

Genworth MI Canada Inc.

Financial Supplement
Fourth Quarter 2017

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Non-IFRS Financial Measures

To supplement the Company's consolidated financial statements, which are prepared in accordance with IFRS, the Company uses non-IFRS financial measures to analyze performance. The Company's key performance indicators and certain other information included in this supplement include non-IFRS financial measures. Such non-IFRS financial measures used by the Company to analyze performance include net operating income, operating earnings per Common Share (basic) operating earnings per Common Share (diluted) operating earnings per Common Share (basic), operating earnings per Common Share (diluted), and operating return on equity.

Other non-IFRS financial measures used by the Company to analyze performance for which no comparable IFRS measure is available include insurance in-force, new insurance written, loss ratio, expense ratio, combined ratio, operating return on equity, investment yield and Minimum Capital Test ("MCT") ratio. The Company believes that these non-IFRS financial measures provide meaningful supplemental information regarding its performance and may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. Non-IFRS financial measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies. In addition, where applicable, non-IFRS measures used by the Company have been adjusted to analyze the impact of the reversal of the government guarantee fund exit fee.

See the "Non-IFRS financial measures" section at the end of the MD&A for a reconciliation of net operating income to net income, total net investment income to interest and dividend income, net of investment expenses, operating earnings per Common Share (basic) to earnings per Common Share (basic), operating earnings per Common Share (diluted) to earnings per Common Share (diluted).

Definitions of key non-IFRS financial measures and explanations of why these measures are useful to investors and management can be found in the Company's "Glossary", at the end of this supplement.

Selected Quarterly Financial Data⁽¹⁾ As Of or For The Quarters Ended

(amounts in millions of dollars, unless otherwise specified)

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Income Statement Data					
Transactional insurance premiums written	\$ 157	\$ 195	\$ 161	\$ 89	\$ 149
Portfolio insurance premiums written	\$ 7	\$ 6	\$ 8	\$ 38	\$ 22
Premiums written	\$ 164	\$ 202	\$ 170	\$ 127	\$ 171
Underwriting revenues:					
Premiums earned	\$ 171	\$ 170	\$ 168	\$ 167	\$ 164
Losses on claims and expenses:					
Losses on claims	\$ 15	\$ 23	\$ 6	\$ 26	\$ 29
Expenses	\$ 34	\$ 34	\$ 31	\$ 34	\$ 33
Total losses on claims and expenses	\$ 49	\$ 56	\$ 36	\$ 60	\$ 62
Net underwriting income	\$ 121	\$ 113	\$ 132	\$ 107	\$ 103
Net investment income	\$ 64	\$ 82	\$ 76	\$ 43	\$ 93
Interest expense	\$ (6)	\$ (6)	\$ (6)	\$ (6)	\$ (6)
Income before taxes	\$ 180	\$ 189	\$ 202	\$ 145	\$ 190
Net income	\$ 132	\$ 140	\$ 150	\$ 106	\$ 140
Adjustment to net income, net of taxes:					
Net investment losses (gains)	\$ (11)	\$ (27)	\$ (24)	\$ 1	\$ (35)
Net operating income	\$ 121	\$ 112	\$ 126	\$ 107	\$ 105
Balance Sheet Data					
Total Investments	\$ 6,449	\$ 6,337	\$ 6,301	\$ 6,278	\$ 6,226
Total assets	\$ 6,924	\$ 6,826	\$ 6,715	\$ 6,655	\$ 6,612
Unearned premiums reserve	\$ 2,130	\$ 2,136	\$ 2,104	\$ 2,103	\$ 2,143
Long-term debt	\$ 433	\$ 433	\$ 433	\$ 433	\$ 433
Total liabilities	\$ 2,963	\$ 2,965	\$ 2,872	\$ 2,898	\$ 2,963
Shareholders' equity	\$ 3,961	\$ 3,861	\$ 3,843	\$ 3,757	\$ 3,649
AOCI	\$ 78	\$ 64	\$ 109	\$ 133	\$ 93
Shareholders' equity, excluding AOCI	\$ 3,884	\$ 3,797	\$ 3,734	\$ 3,625	\$ 3,556
Non-IFRS Key Ratios and Other Metrics					
Loss ratio	9%	13%	3%	15%	18%
Expense ratio	20%	20%	18%	20%	20%
Combined ratio	29%	33%	22%	36%	38%
Effective tax rate	26.6%	26.1%	26.1%	26.6%	26.1%
Operating return on equity ratio	13%	12%	14%	12%	12%
MCT ratio ⁽²⁾	168%	165%	167%	162%	245%
Internal MCT target (2017) / MCT holding target (2016) ⁽³⁾	157%	157%	157%	157%	220%
Number of delinquent loans	1,718	1,759	1,809	2,082	2,070
Severity ratio	29%	27%	27%	27%	28%
Investment Yield	3.2%	3.1%	3.2%	3.2%	3.2%
Book value per share (diluted,including AOCI)	\$ 43.13	\$ 42.04	\$ 41.34	\$ 40.42	\$ 39.28
Book value per share (diluted,excluding AOCI)	\$ 42.29	\$ 41.35	\$ 40.17	\$ 39.00	\$ 38.28
Operating earnings per common share (diluted)	\$ 1.33	\$ 1.23	\$ 1.36	\$ 1.17	\$ 1.14
Weighted average number of shares outstanding (Diluted)	90,965,574	91,715,512	92,349,039	91,939,376	92,266,264

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Company estimate at December 31, 2017.

⁽³⁾ Effective January 1, 2017, the 2016 holding target MCT ratio of 220% was recalibrated to the OSFI Supervisory MCT ratio target of 150% and the minimum MCT ratio under PRMHIA was reduced to 150%.

Selected Annual Financial Data⁽¹⁾
As Of or For The Years Ended December 31, 2017

(amounts in millions of dollars, unless otherwise specified)

	2017	2016	2015	2014	2013
Income Statement Data					
Transactional insurance premiums written	\$ 602	\$ 619	\$ 705	\$ 557	\$ 447
Portfolio insurance premiums written	\$ 60	\$ 140	\$ 104	\$ 83	\$ 65
Gross premiums written	\$ 663	\$ 760	\$ 809	\$ 640	\$ 512
Premiums written	\$ 663	\$ 760	\$ 809	\$ 640	\$ 512
Underwriting revenues:					
Premiums earned	\$ 676	\$ 638	\$ 586	\$ 565	\$ 573
Losses on claims and expenses:					
Losses on claims	\$ 69	\$ 139	\$ 122	\$ 111	\$ 142
Expenses	\$ 133	\$ 124	\$ 108	\$ 107	\$ 113
Total losses on claims and expenses	\$ 202	\$ 263	\$ 230	\$ 219	\$ 255
Net underwriting income	\$ 474	\$ 375	\$ 356	\$ 346	\$ 319
Investment income	\$ 265	\$ 214	\$ 201	\$ 195	\$ 215
Interest expense	\$ (24)	\$ (23)	\$ (23)	\$ (31)	\$ (23)
Income before taxes	\$ 716	\$ 566	\$ 534	\$ 511	\$ 511
Net income					
Adjustment to net income, net of taxes:					
Fee on early redemption of long-term debt	\$ -	\$ -	\$ -	\$ 5	\$ -
Net investment gains	\$ (61)	\$ (29)	\$ (23)	\$ (16)	\$ (26)
Net operating income	\$ 467	\$ 388	\$ 375	\$ 366	\$ 349
Balance Sheet Data					
Total Investments	\$ 6,449	\$ 6,226	\$ 5,917	\$ 5,443	\$ 5,375
Total assets	\$ 6,924	\$ 6,612	\$ 6,239	\$ 5,770	\$ 5,691
Unearned premiums reserve	\$ 2,130	\$ 2,143	\$ 2,021	\$ 1,799	\$ 1,724
Long-term debt	\$ 433	\$ 433	\$ 433	\$ 432	\$ 423
Total liabilities	\$ 2,963	\$ 2,963	\$ 2,819	\$ 2,499	\$ 2,604
Shareholders' equity	\$ 3,961	\$ 3,649	\$ 3,420	\$ 3,271	\$ 3,087
AOCI	\$ 78	\$ 93	\$ 127	\$ 185	\$ 124
Shareholders' equity, excluding AOCI	\$ 3,884	\$ 3,556	\$ 3,293	\$ 3,086	\$ 2,963
Non-IFRS Key Ratios and Other Metrics					
Loss ratio	10%	22%	21%	20%	25%
Expense ratio	20%	19%	18%	19%	20%
Combined ratio	30%	41%	39%	39%	44%
Effective tax rate	26.3%	26.3%	25.4%	26.3%	26.7%
Operating return on equity	13%	11%	12%	12%	12%
MCT ratio ⁽²⁾	168%	245%	234%	225%	223%
Number of delinquent loans	1,718	2,070	1,829	1,756	1,830
Severity ratio	28%	30%	29%	29%	30%
Investment Yield	3.2%	3.2%	3.3%	3.5%	3.7%
Book value per share (diluted, including AOCI)	\$ 43.13	\$ 39.28	\$ 36.82	\$ 35.02	\$ 32.53
Book value per share (diluted, excluding AOCI)	\$ 42.29	\$ 38.28	\$ 35.46	\$ 33.04	\$ 31.22
Operating earnings per common share (diluted)	\$ 5.09	\$ 4.23	\$ 4.05	\$ 3.86	\$ 3.60
Weighted average number of shares outstanding (diluted)	91,625,024	91,874,244	92,771,459	94,966,380	97,067,722

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Company estimate at December 31, 2017

Insurance In-Force On Original Insured Amounts ^{(1) (2)}

By Product Type and Loan Amount As Of or For The Quarters Ended

(amounts in billions of dollars, unless otherwise specified)

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Total Insurance In-Force	\$ 492	\$ 487	\$ 482	\$ 477	\$ 464
Transactional insurance	\$ 330	\$ 326	\$ 321	\$ 316	\$ 313
Portfolio insurance	\$ 162	\$ 161	\$ 161	\$ 161	\$ 151
Total Insurance In-Force (In Thousands of Units)	2,110	2,099	2,083	2,075	2,029
Transactional insurance	1,448	1,435	1,418	1,403	1,394
Portfolio insurance	663	664	665	672	635
Total Insurance In-Force by Loan Amount (%)					
Over \$550,000	8	8	8	8	8
\$400,000 to \$550,000	15	14	14	14	14
\$250,000 to \$400,000	34	34	34	34	34
\$100,000 to \$250,000	39	39	40	40	40
Less than \$100,000	4	4	4	4	4
Total	100	100	100	100	100
Average loan size on insurance in-force (in thousands of dollars)	\$ 233	\$ 232	\$ 231	\$ 230	\$ 229

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Insurance in-force represents the original insured amounts for which the coverage term has not expired.

Insurance In-Force On Original Insured Amounts ^{(1) (2) (3)}

**By Loan to Value and Province
As Of or For The Quarters Ended**

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total
Original Loan to Value by Year of Policy Origination (%)															
2009 and Prior	90	59	88	90	58	87	90	58	87	90	59	87	90	59	87
2010	91	61	84	91	61	84	91	61	84	91	61	84	91	61	84
2011	90	59	84	90	59	84	90	59	84	90	59	84	90	59	84
2012	90	60	78	90	60	77	90	60	77	90	59	77	90	59	76
2013	91	60	76	91	59	75	91	59	75	91	58	74	91	59	74
2014	91	61	76	91	61	76	91	61	76	92	60	75	92	60	75
2015	92	62	74	92	62	74	92	62	74	92	62	74	92	62	74
2016	92	62	70	92	62	70	92	62	70	92	62	70	92	62	70
2017	92	60	75	92	60	74	92	61	71	92	62	67	-	-	-
Total	91	61	81	91	61	81	90	61	81	90	60	81	90	60	81
Total Insurance In-Force by Province (%)															
Ontario	44	55	47	44	55	47	44	55	47	44	55	48	44	54	47
British Columbia	13	18	15	13	18	15	13	18	15	13	18	15	13	18	15
Alberta	18	12	16	18	12	16	18	12	16	18	12	16	18	12	16
Quebec	15	8	13	15	8	13	15	8	13	15	9	13	15	9	13
Nova Scotia	2	1	2	2	1	2	2	1	2	2	1	2	2	1	2
Saskatchewan	3	2	3	3	2	3	3	2	3	3	2	3	3	2	3
Manitoba	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
New Brunswick	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Newfoundland	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Prince Edward Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Insurance In-Force by Loan to Value (%)															
95.01% and above	2	-	1	2	-	1	2	-	1	2	-	1	2	-	2
90.01% to 95.00%	49	-	33	49	-	32	49	-	31	49	-	32	49	-	33
85.01% to 90.00%	32	-	21	32	-	21	32	-	20	32	-	21	32	-	22
80.01% to 85.00%	10	-	7	10	-	6	10	-	6	10	-	7	10	-	7
75.01% to 80.00%	4	33	14	4	30	14	4	30	14	5	33	14	5	34	14
70.01% to 75.00%	1	15	6	1	16	7	1	16	7	1	15	6	1	15	6
65.01% to 70.00%	-	11	4	-	11	4	-	11	4	-	10	4	-	10	3
60.01% to 65.00%	-	11	4	-	12	4	-	12	4	-	11	4	-	11	4
55.01% to 60.00%	-	8	3	-	8	3	-	8	3	-	8	3	-	7	3
50.01% to 55.00%	-	6	2	-	6	2	-	6	2	-	6	2	-	6	2
50.00% and lower	-	17	6	-	17	6	-	17	6	-	17	6	-	17	6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Insurance in-force represents the original insured amounts for which the coverage term has not expired.

⁽³⁾ Loan to value ratio is based on loan amount excluding the capitalized premium, where applicable.

Insurance In-Force On Original Insured Amounts ^{(1) (2)}

Delinquent Loans and Delinquency Rates by Loan-to-Value, Province and Year of Policy Origination As Of or For The Quarters Ended

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
Total insured loans in-force	2,110,324			2,098,771			2,082,586			2,074,984			2,029,400		
Total insured delinquent loans	1,718			1,759			1,809			2,082			2,070		
Total insured loan delinquency rate ⁽³⁾	0.08%			0.08%			0.09%			0.10%			0.10%		
Transactional insurance loans in-force	1,447,794			1,434,662			1,418,076			1,402,813			1,394,067		
Transactional insurance delinquent loans	1,369			1,434			1,476			1,697			1,693		
Transactional loan delinquency rate ⁽³⁾	0.09%			0.10%			0.10%			0.12%			0.12%		
Portfolio insurance loans in-force	662,530			664,109			664,510			672,171			635,333		
Portfolio insurance delinquent loans	349			325			333			385			377		
Portfolio insurance loan delinquency rate ⁽³⁾	0.05%			0.05%			0.05%			0.06%			0.06%		
	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾
Province															
Ontario	47	276	0.03	47	263	0.03	47	254	0.03	48	349	0.04	47	355	0.04
British Columbia	15	121	0.05	15	128	0.05	15	147	0.06	15	149	0.06	15	143	0.06
Alberta	16	496	0.17	16	520	0.18	16	551	0.19	16	594	0.21	16	609	0.22
Quebec	13	374	0.11	13	427	0.12	13	446	0.13	13	517	0.15	13	521	0.15
Nova Scotia	2	90	0.16	2	91	0.16	2	95	0.17	2	112	0.21	2	96	0.18
Saskatchewan	3	179	0.28	3	160	0.25	3	164	0.26	3	166	0.27	3	169	0.28
Manitoba	2	45	0.08	2	45	0.09	2	41	0.08	2	46	0.09	2	34	0.07
New Brunswick	1	63	0.16	1	60	0.15	1	45	0.12	1	70	0.18	1	73	0.19
Newfoundland	1	67	0.20	1	55	0.17	1	54	0.17	1	63	0.20	1	53	0.17
Prince Edward Island	-	6	0.08	-	8	0.11	-	10	0.14	-	14	0.21	-	13	0.19
Territories	-	1	0.05	-	2	0.09	-	2	0.10	-	2	0.10	-	4	0.21
Total	100	1,718	0.08	100	1,759	0.08	100	1,809	0.09	100	2,082	0.10	100	2,070	0.10
	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	% of Insurance In-force	Total Delinquent Loans	% Delinquency Rate ⁽³⁾
Year of Policy Origination															
2006 and Prior	22	94	0.01	22	104	0.02	22	110	0.02	22	140	0.02	23	150	0.02
2007	6	144	0.11	6	134	0.10	6	146	0.11	7	181	0.13	7	173	0.12
2008	5	102	0.10	5	106	0.10	5	134	0.13	5	164	0.16	5	184	0.17
2009	3	87	0.12	3	79	0.11	3	77	0.11	3	98	0.14	4	98	0.14
2010	5	114	0.11	5	128	0.12	5	153	0.15	5	173	0.17	6	192	0.19
2011	5	155	0.16	5	176	0.18	5	182	0.19	5	224	0.23	5	235	0.25
2012	6	213	0.18	6	223	0.18	6	245	0.20	7	294	0.23	7	298	0.23
2013	7	211	0.17	7	231	0.18	7	239	0.18	7	268	0.20	7	271	0.20
2014	8	241	0.17	8	236	0.16	8	242	0.16	8	246	0.16	9	273	0.18
2015	11	207	0.10	12	199	0.10	12	185	0.09	12	201	0.10	12	144	0.07
2016	14	123	0.05	14	131	0.06	14	91	0.04	14	93	0.04	15	52	0.02
2017	7	27	0.02	6	12	0.01	5	5	0.01	3	-	-	-	-	-
Total	100	1,718	0.08	100	1,759	0.08	100	1,809	0.09	100	2,082	0.10	100	2,070	0.10

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Insurance in-force represents the original insured amounts for which the coverage term has not expired.

⁽³⁾ Delinquency rates are based on original insured loans in-force for which coverage term has not expired and exclude delinquencies that have been incurred but not reported.

New Insurance Written and Premiums Written ⁽¹⁾

By Product Type

As Of or For The Quarters Ended

(amounts in millions of dollars, unless otherwise specified)

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
New Insurance Written	\$ 5,428	\$ 6,489	\$ 6,091	\$ 13,559	\$ 10,038
Transactional insurance	\$ 4,516	\$ 5,641	\$ 4,984	\$ 3,047	\$ 5,120
Portfolio insurance	\$ 913	\$ 848	\$ 1,108	\$ 10,513	\$ 4,918
New Insurance Written (Units)	17,392	20,720	20,472	48,856	38,454
Transactional insurance	14,351	17,919	16,608	9,868	16,698
Portfolio insurance	3,041	2,801	3,864	38,988	21,756
Premiums written	\$ 164	\$ 202	\$ 170	\$ 127	\$ 171
Transactional insurance	\$ 157	\$ 195	\$ 161	\$ 89	\$ 149
Portfolio insurance	\$ 7	\$ 6	\$ 8	\$ 38	\$ 22

⁽¹⁾ Amounts may not total due to rounding.

**New Insurance Written ⁽¹⁾
By Loan to Value and Province
As Of or For The Quarter Ended**

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total
Total New Insurance Written by Loan to Value (%) ⁽²⁾															
95.01% and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90.01% to 95.00%	65	-	55	66	-	57	65	-	53	62	-	14	62	-	32
85.01% to 90.00%	27	-	23	27	-	24	27	-	22	29	-	6	27	-	14
80.01% to 85.00%	5	-	4	5	-	4	5	-	4	4	-	1	4	-	2
75.01% to 80.00%	1	44	8	2	36	6	2	38	8	3	19	15	5	50	27
70.01% to 75.00%	-	10	2	-	9	1	-	13	3	1	23	18	1	12	6
65.01% to 70.00%	-	9	2	-	9	1	-	9	2	-	17	13	-	8	4
60.01% to 65.00%	-	11	2	-	15	2	-	12	2	-	13	10	-	8	4
55.01% to 60.00%	-	6	1	-	9	1	-	8	2	-	10	8	-	6	3
50.01% to 55.00%	-	6	1	-	6	1	-	5	1	-	6	5	-	4	2
50.00% and lower	-	14	2	-	16	2	-	15	3	-	12	9	-	12	6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total New Insurance Written by Province (%)															
Ontario	39	39	39	40	50	41	34	71	41	42	61	57	43	51	47
British Columbia	13	9	13	14	15	14	13	8	12	14	16	15	14	20	17
Alberta	20	44	24	18	27	19	17	16	17	18	10	12	18	16	17
Quebec	12	5	11	12	5	11	22	4	19	13	7	8	11	7	9
Nova Scotia	3	0	2	3	1	2	2	-	2	2	1	1	2	1	2
Saskatchewan	5	2	4	5	1	4	4	-	4	5	2	3	5	1	3
Manitoba	4	1	4	4	1	4	3	-	3	4	2	3	4	1	2
New Brunswick	2	0	1	2	0	2	1	-	1	1	-	1	1	1	1
Newfoundland	2	0	2	2	1	2	2	-	1	2	-	1	2	1	1
Prince Edward Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Loan to value ratio is based on loan amount excluding the capitalized premium, where applicable.

Selected Metrics Related to Losses on Claims ⁽¹⁾ As Of The Quarter Ended

(amounts in millions of dollars, unless otherwise specified)

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Loss ratio (%)	9	13	3	15	18
Expense ratio (%)	20	20	18	20	20
Combined ratio (%)	29	33	22	36	38
Paid Claims					
Transactional insurance	\$ 23	\$ 25	\$ 29	\$ 29	\$ 26
Portfolio insurance	\$ 2	\$ 1	\$ 2	\$ 3	\$ 1
Total paid claims	\$ 25	\$ 26	\$ 30	\$ 32	\$ 27
Average paid claim (in thousands)	\$ 71.2	\$ 65.2	\$ 71.7	\$ 65.3	\$ 66.3
Average reserve per delinquent loan (in thousands)	\$ 69.2	\$ 74.5	\$ 73.7	\$ 75.6	\$ 79.0
Loss Reserves					
Beginning reserves	\$ 131	\$ 133	\$ 157	\$ 163	\$ 161
Paid claims	\$ (25)	\$ (26)	\$ (30)	\$ (32)	\$ (27)
Increase in reserves	\$ 13	\$ 24	\$ 6	\$ 26	\$ 29
Ending reserves	\$ 119	\$ 131	\$ 133	\$ 157	\$ 163
Delinquency Roll (Units)					
Opening balance	1,759	1,809	2,082	2,070	2,027
New delinquent loans	984	973	965	1,248	1,228
Cures	(638)	(636)	(810)	(757)	(792)
Paid claims	(387)	(387)	(428)	(479)	(393)
Closing balance	1,718	1,759	1,809	2,082	2,070
Delinquency rate ⁽²⁾	0.08%	0.08%	0.09%	0.10%	0.10%

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Delinquency rates are based on original insured loans in-force for which coverage term has not expired and exclude delinquencies that have been incurred but not reported.

Unearned Premiums Reserve by Book Year ⁽¹⁾
As Of The Quarter Ended

(amounts in millions of dollars, unless otherwise specified)

Policy Year	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
2006 and Prior	\$ 10	\$ 11	\$ 13	\$ 14	\$ 15
2007	\$ 11	\$ 12	\$ 14	\$ 16	\$ 19
2008	\$ 15	\$ 17	\$ 20	\$ 23	\$ 26
2009	\$ 15	\$ 17	\$ 19	\$ 22	\$ 25
2010	\$ 37	\$ 42	\$ 48	\$ 53	\$ 59
2011	\$ 56	\$ 62	\$ 68	\$ 74	\$ 82
2012	\$ 79	\$ 87	\$ 96	\$ 106	\$ 118
2013	\$ 110	\$ 121	\$ 135	\$ 150	\$ 167
2014	\$ 211	\$ 234	\$ 260	\$ 289	\$ 321
2015	\$ 410	\$ 452	\$ 497	\$ 545	\$ 595
2016	\$ 555	\$ 601	\$ 643	\$ 681	\$ 715
2017	\$ 622	\$ 480	\$ 293	\$ 129	\$ -
	\$ 2,130	\$ 2,136	\$ 2,104	\$ 2,103	\$ 2,143

⁽¹⁾ Amounts may not total due to rounding.

Outstanding Insured Mortgage Balances^{(1) (2)}

By Product Type and Loan Amount As Of The Quarter Ended

(amounts in billions of dollars, unless otherwise specified)

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Outstanding Insured Mortgage Balances	\$ 218	\$ 222	\$ 226	\$ 226	\$ 223
Transactional insurance	\$ 118	\$ 119	\$ 119	\$ 118	\$ 120
Portfolio insurance	\$ 100	\$ 103	\$ 107	\$ 108	\$ 103
Outstanding Insured Mortgage Balances (In Thousands of Units)	949	967	981	978	969
Transactional insurance	496	501	502	498	508
Portfolio insurance	454	466	479	480	461
Outstanding Insured Mortgage Balances by Loan Amount (%)					
Over \$550,000	9	9	9	9	9
\$400,000 to \$550,000	16	16	16	16	16
\$250,000 to \$400,000	36	36	36	36	36
\$100,000 to \$250,000	35	35	35	35	35
Less than \$100,000	4	4	4	4	4
Total	100	100	100	100	100
Average loan size on outstanding insured mortgage balances: (in thousands)	\$ 229	\$ 230	\$ 230	\$ 231	\$ 230

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This estimate is based on the amounts reported by lenders to the Company which represents the vast majority of insured mortgage balances.

Outstanding Insured Mortgage Balances ^{(1) (2)}

By Loan to Value and Province

As Of The Quarter Ended

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total
Effective Loan to Value by Year of Policy Origination (%) ⁽³⁾															
2009 and Prior	37	18	29	37	18	29	42	21	35	44	21	40	44	21	41
2010	53	26	42	53	26	42	59	30	50	60	27	55	61	27	55
2011	57	28	41	57	28	41	62	32	50	65	33	59	65	34	59
2012	62	34	46	62	34	46	67	39	54	70	33	53	70	34	53
2013	65	36	46	65	36	46	71	42	55	73	38	56	74	39	56
2014	71	42	52	71	42	52	76	48	60	79	43	61	79	44	62
2015	75	45	53	75	45	53	80	50	61	83	49	63	84	50	64
2016	81	50	61	82	50	61	86	54	69	89	52	63	90	53	64
2017	91	60	84	91	60	85	92	63	88	93	55	62	-	-	-
Total	64	39	49	63	39	49	67	44	56	69	46	58	69	46	58
Outstanding Insured Mortgage Balances by Province (%)															
Ontario	36	55	44	37	55	45	37	55	45	37	55	45	37	55	45
British Columbia	12	17	16	12	17	16	12	18	16	13	18	16	13	18	16
Alberta	25	13	20	26	13	19	26	12	19	25	12	19	25	12	19
Quebec	14	8	11	14	8	11	14	8	11	14	8	11	14	8	11
Nova Scotia	2	1	2	2	1	2	2	1	2	2	1	2	2	1	2
Saskatchewan	5	2	3	4	2	3	4	2	3	4	2	3	4	2	3
Manitoba	3	2	2	2	2	2	2	2	2	2	2	2	2	2	2
New Brunswick	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Newfoundland	2	1	1	2	1	1	2	1	1	2	1	1	2	1	1
Prince Edward Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Outstanding Insured Mortgage Balances by Effective Loan to Value (%) ⁽³⁾															
95.01% and above	6	-	3	4	-	2	4	-	2	7	-	4	6	-	3
90.01% to 95.00%	11	-	6	11	-	6	12	-	6	11	-	5	10	-	5
85.01% to 90.00%	12	-	6	12	-	7	12	-	6	10	-	5	11	-	6
80.01% to 85.00%	12	-	7	12	-	6	12	-	6	9	-	5	9	-	5
75.01% to 80.00%	11	2	7	10	2	6	11	3	7	11	5	8	11	4	8
70.01% to 75.00%	10	5	8	10	6	8	9	6	8	9	5	7	10	6	8
65.01% to 70.00%	8	8	8	8	8	8	8	8	8	7	7	7	7	7	7
60.01% to 65.00%	6	9	8	7	9	8	6	9	8	6	10	8	6	10	8
55.01% to 60.00%	5	11	8	5	11	8	6	11	8	6	10	8	6	10	8
50.01% to 55.00%	5	12	8	5	12	8	5	11	8	5	10	7	5	9	7
50.00% and lower	14	52	31	15	53	33	15	51	32	19	54	36	18	53	35
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This estimate is based on the amounts reported by lenders to the Company which represents the vast majority of insured mortgage balances.

⁽³⁾ Loan to value ratio is based on loan amount including capitalized premium, where applicable.

Outstanding Insured Mortgage Balances ^{(1) (2)}
By Original and Remaining Amortization Period
As Of The Quarters Ended

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total
Original Amortization Period (%)															
35.01 years and greater	4	-	3	4	-	3	5	-	3	5	1	3	5	1	3
30.01 years to 35.00 years	10	4	7	10	4	7	10	5	6	11	4	8	12	4	9
25.01 years to 30.00 years	10	41	24	11	41	25	12	41	26	13	41	26	13	41	26
20.01 years to 25.00 years	75	36	57	74	36	56	72	35	55	70	35	53	69	35	53
15.01 years to 20.00 years	1	12	6	1	12	6	1	12	6	1	12	6	1	12	6
10.01 years to 15.00 years	-	5	2	-	5	2	-	5	3	-	5	3	-	5	2
5.01 years to 10.00 years	-	2	1	-	2	1	-	2	1	-	2	1	-	2	1
5.00 years and lower	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Remaining Amortization Period (%)															
35.01 years and greater	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30.01 years to 35.00 years	1	3	2	2	3	2	2	2	2	2	2	2	2	2	2
25.01 years to 30.00 years	8	28	17	8	29	18	9	31	19	10	33	21	11	34	22
20.01 years to 25.00 years	64	34	50	64	33	50	64	33	50	63	33	48	63	32	48
15.01 years to 20.00 years	19	20	20	18	19	19	18	19	18	17	18	18	16	18	17
10.01 years to 15.00 years	5	10	7	5	10	7	5	9	7	5	9	7	5	9	7
5.01 years to 10.00 years	2	5	3	2	4	3	2	4	3	2	4	3	2	4	3
5.00 years and lower	-	1	1	-	1	1	-	1	1	-	1	1	-	1	1
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This estimate is based on the amounts reported by lenders to the Company which represents the vast majority of insured mortgage balances.

Outstanding Insured Mortgage Balances ⁽¹⁾ ⁽²⁾

Delinquent Loans and Delinquency Rates by Loan-to-Value, Province and Year of Policy Origination As Of The Quarter Ended

	2017 Q4			2017 Q3			2017 Q2			2017 Q1			2016 Q4		
Total insured loans	949,349			967,000			981,000			978,000			969,000		
Total insured delinquent loans	1,718			1,759			1,809			2,082			2,070		
Total insured loan delinquency rate ⁽³⁾	0.18%			0.18%			0.18%			0.21%			0.21%		
Transactional insurance - insured loans	495,614			500,815			501,561			498,100			507,656		
Transactional insurance - delinquent loans	1,369			1,434			1,476			1,697			1,693		
Transactional insurance loan delinquency rate ⁽³⁾	0.28%			0.29%			0.29%			0.34%			0.33%		
Portfolio insurance - insured loans	453,735			466,185			479,439			479,900			461,344		
Portfolio insurance - delinquent loans	349			325			333			385			377		
Portfolio insurance loan delinquency rate ⁽³⁾	0.08%			0.07%			0.07%			0.08%			0.08%		
	% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances		
	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾
Province															
Ontario	44	276	0.07	45	263	0.06	45	254	0.06	45	349	0.08	45	355	0.08
British Columbia	16	121	0.11	16	128	0.11	16	147	0.12	16	149	0.13	16	143	0.12
Alberta	20	496	0.32	19	520	0.33	19	551	0.35	19	594	0.38	19	609	0.40
Quebec	11	374	0.27	11	427	0.29	11	446	0.31	11	517	0.35	11	521	0.35
Nova Scotia	2	90	0.34	2	91	0.34	2	95	0.36	2	112	0.43	2	96	0.37
Saskatchewan	3	179	0.49	3	160	0.46	3	164	0.47	3	166	0.49	3	169	0.51
Manitoba	2	45	0.17	2	45	0.17	2	41	0.16	2	46	0.18	2	34	0.14
New Brunswick	1	63	0.33	1	60	0.32	1	45	0.24	1	70	0.37	1	73	0.39
Newfoundland	1	67	0.42	1	55	0.35	1	54	0.34	1	63	0.40	1	53	0.34
Prince Edward Island	-	6	0.15	-	8	0.21	-	10	0.26	-	14	0.36	-	13	0.34
Territories	-	1	0.08	-	2	0.15	-	2	0.15	-	2	0.16	-	4	0.35
Total	100	1,718	0.18	100	1,759	0.18	100	1,809	0.18	100	2,082	0.21	100	2,070	0.21
	% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances			% of Outstanding Insured Mortgage Balances		
	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾	Total	Delinquent Loans	% Delinquency Rate ⁽³⁾
Year of Policy Origination															
2006 and Prior	1	94	0.19	1	104	0.24	1	110	0.25	1	140	0.30	1	150	0.31
2007	2	144	0.48	2	134	0.47	2	146	0.49	2	181	0.58	3	173	0.53
2008	2	102	0.36	2	106	0.37	2	134	0.45	3	164	0.53	3	184	0.57
2009	2	87	0.42	2	79	0.39	2	77	0.37	2	98	0.44	2	98	0.43
2010	3	114	0.31	3	128	0.32	4	153	0.37	4	173	0.40	4	192	0.43
2011	4	155	0.40	4	176	0.44	4	182	0.44	4	224	0.52	4	235	0.53
2012	6	213	0.31	6	223	0.30	7	245	0.31	7	294	0.35	8	298	0.33
2013	8	211	0.25	8	231	0.26	9	239	0.25	9	268	0.27	10	271	0.26
2014	11	241	0.22	12	236	0.21	12	242	0.20	13	246	0.20	14	273	0.21
2015	19	207	0.13	20	199	0.12	20	185	0.10	21	201	0.11	22	144	0.08
2016	27	123	0.06	28	131	0.06	28	91	0.04	28	93	0.04	29	52	0.02
2017	15	27	0.02	12	12	0.01	9	5	0.01	6	-	-	-	-	-
Total	100	1,718	0.18	100	1,759	0.18	100	1,809	0.18	100	2,082	0.21	100	2,070	0.21

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ This estimate is based on the amounts reported by lenders to the Company which represents the vast majority of insured mortgage balances.

⁽³⁾ Delinquency rates are based on outstanding insured mortgages as at the end of the quarter and exclude delinquencies that have been incurred but not reported.

Glossary

“accumulated other comprehensive income” or “AOCI” is a component of shareholders’ equity and reflects the unrealized gains and losses, net of taxes, related to available-for-sale assets. Unrealized gains and losses on assets classified as available-for-sale are recorded in the consolidated statement of comprehensive income and included in accumulated other comprehensive income until recognized in the consolidated statement of income.

“average reserve per delinquency” means the average reserve per delinquent loan calculated by total loss reserves in dollars divided by the number of outstanding delinquent loans reported by lenders. Average reserve per delinquency measures the potential size of the average loss, including delinquent loans with no expected loss, and is used for trending purposes and comparisons against internal targets.

“book value per common share” is a measure of the carrying value of each individual share of the Company and is a key metric used in assessing the market value of the Company.

“book value per share including AOCI (basic)” means the per share amount of shareholders’ equity to the number of basic common shares outstanding at a specified date.

“book value per share excluding AOCI (basic)” means the per share amount of shareholders’ equity excluding AOCI to the number of basic common shares outstanding at a specified date.

“book value per share including AOCI (diluted)” means the per share amount of shareholders’ equity including AOCI to the number of diluted common shares outstanding at a specified date. Diluted common shares outstanding takes into account all of the outstanding dilutive securities that could potentially be exercised.

“book value per share excluding AOCI (diluted)” means the per share amount of shareholders’ equity excluding AOCI to the number of diluted common shares outstanding at a specified date. Diluted common shares outstanding takes into account all of the outstanding dilutive securities that could potentially be exercised.

“claim” means the amount demanded under a policy of insurance arising from the loss relating to an insured event.

“combined ratio” means the sum of the loss ratio and the expense ratio. The combined ratio measures the proportion of the Company’s total cost to its premium earned and is used to assess the profitability of the Company’s insurance underwriting activities.

“credit score” means the lowest average credit score of all borrowers on a mortgage insurance application. Average credit scores are calculated by averaging the score obtained from both Equifax and TransUnion for each borrower on the application. This is a key measure of household financial health.

“cures” means previously reported delinquent loans where the borrower has made all scheduled mortgage payments or a successful workout has been completed and the loan is no longer considered a delinquent loan.

“debt-to-capital ratio” means the ratio (expressed as a percentage) of debt to total capital (the sum of debt and equity). This is a measure of financial leverage that the Company considers in capital management planning.

“delinquent loans” means loans reported by lenders where the borrowers have failed to make scheduled mortgage payments under the terms of the mortgage and where the cumulative amount of mortgage payments missed exceeds the scheduled payments due in a three-month period.

“delinquency rate” means the ratio (expressed as a percentage) of the total number of delinquent loans to the total number of policies in-force at a specified date. The delinquency ratio is an indicator of the emergence of losses on claims and the quality of the insurance portfolio and a useful for comparison to industry benchmarks and internal targets.

“dividends paid per common share” means the portion of the Company’s profits distributed to shareholders during a specified period and is a measure of the total amount distributed by the Company to shareholders.

“dividend payout ratio” means the ratio (expressed as a percentage) of the dollar amount of ordinary dividends paid during a specified period on net operating income over the same period. This is measure of how much cash flow is being returned for each dollar invested in an equity position.

“effective loan-to-value” means a Company estimate based on the estimated balance of loans insured divided by the estimated fair market value of the mortgaged property using the Teranet - National Bank Home Price Index Composite 11.

“effective tax rate” means the ratio (expressed as a percentage) of provision for income taxes to income before income taxes for a specified period. The effective tax rate measures the actual amount of pre-tax income the Company pays in taxes and is a useful comparison to industry benchmarks and prior periods.

“expense ratio” means the ratio (expressed as a percentage) of sales, underwriting and administrative expenses to premiums earned for a specified period. The expense ratio measures the operational efficiency of the Company’s and is a useful comparison to industry benchmarks and internal targets.

“gross debt service ratio” means the percentage of borrowers’ total monthly debt servicing costs, in respect of the debt in question, as a percentage of borrowers monthly gross income. This is a key measure of household financial health.

“insurance in-force” means the amount of all mortgage insurance policies in effect at a specified date, based on the original principal balance of mortgages covered by such insurance policies, including any capitalized premiums. Insurance in-force measures the maximum potential total risk exposure under insurance contracts at any given time and is used to assess potential losses on claims.

“interest and dividend income, net of investment expenses” means the total net investment income excluding investment gains (losses). This measure is an indicator of the core operating performance of the investment portfolio.

“investment yield” means the net investment income before investment fees and excluding net investment gains (losses) tax affected for dividends for a period divided by the average of the beginning and ending investments book value, for such period. For quarterly results, the investment yield is the annualized net investment income using the average of beginning and ending investments book value, for such quarter.

“loan-to-value ratio” means the original balance of a mortgage loan divided by the original value of the mortgaged property.

“losses on claims” means the estimated amount payable under mortgage insurance policies during a specified period. A portion of reported losses on claims represents estimates of costs of pending claims that are still open during the reporting period, as well as estimates of losses associated with claims that have yet to be reported and the cost of investigating, adjusting and settling claims.

“loss ratio” means the ratio (expressed as a percentage) of the total amount of losses on claims associated with insurance policies incurred during a specified period to premiums earned during such period. The loss ratio is a key measure of underwriting profitability and the quality of the insurance portfolio and is used for comparisons to industry benchmarks and internal targets.

“loss reserves” means case reserves based on delinquencies reported to the Company, an estimate for losses on claims based on delinquencies that are IBNR, supplemental loss reserves for potential adverse developments related to claim severity and loss adjustment expenses representing an estimate for the administrative costs of investigating, adjusting and settling claims. Loss reserves are discounted to take into account the time value of money.

“Minimum Capital Test” or **“MCT”** means the minimum capital test for certain federally regulated insurance companies established by OSFI (as defined herein). Under MCT, companies calculate a MCT ratio of regulatory capital available to regulatory capital required using a defined methodology prescribed by OSFI in monitoring the adequacy of a company’s capital. The MCT ratio is a key metric of the adequacy of the Company’s capital in comparison to regulatory requirements and is used for comparisons to other mortgage insurers and internal targets.

“net investment gains or losses” means the sum of net realized gains on sales of investments, net gains or losses on derivatives and foreign exchanges and impairment losses.

“net operating income” means net income excluding after-tax net realized gains (losses) on sale of investments, unrealized gains (losses) on FVTPL securities and including the net cost or benefit related to the interest rate swaps as represented by the difference between the fixed rate and floating rate. Net operating income estimates the recurring after-tax earnings from core business activities and is an indicator of core operating performance.

“net underwriting income” means the sum of premiums earned and fees and other income, less losses and sales, underwriting and administrative expenses during a specified period.

“new insurance written” means the original principal balance of mortgages, including any capitalized premiums, insured during a specified period. New insurance written measures the maximum potential risk exposure under insurance contracts added during a specific time period and is used to determine potential loss exposure.

“original amortization period” means the number of years that it will take to repay in full the original mortgage balance on the regularly scheduled payment of principal and interest based at inception.

“operating earnings per common share (basic)” means the net operating income divided by the basic average common shares outstanding at the end of period.

“operating earnings per common share (diluted)” means the net operating income, excluding the impact of the share based compensation re-measurement amount, divided by the diluted average common shares outstanding at the end of period. The Company believes that operating earnings per share (diluted) is a better indicator of core operating performance.

“operating return on equity” means the net operating income for a period, excluding the impact of the share based compensation re-measurement amount, divided by the average of the beginning and ending shareholders’ equity, excluding AOCI, for such period. For quarterly results, the operating return is the annualized operating return on equity using the average of beginning and ending shareholders’ equity, excluding AOCI, for such quarter. Operating return on equity is an indicator of return on equity from core business activities.

“outstanding insured mortgage balances” means the amount of all mortgage insurance policies in effect at a specified date, based on the current balance of mortgages covered by such insurance policies, including any capitalized premiums. Outstanding insured mortgage balances measures the current total risk exposure under insurance contracts at any given time and is used to assess potential losses on claims.

“portfolio insurance” means mortgage insurance covering an individual mortgage that is underwritten as part of a portfolio of mortgages that have a loan-to-value ratio equal to or less than 80% at the time the loan is insured.

“remaining amortization period” means the estimated number of years that it will take to repay the outstanding mortgage balance as of the reporting date based on the regularly scheduled payments of principal and interest.

“severity on claims paid” or **“severity ratio”** means the ratio (expressed as a percentage) of the dollar amount of paid claims during a specified period on insured loans to the original insured mortgage amount relating to such loans. The main determinants of the severity ratio are the loan-to-value (original balance of a mortgage loan divided by the original value of the mortgaged property), age of the mortgage loan, the value of the underlying property, accrued interest on the loan, expenses advanced by the insured and the foreclosure expenses. Severity on claims paid ratio measures the size of the average loss on a paid claim relative to the original insured mortgage amount and is used to assess the potential loss exposure related to insurance in force and for comparison to industry benchmarks and internal targets.

“share based compensation re-measurement amount” means the impact of revaluation of stock option liability as required under IFRS due to the cash settlement option. The Company believes that excluding this impact from operating earnings per share (diluted) is a better indicator of core operating performance.

“transactional insurance” means mortgage insurance covering an individual mortgage that typically has been underwritten individually, and which is predominantly a mortgage with a loan-to-value ratio of greater than 80% at the time the loan is originated.

“unearned premiums reserve” or **“UPR”** means that portion of premiums written that has not yet been recognized as revenue. Unearned premium reserves are recognized as revenue over the policy life in accordance with the expected pattern of loss emergence as derived from actuarial analysis of historical loss development.

“workout penetration” means the ratio (expressed as a percentage) of the number of total workouts approved, including shortfall sales, over total workout opportunities. Total workout opportunities include all new delinquencies and re-delinquencies reported plus total workouts approved over the same period. Workout penetration ratio measures the number of workouts performed relative to the number of existing workout opportunities and is used to assess the success of the loss mitigation homeowner’s assistance program.

The Company’s full glossary is posted on the Company’s website at <http://investor.genworthmicanada.ca> and can be accessed by clicking on the link under the Investor Resources heading on the bottom navigation bar.