

Genworth Mortgage Insurance Australia

2H (Full Year) 2014 Financial results presentation

11 February 2015



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Agenda

1. Introduction (Ellie Comerford, CEO and MD)

- Summary of financial performance
- Overview of economic environment and residential mortgage market
- 2015 Strategy and financial expectations

2. Detailed financial performance (Georgette Nicholas, CFO)

- Pro forma income statement
 - Sales and revenue performance
 - Delinquency and loss performance
- Pro forma balance sheet
- Reinsurance
- Capital and solvency update
- Investment performance

3. Summary and conclusion

4. Questions

Introduction

Ellie Comerford, CEO and Managing Director

Overview of 2H14 financial performance

Solid financial performance in 2014

- Reported Net Profit After Tax (NPAT) of \$172.7m for 2H14 has increased 51.9% compared to the prior corresponding period (pcp) and includes \$26.4m of post-tax mark-to-market gains
- Underlying NPAT¹ for 2H14 of \$146.3m has increased 15.8% against pcp of \$126.3m
- New Insurance Written (NIW) for 2H14 of \$18.9bn compared to \$18.3bn for pcp
- Gross Written Premium (GWP) for 2H14 of \$320.6m, down 0.9% compared to pcp
- Net Earned Premium (NEP) for 2H14 of \$227.4m an increase of 10.5% compared to pcp
- Closing delinquencies of 4,953, down from 5,405 as at 30 June 2014 and represents a delinquency ratio of 0.33%, the lowest since 2007
 - Reduction in delinquencies has followed usual seasonal trends and continues to reflect the low interest rate and relatively stable economic environment
- Loss ratio of 18.4% for 2H14 down from 22.6% in the pcp
- Investment income for 2H14 of \$122.9m pre-tax (includes \$37.7m (pre-tax) of mark-to-market gains), represents a yield of 4.01% for the half compared to 4.06% in 1H14 and 4.41% in 2H13

1. Underlying NPAT excludes the after tax impact of unrealised gains/(losses) on the investment portfolio.

2014 full year performance metrics

Based on pro forma financial information as set out in the prospectus

Key financial measures	FY13	IPO prospectus	Revised FY 14 target	Actual FY 14
Flow NIW (\$ billions)	\$34.4 bn	\$33.8 bn	\$35.0bn - \$36.0bn	\$35.1bn
Portfolio NIW (\$ billions)	\$1.0 bn	\$4.0 bn	\$2.0bn - \$3.0bn	\$1.1bn
Average price - Flow NIW	1.73%	1.93%	1.80% - 1.85%	1.80%
Gross written premium (\$ millions)	\$596.5 m	\$663.2 m	\$640.0m - \$650.0m	\$634.2m
Net earned premium (\$ millions)	\$397.9 m	\$440.2 m	\$440.0m - \$445.0m	\$445.8m
Loss ratio	32.1%	30.2%	20.0% to 25.0%	19.0%
Underlying NPAT (\$ millions)	\$220.9 m	\$231.1 m	\$250.0m to \$270.0m	\$279.4m
Underlying ROE	10.4%	10.2%	11.0% - 12.0%	12.2%
Dividend Payout Ratio	n/a	55%	55%	57.7%

- Strong, stable balance sheet with \$1.36bn of Unearned Premium Reserve (UPR)
- Cash and fixed interest Investment portfolio of \$4.2bn with 2.4 year duration
- Regulatory capital solvency ratio 159% on a level 2 basis well in excess of board targeted range

Consistent strategic priorities

Delivering long-term returns to Shareholders

Strategic Priority	2014 Key Highlights
Strengthen market leadership position	<ul style="list-style-type: none"> • Maintaining and extending key customer contracts for more than 56% of GWP • End-to end process review of key customers, including policy, processes and quality controls • Transitioned >50 customers to portal policy application submissions
Enhance Profitability	<ul style="list-style-type: none"> • 86.2% of 2014 GWP from contracted customers • Predictive delinquency modelling fully operationalised • Progress on Loss Management mitigation techniques including Borrower Sales • Introduced Board approved mandates for policy holder and shareholder investment funds
Optimise capital position and enhance ROE	<ul style="list-style-type: none"> • IPO - Successful sale of 34% (220M shares) of Genworth was settled on May 21st 2014 • Successful renewal of \$700m in reinsurance with improved terms & price • Capital Redeployment • Evaluation of other capital management initiatives
Maintain strong risk management discipline	<ul style="list-style-type: none"> • Implementation of enhanced operational risk management system • Risk Culture framework progressed • Ongoing credit & geography risk analysis • "Second set of eyes" • Enhanced Data Management Framework
Continue to work with regulators, ratings agencies and other industry participants	<ul style="list-style-type: none"> • Formulation of public policy recommendations with submissions to Affordable Housing Inquiry, Competition Inquiry and Financial System Inquiry • Continue engagement with APRA • Executed campaigns around key industry partnerships (e.g. MFAA, COBA) and thought leadership activity (Streets Ahead, LMI Toolkit, LMI Factually, HomeGrown)

Customer Focus a high priority

Working with customers and other key stakeholders to support the mortgage industry

Customer

- Genworth Australia has commercial relationships with over 100 lender customers across Australia, including three of the four major banks with an estimated 44%¹ market share for year ended 31 December 2014
- GMA's top three lender customers accounted for approximately 55% of NIW and 66% of GWP in FY14.
- GMA has extended a number of existing contracts and has amended one contract of another smaller Lender customer such that they will no longer maintain a risk retention program
- LMI continues to play a key risk mitigation role for mortgage lenders and is designed as a shock absorber with LMI providers holding specific capital - for the benefit of lenders and the financial system as a whole

Ratings

- Moody's reaffirmed the insurance financial strength rating of both GFMI and Genworth Financial Mortgage Indemnity Limited (GFMIL) at 'A3' Stable.
- Standard & Poor's Ratings Services (S&P) revised the Genworth Financial Mortgage Insurance Pty Limited (Genworth Australia) financial strength and issuer credit rating (from 'AA-' with a stable outlook to 'A+' with a negative outlook) as a consequence of the action taken by S&P relating to Genworth Group's core life insurance company rating. Updated on 6 February 2015.
- Fitch Ratings (Fitch) published an Insurer Financial Strength (IFS) Rating of the GMA operating subsidiary, Genworth Financial Mortgage Insurance Pty Limited (GFMI), assigning an 'A+' rating with a stable outlook.

1. Market share is Genworth Australia's estimate based on the market for LMI provided by external LMI Providers and LMI Subsidiaries and includes the retention of risk by Lenders and other forms of risk mitigation or risk transfer by Lenders in relation to the credit risk of HLVR residential mortgage loans.

2015 environmental and financial outlook

Room for caution with uncertain environment expected to continue into 2015

- Headline outlook for economy is for growth to remain below trend
- Unemployment was 6.1% in December 2014. We expect unemployment to be biased toward slightly higher levels of unemployment during the course of 2015
- House price growth expected to continue but at the slower pace of 3.5%, more in line with wage growth
- 0.25% Cash rate reduction announced by the RBA
- Housing credit growth is expected to moderate from the ~7% level achieved in 2014, with HLVR lending expected to remain relatively constant albeit pressure on >90% LVR volume
- GMA will follow the fortunes of its lender customers, we are anticipating relatively stable penetration and market share

Key financial measures - FY 15 Guidance

Net earned premium growth	Up to 5%
Full Year Loss ratio	25% - 30%

Full year outlook is subject to market conditions and unforeseen circumstances or economic events

Detailed financial performance

Georgette Nicholas, Chief Financial Officer

2H 2014 pro forma income statement

Strong housing and stable economic conditions have supported solid performance

(A\$ millions)	1H13	2H13	FY13	1H14	2H14	FY14	Change FY13 vs FY14	FY14 F'cast ²
Gross written premium	273.0	323.5	596.5	313.6	320.6	634.2	6.3%	663.2
Movement in unearned premium	(44.4)	(80.6)	(125.0)	(57.5)	(56.0)	(113.5)	(9.2%)	(146.8)
Gross earned premium	228.6	242.9	471.5	256.1	264.6	520.7	10.4%	516.4
Outwards reinsurance expense	(36.5)	(37.1)	(73.6)	(37.7)	(37.2)	(75.0)	1.9%	(76.2)
Net earned premium	192.1	205.8	397.9	218.4	227.4	445.8	12.0%	440.2
Net claims incurred	(81.2)	(46.6)	(127.8)	(42.8)	(41.7)	(84.5)	(33.9%)	(133.1)
Acquisition costs	(22.6)	(24.5)	(47.1)	(24.1)	(24.9)	(49.0)	4.0%	(49.6)
Other underwriting expenses	(30.4)	(31.6)	(62.0)	(34.1)	(34.9)	(69.0)	11.3%	(71.8)
Underwriting result	57.9	103.1	161.0	117.4	125.9	243.3	51.1%	185.7
Inv. income on tech reserves ¹	10.9	16.4	27.3	27.1	22.8	49.9	82.8%	40.7
Insurance profit	68.8	119.5	188.3	144.5	148.7	293.2	55.7%	226.4
Inv. income on shareholders' funds	32.0	45.6	77.6	76.9	100.1	177.0	128.1%	116.9
Financing costs	(5.8)	(5.7)	(11.5)	(5.6)	(5.7)	(11.3)	(0.9%)	(11.2)
Profit before income tax	95.0	159.4	254.4	215.9	243.1	458.9	80.4%	332.1
Income tax expense	(29.3)	(45.7)	(75.0)	(64.5)	(70.4)	(134.9)	79.9%	(101.0)
Net profit after tax	65.7	113.7	179.4	151.4	172.7	324.1	80.7%	231.1
Underlying net profit after tax	94.6	126.3	220.9	133.1	146.3	279.4	26.5%	231.1

1. Investment income on Technical Funds and Shareholder Funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.

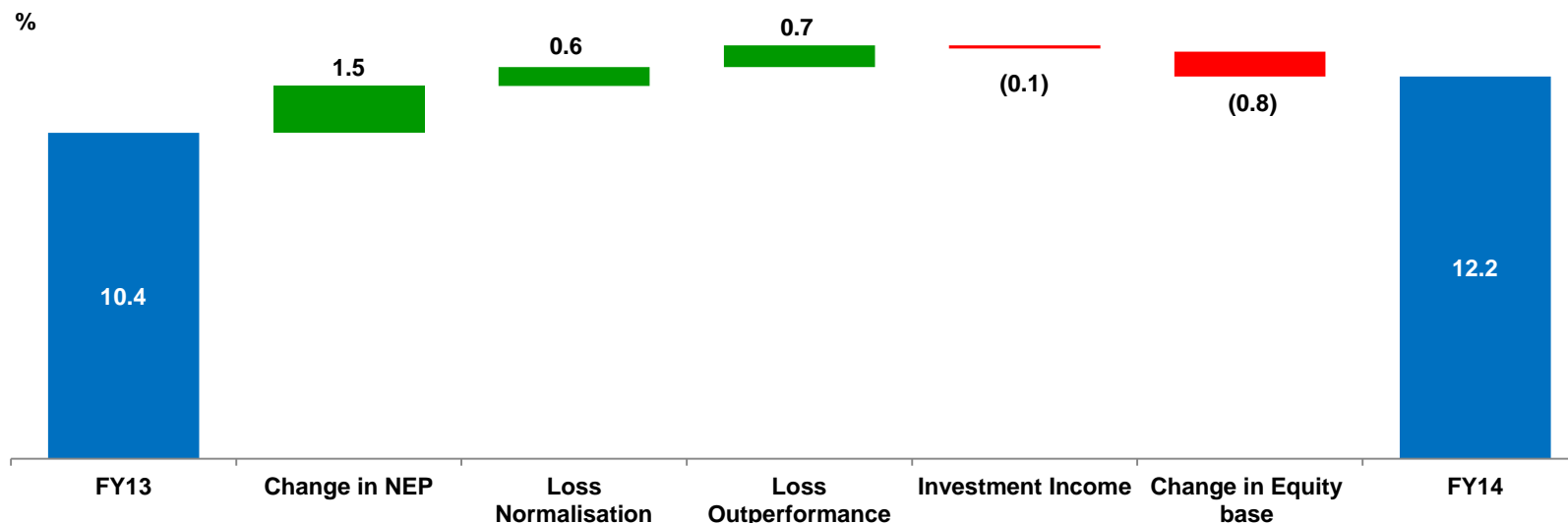
2. IPO Prospectus forecasts as at 23 April 2014

Underlying ROE Progression during 2014

ROE progression underpinned by solid loss performance in FY14

- Ongoing focus to enhance ROE using appropriate levers
- Changes to policy and underwriting criteria have enhanced the quality of recent book years since 2009
- Capital Optimisation
 - Look for opportunities to write profitable new LMI business
 - Continue to opportunistically broaden the range and number of external reinsurers
 - Evaluate qualifying capital instruments subordinated debt or Tier 2 capital
 - Where excess capital is identified, return to shareholders in the most efficient and practical way
- Investment Portfolio continues to be pressured in low rate environment

Underlying ROE Walk from FY13 to FY14 I

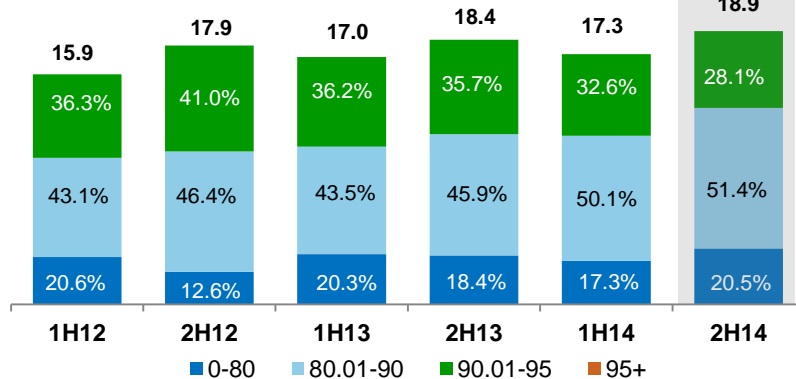


New Insurance Written & Insurance In Force

New business and insurance in force reflecting policy changes since 2009

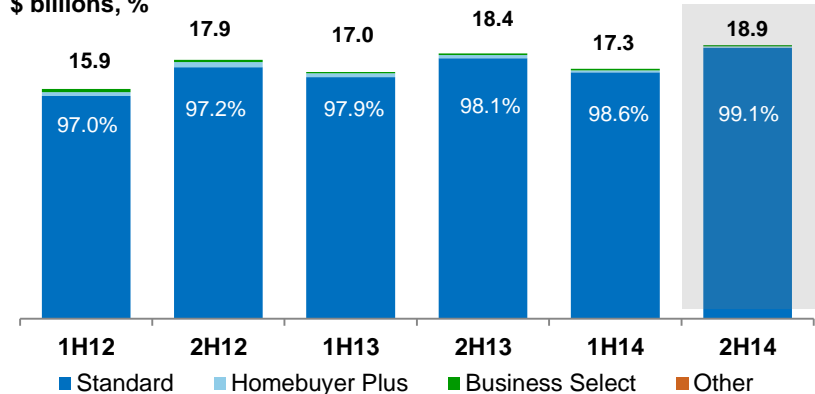
NIW by LVR band¹ for half years ended 30 June and 31 December of respective periods

\$ billions, %



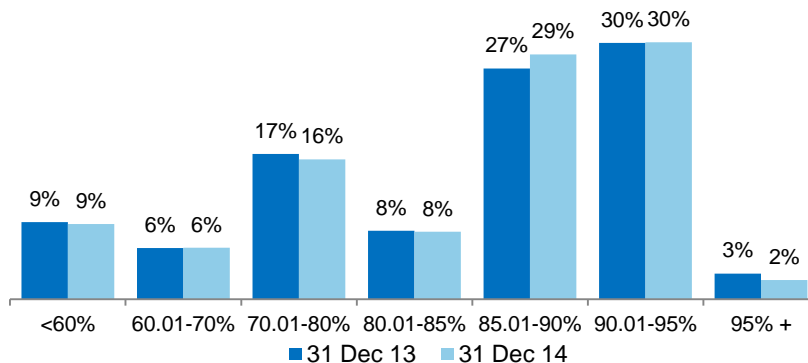
NIW by product type for half years ended 30 June and 31 December of respective periods

\$ billions, %

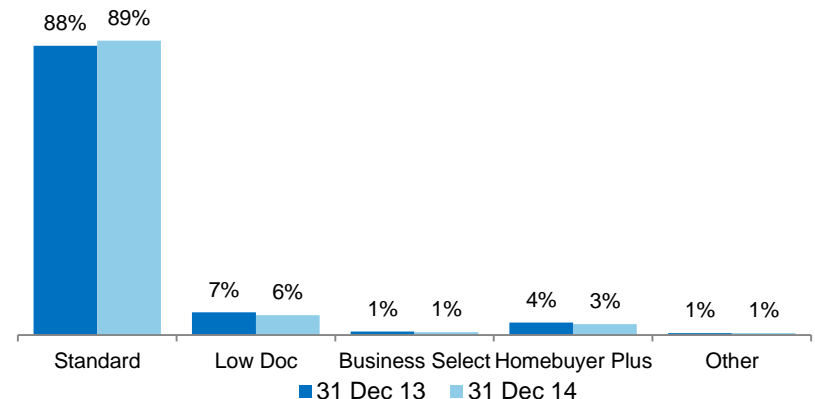


Insurance in force by LVR band¹ (original LVR), as at 31 December 2013 and 2014

Total IIF \$314 billion



Insurance in force by product type, as at 31 December 2013 and 2014



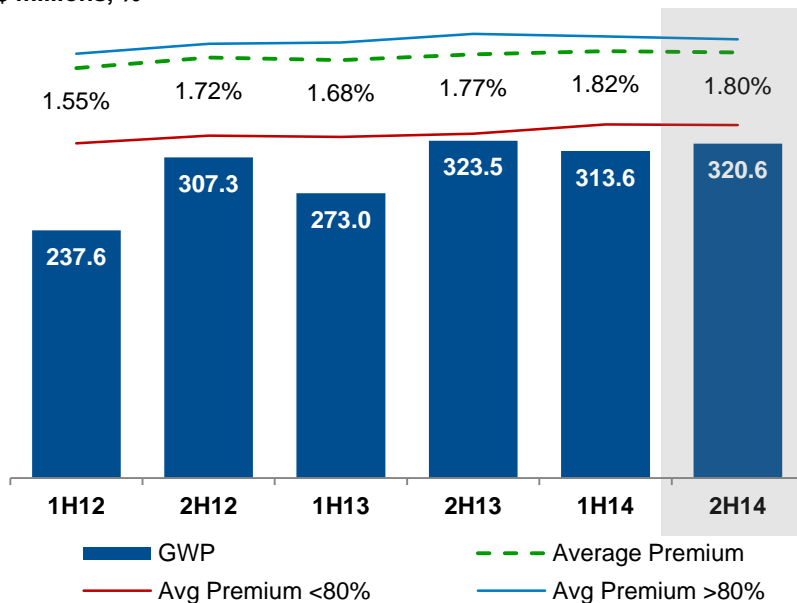
1. The Percentages of NIW and IIF split by LVR band represent the NIW based on the LVR of the original loan prior to the capitalization of LMI premium. The total amount of NIW and IIF represented is calculated on a capitalised premium basis.

Gross Written Premium

Price increases offset by shift in LVR mix

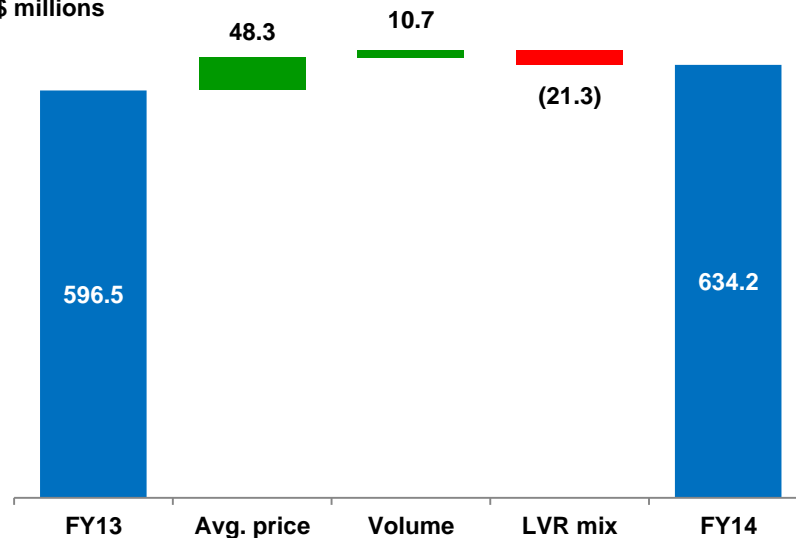
GWP and average price of flow business (GWP/NIW)

\$ millions, %



Flow business - GWP walk

\$ millions

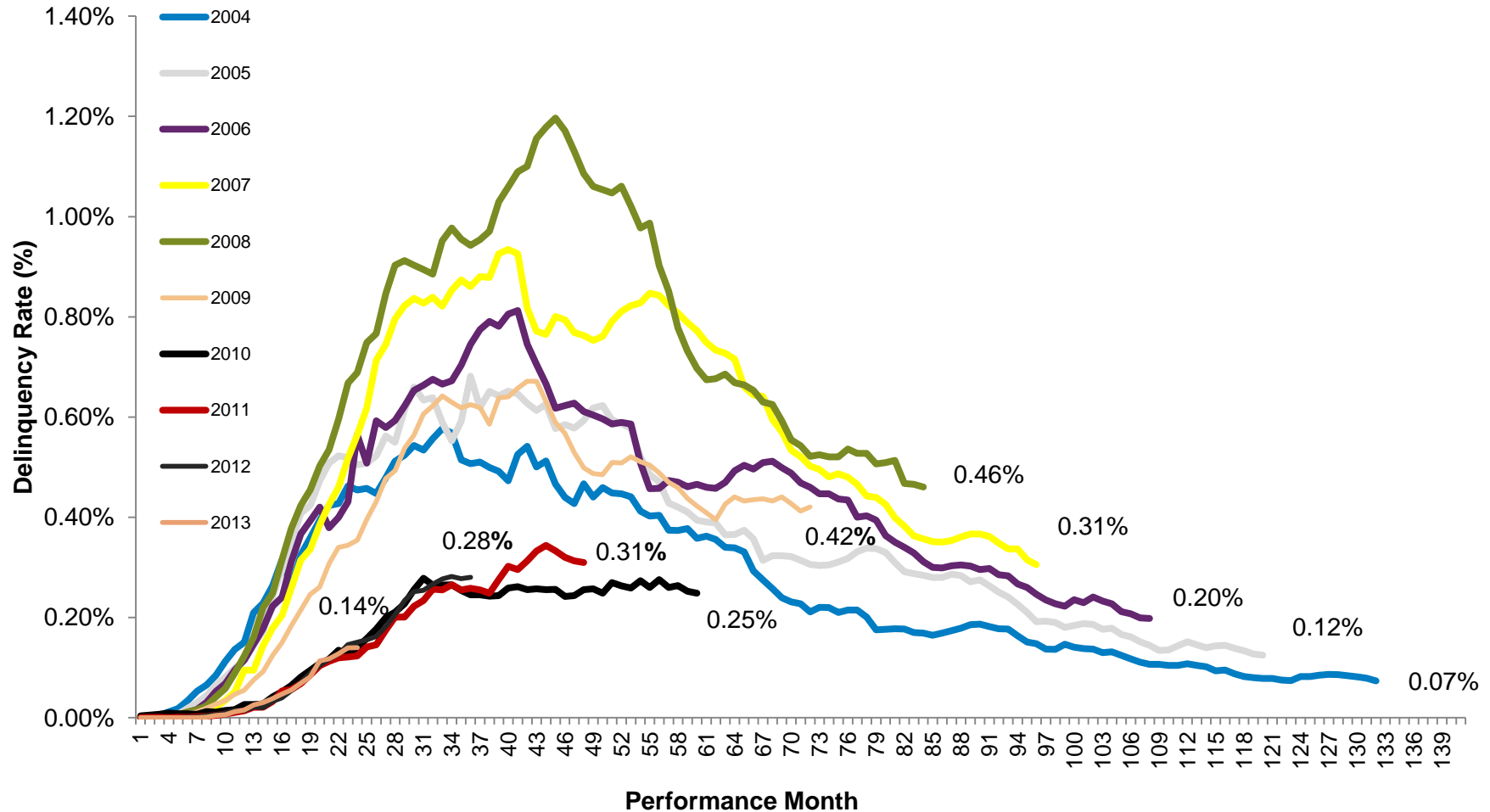


- Slight GWP decrease of 0.9% vs pcp due to lower than expected LVR mix.
- Average price of 1.80% reflecting price increase implemented in 2013.
- Business mix masking the rating actions in the >80% LVR sector

- Increase in 2014 mainly driven by price increases offset with lower than expected LVR mix.

Delinquency development

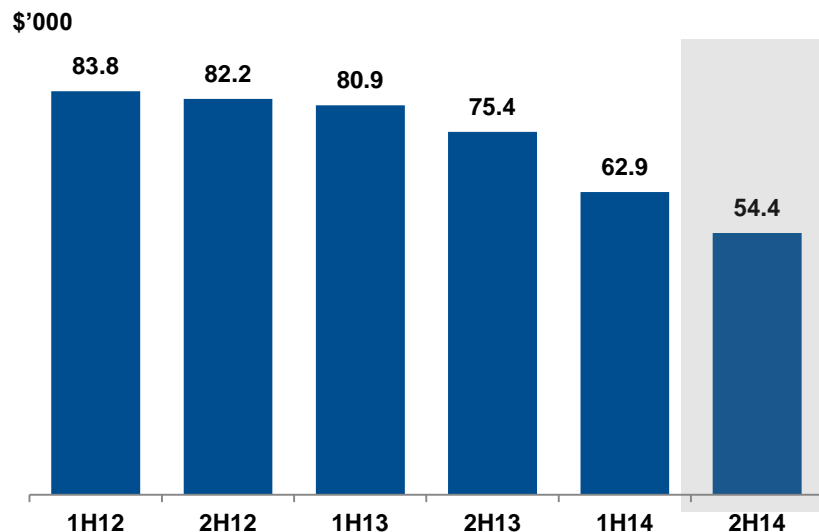
Favourable performance post 2009



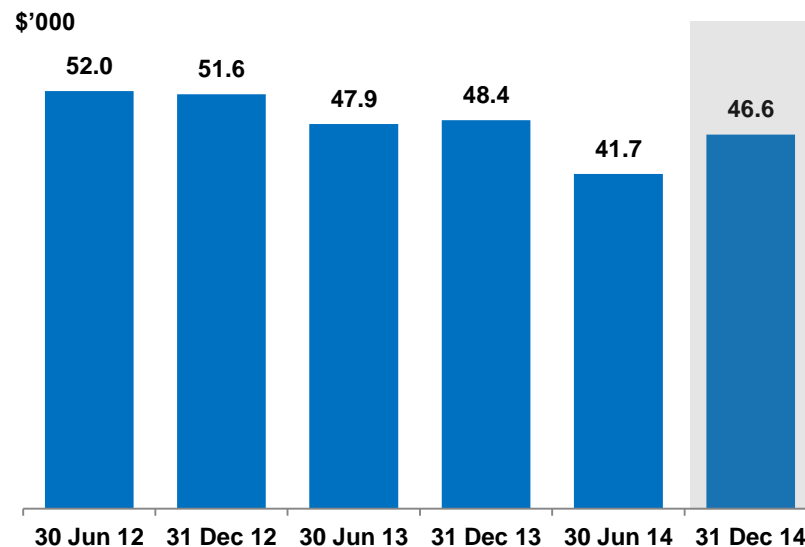
Net incurred claims

Lower level of delinquencies flowing through to MIP and lower average claim size

Average paid claim¹



Average reserve per delinquency²



Composition of net incurred claims (A\$ millions)	1H12	2H12	1H13	2H13	1H14	2H14
Number of paid claims	1,622	1,841	1,271	1,091	881	664
Average paid claim	83.8	82.2	80.9	75.4	62.9	54.4
Claims paid	135.9	151.4	102.8	82.3	55.4	36.1
Movement in reserves	52.9	(81.0)	(21.6)	(35.7)	(12.6)	5.6
Net claims incurred	188.8	70.4	81.2	46.6	42.8	41.7

1. Calculated as claims handling expense and paid claims net of recoveries and divided by the number of claims paid for the relevant period.

2. Calculated under AIFRS, the outstanding claim provision is gross of non-reinsurance recoveries and divided by the number of delinquencies for the relevant period.

Balance sheet and unearned premium reserve

Strong stable balance sheet with over \$1.36bn in UPR

(A\$ in millions) – Pro forma	31 Dec 12	31 Dec 13	31 Dec 14
Assets			
Cash and cash equivalents	33.7	113.9	88.6
Investments ¹	3,591.0	3,621.0	4,112.0
Deferred reinsurance expense	79.1	93.4	80.6
Non-reinsurance recoveries	24.8	19.7	16.4
Deferred acquisition costs	137.5	128.4	124.5
Deferred tax assets	2.5	7.7	8.2
Goodwill & Intangibles	20.7	16.4	11.9
Other assets ²	9.5	9.3	7.1
Total assets	3,898.8	4,009.8	4,449.3
Liabilities			
Payables ³	163.2	164.8	209.3
Outstanding claims	302.0	240.9	230.9
Unearned premiums	1,124.1	1,249.1	1,362.6
Interest bearing liabilities	137.0	137.7	138.6
Employee provisions	6.1	6.4	7.4
Total liabilities	1,732.4	1,798.9	1,948.8
Net Assets	2,166.4	2,210.9	2,500.5

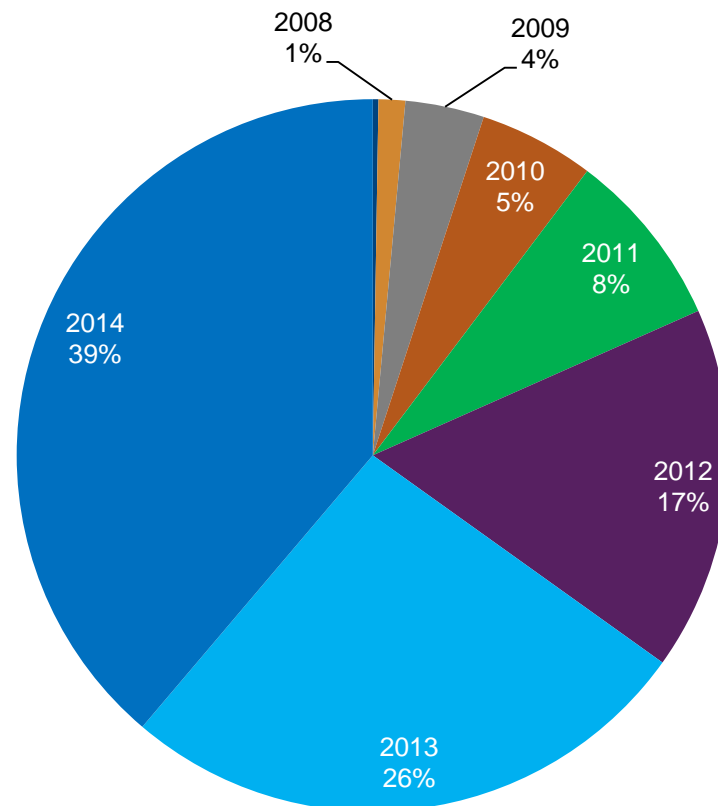
1. Includes accrued investment income

2. Includes trade receivables, prepayments and plant and equipment

3. Includes reinsurance payables

Unearned premium by book year as at 31 December 2014

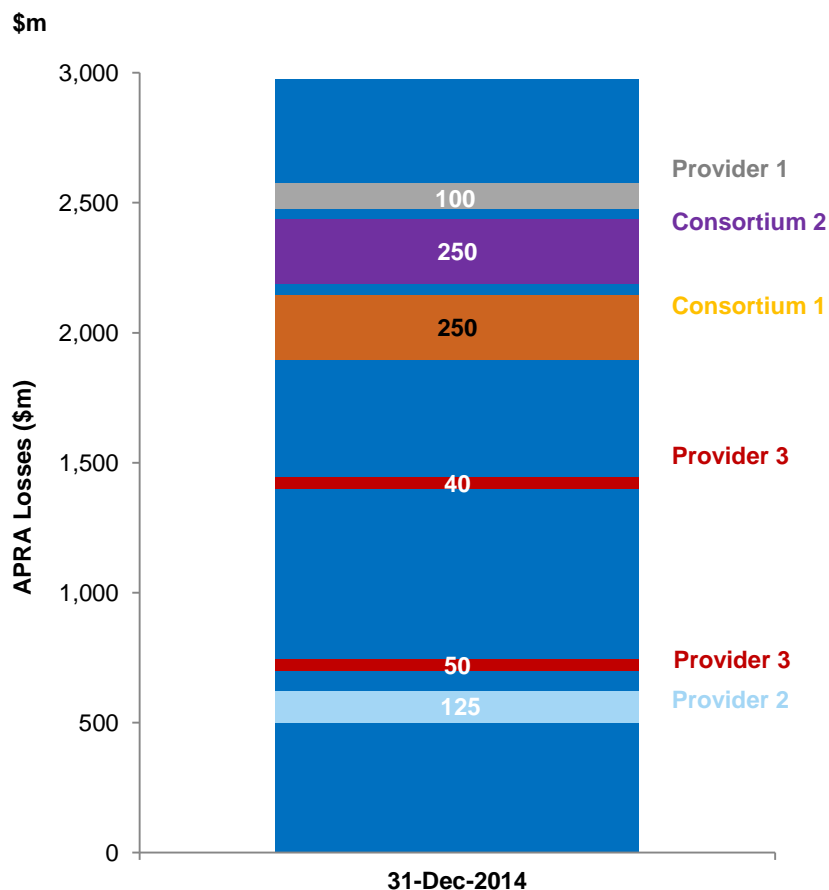
Total UPR \$1.36bn



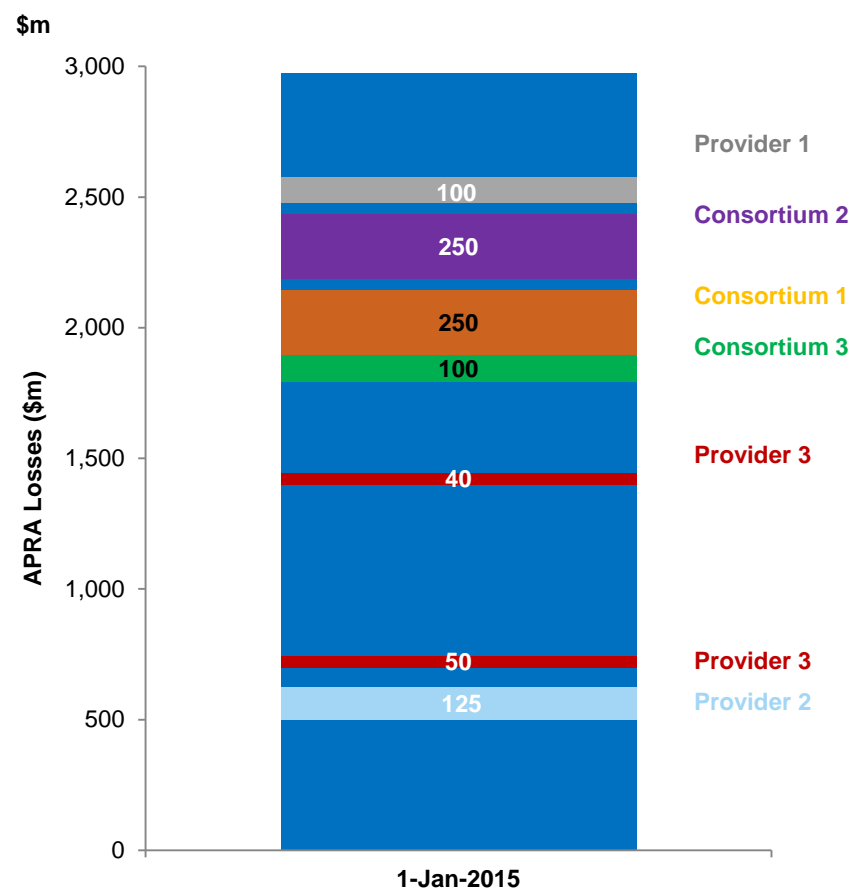
Expansion to reinsurance program

Favourable market conditions to enhance overall capital position

Reinsurance Program 31 Dec 2014 - \$815m cover



Reinsurance Program 01 Jan 2015 - \$915m cover



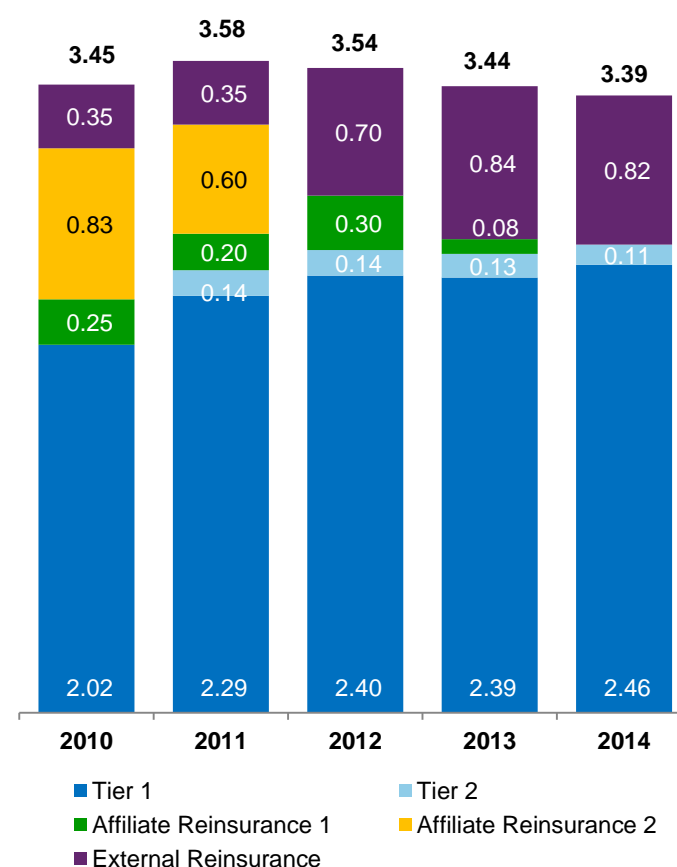
FY 2014 regulatory capital position

Improved solvency from strong FY14 performance and seasoning of old books

(A\$ in millions) – Pro forma	31 Dec 13	31 Dec 14
Capital Base		
Common Equity Tier 1 Capital	2,440.0	2,742.1
Tier 2 Capital	126.0	112.0
Regulatory Capital Base	2,566.0	2,854.1
Capital Requirement		
Probable Maximum Loss ('PML')	2,595.0	2,586.5
Net premiums liability deduction	(225.0)	(272.4)
Allowable reinsurance	(924.0)	(815.6)
LMI Concentration Risk Charge ('LMICRC')	1,446.0	1,498.5
Asset risk charge	124.0	128.0
Asset concentration risk charge	-	-
Insurance risk charge	180.0	202.1
Operational risk charge	22.0	24.1
Aggregation benefit	(59.0)	(60.6)
Prescribed Capital Amount ('PCA')	1,713.0	1,792.1
PCA Coverage ratio (times)	1.50 x	1.59 x

Evolution of capital sources

\$ billions

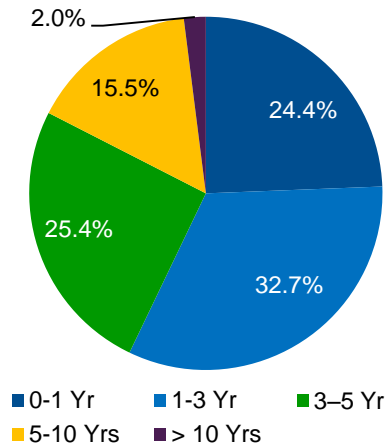


Investment portfolio

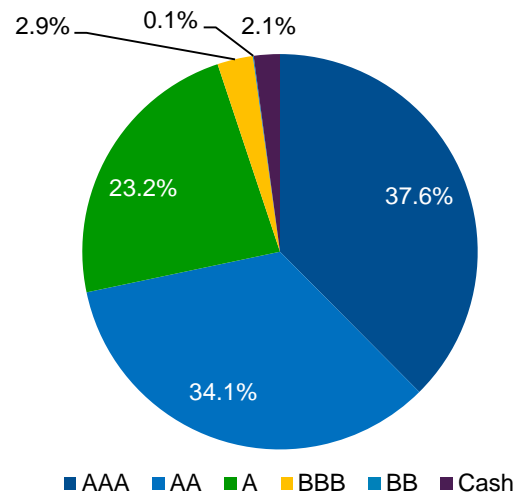
Conservative well diversified portfolio with duration to maturity of 2.4 years

Investment portfolio by maturity

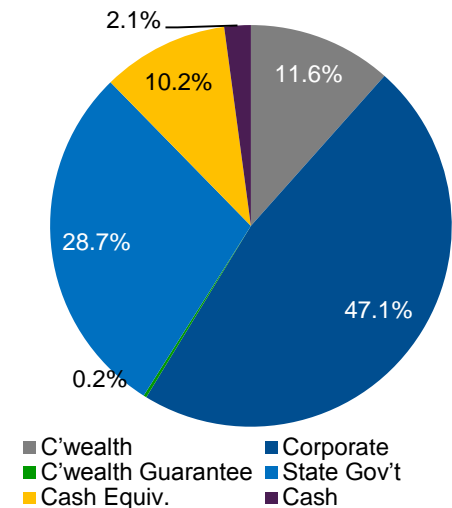
Avg. Maturity = 2.4 yrs



Investment portfolio by rating



Investment portfolio by issuer type



Investment portfolio by maturity

(as at)	31 Dec 13	31 Dec 14
0-1 Yr	1,269	1,014
1-3 Yr	955	1,362
3-5 Yr	598	1,057
5-10 Yrs	772	644
> 10 Yrs	101	83
Total	3,695	4,160

Investment portfolio by rating

(as at)	31 Dec 13	31 Dec 14
AAA	2,011	1,563
AA	1,018	1,420
A	473	964
BBB	76	121
BB	3	3
Cash	114	89
Total	3,695	4,160

Investment portfolio by issuer type

(as at)	31 Dec 13	31 Dec 14
C'wealth	316	482
Corporate	1,399	1,961
C'wealth guaranteed	335	10
State gov't	1,028	1,194
Cash equiv.	503	424
Cash	114	89
Total	3,695	4,160

Summary and conclusion

Ellie Comerford, CEO and Managing Director

Summary and Conclusion

The leading LMI provider in Australia with strong financial performance

- GMA remains the market leader in the Australian LMI Market
- Underlying NPAT¹ for FY14 of \$279.4m has increased 26.5% against pcp, driven by NEP growth of 12.0% and a loss ratio of 19.0% for the full year
- Lowest level of delinquencies since 2007
- 86% of GWP under contract and \$1.36b of UPR provides significant revenue visibility
- Strong balance sheet with solvency level of 159% above target board range and potential for further capital management opportunities
- There is room for caution with respect of the Australian macroeconomic environment in particular uncertain unemployment outlook
- Focus on the key role we play in ensuring a sound mortgage industry, and strive to deliver long-term returns to shareholders through execution on our key strategic initiatives.

Key financial measures - FY 15 Guidance

Net earned premium growth	Up to 5%
Full Year Loss ratio	25% - 30%

Full year outlook is subject to market conditions and unforeseen circumstances or economic events

1. Underlying NPAT excludes the after tax impact of unrealised gains/(losses) on the investment portfolio.

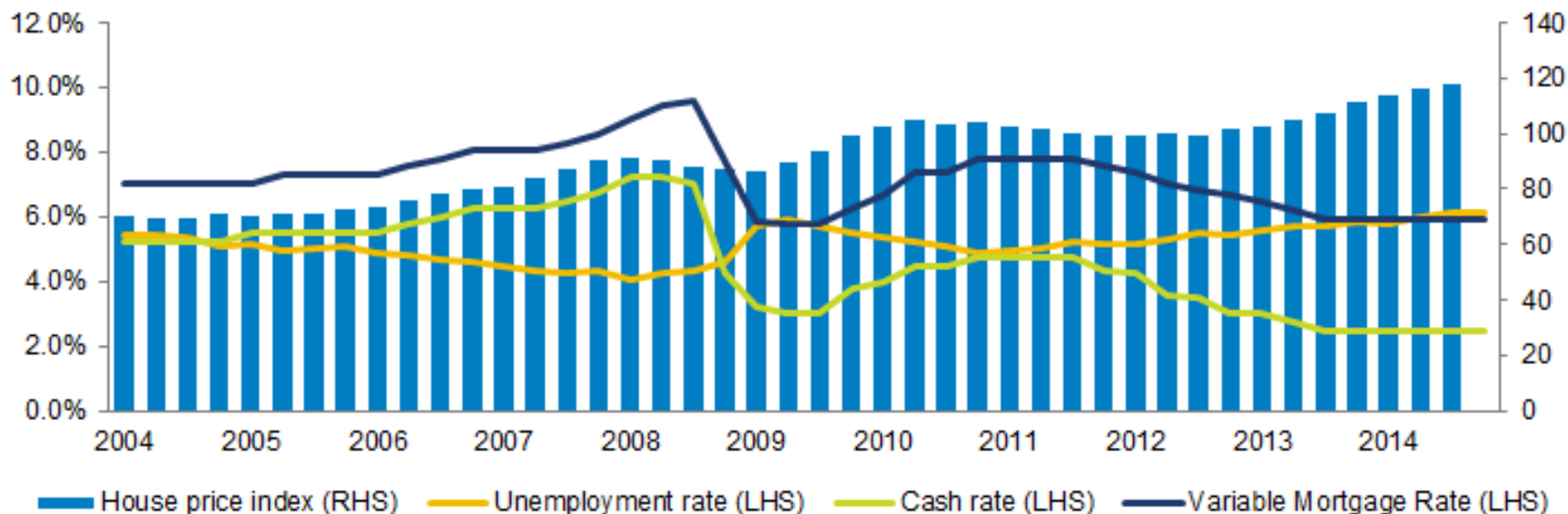
Questions

Ellie Comerford, CEO and Managing Director

Georgette Nicholas, Chief Financial Officer

Supplementary Slides

‘Mixed’ macroeconomic conditions in 2014



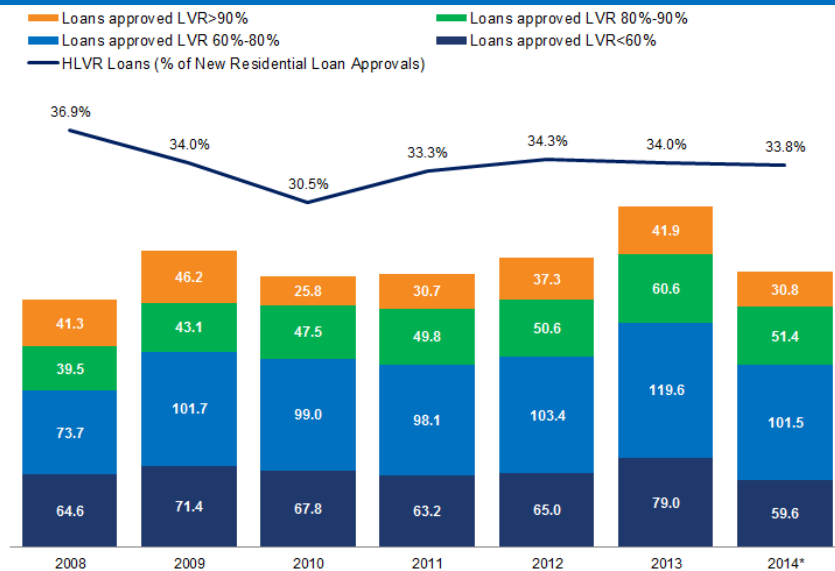
- GDP growth for the twelve months to 30 Sep 2014 of 2.7% was below expectations with the pick up in the non-mining sector not large enough to offset weakness in the resources sector
- The RBA continues to maintain an accommodative stance on monetary policy – Inflation remains within the targeted band, but continuing to watch conditions in the economy
- Unemployment rate has increased to 6.1% at year end, but reached a peak of 6.3% during the second half of the year
- House prices have increased 7.9%¹ since 31 Dec 13

SOURCE: Chart - Australian Bureau of Statistics (ABS), Reserve Bank of Australia (RBA)

1. CoreLogic

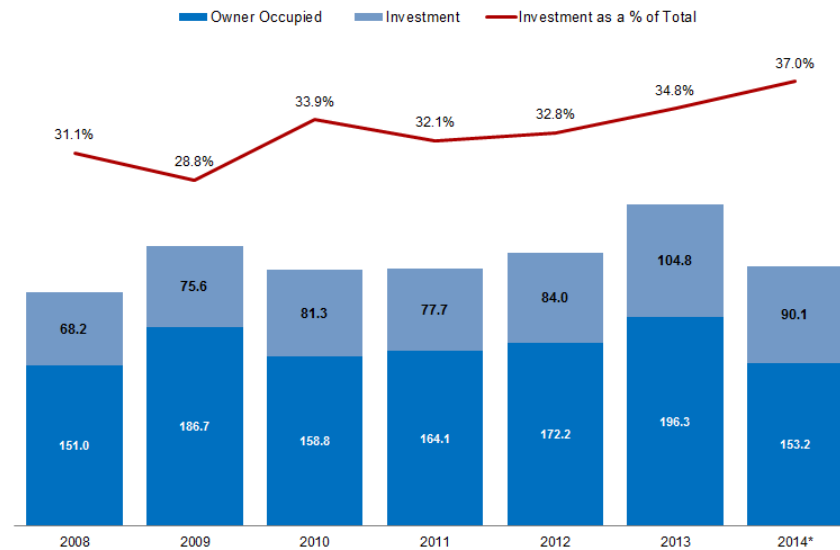
Residential mortgage lending market

HLVR Penetration



- 2014 loan originations likely to finish the year with growth of approximately 7%
- Penetration of lending in the HLVR space has remained relatively stable as a percentage of overall lending over the last 4 years
- LMI penetration has fallen marginally

Investment vs. Owner Occupied



- Investment property lending represented 37% of originations as at 30 Sep 2014

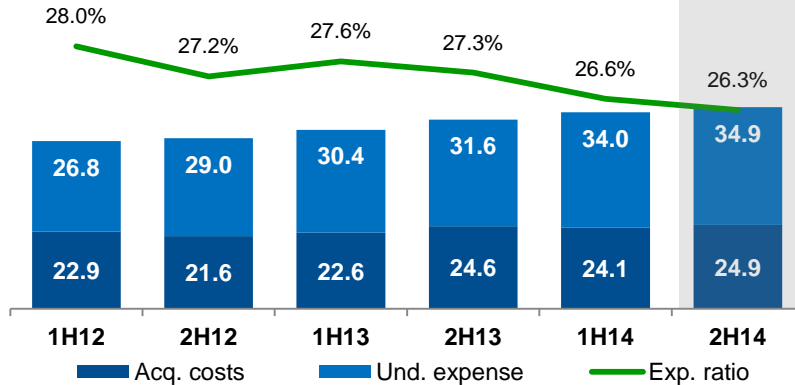
Sources: APRA Quarterly ADI property exposures statistics (ADI's new housing loan approvals), September 2014. Statistics only show ADI's mortgage portfolios above \$1 billion, thereby excluding small lenders and non-banks;

Insurance ratio analysis

Performance trending in line with expectation reflecting seasoning of older books

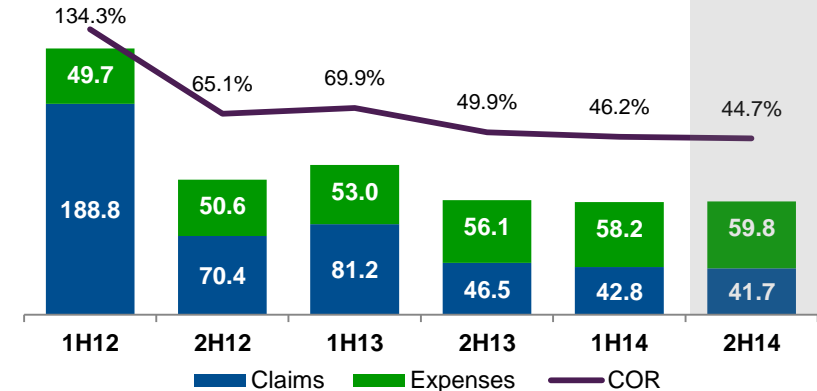
Expenses

\$ millions, %



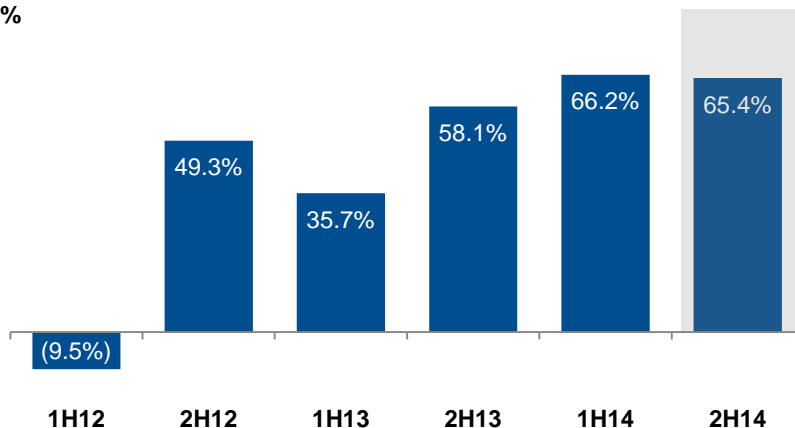
Combined ratio

\$ millions, %



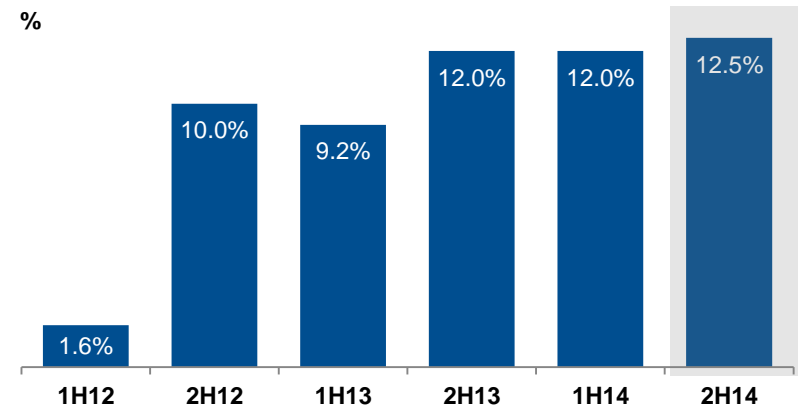
Insurance margin

%



Annualised underlying ROE

%



Half yearly pro forma financial information

Financial ratios¹

	Pro forma 1H12	Pro forma 2H12	Pro forma 1H13	Pro forma 2H13	Pro forma 1H14	Actual 2H14
Loss ratio	106.5%	37.9%	42.3%	22.6%	19.6%	18.4%
Expense ratio	28.0%	27.2%	27.6%	27.3%	26.6%	26.3%
Combined Ratio	134.5%	65.1%	69.9%	49.9%	46.2%	44.7%
Insurance Margin	(9.6%)	49.3%	35.8%	58.1%	66.2%	65.4%
Effective Tax Rate	31.1%	32.2%	30.9%	28.7%	29.9%	29.0%
Annualised Underlying ROE	1.6%	10.0%	9.2%	12.0%	12.0%	12.5%

(1) The actual financial ratios of GMA and its subsidiary companies for 2H14 have been prepared under a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS)). The pro forma financial ratios have been prepared on the same basis as the financial information (including financial forecasts) disclosed in the prospectus lodged by GMA with the Australian Securities and Investments Commission on 23 April 2014 (Prospectus), which reflected the post re-organisation structure.

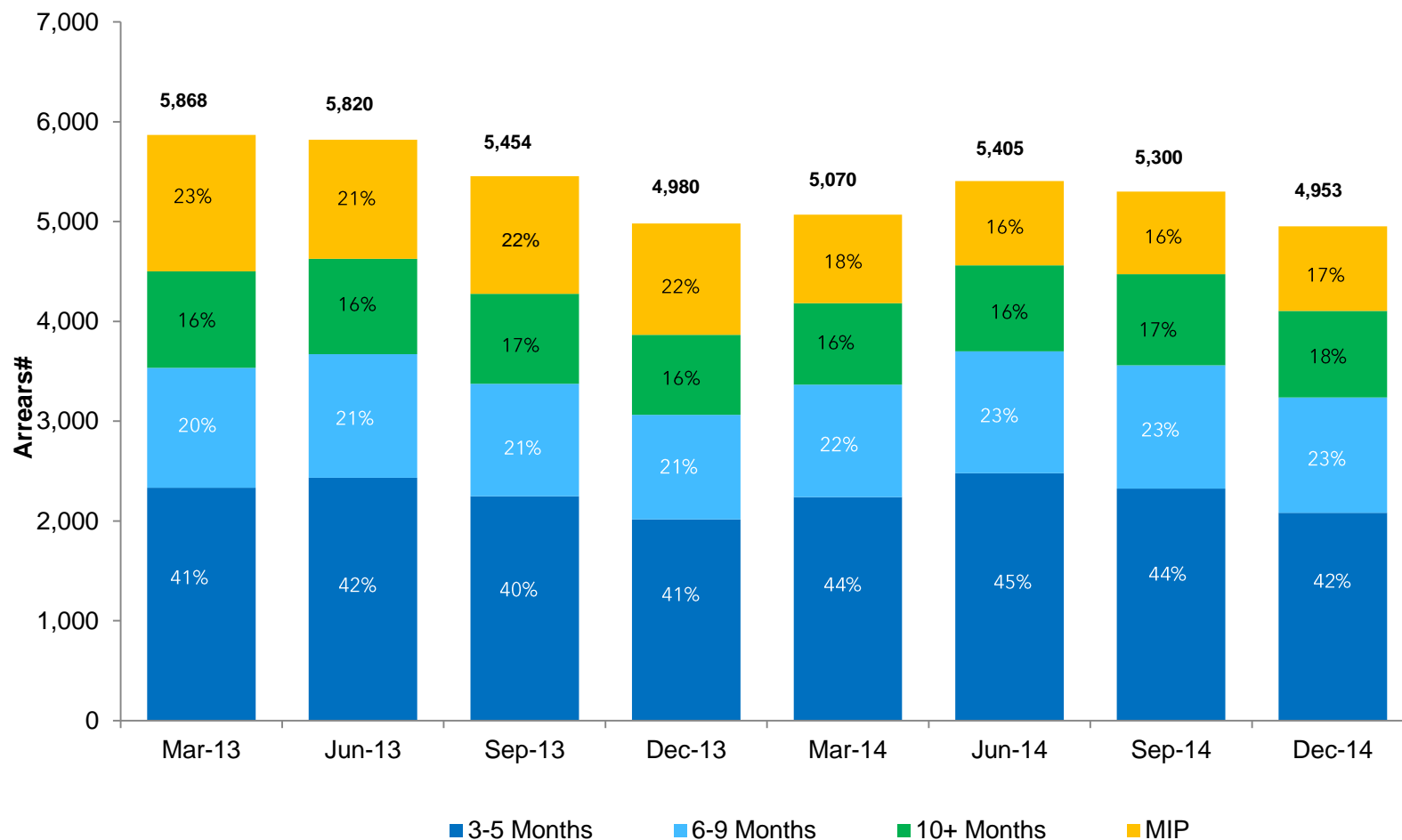
Delinquency development

Quarterly delinquency roll and delinquency composition

Delinquency Roll	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Opening balance	5,851	5,868	5,820	5,454	4,980	5,070	5,405	5,300
New delinquencies	2,928	3,095	2,901	2,383	2,689	2,913	2,734	2,357
Cures	(2,189)	(2,594)	(2,757)	(2,276)	(2,137)	(2,159)	(2,489)	(2,390)
Paid claims	(722)	(549)	(510)	(581)	(462)	(419)	(350)	(314)
Closing delinquencies	5,868	5,820	5,454	4,980	5,070	5,405	5,300	4,953
Delinquency rate	0.41%	0.40%	0.37%	0.34%	0.34%	0.36%	0.36%	0.33%

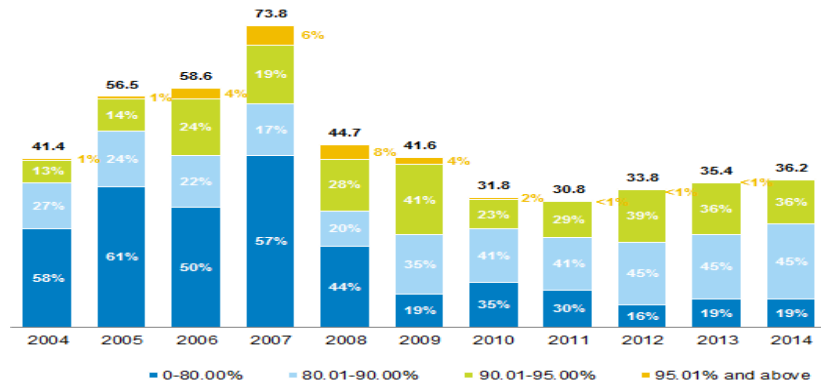
Delinquencies by book year	Dec 13	Dec 14		Delinquencies by geography	Dec 13	Dec 14	
2007 and prior	2,291	1993	0.26%	New South Wales	1,183	1,041	0.27%
2008	946	869	0.87%	Victoria	1,112	1,114	0.30%
2009	860	813	0.66%	Queensland	1,438	1,513	0.47%
2010	340	347	0.38%	Western Australia	462	513	0.32%
2011	294	348	0.40%	South Australia	409	459	0.44%
2012	222	352	0.32%	Australian Capital Territory	36	56	0.16%
2013	27	204	0.18%	Tasmania	161	130	0.25%
2014	-	27	0.02%	Northern Territory	37	24	0.16%
TOTAL	4,980	4,953	0.33%	New Zealand	142	103	0.28%
					4,980	4,953	0.33%

Delinquency population by MIA aged bucket

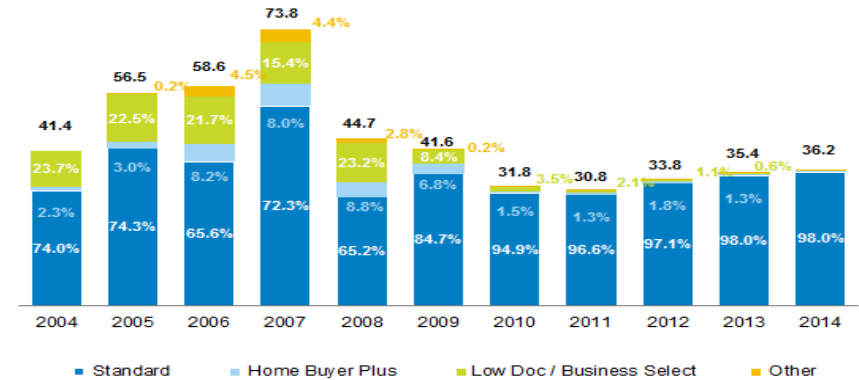


Portfolio evolution (10 year history)

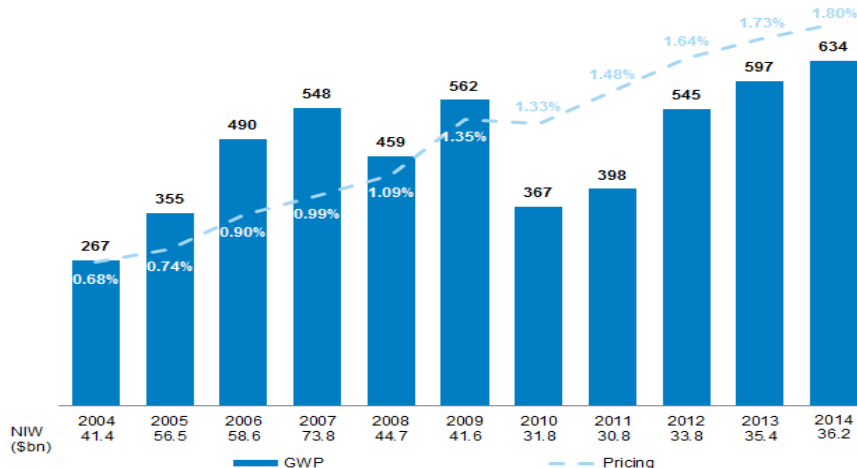
Annual NIW by LVR



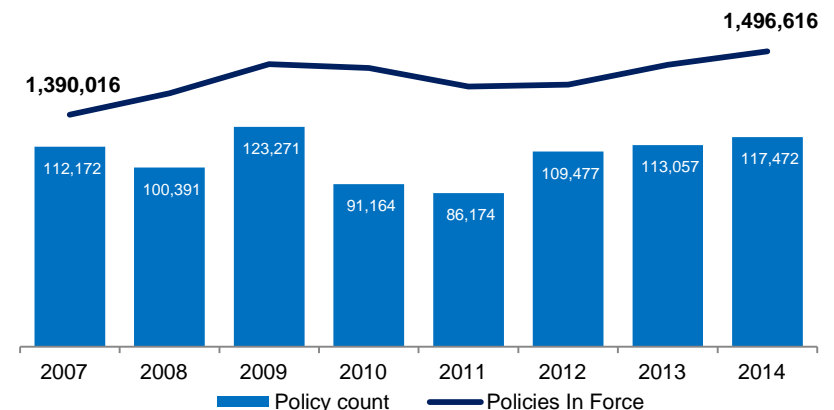
Annual NIW by Product Type



Annual GWP and Average Price



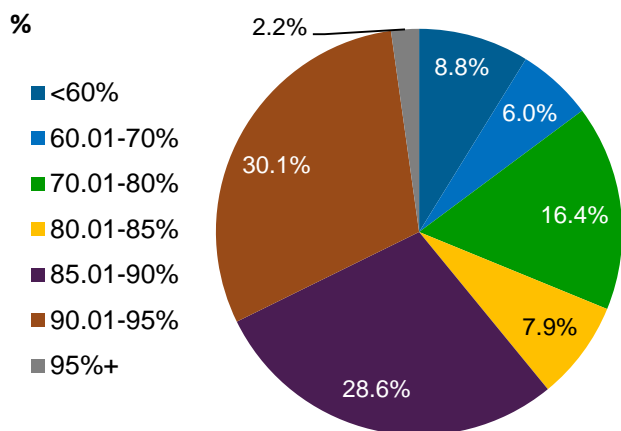
Annual number of New Policies, plus policies outstanding



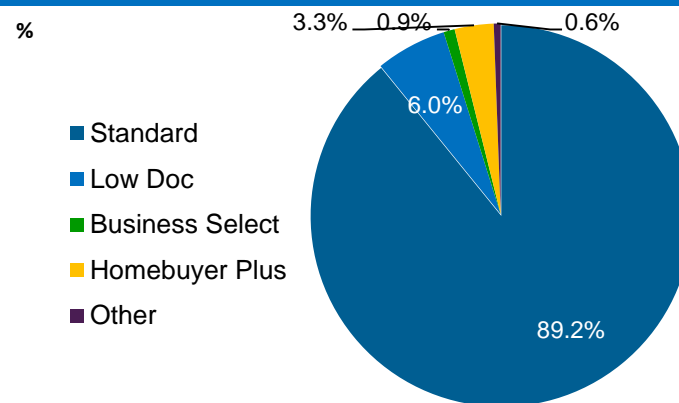
Summary portfolio characteristics

Insurance portfolio as at 31 December 2014 – total \$314 billion

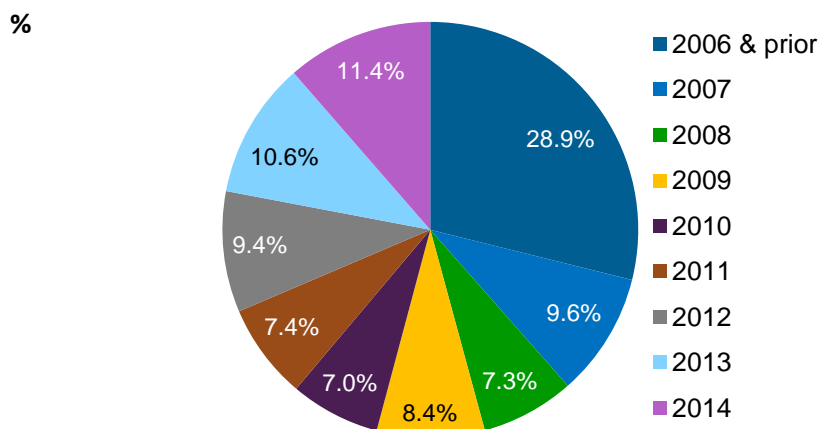
Insurance in force by LVR band (original LVR)



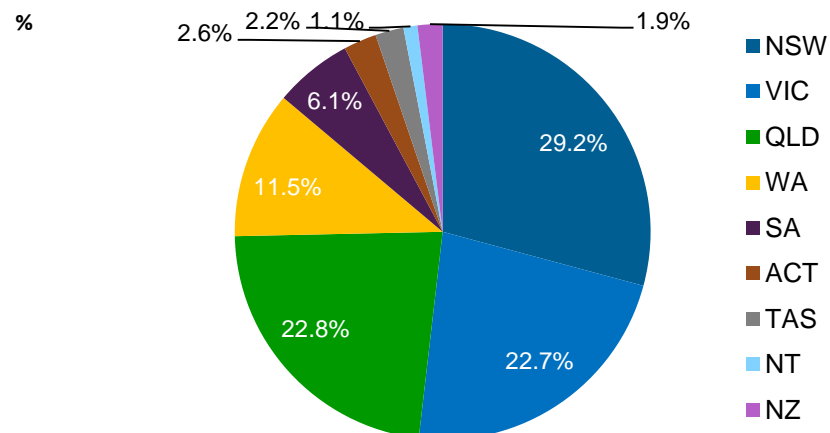
Insurance in force by product type



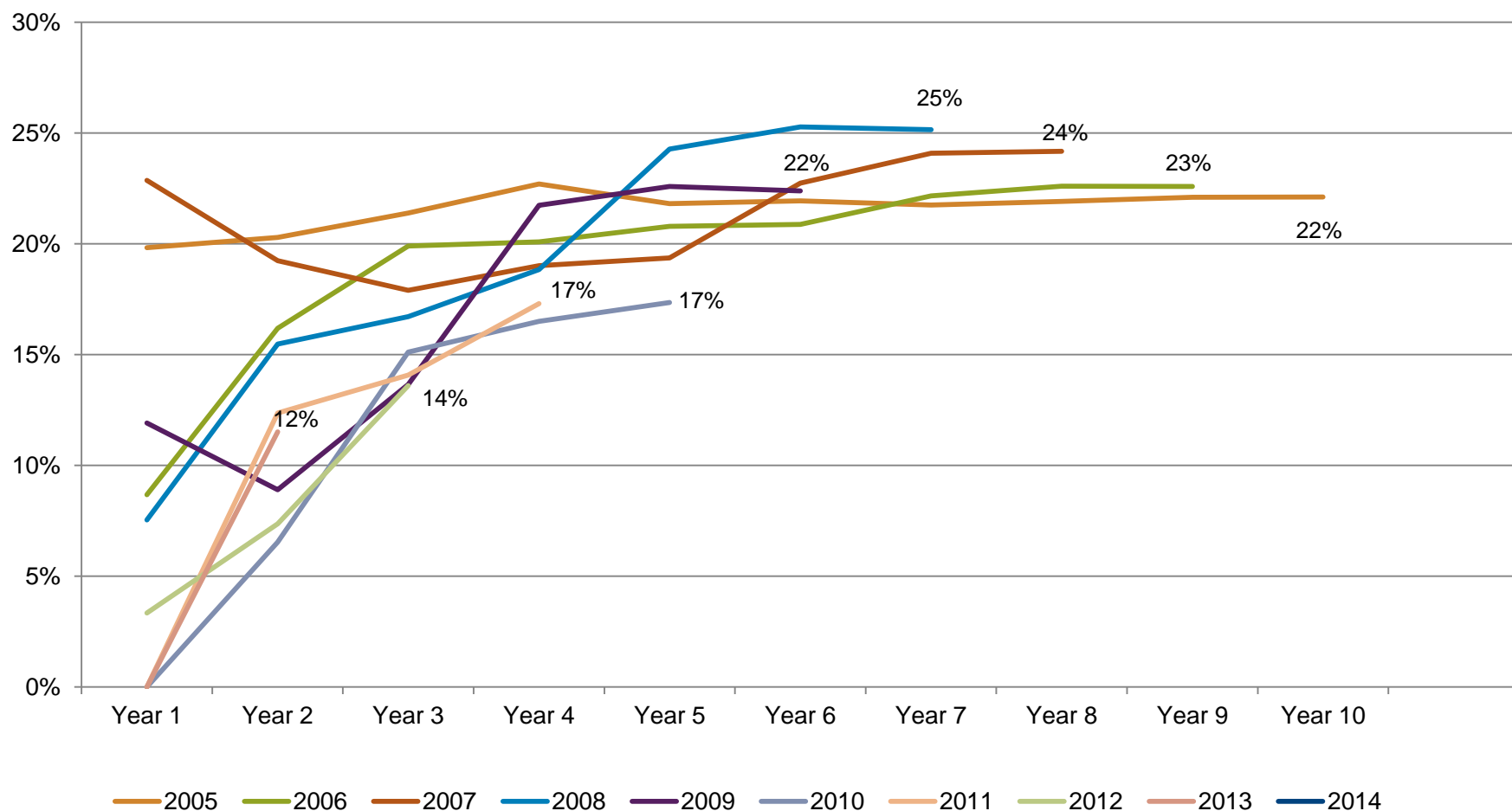
Insurance in force by book year



Insurance in force by State



Claims severity¹

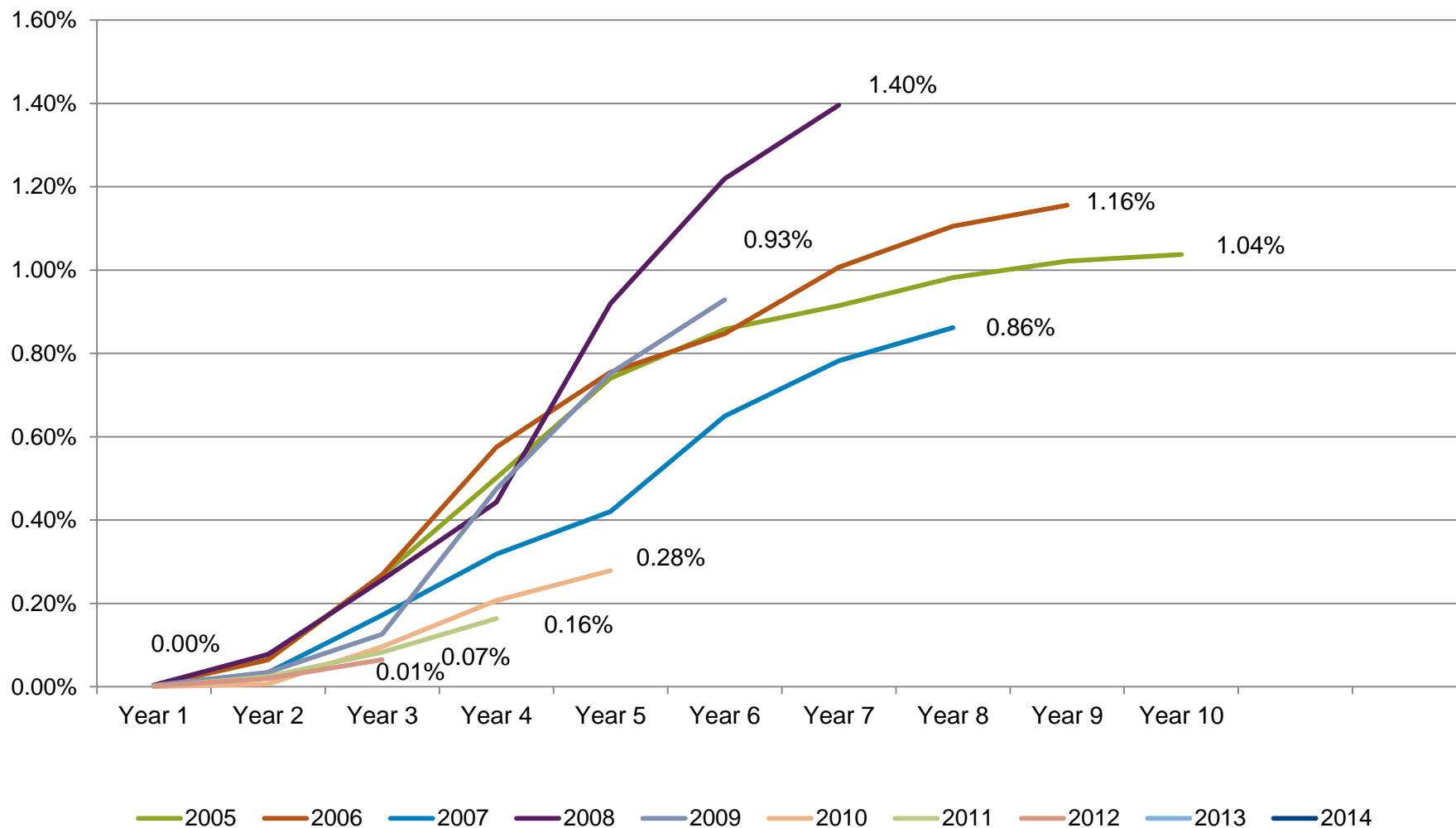


1.Claim severity refers to the size of net claims paid as a proportion of the original residential mortgage loan amount

The above figure excludes Inward Reinsurance, New Zealand, Genworth Financial Mortgage Indemnity and portfolio

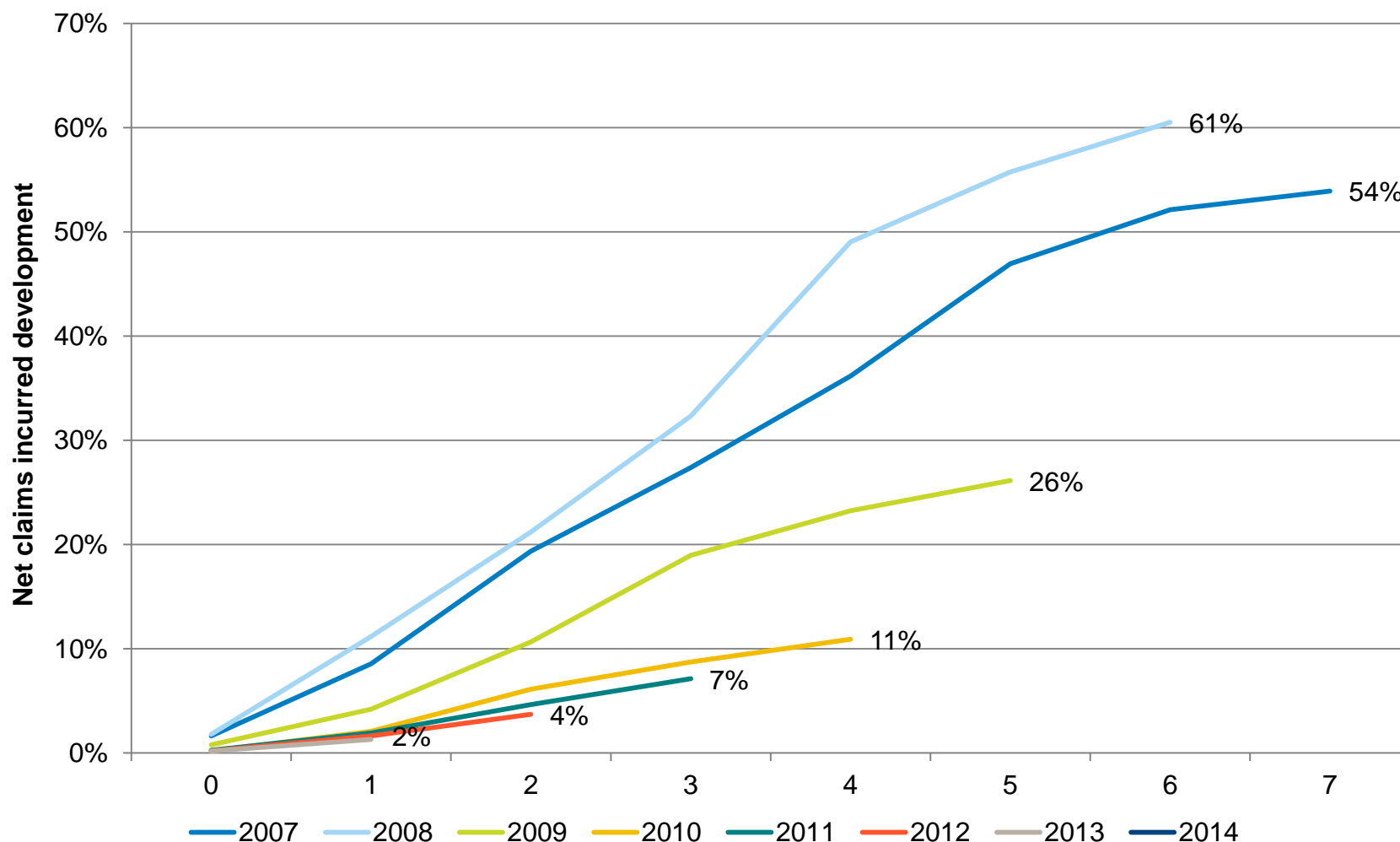
Book years between 2011 and 2014 are early in their development and are expected to continue to season, which may lead to an increase in claims severity for these Book Years

Claims frequency by Book Year (%) as at 31 December 2014



The above figure excludes Inward Reinsurance, New Zealand, Genworth Financial Mortgage Indemnity and portfolio

Ever to Date Loss Ratio by Book Year (%) as at 31 December 2014



The above figure excludes Inward Reinsurance, New Zealand, Genworth Financial Mortgage Indemnity and portfolio

Effective LVR

House price growth in FY14 has improved embedded borrower equity in portfolio

As at 31 Dec 14

Book year	Insurance in force		LVR		Change in house price %
	\$ billion	%	Original	Effective	
2002 & prior	15.0	5%	78.1%	21.3%	154%
2003	7.7	3%	73.4%	32.3%	78%
2004	8.5	3%	71.9%	36.5%	63%
2005	12.8	5%	76.0%	41.8%	57%
2006	17.2	6%	78.4%	48.3%	46%
2007	21.1	8%	80.1%	57.4%	31%
2008	20.1	7%	82.5%	64.5%	23%
2009	23.2	8%	85.3%	66.5%	21%
2010	18.2	7%	81.9%	71.6%	10%
2011	19.8	7%	84.2%	73.3%	12%
2012	28.0	10%	86.4%	73.9%	16%
2013	31.9	11%	86.9%	78.1%	11%
2014	34.0	12%	86.7%	85.2%	3%
Total Flow	257.5	92%	81.7%	60.0%	39%
Portfolio	21.6	8%	54.6%	27.1%	74%
Total/ Weighted Avg.	279.1	100%	79.0%	56.7%	42%

As at 31 Dec 13

Book year	Insurance in force		LVR		Change in house price %
	\$ billion	%	Original	Effective	
2002 & prior	15.3	6%	78.1%	24.4%	137%
2003	8.1	3%	73.5%	36.0%	66%
2004	9.0	3%	72.1%	40.5%	52%
2005	13.6	5%	76.0%	46.1%	46%
2006	18.6	7%	78.6%	53.0%	36%
2007	23.1	9%	80.4%	62.6%	22%
2008	22.3	8%	82.7%	70.0%	15%
2009	25.9	10%	85.5%	72.6%	12%
2010	20.2	8%	82.2%	78.0%	2%
2011	22.0	8%	84.4%	79.8%	5%
2012	30.4	11%	86.3%	80.1%	8%
2013	33.3	13%	86.7%	84.2%	4%
2014	-	-	-	-	-
Total Flow	241.8	91%	81.3%	62.4%	32%
Portfolio	22.5	9%	54.4%	29.9%	61%
Total/ Weighted Avg.	264.3	100%	78.4%	58.9%	35%

- NOTE: Excludes Inward Reinsurance, NZ and Genworth Financial Mortgage Indemnity, as Genworth Australia does not have comparative available data for these businesses. Genworth Australia calculates an estimated house price adjusted effective LVR, using the RP Data-Rismark Home Value Index that provides detail of house price movements across different geographic regions and assumes 30 year principal and interest amortising loan, with the mortgage rate remaining unchanged through the period. Effective LVR is not adjusted for prepayments, redraws or non-amortising residential mortgage loans insured. Excludes Inwards reinsurance, NZ and Genworth Financial Mortgage Indemnity as Genworth Australia does not have comparative available data for these lines of businesses.

Pro forma income statement reconciliation

Reconciling to the US GAAP figures reported by Genworth Financial, Inc.

Walk from US GAAP AUS Segment Results to AIFRS GMA Consolidated Pro Forma Income Statement for Period Ended 31 December 2014	USGAAP Aus Segment Results in USD	Add back: Non Controlling Interest (NCI)	USGAAP Aus Segment Results + NCI	USGAAP Aus Segment Results + NCI	Adjustments					Total adjustments	GMA Group Pro Forma
	US\$m	US\$m	US\$m	A\$m	(a)	(b)	(c)	(d)	(e)	A\$m	A\$m
in \$m					A\$m	A\$m	A\$m	A\$m	A\$m		
Premiums	406	-	406	447	(1)	-	-	-	-	(1)	446
Interest income	144	-	144	158	1	-	-	-	-	1	159
Realised investment gains/ losses	3	-	3	4	-	-	-	-	-	-	4
Unrealised gains/ losses	-	-	0	-	-	-	64	-	-	64	64
Other income	(16)	-	(16)	(17)	18	-	-	(1)	-	17	-
Total Revenue	537	-	537	592	18	-	64	(1)	-	81	673
Net claims incurred	78	-	78	85	-	-	-	(1)	-	(1)	84
Other underwriting expenses	97	-	97	106	(13)	(29)	-	-	-	(42)	64
Amortization of Intangibles	4	-	4	5	-	-	-	-	-	-	5
Acquisition costs (DAC amortisation)	17	-	17	19	-	31	-	-	-	31	50
Interest Expense	10	-	10	11	-	-	-	-	-	-	11
Total Expenses	206	-	206	226	(13)	2	-	(1)	-	(12)	214
Total Pre-tax Income	331	-	331	366	31	(2)	64	-	-	93	459
Total Tax Expense	248	-	248	284	9	(1)	19	-	(176)	(149)	135
Net income	83	-	83	82	22	(1)	45	-	176	242	324
Less: net income attributable to noncontrolling interests	56	(56)	-	-	-	-	-	-	-	-	-
Net income available to GNW common stockholders	27	56	83	82	22	(1)	45	-	176	242	324

(a) Interest Income and FX measurement adjustment for GFI entities outside GMA Australia Group but included as part of USGAAP Aus Segment results, and Corporate Overhead allocation

(b) Differing treatment of DAC, with AGAAP seeing a higher level of deferral and amortisation

(c) Under AGAAP unrealised gains/(losses) on investments are recognised in the income statement

(d) AGAAP requires reserves to be held with a risk margin and an adjustment to the level of reserves for the non-reinsurance recoveries

(e) U.S. Shareholder Taxes, primarily comprising a U.S. federal deferred tax liability recognised by GFI under ASC 740-30 on undistributed GMA Australia Group earnings, due to the conditions for the permanently reinvested income concession no longer being met

Pro forma income statement reconciliation

Reconciling pro forma results to the AIFRS statutory accounts

(A\$ in millions)	FY14
Pro Forma NPAT for full year to 31 December 2014	324.1
Less period prior to formation of consolidated group: 1 Jan to 18 May 2014	(108.7)
Pro Forma result for period 19 May to 31 December 2014	215.4
Add tax effected interest expense incurred on restructure of group	(0.2)
Statutory NPAT for period 19 May to 31 December 2014	215.2

- The Pro Forma historical Consolidated Statement of Comprehensive Income for the period ended 31 December 2014 is presented on the basis of a full twelve months of results for the Group.
- On a statutory basis GMA will only consolidate and account for the results of the Group from the date of reorganisation on 19 May 2014.
- The FY14 Pro Forma Consolidated Statement of Comprehensive Income therefore includes the results that will be considered “pre reorganisation” NPAT.
- The statutory (reported) NPAT post reorganisation represents the NPAT for the period from the formation of the Group, 19 May 2014 to 31 December 2014 (Statutory NPAT).