Genworth

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3Q20 FINANCIAL RESULTS PRESENTATION

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CEO & MD

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Michael Bencsik

CFO

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Pauline Blight-Johnston

CEO & MD

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Overview

Pauline Blight-Johnston, CEO and Managing Director

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Good operating momentum in a difficult environment

Navigating through the challenging impacts of COVID-19

3Q20 result incorporates reserving for delayed claims

- 3Q20 Underwriting net profit of $13m (YTD $160m loss).
- 3Q20 Underlying net profit after tax of $27m (YTD $58m loss).
- 3Q20 Statutory net profit after tax of $25m (YTD $65m loss).

Economic environment slowly improving

- Headline unemployment has stabilised but house prices remain weak.
- National recovery uneven with claims and delinquencies delayed.
- Key economic indicators consistent with central estimate assumptions.

Quality YTD volume growth

- New insurance written YTD increased 12.8% from Sep 19 to $21.3b.
- Gross written premium YTD increased 28.3% from Sep 19 to $383m.
- Net earned premium YTD increased 3.0% from Sep 19 to $231m.

Deferrals falling and claims delayed

- Active deferrals have fallen from a high of 50k in May to 31k at 3Q20.
- Claims incurred delayed but expected to pick up as loans are restructured.
- Actuarial reserve adjustments of $34m and risk margin increased by $13m.

Capital strength and flexibility

- PCA coverage ratio 1.79x (Level 2 basis), pro forma PCA 1.73x.
- $48m Tier 2 was redeemed on 6 October 2020.
- Pro forma surplus capital of $255m above top of PCA target range.

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3Q20 result incorporates reserving for delayed claims

Lower claims due to government stimulus measures and deferrals

($ millions)	3Q19	3Q20	Change
Gross written premium (GWP)	$114.6m	$143.8m	25.5%
Underwriting result	$8.7m	$13.5m	55.2%
Underlying net profit after tax[2]	$26.5m	$27.4m	3.4%
Statutory net profit after tax (NPAT)	$25.1m	$24.6m	(2.0%)

($ millions)	YTD 30 Sep 19	YTD 30 Sep 20	Change
Gross written premium (GWP)	$298.7m	$383.1m	28.3%
Underwriting result	$25.3m	($160.0m)	(N.M.)[1]
Underlying net profit / (loss) after tax[3]	$69.6m	($58.1m)	(183.5%)
Statutory net profit / (loss) after tax (NPAT)	$113.2m	($65.4m)	(157.8%)

Key financial measures	3Q19	3Q20
New insurance written (NIW)	$6.4b	$7.8b
NEP growth (NEP)	11.9%	4.6%
Loss ratio	52.9%	63.5%
Prescribed capital amount (PCA) coverage ratio	1.98x	1.79x

- **Gross written premium grew strongly** due to low interest rates and the strong LMI flow performance across lender customers.
- **Underwriting result** improvement driven by lower amortisation of acquisition costs post 1Q20 DAC write-down offset by increased reserving for expected COVID-19 claims.
- **Underlying NPAT** up on better underwriting result despite lower investment income.
- **NEP growth** driven by GWP growth and seasoning of the book.
- **Loss ratio** movement reflects lower claims experience offset by additional reserving and increase to the risk margin.
- **PCA coverage ratio** 1.79 times above top end of Board target range of 1.32 to 1.44 times.

1. N.M. Not Meaningful (increases or decreases greater than 200%).
2. 3Q20 underlying NPAT excludes after tax impacts of (a) unrealised losses of $2.7m on the investment portfolio and (b) foreign exchange rates (net of hedge) on the investment portfolio ($0.1m loss).
3. YTD 30 Sep 20 underlying NPAT excludes after tax impacts of (a) unrealized losses of $5.9m on the investment portfolio and (b) foreign exchange rates (net of hedge) on the investment portfolio ($1.3m loss).

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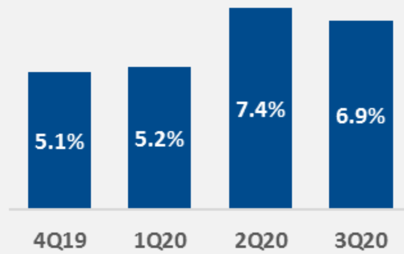
Economic environment slowly improving

Recovery in the early stages as COVID-19 impacts work through the economy

Unemployment

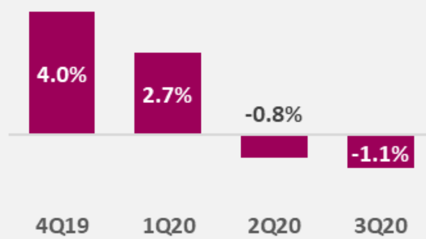
Was 6.9% at 3Q20 and is tracking better than our peak central estimate of 9.1%[1].



Data sourced from ABS at Sep'20

HPA

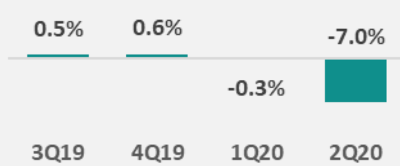
Since 1Q20 national prices are down (1.9%) and are tracking better than our trough central estimate of (8.3%).



Data sourced from Corelogic's Hedonic Index at Sep'20

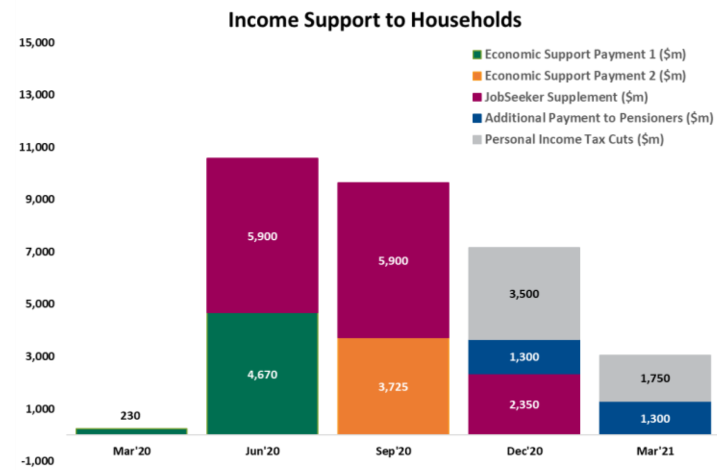
GDP

GDP fell (7.0%) in 2Q20 and is tracking broadly in line with our trough central estimate of (7.3%).



Data sourced from ABS at Sep'20

1. Takes account of Genworth's lower concentration of home ownership in occupations and industries impacted by COVID-19 (such as casual employees) and is adjusted to remove the effect of government income assistance.



Sources: 2020 Federal Budget & Citigroup Research

Government stimulus will begin to unwind:

- JobKeeper and JobSeeker are obscuring headline unemployment levels.
- Victoria making progress under roadmap for reopening from lockdown.
- Future waves, lockdowns and state based border closures remain key areas of uncertainty.

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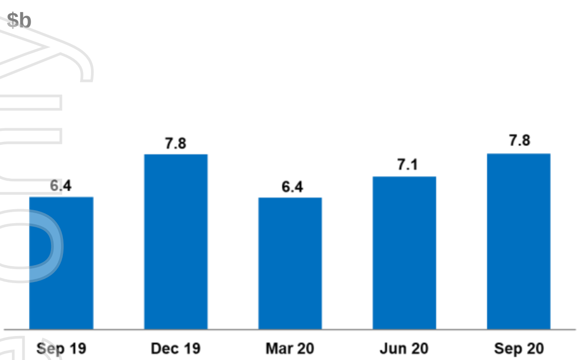
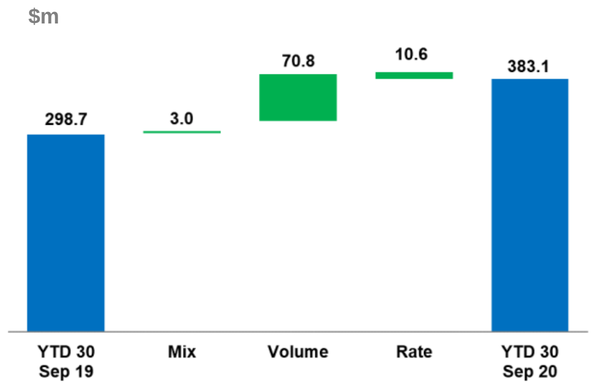
Quality YTD volume growth

Housing market activity resilient and key lender customers taking share

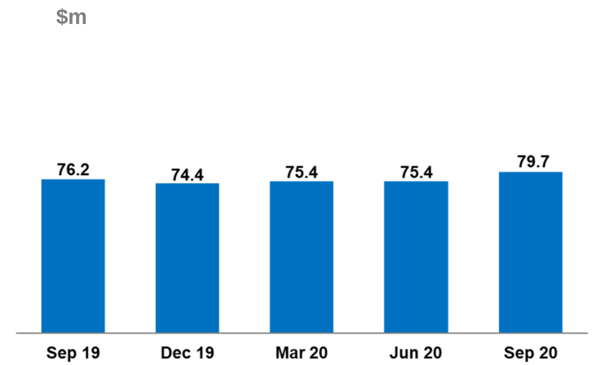
New insurance written



Gross written premium



Net earned premium



- Mortgage broker share of originations continues to increase.
- Key lender customers growing above system.

- Higher business volumes were the main driver of growth.
- Loss of National Australia Bank contract from mid-November (GWP ~$43m to YTD to 3Q20).

- Strong GWP growth will drive future NEP growth in accordance with the earnings curve.

Source all charts: Genworth

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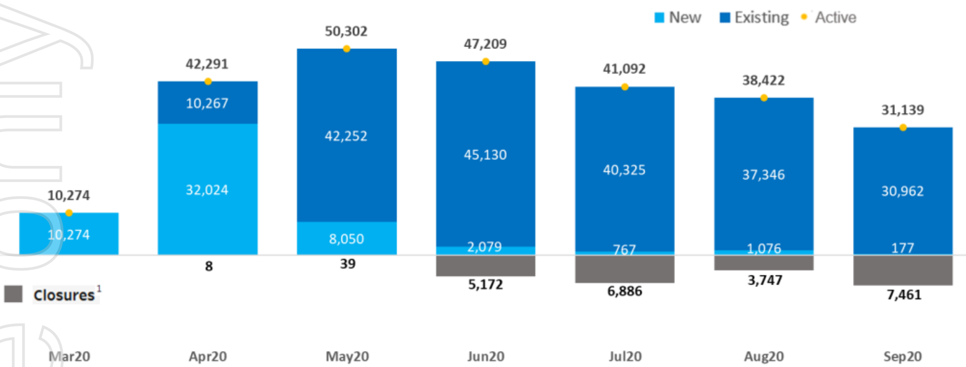
Deferrals reducing and claims delayed

Lender check-ins resulting in restructures and deferrals

Deferral time series

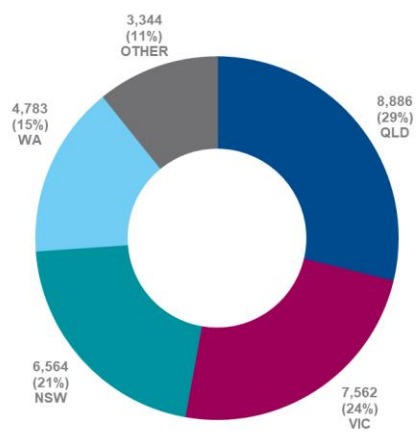


1. Closures are based on lender notification and deferral expiry dates.

Deferral summary at 3Q20	
Insurance in-force (active deferrals)	$13,838m
Share of insurance in-force[2]	4.9%
Number of active deferrals	31,139
Share of insured loans in-force[2]	3.0%
High LVR >90% share of deferrals (original LVR)[3]	~35%
Investment loans share of deferrals	22%
Interest only loans share of deferrals	19%

2. Excludes inward reinsurance, excess of loss insurance, NZ and Genworth Financial Mortgage Indemnity Limited ($16,833m insurance in-force and 146k insured loans in force at 3Q20).
3. Excludes capitalised premium.

By state



- Notifications are received from lender customers on a monthly basis and are subject to checks and validations.
- Cumulative deferral applications of 54,452 (5.2% of insured loans in-force).
- Investment lending and interest only share of deferrals in line with in-force share of ~22% and ~20% respectively.
- High LVR >90% is modestly above the in-force share of 28%.
- IBNR and risk margins increased to reflect timing and uncertainty of changed delinquency behaviour.

Source all charts and tables: Genworth

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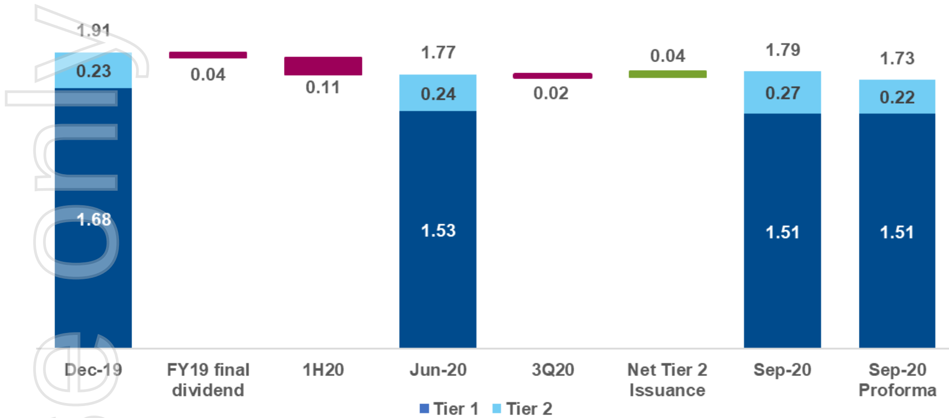
Capital strength and flexibility

Surplus capital projected under all scenarios

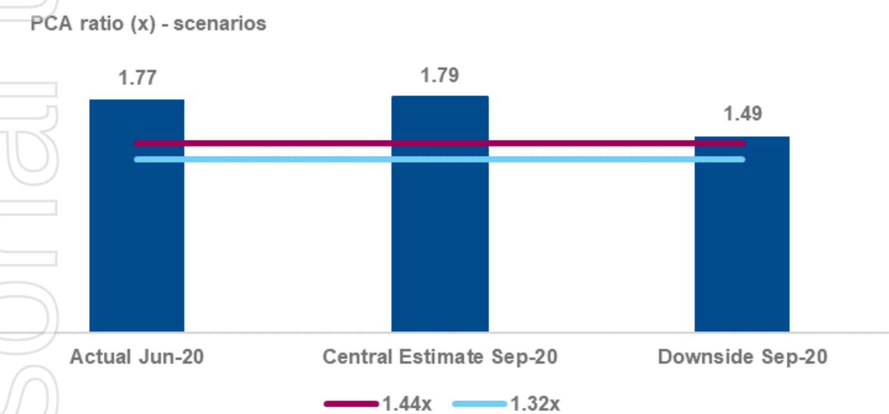
PCA ratio walk



Strong capital position underpinned by:

- Pro forma PCA ratio of 1.73 times, with surplus over top of target range of $255 million.
- Tier 1 ratio 1.51 times, significantly above 0.8 times regulatory requirement.
- $800 million reinsurance (47% of PML vs 60% regulatory limit).

Capital sensitivities to central estimate and downside



Source: Genworth

PCA ratios remain above target range in each economic scenario:

- Central estimate based on median view of external economic forecasts unemployment peaking at 9.1%[1] in 4Q20, peak to trough house price depreciation of 8.3%.
- Downside based on unemployment peaking at 11.0%[1] in 2Q21, peak to trough house price depreciation of 9.2%.

1. Takes account of Genworth's lower concentration of home ownership in occupations and industries impacted by COVID-19 (such as casual employees) and is adjusted to remove the effect of government income assistance.

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Evolving to meet changing customer needs

Partnering with lenders to provide solutions to borrowers

Sound business fundamentals

- Over 50 years experience.
- Over 70 active lender partnerships across major banks, non-major banks, mutuals and non-bank lenders.
- Extensive risk analysis and insights.

Strong customer focus

- Prudent underwriting whilst managing higher volumes.
- Increased reserving to reflect uncertain environment.
- Operations and employees seamlessly adapting to changed environment.

Exploring opportunities

- Housing affordability remains a challenge for many.
- New Monthly Premium product launched.
- Strategic review of evolving customer expectations and new revenue opportunities.

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3Q20 Financial result

Michael Bencsik,
Chief Financial Officer

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3Q20 Income statement

Stable business performance

($ millions)	3Q19	3Q20	3Q19 v 3Q20 (%)	YTD 30 Sep 19	YTD 30 Sep 20	YTD Sep 19 v YTD Sep 20 (%)
Gross written premium	114.6	143.8	25.5%	298.7	383.1	28.3%
Movement in unearned premium	(20.9)	(46.7)	123.4%	(22.1)	(100.7)	(N.M.)[1]
Gross earned premium	**93.7**	**97.1**	**3.6%**	**276.6**	**282.4**	**2.1%**
Outwards reinsurance expense	(17.5)	(17.3)	1.1%	(52.8)	(51.9)	1.7%
Net earned premium	**76.2**	**79.7**	**4.6%**	**223.8**	**230.5**	**3.0%**
Net claims incurred	(40.3)	(50.6)	(25.6%)	(120.1)	(151.7)	(26.3%)
Acquisition costs	(12.1)	(0.6)	95.0%	(34.9)	(13.4)	61.6%
Deferred acquisition costs write-down[2]	-	-	N/A	-	(181.8)	(N.M.)
Other underwriting expenses[3]	(15.1)	(15.0)	0.7%	(43.5)	(43.6)	(0.2%)
Underwriting result	**8.7**	**13.5**	**55.2%**	**25.3**	**(160.0)**	**(N.M.)**
Investment income on technical funds[4]	16.9	11.6	(31.4%)	77.5	56.9	(26.6%)
Insurance profit / (loss)	**25.6**	**25.1**	**(2.0%)**	**102.8**	**(103.1)**	**(N.M.)**
Net investment income on shareholder funds[4]	12.6	12.3	(2.4%)	66.9	16.8	(74.9%)
Financing costs	(2.8)	(3.1)	(10.7%)	(9.1)	(8.1)	11.0%
Profit / (loss) before income tax	**35.4**	**34.3**	**(3.1%)**	**160.6**	**(94.4)**	**(158.8%)**
Income tax expense / (benefit)	(10.3)	(9.6)	6.8%	(47.4)	29.0	161.2%
Statutory net profit / (loss) after tax	**25.1**	**24.6**	**(2.0%)**	**113.2**	**(65.4)**	**(157.8%)**
Underlying net profit / (loss) after tax[5]	**26.5**	**27.4**	**3.4%**	**69.6**	**(58.1)**	**(183.5%)**

YTD 30 Sep 20 commentary:

- **GWP** up reflecting ongoing strong volumes from lender customers.
- **NEP** increased due to continued seasoning and higher GWP.
- **Net claims incurred** reflects additional reserving, including an increase in risk margin.
- **Acquisition costs** down due to 1Q20 DAC write-down.
- **Investment income** down due to lower interest income and unrealised losses.

1. N.M. Not Meaningful (increases or decreases greater than 200%).
2. $181.8m DAC write-down in 1Q20.
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 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.

Note: Totals may not sum due to rounding.

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Australia wide snapshot

House prices remain weak, unemployment obscured by stimulus and delinquencies delayed

Change in House Prices

	3 Months	6 Months	YTD
Sydney	-1.6%	-2.4%	1.4%
Melbourne	-3.3%	-5.5%	-2.8%
Brisbane	0.0%	-0.2%	1.4%
Adelaide	0.9%	1.6%	2.2%
Perth	-0.3%	-1.7%	-0.9%
Hobart	0.3%	1.4%	2.8%
Darwin	2.3%	2.7%	3.3%
Canberra	1.5%	2.2%	3.9%
Combined Capitals	-1.5%	-2.6%	0.2%
Combined Regional	0.5%	0.8%	2.7%
National	-1.1%	-1.9%	0.7%

Dwelling price data sourced from CoreLogic's Hedonic Index at Sep'20

Unemployment (by state) last 3 quarters

State	Mar-20	Jun-20	Sep-20
New South Wales	4.9%	6.9%	7.2%
Victoria	5.2%	7.5%	6.7%
Queensland	5.6%	7.7%	7.7%
South Australia	6.3%	8.8%	7.1%
Western Australia	5.4%	8.7%	6.7%
Tasmania	4.9%	6.9%	7.6%
Northern Territory	5.3%	5.3%	4.8%
Australian Capital Territory	3.4%	4.1%	3.8%
National	5.2%	7.4%	6.9%

Data sourced from ABS at Sep'20

Delinquencies by geography	Sep 19	%	Jun 20	%	Sep 20	%
New South Wales	1,422	0.45%	1,495	0.51%	1,439	0.50%
Victoria	1,320	0.43%	1,385	0.46%	1,427	0.49%
Queensland	2,292	0.80%	2,143	0.78%	2,094	0.77%
Western Australia	1,659	1.06%	1,604	1.06%	1,513	1.04%
South Australia	656	0.69%	644	0.70%	629	0.69%
Australian Capital Territory	84	0.26%	83	0.27%	75	0.25%
Tasmania	140	0.31%	120	0.27%	107	0.24%
Northern Territory	131	0.85%	128	0.87%	128	0.92%
New Zealand	9	0.02%	12	0.03%	10	0.05%
TOTAL	**7,713**	**0.60%**	**7,614**	**0.62%**	**7,422**	**0.62%**

- YTD national prices are broadly flat and are tracking towards our -1.4% central estimate. Melbourne prices in particular have been impacted by COVID-19.
- The unemployment rate is up 171 bps from March 2020 levels and is below our 9.1% [1] central estimate, although the headline rate is obscured by Federal Government stimulus programmes.
- Delinquencies are up 2 bps on pcp but are flat qoq. Victoria is up 6 bps on pcp and 3 bps qoq impacted by the period under lockdown.

1. Takes account of Genworth's lower concentration of home ownership in occupations and industries impacted by COVID-19 (such as casual employees) and is adjusted to remove the effect of government income assistance.

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Spotlight on Victoria

Victoria's pathway out of lockdown remains uncertain

HPA and rental vacancies

	Change in dwelling prices			Rental vacancies	
	3 Months	6 Months	12 Months	Sep 19	Sep 20
Melbourne	-3.3%	-5.5%	3.1%	2.0%	3.8%
Rest of VIC	-1.0%	-0.5%	3.6%	1.4%	1.3%
Total VIC	**-3.0%**	**-4.9%**	**3.2%**	1.8%	3.0%

Dwelling price data sourced from CoreLogic at Sep'20. Vacancy data sourced https://sqmresearch.com.au/.

- Melbourne house price movements more pronounced post-COVID-19 than the rest of Victoria.
- Negative equity is up 40 bps to 1.2% YTD with the majority of movement post lockdown.

Employment data

	New South Wales	Victoria	Queensland
Estimated employed persons	4,028,200	3,224,700	2,518,000
Employment to population ratio	60.7%	58.8%	60.4%
Unemployment rate	7.2%	6.7%	7.7%
Underemployment rate	10.2%	14.9%	10.7%
Participation rate	65.4%	63.0%	65.5%
Estimated # persons working 0 hours	35,600	112,900	30,000

Data sourced from ABS at Sep'20

- Victorian unemployment rate below national average reflective of lower participation rate.
- Underemployment and persons working 0 hours impacted by Government stimulus programmes and the lockdown respectively.

Genworth portfolio performance

- Delinquency rate of 0.49% in Melbourne is consistent with the rest of Victoria and below the national average of 0.62%.
- Victoria accounts for 24% of deferrals which is consistent with Victoria's share of in-force policies of 23%.
- We continue to assess the impact of the Victorian lockdown on our portfolio.

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Net claims incurred

Loss experience delayed by court closures, lockdowns and deferrals

($ millions unless otherwise stated)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Number of paid claims (#)	**319**	**296**	**361**	**376**	**333**	**358**	**332**
Average paid claim [1] ($'000)	94.2	94.1	97.9	99.4	92.7	97.0	99.4
Claims paid	**30.1**	**27.8**	**35.3**	**37.4**	**30.9**	**34.7**	**33.0**
Movement in reserves	10.2	11.7	4.9	(6.6)	4.7	30.8	17.6
Net claims incurred	**40.3**	**39.6**	**40.3**	**30.8**	**35.5**	**65.5**	**50.6**
Net earned premium (NEP)	72.9	74.7	76.2	74.4	75.4	75.4	79.7
Loss ratio (%)	**55.3%**	**53.0%**	**52.9%**	**41.4%**	**47.1%**	**86.9%**	**63.5%**

Note: Totals may not sum due to rounding.

1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid.

Net claims incurred ($m)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
New delinquencies	35	42	41	38	38	41	31
Cures	(32)	(36)	(39)	(40)	(32)	(37)	(42)
Ageing[1]	32	36	38	33	24	30	15
Paid claims gap	-	-	(1)	(1)	(1)	1	-
Other adjustments[2]	5	(2)	1	1	7	31	47
Net claims incurred	**40**	**40**	**40**	**31**	**36**	**66**	**51**

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

Source: Genworth

1. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
2. Includes COVID-19 actuarial adjustments relating to policies affected by court closures, IBNR for policy deferrals and an increase to the risk margin.

3Q20 claims incurred movements driven by:

- Lower claims due to court closures (which are now opening up) and the Victorian lockdown;
- Increased reserving to allow for changed delinquency behaviour as a result of lender customer loan deferral programmes;
- Increased risk margins to reflect higher uncertainty around deferrals.

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Investment performance

Investment portfolio yields reflect the low interest environment

($ millions)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net interest income and dividend income	21.8	20.5	18.9	16.2	14.9	12.3	10.2
Realised gains on investments	5.0	3.2	12.7	7.7	8.3	20.7	17.7
Unrealised gains/(losses) and net FX on investments	36.4	28.0	(2.1)	(29.2)	(32.0)	25.6	(4.0)
Total investment income	63.1	51.8	29.5	(5.3)	(8.9)	58.6	23.9
Investment return	**2.7%**	**2.5%**	**2.3%**	**2.1%**	**1.9%**	**1.6%**	**1.2%**

- Net interest and dividend income is down $8.7m on 3Q19 as fixed interest securities purchased at higher yields are gradually maturing or being sold with the funds being reinvested at predominantly lower yields.
- Realised gains are up $5.0m on 3Q19 as interest rates have declined and credit spreads have tightened.

($ millions)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Investment income on technical funds	33.0	27.6	16.9	(11.7)	33.3	12.0	11.6
Net investment income on shareholder funds	30.1	24.2	12.6	6.4	(42.2)	46.6	12.3
Total investment income	**63.1**	**51.8**	**29.5**	**(5.3)**	**(8.9)**	**58.6**	**23.9**

Source: Genworth

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Balance sheet

Strong balance sheet with $3.3b in cash and investments

Balance sheet as at 30 September 2020

($ millions)	31 Dec 19	30 Jun 20	30 Sep 20
Assets			
Cash	87.3	80.9	43.3
Accrued investment income	19.5	19.8	21.1
Investments	3,043.8	3,116.5	3,267.5
Deferred reinsurance expense	31.8	54.8	37.5
Non-reinsurance recoveries	22.8	27.4	28.7
Deferred acquisition costs	181.2	16.5	28.4
Deferred tax assets	9.1	59.9	56.5
Goodwill and intangibles	16.5	16.3	16.1
Other assets[1]	65.5	70.8	72.9
Total assets	**3,477.4**	**3,462.9**	**3,571.8**
Liabilities			
Payables[2]	102.1	115.9	99.3
Outstanding claims	360.9	398.8	416.7
Unearned premium	1,280.5	1,334.8	1,381.5
Interest bearing liabilities	199.4	200.0	236.1
Employee benefit provision	7.1	7.9	8.2
Total liabilities	**1,949.9**	**2,057.3**	**2,141.8**
Net assets	**1,527.5**	**1,405.5**	**1,430.1**

Source: Genworth
Note: Totals may not sum due to rounding.

3Q20 commentary:

- **Deferred reinsurance expense** reduced as the deferred reinsurance premium was amortised.
- **Deferred acquisition costs** (DAC) increase reflects the capitalisation of new acquisition costs post 1Q20 DAC write-down.
- **Outstanding claims** movement driven by additional reserving, including an increase in the risk margin.
- **Interest bearing liabilities** movement due to timing of the issuance and redemption of Tier 2 capital, now $187.7m following the 6th October 2020 redemption.

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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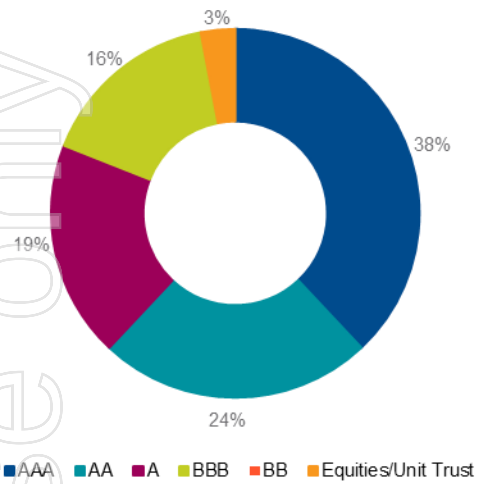
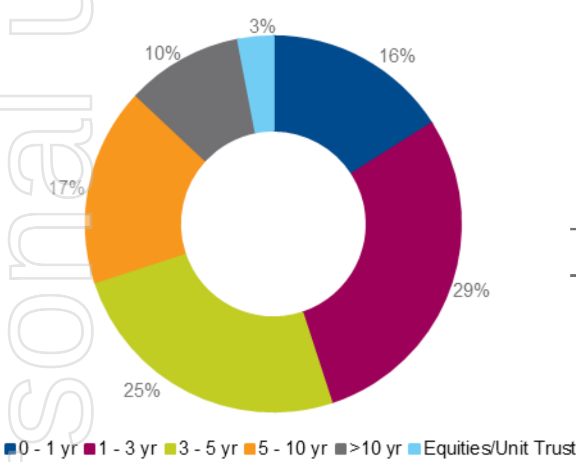
Cash and investments portfolio

Conservative, well-diversified portfolio with average maturity of 4.2 years[1]

Portfolio by rating[2]



Portfolio by maturity



Investment portfolio ($m)	31 Dec 19		30 Jun 20		30 Sep 20	
Commonwealth	944	67%	1,192	71%	804	48%
State Gov't	375	27%	226	13%	477	29%
Corporate	80	6%	269	16%	391	23%
Cash & Short Term Deposits	2	0%	2	0%	1	0%
Technical funds	**1,401**	**100%**	**1,689**	**100%**	**1,673**	**100%**
Corporate	1,359	79%	1,236	82%	1,261	77%
Equities/Unit Trust	83	5%	85	6%	84	5%
Cash & Short Term Deposits	278	16%	185	12%	290	18%
Derivatives	10	1%	2	0%	3	0%
Shareholder funds	**1,730**	**100%**	**1,508**	**100%**	**1,638**	**100%**
Commonwealth	944	30%	1,192	37%	804	24%
State Gov't	375	12%	226	7%	477	14%
Corporate	1,439	46%	1,505	47%	1,652	50%
Equities/Unit Trust	83	3%	85	3%	84	3%
Cash & Short Term Deposits	280	9%	187	6%	291	9%
Derivatives	10	0%	2	0%	3	0%
Total Investment Assets	**3,131**	**100%**	**3,197**	**100%**	**3,311**	**100%**

1. Maturity of 4.2 years (duration 2.5 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.

Source: Genworth

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Liability adequacy test (LAT)

Economic assumptions updated, LAT remains in surplus

Key assumptions / outcome	1Q20 Central estimate	3Q20 Central estimate
Economic expansion re-commences	1Q21	1Q21
Portfolio unemployment rate[1]:		
• Peak	8.2%	9.1%
• Dec-20	8.0%	9.1%
• Dec-21	7.5%	8.1%
House price appreciation / (depreciation):		
• Trough from 1Q20	(8.0%)[2]	(8.3%)
• Dec-20 (YoY)	(5.4%)	(3.2%)
• Dec-21 (YoY)	3.1%	0.3%
LAT (deficiency) / surplus	($181.8m)	$88.6m

Liability adequacy test ($ millions)	31 Mar 20	30 Jun 20	30 Sep 20
Unearned premium	1,302.2	1,334.8	1,381.5
Less: Deferred acquisition costs (DAC)	(183.8)	(16.5)	(28.4)
Less: Deferred reinsurance costs	(72.0)	(54.8)	(37.5)
Net unearned premium	**1,046.4**	**1,263.5**	**1,315.7**
Premium liabilities	1,228.2	1,182.2	1,227.0
LAT surplus / (deficiency)	**(181.8)**	**81.3**	**88.6**
Premium liability assumptions			
Risk margin	17%	17%	17%
Probability of adequacy	70%	70%	70%

1. Takes account of Genworth's lower concentration of home ownership in occupations and industries impacted by COVID-19 (such as casual employees) and is adjusted to remove the effect of government income assistance.
2. 1Q20 disclosure of (5.8%) was "peak (since Dec-19)".
3. Based on assumptions provided on slide 10.

Economic indicators adopted

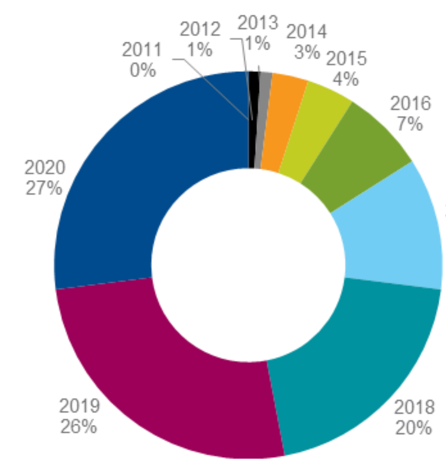
- A range of possible economic scenarios were tested.
- Central estimate adopted for the LAT assessment is based on median view of all external economic forecasts.
- Economic assumptions reflect the duration of assumed recovery and mitigating benefits of the government stimulus and lender initiatives.

The LAT surplus[3]:

- Central estimate = $88.6 million.
- Downside = ($294.2) million.

- 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.

Unearned premium by book year as at 30 September 2020[1]



Source: Genworth

1. The pie chart includes excess of loss insurance.

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Regulatory capital

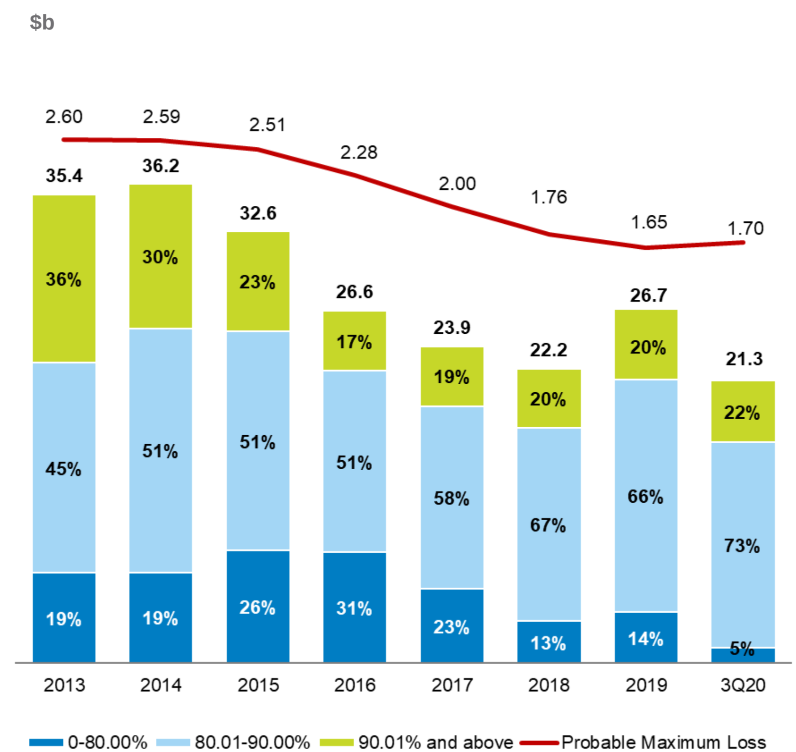
Well-capitalised above Board targets and APRA requirements

($ millions)	31 Dec 19	30 Jun 20	30 Sep 20
Capital base			
Common equity Tier 1 capital	1,459.6	1,298.1	1,325.5
Tier 2 capital	200.0	200.0	238.4
Regulatory capital base	**1,659.6**	**1,498.1**	**1,563.9**
Capital requirement			
Probable maximum loss (PML)	1,647.3	1,676.3	1,695.1
Net premiums liability deduction	(367.9)	(471.3)	(485.8)
Allowable reinsurance	(800.3)	(800.3)	(800.3)
Insurance concentration risk charge (ICRC)	**479.1**	**404.7**	**409.0**
Asset risk charge	125.7	131.8	146.2
Asset concentration risk charge	-	-	-
Insurance risk charge	284.4	327.9	340.4
Operational risk charge	35.7	41.7	43.0
Aggregation benefit	(55.7)	(57.8)	(63.4)
Prescribed capital amount (PCA)	**869.3**	**848.3**	**875.2**
PCA coverage ratio (times)	**1.91 x**	**1.77x**	**1.79x**

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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Good operating momentum in a difficult environment

Navigating through the challenging impacts of COVID-19

Sound business fundamentals and strong customer focus

- GWP growth supporting future NEP growth.
- Reserving for anticipated future claims as deferrals end and loans are restructured.
- Strategic review in response to changing consumer expectations.

Outlook continues to be impacted by COVID-19

- Repayment deferral assessments expected to improve visibility of deferred loan quality.
- 4Q20 review of earnings curve and claims reserving as deferrals end.
- Working effectively with our lender customers to support borrowers.

Capital strength and flexibility

- Pro forma PCA coverage ratio of 1.73x well above top end of 1.32 to 1.44x target range.
- Pro forma surplus capital above top end of target range of $255m.
- Net tangible assets (NTA) $3.43 per share as at 30 September 2020.

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Supplementary slides

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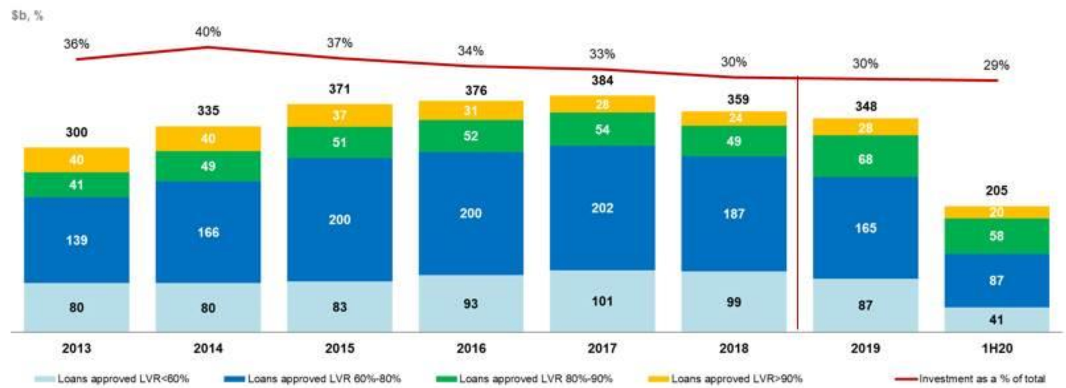
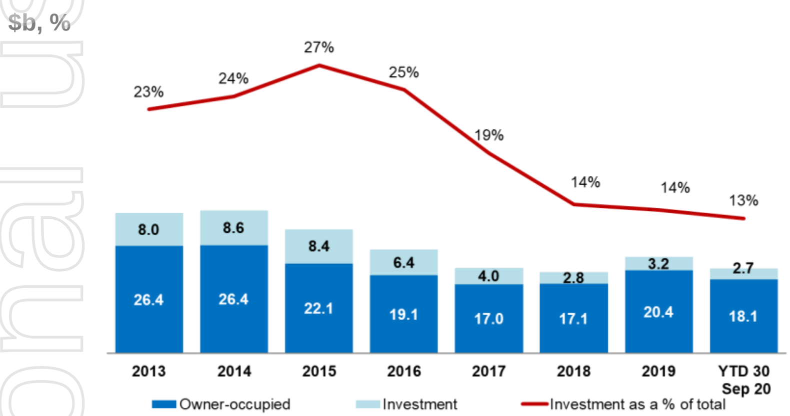
Residential mortgage lending market

Originations and HLVR penetration[1]



Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan funded), June 2020.
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.

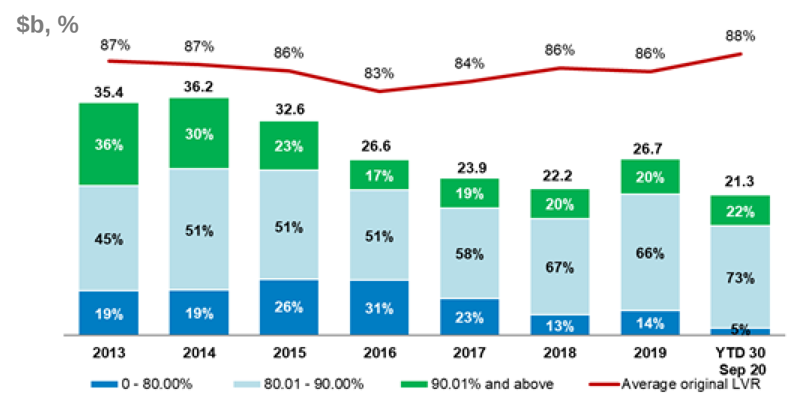
NIW: Investment vs. owner-occupied[2] (Genworth)



Source: Genworth

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

NIW[3] by original LVR[4] band



Source: Genworth

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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Insurance in-force

As at 30 September 2019

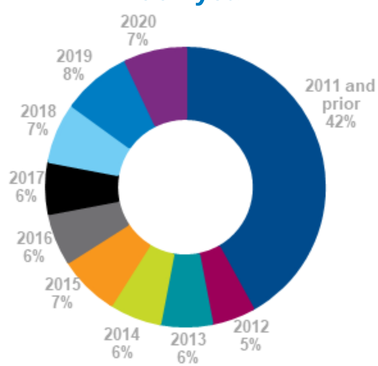
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2011 & Prior	103.6	37%	78.8%	41.3%	61%
2012	16.3	6%	86.2%	63.6%	28%
2013	18.5	7%	87.2%	69.0%	21%
2014	20.9	8%	87.3%	75.5%	12%
2015	20.7	7%	85.8%	79.1%	5%
2016	19.8	7%	83.9%	80.4%	1%
2017	18.7	7%	86.8%	89.5%	-5%
2018	19.4	7%	87.7%	91.5%	-4%
2019	16.5	6%	87.8%	88.1%	1%
Total Flow	**254.3**	**92%**	**82.5%**	**59.1%**	**36%**
Portfolio	23.2	8%	56.4%	28.1%	70%
Total/ Weighted Avg.	**277.6**	**100%**	**80.0%**	**56.1%**	**39%**

As at 30 September 2020

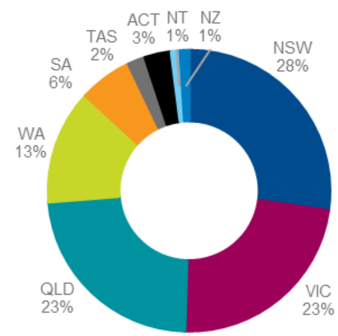
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2011 & Prior	97.6	34%	78.6%	38.1%	69%
2012	14.9	5%	86.1%	60.2%	33%
2013	16.8	6%	87.2%	65.6%	26%
2014	18.6	7%	87.2%	71.8%	16%
2015	18.4	6%	85.8%	75.1%	9%
2016	17.6	6%	83.9%	76.2%	5%
2017	16.7	6%	86.9%	84.7%	-1%
2018	18.1	6%	87.8%	86.6%	0%
2019	22.9	8%	88.1%	84.6%	4%
2020	20.6	7%	88.1%	90.2%	-1%
Total Flow	**262.1**	**92%**	**82.7%**	**57.4%**	**40%**
Portfolio	22.2	8%	56.5%	25.9%	78%
Total/ Weighted Avg.	**284.3**	**100%**	**80.3%**	**54.6%**	**43%**

Note: Excludes capitalised premium. 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 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.

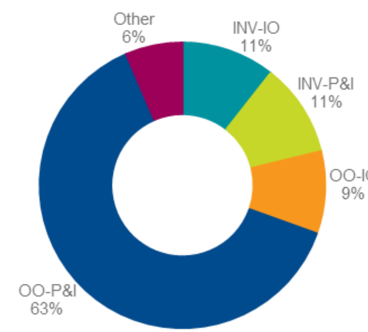
Book year



State



Loan type at origination



Primary Insurance	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Insured loans in-force (#)	1,323,172	1,308,811	1,293,961	1,290,216	1,284,120	1,236,657	**1,193,072**
Insurance in-force ($m)	308,822	307,273	305,755	307,355	307,933	304,693	**301,169**

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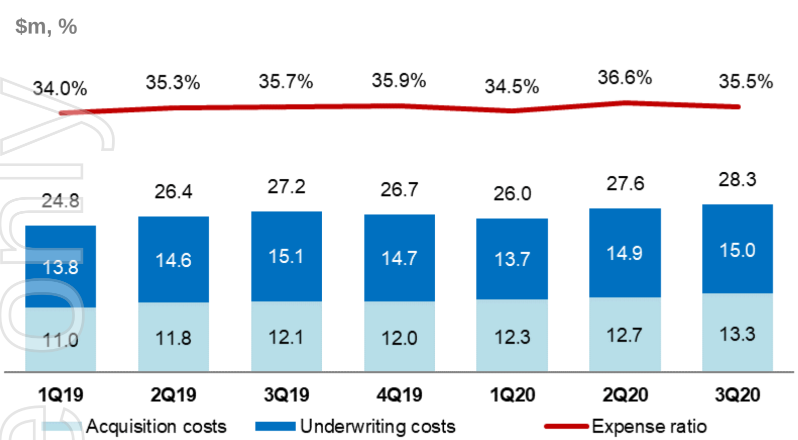
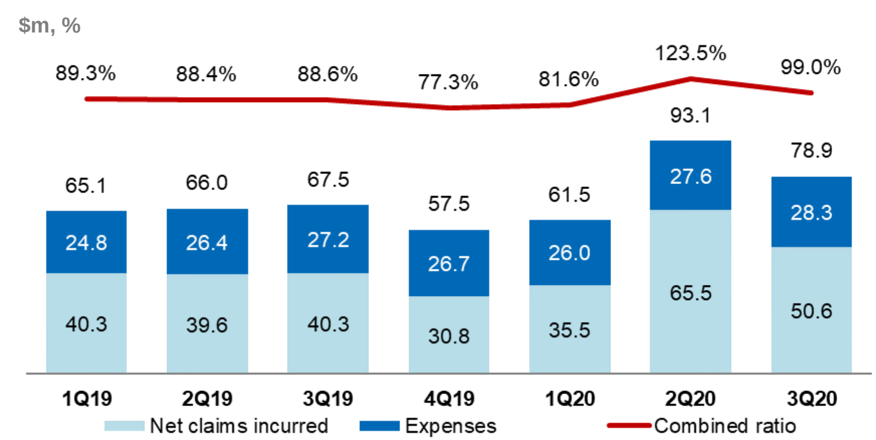
Insurance ratio analysis[1]

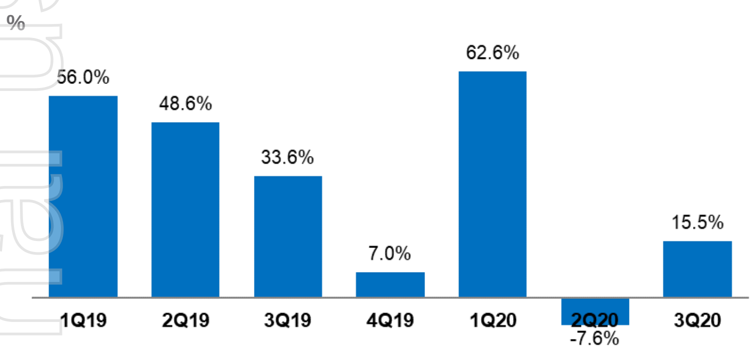
Expenses



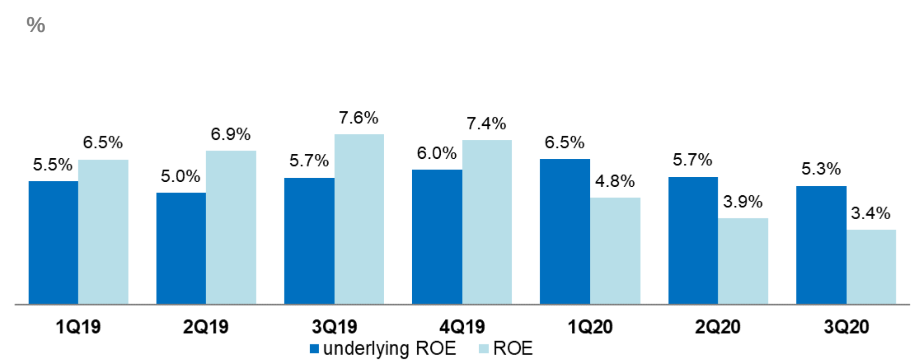
Combined ratio



Insurance margin



Trailing 12-month ROE and Underlying ROE



Source all charts: Genworth

1. Excludes $181.8m DAC write-down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20 and $12.7m in 3Q20.

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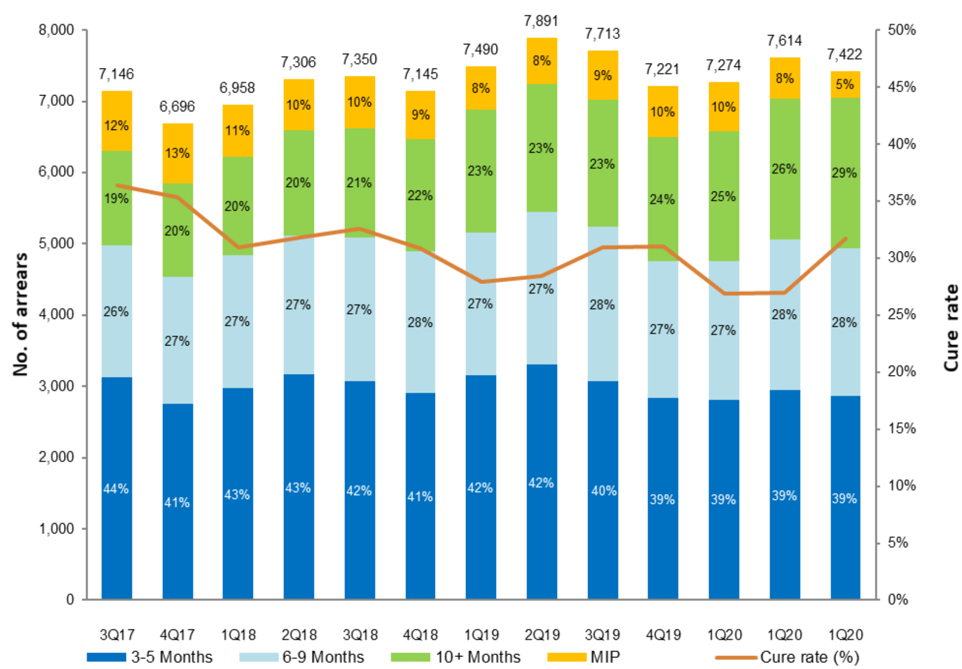
Delinquency trends

Delinquency roll	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Opening balance	**7,145**	**7,490**	**7,891**	**7,713**	**7,221**	**7,274**	**7,614**
New delinquencies	2,662	2,853	2,622	2,277	2,326	2,662	2,552
Cures	(1,998)	(2,156)	(2,439)	(2,393)	(1,940)	(1,964)	(2,412)
Paid claims	(319)	(296)	(361)	(376)	(333)	(358)	(332)
Closing delinquencies	**7,490**	**7,891**	**7,713**	**7,221**	**7,274**	**7,614**	**7,422**
Delinquency rate	0.57%	0.60%	0.60%	0.56%	0.57%	0.62%	0.62%
Average total reserves per delinquency ($'000)	46.7	45.9	47.7	50.0	50.3	52.4	56.1

Delinquencies by book year[1]	Dec 19	%	Jun 20	%	Sep 20	%
2011 and prior	3,952	0.50%	4,060	0.55%	4,045	0.59%
2012	585	0.95%	595	1.01%	577	0.99%
2013	664	1.04%	680	1.12%	634	1.06%
2014	745	1.04%	746	1.10%	716	1.08%
2015	497	0.77%	542	0.89%	489	0.83%
2016	350	0.60%	394	0.71%	362	0.68%
2017	257	0.45%	305	0.57%	271	0.52%
2018	160	0.28%	228	0.41%	224	0.41%
2019	11	0.02%	62	0.10%	99	0.17%
2020	-	-	2	0.01%	5	0.01%
TOTAL	**7,221**	**0.56%**	**7,614**	**0.62%**	**7,422**	**0.62%**

1. Shows the number of delinquencies and the portfolio delinquency rate, calculated by dividing the number of delinquencies by the number of loans in-force (~1.19m).



Source all charts and tables : Genworth

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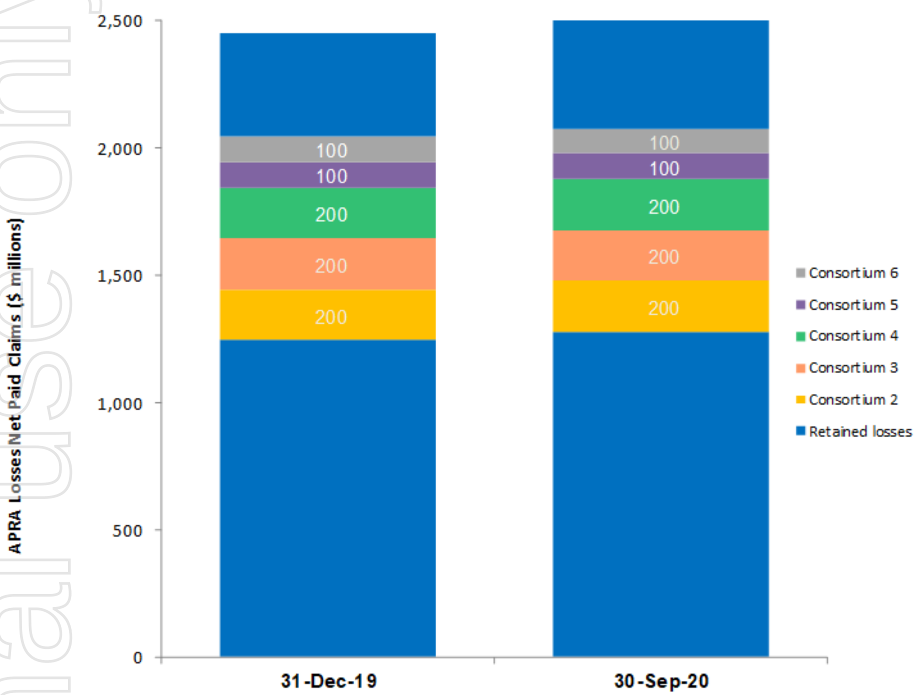
Reinsurance

Reinsurance program as at 30 September 2020



- As at 30 September 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 essentially the same basis as prior year.

Source: Genworth

Note: Excludes reinsurance on excess of loss insurance.

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Reconciliations

Statutory profit / (loss) to underlying profit / (loss)

($ millions)	30 Sep 19	31 Dec 19	31 Mar 20	30 Jun 20	30 Sep 20
Statutory net profit / (loss) after tax	25.1	6.9	(125.6)	35.6	24.6
Unrealised (gains)/losses and FX	2.1	29.2	32.0	(25.6)	4.0
Adjustment for tax (expense)/credits	(0.6)	(8.8)	(9.6)	7.7	(1.2)
Underlying net profit / (loss) after tax	**26.5**	**27.4**	**(103.2)**	**17.7**	**27.4**

Total equity and underlying equity

($ millions), as at	30 Sep 19	31 Dec 19	31 Mar 20	30 Jun 20	30 Sep 20
Total Equity	1,620.3	1,527.5	1,370.3	1,405.5	1,430.1
Adjustment for life to date unrealised (gains) and FX	(80.8)	(51.6)	(19.5)	(45.0)	(41.2)
Adjustment for tax credit on life to date unrealised gains)/losses and FX	24.2	15.5	5.9	13.5	12.4
Underlying Equity[1]	**1,563.8**	**1,491.4**	**1,356.6**	**1,374.0**	**1,401.3**

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 Sep 19	12 mths to Dec 19	12 mths to Mar 20	12 mths to Jun 20	12 mths to Sep 20
Underlying NPAT[1]	92.9	97.0	98.8	87.1	79.0
Underlying equity[2]	1,633.0	1,607.9	1,517.2	1,519.1	1,482.5
Underlying ROE (%)[1]	**5.7%**	**6.0%**	**6.5%**	**5.7%**	**5.3%**

1. Excludes $181.8m DAC write-down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20 and $12.7m in 3Q20.
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.

Note: Totals may not sum due to rounding.

Source all tables: Genworth

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Glossary

As at 30 September 2020

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)
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 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
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
Investment return	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
JobKeeper / JobSeeker	Payment designed to help businesses affected by COVID-19 to cover the costs of their employees' wages / Financial help for people aged between 22 and the aged pension
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group
LAT	Liability adequacy test - AASB 1023 –*General Insurance Contracts* 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
LMI	Lenders mortgage insurance

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Glossary

As at 30 September 2020

Term	Definition
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
PCP	Prior comparable period
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.
QoQ	Quarter on quarter
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
Shareholder funds	The cash and investments in excess of the Technical funds.
Single policy view	Excludes additional policies issued for top ups and refinancing.
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: (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 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
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 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.
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
UEP	Unearned premium reserve
YTD	Year to date

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The release of this announcement was authorised by the Board.

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