

31 OCTOBER 2018

# 3Q18 FINANCIAL RESULTS PRESENTATION

Genworth 

GROWING  
TOGETHER

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# Introduction

# 3Q18 results overview

## Summary

(A\$ millions)	3Q17	4Q17	1Q18	2Q18	3Q18	% Change 3Q17 v. 3Q18
Gross written premium	88.9	97.7	174.1	92.7	92.1	3.6%
Net earned premium	100.1	58.8	67.4	76.0	68.1	(32.0%)
Reported net profit after tax	32.1	28.4	8.4	33.5	19.6	(38.9%)
Underlying net profit after tax	40.5	17.1	19.9	30.4	20.4	(49.6%)

## 2017 earnings curve review impact

(A\$ millions)	3Q17	4Q17	1Q18	2Q18	3Q18	YTD18
Impact on NEP \$m	-	(37.3)	(32.3)	(28.6)	(24.8)	(85.7)
Loss ratio (adjusted to remove 2017 earnings curve impact)	37.0%	32.5%	37.8%	37.0%	38.6%	37.8%

## 3Q18 result

- Increase in GWP reflects the greater proportion of traditional LMI flow business written by Genworth lender-customers in the quarter
- NEP adversely impacted by 2017 earnings curve review. Excluding this impact 3Q18 NEP would be down 7.2%
- Reported NPAT includes after-tax mark-to-market loss of \$0.8 million on investment portfolio
- Loss ratio impacted by lower NEP. Excluding the 2017 earnings curve review impact the 3Q18 loss ratio would have been 38.6% (3Q17: 37.0%).

## 2017 earnings curve review impact

- 2017 earnings curve review took effect from 1 Oct 2017. It has lengthened the time over which premium is earned but does not affect quantum of revenue to be earned (unearned premium reserve as at 30 Sept 2018 was \$1.2 billion).
- Quarter on quarter the adverse impact of the 2017 earnings curve review on NEP is reducing. In 4Q18 we will cycle the commencement of the 2017 earnings curve review.

## Capital management

- In August 2018 completed \$100 million on-market share buyback commenced in May 2018.

# Year-to-date 2018 results

## Summary YTD18

### YTD18 results

(A\$ millions)	YTD17	YTD18	Change %
Gross written premium	271.2	358.9	32.3%
Net earned premium	311.6	211.5	(32.1%)
Reported net profit after tax	120.7	61.5	(49.1%)
Underlying net profit after tax	154.0	70.7	(54.1%)

Key financial measure	YTD18 actual
NEP	(32.1%)
Loss ratio	53.0%
Dividend payout ratio	73.2%

### YTD18 results

- GWP up 32.3% includes business written pursuant to new product offerings (including business written via Genworth's new Bermudan entity, Micro Markets LMI and excess of loss insurance)
- Our Bermudan transaction includes a consortium of reinsurers therefore only a portion of premium will flow to NEP
- Net of the premium to these reinsurers Genworth's YTD18 GWP increased 9.3%
- NEP adversely impacted by 2017 earnings curve review. Excluding this impact YTD18 NEP would be down 4.6%
- Loss ratio impacted by lower NEP. Excluding the 2017 earnings curve review impact the YTD18 loss ratio would be 37.8%
- YTD18 Underlying NPAT includes a \$9.5 million after-tax realised gain from rebalancing of the investment portfolio. YTD17 Underlying NPAT included a \$25.9 million after-tax realised gain.

### Strategic update

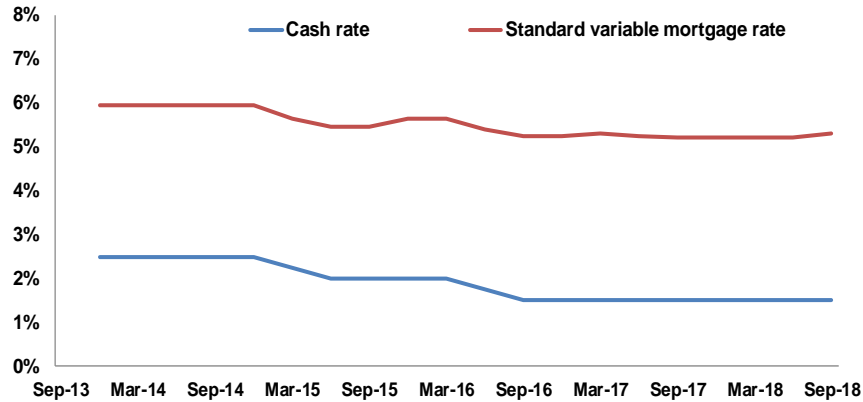
- Continued strong momentum in implementing strategic program of work
- Successful launch of new Auto Decision Engine and eLMI portal
- Established advanced analytics team to utilise machine learning for product innovation, pricing and risk management.

### Market conditions

- Softening in cure rates seen in 1H18 continued in 3Q18
- Seasonal uplift historically experienced in 3Q more subdued this year
- Cautious outlook.

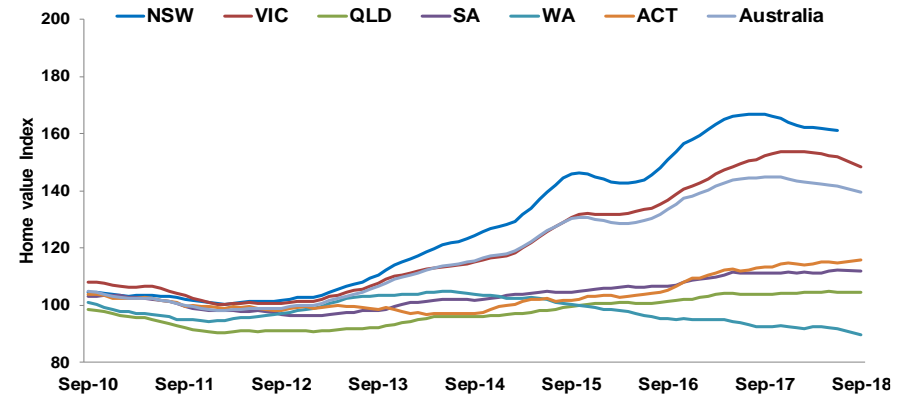
# Macroeconomic conditions

## Interest rates



Source: Reserve Bank of Australia

## House values – capital city dwellings



Source: CoreLogic

## Total delinquency rates by geography (Genworth)

State	Sep 17	Sep 18	Change (basis points)
New South Wales	0.31%	0.38%	7 bps
Victoria	0.39%	0.42%	3 bps
Queensland	0.72%	0.73%	1 bp
Western Australia	0.88%	1.01%	13 bps
South Australia	0.65%	0.70%	5 bps
<b>Group</b>	<b>0.50%</b>	<b>0.55%</b>	<b>5 bps</b>

Source: Genworth. Note: Total delinquency includes aged as well as new delinquencies but excludes excess of loss insurance

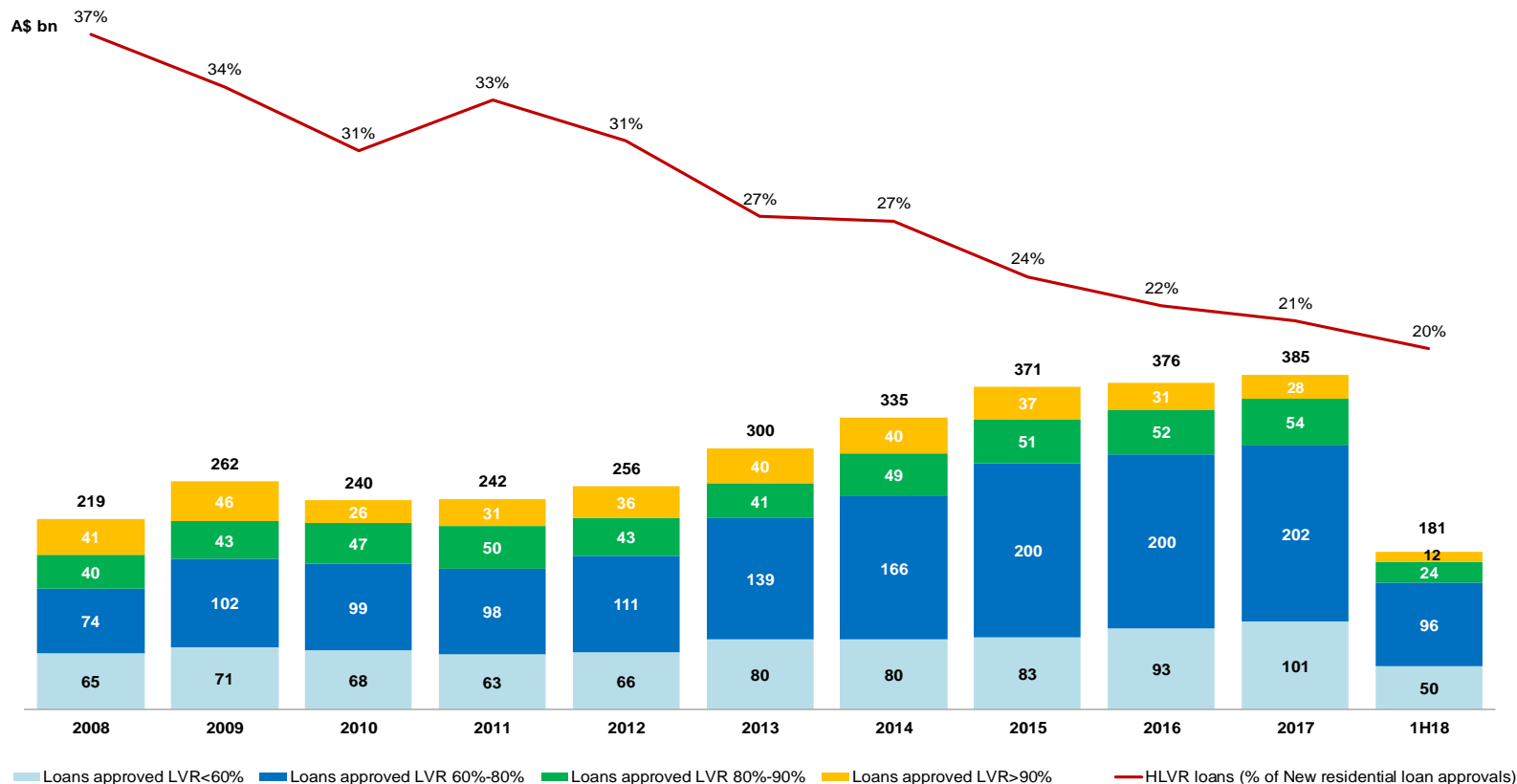
## Unemployment rates (seasonally adjusted)

State	Sep 17	Sep 18	Change (basis points)
New South Wales	4.7%	4.4%	(30 bps)
Victoria	6.0%	4.5%	(150 bps)
Queensland	5.9%	6.0%	10 bps
Western Australia	5.7%	6.0%	30 bps
South Australia	5.8%	5.5%	(30 bps)
<b>National</b>	<b>5.5%</b>	<b>5.0%</b>	<b>(50 bps)</b>

Source: Australian Bureau of Statistics

# ADI residential mortgage lending market

## Originations and HLVR penetration<sup>1</sup>



Note: Totals may not sum due to rounding. Total new residential loans approved in the 6 months to 30 June 2018 were \$181.4 billion, down 3.5% on the previous corresponding period.

1. Prior periods have been restated in line with market updates.

Source: APRA Quarterly ADI property exposures statistics (ADI's new housing loan approvals), June 2018.



# Detailed financial performance





# 3Q18 income statement

(A\$ millions)	3Q17	4Q17	1Q18	2Q18	3Q18	Change 3Q17 v 3Q18	YTD17	YTD18	Change YTD17 v YTD18
Gross written premium	88.9	97.7	174.1	92.7	92.1	3.6%	271.2	358.9	32.3%
Movement in unearned premium	28.1	(22.0)	(84.7)	0.8	(6.5)	(123.1%)	91.2	(90.4)	(199.0%)
<b>Gross earned premium</b>	<b>117.0</b>	<b>75.7</b>	<b>89.4</b>	<b>93.5</b>	<b>85.6</b>	<b>(26.8%)</b>	<b>362.4</b>	<b>268.5</b>	<b>(25.9%)</b>
Outwards reinsurance expense	(16.9)	(16.9)	(22.0)	(17.5)	(17.5)	(3.6%)	(50.8)	(57.0)	(12.2%)
<b>Net earned premium</b>	<b>100.1</b>	<b>58.8</b>	<b>67.4</b>	<b>76.0</b>	<b>68.1</b>	<b>(32.0%)</b>	<b>311.6</b>	<b>211.5</b>	<b>(32.1%)</b>
Net claims incurred	(37.0)	(31.2)	(37.7)	(38.7)	(35.8)	3.2%	(110.5)	(112.2)	(1.4%)
Acquisition costs	(13.7)	(9.0)	(9.4)	(10.6)	(10.1)	26.3%	(40.9)	(30.1)	26.4%
Other underwriting expenses <sup>1</sup>	(16.0)	(14.9)	(13.2)	(14.0)	(12.0)	25.0%	(43.5)	(39.2)	10.1%
<b>Underwriting result</b>	<b>33.4</b>	<b>3.7</b>	<b>7.1</b>	<b>12.7</b>	<b>10.2</b>	<b>(69.5%)</b>	<b>116.7</b>	<b>30.0</b>	<b>(74.3%)</b>
Investment income on technical funds <sup>2</sup>	1.2	8.3	6.6	8.2	6.4	433.3%	19.7	21.2	7.6%
<b>Insurance profit</b>	<b>34.6</b>	<b>12.0</b>	<b>13.7</b>	<b>20.9</b>	<b>16.6</b>	<b>(52.0%)</b>	<b>136.4</b>	<b>51.2</b>	<b>(62.4%)</b>
Net investment income on equity holders' funds <sup>2</sup>	14.4	30.3	1.2	28.5	15.1	4.9%	45.0	44.8	(0.4%)
Financing costs	(2.9)	(2.9)	(2.9)	(3.0)	(3.1)	(6.9%)	(8.6)	(9.0)	(4.7%)
<b>Profit before income tax</b>	<b>46.1</b>	<b>39.4</b>	<b>12.0</b>	<b>46.4</b>	<b>28.5</b>	<b>(38.2%)</b>	<b>172.7</b>	<b>86.9</b>	<b>(49.7%)</b>
Income tax expense	(14.0)	(11.0)	(3.6)	(12.9)	(9.0)	35.7%	(52.0)	(25.5)	51.1%
<b>Net profit after tax</b>	<b>32.1</b>	<b>28.4</b>	<b>8.4</b>	<b>33.5</b>	<b>19.6</b>	<b>(38.9%)</b>	<b>120.7</b>	<b>61.5</b>	<b>(49.1%)</b>
<b>Underlying net profit after tax</b>	<b>40.5</b>	<b>17.1</b>	<b>19.9</b>	<b>30.4</b>	<b>20.4</b>	<b>(49.6%)</b>	<b>154.0</b>	<b>70.7</b>	<b>(54.1%)</b>

Note: Totals may not sum due to rounding.

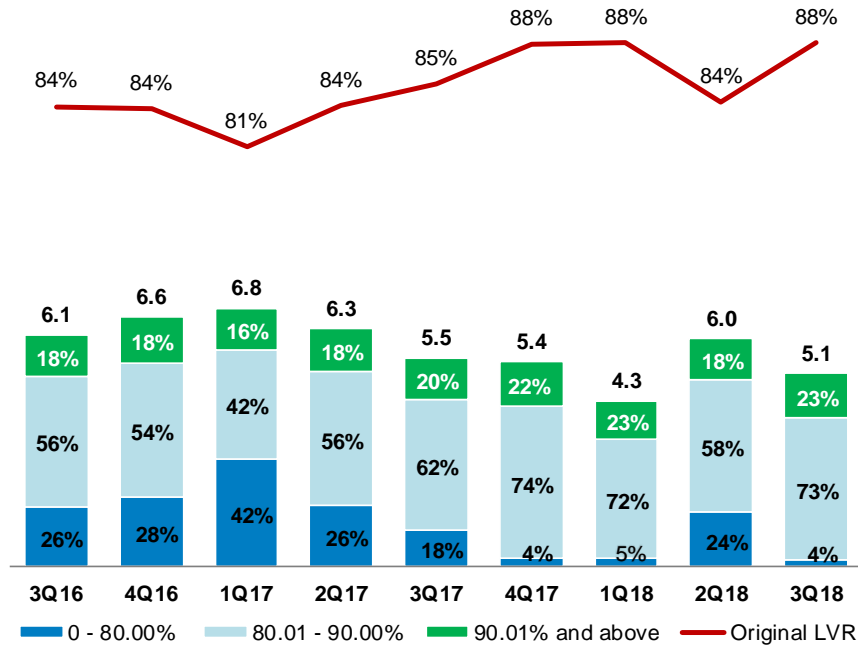
1. Net of ceding commissions

2. Investment income on technical funds and shareholder funds include the before-tax effect of realised and unrealised gains/(losses) on the investment portfolio.

# New insurance written

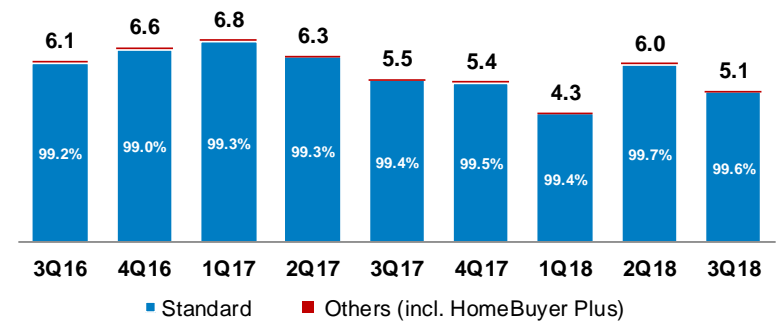
## NIW<sup>1</sup> by original LVR<sup>2</sup> band

\$ bn, %



## NIW<sup>1</sup> by product type

\$ bn



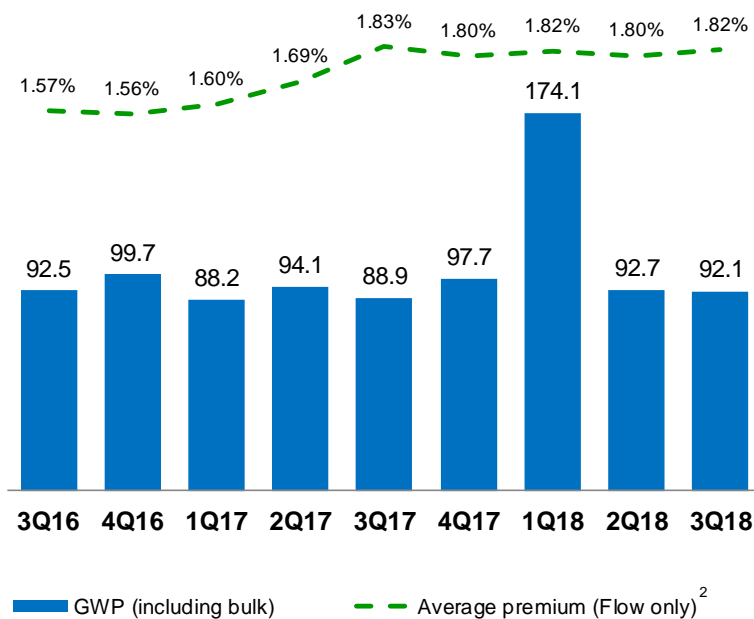
1. NIW includes capitalised premium. NIW excludes excess of loss insurance (excess of loss insurance includes the Bermudan entity transaction)

2. Original LVR excludes capitalised premium and excess of loss insurance.

# Gross written premium

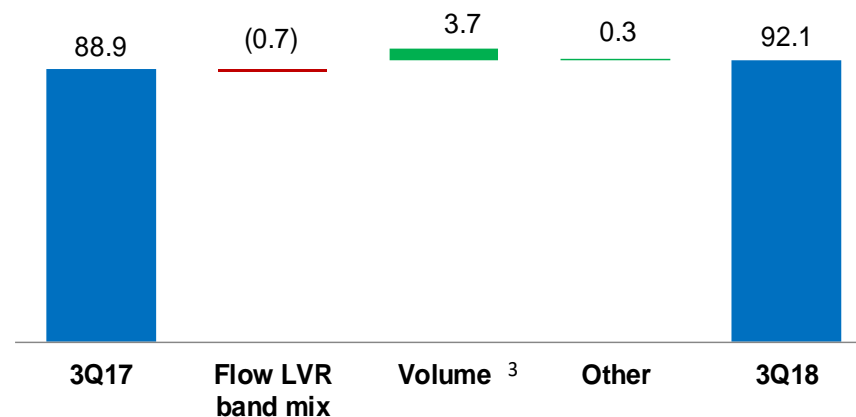
## GWP and average price<sup>1</sup> of flow business

\$ m, %



## GWP walk

\$ m



1. Average price excludes excess of loss insurance and bulk transactions

2. Historical NIW has been adjusted in the average premium calculation to reflect a risk sharing arrangement

3. GWP Volume includes excess of loss insurance and bulk transactions.



# Net claims incurred

(A\$ millions unless otherwise stated)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Number of paid claims (#)	356	355	376	385	365	301	320
Average paid claim <sup>1</sup> (\$'000)	92.5	112.2	110.6	133.4	117.8	115.2	115.7
<b>Claims paid<sup>1</sup></b>	<b>32.9</b>	<b>39.8</b>	<b>41.6</b>	<b>51.4</b>	<b>43.0</b>	<b>34.7</b>	<b>37.0</b>
Movement in non-reinsurance recoveries on paid claims	-	(8.2)	-	(0.9)	0.6	(1.5)	(0.5)
Movement in reserves	4.6	4.4	(4.6)	(19.3)	(6.0)	5.6	(0.7)
<b>Net claims incurred</b>	<b>37.6</b>	<b>36.0</b>	<b>37.0</b>	<b>31.2</b>	<b>37.7</b>	<b>38.7</b>	<b>35.8</b>
<b>Reported loss ratio (%)</b>	<b>34.8%</b>	<b>34.7%</b>	<b>37.0%</b>	<b>53.1%</b>	<b>55.9%</b>	<b>50.9%</b>	<b>52.6%</b>
Movement in non-reinsurance recoveries on paid claims	-	8.2	-	0.9	(0.6)	1.5	0.5
<b>Adjusted net claims incurred [A]</b>	<b>37.6</b>	<b>44.2</b>	<b>37.0</b>	<b>32.1</b>	<b>37.1</b>	<b>40.2</b>	<b>36.3</b>
<b>Net earned premium (NEP)</b>	<b>107.9</b>	<b>103.7</b>	<b>100.1</b>	<b>58.8</b>	<b>67.4</b>	<b>76.0</b>	<b>68.1</b>
Change in earnings curve <sup>2</sup>	-	-	-	37.3	32.3	28.6	24.8
Lapsed policy initiative <sup>3</sup>	-	-	-	-	-	(8.2)	-
<b>NEP excluding impact of earnings curve and lapsed policy initiative [B]</b>	<b>107.9</b>	<b>103.7</b>	<b>100.1</b>	<b>96.1</b>	<b>99.7</b>	<b>96.4</b>	<b>92.9</b>
<b>Adjusted loss ratio – [A] / [B] (%)</b>	<b>34.8%</b>	<b>42.6%</b>	<b>37.0%</b>	<b>33.4%</b>	<b>37.2%</b>	<b>41.7%</b>	<b>39.1%</b>

Note: Totals may not sum due to rounding.

1. Movement in non-reinsurance recoveries on paid claims is excluded from average paid claim calculation and claims paid.

2. The 2017 earnings curve review (which took effect from 1 Oct 2017) unfavorably impacted NEP in YTD 2018, by \$85.7m.

3. In 2Q18 a lapsed policy initiative was implemented which generated an \$8.2m release of unearned premium, in addition to BAU. The lapsed policy initiative utilised newly available data to more promptly identify loans which had been refinanced or discharged as part of a detailed portfolio review. This new data is now utilised as part of our BAU processes.

# Loss development

## Delinquency roll and incurred loss drivers

Delinquency roll	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
<b>Opening balance</b>	<b>6,731</b>	<b>6,926</b>	<b>7,285</b>	<b>7,146</b>	<b>6,696</b>	<b>6,958</b>	<b>7,306</b>
New delinquencies	2,852	3,145	2,887	2,463	2,701	2,864	2,742
Cures	(2,301)	(2,431)	(2,650)	(2,528)	(2,074)	(2,215)	(2,378)
Paid claims	(356)	(355)	(376)	(385)	(365)	(301)	(320)
<b>Closing delinquencies</b>	<b>6,926</b>	<b>7,285</b>	<b>7,146</b>	<b>6,696</b>	<b>6,958</b>	<b>7,306</b>	<b>7,350</b>
Delinquency rate	0.48%	0.51%	0.50%	0.47%	0.49%	0.54%	0.55%
Average reserve per delinquency (\$'000)	52.1	49.5	50.4	50.7	47.9	46.4	46.0

Net claims incurred (\$m)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
New delinquencies	45	46	50	43	34	34	38
Cures	(38)	(38)	(48)	(44)	(32)	(29)	(33)
Ageing <sup>1</sup>	30	38	38	37	35	35	32
Paid claims gap	(2)	1	-	(1)	(2)	-	(1)
Other adjustments <sup>2</sup>	3	(11)	(3)	(4)	3	(1)	-
<b>Net claims incurred</b>	<b>38</b>	<b>36</b>	<b>37</b>	<b>31</b>	<b>38</b>	<b>39</b>	<b>36</b>

1. Ageing relates to reserve movements on delinquencies that remain delinquent from prior periods

2. Includes changes to actuarial assumptions

Note: This slide excludes excess of loss insurance

# Balance sheet and unearned premium reserve

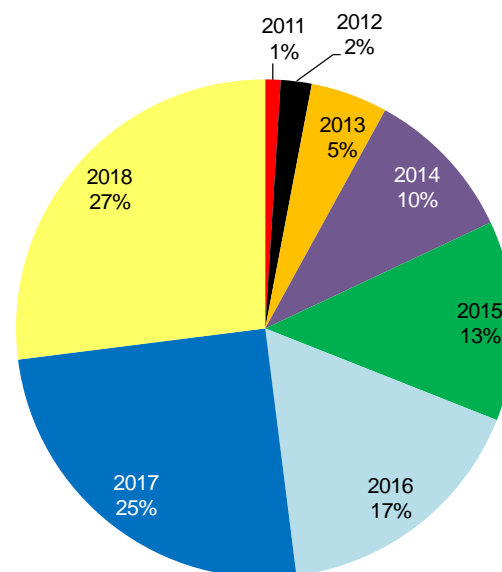
Strong balance sheet with \$3.2bn in cash and investments and \$1.2bn in UPR

## Balance sheet as at 30 September 2018

(A\$ in millions)	31 Dec 17	30 Sep 18
<b>Assets</b>		
Cash	43.0	65.0
Accrued investment income	17.8	24.7
Investments	3,348.5	3,114.6
Deferred reinsurance expense	145.4	62.8
Non-reinsurance recoveries	23.6	20.7
Deferred acquisition costs	151.8	159.8
Deferred tax assets	9.4	9.1
Goodwill and Intangibles	10.4	13.9
Other assets <sup>1</sup>	15.9	101.1
<b>Total assets</b>	<b>3,765.9</b>	<b>3,571.8</b>
<b>Liabilities</b>		
Payables <sup>2</sup>	191.6	106.6
Outstanding claims	339.7	338.0
Unearned premiums	1,108.6	1,199.0
Interest bearing liabilities	197.0	197.9
Employee provisions	6.8	7.4
<b>Total liabilities</b>	<b>1,843.7</b>	<b>1,848.8</b>
<b>Net assets</b>	<b>1,922.2</b>	<b>1,723.0</b>

## Unearned premium by year as at 30 September 2018

Total UPR \$1.2bn



Note: Totals may not sum due to rounding. The above chart includes excess of loss insurance.

1. Includes trade receivables, prepayments and plant and equipment. The increase from 31 December 2017 is primarily due to the GWP of 2018.

2. Includes reinsurance payables.



# Regulatory capital position

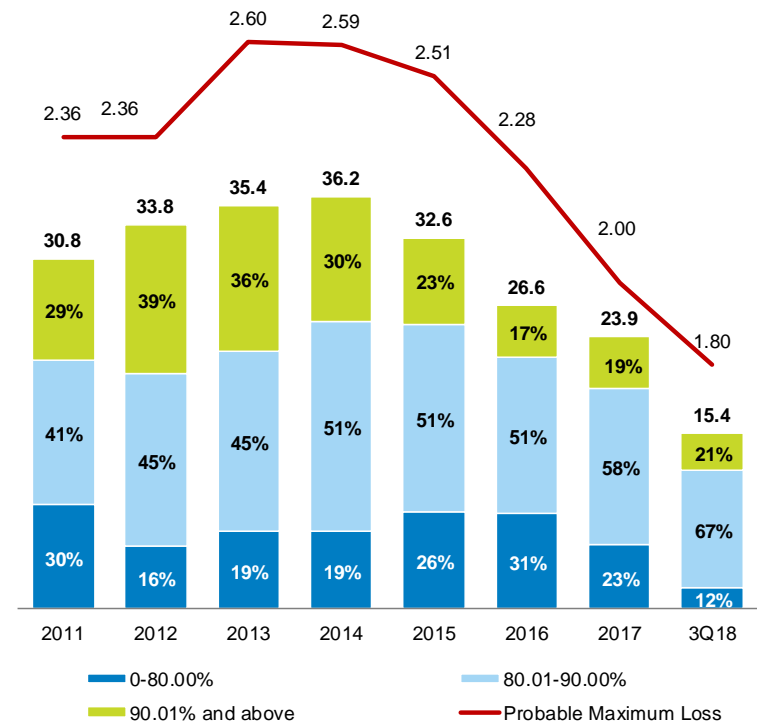
## 3Q 2018

(A\$ in millions)	31 Dec 17	30 Sep 18
<b>Capital base</b>		
Common equity tier 1 capital	1,892.4	1,706.6
Tier 2 capital	200.0	200.0
<b>Regulatory capital base</b>	<b>2,092.4</b>	<b>1,906.6</b>
<b>Capital requirement</b>		
Probable maximum loss (PML)	2,003.8	1,799.6
Net premiums liability deduction	(291.9)	(315.6)
Reinsurance	(950.5)	(800.4)
<b>Insurance concentration risk charge (ICRC)</b>	<b>761.4</b>	<b>683.6</b>
Asset risk charge	137.6	122.2
Asset concentration risk charge	-	-
Insurance risk charge	221.7	247.8
Operational risk charge	28.0	31.6
Aggregation benefit	(62.1)	(55.5)
<b>Prescribed capital amount (PCA)</b>	<b>1,086.7</b>	<b>1,029.7</b>
<b>PCA coverage ratio (times)</b>	<b>1.93 x</b>	<b>1.85 x</b>

Note: Totals may not sum due to rounding.

## NIW<sup>1</sup> by original LVR band and PML<sup>1</sup>

\$ bn



1. NIW and probable maximum loss (PML) exclude excess of loss insurance.



# Summary and conclusion

# 2018

## Genworth economic outlook and FY18 guidance



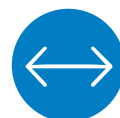
Domestic economy expected to be stable in 4Q18.



Lending institutions facing higher funding costs are expected to continue to implement 'out-of-cycle' interest rate increases.



Expectation of ongoing growth in employment (at softer levels) but not sufficient to drive wage and inflation growth.



Housing market conditions expected to continue to moderate reflecting tightening credit standards, macro-prudential measures and increased levels of new housing supply.



Official cash rate likely to remain on hold due to benign wage growth and low inflation.



Sydney and Melbourne housing markets will continue to lead the moderating trend, while the decline in mining regions likely to stabilize.

### Key financial measures – FY18 guidance

Net earned premium	Down 25% to 30%
Full year loss ratio	50% to 55%
Ordinary dividend payout ratio	50% to 80%

Full year outlook is subject to market conditions (including volatility in investment markets) and unforeseen circumstances or economic events



# Conclusion

Business is well capitalised



Track record of delivering profits and strong capital returns

Strategic work being undertaken to redefine core business model

Good progress in implementing strategic initiatives that broaden product offerings

Strategy designed to position Genworth as the leading provider of customer-focused capital and risk management solutions

Unique set of competencies that can be leveraged to grow our business

Dividend payout range of 50% - 80%

Excess capital and potential uses continue to be evaluated



Utilising technology to deliver operational efficiencies and greater underwriting risk management insights



Well positioned to continue to deliver sustainable shareholder returns over time

# Questions







# Supplementary slides



# Genworth's strategic program of work

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



**Value proposition:** Innovation and technology will underpin Genworth's value proposition



**Focus:** To be the leading provider of customer-focused capital and risk management solutions in residential mortgage markets and deliver sustainable shareholder returns

## Stage 1: Initiatives (2017 and 2018)

### 1. Redefine core business model



Product enhancement



Underwriting efficiency



Leverage data and partnerships



Cost efficiency



Regulator and policy maker advocacy

## Stage 2: 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

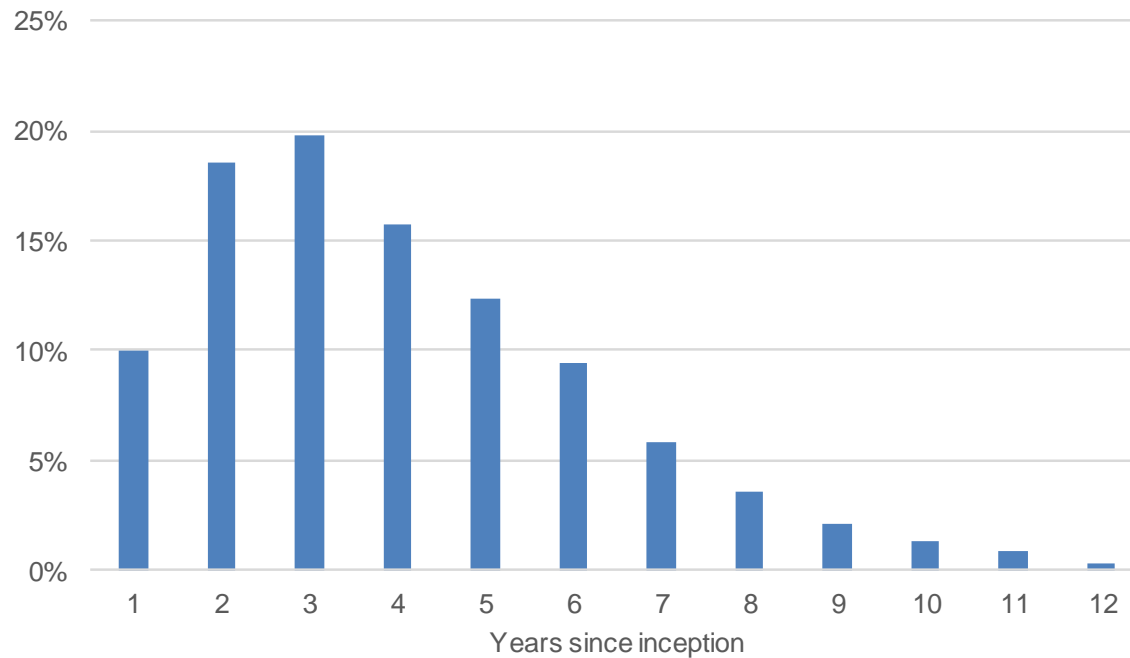


Stakeholder  
management

# Earnings curve

Comprehensive review of premium earning pattern completed in 2H17

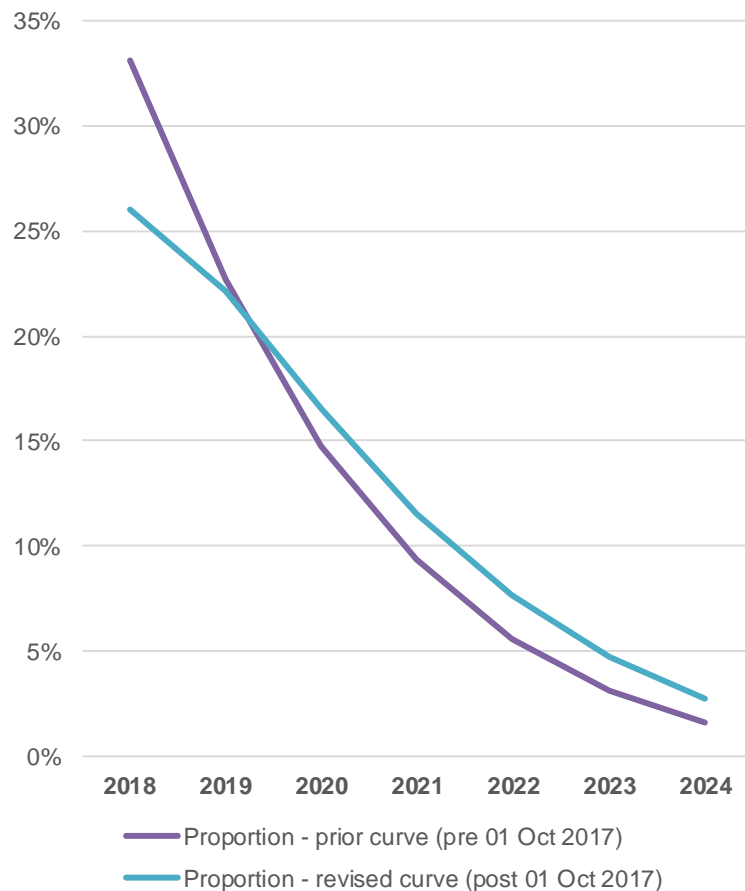
## Earnings pattern for premium written post 1 Oct 2017<sup>1</sup>



1. Earnings pattern excludes excess of loss insurance and bulk and is based on assumed cancellations.

# Earnings curve

## Comparative in-force earning pattern for premium written pre-1 October 2017<sup>1</sup>

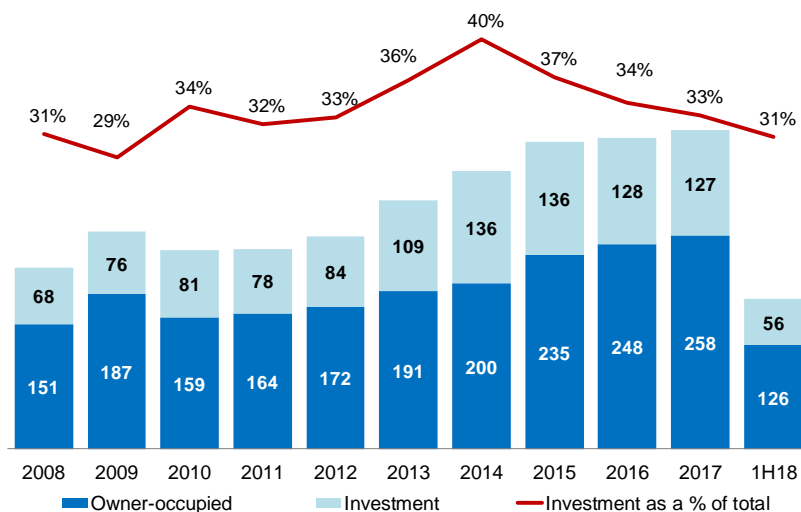


1. Earnings pattern excludes excess of loss insurance and bulk and is based on assumed cancellations.

# Residential mortgage lending market

## Investment vs. owner-occupied (APRA statistics for ADI)<sup>1</sup>

\$ bn, %



- Investment property lending represented 31% of originations for the six months ended 30 June 2018.

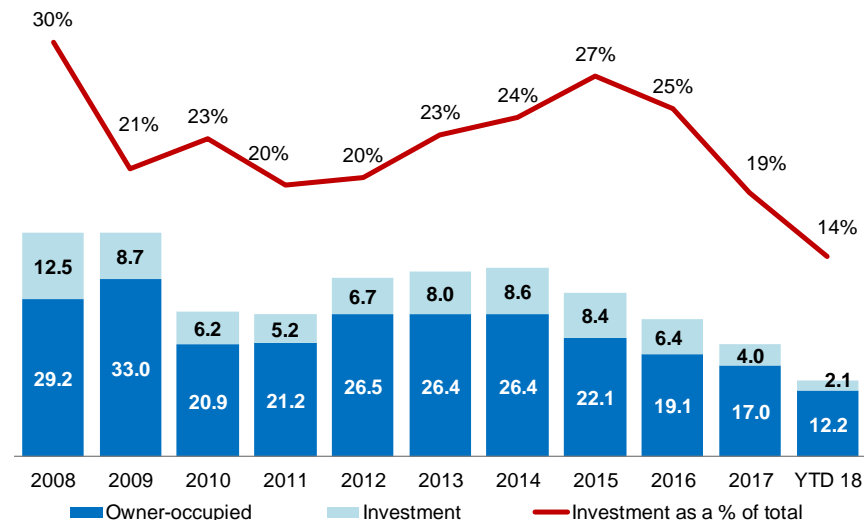
1. Prior periods have been restated in line with market updates

2. Flow NIW only. Owner occupied includes loans for owner occupied and other types

Sources: APRA Quarterly ADI property exposures statistics (ADIs new housing loan approvals), June 2018. Statistics only show ADIs mortgage portfolios above \$1 billion, thereby excluding small lenders and non-banks.

## Investment vs. owner-occupied<sup>2</sup> (Genworth)

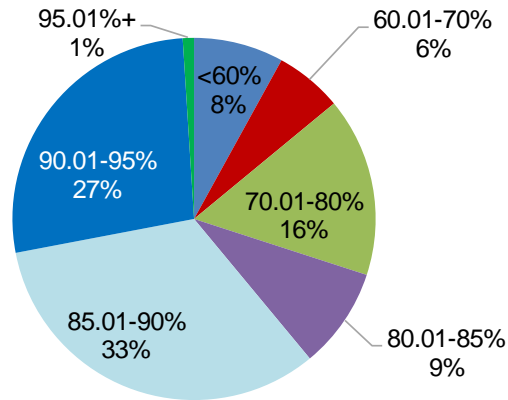
\$ bn, %



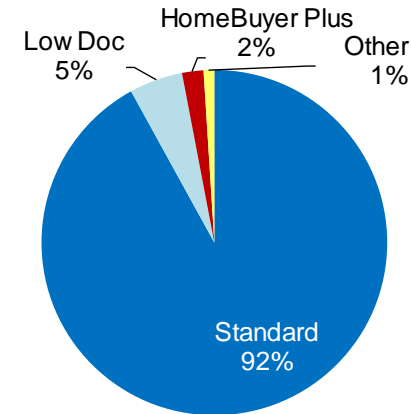
- Investment property lending represented 14% of Genworth's portfolio for the nine months ended 30 September 2018.

# Insurance-in-force and new insurance written

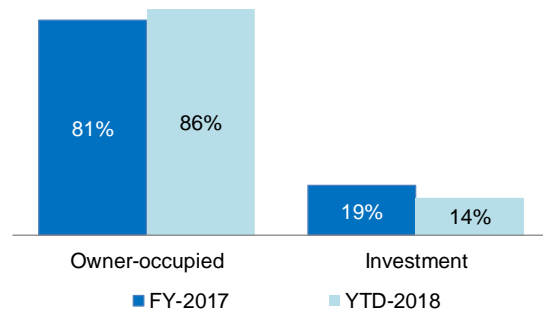
**Insurance In Force (IIF)<sup>1</sup> by original LVR<sup>2</sup> band, as at 30 September 2018**



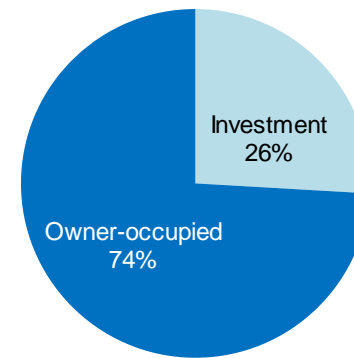
**IIF<sup>1</sup> by product type, as at 30 September 2018**



**Flow NIW<sup>1</sup> by loan type**



**IIF<sup>1</sup> by loan type, as at 30 September 2018**



1.NIW and IIF include capitalised premium. NIW and IIF exclude excess of loss insurance. Genworth has retained \$219m of risk in relation to excess of loss insurance

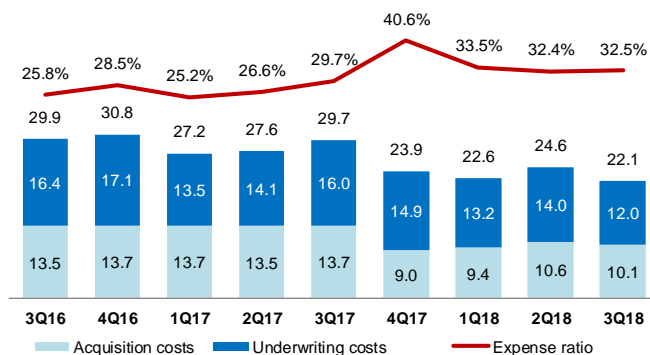
2.Original LVR excludes capitalised premium.



# Insurance ratio analysis

## Expenses

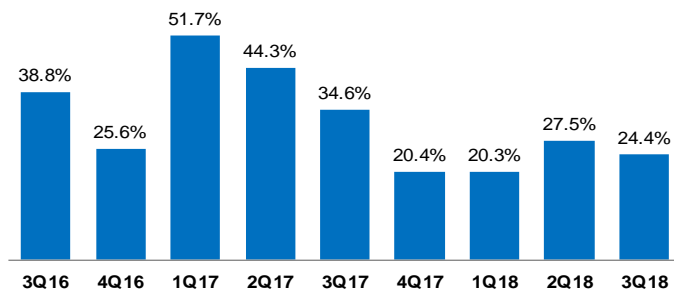
\$ m, %



The expense ratio is calculated by dividing the sum of the acquisition costs and the other underwriting expenses by the net earned premium. Net of ceding commissions.

## Insurance margin

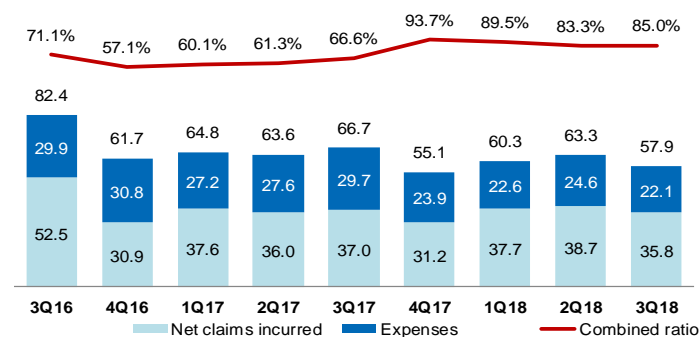
%



The insurance margin is calculated by dividing the profit from underwriting and interest income on technical funds (including realised and unrealised gains or losses) by the net earned premium.

## Combined ratio

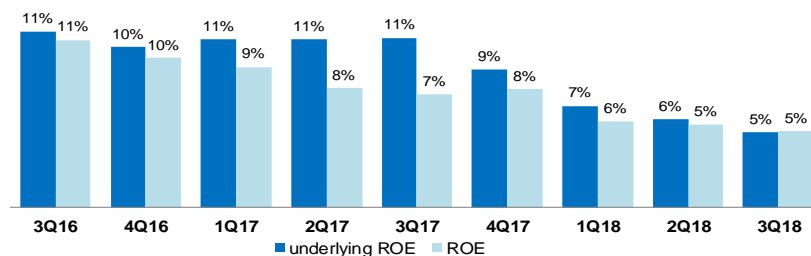
\$ m, %



The combined ratio is the sum of the loss ratio and the expense ratio.

## Trailing 12-month ROE and underlying ROE

%



The trailing 12 months underlying ROE is calculated by dividing underlying NPAT of the past 12 months by the average of the opening and closing underlying equity balance for the past 12 months. The trailing 12 months ROE is calculated by dividing NPAT of the past 12 months by the average of the opening and closing equity balance for the past 12 months.

# Delinquency development

Check

## Delinquency composition

Delinquencies by book year	30 Sep 17	31 Dec 17	30 Sep 18	Delinquency rate as at 30 Sep 2018
2009 and prior	3,843	3,552	3,638	0.49%
2010	383	357	360	0.59%
2011	439	393	415	0.75%
2012	688	663	659	0.93%
2013	652	609	685	0.92%
2014	632	594	708	0.84%
2015	372	355	481	0.64%
2016	132	155	282	0.42%
2017	5	18	115	0.19%
2018	-	-	7	0.02%
<b>TOTAL</b>	<b>7,146</b>	<b>6,696</b>	<b>7,350</b>	<b>0.55%</b>

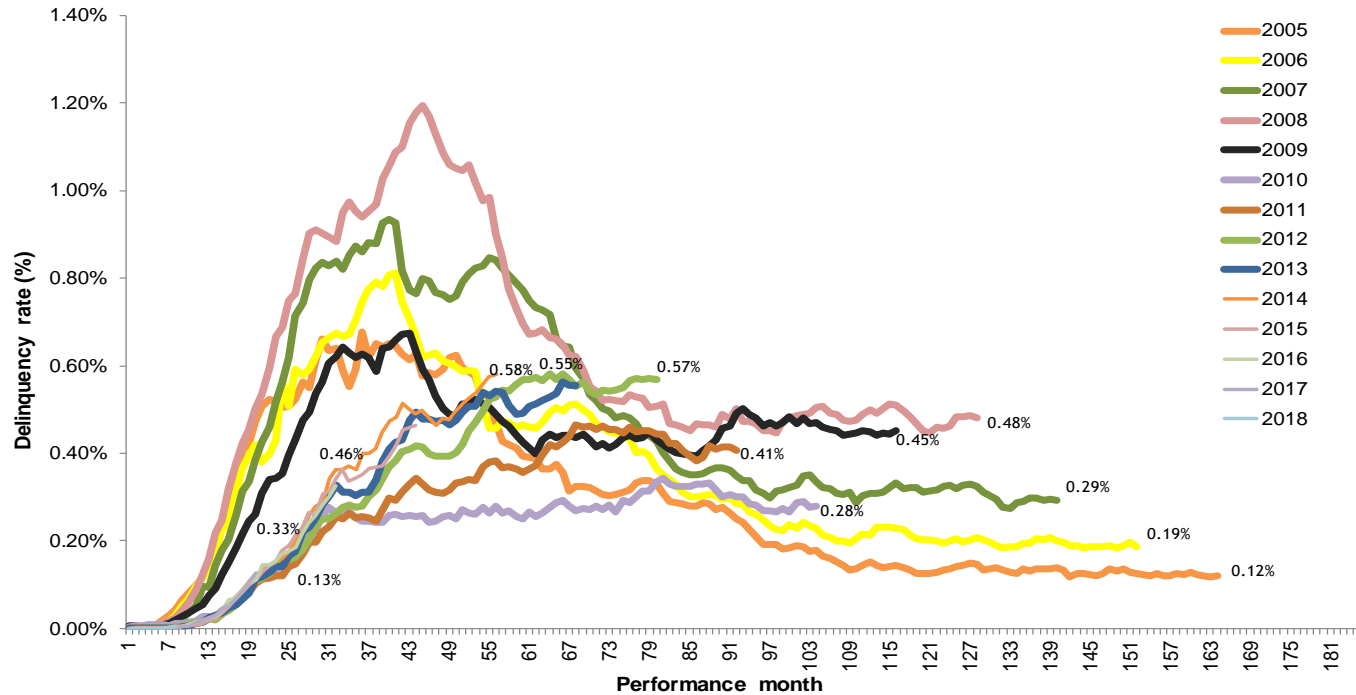
Total delinquencies by geography	30 Sep 17	31 Dec 17	30 Sep 18	Delinquency rate as at 30 Sep 2018
New South Wales	1,126	1,088	1,235	0.38%
Victoria	1,368	1,304	1,356	0.42%
Queensland	2,255	2,083	2,126	0.73%
Western Australia	1,413	1,336	1,610	1.01%
South Australia	640	593	679	0.70%
Australian Capital Territory	62	48	50	0.15%
Tasmania	180	151	164	0.35%
Northern Territory	78	75	109	0.70%
New Zealand	24	18	21	0.05%
<b>TOTAL</b>	<b>7,146</b>	<b>6,696</b>	<b>7,350</b>	<b>0.55%</b>

Note: This slide excludes excess of loss insurance

Delinquency rate (%) is calculated as number of delinquencies divided by number of policies in force

# Delinquency development

Since 2005



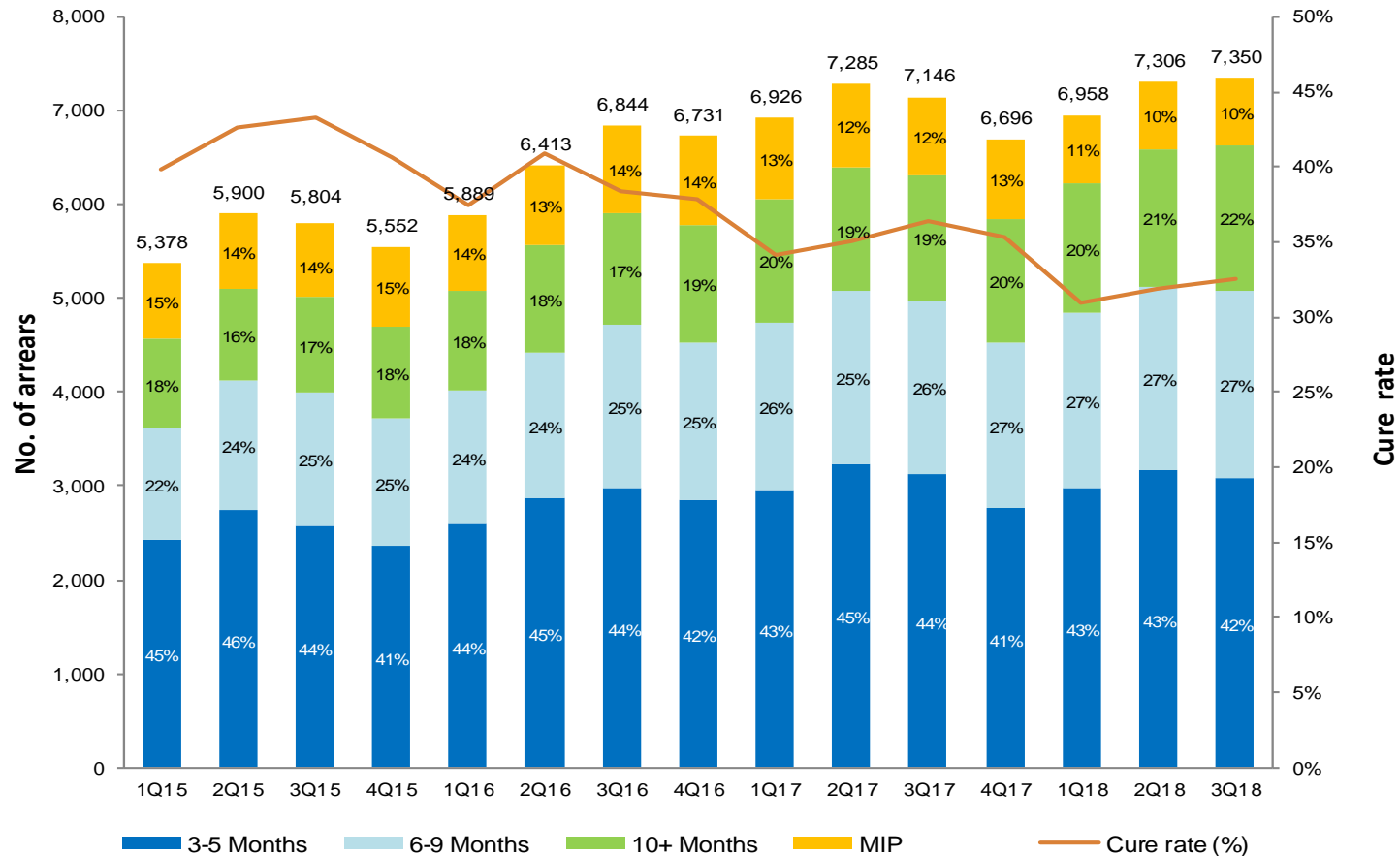
- Performance remains relatively stable with the exception of 2013 and post vintages
- WA continues as primary contributor to deterioration in 2013-14 vintages due to ongoing economic and housing market challenges following the downturn in the mining sector
- Historical performance of 2008 book year was affected by the economic downturn experienced across Australia and heightened stress experienced among self-employed borrowers, particularly in Queensland, which was exacerbated by the floods in 2011
- Post-GFC book years seasoning at lower levels as a result of credit tightening.

Note: graph excludes excess of loss insurance and bulk

Delinquency rate is calculated as number of delinquencies divided by number of policies written which is gross of cancelled policies

# Delinquency population

By month in arrears<sup>1</sup>



Note: Totals may not sum due to rounding. This slide excludes excess of loss insurance

1. In 1Q18 cure rates were retrospectively restated to include cures as a result of the hardship assistance programs.

