June 2011 | **First Edition**

Genworth International Mortgage Trends Report

Genworth®

GF90336 05/11

Table of contents

Welcome to the 2011 Genworth International Mortgage Trends Report

As the leading global provider of mortgage insurance, Genworth understands the need for lenders and other mortgage industry stakeholders to have timely, comparative and deep insights into borrowing trends and mortgage market behaviour, particularly in the recent times of financial and economic uncertainty in many economies.

With a presence in no less than 25 countries around the world, Genworth is ideally positioned to provide a detailed perspective on the operation of the mortgage markets in individual countries while at the same time having the benefit of a big picture view of the broader trends that can be seen to affect markets globally.

To this end, Genworth recently commissioned the International Mortgage Trends Report, a survey across eight countries aimed at gaining local market insights and driving Genworth's global thought leadership. In addition to economic impacts on mortgage markets, the report also provides unique cultural and socio demographic perspectives underpinning observable borrowing patterns in the countries surveyed.

We hope these findings provide the mortgage industry in all markets with insights that help identify future opportunities for business growth as well as a deeper understanding of the challenges that are likely to shape business strategies in the near to medium term.

The results of this first International Mortgage Trends Report highlight some interesting common trends emerging across all eight countries surveyed. In almost all of the countries surveyed, housing affordability is keeping first homebuyers out of the property market. The reasons for affordability problems range from the rising costs of living, a fear of interest rate rises, lack of housing availability, to high house prices. As a result, with the exception of India, the average age of the First Homebuyer is increasing in all countries surveyed.

These survey results do however need to be viewed through the lens of change. We have seen a great deal of housing and lending market instability over the last few years across the globe with many markets around the world falling into recession.

This has prompted renewed focus on lending regulation and economic stimulus globally as governments look to address certain economic challenges head-on with mixed results. Generally, governments globally are focusing much of their immediate attention on responsible lending practices and borrowers' ability to repay their debt.

The findings reveal many borrowers are worried about their future financial situation and over one in five (22%) of those surveyed struggled to meet their mortgage repayments over the past year. This contrasts with the large majority of borrowers who easily met their mortgage repayments and the one in four who actually overpaid their mortgage during that time.

It is also interesting to see that recent first homebuyers who took part in the survey are no more likely than the average to struggle with mortgage repayments despite needing to increase their exposure to debt to enter the property market.

Generally, many first homebuyer respondents across all eight countries think now is a good time to buy a home, largely because in many markets surveyed house prices have recently dropped. In contrast, in the countries where we are seeing house price appreciation, many are concerned about their ability to enter the market despite a desire to.

There is no universal answer to the problem of housing affordability but it is clear that initiatives need to continually be developed to meet changing conditions and create more opportunity so more people can realise their dream of home ownership.

Kevin D. Schneider
President & Chief Executive Officer
Genworth Financial
U.S. Mortgage Insurance

Jerome T. Upton
Senior Vice President & Chief Operating Officer
Genworth Financial
International

Executive summary

Welcome to the inaugural edition of the Genworth International Mortgage Trends Report, a study that assesses current and aspiring homebuyer attitudes and sentiment in eight markets across four continents. As the leading global mortgage insurance provider, Genworth Financial (Genworth) commissioned a survey in March 2011 of homebuyers and aspiring first homebuyers (FHBs) around the world in order to gain local market insight and drive global thought leadership across markets. In total, more than nine thousand respondents were interviewed from Australia, Canada, India, Ireland, Italy, Mexico, the United Kingdom (UK) and the United States (US).

Across the countries surveyed, home ownership occupies a central position in the lives and livelihoods of consumers. Whether it is driven by emotional desire or pragmatic decision-making, home ownership fosters wealth creation, provides security and facilitates financial stability and is likely to remain critically important for the long-term.

Regulation restricts access to credit but helps stressed borrowers

In recent years the sub-prime crisis in the US has exposed the financial services sector to unprecedented scrutiny, which has resulted in a renewed focus on regulation globally. Alongside this regulation, governments have used artificial stimuli to ease their way through the economic downturn, and subsequently introduced austerity measures to combat deficits.

Austerity and disasters impact on confidence

Genworth's commissioned survey of current and future homebuyers across eight countries found that adverse economic conditions have had a major impact on homebuyer sentiment. Respondents in Ireland, Italy and the UK have all faced austerity measures in recent years, and are subsequently more likely than average to be worried about their countries' economies. Meanwhile in Australia, floods and natural disasters have impacted homebuyer confidence.

While austerity measures and disasters are hurting households, there are some initiatives that are positively affecting sentiment. The Australian and Canadian governments are offering incentives to FHBs to help them enter the property market, while the Irish and US governments are offering or have offered tax incentives.

Indebtedness varies significantly but does not necessarily lead to repayment stress

Economic and cultural factors meant that debt levels were very different across the surveyed respondents in western countries. Western countries tended to have higher levels of debt, but were also more comfortable taking on debt. Respondents in Mexico and India had a lower tolerance for debt, but also less access to high loan-to-value ratio (LTV) mortgage products.

Despite the relative indebtedness of Western economies, most respondents in these countries found it easy to meet their mortgage repayments over the past year and were optimistic about meeting repayments in the coming year.

Affordability keeps FHBs out of the market

Affordability was a problem for FHB respondents in almost all of the surveyed countries. For some, this was due to high house prices, while for others the high cost of living or fear of interest rate rises posed a barrier. Over the last 40 years, the average age of FHBs has been rising in all countries except for India, as housing has become increasingly unaffordable.

In analysing these eight markets it has become obvious that there is no clear and simple answer to the problem of housing affordability and initiatives need to be continually developed to meet changing conditions. Going forward, respondents in many countries felt positive about economic recovery and saw clear opportunities in the property market for those who could afford to buy. Two in five respondents across all surveys agreed that now was a good time to buy a home. The key for lenders and governments will be in making this a reality. If this can be achieved there is good cause for optimism.

Key country findings

A focus on the survey results from each country reveal that there are local nuances that impact homebuyers and aspiring homebuyers. Key country take-outs are as follows:

The Australian market

- Almost half of all Australian homebuyers surveyed overpay their mortgage
- Strong house price growth provides an incentive for investors, but creates a barrier for FHBs
- In order to own property, Australians are becoming increasingly indebted.

The Canadian market

- Almost half of all Canadian respondents were positive about the outlook for the economy and housing market
- Canadian respondents are generally comfortable with higher levels of debt
- Government supports the availability of credit through its operation of the Canada Mortgage Bonds (CMB) program and other government backed securitisation vehicles.

The Indian market

- Indian homebuyers are generally upbeat about the economy and their personal finances
- However, there are some concerns about high house prices in Tier one cities after rapid growth in the last 18 to 24 months
- As a result, few are looking to buy property in these larger cities as they feel financially squeezed out, and demand may well shift to Tier two cities
- Moving forward, a combination of mortgage insurance and product innovation could help new homebuyers get into the market sooner.

The Irish market

- The Irish Government has introduced austerity measures for the next four years in order to control spiraling debt
- Irish respondents had a generally negative perspective on the economy and their personal finances, with government measures a clear factor
- FHBs are making up an increased share of the mortgage market, following improved affordability.

The Italian market

- Homebuyer confidence in Italy remains weak, as 55% of Italians surveyed felt negative about their national economy and 46% said they were concerned about their personal financial situation
- Housing affordability has improved in the last year due to lower house prices and interest rates
- However, two thirds of those surveyed who would ideally like to buy property now are not in the financial position to do so.

The Mexican market

- Mexicans who took part in the survey are relatively positive about the economy and their personal finances
- Those who are struggling are worried about unemployment/underemployment, which is impacting on property market participation
- Housing shortages have resulted in a fall in affordability, with the average age of a FHB over the last decade rising to 33 years
- Very few Mexican respondents have had trouble meeting mortgage repayments, but their outlook is pessimistic.

The UK market

- UK homebuyers interviewed are pessimistic over the economy and their personal financial situation
- Despite being more optimistic than average in regards to the property market, UK respondents will not actively enter the market in the next 12 months
- FHB respondents in the UK are increasingly being priced out of the market
- Eight in ten UK respondents expected no difficulty meeting their repayments over the coming year.

The US market

- More than half of Americans surveyed are nervous about how the economy will perform in the coming year
- Nearly two in three feel that now is a good time to buy a home
- Two thirds of American respondents feel that mortgage insurance helps them buy a home with a smaller down payment, and sooner
- The average age at which a borrower is able to purchase their first home has increased from 27.3 years during the 1970s to 31.6 years in the 2000s.

Key highlights

This report examines homebuyer sentiment and attitudes towards the economy, personal finances, mortgage insurance and the mortgage and property markets in each of the eight countries.

Regulation restricts access to credit but helps stressed borrowers

The sub-prime crisis exposed the financial services sector to unprecedented scrutiny, which resulted in a renewed focus on regulation globally. Alongside this regulation, governments have used artificial stimuli to ease their way through the economic downturn, and subsequently introduced austerity measures to combat deficits.

The collapse of several high profile banks in the US, the UK and Europe damaged consumer confidence in the banking system, and led to calls for reform. Addressing the stability of lenders and their funding, Basel III was conceived, updating the requirements of Basel II. Basel III will require banks to hold a higher proportion of liquid assets, and to make greater provisions for adverse economic conditions.

While Basel III is likely to eventually be applied across the globe, since 2007 several individual governments have introduced regulation around the 'fairness' of the banking system, particularly focused on determining the ability of borrowers to service debt. Some examples of this legislation include:

- The treating customers fairly (TCF) principles introduced by the Financial Services Authority (FSA) in the UK in 2007, which ensure that borrowers are fully informed of the implications of financial service products
- The US banking reforms introduced in 2010 that include more strenuous requirements for banks determining whether borrowers can repay their mortgage
- The National Consumer Credit Protection Act (NCCP) introduced in Australia in 2010, which brings together state laws on the provision of credit and tougher licensing for credit providers and aims to promote responsible lending practices, as well as the Labor Government's 'Fairer Simpler Banking' reforms.

With renewed focus on the ability of borrowers to repay debt, there have also been a number of schemes introduced to help borrowers who are having trouble repaying their mortgage. In the US the government has introduced a number of initiatives including:

- The Home Affordable Modification Program (HAMP), which allows eligible borrowers to modify the terms of their loan if the value of their property has declined
- Hope Now, an industry alliance promoted by the government to help borrowers stay in their homes.

In the UK, the Government offers:

- The Home Owners Mortgage Support Scheme (HMS), which allows borrowers to defer payments for up to two years
- The Mortgage Rescue Scheme, which provides financial help to borrowers in 'priority need'.

In Italy and Australia, lenders themselves have been offering mortgage hardship assistance to struggling borrowers, working through hardship issues and in many cases allowing borrowers to defer mortgage repayments.

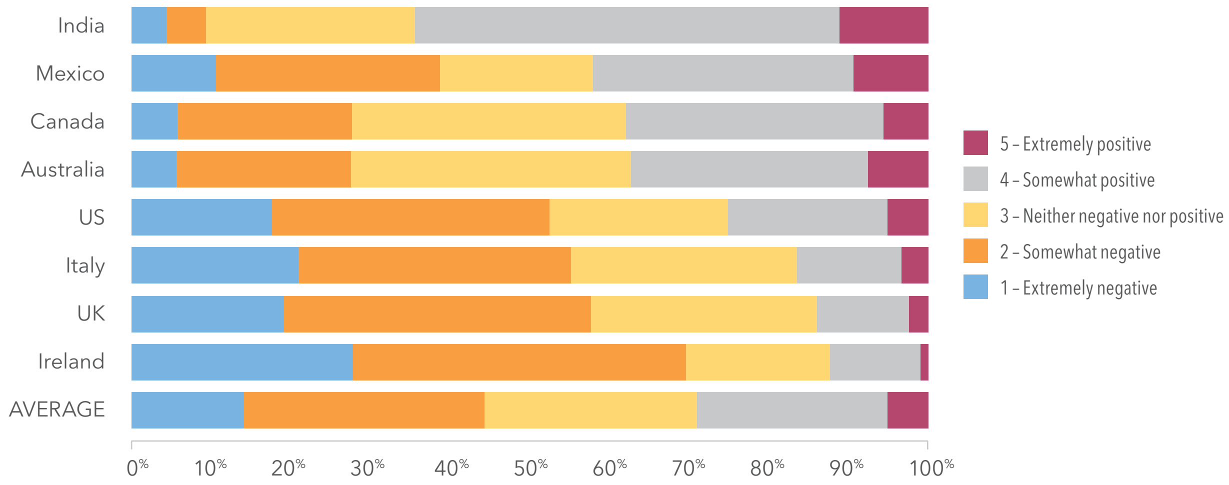
Stimulate or depress? The economic conundrum faced by many governments

On a broader economic scale, countries have tended to react to the downturn in one of two ways; either by providing economic stimulus or introducing austerity measures.

The governments in Ireland, the UK and Italy have all adopted austerity budgets, leading to large cuts in public spending in order to cut public debt. Public debt in the UK and Ireland has increased due to expensive bail-outs of high-profile banks.

On the other hand, Australia and the US are among the countries that have applied economic stimulus, by spending on public works and providing cash gifts to consumers to encourage spending and in-turn stimulate economic activity.

Chart 1: Do you feel positive or negative about how your national economy will perform over the next 12 months?



Source: RFi research conducted on behalf of Genworth in March 2011

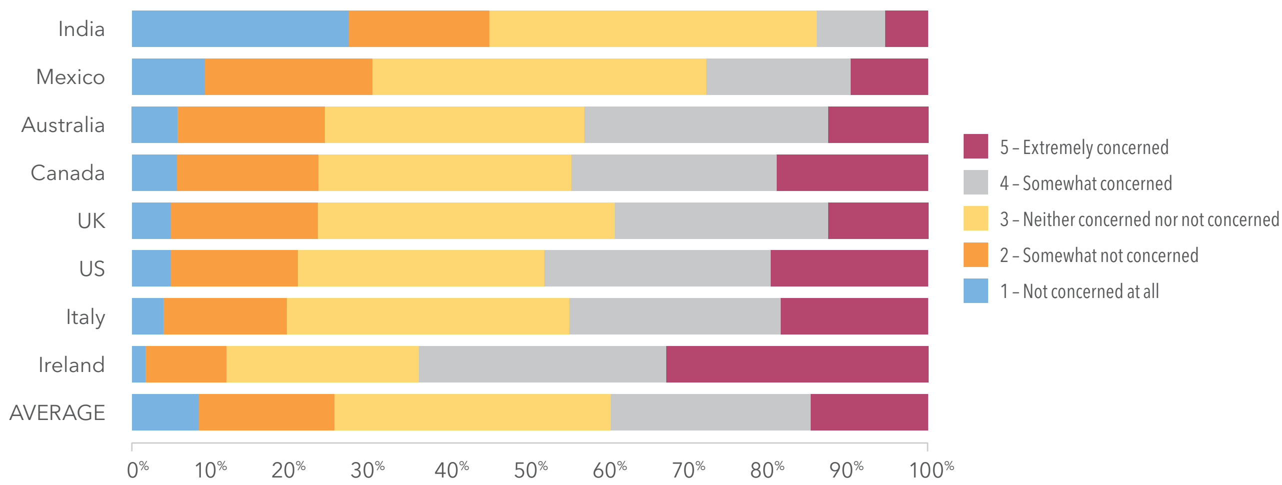
Consumers are more worried about personal finances than their countries' economies

As they face difficult economic conditions, people are feeling less confident in their respective national economies. Across the countries surveyed, over 40% of all respondents felt negative about their national economy. Split down further, it is clear that there are some big differences between the higher and lower ends of the scale, with developing countries particularly optimistic. India was the most positive country, with two thirds of Indian respondents positive about their national economy, followed by Mexico where 42% of respondents were optimistic. Canada and Australia, both countries which have fared relatively well over the past two years, were also positive, at 38% and 37% of respondents.

At the other end of the scale were Ireland, the UK and Italy, all with fewer than 20% of respondents feeling positive about the national economy, and over half feeling negative. As mentioned previously, austerity measures in Ireland, the UK and Italy are likely to be adversely affecting homebuyer confidence.

While a third of all respondents felt positive about their country's economy, three quarters were concerned about their personal finances. Once again, India and Mexico were the most optimistic, while Italy and Ireland were among the most concerned, with 46% and 63% of respondents concerned about their finances respectively. Interestingly, UK respondents were more positive about their personal finances than their national economy, while US respondents were more likely to be positive about the economy than their personal finances.

Chart 2: Overall, how concerned would you say you are about your financial situation at the moment?

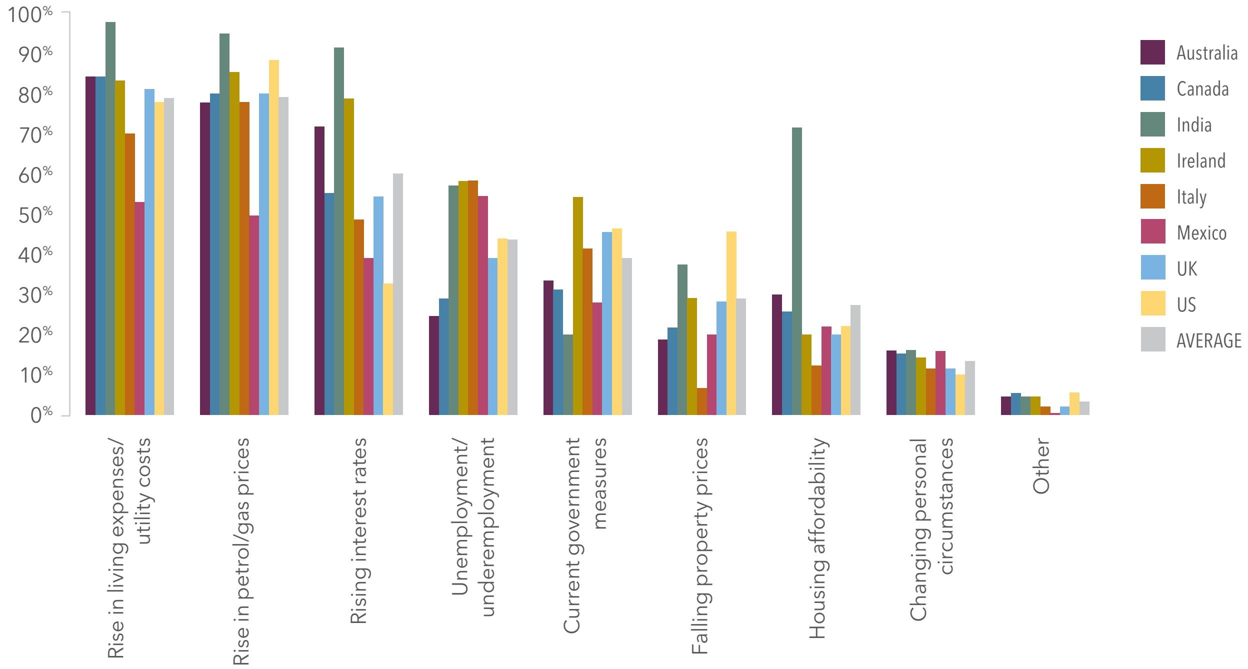


Source: RFi research conducted on behalf of Genworth in March 2011

For people who were worried about their personal finances, a rise in the cost of living was the most likely cause. For all eight countries surveyed a rise in the cost of living and rising petrol prices due to unrest in the Middle East were the top two concerns, with the exception of Mexico. The top concern of those surveyed in Mexico was the rate of unemployment, which remains above pre-recession levels, despite being lower than in many other countries.

In otherwise optimistic India, housing affordability concerns are worrying homebuyer respondents more than in any other country, compounded by the prospect of rising interest rates. While interest rates remain historically low in many countries, this has not stopped homebuyers worrying about the spectre of future rate rises. Going forward this worry will be exacerbated as those increases start to become a reality. Indeed, Australia had four cash-rate increases in 2010 and the European Union (EU) saw its first official rate rise in two years in April 2011.

Chart 3: Which of the following are you concerned about? (Select all that apply.)



Source: RFi research conducted on behalf of Genworth in March 2011

Indebtedness and comfort with debt go hand in hand

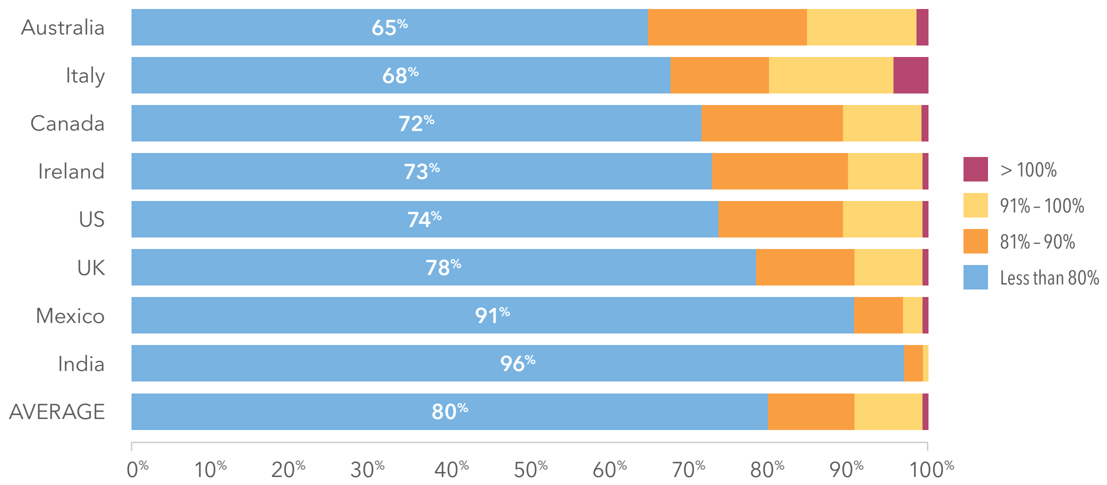
Attitudes to debt play a big role in how households view their financial situation, and how they approach buying a home. Across the eight countries surveyed, these attitudes varied widely and the contrasts are evident. For example, respondents in Ireland and the US had the highest levels of current debt, with over 40% of respondents in both countries using more than 50% of their income each month to service debt. At the other end of the spectrum, less than one in ten respondents from India were using more than half of their income to service debt.

In general, it is fair to say that there is a clear distinction between developing and developed countries in their approach to debt, with respondents from developed countries more indebted than their developing counterparts. What sets many of the more indebted countries apart is the fact that respondents have a level of comfort with debt that is not evident in India and Mexico.

A good example of this comfort with debt lies in the Australian market where 39% of surveyed Australians were using over half of their income to service debts. However, despite this indebtedness, Australians were comfortable with their debt and more than one in three said they would be comfortable borrowing more than 80% of their home's value, the highest proportion of any country surveyed. It is a similar story in Italy, the US, the UK, Canada and Ireland, where more than one in five of those surveyed were comfortable borrowing at more than 80% LTV.

In contrast, fewer than one in ten Indian and Mexican respondents were comfortable with higher LTV borrowing of more than 80%. Avoiding debt for homebuyers in these countries involves saving for a down payment for longer, thus heightening any perceived issues of affordability. Meanwhile legislation and product availability has also played its part in debt-aversion, for example, most lenders in India offer a maximum LTV of 80%.

Chart 4: What percentage of the value of your property would you be comfortable borrowing?



Source: RFi research conducted on behalf of Genworth in March 2011

Cost of living places strain on borrowers, but the majority easily meet repayments

As mentioned earlier in the report the rising cost of living was the main cause of concern for the 40% of respondents across all countries that were worried about their personal financial situation. It is reasonable to assume that if 40% of homebuyers are concerned about their finances that this would translate into mortgage repayment difficulties. However, this is not the case, with just 22% of respondents across the surveyed countries having faced difficulty meeting repayments over the past year. In fact, the large majority of borrowers easily met their mortgage repayments, and over a quarter actually overpaid their mortgage in that time.

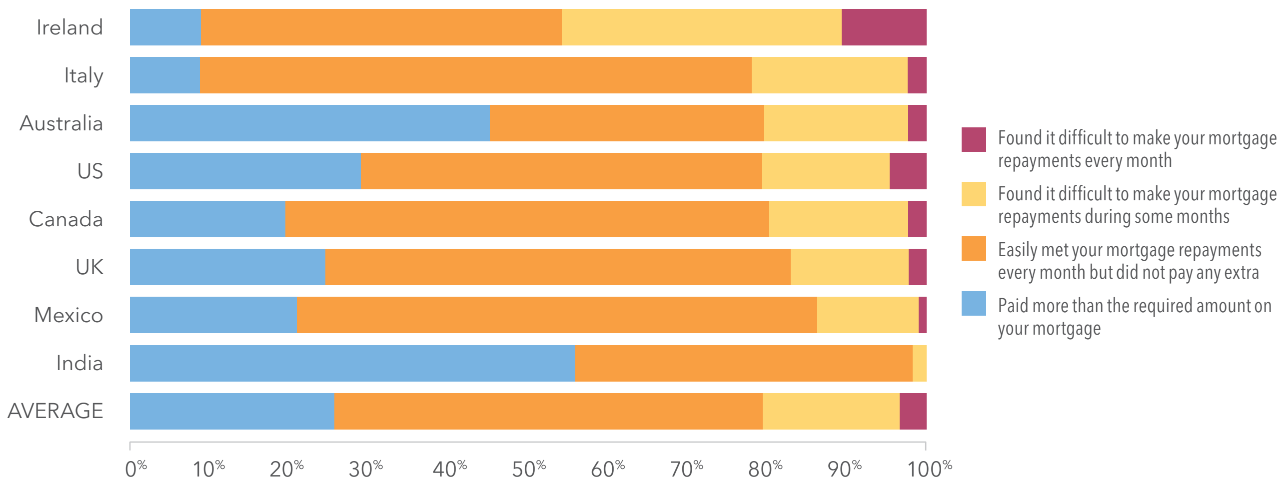
Drilling down to a country level, Irish respondents were by far the most likely to have had trouble meeting mortgage repayments, with 46% struggling in some or all months. Italian respondents were a distant second, with fewer than a quarter stating that they struggled to meet repayments in some or all months in the last year. Once again, at the other end of the spectrum were Mexican and Indian respondents, who had the fewest borrowers struggling to meet repayments.

An interesting dynamic in many countries is the desire to pay down debt faster than is required. This phenomenon is particularly prevalent in India and Australia where an average of more than 40% of borrowers surveyed were overpaying their mortgages. In Australia, this might partly be explained by the prevalence of variable rate mortgages, which are more likely to allow borrowers to make overpayments. In addition, in Australia the primary residence tends to be the principle non capital gains tax entity owned by the borrower, which creates a tax incentive to pay off a mortgage sooner. However, there also seems to be an underlying desire to pay off debt as quickly as possible, which goes beyond product design or taxation.

Overall, across the countries surveyed, 78% of respondents said that they easily met their repayments over the last year, and going forward, 77% expected to easily meet their repayments in the coming year. Underemployment, equating to a reduction to income, was the most likely cause of mortgage stress on average, with higher debt levels also weighing on homebuyer confidence in Canada, the UK and the US.

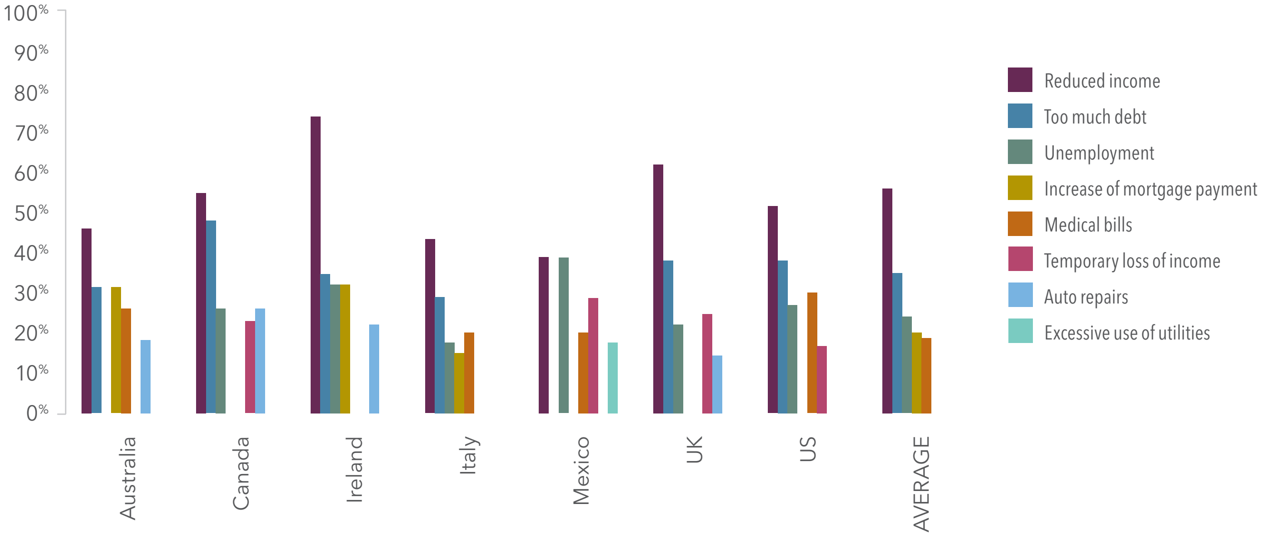
Not all countries were optimistic about their repayment abilities going forward. Mexico had the highest proportion of respondents expecting to face trouble meeting repayments over the next year, at 53%, despite only 14% having experienced trouble over the past year. Mexican respondents were the most likely to expect to be affected by unemployment, at 39%, as well as temporary loss of income.

Chart 5: Repayment behaviour over last 12 months



Source: RFi research conducted on behalf of Genworth in March 2011

Chart 6: Top five causes of mortgage repayment difficulty



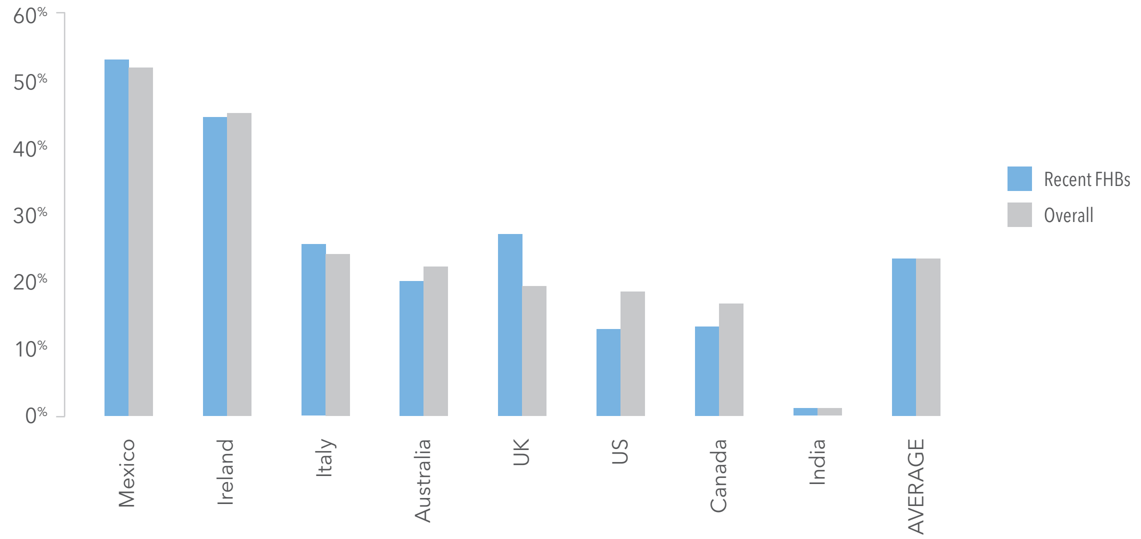
Note: India is not included as the number who had trouble repaying their mortgage was too small.
Source: RFi research conducted on behalf of Genworth in March 2011

Recent FHBs no more likely than average to struggle with mortgage repayments

It is easy to assume that recent FHBs who have purchased in the last 12 months might struggle more than the average homebuyer. However, Genworth's research shows that these recent FHBs who took part in the survey were no more likely to anticipate problems meeting mortgage repayments than the average. Local variations on this did come through in the results, with recent FHBs more pessimistic than average in Italy and the UK, but less pessimistic in the US and Canada.

A comparative study of homebuyers in Australia by Genworth found that recent FHBs were more sensitive to interest rate increases than the average homebuyer[1]. However, in the two months between surveys, it appears recent Australian FHBs have become less concerned about their ability to meet their mortgage repayments with interest rates on hold at the time of the survey.

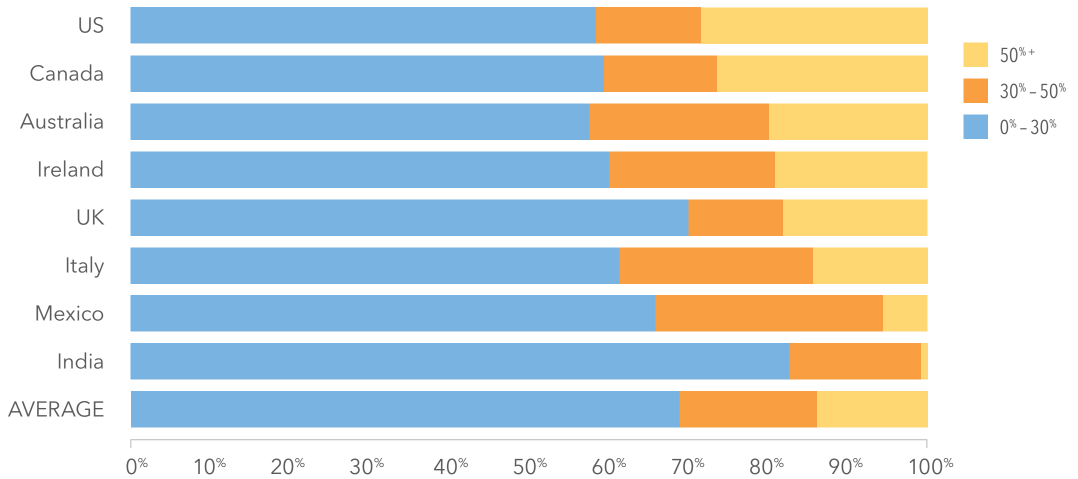
Chart 7: Proportion of borrowers expecting to struggle with repayments in some or all months over the coming year



Source: RFi research conducted on behalf of Genworth in March 2011

[1] Genworth, Streets Ahead: Genworth Homebuyer Confidence Index, March 2011

Chart 8: Percentage of income potential FHBs spend on servicing debt



Source: RFi research conducted on behalf of Genworth in March 2011

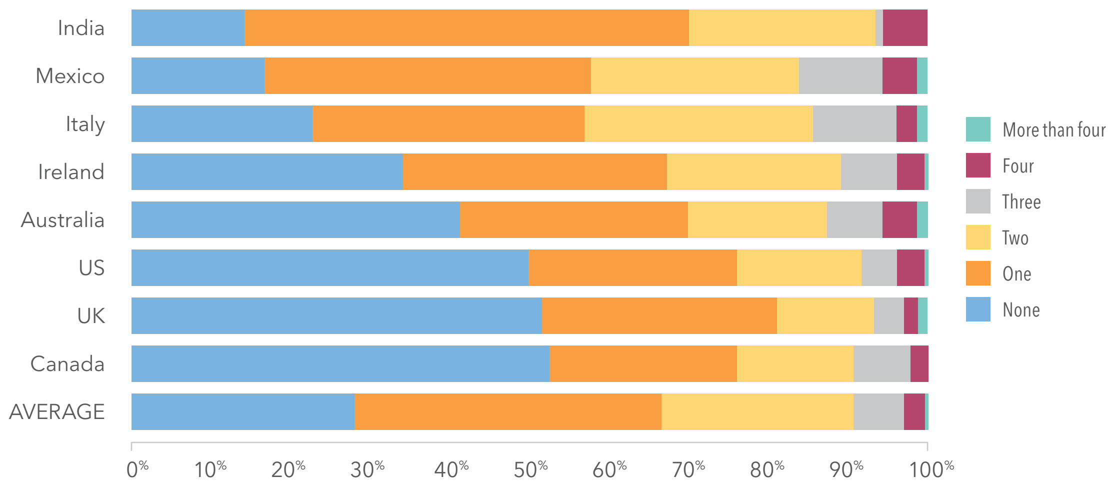
Potential FHBs in India and Mexico stay home and out of debt

Worryingly, even among potential FHB respondents who don't yet have a mortgage, levels of debt are high. In particular, in the US, Canada, and Australia, at least one in five potential FHBs thought they were already spending more than half their after tax income on debt repayments, suggesting that the rising cost of living is making it harder for people to buy a home in these countries.

The situation was slightly better for potential FHBs in the UK, Ireland and Italy, though more than one in six of these respondents were still using more than half of their income to service debt each month.

In stark contrast, potential FHBs from Mexico and India were much less indebted, with fewer than one in ten of those surveyed setting aside more than half their income for debt repayments therefore, in theory, making it easier for them to save for a down payment.

Chart 9: Number of other generations living with potential FHBs



Source: RFi research conducted on behalf of Genworth in March 2011

One of the biggest benefits for potential FHBs in Mexico and India stems from a key cultural difference: potential FHBs in these countries are saving by living with their parents and extended family for longer. Over 80% of potential FHB respondents in all these countries were living with at least one other generation, and over 30% were living with at least two other generations. By living at home, potential FHBs in these countries are able to reduce their living expenses, unlike countries such as Canada, the US and the UK where half of all respondents looking to buy their own home were already living away from the family home, paying rent and incurring living costs that impaired their ability to save for a down payment on a home.

Affordability concerns keep FHBs out of the market for longer

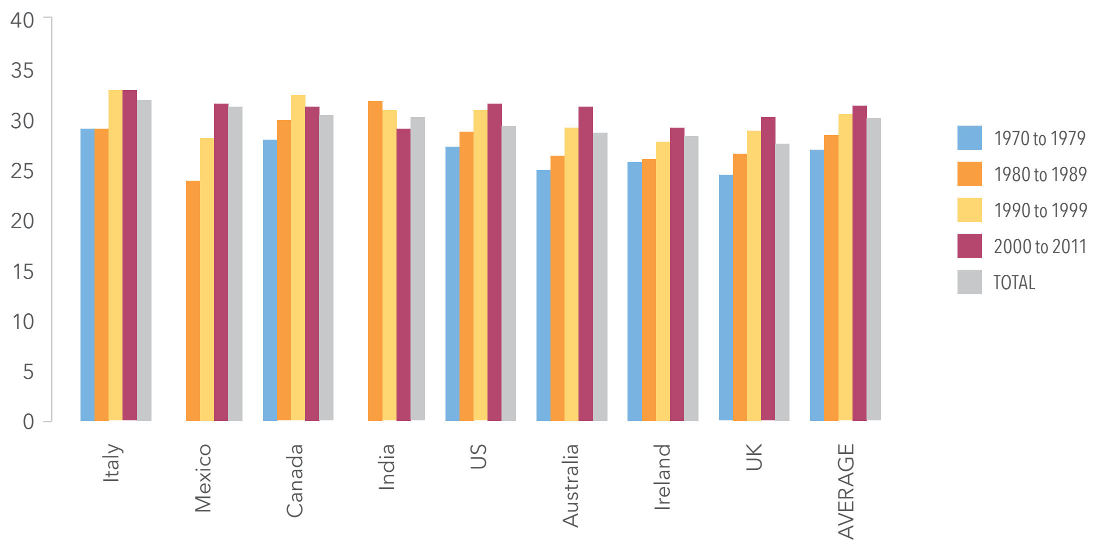
With an average of one in five potential FHB respondents using more than 50% of their income to service debts, it becomes very difficult for these individuals to save for a down payment on a home and the issue of housing affordability grows. Indeed, Genworth research clearly shows that the average age of FHBs has been increasing in all countries except India. While the average FHB in the 1970s was aged around 27, that has increased to around 30 in the last decade.

Australia and Mexico are the only two countries where the average FHB age has increased at an above average rate in the past decade, by 7% and 18% respectively between the 1990s and 2000s, compared to a long-term average of 5%. Of some consolation in Australia is the fact that the age of the average FHB increased 11% from the 1980s to 1990s, indicating that there may have been something of a slowdown in this rate of growth. In contrast, affordability for FHBs in Mexico just seems to be getting worse, with the average age increasing 35% since the 1980s.

India has seen a steady fall in the age of FHBs, and although price increases over the past year may be a cause for concern, this suggests that increasing prosperity in the country is making home ownership more accessible. Canada and Italy have also seen falls in average FHB age in the past decade, but they continue to have some of the oldest FHBs among the eight countries. Overall, UK FHBs were the youngest of all surveyed countries, despite a sharp increase in the average age since the 1970s, second only to Australia.

While affordability has been pushing the average age of FHBs up, governments in many countries have introduced incentives to try to help FHBs enter the market. These include tax benefits, such as waiving stamp duty on property purchase or offering tax concessions (seen in Ireland and Canada) and offering cash incentives (in Australia). These government measures have no doubt contributed to improved affordability over the last decade.

Chart 10: Average age of FHBs by year of property purchase



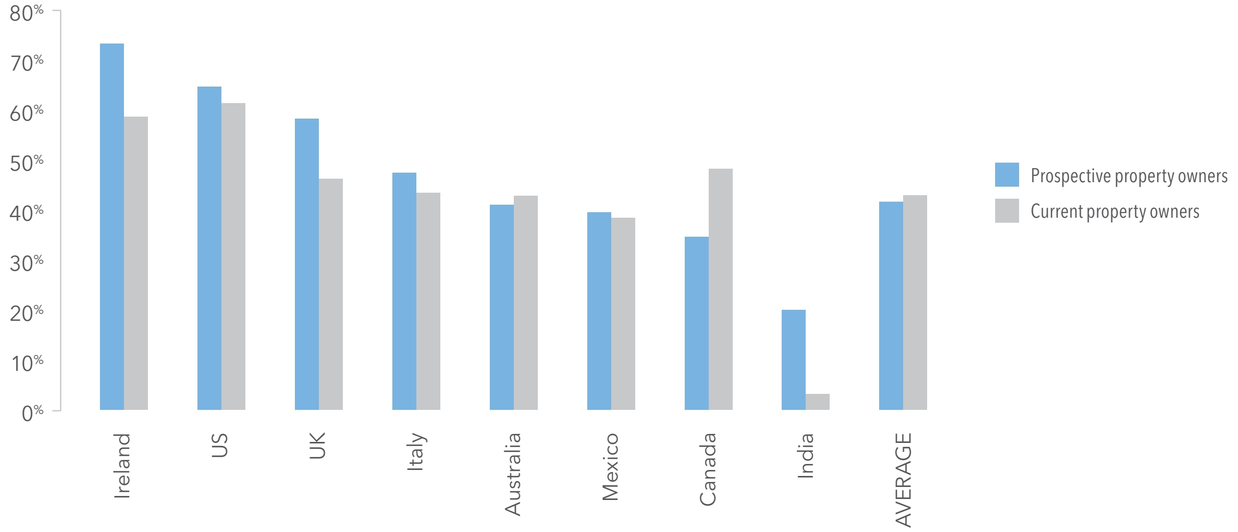
Source: RFi research conducted on behalf of Genworth in March 2011

Affordability permeates the belief that now is a good time to buy

Across the surveyed countries, existing homebuyers and potential FHBs were asked whether they believed that it was a good time to buy a home. With the exception of Canada, potential FHB respondents were more likely to agree that it was a good time to buy.

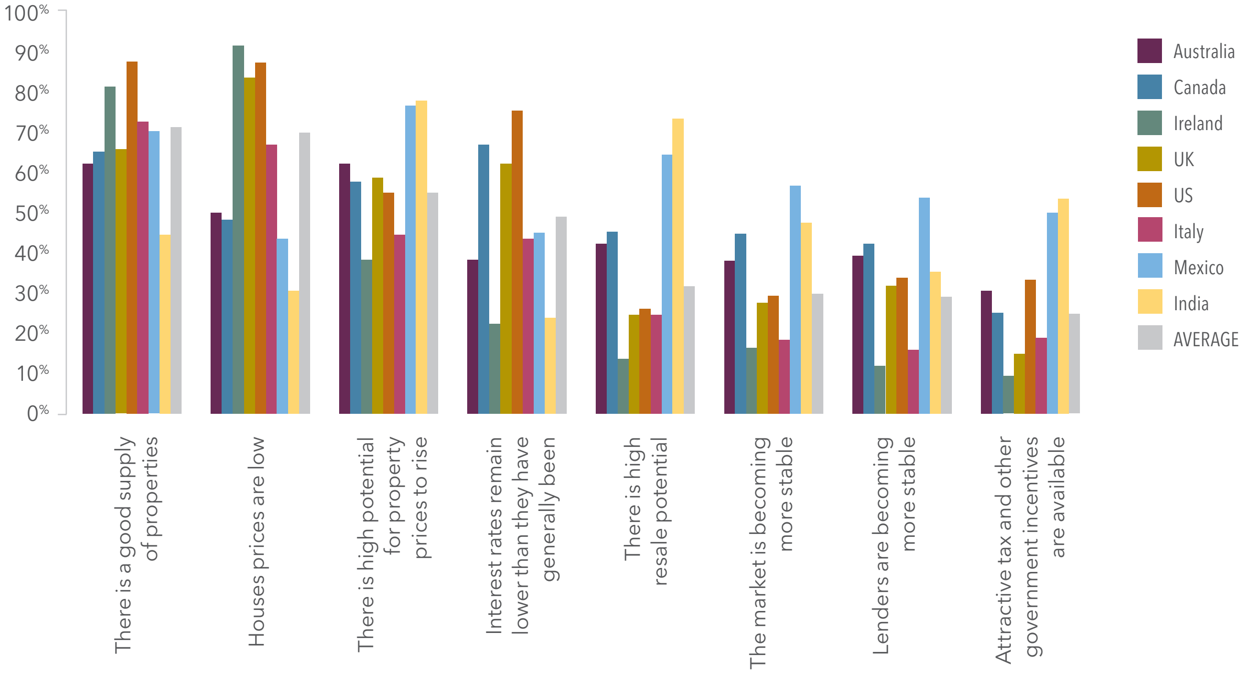
Respondents from Ireland, the US and the UK were the most likely to believe that it is a good time to buy a home regardless of whether they were current homebuyers or potential FHBs.

Chart 11: Proportion that agree that now is a good time to buy a home



Source: RFi research conducted on behalf of Genworth in March 2011

Chart 12: What makes now a good time to buy your own home?



Source: RFi research conducted on behalf of Genworth in March 2011

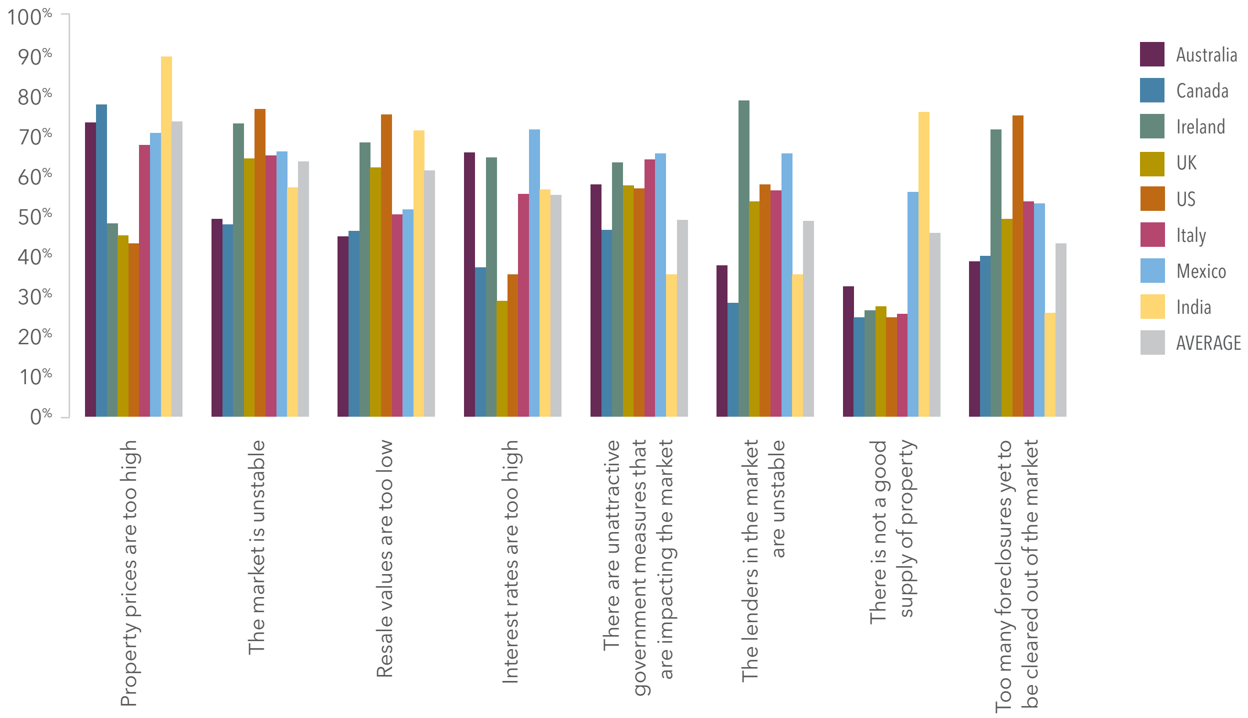
Further analysis of responses reveals that once again, affordability is the driving force behind sentiment and whether respondents believed it was a good time to buy a home. Ireland, the US and the UK have seen sharp falls in house prices in recent years, and as confidence begins to return, these low house prices are an incentive for potential FHBs to enter the market. Over 80% of respondents who thought it was a good time to buy a home in Ireland, the US and the UK, said that this was due to low house prices. Low interest rates and a good supply of property are also further incentives for those in the US, the UK and Canada.

While future property price growth can act as an incentive for investment-minded individuals, overall the high cost of property was a major disincentive for those who felt that now was not a good time to buy a home. This was particularly true in India, Australia and Canada, where higher property prices are keeping some buyers out of the market. In India, a recent rebound in house prices after falls seen one to two years ago may be driving perceptions that prices are high and deterring prospective homebuyers from entering the market at this time.

A perceived lack of property supply was also a deterrent for Indian respondents, as India has been suffering a housing shortage due to increased property demand.

Higher prices, coupled with property market instability and the current economic malaise, appear to be putting off would-be homebuyers in certain countries, once again highlighting the issue of accessibility and affordability.

Chart 13: What makes now a bad time to buy your own home?



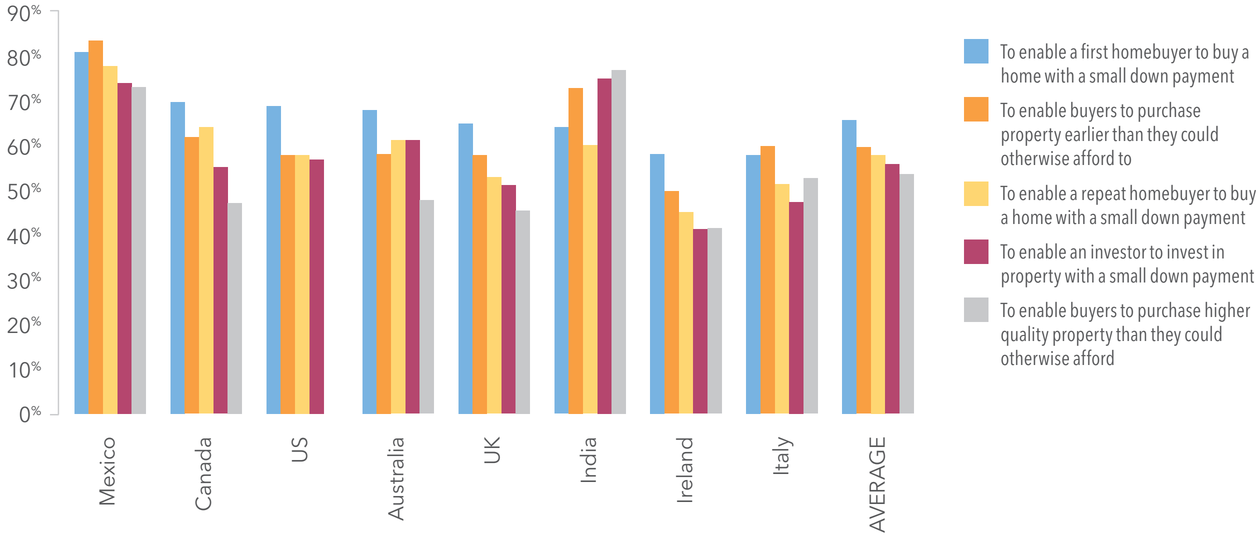
Source: RFi research conducted on behalf of Genworth in March 2011

Mortgage insurance helps borrowers into their first home sooner

With affordability concerns keeping many out of the property market, Genworth wanted to understand homebuyer attitudes towards mortgage insurance. The research showed that when given a brief description of mortgage insurance and its uses, over half of current homebuyers and potential FHBs in every surveyed country agreed that mortgage insurance would be helpful in enabling FHBs to buy a home with a smaller down payment, with two thirds of respondents across the eight countries agreeing it would be helpful. In addition, 60% agreed that MI would be helpful to enable buyers to purchase property earlier than they could otherwise afford to. In fact, there was widespread support of mortgage insurance for all types of property buyers including investors and repeat homebuyers.

In India, where property purchase was seen by homebuyers as more unattainable than any other country, respondents thought mortgage insurance was most useful to help people buy better quality homes than they could otherwise afford, with 77% agreeing with this. India, like Mexico and Italy, was also very likely to see mortgage insurance as helping buyers enter the property market sooner. While in Mexico and Canada there are some regional affordability concerns, respondents in these countries were the most likely to see mortgage insurance as helpful for FHBs at 81% and 70% respectively.

Chart 14: How helpful would you consider the following uses of lenders mortgage insurance?



Source: RFi research conducted on behalf of Genworth in March 2011

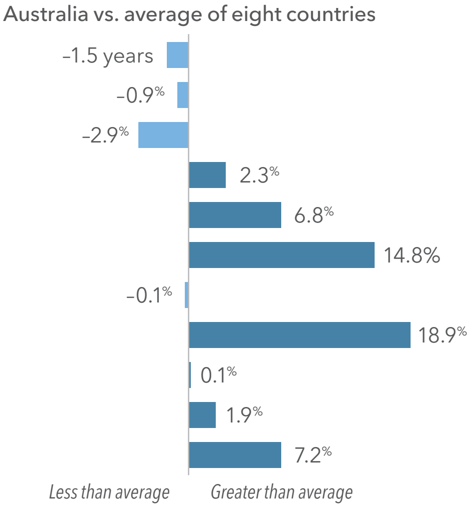
The Australian market

Table 1: Australia – Key statistics

	Australia	Eight country average
Average age of FHBs*	**28.6**	30.1
GDP growth in 2010^	**2.7%**	3.6%
Unemployment in 2010^	**5.2%**	8.1%
Cash rate#	**4.75%**	2.4%
Mean % income (after tax) spent servicing all debts*	**45%**	38%
% comfortable borrowing LTV>80%*	**35%**	20%
% had trouble repaying mortgage*	**21%**	22%
% overpaid mortgage*	**45%**	26%
% believe now is a good time to buy a home*	**42%**	42%
% agree that MI is helpful for FHBs*	**67%**	65%
% are positive about the state of economy*	**37%**	30%

* RFi research of Australian homebuyers, conducted on behalf of Genworth in March 2011
^ IMF
\# Reserve Bank of Australia (RBA)

Chart 15: Australia vs. average



Almost half of Australians overpay their mortgage, despite concern over personal finances

Australian respondents displayed cautious optimism about the economy. In many ways, Australians have plenty of reason for optimism, with an economy that has remained largely unhindered by economic problems and has not dipped into recession over the last few years. As a result, Australia had the fourth highest proportion of people surveyed who felt positive about the economy (45%).

Personal finances appeared to be more of a concern than the economy, with 44% of Australian respondents troubled at some level about their personal finances. The concern is mainly due to rises in the cost of living and petrol prices, cited as a cause by 84% and 77% of concerned respondents respectively. Food prices have certainly been affected following recent flooding and cyclone damage, which has increased. Outside of consumer goods, housing affordability was an issue for Australian respondents, with 30% of concerned respondents citing this, second only to India among the surveyed countries.

In order to own property, Australians are becoming increasingly indebted

Despite the levels of concern seen towards personal finances in Australia, this has not yet translated into mortgage stress, as the large majority of Australian homebuyers easily met their mortgage repayments in the last 12 months. In fact, nearly four out of five Australian respondents (79%) had no trouble meeting their mortgage repayments over the past year and 45% actually overpaid their mortgage – the second highest proportion among the countries surveyed. Clearly, while debt is a reality for Australians, there is a strong desire to pay it down once they have it, and home owners will do everything they can to meet mortgage repayments. The Australian mortgage market, with its high percentage of borrowers on a variable rate mortgage and no capital gains tax charged on a home, encourages the early repayment of mortgages.

Australian investors chase capital growth, while high prices lock out FHBs

Part of the reason Australians place such great importance on repaying their mortgage lies in the position that home ownership has in the national psyche. Put simply, home ownership is the Australian dream. According to the Australian Bureau of Statistics, more than 60% of all Australians own a home - one of the highest rates of home ownership in the world.[2]

However, while owning a home to live in is important, it is not the only motivator behind owning a property. Indeed, investing in property is also very popular in Australia and, of the eight countries surveyed, it had the highest rate of

[2] Research Institute for Housing America, International Comparison of Mortgage Product Offerings, September 2010, quoting ABS statistics

investment property ownership. In total, 30% of Australian property owners surveyed owned at least one investment property, and 5% of these property owners owned investment property exclusively.

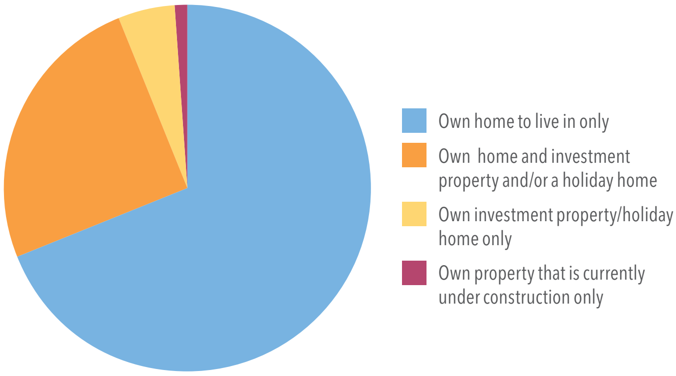
Aside from the sentimental desire to own property, there are three key factors in the Australian market that make investing in property attractive. Firstly, strong historic growth in the property market has made investors confident of future capital gains. Secondly, a tight rental market has led to strong rental returns for investors. Finally, the tax benefits associated with negative gearing allow any 'losses' made on the investment property to be counted as a deduction on an individual's tax returns.

Affordability an obstacle for FHBs despite Government incentives

The flipside of the benefits for investors is that they have created difficulties for FHBs, with housing becoming increasingly unaffordable and high rental prices making it hard for FHBs to save for a down payment. Among Australian respondents who believed that now is a bad time to buy, 73% agreed that house prices are too high. Australians were also likely to move out of home before buying a house, with 41% of Australian potential FHBs saying they did not live with relatives from any other generation. Exacerbating the issue of affordability further have been tighter credit conditions in the Australian market and rising interest rates. Those who believed that now is a bad time to buy, were also likely to agree that high interest rates were a factor, at 66%.

Affordability has been high on the agenda in Australia for some time. While house prices have been increasing, there have been fears of the possibility of house price falls. Affordability concerns have been boosted by the resources boom, which has led to residents in resource rich states such as Western Australia and Queensland becoming increasingly indebted to afford property, and these states have seen house price falls in recent months as well as increases in arrears.[3] The Australian Government has introduced a number of incentives to try to help FHBs enter the property market. These include, First Home Saver Accounts (FHSAs), in which the government matches contributions up to a set amount and the First Home Owners Grant and Boost (FHOB), a cash incentive of $7000, boosted to $14,000 over 2008 and 2009.

Chart 16: Ownership profile of Australian property owners



Source: RFi research conducted on behalf of Genworth in March 2011

The impact of some of these measures has had mixed results. For example, the FHOB temporarily pushed up FHB participation in the market from 19.0% when first introduced to 28.5% at its peak, according to Australian Bureau of Statistics data. The proportion of loans financed for FHBs has declined to almost half the peak rate in recent times.

In addition, the restrictions placed on the FHSA mean that the balance of the account can only be withdrawn after four years of saving. The uptake of the accounts has been slower than expected, with just 25,600 accounts opened by December 2010, with an average balance of just $6051, according to statistics from the Australian Prudential Regulation Authority.

One in five potential FHBs use more than 50% of their income to service debt

With affordability concerns, rising rent and tightening lending conditions to contend with, FHBs have had to take out increasing levels of debt to buy their first home. In addition, many Australians are heavily indebted before they even take out their first mortgage, with 20% of potential FHB respondents using more than 50% of their income to service all their debt. In such an environment it is easy to see how these individuals might struggle to save for a down payment.

With many aspiring FHBs facing difficulties saving for a down payment, mortgage insurance offers a good alternative and helps this segment achieve their property ownership dreams sooner. 67% of Australians surveyed agreed that mortgage insurance is a helpful product for FHBs, above the average of 65% for all surveyed countries.

---

[3] Genworth Financial, 'Streets Ahead: Genworth Homebuyer Confidence Index', March 2011

The Canadian market

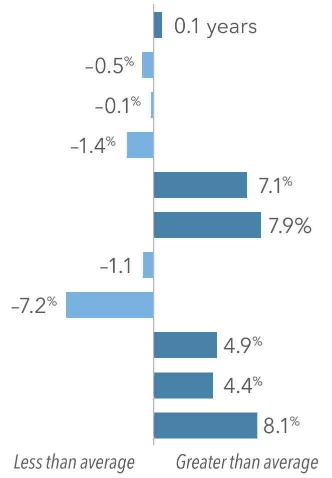
Table 2: Canada – Key statistics

	Canada	Eight country average
Average age of FHBs*	**30.26**	30.1
GDP growth in 2010^	**3.1%**	3.6%
Unemployment in 2010^	**8.0%**	8.1%
Cash rate (target for overnight rate)#	**1.0%**	2.4%
Mean % income (after tax) spent servicing all debts*	**45%**	38%
% comfortable borrowing LVR>80%*	**28%**	20%
% had trouble repaying mortgage*	**21%**	22%
% prepaid mortgage*	**19%**	26%
% believe now is a good time to buy a home*	**47%**	42%
% agree that MI is helpful for FHBs*	**70%**	65%
% positive about the state of economy*	**38%**	30%

* RFi research conducted on behalf of Genworth in March 2011
^ IMF
\# Bank of Canada (Banque du Canada)

Chart 17: Canada vs. average

Canada vs. average of eight countries



Almost half of Canadian homebuyers believe it's a good time to buy a home

Canada's economic performance over the past few years has been strong relative to other developed economies and it appears that this is having an influence on the outlook of Canadian homebuyers. In fact, Canadians were optimistic about both the economy and the housing market; 38% felt positively about the economic outlook compared to an average of 30% across all countries surveyed, and 47% believed that now is a good time to buy a home compared to an average of 42%.

Underlying the optimism with regard to the property market is the low interest rate environment in Canada, with over two thirds of those who thought it was a good time to buy citing that low interest rates were a factor in this outlook.

Conversely, focusing on those who believed it was not a good time to buy (23%), property prices were the main disincentive. In some regions of Canada high house prices can be a barrier for FHBs wanting to get onto the property ladder. However, specifically as it relates to the down payment, the use of mortgage insurance enables borrowers to put as little as 5% down payment while borrowing at the same interest rate as borrowers with a larger down payment. Mortgage insurance has played a significant role in the Canadian mortgage market, both through Government backed and private issuers.

The Canadian Government has also done a number of things in the past to contribute to stability of the housing market and to either increase availability of credit, or make it easier for would-be homebuyers to afford a deposit:

- Insured mortgages can be pooled, through its operation of the Canada Mortgage Bonds program and other government backed securitisation vehicles, thus facilitating the availability of credit
- The federal Home Buyer's Plan, introduced in 1992, allows borrowers to temporarily withdraw up to $25,000 from their registered retirement savings plans (RRSP's). Genworth research indicates it is viewed positively but underused[4]
- The First Time Home Buyers Tax Credit, introduced in 2009, is a non-refundable tax credit based on the amount of $5000 and calculated using the lowest income tax rate, for FHBs purchasing a home in Canada. In 2009 the credit was $750.

[4] Genworth, First-Time Homebuyer's Monitor: The Federal Home Buyer's Program and Home Buying Tools, May 2010

Positive economic outlook and strong housing confidence fuel willingness to take on more debt

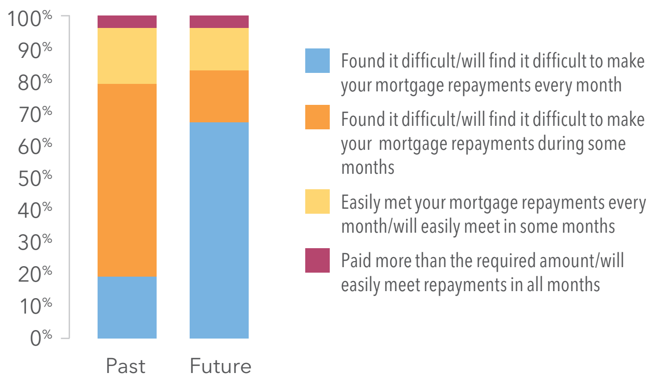
With over 32% of Canadians feeling very positive about the economy and 47% feeling good about the housing market, Canadians are willing to take on additional debt to achieve their home ownership dreams. According to survey respondents, higher levels of personal debt were likely due to increased costs of living; however, Canadians have an appetite for debt and a willingness to take on high LTV loans.

In Canada, mortgage insurance is required for loans with an LTV of higher than 80% and Canadian respondents were very comfortable borrowing at this level in comparison to more debt averse countries. In total, 28% of Canadians were comfortable borrowing more than 80% of the value of their property, compared to the average of 20% for all countries surveyed.

Canadian mortgage holders easily make repayments

While higher debt levels were seen by Canadian mortgage holders, most still easily met mortgage repayments and were expecting to meet them comfortably in the year ahead. Over the past year, 79% of mortgage holders either made prepayments or easily met their repayments, and 83% expected to easily make repayments over the coming year. In fact, Canadians were among the most optimistic about their ability to meet mortgage repayments, behind only India.

Chart 18: Mortgage repayment history and outlook



Source: RFi research conducted on behalf of Genworth in March 2011

Mortgage insurance and government regulation

A significant factor in the Canadian mortgage market, and one which has contributed to its successes in the past few years, is the government's active role in the Canadian mortgage finance system. This includes restrictions on high LTV loans and the operation of government backed securitisation programs which require mortgage insurance.

There is no doubt that the government's involvement in the Canadian mortgage finance system has helped smooth the market in recent years. As a result, Canadian homebuyers were very positive about mortgage insurance and the help it can provide to FHBs, with 70% agreeing that mortgage insurance was very or somewhat helpful in enabling people to buy their first home with a smaller down payment, the third highest of any of the surveyed countries.

Canadian borrowers are generally comfortable with higher levels of debt, and feel confident in their ability to make their mortgage payments

Almost half of all Canadian respondents were positive about the outlook for the economy and housing market

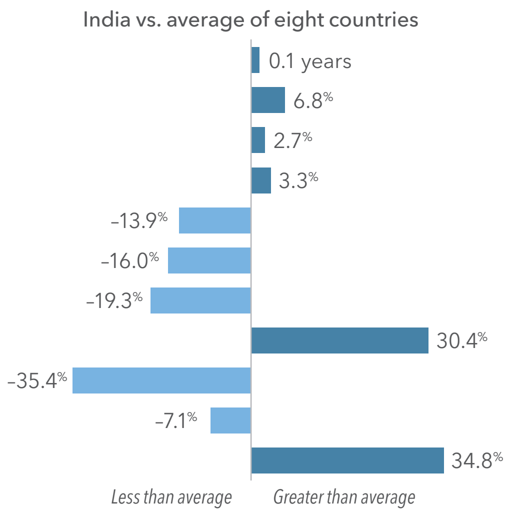
The Indian market

Table 3: India – Key statistics

	India	Eight country average
Average age of FHBs*	**30.2**	30.1
GDP growth in 2010^	**10.4%**	3.6%
Unemployment in 2010	**10.8%**	8.1%
Cash rate (RBI Reverse Repo rate)+	**5.75%**	2.4%
Mean % income spent servicing all debts*	**23.9%**	38%
% comfortable borrowing LTV>80%*	**4.0%**	20%
% had trouble repaying mortgage*	**2.3%**	22%
% overpaid mortgage*	**56.2%**	26%
% believe now is a good time to buy a home*	**6.4%**	42%
% agree that MI is helpful for FHBs*	**58.4%**	65%
% are positive about the state of economy*	**64.4%**	30%

* RFi survey conducted on behalf of Genworth in March 2011
^ IMF
\+ Reserve Bank of India,
\# CIA (The World Factbook)

Chart 19: India vs. average



India on the up and up

The Indian economy has fared well despite the recent global downturn, primarily due to robust domestic consumption which contributes more than 60% of GDP. The rise of the middle class and a strong savings ethic will mean increasing personal wealth and higher demand for credit as Indian national prosperity grows. The survey data reflects this general optimism; 64% of surveyed respondents in India felt positive about the outlook for their national economy over the next 12 months compared to just 30% across all surveyed countries.

Not only were Indians optimistic about the economy, they were also generally upbeat about their personal financial situation, making India by far the most optimistic nation surveyed, with 44% not concerned about their current personal financial situation. Of the 14% who said they were concerned, the majority cited a rise in the cost of living and the prospect of more interest rate rises as their key concerns.

High house prices are deterring property buyers

Although housing affordability in general has improved over the past decade largely due to higher disposable income, many Indians are not looking to buy property because they consider house prices to be too high. In fact, the survey data shows that just 6% of Indians believed now was a good time to buy a home despite being positive about their personal financial situation. Of the three quarters of Indians who believed now was a bad time to buy, 90% said it was because property prices were too high and 76% felt that there was not a good supply of property.

The idea that they could have bought when house prices were lower may be a deterrent to some potential home buyers, who are likely to adopt a 'wait and see' attitude rather than buying at a time when prices seem high.

Rapid urbanisation in recent times has driven up property prices in Tier one cities causing real affordability issues in those parts of India. As a consequence, the desire and ability of consumers to purchase property in these cities is in decline. With large numbers of companies moving to Tier two and Tier three cities in search of more affordable office space and resources, higher demand for residential property in cities such as Jaipur and Nagpur is to be expected.

Rapid growth in affluence coupled with a shortage in housing supply means that high property prices across major urban centres throughout India are likely to keep home ownership out of reach for many Indians. Many Indians are simply priced out of the housing property market altogether, and although 39% of surveyed non-property owners stated they would ideally like to purchase a home to live in the next 12 months, none of them were currently in the financial situation to do so. In fact, the large majority of non-property owners did not believe they would be financially capable of buying their first home for another five years.

Indian homebuyers are generally upbeat about the economy and their personal finances

While many Indians see property ownership as unattainable, some of this sentiment may be due to a feeling of 'missing out' on good prices. One to two years ago house prices in India saw a fall, but have since rebounded. Even if prices are affordable, this may lead potential FHBs in India to feel that buying at current prices would be a bad deal, and instead choose to wait to see what happens with house prices in future.

Indian buyers believe in capital growth and high resale potential

According to the National Housing Bank, the Indian mortgage market increased at a compound average growth rate of 26.3% between 2000 and 2010. This robust growth can be attributed to a rising affluent middle class, strong income growth, favourable interest rate environment and an acute housing shortage which is causing strong house price growth and therefore increases in average loan sizes. Going forward, growth in the mortgage market will continue to be impressive, with demand for property likely to outstrip supply for those that can afford to act.

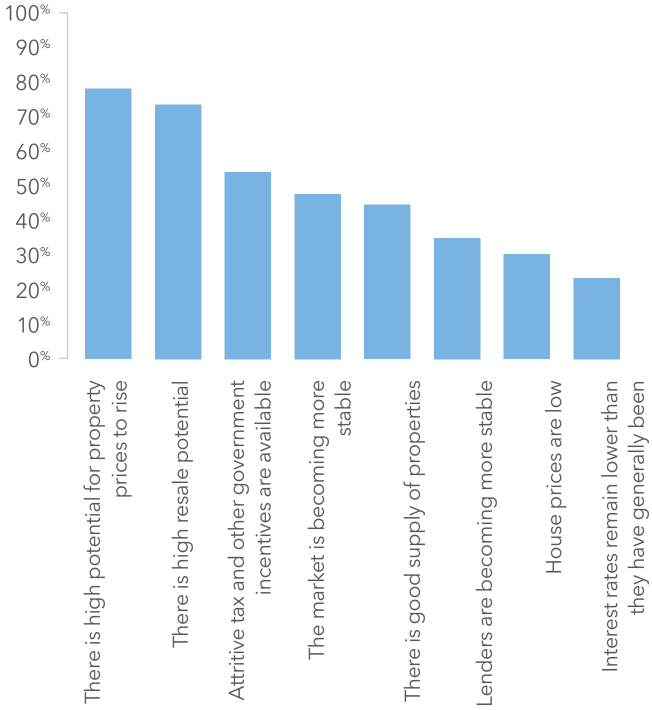
With a housing shortage estimated at 25 million units with just 0.5 million units added every year[5], getting onto the property ladder is going to be increasingly difficult for lower income Indian homebuyers. Among those survey respondents that believed now was a good time to buy a home, the high potential for property prices to rise was the biggest driver of this sentiment. For the average Indian, owning a home is still regarded as the best form of saving and there is a high degree of confidence that house prices will remain high as long as personal wealth grows and demand from urban families continues to be strong.

Product innovation and mortgage insurance could help make dreams a reality sooner

Many Indians believed that to purchase their first home they need a sizeable down payment, with 38% expecting that they would need more than 20% of the purchase price as a down payment. Though much higher compared to the average of the surveyed countries, it is not surprising given that most Indian lenders offer home loans with a maximum LTV of 80% and have only recently extended loan terms to 20 years in order to reduce borrowers' monthly repayments.

At present, some lenders also extend the loan tenure with every increase in interest rate so as to reduce borrower stress. While in the short term this helps reduce borrowers monthly repayments, it is not sustainable in the longer

Chart 20: Why is it a good time to buy a home?



Source: RFi survey conducted on behalf of Genworth in March 2011

term. The loan term extension on these loans is currently limited to a maximum of five years, which means that if interest rates continue to rise, lenders will be forced to adjust borrowers monthly installments.

The concept of risk-based pricing is not yet prevalent among Indian lenders but there are moves to strengthen risk assessment within the mortgage industry at large. With stronger infrastructure in place and improvements in underwriting, it will be possible for lenders to better assess risk and introduce higher LTV loans for eligible borrowers. This would, in turn, allow buyers to buy their home sooner and with a smaller down payment.

Additionally, while mortgage insurance does not currently exist in India, it has the potential to make the property dreams of Indians achievable sooner. Many Indians believe that mortgage insurance is helpful in enabling buyers to purchase property earlier than they could otherwise afford to, and in fact, of all the surveyed countries Indians were by far the most likely to agree that mortgage insurance is helpful because it would allow buyers to purchase higher quality property earlier than they could otherwise afford to. Clearly, improved underwriting practices, risk assessment and the introduction of mortgage insurance could go some way to alleviating housing affordability constraints in India.

[5] HDFC Investor Presentation, 2009

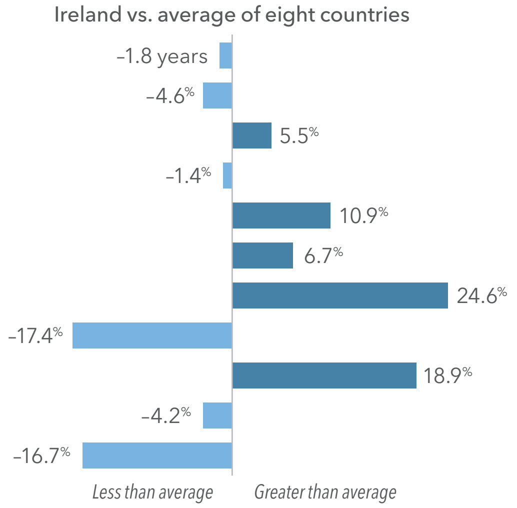
The Irish market

Table 4: Ireland – Key statistics

	Ireland	Eight country average
Average age of FHBs*	**28.31**	30.1
GDP growth in 2010^	**-1.0%**	3.6%
Unemployment in 2010^	**13.6%**	8.1%
Cash rate (Euro Area Repo rate)#	**1.00%**	2.4%
Mean % income spent servicing all debts*	**49%**	38%
% comfortable borrowing LTV>80%*	**27%**	20%
% had trouble repaying mortgage*	**46%**	22%
% overpaid mortgage*	**8%**	26%
% believe now is a good time to buy a home*	**61%**	42%
% agree that MI is helpful for FHBs*	**61%**	65%
% are positive about the state of economy*	**13%**	30%

* RFi research conducted on behalf of Genworth in March 2011
^ IMF
\# European Central Bank (ECB)

Chart 21: Ireland vs. average



The Irish economy struggles under the weight of austerity measures

The Irish economy has suffered over the past few years, following a boom in the mid-2000s. Mortgage indebtedness as a percentage of personal income increased from 58.6% in 2000 to 130.6% at the end of 2006, with high LTV lending popular. As a result, Ireland had the highest household debt to GDP ratio in the European Union (EU) in 2006, when house price growth started to slow.[6] In 2008 the Irish Government bailed out several Irish financial institutions to prevent them from collapse, and in 2010 Ireland itself sought financial assistance from the International Monetary Fund, after employing austerity measures (including large cuts to public spending, including cuts to pensions and child benefits), which was approved in 2011.

The Irish economy continued to struggle in 2010, shrinking 1.00%. However, both the Irish Government and the European Commission predict that it will begin to grow again over 2011.

70% of Irish respondents are negative about the Irish economy

Amid difficult economic conditions, Irish respondents were downbeat, as 70% felt negative about the economy and 63% concerned about their personal finances. The austerity measures introduced in Ireland have clearly had a negative impact on sentiment, with 54% of those who were concerned about their personal finances saying they were concerned about current government measures, compared to the average of 39% for all surveyed countries. Rising cost of living and higher petrol prices were most likely to cause concern, at 83% and 86% respectively, and rising interest rates and unemployment were also key concerns.

Almost half of all Irish mortgagors expected to struggle in the next 12 months

Irish borrowers were more likely to face difficulty meeting repayments than any other country surveyed. In total, 46% had experienced difficulty meeting repayments over the past year, and 45% expected trouble meeting repayments in the coming year. Reduced income was by far the main reason borrowers had experienced difficulty or expected to experience difficulty meeting their repayments, at 73% and 74% respectively. Rising interest rates were mentioned as a reason for repayment difficulty over the past year by 31% of those who had experienced difficulty, despite the EU's low rate environment.

Irish respondents had a generally negative perspective on the economy and their personal finances, with Government measures a clear factor

[6] Genworth, Irish Mortgage Market Report, September 2007

Improved affordability helps FHBs into the market

While Irish respondents tended to have a negative view of the Irish economy, the outlook for the Irish property market was more positive. In total, 61% agreed that now is a good time to buy compared to an average of 42% for all surveyed countries. Low house prices were the biggest incentive to purchase a home with 91% of those who believed that now was a good time to buy agreeing that prices were low, followed by 81% who agreed that there was a good supply of properties. Despite agreeing that current house prices are low, 38% of Irish respondents agreed that there is high potential for property prices to rise, suggesting some degree of optimism about the future of the property market. For the 21% of Irish respondents who believed it was a bad time to buy, continuing concerns about the stability of lenders and the market permeated.

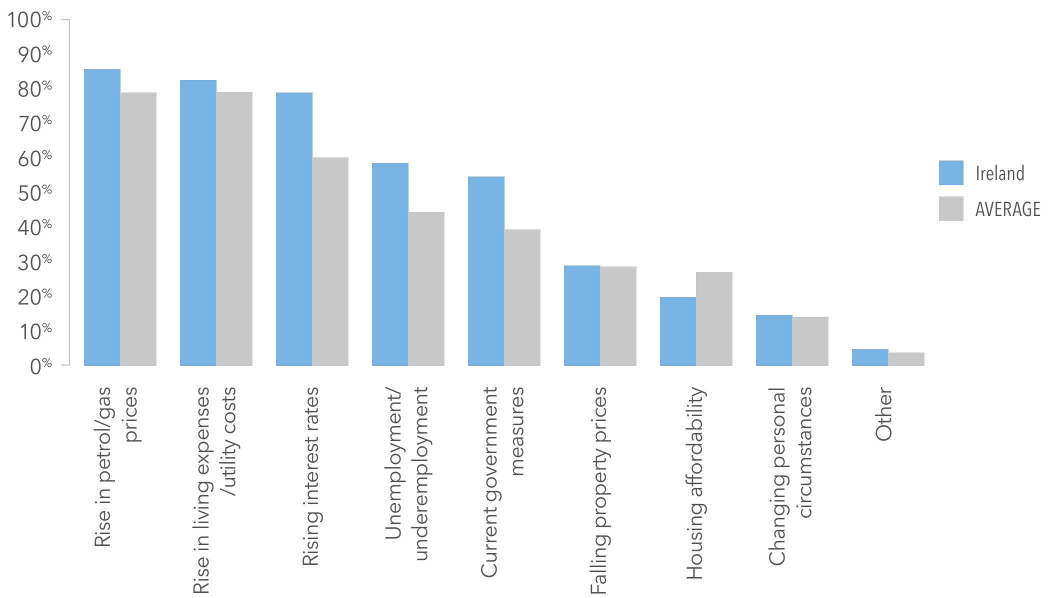
Lower property prices are also good news for potential FHBs looking to get into the property market. A report by the Irish Banking Federation shows that FHBs and mover-purchasers were particularly resilient in 2010, both making up an increasing share of the market over the course of the year. Overall, the number of new mortgages has been declining, but FHBs have seen the lowest average quarterly decline over this period, at 3% compared to an overall average decline of 12%.

> While the Irish mortgage market is greatly reduced, FHBs are making up an increased share of the mortgage market, following improved affordability.

While other markets have offered incentives aimed at helping FHBs enter the market, there are no comparable initiatives offered in Ireland. However, the Irish government does offer mortgage interest tax relief and an exemption of stamp duty on properties of less than 125 square metres. For FHBs struggling to save for a down payment on their first home, taking out a higher LTV loan that is covered by mortgage insurance may be an attractive solution for achieving home ownership.

The survey results show that mortgage insurance was seen to be a helpful product for buyers looking to buy their first home. In total, 61% of Irish survey respondents agreed that mortgage insurance was helpful for aspiring FHBs. Not only do Irish borrowers understand the value of mortgage insurance, they also recognise the benefit of protecting themselves against unemployment. With unemployment in Ireland the highest among all the surveyed countries, 59% of Irish borrowers said they would be likely to purchase insurance that paid their mortgage if they were made redundant.

Chart 22: Reason for concern over personal finances, Ireland vs. average



Source: RFi research conducted on behalf of Genworth in March 2011

[7] IBF, IBF/PwC Mortgage Market Profile: Quarterly Report- New Lending, February 2011

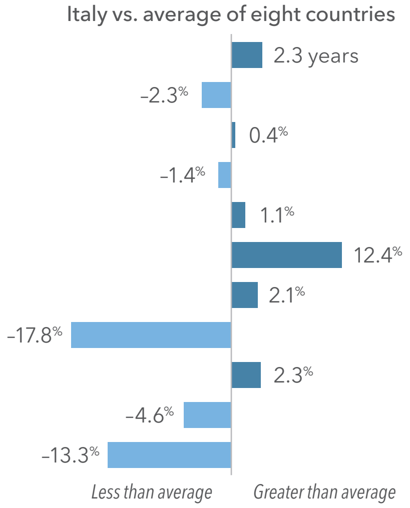
The Italian market

Table 5: Italy – Key statistics

	Italy	Eight country average
Average age of FHBs*	**32.41**	30.1
GDP growth in 2010^	**1.3%**	3.6%
Unemployment in 2010^	**8.5%**	8.1%
Cash rate (Euro Area Repo rate)#	**1.0%**	2.4%
Mean % income (after tax) spent servicing all debts*	**39%**	38%
% comfortable borrowing LTV>80%*	**33%**	20%
% had trouble repaying mortgage*	**24%**	22%
% overpaid mortgage*	**8%**	26%
% believe now is a good time to buy a home*	**44%**	42%
% agree that MI is helpful for FHBs*	**61%**	65%
% who are positive about the state of economy*	**16%**	30%

* RFi survey conducted on behalf of Genworth in March 2011
^ IMF
# European Central Bank (ECB)

Chart 23: Italy vs. average



More than half of Italians are negative about the economy outlook

Italy has managed to avoid the worst of the market volatility since Greece's sovereign debt problems arose, but recovery is still a fair way away yet. The Italian government is trying to reduce its deficit from around 5.3% of GDP in 2009 to 2.7% by 2012 through an austerity package announced in May 2010. Some of the measures include a freeze on public sector pay rises, cuts on funding for city and regional governments, a crackdown on tax evasion and fraud and delaying the retirement age by up to six months.

Under these difficult conditions, 55% of Italians felt negative about their national economy and 46% said they were concerned about their personal financial situation. Of those who are worried about their personal situation, 58% said they were concerned about unemployment and underemployment. Many companies have been culling jobs in order to control costs, including some of Italy's biggest companies. Italy's unemployment rate has therefore been creeping up since the recession of 2008/09, and Italy now has the fourth highest unemployment rate of all the countries surveyed.

With the austerity measures in place until 2012 and job security a growing concern, overall sentiment in Italy is unlikely to improve significantly in the short term. According to the Italian National Institute of Statistics, the headline confidence index has fallen in the three consecutive months to March 2011, from 109.1 to 105.1 as widespread pessimism persists.

Signs of recovery in the housing market

Despite tough economic conditions, there are encouraging signs that the housing market recovery is under way. Forty-four percent of surveyed Italians believed that now was a good time to buy a home and almost three quarters of these respondents said that this was because there was a good supply of properties. Moreover, 67% of respondents agreed that it was a good time to buy because house prices were at a low, a statistic that is backed up by data from the Bank of Italy, which shows that house prices fell for the first time in 2009 and have remained stagnant over 2010.

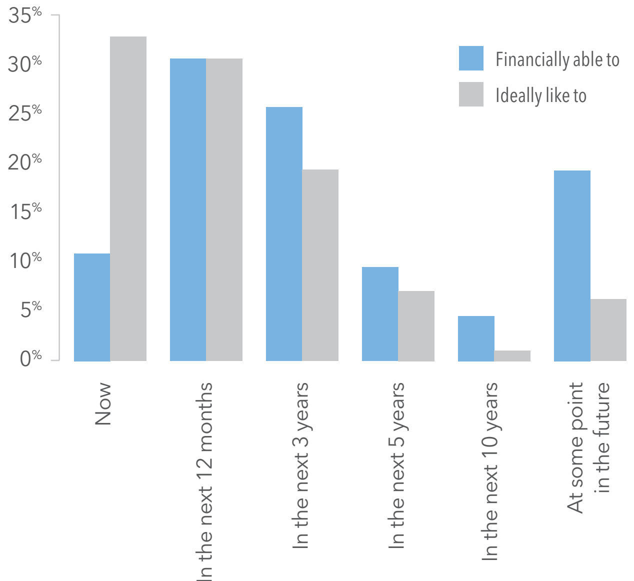
Sluggish house prices combined with lower interest rates have led to an increase in housing affordability over the past year. However, there is still some way to go as Italy has the highest average age of FHBs of the eight countries surveyed, at 32.4 years.

Of those who are currently out of the property market, 33% said that they would ideally like to buy a home now, but just 11% were in the financial position to do so. Worryingly, almost one fifth said they would be in a financial position to buy their first property at some point in the future, suggesting that many were simply not sure when they would be able to afford to buy their first home. It is likely that ongoing concerns over unemployment and the extent of austerity measures will continue to impact financial security and commitments such as buying property.

Italian homebuyers see the benefits of mortgage insurance in helping to buy property sooner

Although the maximum LTV in Italy is currently capped at 80%, homebuyers can exceed the cap if they also take out mortgage insurance. Be that as it may, many prospective homebuyers believed that they would need a down payment of more than 20% when they buy their first home. In fact, the survey results show that Italy has the highest proportion of prospective homebuyers (44%) expecting to need a down payment of more than 20% among the surveyed countries. This is where more consumer education around higher LTV loans would help Italian homebuyers achieve home ownership sooner.

Chart 24: Financial position to buy a home vs. ideally like to buy – Italian non-property owners



Source: RFi survey conducted on behalf of Genworth in March 2011

Against this, stated awareness of mortgage insurance is relatively high in Italy and many homebuyers believed that mortgage insurance was helpful in assisting buyers achieve their property dreams sooner. Sixty-two percent of respondents said that mortgage insurance was helpful in enabling buyers to purchase property earlier than they could otherwise afford to and 61% of respondents said that mortgage insurance was helpful in enabling an FHB to buy a home with a small down payment.

Not only do Italians see the benefits of mortgage insurance, but they also find insurance products that offer borrowers protection against unforeseen events appealing. With unemployment continuing to be a concern, almost half of the respondents (48%) said that they would be likely to purchase insurance that paid their mortgage if they were made redundant. There was also a portion of homebuyers who saw the value of protecting themselves in case of injury and illness. In total, 56% said they would be likely to purchase insurance that paid their mortgage if they became sick or had an accident and they were unable to work.

> Two thirds of those who would ideally like to buy property now are not in the financial situation to do so

The Mexican market

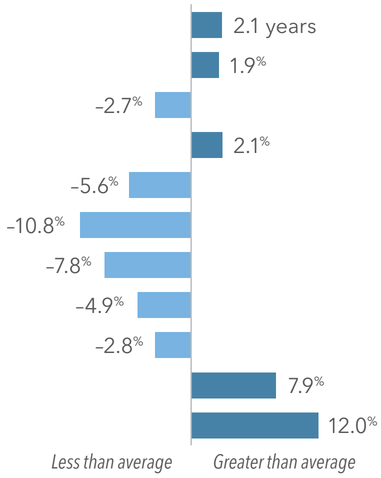
Table 6: Mexico – Key statistics

	Mexico	Eight country average
Average age of FHBs*	**32.2**	30.1
GDP growth in 2010^	**5.5%**	3.6%
Unemployment in 2010^	**5.4%**	8.1%
Cash rate (Banco de Mexico target rate)#	**4.5%**	2.4%
Mean % income (after tax) spent servicing all debts*	**32%**	38%
% comfortable borrowing LTV>80%*	**9%**	20%
% had trouble repaying mortgage*	**14%**	22%
% overpaid mortgage*	**21%**	26%
% believe now is a good time to buy a home*	**39%**	42%
% agree that MI is helpful for FHBs*	**73%**	65%
% are positive about the state of economy*	**42%**	30%

* RFi survey conducted on behalf of Genworth in March 2011
^ IMF
# Banco de Mexico

Chart 25: Mexico vs. average

Mexico vs. average of eight countries



Mexicans are positive about the economy, but unemployment and security concerns persist

The Mexican economy rebounded strongly after the global financial downturn of 2008/09, buoyed by a significant increase in exports. Against this backdrop, 42% of Mexicans said they felt positive about the outlook for their domestic economy over the next 12 months, higher than the average of 30% for all surveyed countries.

Mexican homebuyers were also less concerned about their personal financial situation than average, with just 27% of Mexicans stating that they felt some concern over their personal situation compared to 40% on average. While the most common reason for concern in all other surveyed countries was a rise in living expenses and utility costs, the top concern among Mexican respondents was unemployment and underemployment, with 54% stating this.

Although Mexico currently has among the lowest unemployment rate in Latin America and is well below the average of 8.1% for all surveyed countries, unemployment remains above pre-recession levels at 5.4%. Among those who are currently in the workforce an estimated 8.1% are classified as 'underemployed'[8], referring to those that need and have expressed willingness to work more hours than their current jobs allow. Many Mexicans are not in a position to set aside savings forcing them to live day-to-day, making it very difficult to plan ahead.

With unemployment being a key concern, many Mexicans are keen on products that protect them against redundancy. In total, 60% of Mexican borrowers said they would be likely to purchase insurance that paid their mortgage if they were made redundant. This is the highest proportion of willing respondents among the surveyed countries.

Another issue that will be wearing down Mexican confidence is the security issues in the country. This has had an impact on every level of Mexican society, from the government down to the man in the street. As a result, consumers in Mexico are concerned about personal security, a factor that is not necessarily an issue in any other country.

Mexicans feel less positive about the property market and affordability is low

Perhaps because of unemployment and security issues, Mexicans were less positive about the property market. In total, 39% of Mexican homebuyers surveyed felt that now was a good time to buy a home, and just 6% felt that it was a very good time, compared to 18% on average across the countries surveyed. Furthermore, just 12% of current homebuyers

Housing shortage has caused a fall in affordability, with the average age of a FHB over the last decade rising to 32.9 years

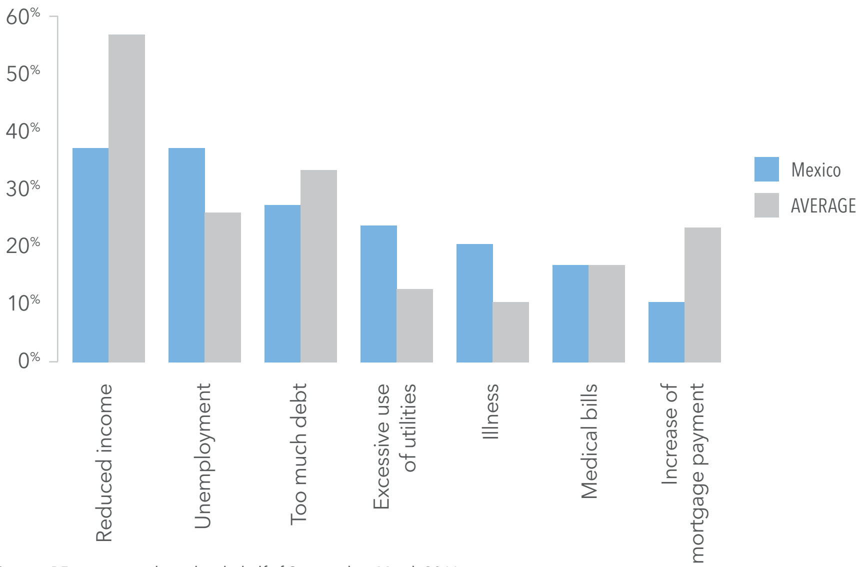
8 INEGI (http://www.inegi.org.mx) – data refers to March 2011

were looking to upgrade or move their home over the next 12 months compared to an average of 18% across all of the countries.

Exacerbating the socio-economic issues is a housing shortage, which is having a negative impact on affordability. At the end of 2009, Mexico was estimated to have a housing shortage of 8.9 million dwellings and this problem will become a bigger issue over the next ten years as the home buying 25-45 year-old population grows.[9] Mexico has a young population and the construction of more affordable housing will be needed to balance demand and supply.

Housing affordability in Mexico has clearly fallen over the past few decades. The survey results show that the average age of a FHB in Mexico during the 1980s was 24.3 years, but this increased to 28.0 years in the 1990s and 32.9 years between 2000 and 2011. The average age of FHBs in Mexico is one of the highest among the eight countries surveyed, despite the fact that the majority of potential FHBs (83%) live at home before they buy their first home and in theory are more able to save for a down payment. However, gross income is not enough to create direct savings for many Mexican households. Mexican FHBs are also among the least indebted, with just 6% using more than half of their disposable income to pay off their debts compared to the average of 14% for all the surveyed countries.

Chart 26: Top seven concerns for repayment difficulties over the next 12 months – Mexico vs. average



Source: RFi survey conducted on behalf of Genworth in March 2011

More than half of Mexican borrowers expect repayment difficulties in the next year

For those already in the property market, many are expecting some difficulties ahead. While 86% of Mexican borrowers easily met their mortgage repayments in the last 12 months, they were less optimistic about their ability to meet repayments over the next 12 months and just 28% expected that they would easily meet repayments in every month; this was the lowest proportion of all countries surveyed. The high proportion of borrowers who had no difficulty meeting repayments may be influenced by the fact that a large proportion of mortgages in Mexico are held by Infonavit, a government body that forces employers to take the monthly mortgage payment directly from their employees' salaries.[10]

Worryingly, 53% of borrowers expected some difficulty meeting their repayments during at least some months in the coming year. The top concerns among these respondents were related to job security, 37% stated that reduced income and unemployment would affect their ability to meet repayments over the next 12 months. A further 27% of these borrowers said they had too much debt and 23% said excessive use of utilities was likely to cause them hardship.

Very few Mexicans have had trouble meeting mortgage repayments, but their outlook is pessimistic

[9] Sociedad Hipotecaria Federal (http://www.shf.gob.mx)
[10] (Mexican Mortgage Association, National Banking Commission, Infonavit) Infonavit Mortgage Range: Up to 110,000 USD credit loan

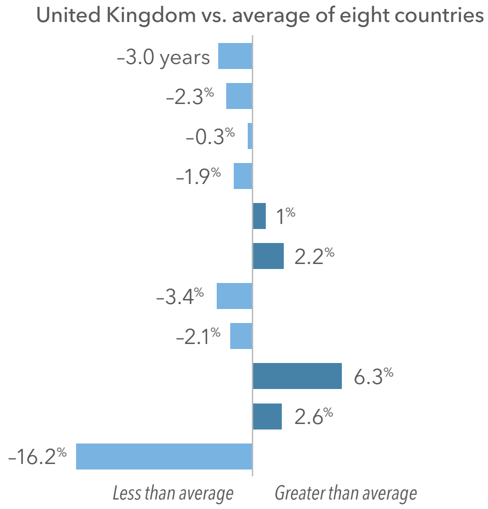
The UK market

Table 7: UK – Key statistics

	United Kingdom	Eight country average
Average age of FHBs*	**27.5**	30.1
GDP growth in 2010^	**1.3%**	3.6%
Unemployment in 2010^	**7.8%**	8.1%
Cash rate (BoE Bank Rate)#	**0.5%**	2.4%
Mean % income (after tax) spent servicing all debts*	**39%**	38%
% comfortable borrowing LTV (LTV)>80%*	**22%**	20%
% had trouble repaying mortgage*	**18%**	22%
% overpaid mortgage*	**24%**	26%
% believe now is a good time to buy a home*	**48%**	42%
% agree that MI is helpful for FHBs*	**68%**	65%
% are positive about the state of economy*	**13%**	30%

* RFi research conducted on behalf of Genworth in March 2011
^ IMF
\# Bank of England (BoE)

Chart 27: UK vs. average



The fluctuating health of the UK economy has led to higher than average concern among UK homebuyers

In the past few years economic conditions in the UK have been difficult, with a recession hitting the country in early 2008 and ending mid-2009. The economy picked up pace in 2010, only to fall 0.5% in Q4 2010 as a result of a heavy snow-fall which brought many industries to a standstill[11]. Against this backdrop, UK respondents remained uncertain and pessimistic about the future and 59% felt negative about the outlook for the economy in the next 12 months, compared to the average of 44% for all the surveyed countries.

While 40% of UK respondents are concerned about their personal financial situation, this was on par with average. Driving this concern are increases in living expenses/utility costs, petrol prices and the prospect of rising interest rates on the horizon. In addition, there are concerns about how the 5-year austerity measures introduced by the UK Government will have an impact on unemployment and the wider economy. The austerity measures are aimed at reducing the deficit from 11% of GDP to 2% by 2015, and some of these unpopular measures include raising taxes, cutting public expenditure and shedding public sector jobs.

While UK respondents' outlook for the economy and their personal finances was not overly optimistic, their mortgage repayment behaviour is a stark contrast. In fact, 58% of UK homebuyers easily met their mortgage repayments in the past 12 months, above the average of 53% for all surveyed countries. They were also more optimistic about meeting their mortgage repayments over the next 12 months, with eight in ten homebuyers expecting no difficulty with meeting their repayments going forward.

Despite being more optimistic than average in regards to the property market, UK respondents will not actively enter the market in the next 12 months

FHBs in the UK are increasingly priced out of the market

[11] Office for National Statistics (www.statistics.co.uk)

FHBs need to explore alternative ways to achieve home ownership

The survey results survey data suggests that while UK homebuyers believed now was a good time to buy a home and take advantage of lower house prices, many potential FHBs are simply not in the financial position to do so. In total, 34% of FHBs said that they would ideally like to buy their first property now but just 13% were financially able to do so.

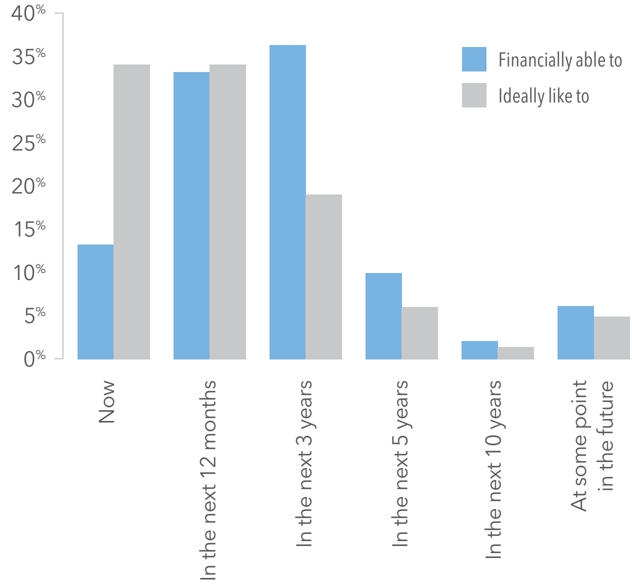
According to the Council of Mortgage Lenders, 85% of FHBs in 2009 had to receive assistance, often from parents, to finance their down payments. This was a substantial increase from the 50% of FHBs who received such assistance in 2007, but an incredibly large increase from the 8% in 1995-1997.[12] These figures indicate that it has become increasingly difficult for FHBs to independently raise the necessary funds for a down payment, especially when many of them live in rental accommodation before buying their first home.

The survey results also highlight the difficulties faced by FHBs. The average age of a FHB in the 1970s was 24.4 years, but this has increased to 29.3 years in the 1990s and 30.1 years in 2000s. In the March 2011 budget, the UK Government proposed the adoption of the 'First Buy' scheme, which allows low income earners the opportunity to borrow 75% of the value of a property with a 5% down payment, the government and the homebuilder each providing 10%. No interest is charged on the loan for the first five years and the loan only has to be repaid when the property is sold.

For FHBs who struggle to raise a down payment, applying for a higher LTV loan with the help of mortgage insurance represents a real solution. Awareness of mortgage insurance in the UK appears to be quite high and two thirds of UK respondents stated they were aware of mortgage insurance, above the average of 60% for all surveyed countries. More importantly, many UK respondents understood the benefits of mortgage insurance in helping them get into the property market sooner. In total, 68% agreed that mortgage insurance was helpful in enabling FHBs to buy a home with a small down payment. A further 62% believed mortgage insurance was helpful in enabling buyers to purchase property earlier than they could otherwise afford to.

The benefits of other insurance, such as income protection insurance, were less likely to be felt by UK respondents. One in three UK respondents said they were likely to take out insurance that would pay their mortgage repayments if they became unemployed, the lowest of all countries surveyed, and 37% would take out insurance against unemployment caused by sickness or accident, ahead of only the US.

Chart 28: Financial position to buy a home vs. ideally like to buy – UK non-property owners



Source: RFi survey conducted on behalf of Genworth in March 2011

[12] 'Recent trends in the UK first-time buyer mortgage market', Bank of England 2010 (http://www.bis.org/ifc/events/5ifcconf/kuvshinov.pdf)

The US market

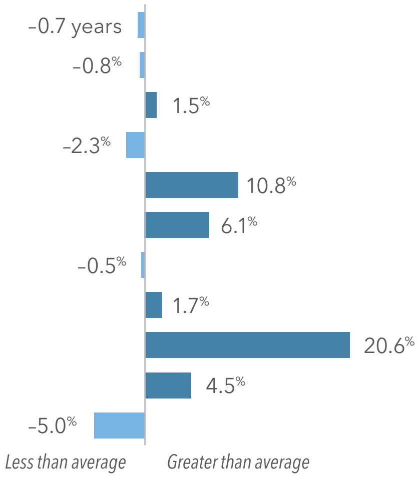
Table 8: US – Key statistics

	United States	Eight country average
Average age of FHBs*	**29.4**	30.1
GDP growth in 2010^	**3%**	3.6%
Unemployment in 2010^	**10%**	8.1%
Cash rate#	**0%**	2.4%
Mean % income (after tax) spent servicing all debts*	**49%**	38%
% comfortable borrowing LTV>80%*	**26%**	20%
% had trouble repaying mortgage*	**21%**	22%
% overpaid mortgage*	**28%**	26%
% believe now is a good time to buy a home*	**62%**	42%
% agree that MI is helpful for FHBs*	**70%**	65%
% are positive about the state of economy*	**25%**	30%

* RFi research conducted on behalf of Genworth in March 2011
^ IMF
\# US Federal Reserve

Chart 29: US vs. average

United States vs. average of eight countries



Americans are concerned about the economy and about their personal finances

Americans are still slowly recovering from a deep recession and the unemployment rate remains high. The sub-prime mortgage crisis in 2007 and the ensuing credit crunch has led to many problems in the financial system, and the US Federal Reserve has so far committed to a stimulus package worth US$600 billion to prop up the economy. The rollout of the stimulus package will end in June 2011 as the Federal Reserve has signaled it is ready to scale down its stimulus efforts. However, the Federal Reserve has left open the possibility of further stimulus if the economic outlook worsens.

More than half of Americans surveyed are nervous about how the economy will perform in the coming year

Against this backdrop, more than half (51%) of all American respondents had a negative outlook of the US economy, placing the US as the fourth most negative country of the eight countries surveyed. Forty-eight percent of Americans were concerned about their current personal finances, with 20% extremely concerned. While the top reason for concern among most countries surveyed was a rise in living expenses and utility costs, the top reason among American respondents was the rise in petrol prices, with 88% stating this. Many Americans are also worried about the impact of falling house prices on their personal finances, with 46% stating this as a concern. This is the highest across the eight countries surveyed.

However, widespread concerns about the US economy and personal finances have not translated directly into mortgage stress. Just 18% of American homebuyers were using over 50% of their monthly income to meet mortgage repayments and 79% had easily met their repayments over the last 12 months. More encouragingly, 81% of American homebuyers expected to easily meet their mortgage repayments in the next 12 months, suggesting that homebuyers are slightly more optimistic about their ability to make repayments than they have been in the past year.

A good time to buy a home in the US

While their overall outlook for the economy was negative, US respondents were more optimistic about the property market. Sixty-two percent of American respondents believed that it is a good time to buy a home, placing the US first among the nine countries surveyed. Of those who believed that now is a good time to buy, 88% said house prices are low and there is a good supply of property.

Driving this affordability is a perceived high-supply low-demand scenario, where 88% believed there is a good supply of properties but only 25% believe these properties have high resale potential. With the cash rate at an historical low since 2009, three quarters of American homebuyers also said that lower interest rates made it a good time to buy a home.

It is encouraging to see that despite tough economic conditions and an uncertain outlook, many Americans hold on to the belief that property is a solid investment vehicle. There are many tax incentives in the US that promote home ownership, which include tax-deductible mortgage interest repayments and tax deductible mortgage insurance.

Opportunity knocks for FHBs in a sound position

For FHBs that are in a sound financial position, now is a good time to buy and take advantage of the current conditions, which include low prices. Affordability has increased in very recent times and interest rates are likely to remain low for the medium-term. The survey results show that among FHBs who bought their first home in the last 12 months, the large majority have coped well and met their mortgage repayments comfortably. In fact, 85% of these recent FHBs easily met their repayments over the past year and 87% expect to have no trouble meeting their mortgage repayments over the next year compared to 81% of all US homebuyers.

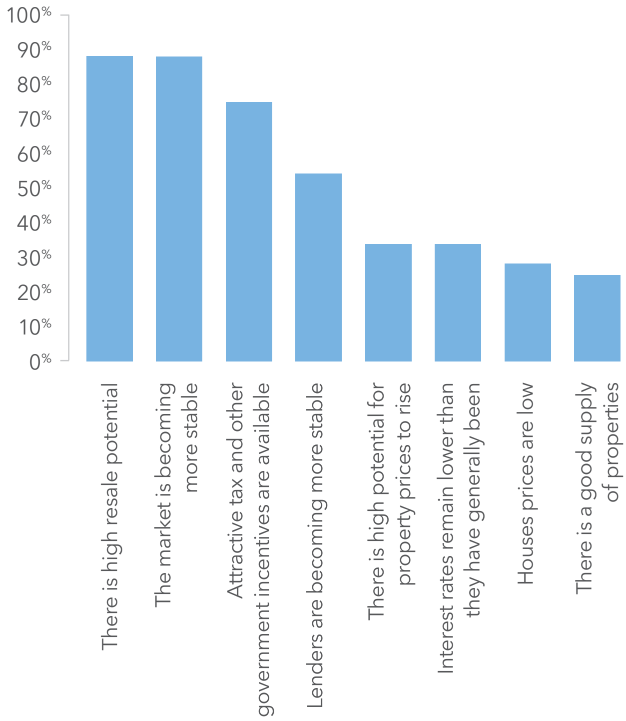
Nearly two-thirds felt that now is a good time to buy a home

Mortgage insurance helps to buy with smaller down payments, and sooner

Americans believed that mortgage insurance helps them buy properties with lower down payments and sooner, whether they purchase homes for owner-occupied or investment purposes. Of the countries surveyed, the US had one of the highest proportions of homebuyers who agreed that mortgage insurance is useful in enabling a FHB to buy a home with a small down payment at 70%. Moreover, 60% of surveyed Americans believed that mortgage insurance is helpful in enabling buyers to purchase property earlier than they could otherwise afford to.

The survey results indicate that the majority of American homebuyers understand the benefits of mortgage insurance in helping them achieve their property ownership dreams. Part of the appeal of mortgage insurance is the fact that housing affordability in the US has been on a long-term, downward trend, notwithstanding recent years when house prices have fallen. The survey results show that the average age of FHBs in the US has crept up over the past few decades, from 27.3 years during the 1970s to 31.6 years in the 2000s.

Chart 30: What makes now a good time to buy your own home?



Source: RFi research conducted on behalf of Genworth in March 2011

Conclusions and lessons learned

Genworth's research has highlighted that while some socio-economic trends are common across all countries, there are many environmental, economic and cultural differences affecting homebuyers at a local level. In turn, these different factors shape homebuyer confidence and the differing solutions that address them.

Comfort with debt differs widely between cultures, while different economic environments create different types of homebuyers

One of the major cultural differences in evidence is comfort with debt. Australian, European, US and Canadian respondents were simply more comfortable borrowing than respondents from India and Mexico. As a consequence, respondents in Ireland, the US, the UK and Canada have higher levels of debt generally, and Australian and Irish respondents had the highest levels of mortgage debt specifically.

However, it would be false to assume that higher levels of debt automatically mean borrowers are struggling. In fact, in Australia and Canada most respondents are easily repaying their mortgage debts and in many cases overpaying on their mortgages. Where debt does become an issue, is in adverse circumstances, such as those seen in Ireland.

In India and Mexico indebtedness and comfort with high LTV lending was low. Inherently this is not an issue, but with decreasing housing affordability, the aversion to debt makes it more difficult for aspiring homebuyers to achieve their property market goals.

While cultural factors have a large affect on homebuyers in different countries, there are varying economic and political conditions that are also affecting homebuyer sentiment. Respondents in India, Mexico, Canada and Australia were the most positive about their countries' economies, while Ireland, the UK and Italy were least confident, putting the US right in the middle.

Developments in the broader economy are also reflected in the actions of individual governments. Ireland, the UK and Italy are all facing government austerity measures, which have rocked confidence in the economy and the housing market. While Australia and the US have had economic stimuli applied, their levels of confidence differ greatly due to the relative performance of the housing markets in the two countries, with US respondents still cautious about the possibility of house price declines.

Product innovation and Government intervention address affordability

Across all surveyed countries, affordability was an issue for potential FHBs, with the age of FHBs rising in all countries except for India. Many different approaches have been taken by the countries surveyed to address affordability, including different housing and mortgage products, government intervention and products such as mortgage insurance. In India, for example, homebuyers generally buy homes that are still under construction, and leverage mortgage products that lengthen mortgage terms when rates increase so that repayments remain constant.

Mortgage insurance is used in many countries around the world to provide access to higher LTV lending. In Australia, for instance, mortgage insurance is generally required on loans with an LTV of over 80%. Across all countries surveyed, mortgage insurance was clearly seen as a helpful product that enabled potential FHBs to buy property sooner. Indeed, despite not having access to mortgage insurance, Indian respondents were generally positive towards it, though they saw it as more helpful in enabling borrowers to buy higher quality property than as an aid for FHBs, perhaps because affordability concerns put home ownership out of reach for many.

In addition to product innovation in the mortgage market, some governments have introduced incentives to help FHBs buy their own homes sooner. Examples include the FHOG offered to FHBs in Australia, the ability of Canadian FHBs to access retirement savings for a down payment, and the Canadian Government's RMBS scheme, which provides availability of credit.

While these schemes have undoubtedly had some success in easing FHBs into the market, there are some concerns that in the long-term they actually help drive up house prices and hence make housing ultimately less affordable. For instance, in Australia the introduction of a boost to the FHOG saw the proportion of FHBs in the market increase steeply, but it also saw the average FHB loan size increase substantially, driven by property price increases in this segment.

In analysing these eight markets it has become obvious that there is no clear and simple answer to the problem of housing affordability, and initiatives need to be continually developed to meet changing conditions. Going forward, respondents in many countries were positive about economic recovery and saw clear opportunities in the property market for those who could afford to buy.

About the International Mortgage Trends Report

The inaugural edition of the Genworth International Mortgage Trends Report assesses current and aspiring homebuyer attitudes and sentiment in eight markets across four continents.

As the leading global mortgage insurance provider, Genworth Financial (Genworth) commissioned an independent survey in March 2011 of current homebuyers and aspiring homebuyers around the world in order to gain local market insight and drive global thought leadership across markets. In total, more than 9000 respondents were interviewed from Australia, Canada, India, Ireland, Italy, Mexico, the UK and the US.

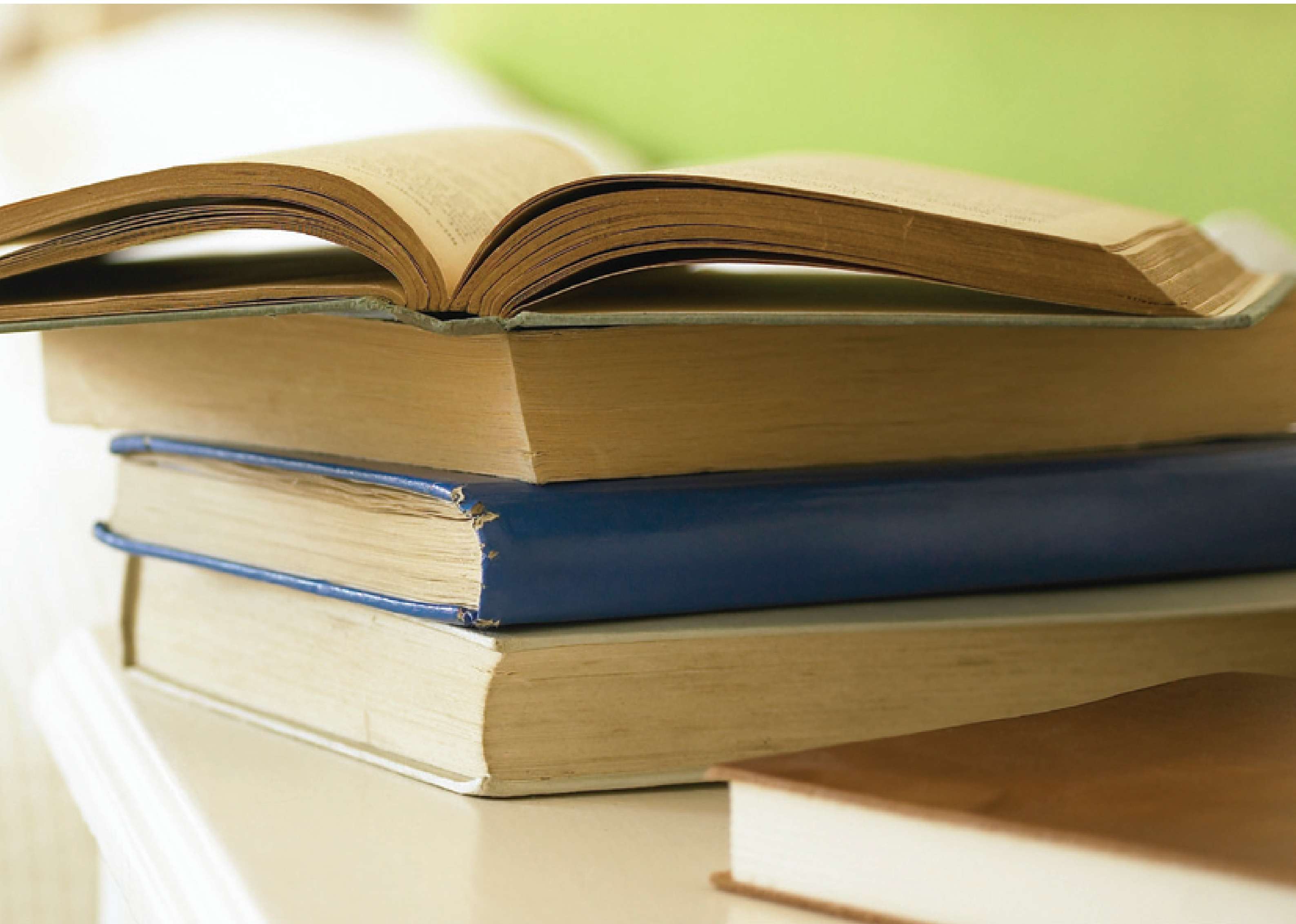
Methodology

The research that forms the backbone of this report was commissioned by Genworth and conducted by independent research firm, RFi. In total eight countries were involved in the researc: Australia, Canada, India, Ireland, Italy, Mexico, the UK and the US.

The survey respondents either had a current mortgage on a property or were looking to purchase their first home with a mortgage in the 12 months following the survey. RFi set quotas on the survey respondents by age, gender and location to ensure they were representative of the mortgage-holding population in each country.

The fieldwork in each country was conducted in March 2011. In six of the eight countries, fieldwork was conducted through the use of online panels in each country. In Mexico and India fieldwork was conducted via Computer-aided Telephone Interviews (CATI) as it was deemed that internet access in these countries would not sufficiently provide a representative sample of the market. Potential interviewees were contacted, introduced to the survey topic and invited to participate.

With the exception of India and the US, a minimum of 1000 respondents were interviewed. In India and the US, larger sample sizes of 1500 were chosen to ensure greater statistical accuracy given the population sizes in those countries.



Glossary of Terms and Abbreviations

Basel III: New global regulatory standard relating to the amount of capital held by a bank, agreed by the Basel Committee on Banking Supervision

Down payment: Proportion of a property's value paid to the bank in order to take out a mortgage. Also known as:
- Deposit in Australia and the UK.

First homebuyer (FHB): Person buying/having recently bought a home to live in for the first time. Also known as:
- First-time buyer (FTB) in UK, Ireland, Canada and the US.

Fixed rate: A mortgage which guarantees the interest rate paid will not change for an agreed period

Loan-to-value ratio (LTV): Proportion of the value of a property borrowed in a mortgage. Also known as:
- Loan-to-value ratio (LVR) in Australia.

Mortgage insurance (MI): Insurance provided to lenders that covers them in the event that a borrower defaults on their loan and the amount recovered from the sale of the property is less than the amount owed under the loan. Also known as:
- Lender's Mortgage Insurance (LMI) in Australia
- Mortgage Default Insurance (MDI) in Canada
- Mortgage Guarantee (MG) in India
- Private Mortgage Insurance (PMI) in US.

Negative gearing: A form of financial leverage where an investor borrows money to buy an investment property, but the income generated by that asset does not cover the interest on the loan or any additional maintenance costs. The investor must fund the shortfall (which can be claimed as a tax deduction) until the asset is sold and a profit is generated.

Overpay: Pay more than the minimum required monthly payment on a mortgage. Also known as:
- Prepay in Canada

Residential Mortgage Backed Securities (RMBS): A type of security backed by a pool of residential mortgages

Standard variable rate (SVR): An interest rate which the lender can change, generally based on the cost of funding. Also known as:
- Floating rate in India
- Adjustable Rate Mortgage (ARM) in the US.

Tier one cities (India) – Also known as a mega-cities or major metro centres, they have a population of more than five million. Examples of Tier one cities include Mumbai, Delhi, Bangalore, Kolkata and Chennai

Tier two cities (India) – These cities are regional hubs such as state capitals, major ports or industrial centers. Tier two cities are usually boomtowns with a rapidly growing population of between one and five million. Examples of Tier two cities include Hyderabad, Surat, Jaipur, Nagpur, Pune and Lucknow

Tier three cities (India) – These are minor cities that have a population of less than one million. Examples of Tier three cities include Trichy and Madurai

Under-employment: A situation in which a worker is employed, but not in the desired capacity, whether in terms of compensation, hours, or level of skill and experience. As a result, unemployment figures are distorted by the fact that some people seeking full-time employment are only able to undertake part-time or casual work.

Charts

Tables

About Genworth

Genworth Financial, Inc. (NYSE: GNW) is a leading Fortune 500 global financial security company. Genworth has more than $100 billion in assets and employs approximately 6500 people with a presence in more than 25 countries. Its products and services help meet the investment, protection, retirement and lifestyle needs of more than 15 million customers. Genworth operates through three segments: Retirement and Protection, U.S. Mortgage Insurance and International. Its products and services are offered through financial intermediaries, advisors, independent distributors and sales specialists. Genworth, which traces its roots back to 1871, became a public company in 2004 and is headquartered in Richmond, Virginia. For more information visit *genworth.com*

About RFi

Retail Finance Intelligence (RFi) is a strategic research business that delivers primary research and tailored advice by combining market and customer analytics. RFi's analysis is underpinned by B2B and B2C primary research, which enables RFi to make practical recommendations based on key issues affecting any segment of the financial services market. For more information visit *rfintelligence.com.au*

Other Genworth International Reports

Genworth Financial Vulnerability Index

The Genworth Financial Vulnerability Index has been developed to provide a clear and robust estimate of households' general financial situations. It can be used to compare – at a glance – levels of consumer financial vulnerability across different countries and to track change in individual countries over time. Now in its fourth edition, the Index encompasses 18 countries, 14 from Europe, three from North America and Australia.

genworth.com/mortgagetrends