GE Money Bank

Interim consolidated US GAAP financial statements

For the six months ended June 30, 2013 and 2012

(CHF amounts in thousands)

Final Version: August 30, 2013

Condensed and Consolidated Statements of Income (Unaudited)

For the six months ended (CHF in thousands)	Note	Unaudited June 30, 2013	June 30, 2012
Interest income		171,497	176,410
Interest expense		(9,707)	(10,021)
Affiliated interest expense		(23,536)	(25,258)
Net interest income		**138,254**	**141,131**
Commission and fee income	13	34,576	34,721
Net revenues		**172,830**	**175,852**
Provision for losses on financing receivables	2	**18,887**	**(8,532)**
Compensation and benefits		(51,294)	(51,887)
General and administrative expenses	14	(27,971)	(32,760)
Total operating expenses		**(79,265)**	**(84,647)**
Income before income taxes		**112,452**	**82,673**
Income tax expense		(24,760)	(17,625)
Net income		**87,692**	**65,048**

See accompanying notes to the condensed and consolidated financial statements.

Condensed and Consolidated Statements of Comprehensive Income (Unaudited)

For the six months ended (CHF in thousands)	Unaudited June 30, 2013	June 30, 2012
Net income	87,692	65,048
Benefit plans, net of tax	2,355	2,042
Comprehensive income	**90,047**	**67,090**

See accompanying notes to the condensed and consolidated financial statements.

Condensed and Consolidated Statements of Financial Position

(CHF in thousands)	Note	Unaudited June 30, 2013	December 31, 2012
Assets			
Cash and equivalents		303,698	367,868
Financing receivables, net	2	4,048,877	4,010,512
Property, plant and equipment, net	3	4,106	3,840
Intangible assets, net	4	2,300	2,829
Other assets	5	56,808	45,758
Deferred income taxes		7,283	8,449
Total assets (a)		**4,423,072**	**4,439,256**
Liabilities and equity			
Deposits	6	1,511,942	1,280,269
Accrued expenses and other payables		119,522	138,901
Due to affiliates	7	1,254,000	1,504,000
Long-term debt	7	600,000	400,000
Other liabilities		36,133	34,858
Total liabilities (a)		**3,521,597**	**3,358,028**
Common shares		30,000	30,000
Additional paid in capital		811,542	811,542
Retained earnings		88,574	270,682
Accumulated other comprehensive loss		(28,641)	(30,996)
Total shareholder's equity		**901,475**	**1,081,228**
Total liabilities and shareholder's equity		**4,423,072**	**4,439,256**

(a) Our consolidated assets at June 30, 2013 include total assets of TCHF 568,804 for consolidated variable interest entities (VIEs) that can only be used to settle the liabilities of the VIEs. These assets include net financing receivables of TCHF 532,614. Our consolidated liabilities at June 30, 2013 include liabilities of the VIEs for which the VIE creditors do not have recourse to the Bank. These liabilities include non-recourse borrowings for consolidated VIEs of TCHF 400,000.

See accompanying notes to the condensed and consolidated financial statements.

Condensed and Consolidated Statements of Changes in Shareholder's Equity (Unaudited)

CHF in thousands	Common shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss (a)	**Total Equity**
Balance at December 31, 2012	**30,000**	**811,542**	**270,682**	**(30,996)**	**1,081,228**
Net income			87,692		**87,692**
Dividends			(269,800)		**(269,800)**
Reclassifications from other comprehensive loss, net of deferred tax of (626)				2,355	**2,355**
Balance at June 30, 2013	**30,000**	**811,542**	**88,574**	**(28,641)**	**901,475**

CHF in thousands	Common shares	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	**Total**
Balance at December 31, 2011	**30,000**	**811,542**	**137,556**	**(26,631)**	**952,467**
Net income			65,048		**65,048**
Reclassifications from other comprehensive loss, net of deferred tax of (543)				2,042	**2,042**
Balance at June 30, 2012	**30,000**	**811,542**	**202,604**	**(24,589)**	**1,019,557**

(a) Other comprehensive loss consists of movements related to our benefit plan obligation. Reclassifications from other comprehensive loss are classified in the income statement under compensation and benefits.

See accompanying notes to the condensed and consolidated financial statements.

Condensed and Consolidated Statements of Cash Flows (Unaudited)

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Cash flows from operating activities:		
Net income	87,692	65,048
Adjustments to reconcile net income to cash provided by operating activities		
Provision for losses on financing receivables	(18,887)	8,532
Deferred income taxes	540	381
Depreciation	806	990
Amortization of intangibles	662	611
Increase / (decrease) in accrued expenses	(19,379)	49,543
Increase in tax receivables	(2,172)	(20,881)
Decrease in other receivables	3,616	4,197
All other operating activities	4,533	3,775
Net cash provided by operating activities	**57,411**	**112,196**
Cash flows from investing activities:		
Increase in financing receivables	(19,478)	(62,061)
Additions to buildings and equipment	(1,072)	(97)
Increase in restricted cash	(12,771)	(20,156)
All other investing activities	(133)	(919)
Net cash used in investing activities	**(33,454)**	**(83,233)**
Cash flows from financing activities:		
Net change in deposits	231,673	78,688
Dividends paid	(269,800)	-
Net change in due to affiliates	(250,000)	(470,000)
Issuance of non-recourse long-term borrowings	200,000	200,000
Repayments of long-term debt	-	(100,000)
Net cash used in financing activities	**(88,127)**	**(291,312)**
Net increase in cash and equivalents	**(64,170)**	**(262,349)**
Cash and equivalents:		
Beginning of year	367,868	393,217
End of period	**303,698**	**130,868**

See accompanying notes to the condensed and consolidated financial statements.

Notes to the Condensed and Consolidated Financial Statements (Unaudited)

1. Basis of presentation and summary of significant accounting policies

The accompanying condensed, consolidated financial statements represent the consolidation of GE Money Bank AG (the Bank) and all companies that we directly or indirectly control, either through majority ownership or otherwise. See Note 2 to the consolidated financial statements for the year ended December 31, 2012 (2012 consolidated financial statements), which discusses our consolidation and financial statement presentation.

Interim period presentation

The condensed, consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed, consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. It is suggested that these condensed, consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2012 consolidated financial statements.

2. Financing receivables and allowance for losses

(CHF in thousands)	June 30, 2013	December 31, 2012
Loans	2,609,368	2,568,224
Deferred costs, net	30,355	28,341
Total loans, including deferred costs, net	**2,639,723**	**2,596,565**
Investment in financing leases, net of deferred income	1,456,720	1,464,442
Financing receivables before allowance for losses	**4,096,443**	**4,061,007**
Less allowance for losses	(47,566)	(50,495)
Financing receivables, net	**4,048,877**	**4,010,512**

The majority of the investment in financing leases are related to auto leases. Components of the Bank's net investment in financing leases, which are included in financing receivables above, are shown below:

(CHF in thousands)	June 30, 2013	December 31, 2012
Total minimum lease payments receivable	1,582,914	1,597,889
Deferred income (a)	(126,194)	(133,447)
Investment in financing leases, net of deferred income	**1,456,720**	**1,464,442**
Less allowance for losses	(5,638)	(5,697)
Net investment in financing leases	**1,451,082**	**1,458,745**

(a) Included TCHF 14,146 and TCHF 14,199 of initial direct costs on direct financing leases at June 30, 2013 and December 31, 2012, respectively.

The following table provides further information about general reserves related to financing receivables:

(CHF in thousands)	June 30, 2013	December 31, 2012
Personal loans	1,938,679	1,939,579
Auto leases and loans	1,694,574	1,711,014
Credit cards	463,190	410,414
Total financing receivables, before allowance for losses	**4,096,443**	**4,061,007**
General reserve	(47,566)	(50,495)

A summary of activity in the allowance for losses is shown below:

CHF in thousands	Balance at January 1, 2013	Provision for losses (a)	Amounts written off	Recoveries (a)	Balance at June 30, 2013
Personal loans	38,277	(21,868)	(41,305)	61,373	**36,477**
Auto leases and loans	7,644	731	(9,761)	9,214	**7,828**
Credit cards	4,574	2,250	(5,060)	1,497	**3,261**
Total	**50,495**	**(18,887)**	**(56,126)**	**72,084**	**47,566**

CHF in thousands	Balance at January 1, 2012	Provision for losses	Amounts written off	Recoveries	Balance at June 30, 2012
Personal loans	44,119	3,018	(41,186)	34,514	**40,465**
Auto leases and loans	7,635	2,156	(9,113)	6,678	**7,356**
Credit cards	3,784	3,358	(4,630)	1,995	**4,507**
Total	**55,538**	**8,532**	**(54,929)**	**43,187**	**52,328**

(a) In June 2013, previously written off financing receivables were sold to two third parties. The proceeds were recorded as recoveries within the allowance for losses, which resulted in a reduction in the provision for losses of TCHF 33,101, in our financial results for the six months ended June 30, 2013.

Credit quality of financing receivables

The Bank describes the characteristics of the financing receivables and provides information about collateral, payment performance, credit quality indicators, and impairment. The Bank manages these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as nonaccrual financing receivables are defined by the authoritative guidance and we base our categorization on the related scope and definitions contained in the related standards. The category of delinquent is defined by us and is used in our process for managing our financing receivables. Definitions of these categories are provided in Note 2 of our 2012 consolidated financial statements.

Past due financing receivables

The following table displays payment performance of the Bank's financing receivables:

	June 30, 2013		December 31, 2012	
	Over 30 days past due	**Over 90 days past due**	**Over 30 days past due**	**Over 90 days past due**
Personal loans	3.3%	0.8%	3.0%	0.7%
Auto leases and loans	1.1%	0.2%	1.1%	0.2%
Credit cards	1.3%	0.5%	1.2%	0.5%
Total	**2.1%**	**0.5%**	**2.0%**	**0.5%**

Nonaccrual financing receivables

The following table provides further information about financing receivables that are classified as nonaccrual:

	Nonaccrual financing receivables	
(CHF in thousands)	**June 30, 2013**	**December 31, 2012**
Personal loans	16,084	14,046
Auto leases and loans	3,555	3,938
Credit cards	2,317	1,930
Total	**21,956**	**19,914**
Allowance for losses percentage	46.2%	39.4%

Credit quality indicators

For our lending products, the Bank uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default within 12 months, with a default definition of 90 days past due. The five ratings and their associated probabilities of default are (a) CR1 0% - 1.2%, (b) CR2 1.21% - 2.97%, (c) CR3 2.98% - 6.99%, (d) CR4 7.0% - 13.16% and (e) CR5 13.17% and greater. For private customers the consumer rating is derived from an application credit score that is calculated through one of the Bank's internal scorecards. Each credit score translates into one of the consumer ratings. For commercial customers, an obligor rating (OR) is assigned. The obligor rating can be translated into the grades of the consumer rating.

In addition to the scorecard monitoring, on a quarterly basis, a parity test is run to monitor at portfolio level whether the consumer ratings are adequately reflecting the credit quality. The parity tests confirm that although a consumer rating may have been assigned greater than 12 months ago and so the initial 12 month window for probability of default has passed, the consumer ratings still accurately reflect the probability of default.

At June 30, 2013 (CHF in thousands)	**CR 1**	**CR 2**	**CR3**	**CR 4**	**CR 5**
Personal loans	791,281	591,045	402,280	120,381	33,692
Auto leases and loans	1,004,498	503,047	131,979	18,375	36,675
Credit cards	361,739	79,574	20,613	1,159	105

At December 31, 2012 (CHF in thousands)	**CR 1**	**CR 2**	**CR3**	**CR 4**	**CR 5**
Personal loans	793,280	587,262	395,177	120,923	42,937
Auto leases and loans	1,008,385	510,330	134,573	20,168	37,558
Credit cards	321,308	70,062	17,993	963	88

3. Property, plant and equipment

(CHF in thousands)	**June 30, 2013**	**December 31, 2012**
Original cost:		
Buildings and improvements	7,215	7,120
Office equipment	12,318	11,341
Total	**19,533**	**18,461**
Accumulated depreciation:		
Buildings and improvements	(5,597)	(5,336)
Office equipment	(9,830)	(9,285)
Total	**(15,427)**	**(14,621)**
Net carrying value:		
Buildings and improvements	1,618	1,784
Office equipment	2,488	2,056
Total	**4,106**	**3,840**

Depreciation expense was TCHF 806 and TCHF 990 for the six months ended June 30, 2013, and 2012, respectively.

4. Intangible assets

Intangibles assets consisted of capitalized software of TCHF 2,300 and TCHF 2,829 at June 30, 2013 and December 31, 2012, respectively. Amortization expense related to intangible assets subject to amortization for the six months ended June 30, 2013, and 2012 was TCHF 662 and TCHF 611, respectively.

5. Other assets

Other assets consisted of the following:

(CHF in thousands)	June 30, 2013	December 31, 2012
Restricted cash	34,581	21,810
Tax receivables	17,485	15,313
Prepaid expenses	3,446	2,899
Other receivables	687	4,303
Other	609	1,433
Total other assets	**56,808**	**45,758**

Restricted cash is cash that is not available for use in the ordinary course of operations and is restricted as to withdrawal or usage. The Bank had TCHF 34,581 and TCHF 21,810 of restricted cash related to the consolidated VIEs at June 30, 2013 and December 31, 2012, respectively.

6. Deposits

The following table presents, maturities of the Bank's customers' saving deposits, term deposits and prepaid cards:

(CHF in thousands)	June 30, 2013	December 31, 2012
Deposits:		
On demand	185,976	180,181
Less than 3 months	149,394	116,597
3 to less than 6 months	277,202	223,255
6 to less than 12 months	451,041	350,880
12 months plus	448,329	409,356
Total	**1,511,942**	**1,280,269**

7. Long-term debt

Long-term debt is shown below:

(CHF in thousands)	June 30, 2013	December 31, 2012
Due to affiliates	1,254,000	1,504,000
External debt	200,000	200,000
Non-recourse borrowings (a)	400,000	200,000
Total long-term debt	**1,854,000**	**1,904,000**

(a) Related to the consolidated VIEs. See Note 10.

8. Pension plan

The Bank sponsors a pension benefit plan. The effect on operations was as follows:

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Service cost for benefits earned	2,759	2,505
Prior service credit amortization	(169)	(169)
Expected return on plan assets	(2,939)	(2,989)
Interest cost on benefit obligations	1,390	2,029
Net actuarial loss amortization	3,150	2,753
Pension plan cost	**4,191**	**4,129**

9. Financial instruments

The following table provides information about the assets and liabilities not carried at fair value in the Statement of Financial Position. The table excludes finance leases and non-financial assets and liabilities. Substantially all of the assets and liabilities discussed below are considered to be Level 3, with the exception of the borrowings for the consolidated VIEs which are considered to be Level 2.

	June 30, 2013		December 31, 2012	
(CHF in thousands)	Carrying amount (net)	Estimated fair value	Carrying amount (net)	Estimated fair value
Assets				
Loans	2,597,786	2,615,091	2,551,767	2,572,281
Liabilities				
Deposits	(1,511,942)	(1,527,295)	(1,280,269)	(1,302,729)
Borrowings	(600,000)	(603,590)	(400,000)	(408,716)
Due to affiliates	(1,254,000)	(1,254,000)	(1,504,000)	(1,504,000)

A description of how fair values are estimated follows.

Loans – Based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Deposits and Borrowings – Based on valuation methodologies using current market interest rate data which are comparable to market quotes adjusted for the Bank's non-performance risk.

Due to affiliates – Based on valuation methodologies using current market interest rate data which are comparable to market quotes adjusted for the Bank's non-performance risk.

Asset and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, other assets, accrued expense and other liabilities.

Loan commitments

	Notional amount	
(CHF in thousands)	June 30, 2013	December 31, 2012
Ordinary course of business lending commitments	35,687	21,351
Unused revolving loan facilities	105,312	129,193
Unused credit card facilities	2,014,315	1,765,935

10. Variable interest entities

We use variable interest entities to securitize auto lease financing receivables. The financing receivables are originated by the Bank in the ordinary course of business and transferred to the VIEs. The financing receivables in the VIEs have similar risks and characteristics to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other financing receivables; however, the blended performance of the receivables in the VIEs reflects the eligibility criteria that we apply to determine which receivables are selected for transfer.

The Bank completed two securitizations, both through consolidated VIEs, to obtain funding from its auto lease receivables. The first securitization, launched in March 2012, involved the issuance of TCHF 200,000 in senior notes with a maturity of 2015, three years from the date of issuance and at a rate of 0.783% per annum. The Bank completed its second securitization in June 2013, which involved the issuance of TCHF 200,000 in senior notes with a maturity of three years from the date of issuance, and accrue interest at a rate of 0.576% per annum.

Third-party holders of the debt issued by the VIEs only have recourse to the financing receivables owned by the VIEs and not to the Bank's general credit. Contractually the cash flows from these financing receivables must first be used to pay third-party debt holders as well as other expenses of the VIEs. Excess cash flows are available to the Bank.

We do not have implicit support arrangements with the VIEs. We did not provide non-contractual support for previously transferred financing receivables to the VIEs in 2013 or 2012.

The Bank is the servicer of the VIEs and has the power to direct the activities of the VIEs that most significantly impact its economic performance. The Bank holds the subordinated interests issued by the VIEs. Therefore, the Bank consolidates the VIEs.

The table below summarizes the assets and liabilities of the consolidated VIEs described above.

(CHF in thousands)	June 30, 2013	December 31, 2012
Assets		
Financing receivables, net	532,614	274,617
Other assets	36,190	22,810
Total assets	**568,804**	**297,427**
Liabilities		
Accrued expenses and other payables	4,534	3,292
Non-recourse borrowings	400,000	200,000
Total liabilities	**404,534**	**203,292**

Revenues from the consolidated VIEs were TCHF 12,565 and TCHF 8,061 for the six months ended June 30, 2013 and 2012, respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,632 and TCHF 602 and interest expense of 1,018 and 534 for the six months ended June 30, 2013 and 2012, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between the Bank and the VIEs, which are eliminated in consolidation.

11. Related party transactions

Transactions with GECC relating to borrowings are disclosed in Note 7.

Our total GECC expense for services was TCHF 4,237 and TCHF 8,175 for the six months ended June 30, 2013 and 2012, respectively.

12. Interest income

The detail of interest income is presented below:

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Personal loans	108,841	112,941
Auto leases and loans	47,493	51,714
Credit cards	15,157	11,752
Cash and equivalents	6	3
Total	**171,497**	**176,410**

13. Commission and fee income

The detail of commission and fee income is presented below:

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Credit cards	17,402	14,553
Insurance	10,050	13,199
Personal loans and other	7,124	6,969
Total	**34,576**	**34,721**

14. General and administrative expenses

The detail of general and administrative expenses is presented below:

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Marketing	4,508	5,571
Professional services	4,334	4,088
GECC assessments	4,237	8,175
Collection fees	3,782	4,189
Postage and stationary	3,646	3,657
Rental expense under operating leases	2,919	2,660
Depreciation and amortization	1,468	1,601
Other	3,077	2,819
Total	**27,971**	**32,760**

15. Supplemental cash flows information

Certain supplemental information related to our cash flows is shown below:

For the six months ended (CHF in thousands)	June 30, 2013	June 30, 2012
Net increase in financing receivables		
Increase in loans to customers	(885,641)	(911,258)
Principal collections from customers – loans (a)	916,612	904,274
Investment in equipment for financing leases	(370,901)	(435,663)
Principal collections from customers - financing leases	376,790	427,567
Net change in credit card receivables	(56,338)	(46,981)
	(19,478)	**(62,061)**

(a) Includes recoveries related to the sale of previously written-off receivables in June 2013. See Note 2.

16. Subsequent events

The Bank has evaluated subsequent events from the financial position date through August 30, 2013, the date at which the financial statements were available to be issued.

On August 22, 2013, the Bank declared a dividend of TCHF 200,000 to its parent company GE Capital Swiss Funding AG which was paid on August 29, 2013. Shareholder approval was obtained in order to transfer additional paid in capital to retained earnings for the dividend payment.