Genworth

31 JULY 2019

1H19 FINANCIAL RESULTS PRESENTATION

Illustration by Sydney based artist and illustrator, Mike Watt

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Introduction

Georgette Nicholas, CEO and MD

1H19 results overview

Summary

(A$ millions)	1H18	1H19	Change %
Gross written premium	266.8	184.1	(31.0%)
Net earned premium	143.3	147.6	3.0%
Reported net profit after tax	41.9	88.1	110.3%
Underlying net profit after tax[1]	50.3	43.1	(14.3%)
Ordinary dividends per share (cps)	8.0	9.0	12.5%
Ordinary dividend payout ratio[2]	71.1%	86.2%	15.1%

Key financial measure	FY19 guidance	1H19 actual
NEP growth	-5% to +5%	3.0%
Full year loss ratio	45% to 55%	54.1%
Dividend payout ratio	50% to 80%	86.2%

Source: Genworth

1. Underlying NPAT excludes the after-tax impact of mark-to-market gains/(losses) of $45.4 million on the investment portfolio, and the after tax impact of foreign exchange rates on Genworth's investment portfolio ($0.4m loss). The bulk of these foreign exchange exposures are hedged.
2. 1H18 adjusted to reflect actual dividend paid following on-market share buy-back.
3. In 1H18 a Lapsed Policy Initiative was implemented which utilised newly available data to more promptly identify loans which had been refinanced or discharged as part of a detailed portfolio review. This resulted in the release of $8.2 million of unearned premium in that period. In 1H19 an additional new data source was secured as part of this initiative and generated a $4.5m release of unearned premium, all of this new data is now utilised as part of "business as usual" processes.

1H19 result in line with guidance

- **New insurance written (NIW)** of $12.5 billion, up 20.7% (1H18: $10.3 billion)
- **GWP** decreased 31.0%. Reflects 1H18 GWP including a bespoke transaction written through Genworth's Bermudian insurance entity. Excluding this transaction, GWP increased 6.4% in 1H19
- **NEP** increased 3.0%. This includes the release of $4.5 million of unearned premium in 1Q19 as part of the Company's Lapsed Policy Initiative[3] (versus $8.2 million of unearned premium released in 1H18). Excluding the Lapsed Policy Initiative in both 1H18 and 1H19, NEP was up 5.9%
- **Reported NPAT** of $88.1 million includes after tax unrealised gain of $45.4 million on investment portfolio (1H18: after tax unrealised loss of $8.4 million)
- **Underlying NPAT**[1] of $43.1 million includes after tax realised gain of $5.8 million (1H18: $9.1 million)
- **Loss ratio** of 54.1% (1H18: 53.3%) in line with the Company's FY19 guidance – reflects seasonal uptick in delinquencies historically experienced in the first half of the year.

Strategic update

- Continued product innovation and enhancement
- Announcement of new regular (monthly) premium LMI as an alternative option to the traditional up-front single premium LMI offering
- Leveraging technology and data to deliver operating and underwriting efficiencies.

Capital management

- On-market share buy-back of 25.0 million shares in 1H19 for a consideration of $63.9 million
- Fully franked interim ordinary dividend of 9.0 cps and unfranked special dividend of 21.9 cps.

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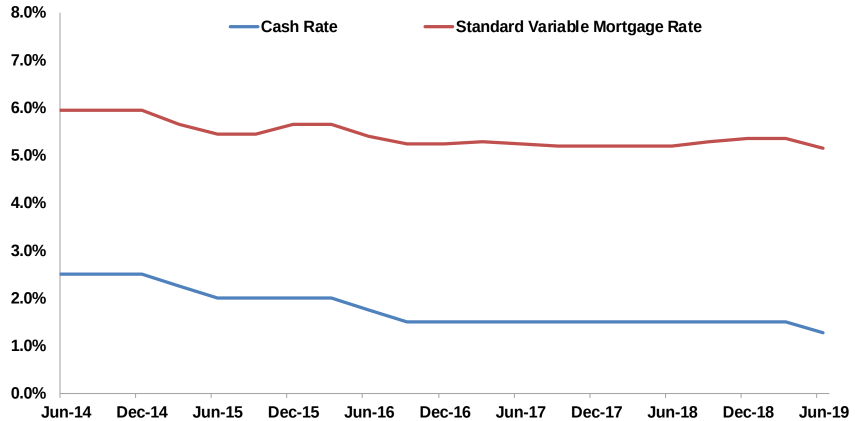
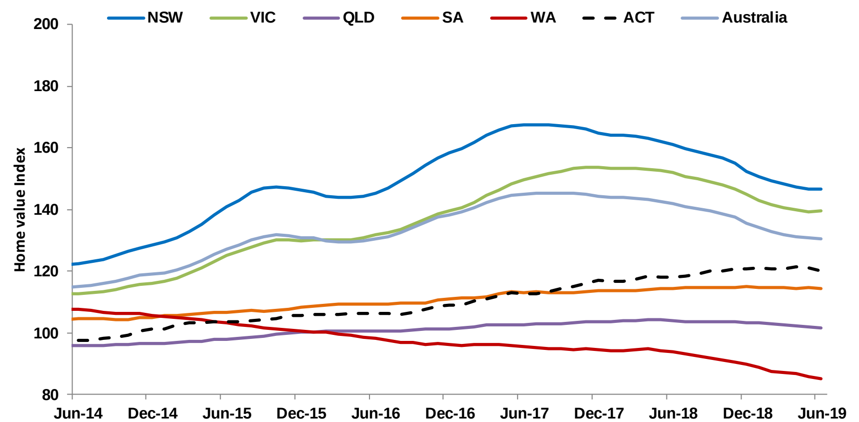
Macroeconomic conditions

Interest rates



Source: Reserve Bank of Australia

House values – capital city dwellings



Source: CoreLogic

Total delinquency* rates by geography (Genworth)

State	Jun 18	Jun 19	Change (basis points)
New South Wales	0.37%	0.45%	8 bps
Victoria	0.42%	0.45%	3 bps
Queensland	0.73%	0.81%	8 bps
Western Australia	0.99%	1.10%	11 bps
South Australia	0.67%	0.68%	1 bp
Group	0.54%	**0.60%**	**6 bps**

Source: Genworth.

Unemployment rates (seasonally adjusted)

State	Jun 18	Jun 19	Change (basis points)
New South Wales	4.7%	4.6%	(10 bps)
Victoria	5.5%	4.8%	(70 bps)
Queensland	5.8%	6.5%	70 bps
Western Australia	6.2%	5.8%	(40 bps)
South Australia	5.4%	5.9%	50 bps
National	5.3%	5.2%	**(10 bps)**

Source: Australian Bureau of Statistics.

Note: *Total delinquency includes aged as well as new delinquencies but excludes excess of loss insurance.

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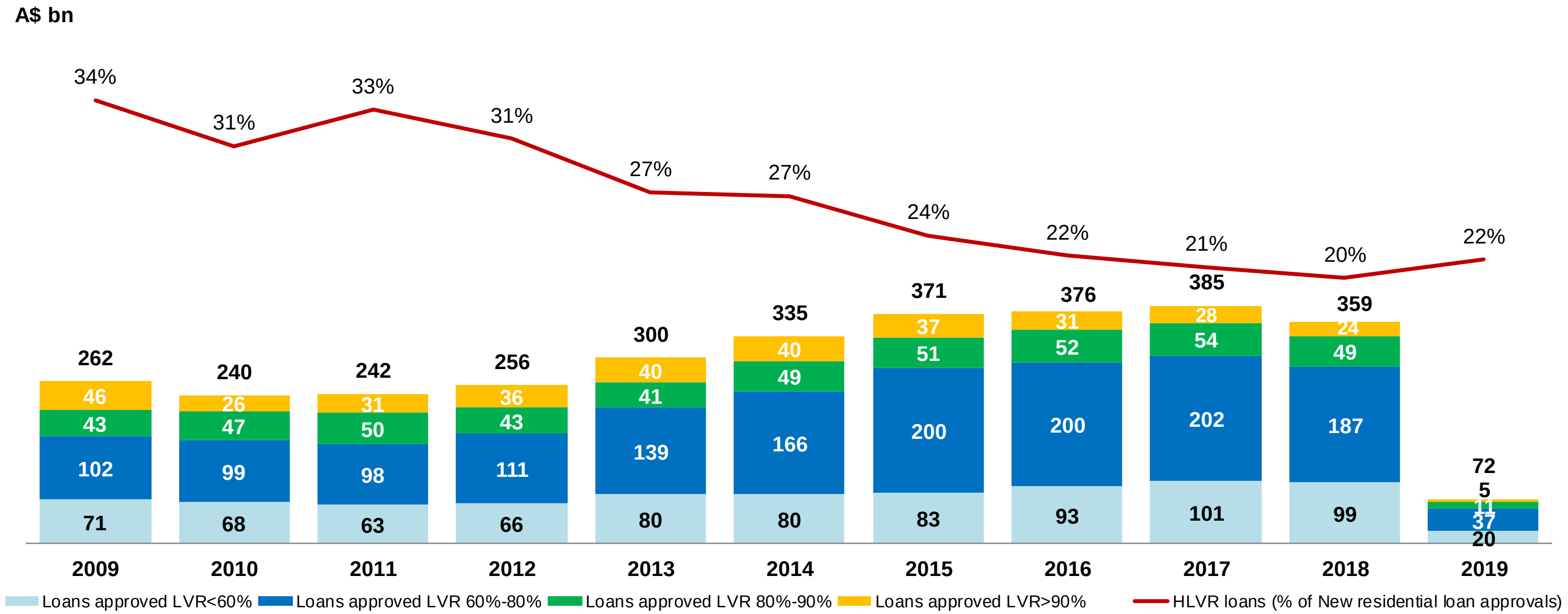
Residential mortgage lending market

Originations and HLVR penetration[1]



Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan approvals), March 2019.

Note: Totals may not sum due to rounding. Total new residential loans approved in the 3 months to 31 March 2019 were $72.4 billion, down 16.5% on the previous corresponding period.

1. Prior periods have been restated in line with market updates.

Detailed financial performance

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1H19 income statement

(A$ millions)	1H18	2H18	1H19	1H19 v 1H18 (%)
Gross written premium	266.8	193.4	184.1	(31.0%)
Movement in unearned premium	(83.9)	(19.9)	(1.2)	98.6%
Gross earned premium	**182.9**	**173.5**	**182.9**	**0.0%**
Outwards reinsurance expense	(39.5)	(35.5)	(35.3)	10.6%
Net earned premium	**143.3**	**137.9**	**147.6**	**3.0%**
Net claims incurred	(76.4)	(69.5)	(79.8)	(4.5%)
Acquisition costs	(19.9)	(20.7)	(22.8)	(14.6%)
Other underwriting expenses[1]	(27.2)	(26.5)	(28.4)	(4.4%)
Underwriting result	**19.8**	**21.2**	**16.6**	**(16.2%)**
Investment income on technical funds[2]	14.8	23.9	60.7	310.1%
Insurance profit	**34.6**	**45.1**	**77.3**	**123.4%**
Net investment income on shareholder funds[2]	29.7	9.5	54.2	82.5%
Financing costs	(5.9)	(6.2)	(6.3)	(6.8%)
Profit before income tax	**58.4**	**48.4**	**125.2**	**114.4%**
Income tax expense	(16.5)	(14.6)	(37.1)	(124.8%)
Net profit after tax	**41.9**	**33.8**	**88.1**	**110.3%**
Underlying net profit after tax[3]	**50.3**	**43.7**	**43.1**	**(14.3%)**

- **GWP** in 1H18 included a bespoke transaction written through Genworth's Bermudian insurance entity. Excluding this transaction, GWP increased 6.4% in 1H19. **Movement in unearned premium** reflects this bespoke Bermudian transaction
- **Gross earned premium** of $182.9 million flat compared with 1H18 and up on 2H18 reflecting impact of Lapsed Policy Initiative in 1H18 and 1H19
- **Outward reinsurance expense** of $35.3 million, down 10.6% from 1H18 driven by Genworth's Bermudian entity transaction in 1H18, and decreased reinsurance coverage on the traditional LMI business
- **NEP** increased 3.0%. This includes the release of unearned premium in 1H18 and 1H19 as part of the Company's Lapsed Policy Initiative
- **Net claims incurred** of $79.8 million, up 4.5% from 1H18 attributable to an increase in reserves
- **Acquisition costs** of $22.8 million, up 14.6% on 1H18 for LMI flow and bulk business is in line with earned premium
- **Other underwriting expenses** of $28.4 million, up 4.4% from 1H18, driven by the depreciation of strategic projects and higher professional indemnity insurance expenses.

Source: Genworth
Note: Totals may not sum due to rounding.
1. Net of reinsurance ceding commissions.
2. Investment income on technical funds and shareholder funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.
3. Underlying NPAT excludes the after-tax impact of mark-to-market gains/(losses) of $45.4 million on the investment portfolio, and the after-tax impact of foreign exchange rates on Genworth's investment portfolio ($0.4m loss). The bulk of these foreign exchange exposures are hedged.

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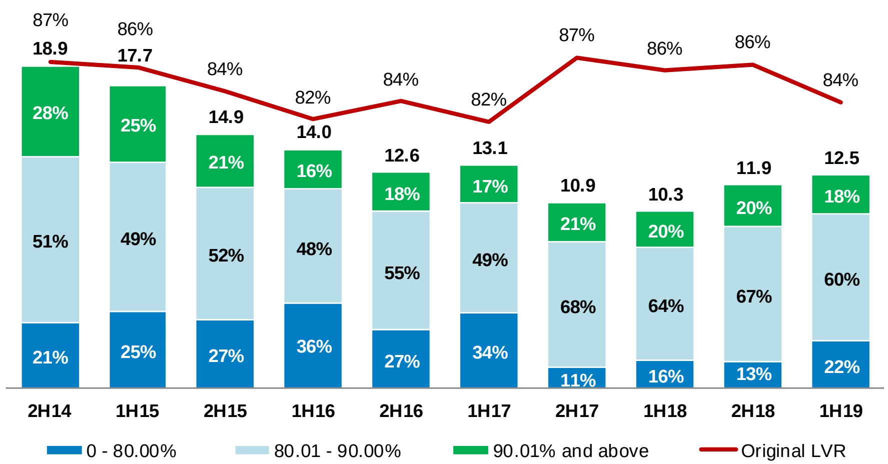
New insurance written

NIW[1] by original LVR[2] band

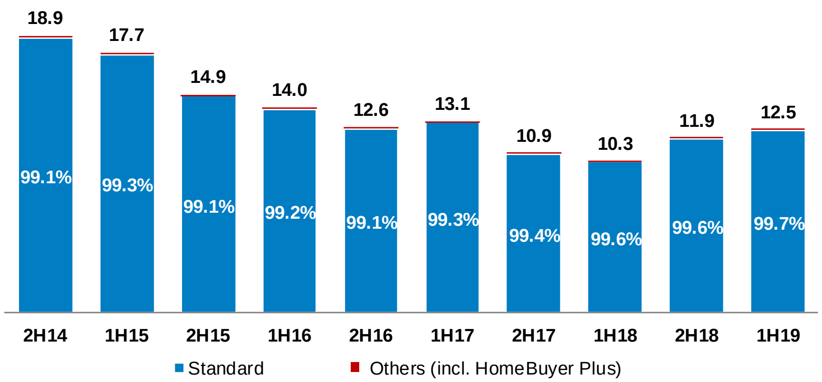
$ bn, %



Source: Genworth

NIW[1] by product type

$ bn



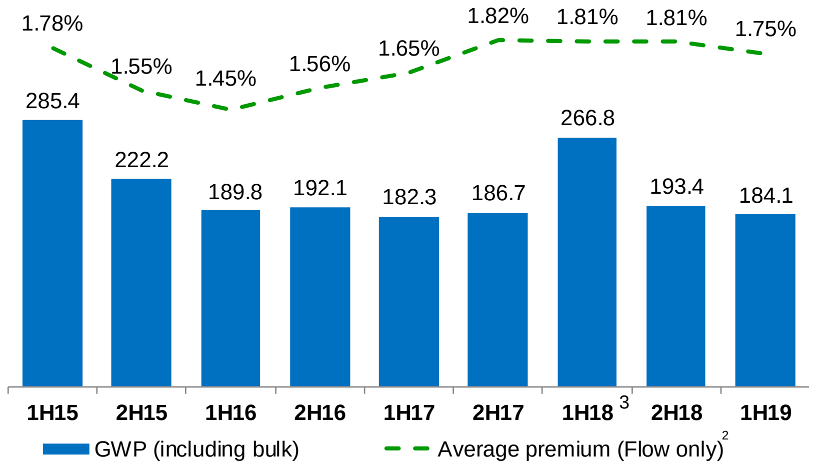
Source: Genworth

1. NIW includes capitalised premium. NIW excludes excess of loss insurance (excess of loss insurance includes the Bermudian entity transaction).
2. Original LVR excludes capitalised premium and excess of loss insurance.

Gross written premium

GWP and average price[1] of flow business

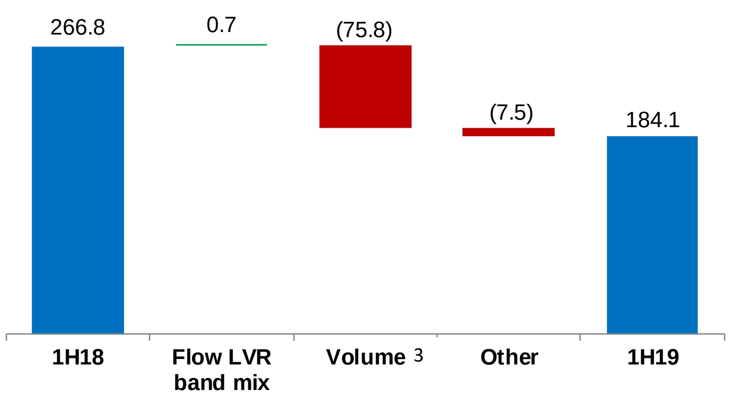
$ m, %



Source: Genworth

GWP walk

$ m



Source: Genworth

1. Average price excludes excess of loss insurance.
2. Historical NIW has been adjusted in the average premium calculation to reflect a risk sharing arrangement.
3. GWP volume includes the Bermudian bespoke transaction reported in 1H18, excess of loss insurance and bulk transactions.

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Net claims incurred

(A$ millions unless otherwise stated)	1Q18	2Q18	1H18	3Q18	4Q18	2H18	1Q19	2Q19	1H19
Number of paid claims (#)	**365**	**301**	**666**	**320**	**325**	**645**	**319**	**296**	**615**
Average paid claim[1] ($'000)	117.8	115.2	116.7	115.7	102.1	108.9	94.2	94.1	94.2
Claims paid[1]	**43.0**	**34.7**	**77.7**	**37.0**	**33.2**	**70.2**	**30.1**	**27.8**	**57.9**
Movement in non-reinsurance recoveries on paid claims	0.6	(1.5)	(0.9)	(0.5)	-	(0.5)	-	-	-
Movement in reserves	(6.0)	5.6	(0.4)	(0.7)	0.5	(0.2)	10.2	11.7	21.9
Net claims incurred	**37.7**	**38.7**	**76.4**	**35.8**	**33.7**	**69.5**	**40.3**	**39.6**	**79.8**
Reported loss ratio (%)	**55.9%**	**50.9%**	**53.3%**	**52.6%**	**48.2%**	**50.4%**	**55.3%**	**53.0%**	**54.1%**
Movement in non-reinsurance recoveries on paid claims	(0.6)	1.5	0.9	0.5	-	0.5	-	-	-
Adjusted net claims incurred [A]	**37.1**	**40.2**	**77.3**	**36.3**	**33.7**	**70.0**	**40.3**	**39.6**	**79.8**
Net earned premium (NEP)	**67.4**	**76.0**	**143.3**	**68.1**	**69.9**	**137.9**	**72.9**	**74.7**	**147.6**
Lapsed policy initiative[2]	-	(8.2)	(8.2)	-	-	-	(4.5)	–	(4.5)
NEP excluding Lapsed Policy Initiative [B]	**67.4**	**67.8**	**135.1**	**68.1**	**69.9**	**137.9**	**68.4**	**74.7**	**143.1**
Adjusted loss ratio – [A] / [B] (%)	**55.0%**	**59.3%**	**57.1%**	**53.3%**	**48.2%**	**50.7%**	**58.9%**	**52.9%**	**55.8%**

Source: Genworth

Note: Totals may not sum due to rounding.

1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid.
2. In 1H19 the Company continued to progress its Strategic Program of Work by leveraging technology and data. This has included securing new data sources that have further enhanced the benefits of the Lapsed Policy Initiative implemented in 1H18 which enabled refinanced or discharged loans to be more swiftly identified.

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Loss development

Delinquency roll and incurred loss drivers

Delinquency roll	1Q18	2Q18	1H18	3Q18	4Q18	2H18	1Q19	2Q19	1H19
Opening balance	**6,696**	**6,958**	**6,696**	**7,306**	**7,350**	**7,306**	**7,145**	**7,490**	**7,145**
New delinquencies	2,701	2,864	5,565	2,742	2,390	5,132	2,662	2,853	5,515
Cures	(2,074)	(2,215)	(4,289)	(2,378)	(2,270)	(4,648)	(1,998)	(2,156)	(4,154)
Paid claims	(365)	(301)	(666)	(320)	(325)	(645)	(319)	(296)	(615)
Closing delinquencies	**6,958**	**7,306**	**7,306**	**7,350**	**7,145**	**7,145**	**7,490**	**7,891**	**7,891**
Delinquency rate	0.49%	0.54%	0.54%	0.55%	0.54%	0.54%	0.57%	0.60%	0.60%
Average reserve per delinquency ($'000)	47.9	46.4	46.4	46.0	47.5	47.5	46.7	45.9	45.9

Net claims incurred ($m)	1Q18	2Q18	1H18	3Q18	4Q18	2H18	1Q19	2Q19	1H19
New delinquencies	34	34	68	38	32	70	35	42	77
Cures	(32)	(29)	(61)	(33)	(38)	(71)	(32)	(36)	(68)
Ageing[1]	35	35	70	32	37	69	32	36	68
Paid claims gap	(2)	-	(2)	(1)	(2)	(3)	-	-	-
Other adjustments[2]	3	(1)	2	-	5	5	5	(2)	3
Net claims incurred	**38**	**39**	**76**	**36**	**34**	**70**	**40**	**40**	**80**

Source: Genworth

1. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
2. Includes changes to actuarial assumptions.

Note: This slide excludes excess of loss insurance.

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Balance sheet

Strong balance sheet with $3.3bn in cash and investments

Balance sheet as at 30 June 2019

(A$ in millions)	31 Dec 18	30 Jun 19
Assets		
Cash and cash equivalents	141.5	57.9
Accrued investment income	22.1	22.1
Investments	3,083.0	3,197.3
Deferred reinsurance expense	43.3	66.5
Non-reinsurance recoveries	21.2	22.7
Deferred acquisition costs	166.8	171.7
Deferred tax assets	7.9	8.0
Goodwill and Intangibles	15.3	15.6
Other assets [1]	88.9	86.4
Total assets	**3,590.1**	**3,648.2**
Liabilities		
Payables [2]	94.1	140.7
Outstanding claims	339.1	362.5
Unearned premiums	1,214.2	1,216.6
Interest bearing liabilities	198.2	198.8
Employee provisions	7.3	7.4
Total liabilities	**1,852.8**	**1,925.9**
Net assets	**1,737.3**	**1,722.3**

Source: Genworth

Note: Totals may not sum due to rounding.

1. Includes trade receivables, prepayments, plant and equipment and right-of-use asset.
2. Includes reinsurance payables, lease liabilities and other payables.

Total assets as at 30 June 2019 of $3,648.2 million. The 1.6% increase of $58.1 million from 31 December 2018 includes:

- $83.6 million decrease in cash primarily to fund the share buy-back, the payment of the FY18 final dividend and investing "cash to be invested" as at 31 December 2018 in non-AUD income securities
- $114.3 million increase in investments largely due to unrealised gains from the investment portfolio
- $23.2 million increase in deferred reinsurance expense mainly attributable to the renewal of the reinsurance program
- an increase of $16.3 million relating to the recognition of leases arising from new accounting standards. The increase was mostly offset by the reversal of a temporary amount relating to investments settling at 31 December 2018 which reduced to nil by 30 June 2019. These amounts are included in other assets.

Total liabilities as at 30 June 2019 of $1,925.9 million. The 3.9% increase of $73.1 million from 31 December 2018 includes:

- $32.0 million increase in reinsurance payable, primarily the result of the renewal of the reinsurance program
- $18.4 million increase in lease liabilities arising from adoption of the new accounting standard, *AASB 16 Leases* as at 1 January 2019
- $23.4 million increase in outstanding claims resulting from an increase in stock of delinquencies.

Unearned premium reserve

Movement in UPR by book year

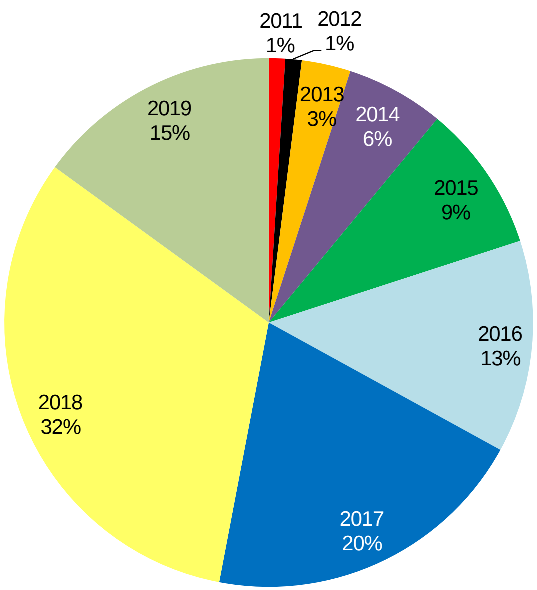
Book year	As at 31 Dec 18 ($ millions)	GWP ($ millions)	GEP ($ millions)	As at 30 Jun 19 ($ millions)
2010	3.6	-	(1.2)	2.4
2011	8.9	-	(2.8)	6.1
2012	24.5	-	(7.2)	17.3
2013	51.5	-	(14.6)	36.9
2014	104.0	-	(24.1)	79.9
2015	139.1	-	(27.0)	112.0
2016	182.8	-	(30.4)	152.4
2017	280.2	-	(35.5)	244.7
2018	419.7	-	(35.0)	384.7
2019	-	184.1	(3.9)	180.2
Total	**1,214.2**	**184.1**	**(181.8)[1]**	**1,216.6**

Source: Genworth

1. The total GEP presented in the table above does not include a $1.2m credit from the discounting of premiums.

Unearned premium by year as at 30 June 2019[2]

Total UPR $1.2bn



Source: Genworth

2. Totals may not sum due to rounding. The above chart includes excess of loss insurance.

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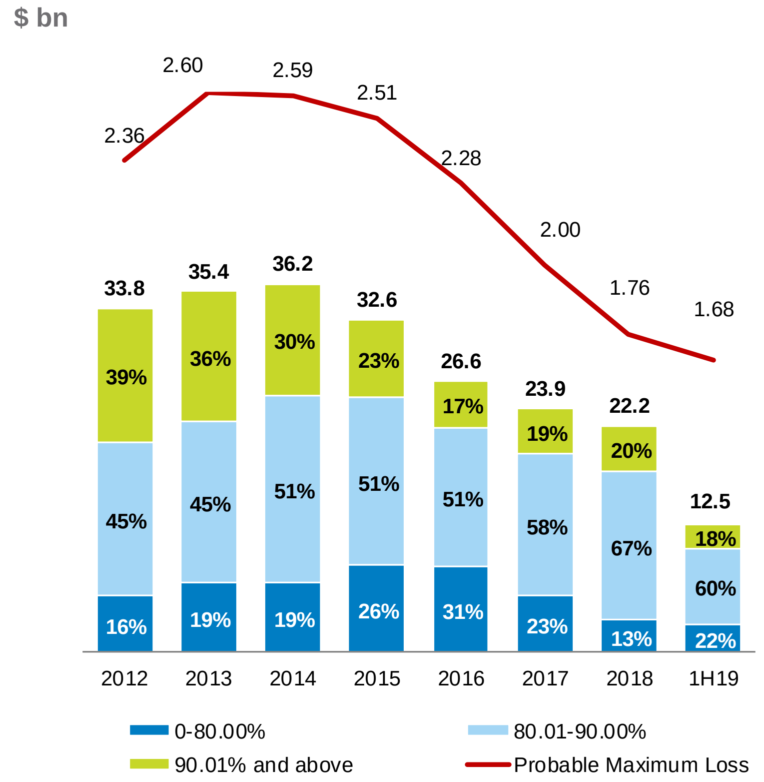
1H 2019 regulatory capital position

(A$ in millions)	31 Dec 18	30 Jun 19
Capital Base		
Common Equity Tier 1 Capital	1,748.1	1,697.2
Tier 2 Capital	200.0	200.0
Regulatory Capital Base	**1,948.1**	**1,897.2**
Capital requirement		
Probable Maximum Loss (PML)	1,764.7	1,680.0
Net premiums liability deduction	(303.5)	(320.9)
Allowable reinsurance	(800.4)	(800.4)
Insurance concentration risk charge (ICRC)	**660.7**	**558.8**
Asset risk charge	124.8	120.4
Asset concentration risk charge	-	-
Insurance risk charge	245.5	254.1
Operational risk charge	31.7	32.3
Aggregation benefit	(56.4)	(54.0)
Prescribed Capital Amount (PCA)	**1,006.3**	**911.6**
PCA Coverage ratio (times)	**1.94 x**	**2.08 x**

Source: Genworth

Note: Totals may not sum due to rounding.

NIW[1] by original LVR band and Probable Maximum Loss[1]



Source: Genworth

1. NIW excludes excess of loss reinsurance.

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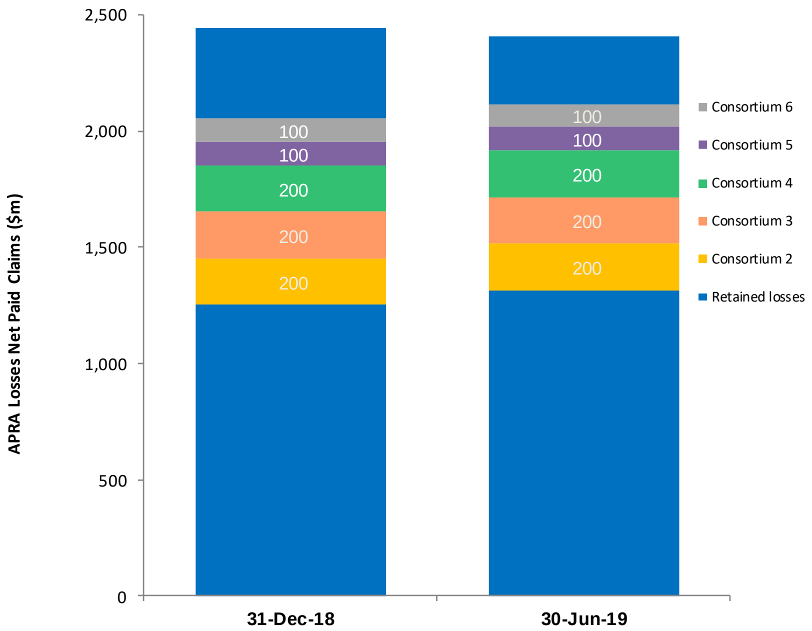
Reinsurance

Program continues to drive efficiency

Reinsurance program[1]



Observations

- As at 30 June 2019, $800 million of excess of loss cover with varying durations depending on the layer
- Well diversified panel with over 20 different reinsurers participating across the program (minimum rating of A-)
- Program is structured to provide aggregate cover on a 'paid claims basis' (not structured on a book-year basis)
- Covers policies in-force plus two additional years of new insurance written
- One year cover with option to extend cover to a full term (varying between 6-10 years depending on the layer)
- Non-renewal of $100 million remote layer of reinsurance on 1 April 2018 due to lack of internal economic capital credit recognition and reducing Probable Maximum Loss
- The program continues to drive efficient economic capital credit.

Source: Genworth

1. Excludes excess of loss insurance and the bespoke Bermudian transaction reported in 1H18.

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Ongoing program of capital management

Recent actions

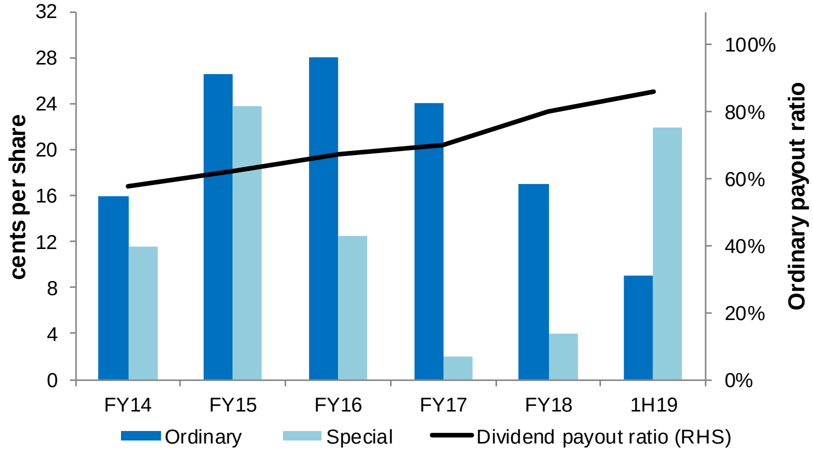
- Since listing in 2014, Genworth has paid out 100% of after tax profits by way of ordinary and special dividends to shareholders
- In 1H19 the Board declared:
  - Interim ordinary dividend of 9.0 cps fully franked representing a dividend payout ratio of 86.2% of Underlying NPAT (up from 71.1% in 1H18[1])
  - A special dividend of 21.9 cps unfranked.
- On 21 February 2019 commenced an on-market share buy-back (up to a value of $100 million):
  - As at 30 June 2019, 25.0 million shares for a consideration of $63.9 million acquired
  - Remaining $36.1 million as part of the unfranked special dividend of 21.9 cps.
- Shareholder approval obtained at May 2019 AGM to buy back up to 100 million shares.

Future actions being considered

The Company continues to actively manage its capital position and is constantly evaluating its excess capital and potential uses.

1. Adjusted to reflect actual dividend paid following on-market share buy-back.

Genworth dividends



Source: Genworth

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Summary and conclusion

2019

Genworth economic outlook and FY19 guidance

Economic growth in 1H19 continued to slow reflecting subdued household consumption, tight credit conditions, ongoing slow household income growth coupled with cost of living pressures and uncertainty before the May federal election

Unemployment levels reasonably stable throughout 1H19 but continued excess capacity in the labour market

House price moderation continued in all major capital cities

Foundational support to economy expected from RBA cash rate cuts, APRA changes to serviceability, Federal Government tax cuts and continued infrastructure investment at a state and federal level

Counterbalancing this will be ongoing continued geo-political uncertainty and escalating trade tensions

Metropolitan housing market conditions expected to stabilise. Perth likely to continue to experience challenging market conditions.

Key financial measures – FY19 guidance

Net earned premium	-5% to +5%
Full year loss ratio	45% to 55%
Ordinary dividend payout ratio	50% to 80%

Full year outlook is subject to market conditions and unforeseen circumstances or economic events.

Genworth

Conclusion

Business is well capitalised

Track record of delivering profits and strong capital returns

Strategic work to deliver profitable growth over the medium term

Good progress in implementing strategic initiatives that broaden product offerings

Strategy designed to position Genworth as the leading provider of customer-focused capital and risk management solutions

Unique set of competencies that can be leveraged to grow our business

Ordinary dividend payout ratio range of 50%-80%

Excess capital and potential uses continue to be evaluated

Utilising technology and data to deliver operational efficiencies and greater underwriting risk management insights

Well positioned to continue to deliver sustainable shareholder returns over time

Genworth

Questions

Genworth

Supplementary slides

Genworth

Supplementary slides

Contents

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Reconciliations

Statutory NPAT and Underlying NPAT

($ millions)	1H17	2H17	1H18	2H18	1H19
Statutory NPAT	88.7	60.5	41.9	33.8	88.1
Adjustment for change in unrealised (gains)/losses and foreign currencies	35.5	(4.2)	12.0	14.1	(64.4)
Adjustment for tax (expense)/credit on change in unrealised (gains)/losses and foreign currencies	(10.7)	1.3	(3.6)	(4.2)	19.3
Underlying NPAT	**113.5**	**57.6**	**50.3**	**43.7**	**43.1**

Source: Genworth

Total Equity and Underlying Equity

($ millions), as at	30 Jun 17	31 Dec 17	30 Jun 18	31 Dec 18	30 Jun 19
Total Equity[1]	1,983.8	1,922.2	1,821.9	1,737.3	1,722.3
Adjustment for life to date unrealised (gains)	(40.1)	(44.6)	(31.0)	(18.5)	(83.1)
Adjustment for tax credit on life to date unrealised (gains)/losses	12.0	13.3	9.3	5.6	24.9
Underlying Equity[2]	**1,955.7**	**1,890.9**	**1,800.2**	**1,724.3**	**1,664.2**

Source: Genworth

1. The Group's equity decreased by $15.0 million over the period mainly due to $39.3 million paid as dividends in 1H19 and $63.9 million utilised to fund the on-market share buy-backs. This was offset by $88.1 million in current period earnings.
2. Underlying Equity, which is a non-IFRS financial measure, is calculated by adjusting total equity to exclude any after tax impacts of unrealised gains or losses on securities held in the Group's investment portfolio.

Genworth

Reconciliations

Underlying ROE

($ millions)	12 mths to Jun 17	12 mths to Dec 17	12 mths to Jun 18	12 mths to Dec 18	12 mths to Jun 19
Underlying NPAT	212.8	171.1	107.9	93.9	86.7
Underlying equity[1]	1,954.2	1,903.5	1,878.0	1,807.6	1,732.2
Underlying ROE (%)	**10.9%**	**9.0%**	**5.7%**	**5.2%**	**5.0%**

Source: Genworth

Dividend payout ratio

	1H18	1H19
Ordinary dividend (cents per share)	8.0	9.0
Ordinary dividend ($ million)[2]	35.8	37.1
Underlying NPAT ($ million)	50.3	43.1
Dividend payout ratio[2]	**71.1%**	**86.2%**

Source: Genworth

1. For the purposes of calculating Underlying ROE, Underlying Equity is defined as the average Underlying Equity between the start and end of the relevant 12-month period.
2. 1H18 adjusted to reflect actual dividend paid following on-market share buy-back.

Genworth

Quarterly financial information

Financial ratios

Key financial measures	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Loss ratio	55.9%	50.9%	52.6%	48.2%	55.3%	53.0%
Expense ratio	33.5%	32.4%	32.5%	36.1%	34.0%	35.3%
Combined ratio	89.5%	83.3%	85.0%	84.3%	89.3%	88.4%
Insurance margin	20.3%	27.5%	24.4%	40.8%	56.0%	48.6%
Effective tax rate	30.0%	27.8%	31.6%	28.3%	29.4%	30.0%
Gearing (debt/equity)	10.8%	10.8%	11.5%	11.4%	11.6%	11.5%
ROE[1]	5.6%	5.4%	5.0%	4.1%	6.5%	6.9%
Underlying ROE	6.6%	5.7%	4.9%	5.2%	5.5%	5.0%

Source: Genworth

1. ROE is presented on a trailing 12-month basis.

Genworth

Delinquency development

Delinquency composition

Delinquencies by book year	Jun 18	Dec 18	Jun 19	
2010 and prior	4,085	3,805	4,012	0.52%
2011	427	416	411	0.80%
2012	671	667	728	1.11%
2013	670	659	747	1.10%
2014	683	686	744	0.97%
2015	459	477	567	0.82%
2016	244	289	377	0.60%
2017	66	129	216	0.36%
2018	1	17	86	0.15%
2019	-	-	3	0.01%
TOTAL	**7,306**	**7,145**	**7,891**	**0.60%**

Source: Genworth

Delinquencies by geography	Jun 18	Dec 18	Jun 19	
New South Wales	1,224	1,254	1,425	0.45%
Victoria	1,368	1,296	1,397	0.45%
Queensland	2,157	2,057	2,330	0.81%
Western Australia	1,569	1,555	1,733	1.10%
South Australia	653	659	646	0.68%
Australian Capital Territory	58	56	79	0.25%
Tasmania	158	143	143	0.31%
Northern Territory	95	105	128	0.83%
New Zealand	24	20	10	0.02%
TOTAL	**7,306**	**7,145**	**7,891**	**0.60%**

Source: Genworth

Note: This slide excludes excess of loss insurance.

Genworth

Key performance measures

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

	1Q17	2Q17	3Q17	4Q17	FY17	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	1H19
Net premium written ($M)[1]	71	77	72	81	301	152	75	75	83	385	69	80	149
Loss ratio[2]	35%	35%	37%	53%	38%	56%	51%	53%	48%	52%	55%	53%	54%
GAAP basis expense ratio[3]	25%	27%	30%	41%	29%	34%	32%	32%	36%	34%	34%	35%	35%
Adjusted expense ratio[4]	38%	36%	41%	29%	36%	15%	33%	30%	31%	25%	36%	33%	35%

Sales: NIW ($M)	1Q17	2Q17	3Q17	4Q17	FY17	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	1H19
Flow	5,469	5,498	4,666	5,350	20,983	4,349	4,845	5,078	5,694	19,966	4,791	5,302	10,093
Bulk	1,331	759	823	34	2,948	-	1,148	-	1,120	2,268	602	1,784	2,386
Total NIW	**6,800**	**6,257**	**5,489**	**5,384**	**23,931**	**4,349**	**5,993**	**5,078**	**6,814**	**22,234**	**5,394**	**7,086**	**12,480**

	1Q17	2Q17	3Q17	4Q17	FY17	1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19	1H19
Primary insurance in force ($M)	**322,270**	**322,520**	**321,511**	**321,806**	**321,806**	**320,576**	**310,410**	**308,092**	**309,840**	**309,840**	**308,822**	**307,273**	**307,273**

Source: Genworth

Note: All figures are in $AUD and AIFRS and exclude excess of loss insurance.

1. Net premium written is calculated as gross written premium less outwards reinsurance expense.
2. The ratio of net claims incurred to net earned premium.
3. The ratio of acquisition costs and other underwriting expenses net of ceding commissions to net earned premium.
4. The ratio of acquisition costs and other underwriting expenses net of ceding commissions to net premium written.

Genworth

Key performance measures

(A$ millions)	1Q18	2Q18	1H18	3Q18	4Q18	2H18	1Q19	2Q19	1H19	1H19 v 1H18 (%)
Gross written premium	174.1	92.7	266.8	92.1	101.3	193.4	86.3	97.8	184.1	(31.0%)
Movement in unearned premium	(84.7)	0.8	(83.9)	(6.5)	(13.4)	(19.9)	3.9	(5.1)	(1.2)	98.6%
Gross earned premium	**89.4**	**93.5**	**182.9**	**85.6**	**87.9**	**173.5**	**90.2**	**92.7**	**182.9**	**0.0%**
Outwards reinsurance expense	(22.0)	(17.5)	(39.5)	(17.5)	(18.0)	(35.5)	(17.4)	(17.9)	(35.3)	10.6%
Net earned premium	**67.4**	**76.0**	**143.3**	**68.1**	**69.9**	**137.9**	**72.9**	**74.7**	**147.6**	**3.0%**
Net claims incurred	(37.7)	(38.7)	(76.4)	(35.8)	(33.7)	(69.5)	(40.3)	(39.6)	(79.8)	(4.5%)
Acquisition costs	(9.4)	(10.6)	(19.9)	(10.1)	(10.6)	(20.7)	(11.0)	(11.8)	(22.8)	(14.6%)
Other underwriting expenses[1]	(13.2)	(14.0)	(27.2)	(12.0)	(14.6)	(26.5)	(13.8)	(14.6)	(28.4)	(4.4%)
Underwriting result	**7.1**	**12.7**	**19.8**	**10.2**	**11.0**	**21.2**	**7.8**	**8.7**	**16.6**	**(16.2%)**
Investment income on technical funds[2]	6.6	8.2	14.8	6.4	17.5	23.9	33.0	27.6	60.7	310.1%
Insurance profit	**13.7**	**20.9**	**34.6**	**16.6**	**28.5**	**45.1**	**40.8**	**36.3**	**77.3**	**123.4%**
Net investment income on shareholder funds[2]	1.2	28.5	29.7	15.1	(5.6)	9.5	30.1	24.2	54.2	82.5%
Financing costs	(2.9)	(3.0)	(5.9)	(3.1)	(3.1)	(6.2)	(3.2)	(3.1)	(6.3)	(6.8%)
Profit before income tax	**12.0**	**46.4**	**58.4**	**28.5**	**19.8**	**48.4**	**67.7**	**57.4**	**125.2**	**114.4%**
Income tax expense	(3.6)	(12.9)	(16.5)	(9.0)	(5.6)	(14.6)	(19.9)	(17.2)	(37.1)	(124.8%)
Net profit after tax	**8.4**	**33.5**	**41.9**	**19.6**	**14.2**	**33.8**	**47.8**	**40.3**	**88.1**	**110.3%**
Underlying net profit after tax[3]	**19.9**	**30.4**	**50.3**	**20.4**	**23.3**	**43.7**	**22.3**	**20.8**	**43.1**	**(14.3%)**

Note: Totals may not sum due to rounding.
1. Net of ceding commissions.
2. Investment income on technical funds and shareholder funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.
3. Underlying NPAT excludes the after-tax impact of mark-to-market gains/(losses) of $45.4 million on the investment portfolio, and the after-tax impact of foreign exchange rates on Genworth's investment portfolio ($0.4m loss). The bulk of these foreign exchange exposures are hedged.

Genworth

Key performance measures

Primary insurance	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019	30 Jun 2019
Insured loans in-force (#)	1,443,836	1,438,100	1,422,501	1,416,525	1,407,431	1,354,614	1,335,133	1,332,906	1,323,172	1,308,811
Insured delinquent loans (#)	6,926	7,285	7,146	6,696	6,958	7,306	7,350	7,145	7,490	7,891
Insured delinquency rate (%)	0.48%	0.51%	0.50%	0.47%	0.49%	0.54%	0.55%	0.54%	0.57%	0.60%
Flow loans in-force (#)	1,332,468	1,325,477	1,308,998	1,303,928	1,296,055	1,247,229	1,229,558	1,226,219	1,217,050	1,200,603
Flow delinquent loans (#)	6,650	7,007	6,912	6,476	6,735	7,076	7,133	6,931	7,265	7,642
Flow delinquency rate (%)	0.50%	0.53%	0.53%	0.50%	0.52%	0.57%	0.58%	0.57%	0.60%	0.64%
Bulk loans in-force (#)	111,368	112,623	113,503	112,597	111,376	107,385	105,575	106,687	106,122	108,208
Bulk delinquent loans (#)	276	278	234	220	223	230	217	214	225	249
Bulk delinquency rate (%)	0.25%	0.25%	0.21%	0.20%	0.20%	0.21%	0.21%	0.20%	0.21%	0.23%

Loss metrics ($M)	31 Mar 2017	30 Jun 2017	30 Sep 2017	31 Dec 2017	31 Mar 2018	30 Jun 2018	30 Sep 2018	31 Dec 2018	31 Mar 2019	30 Jun 2019
Beginning reserves	**356**	**361**	**360**	**360**	**340**	**333**	**339**	**338**	**339**	**350**
Paid claims	(33)	(40)	(42)	(52)	(43)	(35)	(37)	(33)	(30)	(28)
Increase in reserves	38	40	42	31	37	41	36	34	41	40
Ending reserves	**361**	**360**	**360**	**340**	**333**	**339**	**338**	**339**	**350**	**362**

Source: Genworth

Note: All figures are in $AUD and AIFRS. Insured loans in-force, insured delinquent loans and insured delinquency rates exclude excess of loss insurance. Additional loan components (such as top-ups) are treated as individual in-force loans.

Genworth

Key performance measures

	30 Jun 2017		30 Sep 2017		31 Dec 2017		31 Mar 2018		30 Jun 2018		30 Sep 2018		31 Dec 2018		31 Mar 2019		30 Jun 2019	
	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate	% of primary risk in force	Primary delq rate
State and territory																		
New South Wales	28%	0.32%	28%	0.31%	28%	0.31%	28%	0.33%	28%	0.37%	28%	0.38%	27%	0.38%	28%	0.41%	27%	0.45%
Queensland	23%	0.72%	23%	0.72%	23%	0.67%	23%	0.67%	23%	0.73%	23%	0.73%	23%	0.70%	23%	0.74%	23%	0.81%
Victoria	23%	0.41%	23%	0.39%	23%	0.37%	23%	0.39%	23%	0.42%	23%	0.42%	23%	0.40%	22%	0.42%	23%	0.45%
Western Australia	12%	0.86%	12%	0.88%	12%	0.83%	12%	0.88%	12%	0.99%	12%	1.01%	13%	0.98%	13%	1.05%	13%	1.10%
South Australia	6%	0.65%	6%	0.65%	6%	0.60%	6%	0.63%	6%	0.67%	6%	0.70%	6%	0.68%	6%	0.69%	6%	0.68%
ACT	3%	0.20%	3%	0.19%	3%	0.14%	3%	0.18%	3%	0.18%	3%	0.15%	3%	0.17%	3%	0.19%	3%	0.25%
Tasmania	2%	0.37%	2%	0.38%	2%	0.32%	2%	0.32%	2%	0.34%	2%	0.35%	2%	0.31%	2%	0.28%	2%	0.31%
New Zealand	2%	0.08%	2%	0.06%	2%	0.04%	2%	0.06%	2%	0.06%	2%	0.05%	2%	0.05%	2%	0.04%	2%	0.02%
Northern Territory	1%	0.44%	1%	0.50%	1%	0.48%	1%	0.52%	1%	0.61%	1%	0.70%	1%	0.68%	1%	0.76%	1%	0.83%
Total	**100%**	**0.51%**	**100%**	**0.50%**	**100%**	**0.47%**	**100%**	**0.49%**	**100%**	**0.54%**	**100%**	**0.55%**	**100%**	**0.54%**	**100%**	**0.57%**	**100%**	**0.60%**
By policy year[2]																		
2008 and prior	39%	0.41%	38%	0.40%	38%	0.37%	-	-	-	-	-	-	-	-	-	-	-	-
2009 and prior	7%	1.00%	6%	1.01%	6%	1.00%	44%	0.45%	43%	0.49%	43%	0.49%	42%	0.47%	-	-	-	-
2010 and prior	5%	0.57%	5%	0.56%	5%	0.53%	5%	0.56%	4%	0.60%	4%	0.59%	4%	0.62%	44%	0.49%	44%	0.52%
2011	5%	0.71%	5%	0.70%	5%	0.64%	5%	0.65%	5%	0.75%	5%	0.75%	4%	0.77%	4%	0.78%	4%	0.80%
2012	7%	0.83%	7%	0.86%	7%	0.84%	7%	0.87%	6%	0.92%	6%	0.93%	6%	0.96%	6%	1.05%	6%	1.11%
2013	8%	0.74%	8%	0.77%	8%	0.74%	8%	0.77%	7%	0.87%	7%	0.92%	7%	0.90%	7%	0.98%	7%	1.10%
2014	9%	0.66%	9%	0.66%	9%	0.64%	9%	0.71%	9%	0.79%	8%	0.84%	8%	0.83%	8%	0.90%	8%	0.97%
2015	9%	0.37%	9%	0.44%	8%	0.43%	8%	0.47%	8%	0.59%	8%	0.64%	8%	0.65%	8%	0.74%	7%	0.82%
2016	8%	0.12%	7%	0.18%	7%	0.22%	7%	0.26%	8%	0.35%	7%	0.42%	7%	0.44%	7%	0.54%	7%	0.60%
2017	3%	-	5%	0.01%	7%	0.03%	6%	0.06%	7%	0.11%	7%	0.19%	7%	0.21%	7%	0.28%	7%	0.36%
2018							1%	-	3%	0.00%	5%	0.02%	7%	0.03%	7%	0.07%	7%	0.15%
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2%	-	3%	0.01%
Total	**100%**	**0.51%**	**100%**	**0.50%**	**100%**	**0.47%**	**100%**	**0.49%**	**100%**	**0.54%**	**100%**	**0.55%**	**100%**	**0.54%**	**100%**	**0.57%**	**100%**	**0.60%**

Source: Genworth

Note: All figures are in $AUD and AIFRS. The above table excludes excess of loss insurance.

1. Outstanding claims reserve under AIFRS measurement includes a risk margin allowance and is grossed up for non-reinsurance recoveries, which are held as a separate asset on the balance sheet, which is different to what is disclosed in 2Q 2019 GFI FS under International MI Segment Australia.
2. March 31, 2018 percentages of primary risk in-force by policy year have been re-presented to reflect an adjustment to the related risk in-force balance.

Key performance measures

	1Q17	2Q17	3Q17	4Q17	Total 17	1Q18	2Q18	3Q18	4Q18	Total 18	1Q19	2Q19	Total 19
Paid claim[1] ($M), quarterly analysis													
Flow	33	40	42	51	166	43	35	37	33	148	30	28	58
Bulk	-	-	-	1	1	-	-	-	-	-	-	-	-
Total	**33**	**40**	**42**	**52**	**166**	**43**	**35**	**37**	**33**	**148**	**30**	**28**	**58**
Average paid claim ($ thousands)	92.5	112.7	110.6	134.4		117.8	115.2	115.7	102.1		94.2	94.1	
Average reserve per delinquency[2] ($ thousands)	52.1	49.5	50.4	50.7		47.9	46.4	46.0	47.5		46.7	45.9	

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Loan amount (%)[3]										
Over $550K	16%	16%	17%	17%	17%	17%	18%	18%	18%	19%
$400K to $550K	20%	20%	20%	20%	21%	21%	21%	21%	21%	21%
$250K to $400K	35%	35%	35%	35%	34%	34%	34%	34%	34%	33%
$100K to $250K	24%	24%	23%	23%	23%	23%	22%	22%	22%	22%
$100K or Less	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Average primary loan size (thousands)	223	224	226	227	228	229	231	232	233	235

Source: Genworth

Note: All figures are in $AUD and AIFRS.

1. Movement in borrower recovery receivable on paid claims is excluded from average paid claim calculation.
2. This metric differs to what is disclosed in 2Q 2019 GFI FS USGAAP results under International MI segment Australia as a risk margin is added to the outstanding claim provision under AIFRS measurement and the non-reinsurance recoveries are grossed up and held as a separate asset on the balance sheet. This number also differs to that disclosed in the Prospectus. See the Glossary for more information.
3. Excludes excess of loss insurance.

Genworth

Key performance measures

	30 Sep 2017			31 Dec 2017			31 Mar 2018			30 Jun 2018		
	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk
Risk in force ($M) by LVR												
95.01% and above	18,017	18,016	1	17,728	17,728	-	17,390	17,390	-	16,527	16,527	-
90.01% to 95.00%	30,297	30,289	8	30,529	30,521	8	30,574	30,566	8	29,690	29,684	7
80.01% to 90.00%	30,868	30,776	92	31,393	31,303	90	31,704	31,614	90	31,063	30,978	85
80.00% and below	32,685	24,590	8,095	32,332	24,314	8,018	31,902	23,996	7,906	30,714	22,874	7,840
Total	**111,868**	**103,672**	**8,196**	**111,982**	**103,866**	**8,116**	**111,570**	**103,566**	**8,003**	**107,994**	**100,062**	**7,932**

	30 Sep 2018			31 Dec 2018			31 Mar 2019			30 Jun 2019		
	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk	Primary	Flow	Bulk
Risk in force ($M) by LVR												
95.01% and above	16,258	16,258	-	15,986	15,986	-	15,564	15,564	-	15,138	15,138	-
90.01% to 95.00%	29,639	29,632	7	29,930	29,923	7	29,940	29,933	7	29,835	29,826	9
80.01% to 90.00%	31,276	31,193	83	31,909	31,821	88	32,192	32,105	87	32,377	32,283	94
80.00% and below	30,067	22,390	7,677	30,043	22,111	7,932	29,832	21,857	7,974	29,651	21,265	8,386
Total	**107,240**	**99,472**	**7,767**	**107,868**	**99,841**	**8,027**	**107,528**	**99,459**	**8,069**	**107,001**	**98,512**	**8,488**

Source: Genworth

Note: All figures are in $AUD and AIFRS.

1. Loan amount in LVR calculation includes capitalised premiums, where applicable.
2. RIF excludes excess of loss.
3. The majority of the loans the Group insures provide 100% coverage. For representing the risk in-force, the Company has computed an “effective risk in-force” amount that recognises that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents the highest expected average per-claim payment for any one underwriting year over the life of the businesses. This factor was 35% for all periods presented. The Group has certain risk share arrangements where it provides pro-rata coverage of certain loans rather than 100% coverage. As a result, for loans with these risk share arrangements, the applicable pro-rata coverage amount provided is used when applying the factor.

Genworth

Effective LVR

As at 31 Dec 18

Book year	Insurance in force $ billion	Insurance in force %	LVR Original	LVR Effective	Change in house price %
2009 & prior	86.9	31%	78.4%	37.4%	74%
2010	11.8	4%	80.9%	57.5%	26%
2011	12.6	4%	83.5%	59.2%	31%
2012	17.9	6%	86.3%	61.9%	32%
2013	20.6	7%	87.2%	66.7%	26%
2014	23.4	8%	87.2%	72.8%	16%
2015	23.0	8%	85.9%	76.9%	8%
2016	21.9	8%	83.9%	78.8%	4%
2017	19.9	7%	86.7%	88.1%	-2%
2018	19.8	7%	87.5%	89.9%	-2%
Total Flow	**257.8**	**92%**	**82.4%**	**56.9%**	**41%**
Portfolio	23.1	8%	56.2%	25.9%	80%
Total/ Weighted Avg.	**280.9**	**100%**	**79.9%**	**53.9%**	**45%**

Source: Genworth

As at 30 Jun 19

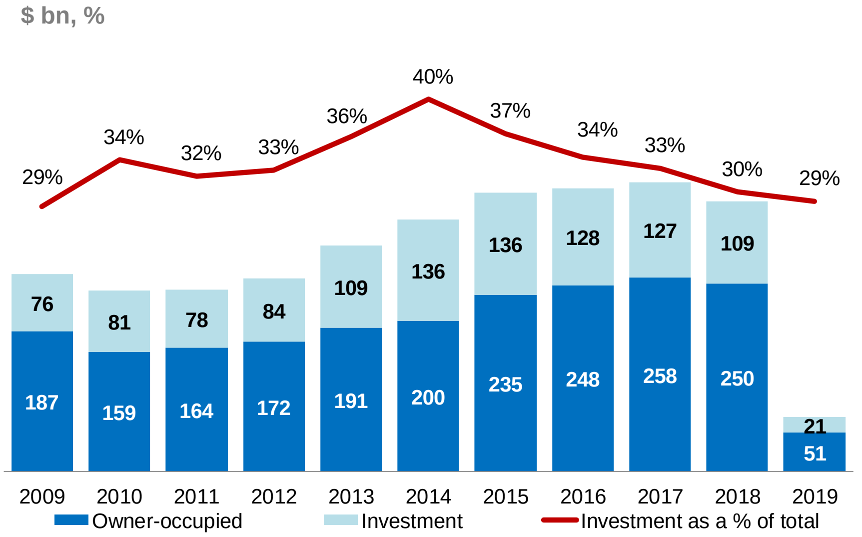
Book year	Insurance in force $ billion	Insurance in force %	LVR Original	LVR Effective	Change in house price %
2010 & prior	93.7	34%	78.4%	40.7%	62%
2011	11.8	4%	83.3%	62.1%	25%
2012	16.8	6%	86.2%	65.5%	26%
2013	19.2	7%	87.2%	71.3%	19%
2014	21.8	8%	87.3%	78.0%	10%
2015	21.5	8%	85.8%	81.6%	3%
2016	20.5	7%	83.9%	82.7%	0%
2017	19.2	7%	86.8%	91.7%	-6%
2018	19.6	7%	87.7%	93.4%	-6%
2019	10.1	4%	87.7%	89.9%	-1%
Total Flow	**254.2**	**91%**	**82.4%**	**60.4%**	**34%**
Portfolio	24.4	9%	56.3%	28.7%	68%
Total/ Weighted Avg.	**278.7**	**100%**	**79.8%**	**57.3%**	**38%**

Source: Genworth

Note: Excludes inward reinsurance, excess of loss insurance, NZ and Genworth Financial Mortgage Indemnity, as Genworth Australia does not have comparative available data for these businesses. Genworth Australia calculates an estimated house price adjusted effective LVR, using the CoreLogic Home Price Index that provides detail of house price movements across different geographic regions and assumes 30 year principal and interest amortising loan, with the mortgage rate remaining unchanged through the period. Effective LVR is not adjusted for prepayments, redraws or non-amortising residential mortgage loans insured.

Residential mortgage lending market

NIW: Investment vs. owner-occupied (APRA statistics for ADI)[1]



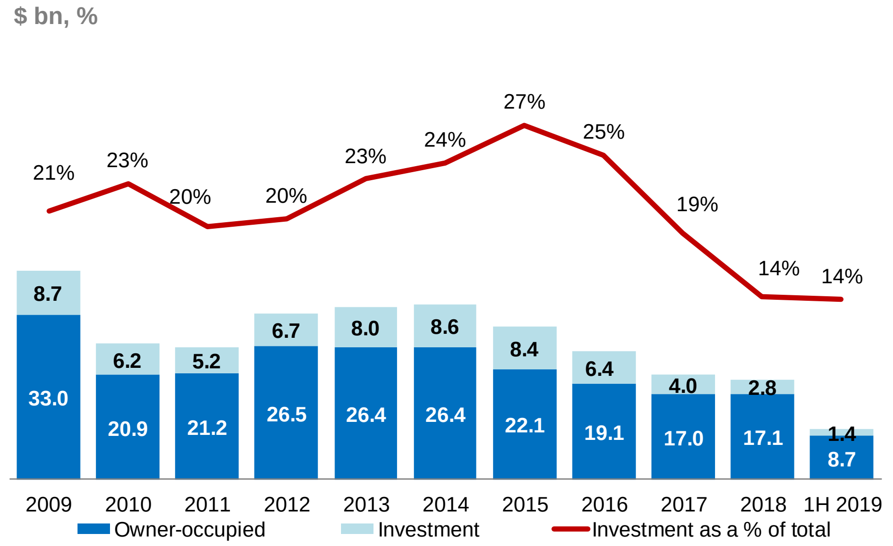
Source: APRA

- Investment property lending represented 29% of originations for the period ended 31 March 2019.

1. Prior periods have been restated in line with market updates.

Source: APRA Quarterly ADI property exposures statistics (ADIs new housing loan approvals), March 2019. Statistics only show ADIs mortgage portfolios above $1 billion, thereby excluding small lenders and non-banks.

NIW: Investment vs. owner-occupied[2] (Genworth)



Source: Genworth

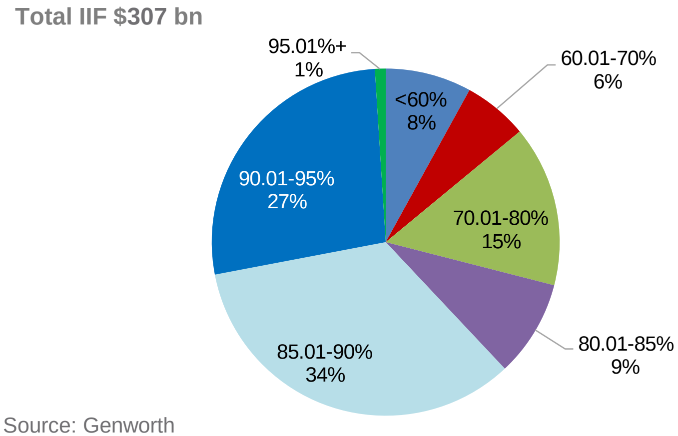
- Investment property lending represented 14% of Genworth's portfolio for the period ended 30 June 2019.

2. Flow NIW only.

Genworth

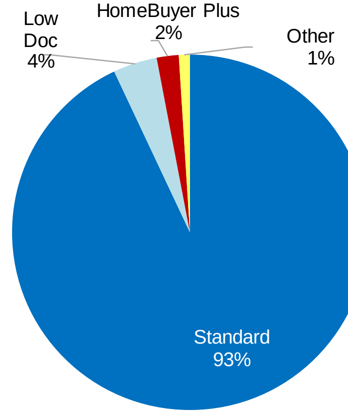
Insurance-in-force and new insurance written

Insurance in force (IIF)[1] by original LVR[2] band, as at 30 June 2019



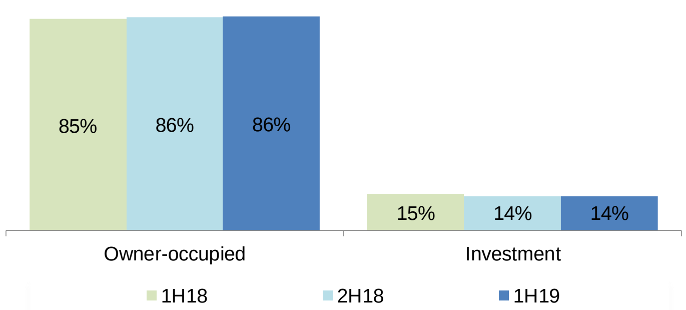
Source: Genworth

IIF[1] by product type, as at 30 June 2019



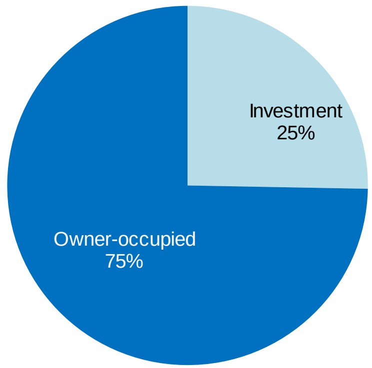
Source: Genworth

Flow NIW[1] by loan type



Source: Genworth

IIF[1] by loan type, as at 30 June 2019



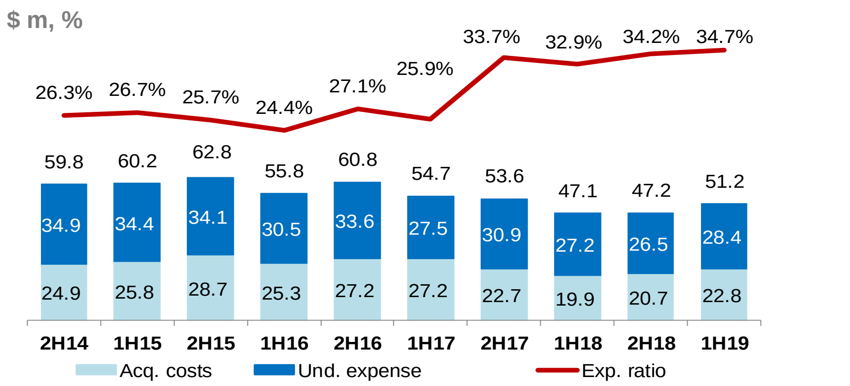
Source: Genworth

1. NIW and IIF include capitalised premium. NIW and IIF exclude excess of loss insurance. Genworth has retained $224m of risk in relation to excess of loss insurance.
2. Original LVR excludes capitalised premium.

Genworth

Insurance ratio analysis

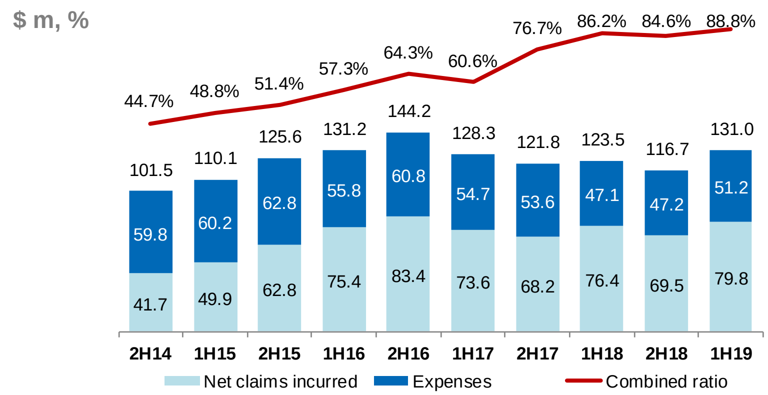
Expenses



Source: Genworth

The expense ratio is calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium. Net of ceding commissions.

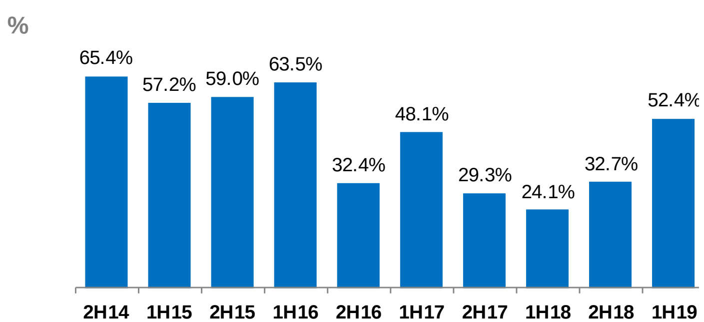
Combined ratio



Source: Genworth

The combined ratio is the sum of the loss ratio and the expense ratio.

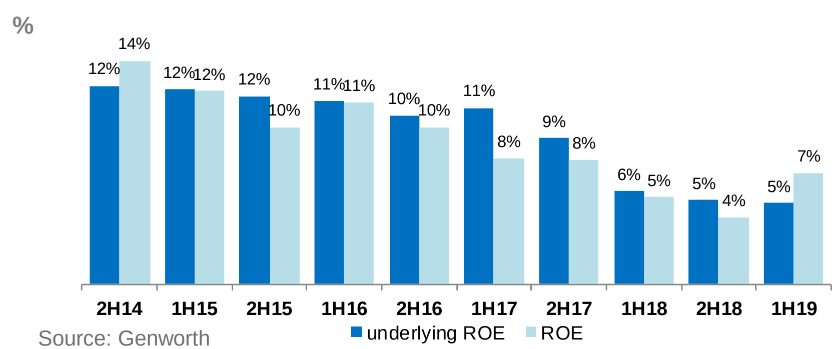
Insurance margin



Source: Genworth

The insurance margin is calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium.

Trailing 12-month ROE and underlying ROE

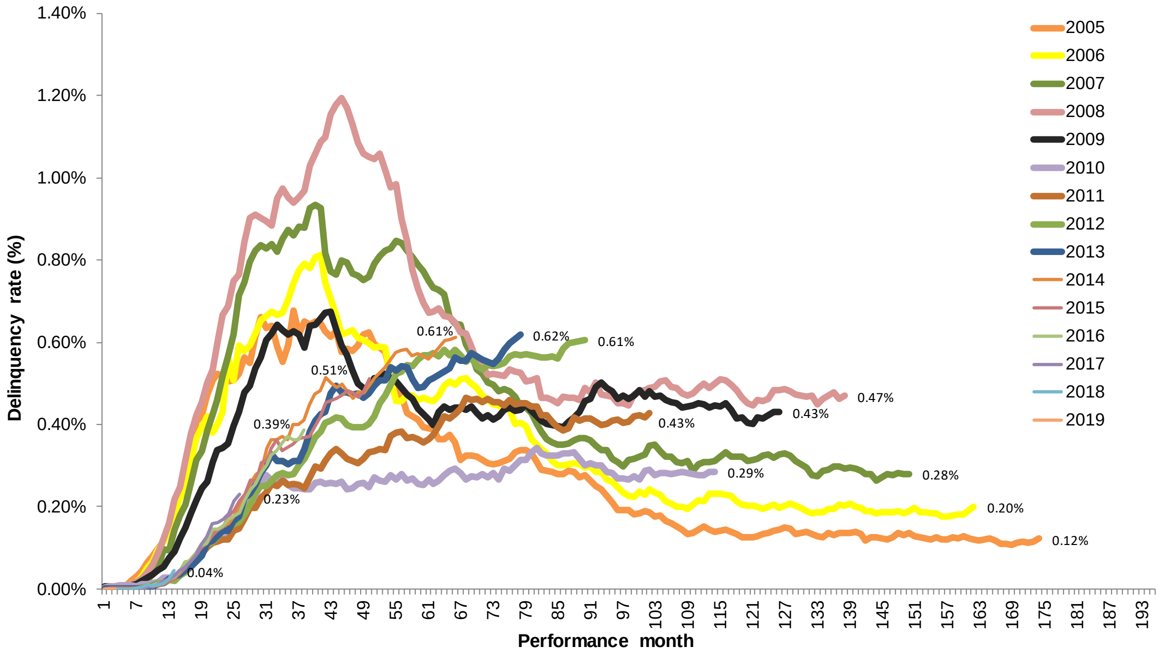


Source: Genworth

The trailing 12 months underlying ROE is calculated by dividing underlying NPAT of the past 12 months by the average of the opening and closing underlying equity balance for the past 12 months. The trailing twelve months ROE is calculated by dividing NPAT of the past 12 months by the average of the opening and closing equity balance for the past 12 months.

Genworth

Delinquency development



Source: Genworth

- Overall portfolio delinquency performance deteriorated marginally quarter on quarter, in-line with seasonal expectations, but impacted by ageing delinquency portfolios as a result of slower loss mitigation processes by lenders
- 2006 and prior book years performances affected by higher proportion of low doc lending which reduced significantly in 2009 following policy changes and decommissioning of the low docs product in the latter part of 2009
- Historical performance of 2008-09 book year was affected by the economic downturn experienced across Australia and heightened stress experienced among self-employed borrowers, particularly in Queensland, which has been exacerbated by recent natural disasters
- 2010-12 book year delinquencies at lower levels driven by stronger credit policies
- Deterioration in 2013-14 book years reflect downturn in mining regions resulting in ongoing economic and housing market challenges.

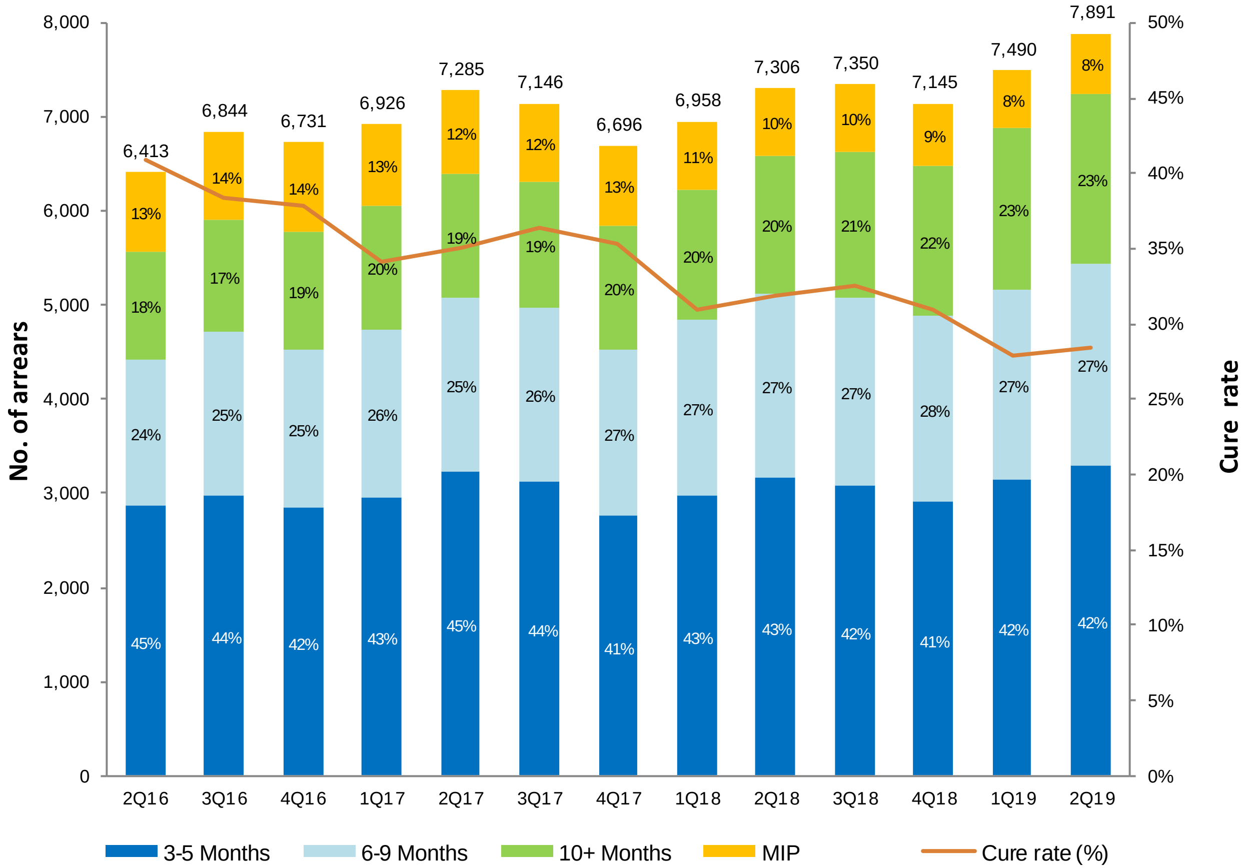
Note: Graph excludes excess of loss insurance and bulk.

Delinquency rate is calculated as number of delinquencies divided by number of policies written which is gross of cancelled policies.

Genworth

Delinquency population

By month in arrears[1, 2]



Source: Genworth

Note: Totals may not sum due to rounding.

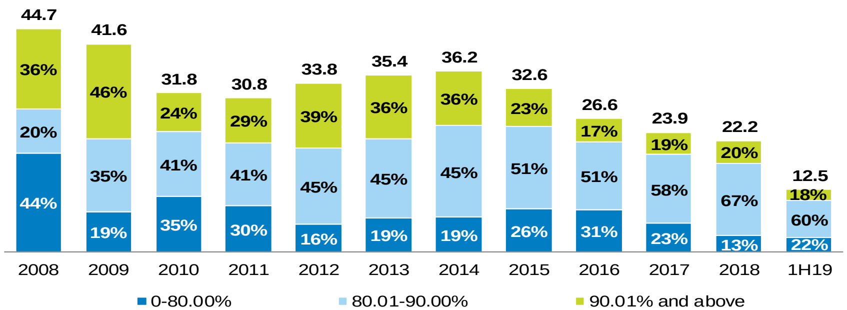
1. Prior quarters cures were amended in 1Q18 to include cures as a result of hardship assistance programs.
2. This slide excludes excess of loss insurance.

Genworth

Portfolio evolution

Annual NIW[1] by LVR

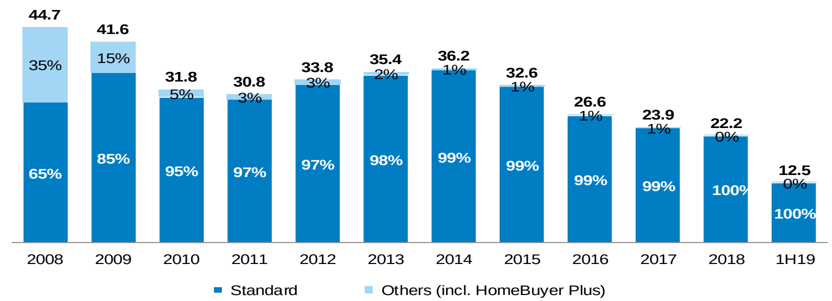
$bn



Source: Genworth

Annual NIW[1] by product type

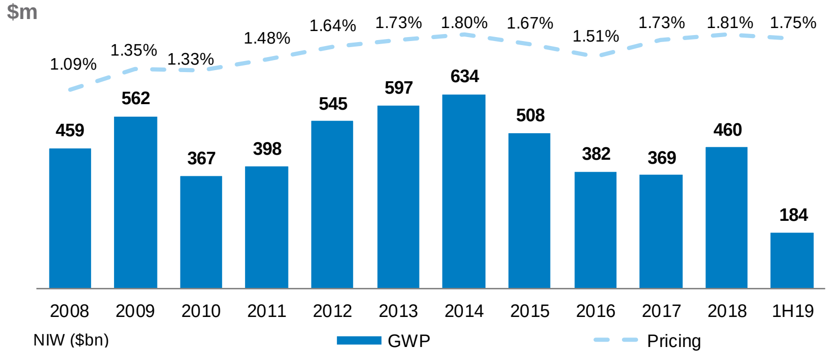
$bn



Source: Genworth

Annual GWP and average flow price[2]

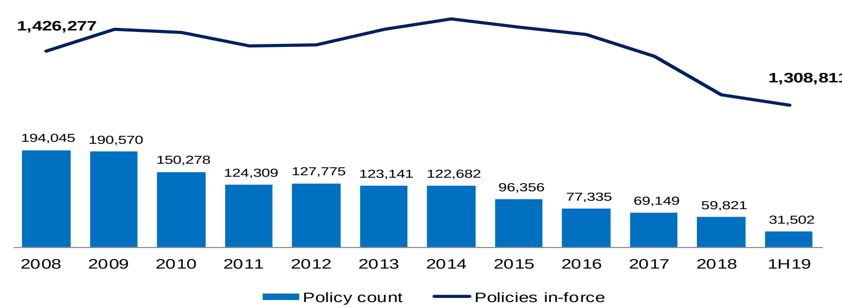
$m



Source: Genworth

1. Excludes excess of loss insurance.
2. Average price excludes excess of loss insurance and bulk transactions.

Annual number of New Policies[1], plus policies outstanding[1]

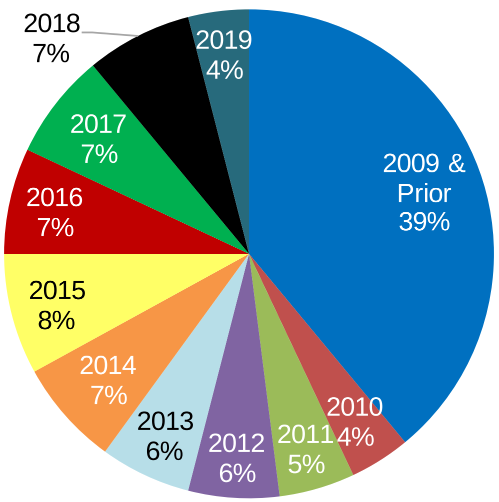


Source: Genworth

Genworth

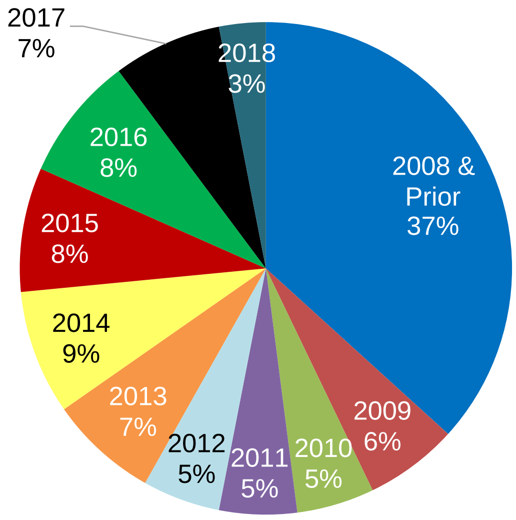
Insurance in force

IIF[1] by book year (as at 30 Jun 19)



Source: Genworth

IIF[1] by book year (as at 30 Jun 18)

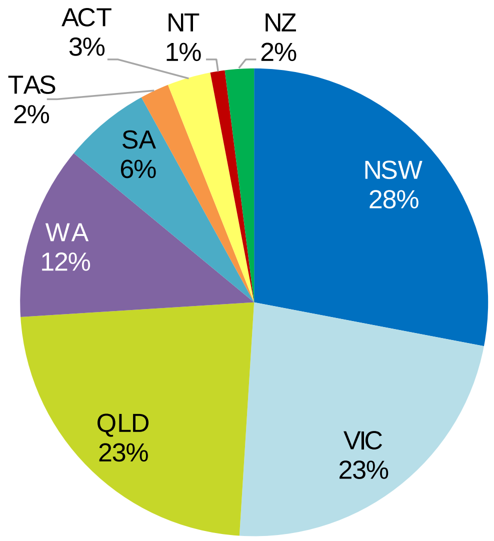


Source: Genworth

1.IIF includes capitalised premium. Excludes excess of loss insurance

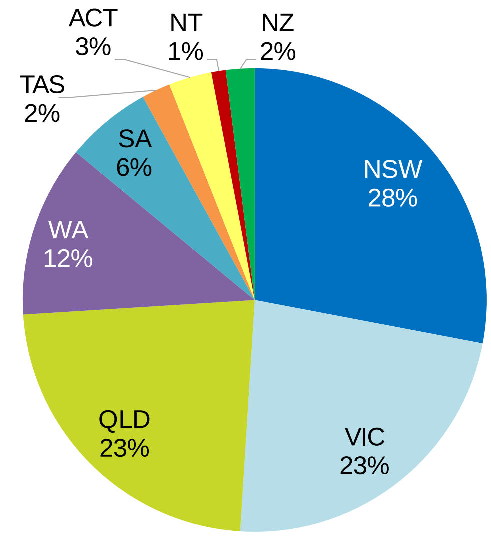
Insurance in force

IIF[1] by state (as at 30 Jun 19)



Source: Genworth

IIF[1] by state (as at 30 Jun 18)



Source: Genworth

1.IIF includes capitalised premium. Excludes excess of loss insurance

Genworth

Investment performance

The primary investment objective is to manage the portfolio of securities to pay claims as they become due, whilst achieving return and income targets with an acceptable level of volatility. The asset allocation and asset management strategy was expanded in FY18 to include exposures to non-AUD income securities to further diversify the portfolio. Otherwise, the investment management approach taken by Genworth remains largely unchanged.

The decline in the investment return reflects the fact that returns are being pressured by the low interest environment. Fixed interest securities purchased at higher yields have gradually matured with the funds reinvested predominantly in shorter duration assets at lower yields.
A summary of investment income and returns (excluding realised and unrealised gains and losses) generated from the investment portfolio is set out in the following table.

($ millions), as at	30 Jun 17	31 Dec 17	30 Jun 18	31 Dec 18	30 Jun 19
Cash	39.4	43.0	57.3	141.5	57.9
Accrued investment income	21.1	17.8	19.5	22.1	22.1
Investments (including derivatives)	3,456.6	3,348.5	3,221.4	3,073.6	3,197.1
Total cash and investments	**3,517.1**	**3,409.3**	**3,298.2**	**3,237.2**	**3,277.1**

($ millions)	1H17	2H17	1H18	2H18	1H19
Interest and dividend income	50.9	47.4	43.5	43.1	42.4
Investment return[1]	**2.88%**	**2.74%**	**2.59%**	**2.64%**	**2.60%**

Source: Genworth

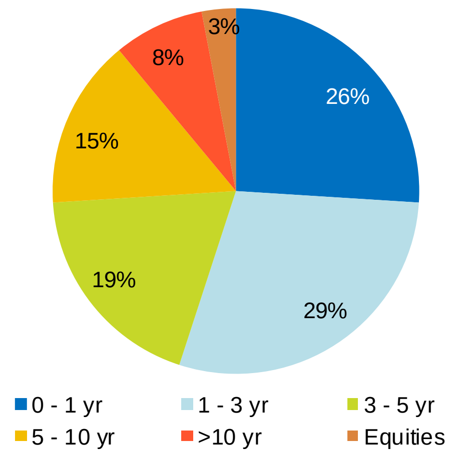
1. Investment return excludes realised and unrealised gains and losses on the investment portfolio.

Genworth

Investment portfolio

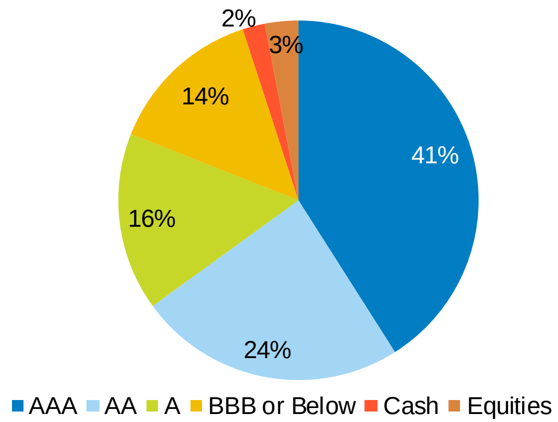
Conservative, well-diversified portfolio with average maturity of 3.7 years[1]

Investment portfolio by maturity



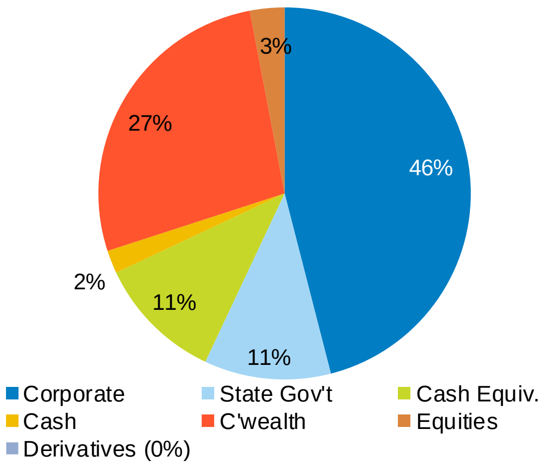
Source: Genworth

Investment portfolio by rating



Source: Genworth

Investment portfolio by issuer type



Source: Genworth

Investment portfolio by maturity

(as at)	31 Dec 18	30 Jun 19
0-1 Yr	841	877
1-3 Yr	1,012	931
3–5 Yr	464	620
5-10 Yrs	524	479
> 10 Yrs	251	264
Equities	123	84
Total	**3,215**	**3,255**

Investment portfolio by rating

(as at)	31 Dec 18	30 Jun 19
AAA	1,238	1,346
AA	800	797
A	482	507
BBB or below	431	463
Cash	141	58
Equities	123	84
Total	**3,215**	**3,255**

Investment portfolio by issuer type

(as at)	31 Dec 18	30 Jun 19
C'wealth	792	903
Corporate	1,473	1,506
State gov't	437	354
Cash equiv.	258	344
Cash	141	58
Equities	123	84
Derivatives	(9)	6
Total	**3,215**	**3,255**

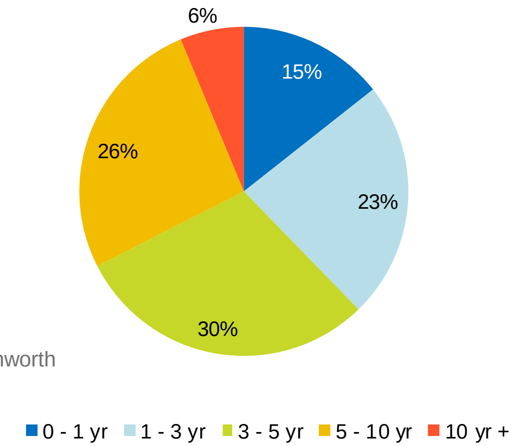
1. Maturity of 3.7 years excludes equities. Note: Derivatives contracts are with AA rated counterparties and have a maturity of less than 1 year.
2. Fixed income and cash portfolio average duration of 2.0 years.

Genworth

Investment portfolio – Technical funds[1]

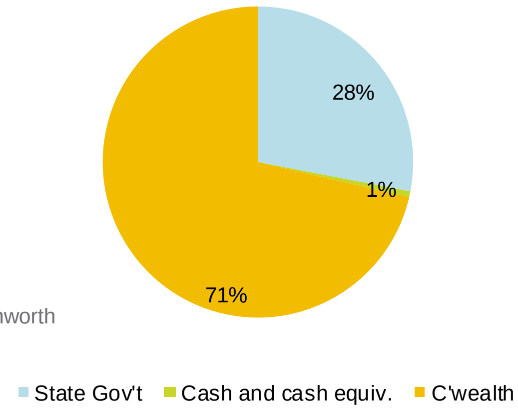
Genworth technical funds were $1.3 billion

Investment assets by term to maturity



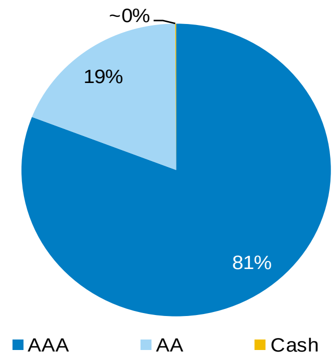
Source: Genworth

Investment assets by source



Source: Genworth

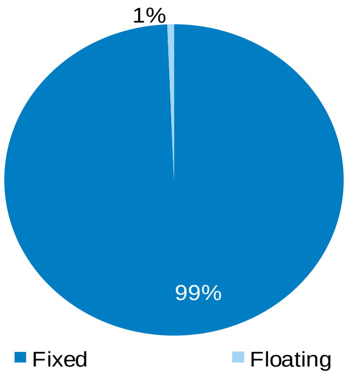
Interest assets by credit rating



Source: Genworth

1. Technical funds refer to the investments held to support premium liabilities and outstanding claims reserves

Investment assets by type



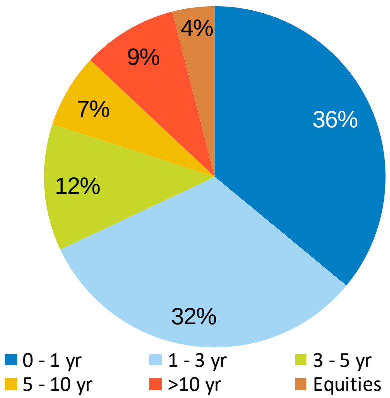
Source: Genworth

Genworth

Investment portfolio – Shareholder funds

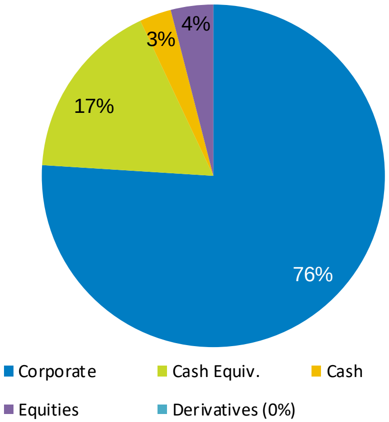
Genworth shareholder funds were $2.0 billion

Investment assets by term to maturity



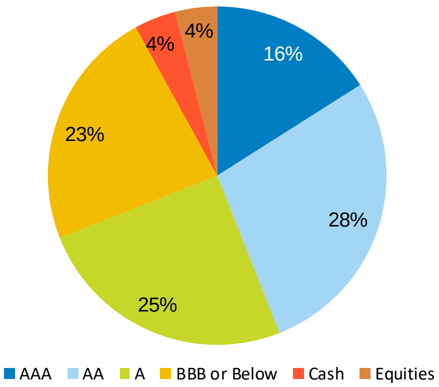
Source: Genworth

Investment assets by source



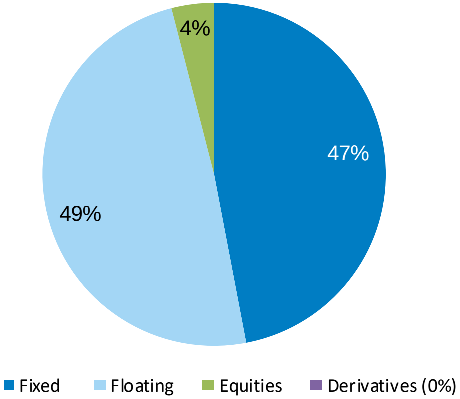
Source: Genworth

Interest assets by credit rating



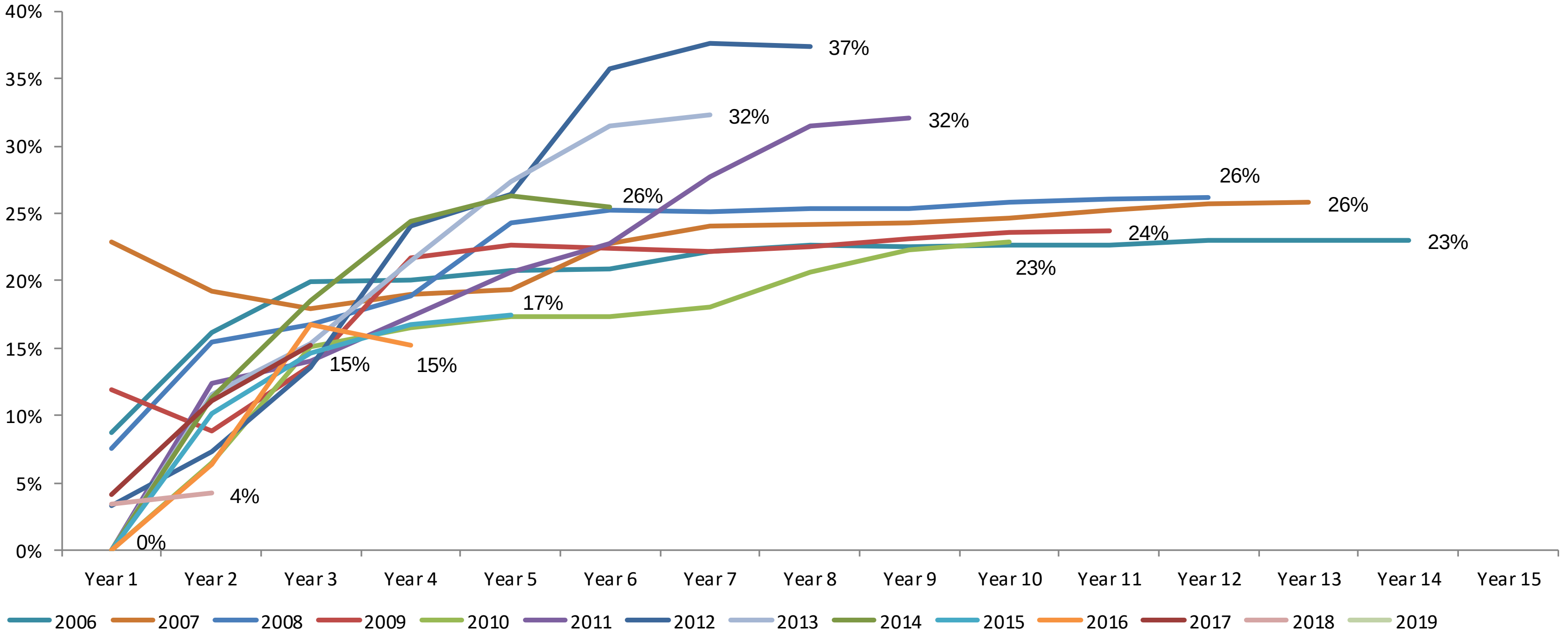
Source: Genworth

Investment assets by type



Source: Genworth

Claims severity

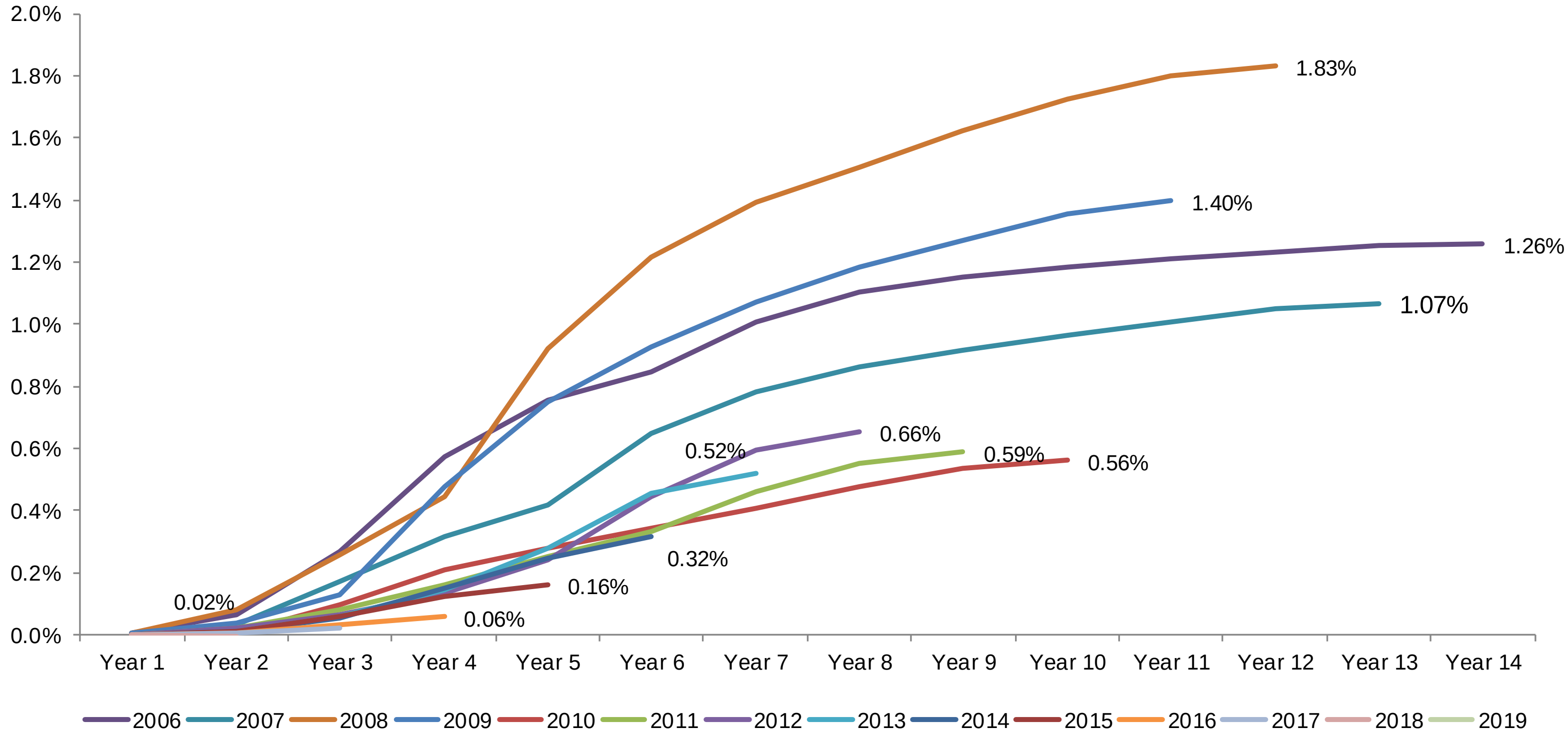


Source: Genworth

- The chart shows the claims severity by original book year and associated development period for each book year.
  - Claim severity for each year refers to the size of claims paid as a proportion of the original residential mortgage loan amount.
  - Claims paid excludes inwards reinsurance, excess of loss insurance, New Zealand, Genworth Financial Mortgage Indemnity, bulk transactions, reserves movements, recoveries and claims handling expenses.
  - GFC affected book years (2006-2010) have a higher associated severity as well as higher frequency of loss.
  - Book years at the peak of the mining boom (2011-2013) have suffered a significantly higher severity.
  - Newer book years (2015-2019) with low current severities have limited claims data to date and could experience a deterioration as these books mature.

Claims frequency

By book year (%) as at 30 June 2019



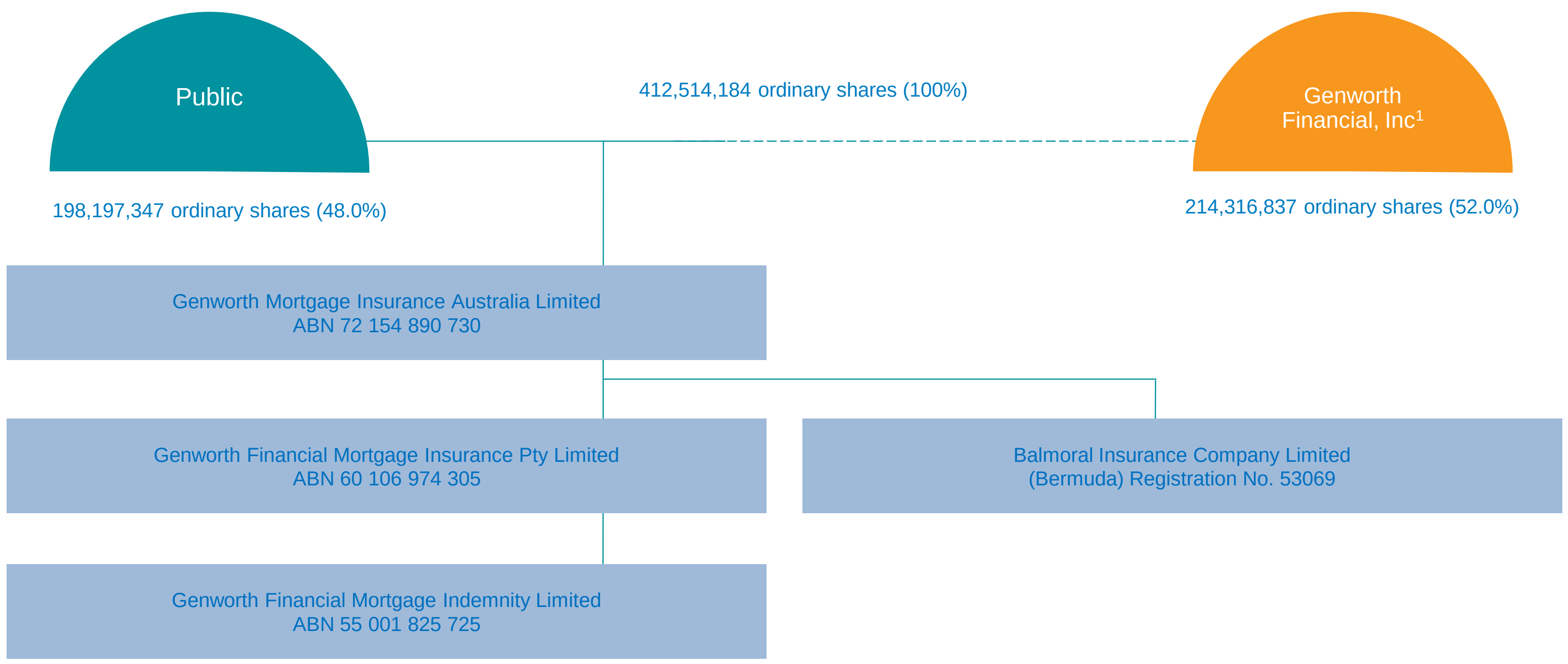
Source: Genworth

Note:

1. The claims frequency for each book year is calculated as the number of claims from policies written in the book year divided by the total number of policies in the same book year which is gross of cancelled policies.
2. Policies relating to inwards reinsurance, excess of loss insurance, New Zealand, Genworth Financial Mortgage Indemnity and bulk transactions are excluded from this chart.
3. The 2008-2009 book years have been impacted by the economic downturn from the GFC.
4. The 2010-2012 book years are performing well driven by strong credit policies and guidelines following the GFC.

Genworth corporate structure

As at 30 June 2019



Source: Genworth

1. Genworth Financial, Inc.'s interest in the Company is held indirectly through the Genworth Financial Group.
2. In total 54.9 million shares were purchased in FY18, for a total consideration of $149.1 million, as part of the Group's on-market share buy-back programs. Genworth Financial, Inc. participated in the on-market share buy-back programs to maintain its approximately 52% stake in the Group.
3. In total 25.0 million shares were purchased in 1H19, for a total consideration of $63.9 million, as part of the Group's on-market share buy-back programs. These amounts are inclusive of 401,560 shares bought back on 27 June 2019 for a purchase consideration of $1.1 million which were cancelled on 1 July 2019. Genworth Financial, Inc. participated in the on-market share buy-back programs to maintain its approximately 52% stake in the Group.

Glossary

As at 30 June 2019

Term	Definition
AIFRS	Australian equivalent to International Financial Reporting Standards
ASX	ASX Limited ABN 98 008 624 691 or Australian Securities Exchange
Average reserve per delinquency	Average reserve per delinquency is calculated by dividing the outstanding claims balance by the number of delinquencies. This calculation differs from the average reserve per delinquency quoted in the Prospectus which was calculated by dividing the central estimate of the outstanding claims balance, net of the non-reinsurance recoveries, by the number of delinquencies
Book year	The calendar year an LMI policy is originated
Borrower sale	Borrower sale is a type of loss mitigation activity initiated by Genworth by providing a dedicated team that includes a qualified real estate agent and working with borrowers and lenders on any borrower shortfall sale scenario with guidance and support. This activity is to help borrowers reduce any potential shortfall while reducing the claim size to which Genworth is exposed
Business select	Providing self-employed borrowers access to residential mortgage finance by providing limited evidence of income. The borrower self certifies an income that is used to establish serviceability
Combined ratio	The combined ratio is the sum of the loss ratio and the expense ratio
Common equity tier 1 or CET1	The highest quality and most loss absorbing form of capital. Consists of total accounting equity, adjustments for certain reserves and adjustments for certain other items, such as intangible assets, which are excluded from the capital base
Delinquency	Any insured loan which is reported as three (3) or more months in arrears
Delinquency rate	The delinquency rate is calculated by dividing the number of reported delinquent loans insured by the number of in-force policies (excluding excess of loss insurance)
2017 Earnings Curve Review	In October 2017 as part of its annual earnings curve review, the Company adjusted the way in which it recognises premium revenue with the effect of lengthening the time period over which premium is earned. The earning pattern was reviewed again in 2018 as part of the Company's annual review process and no changes were made.

Term	Definition
Expense ratio	The expense ratio is calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium
Flow	On a loan by loan basis at the time of origination by the lender customer
Gearing	Gearing is calculated as debt divided by equity
Genworth Australia	Genworth or the Group
GFC	Global financial crisis
Gross earned premium or GEP	The earned premium for a given period prior to any outward reinsurance expense
GWP	Gross written premium
HLVR	High loan to value ratio (excluding capitalisation of LMI premium). Generally, a residential mortgage loan with an LVR in excess of a specified benchmark is referred to as an HLVR loan. This LVR benchmark is commonly 80%
HomeBuyer Plus	A Genworth LMI product aimed at buyers wishing to purchase or construct an owner-occupied property with limited savings or utilising money not sourced from their own savings e.g. family gift or First Home Owners Grant
IBNR	Delinquent loans that have been incurred but not reported
Insurance in force	The original principal balance of all mortgage loans currently insured (excludes excess of loss insurance)
Insurance margin	The insurance margin is calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium

Genworth

Glossary

As at 30 June 2019

Term	Definition
Investment return	The investment return is calculated as the interest income on technical funds plus the interest income on shareholder funds (excluding realised and unrealised gains/(losses)) divided by the average balance of the opening and closing cash and investments balance for each financial year
Lapsed Policy Initiative	A strategic initiative first implemented by the Company which involved identifying and securing new data sources that enabled refinanced or discharged loans to be more swiftly identified.
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group
Loss ratio	The loss ratio is calculated by dividing the net claims incurred by the net earned premium
Low doc	Low doc loans (or low documentation loans) are used where a borrower does not have a verifiable income and generally require the borrower to complete a statutory declaration of financial income
LVR band	Loan to value ratio band
Mark-to-market	Unrealised gains / losses (exclusive of foreign exchange)
Net earned premium or NEP	The earned premium for a given period less any outward reinsurance expense
NIW	New insurance written reflects the total loan amount that is insured in the defined period. NIW for Genworth reporting purposes excludes excess of loss business written
PCA	Prescribed capital amount is an APRA formula (set out in Prudential Standard GPS 110) designed to ensure an insurer has adequate capital against risk.
PCA coverage	The PCA coverage is calculated by dividing the regulatory capital base by the prescribed capital amount
PCR	Prudential capital requirement comprising the PCA and any supervisory adjustment determined by APRA
Probable maximum loss (PML)	The largest cumulative loss to which an insurer will be exposed due to a concentration of policies. It is determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components
Regulatory capital base	The regulatory capital base is the sum of tier 1 capital and tier 2 capital

Term	Definition
Return on equity (ROE)	The ROE is calculated by dividing NPAT by the average of the opening and closing equity balance for a financial period
Technical funds	The investments held to support premium liabilities and outstanding claims reserves
Tier 1 capital	As defined by GPS 112, tier 1 capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: • Provide a permanent and unrestricted commitment of funds; • Are freely available to absorb losses; • Do not impose any unavoidable servicing charge against earnings; and • Rank behind claims of policyholders and creditors in the event of winding up.
Tier 2 capital	As defined by GPS 112, Tier 2 Capital comprises other components of capital that to varying degrees, fall short of the quality of Tier 1 Capital but nonetheless contribute to the overall strength of a regulated institution and its capacity to absorb losses
Top-ups	When a lender customer purchases additional LMI policies to cover an increase in the amount of the original residential mortgage loan
Underlying Equity	Underlying Equity is defined as total equity excluding the after-tax impact of mark-to-market gains/(losses) on the investment portfolio, and the impact of unhedged movements in foreign exchange rates on Genworth's non-AUD exposures
Underlying NPAT	Underlying NPAT excludes the after-tax impact of mark-to-market gains/(losses) on the investment portfolio, and the impact of foreign exchange rates on Genworth's investment portfolio. The bulk of these foreign exchange exposures are hedged
Underlying ROE	The Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing Underlying Equity balance for a financial period
UPR	Unearned premium reserve.

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