



MEDIA RELEASE

GE Money Home Lending Australia to waive fees to assist home loan account holders to move to another lender.

19 February 2009

MELBOURNE: GE Money Home Lending Australia today announced that from 1 March 2009 it will temporarily waive the Deferred Administration Fee (DAF) for its home loan customers to assist them in moving to another lender. This is in response to its inability to pass on any of the recent cash rate cut due to the continuing high cost of funds on the wholesale money markets.

The DAF is a charge payable when a customer discharges a home loan before a predetermined period has elapsed. The maximum period is five years from settlement of the initial loan. This covers some of the costs borne by the lender when establishing the loan.

Managing Director of GE Money Home Lending, Lisa Davis, said that while GE Money remains committed to Australia and will continue to focus on retail finance, credit cards, personal loans and personal insurance, its home loan business being wound down remains affected by high costs of funding. Offering the DAF waiver is a logical step in helping home loan customers move lenders.

“Our cost of funds on wholesale money markets remains high. But now that the sale of Wizard to Aussie is nearing completion we can offer a DAF waiver to help customers make an informed decision about what is best for their home loan and circumstances,” Ms Davis said.

Borrowers with a GE Money-owned Wizard home loan will have a 12-month DAF-waiver period, from 1 March, if they choose to refinance through Aussie. This is a condition in the sale agreement by which Aussie will acquire the GE Money’s Wizard brand and franchise network on 27 February.

Borrowers with a GE Money home loan originated through third parties such as mortgage originators, brokers and aggregators will have a three-month DAF waiver period from 1 March.

“Continued volatility in the wholesale money markets since the global financial crisis has taken hold means we continue to have an extraordinarily high cost of funds for home loans, Ms Davis said.

“We are at an acute disadvantage to local banks which have a deposit base to draw on as a cheap source of funding and also enjoy the support of the Government guarantee – unlike non-bank lenders like GE Money. The increasing costs of funds was the main reason behind our decision to exit the capital-intensive, low-returning mortgage business in October last year.”

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About GE Money

GE Money Home Lending is part of the global GE Money business, which operates in 55 countries around the world. GE Money Australia & New Zealand offers a broad range of innovative finance products such as personal loans, credit cards, insurance and interest-free promotional and retail offers to more than 3 million customers. GE Money is proud to be Money Magazine's Finance Company of the Year, 2005 and 2006. More information can be found online at www.gemoney.com.au

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