Genworth

4 AUGUST 2021

1H21 Financial Results Presentation

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Agenda

Overview

Pauline Blight-Johnston

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Overview

Strong business performance benefiting from economic recovery

Underwriting profit driving NPAT growth

- 1H21 Underwriting result of $88m
- 1H21 Statutory NPAT of $59m (includes $23m of pre-tax mark to market losses)
- 1H21 Underlying NPAT of $76m.

Continued economic recovery in first half

- Improved unemployment and house price trends
- Key economic indicators ahead of central estimate assumptions
- Impact of recent lockdowns and risk to the economy currently uncertain.

Strong NIW and premium growth

- 1H21 New insurance written increased 14.7% to $15.5b
- 1H21 Gross written premium increased 21.1% to $290m
- 1H21 Net earned premium increased 13.3% to $171m.

Claims environment benign

- New delinquencies and paid claims subdued
- 2,306 (1Q21: 1,941) previously deferred loans delinquent as at 30 June 2021
- Improved loss experience due to strong dwelling value appreciation.

Capital strength and flexibility

- PCA coverage ratio 1.74x (Level 2 basis)
- Surplus capital of $320m above top of Board PCA target range
- Unfranked 1H21 ordinary interim dividend of 5 cents per share.

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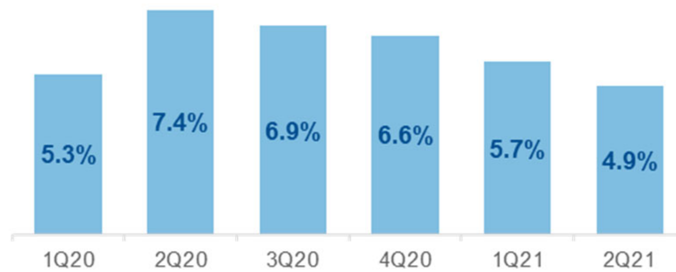
Continued economic recovery in first half

May be dampened by recent COVID-19 outbreaks

Unemployment

- Number of employed people and hours worked in June both above pre-COVID-19 levels
- Various federal and state government stimulus programmes continue.

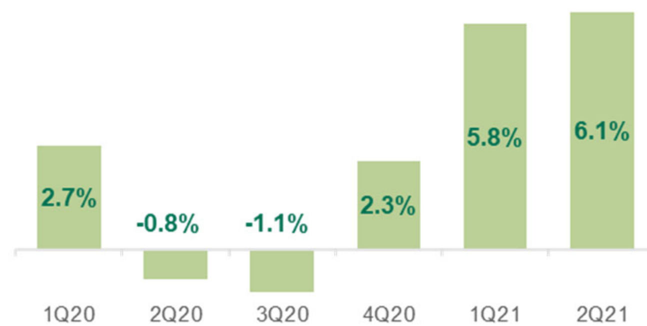
Data sourced from ABS Labour Force Australia seasonally adjusted estimates for Jun 21.



Dwelling values

- National dwelling values 12.4% above the previous peak achieved in April 2020
- All geographies up over the quarter and prior year. Regional growth strong.

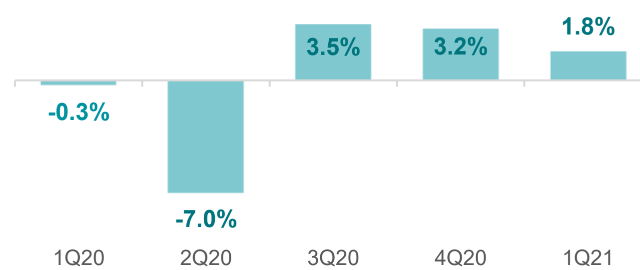
Data sourced from CoreLogic's Hedonic Home Value Index as at Jun 21.



Gross domestic product

- GDP and GDP per capita up 1.1% and 0.8% respectively for the year to 31 March 2021
- The household saving ratio of 11.6% remains well above the 1Q20 savings ratio of 7.9%.

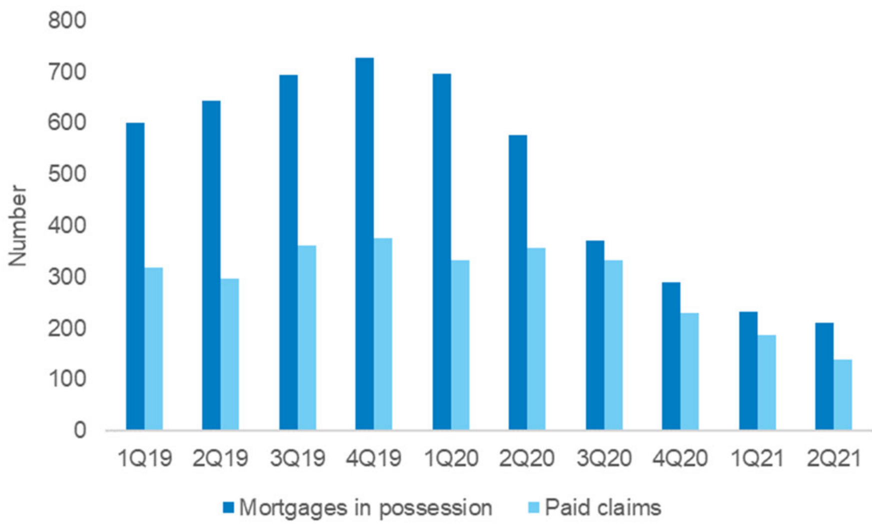
Data sourced from ABS Australian National Accounts seasonally adjusted estimates for Mar 21. June data to be released in early September.



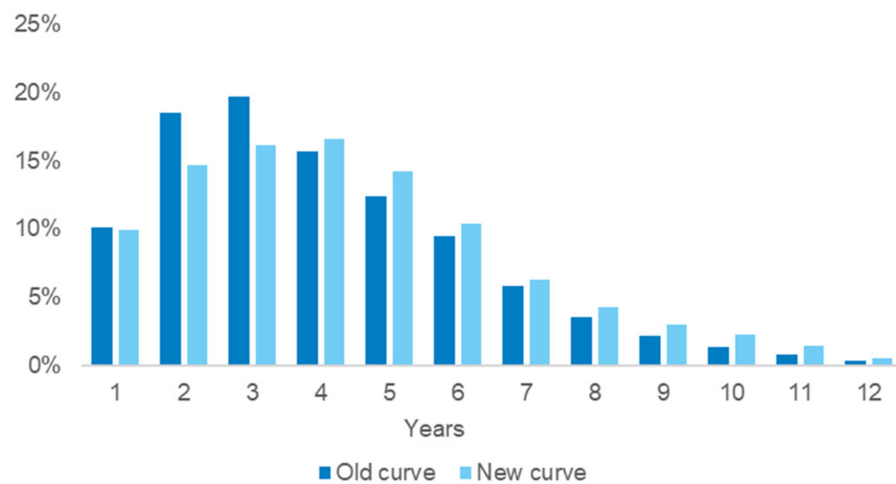
Claims environment benign

Net incurred claims and premium earning rate delayed

Delayed claims paid



Earnings curve delayed to match claims experience



Note: Earnings pattern for new business based on forecasted cancelations excluding excess of loss and bulk policies

- Properties in possession and number of paid claims remain low
- Lender foreclosure moratoriums on owner occupied dwellings continue
- Previously deferred loans reset to performing, additional deferral periods may delay true experience.

- Earnings curve last changed in 2H17
- New earnings curve in effect from 2Q21 and has reduced 1H21 NEP by $12m
- Adjustment takes account of the delayed timing of incurred claims.

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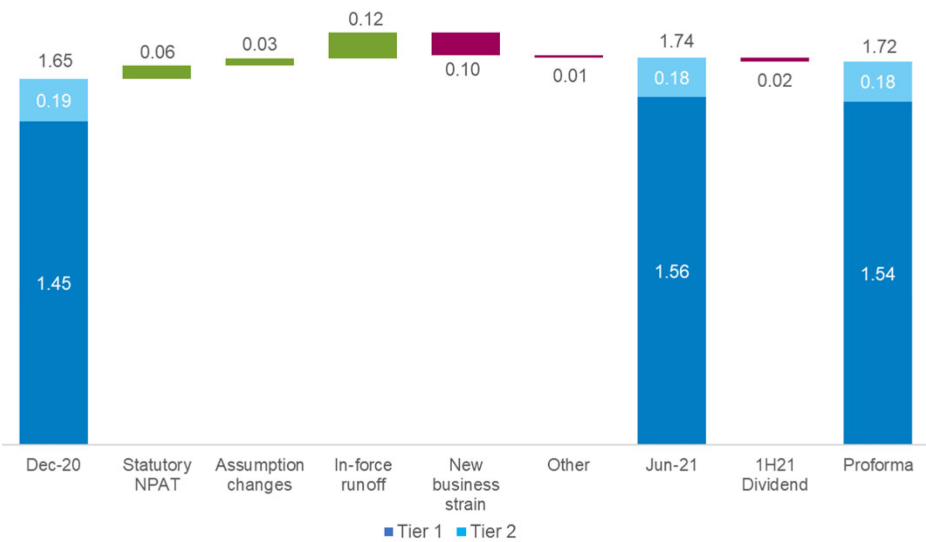
Capital strength and flexibility

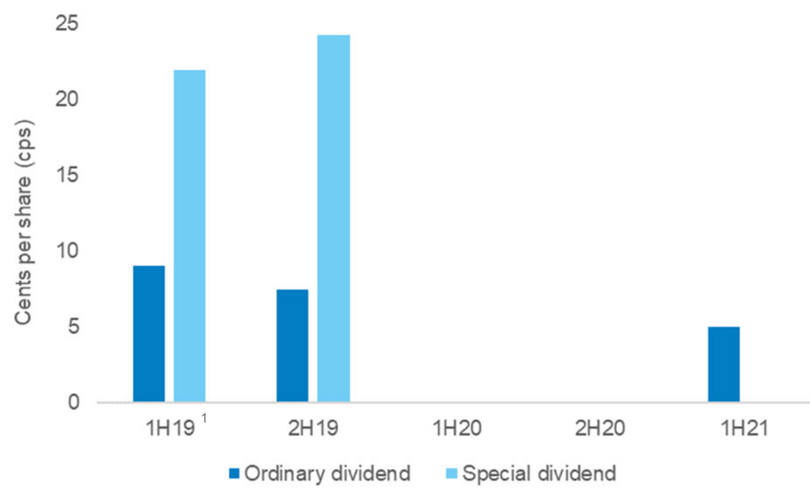
Strong capital base with dividends resumed

PCA ratio walk



Note: Totals may not sum due to rounding.

Capital management



1. Excludes $63.9m on-market share buy-back.

Strong capital position underpinned by:

- PCA ratio of 1.74 times, with surplus capital of $320m above the top end of Board target range
- Tier 1 ratio 1.56 times, significantly above the minimum 0.8 times regulatory requirement. $190m of Tier 2 subordinated notes on issue
- New business growth self supporting from in-force runoff.

Resuming dividend payments:

- 5 cents per share unfranked interim ordinary dividend
- Franking account balance deficit of $2.8 million as at 31 December 2020 post settlement of tax balances
- Reflects strong capital base and paid out of statutory NPAT.

Source: Genworth

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Genworth Financial separation programme

Transition of services provides opportunity to simplify the business

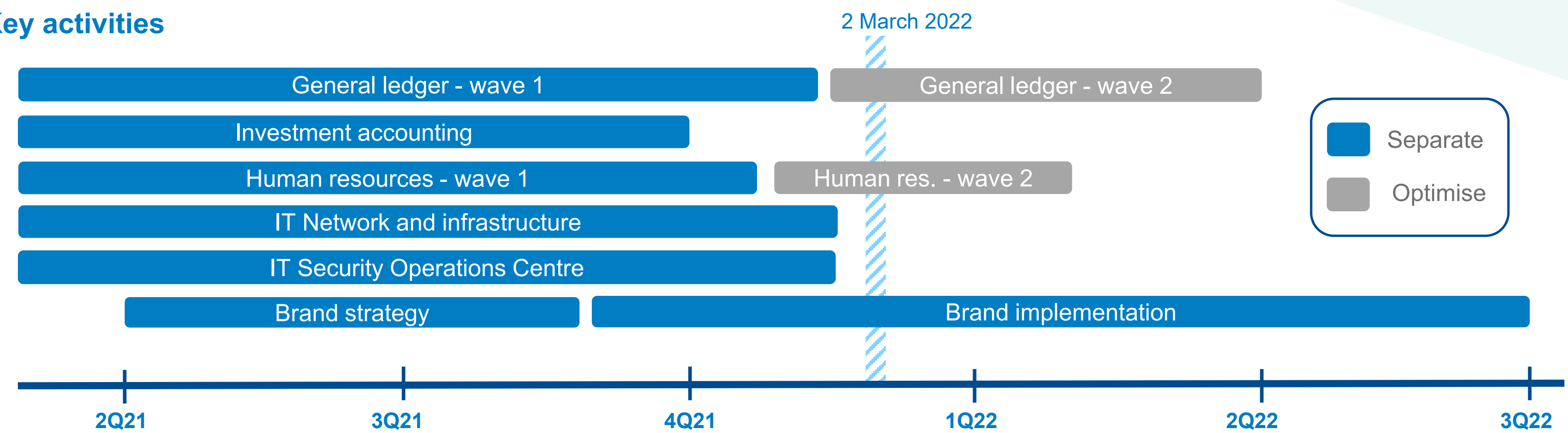
Areas impacted

- Finance systems
- Human resources systems
- Some investments services
- IT networks and infrastructure
- Brand management.

Expected range of $15m - $19m

- $0.8m transition costs incurred in 1H21
- 2/3 expected to be incurred in FY21
- Target separation completion by 1Q22, with rebranding to be completed later in 2022.

Key activities



Strategic focus

Alignment with customer value proposition to drive sustainable growth

Improve the efficiency and competitiveness of LMI

Reimagine LMI for a new generation of home buyers

Leverage our core capabilities into complementary offerings

1H21 achievements:

- Automating the flow of data to reduce risk and improve efficiency for Genworth and our lender customers
- Two lender customers writing monthly premium LMI and in advanced discussions with further customers
- Evaluating partnership opportunities to assist borrowers to bridge the deposit gap in new ways.

1H21 Financial result

Michael Bencsik

Genworth

1H21 income statement

Strong business performance

($ millions)	1H20	2H20	FY20	1Q21	2Q21	1H21	1H21 v 1H20 (%)
Gross written premium	239.3	322.4	561.7	142.7	147.0	289.7	21.1%
Movement in unearned premium	(54.0)	(126.4)	(180.4)	(39.7)	(44.9)	(84.6)	(56.7%)
Gross earned premium	**185.3**	**196.0**	**381.3**	**103.0**	**102.1**	**205.1**	**10.7%**
Outwards reinsurance expense	(34.5)	(34.8)	(69.3)	(17.1)	(17.1)	(34.2)	0.9%
Net earned premium	**150.8**	**161.2**	**312.0**	**85.9**	**85.0**	**170.9**	**13.3%**
Net claims incurred	(101.1)	(188.8)	(289.8)	(35.9)	(13.5)	(49.3)	51.2%
Acquisition costs	(12.7)	(1.7)	(14.4)	(1.4)	(2.1)	(3.5)	72.5%
Deferred acquisition costs write-down	(181.8)	-	(181.8)	-	-	-	N.M.[1]
Other underwriting expenses[2]	(28.6)	(31.4)	(60.0)	(13.8)	(16.5)	(30.3)	(5.9%)
Underwriting result	**(173.4)**	**(60.7)**	**(234.0)**	**34.8**	**52.9**	**87.7**	**N.M.**
Investment income on technical funds[3]	45.3	14.7	59.9	(27.5)	11.3	(16.2)	N.M.
Insurance profit / (loss)	**(128.1)**	**(46.0)**	**(174.1)**	**7.3**	**64.2**	**71.5**	**N.M.**
Net investment income on shareholder funds[4]	4.5	25.5	30.0	(0.3)	17.5	17.3	N.M.
Financing costs	(5.0)	(5.7)	(10.7)	(2.5)	(2.6)	(5.1)	(2.0%)
Profit / (loss) before income tax	**(128.6)**	**(26.2)**	**(154.8)**	**4.5**	**79.2**	**83.7**	**N.M.**
Income tax (expense) / benefit	38.6	8.6	47.2	(1.1)	(23.2)	(24.3)	N.M.
Statutory net profit / (loss) after tax	**(90.0)**	**(17.6)**	**(107.6)**	**3.4**	**56.0**	**59.4**	**N.M.**
Underlying net profit / (loss) after tax[4]	**(85.5)**	**(18.7)**	**(104.3)**	**30.3**	**46.1**	**76.4**	**N.M.**
Underlying diluted earnings per share	(20.7 cps)	(4.5 cps)	(25.2 cps)	7.3 cps	11.2 cps	18.5 cps	N.M.

Note: Totals may not sum due to rounding
1. N.M. Not Meaningful (increases or decreases greater than 100%).
2. Net of ceding commissions.
3. Investment income on technical funds and shareholder funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.
4. Underlying NPAT excludes after-tax impact of unrealised gains/(losses) on the investment portfolio, the impact of foreign exchange rates on Genworth's investment portfolio (the bulk of these foreign exchange exposures are hedged) and the separation costs.

1H21 commentary:

- **GWP** growth reflecting higher LMI flow volumes across lender customers with consistent underwriting quality
- **NEP** growth driven by GWP and partially offset by 2Q21 change to the earnings curve
- **Net claims incurred** down due to lower delinquencies and higher cures, impacted by runoff of deferrals
- **Investment income** improved as 1Q21 unrealised losses partially reversed.

Source: Genworth

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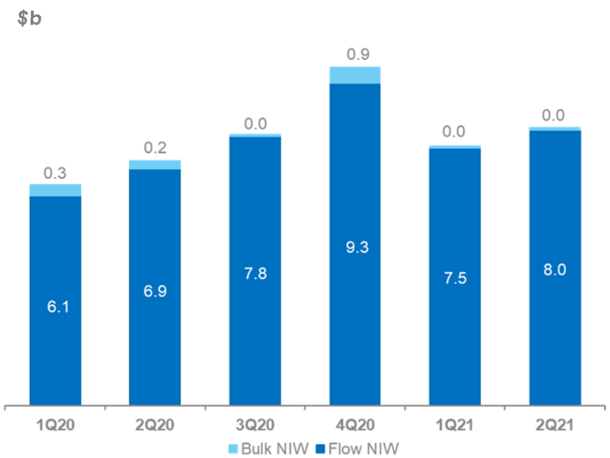
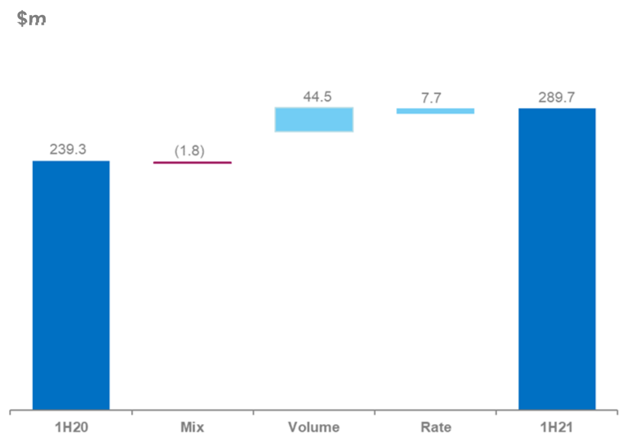
Strong NIW and premium growth

Market conditions remain favourable

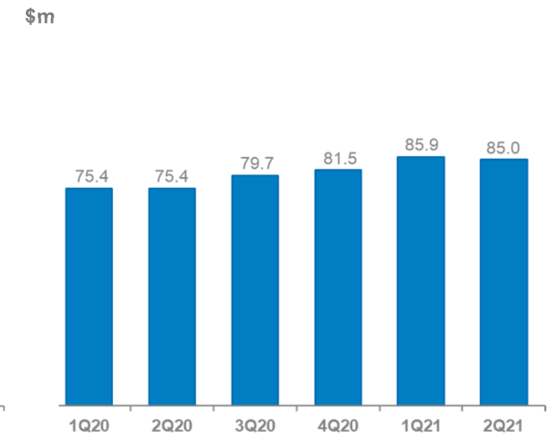
New insurance written



Gross written premium



Net earned premium



- Owner-occupiers and first home buyers supporting lender customer mortgage growth
- Key lender customers continue to grow home lending above system.

- Higher business volumes continue to drive growth over prior year
- Small positive contribution from rate.

- Past GWP book year growth will drive increased NEP
- Earnings curve review reduced 2Q21 NEP by $12m.

Source: Genworth

Genworth

Net claims incurred

Timing of claims continues to be delayed

($ millions unless otherwise stated)	1H20	2H20	FY20	1Q21	2Q21	1H21
Number of paid claims (#)	691	563	1,254	186	139	325
Average paid claim[1] ($'000)	94.9	98.0	96.3	67.2	84.8	74.7
Claims paid	**65.6**	**55.2**	**120.8**	**12.5**	**11.8**	**24.3**
Movement in reserves	35.5	133.6	169.1	23.4	1.7	25.0
Net claims incurred	**101.1**	**188.8**	**289.8**	**35.9**	**13.5**	**49.3**
Net earned premium (NEP)	150.8	161.2	312.0	85.9	85.0	170.9
Loss ratio (%)	**67.0%**	**117.1%**	**92.9%**	**41.8%**	**15.8%**	**28.9%**

Net claims incurred ($m)	1H20	2H20	FY20	1Q21	2Q21	1H21
New delinquencies	78.9	58.7	137.4	32.6	36.9	69.5
Cures	(69.1)	(81.5)	(150.7)	(40.1)	(44.4)	(84.5)
Ageing[2]	54.1	27.1	81.3	14.5	20.1	34.6
Paid claims gap	(0.6)	(0.6)	(1.2)	(0.7)	0.6	(0.2)
Other adjustments[3]	37.9	185.0	223.0	29.5	0.3	29.8
Net claims incurred	**101.1**	**188.8**	**289.8**	**35.9**	**13.5**	**49.3**

1H21 net claims incurred movements driven by:

- COVID-19 lender foreclosure moratoriums reducing Mortgages in Possession and paid claims
- Average paid claim below historic levels due to borrower sales and house price appreciation
- Other adjustments reflect actuarial changes primarily taken in 1Q21.

Outstanding claims ($m)	1H20	2H20	FY20	1Q21	2Q21	1H21
Opening reserves	**360.9**	**398.8**	**360.9**	**540.4**	**565.2**	**540.4**
Net claims incurred	101.1	188.8	289.8	35.9	13.5	49.3
Other movements[4]	2.4	8.0	10.5	1.4	0.3	1.7
Claims paid	(65.6)	(55.2)	(120.8)	(12.5)	(11.8)	(24.3)
Closing reserves	**398.8**	**540.4**	**540.4**	**565.2**	**567.2**	**567.2**

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

1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid.
2. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
3. Includes COVID-19 actuarial adjustments relating to policies affected by moratoriums, IBNR for policy deferrals, an increase to the risk margin and an increase for the allowance of cured policies re-entering arrears.
4. Includes non-reinsurance recoveries.

Source: Genworth

Genworth

Investment performance

Reversal of 1Q21 unrealised losses during 2Q21

($ millions)	1H20	2H20	FY20	1Q21	2Q21	1H21
Net interest income and dividend income	27.2	20.0	47.2	8.8	13.8	22.6
Realised gains on investments	29.0	18.5	47.5	1.9	0.0	2.0
Unrealised gains / (losses) and net FX on investments	(6.4)	1.7	(4.7)	(38.5)	15.0	(23.5)
Total investment income	**49.8**	**40.2**	**89.9**	**(27.8)**	**28.8**	**1.1**
Investment return	**3.1%**	**2.4%**	**2.7%**	**(3.2%)**	**3.3%**	**0.1%**

- Realised gains were $27m lower than 1H20 due to lower trading activity in the portfolio
- Unrealised losses were $17m higher than 1H20 but partially reversed in 2Q21 as Government bond rates stabilised
- The running yield of the cash and investments portfolio is 0.7% net of fees.

($ millions)	1H20	2H20	FY20	1Q21	2Q21	1H21
Investment income on technical funds	45.3	14.7	59.9	(27.5)	11.3	(16.2)
Net investment income on shareholder funds	4.5	25.5	30.0	(0.3)	17.5	17.3
Total investment income	**49.8**	**40.2**	**89.9**	**(27.8)**	**28.8**	**1.1**

Note: Totals may not sum due to rounding.

Source: Genworth

Balance sheet

Balance sheet strength with $3.6b in cash and investments

Balance sheet as at 30 June 2021

($ millions)	30 Jun 20	31 Dec 20	30 Jun 21
Assets			
Cash	80.9	104.6	89.6
Accrued investment income	19.8	20.5	22.2
Investments	3,116.5	3,321.0	3,493.3
Deferred reinsurance expense	54.8	20.2	42.9
Non-reinsurance recoveries	27.4	33.3	35.4
Deferred acquisition costs	16.5	41.6	66.1
Deferred tax assets	59.9	55.6	46.9
Goodwill and intangibles	16.3	15.6	14.7
Other assets[1]	70.8	68.2	57.0
Total assets	**3,462.9**	**3,680.6**	**3,868.0**
Liabilities			
Payables[2]	115.9	95.7	112.7
Outstanding claims	398.8	540.4	567.2
Unearned premium	1,334.8	1,461.2	1,545.8
Interest bearing liabilities	200.0	187.8	188.0
Employee benefit provision	7.9	7.6	7.5
Total liabilities	**2,057.3**	**2,292.7**	**2,421.2**
Net assets	**1,405.5**	**1,387.9**	**1,446.7**

Note: Totals may not sum due to rounding.

1. Includes trade receivables, prepayments, plant and equipment and leased assets.
2. Includes reinsurance payables, lease liabilities and other payables.

1H21 commentary:

- **Deferred reinsurance expense** increased following the renewal of the 2021 reinsurance programme
- **Deferred acquisition costs (DAC)** increase reflects the capitalisation of new acquisition costs post the 1Q20 DAC write-down.
- **Payables** movement is due to the renewal of the reinsurance programme and the timing of investment trade settlements
- **Outstanding claims** increased due to ongoing impact of deferral programmes in delaying claim payments.

Source: Genworth

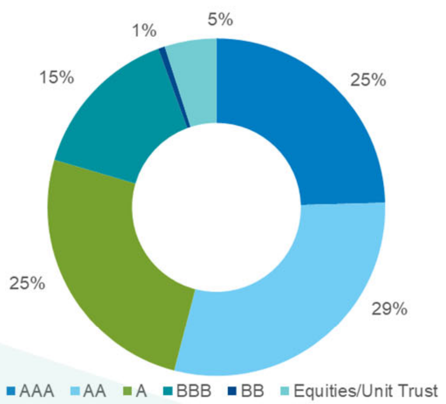
Genworth

Cash and investment portfolio

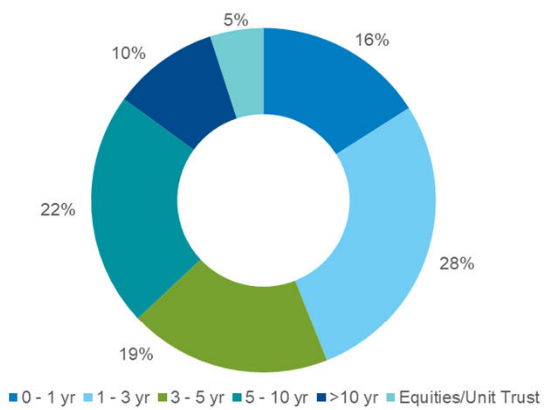
Well-diversified portfolio with average maturity of 4.2 years[1]

Cash and investment portfolio ($m)	30 Jun 20		31 Dec 20		30 Jun 21	
Commonwealth[3]	1,192.1	70.6%	784.2	45.9%	584.9	35.3%
State Gov't	226.2	13.4%	573.3	33.5%	589.9	35.6%
Corporate / Other	268.8	15.9%	350.2	20.5%	459.4	27.7%
Cash & Short Term Deposits	1.9	0.1%	1.5	0.1%	22.7	1.4%
Technical funds	**1,689.0**	**100.0%**	**1,709.1**	**100.0%**	**1,657.0**	**100.0%**
Commonwealth	-	-	75.7	4.4%	17.0	0.9%
Corporate / Other	1,235.8	81.9%	1,261.8	73.5%	1,504.0	78.1%
Equities/Unit Trust	84.5	5.6%	126.0	7.3%	177.4	9.2%
Cash & Short Term Deposits	185.5	12.3%	235.4	13.7%	227.4	11.8%
Derivatives	2.5	0.2%	17.5	1.0%	0.1	0.0%
Shareholder funds	**1,508.3**	**100.0%**	**1,716.4**	**100.0%**	**1,925.9**	**100.0%**
Total Investment Assets	**3,197.4**	**100.0%**	**3,425.5**	**100.0%**	**3,582.9**	**100.0%**

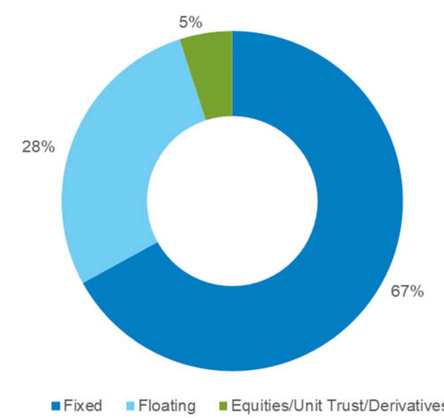
Portfolio by rating[2]



Portfolio by maturity



Portfolio by type



1. Maturity of 4.2 years (duration 2.4 years) excludes equities and derivatives. 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.
3. Includes bonds with an explicit guarantee from the Commonwealth.

Source: Genworth

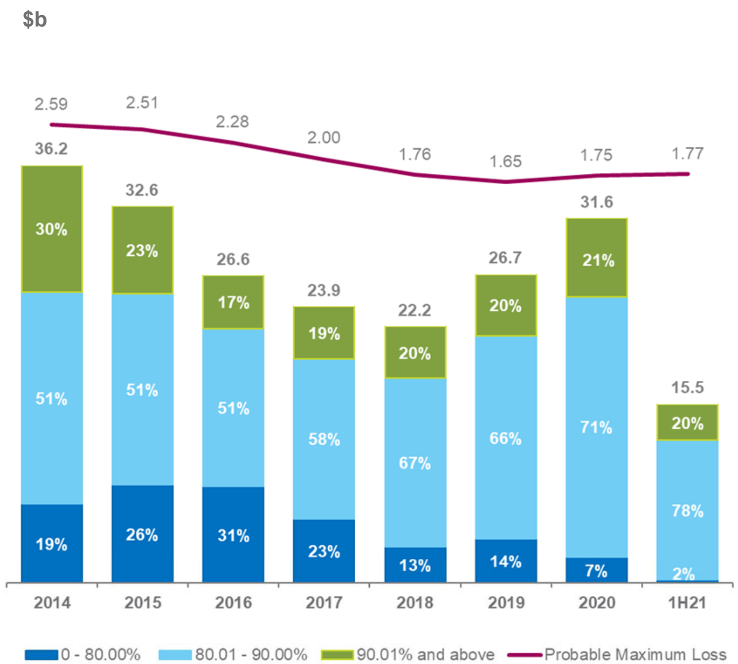
Genworth

Regulatory capital

Strong regulatory capital position maintained

($ millions)	30 Jun 20	31 Dec 20	30 Jun 21
Capital base			
Common equity Tier 1 capital	1,298.1	1,426.3	1,652.0
Tier 2 capital	200.0	190.0	190.0
Regulatory capital base	**1,498.1**	**1,616.3**	**1,842.0**
Capital requirement			
Probable maximum loss (PML)	1,676.3	1,745.2	1,774.2
Net premiums liability deduction	(471.3)	(433.3)	(394.5)
Allowable reinsurance	(800.3)	(800.2)	(800.2)
Insurance concentration risk charge (ICRC)	**404.7**	**511.7**	**579.4**
Asset risk charge	131.8	166.1	216.8
Asset concentration risk charge	-	-	-
Insurance risk charge	327.9	332.0	310.6
Operational risk charge	41.7	43.4	40.7
Aggregation benefit	(57.8)	(71.9)	(90.9)
Prescribed capital amount (PCA)	**848.3**	**981.3**	**1,056.7**
PCA coverage ratio (times)	**1.77x**	**1.65x**	**1.74x**

NIW[1] by original LVR[2] band and probable maximum loss



Note: Totals may not sum due to rounding.
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.

Source: Genworth

Summary

Pauline Blight-Johnston

Genworth

Summary

Well positioned to drive sustainable growth

Business set up to benefit from improving economy

- GWP will underpin earnings over the coming years
- Continued attention on quality of underwriting
- Strong focus on profitable customer renewals.

Outlook

- Economic environment currently uncertain
- Claims activity expected to normalise after additional deferral periods
- Working with lender customers to improve the LMI value proposition for home buyers.

Capital strength and flexibility

- PCA coverage ratio of 1.74x comfortably above the Board's target range of 1.32 to 1.44x
- Surplus capital above top end of target range of $320m
- Optimising capital as future requirements become clearer.

Supplementary slides

Australian key economic indicators

Change in dwelling values	Mar 21 – Jun 21	Dec 20 – Jun 21	12 months
Sydney	8.2%	15.4%	15.0%
Melbourne	4.6%	9.7%	7.7%
Brisbane	5.7%	10.8%	13.2%
Perth	2.1%	7.2%	9.8%
Adelaide	5.6%	8.9%	13.9%
Hobart	7.4%	15.5%	19.6%
Canberra	6.1%	12.4%	18.1%
Darwin	6.3%	12.1%	21.0%
Regional NSW	7.3%	14.4%	21.1%
Regional VIC	5.6%	12.9%	15.9%
Regional QLD	5.6%	11.8%	17.1%
Regional WA	0.0%	4.8%	2.2%
Regional SA	2.1%	8.2%	13.6%
Regional Tas	7.4%	14.5%	20.8%
Combined capitals	6.2%	12.1%	12.4%
Combined regionals	6.0%	12.6%	17.7%
Australia	6.1%	12.2%	13.5%

Data sourced from CoreLogic's Hedonic Home Value Index at Jun'21

Rental vacancies	Jun 20	Dec 20	Jun 21
Sydney	3.8%	3.6%	2.8%
Melbourne	3.0%	4.7%	3.5%
Brisbane	2.4%	1.8%	1.3%
Perth	1.5%	0.9%	0.9%
Adelaide	1.0%	0.7%	0.6%
Hobart	0.9%	0.6%	0.4%
Canberra	1.1%	1.1%	0.7%
Darwin	1.8%	0.9%	0.4%
National	2.2%	2.2%	1.7%

Data sourced from https://sqmresearch.com.au/

Unemployment by state	Jun 20	Dec 20	Jun 21
New South Wales	6.8%	6.3%	5.1%
Victoria	7.3%	6.4%	4.4%
Queensland	7.8%	7.4%	5.1%
Western Australia	8.5%	6.3%	5.1%
South Australia	8.7%	6.3%	5.3%
Tasmania	6.7%	7.0%	4.5%
Australian Capital Territory	4.8%	3.8%	4.9%
Northern Territory	5.6%	5.4%	4.8%
National	7.4%	6.6%	4.9%

Data sourced from ABS at Jun'21

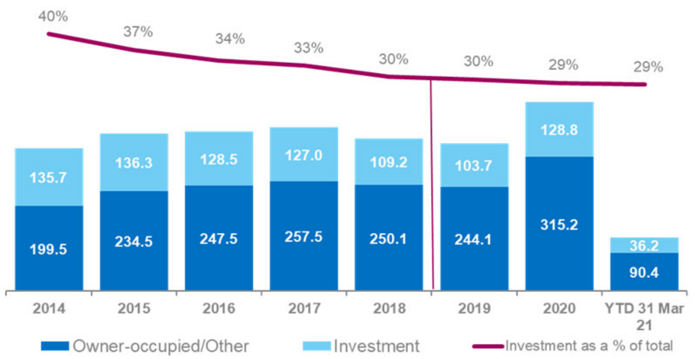
Genworth

Residential mortgage lending market

Originations and HLVR penetration[1]

Industry loan approvals: Investment vs. owner occupied

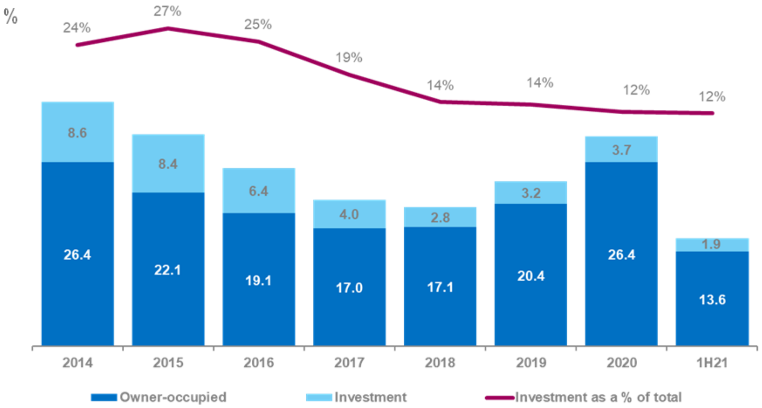
$b, %



Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan funded), March 2021.
APRA has discontinued data on new housing loan approvals from 1 October 2019. APRA new loans funded statistics is used starting from 1 October 2019.

Genworth NIW: Investment vs. owner occupied[2]

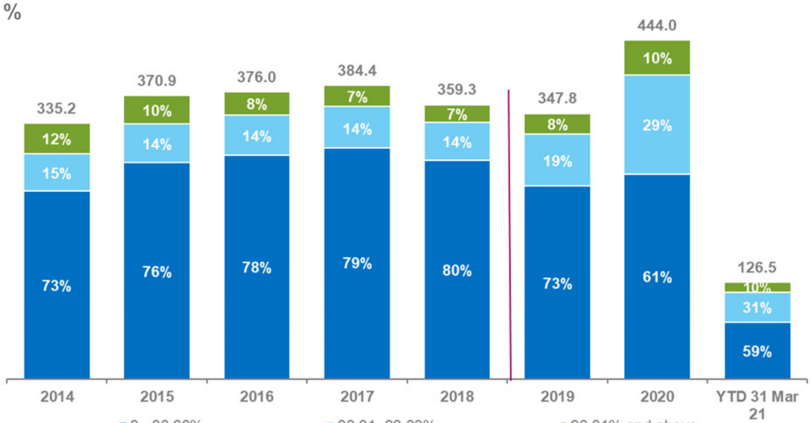
$b, %



Source: Genworth

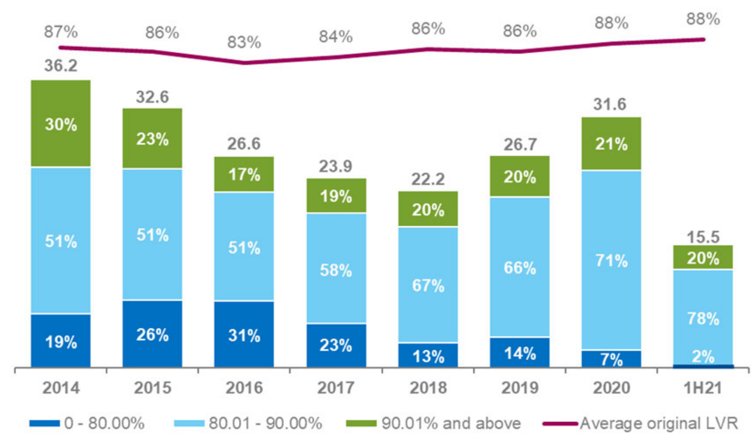
Industry loan approvals by LVR band

$b, %



Genworth NIW[3] by original LVR[4] band

$b, %



Source: Genworth

1. Prior periods have been restated in line with market updates.
2. Flow NIW only.
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.

Genworth

Insurance in-force

As at 30 June 2020

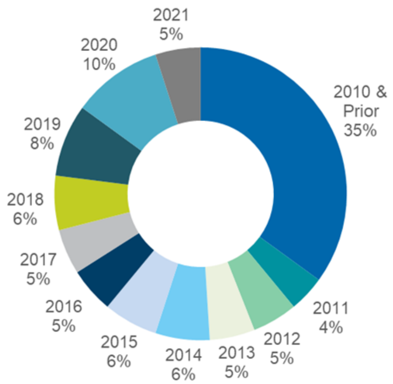
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2010 & Prior	88.1	31%	78.2	36.3	75%
2011	10.7	4%	83.0	56.6	34%
2012	15.2	5%	86.1	60.4	35%
2013	17.1	6%	87.2	65.9	27%
2014	19.1	7%	87.2	72.2	17%
2015	19.0	7%	85.8	75.3	10%
2016	18.1	6%	83.9	76.3	7%
2017	17.2	6%	86.9	84.3	0%
2018	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%**	**80.2**	**53.8**	**46%**

As at 30 June 2021

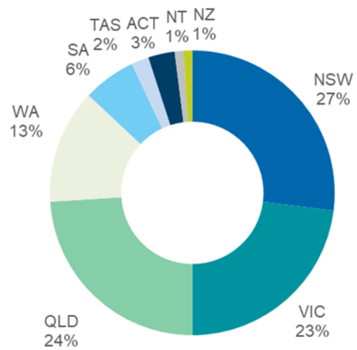
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2010 & Prior	83.1	29%	80.0	32.0	96%
2011	9.7	3%	84.0	49.9	51%
2012	13.8	5%	86.5	52.8	51%
2013	15.6	5%	87.1	57.1	43%
2014	17.1	6%	87.2	62.7	32%
2015	16.7	6%	85.8	65.5	23%
2016	16.0	5%	83.9	66.3	20%
2017	15.1	5%	86.8	73.7	13%
2018	16.4	6%	87.8	75.4	13%
2019	21.4	7%	88.1	73.7	18%
2020	29.4	10%	88.3	78.8	12%
2021	15.4	5%	88.1	84.2	6%
Total Flow	**269.8**	**93%**	**84.0**	**52.8**	**55%**
Portfolio	21.6	7%	56.5	21.4	104%
Total/ Weighted Avg.	**291.4**	**100%**	**81.5**	**49.9**	**59%**

Note: Excludes inward reinsurance, excess of loss insurance, NZ and Genworth Financial Mortgage Indemnity Limited. Calculated on an estimated house price adjusted effective LVR, using the CoreLogic Home Price Index 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. Original LVR excludes capitalised premium.

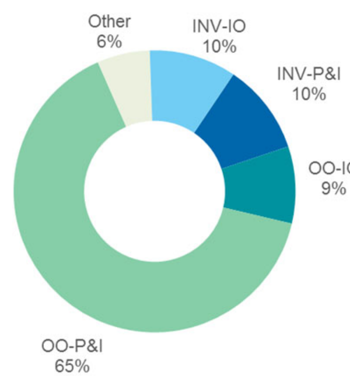
Book year



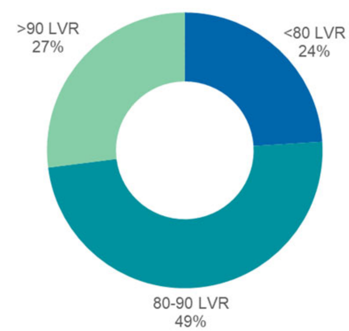
State



Loan type at origination



LVR at origination

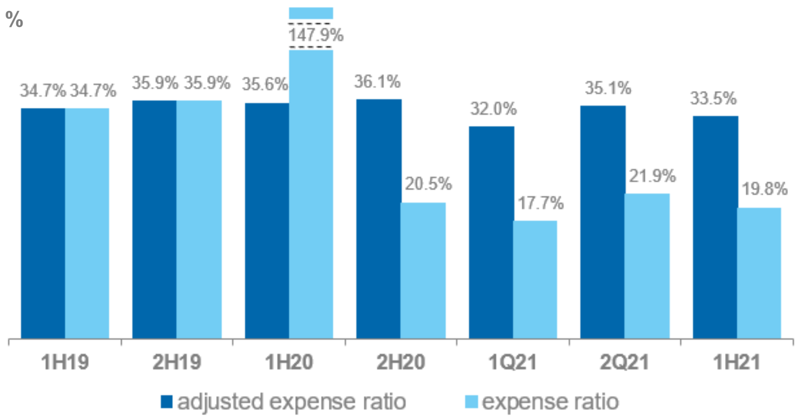


Primary Insurance	1H19	FY19	1H20	FY20	1Q21	2Q21	1H21
Insured loans in-force (#)	1,308,811	1,290,216	1,236,657	1,195,907	1,195,793	**1,141,542**	**1,141,542**
Insurance in-force ($m)	307,273	307,355	304,693	305,668	307,494	**307,318**	**307,318**

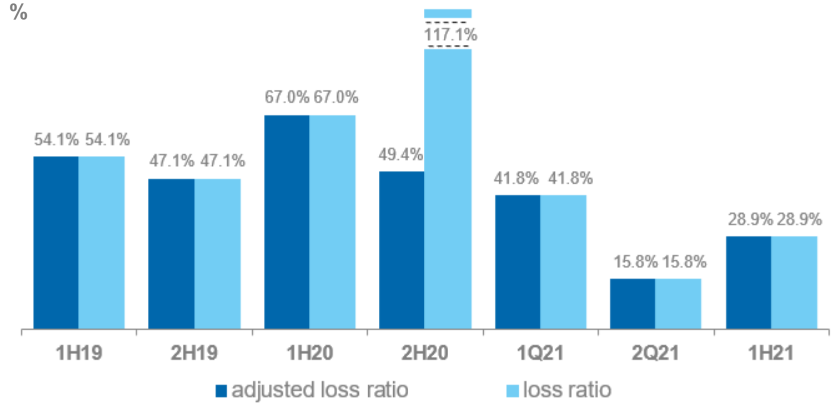
Genworth

Insurance ratio analysis

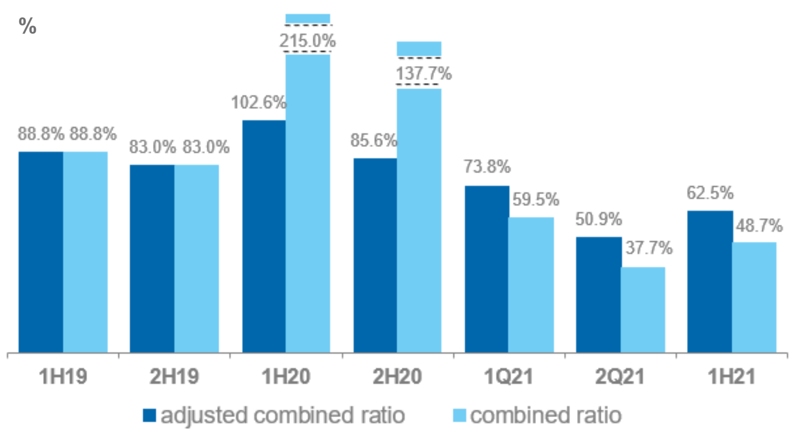
Expense ratio[1]



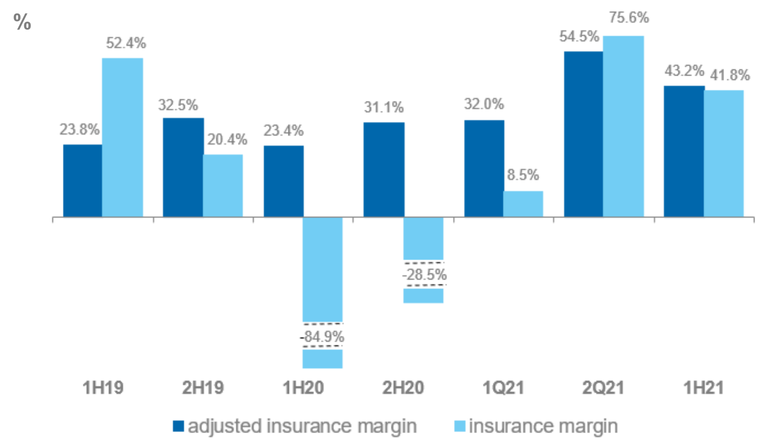
Loss ratio[2]



Combined ratio[3]



Insurance margin[4]



1. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $12.3m in 1Q21, $11.3m in 2Q21 and $23.5m in 1H21.
2. Adjusted ratio excludes $109.1m 2H20 increase in IBNR as a result of the reserving methodology review.
3. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $12.3m in 1Q21, $11.3m in 2Q21 and $23.5m in 1H21 and $109.1m 2H20 increase in IBNR as a result of the reserving methodology review.
4. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $12.3m in 1Q21, $11.3m in 2Q21 and $23.5m in 1H21, $109.1m 2H20 increase in IBNR as a result of the reserving methodology review, unrealised (gains) / losses and FX.

Source: Genworth

Genworth

Delinquency trends

Delinquency roll	1H19	FY19	1H20	FY20	1Q21	2Q21	1H21
Opening balance	**7,145**	**7,145**	**7,221**	**7,221**	**6,964**	**6,879**	**6,964**
New delinquencies	5,515	10,414	4,988	9,368	2,082	2,302	4,384
Cures	(4,154)	(8,986)	(3,904)	(8,371)	(1,981)	(2,189)	(4,170)
Paid claims	(615)	(1,352)	(691)	(1,254)	(186)	(139)	(325)
Closing delinquencies	**7,891**	**7,221**	**7,614**	**6,964**	**6,879**	**6,853**	**6,853**
Average total reserves per delinquency ($'000)	45.9	50.0	52.4	77.6	82.2	82.8	82.8
Delinquency rate[1]	0.60%		0.62%				0.60%
Cure rate[2]	58.1%		54.1%				59.9%

Delinquencies by book year[3]	Jun 20	%	Dec 20	%	Jun 21	%
2010 and prior	3,701	0.54%	3,492	0.56%	3,214	0.56%
2011	359	0.77%	348	0.78%	321	0.80%
2012	595	1.01%	513	0.91%	452	0.87%
2013	680	1.12%	544	0.94%	506	0.93%
2014	746	1.10%	650	1.01%	616	1.02%
2015	542	0.89%	485	0.84%	463	0.87%
2016	394	0.71%	335	0.64%	308	0.64%
2017	305	0.57%	266	0.53%	339	0.73%
2018	228	0.41%	214	0.41%	346	0.71%
2019	62	0.10%	104	0.18%	197	0.36%
2020	2	0.01%	13	0.02%	91	0.12%
2021					0	0.00%
TOTAL	**7,614**	**0.62%**	**6,964**	**0.58%**	**6,853**	**0.60%**

Delinquencies by geography	Jun 20	%	Dec 20	%	Jun 21	%
New South Wales	1,495	0.51%	1,350	0.47%	1,384	0.51%
Victoria	1,385	0.46%	1,376	0.47%	1,359	0.50%
Queensland	2,143	0.78%	1,918	0.70%	1,872	0.70%
Western Australia	1,604	1.06%	1,419	0.97%	1,360	0.97%
South Australia	644	0.70%	599	0.66%	599	0.69%
Australian Capital Territory	83	0.27%	69	0.23%	63	0.23%
Tasmania	120	0.27%	108	0.25%	96	0.24%
Northern Territory	128	0.87%	112	0.80%	104	0.78%
New Zealand	12	0.03%	13	0.06%	16	0.08%
TOTAL	**7,614**	**0.62%**	**6,964**	**0.58%**	**6,853**	**0.60%**

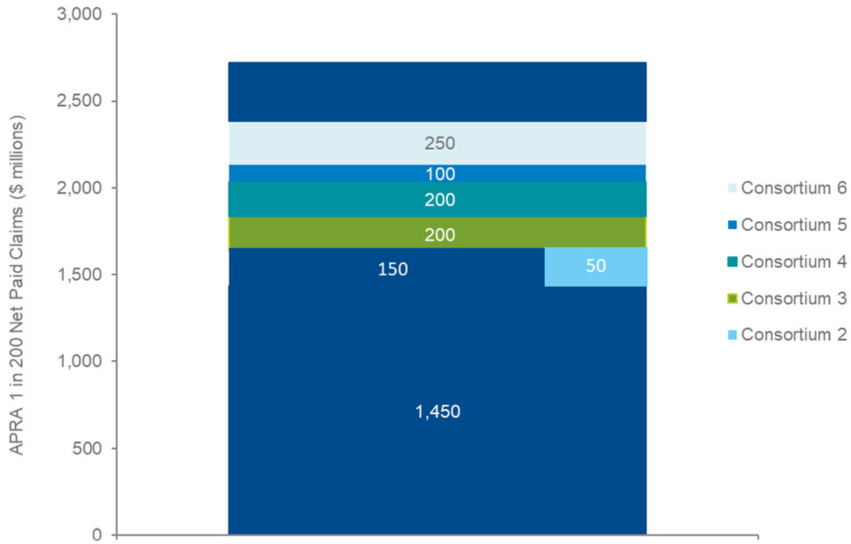
1. The delinquency rate is calculated by dividing the number of reported delinquent loans insured by the number of in-force policies (excluding excess of loss insurance)
2. The cure rate is calculated by dividing the number of cures in a period by the number of delinquencies at the beginning of that period.
3. Shows the number of delinquencies and the portfolio delinquency rate, calculated by dividing the number of delinquencies by the number of loans in-force (~1.1m).

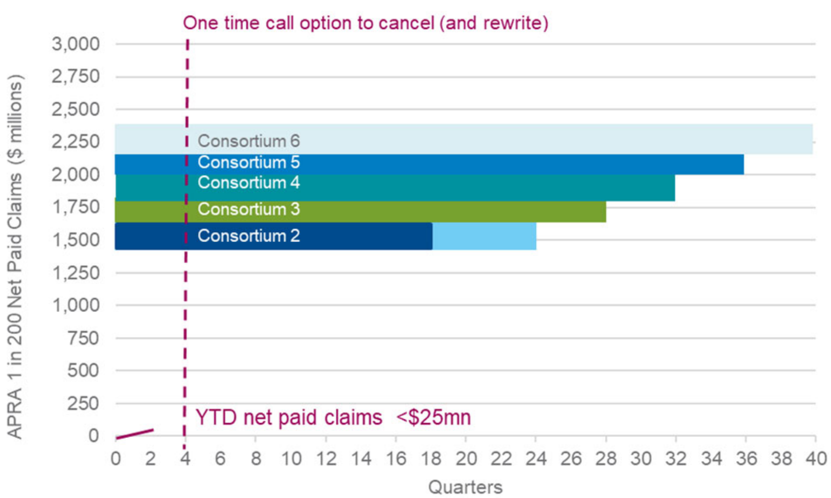
Source: Genworth

Genworth

Reinsurance

2021 Reinsurance programme





Note: Excludes reinsurance on excess of loss insurance.

- The reinsurance programme is designed to drive efficient economic capital credit, whilst also allowing for risk management in severe stress scenarios only
- The 2021 programme is structured on a paid claims basis for policies in-force at 1 January 2021 plus two additional years of new insurance written. Cover is for one-year, with an option to extend to a full term (varying between 6-10 years depending on the layer)
- Under the 2021 programme, Genworth retains the first $1.45b of paid claims after which reinsurance excess of loss cover of $800m is in place
- Consortium 2 was placed for $50m with Genworth retaining the remaining $150m on a quota share basis and Consortium 6 cover was increased
- There are over 20 different reinsurers participating across the programme with a minimum rating of A-.

Source: Genworth

Reconciliations

Statutory NPAT to Underlying NPAT

($ millions)	1H19	2H19	FY19	1H20	2H20	FY20	1Q21	2Q21	1H21
Statutory net profit / (loss) after tax	88.1	32.0	120.1	(90.0)	(17.6)	(107.6)	3.4	56.0	59.4
Unrealised (gains) / losses and FX	(64.4)	31.4	(33.0)	6.4	(1.7)	4.7	38.5	(15.0)	23.5
Separation costs	-	-	-	-	-	-	-	0.8	0.8
Adjustment for tax (expense) / credits	19.3	(9.4)	9.9	(1.9)	0.5	(1.4)	(11.6)	4.3	(7.3)
Underlying net profit / (loss) after tax	**43.1**	**53.9**	**97.0**	**(85.5)**	**(18.7)**	**(104.3)**	**30.3**	**46.1**	**76.4**

Total equity and underlying equity

($ millions), as at	1H19	2H19	FY19	1H20	2H20	FY20	1Q21	2Q21	1H21
Total Equity	1,722.3	1,527.5	1,527.5	1,405.5	1,387.9	1,387.9	1,390.6	1,446.7	1,446.7
Adjustment for life to date unrealised (gains) and FX	(83.1)	(51.6)	(51.6)	(45.0)	(46.7)	(46.7)	(8.2)	(23.2)	(23.2)
Adjustment for tax credit on life to date unrealised (gains) / losses and FX	24.9	15.5	15.5	13.5	14.0	14.0	2.5	7.0	7.0
Underlying Equity[1]	**1,664.2**	**1,491.4**	**1,491.4**	**1,374.0**	**1,355.2**	**1,355.2**	**1,384.9**	**1,430.5**	**1,430.5**

Trailing 12-month Underlying ROE

($ millions)	12 mths to Jun 19	12 mths to Dec 19	12 mths to Jun 20	12 mths to Dec 20	12 mths to Mar 21	12 mths to Jun 21
Underlying NPAT[2]	86.7	97.0	87.1	73.1	70.8	100.0
Underlying equity[1]	1,732.2	1,607.9	1,519.1	1,423.3	1,370.8	1,402.2
Underlying ROE (%)[3]	**5.0%**	**6.0%**	**5.7%**	**5.1%**	**5.2%**	**7.1%**

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 Company's investment portfolio, and FX movement.
2. Excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $12.3m in 1Q21, $11.3m in 2Q21 and $23.5m in 1H21 and $109.1m 2H20 increase in IBNR as a result of the refined delinquency reserving methodology.
3. 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.
Note: Totals may not sum due to rounding.

Source: Genworth

Genworth

Glossary

As at 30 June 2021

Term	Definition
Ageing	Movement in reserves on any insurance policy that remains in a delinquent state (3+ months of missed payments or Mortgage In Possession)
API	An application programming interface enables secure exchange of data between a company's application and their business partner and other authorised parties
Book year	The calendar year an LMI policy is originated
Capitalised premium	The cost of the LMI premium and related costs added to the loan balance(s) covered by the policy
Central estimate	The value of insurance liabilities which represents the average (i.e. statistical mean) of the estimated distribution of outcomes
Combined ratio	The combined ratio is the sum of the loss ratio and the expense ratio
Common equity tier 1 or CET1	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
COVID-19	A disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease
Cures	A policy that either clears arrears to below 3 months of missed payments, or sells the underlying securities with enough equity in the property to clear the arrears
DAC	Deferred acquisition costs - Costs associated with obtaining and recording mortgage insurance contracts which are capitalised when they relate to the acquisition of new business or renewals
Deferral	Temporary relief granted to borrowers impacted by COVID-19 by lender customers, allowing them to defer loan repayments for a period of time. Active – comprised of new and existing deferrals Cumulative – All deferral notifications received to date Closures – lender notified opt outs and closures. Also includes expiry of deferral periods
Delinquency	Any insured loan which is reported as three or more months of repayments in arrears

Term	Definition
Earnings curve	Is based on an analysis of claims incidence. This curve determines the proportion of the unearned premium that will be earned each quarter for the remaining life of the policy
Excess of loss	A type of insurance in which the insurer indemnifies the insured for losses that exceed a specified limit
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
GDP	Gross domestic product
GFI	Genworth Financial, Inc. (NYSE: GNW)
GEP	Gross earned premium - The earned premium for a given period prior to any outward reinsurance premium expense
GWP	Gross written premium
HPA / HPD	House price appreciation / depreciation
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	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
Insurance profit	Profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses)
Investment return	Total investment income divided by the average balance of the opening and closing cash and investments balance for the period, annualised
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group

Genworth

Glossary

As at 30 June 2021

Term	Definition
LMI	Lenders mortgage insurance
Loss ratio	The loss ratio is calculated by dividing the net claims incurred by the net earned premium
LVR	Loan to value ratio High LVR – This LVR benchmark is commonly 80% Original LVR - Calculated using the base LVR at the time of settlement Effective LVR – Calculated using the (estimated current balance)/(approximate house price) of the loan.
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
PML	Probably maximum loss - The largest cumulative loss due to a concentration of policies, determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components
Premium liabilities	Premium liabilities reflects the present value of (a) expected cash flows associated with anticipated future claims based on the net central estimate; and (b) risk margin
Regulatory capital base	The regulatory capital base is the sum of Tier 1 Capital and Tier 2 Capital
Risk margin	An additional amount that is added to the central estimate loss forecast and reserves to reflect the inherent uncertainty in forecasting loss outcomes
ROE	Return on equity – ROE is NPAT divided by the average of the opening and closing equity balance for a financial period

Term	Definition
Separation costs	The cost of transition and implementation of new software, hardware and services previously provided by GFI
Shareholder funds	The cash and investments in excess of the Technical funds
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 APRA GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: (a) Provide a permanent and unrestricted commitment of funds; (b) Are freely available to absorb losses; (c) Do not impose any unavoidable servicing charge against earnings; and (d) Rank behind claims of policyholders and creditors in the event of winding up
Tier 2 capital	As defined by APRA 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
Trailing 12 months underlying ROE	Divides the underlying NPAT of the past 12 months by the average of opening and closing underlying equity balance for past 12 months
Underlying diluted earnings per share	Underlying NPAT divided by the weighted average number of shares outstanding for the period, adjusted for the effects of all dilutive potential ordinary shares
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, the impact of foreign exchange rates on Genworth's investment portfolio and separation costs
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
YTD	Year to date

For more information, analysts, investors and other interested parties should contact:

Paul O’Sullivan
Head of Investor Relations
D: +61 499 088 640

The release of this announcement was authorised by the Board.

Genworth