

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.

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- 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.

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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.

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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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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.

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