

Genworth ratings update

(SYDNEY) 13 September 2017: Genworth Mortgage Insurance Australia Limited (Genworth or the Company) (ASX: GMA) notes the outcomes of recent rating agency reviews with Fitch Ratings and Standard & Poor's (S&P) affirming the insurer financial strength ratings (IFSR) of Genworth Financial Mortgage Insurance Pty Limited (GFMI) and Moody's Investors Service (Moody's) revising down its unsolicited IFSR.

Fitch Ratings affirmed the 'A+' IFSR and maintained the outlook at stable noting a "robust standalone credit profile, solid operating performance, strong capital ratios and conservative investment approach. A generally stable operating environment continues to support the performance of the insurance portfolio."

S&P affirmed the 'A+' IFSR and maintained the outlook at negative noting standalone credit profile, business risk profile and strong capital and earnings position. "Claims paying resources, which include conservatively invested capital, claims reserves and external reinsurance are supportive of the company's ability to absorb a significant level of claims if Australia were to experience a severe extended economic downturn."

Moody's has revised its unsolicited IFSR on GFMI from 'A3' with a negative outlook to 'Baa1' with a stable outlook. This action follows Moody's wider rating action on financial institutions in June 2017 to reflect its view that "risks in the Australian housing market have risen, heightening the financial sector's sensitivity to adverse shocks."

Genworth has a strong stable balance sheet with a highly rated cash and fixed interest rate portfolio of \$3.5 billion, and remains strongly capitalised with a regulatory solvency ratio of 1.81 times the Prescribed Capital Amount (PCA) on a Level 2 basis as at 30 June 2017.

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About Genworth

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