Genworth

Genworth Australia successfully prices $200m subordinated notes issue

(SYDNEY) 26 June, 2015 – Genworth Mortgage Insurance Australia Limited (ASX: GMA) is pleased to advise that its wholly owned subsidiary, Genworth Financial Mortgage Insurance Pty Limited (the "Issuer"), has successfully priced $200 million of 10-year, non call 5, Tier 2 subordinated notes.

The notes will qualify as Tier 2 Capital under the Australian Prudential Regulation Authority's (APRA) capital adequacy framework and include the following terms:

- A term of 10 years (maturing 03 July 2025);
- The notes will pay investors interest quarterly at a floating rate equal to the three-month bank bill swap reference rate (BBSW) plus a margin of 3.50% per annum;
- The Issuer has an option to redeem the notes at face value on 03 July 2020 and every interest payment date thereafter up to and excluding the maturity date, and for certain tax and regulatory events (in each case subject to APRA's prior written approval);
- If APRA determines GMA or the Issuer to be non-viable, the notes will be written off. There is no provision for conversion to Ordinary Shares;
- The Issuer has an option to defer payment of interest in certain circumstances (which will not constitute an event of default).

Concurrent with this transaction, GMA has also agreed to redeem $90 million of its existing $140 million subordinated debt, which has a first call date of 30 June 2016.

Genworth Australia's Chief Financial Officer, Georgette Nicholas, said, "The issue of these subordinated notes and the early redemption of $90 million of existing subordinated debt is another important element of the Company's ongoing capital optimisation. The successful pricing reflects broad-based support from both domestic and international investors and demonstrates the capital strength and flexibility of GMA."

Settlement and issue of the notes as well as the redemption of $90 million of the existing subordinated debt is scheduled for 03 July 2015.

Following settlement of these transactions, GMA's regulatory solvency ratio is estimated to be 1.72 times on a pro forma 31 March 2015 basis. This is above the Board's target capital range of 132 to 144 per cent of the Prescribed Capital Amount (PCA). Throughout the remainder of 2015, GMA is expecting to implement capital management actions that will bring this solvency ratio more in line with the Board's target capital range.

For more information:

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About Genworth Australia

GMA, through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd (GMA Group), is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage market. The GMA Group has been part of the Australian residential mortgage lending market for 50 years since Housing Loans Insurance Corporation was founded by the Australian Government in 1965 to provide LMI in Australia. GMA is currently a subsidiary of Genworth Financial, Inc. and part of the Genworth Financial, Inc. group of companies. The Genworth Financial Group's current ownership interest in GMA is approximately 52.0% of the issued shares in GMA.