



GE Money
Australia

MEDIA RELEASE

GE Money announces home loan variable interest rate changes.

04 December 2009

Melbourne: GE Money has announced that following the latest review of its cost of funding it will increase home loan variable interest rates by 40 basis points for mortgages previously sold through third party mortgage managers, brokers and other introducers and AMS (previously Wizard) in Australia.

The rate change is effective Wednesday, 09 December 2009 (Thursday, 17 December for non-conforming loans).

"GE obtains all its funding from the wholesale money markets, and the cost of this source of funded has remained at very high levels. In addition, GE has had to increase its proportion of funding to longer-term debt and offshore funding which attracts additional cost when currency is exchanged from US to Australian dollars, due to the relative illiquidity of local commercial paper markets," said Ben Feek, Chief Financial Officer of GE Money Home Lending.

"Like the major banks, our funding costs from the wholesale funding markets have been increasing over time, as more new high cost debt has been issued to replace lower cost old debt that is maturing," Mr Feek explained.

"In addition, we remain at an acute disadvantage to local banks, which have a substantial deposit base to draw on as a cheaper source of funding. They also enjoy the support of the Government guarantee – unlike non-bank lenders like GE Money."

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About GE Money

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GE Money Australia

products – personal loans, credit cards, insurance and interest-free promotional and retail offers. More information can be found online at www.gemoney.com.au

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