



News release

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Mortgage lender fights rising interest rates with capped rate variable home loan

Brisbane, Australia (22 January 2010) One of Australia's leading non-bank residential mortgage lenders has released its new FightBack II home loan with a competitive capped rate in anticipation of strong demand for certainty by home purchasers as interest rates move higher.

Australian owned FirstMac has released FightBack II which features a competitive **capped** option and a **professional pack** option.

FightBack II capped comes with a 6.19% pa variable interest rate capped for 2 years at 7.49% pa, so if interest rates fall, the product rate will also fall. However if rates rise, the product rate won't go above the 7.49% capped rate during the capped rate period. At the end of the capped period the rate rolls over to a very competitive variable rate (currently 5.89% pa).

Plus for added flexibility and security, borrowers can choose to split their loan and enjoy the benefits of both the professional pack and the capped option.

FirstMac Managing Director, Kim Cannon, said that the non-bank lenders sector was emerging from the disruption of the past year as a strong and viable alternative to the major four banks which have dominated the Australian mortgage market.

"We are picking up on a rising level of concern from borrowers about the potential for interest rate increases this year and the FightBack II capped rate product should come into its own as the year progresses," he said.

FightBack II follows the resounding success of FightBack which was launched in November 2008 with a 1 year fixed rate mortgage of 2.99% - which at that time was below the cash rate and generated significantly higher daily lending volumes for FirstMac at the time.

"This is the sort of innovative product which FirstMac believes will continue to give borrowers real alternative choice to the majors. Ensuring a competitive environment should be a key thrust of Government policy as we enter the next economic growth cycle," he said.

"The Federal Government's injection of \$4 billion of secured funds in AAA rated Residential Mortgage Backed Securities (RMBS) to non-bank lenders over the past 18 months had provided the sector with improved stability during the global financial crisis; and Australia's consumers would now reap the benefits through competitive products like FightBack II," he said.

The Government scheme has played a strong part in restoring and maintaining confidence in the non-bank financial sector as the recovery takes hold.

"The big four banks had capitalised on the market downturn by gaining a concentration of market power in Australia with them holding almost 90% of all residential home loans," he said.

"However FirstMac is continuing to fight back and is set for strong growth in coming years," said Mr Cannon.



FirstMac saw steady demand through the 2008-09 financial year and a consistent increase in loans over the past six months.

FirstMac received an upgrade to its Standard & Poor's residential loan servicer ranking in December 2009 in recognition of the quality of the Company's servicing capabilities. The Company's ranking was raised to the highest level of 'Strong', from 'Above Average' while its outlook remains 'Stable'.

About FirstMac Limited

FirstMac Limited is a leading Australian owned mortgage finance lender with almost 30 years experience. It delivers a comprehensive range of loan funding, loan servicing and portfolio management services. FirstMac initially originated and managed home loans through major third party providers, but in 2002 entered the securitisation market and began self-funding its own loan business, by issuing AAA-rated bonds on global capital markets.

FirstMac's presence has grown through the provision of wholesale funding via a national distribution network of mortgage originators and brokers. FirstMac has the highest possible Standard & Poor's servicer rating of 'Strong'.

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