Genworth

30 JULY 2020

1H20 FINANCIAL RESULTS PRESENTATION

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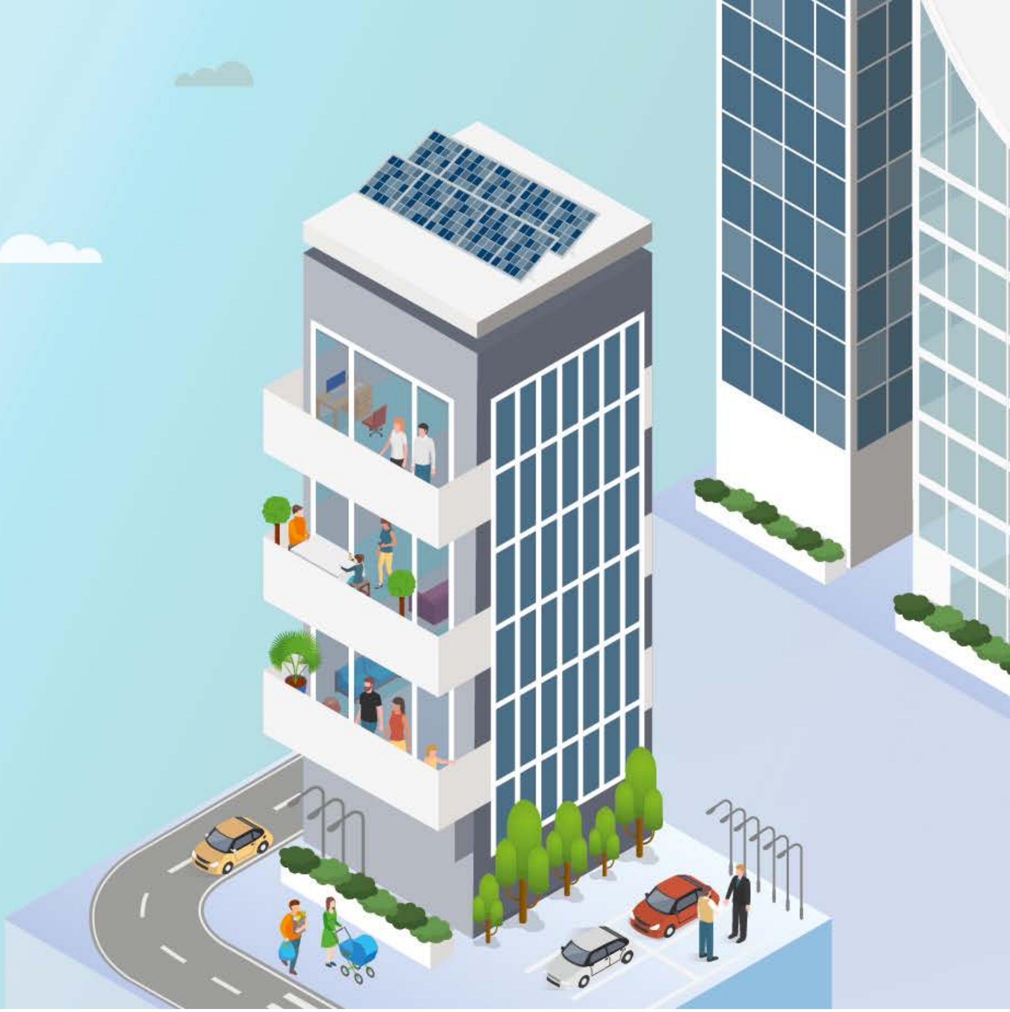

Overview

Pauline Blight-Johnston, CEO and Managing Director

Focus on our customers and our people

Well positioned and prepared to manage the impacts of COVID-19

1H20 result impacted by COVID-19

- Statutory net loss after tax of $90m.
- $181.8m DAC write-down & $35.5m IBNR reserves for future COVID-19 claims.
- Home loan repayment deferrals: ~48,000 or ~4% insured loans in-force.

Strong 1H20 volume growth

- New insurance written increased 8.1% from 1H19 to $13.5b.
- Gross written premium increased 30.0% from 1H19 to $239.3m.

Capital strength and flexibility

- PCA coverage ratio 1.77 times (Level 2 basis) as at 30 June 2020.
- $190m Tier 2 issued (on 3 July 2020).
- Strong balance sheet with $3.2b cash and investments.

Supporting our customers

- Rapid customer response; enhanced data analysis on repayment deferrals.
- Expanded hardship policy to support borrowers.
- Adapted operational systems for additional scrutiny of applications.

Supporting our people

- Effective transition to remote working.
- Focus on heath and wellbeing of employees, including special leave support.
- COVID-19 safe practices supporting flexible return to office.

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1H20 results overview

Business growth underpinned by prudent underwriting

($ millions)	1H19	1H20	Change
Gross written premium (GWP)	$184.1m	$239.3m	30.0%
Net earned premium (NEP)	$147.6m	$150.8m	2.2%
Statutory net profit / (loss) after tax (NPAT)	$88.1m	($90.0m)	(N.M.)[1]
Underlying net profit / (loss) after tax[2]	$43.1m	($85.5m)	(N.M.)

Key financial measures	1H19	1H20
New insurance written (NIW)	$12.5b	$13.5b
NEP growth (NEP)	3.0%	2.2%
Loss ratio	54.1%	67.0%
Prescribed capital amount (PCA) coverage ratio	2.08x	1.77x

- Strong growth in **New insurance written** and **Gross written premium** due to low interest rates and the strong LMI flow performance across lender customers.
- **Net earned premium** increased 2.2% from continued seasoning of prior book years and higher GWP.
- **Statutory NPAT** down on 1H19 due to $181.8m DAC write-down in 1Q20, the non-recurrence of strong unrealised investment gains in 1H19 and $35.5m loss reserving for future COVID-19 claims.
- **Loss ratio** increased to 67% from increase in loss reserving.
- **PCA coverage ratio** 1.77 times above top end of Board target range of 1.32 to 1.44 times.

1. N.M. Not Meaningful for increases or decreases greater than 200%.
2. Underlying NPAT excludes after-tax impacts of (a) unrealised losses of $3.2m on investment portfolio; and (b) foreign exchange rates (net of hedge) on investment portfolio ($1.3m loss).

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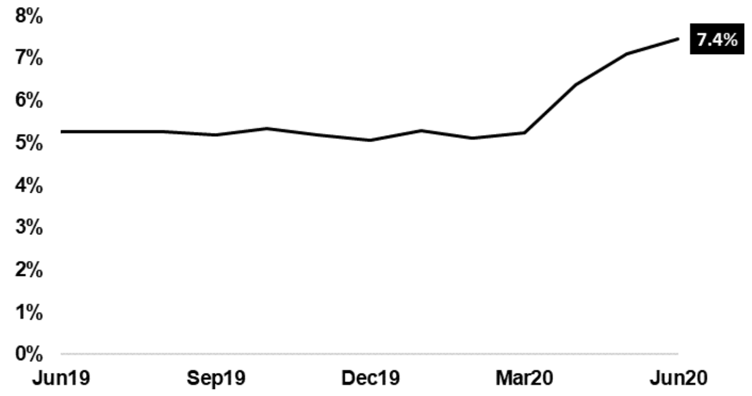
1H20 macroeconomic environment

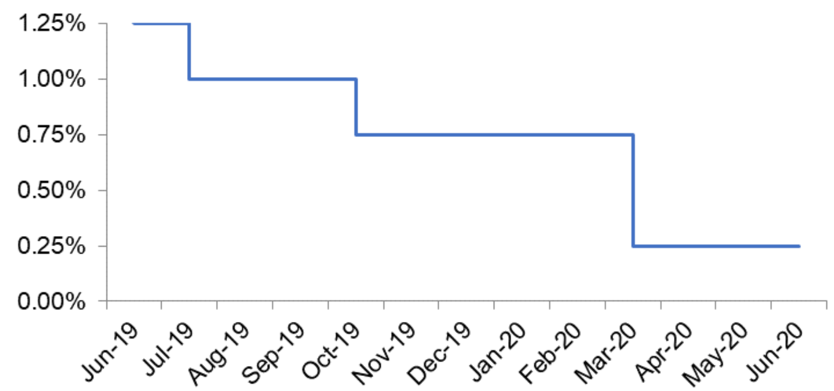
Key economic indicators broadly consistent with Genworth assumptions

Unemployment rate



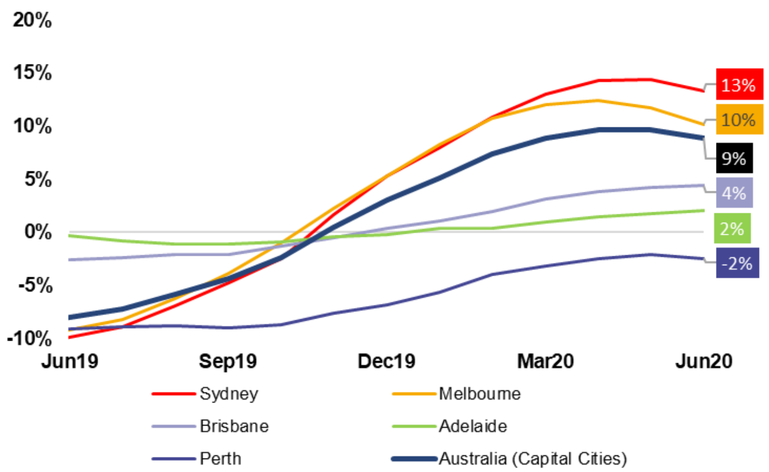
Source: ABS 6206.0 Labour Force, July 2020

Cash rate



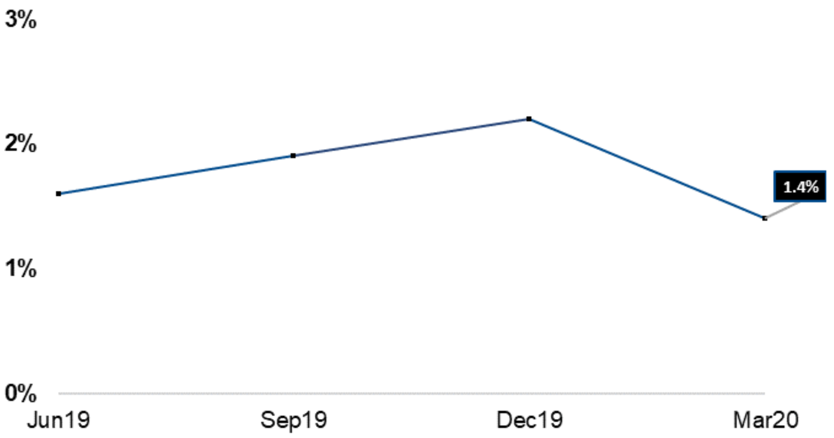
Source: RBA A02, Monetary Policy Changes

House prices – YoY growth



Source: CoreLogic Housing Index, July 2020

Annualised national GDP



Source: ABS 5206.0 Australian National Accounts, June 2020

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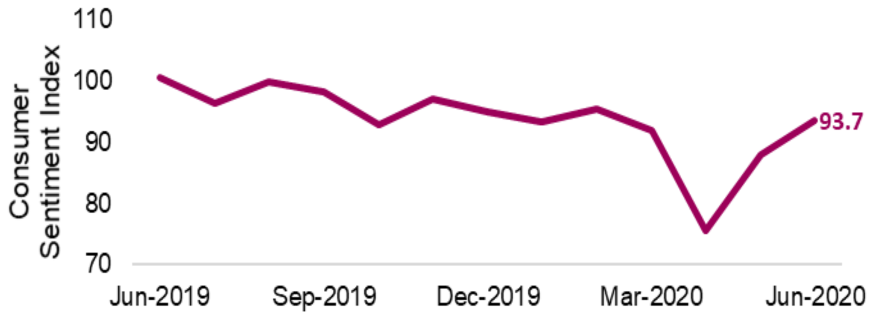
Economic outlook remains highly uncertain

Extended government and lender stimulus will moderate impacts

Consumer sentiment

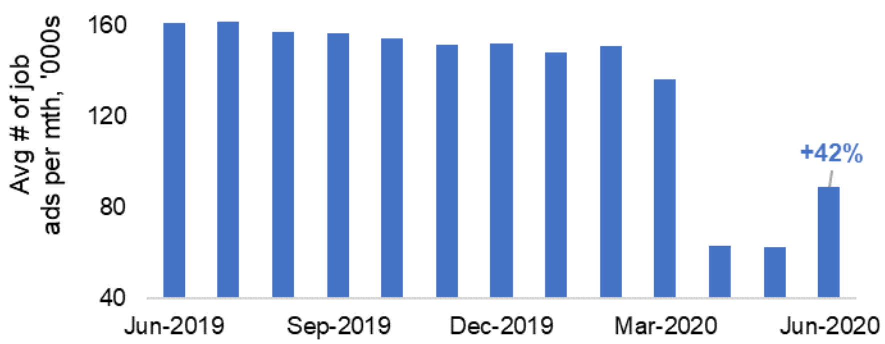


Source: Westpac Consumer Sentiment, July 2020

- Federal Government JobKeeper / JobSeeker and lender repayment deferrals supporting individuals and businesses impacted by COVID-19.
- Lender home loan repayment deferrals: 485,000[1] (11.25% participation rate).
- Genworth home loan repayment deferrals: ~48,000 (~4% insured loans in-force).
- Consumer sentiment recovering but remains weak. Job ads showing similar optimism.
- Further lockdowns in Victoria and elsewhere could alter sentiment over second half 2020.
- Economic outlook remains highly uncertain.

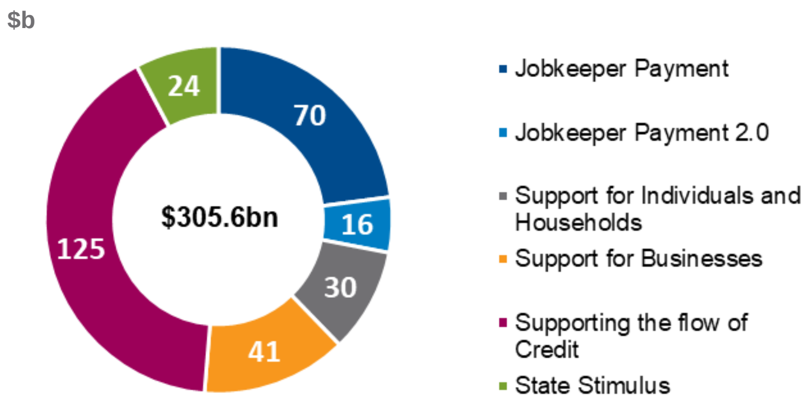
1. Australian Banking Association, June 2020

Job advertisements



Source: ANZ Job Advertisements, June 2020

Government and RBA stimulus packages



Source: Federal Governments, State Governments, Various, July 2020

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Responding to evolving customer needs

Customer-led approach underpins business growth

Value driven partnerships + insights

- Over 50 years experience.
- 73 lender partnerships, mostly exclusive.
- Customer portfolio across major banks, non-major banks, mutuals and non-bank lenders.
- Extensive risk analysis and insights.

Support through COVID-19

- Prudent underwriting whilst managing higher volumes
- Lenders able to approve hardship solutions
- Expanded Natural Disaster policy to include COVID-19
- System changes to ensure additional due diligence and monitoring exposure.
- Debt recovery activity on hold.

Harnessing new opportunities

- Economic change will create new opportunities.
- Continue to innovate in LMI e.g. Monthly Premiums.
- Strategic review of evolving customer expectations and new revenue opportunities.

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1H20 Financial Result

Michael Bencsik,
Chief Financial Officer

Genworth

1H20 Income statement

Solid underlying business performance impacted by COVID-19

(A$ millions)	1H19	2H19	1H20	1H20 v 1H19 (%)
Gross written premium	184.1	249.1	239.3	30.0%
Movement in unearned premium	(1.2)	(63.6)	(54.0)	(N.M.)[1]
Gross earned premium	**182.9**	**185.5**	**185.3**	**1.3%**
Outwards reinsurance premium expense	(35.3)	(34.9)	(34.5)	2.3%
Net earned premium	**147.6**	**150.6**	**150.8**	**2.2%**
Net claims incurred	(79.8)	(71.0)	(101.1)	(26.7%)
Acquisition costs	(22.8)	(24.1)	(12.7)	44.3%
Deferred acquisition costs write-down[2]	-	-	(181.8)	(N.M.)
Other underwriting expenses[3]	(28.4)	(29.9)	(28.6)	(0.7%)
Underwriting result	**16.6**	**25.6**	**(173.4)**	**(N.M.)**
Net interest and dividend income	42.4	35.1	27.2	(35.8%)
Realised gain on investments	8.2	20.4	29.0	N.M.
Unrealised gains/(losses) and net FX on investments	64.3	(31.3)	(6.4)	(110.0%)
Financing costs	(6.3)	(5.5)	(5.0)	20.6%
Profit / (loss) before income tax	**125.2**	**44.3**	**(128.6)**	**(N.M.)**
Income tax (expense) / credit	(37.1)	(12.3)	38.6	N.M.
Statutory net profit / (loss) after tax	**88.1**	**32.0**	**(90.0)**	**(N.M.)**
Underlying net profit / (loss) after tax[4]	**43.1**	**53.9**	**(85.5)**	**(N.M.)**

Source: Genworth

Note: Totals may not sum due to rounding.
1. N.M. Not Meaningful for increases / decreases > 200%.
2. $181.8m DAC write-down in 1Q20.
3. Net of ceding commissions.
4. Underlying NPAT excludes after-tax impact of unrealised 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.

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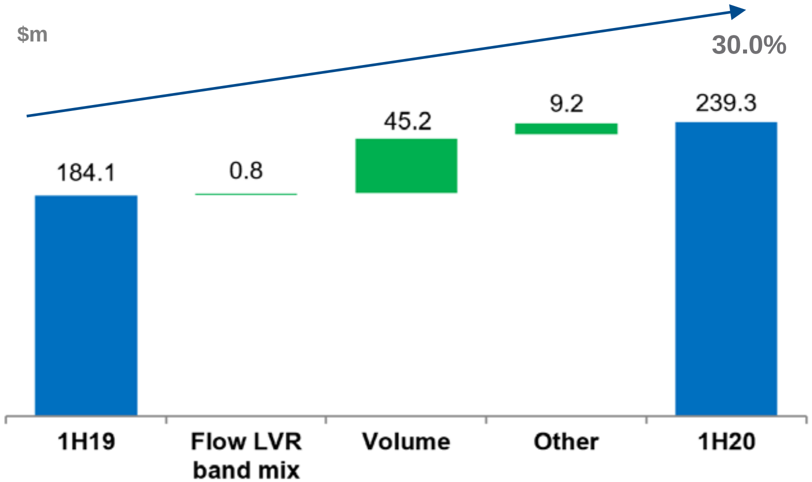
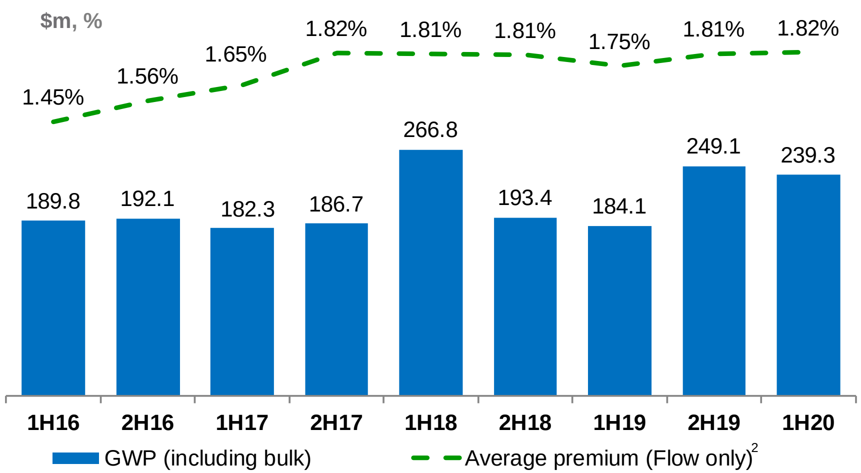
New insurance written and gross written premium

Strong LMI flow performance across lender customers

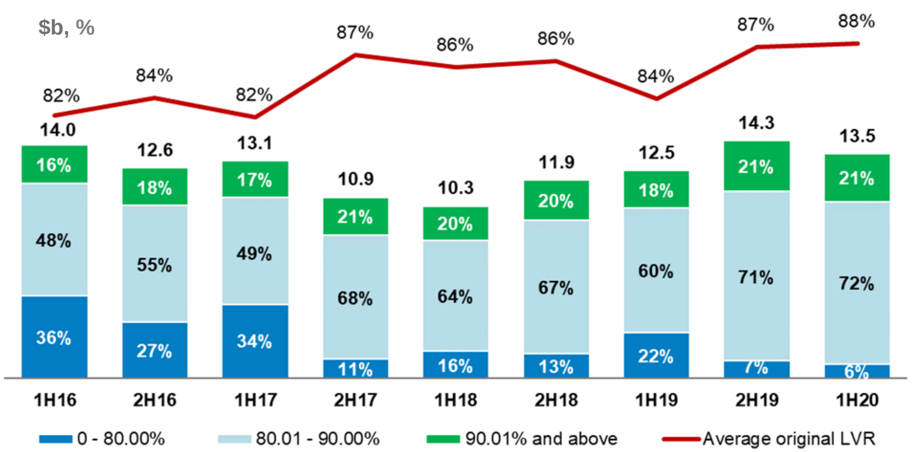
GWP walk



GWP and average price[1] of flow business



NIW[3] by original LVR[4] band



Source all charts: Genworth

1. Average price excludes excess of loss insurance.
2. Historical NIW adjusted in average premium calculation to reflect risk sharing arrangement.
3. NIW includes capitalised premium. NIW excludes excess of loss insurance (excess of loss insurance includes the Bermudian entity transaction).
4. Average original LVR excludes capitalised premium and excess of loss insurance.

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Net claims incurred

Higher loss ratio due to increase in reserves

(A$ millions unless otherwise stated)	1H19	2H19	1Q20	2Q20	1H20
Number of paid claims (#)	**615**	**737**	**333**	**358**	**691**
Average paid claim ($'000)	94.2	98.6	92.7	97.0	94.9
Claims paid	**57.9**	**72.7**	**30.9**	**34.7**	**65.6**
Movement in reserves	21.9	(1.7)	4.7	30.8	35.5
Net claims incurred	**79.8**	**71.0**	**35.5**	**65.5**	**101.1**
Net earned premium (NEP)	147.6	150.6	75.4	75.4	150.8
Loss ratio (%)	**54.1%**	**47.1%**	**47.1%**	**86.9%**	**67.0%**

Source: Genworth

Note: Totals may not sum due to rounding.

Movement in reserves:

- 1H20: Loss ratio increased to 67.0% due to $35.5m COVID-19 related loss reserving.

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Loss development

Increased reserves for COVID-19 impacting loss experience

Delinquency roll	1Q19	2Q19	1H19	3Q19	4Q19	2H19	1Q20	2Q20	1H20
Opening balance	**7,145**	**7,490**	**7,145**	**7,891**	**7,713**	**7,891**	**7,221**	**7,274**	**7,221**
New delinquencies	2,662	2,853	5,515	2,622	2,277	4,899	2,326	2,662	4,988
Cures	(1,998)	(2,156)	(4,154)	(2,439)	(2,393)	(4,832)	(1,940)	(1,964)	(3,904)
Paid claims	(319)	(296)	(615)	(361)	(376)	(737)	(333)	(358)	(691)
Closing delinquencies	**7,490**	**7,891**	**7,891**	**7,713**	**7,221**	**7,221**	**7,274**	**7,614**	**7,614**
Delinquency rate	0.57%	0.60%	0.60%	0.60%	0.56%	0.56%	0.57%	0.62%	0.62%
Average total reserves per delinquency ($'000)	46.7	45.9	45.9	47.7	50.0	50.0	50.3	52.4	52.4

Net claims incurred ($m)	1Q19	2Q19	1H19	3Q19	4Q19	2H19	1Q20	2Q20	1H20
New delinquencies	35	42	77	41	38	79	38	41	79
Cures	(32)	(36)	(68)	(39)	(40)	(79)	(32)	(37)	(69)
Ageing[1]	32	36	68	38	33	71	24	30	54
Paid claims gap	-	-	-	(1)	(1)	(2)	(1)	1	(1)
Other adjustments[2]	5	(2)	3	1	1	2	7	31	38
Net claims incurred	**40**	**40**	**80**	**40**	**31**	**71**	**36**	**66**	**101**

Source: Genworth

Note: Excludes excess of loss insurance. Totals may not sum due to rounding.

1. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
2. Includes changes to actuarial assumptions from COVID-19.

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Liability adequacy test (LAT) movement

LAT surplus at 30 June 2020

Liability adequacy test ($ millions)	31 Mar 20	30 Jun 20
Unearned premium	1,302.2	1,334.8
Less: Deferred acquisition costs (DAC)	(183.8)[1]	(16.5)
Less: Deferred reinsurance costs	(72.0)	(54.8)
Net unearned premium	**1,046.4**	**1,263.5**
Premium liabilities[2]	1,228.2	1,182.2
LAT (deficiency) / surplus	**(181.8)**	**81.3**
Premium liability assumptions		
Risk margin	17%	17%
Probability of adequacy	70%	70%

- Liability adequacy assessment conducted at each reporting period.
- Central estimate scenario assumptions at 1Q20 are consistent with consensus economic indicators.
- LAT position has improved as at 30 June 2020 due to:
  - Profitable new business being added.
  - Natural transition of reserves from premium liabilities to claims reserves.

1. Pre $181.8m DAC write-down in 1Q20.
2. Premium liabilities reflects present value of (a) expected cash flows associated with claims incurred post-balance date; and (b) risk margin. Prepared on a consistent basis with prior reporting periods, outlined in 2019 Annual Report.

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Balance sheet

Strong balance sheet with $3.2b in cash and investments

Balance sheet as at 30 June 2020

($ millions)	31 Dec 19	30 Jun 20
Assets		
Cash	87.3	80.9
Accrued investment income	19.5	19.8
Investments	3,043.8	3,116.5
Deferred reinsurance expense	31.8	54.8
Non-reinsurance recoveries	22.8	27.4
Deferred acquisition costs	181.2	16.5
Deferred tax assets	9.1	59.9
Goodwill and intangibles	16.5	16.3
Other assets[1]	65.5	70.8
Total assets	**3,477.4**	**3,462.9**
Liabilities		
Payables[2]	102.1	115.9
Outstanding claims	360.9	398.8
Unearned premium	1,280.5	1,334.8
Interest bearing liabilities	199.4	200.0
Employee benefit provision	7.1	7.9
Total liabilities	**1,949.9**	**2,057.3**
Net assets	**1,527.5**	**1,405.5**

Source: Genworth

Note: Totals may not sum due to rounding.

Total assets as at 30 June 2020 of $3,462.9m:

- **Cash and investment portfolio** of $3.2b, of which 81% is held in cash and fixed interest securities with a rating of 'A-' or better, $84.5m invested in equities, $636.9m in non-AUD income securities
- **Deferred reinsurance expense** increase relates to annual 1 Jan reinsurance program renewal.
- **Deferred acquisition costs** (DAC) decrease to $16.5m driven by 1Q20 write-down of $181.8m.
- **Deferred tax asset** increase to $59.9m largely from timing difference created by 1Q20 DAC write-down.

Total liabilities as at 30 June 2020 of $2,057.3m:

- **Outstanding claims** reserves increased to $398.8m resulting from increase in stock of delinquencies and COVID-19 reserves.
- **Unearned premium** of $1.3b increased due to strong 1H20 LMI flow new business.

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

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Regulatory capital

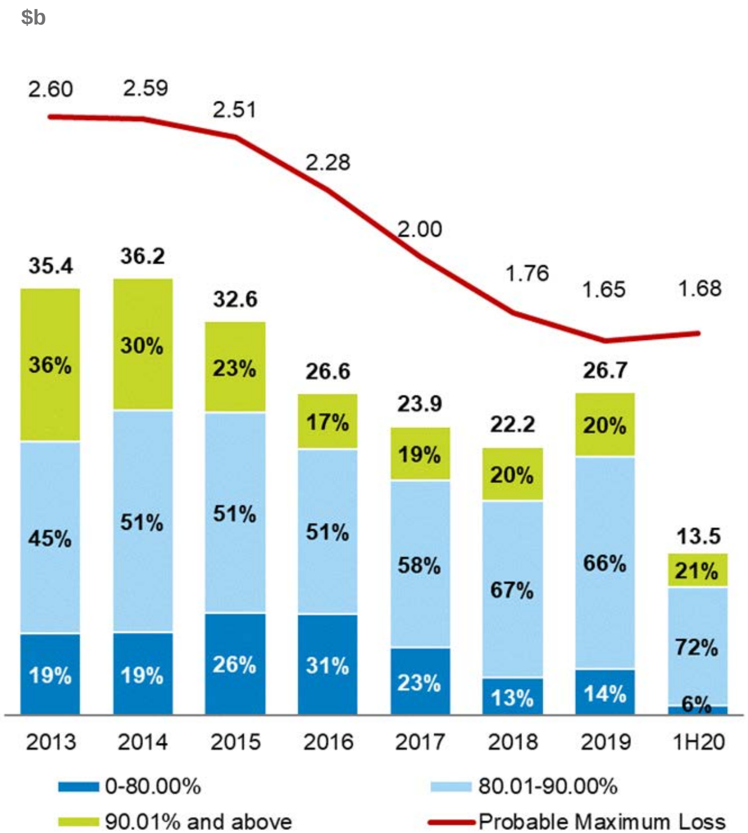
Well-capitalised above Board targets and APRA requirements

($ millions)	31 Mar 20	30 Jun 20
Capital base		
Common equity Tier 1 capital	1,199.2	1,298.1
Tier 2 capital	200.0	200.0
Regulatory capital base	**1,399.2**	**1,498.1**
Capital requirement		
Probable maximum loss (PML)	1,641.5	1,676.3
Net premiums liability deduction	(500.3)	(471.3)
Allowable reinsurance	(799.6)	(800.3)
Insurance concentration risk charge (ICRC)	**341.6**	**404.7**
Asset risk charge	121.6	131.8
Asset concentration risk charge	-	-
Insurance risk charge	335.1	327.9
Operational risk charge	41.5	41.7
Aggregation benefit	(53.3)	(57.8)
Prescribed capital amount (PCA)	**786.5**	**848.3**
PCA coverage ratio (times)	**1.78x**	**1.77x**

Source table and charts: Genworth

Note: Totals may not sum due to rounding.

NIW[1] by original LVR band and probable maximum loss



1. NIW excludes excess of loss insurance.

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Summary

Pauline Blight-Johnston, CEO and Managing Director

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Well positioned to support customers through the economic uncertainty and recovery

Sound business fundamentals and strong customer focus

- Ongoing GWP and NIW growth.
- Regular lender customer engagement regarding data insights on hardships.
- Continue to adapt and evolve in response to changing market and customer needs.

Outlook continues to be impacted by COVID-19

- Ongoing evaluation of reserves for claims expected in 2021 post repayment deferrals.
- Government stimulus and lender initiatives will delay and cushion impact on borrowers.

Capital strength and flexibility

- Well capitalised with PCA coverage ratio at 1.77 times as at 30 June 2020.
- Well above top end of Board's target capital range of 1.32 to 1.44 times.
- Net tangible assets (NTA) $3.37 per share as at 30 June 2020.

Supplementary slides

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Supplementary slides 1H 2020

Contents

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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.

	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	1H20
Net premium written ($m)[1]	69	80	97	117	363	97	108	205
Loss ratio[2]	55%	53%	53%	41%	51%	47%	87%	67%
Expense ratio[3]	34%	35%	36%	36%	35%	34%	37%	36%
Expense ratio[4]	34%	35%	36%	36%	35%	276%	20%	148%

Sales: NIW ($m)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	1H20
Flow	4,791	5,302	6,417	7,142	23,653	6,077	6,873	12,950
Bulk	602	1,784	2	692	3,080	314	224	538
Total NIW	**5,394**	**7,086**	**6,419**	**7,834**	**26,733**	**6,391**	**7,097**	**13,488**

	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	1H20
Primary insurance in force ($m)	**308,822**	**307,273**	**305,755**	**307,355**	**307,355**	**307,933**	**304,693**	**304,693**

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. Ratio of net claims incurred to net earned premium.
3. Ratio of acquisition costs and other underwriting expenses net of ceding commissions to net earned premium. Excludes $181.8m DAC write-down in 1Q20, less associated 2Q20 DAC amortisation benefit of $12.3m. Also excludes benefit of amortisation in 2Q20.
4. Ratio of acquisition costs (including $181.8m DAC write-down in 1Q20) and other underwriting expenses net of ceding commissions to net earned premium.

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Key performance measures

(A$ millions)	1H19	2H19	1Q20	2Q20	1H20	(%)
Gross written premium	184.1	249.1	114.1	125.3	239.3	30.0%
Movement in unearned premium	(1.2)	(63.6)	(21.4)	(32.6)	(54.0)	(N.M.)[1]
Gross earned premium	**182.9**	**185.5**	**92.7**	**92.7**	**185.3**	**1.3%**
Outwards reinsurance expense	(35.3)	(34.9)	(17.2)	(17.3)	(34.5)	2.3%
Net earned premium	**147.6**	**150.6**	**75.4**	**75.4**	**150.8**	**2.2%**
Net claims incurred	(79.8)	(71.0)	(35.5)	(65.5)	(101.1)	(26.7%)
Acquisition costs	(22.8)	(24.1)	(12.3)	(0.4)	(12.7)	44.3%
Deferred acquisition costs write-down[2]	-	-	(181.8)	-	(181.8)	(N.M.)
Other underwriting expenses[3]	(28.4)	(29.9)	(13.7)	(14.9)	(28.6)	(0.7%)
Underwriting result	**16.6**	**25.6**	**(167.9)**	**(5.4)**	**(173.4)**	**(N.M.)**
Net interest and dividend income[4]	42.4	35.1	14.9	12.3	27.2	(35.8%)
Realised gain on investments	8.2	20.4	8.3	20.7	29.0	N.M.
Unrealised gains/(losses) and net FX on investments	64.3	(31.3)	(32.0)	25.6	(6.4)	(110.0%)
Financing costs	(6.3)	(5.5)	(2.6)	(2.3)	(5.0)	20.6%
Profit / (loss) before income tax	**125.2**	**44.3**	**(179.4)**	**50.9**	**(128.6)**	**(N.M.)**
Income tax expense	(37.1)	(12.3)	53.8	(15.2)	38.6	N.M.
Statutory net profit / (loss) after tax	**88.1**	**32.0**	**(125.6)**	**35.6**	**(90.0)**	**(N.M.)**
Underlying net profit / (loss) after tax	**43.1**	**53.9**	**(103.2)**	**17.7**	**(85.5)**	**(N.M.)**

Note: Totals may not sum due to rounding.
1. N.M. Not Meaningful for increases or decreases greater than 200%.
2. $181.8m DAC write-down in 1Q20.
3. Net of ceding commissions.
4. Excludes foreign exchange

Genworth

Key performance measures

Primary insurance	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020
Insured loans in-force (#)	1,354,614	1,332,906	1,308,811	1,290,216	1,236,657
Insured delinquent loans (#)	7,306	7,145	7,891	7,221	7,614
Insured delinquency rate (%)	0.54%	0.54%	0.60%	0.56%	0.62%
Flow loans in-force (#)	1,247,229	1,226,219	1,200,603	1,189,019	1,137,784
Flow delinquent loans (#)	7,076	6,931	7,642	7,003	7,380
Flow delinquency rate (%)	0.57%	0.57%	0.64%	0.59%	0.65%
Bulk loans in-force (#)	107,385	106,687	108,208	101,197	98,873
Bulk delinquent loans (#)	230	214	249	218	234
Bulk delinquency rate (%)	0.21%	0.20%	0.23%	0.22%	0.24%

Loss metrics ($m)	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020
Beginning reserves	**340**	**339**	**339**	**362**	**361**
Paid claims	(78)	(70)	(58)	(72)	(66)
Increase in reserves	78	70	81	71	104
Ending reserves	**339**	**339**	**362**	**361**	**399**

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

	31 Mar 2019		30 Jun 2019		30 Sep 2019		31 Dec 2019		31 Mar 2020		30 Jun 2020	
	% 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%	0.41%	27%	0.45%	28%	0.45%	27%	0.42%	27%	0.44%	27%	0.51%
Queensland	23%	0.74%	23%	0.81%	23%	0.80%	23%	0.75%	23%	0.75%	23%	0.78%
Victoria	22%	0.42%	23%	0.45%	22%	0.43%	23%	0.41%	23%	0.42%	23%	0.46%
Western Australia	13%	1.05%	13%	1.10%	13%	1.06%	13%	1.00%	13%	1.00%	13%	1.06%
South Australia	6%	0.69%	6%	0.68%	6%	0.69%	6%	0.65%	6%	0.67%	6%	0.70%
ACT	3%	0.19%	3%	0.25%	3%	0.26%	3%	0.24%	3%	0.25%	3%	0.27%
Tasmania	2%	0.28%	2%	0.31%	2%	0.31%	2%	0.29%	2%	0.30%	2%	0.27%
New Zealand	2%	0.04%	2%	0.02%	2%	0.02%	2%	0.02%	2%	0.02%	2%	0.03%
Northern Territory	1%	0.76%	1%	0.83%	1%	0.85%	1%	0.71%	1%	0.83%	1%	0.87%
Total	**100%**	**0.57%**	**100%**	**0.60%**	**100%**	**0.60%**	**100%**	**0.56%**	**100%**	**0.57%**	**100%**	**0.62%**
By policy year												
2010 and prior	44%	0.49%	44%	0.52%	43%	0.51%	43%	0.48%	-	-	-	-
2011 and prior	4%	0.78%	4%	0.80%	4%	0.77%	4%	0.74%	46%	0.50%	44%	0.55%
2012	6%	1.05%	6%	1.11%	6%	1.04%	5%	0.95%	5%	0.93%	5%	1.01%
2013	7%	0.98%	7%	1.10%	6%	1.13%	6%	1.04%	6%	1.06%	6%	1.12%
2014	8%	0.90%	8%	0.97%	8%	1.01%	7%	1.04%	7%	1.05%	7%	1.10%
2015	8%	0.74%	7%	0.82%	7%	0.86%	7%	0.77%	7%	0.79%	7%	0.89%
2016	7%	0.54%	7%	0.60%	7%	0.60%	6%	0.60%	6%	0.64%	6%	0.71%
2017	7%	0.28%	7%	0.36%	7%	0.41%	7%	0.45%	6%	0.51%	6%	0.57%
2018	7%	0.07%	7%	0.15%	7%	0.22%	7%	0.28%	7%	0.35%	7%	0.41%
2019	2%	0.00%	3%	0.01%	5%	0.01%	8%	0.02%	8%	0.04%	8%	0.10%
2020	-	-	-	-	-	-	-	-	2%	0.00%	4%	0.01%
Total	**100%**	**0.57%**	**100%**	**0.60%**	**100%**	**0.60%**	**100%**	**0.56%**	**100%**	**0.57%**	**100%**	**0.62%**

Source: Genworth

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

Genworth

Key performance measures

	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20
Paid claim[1] ($ millions), quarterly analysis							
Flow	30	28	35	37	131	31	35
Bulk	-	-	-	-	-	-	-
Total	**30**	**28**	**35**	**37**	**131**	31	35
Average paid claim[1] ($ thousands)	94.2	94.1	97.9	99.1	96.5	92.7	97.0
Average reserve per delinquency ($ thousands)	46.7	45.9	47.7	50.0	50.0	50.3	52.4

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Loan amount[2] (%)						
Over $550K	18%	19%	19%	19%	20%	21%
$400K to $550K	21%	21%	22%	22%	22%	22%
$250K to $400K	34%	33%	33%	33%	32%	33%
$100K to $250K	22%	22%	21%	21%	21%	20%
$100K or Less	5%	5%	5%	5%	5%	4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Average primary loan size ($ thousands)	233	235	236	238	240	246

Source: Genworth

Note: All figures are in $AUD and AIFRS.

1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid.
2. Excludes excess of loss insurance.

Genworth

Reconciliations

Total equity and underlying equity

($ millions), as at	30 Jun 18	31 Dec 18	30 Jun 19	31 Dec 19	30 Jun 20
Total Equity	1,821.9	1,737.3	1,722.3	1,527.5	1,405.5
Adjustment for life to date unrealised (gains) and FX	(31.0)	(18.5)	(83.1)	(51.6)	(45.0)
Adjustment for tax credit on life to date unrealised gains)/losses and FX	9.3	5.6	24.9	15.5	13.5
Underlying Equity[1]	**1,800.2**	**1,724.3**	**1,664.2**	**1,491.4**	**1,374.0**

1. 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 and FX movement.

Underlying ROE (ex DAC write-down / benefit)

($ millions)	12 mths to Jun 18	12 mths to Dec 18	12 mths to Jun 19	12 mths to Dec 19	12 mths to Jun 20
Underlying NPAT[1]	107.9	93.9	86.7	97.0	87.1
Underlying equity[2]	1,878.0	1,807.6	1,732.2	1,607.9	1,519.1
Underlying ROE (%)[1]	**5.7%**	**5.2%**	**5.0%**	**6.0%**	**5.7%**

1. Excludes $181.8m DAC write-down in 1Q20, less associated 2Q20 DAC amortisation benefit of $12.3m.
2. 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.

Dividend payout ratio

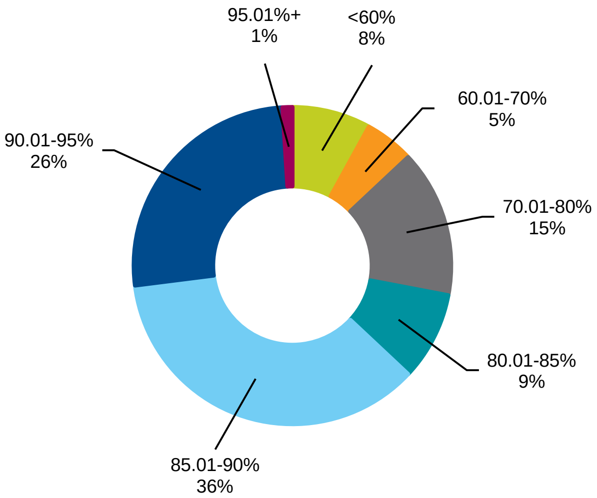
	1H19	1H20
Ordinary dividend (cents per share)	9.0	-
Ordinary dividend ($ million)	37.1	-
Underlying NPAT ($ million)	43.1	(85.5)
Dividend payout ratio	**86.2%**	-

Source all tables: Genworth

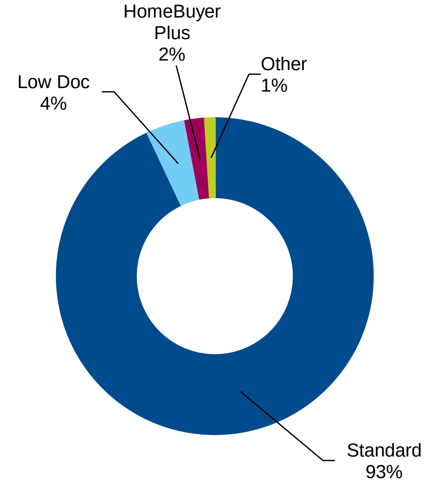
Genworth

Insurance-in-force and new insurance written

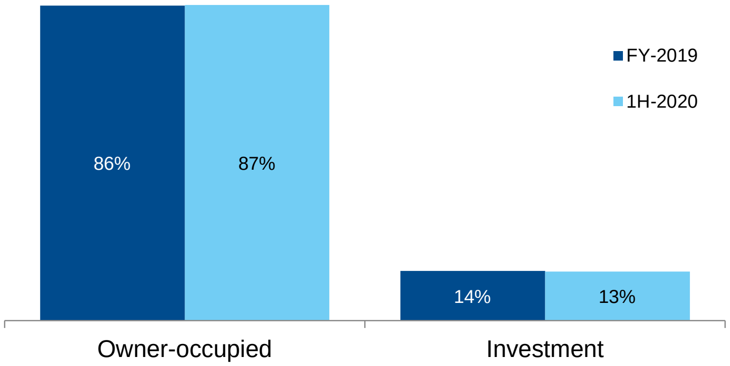
Insurance-in-force (IIF)[1] by original LVR[2] band as at 30 June 2020



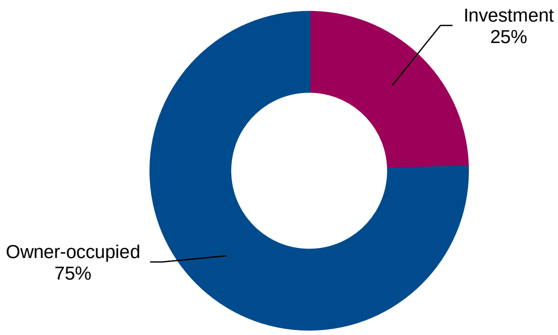
IIF[1] by product type, as at 30 June 2020



Flow NIW[1] by loan type



IIF[1] by loan type, as at 30 June 2020



Source all charts: Genworth

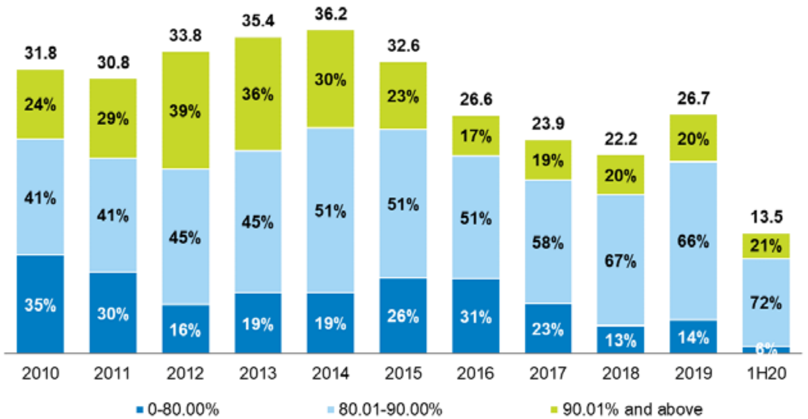
1. Flow NIW excludes structured and bulk transactions. NIW and IIF include capitalised premium. NIW and IIF exclude excess of loss insurance. Genworth has retained $234 million of risk in relation to excess of loss insurance. Home Buyer Plus is for purchasing an owner-occupied property with limited or no savings.
2. Original LVR excludes capitalised premium.

Genworth

Portfolio evolution

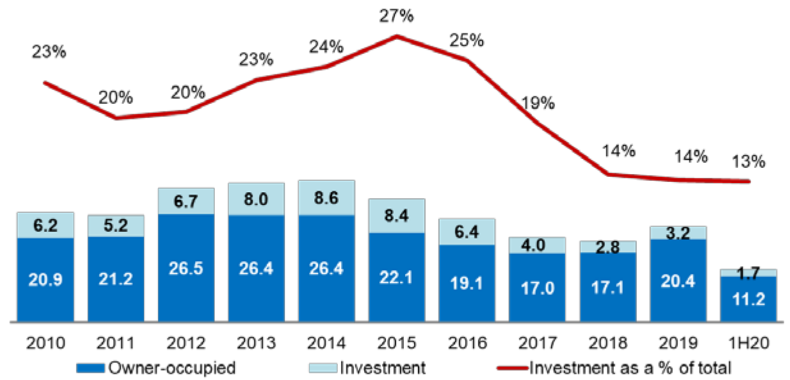
Annual NIW[1] by LVR

$b



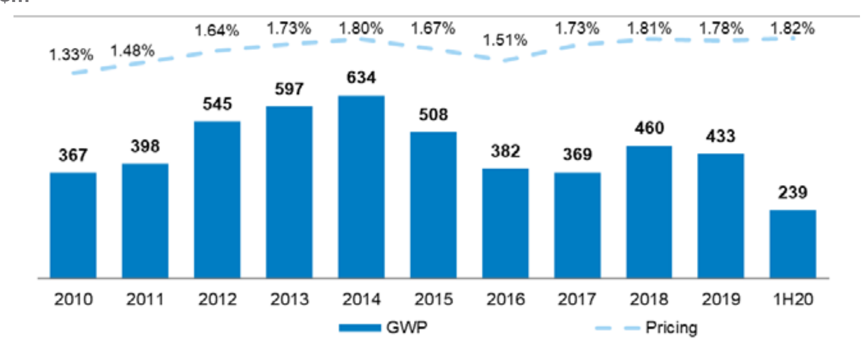
NIW: Investment vs. owner-occupied [3] (Genworth)

$b, %

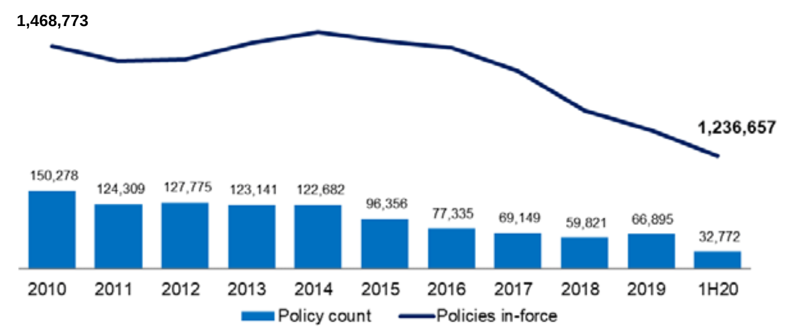


Annual GWP and average flow price[2]

$m



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



Note: Prior periods have been restated in line with market updates.
1. Excludes excess of loss insurance.
2. Average price excludes excess of loss insurance and bulk transactions.
3. Flow NIW only.

Note: New policies are those placed into force during the period. Policies outstanding are the policies which remain in force at the end of the period. Each period the movement in policies outstanding will be the net balance of new policies in force, less policies cancelled.

Source all charts: Genworth

Loan to value ratios

As at 31 December 2019

	Insurance in force		LVR		Change in house price %
Book year	$ billions	%	Original	Effective	
2011 & prior	101.7	36%	78.3%	40.0%	68%
2012	15.8	6%	86.1%	62.3%	33%
2013	18.0	6%	87.2%	68.0%	26%
2014	20.2	7%	87.3%	74.5%	16%
2015	20.0	7%	85.8%	77.7%	8%
2016	19.1	7%	83.9%	78.3%	5%
2017	18.2	7%	86.8%	86.2%	-1%
2018	19.2	7%	87.7%	87.8%	-1%
2019	23.5	8%	88.0%	85.3%	4%
Total Flow	**255.8**	**92%**	**82.5%**	**57.9%**	**41%**
Portfolio	23.3	8%	56.5%	27.5%	77%
Total/ Weighted Avg.	**279.1**	**100%**	**80.0%**	**55.0%**	**45%**

Source: Genworth

As at 30 June 2020

	Insurance in force		LVR		Change in house price %
Book year	$ billions	%	Original	Effective	
2011 & prior	98.7	35%	78.6%	38.3%	71%
2012	15.2	5%	86.1%	60.4%	35%
2013	17.1	6%	87.2%	65.9%	27%
2014	19.1	7%	87.2%	72.2%	17%
2015	19.0	7%	85.8%	75.3%	10%
2016	18.1	6%	83.9%	76.3%	7%
2017	17.2	6%	86.9%	84.3%	0%
2018	18.5	7%	87.8%	86.0%	1%
2019	23.2	8%	88.0%	83.9%	5%
2020	12.9	5%	88.1%	89.3%	0%
Total Flow	**259.1**	**92%**	**82.6%**	**56.7%**	**43%**
Portfolio	22.8	8%	56.5%	26.2%	80%
Total/ Weighted Avg.	**282.0**	**100%**	**80.1%**	**53.8%**	**46%**

Source: Genworth

Note: Excludes inward reinsurance, excess of loss insurance, NZ and Genworth Financial Mortgage Limited. 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.

Genworth

Delinquency development

Delinquencies by book year	Jun 19	%	Dec 19	%	Jun 20	%
2011 and prior	4,423	0.54%	3,952	0.50%	4,060	0.55%
2012	728	1.11%	585	0.95%	595	1.01%
2013	747	1.10%	664	1.04%	680	1.12%
2014	744	0.97%	745	1.04%	746	1.10%
2015	567	0.82%	497	0.77%	542	0.89%
2016	377	0.60%	350	0.60%	394	0.71%
2017	216	0.36%	257	0.45%	305	0.57%
2018	86	0.15%	160	0.28%	228	0.41%
2019	3	0.01%	11	0.02%	62	0.10%
2020	-	-	-	-	2	0.01%
TOTAL[1]	7,891	0.60%	**7,221**	**0.56%**	**7,614**	**0.62%**

Source: Genworth

Delinquencies by geography	Jun 19	%	Dec 19	%	Jun 20	%
New South Wales	1,425	0.45%	1,320	0.42%	1,495	0.51%
Victoria	1,397	0.45%	1,258	0.41%	1,385	0.46%
Queensland	2,330	0.81%	2,136	0.75%	2,143	0.78%
Western Australia	1,733	1.10%	1,571	1.00%	1,604	1.06%
South Australia	646	0.68%	610	0.65%	644	0.70%
Australian Capital Territory	79	0.25%	77	0.24%	83	0.27%
Tasmania	143	0.31%	133	0.29%	120	0.27%
Northern Territory	128	0.83%	109	0.71%	128	0.87%
New Zealand	10	0.02%	7	0.02%	12	0.03%
TOTAL	**7,891**	**0.60%**	**7,221**	**0.56%**	**7,614**	**0.62%**

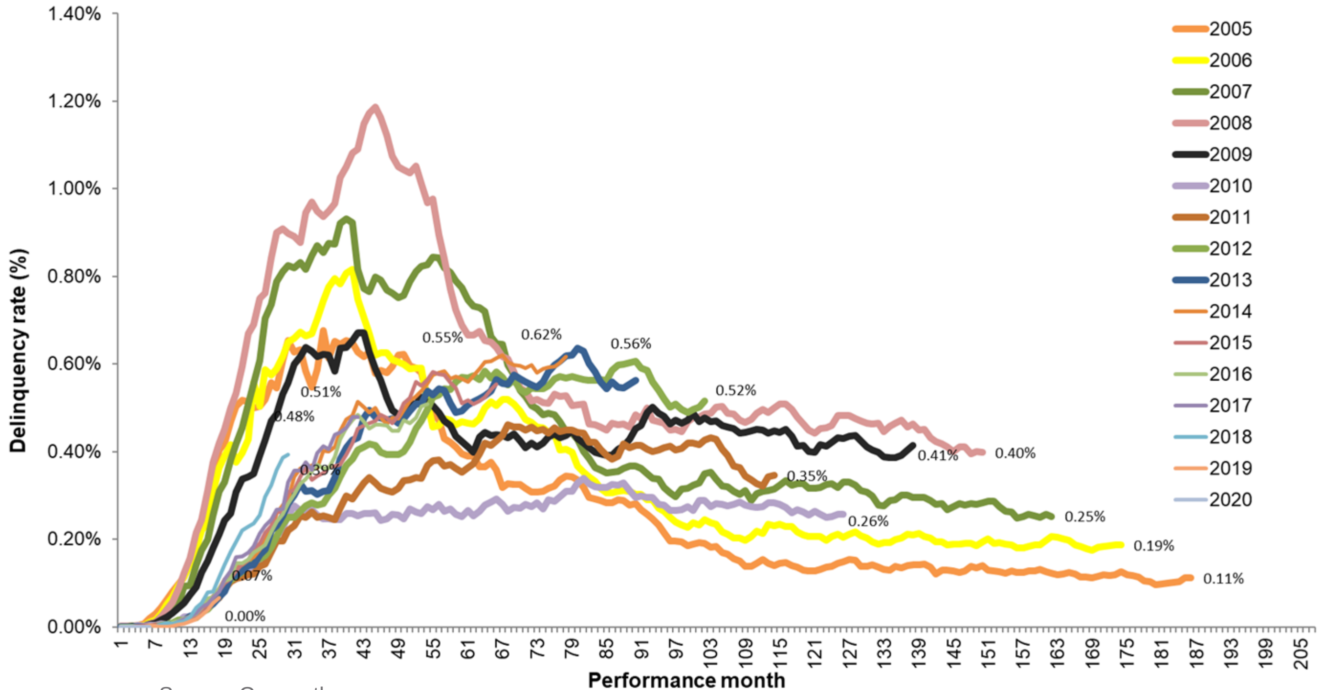
Source: Genworth

Note: This slide excludes excess of loss insurance.

1. Total row shows portfolio delinquency rate, calculated by dividing the number of delinquencies (7,614) by the number of insured loans in force (~1.24m).

Genworth

Delinquency development



Source: Genworth

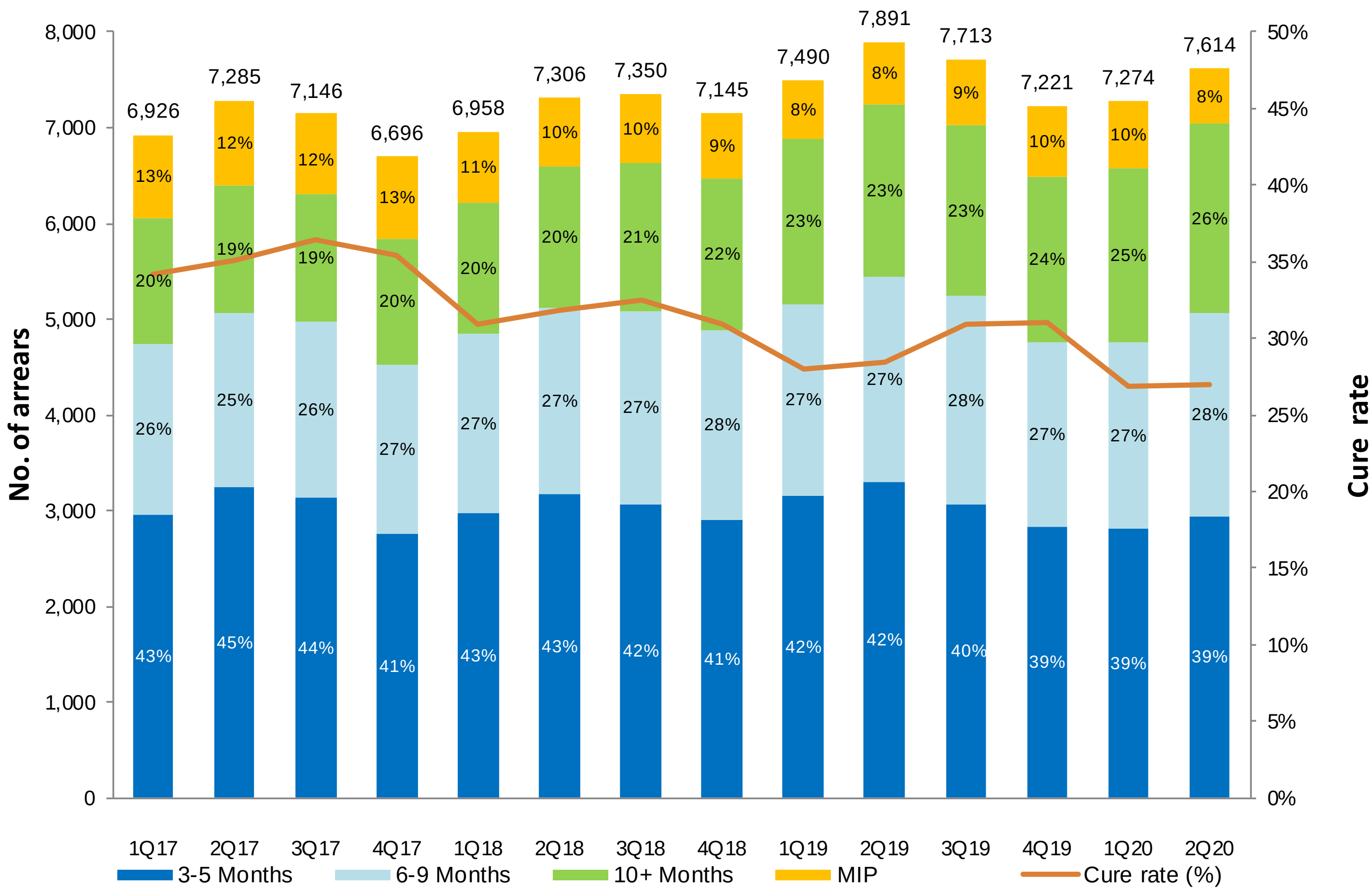
- Portfolio delinquencies moved as per seasonal trends.
- 2006 and prior book years performances affected by higher proportion of low doc lending which reduced significantly in 2009 following policy changes and decommissioning of the low doc product in the latter part of 2009.
- Historical performance 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.
- 2010-11 book year delinquencies at lower levels driven by stronger credit policies.
- Deterioration in 2013-14 book years reflects 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]



	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20
Total	6,926	7,285	7,146	6,696	6,958	7,306	7,350	7,145	7,490	7,891	7,713	7,221	7,274	7,614
MIP	13%	12%	12%	13%	11%	10%	10%	9%	8%	8%	9%	10%	10%	8%
10+ Months	20%	19%	19%	20%	20%	20%	21%	22%	23%	23%	23%	24%	25%	26%
6-9 Months	26%	25%	26%	27%	27%	27%	27%	28%	27%	27%	28%	27%	27%	28%
3-5 Months	43%	45%	44%	41%	43%	43%	42%	41%	42%	42%	40%	39%	39%	39%

Source: Genworth

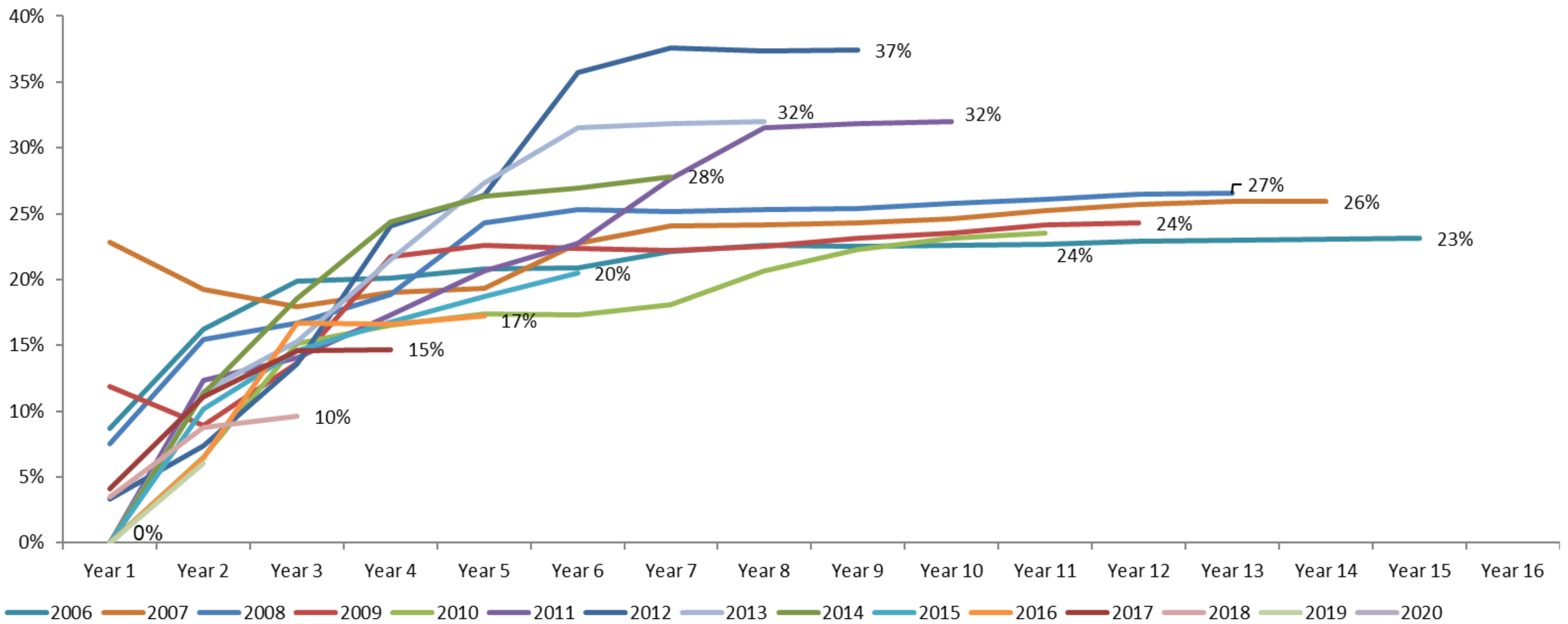
Note: Totals may not sum due to rounding.

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

Claims severity



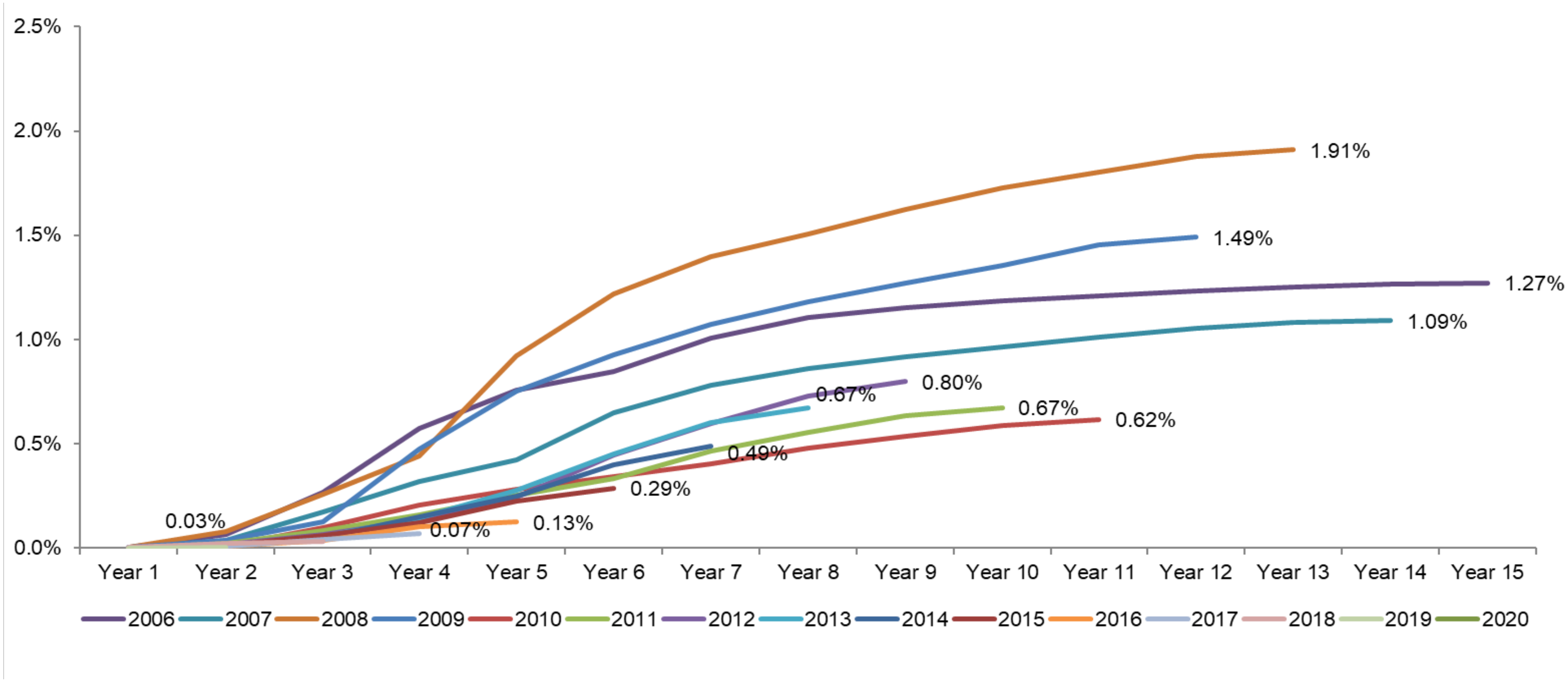
Source: Genworth

- 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 (2015-2020) with low current severities have limited claims data to date and could experience a deterioration as these books mature.

Genworth

Claims frequency

By book year (%) as at 30 June 2020



Source: Genworth

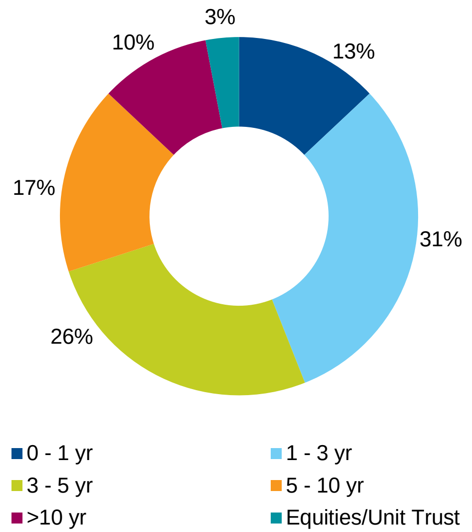
Note:
1. The claims frequency for each book year is calculated as the number of claims from policies written in the book year divided by the total number of policies in the same book year which is gross of cancelled policies.
2. Policies relating to inwards reinsurance, excess of loss insurance, New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

Genworth

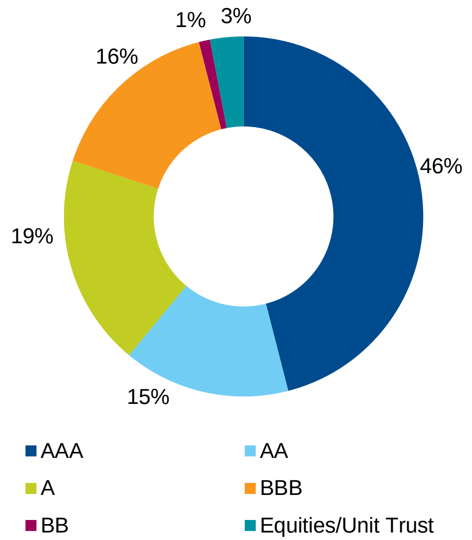
Cash and investments portfolio

Conservative, well-diversified portfolio with average maturity of 4.3 years[1]

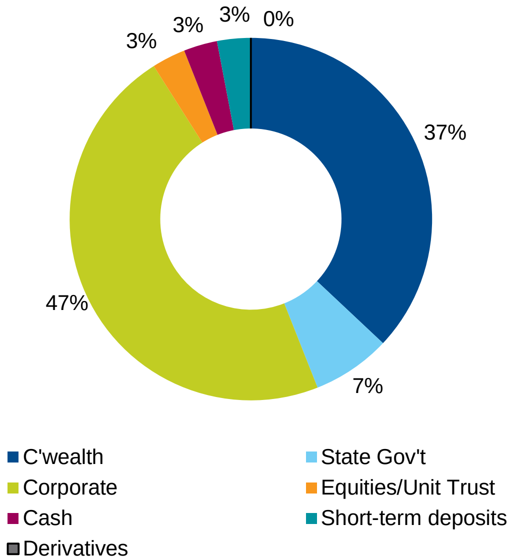
Portfolio by maturity



Portfolio by rating



Portfolio by issuer type



Portfolio by maturity

(as at)	31 Dec 19 $m	30 Jun 20 $m
0-1 Yr	731	432
1-3 Yr	851	983
3–5 Yr	628	838
5-10 Yrs	541	545
> 10 Yrs	297	315
Equities/Unit Trust	83	84
Total	**3,131**	**3.197**

Portfolio by rating[2]

(as at)	31 Dec 19 $m	30 Jun 20 $m
AAA	1,256	1,484
AA	729	492
A	567	619
BBB	481	499
BB	16	19
Equities/Unit Trust	83	84
Total	**3,131**	**3,197**

Portfolio by issuer type

(as at)	31 Dec 19 $m	30 Jun 20 $m
C'wealth	944	1,192
State gov't	375	226
Corporate	1,439	1,505
Short-term deposits	193	107
Cash	87	81
Equities/Unit Trust	83	84
Derivatives	10	2
Total	**3,131**	**3,197**

1. Maturity of 4.3 years excludes equities (duration 2.7 years). Note: Derivatives contracts are with AA rated counterparties and have a maturity of less than 1 year.
2. Using APRA mapping for short-dated securities.

Source: Genworth

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.

(A$ millions), as at	30 Jun 18	31 Dec 18	30 Jun 19	31 Dec 19	30 Jun 20
Cash	57.3	141.5	57.9	87.3	80.9
Investments	3,221.4	3,083.0	3,197.3	3,043.8	3,116.5
Total cash and investments	**3,278.7**	**3,224.5**	**3,255.2**	**3,131.1**	**3,197.4**

(A$ millions)	1H18	2H18	1H19	2H19	1H20
Net interest and dividend income	43.5	43.1	42.4	35.4	27.2
Investment return[1]	**2.61%**	**2.65%**	**2.61%**	**2.20%**	**1.72%**

Source: Genworth

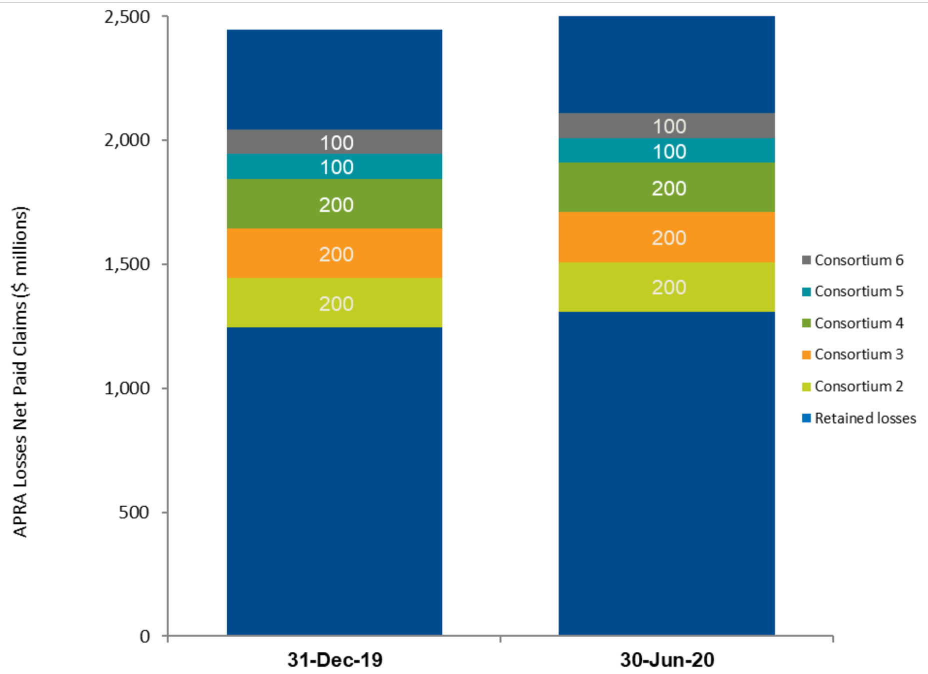
1. Investment return excludes realised and unrealised gains and losses and the impact of FX movements on the investment portfolio. Investment returns for 1H18, 2H18 and 1H19 were re-stated by excluding the derivatives liability and accrued investment income in total investments.

Genworth

Reinsurance

Well-diversified panel with flexibility, continues to drive efficient capital credit

Reinsurance program as at 30 June 2020



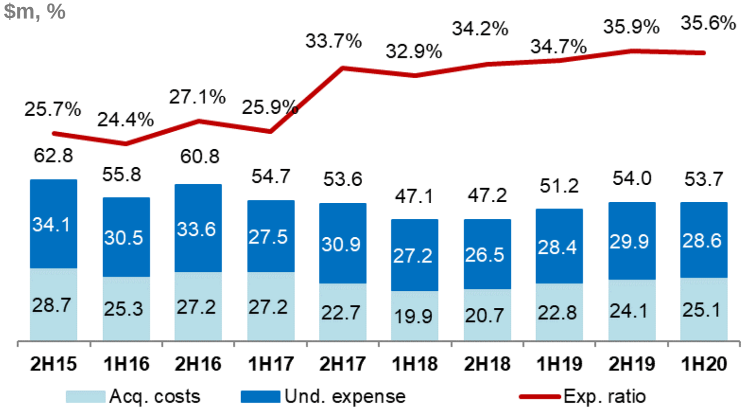
- As at 30 June 2020, $800m of excess of loss cover with varying durations depending on the layer.
- Well diversified panel with over 20 different reinsurers participating across the program (minimum rating of A-).
- Program is structured to provide aggregate cover on a ‘paid claims basis’ (not structured 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).
- The program continues to drive efficient economic capital credit.
- Reinsurance program renewed on 1 January 2020, on the same basis as prior year.

Source: Genworth

Note: Excludes reinsurance on excess of loss insurance.

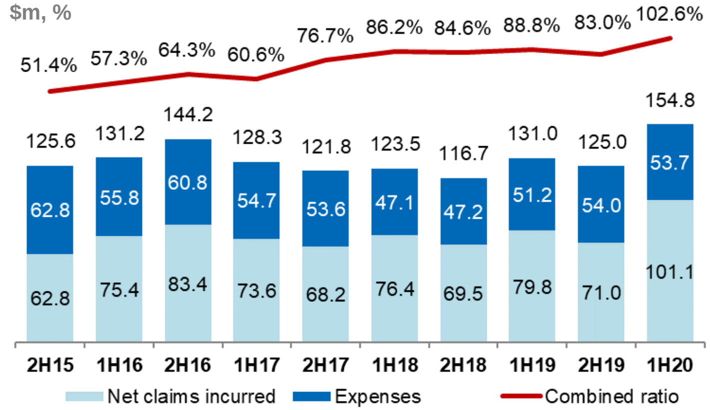
Insurance ratio analysis[1]

Expenses



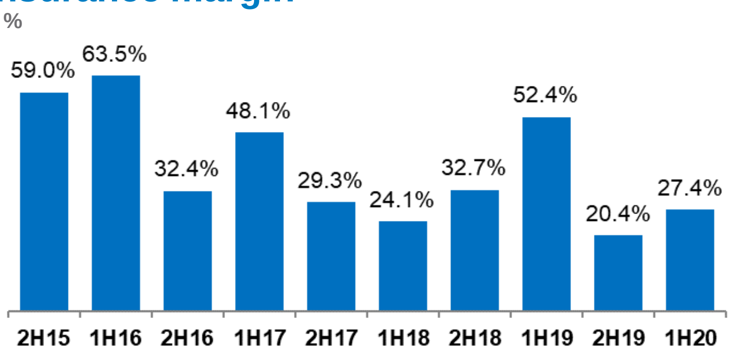
Expense ratio: divide sum of acquisition costs and other underwriting expenses by net earned premium. Net of ceding commissions.

Combined ratio



Combined ratio: loss ratio + expense ratio.
Earnings curve change 4Q17.

Insurance margin

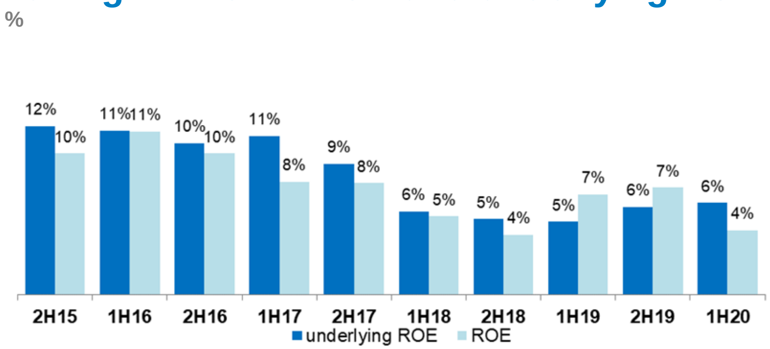


Insurance margin: divide profit from underwriting and investment income on technical funds (including realised and unrealised gains or losses) by net earned premium.

Source all charts: Genworth

1. 1H20 excludes $181.8m DAC write-down in 1Q20, less associated 2Q20 DAC amortisation benefit of $12.3m.

Trailing 12-month ROE and underlying ROE



Trailing 12 months underlying ROE: divide underlying NPAT of the past 12 months by average of opening and closing underlying equity balance for past 12 months. Trailing 12 months ROE:- divide NPAT of past 12 months by average of opening and closing equity balance for past 12 months.

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Glossary

As at 30 June 2020

Term	Definition
ASX	ASX Limited ABN 98 008 624 691 or Australian Securities Exchange
Average reserve per delinquency	Average reserve per delinquency is calculated by dividing the outstanding claims balance by the number of delinquencies. This calculation differs from the average reserve per delinquency quoted in the Prospectus which was calculated by dividing the central estimate of the outstanding claims balance, net of the non-reinsurance recoveries, by the number of delinquencies
Book year	The calendar year an LMI policy is originated
Borrower sale	Borrower sale is a type of loss mitigation activity initiated by Genworth by providing a dedicated team that includes a qualified real estate agent and working with borrowers and lenders on any borrower shortfall sale scenario with guidance and support. This activity is to help borrowers reduce any potential shortfall while reducing the claim size to which Genworth is exposed
Business select	Providing self-employed borrowers access to residential mortgage finance by providing limited evidence of income. The borrower self certifies an income that is used to establish serviceability
Combined ratio	The combined ratio is the sum of the loss ratio and the expense ratio
Common equity tier 1 or CET1	The highest quality and most loss absorbing form of capital. Consists of total accounting equity, adjustments for certain reserves and adjustments for certain other items, such as intangible assets, which are excluded from the capital base
DAC	Deferred acquisition costs - Costs associated with obtaining and recording mortgage insurance contracts are referred to as acquisition costs and are capitalised when they relate to the acquisition of new business or the renewal of existing business.
Delinquency	Any insured loan which is reported as three 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)

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	Policies written by Genworth 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, the Company or the Group
GFC	Global financial crisis
GEP	Gross earned premium - The earned premium for a given period prior to any outward reinsurance premium 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	Incurred but not reported - Delinquent loans that have been incurred but not reported
IFRS	International Financial Reporting Standards
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
Investment return	The investment return is calculated as the net interest and dividend (excluding realised and realised gains/(losses)) divided by the average balance of the opening and closing cash and investments balance for the period, annualised.

Genworth

Glossary

As at 30 June 2020

Term	Definition
Lapsed policy initiative	A strategic initiative which involves identifying and securing new data sources that enables 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
LAT	Liability adequacy test - An assessment of the carrying amount of the unearned premium liability and is conducted at each reporting date.
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	Loan to value ratio
NEP	Net earned premium - 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 relevant 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
PML	Probably maximum loss - 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
ROE	Return on equity – ROE is NPAT divided by the average of the opening and closing equity balance for a financial period
Statutory NPAT	Net profit after tax
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 original mortgage loan
Underlying equity	Underlying Equity is defined as total equity excluding the after-tax impact of unrealised 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 unrealised 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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For more information, analysts, investors and other interested parties should contact:

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The release of this announcement was authorised by the Board.

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