

Genworth Mortgage Insurance Australia Limited 2022 Annual General Meeting Chairman's Address

12 May 2022: Genworth has been helping Australians to achieve the dream of home ownership for over half a century. With each new generation we have served, the dream of home ownership hasn't changed, and yet, it feels more out of reach than ever before.

Today, as we continue to deliver our purpose of accelerating financial wellbeing through home ownership, our support has never been more relevant, or important.

These extraordinary last few years have only exacerbated the affordability crisis and, with interest rates already rising, we are taking our role in the future of homeownership very seriously.

Over the past year, we have continued to drive our growth strategy. We have increased focus on differentiating our LMI offering, and we are uncovering new opportunities and new ways to help Australians into homes.

I am seeing our momentum build and I am confident that we are well positioned to remain the leading choice for flexible home ownership solutions and that we will continue to deliver strong results for our customers and you, our shareholders.

Supporting our Customers and the Community

With every policy we write, we are delivering on our purpose to accelerate the financial wellbeing of Australians, now and for the future.

Over the past year, as the housing market outpaced the financial ability of many to save a deposit, Genworth has supported more than 72,000 Australians to buy a home.

As at December 2021, Genworth had over 1.1 million policies in-force, with insurance in-force of \$304.5 billion.

For Genworth, enabling home ownership means supporting our customers to help people get into homes, and keep them in their homes even through times of hardship.

In the past decade, Genworth is proud to have assisted almost 80,000 borrowers experiencing hardship by working with our lenders on delivering loan deferrals and restructures.

This past year Genworth has:

- continued to include pandemics in our Hardship Policy
- extended support to our lender customers in managing natural disasters, such as the recent floods across NSW and QLD
- approved 8,134 hardship requests to assist borrowers who were experiencing difficulties, including those impacted by COVID-19, and
- remained sensitive to individual borrower circumstances, working closely with our lender customers to offer appropriate hardship solutions to Australians in need and to mitigate potential losses.

We have also doubled our previous community spend to help our charity partners protect and support at risk members of our community during another difficult year for delivering community programmes on the ground.

Building a Sustainable future

To successfully deliver our growth vision and operate our business in a sustainable manner, we must integrate the right environmental, social and governance factors as a critical part of Genworth's culture, operations, and strategy.

To guide our approach to sustainability, we have recently developed a new ESG framework to set more ambitious targets, monitor our progress, and report transparently on our ESG initiatives. Our focus areas for the future will include financial wellbeing and housing accessibility, good corporate citizenship, and climate resilience.

As a national LMI provider, we play an important role in understanding the impact of climate change on the housing market and sharing these insights with our customers and the wider community. We are seeing our lender customers increasingly focus on climate-related risks and opportunities, especially potential impacts on insurance claims and affordability.

We are committed to working with our customers, along with all our stakeholders, to better manage the short and long term physical and transition risks of climate change.

We are pleased to have recently made the first step to becoming net zero by committing to the development of a carbon neutral roadmap.

Whilst we know there is still a long way to go for our business in this space, we are making genuine steps forward in prioritising sustainability for Genworth.

Our capital position

Turning now to our capital position.

Dividend payments

With the renewal of key lender customers, increased confidence regarding the likely impacts of COVID-19 and a very strong financial performance, the Board was pleased to resume dividend payments to shareholders in 2021. This included a total dividend payment of 29 cents per share comprising of:

- A first half 2021 unfranked interim ordinary dividend of 5 cents per share,
- A fully franked final ordinary dividend of 12.0 cents per share and,
- A fully franked special dividend of 12.0 cents per share

As we stated in February, the second half 2021 ordinary dividend was declared at a level that the Board expects will be sustainable over the medium term.

On-market share buy backs

On 8 December we also commenced an on-market share buy-back of Genworth shares up to a maximum aggregate value of \$100 million. This decision was made to bring Genworth's solvency ratio

more in line with the Board's target capital range. The expiry date of the current buyback has been extended from 31 May to 30 June 2022, to allow more time for completion, subject to market conditions.

As of Tuesday this week, we have bought back \$59.4 million worth of shares, and today we are seeking approval to allow us to undertake an additional on market share buy-back of up to 60 million of the Company's issued ordinary shares, subject to necessary approvals including APRA and Board approval.

The on-market share buy-back is consistent with Genworth's objective to improve the efficiency of our capital structure and helps us to deliver improved returns to shareholders.

A new target capital range

As we announced to market this morning, Genworth's Board has approved a new target capital range of 1.40 to 1.60 times APRA's Prescribed Capital Amount.

As you will be aware, the Board's previous target capital range was 1.32 – 1.44 times PCA however, we typically operated above this range, often substantially so. With the move to the new range, it is the Board's intent to operate within that range at most points in time, and we will be continuing our capital management activities with the intent to return capital levels to within the new target range within the next two years.

Since listing in 2014, Genworth has paid \$2.57 per share through ordinary and special dividends, and has bought back 675 million dollars of shares through on market buybacks. Despite this return to shareholders, our PCA ratio has generally remained above the top end of the Board's target range.

Our new capital management target range strikes what we believe is an appropriate balance between ensuring the business is well capitalised and delivering returns to shareholders.

It will help us enable the business to pay claims and remain above our regulatory and ratings agency capital requirements across a broad range of future economic scenarios. It will also support the delivery of our business and strategic growth plans, whilst returning ongoing value to shareholders.

Where we have excess capital (as we do today) we are committed to returning capital to shareholders as quickly and efficiently as possible

Our future-fit business

The Board

The new Board members we have welcomed in the past year have been carefully selected for their future-fit skills and capabilities to help drive success on Genworth's growth strategy.

Alistair Muir and Gerd Schenkel were appointed as new independent, non-executive directors to the Genworth Board on 1 December 2021. Alistair brings extensive technology and digital transformation experience, whilst Gerd has over 25 years of experience in business innovation and strategy in the financial services and telco industries.

I would like to take this opportunity to thank Graham Mirabito and David Foster, who stepped down from the Board in August 2021 and March 2022 respectively. Both made great contributions to the company during their tenure, and I thank them for their service and time they have dedicated to Genworth.

I would also like to take this opportunity to thank my fellow directors for their support and contribution to Genworth.

Management

Pauline Blight-Johnston, Genworth's Chief Executive Officer, has also invested in new leadership talent over the past year. To complement her existing management team, Pauline has built an impressive mix of diverse expertise, capability and experience which will help to drive the change and innovation needed to successfully deliver on our goals.

Already we have seen this team deliver strong financial results and capital management actions, increased operational efficiencies with the introduction of Agile ways of working, and identified new growth opportunities for future exploration. We expect to see the team continue this results-driven trajectory over the coming years.

I would like to thank Pauline and Genworth's management team for their commitment to delivery and for driving future momentum for our business.

GFI transition

I am pleased to report that, following the sale by Genworth Financial Inc (GFI) of its shares in Genworth Australia in March 2021, 100% of the systems and service previously provided by GFI have now been transitioned, and the link to GFI was cut on 5 March this year.

As we focus on Genworth's future, we have taken this unique transition opportunity to significantly invest in technology infrastructure and operational enhancements. These enhancements will play a vital role in transforming our new innovation ideas into efficient, integrated products and solutions for our customers.

As a result, we are well positioned to continue our focus on improving the efficiency and competitiveness of Genworth's core LMI business whilst delivering our strategic growth agenda for the future.

Later this year we will be presenting you with a new name and brand for Genworth. This will formally conclude the transition and marks an exciting new chapter for our business.

Enhance, Evolve, Extend.

Our Enhance, Evolve, Extend strategy was implemented to ensure that Genworth, a trusted and successful LMI provider, maintains its edge, and continues to make impact in a rapidly changing housing market.

I am not alone in feeling the momentum we are generating with our growth strategy. Lender customers are paying attention to our product innovations, our team is excited by the opportunities we see for the future and shareholders are benefiting from a strong financial performance and a renewed commitment to capital management.

As 2022 continues, Genworth remains focused on;

- 0 Enhancing our LMI offering through strengthened customer relationships and a continued focus on efficiency,
- 0 Evolving LMI by introducing innovative products and solutions to meet the needs of our lender customers and borrowers
- 0 Extending our offering in market to diversify our business, creating new ways to accelerate financial wellbeing through home ownership, and delivering attractive long-term returns for shareholders.

I would like to thank you, our shareholders, for your ongoing support.

I would also like to thank our employees for all your hard work and commitment to Genworth and for your tireless dedication to our customers in a challenging operating year.

And I would like to once again thank Pauline, for her energy, leadership and determination to deliver Genworth's purpose and success.

I will now hand over to Pauline.

-END-

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

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The release of this announcement was authorised by the Disclosure Committee.

About Genworth

Genworth Mortgage Insurance Australia Limited (Genworth), through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd (together, the Genworth Group or the Group), is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage lending market. The Genworth Group has been part of the Australian residential mortgage lending market for over 50 years since the Housing Loans Insurance Corporation was founded by the Australian Government in 1965 to provide LMI in Australia.

Genworth Mortgage Insurance Australia Limited 2022 Annual General Meeting CEO's Address

12 May 2022: Thank you, Ian, and good morning everyone.

I am Pauline Blight-Johnston, Genworth's Chief Executive Officer and Managing Director.

Before I commence, I would like to acknowledge the Cammeraygal People of the Eora Nation, on whose land we are hosting our meeting today. I pay my respects to their Elders past, present and emerging, and to all Aboriginal and Torres Strait Islander Peoples here today.

When I started with Genworth just over two years ago, I was drawn to the great potential I saw in the business - its relevance for struggling home buyers, its resilience in times of hardship, and its responsibility as an important contributor to the Australian housing market.

Just over two years later, Genworth's impact and potential has surpassed my expectations.

I am proud to be leading our talented team as we deliver our purpose to accelerate financial wellbeing through home ownership, now and for the future.

Delivering strategic momentum

It has been an exceptional year for our core LMI business, to the benefit of our customers, shareholders and the community we serve.

As Ian shared, in 2021 we wrote 72,000 new LMI policies.

This means we have helped to facilitate 72,000 first home buyer milestones, investment properties or upgrades for growing families.

Through LMI, Genworth is making real, meaningful impact as we help Australians overcome financial barriers to saving for a home. We are accelerating financial wellbeing through home ownership. We are helping people to realise their dreams.

Customer centric innovation is driving our growth efforts to enhance and evolve our LMI business, and to develop new and meaningful opportunities to improve the home buying experience for more Australians.

We know that purchasing a home can often feel overwhelming and complicated. This is why we are focused on helping our lender customers better equip buyers with the information and tools they need to navigate this process, and to harness the value of LMI to get into homes sooner.

A return to profit

Genworth delivered an outstanding financial performance for the full year ended 31 December 2021, reporting:

- 0 Statutory Net Profit After Tax of 193 million dollars underpinned by an underwriting result of 296 million dollars.

- 0 Gross written premium decreased 2.2% to 550 million dollars, however, underlying volumes grew 9.3% when adjusted for the National Australia Bank contract loss in 2020.
- 0 Net earned premiums increased 18.8% to 371 million dollars.

Our FY21 results reflect:

- 0 The supportive economic environment and an unusually strong housing market,
- 0 Responsible financial management through the economic volatility of COVID, and
- 0 The strategic and operational enhancements we have been making over recent years.

Last week, we released a first quarter activity update demonstrating the continued strength of our business into 2022.

Genworth's Net Earned Premium has remained strong due to high gross written premium in recent years and continuing high levels of cancellations.

Following the historically high growth rates we experienced last year, we have seen lower gross written premium in 2022 compared with the first quarter 2021, consistent with the industry-wide slow down of lending growth.

The early part of 2022 has seen a continuation of the subdued claims environment we experienced in 2021. Delinquencies and paid claims remain low which, when combined with further releases of our loss reserves, resulted in a negative net claims incurred outcome for the first quarter.

This has delivered a very strong underwriting profit result for the quarter.

Net profit was somewhat lower as it was adversely impacted by unrealised mark-to-market losses on the bond portfolio due to rising interest rates.

Looking towards the remainder of the year most commentary suggests we will see interest rates continuing to rise, house price growth slowing with potential for modest declines in some markets, and employment staying strong.

Given this expected economic environment, delinquencies are predicted to gradually increase, and claims incurred are likely to return to more normal levels. Improved borrower equity, arising from recent house price growth, should provide a helpful buffer for homeowners and our business as we enter this environment.

Whilst rising bond yields have caused short term investment losses in the last six months, the higher interest rate environment is expected to result in improved investment returns in the medium term.

I am pleased that over the last 12 months we have continued to effectively navigate the impacts of the pandemic in our community, supporting our lender customers and their borrowers through hardship, whilst maintaining a strong financial position.

Shareholder value

Our capital position provides us with the ability to adapt to changing circumstances, withstand a wide range of future claims outcomes, and to deliver on our business growth strategy whilst returning value to shareholders.

We were pleased to recommence capital management during the year with a total dividend payment of 29 cents over the year, and a 100 million dollar market share buy-back which is well underway. With the worst of COVID behind us (we hope), the Board has recommitted to actively managing Genworth's capital into the new target range of 1.40 to 1.60 as quickly as we can do so efficiently, thereby delivering improved expected returns on equity to shareholders over the coming years.

Customer satisfaction

It has been great to see momentum building across both our financial and customer outcomes.

In a competitive market, we were delighted to retain all lender customer contracts up for renewal in 2021. We were also successful in winning all competitive tenders, including the continuation of our more than 50-year relationship with our largest customer, CBA, as their exclusive LMI provider, through to December 2025.

We achieved an outstanding Net Promoter Score of +75, as rated by our lender customers. This is an exceptional score across any sector and these achievements are an encouraging indicator that our differentiated LMI proposition, service delivery and product innovation is making an impact across our customer network.

Supporting a diverse and inclusive culture

In 2021 we continued to invest in the diversity and inclusiveness of our workforce. We submitted our first Reconciliation Action Plan to Reconciliation Australia and we are very pleased to once again be recognised as an Employer of Choice for Gender Equality for the 7th year running.

We have supported our people through the continued disruptions of the pandemic and multiple lockdowns, which saw our people continuing to work flexibly during the year. Like many businesses, we have embraced a hybrid working model to offer flexibility and long-term work-life benefits to our people.

Our people continued to provide the highest level of support to our business, our customers and each other through the challenges of this past year. I would like to thank everyone at Genworth for their tireless adaptability and commitment.

Innovating, now and for the future

For over 50 years Genworth has been providing LMI as a critical pathway for people to achieve the dream of owning their own home. With a 20% deposit increasingly out of reach for many Australians, these people could be otherwise financially excluded from home ownership were it not for services we offer.

Our customer-centric innovation is ensuring that LMI continues to meet the evolving needs of homebuyers, therefore delivering ongoing success for our lender customers and business.

In 2021 we continued to roll out our LMI Monthly Premium product to lender customers, reducing upfront costs for homebuyers thus offering more flexibility and choice when purchasing a property.

We also launched Family Assistance; a new LMI offering that helps families to navigate the difficult conversations that can arise in connection with the increasingly popular Bank of Mum and Dad.

Our Family Assistance solution makes it easier for families to support the next generation of home buyers to overcome the increasingly challenging deposit-gap, and to positively impact the financial wellbeing of the entire family unit.

Innovating for the next generation of homeowners

Increasing housing affordability challenges, new technology and changing borrower needs are requiring more flexible home ownership solutions.

And whilst LMI remains a trusted option to fast-track home ownership for many Australians, we know that it may not appeal to everyone.

That is why, as we continue to enhance and deliver LMI solutions to meet the needs of homebuyers today, we have our minds set on how we can expand our business to offer a range of flexible home ownership solutions for the future.

In partnership with OSQO we are looking to develop a shared deposit gap funding product, to provide an alternative pathway to home ownership alongside our existing LMI solution. Together, we are working towards having a proof of concept this year.

We are also exploring other opportunities for Genworth to play a role in helping Australians at all stages of life use the equity in their homes to enhance their overall financial wellbeing.

By pursuing these initiatives and innovating new LMI offerings, we are investing in the future of homeownership solutions for borrowers and our lender customers, whilst creating long-term value for shareholders.

Closing remarks

Our purpose at Genworth is deeply personal.

We all know someone who has struggled with purchasing the home of their dreams, which is why we are so committed to helping people overcome those struggles and get into homes sooner.

I am proud of what we have achieved to date, and I am excited by the momentum we are building in our business, for our customers and the future generation of homeowners.

Thank you once again to Ian and the Board, the Genworth leadership team and to all our people at Genworth for your hard work.

Thank you to our lender customers for trusting us to deliver for you and your borrowers.

And finally, I would like to thank you, our shareholders for your ongoing support as we build our business by accelerating financial wellbeing for Australians through homeownership, now and for the future.

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

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