Genworth

6 MAY 2020

1Q20 FINANCIAL RESULTS PRESENTATION

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Introduction

Pauline Blight-Johnston, CEO & Managing Director

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01 1Q20 Highlights

02 1Q20 Detailed Financial Performance

03 Summary and Conclusion

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1Q20 Highlights

Core business performed well, impacted by COVID economic outlook

Focus on People	• Wellbeing of our people, customers and stakeholders is our number one priority. • Seamless transition to working from home.
Solid 1Q20 performance	• Strong volume growth and improved claims experience pre COVID-19 from housing market recovery and low interest rates. • Three key customer renewals.
Outlook impacted by COVID-19	• Economic effects of COVID-19 impacted investment income. • Outlook has changed for future claims resulting in Deferred acquisition costs (DAC) asset write-down.
Borrower support	• Government stimulus and lender initiatives will cushion impact on borrowers. • Expanded hardship policy to provide further support to borrowers.
Capital strength and flexibility	• Prescribed capital amount (PCA) coverage ratio 1.78 times (level 2 basis). • Well above the top end of the Board's target capital range.

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Strong 1Q20 underlying financial performance

Business growth and improved claims experience

($ millions)	1Q19	1Q20	Change
Gross written premium (GWP)	86.3	114.1	32.2%
Net earned premium (NEP)	72.9	75.4	3.4%
Statutory net profit / (loss) after-tax	47.8	(125.6)	(N.M.)[2]
Underlying net profit / (loss) after-tax[1]	22.3	(103.2)	(N.M.)

Key financial measures	1Q19	1Q20
New insurance written (NIW)	$5.4 billion	$6.4 billion
NEP growth	8.2%	3.4%
Loss ratio	55.3%	47.1%
Prescribed capital amount (PCA) coverage ratio	2.01x	1.78x

1Q20 result headlines

- Significant increases in **New insurance written** and **Gross written premium** due to housing market recovery and low interest rates.
- **Net earned premium** increased 3.4% from continued seasoning of prior book years and NIW momentum.
- **Statutory net profit after tax (NPAT)** impacted by COVID-19 deferred acquisition costs (DAC) write-down of $127.3 million (after-tax). Excluding DAC write-down, **Underlying NPAT** increased by 8.1% to $24.1 million.
- **Loss ratio** of 47.1% benefited from favourable ageing of delinquencies.

Capital management

- Prescribed capital amount (PCA) ratio of 1.78 times, well in excess of the Board's target capital range of 1.32 to 1.44 times on a level 2 basis.
- Pre COVID-19 impact, PCA ratio of 1.90 times.

1 Underlying NPAT is based on Statutory NPAT but excludes the after-tax impacts of (a) mark-to-market losses of $20.3 million on the investment portfolio (1Q19: gain of $25.5 million); and (b) foreign exchange rates (net of hedge) on Genworth's investment portfolio (1Q20: $2.1 million loss; 1Q19: $NIL). The bulk of these foreign exchange exposures are hedged.
2. N.M. Not Meaningful (increases or decreases greater than 200%).

Strategic focus on customers

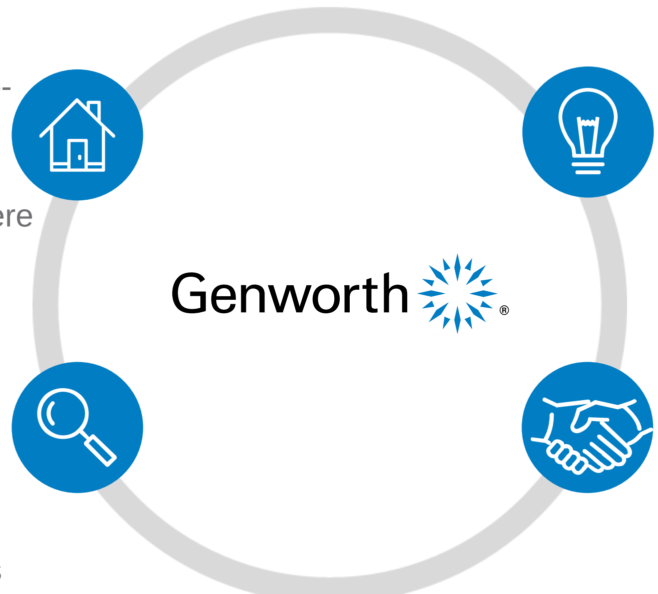
Serving lenders and their borrowers

Customer commitment

- Long-term relationships – over 100 lenders across Australia.
- Borrower-led enhancing customer experience with new products, technological capability and speed-to-yes.
- Enabling home ownership – helping borrowers get into home and stay there including pandemic support.

Product and technology

- Speed-to-yes – industry-leading connectivity and decisioning with lenders, Fintech supported.
- Monthly premiums – earlier deposit, improved borrower flexibility.



Value-add insights

- Expert underwriting – best practice training.
- Artificial intelligence driven portfolio surveillance – sharing emerging risks with lender customers.

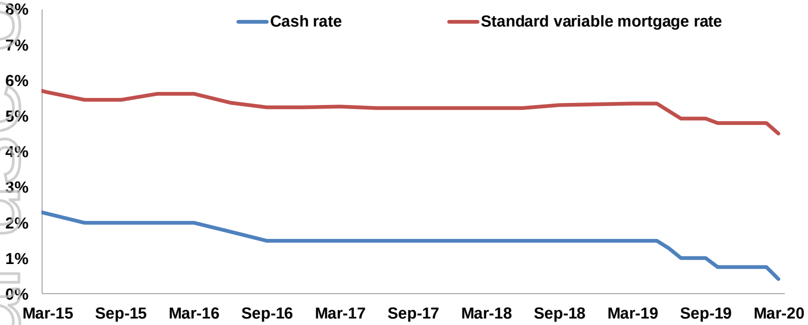
Borrower support

- Rent/buy calculator – helping Australians make smart decisions.
- Education and thought leadership - *It's My Home* magazine, First Home Buyer reports.

1Q20 Macroeconomic conditions

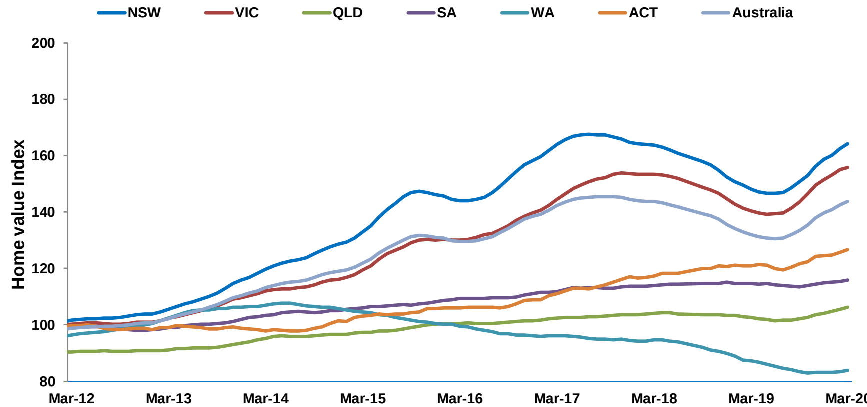
Housing recovery momentum and lower interest rate environment

Interest rates



Source: Reserve Bank of Australia

House values – capital city dwellings



Source: CoreLogic

Total delinquency* rates by geography (Genworth)

State	Mar 19	Mar 20	Change (basis points)
New South Wales	0.41%	0.44%	3 bps
Victoria	0.42%	0.42%	0 bp
Queensland	0.74%	0.75%	1 bp
Western Australia	1.05%	1.00%	(5 bps)
South Australia	0.69%	0.67%	(2 bps)
Group	**0.57%**	**0.57%**	**0 bps**

Source: Genworth

Unemployment rates (seasonally adjusted)

State	Mar 19	Mar 20	Change (basis points)
New South Wales	4.3%	4.8%	50 bps
Victoria	4.6%	5.2%	60 bps
Queensland	6.1%	5.7%	(40 bps)
Western Australia	5.9%	5.4%	(50 bps)
South Australia	5.9%	6.2%	30 bps
National	**5.1%**	**5.2%**	**10 bps**

Source: Australian Bureau of Statistics

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

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Responding to COVID-19

Our business has transitioned well to the new operating environment

People

- Well-being and safety is our priority.
- Employees successfully working from home since 11 March.
- Robust IT infrastructure, tools and systems to enable remote operations.

Operations

- Business continuity processes enacted.
- Critical business infrastructure and processes tested.
- Continued to meet all customer service standards, with increased transaction volumes.

Financial

- Well-capitalised with flexibility to manage and grow the business.
- Prescribed capital amount (PCA) ratio 1.78 times (on a level 2 basis).
- Extensive scenario modelling and economic testing.

Customer

- Supporting borrowers to stay in their homes.
- Genworth hardship policy expanded for COVID-19 to support borrowers.
- Focus on underwriting quality.

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Detailed financial performance

Michael Bencsik, CFO

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1Q20 Income statement

Strong underlying business performance impacted by COVID-19

($ millions)	1Q19	2Q19	3Q19	4Q19	1Q20	Change 1Q19 v 1Q20
Gross written premium	86.3	97.8	114.6	134.6	114.1	32.2%
Movement in unearned premium	3.9	(5.1)	(20.9)	(42.7)	(21.4)	(N.M.) [1]
Gross earned premium	**90.2**	92.7	93.7	91.9	**92.7**	**2.8%**
Outwards reinsurance expense	(17.4)	(17.9)	(17.5)	(17.5)	(17.2)	1.1%
Net earned premium	**72.9**	74.7	76.2	74.4	**75.4**	**3.4%**
Net claims incurred	(40.3)	(39.6)	(40.3)	(30.8)	(35.5)	11.9%
Acquisition costs	(11.0)	(11.8)	(12.1)	(12.0)	(12.3)	(11.8%)
Deferred acquisition costs write-down[2]	-	-	-	-	(181.8)	N/A
Other underwriting expenses[3]	(13.8)	(14.6)	(15.1)	(14.7)	(13.7)	0.7%
Underwriting result	**7.8**	8.7	8.7	16.9	**(167.9)**	**(N.M.)**
Investment income on technical funds[4]	33.0	27.6	16.9	(11.7)	33.3	0.9%
Insurance profit / (loss)	**40.8**	36.3	25.6	5.2	**(134.6)**	**(N.M.)**
Net investment income on shareholder funds[4]	30.1	24.2	12.6	6.4	(42.2)	(N.M.)
Financing costs	(3.2)	(3.1)	(2.8)	(2.7)	(2.6)	18.8%
Profit / (loss) before income tax	**67.7**	57.4	35.4	8.9	**(179.4)**	**(N.M.)**
Income tax expense	(19.9)	(17.2)	(10.3)	(2.0)	53.8	N.M.
Net profit / (loss) after tax	**47.8**	**40.3**	**25.1**	**6.9**	**(125.6)**	**(N.M.)**
Underlying net profit / (loss) after tax[5]	**22.3**	**20.8**	**26.5**	**27.4**	**(103.2)**	**(N.M.)**

1. N.M. Not Meaningful (increases or decreases greater than 200%).
2. Write-down of $181.8m deferred acquisition costs (DAC) as the result of LAT deficiency.
3. Net of ceding commissions.
4. Investment income on technical funds and shareholder funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.
5. Underlying NPAT excludes the after-tax impact of mark-to-market losses of $20.3 million on the investment portfolio, and the after-tax impact of foreign exchange rates (net of hedge) on Genworth's investment portfolio ($2.1 million losses). The bulk of these foreign exchange exposures are hedged.

Note: Totals may not sum due to rounding.

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Liability adequacy test (LAT)

Deferred acquisition costs (DAC) write-down of $181.8 million

Key assumptions / outcome	Central estimate
Economic expansion re-commences	1Q21
Portfolio unemployment rate[1]:	
• Peak	8.2%
• Dec-20	8.0%
• Dec-21	7.5%
House price appreciation / (depreciation):	
• Peak (since Dec-19)	(5.8%)
• Dec-20 (YoY)	(5.4%)
• Dec-21 (YoY)	3.1%
LAT deficiency / DAC write-down (Mar-20)	$181.8m

Liability adequacy test ($ millions)	31 Dec 19	31 Mar 20
Unearned premium	1,280.5	1,302.2
Less: Deferred acquisition costs (DAC)[2]	(181.2)	(183.8)
Less: Deferred reinsurance costs	(31.8)	(72.0)
Net unearned premium	**1,067.5**	**1,046.4**
Premium liabilities[3]	1,020.7	1,228.2
LAT surplus / (deficiency)	**46.8**	**(181.8)**
Premium liability assumptions		
Risk margin	17%	17%
Probability of adequacy	70%	70%

Economic indicators adopted

- A range of possible economic scenarios were tested.
- Central estimate adopted for the LAT assessment is based on median view of all external economic forecasts.
- Economic assumptions reflect the duration of assumed recovery and mitigating benefits of the government stimulus and lender initiatives.

LAT outcome

- Genworth is required to comply with AASB 1023 –*General Insurance Contracts* which requires a LAT test. If the LAT test is failed, the DAC asset is written-down and an unexpired risk reserve established if there is a further deficiency after the write-down of DAC.
- The LAT deficiency:
  - Quick recovery = $60.6 million.
  - Central estimate = $181.8 million.
  - Delayed recovery = $416.0 million.

Genworth maintains strong business settings post-COVID-19 outcomes

- LAT testing for book years 2017- 2020 was all in surplus, demonstrating strong underwriting practices and higher pricing outcomes. Book years 2013-2014 (related to mining) were the main drivers of the LAT deficiency.

1. As unemployment is largely concentrated in demographics (such as casual employees) who have lower representation in home ownership, we have adjusted unemployment down by approximately 1% to reflect the lower unemployment rate of 8.2% we expect to be attributable to our portfolio.
2. Before DAC write-down of $181.8 million at 31 March 2020.
3. Premium liabilities reflects the present value of (a) expected cash flows associated with future claims based on the net central estimate; and (b) risk margin, and has been prepared on a consistent basis with prior reporting periods as outlined in the 2019 Annual Report.

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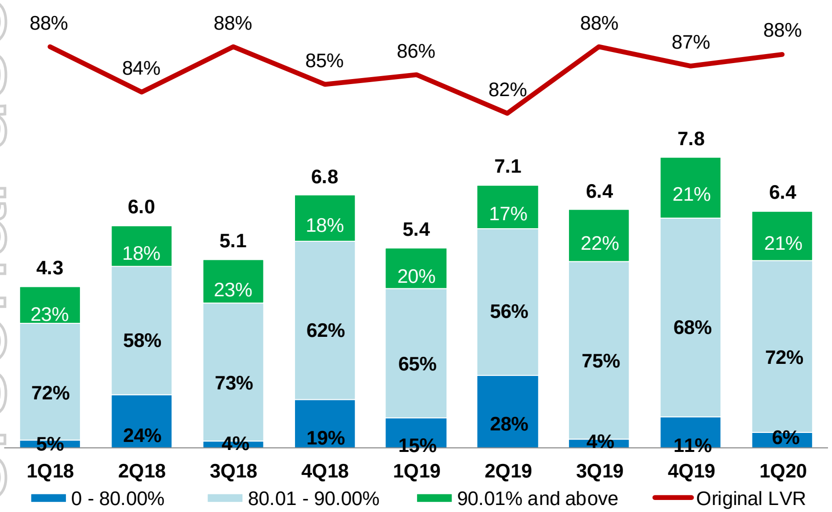
New insurance written

NIW up 18% reflecting housing market recovery and low interest rate environment

NIW[1] by original LVR[2] band

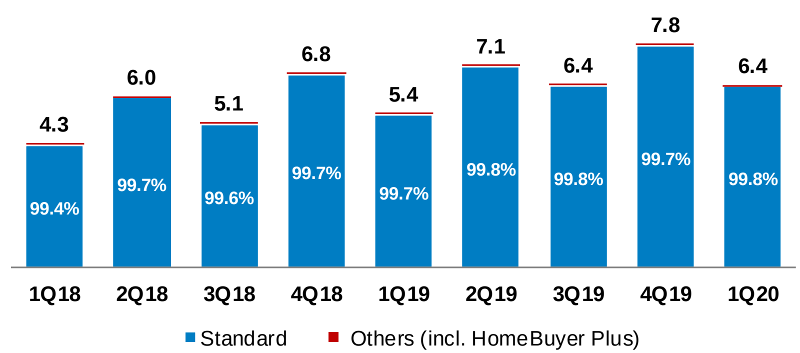
$ billions, %



Source: Genworth

NIW[1] by product type

$ billions, %



Source: Genworth

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

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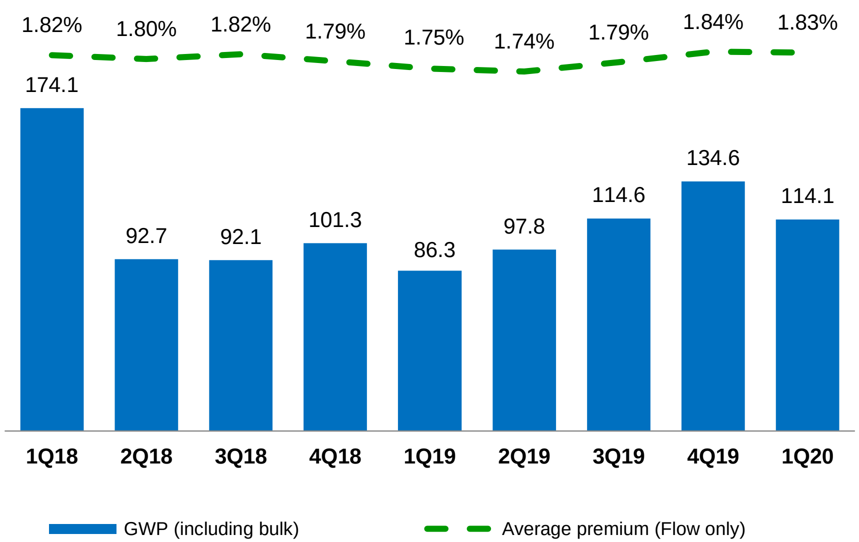
Gross written premium

Strong performance across lender customers as property prices rose in capital cities

GWP and average price[1] of flow business

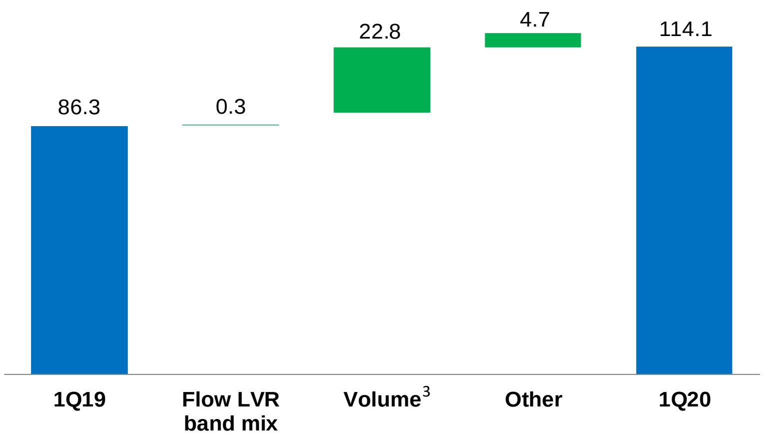
$ millions, %



Source: Genworth

GWP walk

$ millions



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 excess of loss insurance and bulk transactions.

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Net claims incurred

Reduced loss ratio from higher NEP seasoning and favourable delinquency ageing

($ millions unless otherwise stated)	1Q19	2Q19	3Q19	4Q19	1Q20
Number of paid claims (#)	**319**	**296**	**361**	**376**	**333**
Average paid claim[1] ($'000)	94.2	94.1	97.9	99.4	92.7
Claims paid[1]	**30.1**	**27.8**	**35.3**	**37.4**	**30.9**
Movement in reserves	10.2	11.7	4.9	(6.6)	4.7
Net claims incurred	**40.3**	**39.6**	**40.3**	**30.8**	**35.5**
Net earned premium	72.9	74.7	76.2	74.4	75.4
Loss ratio (%)	**55.3%**	**53.0%**	**52.9%**	**41.4%**	**47.1%**

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.

Loss development

Favourable delinquency ageing, partly offset by higher average reserves on new delinquencies

Delinquency roll	1Q19	2Q19	3Q19	4Q19	1Q20
Opening balance	**7,145**	**7,490**	**7,891**	**7,713**	**7,221**
New delinquencies	2,662	2,853	2,622	2,277	2,326
Cures	(1,998)	(2,156)	(2,439)	(2,393)	(1,940)
Paid claims	(319)	(296)	(361)	(376)	(333)
Closing delinquencies	**7,490**	**7,891**	**7,713**	**7,221**	**7,274**
Delinquency rate	0.57%	0.60%	0.60%	0.56%	0.57%
Average reserve per delinquency ($'000)	46.7	45.9	47.7	50.0	50.3

Net claims incurred ($ millions)	1Q19	2Q19	3Q19	4Q19	1Q20
New delinquencies	35	42	41	38	38
Cures	(32)	(36)	(39)	(40)	(32)
Ageing[1]	32	36	38	33	24
Paid claims gap	-	-	(1)	(1)	(1)
Other adjustments[2]	5	(2)	1	1	7
Net claims incurred	**40**	**40**	**40**	**31**	**36**

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

$3.1 billion in cash and investments

Balance sheet as at 31 March 2020

($ millions)	31 Dec 19	31 Mar 20
Assets		
Cash	87.3	71.0
Accrued investment income	19.5	23.4
Investments	3,043.8	3,035.4
Deferred reinsurance expense	31.8	72.0
Non-reinsurance recoveries	22.8	23.2
Deferred acquisition costs[1]	181.2	2.0
Deferred tax assets	9.1	62.6
Goodwill and intangibles	16.5	16.4
Other assets[2]	65.5	93.5
Total assets	**3,477.4**	**3,399.5**
Liabilities		
Payables[3]	102.1	154.3
Outstanding claims	360.9	366.0
Unearned premium	1,280.5	1,302.2
Interest bearing liabilities	199.4	199.7
Employee benefit provision	7.1	7.0
Total liabilities	**1,949.9**	**2,029.2**
Net assets	**1,527.5**	**1,370.3**

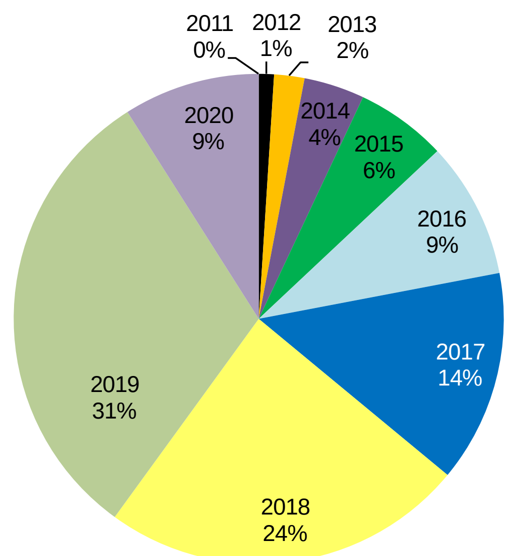
Source: Genworth

Note: Totals may not sum due to rounding.

1. Reflects $181.8m deferred acquisition costs write-down as the result of LAT deficiency.
2. Includes trade receivables, prepayments, plant and equipment and right-of-use assets.

Unearned premium by book year as at 31 March 2020[4]

Total UPR $1.3 billion



Source: Genworth

3. Includes reinsurance payables, lease liabilities and other payables.
4. The pie chart includes excess of loss insurance.

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Regulatory capital

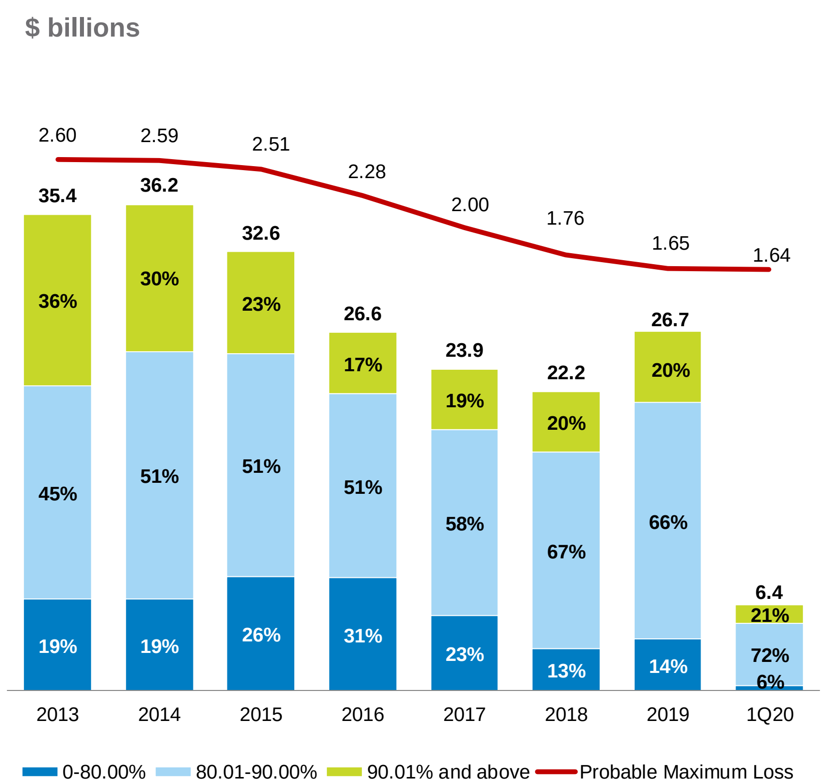
Well-capitalised comfortably above Board targets

($ millions)	31 Dec 19	31 Mar 20
Capital base		
Common equity Tier 1 capital	1,459.6	1,199.2
Tier 2 capital	200.0	200.0
Regulatory capital base	**1,659.6**	**1,399.2**
Capital requirement		
Probable maximum loss (PML)	1,647.3	1,641.5
Net premiums liability deduction	(367.9)	(500.3)
Allowable reinsurance	(800.3)	(799.6)
Insurance concentration risk charge (ICRC)	**479.1**	**341.6**
Asset risk charge	125.7	121.6
Asset concentration risk charge	-	-
Insurance risk charge	284.4	335.1
Operational risk charge	35.7	41.5
Aggregation benefit	(55.7)	(53.3)
Prescribed capital amount (PCA)	**869.3**	**786.5**
PCA coverage ratio (times)	**1.91 x**	**1.78 x**
Pre-COVID PCA coverage ratio (times)		**1.90 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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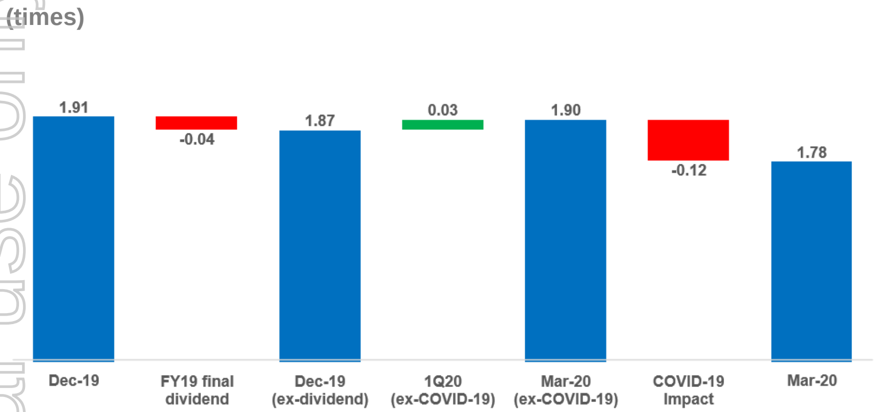
Strong capital position

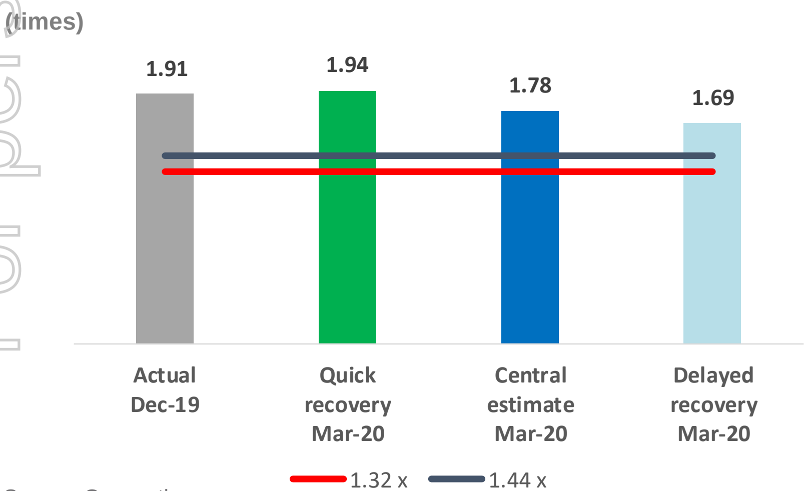
PCA coverage ratio remains above Board target range and APRA requirements

PCA ratio walk – pre and post COVID-19 impacts



Source: Genworth

PCA ratio – scenarios



Source: Genworth

Strong capital position underpinned by:

- Cash and Investment portfolio of $3.1 billion, of which 83% is held in cash and fixed interest securities with a rating of 'A-' or better.
- $800 million of reinsurance, with reinsurers rated 'A-' or above.
- PCA coverage ratio of 1.78 times, is above the top end of the Board's target range of 1.32 to 1.44 times and represents surplus capital of $267 million.
- Genworth's capital position is within or above the Board's target range across all the future economic scenarios considered in the Company's scenario testing process, including those significantly worse than the central scenario estimate.
- Continued lapsed policy cancellation initiatives (reduce PML and improve the PCA coverage ratio).

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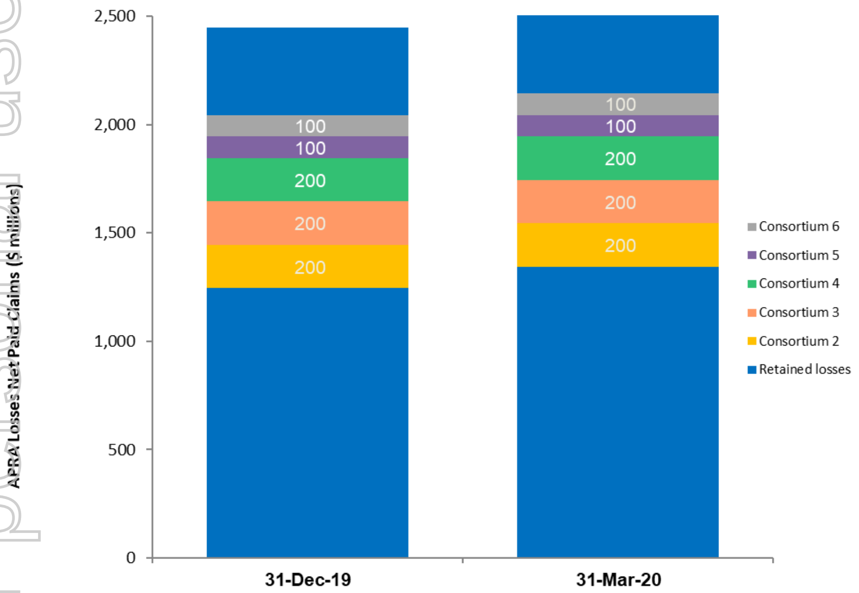
Reinsurance

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

Reinsurance program as at 31 March 2020



- As at 31 March 2020, $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).
- 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.

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Summary and conclusion

Pauline Blight-Johnston, CEO & Managing Director

Well-positioned to support customers through the economic uncertainty and recovery

Strong business fundamentals	• Solid first quarter result pre COVID-19.
Leading market position	• Over 100 lender customers. Long-standing relationships and recent renewals.
Rapid customer response	• Working closely with lender customers to provide hardship support to borrowers.
Outlook impacted by COVID-19	• Government stimulus and lender initiatives will help cushion impact on borrowers. Increased claims expected towards the end of 2020.
Capital strength and flexibility	• Well-capitalised with PCA 1.78 times. • Net tangible assets (NTA) $3.28 per share at 31 March 2020.

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Questions

Supplementary slides

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Supplementary slides

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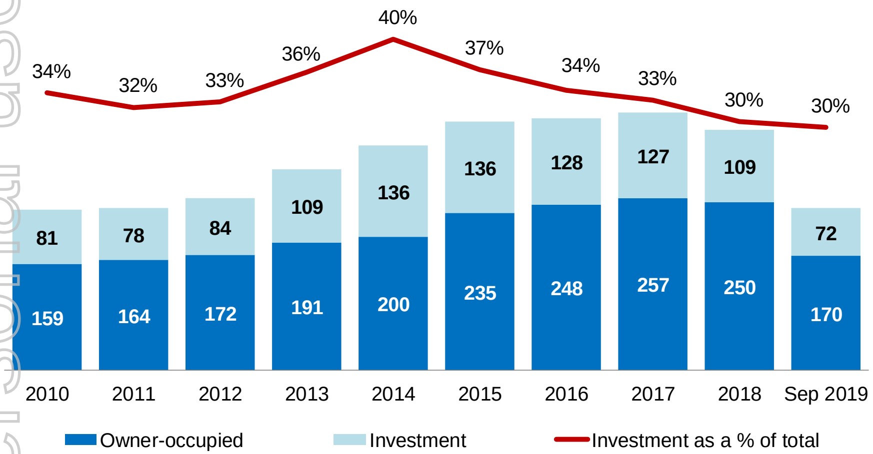
Residential mortgage lending market

More owner-occupied property lending

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

$ billions, %

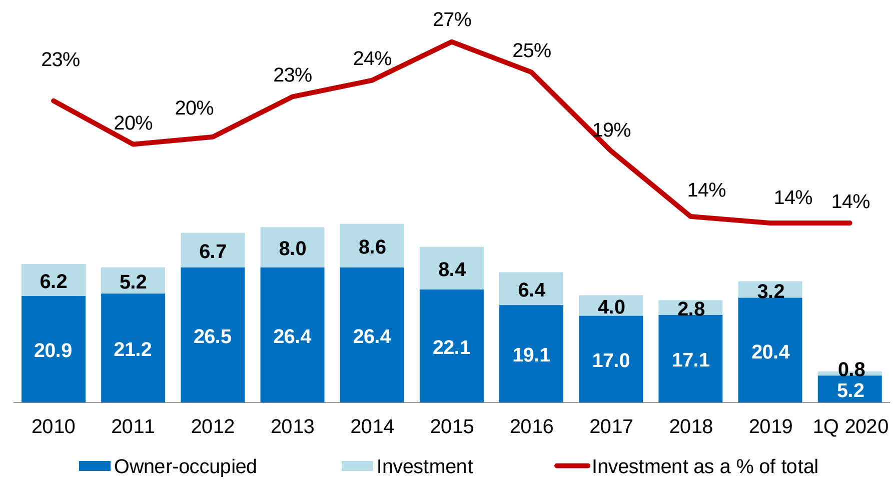


Source: APRA

- Investment property lending represented 30% of originations for the period ended 30 September 2019[2].

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

$ billions, %



Source: Genworth

- Investment property lending represented 14% of Genworth's portfolio for the period ended 31 March 2020.

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

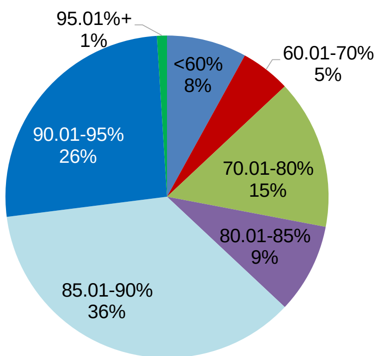
1. Prior periods have been restated in line with market updates.
2. APRA has discontinued data on new housing loan approvals from 1 October 2019.
3. Flow NIW only.

Genworth

Insurance-in-force and new insurance written

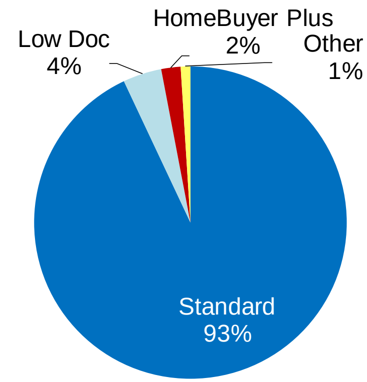
Insurance-in-force (IIF)[1] by original LVR[2] band, as at 31 March 2020

Total IIF $308 billion



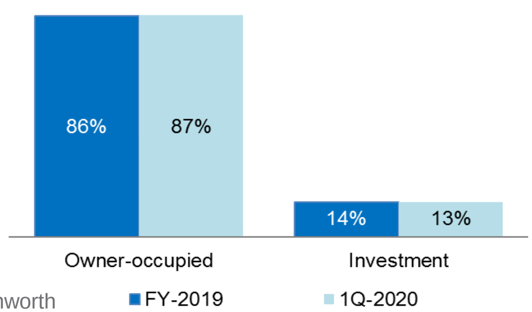
Source: Genworth

IIF[1] by product type, as at 31 March 2020



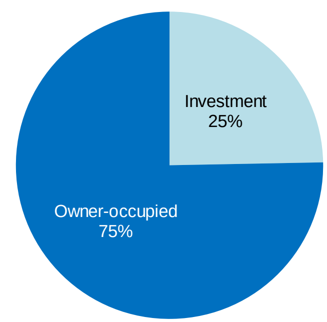
Source: Genworth

Flow NIW[1] by loan type



Source: Genworth

IIF[1] by loan type, as at 31 March 2020



Source: Genworth

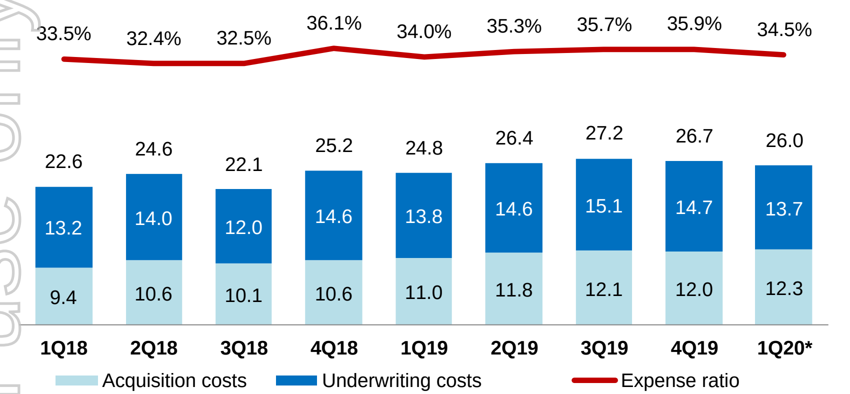
1. Flow NIW excludes structured and bulk transactions. NIW and IIF include capitalised premium. NIW and IIF exclude excess of loss insurance. Genworth has retained $234 million of risk in relation to excess of loss insurance. Home Buyer Plus product – available for borrowers, including first home buyers, wishing to purchase an owner-occupied property with limited or no savings.
2. Original LVR excludes capitalised premium.

Genworth

Insurance ratio analysis (excluding DAC write-down)

Expenses

$ millions, %

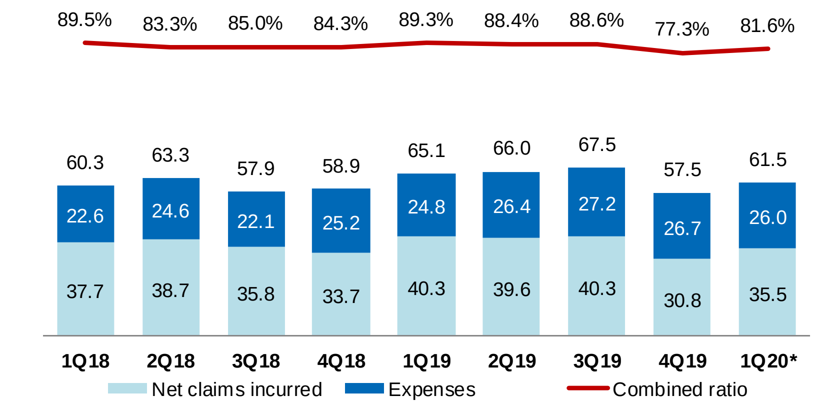


Source: Genworth

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

$ millions, %

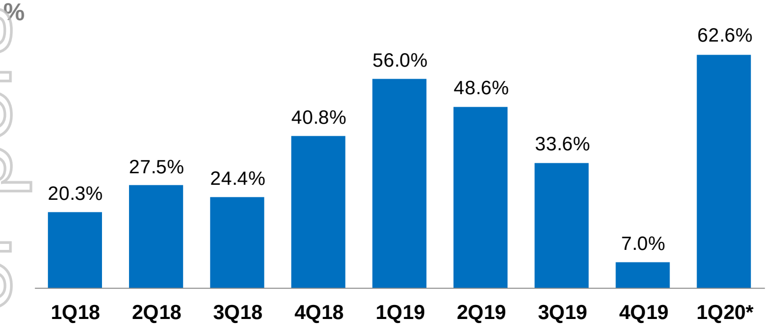


Source: Genworth

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

Insurance margin

%

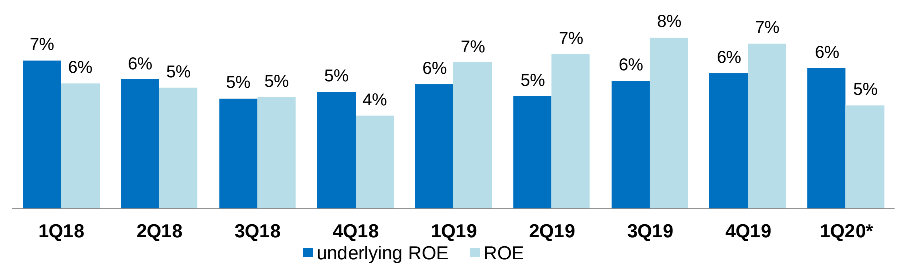


Source: Genworth

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

Trailing 12 month underlying ROE is calculated by dividing Underlying NPAT of the past 12 months by the average opening and closing Underlying equity balances for the past 12 months. Trailing 12 months ROE is calculated by dividing Statutory NPAT of the past 12 months by the average of the opening and closing equity balance for the past 12 months.

Genworth

Delinquency development

Delinquency rate stable from 1Q19

Delinquencies by book year	Mar 19	%	Dec 19	%	Mar 20	%
2011 and prior	4,291	0.51%	3,952	0.50%	3,967	0.50%
2012	708	1.05%	585	0.95%	558	0.93%
2013	695	0.98%	664	1.04%	657	1.06%
2014	716	0.90%	745	1.04%	733	1.05%
2015	525	0.74%	497	0.77%	491	0.79%
2016	347	0.54%	350	0.60%	364	0.64%
2017	168	0.28%	257	0.45%	279	0.51%
2018	40	0.07%	160	0.28%	199	0.35%
2019	-	-	11	0.02%	26	0.04%
2020	-	-	-	-	-	-
TOTAL	**7,490**	**0.57%**	**7,221**	**0.56%**	**7,274**	**0.57%**

Source: Genworth

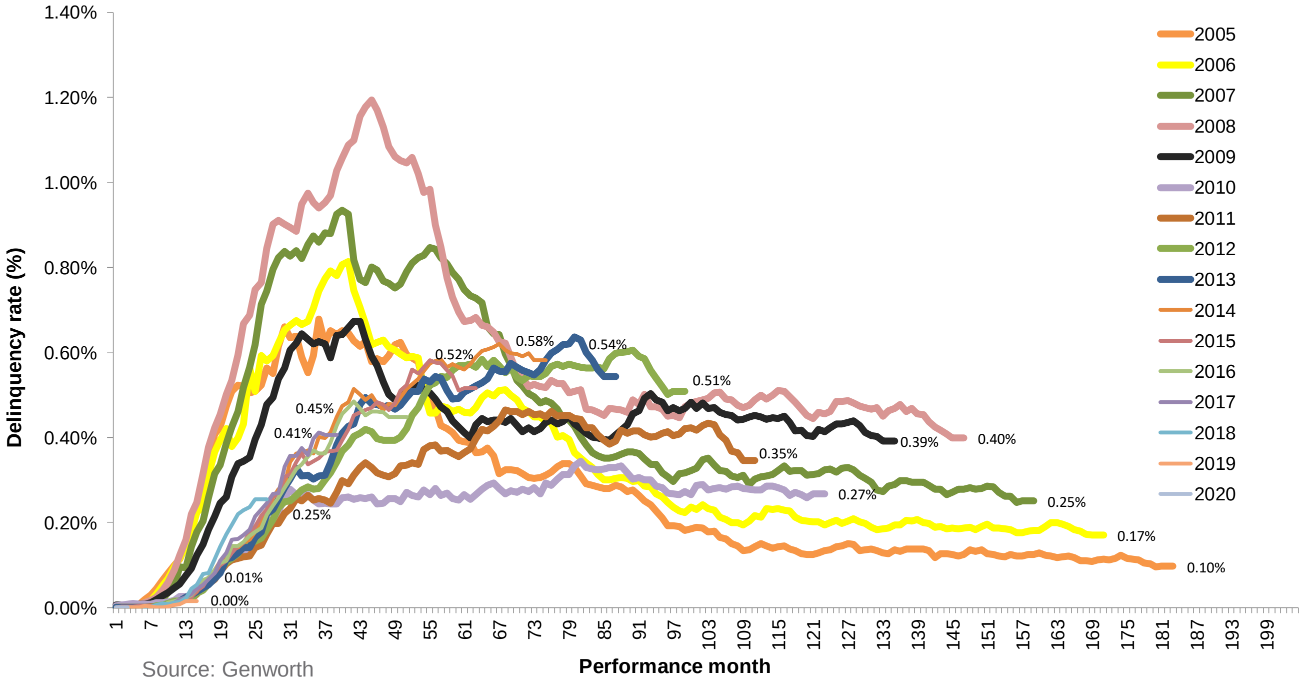
Delinquencies by geography	Mar 19	%	Dec 19	%	Mar 20	%
New South Wales	1,322	0.41%	1,320	0.42%	1,350	0.44%
Victoria	1,349	0.42%	1,258	0.41%	1,280	0.42%
Queensland	2,171	0.74%	2,136	0.75%	2,114	0.75%
Western Australia	1,660	1.05%	1,571	1.00%	1,557	1.00%
South Australia	661	0.69%	610	0.65%	626	0.67%
Australian Capital Territory	63	0.19%	77	0.24%	78	0.25%
Tasmania	131	0.28%	133	0.29%	135	0.30%
Northern Territory	118	0.76%	109	0.71%	127	0.83%
New Zealand	15	0.04%	7	0.02%	7	0.02%
TOTAL	**7,490**	**0.57%**	**7,221**	**0.56%**	**7,274**	**0.57%**

Source: Genworth

Note: This slide excludes excess of loss insurance.

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.
- 2010-12 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.

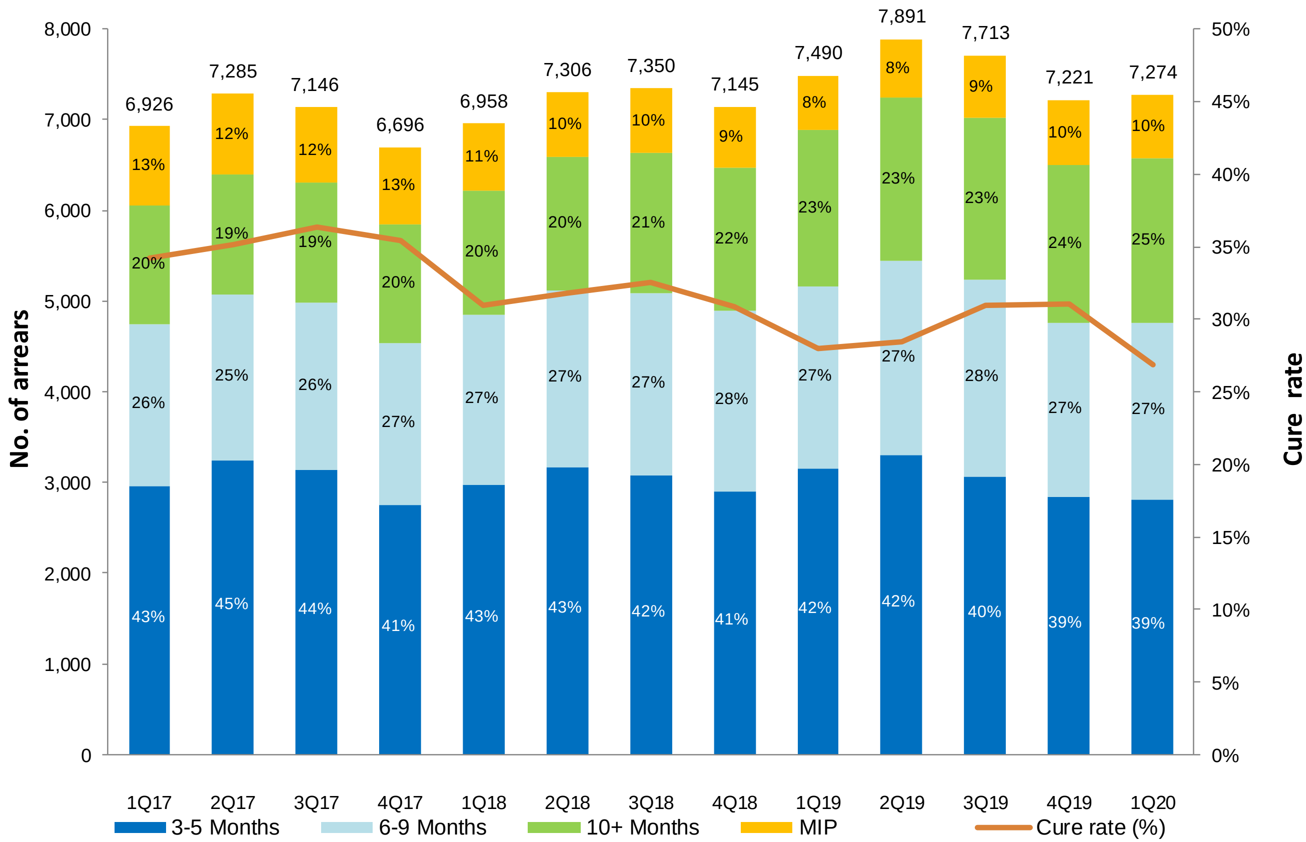
Note: Graph excludes excess of loss insurance and bulk.

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]



Source: Genworth

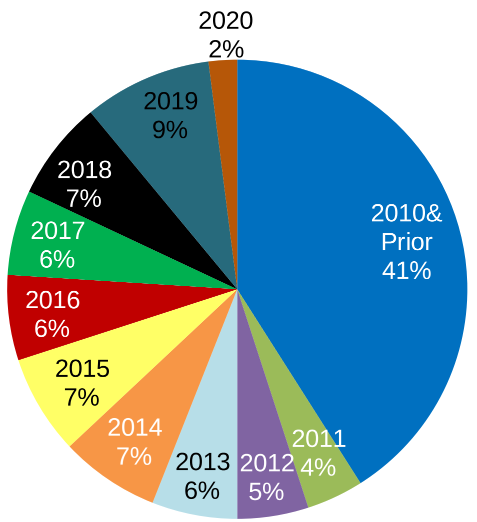
Note: Totals may not sum due to rounding.

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.

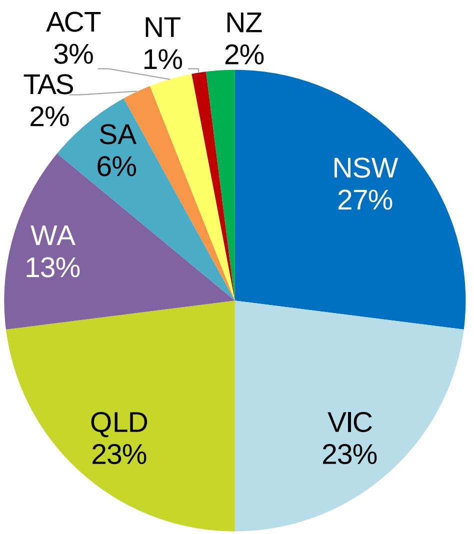
Insurance-in-force

IIF[1] by book year



Source: Genworth

IIF[1] by State



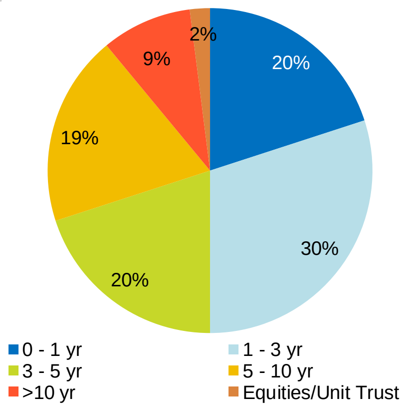
Source: Genworth

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

Cash and Investments portfolio

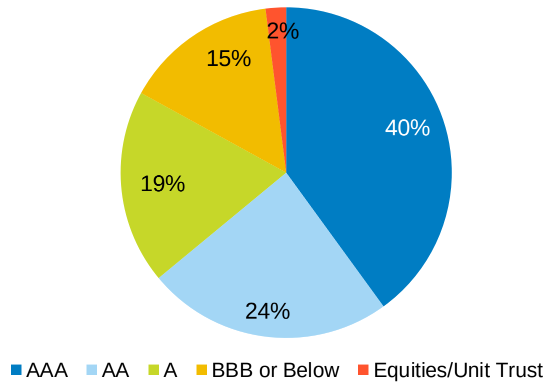
Conservative, well-diversified portfolio with average maturity of 4.1 years[1]

Portfolio by maturity



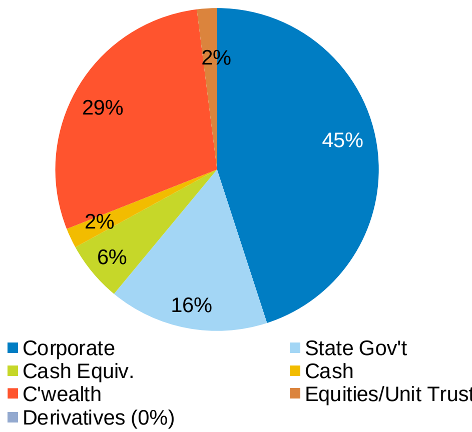
Source: Genworth

Portfolio by rating



Source: Genworth

Portfolio by issuer type



Source: Genworth

Portfolio by maturity

(as at)	31 Dec 19	31 Mar 20
0-1 Yr	731	601
1-3 Yr	851	931
3–5 Yr	628	612
5-10 Yrs	541	598
> 10 Yrs	297	293
Equities/Unit Trust	83	72
Total	**3,131**	**3,106**

Portfolio by rating[2]

(as at)	31 Dec 19	31 Mar 20
AAA	1,256	1,235
AA	729	734
A	567	599
BBB or below	497	466
Equities/Unit Trust	83	72
Total	**3,131**	**3,106**

Portfolio by issuer type

(as at)	31 Dec 19	31 Mar 20
C'wealth	944	901
State gov't	375	483
Corporate	1,439	1,392
Short-term deposits	193	181
Cash	87	71
Equities/Unit Trust	83	72
Derivatives	10	7
Total	**3,131**	**3,106**

1. Maturity of 4.1 years excludes equities (duration 2.4 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.

Genworth

Glossary

As at 31 March 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
Deferred acquisition costs (DAC)	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
Gross earned premium (GEP)	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	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 unrealised gains/(losses)) divided by the average balance of the opening and closing cash and investments balance for the period, annualised.

Genworth®

Glossary

As at 31 March 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
Liability adequacy test (LAT)	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
Mark-to-market	Unrealised gains / losses (exclusive of foreign exchange)
Net earned premium (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 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
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

Term	Definition
Regulatory capital base	The regulatory capital base is the sum of Tier 1 Capital and Tier 2 Capital
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

Genworth

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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