Genworth Mortgage Insurance Australia

1H 2015 Financial results presentation

5 August 2015

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Agenda

1. **Introduction** (Ellie Comerford, CEO and MD)
   - Summary of financial performance
   - Strategy update
   - Customer and regulatory update
2. **Detailed financial performance** (Georgette Nicholas, CFO)
   - Key performance metrics
   - Balance sheet
   - Reinsurance
   - Capital and solvency update
   - Investment portfolio
3. **Summary and conclusion**
4. **Questions**

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Introduction

Ellie Comerford, CEO and Managing Director

Overview of 1H 2015 financial performance

- Reported Net Profit After Tax (NPAT) of $113.0m, down 25.4% from the pcp, includes $19.9m of after-tax mark-to-market losses
- Underlying NPAT[1] of $132.9m steady against the pcp
- Gross Written Premium (GWP) of $285.4m, down 9.0% on the pcp
- Net Earned Premium (NEP) of $225.7m up 3.3% on the pcp
- Closing delinquencies of 5,900, up 9.2% from 30 June 2014, represents a delinquency ratio of 0.40%
- Loss ratio of 22.1% up from 19.6% in the pcp
- Investment income of $51.2m pre-tax (includes $28.4m (pre-tax) of mark-to-market losses)
- Strong, stable balance sheet with $1.38bn of Unearned Premium Reserve (UPR)
- Cash and fixed interest investment portfolio of $4.1bn with 2.4 year duration
- Regulatory PCA capital solvency ratio of 1.64 times on a level 2 basis
- Fully franked interim dividend of 12.5 cents per share
- Fully franked special dividend of 18.5 cents per share

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

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Consistent strategic priorities

Delivering long-term returns to shareholders

Strategic Priority	1H15 Key Highlights
Strengthen market leadership position	• Renewed contract with NAB for two years to 20 November 2017 • New agreement signed with existing customer for <80% LVR business • Ongoing engagement with potential customers • Stable credit ratings
Enhance Profitability	• Implemented cost optimisation initiatives to align the cost base with revenues • Continued development of Loss Management mitigation techniques across the portfolio • Detailed review of Group risk appetite
Optimise capital position and enhance ROE	• Offering of $200 million of Tier 2 subordinated notes (issued 3 July 2015) and redemption of $90.3 million of existing $140 million non-compliant Tier 2 notes • Fully franked ordinary and special dividends declared and paid • Level of qualifying reinsurance increased by $100 million to $915 million on 1 January 2015
Maintain strong risk management discipline	• Focus on maintaining lending standards (i.e. serviceability, investment loans) • Detailed review of Group risk appetite • Continued roll out of Risk Culture framework across the organisation • Enhanced credit and geography risk analysis
Continue to work with regulators, ratings agencies and other industry participants	• Public policy recommendations included submissions to Treasury (Financial System Inquiry) and contributions to Insurance Council of Australia's submissions to government inquiries. • Continued engagement with regulators • Ongoing campaigns to promote industry partnership (e.g. MFAA and Genworth's Broker Day) and industry thought leadership (e.g. *Streets Ahead* and the launch of Genworth's First Homebuyer magazine, *It's My Home*)

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Regulatory landscape and the role of LMI

LMI continues to support the credit quality of the Australian banking system

Recent developments

- APRA focused on maintaining lending standards through their issuance of PPG223:
  - Setting investor lending growth target of 10% or less.
  - Strengthened serviceability testing requirement across all ADIs.
- In December 2014, the Financial System Inquiry (FSI) final report made a number of recommendations to strengthen the Australian financial system.
- Australian Prudential Regulation Authority (APRA) is implementing changes to address the recommendations of the FSI including:
  - An assessment that major banks need to increase capital adequacy ratios by at least 200 basis points relative to their position in June 2014.
  - An assessment that IRB banks need to increase the average risk weight on Australian residential mortgage exposures from 16% to at least 25% effective 1 July 2016. The increase is being implemented through an adjustment to the correlation factor used in the IRB mortgage risk weight function.
- In August 2015, ASIC will publish a report assessing lending standards in the Australian mortgage market.

The importance of LMI to lenders

- Transfer credit risk: Enables lenders to transfer the risk of providing residential mortgage loans to LMI provider.
- Capital benefits: Enables Standardised ADIs to receive explicit capital relief on loans where LMI has been purchased.
- Collateralised funding: Credit enhancement for lenders issuing RMBS.
- Broader industry insights: Exposure to industry trends and practices through over 100 lender customer relationships.

The importance of LMI to borrowers

- Allows high quality credit borrowers to purchase a property sooner and with a smaller deposit.
- Borrowers may borrow a higher portion of the purchase price (up to 95% LVR).

Recent GMA customer contracts

- NAB contract renewal for 2 years to 20 November 2017.
- New agreement signed with existing customer for <80% LVR business.

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Detailed financial performance

Georgette Nicholas, Chief Financial Officer

1H 2015 performance metrics

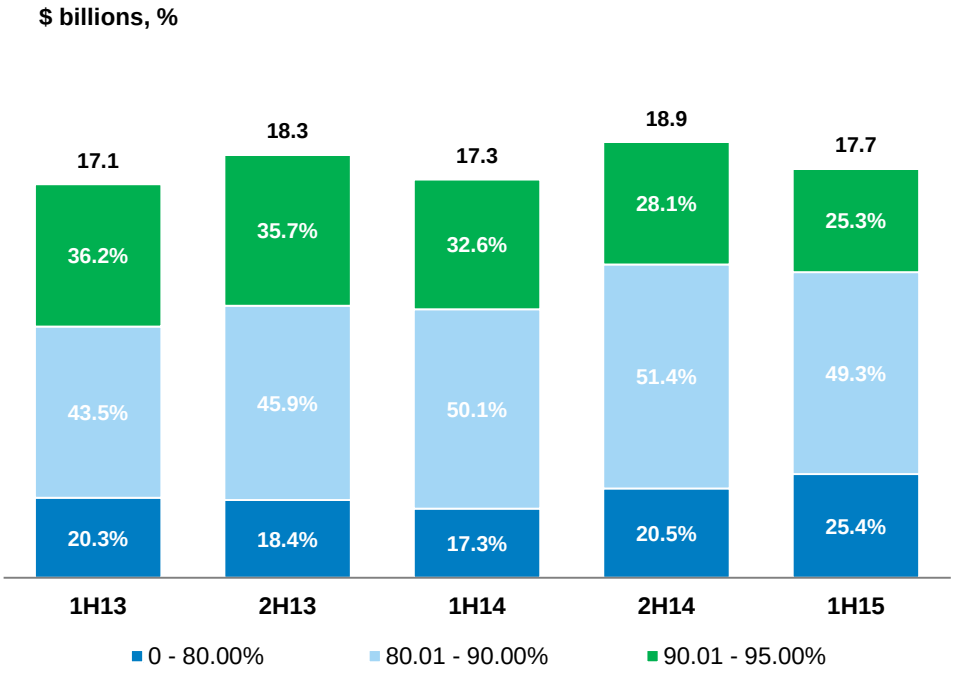
Key financial measures	Pro Forma 1H14	Actual 1H15	Change 1H15 vs 1H14
NIW ($ billions)	$17.3bn	$17.7bn	2.3%
Average price - Flow NIW	1.82%	1.77%	(0.05%)
Gross written premium ($ millions)	$313.6 m	$285.4 m	(9.0%)
Net earned premium ($ millions)	$218.4 m	$225.7 m	3.3%
Loss ratio	19.6%	22.1%	2.5%
Underlying NPAT ($ millions)	$133.1 m	$132.9 m	(0.2%)
Underlying ROE (trailing 12 months)	12.0%	12.0%	0.0%
Ordinary dividend (cents per share)	2.8 cents	12.5 cents	n/a
Ordinary dividend payout ratio	55.5%	61.2%	5.7%
Special dividend (cents per share)	0.0 cents	18.5 cents	n/a

- Strong, stable balance sheet with $1.38bn of Unearned Premium Reserve (UPR)
- Cash and fixed interest Investment portfolio of $4.1bn with 2.4 year duration
- Regulatory capital solvency ratio 1.64 times PCA on a level 2 basis; in excess of board targeted range

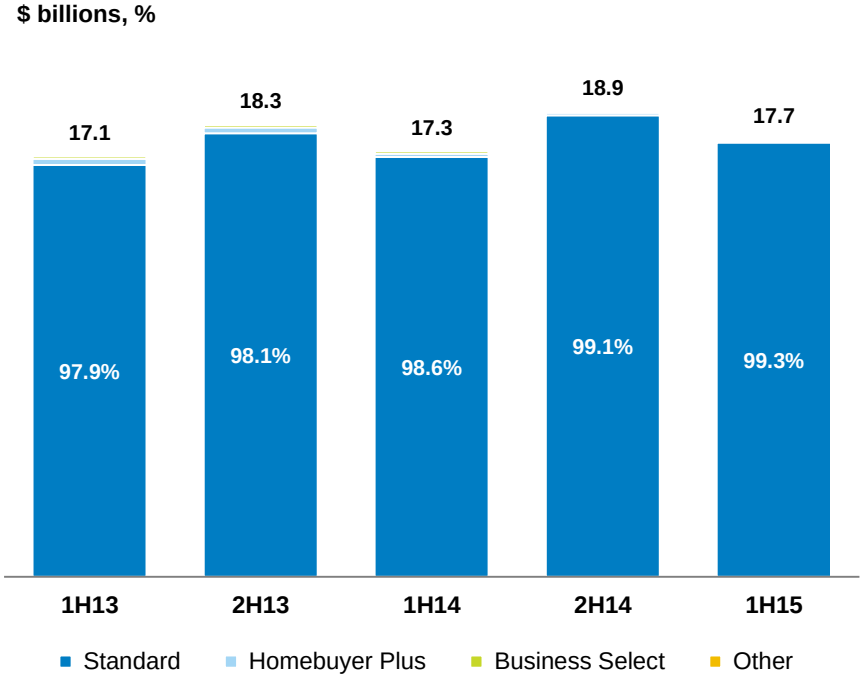
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New insurance written

NIW[1] by original LVR[2] band



NIW[1] by product type

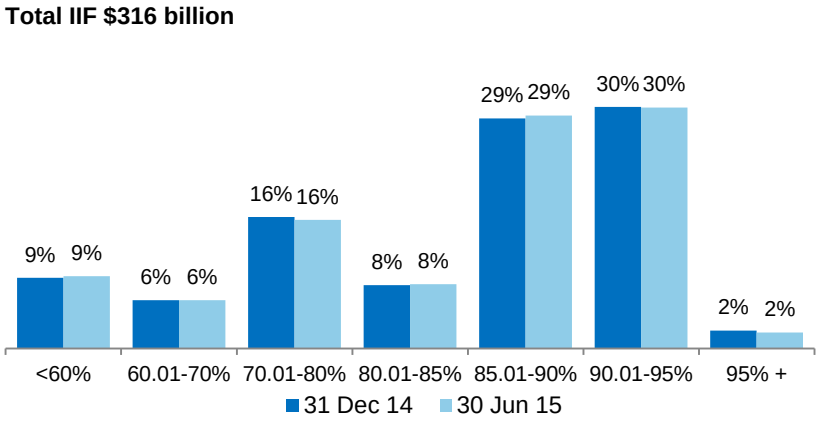


1. NIW includes capitalised premium
2. Original LVR excludes capitalised premium

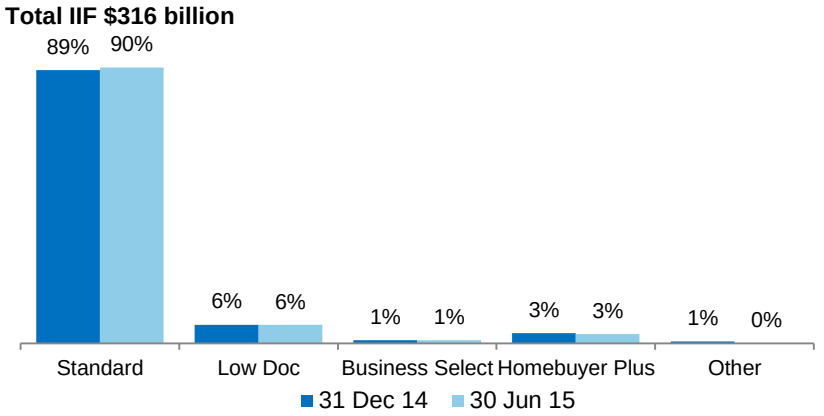
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Insurance in force and New insurance written

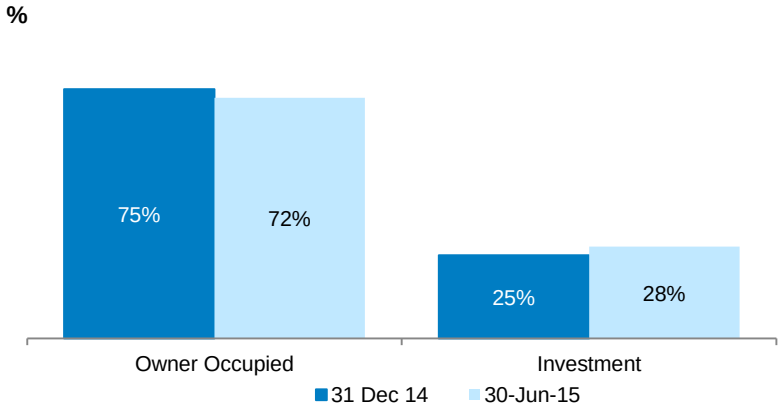
Insurance in force (IIF)[1] by original LVR[2] band, as at 31 December 2014 and 30 June 2015



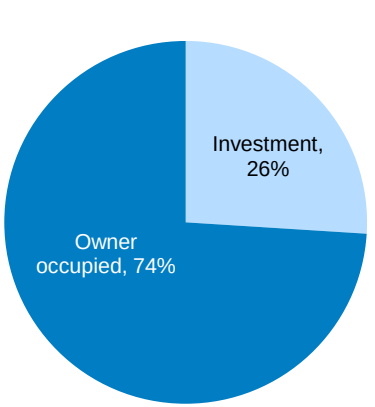
IIF[1] by product type, as at 31 December 2014 and 30 June 2015



NIW[1] by loan type, as at 31 December 2014 and 30 June 2015



IIF[1] by loan type, as at 30 June 2015

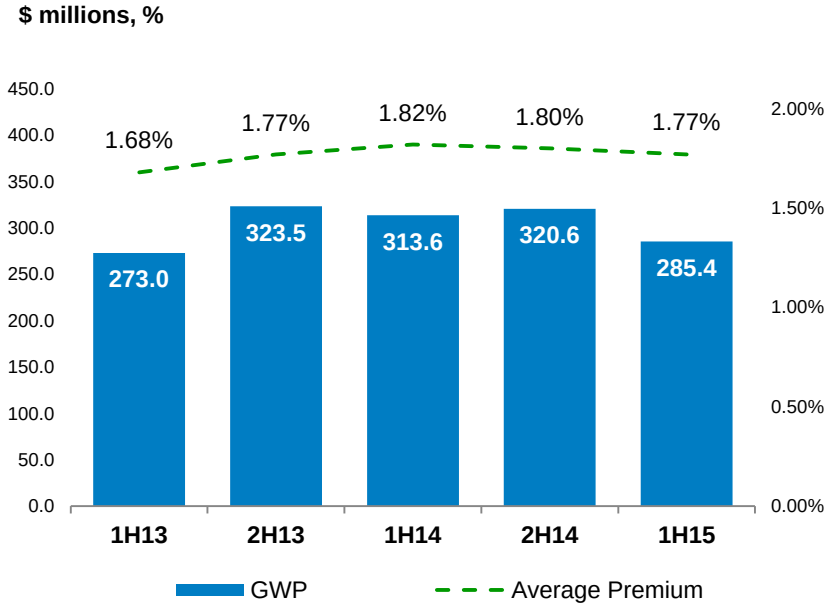


1. NIW and IIF includes capitalised premium
2. Original LVR excludes capitalised premium

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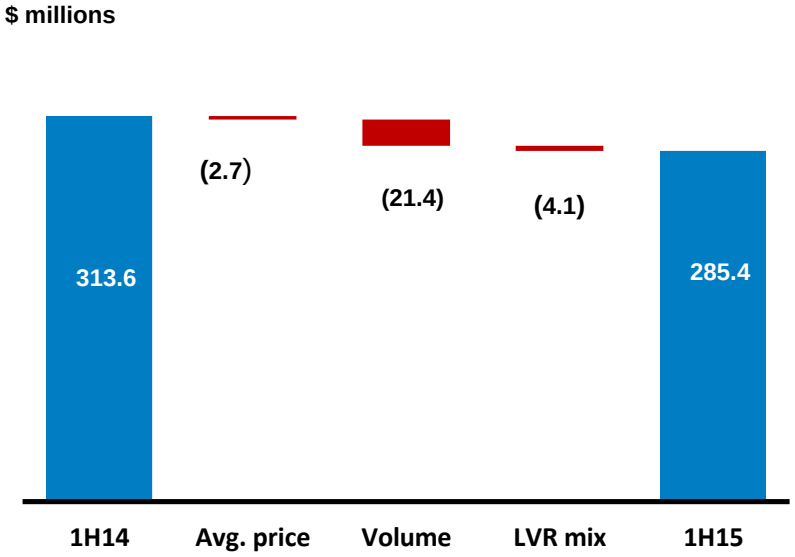
Gross written premium

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



- GWP decrease of 9.0% vs pcp
- Average price of 1.77%
- Lower LVR mix impacting GWP and price

GWP walk

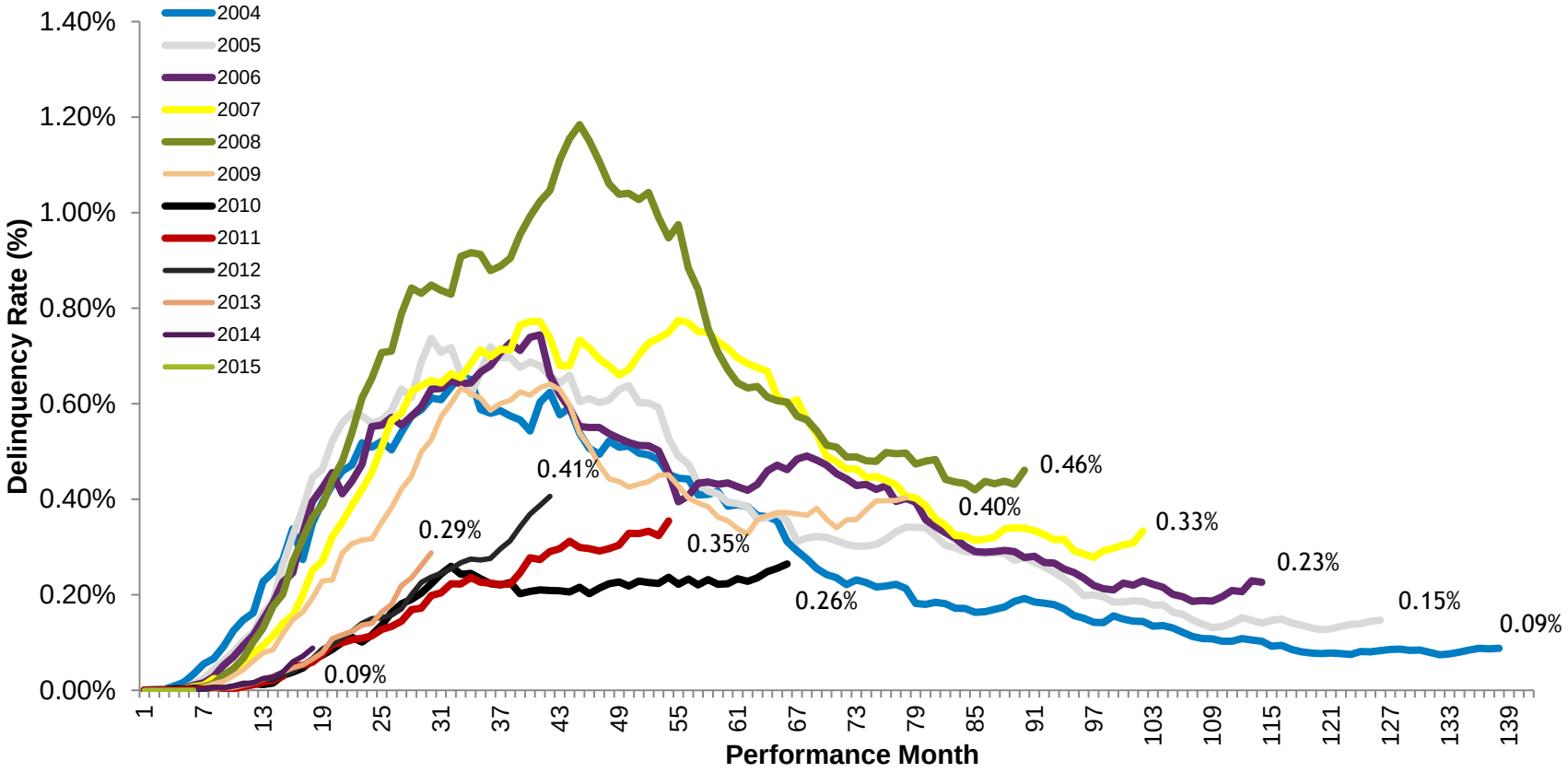


- Decrease in 1H15 mainly driven by lower volumes.

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Delinquency development

Favourable performance post 2009

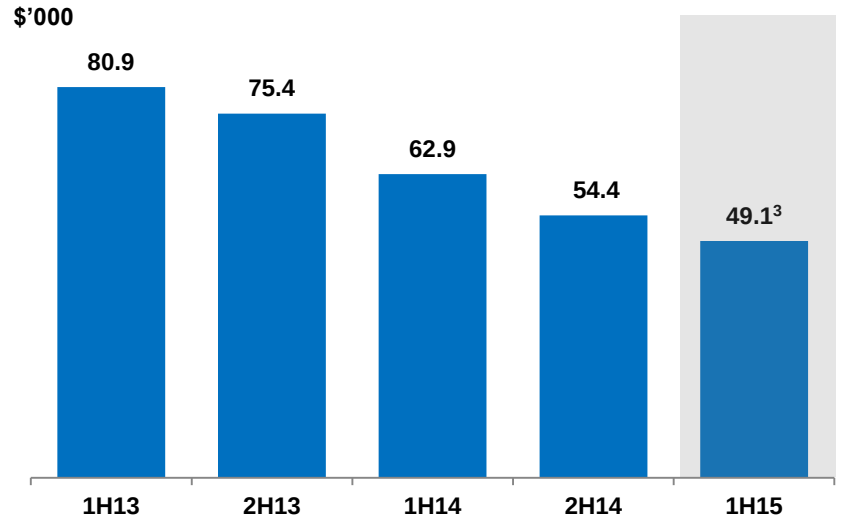


- The 2008 Book Year was affected by the economic downturn experienced across Australia and heightened stress experienced among self-employed borrowers, particularly in Queensland.
- The 2010 to 2014 Book Years are performing favourably relative to the previous five years (2005-2009). However, the recent increases in the 2012 and 2013 Book Years are due to an increase in delinquencies in parts of Queensland and Western Australia.

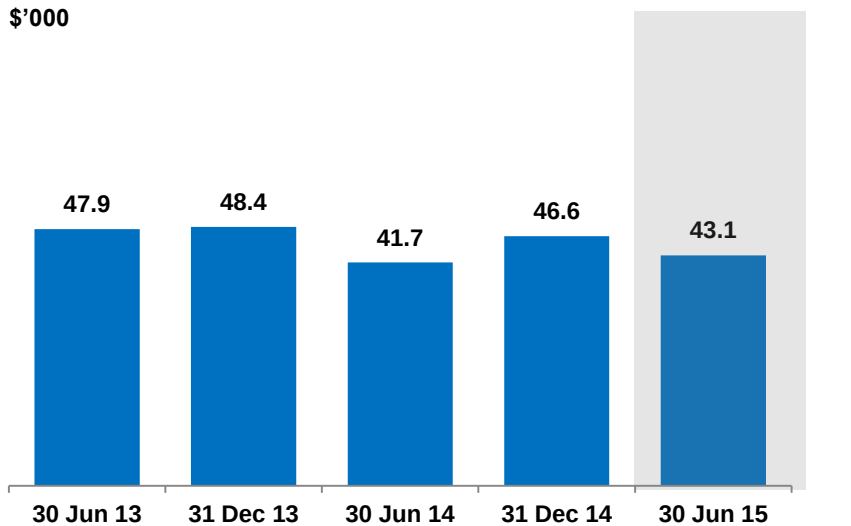
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Net incurred claims

Average paid claim[1]



Average reserve per delinquency[2]



Composition of net incurred claims (A$ millions)	1H13	2H13	1H14	2H14	1H15
Number of paid claims (#)	**1,271**	**1,091**	**881**	**664**	**568**
Average paid claim ($'000)	80.9	75.4	62.9	54.4	49.1
Claims paid ($m)	**102.8**	**82.3**	**55.4**	**36.1**	**27.9**
Movement in reserves ($m)	(21.6)	(35.7)	(12.6)	5.6	22.0
Net claims incurred ($m)	**81.2**	**46.6**	**42.8**	**41.7**	**49.9**

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.
3. The average paid claims for 1H15 is $64,700 before $8.9 million accrued for expected recoveries related to paid claims as at 30 June 2015.

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Balance sheet and unearned premium reserve

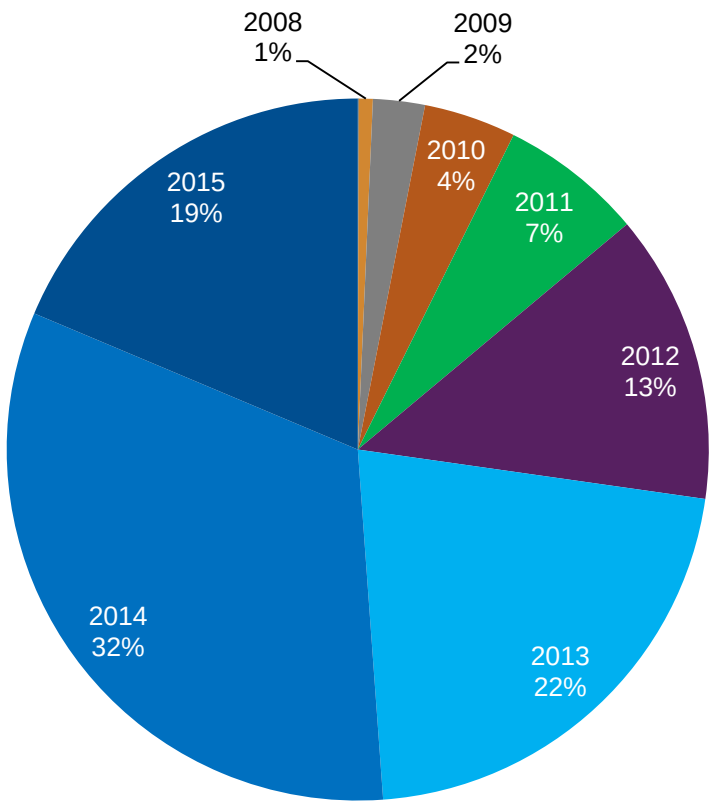
Strong balance sheet with $4.1bn in Cash and Investments and $1.38bn in UPR

(A$ in millions)	31 Dec 14	30 Jun 15
Assets		
Cash and cash equivalents	88.6	300.0
Investments [1]	4,111.9	3,843.7
Deferred reinsurance expense	80.6	109.6
Non-reinsurance recoveries	16.4	26.8
Deferred acquisition costs	124.5	126.3
Deferred tax assets	8.2	8.6
Goodwill & Intangibles	11.9	10.5
Other assets [2]	7.2	22.2
Total assets	**4,449.3**	**4,447.7**
Liabilities		
Payables [3]	209.3	211.4
Outstanding claims	230.9	254.0
Unearned premiums	1,362.6	1,382.4
Interest bearing liabilities	138.6	139.0
Employee provisions	7.4	6.8
Total liabilities	**1,948.8**	**1,993.6**
Net Assets	**2,500.5**	**2,454.1**

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 30 June 2015

Total UPR $1.38bn

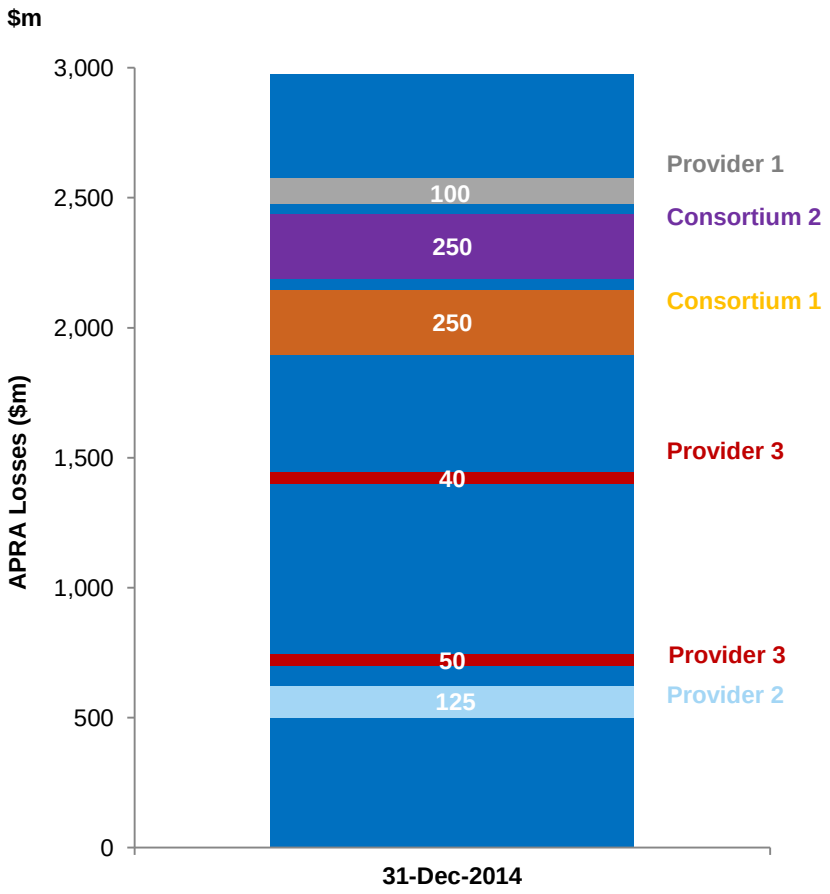


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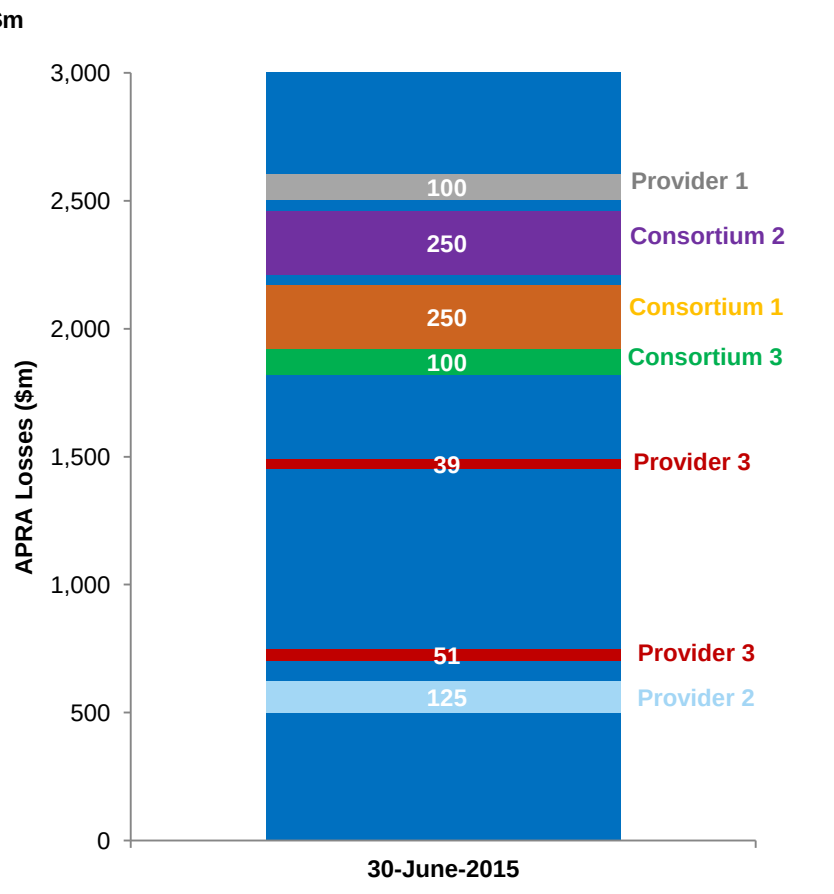
Expansion to reinsurance program

Favourable market conditions to enhance overall capital position

Reinsurance Program 31 Dec 2014 - $815m cover



Reinsurance Program 30 Jun 2015 - $915m cover

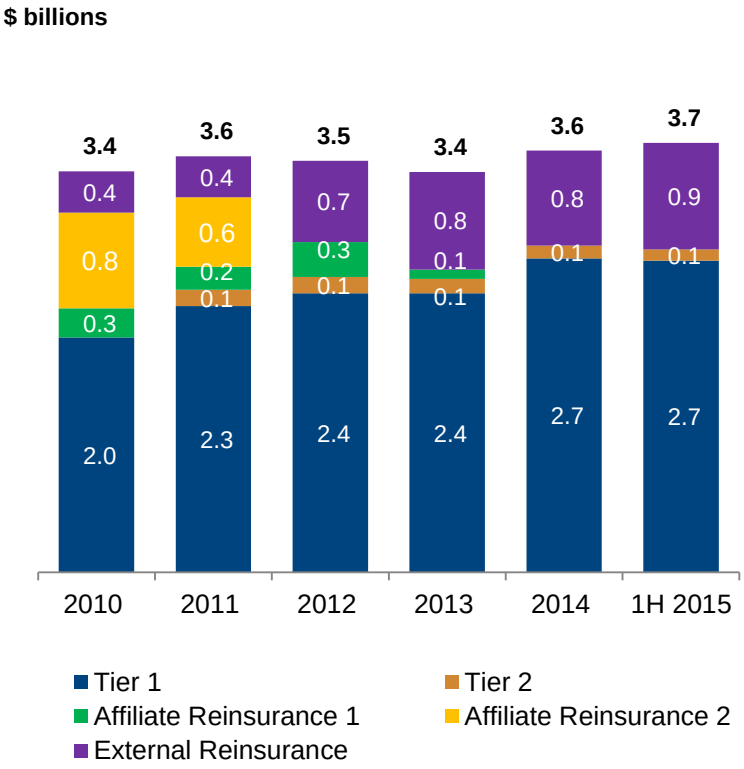


1H 2015 regulatory capital position

Improved solvency from strong 1H 2015 performance and seasoning of old books

(A$ in millions)	31 Dec 14	30 Jun 15
Capital Base		
Common Equity Tier 1 Capital	2,742.1	2,680.8
Tier 2 Capital	112.0	98.0
Regulatory Capital Base	**2,854.1**	**2,778.8**
Capital Requirement		
Probable Maximum Loss ('PML')	2,586.5	2,584.6
Net premiums liability deduction	(272.4)	(273.8)
Allowable reinsurance	(815.6)	(915.5)
LMI Concentration Risk Charge ('LMICRC')	**1,498.5**	**1,395.3**
Asset risk charge	128.0	114.1
Asset concentration risk charge	-	-
Insurance risk charge	202.1	208.7
Operational risk charge	24.1	25.2
Aggregation benefit	(60.6)	(54.0)
Prescribed Capital Amount ('PCA)	**1,792.1**	**1,689.3**
PCA Coverage ratio (times)	**1.59 x**	**1.64 x**

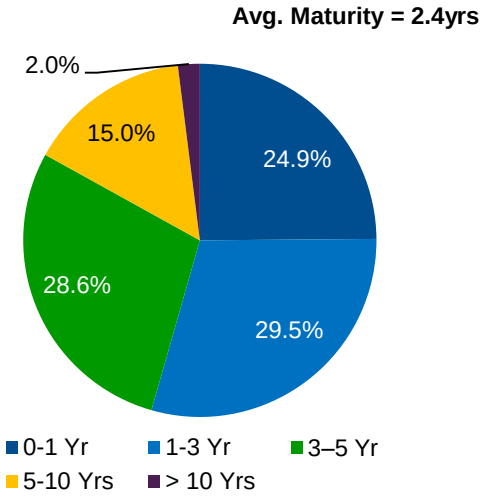
Evolution of capital sources



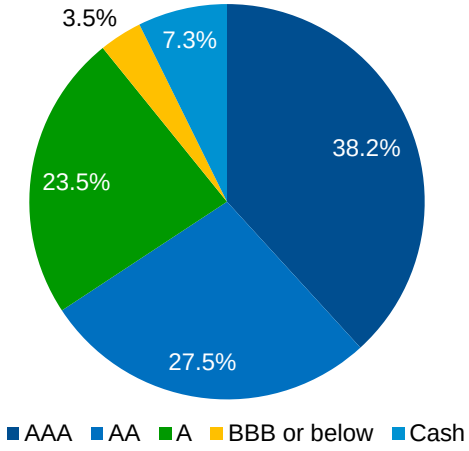
Investment portfolio

Conservative, well-diversified portfolio with duration to maturity of 2.4 years

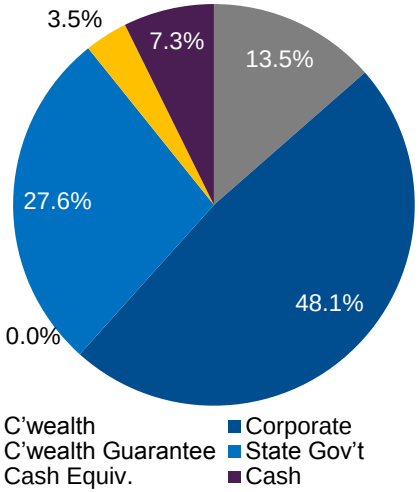
Investment portfolio by maturity



Investment portfolio by rating



Investment portfolio by issuer type



Investment portfolio by maturity

(as at)	31 Dec 14	30 Jun 15
0-1 Yr	1,014	1,021
1-3 Yr	1,362	1,213
3–5 Yr	1,057	1,175
5-10 Yrs	644	614
> 10 Yrs	83	82
Total	**4,160**	**4,106**

Investment portfolio by rating

(as at)	31 Dec 14	30 Jun 15
AAA	1,563	1,569
AA	1,420	1,130
A	964	963
BBB or below	124	144
Cash	89	300
Total	**4,160**	**4,106**

Investment portfolio by issuer type

(as at)	31 Dec 14	30 Jun 15
C'wealth	482	556
Corporate	1,961	1975
C'wealth guaranteed	10	0
State gov't	1,194	1,133
Cash equiv.	424	142
Cash	89	300
Total	**4,160**	**4,106**

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Summary and conclusion

Ellie Comerford, CEO and Managing Director

Summary and Full Year 2015 Outlook

Guidance unchanged – loss performance in line with expectations

- GMA remains the market leader in the Australian LMI Market
- Underlying NPAT[1] for 1H15 of $132.9m steady versus the pcp, driven by NEP growth of 3.3% and a loss ratio of 22.1% for 1H15
- 84% of NIW under contract and $1.38bn of UPR provides significant revenue visibility
- Strong balance sheet with solvency level of 1.64 times PCA, above target board range
- Focus on the key role we play in ensuring a sound mortgage industry
- Strive to deliver long-term returns to shareholders through execution on our key strategic initiatives
- Full year 2015 guidance remains unchanged

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 unforseen circumstances or economic events

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

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Questions

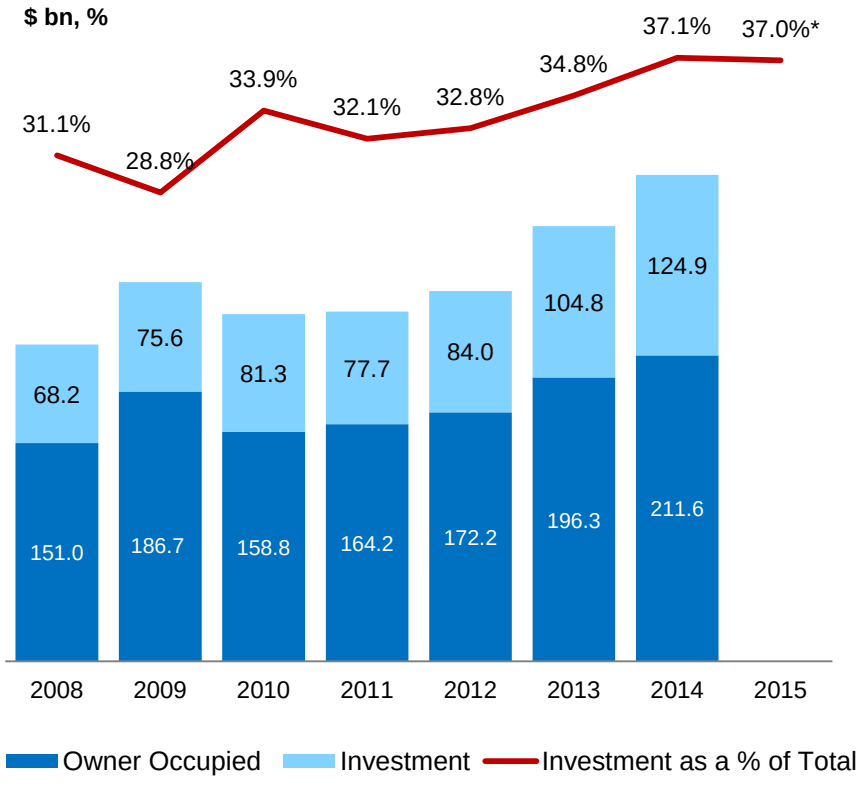
Ellie Comerford, CEO and Managing Director

Georgette Nicholas, Chief Financial Officer

Supplementary Slides

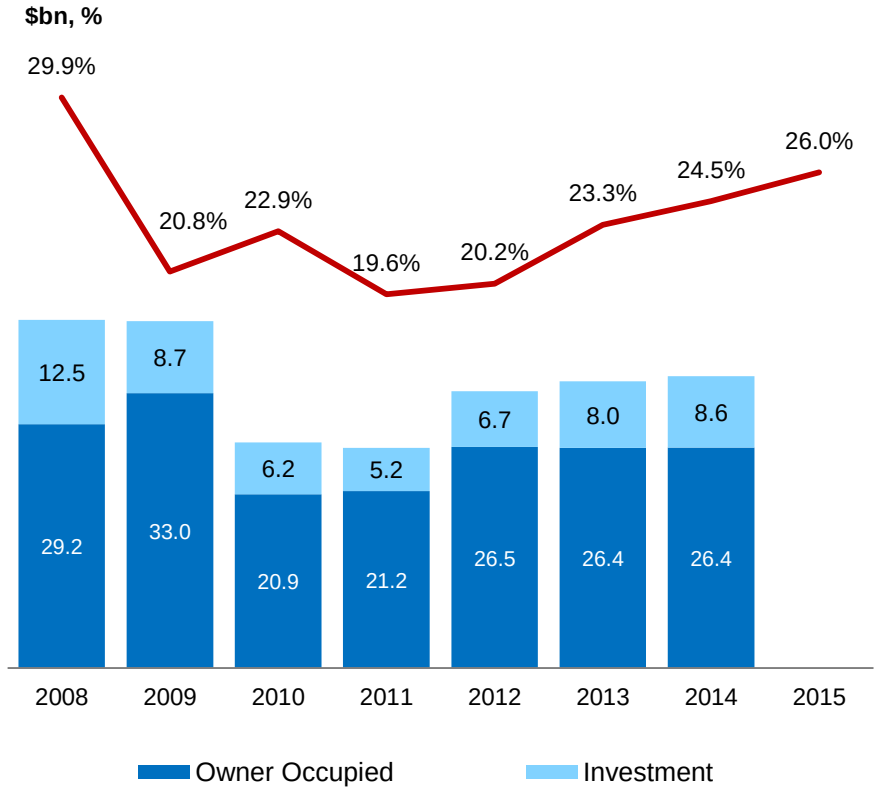
Residential mortgage lending market

Investment vs. Owner Occupied (APRA statistics)



- Investment property lending represented 37.0% of originations for the year ended 31 Mar 2015

Investment vs. Owner Occupied[1] (GMA)



- Investment property lending represented 26.0% of GMA's portfolio for the year ended 30 Jun 2015

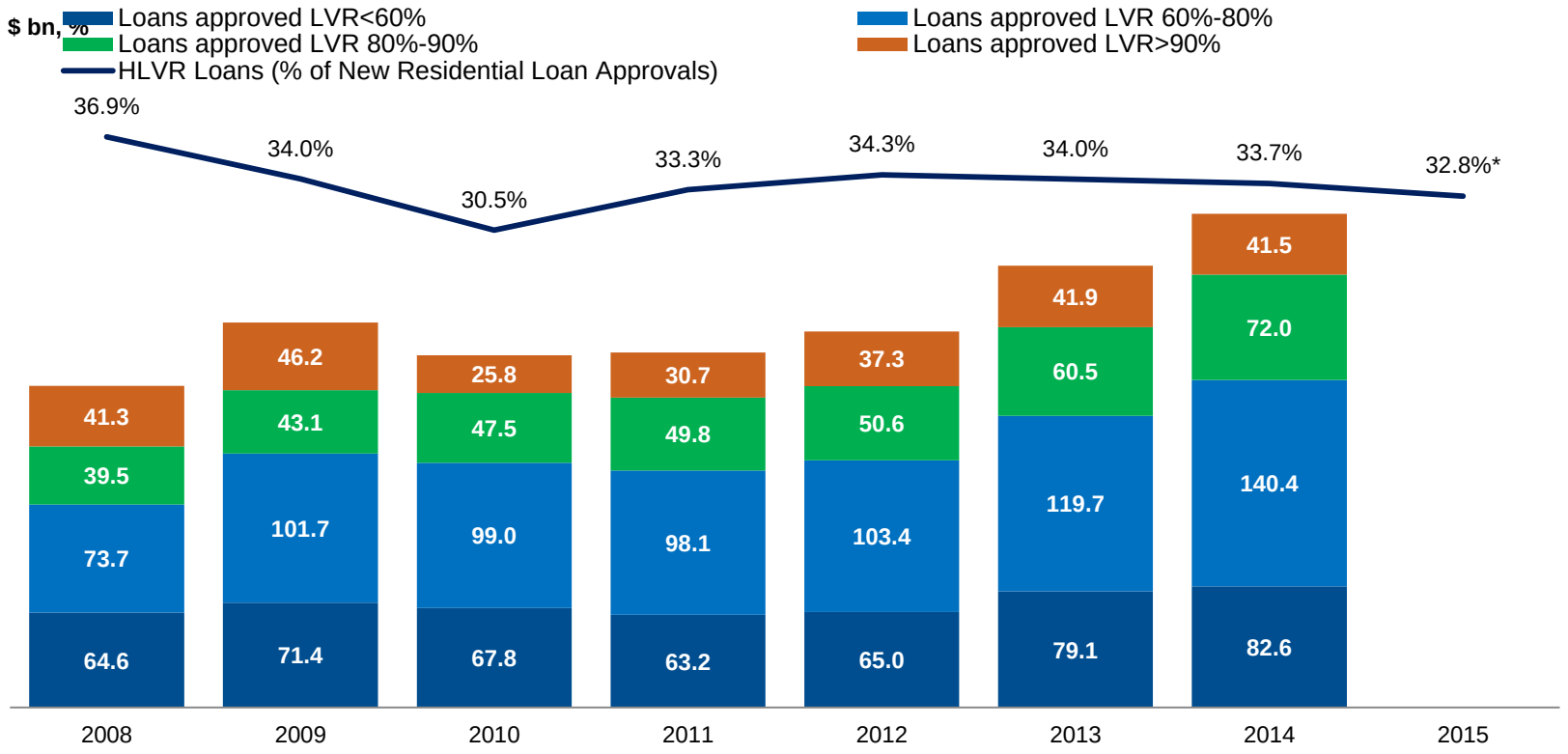
Sources: APRA Quarterly ADI property exposures statistics (ADIs new housing loan approvals), March 2015. Statistics are as per information reported to APRA by ADIs with greater than $1 billion in housing term loans as at the end of the relevant quarter, thereby excluding small lenders and non-banks.
** 2015 data is for Q1 only*

1. Owner occupied includes loans for owner occupied and other types.

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Residential mortgage lending market

HLVR Penetration



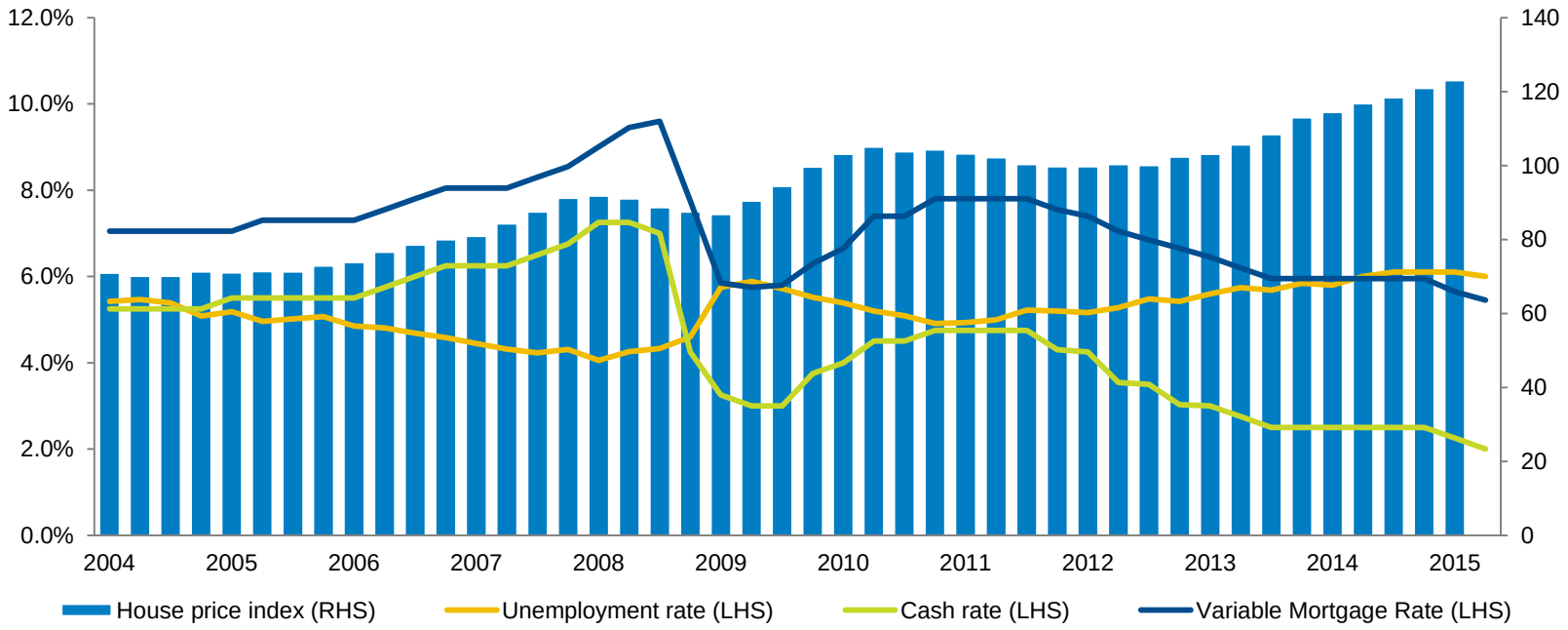
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** 2015 data is for Q1 only*

- HLVR lending continues to grow, but its share of overall lending has declined in recent years. This reflects a gradual tightening of risk appetite resulting from focused regulatory oversight on the Australian mortgage market.

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Stable macroeconomic conditions in 2015



- GDP growth of 2.3% (March 2015 quarter), below trend due to weakness in business investment
- The RBA maintains accommodative monetary policy – Inflation remains within the targeted band (2.2% in June 2015 quarter), room for further rate reductions if needed
- Unemployment rate steady at 6.0% in June 2015; strength in NSW and VIC offsetting WA and SA weakness
- House and dwellings prices have increased 11.1%[1] in the 12 months to July 2015

Source: Chart - Australian Bureau of Statistics (ABS), Reserve Bank of Australia (RBA)
1. CoreLogic House Price Index

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1H 2015 income statement

(A$ millions)	Pro Forma 1H14	1H15	Change 1H15 vs 1H14
Gross written premium	313.6	285.4	(9.0%)
Movement in unearned premium	(57.5)	(19.7)	(65.7%)
Gross earned premium	**256.1**	**265.7**	**3.7%**
Outwards reinsurance expense	(37.7)	(40.0)	6.1%
Net earned premium	**218.4**	**225.7**	**3.3%**
Net claims incurred	(42.8)	(49.9)	16.6%
Acquisition costs	(24.1)	(25.8)	7.1%
Other underwriting expenses	(34.1)	(34.4)	0.9%
Underwriting result	**117.4**	**115.6**	**(1.5%)**
Investment income on technical funds[1]	27.1	13.5	(50.2%)
Insurance profit	**144.5**	**129.1**	**(10.7%)**
Investment income on shareholder funds[1]	76.9	37.6	(51.1%)
Financing costs	(5.6)	(5.5)	(1.8%)
Profit before income tax	**215.9**	**161.2**	**(25.4%)**
Income tax expense	(64.5)	(48.2)	(25.3%)
Net profit after tax	**151.4**	**113.0**	**(25.4%)**
Underlying net profit after tax	**133.1**	**132.9**	**(0.2%)**

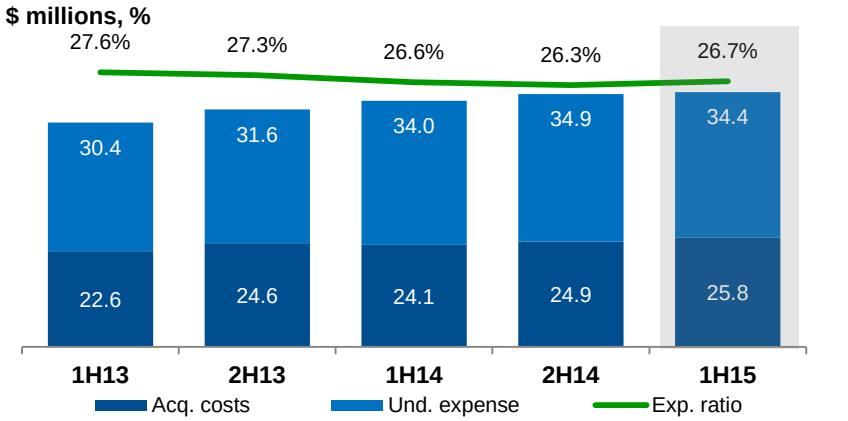
1. Investment income on Technical Funds and Shareholder Funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.

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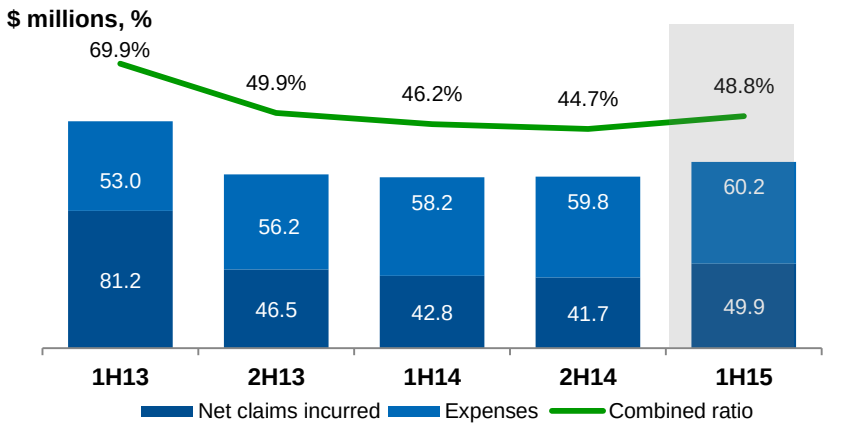
Insurance ratio analysis

Performance trending in line with expectation reflecting seasoning of older books

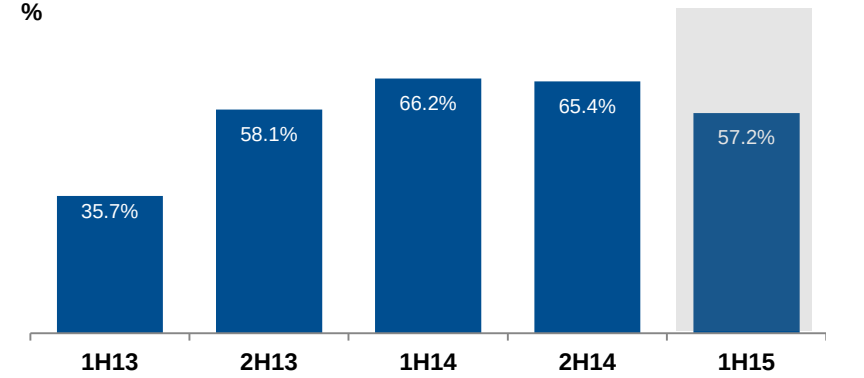
Expenses



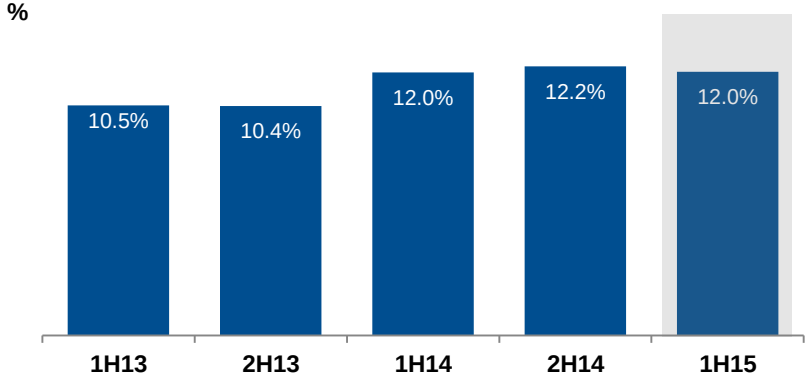
Combined ratio



Insurance margin



Underlying ROE



Note: Underlying ROE is presented on a trailing 12-month basis

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Half yearly pro forma financial information

Financial ratios[1]

	Pro forma 1H13	Pro forma 2H13	Pro forma 1H14	2H14	1H15
Loss ratio	42.3%	22.6%	19.6%	18.4%	22.1%
Expense ratio	27.6%	27.3%	26.6%	26.3%	26.7%
Combined Ratio	69.9%	49.9%	46.2%	44.7%	48.8%
Insurance Margin	35.8%	58.1%	66.2%	65.4%	57.2%
Effective Tax Rate	30.9%	28.7%	29.9%	29.0%	29.9%
ROE	8.1%	10.5%	11.9%	13.8%	11.9%
Underlying ROE	10.5%	10.4%	12.0%	12.2%	12.0%

Note: ROE is presented on a trailing 12-month basis

1. The actual financial ratios of GMA and its subsidiary companies for 2H14 and 1H15 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.

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Delinquency development

Quarterly delinquency roll and delinquency composition

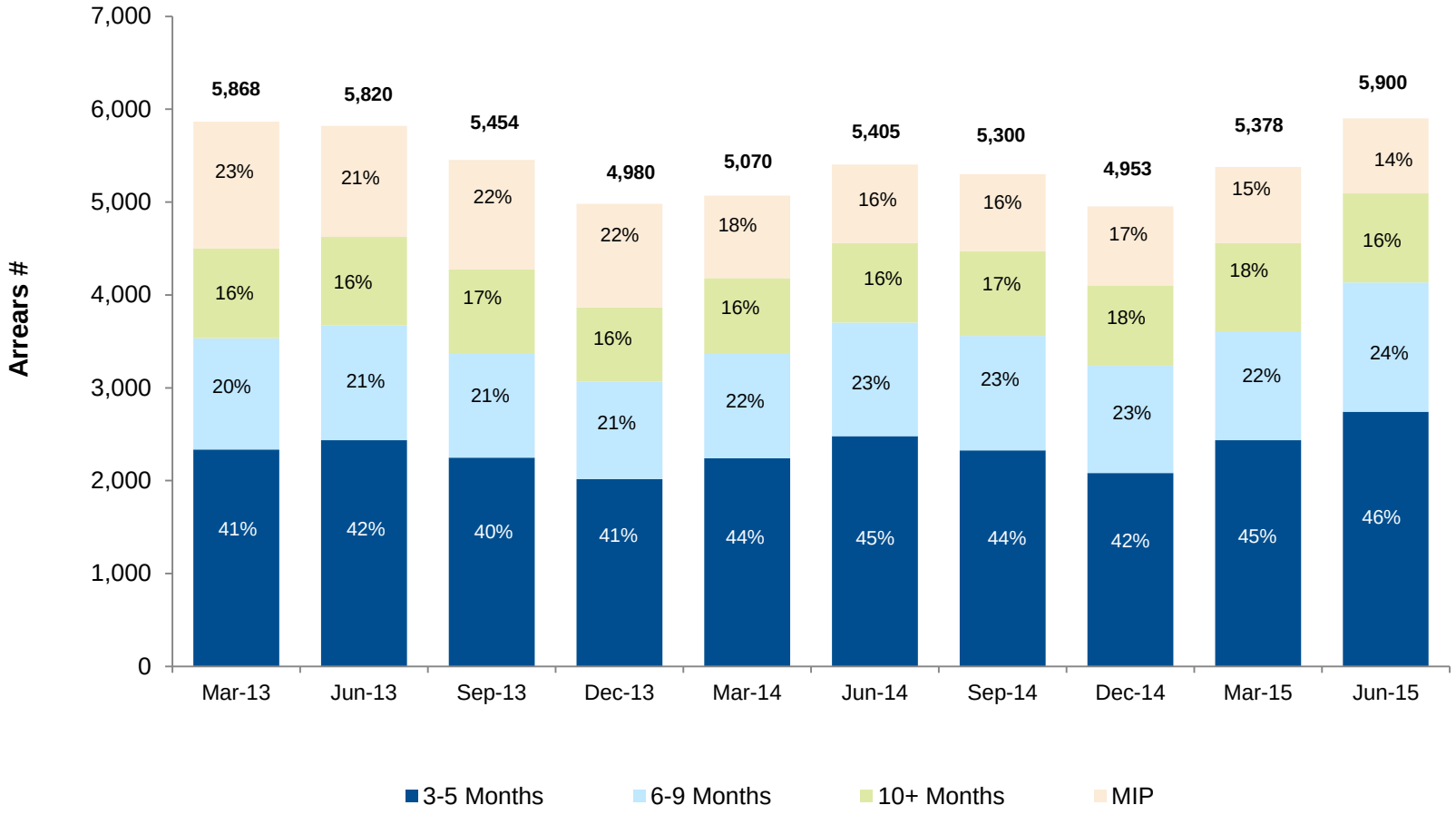
Delinquency Roll	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Opening balance	**5,851**	**5,868**	**5,820**	**5,454**	**4,980**	**5,070**	**5,405**	**5,300**	**4,953**	**5,378**
New delinquencies	2,928	3,095	2,901	2,383	2,689	2,913	2,734	2,357	2,679	3,103
Cures	(2,189)	(2,594)	(2,757)	(2,276)	(2,137)	(2,159)	(2,489)	(2,390)	(1,974)	(2,293)
Paid claims	(722)	(549)	(510)	(581)	(462)	(419)	(350)	(314)	(280)	(288)
Closing delinquencies	**5,868**	**5,820**	**5,454**	**4,980**	**5,070**	**5,405**	**5,300**	**4,953**	**5,378**	**5,900**
Delinquency rate	0.41%	0.40%	0.37%	0.34%	0.34%	0.36%	0.36%	0.33%	0.36%	0.40%

Delinquencies by book year	Dec 14	Jun 15	
2007 and prior	1,993	2,322	0.32%
2008	869	933	0.97%
2009	813	867	0.73%
2010	347	393	0.45%
2011	348	372	0.46%
2012	352	517	0.49%
2013	204	355	0.32%
2014	27	138	0.12%
2015	0	3	0.01%
TOTAL	**4,953**	**5,900**	**0.40%**

Delinquencies by geography	Dec 14	Jun 15	
New South Wales	1,041	1,166	0.30%
Victoria	1,114	1,275	0.34%
Queensland	1,513	1,833	0.57%
Western Australia	513	723	0.45%
South Australia	459	540	0.52%
Australian Capital Territory	56	50	0.14%
Tasmania	130	176	0.35%
Northern Territory	24	37	0.24%
New Zealand	103	100	0.27%
	4,953	**5,900**	**0.40%**

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Delinquency population by MIA aged bucket

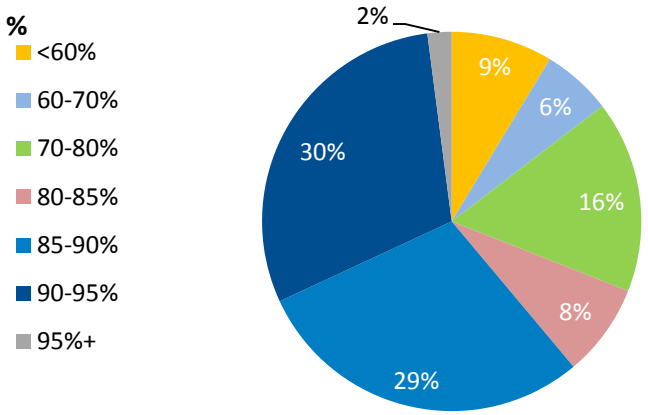


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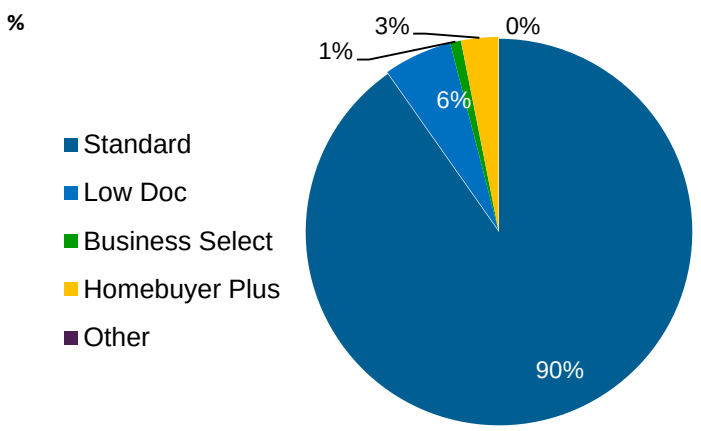
Summary portfolio characteristics

Insurance portfolio as at 30 June 2015 – total $316 billion

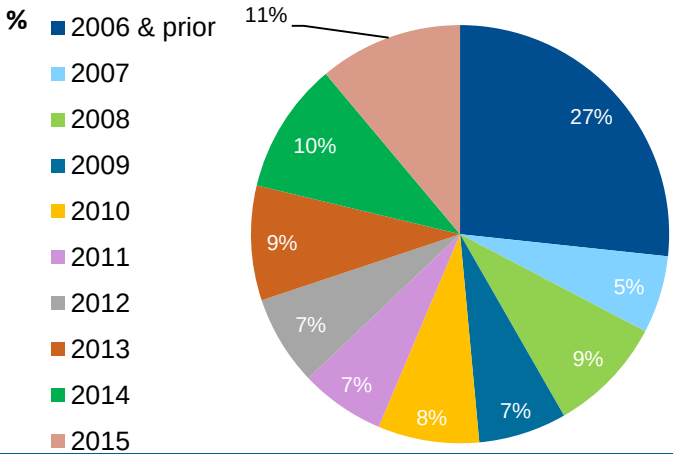
Insurance in force by LVR band (original LVR)



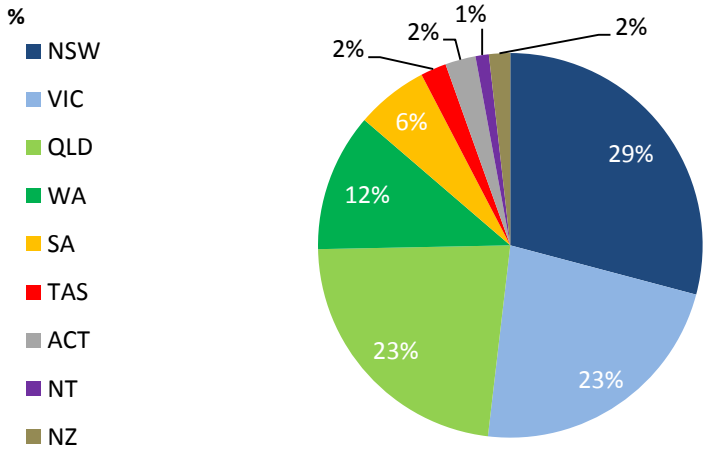
Insurance in force by product type



Insurance in force by book year

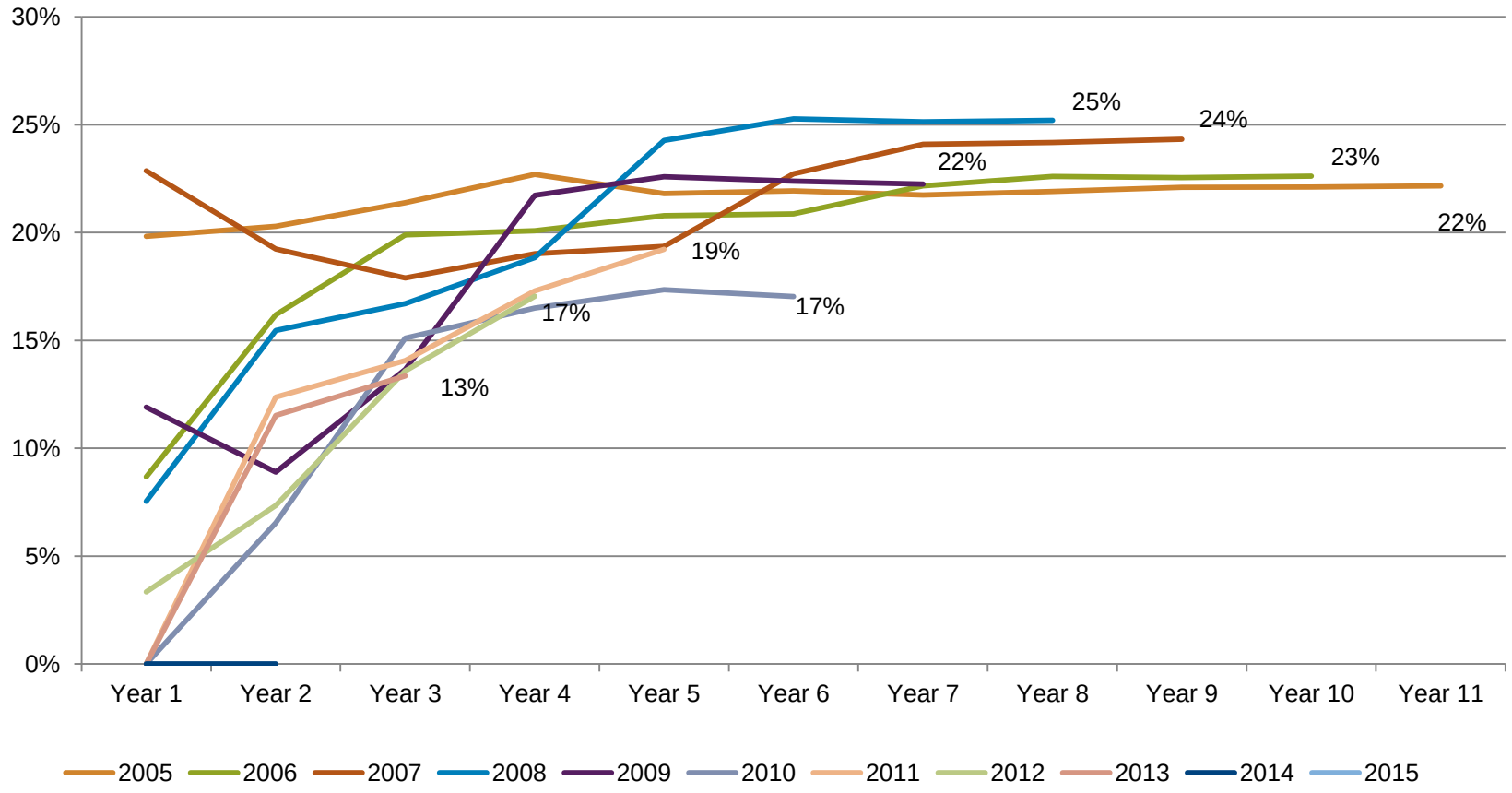


Insurance in force by State



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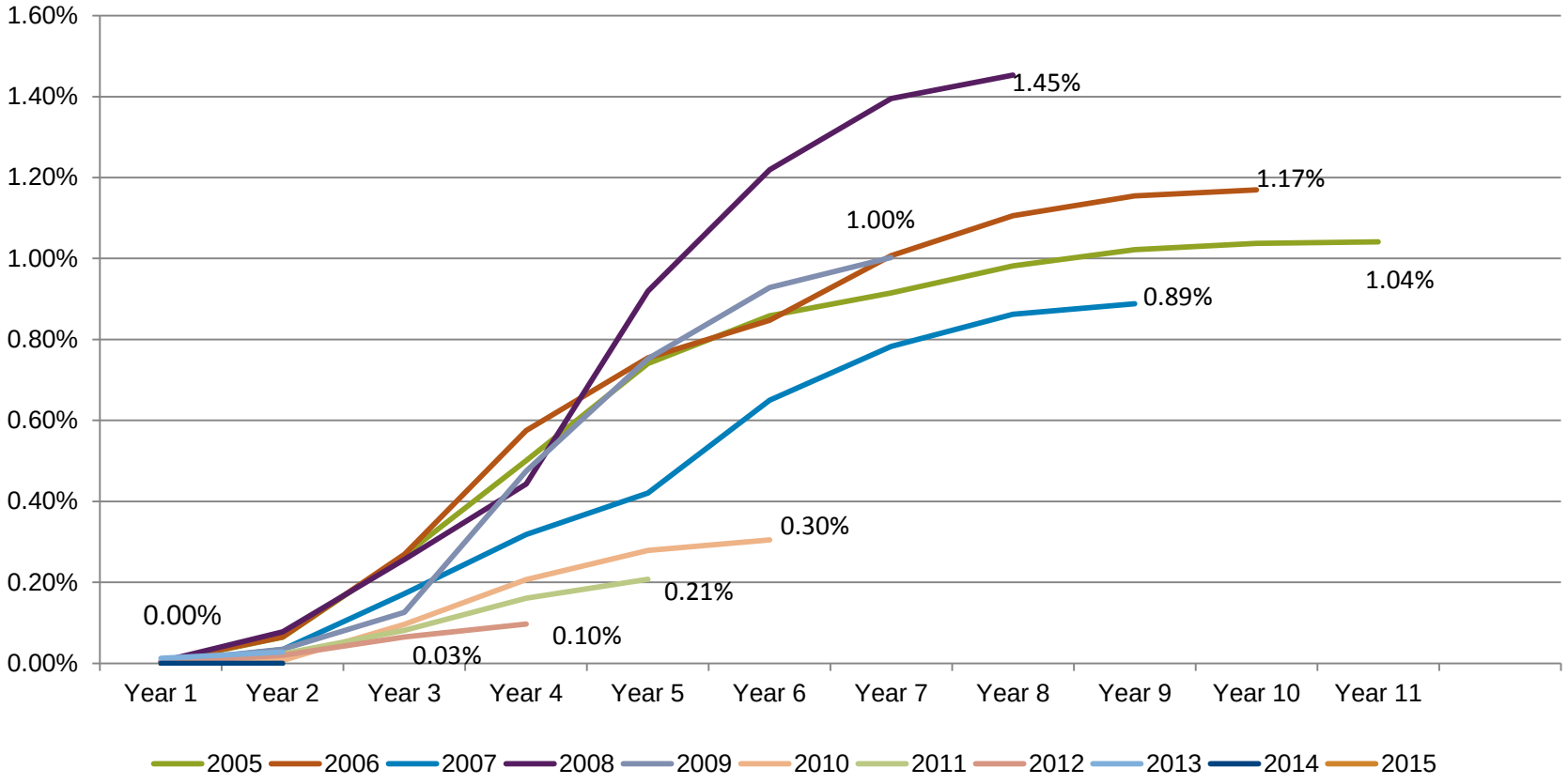
Claims severity[1]



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.

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Claims frequency by Book Year (%) as at 30 June 2015



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

Genworth

Effective LVR

House price growth in 1H 2015 has improved embedded borrower equity in portfolio

As at 30 Jun 15

Book year	Insurance in force $ billion	Insurance in force %	LVR Original	LVR Effective	Change in house price %
2002 & prior	13.8	5%	78.2%	20.2%	162%
2003	7.3	3%	73.4%	30.6%	85%
2004	7.8	3%	71.6%	34.5%	69%
2005	11.8	4%	75.5%	39.7%	63%
2006	16.0	6%	78.0%	46.1%	52%
2007	19.9	7%	79.8%	55.1%	36%
2008	19.0	7%	82.3%	62.1%	28%
2009	21.9	8%	85.1%	63.9%	25%
2010	17.3	6%	81.7%	68.7%	14%
2011	18.8	7%	84.1%	70.4%	17%
2012	26.7	9%	86.4%	71.2%	20%
2013	30.8	11%	87.0%	75.2%	15%
2014	33.5	12%	87.0%	82.5%	6%
2015	15.4	5%	86.6%	86.7%	1%
Total Flow	**260.0**	**92%**	**81.9%**	**59.2%**	**41%**
Portfolio	22.8	8%	54.9%	26.6%	79%
Total/ Weighted Avg.	**282.7**	**100%**	**79.2%**	**56.0%**	**45%**

As at 31 Dec 14

Book year	Insurance in force $ billion	Insurance in force %	LVR Original	LVR Effective	Change in house price %
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%**

- 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 CoreLogic Home Price 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.

Genworth

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 Income Statement for Period Ended 30 June 2015	USGAAP Aus Segment Results in USD	Add back: Non Controlling Interest (NCI)	USGAAP Aus Segment Results + NCI	USGAAP Aus Segment Results + NCI	Adjustments (a)	(b)	(c)	(d)	(e)	Total adjustments	GMA Group
in $m	U$m	U$m	U$m	A$m	A$m	A$m	A$m	A$m	A$m	A$m	A$m
Premiums	179	-	179	227	-	-	-	-	-	-	227
Interest income	61	-	61	76	1	-	-	-	-	1	77
Realised investment gains/ losses	1	-	1	1	-	-	-	-	-	-	1
Unrealised gains/ losses	-	-	0	-	-	-	(28)	-	-	(28)	- 28
Other income	(3)	-	(3)	(4)	6	-	-	-	(2)	4	-
Total Revenue	**238**	**-**	**238**	**300**	**7**	**-**	**(28)**	**-**	**(2)**	**(23)**	**277**
Net claims incurred	39	-	39	50	-	-	-	-	-	-	50
Other underwriting expenses	47	-	47	60	(8)	(15)	-	-	(3)	(26)	34
Amortization of Intangibles	1	-	1	1	-	-	-	-	-	-	1
Acquisition costs (DAC amortisation)	9	-	9	11	-	14	-	-	-	14	25
Interest Expense	4	-	4	6	-	-	-	-	-	-	6
Total Expenses	**100**	**-**	**100**	**128**	**(8)**	**(1)**	**-**	**-**	**(3)**	**(12)**	**116**
Total Pre-tax Income	138	-	138	172	15	1	(28)	-	1	(11)	161
Total Tax Expense	42	-	42	53	4	-	(9)	-	-	(5)	48
Net income	**96**	**-**	**96**	**119**	**11**	**1**	**(19)**	**-**	**1**	**(6)**	**113**
Less: net income attributable to noncontrolling interests	37	(37)	-	-	-	-	-	-	-	-	-
Net income available to GNW common stockholders	**59**	**37**	**96**	**119**	**11**	**1**	**(19)**	**-**	**1**	**(6)**	**113**

(a) Investment 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) Addition of local share based payments, manual NZ UPR valuation, and other miscellaneous expense differences

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