7 FEBRUARY 2018

INVESTOR REPORT

FULL YEAR ENDED 31 DECEMBER 2017

Genworth

GROWING
TOGETHER

Corporate information

This report contains general information in summary form which is current as at 31 December 2017. 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. This report is not a recommendation or advice in relation to Genworth Mortgage Insurance Australia Limited (Genworth) and its subsidiaries (collectively, 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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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, “FY17” refers to the year ended 31 December 2017. All references starting with “1H” refer to the financial half year ended 30 June. For example, “1H17” refers to the half year ended 30 June 2017. All references starting with “2H” refer to the financial half year ended 31 December. For example, “2H17” refers to the half year ended 31 December 2017.

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 Genworth, Genworth Financial, Inc. which owned the remaining 66.15% of the issued shares.

Immediately prior to completion of the IPO, Genworth 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 Genworth and its subsidiaries.

Corporate information

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

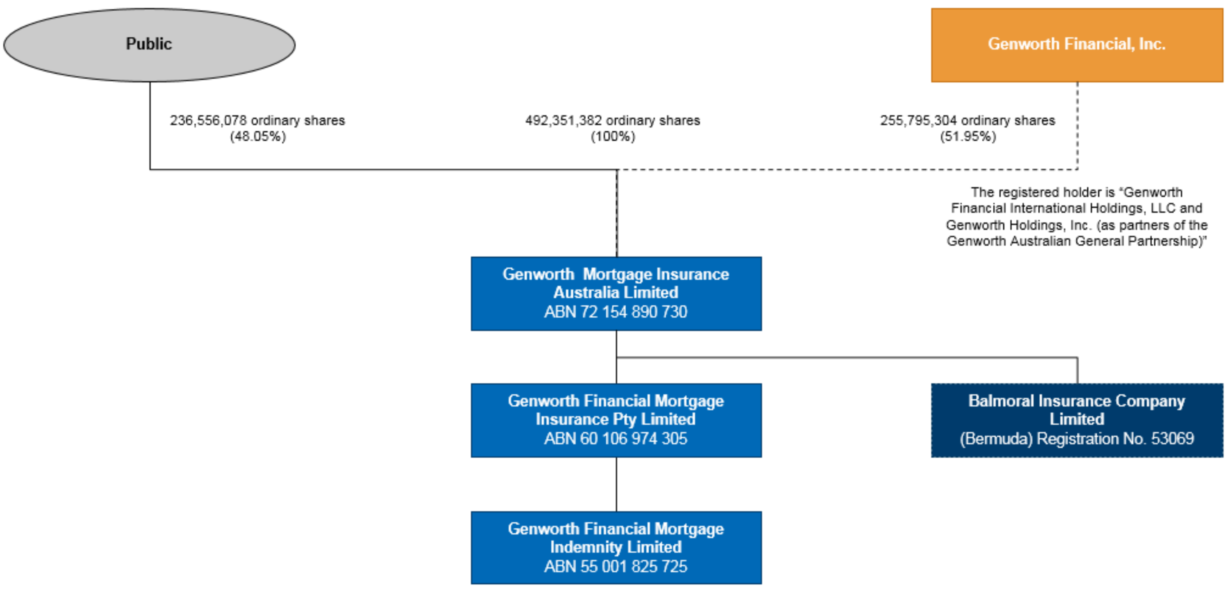
As at 8 December 2015, the Group completed an on-market share buy-back program. 54.6 million shares were purchased and subsequently cancelled for a total consideration of $150 million. Genworth Financial, Inc. participated in on-market sale transactions during the buy-back program to maintain its approximately 52% stake in the Group. As at 10 December 2015, the number of Genworth shares on issue was 595.4 million.

On 1 June 2016, the Group completed a $202 million capital reduction and consolidation of shares. As at 2 June 2016, the number of Genworth shares on issue was 509.4 million.

During 2H 2017 the Group undertook an on-market share buy-back program. 17.0 million shares were purchased and subsequently cancelled for a total consideration of $50.9 million. Genworth Financial, Inc. participated in on-market sale transactions during the buy-back program to maintain its approximately 52% stake in the Group. As at 31 December 2017, the number of Genworth shares on issue was 492.4 million.

The Group has the following corporate structure:

Figure 1: Genworth Corporate Structure as at 31 December 2017



In 2017, the Group de-registered six wholly-owned non-operating companies to simplify the corporate structure. The actions taken will not impact any operational capabilities of the Group's insurance subsidiaries, but will provide for more efficient administration.

In 2017 the Company established an offshore entity based in Bermuda, called Balmoral Insurance Company Limited. This entity has been utilised to write new excess of loss cover for bulk portfolios across both high and low loan to value ratios (Excess of Loss).

Contents

Section 1

Executive summary

1. Executive summary

1.1 Overview of the full year 2017 financial results

Genworth reported statutory net profit after tax (NPAT) of $149.2 million for FY17. After adjusting for the after-tax mark-to-market move in the investment portfolio of $21.9 million, underlying NPAT was $171.1 million.

Table 1: Group financial performance measures

(A$ in millions)	FY16	FY17	Change FY16 vs FY17
Gross written premium	381.9	369.0	(3.4%)
Gross earned premium	524.7	438.2	(16.5%)
Net earned premium	452.9	370.5	(18.2%)
Reported NPAT	203.1	149.2	(26.5%)
Underlying NPAT [1]	212.2	171.1	(19.4%)
Loss Ratio	35.1%	38.3%	3.2%
Delinquency rate	0.46%	0.47%	0.01%
Expense Ratio	25.7%	29.3%	3.5%
Combined Ratio	60.8%	67.5%	6.7%
Insurance Margin	48.1%	40.0%	(8.1%)
Investment Return	3.4%	2.8%	(0.6%)
ROE [2]	9.7%	7.7%	(2.0%)
Underlying ROE [2]	10.4%	9.0%	(1.4%)

The FY17 results reflect:

a) Lower sales (Gross Written Premium):
   i) GWP decreased 3.4 % to $369.0 million in 2017. This decline was partially offset by the impact of the premium rate actions taken in 2016 and reflects changes in the customer portfolio and changes in business mix during the year.
b) Lower revenue (Net Earned Premium):
   i) NEP decreased 18.2% reflecting the $37.3m impact from change in earnings curve and lower earned premium from current and prior Book Years.
c) The loss ratio increased by 3.2% reflecting lower net earned premium in the current year;
d) The expense ratio increased from 25.7% in FY16 to 29.3% in FY17 reflecting lower net earned premium in the current year, and expenditure on the strategic program of work;
e) The insurance margin decreased to 40.0% compared to 48.1% for FY16 mainly driven by unfavorable mark to market movements of the investment portfolio.

[1] Underlying NPAT excludes the after-tax impact of unrealised gains/ (losses) and impairment losses on the investment portfolio.
[2] ROE is shown on a trailing 12-month basis.

1. Executive summary

1.2 Summary of financial and capital position

Table 2: Group financial position/capital measures

(A$ in millions), as at	31 Dec 16	31 Dec 17
Cash, accrued interest and investments	3,551.3	3,409.3
Total assets[3]	3,835.6	3,765.9
Unearned premium reserve	1,177.8	1,108.6
Net assets	1,967.4	1,922.2
Net assets per share ($/share)	3.86	3.90
Net tangible assets	1,956.3	1.911.8
Regulatory capital base	2,212.8	2,092.4
Level 2 PCA coverage	1.57x	1.93x
CET1 coverage	1.42x	1.74x
Gearing (debt / debt plus equity)	10.0%	10.3%

Genworth's capital position was strong as at 31 December 2017 and the Group's regulatory capital solvency level was 1.93 times the PCA and 1.74 times the CET1 ratio. 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 being 0.60 times PCA.

[3] Figures for 31 Dec 16 have been restated.

1. Executive summary

1.3 Economic and regulatory environment

1.3.1 Economic environment

The Australian economy performed relatively well throughout 2017 with uninterrupted positive economic growth, an improving labour market and a lift in business investment. Victoria and New South Wales continued to perform strongly due to strong labour markets and property prices, however a slowdown in the New South Wales property market was noted in the last quarter of 2017. Queensland and Western Australia continued to experience the flow on impacts of the slowdown in the resources sector.

The economic outlook for 2018 is expected to be relatively similar to 2017, with growth remaining below long-term trend. Domestic demand growth will be driven by business and government investment, particularly infrastructure spending, however residential dwelling construction activity is likely to ease, due to cooling housing market conditions.

Labour market growth is expected to continue into 2018, albeit at a more moderate pace than in 2017.

The official cash rate is likely to remain on hold throughout most of 2018 due to ongoing benign wage growth and inflation remaining below the Reserve Bank of Australia's (RBA) 2% to 3% target band.

Housing market conditions are likely to ease further in 2018 as macro-prudential measures continue to take effect and record levels of new housing supply comes onto the market. Metropolitan housing markets in Sydney and Melbourne are expected to moderate while regional housing markets, particularly within resource states, are expected to face continued pressure albeit to a lesser extent than experienced in 2017.

1.3.2 Regulatory environment

Genworth continues to work with policymakers, rating agencies and other industry participants to promote legislative and regulatory policies that support home ownership and continued responsible credit growth.

During 2017, Genworth has continued to work with APRA to identify and recommend policy solutions that would set suitable capital requirements for the residential mortgage industry. Genworth is leading industry efforts to educate policymakers about the importance of LMI to the Australian mortgage market and ensuring the wider financial system remains stable - especially its value as a loss absorption and capital management tool for risk management purposes.

1. Executive summary

1.4 Customer relationships

Genworth 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 60.0 per cent of Genworth's total New Insurance Written (NIW) and 72.7 per cent of GWP in FY17. The largest customer accounted for 43.1 per cent of total NIW and 52.9 per cent of GWP in FY17. The Group estimates that it had approximately 25 per cent of the Australian LMI market by NIW in 2017[4].

On 10 March 2017, Genworth announced that the exclusivity agreement for the provision of LMI with its second largest customer was terminated in April 2017. The LMI business underwritten under this contract represented 14% of Gross Written Premium (GWP) in 2016. The Company has been successful in entering into new business with that customer that assists them in managing mortgage default risk through alternative insurance arrangements.

On 20 September 2017, Genworth announced that it had extended its Supply and Service Contract with National Australia Bank (NAB) for the provision of LMI for NAB's broker business. The term of the contract had been extended for one year to 20 November 2018.

Genworth continues to pursue other profitable opportunities in the market that meet its risk appetite and return on equity profile.

1.5 Ratings

The controlled entities maintain their capital strength by reference to a target financial strength rating from an independent ratings agency. The ratings help to reflect the financial strength of these entities and demonstrate to stakeholders their ability to pay claims.

Standard & Poor's

On 19 March 2017, S&P reaffirmed Genworth Financial Mortgage Insurance Pty Limited's financial strength rating at 'A+', revising the outlook from 'stable' to 'negative'. On 6 September 2017, S&P reaffirmed the 'A+' ratings and maintained the outlook at 'negative'.

Fitch Ratings

On 13 September 2017, Fitch reaffirmed Genworth Financial Mortgage Insurance Pty's financial strength rating at 'A+' and outlook 'stable'.

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[4] 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.

Section 2

Group financial results

2. Group financial results

2.1 Statement of comprehensive income

Table 3[5]: Group statement of comprehensive income

(A$ millions)	FY16	FY17	Change FY16 vs FY17
Gross written premium	381.9	369.0	(3.4%)
Movement in unearned premium	142.8	69.2	(51.5%)
Gross earned premium	**524.7**	**438.2**	**(16.5%)**
Outwards reinsurance expense	(71.8)	(67.7)	5.7%
Net earned premium	**452.9**	**370.5**	**(18.2%)**
Net claims incurred	(158.8)	(141.8)	10.7%
Acquisition costs	(52.5)	(49.9)	5.0%
Other underwriting expenses	(64.0)	(58.5)	8.6%
Underwriting result	**177.6**	**120.3**	**(32.3%)**
Investment income on technical reserves	40.4	28.0	(30.7%)
Insurance profit	**218.0**	**148.3**	**(32.0%)**
Investment income on shareholders' funds	85.6	75.3	(12.0%)
Financing costs	(14.2)	(11.5)	19.0%
Profit before income tax	**289.3**	**212.2**	**(26.7%)**
Income tax expense	(86.2)	(63.0)	26.9%
NPAT	203.1	149.2	(26.5%)
Underlying NPAT	**212.2**	**171.1**	**(19.4%)**

[5] Totals may not sum due to rounding.

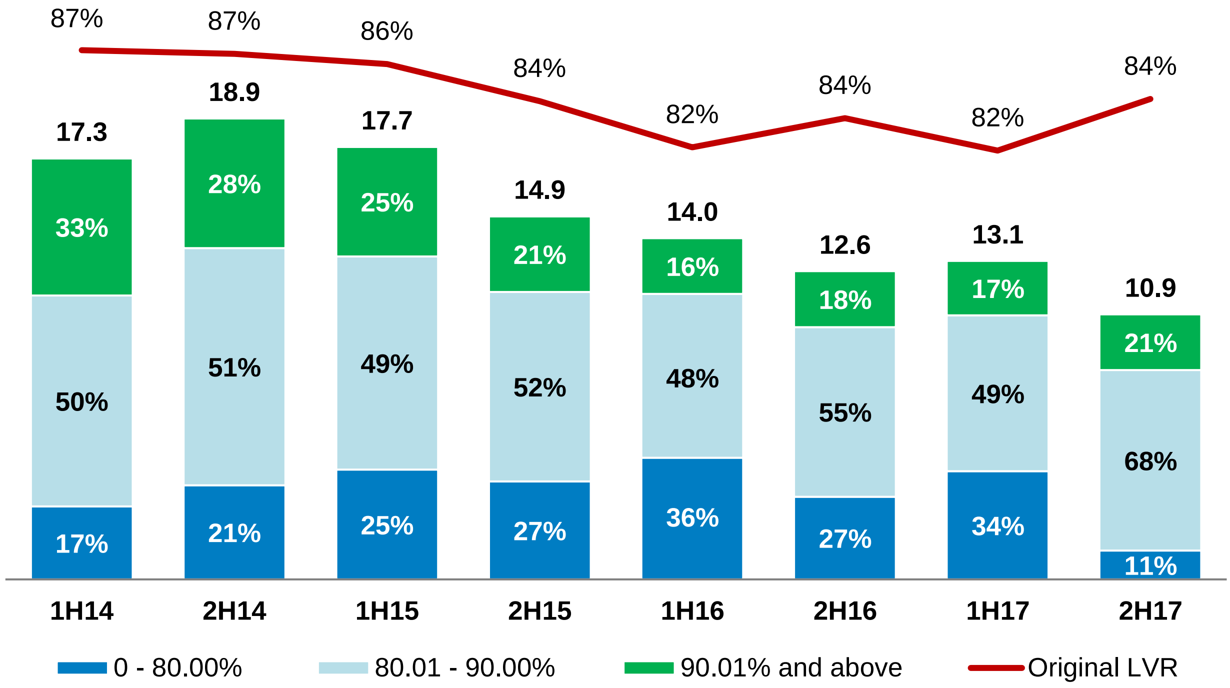
2.2 Management discussion and analysis

2.2.1 New Insurance Written (NIW)

NIW decreased 10.2% to $23.9 billion in FY17 from $26.6 billion in FY16. NIW in the sub 80% LVR segment decreased 62.8%.

FY17 NIW includes $2.9 billion of portfolio transactions for customers seeking risk mitigation on previously uninsured mortgage portfolios.

Figure 2: NIW[6] by Original LVR[7] band (excludes capitalised premium)



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[6] NIW includes capitalised premium. NIW excludes excess of loss reinsurance.

[7] Original LVR excludes capitalised premium.

2. Group financial results

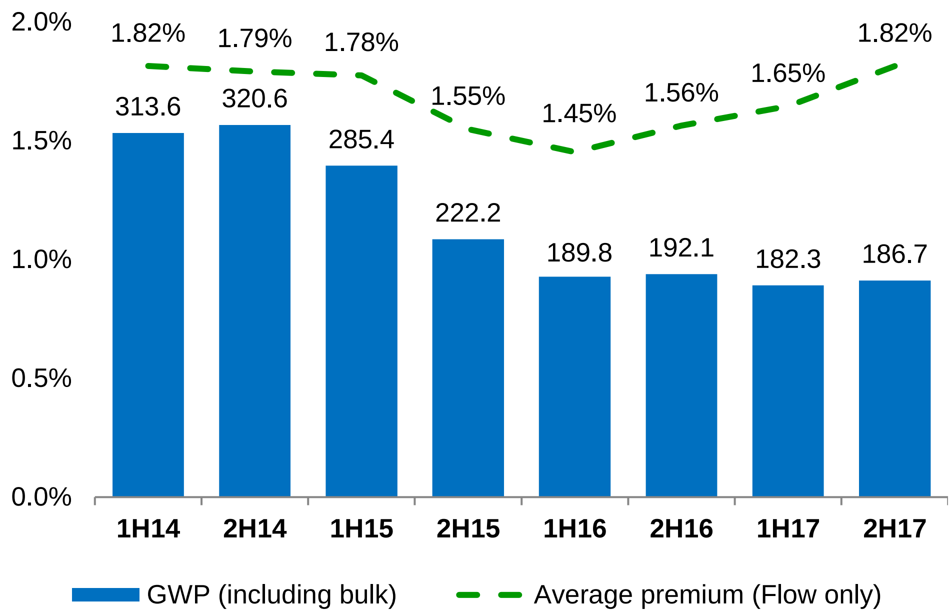
2.2.2 Gross Written Premium (GWP)

GWP decreased 3.4% from $381.9 million in FY16 to $369.0 million in FY17. The decline in GWP reflects changes in the customer portfolio.

Average price for Flow (GWP/NIW) increased from 1.51% in FY16 to 1.73% in FY17.

The average original LVR of new flow business written in FY17 was 84.5%, up from 83.6% in FY16.

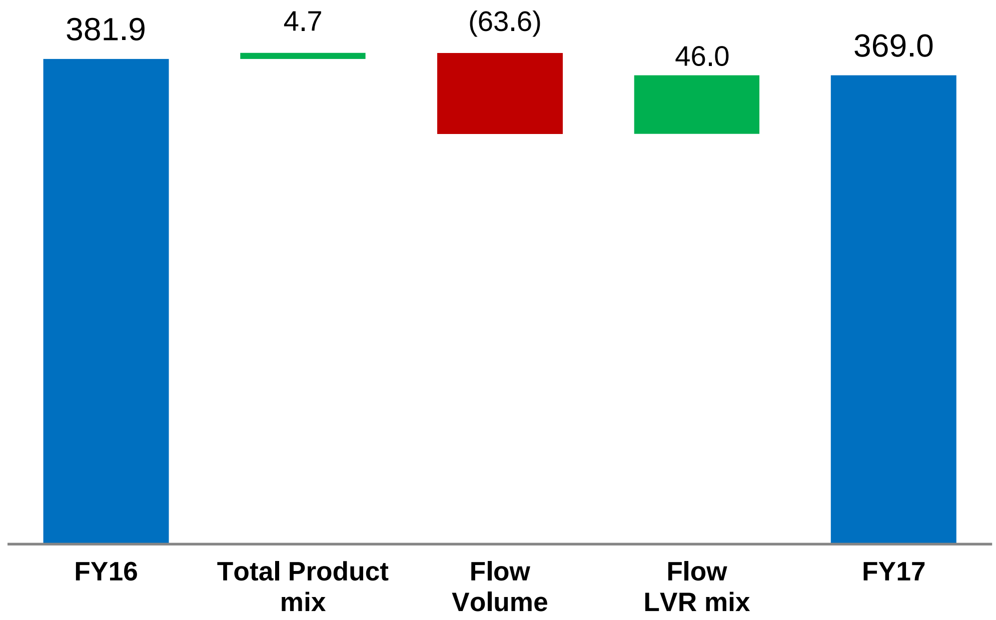
Figure 3: GWP ($ millions) and average price[8] of flow business



[8] Average price excludes excess of loss reinsurance. Historical NIW has been adjusted in the average premium calculation to reflect a risk sharing arrangement.

2. Group financial results

Figure 4: Movement of GWP FY16 to FY17 ($ millions)



2.2.3 Gross Earned Premium (GEP)

GEP decreased 16.5% from $524.7 million in FY16 to $438.2 million in FY17 mainly reflecting $37.3m impact from the Company's annual premium earning pattern review and seasoning of the in-force books.

2.2.4 Outward reinsurance expense

Outward reinsurance expense decreased by $4.1 million from $71.8 million in FY16 to $67.7 million in FY17 driven mainly by a more favourable rate negotiated under the new external reinsurance arrangement in place at the end of 2016.

2. Group financial results

2.2.5 Net claims incurred and changes to reserves

Net claims incurred decreased $17.0 million from $158.8 million in FY16 to $141.8 million in FY17, primarily driven by a favourable movement in non-reinsurance recoveries on paid claims.

Table 4[9]: Composition of net claims incurred

($ millions) unless otherwise stated	1H16	2H16	1H17	2H17	FY16	FY17
Number of Paid Claims (#)	566	633	711	761	1,199	1,472
Average Paid Claim ($'000)[10]	72.5	70.8	102.3	122.1	71.6	112.6
Claims Paid[10]	**41.1**	**44.8**	**72.8**	**93.0**	**85.9**	**165.7**
Movement in borrower recovery receivable on paid claims	0.1	(1.0)	(8.2)	(0.9)	(0.9)	(9.1)
Movement in Reserves	34.2	39.6	9.0	(23.9)	73.8	(14.9)
Net Claims Incurred	**75.4**	**83.4**	**73.6**	**68.2**	**158.8**	**141.8**

The average reserve per delinquency decreased from $52,800 in FY16 to $50,700 in FY17 primarily driven by accelerated claim settlement during the second half of FY17 which has materially reduced the number of outstanding pipeline claims.

[9] Totals may not sum due to rounding.

[10] Movement in borrower recovery receivable on paid claims is excluded from average paid claim calculation and claims paid.

2. Group financial results

Table 5: Movement in delinquencies

	1H16	2H16	1H17	2H17	FY16	FY17
Opening Delinquencies	5,552	6,413	6,731	7,285	5,552	6,731
New Delinquencies	5,912	6,000	5,997	5,350	11,912	11,347
Cures	(4,485)	(5,049)	(4,732)	(5,178)	(9,534)	(9,910)
Claims Paid	(566)	(633)	(711)	(761)	(1,199)	(1,472)
Closing Delinquencies	**6,413**	**6,731**	**7,285**	**6,696**	**6,731**	**6,696**
Total Policies Outstanding	1,477,826	1,464,139	1,438,100	1,416,525	1,464,139	1,416,525

New delinquencies decreased in both mining and non-mining areas. The proportion of new mining delinquencies has been increasing in WA while Queensland mining experience has been quite stable. Cures increased, particularly among areas in non-mining areas. The number of claims paid in FY17 was higher than FY16, mainly driven by a higher proportion of claims in the mining regions.

2.2.6 Acquisition costs and other underwriting expenses

Acquisition costs decreased $2.6 million from $52.5 million in FY16 to $49.9 million in FY17. Other underwriting expenses decreased $5.5 million from $64.0 million in FY16 to $58.5 million in FY17. The total expense ratio increased from 25.7% in FY16 to 29.3% in FY17, reflecting the impact of the lower NEP and expenditure on the strategic program of work.

2.2.7 Financial income

Financial income, comprising interest income and realised and unrealised gains/losses, decreased $22.7 million from $126.0 million in FY16 to $103.3 million in FY17. The unrealised losses on the market value of the investment portfolio of $31.3 million recognised in FY17 compared to unrealised losses of $13.1 million recognised in FY16. The yield on the investment portfolio decreased from 3.41% in FY16 to 2.82% in FY17.

2.2.8 Income tax expense

Income tax expense decreased $23.2 million (26.9%) from $86.2 million in FY16 to $63.0 million in FY17. The effective tax rate decreased from 29.8% in FY16 to 29.7% in FY17.

2.2.9 Net profit after tax

Reported NPAT fell 26.5% to $149.2 million in FY17. The decline was largely driven by the impact from the annual premium earning pattern review and unfavourable mark to market movements of the investment portfolio.

2. Group financial results

2.3 Analysis of underwriting performance

The underwriting performance in FY17 reflects the following key factors:

a) GWP decreased 3.4 % to $369.0 million in 2017. This decline was partially offset by the impact of the premium rate actions taken in 2016 and reflects changes in the customer portfolio and changes in business mix during the year;

b) NEP decreased 18.2% reflecting the adverse impact of $37.3m from change in earnings curve and lower earned premium from current and prior Book Years;

c) The loss ratio increased by 3.2% reflecting lower net earned premium in the current year;

d) The expense ratio increased from 25.7% in FY16 to 29.3% in FY17 reflecting lower net earned premium in the current year, slightly offset by lower other underwriting expenses;

e) The insurance margin decreased to 40.0% compared to 48.1% for FY16 mainly driven by unfavorable mark to market movements of the investment portfolio.

Table 6[11]: Key underwriting metrics

	1H16	2H16	1H17	2H17	FY16	FY17
New Insurance Written ($ billions)	14.0	12.6	13.1	10.9	26.6	23.9
Gross Written Premium ($ millions)	189.8	192.1	182.3	186.7	381.9	369.0
Net Earned Premium ($ millions)	228.8	224.0	211.6	158.9	452.9	370.5
Claims Paid[12] ($ millions)	41.1	44.8	72.8	92.9	85.9	165.7
Expense Ratio	24.4%	27.1%	25.9%	33.7%	25.7%	29.3%
Loss Ratio	33.0%	37.2%	34.8%	42.9%	35.1%	38.3%
Combined Ratio	57.3%	64.3%	60.6%	76.7%	60.8%	67.5%
Insurance Margin	63.5%	32.4%	48.1%	29.3%	48.1%	40.0%
Delinquency Rate	0.43%	0.46%	0.51%	0.47%	0.46%	0.47%

[11] Totals may not sum due to rounding.

[12] Movement in borrower recovery receivable on paid claims is excluded from average paid claim calculation and claims paid.

Section 3

Portfolio performance

3. Portfolio performance

3.1 Insurance portfolio

3.1.1 In-force[13] portfolio as at 31 December 2017

Genworth had an in-force portfolio of approximately $321.8 billion as at 31 December 2017. The Group's Standard LMI product comprises the largest part of the overall in-force portfolio at 92%, and Low Doc product represents only 5% of the total in-force portfolio. The following charts display the segmentation of the Group's in-force portfolio.

Figure 5: Insurance in-force by Book Year

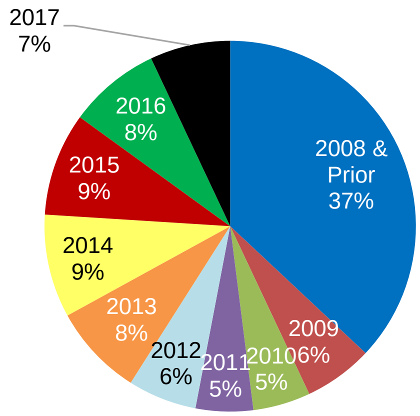


Figure 6: Insurance in-force by original LVR

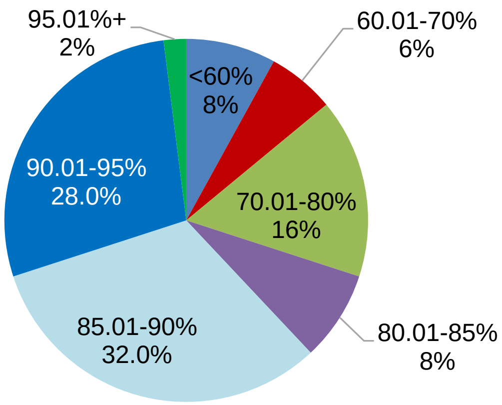


Figure 7: Insurance in-force by product

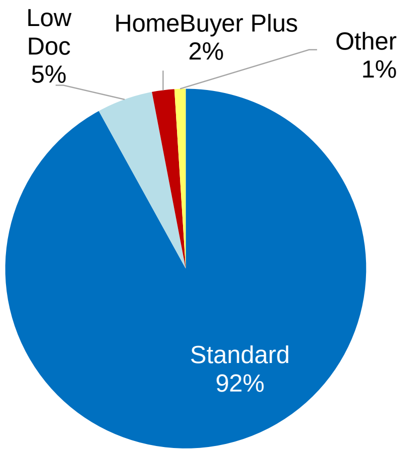
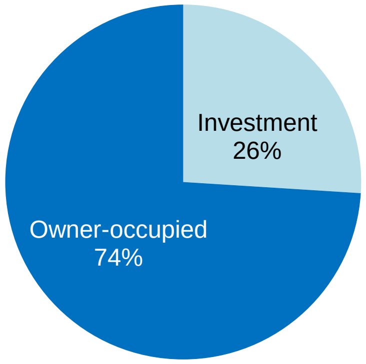


Figure 8: Insurance in-force by loan type



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13 Insurance in-force excludes excess of loss reinsurance.

3. Portfolio performance

3.1.2 Effective LVR

The table below shows the effective LVR of the portfolio as at 31 December 2017. Genworth 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 loans, 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 7[14]: Effective LVR as at 31 December 2017

Book Year	Insurance in-force		LVR		Portfolio change in house prices %
	$ billion	%	Original	Effective	
2008 & prior	81.8	28%	77.7%	35.3%	87%
2009	17.1	6%	84.9%	52.3%	46%
2010	13.4	5%	81.3%	57.5%	31%
2011	14.3	5%	83.8%	58.7%	36%
2012	20.4	7%	86.4%	61.1%	38%
2013	23.5	8%	87.2%	65.6%	31%
2014	26.5	9%	87.3%	71.4%	21%
2015	25.9	9%	85.9%	75.3%	13%
2016	24.0	8%	83.8%	77.1%	8%
2017	20.8	7%	86.5%	85.9%	1%
Total Flow	**268.4**	**92%**	**82.3%**	**54.3%**	**50%**
Portfolio	22.2	8%	55.8%	24.3%	91%
Total / Weighted Avg.	**290.6**	**100%**	**79.7%**	**51.4%**	**54%**

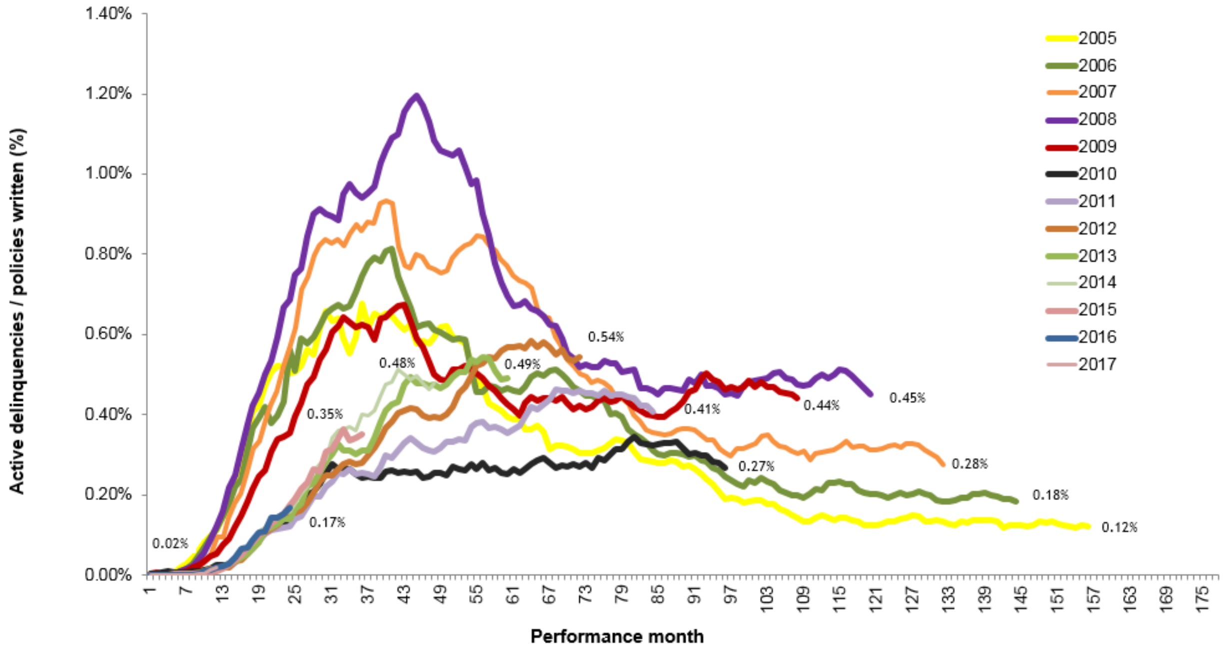
[14] Table excludes Inward Reinsurance, Excess of loss reinsurance, New Zealand and Genworth Financial Mortgage Indemnity as the Group does not have comparative data available for these lines of business.

3. Portfolio performance

3.2 Delinquency rate by Book Year

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

Figure 9[15]: Delinquency development by Book Year



Each line illustrates the level of 3 month+ delinquencies relative to the number of months a 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 post-GFC Book Years are seasoning at lower levels as a result of credit tightening. The underperformance for 2012-14 books have been predominantly driven by resource reliant states of Queensland and Western Australia following the mining sector downturn, however has started to show signs of stabilising over recent months.

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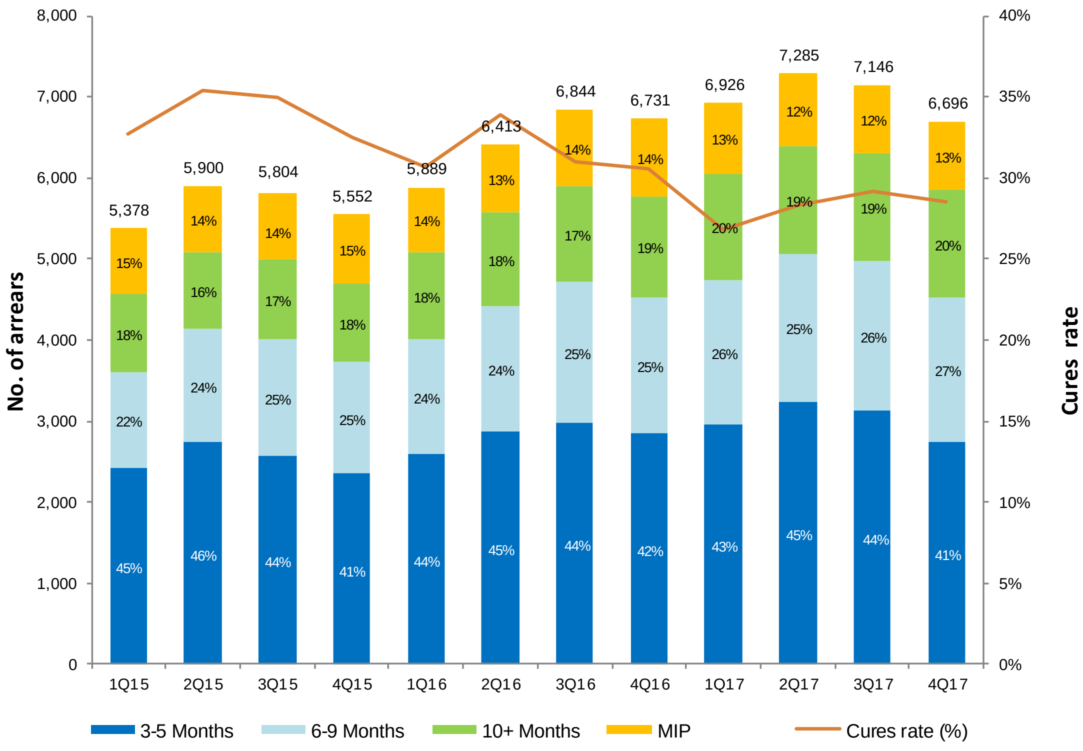
[15] Excludes excess of loss reinsurance.

3. Portfolio performance

3.3 Delinquency population by months in arrears bucket

Figure 10: Delinquency population by months in arrears bucket



The above chart illustrates the delinquency population by months in arrears (MIA) aged bucket at the end of each reporting period. Over the past two years the cure rate has fallen primarily from changes in lenders hardship policies. The 3-5 months MIA bucket shows a seasonal uptick in the second quarter of each year, consistent with historical observed experience.

Section 4

Balance sheet and investments

4. Balance sheet and investments

4.1 Statement of financial position

This section contains the consolidated statements of financial position for the Group as at 31 December 2017.

Table 8[16]: Consolidated statement of financial position

(A$ in millions), as at	31 Dec 16	31 Dec 17
Cash and cash equivalents	57.6	43.0
Accrued investment income	28.8	17.8
Investments	3,465.0	3,348.5
Trade and other receivables[17]	3.7	12.5
Prepayments	2.3	2.4
Deferred reinsurance expense	80.2	145.4
Non-reinsurance recoveries	34.4	23.6
Deferred acquisition costs	142.0	151.8
Property, plant and equipment	0.5	0.9
Deferred tax assets	10.0	9.4
Intangibles	2.0	1.3
Goodwill	9.1	9.1
Total Assets[17]	**3,835.6**	**3,765.9**
Payables[17]	37.1	31.7
Reinsurance payable	95.3	160.0
Outstanding claims	355.5	339.7
Unearned premiums	1,177.8	1,108.6
Employee benefit provision	6.4	6.8
Interest bearing liabilities	196.0	197.0
Total Liabilities[17]	**1,868.2**	**1,843.7**
Net Assets	**1,967.4**	**1,922.2**
Share capital	1,354.0	1,303.2
Other equity	613.3	619.0
Total Equity	**1,967.4**	**1,922.2**

[16] Totals may not sum due to rounding.

[17] Figures for 31 Dec 16 have been restated.

4. Balance sheet and investments

4.2 Total assets

Total assets of the Group as at 31 December 2017 were $3,765.9 million compared to $3,835.6 million at 31 December 2016[18]. The movement mainly reflects a $131.0 million decrease in cash and investments offset by an increase in deferred reinsurance assets from treaty renewals.

4.3 Investments

4.3.1 Investment strategy

As at 31 December 2017, the Group had a $3,391.6 million cash and investments portfolio, invested 86% 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.

As at 31 December 2017, Genworth had invested $237.4 million in Australian equities in line with the previously stated strategy to improve investment returns on the portfolio within acceptable risk tolerances.

4.3.2 Group investment assets

The Group's investments totalled $3,391.6 million as at 31 December 2017 with $1,117.2 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 1.5 years.

[18] Figures for 31 Dec 16 have been restated.

4. Balance sheet and investments

4.3.3 Investment portfolio characteristics as at 31 December 2017

Figure 11: Investment assets by term to maturity

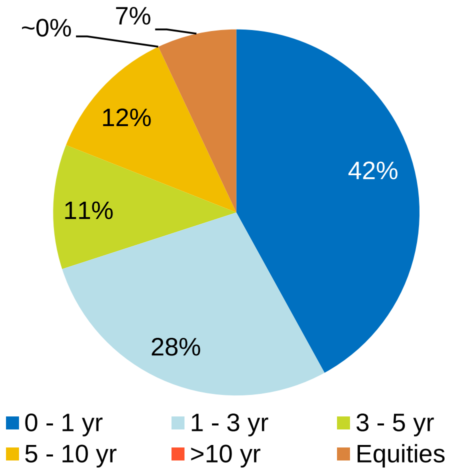


Figure 12: Investment assets by issuer type

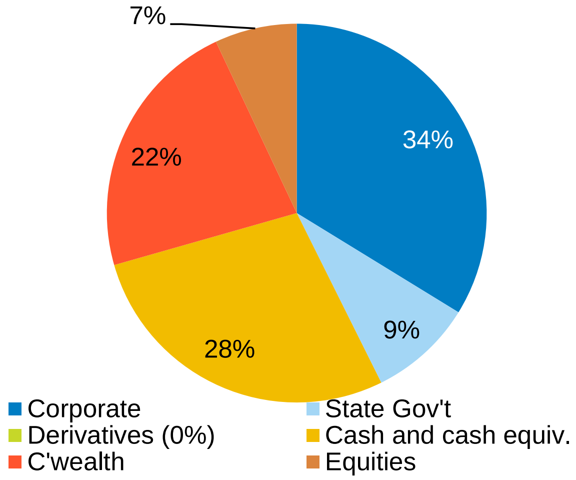


Figure 13: Investment assets by credit rating

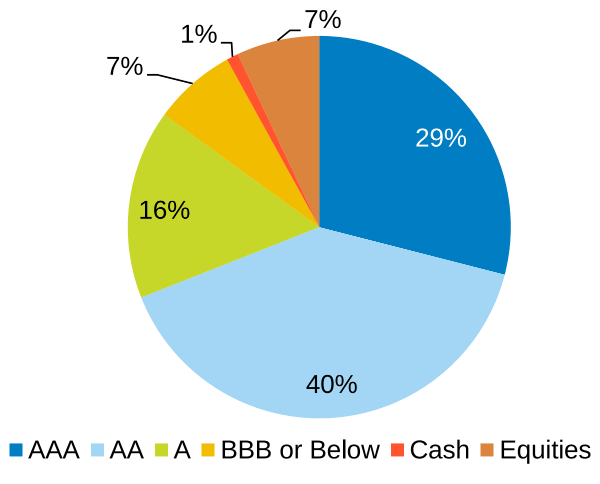
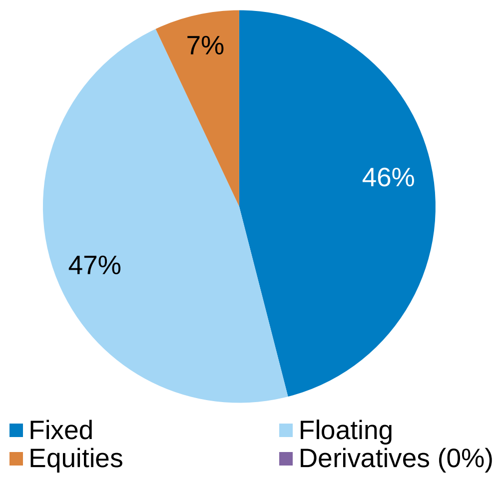


Figure 14: Investment assets by type



4.3.4 Investment performance

The decline in the investment return is driven by both the reduction in investment balance compared to the previous period and 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 9: Investment income and investment return

($ millions), as at	30 Jun 16	31 Dec 16	30 Jun 17	31 Dec 17
Cash	37.8	57.6	39.4	43.0
Accrued investment income	32.5	28.8	21.1	17.8
Investments	3,601.4	3,465.0	3,456.6	3,348.5
Total Cash and Investments	**3,671.7**	**3,551.3**	**3,517.1**	**3,409.3**

($ millions)	1H16	2H16	1H17	2H17	FY16	FY17
Interest income	67.3	60.7	50.9	47.4	128.0	98.2
Investment return[19]	**3.53%**	**3.37%**	**2.88%**	**2.72%**	**3.41%**	**2.82%**

4.4 Total liabilities

The total liabilities of the Group as at 31 December 2017 were $1,843.7 million compared to $1,868.2 million at 31 December 2016[20]. Notable movements contributing to the $24.5 million decrease over the period include:

- Increase in reinsurance payable of $64.7 million as a result of increase in future reinsurance costs from treaty renewals and the commencement of new treaties;
- Decrease in unearned premium liability of $69.2 million resulted from lower new premium written in 2017 and seasoning of prior years' in-force premium partially offset by the impact of $37.3 million from the adverse change in earnings curve;
- Decrease in the outstanding claims liability of $15.9 million primarily due to reserve releases from higher number of claims paid.

[19] Investment return excludes unrealised gains and losses on the investment portfolio.

[20] Figures for 31 Dec 16 have been restated.

4. Balance sheet and investments

4.4.1 Unearned Premium Reserve (UPR)

Table 10: Movement in unearned premium reserve by Book Year

Book Year	As at 31 December 2016 ($ millions)	Gross written premium ($ millions)	Gross earned premium ($ millions)	As at 31 December 2017 ($ millions)
2009	2.7	-	(2.7)	-
2010	17.2	-	(9.6)	7.6
2011	34.4	-	(16.1)	18.3
2012	81.7	-	(33.6)	48.1
2013	148.7	-	(59.3)	89.4
2014	246.5	-	(85.8)	160.7
2015	305.8	-	(105.6)	200.2
2016	340.8	-	(95.0)	245.8
2017	-	369.0	(30.5)	338.5
Total	**1,177.8**	**369.0**	**(438.2)**	**1,108.6**

4. Balance sheet and investments

4.5 Equity

The Group's equity decreased by $45.2 million over the period, due to $142.6m dividends paid in FY17 and $50.9 million share buyback offset by $149.2m current period earnings.

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 11: Reconciliation of Statutory NPAT and Underlying NPAT

($ millions)	1H16	2H16	1H17	2H17
Statutory NPAT	135.8	67.3	88.7	60.5
Adjustment for change in unrealised (gains)/losses	(32.7)	45.8	35.5	(4.2)
Adjustment for tax on change in unrealised (gains)/losses	9.8	(13.8)	(10.7)	1.3
Underlying NPAT	**112.9**	**99.3**	**113.5**	**57.6**

Table 12[21]: Reconciliation of Total Equity and Underlying Equity

($ millions), as at	30 Jun 16	31 Dec 16	30 Jun 17	31 Dec 17
Total equity	2,035.2	1,967.4	1,983.8	1,922.2
Adjustment for life to date unrealised (gains)/losses	(117.8)	(73.4)	(40.1)	(44.6)
Adjustment for tax on life to date unrealised (gains)/losses	35.3	22.0	12.0	13.3
Underlying Equity	**1,952.7**	**1,916.0**	**1,955.7**	**1,890.9**

Table 13[22]: Underlying ROE

(%)	12 months to Jun 16	12 months to Dec 16	12 months to Jun 17	12 months to Dec 17
Underlying NPAT ($ million)	244.7	212.2	212.8	171.1
Underlying Equity ($ million)[23]	2,165.2	2,037.6	1,954.2	1,903.5
Underlying ROE (%)	**11.3%**	**10.4%**	**10.9%**	**9.0%**

[21] Figures have been restated for 30 Jun 16 and 31 Dec 16 to include life to date unrealised (gains)/losses on derivatives.

[22] Figures have been restated for Jun 16, Dec 16 and Jun 17 to include life to date unrealised (gains)/losses on derivatives.

[23] For 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

5. 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 Group's capital position was strong as at 31 December 2017 with a regulatory capital solvency level of 1.93 times the Prescribed Capital Amount (PCA) on a Level 2 basis and a CET1 ratio of 1.74 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.

Table 14[24]: PCA coverage ratio (Level 2)

(A$ in millions), as at	31 Dec 16	31 Dec 17
Capital Base		
Common Equity Tier 1 Capital (incl. excess technical provisions)	2,012.8	1,892.4
Tier 2 Capital	200.0	200.0
Regulatory Capital Base	**2,212.8**	**2,092.4**
Capital Requirement		
Probable Maximum Loss (PML)	2,284.6	2,003.8
Net premiums liability deduction	(288.8)	(291.9)
Allowable reinsurance	(900.5)	(950.5)
LMI Concentration Risk Charge (LMICRC)	**1,095.3**	**761.4**
Asset risk charge	111.0	137.6
Asset concentration risk charge	-	-
Insurance risk charge	229.8	221.7
Operational risk charge	30.0	28.0
Aggregation benefit	(52.2)	(62.1)
Prescribed Capital Amount (PCA)	**1,413.9**	**1,086.7**
PCA Coverage ratio (times)	**1.57x**	**1.93x**

[24] Totals may not sum due to rounding.

5. Capital and dividends

The decrease in CET1 capital in FY17 mainly reflects the $142.6 million of dividends paid in FY17, the $50.9 million share buyback and $108.8 million decrease in the excess technical provisions, offset by $149.2 million reported NPAT.

Figure 15[25]: Genworth Australia's capital base progression as at 31 December (A$ billion)

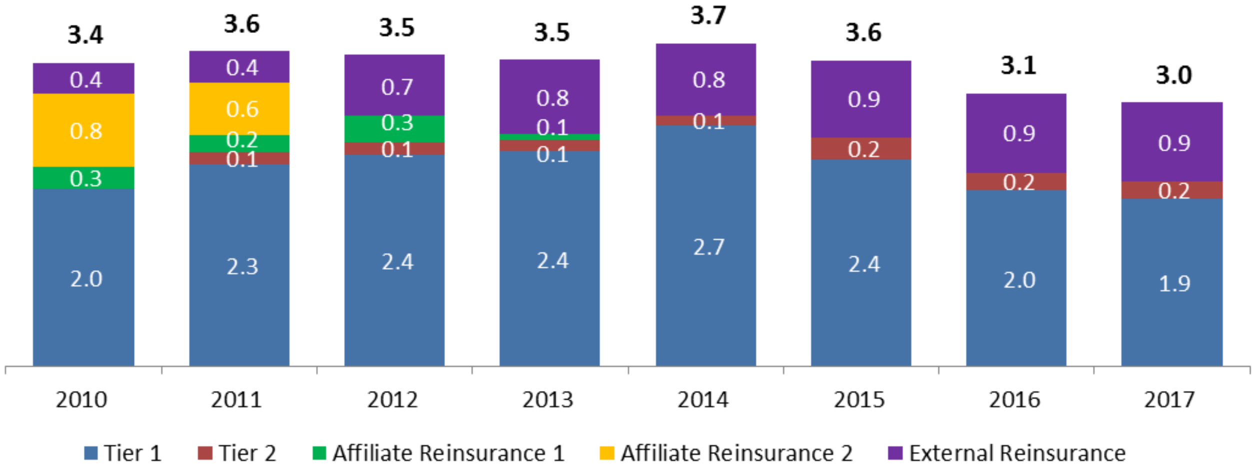


Figure 15 shows the mix of the three key components of the capital base, including common equity (Tier 1 Capital), other qualifying capital instruments (Tier 2 Capital) and APRA allowable reinsurance. Since 2010, Genworth has implemented a strategy that has:

- 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, in 2011.

Reinsurance

Genworth restructured and reduced the Excess of Loss (XOL) reinsurance treaties by $50 million as at 1 January 2018, decreasing its level of allowable reinsurance from $950 million as at 31 December 2017 to $900 million as at 1 January 2018. Qualifying reinsurance was also $900 million as a 31 December 2016.

[25] Historical capital base has been adjusted due to rounding. Note totals may not sum due to rounding.

5. Capital and dividends

5.2 Dividend

The Board has determined a medium-term ordinary dividend payout ratio of 50-80% of Underlying NPAT.

On 30 January 2018, the Board declared a fully franked final ordinary dividend of 12 cents per share payable on 16 March 2018 to shareholders registered on 2 March 2018.

Table 15: Calculation of Underlying NPAT for FY16 and FY17

(A$ in millions)	FY16	FY17
Reported NPAT	203.1	149.2
Adjustment for change in unrealised gains/(losses)	13.1	31.3
Adjustment for tax on change in unrealised gains/(losses)	(4.0)	(9.4)
Underlying NPAT	212.2	171.1

Table 16: Reconciliation of dividend payout ratio[26]

	FY 16	FY 17
Ordinary Dividend (cents per share)	28.0	24.0
Ordinary Dividend ($ millions)	142.6	120.2
Underlying NPAT ($ millions)	212.2	171.1
Dividend Payout Ratio	67.2%	70.3%

[26] Dividends are calculated for the reported period and paid subsequent to the end of that period.

Section 6

Appendices

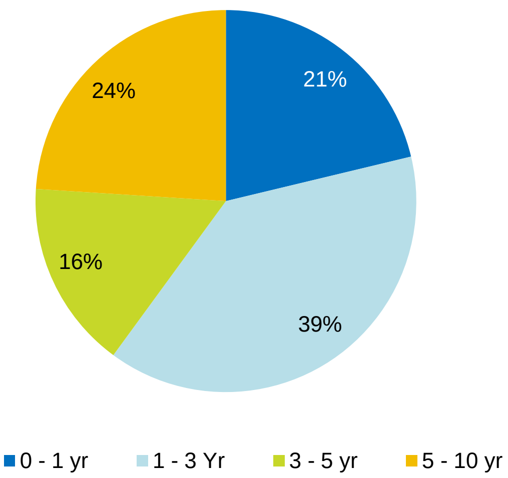
6. Appendices

Appendix A – Investment portfolio

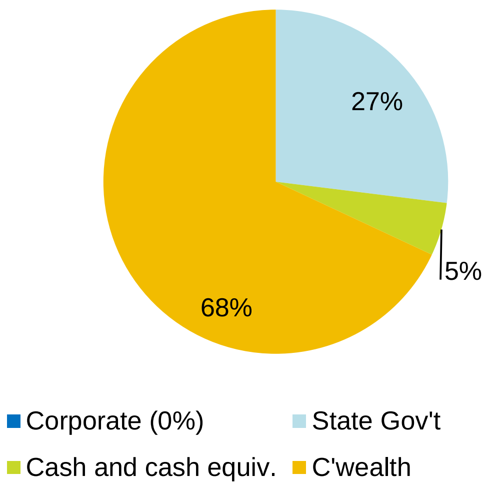
A.1 Investment assets backing technical liabilities

As at 31 December 2017, Genworth's technical funds were $1.1 billion.

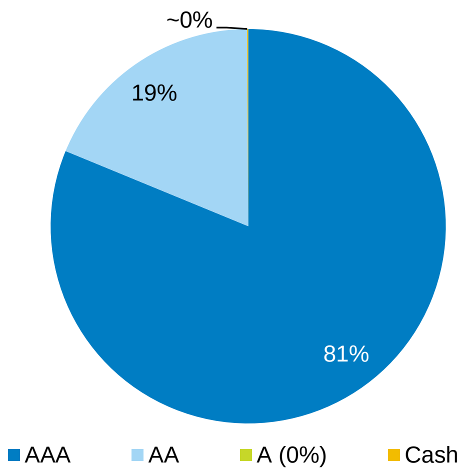
Investment assets by term to maturity



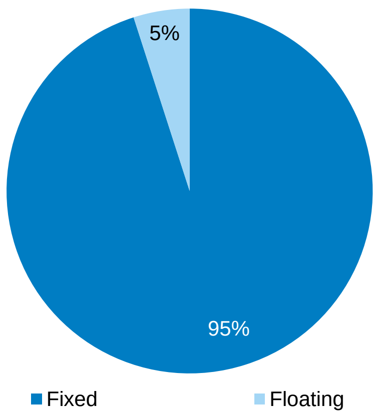
Investment assets by source



Investment assets by credit rating



Investment assets by type

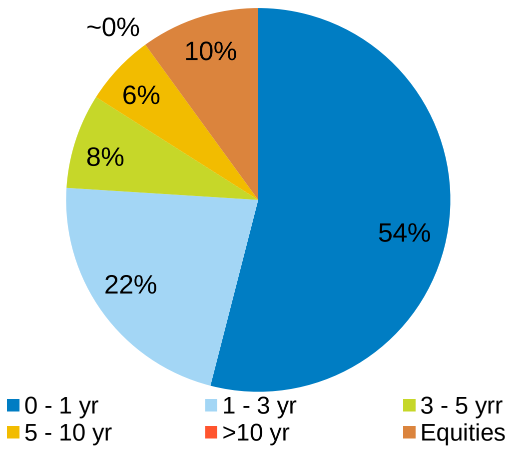


6. Appendices

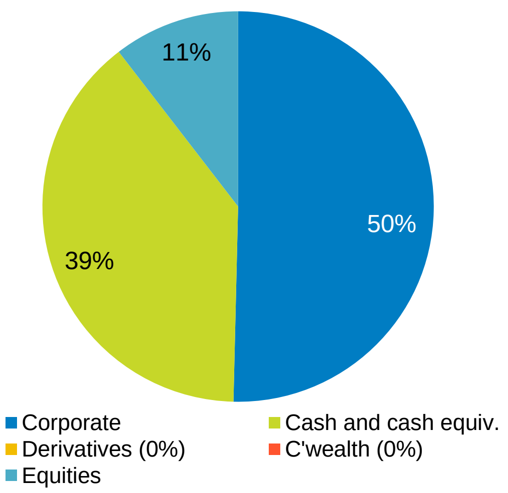
A.2 Shareholders' funds[27]

As at 31 December 2017, Genworth shareholders' funds were $2.3 billion.

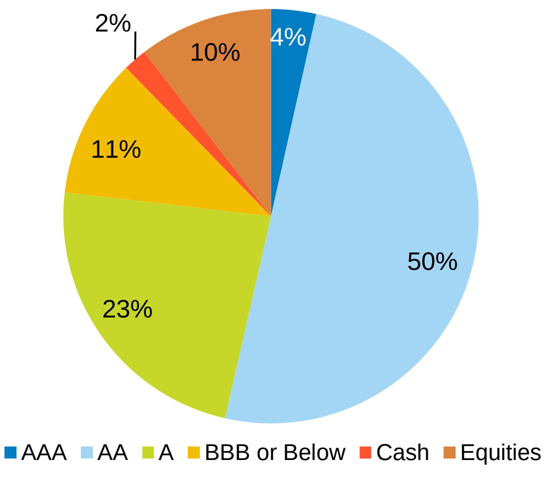
Investments assets by term to maturity



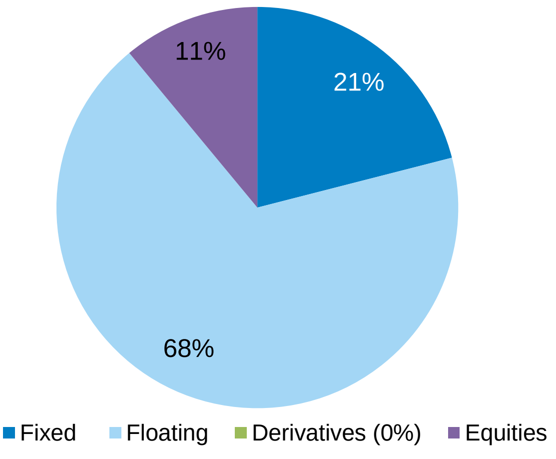
Investments assets by source



Investments assets by credit rating



Investments assets by type



[27] Derivatives has an A grading and 0-1 year maturity.

6. Appendices

Appendix B – 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

	2016					2017				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net premium written ($M)[1]	66	86	75	82	310	71	77	72	81	301
Loss ratio[2]	27%	39%	45%	29%	35%	35%	35%	37%	53%	38%
GAAP basis expense ratio[3]	23%	25%	26%	28%	26%	25%	27%	30%	40%	29%
Adjusted expense ratio[4]	40%	34%	40%	38%	38%	38%	36%	41%	29%	36%

Sales: new insurance written (NIW) ($M)	2016					2017				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Flow	6,225	6,673	6,081	6,555	25,535	5,469	5,498	4,666	5,350	20,983
Bulk	-	1,092	0	-	1,092	1,331	759	823	34	2,948
Total NIW	6,225	7,765	6,081	6,555	26,626	6,800	6,257	5,489	5,384	23,931

	2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Primary insurance in force ($M)	322,043	324,249	323,472	324,301	322,270	322,520	321,511	321,806
Primary risk in force ($M)[5]								
Flow	104,778	105,295	104,955	105,360	104,273	104,195	103,672	103,866
Bulk	7,465	7,718	7,654	7,507	7,836	8,007	8,196	8,116
Total	112,243	113,013	112,609	112,866	112,109	112,202	111,868	111,982

1) Net premium written is calculated as gross written premium, less refunds and reinsurance. This metric differs to what is disclosed in 4Q 2017 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 4Q 2017 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 Q4 2017 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 Genworth consolidated results.
4) The ratio of an insurer's general expenses to net premiums written. This metric differs to what is disclosed in Q4 2017 GFI FS under International MI segment Australia as outlined in point 3.
5) The majority of the loans the Group insures 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. The Group has certain risk share arrangements where it provides pro-rata coverage of certain loans rather than 100% coverage. As a result, for loans with these risk share arrangements, the applicable pro-rata coverage amount provided is used when applying the factor.

6. Appendices

All figures are $AUD and AIFRS

Primary Insurance	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Insured loans in-force (#)	1,479,544	1,477,826	1,470,302	1,464,139	1,443,836	1,438,100	1,422,501	1,416,525
Insured delinquent loans (#)	5,889	6,413	6,844	6,731	6,926	7,285	7,146	6,696
Insured delinquency rate (%)	0.40%	0.43%	0.47%	0.46%	0.48%	0.51%	0.50%	0.47%
Flow loans in-force (#)	1,366,914	1,364,756	1,358,286	1,354,616	1,332,468	1,325,477	1,308,998	1,303,928
Flow delinquent loans (#)	5,633	6,143	6,574	6,451	6,650	7,007	6,912	6,476
Flow delinquency rate (%)	0.41%	0.45%	0.48%	0.48%	0.50%	0.53%	0.53%	0.50%
Bulk loans in-force (#)	112,630	113,070	112,016	109,523	111,368	112,623	113,503	112,597
Bulk delinquent loans (#)	256	270	270	280	276	278	234	220
Bulk delinquency rate (%)	0.23%	0.24%	0.24%	0.26%	0.25%	0.25%	0.21%	0.20%

Loss Metrics ($M)	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017
Beginning Reserves[1]	**277**	**290**	**313**	**344**	**356**	**361**	**360**	**360**
Paid claims[2]	(18)	(23)	(24)	(21)	(33)	(40)	(42)	(52)
Increase in reserves	31	46	54	33	38	40	42	31
Ending Reserves	**290**	**313**	**344**	**356**	**361**	**360**	**360**	**340**

	Mar 31, 2016		Jun 30, 2016		Sep 30, 2016		Dec 31, 2016		Mar 31, 2017		Jun 30, 2017		Sep 30, 2017		Dec 31, 2017	
	% 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	% of primary risk in force	Primary delinquency rate	% of primary risk in force	Primary delinquency rate
State and Territory																
New South Wales	29%	0.29%	29%	0.30%	28%	0.32%	28%	0.30%	28%	0.31%	28%	0.32%	28%	0.31%	28%	0.31%
Queensland	23%	0.55%	23%	0.62%	23%	0.67%	23%	0.66%	23%	0.68%	23%	0.72%	23%	0.72%	23%	0.67%
Victoria	23%	0.35%	23%	0.37%	23%	0.39%	23%	0.38%	23%	0.38%	23%	0.41%	23%	0.39%	23%	0.37%
Western Australia	11%	0.53%	11%	0.61%	12%	0.69%	12%	0.74%	12%	0.78%	12%	0.86%	12%	0.88%	12%	0.83%
South Australia	6%	0.52%	6%	0.59%	6%	0.62%	6%	0.61%	6%	0.66%	6%	0.65%	6%	0.65%	6%	0.60%
ACT	3%	0.18%	3%	0.19%	3%	0.20%	3%	0.17%	3%	0.19%	3%	0.20%	3%	0.19%	3%	0.14%
Tasmania	2%	0.38%	2%	0.36%	2%	0.37%	2%	0.35%	2%	0.36%	2%	0.37%	2%	0.38%	2%	0.32%
New Zealand	2%	0.13%	2%	0.10%	2%	0.10%	2%	0.07%	2%	0.07%	2%	0.08%	2%	0.06%	2%	0.04%
Northern Territory	1%	0.21%	1%	0.27%	1%	0.33%	1%	0.36%	1%	0.42%	1%	0.44%	1%	0.50%	1%	0.48%
Total	**100%**	**0.40%**	**100%**	**0.43%**	**100%**	**0.47%**	**100%**	**0.46%**	**100%**	**0.48%**	**100%**	**0.51%**	**100%**	**0.50%**	**100%**	**0.47%**
By Policy Year																
2007 and prior	36%	0.29%	35%	0.31%	34%	0.31%	34%	0.30%								
2008 and prior	6%	0.98%	6%	1.01%	6%	1.07%	6%	1.03%	39%	0.39%	39%	0.41%	38%	0.40%	38%	0.37%
2009	7%	0.73%	7%	0.84%	7%	0.93%	7%	0.87%	7%	0.95%	7%	1.00%	6%	1.01%	6%	1.00%
2010	6%	0.51%	6%	0.55%	5%	0.59%	5%	0.56%	5%	0.60%	5%	0.57%	5%	0.56%	5%	0.53%
2011	6%	0.52%	6%	0.58%	6%	0.66%	5%	0.68%	5%	0.69%	5%	0.71%	5%	0.70%	5%	0.64%
2012	8%	0.54%	8%	0.64%	8%	0.72%	8%	0.80%	7%	0.79%	7%	0.83%	7%	0.86%	7%	0.84%
2013	9%	0.47%	9%	0.54%	9%	0.62%	8%	0.61%	8%	0.66%	8%	0.74%	8%	0.77%	8%	0.74%
2014	11%	0.26%	10%	0.36%	10%	0.45%	10%	0.51%	10%	0.58%	9%	0.66%	9%	0.66%	9%	0.64%
2015	9%	0.06%	9%	0.11%	9%	0.17%	9%	0.23%	9%	0.28%	9%	0.37%	9%	0.44%	8%	0.43%
2016	2%	0.00%	4%	0.00%	6%	0.01%	8%	0.03%	8%	0.05%	8%	0.12%	7%	0.18%	7%	0.22%
2017	-	-	-	-	-	-	-	-	2%	0.00%	3%	0.00%	5%	0.01%	7%	0.03%
Total	**100%**	**0.40%**	**100%**	**0.43%**	**100%**	**0.47%**	**100%**	**0.46%**	**100%**	**0.48%**	**100%**	**0.51%**	**100%**	**0.50%**	**100%**	**0.47%**

1) Outstanding claims reserve under AIFR measurement includes a risk margin allowance and is 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 Q4 2017 GFI FS under International MI Segment Australia
2) Movement in borrower recovery receivable on paid claims is excluded from paid claim calculation.

6. Appendices

All figures are $AUD and AIFRS

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	Total 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	Total 2017
Paid claims[1] ($M), quarterly analysis										
Flow	18	23	24	21	86	33	40	42	51	166
Bulk	-	-	-	-	-	-	-	-	1	1
Total	18	23	24	21	86	33	40	42	52	167
Average paid claim [1] ($ thousands)	65.8	79.2	73.3	67.1		92.5	112.7	110.6	134.4	
Average reserve per delinquency [2] ($ thousands)	49.2	48.8	50.2	52.8		52.1	49.5	50.4	50.7	

	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Loan amount (%)								
Over $550K	15%	15%	15%	16%	16%	16%	17%	17%
$400K to $550K	20%	20%	20%	20%	20%	20%	20%	20%
$250K to $400K	36%	36%	36%	35%	35%	35%	35%	35%
$100K to $250K	24%	24%	24%	24%	24%	24%	23%	23%
$100K or Less	5%	5%	5%	5%	5%	5%	5%	5%
Total	100%	100%	100%	100%	100%	100%	100%	100%
Average primary loan size (thousands)	218	219	220	221	223	224	226	227

1) Movement in borrower recovery receivable on paid claims is excluded from average paid claim calculation.
2) This metric differs to what is disclosed in Q4 2017 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.

6. Appendices

All figures are $AUD and AIFRS

	Mar 31, 2016			June 30, 2016			Sep 30, 2016			Dec 31, 2016		
	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk
by loan to value ratio [1]												
95.01% and above	20,336	20,335	0	19,917	19,917	-	19,487	19,487	-	19,092	19,092	-
90.01% to 95.00%	29,023	29,015	8	29,371	29,363	8	29,584	29,576	8	29,928	29,920	8
80.01% to 90.00%	29,753	29,666	87	30,060	29,974	86	30,214	30,128	86	30,452	30,367	85
80.00% and below	33,131	25,762	7,370	33,665	26,042	7,623	33,324	25,764	7,560	33,394	25,981	7,414
Total	112,243	104,778	7,465	113,013	105,295	7,718	112,609	104,955	7,654	112,866	105,360	7,507

	Mar 31, 2017			Jun 30, 2017			Sep 30, 2017			Dec 31, 2017		
	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk
by loan to value ratio [1]												
95.01% and above	18,742	18,742	-	18,396	18,396	-	18,017	18,016	1	17,728	17,728	-
90.01% to 95.00%	30,018	30,010	8	30,233	30,225	8	30,297	30,289	8	30,529	30,521	8
80.01% to 90.00%	30,364	30,278	86	30,669	30,577	92	30,868	30,776	92	31,393	31,303	90
80.00% and below	32,985	25,244	7,742	32,904	24,997	7,906	32,685	24,590	8,095	32,332	24,314	8,018
Total	112,109	104,273	7,836	112,202	104,195	8,007	111,868	103,672	8,196	111,982	103,866	8,116

1) Loan amount in loan-to-value ratio calculation includes capitalised premiums, where applicable.

6. Appendices

PML (A$ million)	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Pre-2007	194.8	164.9	158.8	126.5	84.6	34.2	32.3
2007	353.4	102.8	101.6	91.0	81.3	74.6	13.7
2008	351.2	310.6	103.1	91.6	81.5	74.0	67.0
2009	644.0	434.3	411.1	119.7	105.3	94.2	84.1
2010	388.3	366.0	255.9	226.6	67.0	59.7	53.4
2011	410.9	404.5	394.7	263.7	232.7	68.6	61.4
2012	-	567.1	577.4	527.0	350.6	312.1	92.8
2013	-	-	582.0	568.4	518.2	343.9	307.3
2014	-	-	-	561.5	548.4	502.1	334.4
2015	-	-	-	-	429.7	418.0	387.7
2016	-	-	-	-	-	292.8	287.8
2017						-	271.3
Total	**2,342.6**	**2,350.2**	**2,584.6**	**2,575.9**	**2,499.2**	**2,274.0**	**1,993.3**

GEP (A$ million)	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Pre-2007	48.1	28.0	12.8	3.0	-	-	-
2007	38.8	37.6	22.6	13.5	3.5	-	-
2008	57.7	48.9	32.8	21.6	14.3	2.2	-
2009	121.5	79.6	57.0	43.0	32.4	13.6	2.7
2010	110.0	69.2	48.1	32.1	39.2	14.9	9.6
2011	69.5	95.2	73.9	54.3	51.0	24.6	16.1
2012	-	89.3	129.9	104.4	87.1	56.5	33.6
2013	-	-	99.7	143.2	122.4	87.5	59.3
2014	-	-	-	110.0	140.5	141.6	85.8
2015	-	-	-	-	64.2	142.6	105.6
2016	-	-	-	-	-	44.7	95.0
2017	-	-	-	-	-	-	32.7
Total	**445.6**	**447.8**	**476.8**	**525.1**	**554.6**	**528.2**	**440.5**

Net claims incurred (A$ million)	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Pre-2007	(34.9)	(48.4)	(12.5)	1.8	40.1	3.0	27.1
2007	(50.1)	(61.2)	(29.5)	(10.2)	11.3	(4.1)	(13.6)
2008	(52.9)	(79.2)	(31.9)	(22.6)	(23.7)	(8.6)	(18.9)
2009	(36.8)	(47.6)	(24.4)	(16.6)	(40.8)	(12.5)	(10.9)
2010	(7.0)	(15.0)	(9.7)	(8.1)	(24.0)	(11.7)	(14.7)
2011	(1.0)	(6.7)	(11.0)	(10.0)	(15.9)	(23.2)	(34.6)
2012	-	(1.1)	(7.8)	(11.2)	(24.5)	(43.9)	(28.5)
2013	-	-	(1.0)	(6.8)	(20.9)	(29.7)	(21.1)
2014	-	-	-	(0.8)	(12.9)	(20.3)	(16.7)
2015	-	-	-	-	(1.4)	(6.8)	(8.6)
2016	-	-	-	-	- -	0.9	(1.2)
2017	-	-	-	-	-	-	-
Total	**(182.7)**	**(259.2)**	**(127.8)**	**(84.5)**	**(112.7)**	**(158.8)**	**(141.8)**

Note: PML calculation excludes excess of loss reinsurance and Genworth Financial Mortgage Indemnity.
GEP is gross of refunds and cancellations.

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 Genworth 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 Genworth 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 equity
Genworth Australia	Genworth 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 (excludes excess of loss reinsurance)
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

Glossary

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 used where a borrower does not have a verifiable income and generally require the borrower to complete a statutory declaration of financial income
NIW	New insurance written (excludes excess of loss reinsurance)
NOHC	Non-operating holding company
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
Probable Maximum Loss (PML)	The largest cumulative loss to which an insurer will be exposed due to a concentration of policies. It is determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components
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: • 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.
Underlying NPAT	Underlying NPAT excludes the after-tax impact of unrealised gains/(losses) and impairment 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