

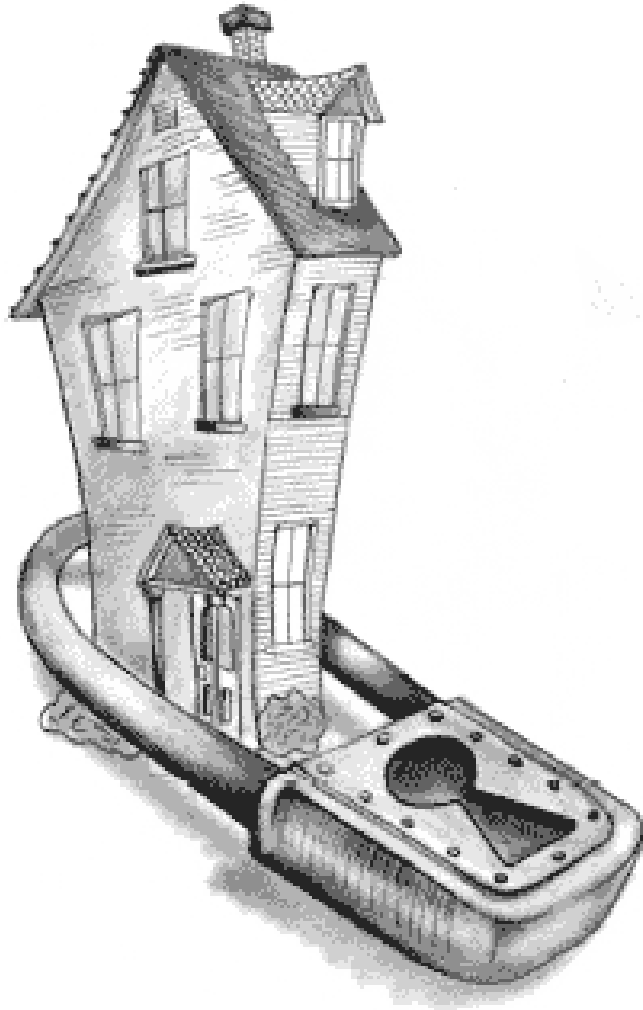


# Genworth Financial

Enabling Homeownership... Responsibly  
Marcia Cantor-Grable

Prague – October 25, 2007

# The Challenges of the Mortgage Market



- **More EU citizens crossing borders**
- **Lack of common practices and market standards**
- **Cross-border lending in EU is low**

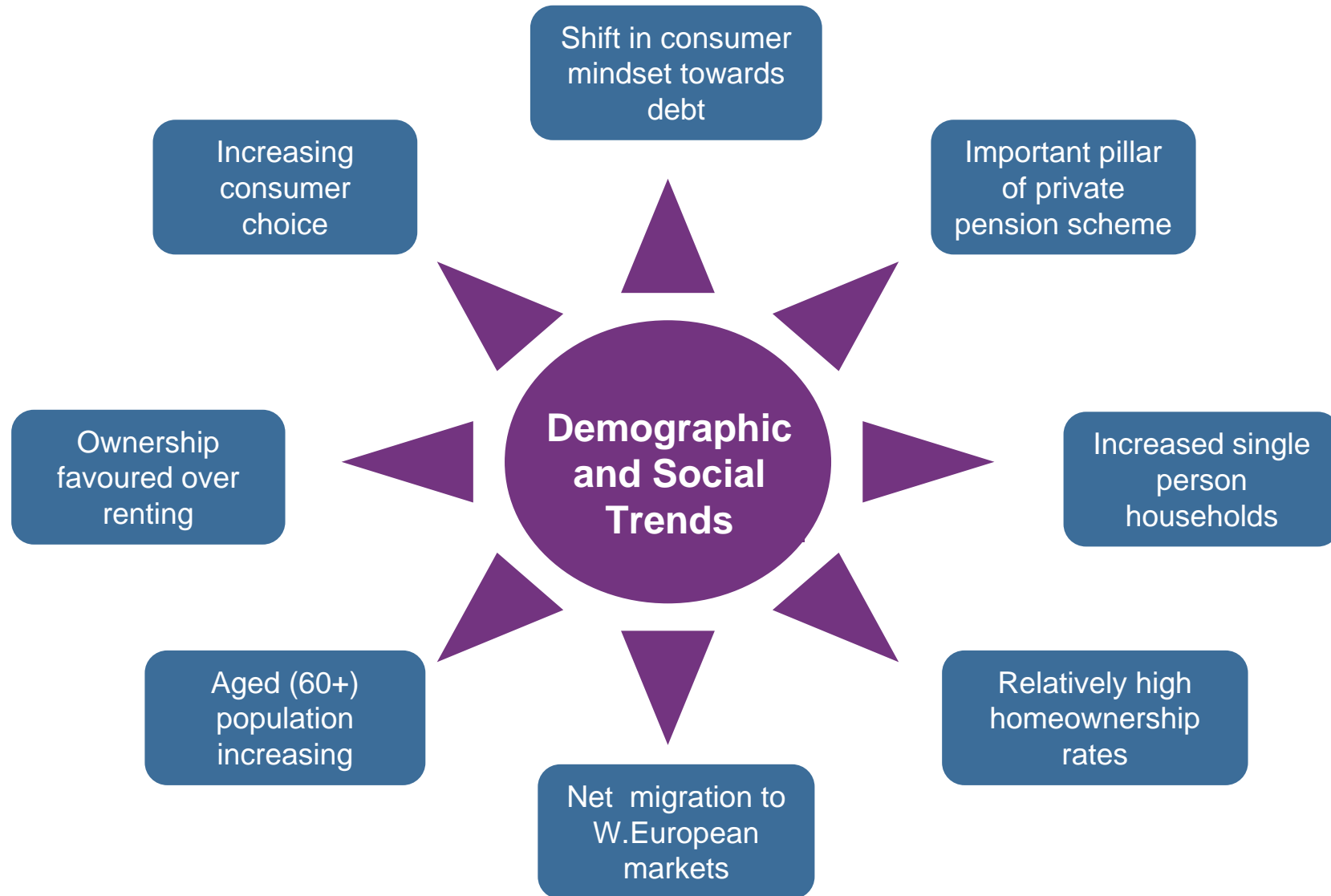
# The Case For Change

- **Compelling demographics**
- **Strong risk disciplines for lender**
- **Understandable terms for consumers**

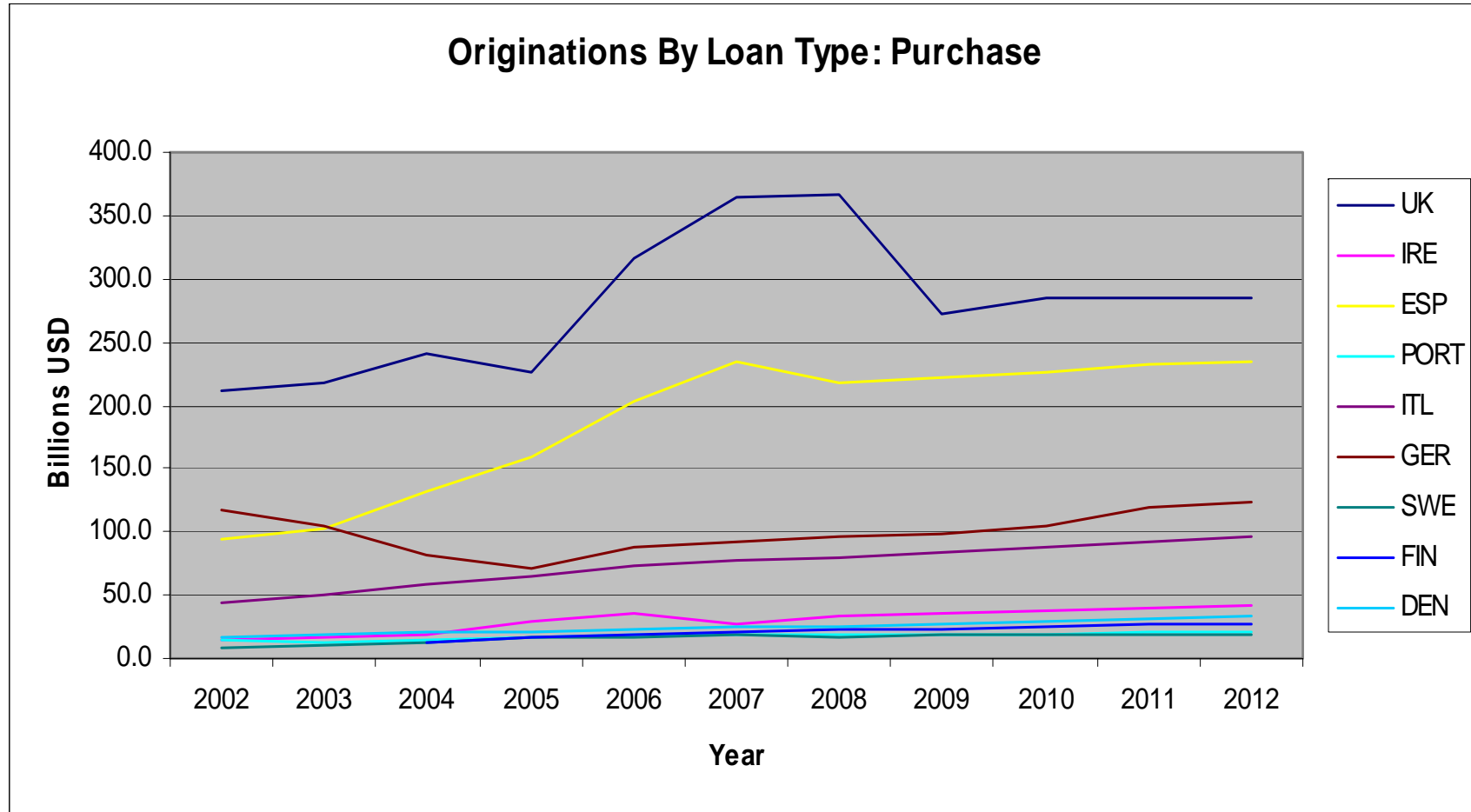


**Enabling Homeownership... Responsibly**

# Drivers For Homeownership



# Housing Demand

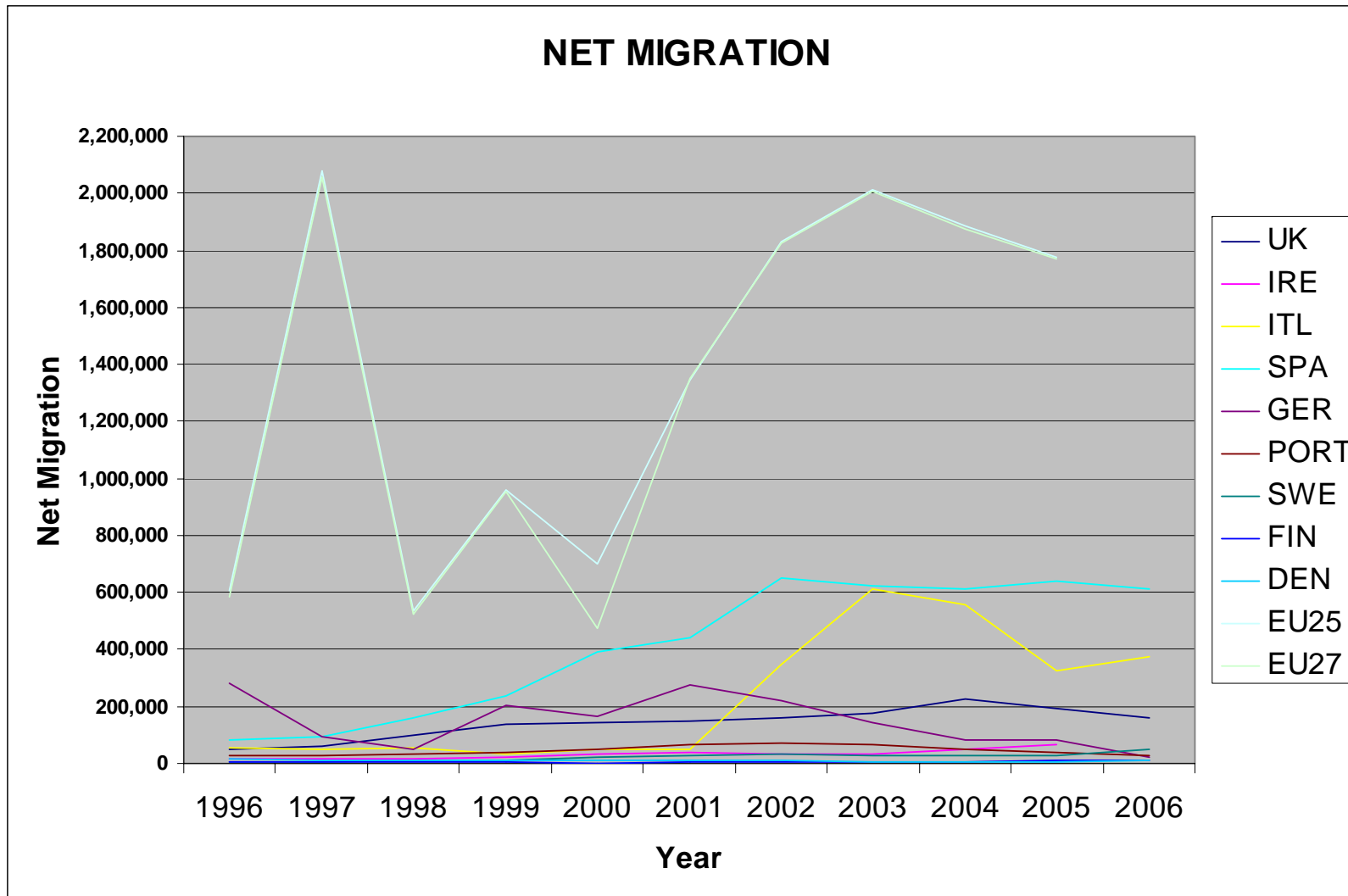


Sources:

UK CML - ML9/ GNW Platform Estimation from 2011  
 IRE IBF / PwC Report. Estimation from 2007 Q3  
 ESP AHE ( Spanish Mortgage Association) and BdE & GNW Platform Estimate  
 PORT GNW Platform Estimate  
 ITL GNW Platform Estimate

GER GNW Platform Estimate  
 SWE Swedish Banking Association /www.bankforeningen.se  
 FIN GNW Platform Estimate  
 DEN GNW Platform Estimate

# Increased Cross-Border Migration



Source: <http://epp.eurostat.ec.europa.eu>, 2007

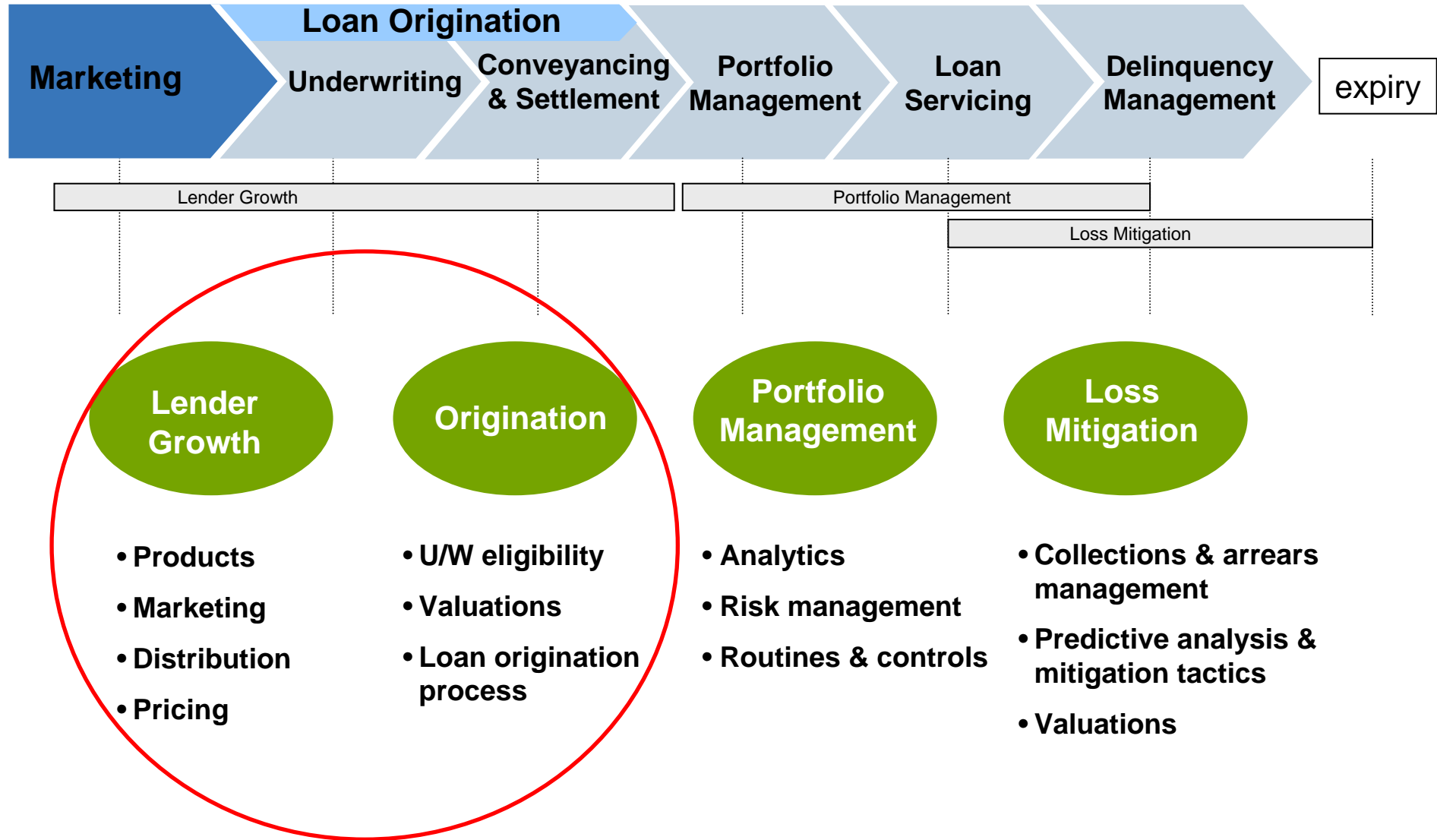
# The Lender's Challenges & Opportunities

- **Transparency to consumer**
- **Access to consumers' data and credit information**
- **Disciplined and consistent approach to lending**
- **Grow mortgage share**



**Right Product + Right Market Segment = Right Result**

# The Mortgage Life Cycle





# Originations... Standards Vary

## Credit

- ✓ Quality
- ✓ Credit score
- ✓ Credit bureau
- ✓ Data available
- ✓ Data retention

## Capacity

- ✓ Employment
- ✓ Employment type
- ✓ Minimum income
- ✓ Affordability
- ✓ Verification

## Collateral

- ✓ Max LTV
- ✓ Appraisal
- ✓ Methodology
- ✓ Control

Clarity of data requirements and documentation processes  
help lenders and consumers

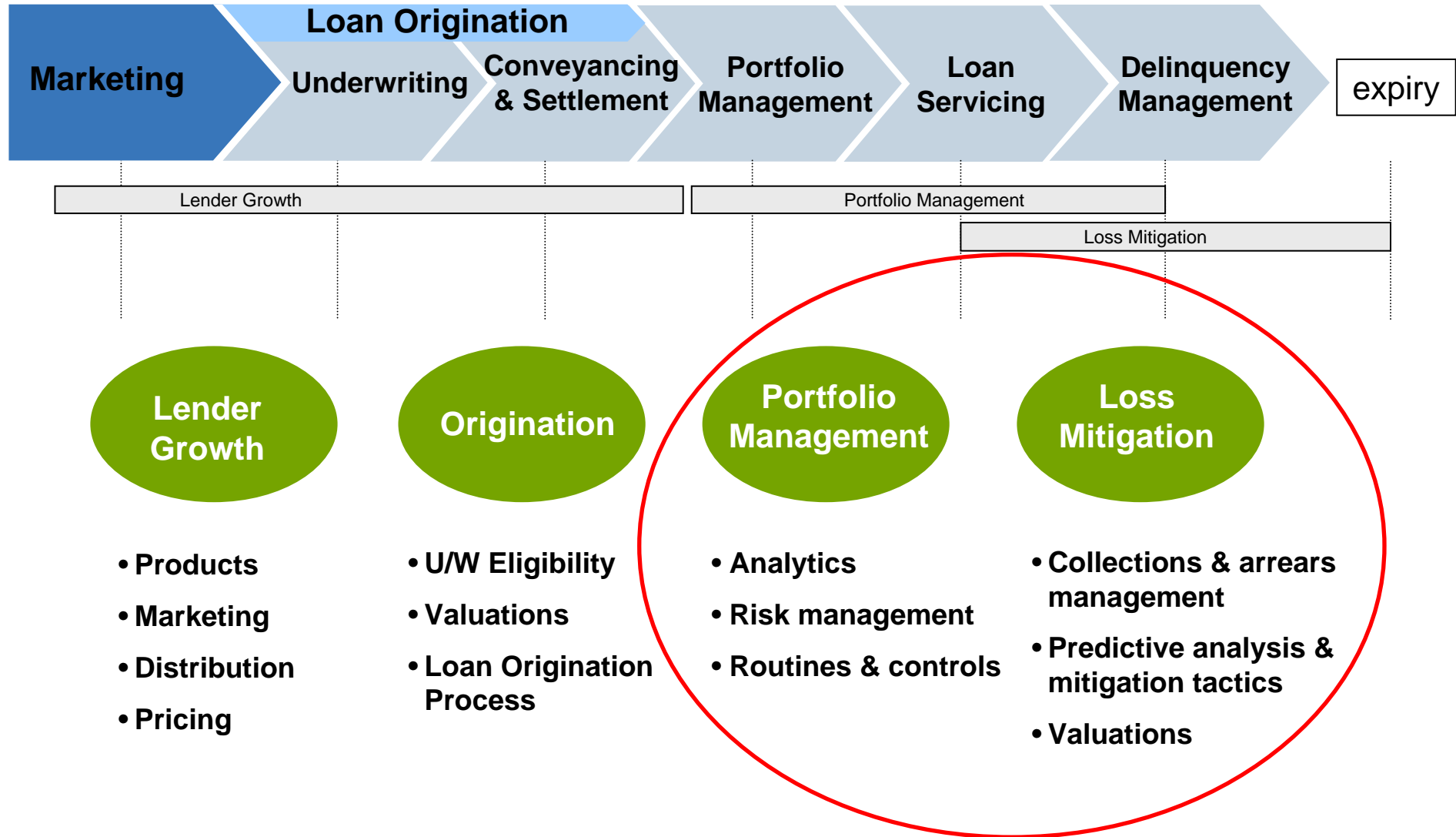
# Credit Bureau Data... Standards Vary

Country	Positive Data	Negative Data	Legal Proceedings	Previous Searches	Electoral Roll	Fraud	Bureau Score	Comments	Foreclosure
Denmark	No	Current Only	Current Only	No	No	No	No	Reliable Information but limited	7 Months
Finland	No	Current & 24-60 Mths	24-60 Months	6 Months	No	No	No	Reliable Information	9 Months
Germany	36 Months	36 Months	36 Months	12 Months	No	Yes	Yes	Reliable Information	18 Months
Italy	12 Months	60 Months	No	6 Months	Fraud Only	Yes	Yes	Reliable Information	60 Months
Ireland	24 Months	60 Months	Yes	Yes	No	No	No	Limited Information	24 Months
Portugal	No	Current Only	60 Months	No	No	No	No	Limited Information	36 Months
Spain	No	Current Only	60 Months	No	No	No	No	Limited Information	24 Months
Sweden	Current & 24 Mths	Current & 36 Months	36 Months	36 Months	Yes	No	Yes	Reliable Information	7 Months
UK	72 Months	72 Months	72 Months	12 Months	Yes	Yes	Yes	Reliable Information	12 Months

Source: Genworth Financial Data  
compiled using various external sources

Country	Positive Data	Negative Data
Denmark	No	Current Only
Finland	No	Current & 24-60 Mths
Germany	36 Months	36 Months
Italy	12 Months	60 Months
Ireland	24 Months	60 Months
Portugal	No	Current Only
Spain	No	Current Only
Sweden	Current & 24 Mths	Current & 36 Months
UK	72 Months	72 Months

# The Mortgage Life Cycle



# Loss Mitigation... Standards Vary

## ■ Repayment Plans (Cure)

- Lender accepts scheduled payments to reduce delinquency

## ■ Forbearances (Cure)

- Delays foreclosure action
- Arrearage paid within specified time

## ■ Modifications (Cure)

- One or more terms of the note are modified

## ■ Pre-Foreclosure Sales

- Higher sales price of property
- Avoids foreclosure expenses and lessens impact on borrower credit

## ■ Deed In Lieu Of Foreclosure

- Avoids lengthy foreclosure interest and expenses

**Sound loss mitigation practices benefit all parties, and keep many borrowers in their homes**

# Where Can We Find Best Practice Learnings?

**Consider: credit expertise, underwriting discipline, process clarity & recognising opportunities**

- Focused expertise
- Disciplined approach to underwriting and risk taking
- Diversity of perspectives from multiple countries
- Improved lender & borrower liquidity
- Increased home ownership on better terms
- State of art risk management techniques

**MI can provide the balance between meeting housing demands and managing lender risks in the mortgage market**

# So what is Mortgage Insurance?

## What it is

- **Protection for lenders and investors from borrower default on residential mortgages**
- **An enabler of homeownership with low down payment**

## What it is not

- **Is NOT mortgage life insurance**
- **Is NOT payment protection insurance**
- **Is NOT automatically subprime**

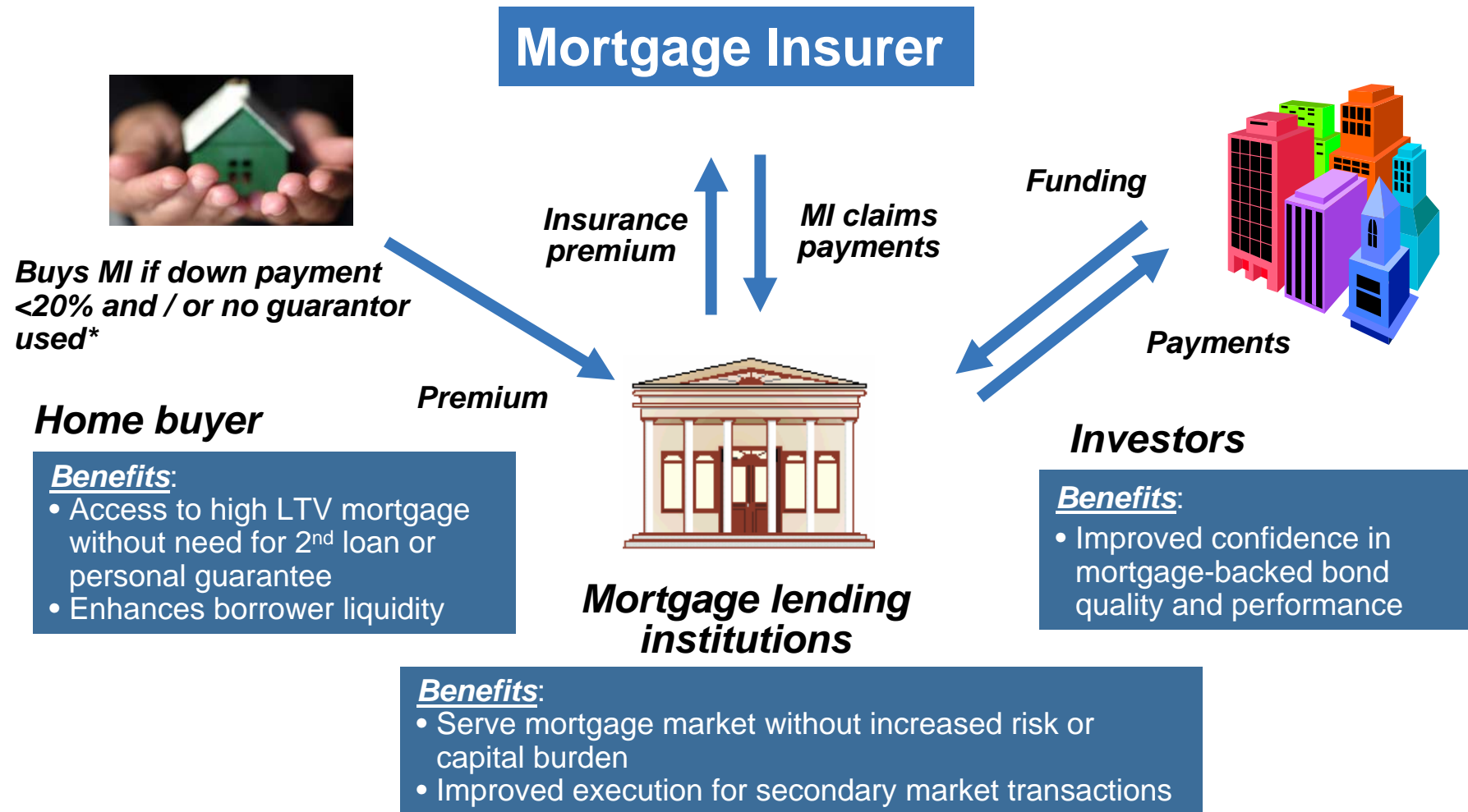
# HTLV Lending Entails A Greater Risk

## Historical Experience

**HLTV loans more volatile when market turns:**

- **Loss frequency experience significantly higher in recession**
- **Books written pre-recession still experience increased losses**
- **Combination of higher LTV's & deteriorating economic factors increase probability of default**

# The Private MI Model



\*The cost of MI is not always passed on to the borrower. This is dependent on the country and specific lender.



# Genworth Financial

- More than **15 million** customers
- Presence in more than **25 countries**
- More than **7,000** employees
- **\$110.9 billion** in total assets\*
- **\$13.3 billion** in total\* stockholders' interest
- **\$11.0 billion** in revenues\*\*
- **\$1.328 billion** net earnings\*\*
- Payment Protection & Mortgage Insurance in Europe

\* As of December 31, 2006

\*\* Year ending December 31, 2006

## Your Financial Security Company

The image displays four service categories arranged in a 2x2 grid, with a central age wheel. The categories are: 'Your Own Home' (Mortgage Insurance), 'Your Family's Peace of Mind' (Protection), 'Your Independence' (Liquidity, LTC, Support Services), and 'Your Aspirations' (Retirement Income). The central wheel is labeled 'Age' and has markers for 25, 40, 70, and 55.

Category	Image Description	Service
Your Own Home	Hand painting a wall	Mortgage Insurance
Your Family's Peace of Mind	Family sitting on a boat	Protection
Your Independence	Sailboat on water	Liquidity, LTC, Support Services
Your Aspirations	Older couple on a bench	Retirement Income

## Genworth Financial Mortgage Insurance Limited

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