

Update on ATO Class Ruling request regarding \$202 million capital reduction

(SYDNEY) 3 May 2016 – Genworth Mortgage Insurance Australia Limited (ASX: GMA) (Genworth or the Company) has received an informal indication from the Australian Taxation Office (ATO) that it has formed a preliminary view that Section 45B of the *Income Tax Assessment Act 1936* (Cth) (ITAA) (and associated measures) will apply to the proposed Capital Reduction which forms part of the capital management initiative announced on 31 March 2016, to the extent to which the proposed Capital Reduction does not include a dividend element.

Genworth is continuing to engage with the ATO regarding the proposed Capital Reduction. The outcome of the ATO's preliminary view is that some portion or all of the proposed Capital Reduction will be treated as an unfranked dividend for Australian taxation purposes. There is no indication at this time as to what portion of the proposed Capital Reduction would be potentially treated as an unfranked dividend, and Genworth is not expecting to receive any further guidance from the ATO prior to the Annual General Meeting (AGM) to be held on Thursday, 5 May at 1.00pm (Sydney time).

Genworth remains of the view that no portion of the proceeds payable to shareholders should be a dividend for Australian income tax purposes.

The proposed Capital Reduction and Share Consolidation demonstrates the Company's commitment to prudent capital management and its focus on optimising shareholder value. This initiative is designed to return a portion of surplus capital equitably to all shareholders and ensure Genworth maintains an efficient capital structure.

As discussed in the Notice of 2016 AGM dated 31 March 2016, Genworth is still of the view that the proposed Capital Reduction and Share Consolidation is the most appropriate transaction for the deployment of a portion of its surplus capital as:

- all eligible shareholders will receive 34 cents per share and their proportionate interest in the Company will remain the same (subject to rounding);
- due to the size of the Capital Reduction, the reduction of capital will likely be completed quicker than an on-market share buy-back; and
- the Capital Reduction applies to all shareholders equally.

Consequently, the Directors continue to recommend that shareholders vote "For" both Resolution 3 (Capital Reduction) and Resolution 4 (Share Consolidation) at the AGM. The Chairman intends to vote available proxies given to him "For" both resolutions. Genworth Financial Inc.'s stated intention to vote in favour of the Capital Reduction and associated Share Consolidation remains unchanged.

The tax implications for each shareholder will depend on the circumstances of the particular shareholder. All shareholders are encouraged to seek independent professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisers assumes any liability or responsibility for advising shareholders about the tax consequences of the Capital Reduction and/or Share Consolidation. Resolutions 3 (Capital Reduction) and 4 (Share Consolidation) are not conditional on receiving the ATO Class Ruling or on a particular outcome of any such Class Ruling.

For full details of the proposed Capital Reduction and associated Share Consolidation please refer to the Notice of 2016 AGM dated 31 March 2016.

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About Genworth

Genworth Mortgage Insurance Australia Limited (Genworth), through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd (together, the Genworth Group or the Group), is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage lending market. The Genworth Group has been part of the Australian residential mortgage lending market for 50 years since the Housing Loans Insurance Corporation was founded by the Australian Government in 1965 to provide LMI in Australia. Genworth is currently a subsidiary of Genworth Financial, Inc. and part of the Genworth Financial, Inc. group of companies. The Genworth Financial, Inc. group of companies' current ownership interest in Genworth is approximately 52% of the issued shares in Genworth.