Genworth

30 APRIL 2021

1Q21 Financial Results Presentation

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Agenda

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Overview

Strong underlying result offset by investment losses

Strong underwriting result offset by unrealised investment losses	• 1Q21 Underwriting result of $35m • 1Q21 Statutory NPAT of $3m, includes $27m of mark to market losses • 1Q21 Underlying NPAT of $30m.
Economic environment improving	• Unemployment and house prices continue to recover • Home loan repayment deferral expiry and Government stimulus measures tailing off from 31 March 2021 • Key economic indicators remain ahead of central estimate assumptions.
Strong volume growth	• 1Q21 New insurance written increased 17.2% to $7.5b • 1Q21 Gross written premium increased 25.1% to $143m • 1Q21 Net earned premium increased 13.9% to $86m.
Claims environment	• Claims activity continues to be dampened by COVID-19 measures • Lender customer restructuring of deferred loans completed • 1,941 (FY20 1,246) loans previously deferred are delinquent, as at 31 March 2021.
Capital strength and flexibility	• PCA coverage ratio 1.63x (Level 2 basis) • Surplus capital of $201m above top of Board PCA target range • $800m excess of loss reinsurance coverage renewed 1 January 2021.

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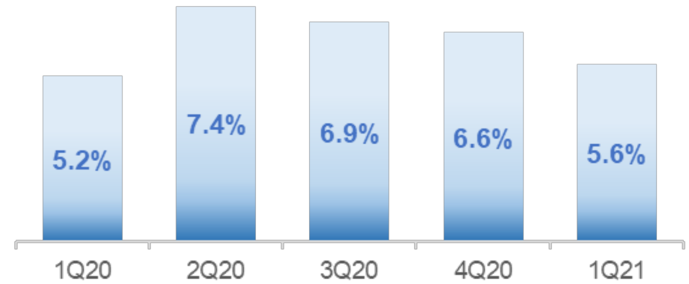
Stronger than expected economic recovery

Clearer picture expected to emerge as stimulus measures end

Unemployment

- Number of employed people and hours worked now both above pre-COVID-19 levels
- Government stimulus programmes, including JobKeeper, are being wound back from 31 March 2021.

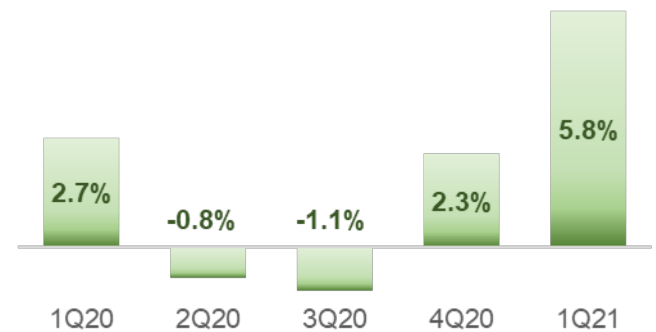
Data sourced from ABS at Mar21.



HPA

- National dwelling values are now 6.2% above the previous peak achieved in March 2020
- All geographies were up over the quarter and prior year. Regional growth continued to outstrip capital city growth.

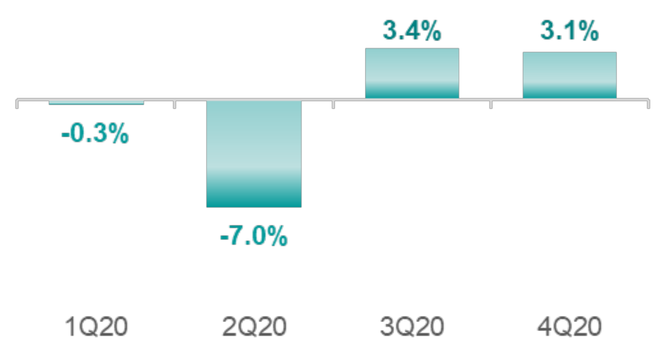
Data sourced from Corelogic's Hedonic Home Value Index at Mar'21.



GDP

- FY20 GDP and GDP per capita were down 1.1% and 1.8% respectively
- The household saving ratio of 12.0% remains well above the 1Q20 savings ratio of 7.9%.

Data sourced from ABS at Dec'20 – March data to be release in early June.



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Genworth Financial divestiture effective 3 March 2021

Transition of services provides opportunity to simplify the business

Impact on GMA

- Customer contracts unaffected
- No changes to Senior Leadership Team
- Existing Insurer Financial Strength credit ratings of ‘A’ affirmed by S&P and Fitch
- Capital base remains unchanged, including reinsurance agreements
- No impact on group funding
- Two GFI executive designates resigned from the Board and all current directors remain.

Transition of services

- Joint separation programme team has been established to quantify scope and costs for transition
- Related party services provided by GFI include:
  - Finance systems
  - Human resources systems
  - Some investments services
  - Information technology security
- Transitional branding arrangements for the Genworth trademark license from GFI.

Strategic customer focus

Repositioning the customer value proposition for sustainable growth

ENHANCE

Improve the efficiency and competitiveness of LMI

- Automating operational processes to reduce manual touch-points
- Reviewed lender customer underwriting processes to reduce rework and improve turnaround times
- Enhancing data reporting to lender customers, including automated reporting.

EVOLVE

Reimagine LMI for a new generation of home buyers

- New lender customer announced for monthly premium LMI product
- Using Human Centred Design process to innovate LMI solutions
- Completed research with end borrowers and lender customers.

EXTEND

Leverage our core capabilities into complementary offerings

- Exploring solutions to make purchasing a property more accessible for Australians and support to stay in their homes
- Evaluating opportunities to partner in new ways
- Next step to prioritise pipeline around impact and implementation.

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1Q21 income statement

Business performance stabilising

($ millions)	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	1Q21 v 1Q20 (%)
Gross written premium	114.1	125.3	143.8	178.7	561.7	142.7	25.1%
Movement in unearned premium	(21.4)	(32.6)	(46.7)	(79.7)	(180.4)	(39.7)	(85.5%)
Gross earned premium	**92.7**	**92.7**	**97.1**	**99.0**	**381.3**	**103.0**	**11.1%**
Outwards reinsurance expense	(17.2)	(17.3)	(17.3)	(17.5)	(69.3)	(17.1)	0.6%
Net earned premium	**75.4**	**75.4**	**79.7**	**81.5**	**312.0**	**85.9**	**13.9%**
Net claims incurred	(35.5)	(65.5)	(50.6)	(138.2)	(289.8)	(35.9)	(1.1%)
Acquisition costs	(12.3)	(0.4)	(0.6)	(1.1)	(14.4)	(1.4)	88.6%
Deferred acquisition costs write-down[2]	(181.8)	-	-	-	(181.8)	-	N.M.[1]
Other underwriting expenses[3]	(13.7)	(14.9)	(15.0)	(16.4)	(60.0)	(13.8)	(0.7%)
Underwriting result	**(167.9)**	**(5.4)**	**13.5**	**(74.2)**	**(234.0)**	**34.8**	**N.M.**
Investment income on technical funds[4]	33.3	12.0	11.6	3.1	59.9	(27.5)	N.M.
Insurance profit / (loss)	**(134.6)**	**6.6**	**25.1**	**(71.1)**	**(174.1)**	**7.3**	**N.M.**
Net investment income on shareholder funds[4]	(42.2)	46.6	12.3	13.2	30.0	(0.3)	99.3%
Financing costs	(2.6)	(2.3)	(3.1)	(2.6)	(10.7)	(2.5)	3.8%
Profit / (loss) before income tax	**(179.4)**	**50.9**	**34.3**	**(60.5)**	**(154.8)**	**4.5**	**N.M.**
Income tax expense / (benefit)	53.8	(15.2)	(9.6)	18.2	47.2	(1.1)	N.M.
Statutory net profit / (loss) after tax	**(125.6)**	**35.6**	**24.6**	**(42.2)**	**(107.6)**	**3.4**	**N.M.**
Underlying net profit / (loss) after tax[5]	**(103.2)**	**17.7**	**27.4**	**(46.1)**	**(104.3)**	**30.3**	**N.M.**
Underlying diluted earnings per share	(24.9 cps)	4.3 cps	6.6 cps	(11.2 cps)	(25.2 cps)	7.3 cps	N.M.

1Q21 commentary:

- **GWP** growth reflecting higher LMI flow volumes across lender customers with underwriting quality remaining strong
- **NEP** growth driven by GWP in line with the earnings curve
- **Acquisition costs** down due to 1Q20 DAC write-down
- **Investment income** down due to lower interest income, lower realised gains and higher unrealised losses.

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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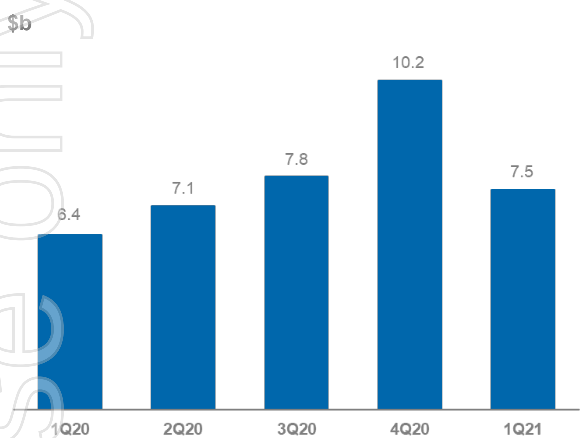
Strong GWP volume growth

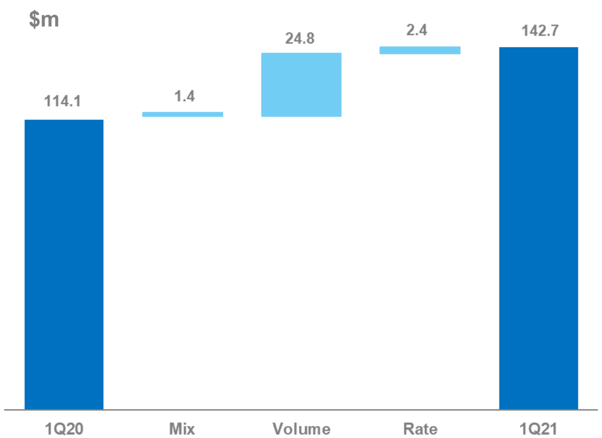
Driven by robust market conditions

New insurance written



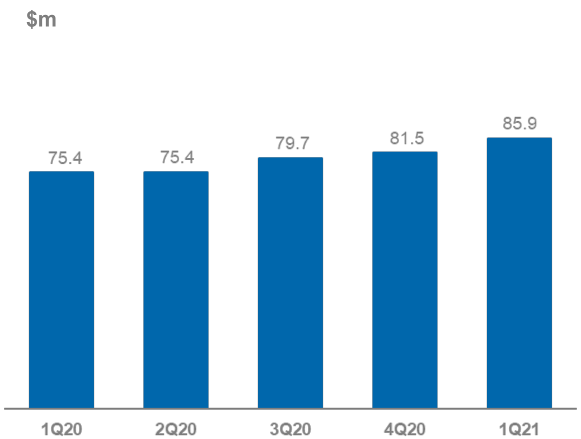
- Owner-occupiers and first home buyers supporting lender customer mortgage flows
- Key lender customers continue to grow home lending above system.

Gross written premium



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

Net earned premium



- Ongoing GWP growth is driving increased NEP
- Earnings curve recognises premium revenues over a 12-year period.

Source: Genworth

Genworth

Net claims incurred

Timing of claims continues to be delayed

($ millions unless otherwise stated)	1Q20	2Q20	3Q20	4Q20	FY20	1Q21
Number of paid claims (#)	333	358	332	231	1,254	186
Average paid claim[1] ($'000)	92.7	97.0	99.4	95.9	96.3	67.2
Claims paid	**30.9**	**34.7**	**33.0**	**22.1**	**120.8**	**12.5**
Movement in reserves	4.7	30.8	17.6	116.0	169.1	23.4
Net claims incurred	**35.5**	**65.5**	**50.6**	**138.2**	**289.8**	**35.9**
Net earned premium (NEP)	75.4	75.4	79.7	81.5	312.0	85.9
Loss ratio (%)	**47.1%**	**86.9%**	**63.5%**	**169.6%**	**92.9%**	**41.8%**

Net claims incurred ($m)	1Q20	2Q20	3Q20	4Q20	FY20	1Q21
New delinquencies	38.1	40.8	31.0	27.6	137.4	32.6
Cures	(32.4)	(36.8)	(41.8)	(39.7)	(150.7)	(40.1)
Ageing[2]	23.9	30.2	14.6	12.6	81.3	14.5
Paid claims gap	(1.5)	0.8	(0.2)	(0.4)	(1.2)	(0.7)
Other adjustments[3]	7.4	30.5	47.1	138.0	223.0	29.5
Net claims incurred	**35.5**	**65.5**	**50.6**	**138.2**	**289.8**	**35.9**

1Q21 net claims incurred movements driven by:

- Number of paid claims down because of COVID-19 lender moratoriums
- Average paid claim fell due to borrower sales and house price appreciation
- Other adjustments mainly reflect increased IBNR to compensate for impacts of repayment deferrals.

Outstanding claims ($m)	1Q20	2Q20	3Q20	4Q20	1Q21
Opening reserves	**360.9**	**366.0**	**398.8**	**416.7**	**540.4**
Net claims incurred	35.5	65.5	50.6	138.2	35.9
Other movements[4]	0.5	2.0	0.3	7.6	1.4
Claims paid	(30.9)	(34.7)	(33.0)	(22.1)	(12.5)
Closing reserves	**366.0**	**398.8**	**416.7**	**540.4**	**565.2**

Note: Totals may not sum due to rounding and excludes excess of loss insurance.
1. Movement in non-reinsurance recoveries is excluded from average paid claim calculation and claims paid.
2. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods.
3. Includes COVID-19 actuarial adjustments relating to policies affected by moratoriums, IBNR for policy deferrals, an increase to the risk margin and an increase for the allowance of cured policies re-entering arrears.
4. Includes non-reinsurance recoveries.

Source: Genworth

Balance sheet

Balance sheet strength with $3.5b in cash and investments

Balance sheet as at 31 March 2021

($ millions)	31 Mar 20	31 Dec 20	31 Mar 21
Assets			
Cash	71.0	104.6	42.4
Accrued investment income	23.4	20.5	21.3
Investments	3,035.4	3,321.0	3,457.7
Deferred reinsurance expense	72.0	20.2	60.0
Non-reinsurance recoveries	23.2	33.3	35.1
Deferred acquisition costs	2.0	41.6	52.6
Deferred tax assets	62.6	55.6	54.5
Goodwill and intangibles	16.4	15.6	15.1
Other assets[1]	93.5	68.2	70.0
Total assets	**3,399.5**	**3,680.6**	**3,808.8**
Liabilities			
Payables[2]	154.3	95.7	156.5
Outstanding claims	366.0	540.4	565.2
Unearned premium	1,302.2	1,461.2	1,500.9
Interest bearing liabilities	199.7	187.8	187.9
Employee benefit provision	7.0	7.6	7.6
Total liabilities	**2,029.2**	**2,292.7**	**2,418.1**
Net assets	**1,370.3**	**1,387.9**	**1,390.6**

Note: Totals may not sum due to rounding.
1. Includes trade receivables, prepayments, plant and equipment and right-of-use assets.
2. Includes reinsurance payables, lease liabilities and other payables.

1Q21 commentary:

- **Deferred reinsurance expense** increased following the renewal of the reinsurance programme
- **Deferred acquisition costs (DAC)** increase reflects the capitalisation of new acquisition costs post the 1Q20 DAC write-down.
- **Payables** movement is due to the renewal of the reinsurance programme and the timing of investment trade settlements
- **Outstanding claims** movement driven by additional IBNR reserving for repayment deferrals.

Source: Genworth

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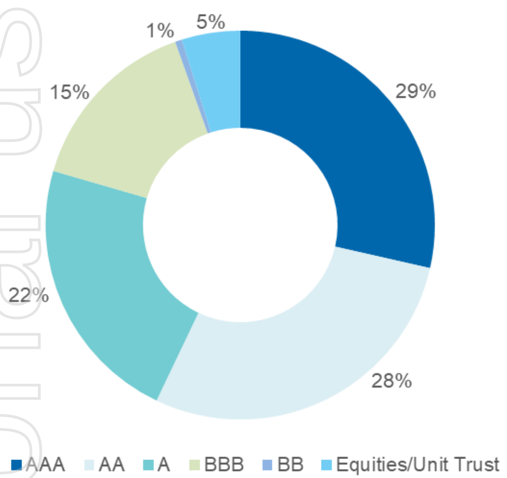
Cash and investments portfolio

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

($ millions)	1Q20	2Q20	3Q20	4Q20	FY20	1Q21
Net interest income and dividend income	14.9	12.3	10.2	9.8	47.2	8.8
Realised gains on investments	8.3	20.7	17.7	0.8	47.5	1.9
Unrealised gains / (losses) and net FX on investments	(32.0)	25.6	(4.0)	5.7	(4.7)	(38.5)
Total investment income	**(8.9)**	**58.6**	**23.9**	**16.3**	**89.9**	**(27.8)**
Investment return	**(1.1%)**	**7.4%**	**2.9%**	**1.9%**	**2.7%**	**(3.2%)**

Portfolio by rating[2]



Investment portfolio ($m)	31 Mar 20		31 Dec 20		31 Mar 21	
Commonwealth[3]	900.5	61.4%	784.2	45.9%	673.1	40.1%
State Gov't	482.8	32.9%	573.3	33.5%	608.1	36.2%
Corporate / Other	70.1	4.8%	350.2	20.5%	385.3	22.9%
Cash & Short Term Deposits	13.9	0.9%	1.5	0.1%	13.6	0.8%
Technical funds	**1,467.2**	**100.0%**	**1,709.1**	**100.0%**	**1,680.1**	**100.0%**
Commonwealth	-	0.0%	75.7	4.4%	41.5	2.3%
Corporate / Other	1,322.3	80.7%	1,261.8	73.5%	1,403.0	77.1%
Equities/Unit Trust	72.0	4.4%	126.0	7.3%	169.9	9.3%
Cash & Short Term Deposits	237.9	14.5%	235.4	13.7%	205.3	11.3%
Derivatives	7.1	0.4%	17.5	1.0%	0.2	0.0%
Shareholder funds	**1,639.2**	**100.0%**	**1,716.4**	**100.0%**	**1,820.0**	**100.0%**
Total Investment Assets	**3,106.5**	**100.0%**	**3,425.5**	**100.0%**	**3,500.1**	**100.0%**

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.
3. Includes bonds with an explicit guarantee from the Commonwealth.

Source: Genworth

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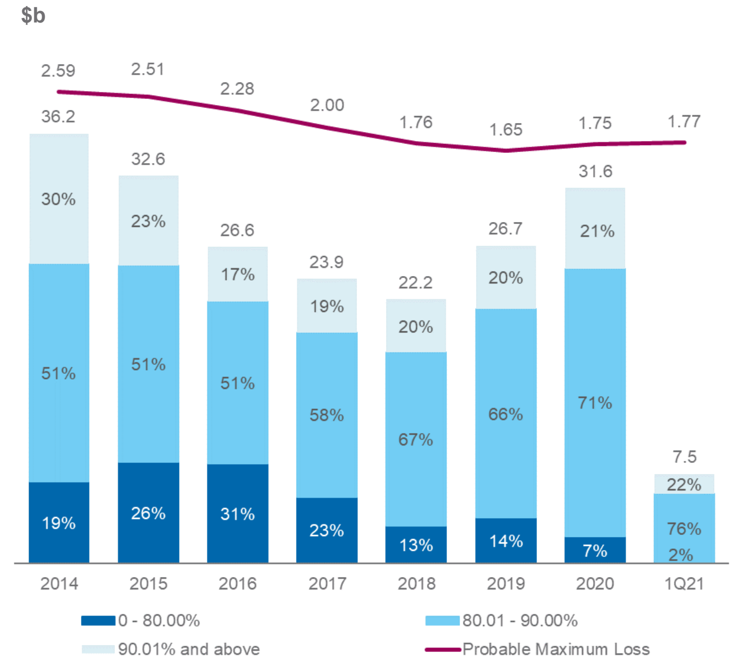
Regulatory capital

Strong regulatory capital position maintained

($ millions)	31 Mar 20	31 Dec 20	31 Mar 21
Capital base			
Common equity Tier 1 capital	1,199.2	1,426.3	1,502.6
Tier 2 capital	200.0	190.0	190.0
Regulatory capital base	**1,399.2**	**1,616.3**	**1,692.6**
Capital requirement			
Probable maximum loss (PML)	1,641.5	1,745.2	1,770.3
Net premiums liability deduction	(500.3)	(433.3)	(402.8)
Allowable reinsurance	(799.6)	(800.2)	(800.2)
Insurance concentration risk charge (ICRC)	**341.6**	**511.7**	**567.3**
Asset risk charge	121.6	166.1	200.4
Asset concentration risk charge	-	-	-
Insurance risk charge	335.1	332.0	312.0
Operational risk charge	41.5	43.4	41.1
Aggregation benefit	(53.3)	(71.9)	(85.0)
Prescribed capital amount (PCA)	**786.5**	**981.3**	**1,035.9**
PCA coverage ratio (times)	**1.78x**	**1.65x**	**1.63x**

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

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



Source: Genworth

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Summary

Focus on customer value proposition for sustainable growth

Sound business fundamentals

- GWP growth underpinning NEP growth
- Continued focus on the quality of new business
- Improving economic outlook supporting profitability.

Outlook

- Lender customer loan restructures likely to impact delinquencies over 2021
- Claims activity expected to pick up over next 12 months
- Strategic focus on enhancing, evolving and extending our LMI proposition.

Capital strength and flexibility

- PCA coverage ratio of 1.63x comfortably above the Board’s target range of 1.32 to 1.44x
- Surplus capital above top end of target range of $201m
- Net tangible assets (NTA) $3.33 per share as at 31 March 2021.

Supplementary slides

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Insurance in-force

As at 31 March 2020

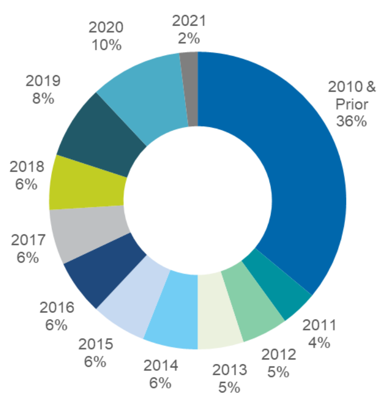
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2010 & Prior	89.1	32%	78.1	36.5	77%
2011	10.9	4%	82.9	56.5	35%
2012	15.5	6%	86.0	59.9	36%
2013	17.5	6%	87.2	65.1	29%
2014	19.6	7%	87.2	71.3	18%
2015	19.5	7%	85.8	74.4	11%
2016	18.6	7%	83.9	75.3	8%
2017	17.6	6%	86.8	83.6	1%
2018	18.9	7%	87.8	85.5	2%
2019	23.4	8%	88.1	83.4	6%
2020	6.1	2%	88.2	88.5	1%
Total Flow	**256.7**	**92%**	**82.9**	**56.1**	**44%**
Portfolio	23.1	8%	56.6	26.4	81%
Total/ Weighted Avg.	**279.8**	**100%**	**80.5**	**53.3**	**48%**

As at 31 March 2021

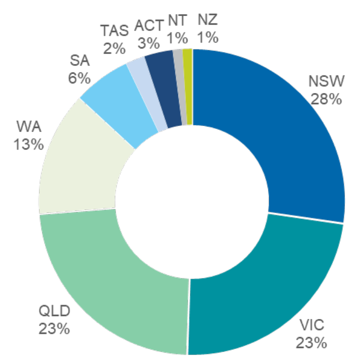
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2010 & Prior	84.9	29%	78.1	32.8	86%
2011	10.1	3%	82.9	52.0	42%
2012	14.2	5%	86.0	55.3	43%
2013	16.1	6%	87.2	60.3	35%
2014	17.7	6%	87.2	66.2	24%
2015	17.4	6%	85.8	69.2	17%
2016	16.6	6%	83.9	70.2	13%
2017	15.7	5%	86.8	78.1	7%
2018	17.0	6%	87.8	80.0	7%
2019	22.1	8%	88.1	78.1	12%
2020	29.7	10%	88.2	83.5	6%
2021	7.5	3%	88.2	87.0	3%
Total Flow	**269.1**	**92%**	**82.9**	**53.8**	**49%**
Portfolio	22.0	8%	56.6	23.2	92%
Total/ Weighted Avg.	**291.1**	**100%**	**80.5**	**51.1**	**53%**

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.

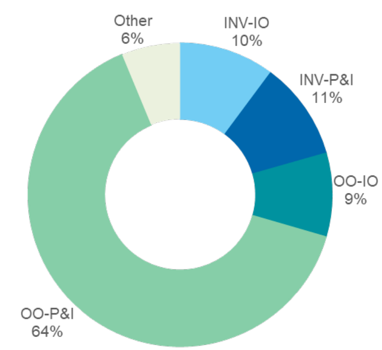
Book year



State



Loan type at origination



Source: Genworth

Primary Insurance	1Q20	2Q20	3Q20	4Q20	1Q21
Insured loans in-force (#)	1,284,120	1,236,657	1,193,072	1,195,907	**1,195,793**
Insurance in-force ($m)	307,933	304,693	301,169	305,668	**307,494**

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Delinquency trends

Delinquency roll	1Q20	2Q20	3Q20	4Q20	1Q21
Opening balance	**7,221**	**7,274**	**7,614**	**7,422**	**6,964**
New delinquencies	2,326	2,662	2,552	1,828	2,082
Cures	(1,940)	(1,964)	(2,412)	(2,055)	(1,981)
Paid claims	(333)	(358)	(332)	(231)	(186)
Closing delinquencies	**7,274**	**7,614**	**7,422**	**6,964**	**6,879**
Delinquency rate	0.57%	0.62%	0.62%	0.58%	0.58%
Cure rate[1]	26.9%	27.0%	31.7%	27.7%	28.4%
Average total reserves per delinquency ($'000)	50.3	52.4	56.1	77.6	82.2

Delinquencies by book year[2]	Mar 20	%	Dec 20	%	Mar 21	%
2009 and prior	3,291	0.48%	3,158	0.55%	3,038	0.53%
2010	342	0.64%	334	0.67%	318	0.65%
2011	334	0.70%	348	0.78%	341	0.77%
2012	558	0.93%	513	0.91%	465	0.84%
2013	657	1.06%	544	0.94%	528	0.93%
2014	733	1.05%	650	1.01%	594	0.94%
2015	491	0.79%	485	0.84%	448	0.80%
2016	364	0.64%	335	0.64%	310	0.61%
2017	279	0.51%	266	0.53%	316	0.65%
2018	199	0.35%	214	0.41%	303	0.60%
2019	26	0.04%	104	0.18%	159	0.28%
2020	-	-	13	0.02%	59	0.08%
TOTAL	**7,274**	**0.57%**	**6,964**	**0.58%**	**6,879**	**0.58%**

Delinquencies by geography	Mar 20	%	Dec 20	%	Mar 21	%
New South Wales	1,350	0.44%	1,350	0.47%	1,376	0.48%
Victoria	1,280	0.42%	1,376	0.47%	1,373	0.47%
Queensland	2,114	0.75%	1,918	0.70%	1,895	0.69%
Western Australia	1,557	1.00%	1,419	0.97%	1,342	0.91%
South Australia	626	0.67%	599	0.66%	595	0.66%
Australian Capital Territory	78	0.25%	69	0.23%	66	0.22%
Tasmania	135	0.30%	108	0.25%	107	0.24%
Northern Territory	127	0.83%	112	0.80%	108	0.78%
New Zealand	7	0.02%	13	0.06%	17	0.08%
TOTAL	**7,274**	**0.57%**	**6,964**	**0.58%**	**6,879**	**0.58%**

1. The cure rate is calculated by dividing the number of cures in a period by the number of delinquencies at the beginning of that period.
2. 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

Reconciliations

Statutory NPAT to Underlying NPAT

($ millions)	1Q20	2Q20	3Q20	4Q20	1Q21
Statutory net profit / (loss) after tax	(125.6)	35.6	24.6	(42.2)	3.4
Unrealised (gains) / losses and FX	32.0	(25.6)	4.0	(5.7)	38.5
Adjustment for tax (expense) / credits	(9.6)	7.7	(1.2)	1.7	(11.6)
Underlying net profit / (loss) after tax	**(103.2)**	**17.7**	**27.4**	**(46.1)**	**30.3**

Total equity and underlying equity

($ millions), as at	1Q20	2Q20	3Q20	4Q20	1Q21
Total Equity	1,370.3	1,405.5	1,430.1	1,387.9	1,390.6
Adjustment for life to date unrealised (gains) and FX	(19.5)	(45.0)	(41.2)	(46.7)	(8.2)
Adjustment for tax credit on life to date unrealised (gains) / losses and FX	5.9	13.5	12.4	14.0	2.5
Underlying Equity[1]	**1,356.6**	**1,374.0**	**1,401.3**	**1,355.2**	**1,384.9**

Trailing 12-month Underlying ROE

($ millions)	12 mths to Mar 20	12 mths to Jun 20	12 mths to Sep 20	12 mths to Dec 20	12 mths to Mar 21
Underlying NPAT[2]	98.8	87.1	79.0	73.1	70.8
Underlying equity[3]	1,517.2	1,519.1	1,482.5	1,423.3	1,370.8
Underlying ROE (%)[1]	**6.5%**	**5.7%**	**5.3%**	**5.1%**	**5.2%**

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, $12.4m in 4Q20 and $12.3m in 1Q21 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

Genworth

Glossary

As at 31 March 2021

Term	Definition
Ageing	Movement in reserves on any insurance policy that remains in a delinquent state (3+ months of missed payments or Mortgage In Possession)
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)

Term	Definition
Earnings curve	Is based on an analysis of claims incidence. This curve determines the proportion of the unearned premium that will be earned each quarter for the remaining life of the policy.
Excess of loss	A type of insurance in which the insurer indemnifies the insured for losses that exceed a specified limit
Expense ratio	The expense ratio is calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium
Flow	Policies written by Genworth on a loan by loan basis at the time of origination by the lender customer
GDP	Gross domestic product
GFI	Genworth Financial, Inc. (NYSE: GNW)
GEP	Gross earned premium - The earned premium for a given period prior to any outward reinsurance premium expense
GWP	Gross written premium
HPA / HPD	House price appreciation / depreciation
IBNR	Incurred but not reported - Delinquent loans that have been incurred but not reported
IFRS	International Financial Reporting Standards
Insurance in-force	The original principal balance of all mortgage loans currently insured (excludes excess of loss insurance)
Insurance margin	Calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium
Insurance profit	Profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses)
Investment return	Total investment income divided by the average balance of the opening and closing cash and investments balance for the period, annualised
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

Glossary

As at 31 March 2021

Term	Definition
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
Loss ratio	The loss ratio is calculated by dividing the net claims incurred by the net earned premium
LVR	Loan to value ratio High LVR – This LVR benchmark is commonly 80% Original LVR - Calculated using the base LVR at the time of settlement Effective LVR – Calculated using the (estimated current balance)/(approximate house price) of the loan.
NEP	Net earned premium - The earned premium for a given period less any outward reinsurance expense
NIW	New insurance written reflects the total loan amount that is insured in the relevant period. NIW for Genworth reporting purposes excludes excess of loss business written
PCA	Prescribed capital amount is an APRA formula (set out in Prudential Standard GPS 110) designed to ensure an insurer has adequate capital against risk
PCA coverage	The PCA coverage is calculated by dividing the regulatory capital base by the prescribed capital amount
PML	Probably maximum loss - The largest cumulative loss due to a concentration of policies, determined by applying a formula specified by APRA for LMI with specific factors for probability of default and loss given default and other components
Premium liabilities	Premium liabilities reflects the present value of (a) expected cash flows associated with anticipated future claims based on the net central estimate; and (b) risk margin
Regulatory capital base	The regulatory capital base is the sum of Tier 1 Capital and Tier 2 Capital

Term	Definition
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
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
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
YTD	Year to date

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

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The release of this announcement was authorised by the Board.

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