Genworth

12 FEBRUARY 2021

FY20 FINANCIAL RESULTS PRESENTATION

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Agenda

01 Overview

Pauline Blight-Johnston

CEO & MD

Pages 4 - 11

02 FY20 Financial result

Michael Bencsik

CFO

Pages 12 - 20

03 Summary

Pauline Blight-Johnston

CEO & MD

Pages 21 - 22

04 Supplementary slides

Pages 23 - 29

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Overview

Pauline Blight-Johnston, CEO and Managing Director

Responding to the challenge of COVID-19

COVID-19 impacts have continued

2020 impacted by COVID-19 related reserving

- FY20 Underwriting result of $234m loss.
- FY20 Statutory NPAT loss of $108m.
- FY20 Underlying NPAT loss of $104m.

Economic environment improving

- Headline unemployment and house prices have improved.
- Deferrals and support packages impacting patterns of claims and delinquencies.
- Key economic indicators tracking ahead of central estimate assumptions.

Strong volume growth

- FY20 New insurance written increased 18.1% to $31.6b.
- FY20 Gross written premium increased 29.7% to $562m.
- FY20 Net earned premium increased 4.6% to $312m.

Support measures delaying claims

- Active deferrals 8,162 (3Q20 reported: 31,139).
- Deferrals are impacting claim occurrence, notification and cure.
- 4Q20 refined delinquency reserving methodology increasing net claims incurred by $109m (guidance $110m).

Capital strength and flexibility

- PCA coverage ratio 1.65x (Level 2 basis).
- Surplus capital of $203m above top of Board PCA target range.
- $800m excess of loss reinsurance coverage renewed 1 January 2021.

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2020 impacted by COVID-19 related reserving

Claims delayed due to government stimulus measures and deferrals

Financial results overview	FY19	FY20	Change
Gross written premium (GWP)	$433.2m	$561.7m	29.7%
Underwriting result	$42.1m	($234.0m)	N.M.[1]
Insurance profit / (loss)	$108.0m	($174.1m)	N.M.
Statutory net profit / (loss) after tax (NPAT)	$120.1m	($107.6m)	N.M.
Underlying net profit / (loss) after tax[2]	$97.0m	($104.3m)	N.M.
Underlying diluted earnings per share	23.1cps	(25.2cps)	N.M.
Ordinary dividend per share	16.5cps	-	(100.0%)

Key financial measures	FY19	FY20	Change
New insurance written (NIW)	$26.7b	$31.6b	18.1%
Net earned premium (NEP)	$298.2m	$312.0m	4.6%
Loss ratio	50.6%	92.9%	83.6%
Closing delinquencies	7,221	6,964	(3.6%)
Delinquency rate	0.56%	0.58%	2bps
Prescribed capital amount (PCA) coverage ratio	1.91x	1.65x	(26bps)

- **GWP** growth reflecting higher LMI flow volumes across lender customers with underwriting quality remaining strong.
- **Underwriting result** lower due to COVID-19 related impacts including the 1Q20 DAC write-down and 4Q20 refined delinquency reserving methodology.
- **Dividend per share** not paid at interim or final due to the uncertain economic outlook, APRA's regulatory guidance and the Company's statutory NPAT loss.
- **Loss ratio** reflects increased reserving during FY20 for anticipated COVID-19 claims and refined delinquency reserving.
- **PCA coverage ratio** 1.65 times above the top end of Board target range of 1.32 to 1.44 times.
- **Delinquency rate** increased despite reduced delinquencies due to increased policy cancellations.

1. N.M. Not Meaningful (increases or decreases greater than 100%).
2. YTD 31 Dec 20 underlying NPAT loss excludes after tax impacts of (a) unrealized losses of $1.8m on the investment portfolio and (b) foreign exchange rates (net of hedge) on the investment portfolio ($1.5m loss).

Source: Genworth

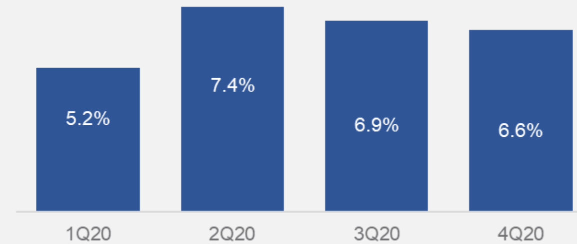
Economic environment improving

Recovery supported by easing COVID-19 restrictions and stimulus measures

Unemployment

Unemployment peaked in July 2020 at 7.5% and has fallen to 6.6% at December 2020. This is tracking better than our 2021 economic assumptions.

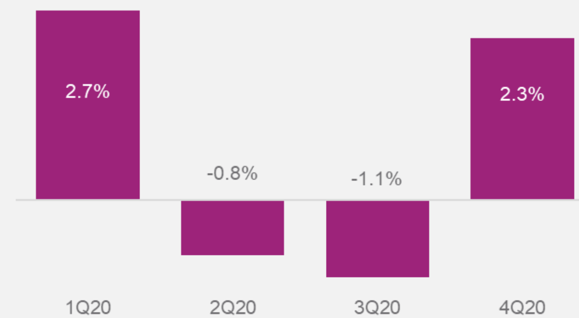
Data sourced from ABS at Dec'20



HPA

National house prices fell 2.1% from the most recent peak in April 2020 before recovering over the past quarter to December 2020 by 2.3%. This is tracking better than our 2021 economic assumptions.

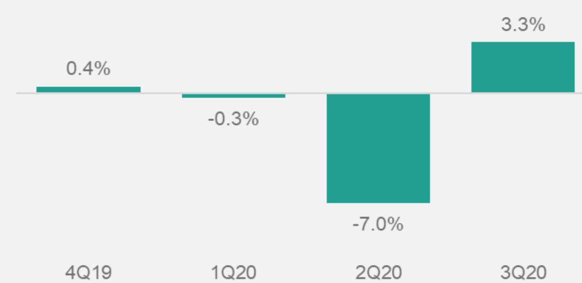
Data sourced from Corelogic's Hedonic Home Value Index at Dec'20



GDP

Yearly GDP bottomed at -6.4% in June 2020 before recovering by 3.3% in the September 2020 quarter taking yearly GDP to -3.8%. December 2020 data will be released in early March 2021.

Data sourced from ABS at Dec'20



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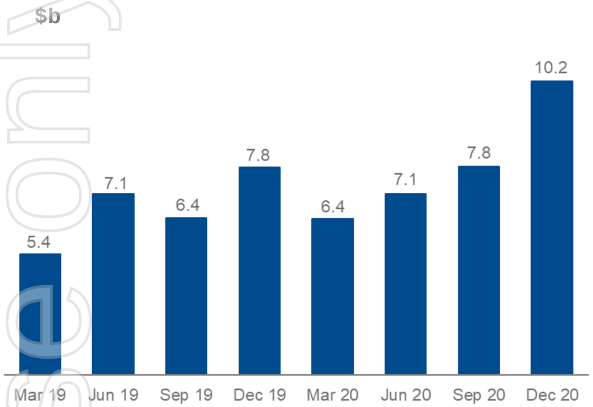
Strong volume growth

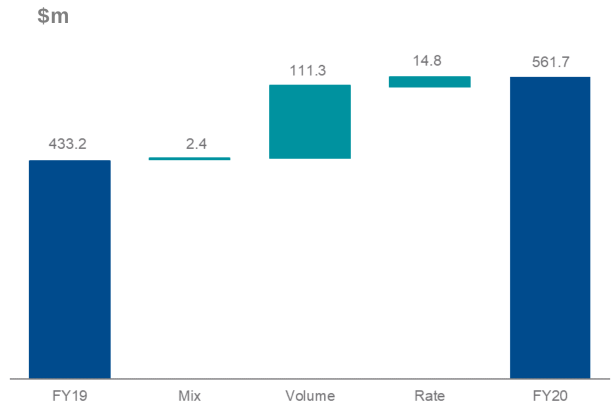
Housing market activity resilient and key lender customers taking market share

New insurance written



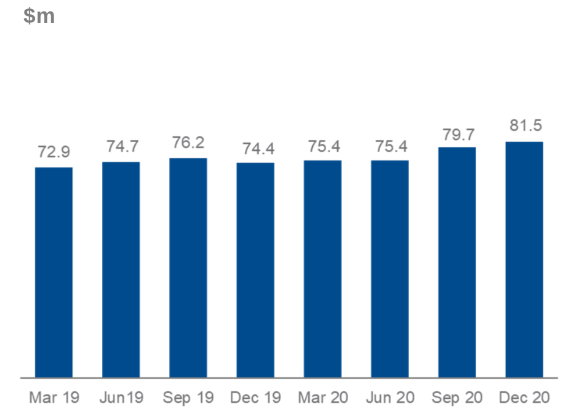
- Key lender customers growing home lending above system.
- Owner-occupiers and first home buyers supporting lender customer mortgage flows.

Gross written premium



- Higher business volumes are the main driver of growth.
- Small positive contributions from mix and rate.

Net earned premium



- Strong GWP growth will drive future NEP growth.
- No change in earnings curve.

Source: Genworth

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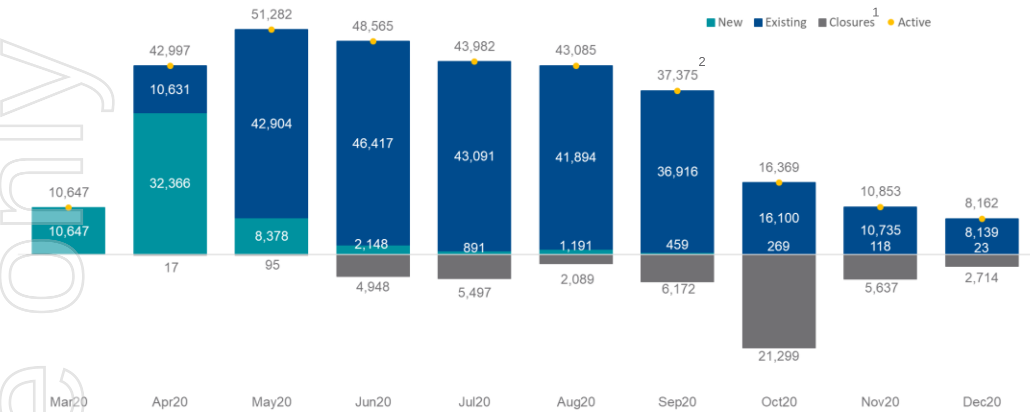
Support measures delaying claims

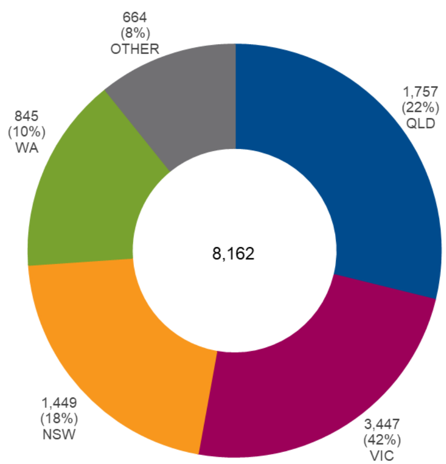
4Q20 refined delinquency reserving methodology

Deferral time series



1. Closures are based on lender notification and deferral expiry dates.
2. 31,139 reported at 3Q20.

By state



- 1,246 (3%) of the 48,468 loans that have exited deferral are delinquent
- 289 (4%) of the 8,162 active deferrals were delinquent at the commencement of deferral.

4Q20 refined delinquency reserving methodology breakdown

	$m
Deferrals	22.9
Non deferrals	73.3
Claims handling expenses, recoveries and risk margin	13.0
Total additional reserve	**109.1**

Note: Totals may not sum due to rounding.

- Analysis demonstrates previously delinquent loans have a materially increased rate of re-delinquency that persists for the remaining life of the loan.
- Previous reserving methodology assumed delinquency risk returned to normal 6 months following cure.
- 4Q20 refined delinquency reserving methodology sees reserves now held for all policies that have at any point experienced delinquency, up until the associated policy is cancelled or a case reserve is established.
- 4Q20 refined delinquency reserving methodology increased 4Q20 net claims incurred by $109m (guidance $110m) to $138m (guidance $135m-$150m).

Source: Genworth

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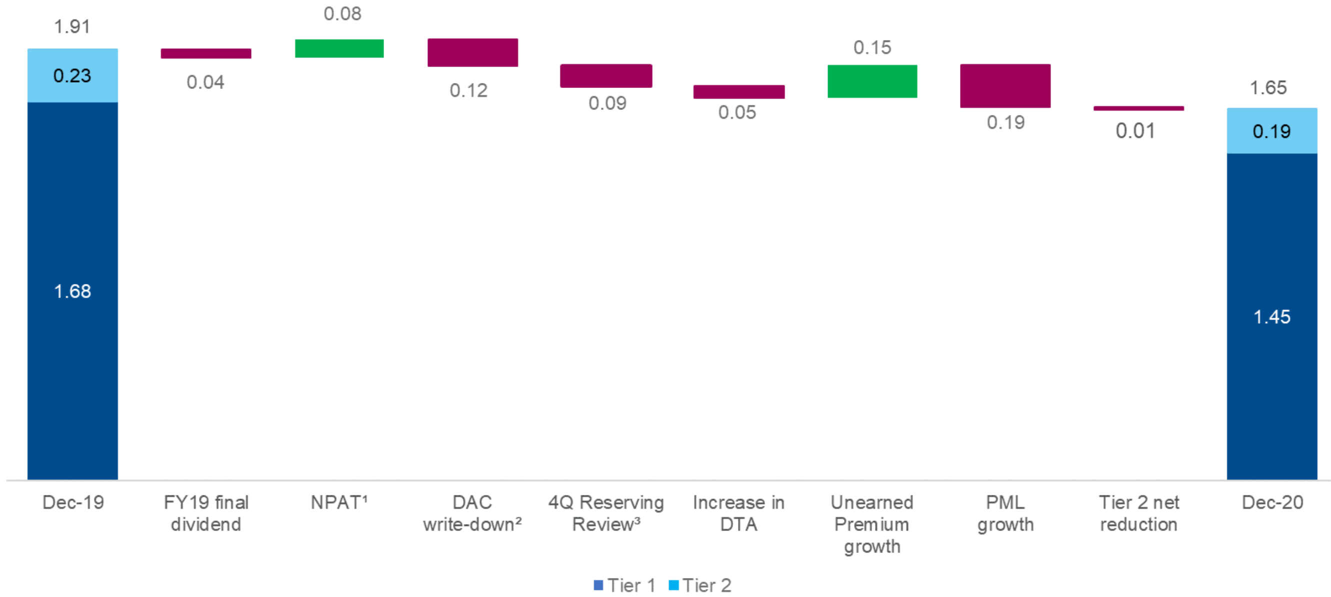
Capital strength and flexibility

Strong capital and reinsurance program successfully renewed

PCA ratio walk



Note: Totals may not sum due to rounding.
1. NPAT excluding 1Q20 DAC write-down (net of associated amortisation) and 4Q20 reserving review
2. After tax impact of $181.8m DAC write down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20, $12.7m in 3Q20 and $12.4m in 4Q20.
3. After tax impact of $109.1m increase in IBNR as a result of the reserving methodology review in 4Q20.

Strong capital position underpinned by:

- PCA ratio of 1.65 times, with surplus capital of $203m above the top end of Board target range.
- Tier 1 ratio 1.45 times, significantly above the minimum 0.8 times regulatory requirement.
- $190m of 2030, 10 non-call 5 year Tier 2 subordinated notes on issue.
- $800m 2021 reinsurance program (46% of PML vs 60% regulatory limit) renewed 1 January 2021.

Source: Genworth

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Strategic customer focus

Repositioning the customer value proposition for sustainable growth

Improve the efficiency and competitiveness of LMI

- Over 50 active lender partnerships across major banks, non-major banks, mutuals and non-bank lenders.
- Rapid response to support customers and brokers impacted by COVID-19.
- Partnering to solve customer pain points.
- Improved efficiency with new organisational design.

Reimagine LMI for a new generation of homebuyers

- Monthly Premium product now in market.
- Using Human Centred Design process to redesign LMI solutions to better meet changing lender, borrower and societal expectations.

Leverage our core capabilities into complementary offerings

- Housing affordability remains a challenge for many.
- Evaluating new opportunities to apply our capabilities to help solve this challenge more broadly.

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FY20 Financial result

Michael Bencsik,
Chief Financial Officer

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FY20 income statement

Business performance impacted by COVID-19

($ millions)	4Q19	4Q20	4Q19 v 4Q20 (%)	2H19	2H20	2H19 v 2H20 (%)	FY19	FY20	FY19 v FY20 (%)
Gross written premium	134.6	178.7	32.8%	249.1	322.4	29.4%	433.2	561.7	29.7%
Movement in unearned premium	(42.7)	(79.7)	(86.7%)	(63.6)	(126.4)	(98.7%)	(64.8)	(180.4)	N.M.
Gross earned premium	**91.9**	**99.0**	**7.7%**	**185.5**	**196.0**	**5.7%**	**368.4**	**381.3**	**3.5%**
Outwards reinsurance expense	(17.5)	(17.5)	-	(34.9)	(34.8)	0.3%	(70.2)	(69.3)	1.3%
Net earned premium	**74.4**	**81.5**	**9.5%**	**150.6**	**161.2**	**7.0%**	**298.2**	**312.0**	**4.6%**
Net claims incurred	(30.8)	(138.2)	N.M.[1]	(71.0)	(188.8)	N.M.	(150.9)	(289.8)	(92.0%)
Acquisition costs	(12.0)	(1.1)	90.8%	(24.1)	(1.7)	92.9%	(46.9)	(14.4)	69.3%
Deferred acquisition costs write-down[2]	-	-	N/A	-	-	N/A	-	(181.8)	N.M.
Other underwriting expenses[3]	(14.7)	(16.4)	(11.6%)	(29.9)	(31.4)	(5.0%)	(58.3)	(60.0)	(2.9%)
Underwriting result	**16.9**	**(74.2)**	**N.M.**	**25.6**	**(60.7)**	**N.M.**	**42.1**	**(234.0)**	**N.M.**
Investment income on technical funds[4]	(11.7)	3.1	N.M.	5.2	14.7	N.M.	65.9	59.9	(9.1%)
Insurance profit / (loss)	**5.2**	**(71.1)**	**N.M.**	**30.7**	**(46.0)**	**N.M.**	**108.0**	**(174.1)**	**N.M.**
Net investment income on shareholder funds[4]	6.4	13.2	N.M.	19.0	25.5	34.2%	73.2	30.0	(59.0%)
Financing costs	(2.7)	(2.6)	3.7%	(5.5)	(5.7)	(3.6%)	(11.8)	(10.7)	9.3%
Profit / (loss) before income tax	**8.9**	**(60.5)**	**N.M.**	**44.3**	**(26.2)**	**N.M.**	**169.5**	**(154.8)**	**N.M.**
Income tax expense / (benefit)	(2.0)	18.2	N.M.	(12.3)	8.6	N.M.	(49.4)	47.2	N.M.
Statutory net profit / (loss) after tax	**6.9**	**(42.2)**	**N.M.**	**32.0**	**(17.6)**	**N.M.**	**120.1**	**(107.6)**	**N.M.**
Underlying net profit / (loss) after tax[5]	**27.4**	**(46.1)**	**N.M.**	**53.9**	**(18.7)**	**N.M.**	**97.0**	**(104.3)**	**N.M.**

Note: Totals may not sum due to rounding.

1. N.M. Not Meaningful (increases or decreases greater than 100%).
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.

Source: Genworth

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Australia wide snapshot

House prices and employment stabilise and delinquencies continue to be delayed

Change in dwelling values	Sep 20 – Dec 20	Jun 20 – Dec 20	12 months
Sydney	1.3%	-0.4%	2.7%
Melbourne	1.5%	-1.8%	-1.3%
Brisbane	2.1%	2.2%	3.6%
Adelaide	3.6%	4.5%	5.9%
Perth	2.8%	2.4%	1.9%
Hobart	3.2%	3.5%	6.1%
Darwin	5.5%	7.9%	9.0%
Canberra	3.5%	5.1%	7.5%
Combined Capitals	1.8%	0.2%	2.0%
Combined Regional	4.0%	4.5%	6.9%
National	2.3%	1.2%	3.0%

Data sourced from Corelogic's Hedonic Home Value Index at Dec'20

Unemployment by state	Dec-19	Jun-20	Dec-20
New South Wales	4.5%	6.9%	6.4%
Victoria	4.9%	7.5%	6.5%
Queensland	5.7%	7.7%	7.5%
South Australia	6.3%	8.8%	6.4%
Western Australia	5.4%	8.7%	6.2%
Tasmania	5.5%	6.9%	7.0%
Northern Territory	5.3%	5.7%	5.4%
Australian Capital Territory	2.9%	5.0%	3.7%
National	5.1%	7.4%	6.6%

Data sourced from ABS at Dec'20

Delinquencies by geography	Dec 19	%	Jun 20	%	Dec 20	%
New South Wales	1,320	0.42%	1,495	0.51%	1,350	0.47%
Victoria	1,258	0.41%	1,385	0.46%	1,376	0.47%
Queensland	2,136	0.75%	2,143	0.78%	1,918	0.70%
Western Australia	1,571	1.00%	1,604	1.06%	1,419	0.97%
South Australia	610	0.65%	644	0.70%	599	0.66%
Australian Capital Territory	77	0.24%	83	0.27%	69	0.23%
Tasmania	133	0.29%	120	0.27%	108	0.25%
Northern Territory	109	0.71%	128	0.87%	112	0.80%
New Zealand	7	0.02%	12	0.03%	13	0.06%
TOTAL	**7,221**	**0.56%**	**7,614**	**0.62%**	**6,964**	**0.58%**

Source: Genworth

- National prices are up 0.4% from 1Q20. Melbourne house prices in particular have been impacted by the recent COVID-19 lockdown.
- The December 2020 unemployment rate was down 80 bps over the half (and down from 6.9% at 3Q20). Government stimulus programs are scheduled to be phased out over the course of 1H21.
- The delinquency rate was down 4 bps over the half (and down from 0.62% at 3Q20) reflecting lower delinquencies. Victoria was up 1 bp over the half (but down from 0.49% at 3Q20 as the state exited lockdown).

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Net claims incurred

Repayment deferrals interrupting claim occurrence, notification and cure

($ millions unless otherwise stated)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Number of paid claims (#)	319	296	361	376	1,352	333	358	332	**231**	**1,254**
Average paid claim[1] ($'000)	94.2	94.1	97.9	99.4	96.6	92.7	97.0	99.4	95.9	96.3
Claims paid	**30.1**	**27.8**	**35.3**	**37.4**	**130.6**	**30.9**	**34.7**	**33.0**	**22.1**	**120.8**
Movement in reserves	10.2	11.7	4.9	(6.6)	20.3	4.7	30.8	17.6	116.0	169.1
Net claims incurred	**40.3**	**39.6**	**40.3**	**30.8**	**150.9**	**35.5**	**65.5**	**50.6**	**138.2**	**289.8**
Net earned premium (NEP)	72.9	74.7	76.2	74.4	298.2	75.4	75.4	79.7	81.5	312.0
Loss ratio (%)	**55.3%**	**53.0%**	**52.9%**	**41.4%**	**50.6%**	**47.1%**	**86.9%**	**63.5%**	**169.6%**	**92.9%**

Net claims incurred ($m)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
New delinquencies	34.4	42.3	41.2	38.6	156.4	38.1	40.8	31.0	27.6	137.4
Cures	(31.5)	(36.7)	(39.5)	(40.2)	(147.8)	(32.4)	(36.8)	(41.8)	(39.7)	(150.7)
Ageing[2]	32.1	36.0	38.3	33.2	139.6	23.9	30.2	14.6	12.6	81.3
Paid claims gap	0.2	0.3	(0.5)	(1.3)	(1.3)	(1.5)	0.8	(0.2)	(0.4)	(1.2)
Other adjustments[3]	5.1	(2.4)	0.9	0.6	4.1	7.4	30.5	47.1	138.0	223.0
Net claims incurred	**40.3**	**39.6**	**40.3**	**30.8**	**150.9**	**35.5**	**65.5**	**50.6**	**138.2**	**289.8**

Note: Excludes excess of loss insurance.

Outstanding claims ($m)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Opening reserves	**339.1**	**349.9**	**362.5**	**367.9**	**339.1**	**360.9**	**366.0**	**398.8**	**416.7**	**360.9**
Net claims incurred	40.3	39.6	40.3	30.8	150.9	35.5	65.5	50.6	138.2	289.8
Other movements[4]	0.6	0.8	0.4	(0.4)	1.5	0.5	2.0	0.3	7.6	10.5
Claims paid	(30.1)	(27.8)	(35.3)	(37.4)	(130.6)	(30.9)	(34.7)	(33.0)	(22.1)	(120.8)
Closing reserves	**349.9**	**362.5**	**367.9**	**360.9**	**360.9**	**366.0**	**398.8**	**416.7**	**540.4**	**540.4**

FY20 net claims incurred movements driven by:

- Lower claims paid and ageing due to mortgagee in possession moratoriums.
- New delinquencies remain lower due to repayment deferrals.
- Increased reserving due to COVID-19 related factors and 4Q20 refined delinquency reserving methodology.

Note: Totals may not sum due to rounding.
1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid
2. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
3. Includes COVID-19 actuarial adjustments relating to policies affected by court closures, 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

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Investment performance

Lower investment portfolio yields reflecting the current interest rate environment

($ millions)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Net interest income and dividend income	21.8	20.5	18.9	16.2	77.4	14.9	12.3	10.2	9.8	47.2
Realised gains on investments	5.0	3.2	12.7	7.7	28.6	8.3	20.7	17.7	0.8	47.5
Unrealised gains / (losses) and net FX on investments	36.4	28.0	(2.1)	(29.2)	33.0	(32.0)	25.6	(4.0)	5.7	(4.7)
Total investment income	63.1	51.8	29.5	(5.3)	139.1	(8.9)	58.6	23.9	16.3	89.9
Investment return	**7.8%**	**6.4%**	**3.7%**	**(0.7%)**	**4.4%**	**(1.1%)**	**7.4%**	**2.9%**	**1.9%**	**2.7%**

- Net interest and dividend income was flat on 3Q20 but well down on pcp as maturing and sold bonds were reinvested at lower rates.
- 4Q20 realised gains were $16.9m lower than 3Q20 due to lower trading activity in the portfolio.
- The running yield of the investment portfolio is 0.5%.

($ millions)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Investment income on technical funds	33.0	27.6	16.9	(11.7)	65.9	33.3	12.0	11.6	3.1	59.9
Net investment income on shareholder funds	30.1	24.2	12.6	6.4	73.2	(42.2)	46.6	12.3	13.2	30.0
Total investment income	**63.1**	**51.8**	**29.5**	**(5.3)**	**139.1**	**(8.9)**	**58.6**	**23.9**	**16.3**	**89.9**

Source: Genworth

Genworth

Balance sheet

Balance sheet strength with $3.4b in cash and investments

Balance sheet as at 31 December 2020

($ millions)	31 Dec 19	30 Jun 20	31 Dec 20
Assets			
Cash	87.3	80.9	104.6
Accrued investment income	19.5	19.8	20.5
Investments	3,043.8	3,116.5	3,321.0
Deferred reinsurance expense	31.8	54.8	20.2
Non-reinsurance recoveries	22.8	27.4	33.3
Deferred acquisition costs	181.2	16.5	41.6
Deferred tax assets	9.1	59.9	55.6
Goodwill and intangibles	16.5	16.3	15.6
Other assets[1]	65.5	70.8	68.2
Total assets	**3,477.4**	**3,462.9**	**3,680.6**
Liabilities			
Payables[2]	102.1	115.9	95.7
Outstanding claims	360.9	398.8	540.4
Unearned premium	1,280.5	1,334.8	1,461.2
Interest bearing liabilities	199.4	200.0	187.8
Employee benefit provision	7.1	7.9	7.6
Total liabilities	**1,949.9**	**2,057.3**	**2,292.7**
Net assets	**1,527.5**	**1,405.5**	**1,387.9**

Note: Totals may not sum due to rounding.

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

2H20 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 the 1Q20 DAC write-down.
- **Outstanding claims** movement driven by additional COVID-19 related reserving and 4Q20 refined delinquency reserving methodology.
- **Interest bearing liabilities** movement due to the issuance and redemption of Tier 2 capital.

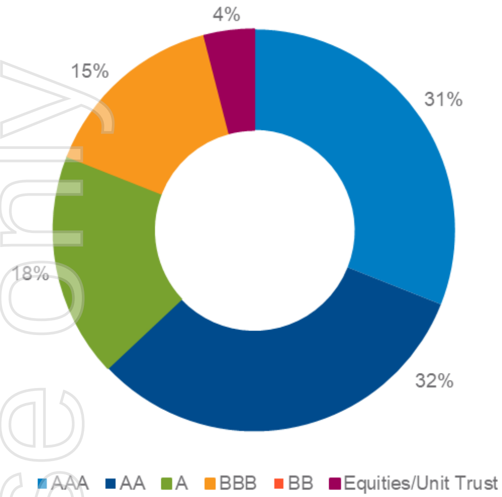
Source: Genworth

Genworth

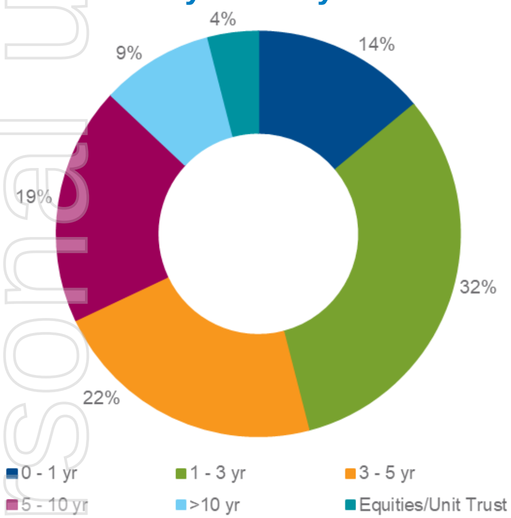
Cash and investments portfolio

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		31 Dec 20	
Commonwealth[3]	944.2	67.4%	1,192.1	70.6%	784.2	45.9%
State Gov't	374.7	26.7%	226.2	13.4%	573.3	33.5%
Corporate / Other	80.1	5.7%	268.8	15.9%	350.2	20.5%
Cash & Short Term Deposits	1.8	0.1%	1.9	0.1%	1.5	0.1%
Technical funds	**1,400.7**	**100.0%**	**1,689.0**	**100.0%**	**1,709.1**	**100.0%**
Commonwealth	-	-	-	-	75.7	4.4%
Corporate / Other	1,358.8	78.5%	1,235.8	81.9%	1,261.8	73.5%
Equities/Unit Trust	82.8	4.8%	84.5	5.6%	126.0	7.3%
Cash & Short Term Deposits	278.6	16.1%	185.5	12.3%	235.4	13.7%
Derivatives	10.0	0.6%	2.5	0.2%	17.5	1.0%
Shareholder funds	**1,730.3**	**100.0%**	**1,508.3**	**100.0%**	**1,716.4**	**100.0%**
Commonwealth[3]	944.2	30.2%	1,192.1	37.3%	859.9	25.1%
State Gov't	374.7	12.0%	226.2	7.1%	573.3	16.7%
Corporate / Other	1,438.9	46.0%	1,504.6	47.1%	1,612.0	47.1%
Equities/Unit Trust	82.8	2.6%	84.5	2.6%	126.0	3.7%
Cash & Short Term Deposits	280.4	9.0%	187.4	5.9%	236.9	6.9%
Derivatives	10.0	0.3%	2.5	0.1%	17.5	0.5%
Total Investment Assets	**3,131.1**	**100.0%**	**3,197.4**	**100.0%**	**3,425.5**	**100.0%**

1. Maturity of 4.2 years (duration 2.6 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

Liability adequacy test (LAT)

Economic assumptions updated, improved LAT surplus

Key assumptions / outcome	1Q20 Central estimate	3Q20 Central estimate	4Q20 Central estimate
Economic expansion re-commences	1Q21	1Q21	3Q20
Portfolio unemployment rate[1]:			
• Peak	8.2%	9.1%	8.5%
• Dec-20	8.0%	9.1%	8.5%
• Dec-21	7.5%	8.1%	7.7%
House price appreciation / (depreciation):			
• Trough from 1Q20	(8.0%)[2]	(8.3%)	(3.6%)
• Dec-20 (YoY)	(5.4%)	(3.2%)	1.2%
• Dec-21 (YoY)	3.1%	0.3%	(2.2%)

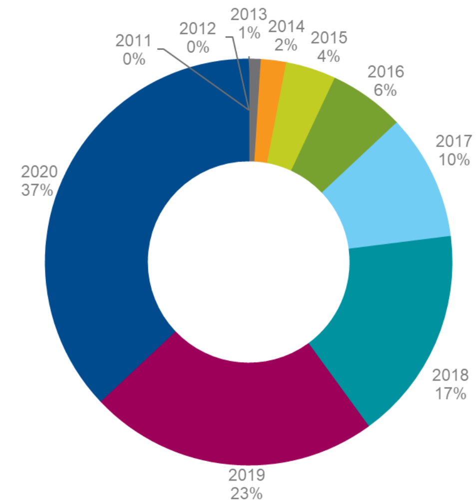
Liability adequacy test ($ millions)	31 Mar 20	30 Sep 20	31 Dec 20
Unearned premium	1,302.2	1,381.5	1,461.2
Less: Deferred acquisition costs (DAC)	(183.8)	(28.4)	(41.6)
Less: Deferred reinsurance costs	(72.0)	(37.5)	(20.2)
Net unearned premium	**1,046.4**	**1,315.7**	**1,399.4**
Premium liabilities	1,228.2	1,227.0	1,120.7
LAT surplus / (deficiency)	**(181.8)**	**88.6**	**278.7**
Premium liability assumptions			
Risk margin	17%	17%	17%
Probability of adequacy	70%	70%	70%

1. Takes account of Genworth's portfolio composition of home ownership in occupations and industries impacted by COVID-19 and is adjusted to normalize the effect of government income assistance.
2. 1Q20 disclosure of (5.8%) was "peak (since Dec-19)".
3. The pie chart includes excess of loss insurance.

Economic indicators adopted

- Central estimate adopted for the LAT assessment is based on mean view of external economic forecasts.
- Economic assumptions reflect the duration of assumed recovery and mitigating benefits of the government stimulus and lender initiatives.

Unearned premium by book year as at 31 December 2020[3]



LAT movement

- DAC write-down in 1Q20 of $181.8m. Acquisition costs capitalised from 2Q20 onwards.
- The 4Q20 LAT surplus reflects unearned premium growth and a reduction in premium liabilities as part of the 4Q20 refined delinquency reserving methodology. This led to a corresponding increase to the outstanding claims reserve on the balance sheet.

Source: Genworth

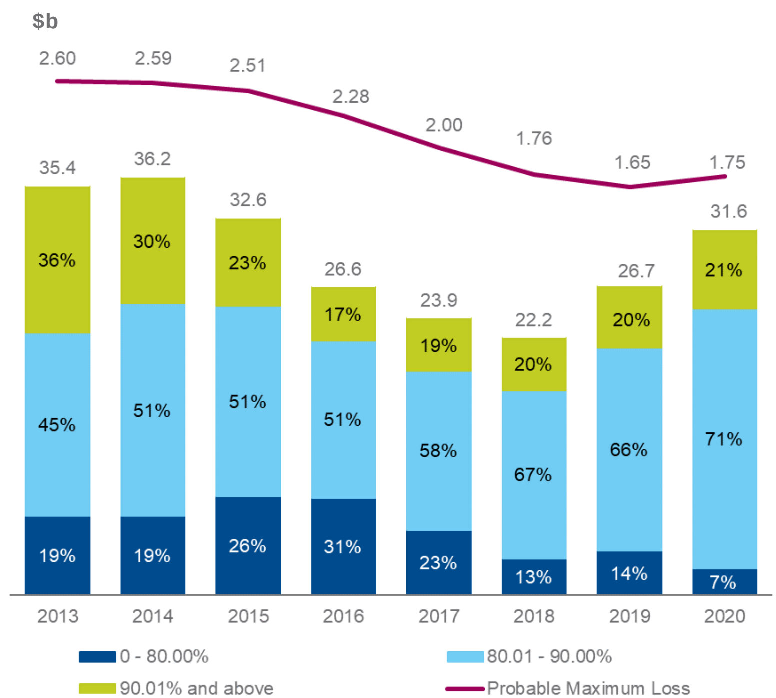
Genworth

Regulatory capital

Strong regulatory capital position maintained

($ millions)	31 Dec 19	30 Jun 20	31 Dec 20
Capital base			
Common equity Tier 1 capital	1,459.6	1,298.1	1,426.3
Tier 2 capital	200.0	200.0	190.0
Regulatory capital base	**1,659.6**	**1,498.1**	**1,616.3**
Capital requirement			
Probable maximum loss (PML)	1,647.3	1,676.3	1,745.2
Net premiums liability deduction	(367.9)	(471.3)	(433.3)
Allowable reinsurance	(800.3)	(800.3)	(800.2)
Insurance concentration risk charge (ICRC)	**479.1**	**404.7**	**511.7**
Asset risk charge	125.7	131.8	166.1
Asset concentration risk charge	-	-	-
Insurance risk charge	284.4	327.9	332.0
Operational risk charge	35.7	41.7	43.4
Aggregation benefit	(55.7)	(57.8)	(71.9)
Prescribed capital amount (PCA)	**869.3**	**848.3**	**981.3**
PCA coverage ratio (times)	**1.91 x**	**1.77x**	**1.65x**

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



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

Source: Genworth

Genworth

Summary

Pauline Blight-Johnston, CEO and Managing Director

Genworth

Delivering customer outcomes in a challenging environment

Repositioning the customer value proposition for sustainable growth

Sound business fundamentals and strong customer focus

- GWP growth supporting future NEP growth.
- Improved lender customer net promoter score.
- Monthly premium product launched.

Outlook continues to be impacted by COVID-19

- COVID-19 expected to generate sustained pressure on claims throughout 2021.
- Intent to recommence dividends when appropriate. Any payment of dividends during 2021 will require APRA approval.
- Strategic focus to enhance, evolve and extend our LMI proposition.

Capital strength and flexibility

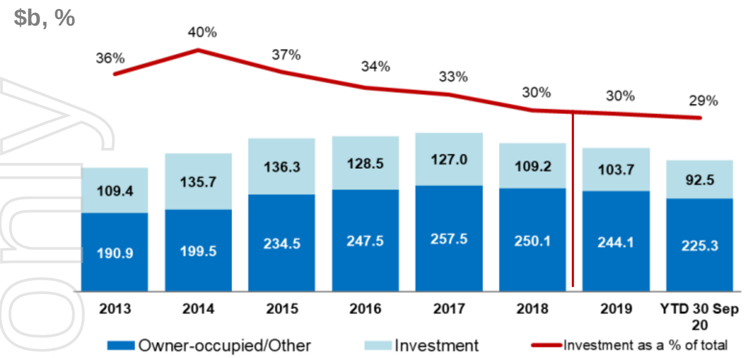
- PCA coverage ratio of 1.65x comfortably above the Board's target range of 1.32 to 1.44x.
- Surplus capital above top end of target range of $203m.
- Net tangible assets (NTA) $3.33 per share as at 31 December 2020.

Supplementary slides

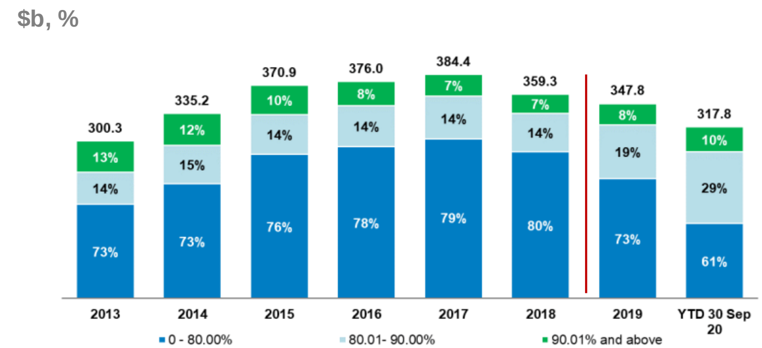
Residential mortgage lending market

Originations and HLVR penetration[1]

Industry loan approvals: Investment vs. owner-occupied

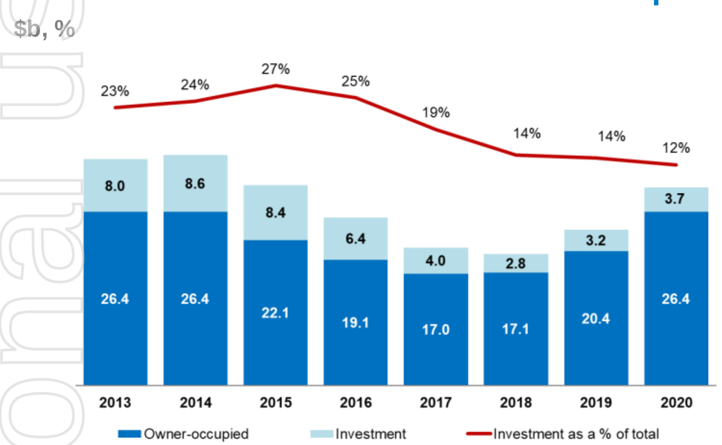


Industry loan approvals by LVR band



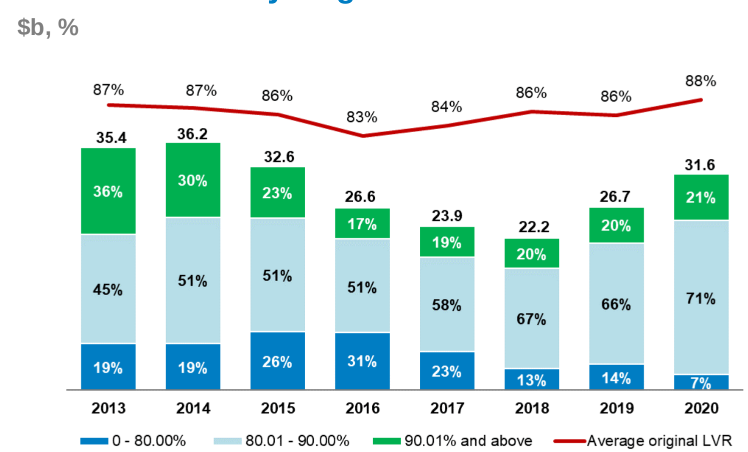
Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan funded), September 2020.
APRA has discontinued data on new housing loan approvals from 1 October 2019. APRA new loans funded statistics is used starting from 1 October 2019.

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



Source: Genworth

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



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.

Insurance in-force

As at 31 December 2019

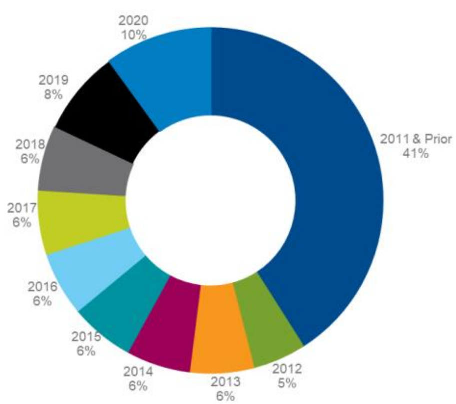
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2009 & Prior	79.9	29%	78.0	36.2	77%
2010	10.6	4%	80.4	56.7	28%
2011	11.2	4%	83.1	58.8	32%
2012	15.8	6%	86.1	62.3	33%
2013	18.0	6%	87.2	68.0	26%
2014	20.2	7%	87.3	74.5	16%
2015	20.0	7%	85.8	77.7	8%
2016	19.1	7%	83.9	78.3	5%
2017	18.2	7%	86.8	86.2	-1%
2018	19.2	7%	87.7	87.8	-1%
2019	23.5	8%	88.0	85.3	4%
Total Flow	**255.8**	**92%**	**82.5**	**57.9**	**41%**
Portfolio	23.3	8%	56.5	27.5	77%
Total/ Weighted Avg.	**279.1**	**100%**	**80.0**	**55.0**	**45%**

As at 31 December 2020

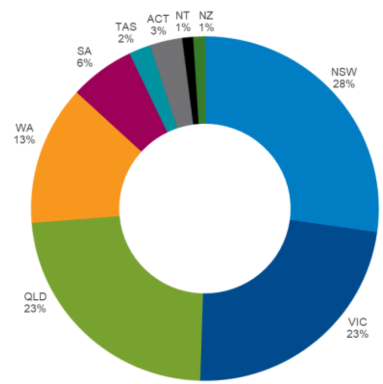
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2009 & Prior	76.2	26%	77.9	33.1	81%
2010	9.8	3%	86.0	58.6	35%
2011	10.3	4%	82.9	55.1	35%
2012	14.6	5%	86.0	58.6	35%
2013	16.4	6%	87.2	63.8	28%
2014	18.2	6%	87.2	69.9	18%
2015	17.9	6%	85.8	73.2	11%
2016	17.1	6%	83.9	74.3	8%
2017	16.2	6%	86.9	82.6	1%
2018	17.6	6%	87.8	84.5	2%
2019	22.6	8%	88.1	82.6	6%
2020	29.9	10%	88.2	88.1	1%
Total Flow	**266.6**	**92%**	**82.8**	**56.5**	**42%**
Portfolio	22.5	8%	56.6	25.1	81%
Total/ Weighted Avg.	**289.1**	**100%**	**80.4**	**53.6**	**45%**

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.

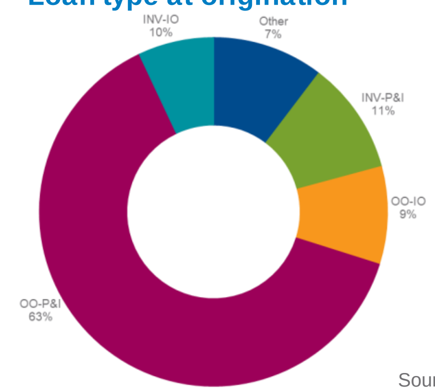
Book year



State



Loan type at origination



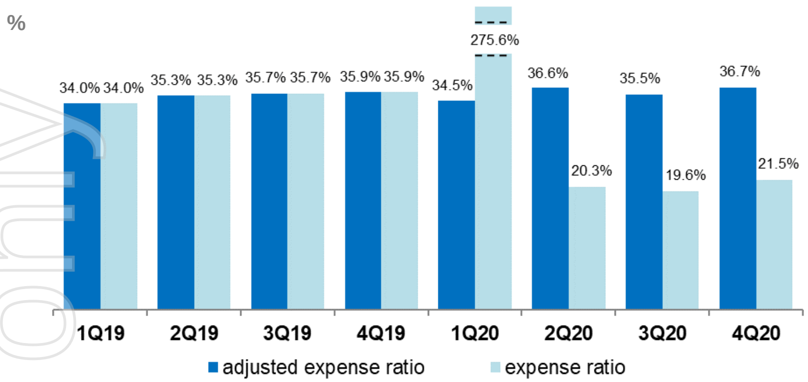
Source: Genworth

Primary Insurance	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
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	**1,195,907**
Insurance in-force ($m)	308,822	307,273	305,755	307,355	307,933	304,693	301,169	**305,668**

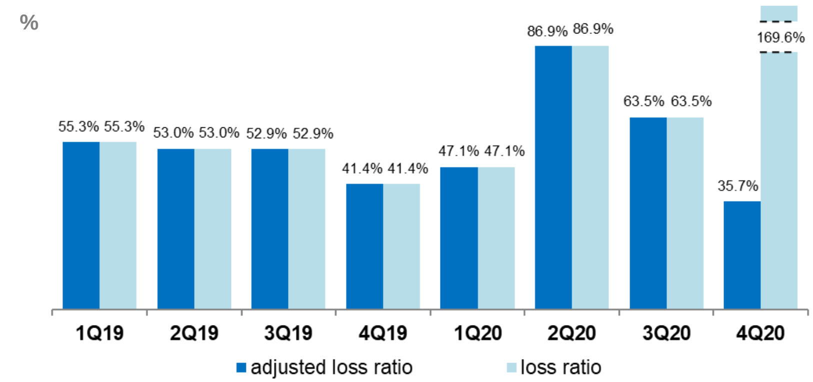
Genworth

Insurance ratio analysis

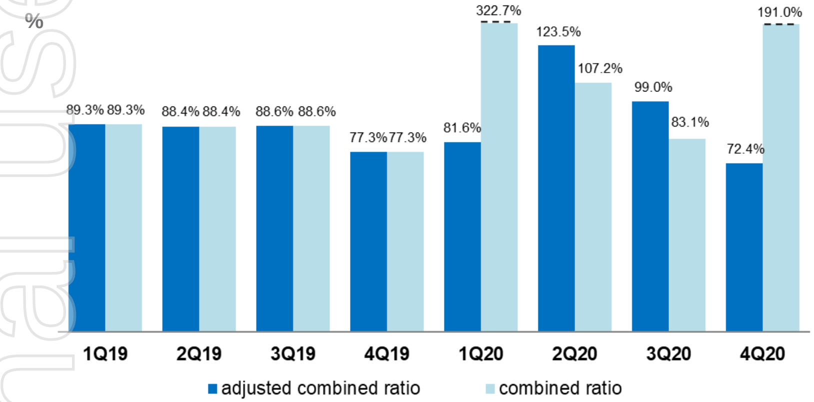
Expense ratio[1]



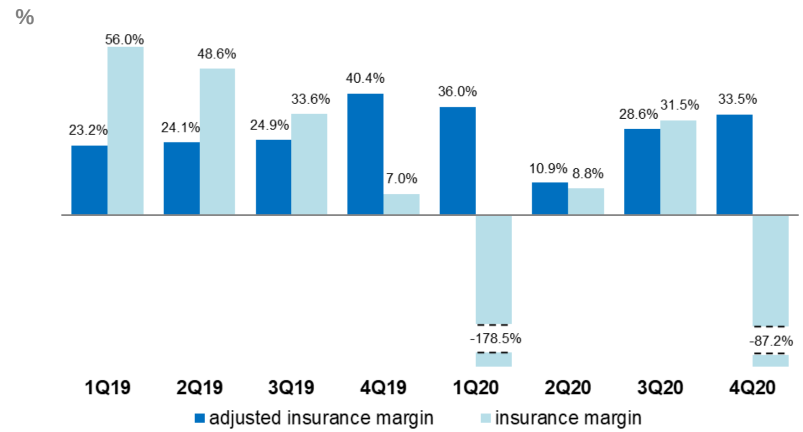
Loss ratio[2]



Combined ratio[3]



Insurance margin[4]



1. Adjusted ratio excludes $181.8m DAC write-down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20, $12.7m in 3Q20 and $12.4m in 4Q20.
2. Adjusted ratio excludes $109.1m increase in IBNR as a result of the reserving methodology review.
3. Adjusted ratio excludes $181.8m DAC write-down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20, $12.7m in 3Q20 and $12.4m in 4Q20 and $109.1m increase in IBNR as a result of the reserving methodology review.
4. Adjusted ratio excludes $181.8m DAC write-down in 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20, $12.7m in 3Q20 and $12.4m in 4Q20, $109.1m increase in IBNR as a result of the reserving methodology review and unrealised (gains) / losses and FX.

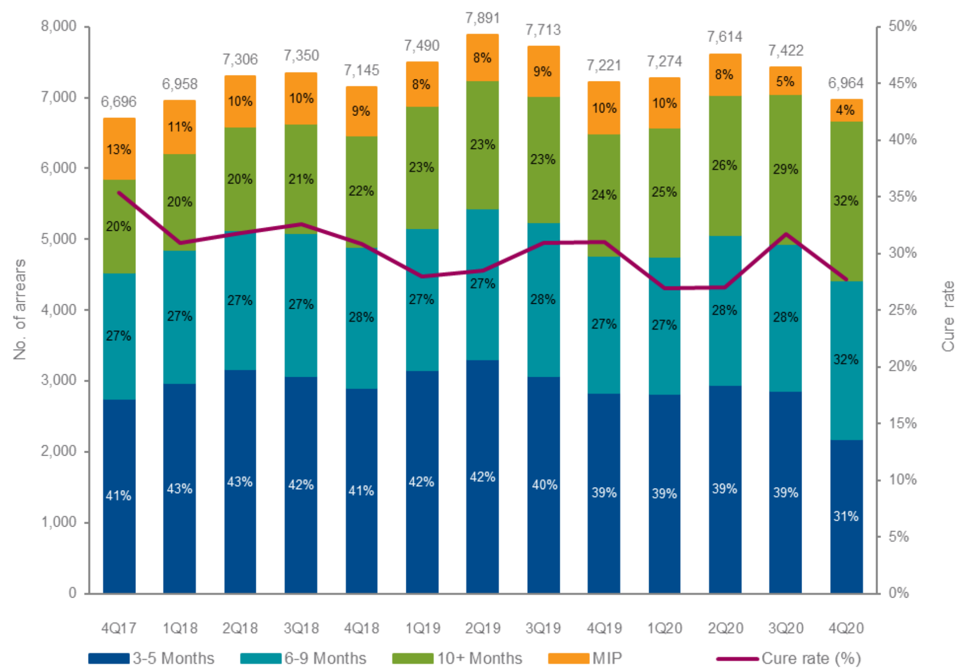
Source: Genworth

Genworth

Delinquency trends

Delinquency roll	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Opening balance	**7,145**	**7,490**	**7,891**	**7,713**	**7,221**	**7,274**	**7,614**	**7,422**
New delinquencies	2,662	2,853	2,622	2,277	2,326	2,662	2,552	1,828
Cures	(1,998)	(2,156)	(2,439)	(2,393)	(1,940)	(1,964)	(2,412)	(2,055)
Paid claims	(319)	(296)	(361)	(376)	(333)	(358)	(332)	(231)
Closing delinquencies	**7,490**	**7,891**	**7,713**	**7,221**	**7,274**	**7,614**	**7,422**	**6,964**
Delinquency rate	0.57%	0.60%	0.60%	0.56%	0.57%	0.62%	0.62%	0.58%
Average total reserves per delinquency ($'000)	46.7	45.9	47.7	50.0	50.3	52.4	56.1	77.6

Delinquencies by book year[1]	Dec 19	%	Jun 20	%	Dec 20	%
2009 and prior	3,247	0.47%	3,348	0.53%	3,158	0.55%
2010	344	0.63%	353	0.68%	334	0.67%
2011	361	0.74%	359	0.77%	348	0.78%
2012	585	0.95%	595	1.01%	513	0.91%
2013	664	1.04%	680	1.12%	544	0.94%
2014	745	1.04%	746	1.10%	650	1.01%
2015	497	0.77%	542	0.89%	485	0.84%
2016	350	0.60%	394	0.71%	335	0.64%
2017	257	0.45%	305	0.57%	266	0.53%
2018	160	0.28%	228	0.41%	214	0.41%
2019	11	0.02%	62	0.10%	104	0.18%
2020	-	-	2	0.01%	13	0.02%
TOTAL	**7,221**	**0.56%**	**7,614**	**0.62%**	**6,964**	**0.58%**



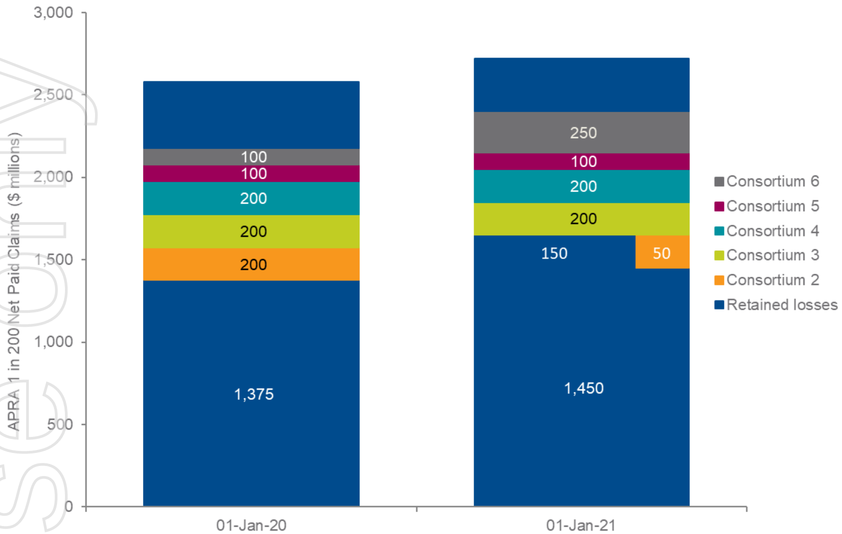
1. Shows the number of delinquencies and the portfolio delinquency rate, calculated by dividing the number of delinquencies by the number of loans in-force (~1.2m).

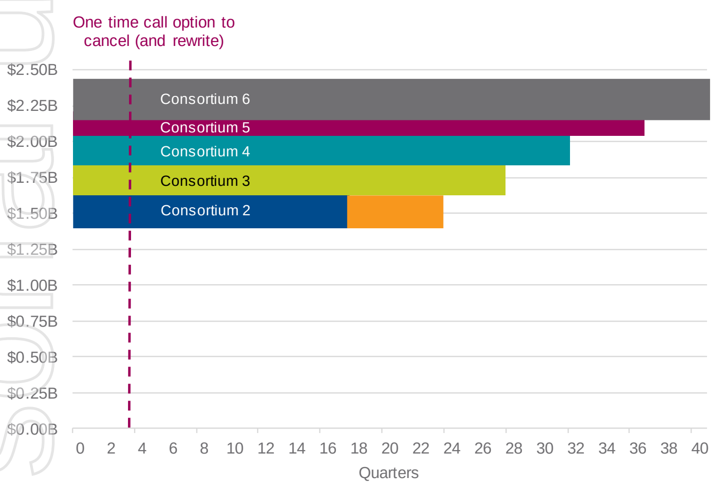
Source: Genworth

Genworth

Reinsurance

2021 Reinsurance program





- The reinsurance program is designed to drive efficient economic capital credit, whilst also allowing for risk management in severe stress scenarios only.
- The 2021 program is structured on a paid claims basis for policies in-force 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).
- The 2020 program has been cancelled and re-written as paid claims were not expected to result in the reinsurance attaching.
- With the renewal of the 2021 program 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. This has slightly reduced the overall annual cost.
- There are over 20 different reinsurers participating across the program with a minimum rating of A-.

Note: Excludes reinsurance on excess of loss insurance.

Source: Genworth

Reconciliations

Statutory NPAT to Underlying NPAT

($ millions)	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Statutory net profit / (loss) after tax	47.8	40.3	25.1	6.9	120.1	(125.6)	35.6	24.6	(42.2)	(107.6)
Unrealised (gains) / losses and FX	(36.4)	(28.0)	2.1	29.2	(33.0)	32.0	(25.6)	4.0	(5.7)	4.7
Adjustment for tax (expense) / credits	10.9	8.4	(0.6)	(8.8)	9.9	(9.6)	7.7	(1.2)	1.7	(1.4)
Underlying net profit / (loss) after tax	**22.3**	**20.7**	**26.5**	**27.4**	**97.0**	**(103.2)**	**17.7**	**27.4**	**(46.1)**	**(104.3)**

Total equity and underlying equity

($ millions), as at	1Q19	2Q19	3Q19	4Q19	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Total Equity	1,716.2	1,722.3	1,620.3	1,527.5	1,527.5	1,370.3	1,405.5	1,430.1	1,387.9	1,387.9
Adjustment for life to date unrealised (gains) and FX	(54.9)	(83.1)	(80.8)	(51.6)	(51.6)	(19.5)	(45.0)	(41.2)	(46.7)	(46.7)
Adjustment for tax credit on life to date unrealised gains) / losses and FX	16.5	24.9	24.2	15.5	15.5	5.9	13.5	12.4	14.0	14.0
Underlying Equity[1]	**1,677.8**	**1,664.2**	**1,563.8**	**1,491.4**	**1,491.4**	**1,356.6**	**1,374.0**	**1,401.3**	**1,355.2**	**1,355.2**

Trailing 12-month Underlying ROE

($ millions)	12 mths to Mar 19	12 mths to Jun 19	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	12 mths to Dec 20
Underlying NPAT[2]	96.4	86.7	92.9	97.0	98.8	87.1	79.0	73.1
Underlying equity[3]	1,741.7	1,732.2	1,633.0	1,607.9	1,517.2	1,519.1	1,482.5	1,423.3
Underlying ROE (%)[1]	**5.5%**	**5.0%**	**5.7%**	**6.0%**	**6.5%**	**5.7%**	**5.3%**	**5.1%**

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 1Q20, less associated DAC amortisation benefit of $12.3m in 2Q20, $12.7m in 3Q20 and $12.4m in 4Q20 and $109.1m increase in IBNR as a result of the 4Q20 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

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Glossary

As at 31 December 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 of repayments 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)
DTA	Deferred Tax Asset

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	Total investment income 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

Genworth

Glossary

As at 31 December 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
Shareholder funds	The cash and investments in excess of the Technical funds

Term	Definition
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 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, 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

Genworth

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

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

Iwona Falkiner
Head of Corporate Affairs
D: +61 428 059 965

The release of this announcement was authorised by the Board.