

Investor Report

Half Year ended 30 June 2015

Genworth Mortgage Insurance Australia Limited
ABN 72 154 890 730

5 August 2015

Corporate information

This report contains general information in summary form which is current as at 30 June 2015. It presents financial information on both a statutory basis (prepared in accordance with Australian accounting standards which comply with International Financial Reporting Standards (IFRS) and non-IFRS basis. The Pro forma financial information in this report is prepared on the same basis as disclosed in the **Genworth Mortgage Insurance Australia Limited (GMA or the Company)** prospectus lodged by the Company with the Australian Securities and Investments Commission on 23 April 2014 (Prospectus), which reflected the post reorganisation structure. Refer to Section 7.1 and 7.2 of the Prospectus for detailed information (these two sections have been included in Appendix D for your reference). As the prior year IFRS financial result of **GMA and its subsidiaries (collectively, the Group)**, prepared on a statutory basis, only represents the period from 19 May 2014 to 30 June 2014, a comprehensive review and analysis of the non-IFRS Pro forma financial information throughout this report has been prepared as it may provide users with a better understanding of the financial performance of the business. This report is not a recommendation or advice in relation to GMA or any product or service offered by the Group. It is not intended to be relied upon as advice to investors or potential investors and does not contain all information relevant or necessary for an investment decision.

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The information in this report is for general information only. To the extent that certain statements contained in this report may constitute a “forward-looking statement” or statements about “future matters”, the information reflects GMA’s intent, belief or expectations at the date of this report. GMA gives no undertaking to update this information over time (subject to legal or regulatory requirements). Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking

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Local currencies have been used where possible. Prevailing current exchange rates have been used to convert foreign currency amounts into Australian dollars, where appropriate.

All references starting with “FY” refer to the financial year ended 31 December. For example, “FY14” refers to the year ended 31 December 2014. All references starting with “1H” refer to the financial half year ended 30 June. For example, “1H15” refers to the half year ended 30 June 2015.

Corporate information

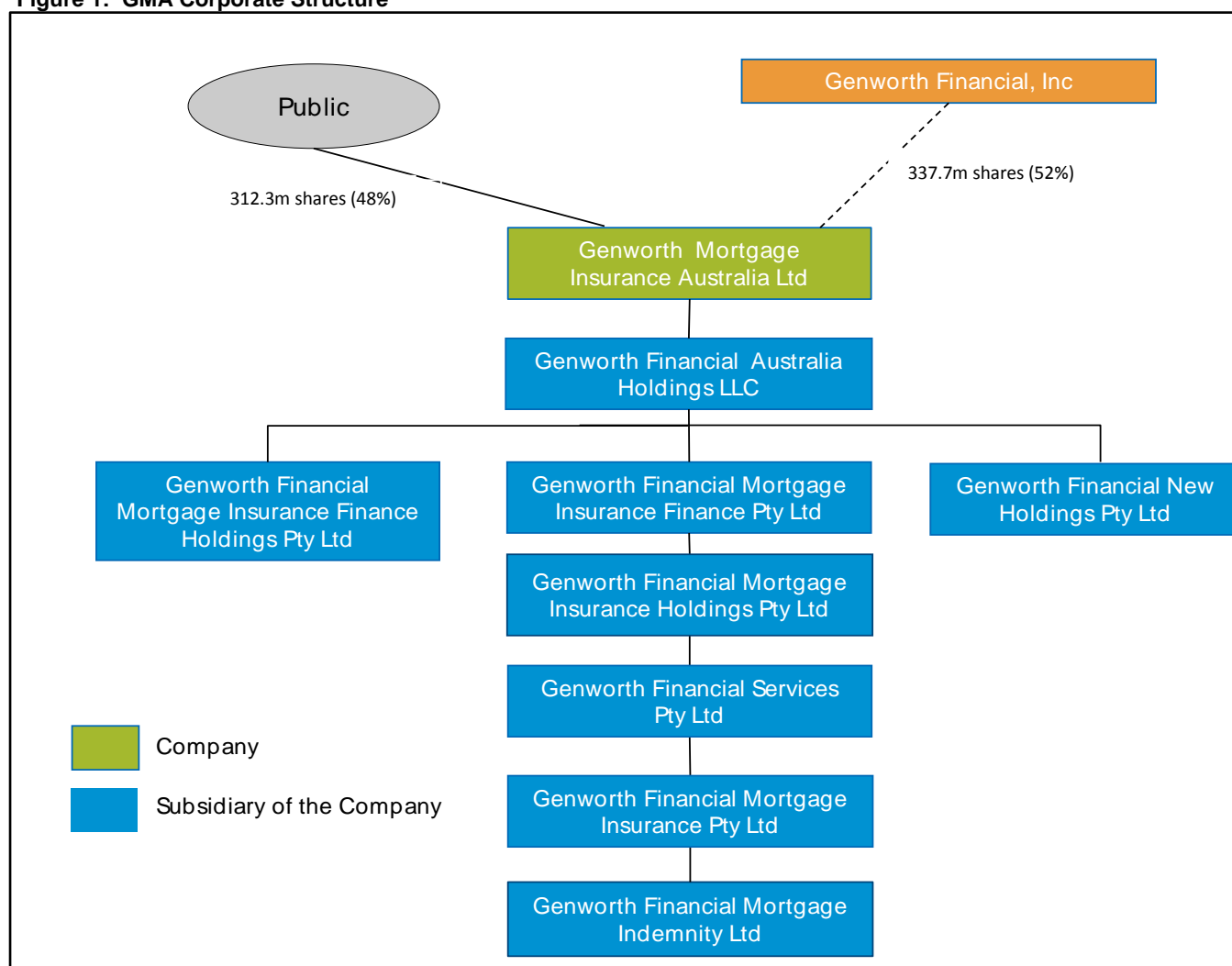
Following completion of the allocation of 650 million ordinary shares under an IPO in May 2014, the shares in Genworth Mortgage Insurance Australia Limited successfully listed on the Australian Securities Exchange (ASX) under the code GMA on 20 May 2014, at an issue price of \$2.65 per share. Under the allocation of the ordinary shares, 220 million shares, or 33.85% of the issued capital, were allocated to retail and institutional shareholders raising \$583 million gross, which, net of underwriting costs, was repatriated to the ultimate major shareholder of GMA, Genworth Financial, Inc. which owned the remaining 66.15% of the issued shares.

Immediately prior to completion of the IPO, GMA became the new holding company of the Group with 100% control of the Australian subsidiaries through the implementation of a reorganisation plan. The Group is represented by GMA and its subsidiaries.

On 15 May 2015, Genworth Financial, Inc. sold 92.3 million shares in GMA, reducing its ownership in GMA to approximately 52%.

The Group has the following corporate structure:

Figure 1: GMA Corporate Structure



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Section 1

Executive summary

Executive summary

1.1 Overview of the half year 2015 financial results

GMA reported statutory net profit after tax (NPAT) of \$113.0 million for 1H15. After adjusting for the after-tax mark-to-market movement in the investment portfolio of \$19.9 million, underlying NPAT was \$132.9 million, broadly consistent with the prior corresponding period.

Table 1: Group financial performance measures

(A\$ in millions)	1H14 (Pro forma)	1H15 (Actual)	Change 1H14 vs 1H15
Gross written premium	313.6	285.4	(9.0%)
Gross earned premium	256.1	265.7	3.7%
Net earned premium	218.4	225.7	3.3%
NPAT	151.4	113.0	(25.4%)
Underlying NPAT	133.1	132.9	(0.2%)
Loss Ratio	19.6%	22.1%	2.5%
Delinquency rate	0.36%	0.40%	0.04%
Expense Ratio	26.6%	26.7%	0.1%
Combined Ratio	46.2%	48.8%	2.6%
Insurance Margin	66.2%	57.2%	(9.0%)
Investment Return	4.1%	3.7%	(0.4%)
ROE ¹	11.9%	11.9%	0.0%
Underlying ROE ¹	12.0%	12.0%	0.0%

1): ROE is shown on a trailing 12-month basis.

The reported results reflect:

(a) Lower sales (Gross Written Premium):

- i. GWP for 1H15 was 9.0% lower than 1H14, primarily due to a reduction in mortgage originations above 90% Loan to Value Ratio (LVR).

(b) Higher revenue (Net Earned Premium):

- i. Net Earned Premium growth of 3.3% reflects the revenue recognition from a period of higher volumes and premium rate increases, predominantly in the 2011-2013 book years.

(c) Higher net claims incurred:

- i. A reduction in reserve releases from Borrower Sales and Mortgagee in Possession (MIP) case based reserves.
- ii. An increase in the number of new delinquencies in 1H15 compared to 1H14, in particular in parts of Queensland and Western Australia.

(d) Mark-to-market losses on a statutory basis combined with lower interest income resulting from lower investment yields.

Executive summary

1.2 Summary of financial and capital position

Table 2: Group financial position/capital measures

(A\$ in millions), as at	31 Dec 14	30 Jun 15
Cash, accrued interest and investments	4,200.5	4,143.7
Total assets	4,449.3	4,447.7
Unearned premium reserve	1,362.6	1,382.4
Net assets	2,500.5	2,454.1
Net tangible assets	2,488.6	2,443.6
Regulatory capital base	2,854.1	2,778.8
Level 2 PCA coverage (times)	1.59x	1.64x
CET1 coverage (times)	1.53x	1.59x
Gearing	5.3%	5.4%

The Group's capital position was strong at 30 June 2015, as reflected by the Group's regulatory capital solvency level of 1.64 times PCA and a CET1 ratio of 1.59 times. The regulatory solvency position is above the Board's targeted range of 1.32 - 1.44 times PCA and above the regulatory requirement of CET1 of 0.60 times PCA.

1.3 Economic and Regulatory Environment

Strong levels of dwelling investment and resilience in household consumption are supporting the Australian economy. However, growth rates remain below long-term averages due to weak business investment and a slowing export sector. The rebalancing of the economy away from resources sector-led growth has meant the economy continues to operate with a degree of spare capacity.

In response to below-trend growth and benign inflation pressures, the Reserve Bank of Australia (RBA) maintains a very accommodative monetary policy stance with the official cash rate at an historic low level of 2.00 per cent from May 2015.

At the July 2015 RBA Board meeting, the RBA Governor Glenn Stevens noted "the economy has continued to grow over the past year, but at a rate somewhat below its longer-term average. The rate of unemployment, though elevated, has been little changed recently. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet.

"In such circumstances, monetary policy needs to be accommodative. Low interest rates are acting to support borrowing and spending. Credit is recording moderate growth overall, with stronger borrowing by businesses and growth in lending to the housing market broadly steady over recent months. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities."

Business confidence, as measured by the NAB Business Confidence Index, rose in June 2015 to its highest level since September 2013. However, consumer confidence remains subdued, with the Westpac-Melbourne Institute Index of Consumer Confidence falling to an eight-month low in July 2015 in response to the default concerns about Greece and the sharp correction in the Chinese equity markets.

The unemployment rate has remained generally stable and stood at 6.0% in June 2015, unchanged from a year ago. Flat to lower unemployment rates in the eastern states have been offset by increases in WA and SA.

Executive summary

The housing market remains generally strong with dwelling values up 11.1% on year ago levels, across the combined capital cities¹. The Sydney housing market has been exceptionally strong with an annual house and dwelling price appreciation of 18.4%. Limited housing supply, strong demand, especially from investors, and the low interest rate environment are key supportive factors of the housing market. Looking ahead, GMA expects house price appreciation to moderate over 2015.

1.3.2 Regulatory environment

On 31 March 2015, the Group provided a response to Treasury regarding the implementation of the FSI recommendations. In this submission, we endorsed the findings of the FSI and once again reinforced our view that there should be recognition for LMI in Internal Ratings Based (IRB) lenders' models by reducing loss given default (LGD) factors to the lowest percentage permissible by APRA, for residential mortgage loans covered by LMI. In addition, we recommend increased capital requirements for high LVR loans for IRB lenders, introducing minimum risk weights by LVR for high LVR lending (above 80% LVR for standard loans and above 60% LVR for non-standard loans).

In July 2015, APRA announced a change to the capital adequacy requirements for residential mortgage exposures under the IRB approach. This change will mean that, for ADIs accredited to use the IRB approach, the average risk weight on Australian residential mortgage exposures will increase from approximately 16 per cent to at least 25 per cent. The increase is being implemented through an adjustment to the correlation factor used in the IRB mortgage risk weight function for each affected ADI. In order to provide these ADIs sufficient time to prepare for the change, the higher risk weights will come into effect on 1 July 2016.

Throughout the course of 2015, GMA will continue to work with policy makers and regulators to ensure appropriate recognition for the additional system capital provided by LMI providers, and the notion that, without LMI, there is the potential for less capital in the system to absorb the destabilising effects of an unexpected crisis.

1.4 Customer Relationships

GMA has commercial relationships with over 100 lender customers across Australia and has Supply and Service Contracts with 10 of its key customers. The top three customers accounted for approximately 51 per cent of GMA's NIW and 65 per cent of GWP in 1H15. The largest customer accounted for 32 per cent of NIW and 41 per cent of GWP in 1H15. The Group estimates that it had approximately 41% of the Australia LMI market by NIW for the six months ended 30 June 2015².

On 17 February 2015, GMA announced that Westpac Banking Corporation had provided 90 days written notice to terminate the agreement for the provision of LMI with Genworth Financial Mortgage Insurance Pty Limited. The LMI business underwritten under this agreement accounted for 9.5% of GMA's NIW and 14.0% of GWP in 2014.

On 4 June 2015, GMA announced that it had renewed its contract with National Australia Bank for the provision of LMI for NAB Broker business. The term of the new contract is for two years to 20 November 2017.

GMA's largest lender customer has the right to reduce the percentage of LMI business it writes by a specified amount with effect from 1 January 2015. As of the date of this report, that customer had provided no formal indication to GMA of its intention to exercise this right.

¹ Core Logic Home Price Index data to July 2015.

² 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 residential mortgage loans.

Executive summary

1.5 Ratings

Standard & Poor's

On 19 February 2015, Standard & Poor's Ratings Services (S&P) affirmed the Genworth Financial Mortgage Insurance Pty Limited financial strength and issuer credit rating at 'A+' and altered the outlook to 'developing' from 'negative'. S&P also affirmed the 'A-' financial strength and credit ratings on Genworth Financial Mortgage Indemnity Ltd also with a revised outlook of 'developing'.

On 13 May 2015, S&P affirmed Genworth Australia's financial strength and issuer credit rating at 'A+' and altered the outlook to 'stable' from 'developing'.

Moody's

On 20 February 2015, Moody's reaffirmed the insurance financial strength rating of both Genworth Financial Mortgage Insurance Pty Limited and Genworth Financial Mortgage Indemnity Ltd at 'A3' with a revised outlook of Negative from Stable. The rating action followed the decision by Westpac Banking Corporation to provide notice of termination of its agreement with Genworth Financial Mortgage Insurance Pty Limited for the provision of LMI.

Fitch Ratings

Subsequent to the end of the reporting period, Fitch Ratings (Fitch) affirmed its insurer financial strength rating of Genworth Financial Mortgage Insurance Pty Limited, assigning an 'A+' rating with a 'stable' outlook.

On 24 June 2015, Fitch published its updated criteria assumptions for analysing the use of LMI in RMBS transactions. The assumptions are used in conjunction with applicable RMBS criteria for rating RMBS transactions where LMI is present.

Executive summary

1.6 Business Strategy

The Group continues to pursue the strategic objective of delivering long-term returns to shareholders, reflected in an attractive, sustainable ROE.

The table below highlights the key achievements in 1H15 against each of the key strategic priorities.

Priority	Strategic Priority	1H15 Achievements
#1 Strengthen market leadership position	<ul style="list-style-type: none"> Seek to strengthen and grow our customer relationships and product value proposition by: <ul style="list-style-type: none"> - Focusing on understanding and meeting the strategic needs of its customers; - Influencing the changing regulatory environment; - Addressing potential ratings and/or counterparty challenges; - Enhancing its service offerings with a focus on risk management and technology; and - Maintaining a high level of service with a continued focus on customer satisfaction. 	<ul style="list-style-type: none"> 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
#2 Enhance profitability	<ul style="list-style-type: none"> Intention to maintain appropriate, risk adjusted returns by: <ul style="list-style-type: none"> - Pricing NIW to achieve low-to-mid teens ROEs over the long-term and enhancing our understanding of the profitability of portfolio cohorts; - Continue to manage underwriting and pricing to grow share of attractive market segments as they emerge; - Investing in loss mitigation tools and process to enhance management of delinquencies and claims; - Investing in underwriting systems to deliver productivity benefits while maintaining strong risk management disciplines and enhancing customer experience; and - Optimising interest income from its investment portfolio within acceptable risk standards. 	<ul style="list-style-type: none"> 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
#3 Optimise capital position and enhance ROE	<ul style="list-style-type: none"> Complement strategy to enhance profitability, through maintaining a strong balance sheet and financial position while managing its capital relative to its risk exposure, targeted ratings and regulatory requirements. In addition to equity, qualifying capital instruments and reinsurance form part of the Group's capital management strategy. To continue to assess opportunities to optimize its capital base to enhance returns. To the extent the Group has capital above its internal and regulatory capital requirements the Board will consider a range of options and currently has a preference to return excess capital to shareholders, subject to regulatory approvals and market conditions. 	<ul style="list-style-type: none"> 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

Executive summary

Priority	Strategic Priority	1H15 Achievements
#4 Maintain strong risk management discipline	<ul style="list-style-type: none"> Continue to strengthen the risk culture across the business. Enhance data received from customers and third parties to support granular and effective risk decision-making. Continue to invest in modelling and analytical capabilities to deliver more granular performance measures, along with improved loss forecasting, balance sheet management and stress-testing. Continue to advance the risk management framework and practices by working with regulators, lender customers and other market participants to adapt to changing market conditions. 	<ul style="list-style-type: none"> 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
#5 Continue to work with regulators, rating agencies and other industry participants	<ul style="list-style-type: none"> Continue to work with regulators, rating agencies and other industry participants to promote legislative and regulatory policies that support increased levels of home ownership, continue responsible credit growth for lender customers, and the purchase of LMI by lender customers so as to continue to enable lender customers to provide borrowers with affordable residential mortgage loans. 	<ul style="list-style-type: none"> 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. <i>Streets Ahead</i> and the launch of the First Homebuyer magazine "<i>It's My Home</i>")

Section 2

Group financial results

Group financial results

2.1 Historical 1H15 results vs pro forma historical 1H14 results

This section contains the historical consolidated statement of comprehensive income for the Group for the half year ended 30 June 2014 on a pro forma basis ("1H14") and the half year ended 30 June 2015 ("1H15") on a reported basis.

2.1.1 Pro forma and reported historical consolidated statements of comprehensive income

Table 3: Group reported statement of comprehensive income

(A\$ millions)	1H14 (Pro forma)	1H15 (Actual)	Change 1H14 vs 1H15
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 reserves	27.1	13.5	(50.2%)
Insurance profit	144.5	129.1	(10.7%)
Investment income on shareholders' funds	76.9	37.6	(51.1%)
Financing costs	(5.6)	(5.5)	(1.8%)
Profit before income tax	215.9	161.2	(25.3%)
Income tax expense	(64.5)	(48.2)	(25.3%)
NPAT	151.4	113.0	(25.4%)
Underlying NPAT	133.1	132.9	(0.2%)

Group financial results

2.2 Management discussion and analysis

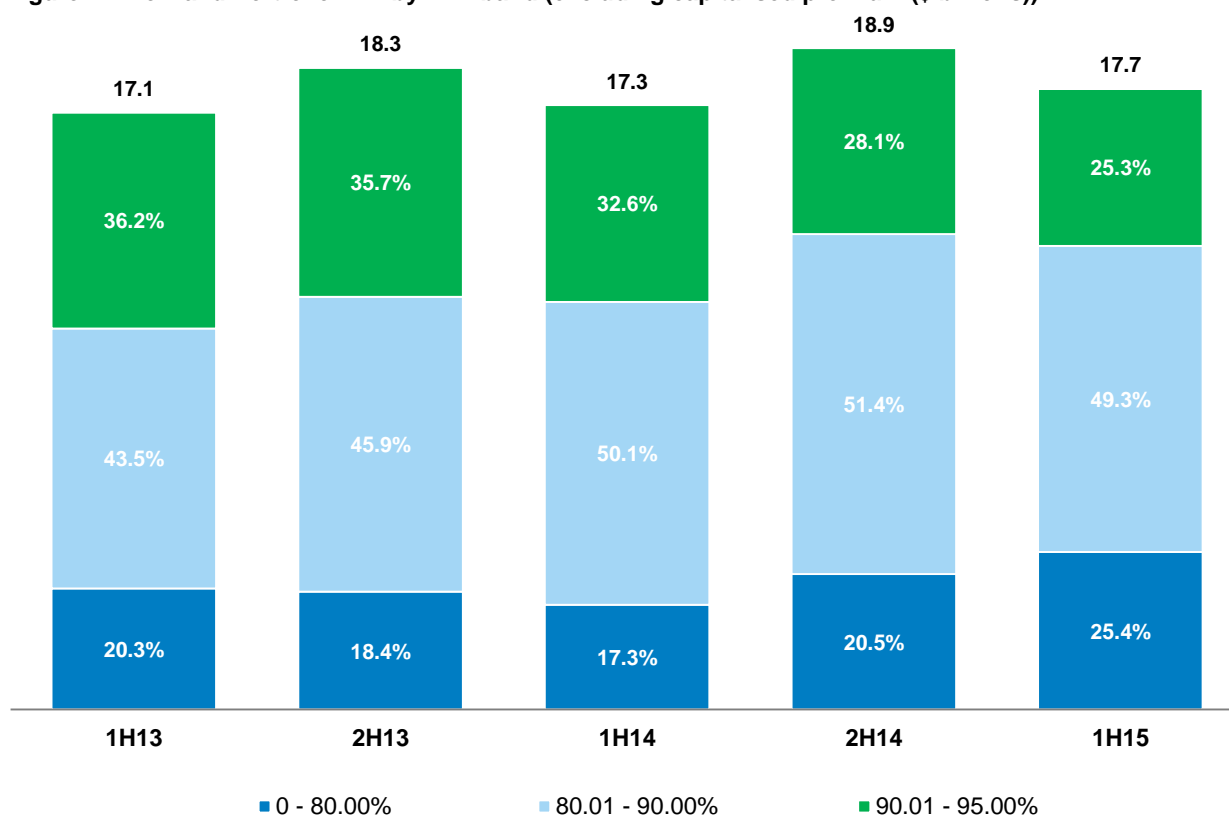
2.2.1 New Insurance Written (NIW)

NIW increased 2.3% to \$17.7 billion in 1H15 supported by continued, albeit lower, growth in the Australian residential mortgage market. 84% of NIW was written under customer contracts in 1H15.

There was an 8% increase in the less than 80% LVR residential mortgage insurance policies in 1H15 compared to 1H14 reflecting a change in the business mix among the Group's lender customers. 90%+ LVR policies decreased by 7% in 1H15 compared to 1H14 in response to focused regulatory oversight in the Australia residential mortgage market.

The increase in NIW included \$2.2 billion of portfolio transactions for a customer seeking risk mitigation on a previously uninsured mortgage portfolio.

Figure 2: Flow and Portfolio NIW by LVR band (excluding capitalised premium (\$ billions))



2.2.2 Gross Written Premium (GWP)

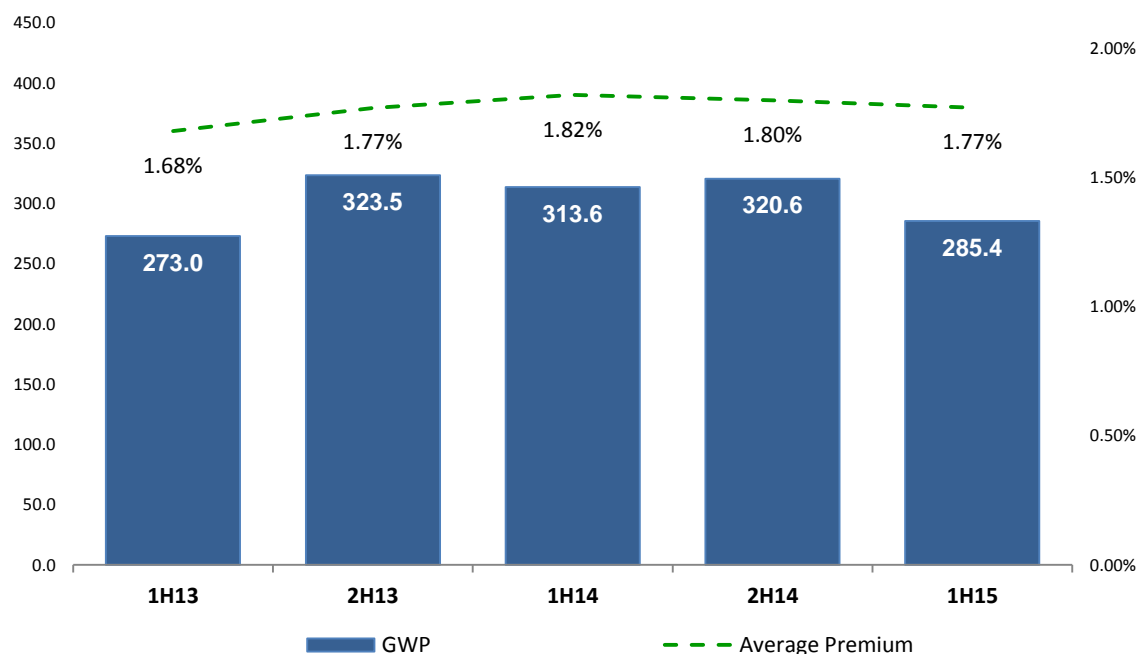
GWP decreased 9.0% from \$313.6 million in 1H14 to \$285.4 million in 1H15, primarily due to ongoing trend towards lower average Loan to Value Ratio (LVR) mix, with a reduction in volume of 90-95% LVR business and an increase in less than 80% LVR volume written in the first half of 2015.

Average price for Flow (GWP/NIW) decreased from 1.82% in 1H14 to 1.77% in 1H15 as a result of increased business in the lower-priced less than 80% LVR band. (Refer to Figure 4 for the movement between 1H14 and 1H15).

Group financial results

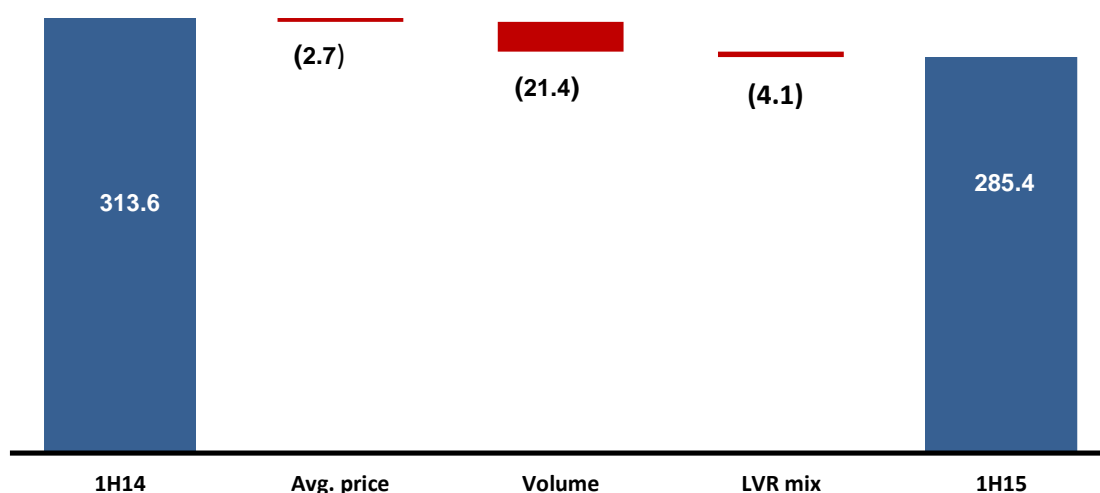
The average original LVR of new flow business written in 1H15 was 86.6%, down from 87.0% in 2014.

Figure 3: GWP (\$ millions) and average price



As a result of the GWP being recognised as revenue over time, the earnings associated with the book years written since pricing increases in 2010 - 2013 were introduced are now forming an increasingly larger proportion of the Unearned Premium Reserve (UPR) and consequently will make a contribution to earned premium in future years.

Figure 4: Movement of GWP 1H14 vs 1H15 (\$ millions)



Group financial results

2.2.3 Gross Earned Premium (GEP)

GEP increased 3.7% from \$256.1 million in 1H14 to \$265.7 million in 1H15, reflecting gross earned premium generated from revenue recognised from the prior years' in-force books of \$238 million compared to \$224 million in 1H14. 90% of the GEP earned in 1H15 came from business written in the 2014 and prior Book Years.

2.2.4 Outward Reinsurance Expense

Outward reinsurance expense increased by \$2.3 million from \$37.7 million in 1H14 to \$40 million in 1H15, reflecting increased coverage of \$100 million in external reinsurance contracts, which was new in January 2015.

2.2.5 Net Claims incurred and changes to reserves

Net claims incurred increased \$7.1 million from \$42.8 million in 1H14 to \$49.9 million in 1H15, primarily driven by an increase in new delinquencies, especially higher delinquencies arising from parts of Queensland and WA.

The average paid claim and number of paid claims in 1H15 continued to decline driven by increased Borrower Sales activity and a reduction in the rate at which late stage delinquencies transitioned into MIP.

Table 9: Composition of net claims incurred

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

1) Excluding \$8.9 million accrual for expected recoveries related to paid claims, the average paid claim in 1H15 would be \$64,800

The average reserve per delinquency increased from \$41,700 in 1H14 to \$43,100 in 1H15, primarily driven by the mix of delinquencies with higher average reserves for MIP and claims.

Table 10: Movement in delinquencies

	1H13	2H13	1H14	2H14	1H15
Opening Delinquencies	5,851	5,820	4,980	5,405	4,953
New Delinquencies (net of cures)	1,240	251	1,306	212	1,515
Claims paid	(1,271)	(1,091)	(881)	(664)	(568)
Closing Delinquencies	5,820	4,980	5,405	4,953	5,900
Total Policies Outstanding	1,459,376	1,474,181	1,481,201	1,496,616	1,481,755
Delinquency Rate	0.40%	0.34%	0.36%	0.33%	0.40%

Group financial results

Overall new delinquencies were up from normal seasonal development. Increases in parts of Queensland and Western Australia drove an increase in the total delinquency rate. Cures remain consistent with borrower sales activity being strong. Claims paid continue to trend down to the lowest level since 2006 reflecting a strong housing market and reduced severity.

2.2.6 Acquisition costs and other underwriting expenses

Acquisition costs increased \$1.7 million from \$24.1 million in 1H14 to \$25.8 million in 1H15, due to higher amortisation expense. Other underwriting expenses increased \$0.3 million from \$34.1 million in 1H14 to \$34.4 million in 1H15. The total expense ratio of 26.7% in 1H15 was consistent with 26.6% in 1H14.

2.2.7 Financial income

Financial income, comprising interest income and realised and unrealised gains/ losses, fell \$52.8 million (50.9%) from \$104.0 million in 1H14 to \$51.2 million in 1H15. This included an unrealised pre-tax loss on the market value of investments of \$28.4 million in 1H15 compared to a pre-tax unrealised gain of \$26.1 million in 1H14.

2.2.8 Income tax expense

Income tax expense decreased \$16.4 million (25.3%) from \$64.6 million in 1H14 to \$48.2 million in 1H15, driven by the decrease in profit before tax. The effective tax rate is consistent at 29.9% compared to 1H14.

2.2.9 Net Profit After Tax

NPAT decreased \$38.4 million (25.4%) from \$151.4 million in 1H14 to \$113.0 million in 1H15. The unfavorable after-tax mark-to-market movement of \$19.9 million on fixed interest securities drove this decrease.

Group financial results

2.3 Analysis of underwriting performance

The underwriting performance in 1H15 reflects the following key factors:

- (a) GWP fell 9% due to lower volumes and a lower average LVR mix of business;
- (b) The loss ratio for 1H15 was 22.1% compared to 19.6% in 1H14 due to an increase in delinquencies. Excluding the \$9.6 million accrual booked in Q1 for an increased level of expected recoveries relating to paid claims, the 1H15 loss ratio would be 26.0%;
- (c) The expense ratio for 1H15 of 26.7% was consistent with 1H14; and
- (d) The insurance margin decreased to 57.2% compared with 66.2% for 1H14 driven by an unfavorable mark-to-market movement.

Table 11: Key underwriting metrics

	1H13	2H13	1H14	2H14	1H15
New Insurance Written (\$ billions)	17.1	18.3	17.3	18.9	17.7
Gross Written Premium (\$ millions)	273.0	323.5	313.6	320.6	285.4
Net Earned Premium (\$ millions)	192.1	205.7	218.4	227.4	225.7
Claims Paid (\$ millions)	102.8	82.3	55.4	36.1	27.9
Expense Ratio	27.6%	27.3%	26.6%	26.3%	26.7%
Loss Ratio	42.3%	22.6%	19.6%	18.4%	22.1%
Combined Ratio	69.9%	49.9%	46.2%	44.7%	48.8%
Insurance Margin	35.8%	58.1%	66.2%	65.4%	57.2%
Delinquency Rate	0.40%	0.34%	0.36%	0.33%	0.40%

Section 3

Portfolio performance

Portfolio performance

3.1 Insurance portfolio

3.1.1 In-force portfolio as at 30 June 2015

GMA had an in-force portfolio of approximately \$316 billion as at 30 June 2015. Due to the volumes of business that have been originated since 2009, when significant pricing, policy and underwriting changes were made, as well as the early repayment of residential mortgage loans originated prior to that time, LMI policies issued post 2009 now comprise 52% of the total in-force portfolio.

The Group's Standard LMI product comprises the largest part of the overall in-force portfolio at 90%, and the overall percentage of Business Select and Low Doc product business has remained steady at 6% of the total in-force portfolio. 69% of in-force policies cover residential mortgage loans with LVRs greater than 80% at the time of issuance, reflecting the importance of HLVR lending. The following charts display the segmentation of the Group's in-force portfolio.

Figure 5: Insurance in-force by book year

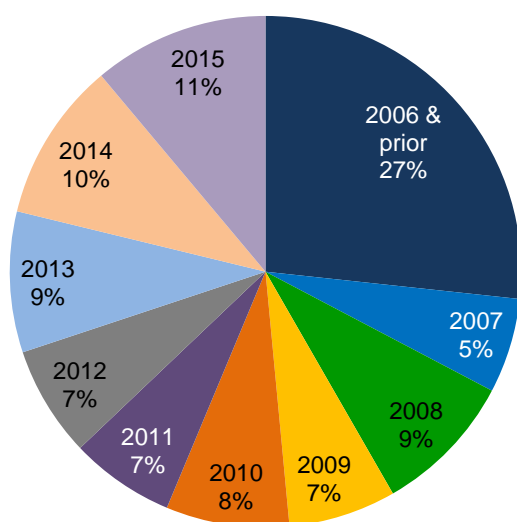


Figure 6: Insurance in-force by original LVR

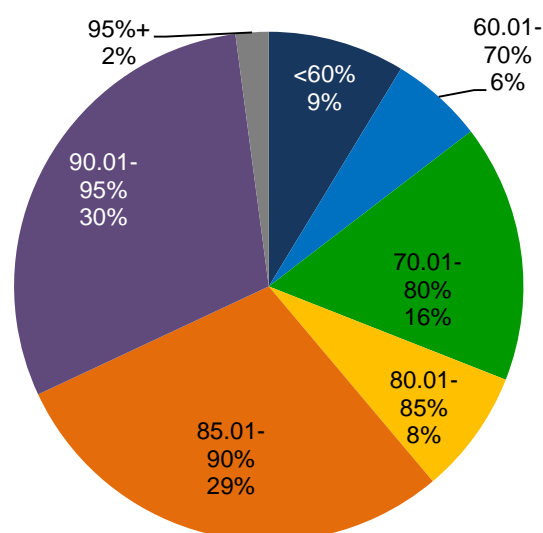


Figure 7: Insurance in-force by product

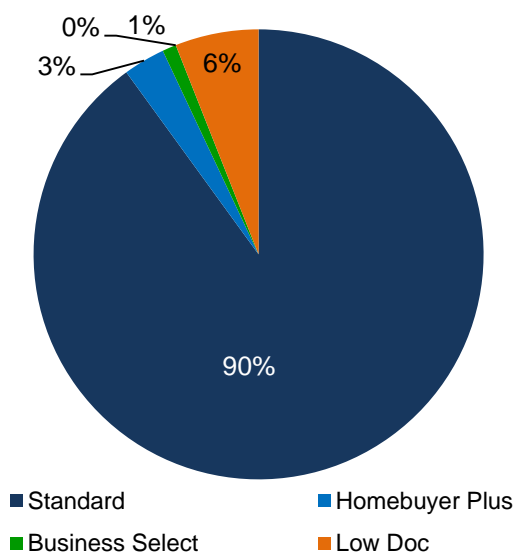
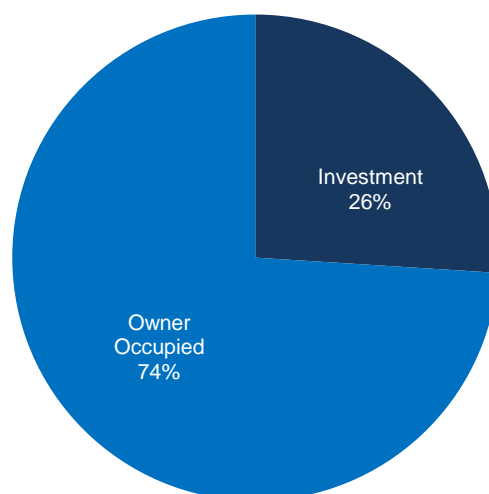


Figure 8: Insurance in-force by loan type



Portfolio performance

3.1.2 Effective LVR

The table below shows the effective LVR of the portfolio as at 30 June 2015. GMA calculates the estimated house price adjusted effective LVR, using the Core Logic 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.

Table 12¹: Effective LVR as at 30 June 2015

Book year	Insurance in-force		LVR		Portfolio Change in house prices %
	\$ billion	%	Original	Effective	
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%

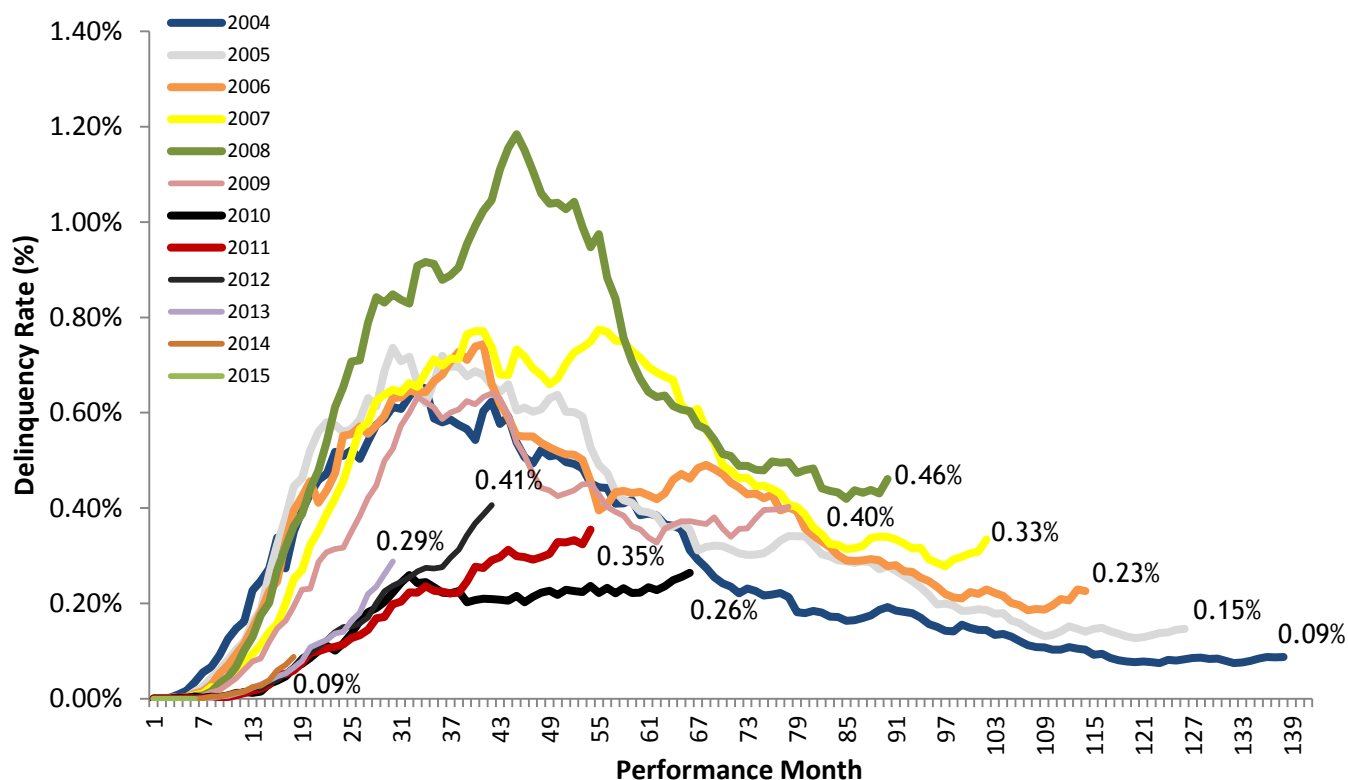
1) Table 12 excludes Inward Reinsurance, New Zealand and Genworth Financial Mortgage Indemnity, as the Group does not have comparative data available for these lines of business.

Portfolio performance

3.2 Delinquency rate by Book Year

The figure below shows the evolution of GMA's 3 month+ delinquencies (Flow only) by residential mortgage loan Book Year from the point of policy issuance.

Figure 9: Delinquency development by book year



Each line illustrates the level of 3 month+ delinquencies relative to the number of months an LMI policy has been in-force for policies issued within a specific year.

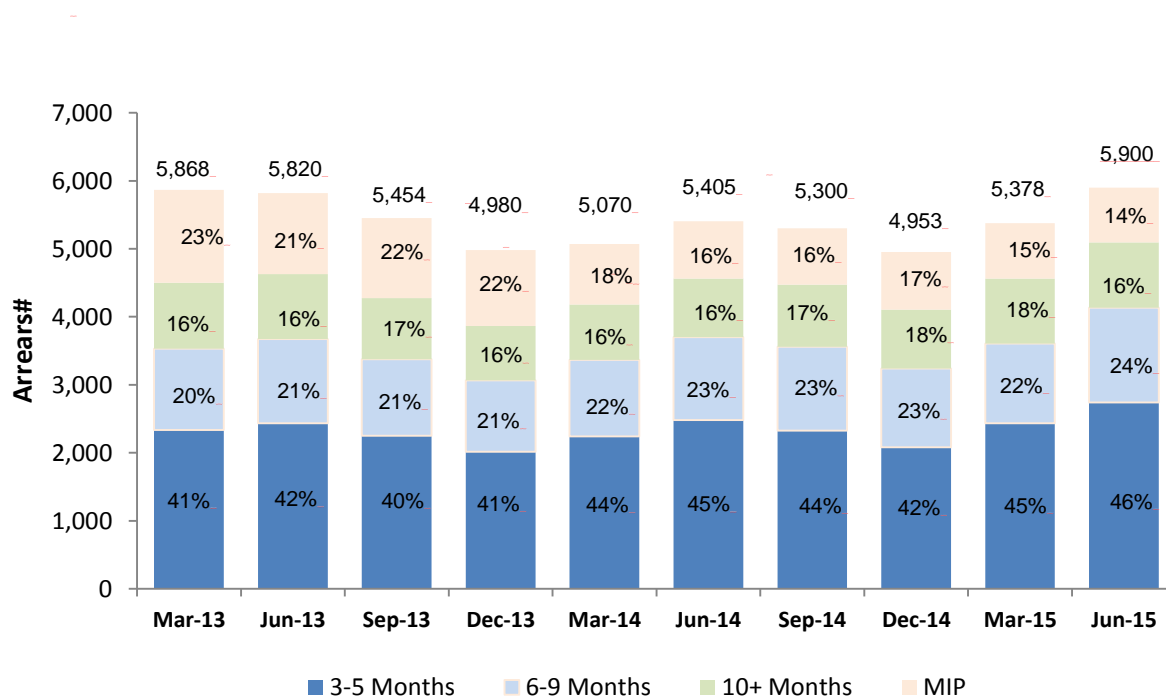
The 2008 Book Year was affected by the economic downturn experienced across Australia and heightened stress experienced among self-employed borrowers, particularly in Queensland, which was exacerbated by the floods in 2011.

The 2010 to 2014 Book Years are performing favourably relative to the previous five years (2005-2009). However, the recent increase in the 2012 and 2013 book years are due to an increase in delinquencies in parts of Queensland and Western Australia.

Portfolio performance

3.3 Delinquency population by months in arrears bucket

Figure 10: Delinquency population by MIA aged bucket



The above chart illustrates the delinquency population by mortgage in arrears (MIA) aged bucket at the end of each reporting period. Over the past two years, the MIP percentage as a proportion of the total delinquency population has been trending down. This reflects the strong housing market under the record-low interest rate environment as a MIP generally progresses faster to a claim or sold with no claim, which leads to a relatively lower claims pipeline. The 3-5 MIA bucket, shows a seasonal uptick in the second quarter of each year, consistent with GMA's historical observed experience.

Section 4

Balance sheet and investments

Balance sheet and investments

4.1 Historical consolidated balance sheet

This section contains the consolidated statements of financial position for the Group as at 31 December 2014 and 30 June 2015.

Table 13: Consolidated statement of financial position

(A\$ in millions) As at 31 December	31 Dec 14	30 Jun 15
Cash and cash equivalents	88.6	300.0
Accrued investment income	40.9	37.9
Investments	4,071.0	3,805.8
Trade and other receivables	3.7	19.3
Prepayments	2.2	1.9
Deferred reinsurance expense	80.6	109.6
Non-reinsurance recoveries	16.4	26.8
Deferred acquisition costs	124.5	126.3
Property, plant and equipment	1.3	1.0
Deferred tax assets	8.2	8.6
Intangibles	2.8	1.4
Goodwill	9.1	9.1
Total Assets	4,449.3	4,447.7
Payables	115.4	86.1
Reinsurance payable	93.9	125.3
Outstanding claims	230.9	254.0
Unearned premiums	1,362.6	1,382.4
Employee benefit provision	7.4	6.8
Interest bearing liabilities	138.6	139.0
Total Liabilities	1,948.8	1,993.6
Net Assets	2,500.5	2,454.1
Share capital	1,706.5	1,706.5
Other equity	794.0	747.6
Total Equity	2,500.5	2,454.1

Balance sheet and investments

4.2 Total assets

The total assets of the Group as at 30 June 2015 were \$4,447.7 million compared to \$4,449.3 million at 31 December 2014. Notable movements within the \$1.4 million decrease are:

- \$211.4 million increase in cash and cash equivalents is a result of positive cash flow from the business and redemption of investments to be ready for interim dividend payments;
- \$265.3 million decrease in investments is mainly driven by the FY14 final dividend payments paid in March 2015, redemption of investments and the negative impact of unfavorable mark-to-market movement on fixed securities; and
- \$29.0 million increase in deferred reinsurance expense as a result of deferring further reinsurance costs from treaty renewals.

4.3 Investments

4.3.1 Investment strategy

As at 30 June 2015, the Group had a \$4,105.8 million cash and investments portfolio, invested 96.5 % in Australian denominated cash, cash equivalents and fixed income securities rated A- or higher. The primary investment objective is to manage the portfolio of securities to help achieve return and income targets, whilst minimising volatility of total returns and providing liquidity to pay claims. This asset allocation and asset management strategy represents the previous long-standing approach taken by the Group to investment management.

4.3.2 Group investment assets

The Group's investments totalled \$4,105.8 million as at 30 June 2015 with \$1,201.2 million allocated to the Technical Funds to support premium liabilities and outstanding claims reserves. The duration to maturity of the total investment portfolio is estimated at around 2.4 years.

Balance sheet and investments

4.3.3 Investment portfolio characteristics as at 30 June 2015

Figure 11: Investment assets by term to maturity

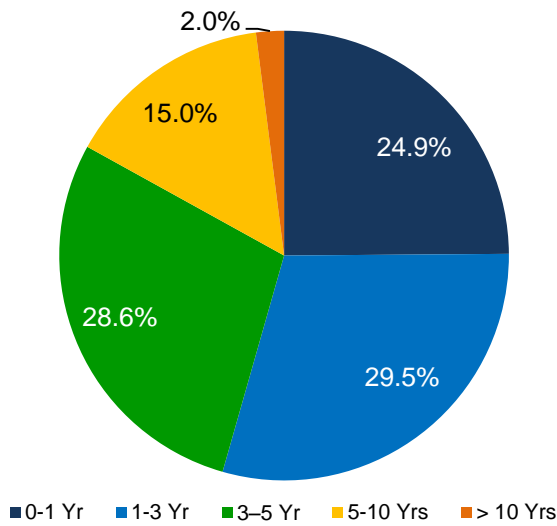


Figure 12: Investment assets by source

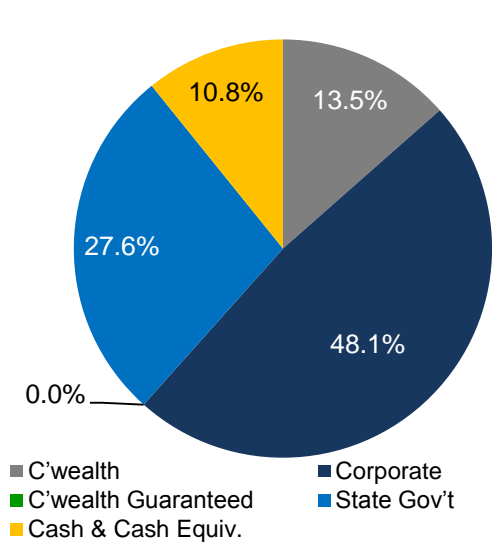


Figure 13: Investment assets by credit rating

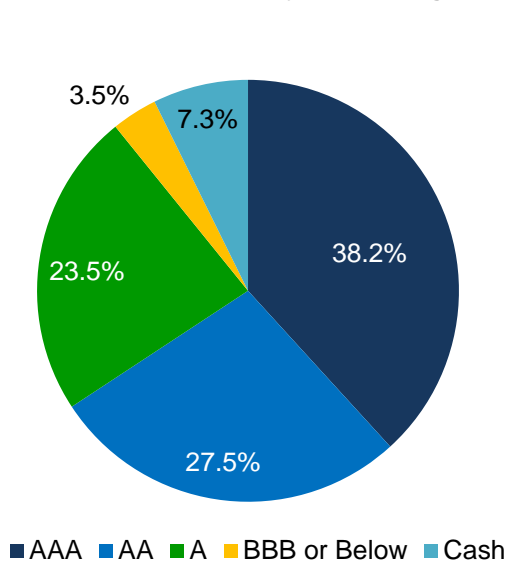
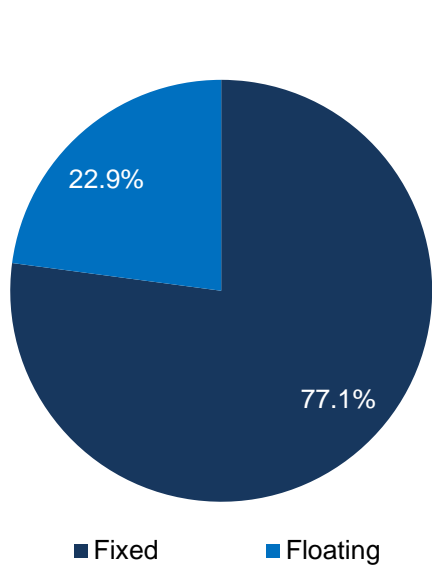


Figure 14: Investment assets by type



Balance sheet and investments

4.3.4 Investment Performance

The recent decline in the investment return is primarily driven by the low interest rate environment. Fixed interest securities purchased at higher yields have gradually matured with the funds reinvested predominantly in shorter duration assets at lower yields.

A summary of the investment income and the investment returns (excluding unrealised gains and losses) generated from the investment portfolio is set out in the following table.

Table 14: Investment income and investment return

(\$ millions), as at	30 Jun 13	31 Dec 13	30 Jun 14	31 Dec 14	30 Jun 15
Cash	74.1	113.9	77.7	88.6	300.0
Accrued investment income	40.8	40.2	35.5	40.9	37.9
Investments	3,484.0	3,580.8	3,833.7	4,071.0	3,805.8
Total Cash and Investments	3,598.9	3,734.9	3,946.9	4,200.5	4,143.7
(\$ millions)	1H13	2H13	1H14	2H14	1H15
Interest income	82.8	80.8	78.0	81.7	77.6
Investment return	4.58%	4.41%	4.06%	4.01%	3.72%

Note: investment return excludes unrealised gains and losses on the investment portfolio

4.4 Total liabilities

The total liabilities of the Group as at 30 June 2015 were \$1,993.6 million compared to \$1,948.8 million at 31 December 2014. The \$44.8 million increase over the period includes the following notable movements:

- \$29.3 million decrease in trade and other payables, mainly related to the decrease in income tax payable;
- \$31.4 million increase in reinsurance payable from deferring further reinsurance costs from treaty renewals;
- \$23.1 million increase in outstanding claims reserve reflecting an increase in delinquency position; and
- \$19.8 million increase in unearned premiums reflecting the level of new premium written in 2015, offset with the seasoning of the prior year in-force premiums.

Balance sheet and investments

4.4.1 Unearned Premium Reserve (UPR)

Table 15: Movement in unearned premium balance by Book Year

Book Year	As at 31 December 2014 (\$ millions)	Gross written premium (\$ millions)	Gross earned premium (\$ millions)	As at 30 June 2015 (\$ millions)
2006	0.0	-	-	-
2007	3.5	-	3.0	0.5
2008	16.5	-	7.5	9.0
2009	48.8	-	15.8	33.0
2010	71.4	-	12.7	58.7
2011	109.9	-	18.8	91.1
2012	225.2	-	40.8	184.4
2013	358.6	-	60.0	298.6
2014	528.7	-	79.6	449.1
2015	-	285.4	27.5	258.0
Total	1,362.6	285.4	265.7	1,382.4

Balance sheet and investments

4.5 Equity

The Group's total equity decreased by \$46.4 million mainly reflecting the 1H15 NPAT less dividends paid in 1H15. The overall ROE is 11.9% for 1H15 on a trailing 12 months basis.

The following tables present a measure of Underlying Equity that is used for calculating the Underlying ROE.

Underlying Equity, which is a non-IFRS financial measure, is calculated by adjusting total equity to exclude any after-tax impacts of unrealised gains or losses on securities held in the Group's investment portfolio.

Table 16: Reconciliation of Statutory NPAT and Underlying NPAT

(\$ millions)	1H 14	2H 14	1H 15
Statutory NPAT	151.4	172.7	113.0
Adjustment for change in unrealised (gains)/losses	(26.1)	(37.7)	28.4
Adjustment for tax on change in unrealised (gains)/losses	7.8	11.3	(8.5)
Underlying NPAT	133.1	146.3	132.9

Table 17: Reconciliation of Total Equity and Underlying Equity

(\$ millions), as at	30 Jun 14	31 Dec 14	30 Jun 15
Total equity	2,344.8	2,500.5	2,454.1
Adjustment for life to date unrealised (gains)/losses	(99.8)	(137.6)	(109.0)
Adjustment for tax on life to date unrealised (gains)/losses	29.9	41.3	32.7
Underlying Equity	2,274.9	2,404.2	2,377.8

Table 18: Underlying ROE (Trailing 12 months)

(%)	12 months to Jun 14	12 months to Dec 14	12 months to Jun 15
Underlying NPAT (\$ million)	259.5	279.4	279.2
Underlying Equity (\$ million) ¹	2,166.0	2,281.8	2,326.4
Underlying ROE (%)	12.0%	12.2%	12.0%

¹For the purposes of calculating Underlying ROE, Underlying Equity is defined as the average Underlying Equity between the start and end of the relevant 12-month period

Section 5

Capital and dividends

Capital and dividends

5.1 Regulatory capital position

The capital management strategy of the Group is to optimise shareholder value by managing the level, mix and use of capital resources. The primary objective is to ensure there are sufficient capital resources to maintain and grow the business, in accordance with risk appetite. The Group's internal Capital Adequacy Assessment Process (ICAAP) provides the framework to ensure that the Group as a whole, and each regulated entity, are independently capitalised to meet internal and external requirements. The non-operating holding company (NOHC) is GMA.

The Group's capital position was strong at 30 June 2015, reflecting the Group's regulatory capital solvency level of 1.64 times the PCA and a CET1 ratio of 1.59 times PCA. The regulatory solvency position is above the Board's targeted range of 1.32 - 1.44 times the PCA and above the regulatory CET1 requirement of 0.60 times PCA.

The table below shows the capital position as at 30 June 2015 compared with 31 December 2014.

Table 19: PCA coverage ratio (Level 2)

(A\$ in millions), as at	31 Dec 14	30 Jun 15
Capital Base		
Common Equity Tier 1 Capital (incl. excess technical provisions)	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	1.64x

The decrease in the regulatory capital base of \$75 million from 31 December 2014 to 30 June 2015 mainly reflects payment of dividends in March 2015 (\$160 million) partially offset by 1H15 NPAT (\$113 million). In 1H15, there was a further 10% capital credit reduction for the \$140 million Tier 2 subordinated notes that were issued in 2011 as a result of the transitional agreement approved by APRA to phase out the capital instrument until the first call date of the loan agreement, i.e. 30 June 2016 (APRA GPS112 Attachment H Transitional arrangements for capital instruments).

Capital and dividends

Figure 15: Genworth Australia's capital base progression as at 31 December and 30 June 15 (A\$ billion)

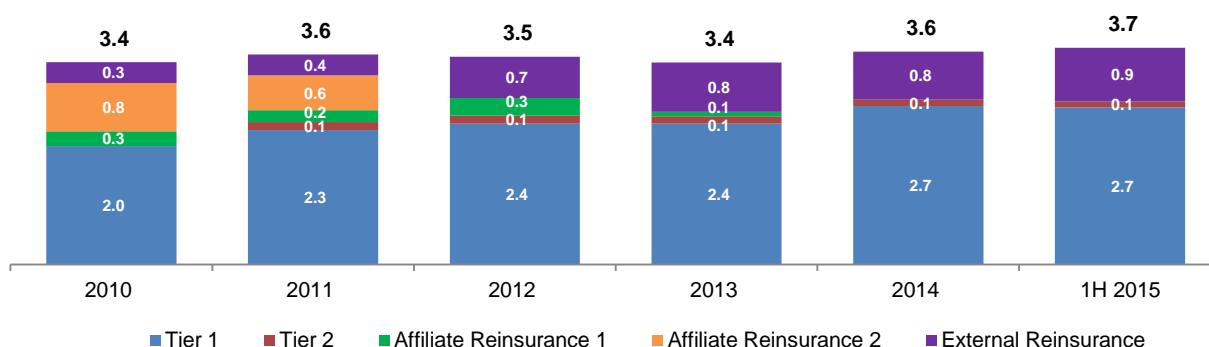


Figure 15 shows the mix of the three key components of the capital base, including common equity (Tier 1 Capital), other qualifying capital instruments (Tier 2 Capital) and APRA allowable reinsurance. Since 2010, GMA has implemented a strategy that has:

- Broadened the range of reinsurers in order to reduce concentration risk;
- Transitioned from affiliate reinsurance arrangements, the last of which was cancelled effective 1 January 2014; and
- Introduced qualifying subordinated debt, or Tier 2 Capital, on 30 June 2011 and built up the level of Tier 1 Capital supporting the business.

5.2 Reinsurance

GMA bound coverage for a new Excess of Loss (XOL) reinsurance treaty for \$100 million of coverage on 1 January 2015, increasing its level of qualifying reinsurance from \$815 million at 31 December 2014 to \$915 million on 1 January 2015. GMA's level of qualifying reinsurance remained constant over the remainder of the half and is \$915 million at 30 June 2015. The increase in reinsurance coverage is part of GMA's ongoing optimisation of its capital base over the medium term.

Figure 16: Reinsurance Program 31 Dec 2014

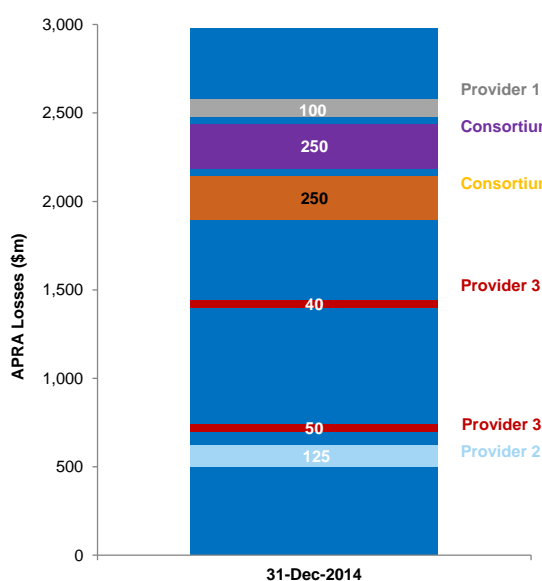
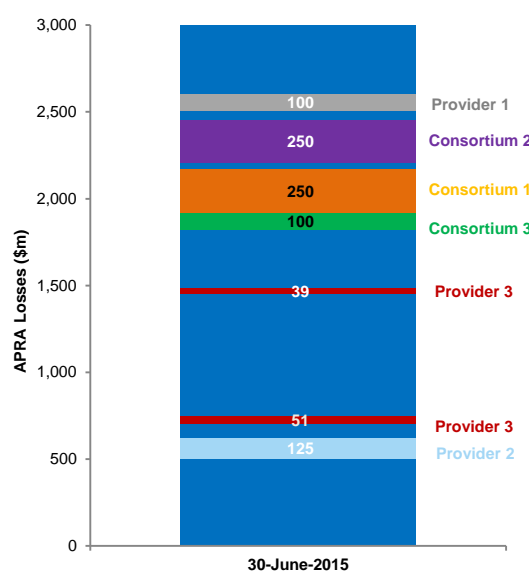


Figure 17: Reinsurance Program 30 Jun 2015



Figures 16 and 17 illustrate GMA's reinsurance arrangements as at 31 December 2014 and 30 June 2015 respectively.

Capital and dividends

5.3 Dividend

The Board of GMA has determined a medium-term dividend payout target of 50-70% of Underlying NPAT.

The Board declared a fully franked interim dividend of 12.5 cents per share and a fully franked special dividend of 18.5 cents per share and both are expected to be paid on 4 September 2015 to shareholders registered on 21 August 2015.

Table 20: Calculation of Underlying NPAT for 1H14 and 1H15

(A\$ in millions)	1H14	1H15
Reported NPAT	42.5	113.0
Adjustment for change in unrealised gains/(losses)	(11.5)	28.4
Adjustment for tax on change in unrealised gains/(losses)	3.4	(8.5)
Underlying NPAT	34.4	132.9
Adjustment for number of days after completion of offer	(1.6)	-
Underlying NPAT after completion of offer	32.8	-

Table 21: Reconciliation of dividend payout ratio

	1H14	1H15
Dividend (cents per share)	2.8	12.5
Number of shares on issue	650,000,000	650,000,000
Dividend (\$ millions)	18.2	81.3
Underlying NPAT	32.8	132.9
Dividend Payout Ratio	55.5%	61.2%

Note: The dividends noted above are calculated for the reported period and paid subsequent to the end of that period. The dividend declared in 1H14 is in respect of earnings from completion of the Initial Public Offering, 21 May 2014 to 30 June.

5.4 Capital Management Position

On 3 July 2015, GMA issued \$200 million of new Tier 2 Capital and redeemed \$90.3 million of the existing \$140 million Tier 2 Capital (which due to transitional credit was only receiving \$98 million of Tier 2 Capital credit), increasing Tier 2 Regulatory Capital from \$98 million to \$250 million. After adjusting for this change in Tier 2 Regulatory Capital as well as the payment of both the ordinary and special dividends in September 2015, the adjusted PCA Coverage ratio of GMA would be 1.62 times on a Level 2 basis.

The GMA regulatory solvency ratio remains above the Board's stated target capital range of 1.32 to 1.44 times the PCA, and throughout the course of 2015 GMA will continue to evaluate the potential for further capital management initiatives.

Section 6

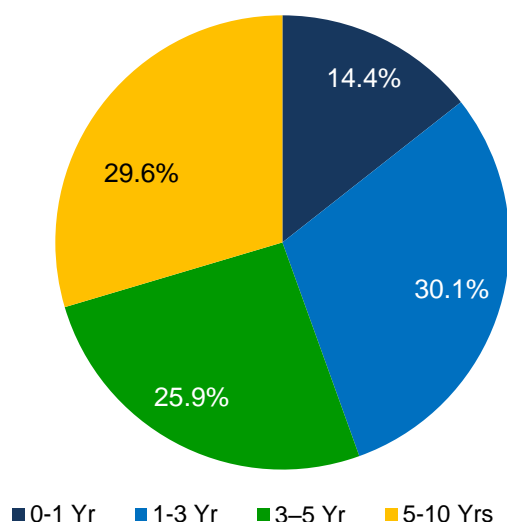
Appendices

Appendix A - Investment Portfolio

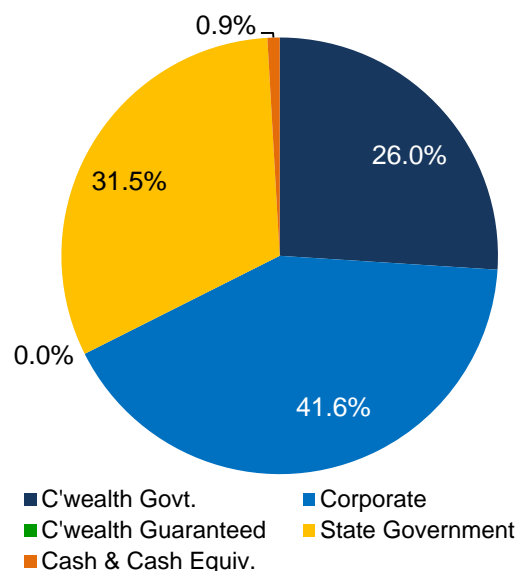
A.1 Investment assets backing technical liabilities

As at 30 June 2015, GMA's technical funds were \$1.2 billion.

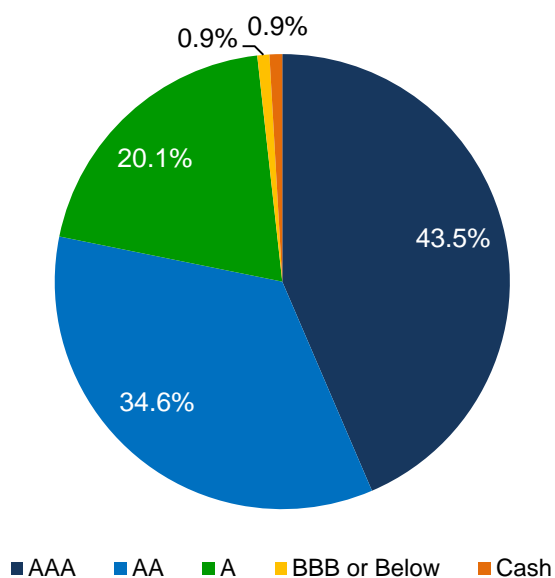
Investment assets by term to maturity



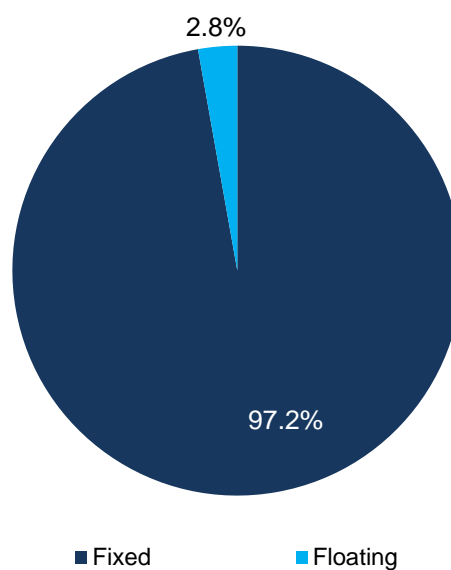
Investment assets by source



Investment asset by credit rating



Investment assets by type

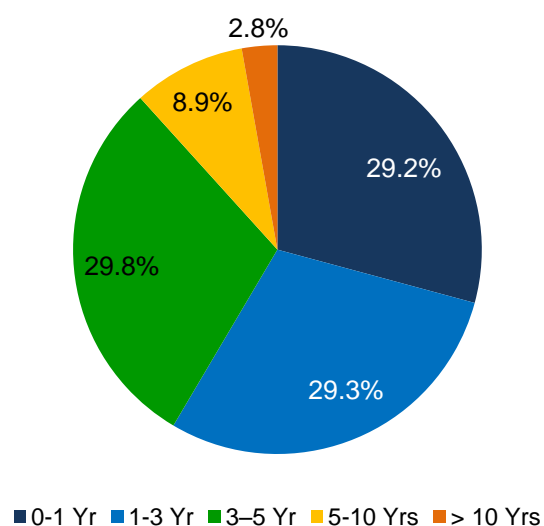


Appendix A - Investment Portfolio

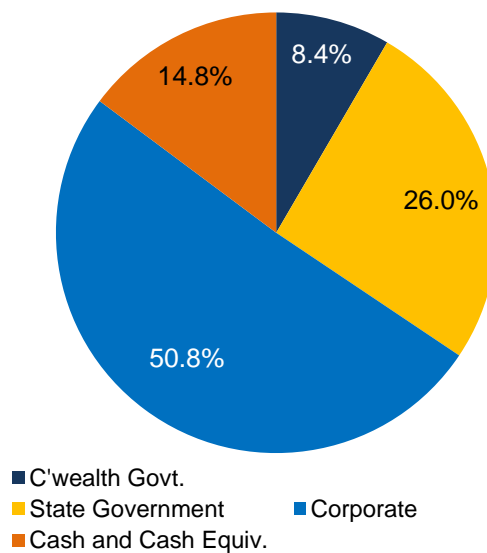
A.2 Shareholders' funds

As at 30 June 2015, GMA shareholders' funds were \$2.9 billion.

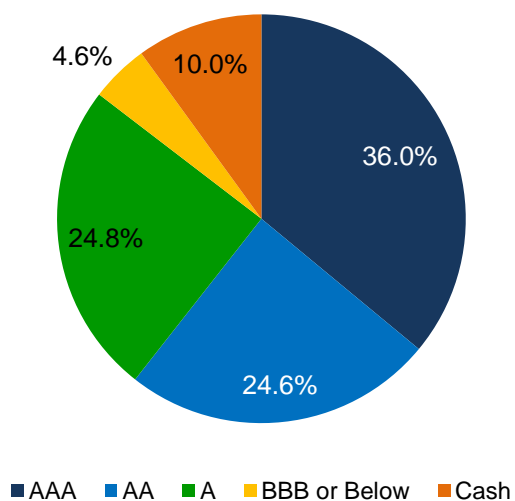
Investments assets by term to maturity



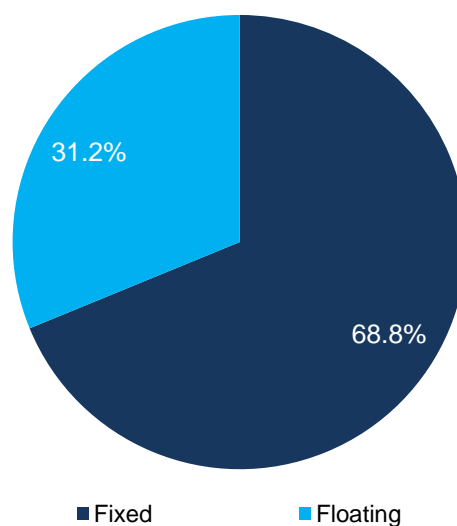
Investments assets by source



Investments assets by credit rating



Investments assets by type



Appendix B – AIFRS to USGAAP Reconciliation

The purpose of this Appendix to reconcile the USGAAP segment results to the AIFRS GMA Consolidated Income Statement for the period ended 30 June 2015.

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) USD	USGAAP Aus Segment Results + NCI USD	USGAAP Aus Segment Results + NCI A\$m	Adjustments					Total adjustments A\$m	GMA Group A\$m
					(a)	(b)	(c)	(d)	(e)		
in \$m	U\$m	U\$m	U\$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 expense allocated by GFI, FX measurement adjustment for US entities outside GMA Australia Group but included as part of USGAAP Aus Segment results, Corporate overhead allocation and U.S. Shareholder tax impact

(b) Different treatment of DAC - higher deferrals and amortisation

(c) Unrealised gains/(losses) on investments recognised in the income statement

(d) Actuarial risk margin and non reinsurance recovery reserve adjustment

(e) Addition of local share based payments, manual NZ UPR valuation, and other misc expense differences

Appendix C – Key Performance Measures

This section contains selected operating performance measures which are commonly used in the insurance industry as measures of operating performance. These operating performance measures enable the company to compare its operating performance across periods. All measures in this Appendix are presented in Australia dollars and prepared in accordance with Australia accounting standards which comply with IFRS and non-IFRS basis.

All figures are \$AUD and AIFRS

	2013					2014					2015		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Net premium written (\$B) ¹	109	127	132	155	523	141	135	139	145	559	108	138	245
Loss ratio ²	47%	37%	27%	18%	32%	16%	23%	21%	15%	19%	17%	27%	22%
GAAP basis expense ratio ³	28%	28%	26%	29%	28%	27%	27%	26%	27%	27%	27%	26%	27%
Adjusted expense ratio ⁴	24%	21%	20%	19%	21%	21%	22%	21%	21%	21%	28%	22%	25%

Sales: new insurance written (NIW) (\$M)	2013					2014					2015		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Flow	7,627	8,531	8,673	9,567	34,398	8,698	8,569	8,641	9,111	35,019	7,212	8,337	15,549
Bulk	-	902	99	-	1,001	-	-	1,117	28	1,145	-	2,185	2,185
Total NIW	7,627	9,433	8,772	9,567	35,399	8,698	8,569	9,758	9,139	36,164	7,212	10,522	17,734

	2013				2014				2015	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Primary insurance in force (\$M)	287,142	291,946	295,102	299,866	303,100	305,952	309,810	313,689	315,982	316,306
Primary risk in force (\$M) ⁵										
Flow	92,319	93,844	95,148	97,012	98,303	99,490	100,647	102,160	103,120	102,683
Bulk	8,181	8,337	8,138	7,941	7,782	7,593	7,787	7,631	7,473	8,024
Total	100,500	102,181	103,286	104,953	106,085	107,083	108,434	109,791	110,594	110,707

- 1) Net premium written is calculated as gross written premium, less refunds and reinsurance. This metric differs to what is disclosed in 2Q 2015 GFI Financial Supplement ("GFI FS") under International MI Segment Australia as a reinsurance credit related to affiliate reinsurance arrangements for historical periods are eliminated under the US segment results.
- 2) The ratio of incurred losses and loss adjustment expense to net earned premiums. This metric differs to what is disclosed in 2Q 2015 GFI FS under International MI Segment Australia as outlined in 1) above. In addition, under AIFRS measurement, a risk margin is added to the outstanding claims provision and the non-reinsurance recoveries are grossed up and held as a separate asset on the balance sheet.
- 3) The ratio of an insurer's general expenses to net earned premiums. In the business, general expenses consist of acquisition and operating expenses, net of deferrals, and amortisation of DAC and intangibles. This metric differs to what is disclosed in Q2 2015 GFI FS under International MI segment Australia as outlined in point 1 and there is a portion of certain corporate overhead expenses allocated by GFI to Australia business for management reporting purpose, which are not included in GMA consolidated results.
- 4) The ratio of an insurer's general expenses to net premiums written. This metric differs to what is disclosed in Q2 2015 GFI FS under International MI segment Australia as outlined in point 3.
- 5) The majority of the loans the Group insure provide 100% coverage. For representing the risk in-force, the company has computed an "effective risk in-force" amount that recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents the highest expected average per-claim payment for any one underwriting year over the life of the businesses. This factor was 35% for all periods presented.

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
Paid Claims	(722)	(549)	(510)	(581)	(462)	(419)	(350)	(314)	(280)	(288)
Cures	(2,189)	(2,594)	(2,757)	(2,276)	(2,137)	(2,159)	(2,489)	(2,390)	(1,974)	(2,293)
Closing Delinquencies	5,868	5,820	5,454	4,980	5,070	5,405	5,300	4,953	5,378	5,900

Appendix C – Key Performance Measures

All figures are \$AUD and AIFRS

Primary Insurance	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	Sep 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Insured loans in-force (#)	1,459,376	1,463,148	1,474,181	1,477,063	1,481,201	1,490,221	1,496,616	1,498,197	1,481,755
Insured delinquent loans (#)	5,820	5,454	4,980	5,070	5,405	5,300	4,953	5,378	5,900
Insured delinquency rate (%)	0.40%	0.37%	0.34%	0.34%	0.36%	0.36%	0.33%	0.36%	0.40%
Flow loans in-force (#)	1,330,157	1,336,901	1,350,571	1,355,635	1,362,236	1,370,136	1,378,584	1,382,156	1,364,653
Flow delinquent loans (#)	5,513	5,192	4,760	4,813	5,125	5,031	4,714	5,112	5,623
Flow delinquency rate (%)	0.41%	0.39%	0.35%	0.36%	0.38%	0.37%	0.34%	0.37%	0.41%
Bulk loans in-force (#)	129,219	126,247	123,610	121,428	118,965	120,085	118,032	116,041	117,102
Bulk delinquent loans (#)	307	262	220	257	280	269	239	266	277
Bulk delinquency rate (%)	0.24%	0.21%	0.18%	0.21%	0.24%	0.22%	0.20%	0.23%	0.24%

Loss Metrics (\$M)	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	Sep 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015
Beginning Reserves ¹	286	279	265	241	225	225	230	232	242
Paid claims	(44)	(41)	(42)	(30)	(25)	(21)	(16)	(18)	(10)
Increase in reserves	37	27	18	14	25	26	18	28	22
Ending Reserves	279	265	241	225	225	230	232	242	254

	March 31, 2014		June 30, 2014		Sep 30, 2014		Dec 31, 2014		Mar 31, 2015		Jun 30, 2015	
	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate
State and Territory												
New South Wales	29%	0.31%	29%	0.33%	29%	0.30%	29%	0.27%	29%	0.29%	28%	0.30%
Victoria	23%	0.31%	23%	0.34%	23%	0.32%	23%	0.30%	23%	0.32%	23%	0.34%
Queensland	23%	0.45%	23%	0.48%	23%	0.49%	23%	0.47%	23%	0.50%	23%	0.57%
Western Australia	11%	0.33%	11%	0.34%	11%	0.34%	11%	0.32%	11%	0.37%	12%	0.45%
South Australia	6%	0.42%	6%	0.43%	6%	0.43%	6%	0.44%	6%	0.48%	6%	0.52%
New Zealand	2%	0.34%	2%	0.34%	2%	0.26%	2%	0.28%	2%	0.27%	2%	0.27%
Australian Capital Territory	3%	0.11%	3%	0.13%	3%	0.13%	3%	0.16%	3%	0.13%	3%	0.14%
Tasmania	2%	0.29%	2%	0.30%	2%	0.31%	2%	0.25%	2%	0.28%	2%	0.35%
Northern Territory	1%	0.20%	1%	0.20%	1%	0.21%	1%	0.16%	1%	0.20%	1%	0.24%
Total	100%	0.34%	100%	0.36%	100%	0.36%	100%	0.33%	100%	0.36%	100%	0.40%
By Policy Year												
2006 and prior	34%	0.22%	33%	0.23%	32%	0.22%	32%	0.20%	31%	0.22%	30%	0.25%
2007	9%	0.69%	8%	0.72%	8%	0.68%	8%	0.63%	8%	0.68%	7%	0.78%
2008	8%	0.89%	8%	0.95%	8%	0.93%	7%	0.87%	7%	0.87%	7%	0.97%
2009	10%	0.64%	9%	0.66%	9%	0.70%	9%	0.66%	9%	0.70%	8%	0.73%
2010	7%	0.36%	7%	0.39%	7%	0.38%	6%	0.38%	6%	0.42%	6%	0.45%
2011	8%	0.34%	8%	0.39%	7%	0.41%	7%	0.40%	7%	0.42%	7%	0.46%
2012	10%	0.22%	10%	0.29%	10%	0.33%	9%	0.32%	9%	0.40%	9%	0.49%
2013	11%	0.05%	11%	0.10%	11%	0.15%	11%	0.18%	10%	0.26%	10%	0.32%
2014	3%	0.00%	6%	0.00%	8%	0.01%	11%	0.02%	11%	0.06%	11%	0.12%
2015	-	-	-	-	-	-	-	-	2%	0.00%	5%	0.01%
Total	100%	0.34%	100%	0.36%	100%	0.36%	100%	0.33%	100%	0.36%	100%	0.40%

- 1) Outstanding claims reserve under AIFR measurement includes a risk margin allowance and are grossed up for non-reinsurance recoveries, which are held as a separate asset on the balance sheet, which is different to what is disclosed in Q2 2015 GFI FS under International MI Segment Australia.

Appendix C – Key Performance Measures

All figures are \$AUD and AIFRS

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	Total 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	Total 2014	1Q 2015	2Q 2015	Total 2015
Paid claims (\$M), quarterly analysis													
Flow	59	44	39	41	183	30	25	20	15	90	17	10	27
Bulk	0	0	2	0	2	0	0	1	1	3	1	-	1
Total	59	44	41	41	185	30	25	21	16	92	18	10	28
Average paid claim (\$ thousands)	81.4	80.3	79.9	71.5		65.1	60.5	58.6	49.5		62.5	36.0	
Average reserve per delinquency (\$ thousands) ¹	48.7	47.9	48.6	48.4		44.4	41.7	43.3	46.4		45.0	43.1	

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015
Loan amount (%)										
Over \$550K	12%	12%	12%	12%	12%	12%	13%	13%	13%	14%
\$400K to \$550K	16%	17%	17%	17%	18%	18%	18%	19%	19%	19%
\$250K to \$400K	37%	37%	37%	37%	37%	37%	37%	36%	36%	36%
\$100K to \$250K	29%	28%	28%	28%	27%	27%	26%	26%	26%	25%
\$100K or Less	6%	6%	6%	6%	6%	6%	6%	6%	6%	5%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Average primary loan size (thousands)	198	200	202	203	205	207	208	210	211	213

All figures are \$AUD and AIFRS

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015
Average effective loan to value ratios by policy year^{2,3}										
2006 and prior	48%	47%	43%	41%	40%	38%	36%	36%	36%	34%
2007	68%	67%	66%	64%	63%	61%	58%	57%	57%	55%
2008	76%	74%	74%	72%	70%	68%	66%	65%	65%	62%
2009	79%	77%	77%	75%	73%	70%	68%	67%	67%	64%
2010	85%	83%	83%	80%	78%	76%	73%	72%	72%	69%
2011	87%	85%	85%	82%	80%	77%	74%	73%	73%	70%
2012	86%	85%	85%	82%	80%	78%	75%	74%	74%	71%
2013	0%	87%	87%	85%	84%	82%	79%	78%	78%	75%
2014	0%	0%	0%	0%	0%	87%	86%	85%	85%	83%
2015	0%	0%	0%	0%	0%	0%	0%	0%	87%	87%
Total Flow	69%	68%	65%	64%	62%	61%	60%	60%	60%	59%
Total Bulk	38%	37%	32%	31%	30%	29%	28%	27%	27%	27%
Total	66%	65%	61%	60%	59%	58%	57%	56%	56%	56%

	March 31, 2014			June 30, 2014			Sep 30, 2014			Dec 31, 2014			March 31, 2015			June 30, 2015		
	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk
Risk in force by loan to value ratio⁴																		
95.01% and above	20,344	20,343	1	20,615	20,614	1	20,799	20,798	1	21,008	21,008	1	21,105	21,104	1	21,097	21,096	0
90.01% to 95.00%	25,373	25,364	9	25,948	25,939	9	26,529	26,521	9	27,215	27,206	9	27,707	27,698	9	27,887	27,878	9
80.01% to 90.00%	27,481	27,382	99	27,837	27,741	96	28,236	28,143	94	28,777	28,684	94	29,136	29,043	92	28,802	28,712	90
80.00% and below	32,887	25,213	7,674	32,683	25,195	7,488	32,869	25,185	7,684	32,791	25,263	7,528	32,646	25,275	7,372	32,922	24,996	7,926
Total	106,085	98,302	7,783	107,083	99,489	7,594	108,433	100,647	7,788	109,791	102,161	7,632	110,594	103,120	7,473	110,707	102,683	8,024

- 1) This metric differs to what is disclosed in Q2 2015 GFI FS USGAAP results under International MI segment Australia as a risk margin is added to the outstanding claim provision under AIFRS measurement and the non reinsurance recoveries are grossed up and held as a separate asset on the balance sheet. This number also differs to that disclosed in the Prospectus. See the Glossary for more information.
- 2) Loan amounts (including capitalised premiums) reflect interest rates at time of loan origination and estimated scheduled principal repayments since loan origination. Home price estimates based on regional home price appreciation/depreciation data from RP Data. All data used in the effective loan-to-value ratio calculation reflects conditions as of the end of the previous quarter. Effective loan-to-value ratios exclude New Zealand and inward reinsurance policies.
- 3) Beginning in the third quarter of 2013, data from RP Data extended back to 1999. Previously, the data extended back to 2002. Previous periods were not re-presented for this change.
- 4) Loan amount in loan-to-value ratio calculation includes capitalised premiums, where applicable.

Appendix D – Prospectus Extract: Sections 7.1 & 7.2

7.1 Introduction

This Appendix contains a summary of the financial information for Genworth Australia, which includes:

- The pro forma historical financial information for Genworth Australia comprising:
 - The pro forma historical consolidated statement of comprehensive income for each of the years ended 31 December 2011, 2012 and 2013 (“FY11”, “FY12” and “FY13”) (“Pro Forma Historical Consolidated Statements of Comprehensive Income”) (refer to Section 7.3);
 - The pro forma historical consolidated statement of financial position as at 31 December 2011, 2012 and 2013 (“Pro forma Historical Consolidated Statements of Financial Position”) (refer to Section 7.4); and
 - The pro forma historical consolidated statement of cash flows for FY11, FY12 and FY13 (“Pro Forma Historical Consolidated Statements of Cash Flows”) (refer to Section 7.5).
(together, the “Pro Forma Historical Financial Information”).
- The forecast financial information for Genworth Australia comprising:
 - The Directors’ pro forma forecast consolidated statement of comprehensive income for the year ending 31 December 2014 (“FY14F”) (the “Pro Forma Forecast Consolidated Statement of Comprehensive Income”) (refer to Section 7.10.1); and
 - The Directors’ statutory forecast profit before tax for FY14F (refer to Section 7.10.2).
(together, the “Forecast Financial Information” and, together with the Pro Forma Historical Financial Information, the “Financial Information”).

Also summarised in this Section are:

- The basis of preparation and presentation of the Financial Information (refer to Section 7.2);
- Pro forma adjustments to the Historical Financial Information (as defined in Section 7.2.2) and reconciliations between the Historical Financial Information and the Pro Forma Historical Financial Information (refer to Section 7.6 and Appendix A.5);
- Accounting policies (refer to Section 7.7);
- Key drivers of Genworth Australia’s NPAT (refer to Section 7.8);
- Management discussion and analysis of the historical consolidated financial information of the GFMI Finance Group for the years ended 31 December 2011, 2012 and 2013 (refer to Section 7.9);
- The material assumptions and commentary underlying the Forecast Financial Information (refer to Section 7.11);
- Sensitivity analysis of the Forecast Financial Information to changes in key assumptions (refer to Section 7.12);
- Underlying NPAT (refer to Section 7.13); and
- Underlying Equity (refer to Section 7.14).

The Financial Information has been reviewed by KPMG Transaction Services, which has provided an Investigating Accountant’s Report on the Pro Forma Historical Financial Information in Section 10 and an Investigating Accountant’s Report on the Forecast Financial Information in Section 10.

The Investigating Accountant’s Report on the Forecast Financial Information has been prepared solely in connection with the Retail Offer of Shares in Australia and has been intentionally omitted from the US Offering Memorandum being distributed in the US.

All amounts disclosed in this Section are presented in Australian dollars, and unless otherwise noted, are rounded to the nearest thousand dollars.

Appendix D – Prospectus Extract: Sections 7.1 & 7.2

7.2 Basis of preparation and presentation of the Financial Information

7.2.1 Overview

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements and comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Australian Accounting Standards are the same as International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information and Forecast Financial Information presented in this Prospectus are unaudited. The Forecast Financial Information is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

Genworth Australia’s accounting policies and selected notes relevant to the Historical Financial Information are included in Appendix C.

The information in this Section should also be read in conjunction with the management discussion and analysis of the Historical Financial Information in Section 7.9 and the material assumptions and commentary underlying the Forecast Financial Information in Section 7.11, in addition to the risk factors set out in Section 8 and the other information contained in this Prospectus.

7.2.2 Preparation of the Pro Forma Historical Financial Information

Under the existing (pre IPO) group structure, there is no single Australian company with 100% control of Genworth Financial’s Australian subsidiaries. Prior to settlement, the Issuer will become the new holding company of the Group through the implementation of a reorganisation plan (“Reorganisation”). After the Reorganisation, the Group will consist of the Issuer and its Subsidiaries (as defined below). The Pro Forma Historical Financial Information has been derived from the historical consolidated financial statements of the GFMI Finance Group for FY11, FY12 and FY13 (“Historical Financial Information”), which have been audited in accordance with Australian Auditing Standards by KPMG.

The GFMI Finance Group’s historical consolidated profit before tax for FY11, FY12 and FY13 and net assets as at 31 December 2011, 2012 and 2013 represent, in each case, approximately 99% of Genworth Australia’s pro forma historical consolidated profit before tax and pro forma net assets for each of those periods. Additional information on the consolidated Historical Financial Information is presented in Appendix A. Pro forma adjustments have been made to the Historical Financial Information to reflect the impact of the Reorganisation and the Offer. Refer to Section 12.1.6 for further details on the Reorganisation and Section 7.6 for further details on the Pro Forma adjustments to the Historical Financial Information.

Genworth Australia has determined that the Reorganisation represents a business combination involving entities under “common control”, and therefore Genworth Australia is not required to account for the Reorganisation as a business combination under Australian Accounting Standard AASB 3 Business Combinations. Genworth Australia has made an accounting policy election to consolidate the assets and liabilities of the Issuer and its Subsidiaries (as defined below) at their historical book values referred to in this Prospectus as a “pro forma consolidation”. As a result, the Pro Forma Historical Financial Information incorporates the assets and liabilities of the Issuer and its Subsidiaries as if they had operated as a single consolidated group for FY11, FY12 and FY13.

Following the Reorganisation, the following entities will be consolidated to form Genworth Australia:

- Genworth Financial Mortgage Insurance Pty Limited, the primary LMI operating entity;
 - Genworth Financial Mortgage Indemnity Limited, an LMI operating entity that has been in run-off since 2003;
 - Genworth Financial Services Pty Limited, a non-operating holding company;
 - Genworth Financial Mortgage Insurance Holdings Pty Limited, a non-operating holding company; and
 - Genworth Financial Mortgage Insurance Finance Holdings Limited, a non-operating holding company;
- (together, the “GFMI Finance Subsidiaries”);

Appendix D – Prospectus Extract: Sections 7.1 & 7.2

- Genworth Financial Mortgage Insurance Finance Pty Limited, the parent holding company within the GFMI Finance Group.
(together, consolidated with the GFMI Finance Subsidiaries, the “GFMI Finance Group”);
- Genworth Financial New Holdings Pty Ltd, a non-operating holding company; and
- Genworth Financial Australia Holdings LLC, a service company,
(together, with the entities within the GFMI Finance Group, the “Subsidiaries”); and
- Genworth Mortgage Insurance Australia Limited, the Issuer and the parent company of the Genworth Australia group,
(together, with the Subsidiaries, the “Group” or “Genworth Australia”).

The historical financial statements for each of Genworth Australia’s Subsidiaries for FY11, FY12 and FY13, with the exception of Genworth Financial Australia Holdings LLC, have been audited by KPMG in accordance with Australian Auditing Standards. Genworth Financial Australia Holdings LLC is an intragroup holding company and all of its transactions are with other group companies. KPMG has performed an audit in accordance with Australian Auditing Standards of Genworth Financial Australia Holdings LLC’s trial balance as at 31 December 2011, 2012 and 2013.

Investors should note that past results are not an indication of future performance.

7.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by Genworth Australia based on an assessment of economic and operating conditions and a number of best estimate assumptions regarding future events as set out in Section 7.11. The Forecast Financial Information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will be realised.

The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from what is assumed in preparing the Forecast Financial Information and that this may have a material negative effect on Genworth Australia’s actual financial performance or financial position. In addition, the assumptions on which the Forecast Financial Information are based are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of Genworth Australia and the Directors and are not reliably predictable. Investors are advised to review the material assumptions set out in Section 7.11 in conjunction with the sensitivity analysis set out in Section 7.12, the risk factors set out in Section 8, the notes relevant to the Pro Forma Historical Financial Information included in Appendix C and all other information set out in this Prospectus. Accordingly, none of Genworth Australia, the Directors or any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The forecast net profit before tax for FY14F has been presented on both a pro forma and statutory basis. The statutory forecast net profit before tax is the best estimate of the financial performance that the Directors expect to report in Genworth Australia’s financial statements following Completion of the Offer, for the year ending 31 December 2014. Refer to Section 7.10.2 for a reconciliation between Genworth Australia’s pro forma forecast net profit before tax and statutory forecast net profit before tax for FY14F.

7.2.4 Preparation of non-IFRS financial measures

The financial metrics presented in this Section, such as those in Section 7.11, 7.13 and 7.14, include non-IFRS financial measures, such as Underlying Equity, Underlying NPAT, Loss Ratio, Expense Ratio, Combined Ratio, ROE and Underlying ROE, which Genworth Australia believes provides information that is useful for investors in understanding its performance, facilitates the comparison of results from period to period, and presents widely used industry performance measures.

However, these non-IFRS financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards.

Appendix D – Prospectus Extract: Sections 7.1 & 7.2

Although Genworth Australia believes these non-IFRS measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any of the non-IFRS financial measures presented, which have not been audited or reviewed.

Glossary

Glossary

Term	Definition
ASX	ASX Limited ABN 98 008 624 691 or Australian Securities Exchange
Average reserve per delinquency	Average reserve per delinquency is calculated by dividing the outstanding claims balance by the number of delinquencies. This calculation differs from the average reserve per delinquency quoted in the Prospectus which was calculated by dividing the central estimate of the outstanding claims balance, net of the non-reinsurance recoveries, by the number of delinquencies
Book Year	The calendar year an LMI policy is originated
Borrower Sale	Borrower Sale is a type of loss mitigation activity initiated by GMA by providing a dedicated team that includes a qualified real estate agent and working with borrowers and lenders on any borrower shortfall sale scenario with guidance and support. This activity is to help borrowers reduce any potential shortfall while reducing the claim size to which GMA is exposed
Business select	Providing Self-Employed Borrowers access to residential mortgage finance by providing limited evidence of income. The borrower self certifies an income that is used to establish serviceability
Combined ratio	The combined ratio is the sum of the loss ratio and the expense ratio
Common Equity Tier 1 or CET1	The highest quality and most loss absorbing form of capital. Consists of total accounting equity, adjustments for certain reserves and adjustments for certain other items, such as intangible assets, which are excluded from the capital base
Delinquency rate	The delinquency rate is calculated by dividing the number of reported delinquent loans insured by the number of in-force policies
Expense ratio	The expense ratio is calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium
Flow	On a loan by loan basis at the time of origination by the lender customer
Gearing	Gearing is calculated as debt divided by the sum of equity plus debt
Genworth Australia	Means GMA or the Group
HLVR	High loan to value ratio (excluding capitalisation of LMI premium). Generally, a residential mortgage loan with an LVR in excess of a specified benchmark is referred to as an HLVR loan. This LVR benchmark is commonly 80%
Insurance in-force	The original principal balance of all mortgage loans currently insured
Insurance margin	The insurance margin is calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium
Investment return	The investment return is calculated as the interest income on technical funds plus the interest income on shareholder funds (excluding realised and unrealised gains/(losses)) divided by the average balance of the opening and closing cash and investments balance for each financial year
Lender Customer	A lender that is a customer of the Group
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group
Loss ratio	The loss ratio is calculated by dividing the net claims incurred by the net earned premium
Low Doc	Low doc loans (or low documentation loans) are generally used where a borrower does not have a verifiable income and generally require the borrower to complete a statutory declaration of financial income
LVR	Loan to value ratio

Glossary

NAB	National Australia Bank Limited
NIW	New insurance written
NOHC	Non-operating holding company
NPAT	Net profit after tax. This has been calculated on a pro forma basis
PCA	Prescribed capital amount
PCA coverage	The PCA coverage is calculated by dividing the regulatory capital base by the prescribed capital amount
PCR	Prudential Capital Requirement comprising the PCA and any supervisory adjustment determined by APRA
Regulatory capital base	The regulatory capital base is the sum of Tier 1 Capital and Tier 2 Capital
Return on Equity (ROE)	The ROE is calculated by dividing NPAT by the average of the opening and closing equity balance for a financial period
Technical Funds	The investments held to support premium liabilities and outstanding claims reserves
Tier 1 Capital	As defined by GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: <ul style="list-style-type: none"> · Provide a permanent and unrestricted commitment of funds; · Are freely available to absorb losses; · Do not impose any unavoidable servicing charge against earnings; and · Rank behind claims of policyholders and creditors in the event of winding up
Underlying Equity	Underlying Equity is defined as total equity excluding the after-tax impact of unrealised gains (losses) on the investment portfolio. This has been calculated on a pro forma basis
Underlying NPAT	Underlying NPAT excludes the after-tax impact of unrealised gains/(losses) on the investment portfolio
Underlying ROE	The Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing Underlying equity balance for a financial period
UPR	Unearned premium reserve