortgage Assets and any relevant Security Provider of the assignment in a prescribed form of a Notice of Assignment and shall, following the giving of such notice and if so required by the Issuer, take all such steps and execute all such documents including the delivery to the Issuer or its nominee of all Mortgage Instruments and the execution of all transfers and assignments, so as to effect a transfer of legal title to the Mortgage Assets to the Issuer or its nominee.

### **11.4 Servicing Agreement 2007-2**

The Issuer appoints the Servicer to service and administer Portfolio 2007-2 as a separate pool and as lawful agent of the Issuer, in the Servicer's own name, to receive, collect, bank in and pursue the Collections 2007-2 in accordance with its relevant Enforcement Procedures and exercise the rights, powers and discretions of the Issuer in respect of and under and in connection with Portfolio 2007-2.

In performing its duties, the Servicer shall use reasonable care and shall act in good faith, using a degree of skill and attention no less than that which it exercises with respect to collecting, servicing of and administering a similar portfolio for itself and, if applicable, it exercises with respect to collecting, servicing of and administering a similar portfolio for others. To the extent not inconsistent with the foregoing, it shall perform its duties in a manner reasonably consistent with practices and procedures followed by a reasonable and prudent financier providing collection, servicing and administration services for a pool of receivables of the nature and character of Portfolio 2007-2. In performing its obligations, it shall take into consideration, among other things, the payment obligations of the Issuer on each Interest Payment Date.

The Servicer shall indemnify the Issuer for any loss or damage resulting from any default by the Servicer in the performance of its obligations to maintain and keep the Account Records, the Mortgage Instruments and the Title Documents in the manner prescribed or from any negligent act or omission relating to the custody by the Servicer of the Account Records, the Mortgage Instruments and the Title Documents. The liability of the Servicer with regard to its indemnity in any case of negligence is, however, limited to the Servicer Fee paid to date to the Servicer.

Upon the termination of the Servicing Agreement 2007-2 or the resignation or termination of the appointment of the Servicer or upon the written request of the Issuer, the Servicer shall, within a reasonable time, deliver to the Issuer or its designated agents at an address as specified by the Issuer all the Mortgage Instruments and Title Documents and copies of all the Account Records.

#### **11.5 Subscription Agreement 2007-2**

This agreement sets out the terms and mechanics for the issue of the Bonds. It further stipulates the conditions precedent required to be fulfilled prior to the issuance of the Bonds. The Issuer gives various undertakings as well as makes certain representations and warranties in this agreement. The agreement also provides for utilisation of the proceeds of the issue in payment to the Originator of the Purchase Consideration and towards meeting the fees payable to, inter alia, the Joint Lead Managers and reimburse all service tax and/or consumption tax (such as GST or VAT), out of pocket expenses and other expenses incurred in connection with the appointment of the Joint Lead Managers.

#### **11.6 Trust Deed 2007-2**

The Trust Deed 2007-2 is the principal document governing the Bonds. It sets out the form of the certificates for the Bonds and sets out the detailed terms of the Bonds which are deemed incorporated into the certificates and binds all Bondholders. Malaysian Trustees Berhad has been appointed the Trustee for the Bondholders.

Only the Trustee may pursue the rights and remedies available under the general law or under the Trust Deed 2007-2 to enforce the rights and remedies of the Bondholders. No Bondholder shall be entitled to pursue such rights and remedies against the Issuer or under the Trust Deed 2007-2 unless the Trustee, having become bound to do so in accordance with the Trust Deed 2007-2, fails to do so within thirty (30) days from the date it is bound to pursue such rights and remedies and such failure shall be continuing.

The Trustee shall not be bound to take any step to enforce the performance of any of the provisions of the Issue Documents unless directed to do so (a) by a Special Resolution or (b) in writing by Bondholders of not less than twenty five percent (25%) of the Bonds then outstanding and then in either case only if it shall be indemnified by the Bondholders to its satisfaction against all actions, proceedings and claims to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

##### Covenants

The Issuer has in the Trust Deed 2007-2 undertaken in the form of various positive and negative covenants, the waiver or variation of the obligation to comply with which would, so long as any of the Bonds remains outstanding, require the approval of the Bondholders by way of a Special Resolution or the prior written approval of the Trustee (which approval may, in accordance with the terms of the Trust Deed 2007-2, be given where, in the opinion of the Trustee, it is not materially prejudicial to the interest of the Bondholders to give such approval). See *Chapter 6 - Terms and Conditions of the Bonds for details on some of the positive covenants*.

Among the negative covenants by the Issuer are the following:

- (a) not have any subsidiary;
- (b) not (i) take any corporate action or other voluntary, steps with a view to its winding-up, dissolution, liquidation, administration or re-organisation or for the appointment of a liquidator, receiver, administrator, custodian, trustee or similar officer of it or of any or all of its revenues and assets; or (ii) enter into or effect any amalgamation, merger, re-organisation or consolidation with any other person or convey or transfer its properties or assets substantially as an entirety to any person;
- (c) not redeem any of its issued ordinary shares or otherwise reduce or repay any of its authorised capital and/or issued ordinary shares;
- (d) not enter into any scheme of arrangement, composition or reconstruction or apply for any restraining order pursuant to section 176 of the Companies Act 1965;
- (e) not take any action that would result in any change in the withholding tax position or taxing jurisdiction of the Issuer but in the event of any such change to promptly notify the Trustee of such change;
- (f) not utilise the proceeds of the Bonds in any manner other than as set out in this Information Memorandum;
- (g) not:
  - (i) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any persons; or
  - (ii) otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligations of any other person,  
  
other than in the form of a Permitted Investment or pursuant to the Transaction Documents;
- (h) not affect any change in the business of the Issuer nor carry on any business or engage in any activities not specifically provided for in the Memorandum of Association of the Issuer;
- (i) not dispose of or create any Encumbrance upon or otherwise deal in any way with any of the Mortgage Assets except in such manner as may be permitted under the Trust Deed 2007-2 or the Security Documents 2007-2, or as agreed between the Issuer and the Trustee;
- (j) not do anything which would result in any other creditors of the Issuer having any claims over the Mortgage Assets and at the request of the Trustee, take such steps as may be available to it to ensure that at all times there are no competing claims of any other creditors apart from the claims of the Bondholders to the Mortgage Assets;
- (k) not sell, lease, transfer or otherwise dispose of, by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or its assets other than:
  - (i) in the ordinary course of business on arms length terms; or
  - (ii) pursuant to the Deed of Warranties 2007;
- (l) not permit any deletion, amendment, supplement or variation to the Memorandum and Articles of Association of the Issuer as at the date hereof in any manner which may be materially prejudicial to the interests of the Bondholders;

- (m) not agree to any change to the terms and conditions of the documentation relating to any Mortgage Transactions of the Portfolio 2007-2 or any Mortgage Instrument or Insurance Policies or agree to the exercise by the Originator or the Servicer of any rights thereunder which may be materially prejudicial to the interests of the Bondholders;
- (n) not acquire any Mortgage Assets unless the underlying Mortgage Transaction satisfy the Eligibility Criteria;
- (o) not terminate, replace, revoke or suspend the Transaction Documents or any of the Administration Services Documents 2007-2;
- (p) not vary or waive any terms or conditions of any of the Transaction Documents or any of the Administration Services Documents 2007-2 or replace any of the Transaction Documents or the Administration Services Documents 2007-2 or grant any time or indulgence to or release or vary the liability of any person from time to time liable thereunder or change the Administrator or the Transaction Administrator if any such termination, revocation, suspension, variation, waiver, replacement, grant or release would be materially prejudicial to the interest of the Bondholders; and
- (q) not transfer, assign, relinquish or otherwise dispose of any of its rights and interest under the Transaction Documents or the Administration Services Documents 2007-2.

#### No Cross Default

An exemption has been obtained from the requirement under the "Guidelines on the Minimum Contents Requirements for Trust Deeds" issued by the Securities Commission in relation to the requirement for a cross default to apply across securities issued by the Issuer. The exemption means that a default on any other securities issued by the Issuer is not an Event of Default for CMBS 2007-2.

For a list of the Events of Default, please refer to the "Terms and Conditions of the Bonds" in Chapter 6. If an Event of Default occurs, the Trustee may, and if so directed in writing by the holders of at least twenty-five percent (25%) of the outstanding Bonds, shall declare the Bonds to be immediately due and payable whereupon they shall be so due and payable. Following such declaration, the Trustee may require that the title of the Issuer to the Mortgage Assets be perfected and take action for the realisation of the value of the Mortgage Assets.

#### Limited Recourse; No Petition

Under the Trust Deed 2007-2, the Trustee (on its own behalf and on behalf of each Bondholder) and each Bondholder (who shall be deemed to have agreed by its investment in or purchase of the Bonds or a beneficial interest therein) covenant and agree that it will not petition for or join any person in petitioning for the winding up of the Issuer or otherwise institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other similar proceedings under any applicable laws.

The Trust Deed 2007-2 also provides that the sole remedy of the Trustee and each Bondholder in respect of any obligation, covenant, representation, warranty or agreement of the Issuer under or related to the Trust Deed 2007-2 or any other Issue Document shall be against and limited to the portfolio of Mortgage Assets in Portfolio 2007-2. Neither the Trustee nor the Bondholders shall have any claim against the Issuer or any of its other assets in the event the portfolio of Mortgage Assets in Portfolio 2007-2 (or any Collections 2007-2 pursuant thereto or any realisation thereof) is insufficient to meet any such obligation, covenant, representation, warranty or agreement (the difference being referred to herein as the

“shortfall”) and all claims in respect of the shortfall are and shall be extinguished or waived and no cause of action shall lie against the Issuer in respect of such shortfall.

#### **11.7 Depository and Paying Agency Agreement 2007-2**

This agreement sets out the terms and conditions of BNM's appointment as the Central Depository and Paying Agent for the Bonds. It prescribes the mechanics of paying out interest and redemption of the Bonds by the Issuer. It further sets out the obligations of the Lead Arranger/ Facility Agent as the intermediary in payment of interest and redemptions.

#### **11.8 Security Documents 2007-2**

*The following section summarises the material terms of the Security Documents 2007-2.*

##### Security

The Bonds will be secured against Portfolio 2007-2 and have the benefit of the security created pursuant to the Security Documents 2007-2 but is otherwise without recourse to the Issuer or any of its other assets. Such security will be created in favour of the Security Agent and will consist of the following:

- (i) a debenture by the Issuer creating a first fixed charge over the Mortgage Assets in the Portfolio 2007-2 (the “Debenture 2007-2”);
- (ii) a legal assignment and a charge over the Collections Account 2007-2 and monies standing to the credit of the same (the “Charge over Collections Account 2007-2”); and
- (iii) a legal assignment of all rights, benefits, interest and title, present and future, of the Issuer in, to and under the Purchase Contract 2007-2, the Deed of Assignment 2007-2, the Servicing Agreement 2007-2 and the Administration Services Documents 2007-2 (the “Assignment of Contractual Rights 2007-2”).

The Security Documents 2007-2 secure all monies, obligations and liabilities of any kind now or at any time in the future due, owing, incurred or payable (whether actually or contingent) by the Issuer under the Bonds or pursuant to the Issue Documents (whether on account of principal, interest, fees, expenses, indemnity payments or otherwise) and all other monies thereby agreed to be paid (the “Secured Indebtedness”).

##### The Security Agent

Malaysian Trustees Berhad has been appointed the Security Agent. The Security Agent holds:

- (a) the Security Documents 2007-2;
- (b) the covenants given by the Issuer under the Security Documents 2007-2; and
- (c) all other assets paid to, held by or received or recovered by it under or in connection with the Trust Deed 2007-2 and the Security Documents 2007-2.

on trust for the Bondholders.

Directions of the Trustee

Save as expressly set out in the Trust Deed 2007-2 or the Security Documents 2007-2:

- (i) all powers, authorities and discretions of the Security Agent under the Security Documents 2007-2 shall be exercised by the Security Agent only in accordance with the instructions of the Trustee; and
- (ii) any opinion of the Trustee as to any matter shall for the purposes of the Security Documents 2007-2 be deemed to be the opinion of the Security Agent and the Security Agent shall not, and shall not be obliged to, form any such opinion itself,

and the Security Agent shall not be responsible for any liability occasioned thereby or by any delay or failure on the part of the Trustee to give any such instructions or direction or to form any such opinion.

Any such instructions given by the Trustee shall be binding on all the Bondholders.

The Security Agent is authorised to act on behalf of any Bondholder (without first obtaining that Bondholder's consent) in any legal proceedings in relation to any Security Document.

Debenture 2007-2

Under the Debenture 2007-2, the Issuer as beneficial owner charges all and any of the Mortgage Assets in Portfolio 2007-2 and all rights, titles and interests of the Issuer to and under the Mortgage Assets in Portfolio 2007-2 to the Security Agent as a continuing security for the due and punctual payment and satisfaction of the Secured Indebtedness and the due and punctual observance and performance by the Issuer of all other obligations of the Issuer contained in the Issue Documents.

The charge under the Debenture 2007-2 is a first fixed charge.

Under the Debenture 2007-2, the Security Agent may appoint a receiver of the Mortgage Assets.

Charge over Collections Account 2007-2

Under the Charge over Collections Account 2007-2, the Issuer as legal and beneficial owner assigns and charges and agrees to assign and charge to the Security Agent absolutely the Collections Account 2007-2 and all its right, title, interest and benefit in and to:

- (i) all sums now or in future credited thereto;
- (ii) all Permitted Investments as indicated in Chapter 6 of this Information Memorandum (the Principal Terms and Conditions) credited thereto or held on account thereof;
- (iii) all interest or other sums which may accrue from time to time thereon or in respect of any Permitted Investments;
- (iv) all proceeds, if any, of realisation of the Portfolio 2007-2;
- (v) all proceeds, if any, of realisation of the security created by the Security Documents 2007-2; and
- (vi) all rights of the Issuer to repayment of and all claims of the Issuer to any of the foregoing by or against the bank at which the Collections Account 2007-2 is maintained;

by way of first fixed charge as a continuing security for the due and punctual payment and discharge of the Secured Indebtedness and the due and punctual observance and performance by the Issuer of all other obligations of the issuer contained in the Issue Documents.



Assignment of Contractual Rights 2007-2

Under the Assignment of Contractual Rights 2007-2, the Issuer as legal and beneficial owner assigns and agrees to assign absolutely to the Security Agent all the Issuer's right, title, interest and benefit in and to the Administration Services Documents 2007-2 and the Transaction Documents (other than the Master Sale and Purchase Agreement 2007 and Deed of Warranties 2007) as a continuing security for the due and punctual payment of the Secured Indebtedness and the due and punctual performance and observance by the Issuer of all other obligations of the Issuer contained in the Issue Documents.

**11.9 Administration Agreement 2007-2**

Please refer to *Section 10.4.2* for details on the above agreement.

**11.10 Transaction Administration Agreement 2007-2**

Please refer to *Section 10.4.1* for details on the above agreement.

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## 12 CONFLICT OF INTEREST

- (a) Cagamas is owned by BNM and various financial institutions. As the Issuer is a wholly-owned subsidiary of Cagamas, the Issuer is indirectly owned by BNM and these financial institutions. Among these financial institutions are AmInvestment (3.9%) and CIMB (0.5%). Upon finalisation of the Restructuring Exercise, Cagamas and the Issuer will be wholly-owned by Cagamas Holdings. As such, BNM and all the financial institutions mentioned above will directly own Cagamas Holdings and will indirectly own Cagamas and the Issuer.
- (b) Cagamas is currently the holding company of the Issuer is also the Transaction Administrator and the Administrator in this transaction. Subsequent to the Restructuring Exercise, Cagamas will be the sister company of the Issuer and cease to become the holding company of the Issuer. Cagamas will continue to be the Transaction Administrator and Administrator for CMBS 2007-2. Cagamas is managed by professionals who are competent and skilled to carry out the functions of a Transaction Administrator and Administrator. The roles of the Transaction Administrator and the Administrator are set out in Chapter 10. The appointment of Cagamas as Transaction Administrator and Administrator was made on an arm's length basis and on market terms and will be evidenced by a valid and enforceable Transaction Administration Agreement 2007-2 and Administration Agreement 2007-2.
- (c) One of the directors of the Issuer is also a director of Cagamas while another director of the Issuer is the Chief Executive Officer of Cagamas. However, the Administration Services Documents 2007-2 entered into between the Administrator and the Transaction Administrator (the "Administrators") and the Issuer pursuant to which the Administrators will be providing professional services to the Issuer are based on arm's length terms and market terms. There may be a potential conflict of interest, inter alia, in the event the Administrators default in their duties as Administrators, as the directors of the Issuer may be reluctant to commence action against the Administrators since the Issuer and the Administrators share one (1) director. The duties of the Administrators are clearly set out in the Administration Services Documents 2007-2 and CMBS has an independent director to monitor this and ensure that the relevant documents and/or agreements relating to CMBS 2007-2 are executed properly. Further, the rights of CMBS under the Administration Services Documents 2007-2 will be assigned to the Security Agent. The Administration Services Documents 2007-2 will provide that in the event the Administrators fail to carry out their duties in accordance with the provisions of these agreements, the Security Agent is entitled to request CMBS to exercise all its rights under the Administration Services Documents 2007-2 and, inter alia, require the Administrators to retire from their appointments at any time.
- (d) RAM Rating Services Berhad ("RAM") and RAM Consultancy Services Sdn Bhd ("RAM Consultancy") are 100% owned subsidiaries of Rating Agency Malaysia Berhad. Rating Agency Malaysia Berhad has shareholdings in Malaysian Trustees Berhad through RAM Consultancy's 19.09% shareholdings in Malaysian Trustees Berhad. RAM, being the independent rating vehicle of Rating Agency Malaysia Berhad, does not have any direct or indirect equity in Malaysian Trustees Berhad and hence, the independence in rating CMBS 2007-2 is not compromised.
- (e) Government related bodies and statutory corporations may subscribe for or invest in CMBS 2007-2. There is no limit to the amount of CMBS 2007-2 which may be held by them.

The Board of Directors of the Issuer have been informed and are aware of the 'conflict of interest' situations as described above. However, notwithstanding the above 'conflict of interest' situations, the Board of Directors are satisfied that there are grounds for the view that independent judgments will be exercised by the relevant parties and have resolved to proceed with the issuance of the Bonds based on the present arrangements.

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## APPENDICES

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## APPENDIX I

### OVERVIEW OF MALAYSIA

*The following information regarding Malaysia is included for information purposes only and has not been independently verified by the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers/Issuer/Cagamas. All of the data and information contained below has been obtained from publicly available official sources of Malaysia.*

#### General

Malaysia is located in Southeast Asia, just north of the equator, and consists of two major land masses, Peninsular Malaysia and the states of Sabah and Sarawak, which are located on the island of Borneo. Peninsular Malaysia is separated from the states of Sabah and Sarawak by the South China Sea. The total land area of Malaysia is approximately 330,000 square kilometres.

Malaysia has a population of approximately 26.13 million. As of 2005, Malays and other indigenous peoples (together referred to as “Bumiputra”) make up approximately 65.9% of Malaysia’s population. Chinese make up approximately 25.3%, and Indians and other races make up the remaining 8.8%, of the population<sup>1</sup>.

The official language of Malaysia is Bahasa Melayu, but English is widely spoken.

#### Government

The Federation of Malaysia is a constitutional monarchy, consisting of 13 states and 3 federal territories (Kuala Lumpur, Labuan and Putrajaya). The King is elected for a five-year term among the nine hereditary sultans of the traditional Malay states. Each of the 13 states has an Executive Council dealing with non-federal matter, such as land, inheritance and family matters, under a chief minister (menteri besar). The federal parliament has an upper chamber (Senate) with 70 members and a lower chamber (House of Representatives) with 219 members. States have also their individual assemblies. States have no legal capacity to raise taxes. National elections are held every five years. The latest election was held in March 2004.

#### Economic Policy and Planning

Since 1966, the Government has formulated and implemented a series of five-year plans for the development of the Malaysian economy. These plans have been guided by the development policies set out in (i) the New Economy Policy (“NEP”) introduced in 1970, (ii) the National Development Policy (“NDP”), which succeeded the NEP in 1991, and (iii), in a working paper presented by Tun Dr. Mahathir in February 1991 entitled “Malaysia: The Way Forward” (known as “Vision 2020”). The goals of the NEP and the NDP include eradication of poverty and redistribution of wealth through growth. In particular, they are aimed at promoting social stability through enhancing the participation of Bumiputra in the economy. The Government’s implementation of these five-year plans and development policies has had a major influence on the Malaysian economy.

#### Economic Overview

Malaysia has a diversified economy, the principal sectors of which are services, manufacturing, agriculture, mining and construction. Malaysia’s industrial base has strengthened as industries have progressed beyond simple assembly to focus on the manufacture of high value-added capital and technology-intensive products. Malaysia produces and exports a wide range of manufactured goods, including electronic components and equipment, electrical machinery and appliances chemicals, plastics, textiles and apparels, wood products and rubber products, and also exports petroleum, liquefied natural gas, sawn timber, sawn logs and tin. The Malaysian economy remained resilient in

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<sup>1</sup> Source: [www.pmo.gov.my](http://www.pmo.gov.my)

the first quarter of 2005, expanding by 5.7%. Growth was driven by the major sectors of the economy, namely services, manufacturing and the primary commodity sectors. The services sector growth remained firm supported by consumption, tourism and telecommunication activities, while the primary commodity sector grew further mainly on account of higher production of crude palm oil and natural gas. Although the manufacturing sector was affected by the ongoing global semiconductor downcycle, the diversified industrial structure provided support to moderate the impact. Of significance, resource-based industries continued to perform strongly. Meanwhile, the construction sector remained weak due mainly to slower activity in the civil engineering segment<sup>3</sup>. The Malaysian economy strengthened in 2006, with real gross domestic product (GDP) expanding by 5.9%. The robust global growth during the year resulted in strong demand for electronics and primary commodities. This strong external environment was supported by strong domestic activity as private consumption rose in line with incomes and private investment increased to expand productive capacity to meet demand. As a result of the expansion in domestic and external demand, employment also strengthened as reflected in the decline in retrenchments and the acceleration in job creation. The unemployment rate remained unchanged at 3.5% while nominal wages increased.

The key economic statistics for Malaysia for the past four (4) years are shown in the table below:

	Year ended 31 December			
	2004	2005	2006 (p)	2007 (f)
Real GDP (RM billion)	249.3	262.2	277.7	294.4
Real GDP (% Change)	7.2	5.2	5.9	6.0
Nominal GNP (RM billion)	425.6	471.3	526.5	567.9
Nominal GNP (% Change)	14.2	10.7	11.7	7.9
Real GNP (RM billion)	233.4	246.2	261.9	275.7
Real GNP (% Change)	7.4	5.5	6.4	5.3
Per Capita Income (RM)	16,638	18,040	19,764	20,900
Consumer Price Index (2005 = 100) (% Change)	1.4	3.0	3.6	2.0 - 2.5
Producer Price Index (2000 = 100) (% Change)	8.9	6.8	6.7	-
Imports (RM billions)	376.8	411.4	454.6	500.9
Exports (RM billions)	481.2	537.0	589.6	638.5

**Note:**

*p* Preliminary

*f* Forecast

Source: Bank Negara Malaysia Annual Report 2006

Growth in the manufacturing sector strengthened, underpinned by the continued upturn in the global electronics cycle which began in the second half of 2005. The performance was further enhanced by the strong external demand for resource based industries such as petroleum, rubber and off-estate processing, which experienced better terms-of-trade due to higher export prices. The domestic-oriented industries also showed a marked improvement during the year. Overall, the manufacturing sector recorded a growth of 7%, resulting in its share to GDP remaining at 32%. Amidst the favourable performance, the capacity utilisation rate in the manufacturing sector remained stable during the year due to investments to expand and upgrade facilities in a number of industries<sup>2</sup>.

<sup>3</sup> Source: Bank Negara Malaysia First Quarter 2005 Bulletin

<sup>2</sup> Source: Bank Negara Malaysia Annual Report 2006

In addition to supporting the expansion in the economy, the services sector has evolved to become an important contributor to growth. The sector grew at a fast pace than the overall economy, which resulted in its share of GDP increasing to 59% (2000:54%). The growth was mainly driven by two key sub-sectors that experienced rapid expansion during this period, namely the finance, insurance, real estate and business services; and the transport, storage and communication sub-sectors. These two sub-sectors now account for close to one-quarter of the overall GDP. In 2006, the services sector remained on a steady growth path and expanded by 6.5%. As growth in private consumption gradually returned to normal trends of close to GDP growth, the services sector was supported by higher trade-related activities, finance and tourism as well as increased contribution from new sources of growth<sup>3</sup>.

The finance, insurance, real estate and business services sub-sector recorded a favourable performance. The sector grew at a faster pace of 7.1% to contribute 1.1 percentage points to the overall GDP growth during the year. Increased financial intermediation activity, product innovation and emergence of new services such as financial advisory and fund and wealth management, resulted in higher interest and fee-based income. Growth was also supported by higher insurance activity led mainly by medical and health insurance and investment-linked products from the life insurance segment. The sector was further reinforced by expansion in emerging areas. Islamic banking and takaful activities gathered momentum as eight new players' commenced operations. During the year, the Malaysia International Islamic Financial Centre (MIFC) initiative was launched to promote Islamic financial products and services in international currencies for the global market. Over the period 2002 to 2006, the share of revenue from lending and fee-based activity from Islamic banks has tripled to account for 6.4% of revenue from the total banking system in 2006. Similarly, the takaful industry recorded an increase in revenue (contributions less claims) with the share rising to 8.2% of the total insurance industry revenue for the year (2002 : 6.6%). The financial services sector has now become more diversified and competitive due to deregulation, liberalisation, industry consolidation and the entry of new players, particularly in Islamic finance<sup>4</sup>.

The other emerging area with strong growth is the business services segment, spurred by demand for IT services, outsourcing activities and professional services arising from the rapid expansion in the oil and gas and financial services segments. During the year, 307 new Multimedia Super Corridor (MSC) status companies were approved, of which 27 were in shared services and outsourcing activities. The extension of the MSC to specific areas in Melaka, Johor and Kuala Lumpur supported the growth in the IT - related activities.

### **Public and Private Consumption and Investment**

Aggregate domestic demand recorded a stronger growth of 7.4% in 2006, driven mainly by the continued expansion in private sector activity. Consumer spending remained strong, benefiting from higher disposable incomes arising from strong export earnings, high commodity prices and favourable labour market conditions. Private investment continued to increase, with significant capital expenditure in the manufacturing, services and oil and gas sectors. Meanwhile, the public sector continued to support growth with the Government committed to improving the infrastructure and the provision of Government services mainly in education and health especially for the rural areas.

Public consumption grew at a stronger rate of 7.9% in 2006 (2005:5.4%), due mainly to continued high expenditure on emoluments and supplies and services. The increase in emoluments expenditure reflected the Government's continued effort to enhance human capital development in order to strengthen the nation's productivity and competitiveness. Meanwhile, expenditure on supplies and services rose largely due to the Government's emphasis on improving the public sector's administrative machinery and delivery system<sup>5</sup>.

Public investment rose by 6.5% in 2006 (2005:1.9%). During the year, the Federal Government remained committed to implementing development projects that improved socio-economic conditions, both in the rural and the urban areas. Of importance, capital spending for the provision of roads and utilities and the upgrading of educational facilities in rural areas has been accelerated. The bulk of the

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<sup>3</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>4</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>5</sup> Source: Bank Negara Malaysia Annual Report 2006



expenditure in the economic services sector were mainly channelled into improving the transportation and industrial infrastructure as well as broadening the agriculture base. Capital expenditure on the social services sector was mainly for improving essential services such as education and health, with a larger allocation for higher education, industrial training as well as medical facilities and equipment.

## **The Financial System**

The Malaysian financial system consists of the Central Bank (Bank Negara Malaysia), banking institutions and non-bank financial institutions. Banking institutions comprise commercial banks, finance companies and merchant banks. The Government established an international offshore financial centre in the Federal Territory of Labuan in 1990 and is also committed to promoting and developing the Islamic banking sector. Non-bank financial institutions include provident, pension and insurance funds, development finance institutions, savings institutions and other financial intermediaries. In Malaysia, Islamic and conventional banking systems coexist and operate in parallel. Islamic banking activities are conducted either by Islamic banks that exclusively carry out Islamic banking, or through Islamic banking windows or subsidiaries set up by conventional banks. The ongoing modernisation of the financial system has seen the introduction of investment banks to the banking landscape in 2006 with the integration of discount houses, merchant banks and stockbroking companies.

## **Monetary and fiscal policies**

Monetary policy in 2006 focused on attaining an appropriate balance between maintaining price stability and achieving the maximum sustainable level of economic growth. As with most countries in the global economy, inflation was one of the key macroeconomic issues in Malaysia during 2006.

In the early part of 2006, it was clear that sustained increases in energy and commodity prices in the global markets would exert upward pressures on prices. To ensure that resources were not diverted from the development needs of the country, the Government revised upwards domestic retail fuel prices in March 2006. Consequently, inflation rose markedly to 4.8% in March and was expected to remain elevated levels for the rest of the year. The rise in inflation prompted a normalisation of prevailing monetary conditions. While the OPR was raised by 30 points to 3% in November 2005, monetary conditions were not aligned to the elevated price conditions. The focus of monetary policy was not on respondent to the initial supply-side shock, but rather on mitigating demand pressures and second-round effects to inflation. With the economy maintaining a steady growth path, the opportunity was taken to align monetary conditions to the environment of higher inflation.

The Overnight Policy Rate ("OPR") was raised twice in 2006, February and April by 25 basis points each time<sup>6</sup>.

Fiscal policy in 2006 focused on initiatives to generate greater quality growth in the near term to provide a strong foundation for long-term sustainable growth. The Government's primary objective for fiscal policy continues to be to ensure a sound and sustainable Federal Government financial position over the medium term. Focus was particularly on maintaining the fiscal deficit at an appropriate level where balance between sustaining economic growth and preserving long-term fiscal sustainability is achieved<sup>7</sup>.

## **External debt**

Malaysia continues to undertake a prudent debt management strategy. The prudential guidelines include efforts to minimise risk exposure against global interest rate shocks, adverse exchange rate movements and shifts in investor sentiments. The rationale for these guidelines is to allow the diversification of external borrowings by the public and private sectors in terms of currencies, maturity structure, debt instruments and creditors, in order to allow active management of risks. A comprehensive debt monitoring system enables the authorities to monitor the overall debt level, the structure of the debt as well as debt-servicing obligations of both the public and private sectors.

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<sup>6</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>7</sup> Source: Bank Negara Malaysia Annual Report 2006

In 2006, Malaysia's total external debt declined to RM179.4 billion (USD50.3 billion) as at end-2006 (end-2005:RM197.7 billion or USD1.8 billion), equivalent to 34.1% of GNP. The nation's capacity to service the external debt has also improved. As at end-2006, the total external debt accounted for only 61.8% of international reserves (end-2005:74.6%) and 26.9% of the exports of goods and services (end-2005:32.4%). Similarly, the nation's vulnerability to a reversal in short-term external debt has also declined as short-term debt no accounts for only 7.8% of GNP (end 2005:10%), 14.2% of reserves (end-2005:17.7%) and 6.2% of the exports of goods and services (end-2005:7.7%). The short-term debt accounted for 23% of total external debt<sup>8</sup>.

## **Trading partners**

In 2006, Malaysia's trade with major trading partners, namely the United States (US), Singapore, Japan and the European Union (EU), declined to 52.6% (2000:64.3%) of total trade. In contrast, trade with People's Republic of China (PR China), Korea, India and Australia recorded a rising trend and accounted for a larger market share.

Exports to PR China strengthened by 21.1%, attributable to China's strong economic growth and higher demand for commodities. Higher imports from Korea were underpinned by imports of integrated circuits, office machine and parts, as well as ships. Exports to Korea grew by 18.6%, reflecting partly higher demand for LNG, which accounted for about a quarter of the exports. Exports to West Asia strengthened, reflecting mainly exports of electrical machinery, computers and components, palm oil as well as iron and steel. Promotional and marketing activities for Halal food have resulted in increased exports of processed foods, beverages, soaps and cosmetics to West Asia. The United Arab Emirates, Saudi Arabia and Iran were the major trading partners in this region<sup>9</sup>.

## **Bond Market**

Both global and domestic developments explain the performance of the bond market in 2006. Global market developments amidst high excess liquidity played a major role in influencing the yield direction in 2006, particularly during the second half of the year. High global liquidity and the consequent search for yield channelled large amounts of capital flows into the emerging markets. These global developments, coupled with the strength in the macroeconomic and growth outlook in Malaysia, contributed to a vibrant and active bond market in 2006. On the domestic front, developments relating to the outlook for inflation heavily influenced investors' expectations of the central banks' monetary policy response, which subsequently affected the direction of yields. Expectations regarding the performance of the ringgit exchange rate also played a role in influencing yields during the year.

Malaysia has one of the more developed domestic currency debt capital markets in the region underscored by the depth and resilience of the market. In 2006, total gross funds raised through the private debt securities ("PDS") market (excluding Cagamas) remained substantial, amounting to RM31.7 billion (2005: RM35.7 billion). However, the PDS market recorded lower net funds raised of RM11.1 billion due to higher redemptions during the year. The PDS were issued by 95 corporations, mainly in the construction and property, finance and business services as well as utilities (electricity, gas and water) sector. The new PDS maturity profile during the year were concentrated on the tenures between one to ten years (74.2% of total new issues of PDS) reflecting the issuers' preference for the short to medium-term financing. Meanwhile, PDS with tenures of more than 20 years (including the PDS with the longest tenure of 33 years) increased during the year and were mainly issued by companies involved in finance, power production and infrastructure projects that require long-term financing due to their extended gestation periods.

The Malaysian Government Securities ("MGS") yields trended upward, and by June 2006, was about 80 basis points higher compared to the beginning of the year, before the market rallied and yields reversed during the second half of 2006. MGS yields reached its highest level in June with the yield on the 10-year MGS breaching the five percent mark, at 5.05%. The maturity spread between the 10-year and 1-year MGS was at its widest when the bond market yields reached its highest levels at mid-year. The correction in global financial markets in May had a modest impact on the bond market as compared to the equity market.

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<sup>8</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>9</sup> Source: Bank Negara Malaysia Annual Report 2006

The measures and initiatives taken to develop a more innovative and sophisticated Islamic capital market have resulted in greater issuance of Islamic products. Islamic securities issuances continued to grow and accounted for 50.3% of total PDS issued during the year<sup>10</sup>.

The amount of Ringgit-denominated debt securities outstanding as at 31 December 2006 and 31 December 2005:

	RM million	
	2005	2006
<b>Public Sector</b>		
Net Federal Receipts	12,476	13,980
Government Investment Issues (net)	1,000	9,500
Khazanah Bonds (net)	833	-630
Malaysia Savings Bond (net)	1,516	-1,931
<b>Net Funds Raised</b>	<b>15,825</b>	<b>20,919</b>
<b>Private Sector</b>		
Private Debt Securities (gross)	38,196	38,887
Straight Bonds	3,869	8,667
Convertible Bonds	3,745	156
Islamic Bonds	9,537	4,781
Asset-Backed Securities	6,210	1,546
Medium Term Notes	12,296	16,588
Cagamas Bonds	2,540	7,150
Less Redemptions	18,617	31,519
Private Debt Securities	13,432	20,617
Cagamas Bonds	5,185	10,902
<b>Net Funds Raised</b>	<b>19,579</b>	<b>7,368</b>
<b>Net Funds Raised in the Bond Market</b>	<b>35,404</b>	<b>28,287</b>

Source: Bank Negara Malaysia Annual Report 2006

### Outlook of the Malaysian Economy in 2007

#### Malaysian Economy in 2007

The growth prospect for Malaysia is expected to remain steady in 2007 albeit signs of deceleration in the global economy. However, the optimistic consumer and business confidence in Q3 2006 suggest that the Malaysian economy would sustain its momentum in the near future. In order to soften the impact of slower global growth on the Malaysian economy, Government had in 2007 Budget proposed several measures.

To begin with, the Private Finance Initiatives (PFI) Facilitation Fund of RM5.00 billion has been established to support private sector initiated projects which have significant spin-off effects on the economic growth. The Government will provide financial support, provide land and basic infrastructure, as well as to purchase or lease buildings to enhance projects viability when the private sector undertakes to develop a township.

<sup>10</sup> Source: Bank Negara Malaysia Annual Report 2006

Recognising that growth in the construction sector has significant spill-over effects on the economy, RM27.50 billion is allocated for new infrastructure projects initiated under the upcoming 9MP (2006–2010). To further stimulate the growth of the construction sector, Government proposes two tax treatments for this sector. Firstly, expenses incurred by property developers within the defects liability or warranty period be allowed as deduction from the same project, and not only as deduction from other projects; and secondly, losses incurred in the last year of project be allowed as deduction from profits received from the previous years of that project (carry back of losses).

For the residential sector Government is continuing its policy to provide shelter for the low income group. Jabatan Perumahan Negara (JPN) will build 30,000 housing units under the Project Perumahan Rakyat both renting and ownership. Syarikat Perumahan Negara Berhad (SPNB) will build another 34,000 affordable housing units, 2,000 under Project Pemulihan Rumah Terbengkalai and 2,500 under Program Rumah Mesra Rakyat. In addition, RM2.20 billion is allocated to build 46,000 units of government quarters for uniform services personnel and other civil servants. To further promote ownership of houses the Government will raise the housing loan entitlement for civil servants by 20.0% in view of the rising house prices. In view of this, the residential market is expected to moderate in 2007.

The prospects for the Malaysian economy in 2005 remain sound. Real GDP is expected to expand by 5–6%. The sustained global growth, the modest downturn in the global semiconductor industry as well as relatively favourable prices for primary commodities are expected to provide support to export growth<sup>11</sup>.

While the global electronics industry is consolidating after reaching a peak in mid-2004, the cyclical downturn is forecast to be modest in view of the strong Asian demand, the rapid inventory adjustments and relatively low inventory levels. Current indications point to an expected upturn in the global electronics cycle in the second half-year<sup>12</sup>.

### **Monetary Policy in 2007**

In line with the objectives of monetary policy, BNM will continue to promote price stability and sustainable economic growth in 2007. Decisions on monetary policy will remain conditional upon the evolution of the Bank's assessment of domestic and global macroeconomic conditions and the prospects for inflation and economic growth.

The conduct of monetary policy in 2007 will continue to balance between the need to ensure that interest rates remain at a level that would enable the central bank to respond to any risks of rising inflation, while remaining conducive to sustaining growth in domestic demand. At current interest rate levels, monetary policy remains accommodative. BNM will continue to assess developments in the domestic and international economies and will adjust its monetary policy stance as circumstances require. As of April 27 2007, the Overnight Policy Rate ("OPR") remains unchanged at 3.50%.

Previously in 2006, the OPR was raised twice, in February and April, by 25 basis points each time<sup>13</sup>.

### **Fiscal Policy in 2007**

The 2007 Budget is aimed at enhancing the macroeconomic fundamentals and promoting a more broadly balanced economic structure by placing emphasis on new areas of domestic economic activity. Fiscal policy in 2007 is therefore focused on facilitating the private sector in taking a greater role in economic development as well as in generating new sources of growth in the technology and knowledge-intensive sectors<sup>14</sup>.

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<sup>12</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>13</sup> Source: Bank Negara Malaysia Annual Report 2006

<sup>14</sup> Source: Bank Negara Malaysia Annual Report 2006

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## APPENDIX II

### OVERVIEW OF THE RESIDENTIAL PROPERTY MARKET

*The following information is included for information purposes only and has not been independently verified by the Joint Principal Advisers/Joint Lead Arrangers/Joint Lead Managers/Issuer/Cagamas. All of the data and information contained below has been obtained from publicly available sources.*

The Malaysian economy remained on a steady growth path with real gross domestic product expanding by 5.9% after achieving 5.2% in 2005 and 7.2 in 2004. Pragmatic macroeconomic policies, robust private investment, low unemployment as well as strong consumer spending continued to support the economy. The growth was broad-based, led by the private sector with the services, manufacturing and agriculture sectors as the key contributors to growth.

The residential and non-residential sectors continued to support the construction industry though softening amidst rising costs of building materials and transportation. The sales performance of newly launched housing units decreased from 46.2% in 2005 to 40.6% in 2006. Accordingly, the residential overhang increased from 19,577 units in 2005 to 25,645 units in 2006. Notwithstanding this, demand for landed property in choice locations remained favourable among local and foreign buyers. On the supply front, a total of 170,962 new residential units were completed in 2006, down by 5.3% from 180,600 units in 2005. Housing starts remained relatively stable at 142,594 units in 2006 (2005: 152,852). Benefited from the optimistic business and retail activities, occupancy rates of purpose-built office and shopping complexes sustained at 84.7% and 79.9% respectively. However, the national average occupancy rate of three to five star hotels moderated at 59.9% (2005: 60.3%).

Backed by the supportive Government as well as the favourable financial and monetary policies in the country, the Malaysian property market consolidated in 2006. Five measures were introduced in the 2006 Budget to further enhance the property sector either directly or indirectly.

To mitigate the contraction in the construction sector, Budget 2006 provided stimulus such as the provision of low-cost housing, maintenance of public facilities, and rural development projects. With the implementation of new infrastructure projects initiated under the Ninth Malaysia Plan (2006 – 2010), the construction sector managed to register a positive growth of 0.7% in 2006 led mainly by the improvement in the civil engineering sub-sector after two consecutive years of decline.

The 2006 Budget brought good news for the housing industry. RM2.10 billion was allocated for the provision of houses for low-income families and staff quarters for teachers and uniformed personnel. Another RM2.50 billion was allocated for Police Department (“PDRM”) quarters on a build-lease-transfer basis. To encourage further use of Industrialised Building System (“IBS”) as a tool towards quality buildings, lower construction costs and to reduce dependency on foreign workers, capital expenditure on moulds to manufacture IBS components was given an accelerated capital allowance for a period of three years. To encourage provision of more low-cost housing, a tax incentive was introduced, which allowed the estimated losses from low-cost houses construction to be set off against estimated profits of other real property development projects. To simplify and speed up the process of issuing strata titles, which in turn would benefit high-rise developments, the government allowed issuing of strata title to be based on the issuance of Certificates of Compliance and Completion (“CCC”) instead of the Certificate of Fitness (“CF”) for Occupation.

The 2006 Budget further promoted REITs as a mean to stimulate the property market particularly the commercial sub-sector. To encourage the issuing of REITs as a mechanism to enhance the liquidity of real estate companies with large fixed assets as well as to facilitate investment diversification, Government permits tax deductions on legal, valuation and

consultancy expenses for acquisition of properties under REITs. Added to this, the Budget announced the establishment of Yayasan Amanah Hartanah Bumiputera ("YAHB"), a Bumiputera property trust foundation with an initial capital of RM2.00 billion. YAHB is to ensure Bumiputera wealth accumulation in commercial property including ownership of properties in strategic locations and to provide Bumiputera entrepreneurs with prime business locations in major cities and towns.

The property market activities moderated in 2006. The market registered a lower rate of decrease in volume of transactions while value recorded a positive growth against 2005, which experienced decreases in both volume and value of transactions. Meanwhile, the primary market was vigilant and property overhangs remained manageable. On the supply front, the construction activities were relatively slow with reductions recorded in completions, starts and new building plan approvals for residential and office sub-sectors. Conversely, industrial and shopping complex sub-sectors recorded increases in completions, starts and new planned supply. On the other hand, shop sub-sector registered increases in completion and starts whilst decrease in new planned supply.

The residential property sub-sector continued to dominate the market as indicated by its 65.4% contribution to the transaction volume. Other sub-sectors followed with agricultural, commercial, development land and industrial property sub-sectors representing 18.9%, 9.0%, 4.1% and 2.6% of the transaction volume respectively. Correspondingly, nearly half of the transaction value was attributed by the residential sub-sector, followed by commercial (18.8%), development land (13.5%), industrial (10.0%) and agricultural sub-sector (9.4%).

The residential property sub-sector continued as the market driver contributing 65.4% and 48.2% to the volume and value of transactions respectively. The year recorded 176,277 transactions worth RM 28.70 billion against 181,762 transactions worth RM 28.41 billion recorded last year. This accounted for 3.0% decrease of the volume whilst the value increased marginally by 1.0%.

Generally, houses priced at RM 150,000 and below were most popular comprising 65.9% (116,166 transactions) of the total volume. Selangor, Perak and Johor had substantial number in this category i.e. 22,540, 20,397 and 16,785 units respectively. Besides, most transactions in the three east-coast states of Terengganu, Kelantan and Pahang were under this category i.e. 93.0% (7,210 units), 91.0% (1,749 units) and 80.6% (5,184 units) respectively. It was noted that there was an increasing demand for houses priced at RM 500,000 and above as the number of transactions increased by 26.1% to 7,234 from 5,491 in 2004 and 5,735 in 2005.

The growth prospect for Malaysia is expected to remain steady in 2007 albeit signs of deceleration in the global economy. However, the optimistic consumer and business confidence in Q3 2006 suggest that the Malaysian economy would sustain its momentum in the near future. In order to soften the impact of slower global growth on the Malaysian economy, Government had in the 2007 Budget proposed several measures.

To begin with, the Private Finance Initiatives ("PFI") Facilitation Fund of RM 5.00 billion has been established to support private sector initiated projects which have significant spin-off effects on the economic growth. The Government will provide financial support, provide land and basic infrastructure, as well as to purchase or lease buildings to enhance projects viability when the private sector undertakes to develop a township.

Recognising that growth in the construction sector has significant spill-over effects on the economy, RM 27.50 billion is allocated for new infrastructure projects initiated under the upcoming 9MP (2006 - 2010). To further stimulate the growth of the construction sector, Government proposes two tax treatments for this sector. Firstly, expenses incurred by property developers within the defects liability or warranty period be allowed as deduction from the same project, and not only as deduction from other projects; and secondly, losses incurred in the last year of a project be allowed as deduction from profits received from the previous years of that project (carry back of losses).

For the residential sector, Government is continuing its policy to provide shelter for the low income group. Jabatan Perumahan Negara ("JPN") will build 30,000 housing units under the Projek Perumahan Rakyat both for renting and ownership. Syarikat Perumahan Negara Berhad ("SPNB") will build another 34,000 affordable housing units, 2,000 under Projek Pemulihan Rumah Terbengkalai and 2,500 under Program Rumah Mesra Rakyat. In addition, RM 2.20 billion is allocated to build 46,000 units of government quarters for uniform services personnel and other civil servants. To further promote ownership of houses the Government will raise the housing loan entitlement for civil servants by 20.0% in view of the rising house prices. In view of this, the residential market is expected to moderate in 2007<sup>15</sup>.

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<sup>15</sup> Property Market Report 2006, Valuation and Property Services Department, Ministry of Finance Malaysia; website <http://www.jpnh.gov.my/>



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## APPENDIX III

### PROFILE OF TAKAFUL NASIONAL SDN BERHAD (“TN”)

#### Background

Date of incorporation	7 June 1993
Shareholders	Malaysia National Insurance Berhad (100%)
Principal Activities	Principally engaged in the underwriting of Family Takaful and all classes of General Takaful business.
Share Capital (as at 30 June 2006)	Authorised: 500,000,000 ordinary shares of RM1 each  Issued and fully paid: 100,000,000 ordinary shares of RM1 each

#### Financial Performance

For the financial year ended 30 June 2006, Takaful Nasional recorded a higher Operating Revenue of RM1,003.7 million against RM703.9 million achieved in the previous year and a profit before zakat and taxation of RM65.4 million against RM51.6 million, a growth of 26.8% against previous financial year.

Family Takaful business recorded a growth of 44.6%, achieving RM579.5 million of Takaful gross contributions compared to RM400.8 million recorded previous year. The increase was due to the extensive promotional activities undertaken by the Company to promote Takaful products and services to the public, the strengthening of the agency force and enhancement of organisational and operational efficiency.

The General Takaful business has also shown an increase of 34.0% from the previous year's Takaful gross contribution of RM190.0 million to RM254.6 million for this financial year. The improvement of the business was recorded in most of the classes of business led by Fire and Motor classes which constitute more than 73% of the total General Takaful business.

Following the overall improvement, Takaful Nasional's total asset has grown by 15.5% to RM3.36 billion compared to RM2.91 billion recorded in the previous year.

## PROFILE OF MALAYSIA NATIONAL INSURANCE BERHAD

### Background

Date of incorporation	28 April 1970
Shareholders	Mayban Fortis Holdings Berhad (100%)
Principal Activities	Life Insurance and all classes of general insurance business
Share Capital (as at 30 June 2006)	Authorised: 500,000,000 ordinary shares of RM1 each  Issued and fully paid: 152,151,000 ordinary shares of RM1 each
Fully owned subsidiaries	1) Takaful Nasional Sdn Berhad 2) MNI Offshore Insurance (L) Ltd 3) MNI Life International (L) Ltd

### Financial Performance

For the financial year ending 30 June 2006, the MNI group recorded a drop of RM1.9 billion, an 18% drop from the RM 2.3 billion in the previous year.

This drop was due to the Life insurance business, which recorded gross premium of RM294 million, a drop from last year. Bancassurance channel contributed RM30 million. Life business recorded an underwriting deficit of RM58 million, from RM695.0 million reported in the year before. Life Business recorded a surplus arising of RM149 million compared to RM130 million in 2005. Claims and benefits payment for 2006 was RM265 million. Family Takaful business recorded an increase of 17% from the previous year at RM471.9 million in gross premiums. The Family Takaful Business recorded a surplus arising of RM131.1 million

General business recorded a rise in gross premiums from RM434.4 million last year to RM598.5 million. Underwriting profit before management expenses was recorded at RM75.5.0 million for the year. General Takaful business achieved a gross contribution of RM207.5million, 9% up from last year. Underwriting surplus before expenses dropped to RM34.8 million, compared to RM44.6 million the year before.

Compared to the year before, the MNI group recorded higher profit before taxation of RM159.8 million, an increase from RM138 million.

Total assets of the MNI group, grew from RM 8.4 billion to RM 9.1billion.

**The Issuer**

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