

Genworth Mortgage Insurance Australia Limited (GMA) 2022 Investor Update

16 June 2022: Genworth Mortgage Insurance Australia Limited (Genworth) (ASX:GMA) is holding its 2022 Investor Day today commencing at 08:45am (AEST) and concluding around 12:30pm (AEST).

At today's event Pauline Blight-Johnston, Chief Executive Officer and Managing Director, Michael Cant, Chief Financial Officer and members of the Senior Leadership Team will provide an overview of Genworth's business and strategy.

On 4 May 2022, Genworth updated the market on trading conditions in relation to 1Q22. The Company provides the following update in relation to trading conditions for 1H22 to date.

2022 update

The RBA's cash rate target and variable mortgage rates have begun to rise but still remain historically low. Whilst dwelling values are likely to see modest declines, strong recent price rises across 2020 and 2021 provide a healthy buffer for existing policies in force. Unemployment remains low and there are low levels of industry non-performing loans.

The Company has seen a continuation of the operational trends noted in relation to 1Q22. Gross Written Premium (GWP) is slowing as market lending slows, whilst Net Earned Premium (NEP) is benefitting from previous book year growth and high cancellations. Net claims incurred remain very low for 1H22 but are expected to increase in 2H22. Rising bond yields have resulted in mark to market losses in 1H22, but reinvestment running yields have improved significantly which should benefit future investment income.

Medium term outlook

Genworth remains well positioned for growth at attractive returns.

The strong GWP for 2020 and 2021 provides a good foundation for revenue growth in the next few years. Claims are expected to return to more normal levels from 2023 but will be influenced by the macroeconomic environment. In the absence of significant events profitability is expected to improve on historical returns, benefiting from the ongoing run-off of older less profitable book years, an expected uplift in investment income from a higher interest rate environment, and ongoing capital efficiency measures.

Genworth expects to undertake ongoing capital management. In the FY21 result, the Company noted that it expects to sustain an annual medium-term ordinary dividend of 24 cents per share with some scope for growth. In May 2022, the Board announced a revised target capital range of 1.4 to 1.6 times APRA's Prescribed Capital Amount, including an expectation that excess capital above this range would be returned to shareholders within 2 years.

Customer Renewals

In FY21, Genworth had a 100% success rate in retaining all existing customers with contracts up for renewal. This strong momentum has continued into 2022 and the Company is pleased to note that it has renewed a further three lender customer contracts, and also won a new exclusive contract with the BOQ Group including for ME Bank, now part of BOQ.

1H22 Earnings Release Date

Genworth expects to issue its financial results for the first half of 2022 to the Australian Stock Exchange (ASX) prior to the market opening on Wednesday, 3 August 2022 subject to the completion of the external audit review and Board approval of the 1H22 financial statements.

Details of Genworth 2022 Investor Day

In-person

Investors, analysts and other interested parties are encouraged to attend in person, arriving at 8:30am for an 8:45am start on Thursday 16 June 2022.

Address:
The Mint
10 Macquarie Street,
Sydney
NSW 2000

Webcast

The meeting can be followed live here: <https://webcast.openbriefing.com/8746/>

Conference call

Details of the conference call are:

Conference name: Genworth 2022 Investor Day

Conference ID: 10022119

Australia dial-in details:

1800 809 971 (toll free)
+61 2 9007 3187 (toll)

International dial-in details:

These numbers are toll-free dial-in numbers for each country listed below. For countries not listed below, the Australian participant toll number listed above can be dialled.

| | | | |
|-----------|-----------------|----------------|---------------|
| Canada | 1855 8811 339 | New Zealand | 0800 453 055 |
| China | 4001 200 659 | Singapore | 800 101 2785 |
| Hong Kong | 30082034 | United Kingdom | 0800 051 8245 |
| India | 0008 0010 08443 | United States | 1855 8811 339 |
| Japan | 0053 116 1281 | | |

Replay:

A replay of the event will be available on our website <http://investor.genworth.com.au> within 24 hours.

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.

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