

FirstMac Ltd.

Residential Loan Servicer—Australia

Structured Finance Servicer Evaluation

Opinion

Residential loan servicer ranking: ABOVE AVERAGE

FirstMac Ltd. (FirstMac) has been affirmed as an 'ABOVE AVERAGE' residential loan servicer in Australia. FirstMac is an IT-based residential mortgage loan originator, servicer, and funder. It offers borrowers a complete range of lending products that incorporate transaction banking facilities through a variety of distribution channels. FirstMac's business model is based on service and support delivered through technology and well-resourced support teams. The strategic objectives and business plans underpinning the loan-servicing platform are defined by an extensive suite of performance measures and service level standards. White label servicing is an example of the flexibility that technology delivers to the servicing platform.

The management structure and control frameworks continue to evolve to align with the group's strategic direction.

The 'ABOVE AVERAGE' ranking reflects the strength of the fully integrated, web-enabled, and technology-based loan origination, underwriting, and servicing platform. The systems provide end-to-end processing configured around clearly defined processes and workflows. Technology is integral to the loan-servicing platform, which is supported by well-

resourced IT teams and a strong change management focus. Policies, procedures, and loan-servicing workflows are well documented and accessible. Management and staff are experienced and well qualified. There is a strong emphasis on efficiency and achieving defined performance measures and customer service standards that cover the entire loan-servicing platform. A proactive compliance culture, a sound risk management and quality assurance framework, and enhanced reporting have been developed to mitigate risk and support growth.

FirstMac's servicing model allows originator managers to perform servicing functions on its behalf. FirstMac supports this model through technology and well-resourced customer service support teams. The majority of originator managers don't play an active role in the arrears management and loss mitigation process; this is managed in-house by FirstMac. The introduction of a predictive dialer and the appointment of an experienced credit manager demonstrate FirstMac's focus on managing loan servicing.

All loan-servicing functions are carried out in an automated environment, with sufficient capacity to support growth. Automated platforms are designed to provide a flexible interface, with a diversified distribution network and demonstrated commitment to high customer service standards.

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Outlook: Stable

The stable outlook assigned to FirstMac reflects management's continued focus on governance, risk management, compliance, strong internal controls; an increased emphasis on personal development and training; and a demonstrated commitment to innovation. These technological innovations position FirstMac to grow its business in a very competitive market and maintain a sound loan-servicing platform.

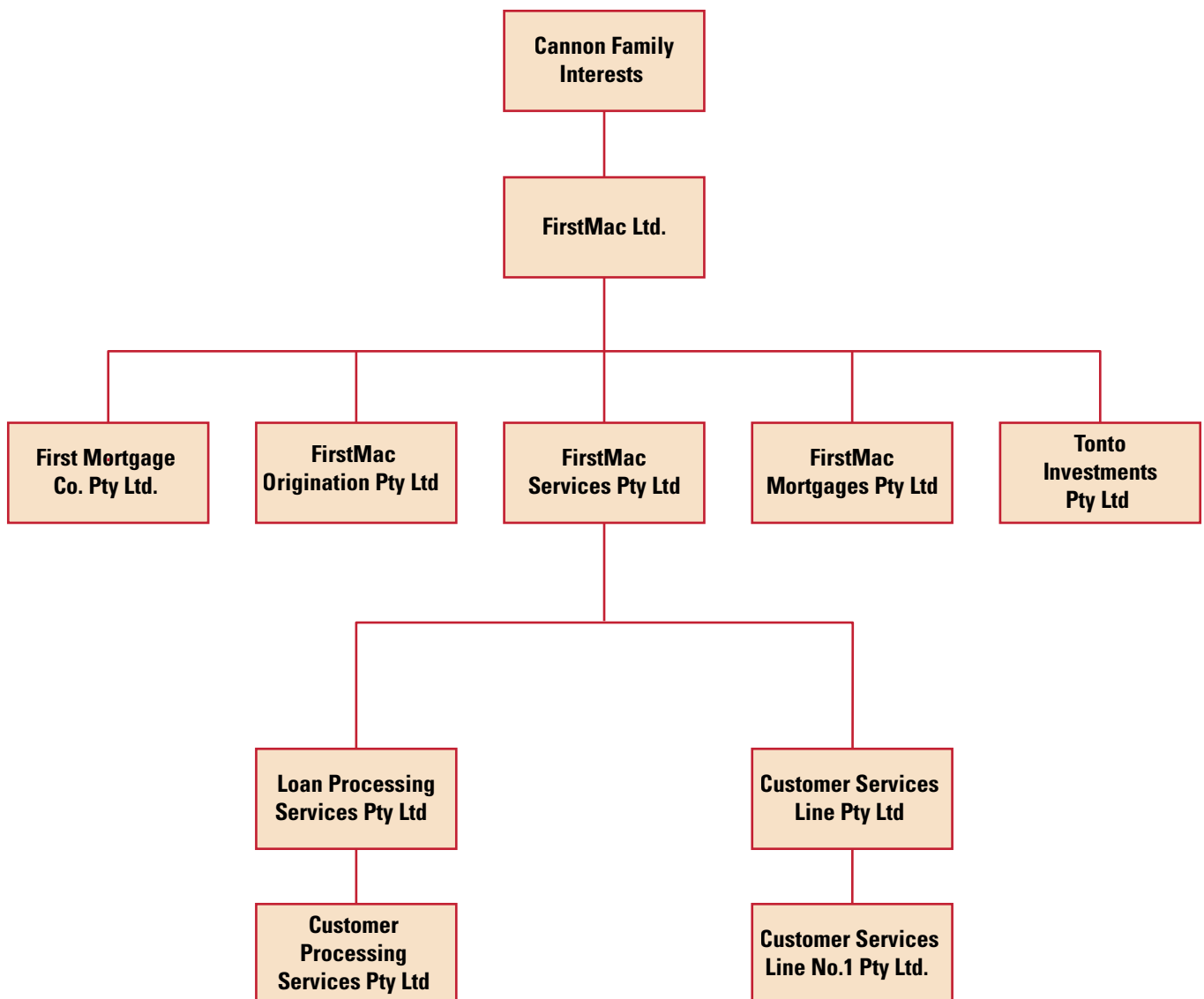
FirstMac has a clearly defined business strategy that is based on delivering a comprehensive range of products, solutions, and origination and servicing models to originator managers and brokers. The strategy is well supported by a technology-based loan-servicing platform with the flexibility to accommodate change, support growth, and maintain or improve customer service levels.

FirstMac has a good risk-awareness culture and sound framework to monitor and manage the operational risks associated with servicing residential mortgage loans. The restructured management team, clear allocation of responsibilities and accountabilities, and commitment to process improvements and customer service will progressively strengthen the loan-servicing platform and offer high levels of support to clients in target markets.

Profile

FirstMac has a head office in Brisbane and offices in Sydney, Melbourne, Perth, and the Gold Coast. FirstMac is wholly owned by interests associated with the managing director, Mr. Kim Cannon. Its principal business is the origination and servicing of prime residential mortgage loans in the Australian

Chart 1—FirstMac Ltd. Corporate Structure



market, predominantly funded through wholesale securitization programs managed by FirstMac.

The company was granted an Australian Financial Service (AFS) licence in 2005, which allows it to provide financial advice, deal in financial products, and acquire, vary, or dispose off financial products on behalf of wholesale clients.

FirstMac entered the residential mortgage market in Australia in 1988 as a mortgage manager and originator for various funding programs. It was one of the first companies to develop a nonbank origination and servicing model. FirstMac now originates and services residential mortgage loans funded through a residential mortgage-backed securitization (RMBS) program developed and managed by itself.

The corporate structure of the FirstMac group is outlined in *chart 1*.

All entities in the group are ultimately 100%-owned by FirstMac Ltd.

FirstMac has established a national network of brokers and originator managers to source loans that fund through the FirstMac securitization program. Brokers and originators offer a range of loan products developed by FirstMac. The origination and servicing operations are managed through a web-enabled and technology-based loan-servicing platform.

FirstMac offers a full range of residential loan products to prime borrowers. The fully integrated loan-servicing systems have the flexibility to support all product features, as well as transaction banking facilities linked to loan accounts. These include debit cards, Internet and telephone banking, cheque books, deposit books, and bill payment services.

Other companies within the group perform clearly defined roles that complement FirstMac's loan origination and servicing business.

FirstMac recently introduced specialized loan servicing on behalf of originators through a bureau service. The bureau service is a full loan-service processing facility with direct links to third parties such as valuers and solicitors. A call center supports enquiries, arrears management, variations, and discharges after loan settlement.

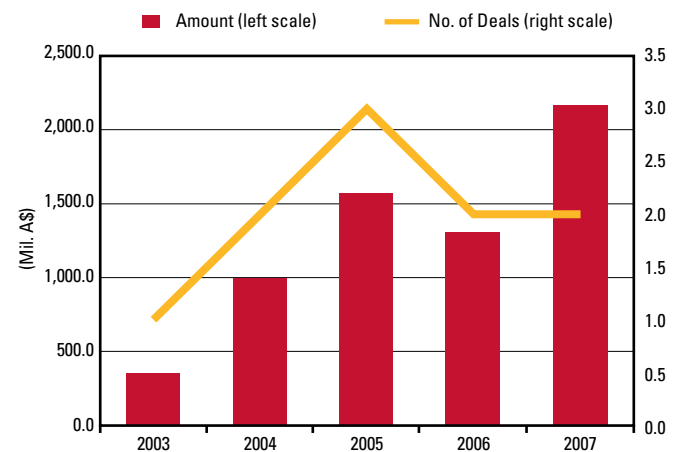
Business Strategy

FirstMac's strategic and business objectives are based on providing a range of prime residential mortgage loan origination and servicing models to originator managers and brokers across Australia. The models include "white labeling" under which accredited originator managers may perform some servicing functions. The development of its own funding program and a technology-based loan origination and servicing platform ensure flexibility to offer a full range of lending

products and solutions to clients. The platform is structured to deliver efficient, timely, and superior levels of customer service to originator managers, brokers, and borrowers, and to grow the business in a very competitive market.

FirstMac relies extensively on capital markets to fund growth. FirstMac's RMBS program is its principal source of funding. *Chart 2* shows FirstMac's 10 public RMBS transactions to-date.

Chart 2 — FirstMac Ltd. Issuance History



FirstMac has shown that they have had sufficient capacity to support their growth in the last 12 months, which included the acquisition of HSBC broker-originated mortgage assets. On Dec. 18, 2006, FirstMac purchased HSBC's broker-originated mortgage assets for A\$2.2 billion. The integration of the HSBC portfolio into FirstMac's back office occurred approximately three months after the purchase date (April 1, 2007). This represented about 10,000 borrowers. All loans have been transferred to the FirstMac banking platform, with all facilities, repayments, and servicing conducted by FirstMac. In June 2007, FirstMac securitized A\$1.35 billion of the purchased portfolio. In addition, from HSBC 10 business development managers and 12 operational staff transferred to FirstMac.

Origination sources for loans include:

- Channel 1 originator managers, who write substantial volumes of business and wish to utilize self-branding with an option for a special-purpose funding vehicle;
- Channel 2 originators known as private label clients, who deliver funding to borrowers through their own or FirstMac's branding, and utilize FirstMac's servicing and loan management. This channel is about 18 months old; and
- Channel 3 direct brokers and aggregators where FirstMac acts as the originator manager, and services and manages loans. Brokers and aggregators, formally associated with HSBC, also distribute through this channel following the recent acquisition.

Management And Organization

The ranking of 'ABOVE AVERAGE' is assigned for management and organization.

Corporate governance and management

Two members of the four-member board are independent nonexecutive directors, including the chairman, Andrew Kemp. The other members of the board are Kim Cannon (managing director), Bede King (nonexecutive director), and Rod Minell (executive director). Each director has relevant industry or market experience. The independent directors form an important part of the group's corporate governance framework.

The board is responsible for strategic planning, financial performance, budgeting, audit, compliance, and remuneration. A number of subcommittees with clearly defined charters form an essential part of the governance framework. Senior managers and directors attend both the board and subcommittee meetings, resulting in an informed decision-making process. The roles of the subcommittees cover audit, finance and planning, credit and policy control, compliance and risk management, products and pricing, and an IT steering committee.

A management executive committee, comprising all members of the senior management team, is responsible for the ongoing management and development of the business. The executive committee meets on a weekly basis.

The functional responsibilities and accountabilities of senior managers are clearly defined. Extensive key performance measures and service standards have been developed for the managers and their business units, and which align with the strategic objectives of the board and drive business decisions. The organization structure is shown in chart 3.

The FirstMac group currently employs 217 full-time-equivalent staff throughout Australia. Management, in conjunction with human resources, monitors and forecasts optimum staff resourcing levels across the group. This is based on monthly performance and productivity reviews against agreed performance targets, core values, and service quality of both individuals and business units.

With a newly appointed, dedicated training manager, all staff now has individual training plans and will have a dedicated development plan.

Risk management and compliance framework

FirstMac has developed a comprehensive, coordinated, and integrated risk management and compliance framework that covers all aspects of its loan-servicing platform. The framework includes a compliance and risk management committee, an

audit committee, internal audit programs, and a compliance and risk management department. Other committees and individual departments support the formal structure. The framework incorporates risk management, corporate governance, legal and regulatory compliance, credit and originator compliance, and audit.

A compliance and risk management committee, comprising members of the senior management team, forms an integral component of the risk management and compliance framework. The committee, which reports to the board, is responsible for overseeing all of the group's risk management functions, including identifying, monitoring, and reporting risks; developing risk management strategies and measurement methodologies; and reviewing the outcomes of established risk action plans. The compliance and risk committee works closely with the audit committee to manage risk issues and outcomes.

A dedicated department is responsible for risk management and is independent of all day-to-day business operations. It performs a range of reviews including field audits of originator managers, portfolio concentration reviews, hindsight credit reviews, valuation checks of security properties, pre-settlement disbursement schedule reviews, arrears file audits, and compliance monitoring of originator managers. Irregularities are reported to the operations manager for further examination. A risk awareness culture exists across the group. Considerable work has been undertaken over the last 12 months to ensure that a robust risk management framework is maintained across all business units.

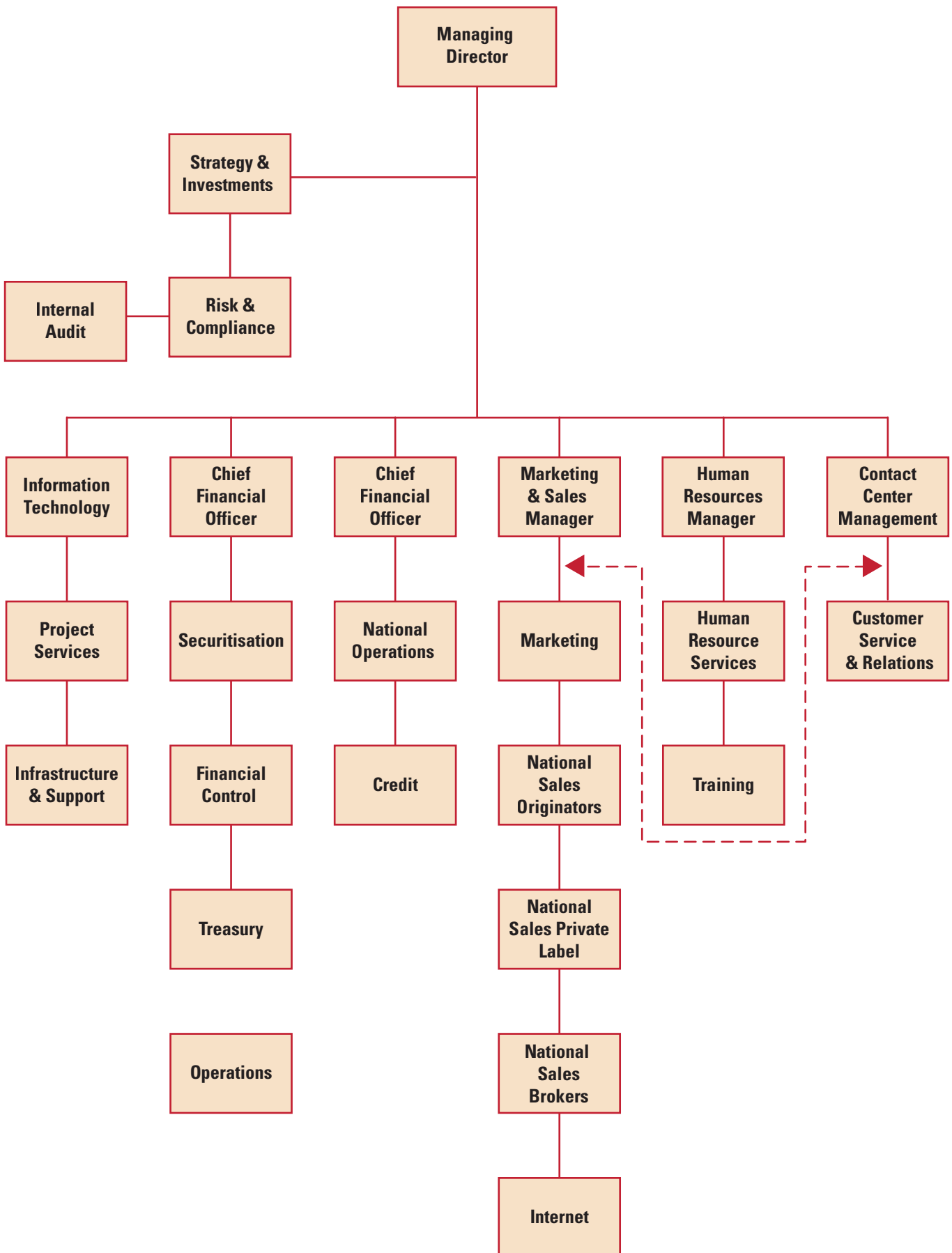
Detailed risk management plans and treatment strategies have now been developed for all identified risks. Strategic risk assessment workshops were held in March 2007, facilitated by the risk and compliance department. The risk framework and registers are in line with Australian Risk Management standards.

A risk-escalation process to the compliance and risk management department and board is in place to address material or unresolved issues. Detailed risk management plans for business units are documented with treatment strategies that will be refined by the nominated risk owner. Third parties are also utilized to assist in the management and identification of major risks, such as legal and regulatory compliance risk.

The compliance and risk management committee regularly reviews the risk matrix, including the consequences and impact of each risk. Risk awareness and compliance form an important part of the training programs for staff and clients.

Fraud prevention at origination is one of FirstMac's key focuses. A dedicated fraud prevention unit manages fraud risk. The unit performs field audits and hindsight reviews of a high proportion of files.

Chart 2—FirstMac Ltd. Organization Structure



FirstMac maintains adequate insurance cover over what it believes to be all material insurable risks, including professional indemnity, crime, mortgage impairment, and directors' and officers' liability.

The risk management and compliance frameworks, underpinned by a culture of risk awareness and responsibility, ensure that there is a strong framework to identify, assess, and manage the risks associated with originating, underwriting, and servicing residential mortgage loans.

Training programs

FirstMac has relatively well-structured training programs, which include a formal induction program for all new staff, assessment-based compliance training, specific servicing-process training, and training from external parties with specific expertise.

The induction program covers an introduction to the FirstMac group, systems, products and services, policies and procedures, risk management, compliance with legal and regulatory requirements, and specific department training. Competency-based training on the Uniform Consumer Credit Code (UCCC), the Trade Practices Act 1974, and the Privacy Act 1988 is compulsory for all staff. Manuals and other training materials are provided to all staff.

Staff in the customer relations department receives more intensive training that covers products, third-party funder requirements, sales and marketing, customer service, and complaint resolution. There is also a specific induction program for call center staff. The customer relations unit provides staff with technical support to ensure the consistent delivery of informed customer service.

A recently appointed training manager is currently responsible for staff training, but a dedicated training coordinator is in the process of being recruited at the time of publication. Personal development programs have been introduced to determine individual training needs.

Training is also offered to originator managers. Policy and procedure manuals and other relevant information are supplied in hard copy and online. Support is also available through a call center and customer service teams. The development needs of originator managers are monitored regularly.

Policies and procedures

Policies and procedures are detailed in specific and well-documented manuals that cover loan servicing, management, lending, documents and procedures, legislative requirements, and funding. The policies and procedures are user-friendly, and available to all staff in hard copy and via the company's intranet.

There are formal processes for reviewing and altering policies and procedures, which involve all affected operational

and support units, including the IT department. Proposed changes to policies and procedures are considered by the management team, with the implications of any change thoroughly assessed, prior to introducing any change. Revisions and updates of policies and procedures are disseminated effectively to ensure that all staff is aware of any changes.

Originator managers can access policy and procedure manuals, training material, and other relevant information via FirstMac's Web site.

Audit and quality assurance

FirstMac has a sound and independent risk-based internal audit framework. The primary focus of the audit plan is asset protection, operations, and IT. The internal audit plan extends across all loan-servicing functions and is an effective part of the risk management and quality assurance framework. The plan is structured to ensure that appropriate internal controls over operations are in place and working effectively.

The audit committee is responsible for the internal and external audit programs. Its specific responsibilities include managing the financial audit, reviewing the scope of the internal audit plan, monitoring the audit reports, and monitoring the implementation of internal controls.

FirstMac has an experienced internal audit manager to oversee the development and scope of the internal audit function and coordinate the internal and external audit plans and processes. Internal audit covers all material servicing functions and internal controls. It will also form an integral part of the compliance and risk management processes, with reporting obligations to both the audit and compliance and risk committees. The scope of the internal audit plan addresses items raised in the risk identification and ranking process. A key objective of the audit is to ensure that effective and robust internal controls exist and are clearly understood by staff.

FirstMac has developed exception reporting to identify irregularities in data or processes across its loan-servicing platform. Welcome letters are also sent to borrowers prior to the first payment date.

A credit policy and control committee performs an important role in the quality assurance and risk management processes for the loan-servicing platform. Although its primary responsibility is managing credit risk, the scope of its responsibilities include monitoring the arrears performance of originators and brokers, managing legal matters, and reviewing compliance reports, hindsight credit reviews, and changes to credit contracts and related documents.

Field audits, hindsight credit reviews, valuation checks, disbursement schedule reviews, and arrears file audits form part

of FirstMac's compliance review process. Significant internal controls are also embedded within the servicing system. There is an adequate verification and quality assurance process across all servicing functions to minimize risk.

Strong internal control and quality assurance processes are in place, which focus on the segregation of responsibilities, system controls, originator reviews, and in-house hindsight reviews.

Systems and technology

FirstMac is a technology-driven and -enabled business. The infrastructure, resources, and system architecture in place to support the loan origination and servicing platform clearly reflect this focus. The advanced and fully integrated, technology- and workflow-based, loan-servicing systems providing end-to-end processing, and are a fundamental strength of the loan-servicing platform.

An IT steering committee, which reports to the board, oversees the formulation and implementation of IT strategy and is responsible for change and project management. It also approves IT policies and procedures, oversees resource and capacity requirements, and manages all IT-related risks.

IT has been restructured into two functions: Project Services (software development) and Infrastructure & Support. A Change Advisory Board (CAB) has been set up to review and authorize all software releases and changes to production environments. Members of CAB include senior IT managers, application testers, and the IT Steering Committee. A change management and continuous process improvement program is in place to support the ongoing development of systems and applications, and the overall business.

FirstMac has a well-resourced IT team of 29 developers, project managers, business analysts, database managers, infrastructure and hardware support, and application support staff. The team gives FirstMac substantial in-house technology capabilities to develop its loan-servicing platform as the business evolves. Management meets regularly to prioritize development requests. The system architecture for the loan-servicing platform is built on a core servicing system that offers full banking functionality to support the products and services FirstMac provides.

Web-enabled portals that interface with the loan-servicing system form the front-end workflow engine and database. The workflow contains adequate tasking and queuing functionality, allows loan tracking, and incorporates system-embedded controls. Originator managers, brokers, and borrowers have online access, including loan-tracking functionality. The system is an end-to-end system and allows for the automation of the majority of processes both pre- and post settlement.

The system architecture and applications provide a solid platform for the origination and servicing of residential mortgage loans and to respond to changes in the very competitive market. The system architecture is fully documented, can support electronic interfaces with third parties such as Australia's primary credit reference agency, is LIXI-compliant, and incorporates automated emailing capabilities. The systems allow risk to be managed through enhanced reporting and compliance methodologies.

A data management and reporting application called FirstMac Live utilizes a live environment to provide some reporting. It is able to provide FirstMac with a powerful data mining and reporting capability.

The FirstMac online loan processing system has adequate security features, and a fully redundant infrastructure for core systems that can be recovered at the disaster recovery site, which is at the Sydney office.

All users have security profiles. The systems are fully scalable and currently have no capacity constraints. Routine capacity planning is conducted to accommodate growth.

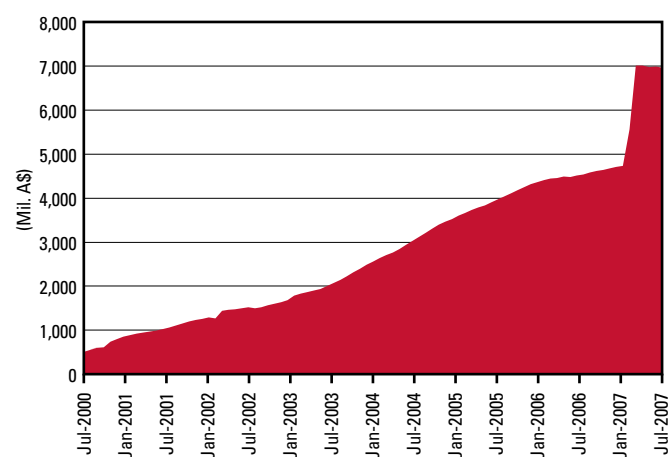
Prudent backup and disaster recovery plans ensure that there are comprehensive arrangements to mitigate and manage system outages. Recovery plans are tested regularly. The plans could be further improved by incorporating formal business continuity plans.

Loan Administration

A ranking of 'STRONG' is affirmed for loan administration.

FirstMac currently services approximately 55,000 residential mortgage loans totaling A\$7 billion as at the end of July 2007. The growth in loans serviced by FirstMac is shown in *chart 4*. The increase of loans serviced in March 2007 represents the purchased portfolio from HSBC.

Chart 4— FirstMac Ltd. Loans Under Administration



Loan-servicing philosophy

FirstMac's loan-servicing philosophy is based on providing 'best-in-class' customer service to various customers: borrowers and third-party introducers. The clearly defined key performance measures and service standards set to meet client and customer expectations reflect this philosophy.

The loan-servicing platform, business plans, and performance measures are clearly aligned with the company's loan-servicing philosophy. Particular emphasis is placed on meeting prescribed servicing standards for each phase of the origination, underwriting, and servicing processes while, at the same time, maintaining a comprehensive compliance, risk, and quality assurance framework. Aligned with this philosophy is the emphasis placed on managing the cash flows of the loan portfolios to meet the obligations to noteholders and funders under the various funding programs.

Servicing and processing

Originator managers source loan applications, arrange valuations, prepare a loan pack, and submit applications to mortgage insurers. The FirstMac bureau performs this role for originators and brokers. Loan applications are then submitted to FirstMac for approval. Applications and supporting documentation may be lodged online, by email, or facsimile. FirstMac undertakes a loan compliance review, including verification checks. Senior credit officers review all documentation prior to settlement.

Originator managers must have adequate loan origination and servicing experience to be accredited under the FirstMac program. This includes relevant legislative requirements and a commitment to professional and ethical business standards. Online checklists support originators and brokers and provide built-in controls and product options. Originator managers must also have adequate infrastructure and resources if they also perform some loan-servicing roles.

FirstMac provides servicing facilities to bureau clients covering both the application processing and post-settlement servicing. A service level agreement is entered into with clients, which details agreed deliverables for the services provided. Compliance with the service levels are monitored daily through system-generated reports.

The process flows are mapped, documented, and supported by well-documented policies and procedures. Most processes are automated within the workflow of the front-end system. The system has the flexibility to support loan products with a range of features and linked transaction banking facilities, and adequately identifies loans relating to separate portfolios.

FirstMac has implemented an extensive list of servicing standards, and productivity and performance measures covering

the servicing functions and customer service standards critical to its business. The servicing objectives provide clear direction for managers of functional units. The performance of each department is governed by service level agreements, with deliverables measured against qualitative, quantitative, and behavioral performance targets. Operations managers meet to review results once a week and report to senior management once a month. Many of the performance measures are quantified and reported using an electronic workforce management system that measures deliverables according to embedded workflow queues. There is a high level of staff awareness of the servicing standards and performance measures.

Quality of service is a key component of the servicing objectives and performance targets. For example, a call monitoring process monitors and maintains the quality of staff interaction with customers. Extensive performance measures are logged and reported for the call and client services centers.

Under the white-label branding option, customer statements, deposit books, debit cards, cheque books, loan statements, and a Web site provided by FirstMac all carry the branding of each originator manager.

FirstMac has an integrated customer retention strategy that is based on predicting customer behavior and delivering compelling options to retain borrowers. Retention opportunities are referred to retention consultants to develop options for borrowers.

Document production is automated through system templates and data. The electronic document storage and retrieval system adds to the internal controls and produces operating efficiencies. The system allows loans to be tracked on a real-time basis and at any stage of the loan life cycle.

The system creates a workflow for each loan, with tasking capabilities. It incorporates prudent security, access controls, and audit logs of all correspondence, transactions, arrangements, and diary notes, and ensures the integrity of the database. All processes are automated within the system and govern the workflow of the loan application. The process flows are in line with the policy and procedure manuals.

Almost all loan payments are made by direct debit with transactions posted electronically to individual loan accounts on the loan-servicing system. This process mitigates the commingling risk associated with the collection of repayments on behalf of different funding programs and provides an efficient reconciliation process. Redraws under loan accounts may be made through ATMs, point-of-sale terminals, cheques, or Visa debit cards.

Loan documentation is carried out by panel solicitors or in-house by FirstMac Securities. Prior to early 2006, all documentation was carried out by panel solicitors. FirstMac is

aiming to document all direct broker/aggregator-introduced business in-house. Complex matters such as trusts are still documented by panel solicitors.

Instructions to panel solicitors are conveyed by either email or through FirstMac online. A solicitor's certificate is received from solicitors prior to settlement, which may be submitted online. Funds for settlement are transferred to solicitors through electronic funds transfer.

Data processing and integrity

FirstMac has developed tightly controlled data verification, document validation, and quality assurance procedures to support the loan-servicing platform. Data verification occurs at various stages of the process. Data validation measures that preclude applications from proceeding until all relevant data fields are populated are embedded in the processing system. The system monitors and reports, as exceptions, multiple submissions of the same application, data input errors, and a range of other irregularities. Extensive electronic funds transfer arrangements and automated transaction posting also reduce the risk of data corruption.

'Welcome calls' to confirm borrowers details are made post-settlement to reinforce the borrower's obligations under the mortgage loan and to confirm the accuracy of the information maintained on the loan-servicing system. Detailed hindsight and audit reviews are undertaken on settled loans.

The considerable focus placed on quality assurance, compliance, and risk management minimizes the risk of error.

Accounting and investor reporting

The fully integrated system architecture and database management applications provide a flexible platform that produces a range of timely management reports on a routine or one-off basis. The system adequately identifies mortgage loans relating to each funding portfolio. The general ledger and treasury management systems interface with the loan-servicing systems.

Document custody

FirstMac has controlled document custody, retrieval, and tracking arrangements. All physical documents are scanned, bar-coded, labeled, and filed electronically when received. Standard filing and labeling conventions are used for all documents. The electronic document storage and retrieval system is readily accessible by all servicing staff. System-generated documents are also retained in the electronic document storage and retrieval system.

When security documents are complete, they are delivered to a trustee company, which maintains custody of all security

documents. Document integrity reviews are undertaken pre- and post-settlement.

Client access

FirstMac has an extensive range of support groups for internal and external clients. It aims to provide a high standard of service and be accessible through multiple channels including online, email, telephone, and facsimile.

Call centers support brokers, originator managers, business development managers, and borrowers. Separate care units also provide day-to-day support to brokers and originator managers during the pre- and post-settlement periods. Customer service consultants assist both internal and external clients with enquiries, and offer postsettlement service to borrowers and brokers. A customer relations unit manages and records complex customer complaints from borrowers, brokers, and sales and other staff; and also provides technical support to staff.

Originator managers deal direct with FirstMac through its Internet site, which interfaces with the loan-servicing system. It allows online access to portfolio status reporting, manuals, product information, direct loan application entry, and loan tracking.

Approximately 95% of borrowers make repayments by direct debit, and also have the option to pay by salary credit, over the counter at a bank, by cheque, or by direct credit.

Template letters and documents are formatted to be populated from data held in the loan-servicing system. Statements are issued with the brand of each originator manager. Originator managers may process interim statements on behalf of borrowers through FirstMac online. Alternatively, borrowers may access statements through a website. Interim statements are also branded in the name of the originator manager.

Arrears management and loss mitigation

The collections/arrears department is responsible for managing arrears, workout strategies, loss mitigation, and asset realization. A range of key performance indicators have been designed to monitor the performance of individual collection officers and each loan.

FirstMac manages all arrears, with the exception of two originator managers with relatively small portfolios that have arrangements in place to manage their own arrears. FirstMac reviews the performance of originator managers in the same way that it monitors its internal collection personnel.

A predictive dialer was implemented in December 2006. The dialer has contributed to an improvement in collector productivity, facilitated call monitoring, and enabled the collections department to implement specific key performance measures.

FirstMac online automatically generates, upon request, various reports and arrears management letters. It also provides a live arrears history, details of arrangements, and diary notes, together with an automated forward diary system for future action. Arrears reports are available online and updated daily. The collections team has specific performance mandates and productivity criteria.

FirstMac's historical arrears levels have been higher than the weighted-average arrears levels of all Australian RMBS pools, as measured by Standard & Poor's Prime SPIN (mortgage performance index). FirstMac manages arrears on the conservative 'missed payments' basis, but reports on a scheduled balance basis. Chart 5 compares the level of delinquencies on residential mortgage loans in public securitization programs managed by FirstMac with the aggregate level of delinquencies on loans collateralizing all rated RMBS transactions in Australia.

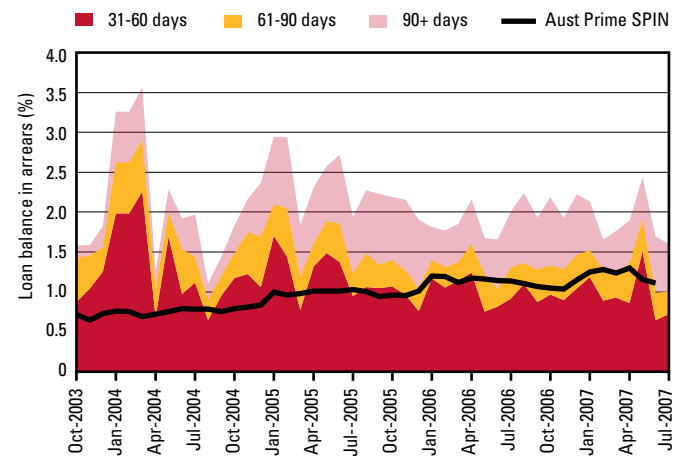
FirstMac has an electronic interface with originator managers, which provides timely exchange of information.

Financial Position

A ranking of 'SUFFICIENT' is assigned for financial position.

FirstMac's financial position is sufficient to sustain its servicing operations over the next 12–18 months.

Chart 5—Performance Of FirstMac Ltd. Securitized Loans Against The Aust Prime SPIN



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Description of Ranking Method

Standard & Poor's assigns rankings of STRONG, ABOVE AVERAGE, AVERAGE, BELOW AVERAGE, or WEAK, to the two key areas of: Management and Organization, and Loan Administration. The company's financial position is graded as either SUFFICIENT or INSUFFICIENT. Once a ranking is assigned to these key areas, and if SUFFICIENT is assigned for Financial Position, Standard & Poor's assigns an overall ranking to a company's composite servicing ability.

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