Genworth

2022 Half Year Results Investor Presentation

3 August 2022

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Pauline Blight-Johnston

CEO & MD

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Michael Cant

CFO

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Pauline Blight-Johnston

CEO & MD

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Overview

Pauline Blight-Johnston
Chief Executive Officer and Managing Director

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1H22 highlights

Strong underlying profit	Strong earned premium and low claims	Well positioned for changing economic environment	Strategic momentum	Capital strength & shareholder returns
1H22 Underlying NPAT $134m	1H22 NEP $217m	Underwriting settings tightened	1H22 wins: BEN BOQ/ ME	Pro-forma PCA ratio 1.94x[1,2]
1H22 Statutory NPAT[3] $19m	1H22 net claims incurred ($3m)	Substantial home equity buffers	Australian Broker Magazine 2022 5-star Mortgage Innovator award	1H22 ordinary dividend 12 cents per share fully franked
1H22 Underwriting result $173m	Investment running yield 3.0%	Employment robust and delinquencies low	OSQO product well progressed	$100m on-market share buy-back approved, commencing August 2022

1. Pro-forma for announced capital management actions (on a level 2 basis).
2. $391m above mid point of board targeted range.
3. Includes $162m of pre-tax mark to market losses.

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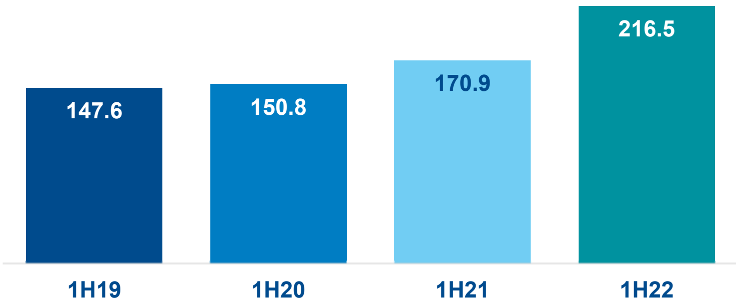
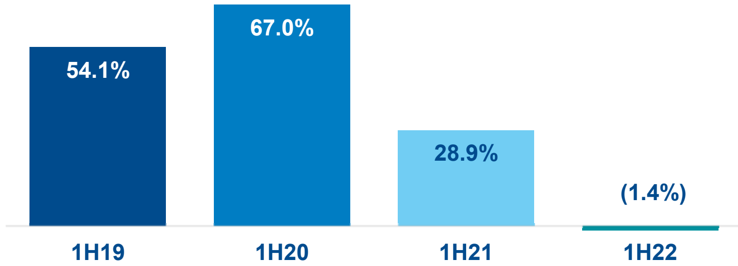
Key performance measures

Continued business momentum

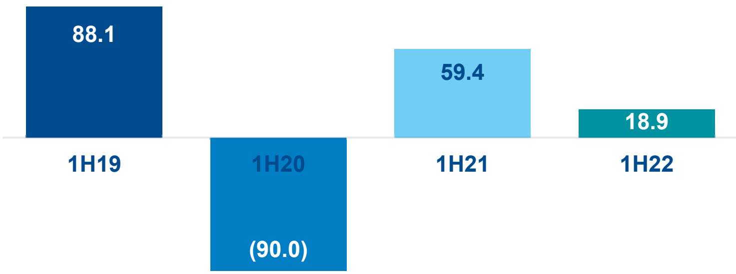
Net earned premium ($millions)



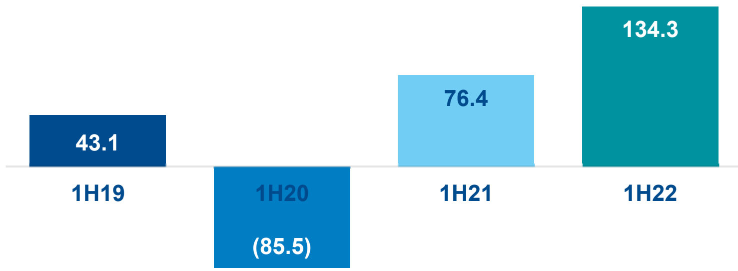
Loss Ratio



Statutory NPAT ($millions)



Underlying NPAT ($millions)



Source: Genworth

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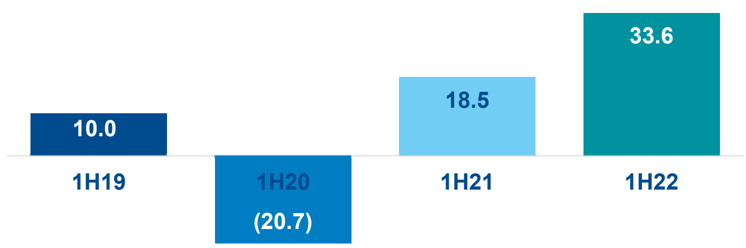
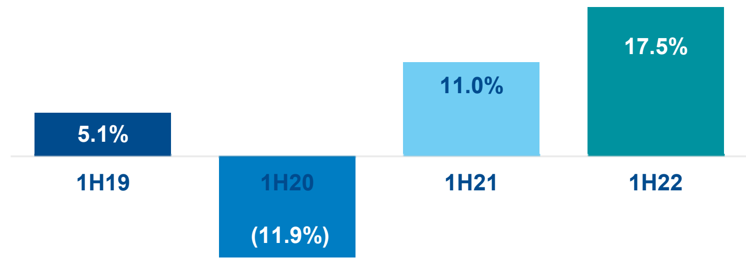
Key performance measures cont.

Continued business momentum

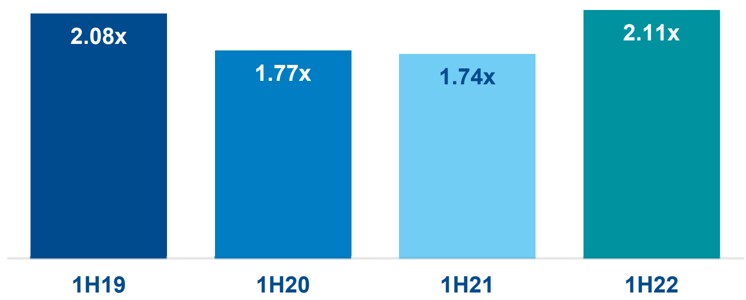
Underlying Diluted EPS (cps)



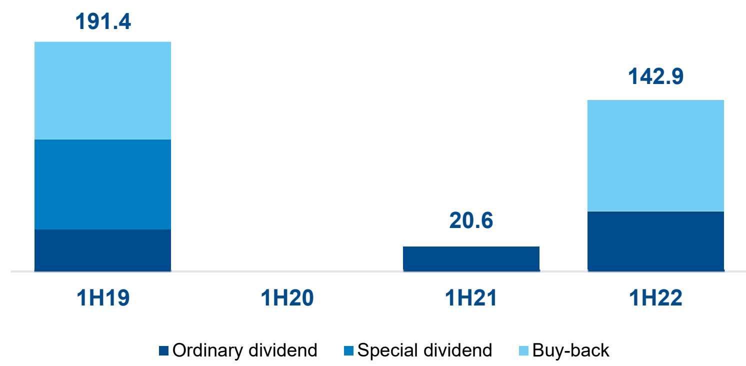
Underlying Annualised ROE



PCA Coverage Ratio



Capital Management ($millions)



Note: dividends declared, and buy-backs executed.

Source: Genworth

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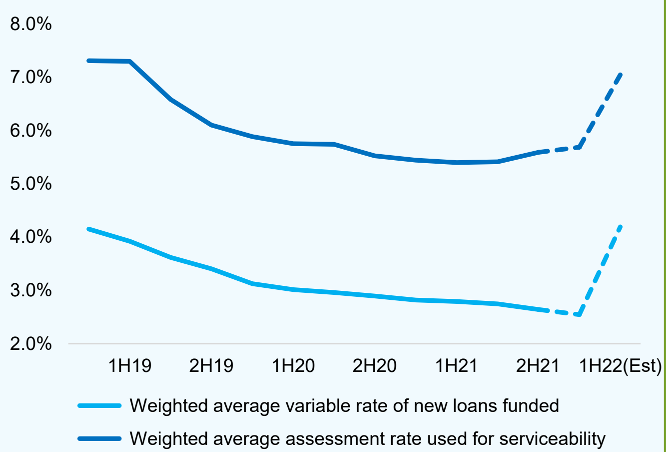
Economic environment

Interest rates rising

Rising rates highlight importance of serviceability buffers.

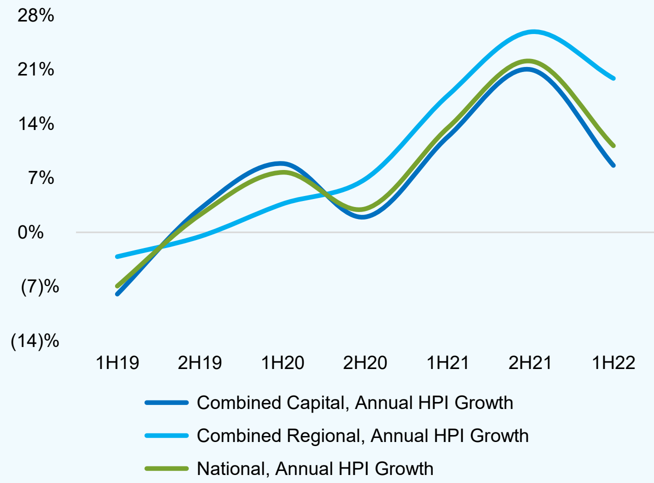


Data sourced from APRA quarterly authorised deposit-taking institution property exposures statistics as at Mar 22, and average of the big 4 lenders at 29Jul 22.

Dwelling values moderating

YTD dwelling values +2.2% nationally. Modest declines in Sydney (-2.5%) and Melbourne (-1.7%)

Dwelling values are +26.2% over 24 months, highlighting healthy positive equity.

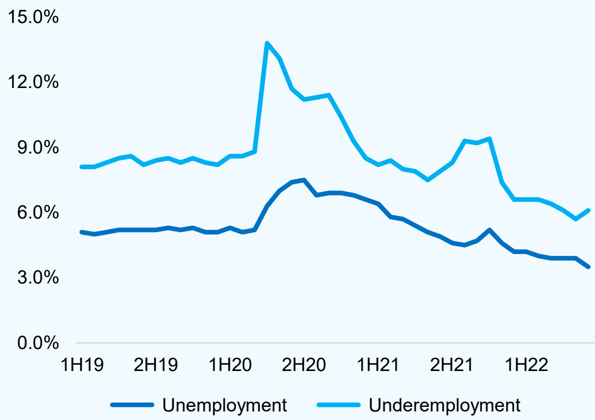


Data sourced from CoreLogic's Hedonic Home Value Index as at Jun 22.

Labor force resilient

Unemployment rate of 3.5% lowest since 1974 with record participation rate

Annual wage growth of 2.4% in March quarter.



Data sourced from The Australian Bureau of Statistics Labour Force Australia seasonally adjusted estimates for Dec 21 and the ABS Wage Price Index, Australia, March 2022.

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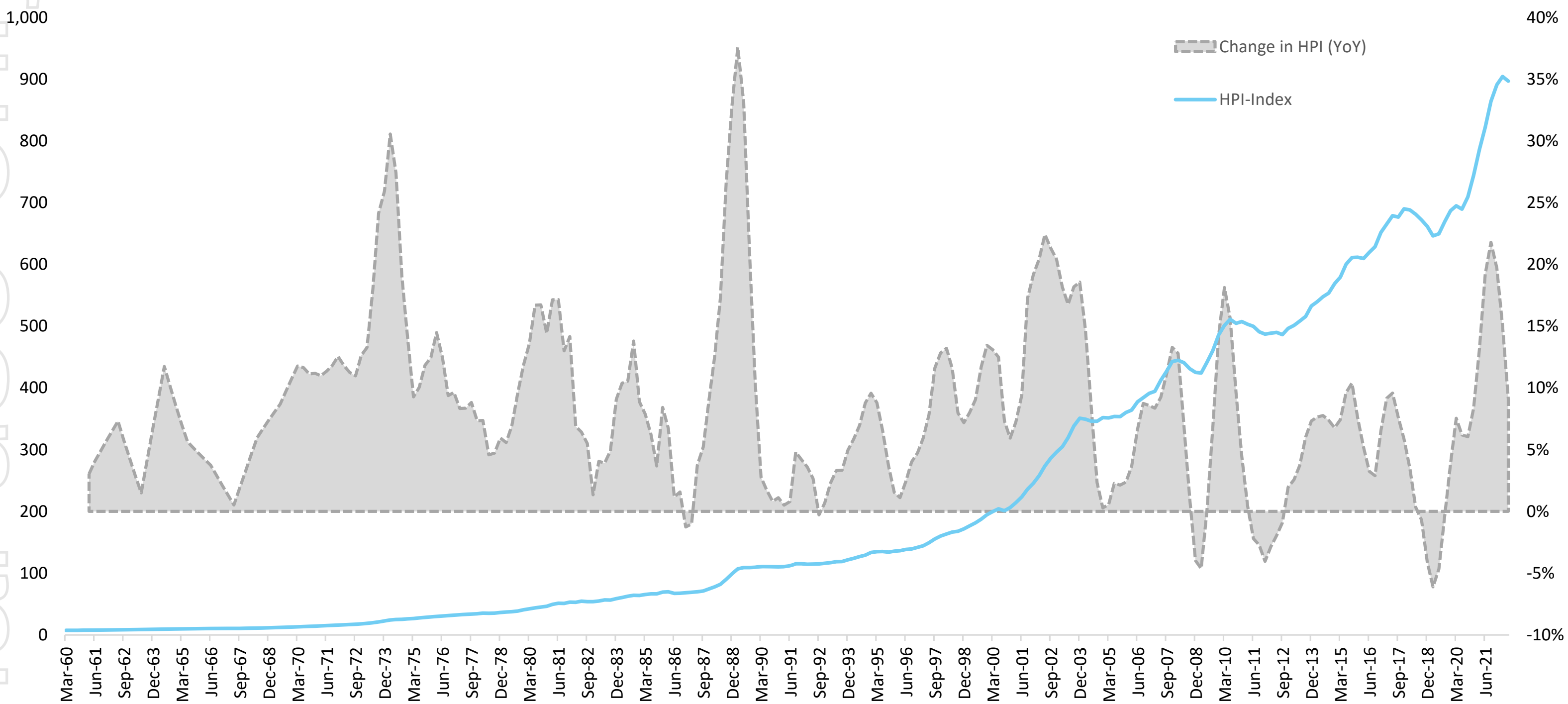
Historical dwelling price experience

Periods of depreciation commonly followed by strong recoveries

March 1960 – June 2022



Source: ABS, Corelogic, Morgan Stanley Research.
Nominal HPI Index

Australian house price resilience driven by cultural, regulatory and economic factors

Bank industry loss rate averaged 3bps between 1985 and 2021

Large mortgage credit losses typically require both rises in unemployment and HPD.

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Well positioned for a changing economy

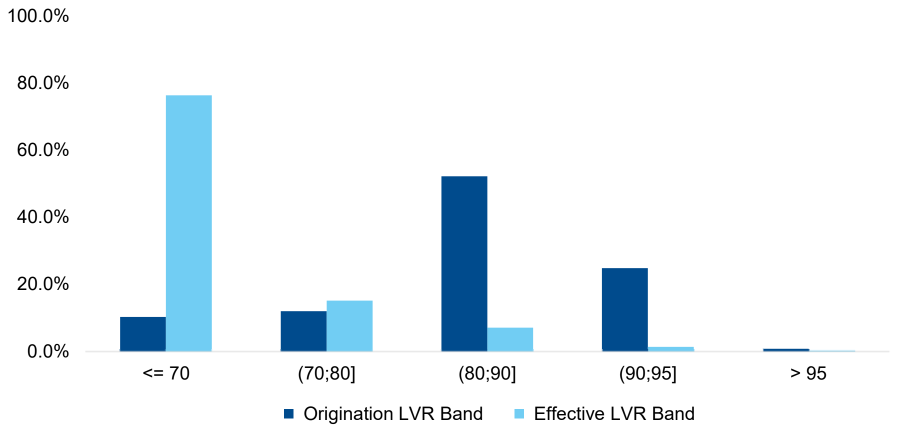
Underwriting criteria progressively tightened

1.5% of the portfolio has an effective LVR above 90%

Sizeable repayment buffers for most households

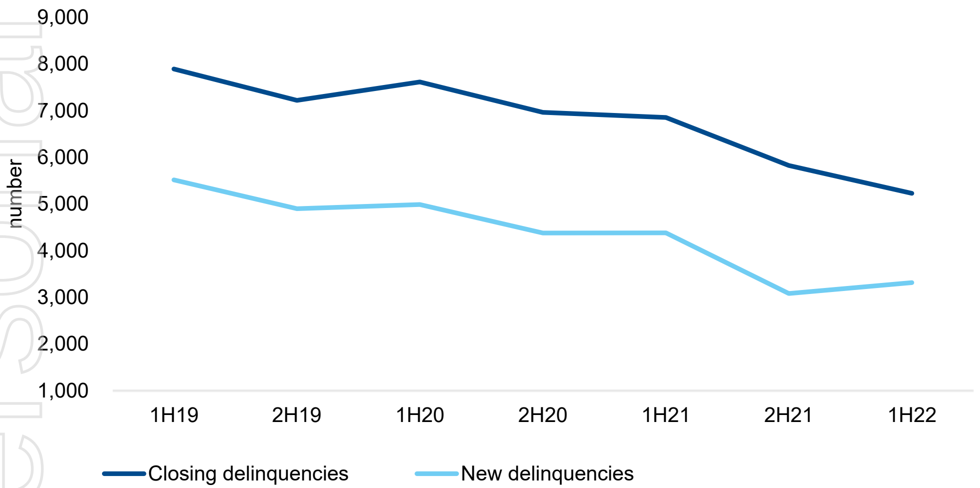
Very low delinquencies – total and new.

Original and Effective LVRs



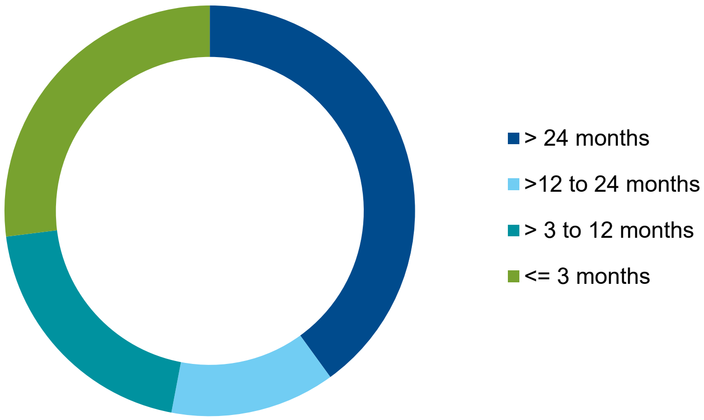
Source: Genworth

Delinquencies



Source: Genworth

Mortgage Industry Excess Payment Buffers[1] Owner Occupied Variable Loans



1. Data sourced from RBA Financial Stability Review, Apr 22.

Strategy is delivering

1H22 Achievements

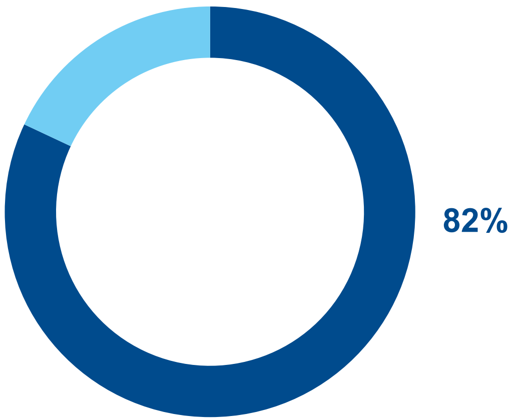
Exclusive LMI provider to BEN and BOQ (including ME Bank)

Australian Broker Magazine 2022 5-Star Mortgage Innovator award

OSQO expect to have product in market within 12 months

Continued development pipeline

2021 and 2022 Customer Renewals[2] by GWP



2. CBA subject to agreeing contractual terms.

Source: Genworth

Top 10 Home Lenders[1]

1	CBA	Genworth[2]
2	WBC	Peer 2
3	NAB	Peer 1
4	ANZ	Captive
5	MQG	Captive
6	BOQ	Genworth
7	BEN	Genworth
8	ING	Genworth
9	SUN	Peer 1
10	HSBC	Peer 1

1. APRA monthly authorised deposit taking institution statistics 31 May 2022.

Continued responsible capital management

FY22 YTD Initiatives

Completed remaining $100m on-market share buy-back

Declared interim ordinary dividend of 12 cents per share fully franked

New $100m on-market share buy-back commencing August 2022

Pro-forma PCA ratio post buy-back: 1.94x

Future Capital Management Plans

Expect to sustain an annual medium-term ordinary dividend of 24 cents per share with some scope for growth[1]

Plan to be in target range within two years

1. Post the 1H22 dividend, the franking balance is expected to be $6.8m.

1H22 Financial result

Michael Cant
Chief Financial Officer

Genworth

1H22 income statement

($ millions)	1H21	2H21	FY21	1H22	1H22 v 1H21 (%)
Gross written premium	289.7	259.9	549.6	188.6	(34.9%)
Movement in unearned premium	(84.6)	(26.0)	(110.6)	59.7	N.M.[1]
Gross earned premium	**205.1**	**233.9**	**439.0**	**248.3**	**21.1%**
Outwards reinsurance expense	(34.2)	(34.2)	(68.5)	(31.8)	7.0%
Net earned premium	**170.9**	**199.6**	**370.5**	**216.5**	**26.7%**
Net claims (incurred)/ written back	(49.3)	57.6	8.3	3.0	N.M.
Acquisition costs	(3.5)	(7.3)	(10.8)	(10.9)	N.M.
Other underwriting expenses[2]	(29.5)	(34.3)	(63.8)	(33.4)	(13.2%)
Separation costs	(0.8)	(7.6)	(8.4)	(2.7)	N.M.
Underwriting result	**87.7**	**208.0**	**295.8**	**172.5**	**96.7%**
Investment income on technical funds[3]	(16.2)	(17.8)	(34.0)	(93.0)	N.M.
Insurance profit	**71.5**	**190.2**	**261.8**	**79.5**	**11.2%**
Net investment income on shareholder funds[3]	17.3	6.2	23.4	(49.2)	N.M.
Financing costs	(5.1)	(5.2)	(10.3)	(5.1)	0.0%
Profit before income tax	**83.7**	**191.3**	**274.9**	**25.2**	**(69.9%)**
Income tax expense	(24.3)	(57.8)	(82.1)	(6.3)	74.1%
Statutory net profit after tax	**59.4**	**133.5**	**192.8**	**18.9**	**(68.2%)**
Underlying net profit after tax[4]	**76.4**	**161.4**	**237.8**	**134.3**	**75.8%**
Underlying diluted earnings per share	18.5 cps	39.1 cps	57.6 cps	33.6cps	81.5%

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

1H22 commentary:

GWP fall primarily relates to lower industry volumes of new high LVR lending

NEP rise due to high GWP in 2020 & 2021 and high cancellations

Net claims were negative, driven by low claims paid and low delinquencies

Investment income impacted by rising bond yields leading to unrealised losses.

Source: Genworth

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GWP falling but NEP growth

1H22 commentary:

NIW fall primarily relates to lower industry new loan commitments for high LVR lending

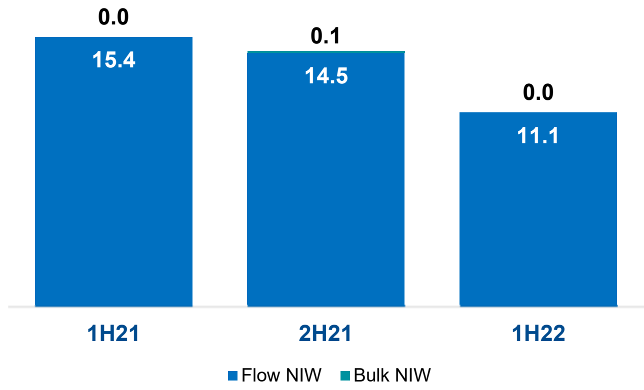
GWP fall driven by lower NIW and mix (less >90% LVR)

NEP up due to past GWP growth and high cancellations

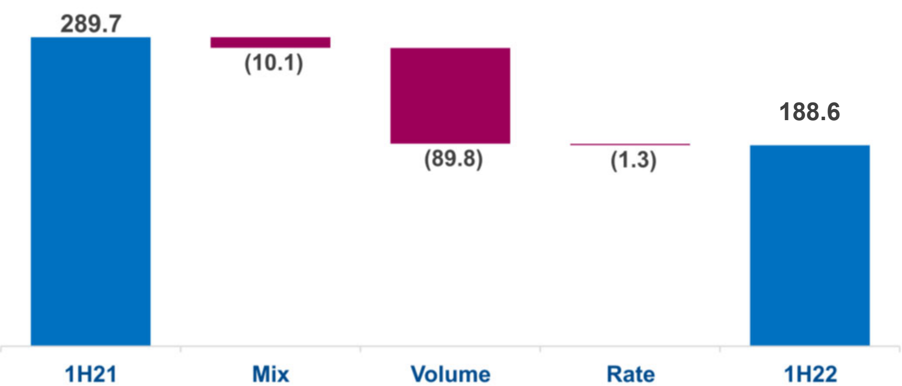
Cancellations similar to 2H21 but approximately $60m higher than 1H21

NEP v 1H21 impacted by earnings curve change in 1H21.

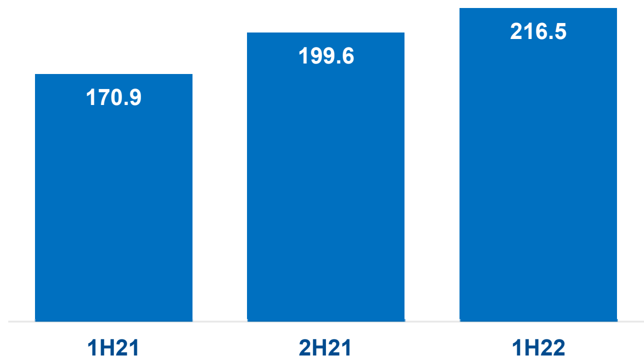
New Insurance Written ($billions)



Gross Written Premium ($millions)



Net Earned Premium ($millions)



Source: Genworth

Genworth

Claims paid very low

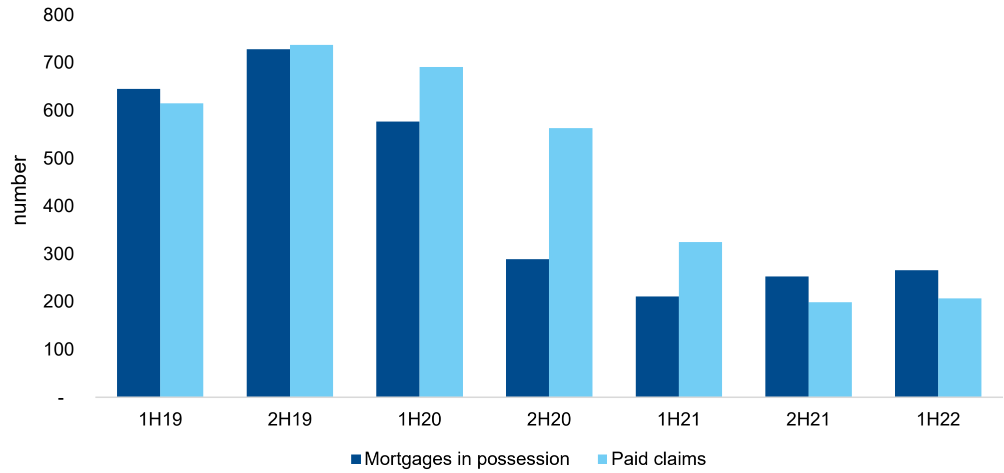
1H22 commentary:

Modest increases in MIP (but still very low)

Number of paid claims has remained at a low level

Average size of paid claims well below historical levels reflecting HPA impact.

Mortgages in possession and paid claims



Claims paid and net claims incurred

($ millions unless otherwise stated)	1H19	2H19	FY19	1H20	2H20	FY20	1H21	2H21	FY21	1H22
Number of paid claims (#)	615	737	1,352	691	563	1,254	325	199	524	207
Average paid claim[1] ($'000)	94.1	98.6	96.6	94.9	98.0	96.3	74.7	79.8	76.7	57.8
Claims paid	**57.9**	**72.7**	**130.6**	**65.6**	**55.2**	**120.8**	**24.3**	**15.9**	**40.2**	**12.0**
Movement in reserves	21.9	(1.7)	20.3	35.5	133.6	169.1	25.0	(73.5)	(48.4)	(15.0)
Net claims incurred / (written back)	**79.9**	**71.1**	**150.9**	**101.1**	**188.8**	**289.8**	**49.3**	**(57.6)**	**(8.3)**	**(3.0)**
Loss ratio (%)	**54.1**	**47.1**	**50.6**	**67.0**	**117.1**	**92.9**	**28.9**	**(28.8)**	**(2.2)**	**(1.4)**

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.

Source: Genworth

Net claims incurred very low

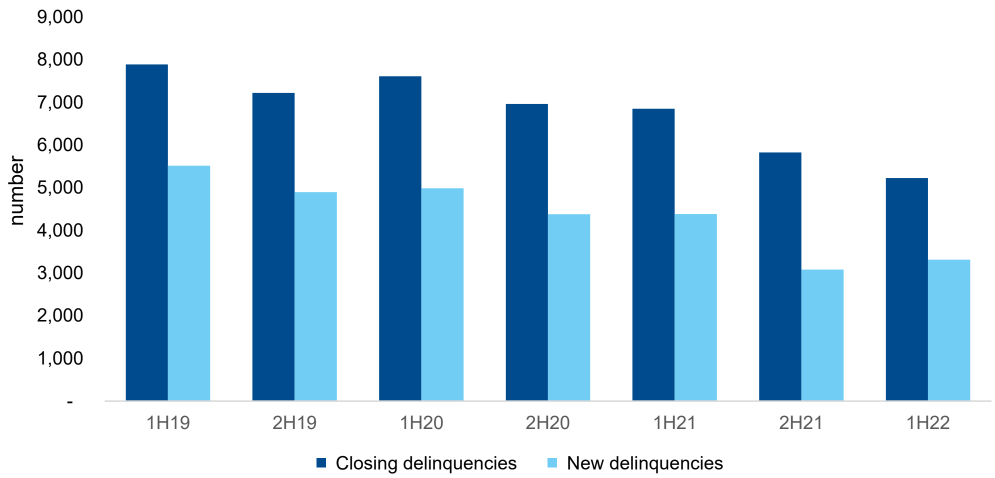
1H22 commentary:

Closing delinquencies lowest since 2014 and new delinquencies also very low

Ageing very light and cures steady, driven by prior HPA, strong labour market and healthy borrower finances

Other adjustments relate to changes in reserving basis.

Delinquencies



Net claims incurred

($millions)	1H19	2H19	FY19	1H20	2H20	FY20	1H21	2H21	FY21	1H22
New delinquencies	76.7	79.8	156.4	78.9	58.7	137.4	69.5	33.1	102.7	42.5
Cures	(68.2)	(79.7)	(147.8)	(69.1)	(81.5)	(150.7)	(84.5)	(71.2)	(155.8)	(71.0)
Ageing[1]	68.1	71.5	139.6	54.1	27.1	81.3	34.6	16.2	50.8	15.9
Paid claims gap	0.5	(1.8)	(1.3)	(0.6)	(0.6)	(1.2)	(0.2)	1.2	1.1	(1.7)
Other adjustments[2]	2.7	1.5	4.1	37.9	185.0	223.0	29.8	(36.9)	(7.0)	11.2
Net claims incurred/ (written back)	**79.9**	**71.1**	**150.9**	**101.1**	**188.8**	**289.8**	**49.3**	**(57.6)**	**(8.3)**	**(3.0)**

Note: Totals may not sum due to rounding and excludes excess of loss insurance.
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 moratoriums, IBNR for policy deferrals, an increase to the risk margin and an increase for the allowance of cured policies re-entering arrears.

Source: Genworth

Genworth

Unrealised investment losses, increasing yields

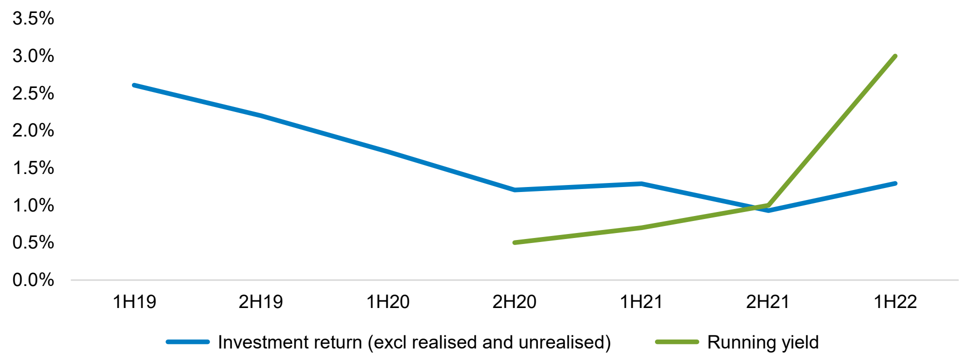
1H22 commentary:

Unrealised losses due to mark to market impact of rising bond yields

Net interest and dividend income yield steady but benefit of higher reinvestment rates expected in 2H22

The running yield on cash and investments at 30 Jun 22 is 3.0% net of fees (31 Dec 21: 1.0%).

Annual return on total investments



Investment income

($ millions)	1H21	2H21	FY21	1H22
Net interest income and dividend income	22.6	16.9	39.6	22.9
Realised gains on investments	2.0	3.7	5.7	(3.0)
Unrealised gains / (losses) and net FX on investments	(23.5)	(32.3)	(55.8)	(162.1)
Total investment income	**1.1**	**(11.6)**	**(10.6)**	**(142.2)**
Investment return per annum	**0.1%**	**(0.6%)**	**(0.3%)**	**(8.0%)**

Technical/ shareholder funds

($ millions)	1H21	2H21	FY21	1H22
Investment income on technical funds	(16.2)	(17.8)	(34.0)	(93.0)
Net investment income on shareholder funds	17.3	6.2	23.4	(49.2)
Total investment income	**1.1**	**(11.6)**	**(10.6)**	**(142.2)**

Note: Totals may not sum due to rounding

Source: Genworth

Genworth

Big rise in interest rates led to investment losses

Matching provides offset in economic value of liabilities

1H22 commentary:

Technical liabilities are closely matched by fixed interest assets

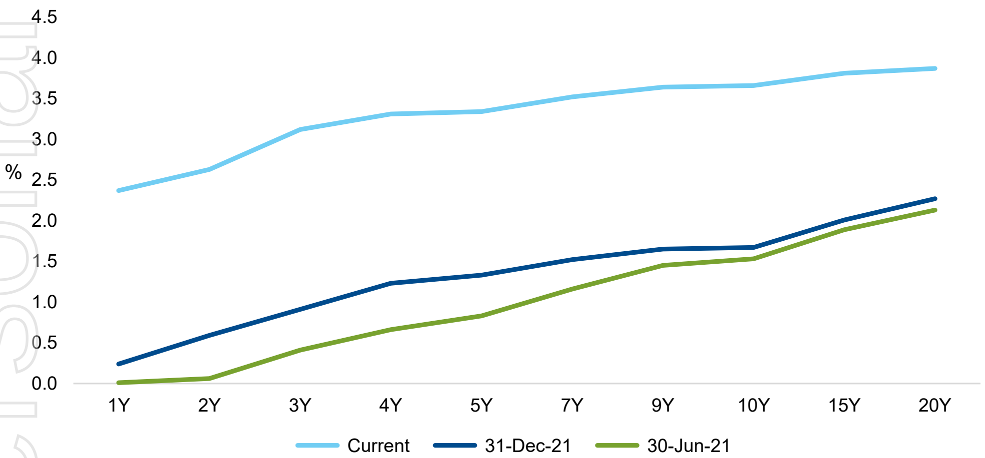
Accounting treatment does not reflect the underlying economic matching

Matching impact is seen in the calculation of the liability for capital requirements.

Impact on 1H22 (pre-tax)

($ millions)	1H22	
	Impact on profit	Impact on capital
Equities and infrastructure	(12.9)	(12.9)
Cash and bonds	(129.3)	(129.3)
Liabilities	Nil	91.9
Total	(142.2)	(50.3)

Government Bond Rates



Source: Bloomberg

Sensitivity to 50bps increase in risk free rates (pre-tax)

($ millions)	Impact on profit	Impact on capital
Cash and bonds	(27.6)	(27.6)
Liabilities	Nil	20.8
Total	(27.6)	(6.8)

Source: Genworth

Balance sheet

Balance sheet as at 30 June 2022

($ millions)	30 Jun 21	31 Dec 21	30 Jun 22
Assets			
Cash	89.6	76.7	19.0
Accrued investment income	22.2	16.8	21.4
Investments	3,493.3	3,627.1	3,362.6
Deferred reinsurance expense	42.9	8.7	28.9
Recoveries receivable	35.4	21.6	20.7
Deferred acquisition costs	66.1	88.5	104.0
Deferred tax assets	46.9	41.0	32.6
Goodwill and intangibles	14.7	13.8	12.9
Other assets[1]	57.0	19.1	30.2
Total assets	**3,868.0**	**3,913.3**	**3,632.4**
Liabilities			
Payables[2]	112.7	108.4	78.9
Outstanding claims	567.2	480.3	464.3
Unearned premium	1,545.8	1,571.8	1,512.1
Interest bearing liabilities	188.0	188.2	188.5
Employee benefit provision	7.5	7.3	7.1
Total liabilities	**2,421.2**	**2,356.0**	**2,250.8**
Net assets	**1,446.7**	**1,557.3**	**1,381.6**

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

1H22 commentary:

Cash down mainly due to timing of tax

Investments fall primarily reflects unrealised investment losses, dividends and the buy-back

Deferred acquisition cost increase reflects the capitalisation of new acquisition costs

Outstanding claims movement driven by lower delinquencies

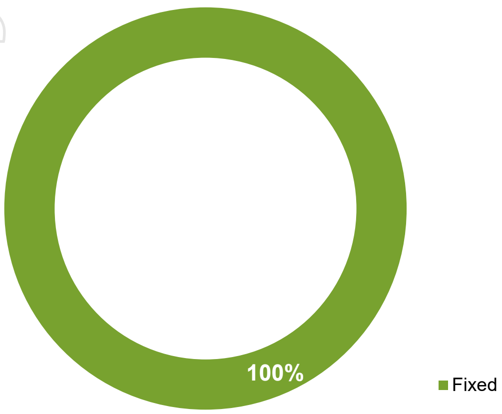
Unearned premium down due to high cancellations

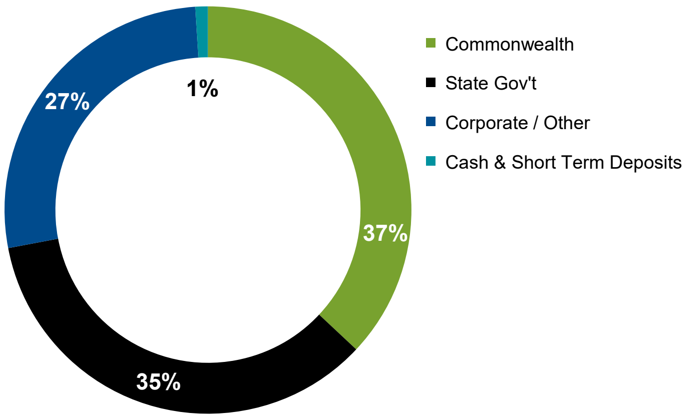
Interest bearing liabilities $190m 10 non-call 5 year floating rate Tier 2 notes paying 3m BBSW + 5.0% p.a, maturing 3 July 2030.

Source: Genworth

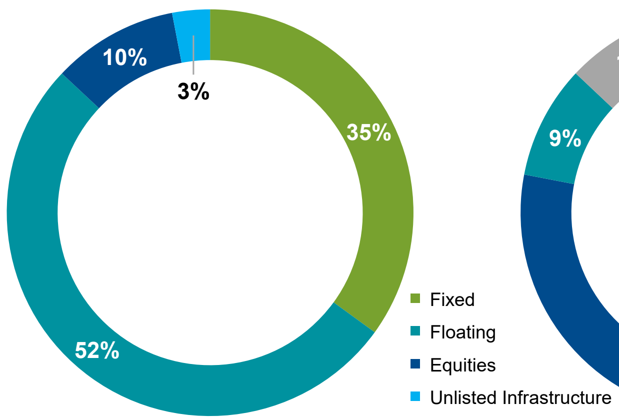
Investment portfolio

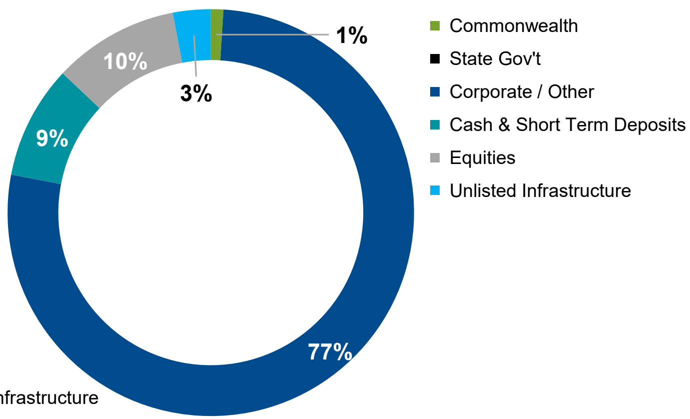
Technical funds (average duration 3.3 years)[1]





Shareholder funds (average duration 0.7 years)[1]





1. Average duration excludes equities and derivatives.

1H22 commentary:

Technical funds

100% invested in fixed interest

Duration matched with expected claims profile

Shareholder funds

Higher risk / return profile

Short duration and more floating rate

$180m unlisted infrastructure investment partially funded

Source: Genworth

Genworth

Outstanding claims

1H22 commentary:

Outstanding claims down due to lower delinquencies

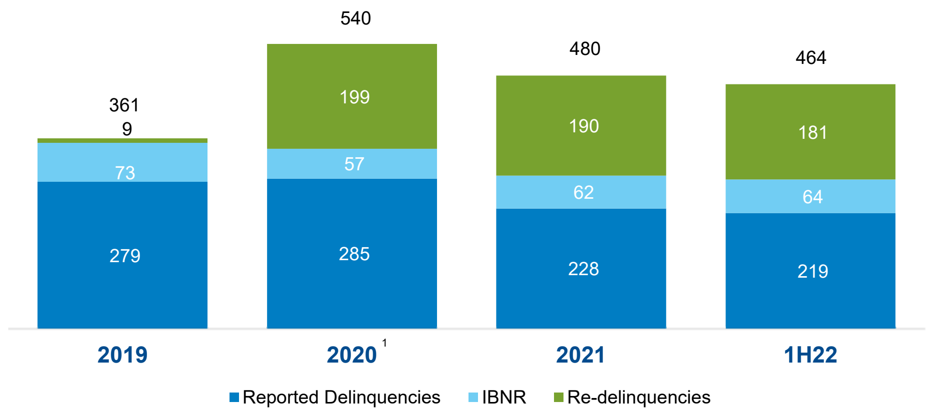
IBNR and redelinquency reserves similar to prior periods

Average reported delinquency reserve broadly stable

Reserves set using long term assumptions with appropriate allowance for economic downturns

Risk margin has been maintained at 18%.

Outstanding Claims Reserve ($millions)

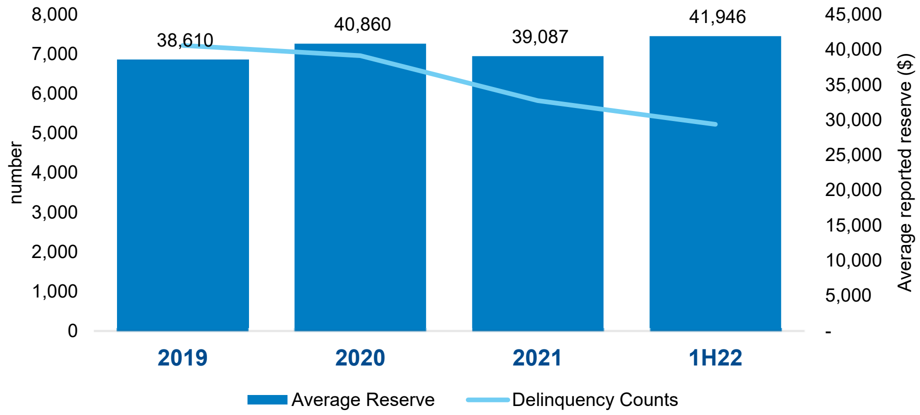


1. In FY20 there was an increase in reserving for estimated COVID-19 impacts and a reserve methodology change to IBNR and the re-delinquency reserve.

Outstanding Claims

($millions)	FY19	FY20	1H21	2H21	FY21	1H22
Opening balance	**339.1**	**360.9**	**540.4**	**567.2**	**540.4**	**480.3**
Net claims incurred / (written back)	150.9	289.8	49.3	(57.6)	(8.3)	(3.0)
Other movements[1]	1.5	10.5	1.7	(13.4)	(11.6)	(1.0)
Claims paid	(130.6)	(120.8)	(24.3)	(15.9)	(40.2)	(12.0)
Closing balance	**360.9**	**540.4**	**567.2**	**480.3**	**480.3**	**464.3**

Average Reported Delinquency Reserve



1. Includes non-reinsurance recoveries.

Source: Genworth

Genworth

Regulatory capital

Regulatory capital

($ millions)	30 Jun 21	31 Dec 21	30 Jun 22
Capital base			
Common equity Tier 1 capital – net assets	1,446.7	1,557.3	1,381.6
Ineligible assets (APRA)	(16.7)	(15.5)	(14.5)
Common equity Tier 1 capital – net surplus relating to insurance liabilities, net of 30% tax	221.9	322.6	301.4
Tier 2 capital	190.0	190.0	190.0
Regulatory capital base	**1,842.0**	**2,054.4**	**1,858.5**
Capital requirement			
Probable maximum loss (PML)	1,774.2	1,726.3	1,611.5
Net premiums liability deduction	(394.5)	(347.4)	(331.3)
Allowable reinsurance	(800.2)	(800.2)	(800.1)
Insurance concentration risk charge (ICRC)	**579.4**	**578.7**	**480.2**
Asset risk charge	216.8	203.5	179.5
Insurance risk charge	310.6	277.6	262.0
Operational risk charge	40.7	35.6	35.3
Aggregation benefit	(90.9)	(85.7)	(75.4)
Prescribed capital amount (PCA)	**1,056.7**	**1,009.7**	**881.7**
PCA coverage ratio (times)	**1.74x**	**2.03x**	**2.11x**

Note: Totals may not sum due to rounding.

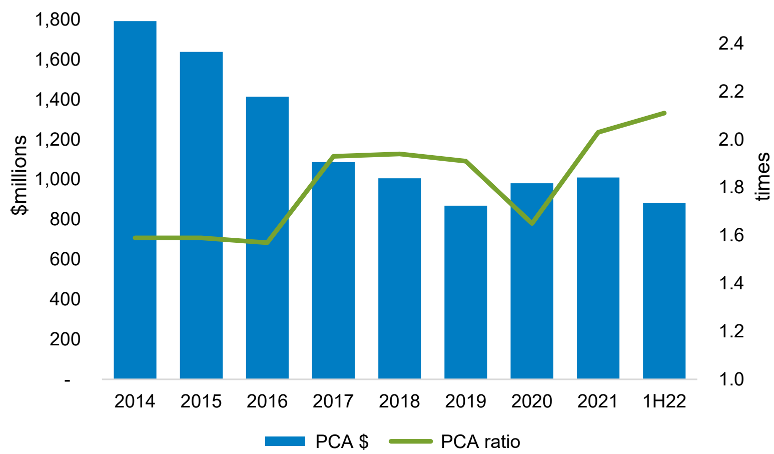
1H22 commentary:

Net assets reduction driven by 2H21 dividends and share buy-back

Probable maximum loss lower due to cancellations and portfolio seasoning

Reinsurance steady at $800m, representing 49.6% PML.

Prescribed Capital Amount



Source: Genworth

Genworth

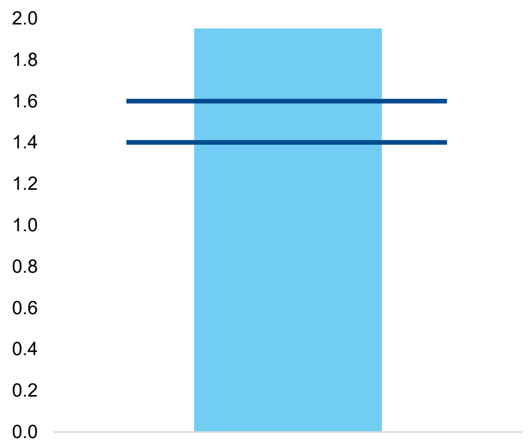
Movement in capital

1H22 commentary:

In-force run off continues to exceed new business strain

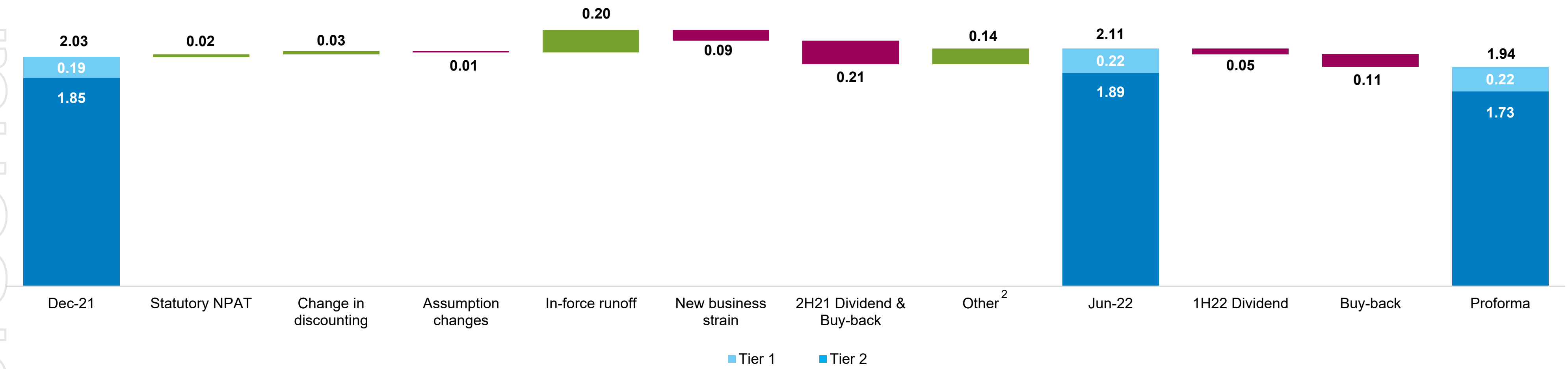
Pro-forma PCA (1.94 times) remains above board targeted range of 1.4 to 1.6 times

Pro-forma PCA ratio (times)[1]



1. Board target range of 1.40-1.60x PCA.

PCA ratio walk (times)



2. Reinsurance is assumed to move in proportion to the Probable Maximum Loss (so dropping to $747m). 'Other' is inclusive of the impact of reinsurance remaining at $800m

Totals may not sum due to rounding.

Source: Genworth

Sensitivity of losses to economic conditions

Economic forecasts[1]

Property Price

HPD of ~15% over 18 months

Mortgage Rates

RBA cash rate to 3.1% by early 2023

Unemployment Rates

Increase to ~4.5% by end 2024

Financial Sensitivity[2,3]

($millions)	Cumulative Net Claims Incurred (2023-25)	Outstanding Claims + Premium Liabilities[4]
HPA/HPD +/- 5%	35	40
Interest rates +/- 1%	20	20
Unemployment Rate +/- 1%	65	70

1. Based on a mean view of external economic forecasts.
2. Based on a 3 year change before reversion to base case.
3. All numbers are indicative sensitivity outcomes and rounded to the nearest $5m.
4. Excludes risk margin.

Losses will vary based on economic environment and other factors

Base scenario incorporates property price, mortgage rates and unemployment forecasts as outlined

Under the base economic scenario, losses for 2023-25 expected to revert to long term average levels

Strong house price gains and positive equity provide a buffer to impact of future HPD

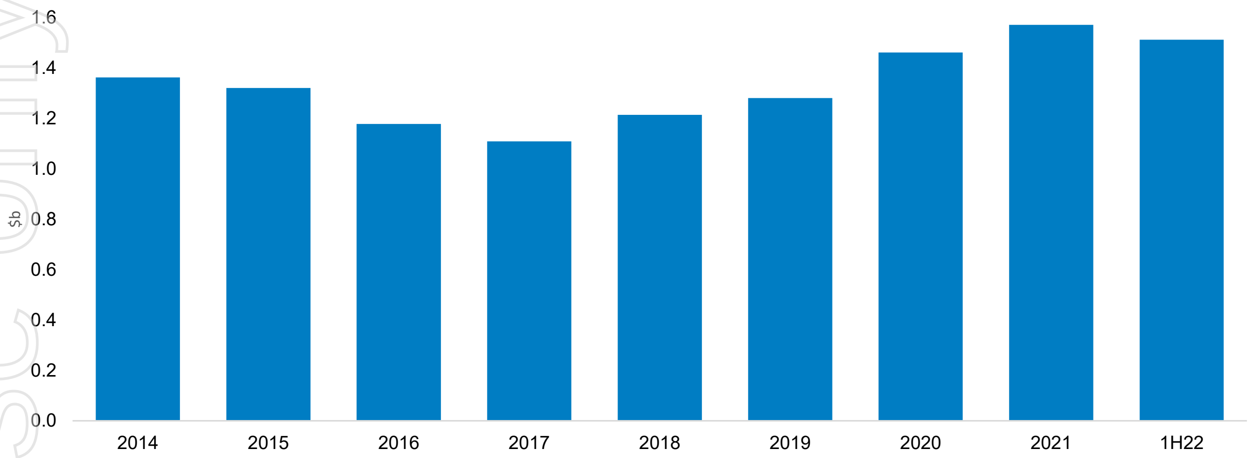
Unemployment is a key driver of losses and is expected to remain low

Interest rates have a more moderate direct impact on losses, but impact other variables such as house prices.

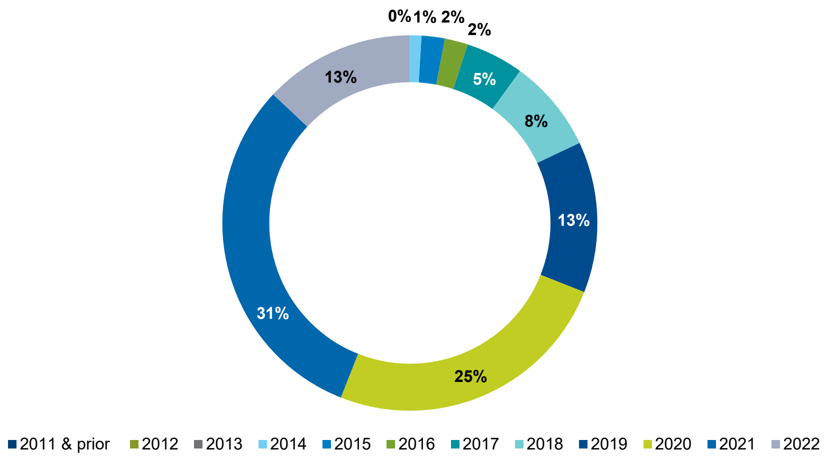
Source: Genworth

Historical GWP drives future NEP

Unearned premium (UEP) ($billions)



Unearned premium by underwriting year



1H22 commentary:

Earnings curve sees GWP recognized over a 12-year period, with the majority recognized over the first 4 years

2019 and subsequent book years account for 82% of unearned premium

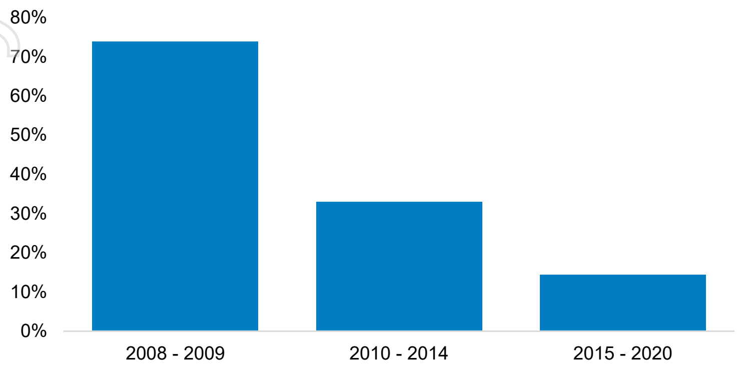
1H22 reduction driven by cancellations which reduce UEP and increase NEP.

Source: Genworth

Genworth

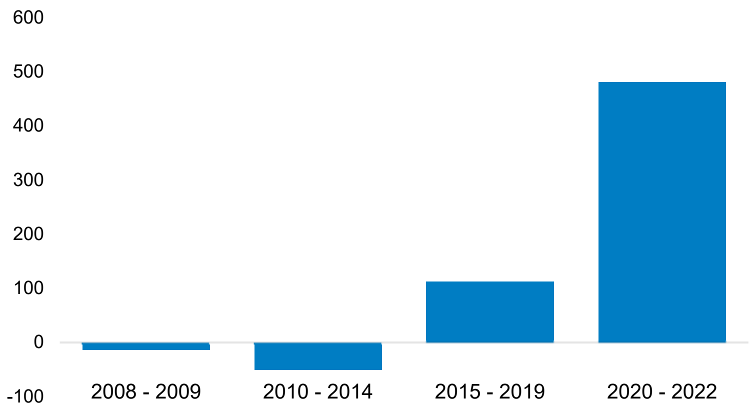
Recent book years showing good profitability

Loss ratio to date by underwriting year[1]



1. Book years 2021 and 2022 are still relatively undeveloped and are not shown.

Embedded profitability by book year ($millions)[2]



2. Measured as the excess of UEP, net of DAC & DRE, over premium liabilities.

1H22 commentary:

2008-09 cohorts impacted by GFC, after which there was an industry reset of pricing and underwriting standards

2010-14 cohorts significantly impacted by mining claims

2015-20 book years very profitable to date, but not yet fully seasoned.

Earnings curve means the unearned premium liability contains a level of expected future profits

Post 2014 book years have strong embedded profits

Cancellations and earning of premium have reduced level of embedded profit on past cohorts.

Source: Genworth

Closing comments

Pauline Blight-Johnston
Chief Executive Officer and Managing Director

Genworth

2022 Outlook – Positioned for less benign environment

Changing economic environment

- Cash rate rising
- Dwelling values moderating
- Unemployment low

Implications for Genworth

- **GWP slowing but NEP remaining high**
  FY22 NEP guidance of $375m to $435m
- **Claims low in 1H22 but expected to increase in 2H22**
  FY22 net incurred claims guidance of $0m to $50m
- **Increased running yield on investments**

Genworth

Medium term outlook – Delivering profitable growth

Top line

GWP linked to new residential loan commitments

FY20 and FY21 GWP to underpin NEP

Customer acquisition and expansion opportunities

Claims

Subject to economic cycles

Underwriting criteria progressively tightened

Back book well positioned with healthy buffers

Expected return to long term average levels

Returns

Run-off of low ROE book years

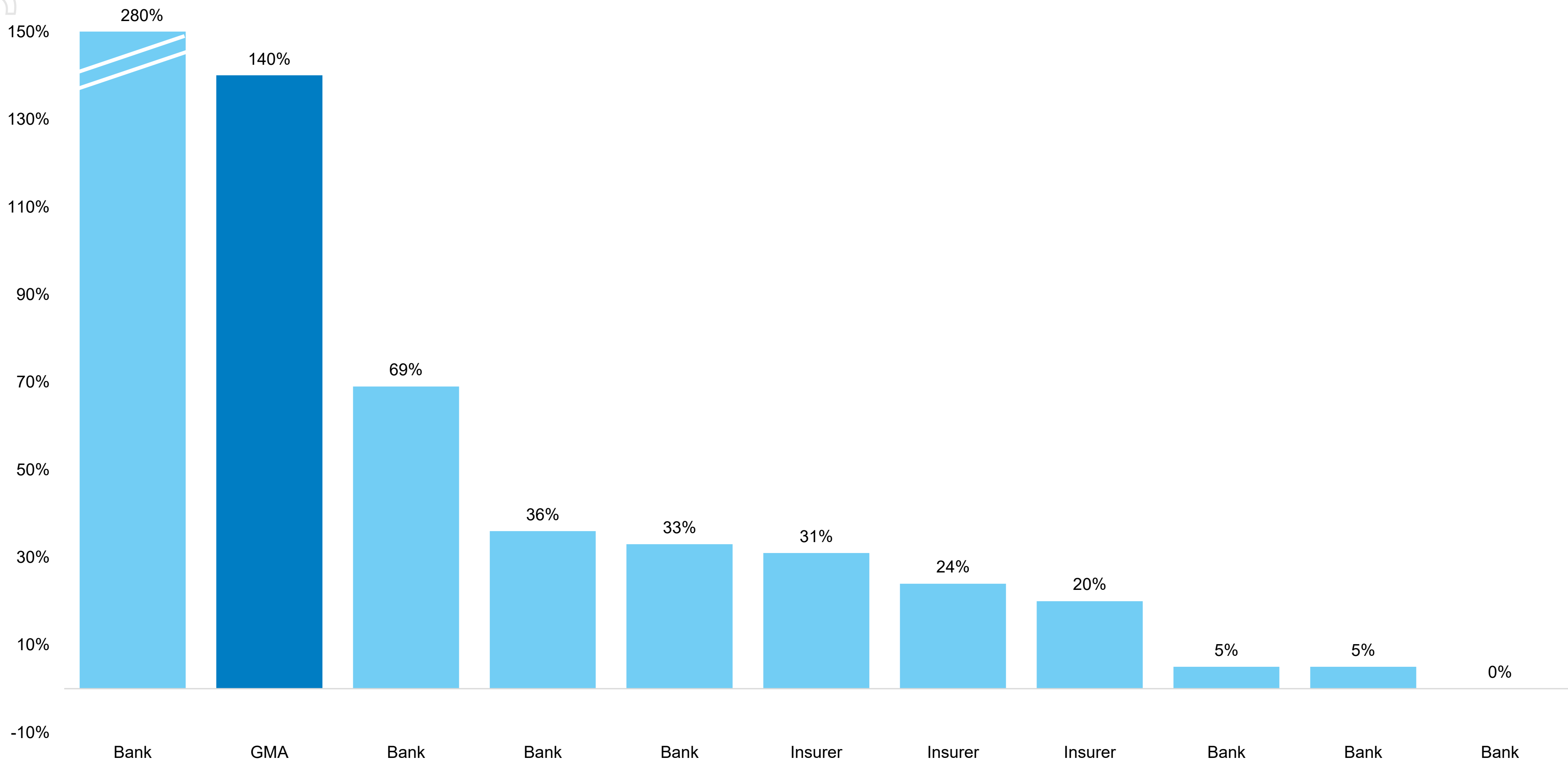
Improved investment portfolio returns enhance ROE

Returning excess capital to enhance ROE

Genworth

History of strong Total Shareholder Return delivery

Total Shareholder Return May 2014 to 29 July 2022[1]



1. Iress.

Accelerating financial wellbeing through homeownership

Australia's leading LMI provider

Large and growing addressable market

Positioned for profitable growth

Ongoing capital management

Delivering strong TSR

Genworth

Supplementary information

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Australian key economic indicators

Change in dwelling values	3 months	6 months	12 months
Sydney	(2.8)%	(2.5)%	5.9%
Melbourne	(1.8)%	(1.7)%	3.1%
Brisbane	2.7%	9.2%	25.6%
Perth	2.1%	4.0%	5.8%
Adelaide	5.1%	11.1%	25.7%
Hobart	(0.1)%	2.5%	13.7%
Canberra	1.5%	4.7%	16.3%
Darwin	2.3%	4.0%	6.5%
Regional NSW	1.5%	6.7%	21.1%
Regional VIC	1.2%	4.9%	15.2%
Regional QLD	2.6%	8.8%	21.9%
Regional WA	2.0%	4.3%	8.9%
Regional SA	5.3%	13.0%	22.3%
Regional TAS	3.2%	7.9%	22.1%
Combined capitals	(0.8)%	0.7%	8.7%
Combined regionals	2.0%	7.3%	19.9%
Australia	(0.2)%	2.2%	11.2%

Data sourced from CoreLogic's Hedonic Home Value Index at Jun 22.

Rental vacancies	Jun 21	Dec 21	Jun 22
Sydney	2.8%	2.6%	1.6%
Melbourne	3.5%	3.2%	1.7%
Brisbane	1.3%	1.3%	0.6%
Perth	0.9%	0.6%	0.6%
Adelaide	0.6%	0.5%	0.4%
Hobart	0.4%	0.3%	0.6%
Canberra	0.7%	1.0%	0.8%
Darwin	0.4%	1.2%	0.5%
National	1.7%	1.6%	1.0%

Data sourced from https://sqmresearch.com.au/ as at Jun 22.

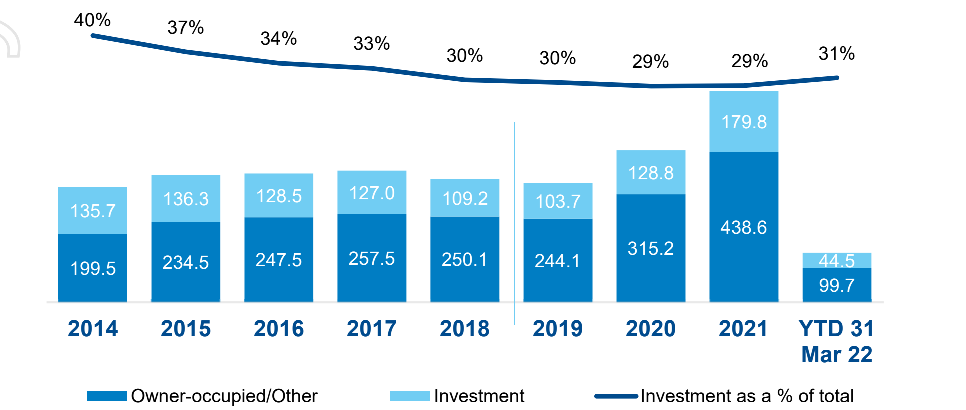
Unemployment by state	Jun 21	Dec 21	June 22
New South Wales	5.1%	4.0%	3.3%
Victoria	4.4%	4.2%	3.2%
Queensland	5.1%	4.7%	4.0%
Western Australia	5.1%	3.4%	3.4%
South Australia	5.3%	3.9%	4.3%
Tasmania	4.5%	3.9%	4.3%
Australian Capital Territory	4.9%	4.5%	3.1%
Northern Territory	4.8%	4.2%	3.7%
National	4.9%	4.2%	3.5%

Data sourced from The Australian Bureau of Statistics at Jun 22.

Residential mortgage lending market

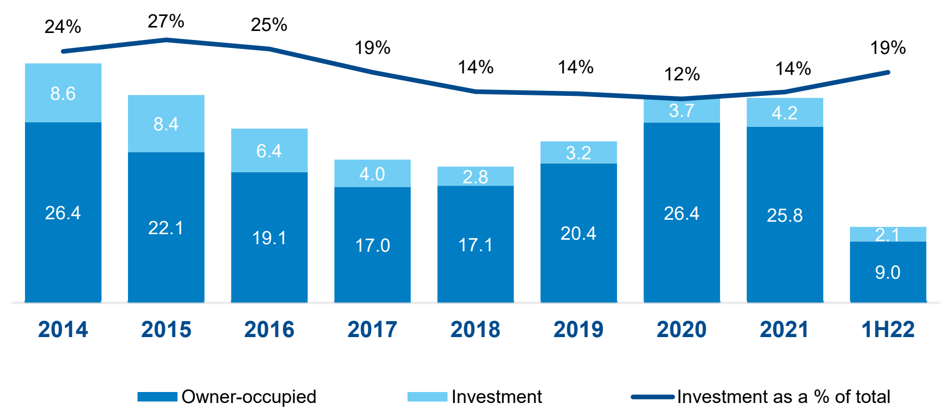
Originations and HLVR penetration[1]

Industry loan approvals: Investment vs. owner occupied ($billions, %)



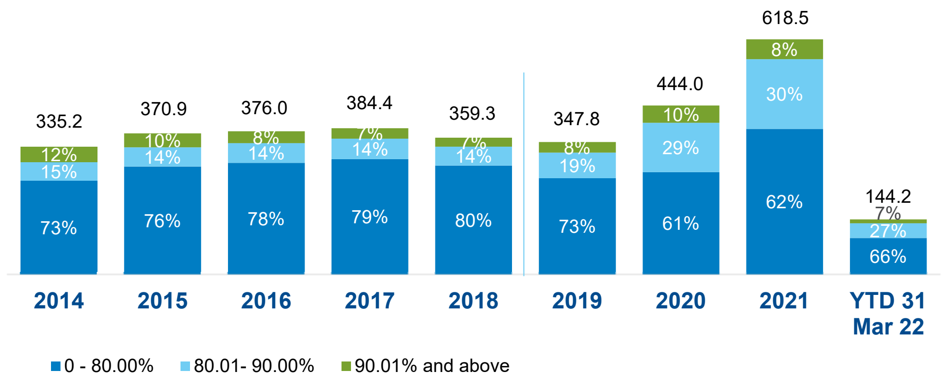
Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan funded), September 2021.
APRA has discontinued data on new housing loan approvals from 1 October 2019. APRA new loans funded statistics is used starting from 1 October 2019.

Genworth NIW: Investment vs. owner occupied ($billions, %)[2]

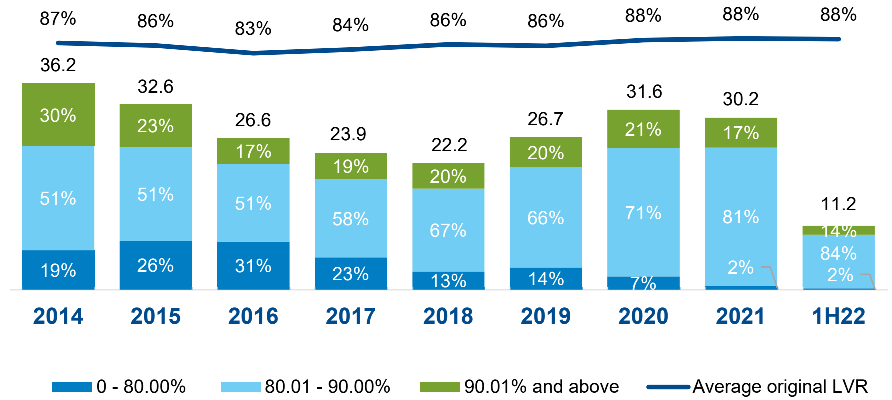


Source: Genworth

Industry loan approvals by LVR band ($billions, %)



Genworth NIW[3] by original LVR[4] band ($billions, %)



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.

Source: Genworth

Genworth

Insurance in-force

As at 31 December 2021

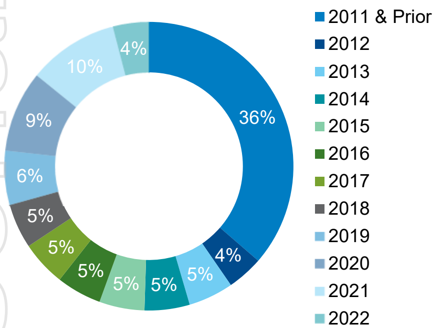
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2010 & Prior	80.1	28%	80.1	28.9	113%
2011	9.2	3%	84.1	45.8	63%
2012	13.1	4%	86.5	48.7	64%
2013	14.8	5%	87.1	52.8	55%
2014	16.0	6%	87.2	57.7	43%
2015	15.5	5%	85.7	60.1	34%
2016	14.7	5%	83.8	60.4	31%
2017	13.8	5%	86.8	66.7	24%
2018	14.7	5%	87.8	68.2	24%
2019	19.2	7%	88.1	66.9	29%
2020	27.8	10%	88.3	71.5	23%
2021	31.3	11%	87.9	80.3	11%
Total Flow	**270.1**	**93%**	**84.1**	**49.2**	**66%**
Portfolio	20.5	7%	56.3	18.7	122%
Total/ Weighted Avg.	**290.7**	**100%**	**81.6**	**46.5**	**71%**

As at 30 June 2022

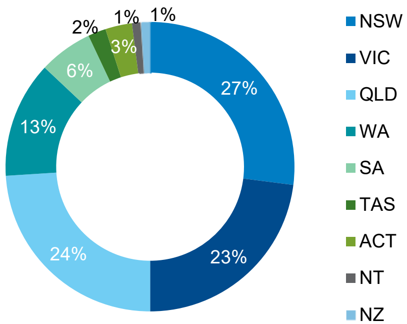
Book year	$ billions	%	Original LVR	Effective LVR	Change in house price %
2011 & Prior	81.0	30%	81.2	29.2	111%
2012	11.4	4%	86.6	45.6	68%
2013	13.5	5%	87.0	48.7	61%
2014	14.6	5%	87.0	53.1	50%
2015	14.2	5%	85.6	55.2	42%
2016	13.5	5%	83.7	55.8	39%
2017	12.4	5%	86.7	62.0	32%
2018	13.1	5%	87.7	63.9	32%
2019	16.8	6%	88.0	63.2	36%
2020	25.2	9%	88.3	67.7	29%
2021	28.7	10%	87.9	77.6	14%
2022	11.1	4%	87.5	87.4	1%
Total Flow	**255.4**	**93%**	**84.5**	**47.7**	**69%**
Portfolio	17.9	7%	56.3	18.7	118%
Total/ Weighted Avg.	**273.3**	**100%**	**82.2**	**45.4**	**73%**

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.

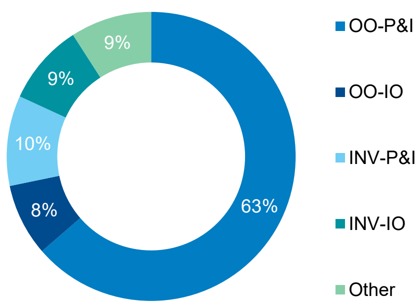
Book year



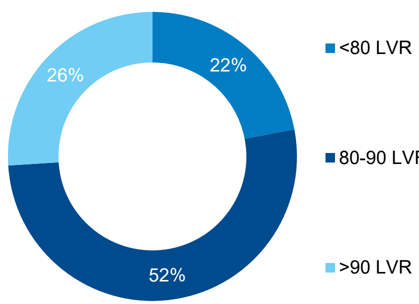
State



Loan type at originaton



LVR at origination



Primary Insurance	**1H19**	**FY19**	**1H20**	**FY20**	**1H21**	**FY21**	**1H22**
Insured loans in-force (#)	1,308,811	1,290,216	1,236,657	1,195,907	1,141,490	1,118,328	**1,026,374**
Insurance in-force ($m)	307,273	307,355	304,693	305,668	307,318	304,529	**287,777**

Source: Genworth

Genworth

Delinquency trends

Delinquency roll	1H19	2H19	FY19	1H20	2H20	FY20	1H21	2H21	FY21	1H22
Opening balance	**7,145**	**7,891**	**7,145**	**7,221**	**7,614**	**7,221**	**6,964**	**6,853**	**6,964**	**5,826**
New delinquencies	5,515	4,899	10,414	4,988	4,380	9,368	4,384	3,082	7,466	3,315
Cures	(4,154)	(4,832)	(8,986)	(3,904)	(4,467)	(8,371)	(4,170)	(3,910)	(8,080)	(3,706)
Paid claims	(615)	(737)	(1,352)	(691)	(563)	(1,254)	(325)	(199)	(524)	(207)
Closing delinquencies	**7,891**	**7,221**	**7,221**	**7,614**	**6,964**	**6,964**	**6,853**	**5,826**	**5,826**	**5,228**
Average total reserves per delinquency ($'000)	45.9	50.0		52.4	77.6		82.8	82.4		88.8
Delinquency rate[1]	0.60%	0.56%		0.62%	0.58%		0.60%	0.52%		0.51%
Cure rate[2]	58.1%	61.2%		54.1%	58.7%		59.9%	57.1%		63.6%

Delinquencies by book year[3]	Jun 21	%	Dec 21	%	Jun 22	%
2011 and prior	3,535	0.58%	3,003	0.51%	2,693	0.52%
2012	452	0.87%	386	0.79%	325	0.77%
2013	506	0.93%	439	0.85%	402	0.86%
2014	616	1.02%	503	0.89%	407	0.82%
2015	463	0.87%	388	0.78%	327	0.73%
2016	308	0.64%	270	0.60%	216	0.53%
2017	339	0.73%	268	0.63%	239	0.61%
2018	346	0.71%	277	0.63%	238	0.62%
2019	197	0.36%	168	0.34%	188	0.40%
2020	91	0.12%	114	0.16%	137	0.22%
2021	0	0.00%	10	0.01%	54	0.08%
2022	0	0.00%	0	0.00%	2	0.01%
TOTAL	**6,853**	**0.60%**	**5,826**	**0.52%**	5,228	0.51%

Delinquencies by geography	Jun 21	%	Dec 21	%	Jun 22	%
New South Wales	1,384	0.51%	1,173	0.44%	1,043	0.43%
Victoria	1,359	0.50%	1,185	0.44%	1,071	0.44%
Queensland	1,872	0.70%	1,554	0.60%	1,433	0.59%
Western Australia	1,360	0.97%	1,123	0.81%	980	0.76%
South Australia	599	0.69%	533	0.63%	459	0.59%
Australian Capital Territory	63	0.23%	69	0.26%	61	0.27%
Tasmania	96	0.24%	84	0.21%	77	0.22%
Northern Territory	104	0.78%	91	0.69%	89	0.72%
New Zealand	16	0.08%	14	0.07%	15	0.07%
TOTAL	**6,853**	**0.60%**	**5,826**	**0.52%**	**5,228**	**0.51%**

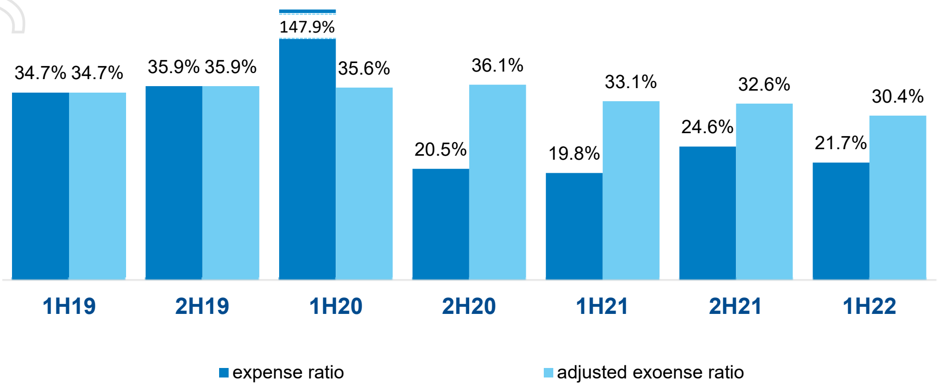
1. The delinquency rate is calculated by dividing the number of reported delinquent loans insured by the number of in-force policies (excluding excess of loss insurance).
2. The cure rate is calculated by dividing the number of cures in a period by the number of delinquencies at the beginning of that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

Source: Genworth

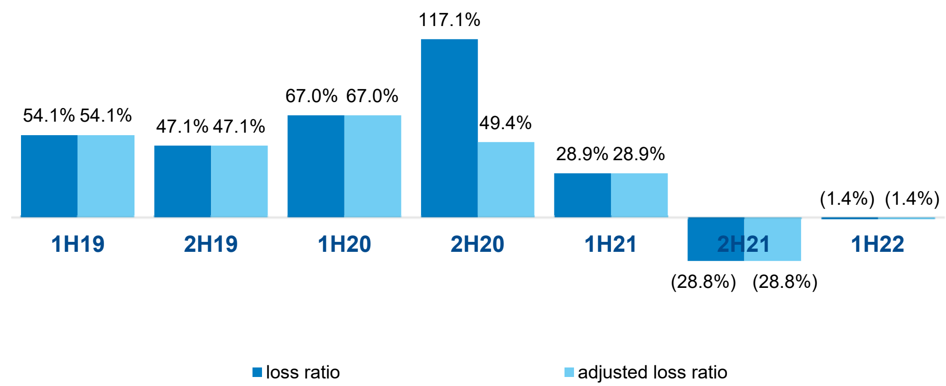
Genworth

Insurance ratio analysis

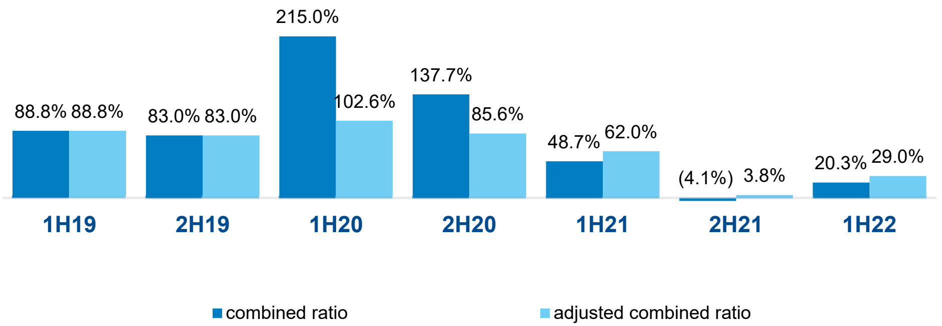
Expense ratio[1]



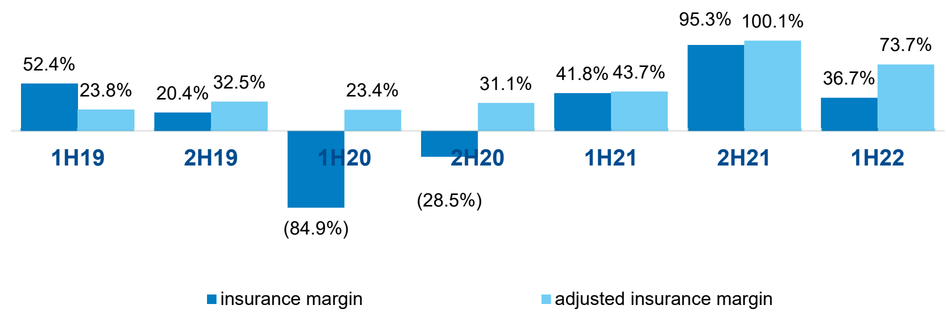
Loss ratio[2]



Combined ratio[3]



Insurance margin[4]



1. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $23.5m in 1H21, $23.5m in 2H21 and $21.5m in 1H22, less GFI separation costs of $0.8m in 1H21, $7.6m in 2H21 and $2.7m in 1H22.
2. Adjusted ratio excludes $109.1m 2H20 increase in IBNR as a result of the reserving methodology review.
3. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $23.5m in 1H21, $23.5m in 2H21 and $21.5m in 1H22, $109.1m 2H20 increase in IBNR as a result of the reserving methodology review and less GFI separation costs of $0.8m in 1H21, $7.6m in 2H21 and $2.7m in 1H22.
4. Adjusted ratio excludes $181.8m DAC write-down in 1H20, less associated DAC amortisation benefit of $12.3m in 1H20, $25.1m in 2H20, $23.5m in 1H21, $23.5m in 2H21 and $21.5m in 1H22, $109.1m 2H20 increase in IBNR as a result of the reserving methodology review, unrealised (gains) / losses and FX and GFI separation costs of $0.8m in 1H21, $7.6m in 2H21 and $2.7m in 1H22.

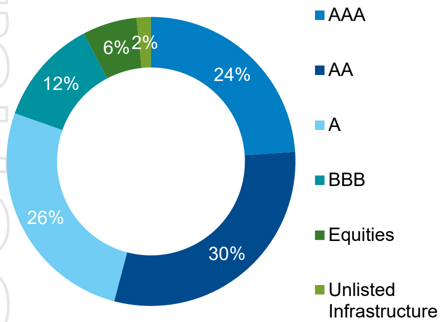
Source: Genworth

Cash and investment portfolio

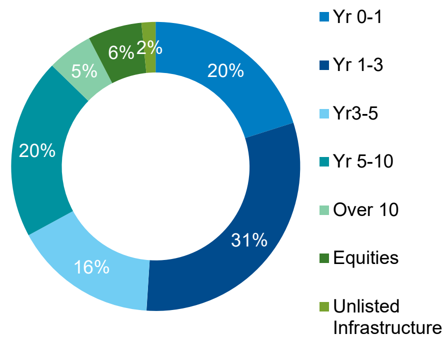
Portfolio positioned for a rising yield environment

Cash and investment portfolio[1] ($m)	30 Jun 21		31 Dec 21		30 Jun 22	
Commonwealth[2]	584.9	35.3%	532.8	34.5%	480.2	36.8%
State Gov't	589.9	35.6%	514.6	33.4%	460.7	35.3%
Corporate / Other	459.4	27.7%	430.2	27.9%	348.9	26.7%
Cash & Short Term Deposits	22.7	1.4%	65.2	4.2%	15.6	1.2%
Technical funds	**1,657.0**	**100.0%**	**1,542.8**	**100.0%**	**1,305.3**	**100.0%**
Commonwealth	17.0	0.9%	16.4	0.8%	14.9	0.7%
Corporate / Other	1,504.0	78.1%	1,642.3	76.0%	1,605.6	77.3%
Cash & Short Term Deposits	227.4	11.8%	301.0	13.9%	195.2	9.4%
Equities	177.4	9.2%	201.3	9.3%	207.0	10.0%
Unlisted Infrastructure	-	-	-	-	53.6	2.6%
Derivatives	0.1	0.0%	-	0.0%	0.1	0.0%
Shareholder funds	**1,925.9**	**100.0%**	**2,161.0**	**100.0%**	**2,076.3**	**100.0%**
Total Investment Assets	**3,582.9**	**100.0%**	**3,703.8**	**100.0%**	**3,381.7**	**100.0%**

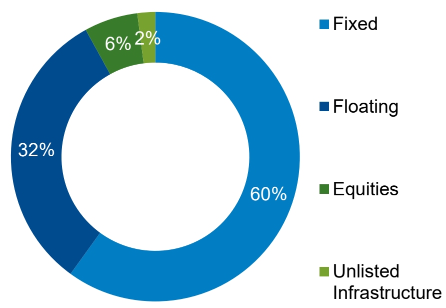
Portfolio by rating[3]



Portfolio by maturity

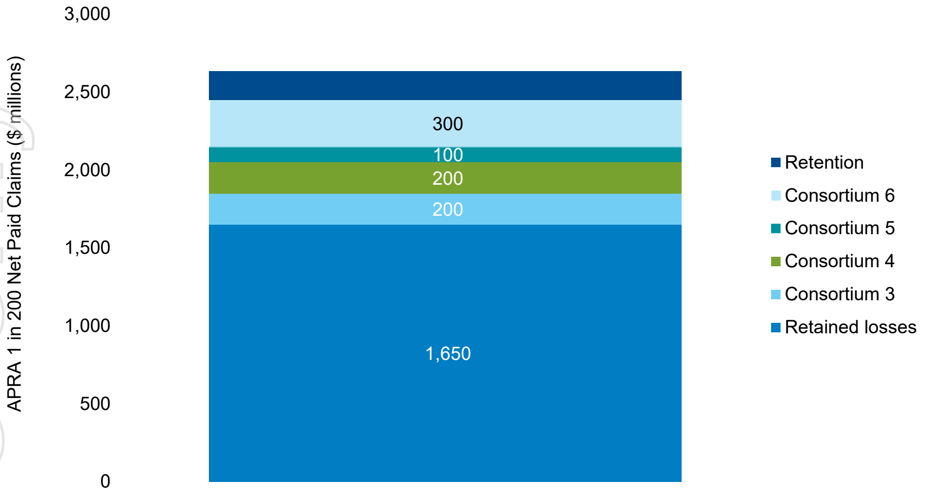


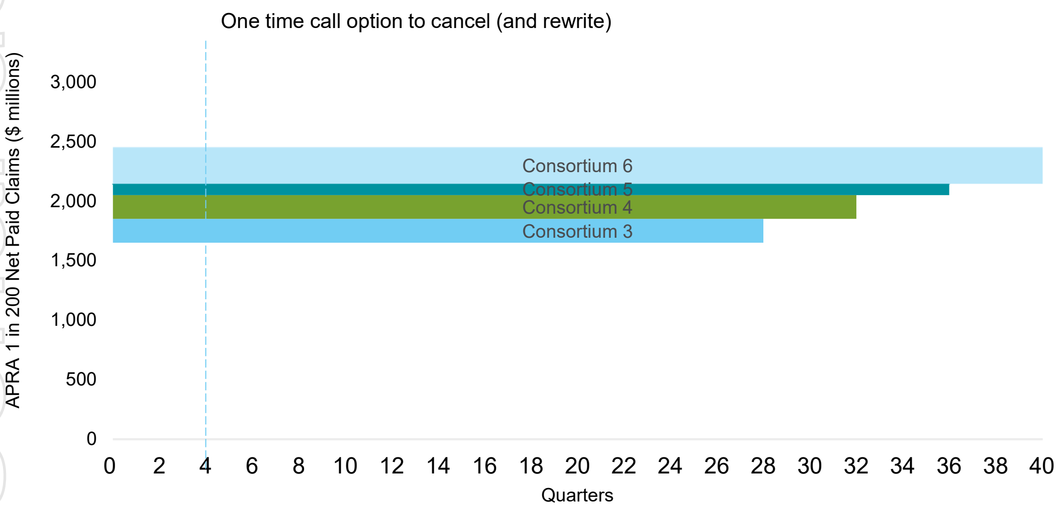
Portfolio by type



1. Maturity of 3.7 years (duration 1.8 years) excludes equities and derivatives. Note: Derivatives contracts are with AA rated counterparties and have a maturity of less than 1 year.
2. Includes bonds with an explicit guarantee from the Commonwealth.
3. Using APRA mapping for short-dated securities.

Reinsurance programme





Designed to drive efficient economic capital credit, whilst also allowing for risk management in severe stress scenarios only

Structured on a paid claims basis for in-force policies at 1 January 2022, plus two additional years of new insurance written

Genworth retains the first $1.65b of paid claims after which excess of loss reinsurance cover of $800m is in place

Cover is for one year, with an option to extend to a full term (varying between 7-10 years depending on the layer)

There are over 20 different reinsurers participating across the programme with a minimum rating of A-.

Source: Genworth

Genworth

Reconciliations

Statutory NPAT to Underlying NPAT

($ millions)	1H21	2H21	FY21	1H22
Statutory net profit / (loss) after tax	59.4	133.5	192.8	18.9
Unrealised (gains) / losses and FX	23.5	32.3	55.8	162.1
Separation costs	0.8	7.6	8.4	2.7
Adjustment for tax (expense) / credits	(7.3)	(12.0)	(19.3)	(49.4)
Underlying net profit / (loss) after tax	**76.4**	**161.4**	**237.8**	**134.3**

Total equity and underlying equity

($ millions), as at	1H21	2H21	FY21	1H22
Total Equity	1,446.7	1,557.3	1,557.3	1,381.6
Adjustment for life to date unrealised (gains) and FX	(23.2)	9.1	9.1	171.0
Adjustment for tax credit on life to date unrealised (gains) / losses and FX	7.0	(2.7)	(2.7)	(51.3)
Underlying Equity[1]	**1,430.5**	**1,563.6**	**1,563.6**	**1,501.3**

Trailing 12-month Underlying ROE

($ millions)	12 mths to Jun 21	12 mths to Dec 21	12 mths to Jun 22
Underlying NPAT	57.7	237.8	295.7
Average underlying equity[2]	1,402.2	1,459.4	1,465.9
Underlying ROE (%)	**4.1%**	**16.3%**	**20.2%**

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. 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

Glossary

As at 30 June 2022

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)
APRA	The Australian Prudential Regulation Authority
Bank industry loss rate	As sourced from company data, the average through-the cycle domestic housing net charge-off rate (1985-2021)
BBSW	Bank Bill Swap Rate
Book year	The calendar year an LMI policy is originated
Cancellations	The termination of policies before their expiration, typically by the insured
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
CPS	Cents Per Share
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. Wave 1 = Announced in March 2020 Wave 2 = Announced in July 2021

Term	Definition
Delinquency	Any insured loan which is reported as three or more months of repayments in arrears
DRE	Deferred Reinsurance Expense
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
Gross earned premium	The earned premium for a given period prior to any outward reinsurance premium expense
GFI	Genworth Financial, Inc. (NYSE: GNW)
GWP	Gross written premium
HPA / HPD / HPI	House price appreciation / depreciation / index
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)
INV	Investment loans
Investment return	Total investment income divided by the average balance of the opening and closing cash and investments balance for the period, annualised
IO	Interest Only loans

Genworth

Glossary

As at 30 June 2022

Term	Definition
Level 2	A term defined by APRA under GPS 001 referring to a consolidated insurance group
LMI	Lenders mortgage insurance
Loss ratio	The loss ratio is calculated by dividing the net claims incurred by the net earned premium
LVR / HLVR	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
MIP	Mortgage in Possession
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
NPV	Net Present Value
OO	Owner Occupied loans
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
P&I	Principal and Interest loans
PML	Probable 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	Reflects the present value of (a) expected cash flows associated with anticipated future claims from policies not one or more months of repayments in arrears based on the net central estimate; and (b) risk margin; plus future policy administration expenses, premium refunds and reinsurance costs related to these policies

Term	Definition
RBA	Reserve Bank of Australia
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
Running yield	For bonds the annualised return anticipated if the security is held until the earlier of maturity or the expected call date. For equities the trailing 12 month dividends divided by the current price. For infrastructure the trailing 12 month income return. All net of investment fees and hedging costs
Separation costs	The cost of transition and implementation of new software, hardware and services previously provided by GFI
Shareholder funds	The cash and investments in excess of the Technical funds
Statutory NPAT	Net profit after tax
Technical funds	The investments held to support premium liabilities and outstanding claims reserves
Tier 1 Capital	As defined by APRA GPS 112, Tier 1 Capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: (a) Provide a permanent and unrestricted commitment of funds; (b) Are freely available to absorb losses; (c) Do not impose any unavoidable servicing charge against earnings; and (d) Rank behind claims of policyholders and creditors in the event of winding up
Tier 2 Capital	As defined by APRA GPS 112, Tier 2 Capital comprises other components of capital that to varying degrees, fall short of the quality of Tier 1 Capital but nonetheless contribute to the overall strength of a regulated institution and its capacity to absorb losses
Total shareholder return (TSR)	Calculated as the total return to shareholders (share price movement including value of dividends) over the performance period, expressed as a percentage of the starting share price
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

Genworth

Glossary

As at 30 June 2022

Term	Definition
Underlying diluted earnings per share	Underlying NPAT divided by the weighted average number of shares outstanding for the period, adjusted for the effects of all dilutive potential ordinary shares
Underlying equity	Underlying Equity is defined as total equity excluding the after-tax impact of unrealised gains/(losses) on the investment portfolio and the impact of unhedged movements in foreign exchange rates on Genworth's non-AUD exposures
Underlying NPAT	Underlying NPAT excludes the after-tax impact of unrealised gains/(losses) on the investment portfolio, the impact of foreign exchange rates on Genworth's investment portfolio and separation costs
Underlying ROE	The Underlying ROE is calculated by dividing Underlying NPAT by the average of the opening and closing Underlying Equity balance for a financial period
YTD	Year to date

Genworth

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

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The release of this announcement was authorised by the Board.