



MEDIA RELEASE

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

19 February 2009

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

From 1 March, GE Money will reduce variable interest rates by 50 basis points for Wizard loans, and by 25 basis points for mortgages sold through third party mortgage managers, brokers and introducers.

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 New Zealand and will continue to focus on retail store finance, personal loans and 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 remain high and we believe offering a DAF waiver will 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 or a GE Money loan sold through third party mortgage managers, brokers or introducers will have a three-month DAF-waiver period in which to refinance

"We will be writing to all home loan customers later this month to explain the situation for their loan.

"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. We are at an acute disadvantage to local banks which have a deposit base to draw on as a cheap source of funding. 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," Ms Davis explained.

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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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