

**Genworth**



# Financial summary

(A\$ millions)	2015	2016	Chg %		1Q16	1Q17	Chg %
Gross written premium	507.6	381.9	(24.8%)		85.0	88.2	3.8%
Net earned premium	469.9	452.9	(3.6%)		113.5	107.9	(4.9%)
Reported net profit after tax	228.0	203.1	(10.9%)		67.3	52.2	(22.4%)
Underlying net profit after tax	264.7	212.2	(19.8%)		61.7	68.3	10.7%

Key financial measure	FY17 guidance	1Q17 actual
NEP growth	Down 10-15 per cent	(4.9%) ✓
Full year loss ratio	40 to 50 per cent	34.8% ✓

# 2017 outlook

- Australian economic conditions have moderated recently as the economy continues to transition away from the mining investment boom.
- The unemployment rate has moved up slightly to 5.9 per cent and key labour market indicators remain mixed. Under-employment remains near-record highs, implying a greater degree of spare capacity in the economy than indicated by the unemployment rate alone. These dynamics are increasing mortgage stress in certain regional economies and Genworth expects elevated delinquencies in these regions in 2017.
- House price growth is likely to moderate in 2017 following regulatory measures to slow the growth in investor lending and limit the flow of new interest-only lending. Recent mortgage interest rate increases, particularly for investor loans, may also impact price growth this year.
- The Company continues to actively manage its capital position and is continually evaluating its excess capital and potential uses.

## Key financial measures - FY17 Guidance

Net earned premium growth	Down 10 to 15 per cent
Full year loss ratio	40 to 50 per cent
Ordinary dividend payout ratio	50 to 80 per cent of underlying NPAT

Full year outlook is subject to market conditions and unforeseen circumstances or economic events

# Genworth value proposition

Innovation and technology will underpin Genworth's value proposition

## Market & regulatory changes

- Changing credit cycle
- New and refined bank capital requirements
- Tighter liquidity measures
- Increased threat of competition
- Cost pressures



## Genworth value proposition

- Customer focused
- Risk management partner
- Mortgage market insights
- Regulatory advocacy
- Technology driven, lean and agile

Genworth remains focused on the strategic needs of its customers and on delivering a sustainable return on equity for its shareholders.

# Genworth's Strategic Objectives

A refined strategic plan to re-ignite profitable growth over the medium term



**Mission:** We support Australians in realising their dream of home ownership through the provision of capital and risk management solutions to mortgage lenders



**Vision:** To be the leading provider of customer-focused capital and risk management solutions in residential mortgage markets

## Immediate and Ongoing Initiatives (2017-2018)

### 1. Redefine Core Business Model



Cost Efficiency



Underwriting Efficiency



Product Enhancement



Leverage Data and Partnerships



Regulator and Policy Maker Advocacy

## Longer Term Initiatives (2019+)

### 2. Leverage Data and Technology to Add Value Across the Mortgage Value Chain



Product Innovation



Loss Management Solutions



Leverage HLVR Experience and Expertise

## Strategic Enablers



People, Organisation and Cultural Change



Data and Analytics



Technology



Stakeholder Management

# Our values

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ACT WITH  
*integrity*

Have courage.  
Do what's right.

*Rethink  
the  
Everyday*

Experiment.  
Embrace change. Adapt.

*One  
team*

Work together.  
Deliver on our commitments.

**OWN IT**

Be accountable.  
Plan. Get it done.

**FOCUS**  
**CUSTOMER**

Listen.  
Be relevant. Be flexible.

**Genworth**



# Consideration of Reports

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To receive and consider the Company's annual financial report, directors' report and auditor's report for the financial year ended 31 December 2016.

There is no requirement for shareholders to approve these reports.



# Resolution 1 – Remuneration Report

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“That the Company’s remuneration report for the financial year ended 31 December 2016 be adopted”

# Resolution 1 – Remuneration Report

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<b>For</b>	<b>Against</b>	<b>Open</b>
417,307,512	15,485,292	409,932
96.33%	3.57%	0.09%

## Resolution 2 – Grant of 360,545 Share Rights to Georgette Nicholas, Genworth Australia Chief Executive Officer

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“That approval is given, for all purposes, including for the purpose of ASX Listing Rule 10.14, for the grant to Genworth Australia’s Chief Executive Officer, Georgette Nicholas, of 360,545 Share Rights under the Company’s Share Rights Plan, in accordance with the Share Rights Plan Rules, and as described in the Explanatory Notes accompanying the Notice of 2017 Annual General Meeting”

# Resolution 2 – Grant of Share Rights to Georgette Nicholas

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<b>For</b>	<b>Against</b>	<b>Open</b>
431,969,478	1,076,200	409,932
99.66%	0.25%	0.09%

# Resolution 3 – Approval of Increase in NED Fee Pool

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“That, for the purposes of Rule 10.2 of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes, the maximum aggregate amount per annum available for payment by way of remuneration to Non-Executive Directors be increased by \$250,000 from \$1,500,000 to \$1,750,000 per annum.”

# Resolution 3 – Approval of Increase in NED Fee Pool

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<b>For</b>	<b>Against</b>	<b>Open</b>
336,121,771	96,698,498	409,932
77.59%	22.32%	0.09%

# Resolution 4 – Possible on-market share buy-back

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“That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to conduct an on-market share buy-back of up to 125 million of the Company’s issued ordinary shares, over a period of up to 12 months from the date of the 2017 Annual General Meeting.”

# Resolution 4 – Possible on-market share buy-back

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<b>For</b>	<b>Against</b>	<b>Open</b>
429,292,545	3,748,517	419,932
99.04%	0.86%	0.10%



# Resolution 5 – Re-election of Director Gayle Tollifson

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“That Gayle Tollifson be re-elected as a Director of the Company”

# Resolution 5 – Re-election of Director Gayle Tollifson

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<b>For</b>	<b>Against</b>	<b>Open</b>
431,773,999	1,258,351	419,932
99.61%	0.29%	0.10%

# Resolution 6 – Election of Director David Foster

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“That David Foster be elected as a Director of the Company”

# Resolution 6 – Election of Director David Foster

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<b>For</b>	<b>Against</b>	<b>Open</b>
399,221,068	33,816,279	419,932
92.10%	7.80%	0.10%

# Resolution 7 – Election of Director Gai McGrath

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“That Gai McGrath be elected as a Director of the Company”

# Resolution 7 – Election of Director Gai McGrath

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<b>For</b>	<b>Against</b>	<b>Open</b>
431,156,886	1,884,173	409,932
99.47%	0.43%	0.09%

**Genworth**

