

2018 Annual General Meeting Chairman's Address

(SYDNEY) 10 May 2018 – For more than 50 years Genworth has been committed to supporting the stability and strength of the Australian residential mortgage market.

We recognise that we operate in a dynamic market with technological and regulatory developments resulting in changing lender and consumer expectations. Within this environment we need to be agile and evolve our offerings. As a result, the Board has led and guided management in a strategic program of work designed to address these changing expectations (Strategic Program of Work).

Our Strategic Program of Work is designed to redefine Genworth's core business model. Over the course of 2017, we have undertaken extensive work to develop a broader suite of capital and risk management solutions for lenders that complement our traditional Lenders Mortgage Insurance (LMI) offering.

As our CEO and Managing Director Georgette Nicholas will discuss shortly, our Strategic Program of Work is designed to leverage our core competencies and address the strategic needs of our customers through:

- product innovation;
- being a strong risk management partner;
- leveraging our data and partnerships along the mortgage value chain; and
- using technology to be efficient and agile in our operations.

Our objective is to deliver a compelling risk and capital management proposition for lenders and to deliver attractive and sustainable returns to shareholders over the long-term.

Capital management is an integral component of our Strategic Program of Work. Our philosophy remains unchanged. We are continually evaluating uses for our excess capital. Our first call for capital has always been to deploy it toward profitable business opportunities. Having said that we are focused on ensuring that we are appropriately balancing our objectives of having the flexibility to grow the business, meeting our policyholder obligations and delivering long-term shareholder returns.

Since listing on the Australian Securities Exchange in 2014 Genworth has distributed all of its after-tax profits to shareholders and returned more than \$1 billion (or \$2 per share), to shareholders via ordinary and special dividends and other capital management initiatives such as buy-backs and capital reductions.

In 2017 we continued our track record of actively managing the Company's capital position. A total fully franked ordinary dividend of 24 cents per share was declared. In addition, a fully franked special dividend of two cents per share was declared. This equates to a yield of 8.7% based on the share price as at 31 December 2017. We also commenced a \$100 million on-market share buy-back which we completed in February this year.

Our Company's financial position remains strong. At the end of 2017, we maintained a regulatory capital base of \$2.1 billion and a coverage ratio of 1.93 times the Prescribed Capital Amount (PCA) on a Group (Level 2) basis.

By 31 March 2018 our PCA had reduced to 1.84 times reflecting the completion in February 2018 of the \$100 million on-market share buy-back commenced in the second half of 2017, and the non-renewal of a \$50 million layer of reinsurance on 1 January 2018.

We recognise that this is in excess of the Board's targeted range of 1.32 – 1.44 times the PCA. Accordingly, the Company is today seeking shareholder approval for a possible on-market share buy-back of up to 75 million shares, which is Resolution 3 being voted on today. If shareholders approve the Resolution and the Board decides to buy back shares there is no guarantee that the full number of shares will be bought under the buy-back. The Company reserves the right to suspend or terminate the buy-back at any time, and to buy back fewer than 75 million of ordinary shares, or no shares at all.

It is a well-accepted principle that home ownership benefits not only the economy but also delivers long-term social benefits to the community. The Board places significant importance on corporate social responsibility and ensuring that high corporate governance standards are upheld by Genworth. Our Company's mission is to help Australians get into their home sooner and assist them to stay there. Since 2015 we have helped more than 238,000 Australians purchase a residential property. In 2017 alone, Genworth assisted over 69,000 Australians secure a loan to buy a residential property.

We are committed to working with our customers, regulators and policy leaders to promote a stronger and more sustainable housing market in Australia. In recent years we have undertaken a number of initiatives to make it easier for consumers to understand LMI. These include the development of an LMI Fact Sheet, a "Buy or Rent Calculator", a "Premium Estimator", a "Serviceability Calculator" and publishing "It's My Home" magazine for first home buyers. All of these are publicly available on our corporate website. We also host educational programs for brokers and smaller lenders to assist them in educating borrowers about LMI.

The Board remains committed to fostering a company culture where our people are empowered to do their best and are accountable for not only what they deliver but also how they deliver it. Our longer term success, will be driven by ensuring that our results reflect a balance of interests of our shareholders, our customers and the community. In 2017, we reviewed our performance and reward frameworks and note that our performance and remuneration policies and practices are closely aligned to the 'better practices' identified in recent regulatory releases.

Another area of corporate social responsibility that we are focused on is diversity and inclusion in our workplace. The Board has resolved to adopt best practice regarding Board diversity by setting a target of having 30 per cent female representation on the Board by the end of 2018. I am pleased to report that we have already met that target with 33 per cent women on the Board currently.

In addition, management has set a goal of maintaining strong female representation on the Senior Leadership Team and has a target of a minimum of 40% female representation in all management roles. As at 31 December 2017, 38 per cent of the Senior Leadership Team was female and 35 per cent of other management roles were filled by females. I am pleased to report that "The Workplace Gender Equality Agency" (WGEA) recently recognised our work in the area of gender diversity by awarding us the WGEA Employer of Choice for Gender Equality citation for the third consecutive year.

Looking ahead, 2018 will be a transitional year for our business as the initiatives undertaken as part of our Strategic Program of Work come to fruition. Genworth has a bright future. Our Company is well capitalised, we have a resilient business and a strong track record of delivering solid profits and attractive shareholder returns. This continues to be our focus going forward.

I would like to take this opportunity to thank our CEO and Managing Director, Ms Georgette Nicholas, the Senior Leadership Team and all those who work at Genworth Australia for their hard work throughout the year. I also extend my thanks to my fellow Directors for their continued commitment to the Company. Finally, to our shareholders, I thank you for your ongoing support.

I will now ask Georgette to provide some further detail about our Company's performance, our strategy and our people and values.

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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 is currently a subsidiary of Genworth Financial, Inc. and part of the Genworth Financial, Inc. group of companies. The Genworth Financial, Inc. group of companies' current ownership interest in Genworth is approximately 52% of the issued shares in Genworth.