

Genworth MI Canada Inc.

**Financial Supplement
Second Quarter 2018**

July 31, 2018

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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)

	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Income Statement Data					
Transactional insurance premiums written	\$ 166	\$ 109	\$ 157	\$ 195	\$ 161
Portfolio insurance premiums written	\$ 5	\$ 6	\$ 7	\$ 6	\$ 8
Premiums written	\$ 172	\$ 115	\$ 164	\$ 202	\$ 170
Underwriting revenues:					
Premiums earned	\$ 171	\$ 171	\$ 171	\$ 170	\$ 168
Losses on claims and expenses:					
Losses on claims	\$ 25	\$ 22	\$ 15	\$ 23	\$ 6
Expenses	\$ 33	\$ 32	\$ 34	\$ 34	\$ 31
Total losses on claims and expenses	\$ 57	\$ 54	\$ 49	\$ 56	\$ 36
Net underwriting income	\$ 114	\$ 117	\$ 121	\$ 113	\$ 132
Net investment income	\$ 49	\$ 62	\$ 64	\$ 82	\$ 76
Interest expense	\$ (6)	\$ (6)	\$ (6)	\$ (6)	\$ (6)
Income before taxes	\$ 157	\$ 172	\$ 180	\$ 189	\$ 202
Net income	\$ 116	\$ 128	\$ 132	\$ 140	\$ 150
Adjustment to net income, net of taxes:					
Net investment losses (gains)	\$ 1	\$ (8)	\$ (11)	\$ (27)	\$ (24)
Net operating income	\$ 117	\$ 119	\$ 121	\$ 112	\$ 126
Balance Sheet Data					
Total Investments	\$ 6,391	\$ 6,327	\$ 6,449	\$ 6,337	\$ 6,301
Total assets	\$ 6,909	\$ 6,830	\$ 6,924	\$ 6,826	\$ 6,715
Unearned premiums reserve	\$ 2,075	\$ 2,074	\$ 2,130	\$ 2,136	\$ 2,104
Long-term debt	\$ 434	\$ 433	\$ 433	\$ 433	\$ 433
Total liabilities	\$ 2,882	\$ 2,864	\$ 2,963	\$ 2,965	\$ 2,872
Shareholders' equity	\$ 4,026	\$ 3,966	\$ 3,961	\$ 3,861	\$ 3,843
AOCI	\$ 27	\$ 45	\$ 78	\$ 64	\$ 109
Shareholders' equity, excluding AOCI	\$ 4,000	\$ 3,922	\$ 3,884	\$ 3,797	\$ 3,734
Non-IFRS Key Ratios and Other Metrics					
Loss ratio	14%	13%	9%	13%	3%
Expense ratio	19%	19%	20%	20%	18%
Combined ratio	33%	32%	29%	33%	22%
Effective tax rate	26.1%	26.0%	26.6%	26.1%	26.1%
Operating return on equity ratio	12%	12%	13%	12%	14%
MCT ratio ⁽²⁾	170%	170%	172%	165%	167%
Number of delinquent loans	1,742	1,723	1,718	1,759	1,809
Workout Penetration Rate	53%	56%	55%	53%	57%
Severity ratio	29%	30%	29%	27%	27%
Investment Yield	3.2%	3.2%	3.2%	3.1%	3.2%
Book value per share (diluted, including AOCI)	\$ 44.40	\$ 43.77	\$ 43.13	\$ 42.04	\$ 41.34
Book value per share (diluted, excluding AOCI)	\$ 44.11	\$ 43.28	\$ 42.29	\$ 41.35	\$ 40.17
Operating earnings per common share (diluted)	\$ 1.31	\$ 1.31	\$ 1.33	\$ 1.23	\$ 1.36
Weighted average number of shares outstanding (diluted)	89,947,816	91,291,500	90,965,574	91,715,512	92,349,039

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Company estimate at June 30, 2018.

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	\$ 528	\$ 417	\$ 398	\$ 377	\$ 375
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	172%	245%	234%	225%	223%
Number of delinquent loans	1,718	2,070	1,829	1,756	1,830
Workout Penetration Rate	54%	57%	57%	56%	55%
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.

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)

	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Total Insurance In-Force	\$ 500	\$ 496	\$ 492	\$ 487	\$ 482
Transactional insurance	\$ 338	\$ 333	\$ 330	\$ 326	\$ 321
Portfolio insurance	\$ 163	\$ 162	\$ 162	\$ 161	\$ 161
Total Insurance In-Force (In Thousands of Units)	2,137	2,124	2,110	2,099	2,083
Transactional insurance	1,471	1,457	1,448	1,435	1,418
Portfolio insurance	666	667	663	664	665
Total Insurance In-Force by Loan Amount (%)					
Over \$550,000	9	9	8	8	8
\$400,000 to \$550,000	15	15	15	14	14
\$250,000 to \$400,000	34	34	34	34	34
\$100,000 to \$250,000	39	39	39	39	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)	\$ 234	\$ 233	\$ 233	\$ 232	\$ 231

⁽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

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	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	59	88	90	59	88	90	58	87	90	58	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	78	90	60	78	90	60	77	90	60	77
2013	91	60	77	91	60	77	91	60	76	91	59	75	91	59	75
2014	91	61	77	91	61	77	91	61	76	91	61	76	91	61	76
2015	92	62	74	92	62	74	92	62	74	92	62	74	92	62	74
2016	92	62	71	92	62	71	92	62	70	92	62	70	92	62	70
2017	92	60	75	92	60	75	92	60	75	92	60	74	92	61	71
2018	92	52	72	92	51	66	-	-	-	-	-	-	-	-	-
Total	91	61	81	91	61	81	91	61	81	91	61	81	90	61	81
Total Insurance In-Force by Province (%)															
Ontario	43	55	47	44	55	47	44	55	47	44	55	47	44	55	47
British Columbia	13	18	15	13	18	15	13	18	15	13	18	15	13	18	15
Alberta	18	13	16	18	12	16	18	12	16	18	12	16	18	12	16
Quebec	15	8	13	15	8	13	15	8	13	15	8	13	15	8	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	-	1
90.01% to 95.00%	50	-	34	50	-	33	49	-	33	49	-	32	49	-	31
85.01% to 90.00%	32	-	21	32	-	21	32	-	21	32	-	21	32	-	20
80.01% to 85.00%	10	-	6	10	-	6	10	-	7	10	-	6	10	-	6
75.01% to 80.00%	4	32	13	4	33	14	4	33	14	4	30	14	4	30	14
70.01% to 75.00%	1	15	6	1	15	6	1	15	6	1	16	7	1	16	7
65.01% to 70.00%	-	11	4	-	10	4	-	11	4	-	11	4	-	11	4
60.01% to 65.00%	-	11	4	-	11	4	-	11	4	-	12	4	-	12	4
55.01% to 60.00%	-	8	3	-	8	3	-	8	3	-	8	3	-	8	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.

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)

	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
New Insurance Written	\$ 5,844	\$ 4,308	\$ 5,428	\$ 6,489	\$ 6,091
Transactional insurance	\$ 4,751	\$ 3,156	\$ 4,516	\$ 5,641	\$ 4,984
Portfolio insurance	\$ 1,092	\$ 1,152	\$ 913	\$ 848	\$ 1,108
New Insurance Written (Units)	19,293	14,014	17,392	20,720	20,472
Transactional insurance	15,459	9,711	14,351	17,919	16,608
Portfolio insurance	3,834	4,303	3,041	2,801	3,864
Premiums written	\$ 172	\$ 115	\$ 164	\$ 202	\$ 170
Transactional insurance	\$ 166	\$ 109	\$ 157	\$ 195	\$ 161
Portfolio insurance	\$ 5	\$ 6	\$ 7	\$ 6	\$ 8

⁽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**

Total New Insurance Written by Loan to Value (%) ⁽²⁾

95.01% and above
90.01% to 95.00%
85.01% to 90.00%
80.01% to 85.00%
75.01% to 80.00%
70.01% to 75.00%
65.01% to 70.00%
60.01% to 65.00%
55.01% to 60.00%
50.01% to 55.00%
50.00% and lower
Total

Total New Insurance Written by Province (%)

Ontario
British Columbia
Alberta
Quebec
Nova Scotia
Saskatchewan
Manitoba
New Brunswick
Newfoundland
Prince Edward Island
Territories
Total

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total	Transac- tional	Portfolio	Total
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	67	-	54	65	-	48	65	-	55	66	-	57	65	-	53
	26	-	21	26	-	19	27	-	23	27	-	24	27	-	22
	5	-	4	5	-	4	5	-	4	5	-	4	5	-	4
	1	30	7	2	37	11	1	44	8	2	36	6	2	38	8
	-	8	2	1	9	3	-	10	2	-	9	1	-	13	3
	-	10	2	-	9	3	-	9	2	-	9	1	-	9	2
	-	13	3	-	11	3	-	11	2	-	15	2	-	12	2
	-	8	2	-	7	2	-	6	1	-	9	1	-	8	2
	-	7	1	-	6	2	-	6	1	-	6	1	-	5	1
	-	24	5	-	20	5	-	14	2	-	16	2	-	15	3
	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	31	41	33	38	57	43	39	39	39	40	50	41	34	71	41
	11	15	12	13	10	12	13	9	13	14	15	14	13	8	12
	19	32	21	22	25	23	20	44	24	18	27	19	17	16	17
	25	7	21	13	5	11	12	5	11	12	5	11	22	4	19
	2	1	2	2	0	2	3	0	2	3	1	2	2	-	2
	4	1	4	5	2	4	5	2	4	5	1	4	4	-	4
	4	2	3	4	1	3	4	1	4	4	1	4	3	-	3
	1	-	1	1	-	1	2	-	1	2	-	2	1	-	1
	2	-	1	2	-	1	2	-	2	2	1	2	2	-	1
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	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)

	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Loss ratio (%)	14	13	9	13	3
Expense ratio (%)	19	19	20	20	18
Combined ratio (%)	33	32	29	33	22
Paid Claims					
Transactional insurance	\$ 24	\$ 26	\$ 23	\$ 25	\$ 29
Portfolio insurance	\$ 2	\$ 2	\$ 2	\$ 1	\$ 2
Total paid claims	\$ 25	\$ 28	\$ 25	\$ 26	\$ 30
Average paid claim (in thousands)	\$ 76	\$ 68	\$ 71	\$ 65	\$ 72
Average reserve per delinquent loan (in thousands)	\$ 68	\$ 68	\$ 69	\$ 75	\$ 74
Loss Reserves					
Beginning reserves	\$ 118	\$ 119	\$ 131	\$ 133	\$ 157
Paid claims	\$ (25)	\$ (28)	\$ (25)	\$ (26)	\$ (30)
Increase in reserves	\$ 26	\$ 26	\$ 13	\$ 24	\$ 6
Ending reserves	\$ 118	\$ 118	\$ 119	\$ 131	\$ 133
Delinquency Roll (Units)					
Opening balance	1,723	1,718	1,759	1,809	2,082
New delinquent loans	1,000	972	984	973	965
Cures	(640)	(607)	(638)	(636)	(810)
Paid claims	(341)	(360)	(387)	(387)	(428)
Closing balance	1,742	1,723	1,718	1,759	1,809
Delinquency rate ⁽²⁾	0.19%	0.18%	0.18%	0.18%	0.18%

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ 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.

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

(amounts in millions of dollars, unless otherwise specified)

Policy Year	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
2006 and Prior	\$ 8	\$ 9	\$ 10	\$ 11	\$ 13
2007	\$ 9	\$ 10	\$ 11	\$ 12	\$ 14
2008	\$ 11	\$ 12	\$ 15	\$ 17	\$ 20
2009	\$ 11	\$ 13	\$ 15	\$ 17	\$ 19
2010	\$ 29	\$ 33	\$ 37	\$ 42	\$ 48
2011	\$ 45	\$ 51	\$ 56	\$ 62	\$ 68
2012	\$ 65	\$ 72	\$ 79	\$ 87	\$ 96
2013	\$ 89	\$ 98	\$ 110	\$ 121	\$ 135
2014	\$ 170	\$ 190	\$ 211	\$ 234	\$ 260
2015	\$ 332	\$ 369	\$ 410	\$ 452	\$ 497
2016	\$ 464	\$ 508	\$ 555	\$ 601	\$ 643
2017	\$ 560	\$ 592	\$ 622	\$ 480	\$ 293
2018	\$ 283	\$ 117	\$ -	\$ -	\$ -
	\$ 2,075	\$ 2,074	\$ 2,130	\$ 2,136	\$ 2,104

⁽¹⁾ Amounts may not total due to rounding, UPR using IFRS

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)

	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Outstanding Insured Mortgage Balances	\$ 214	\$ 216	\$ 218	\$ 222	\$ 226
Transactional insurance	\$ 119	\$ 118	\$ 118	\$ 119	\$ 119
Portfolio insurance	\$ 95	\$ 98	\$ 100	\$ 103	\$ 107
Outstanding Insured Mortgage Balances (In Thousands of Units)	935	946	949	967	981
Transactional insurance	498	497	496	501	502
Portfolio insurance	437	449	454	466	479
Outstanding Insured Mortgage Balances by Loan Amount (%)					
Over \$550,000	8	9	9	9	9
\$400,000 to \$550,000	16	16	16	16	16
\$250,000 to \$400,000	36	35	36	36	36
\$100,000 to \$250,000	35	36	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)	\$ 228	\$ 229	\$ 229	\$ 230	\$ 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

(amounts in billions of dollars, unless otherwise specified)

Outstanding Insured Balances by Year of Policy Origination (\$)

2009 and Prior

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total
2010	6	1	7	6	1	7	6	1	7	7	1	8	7	1	8
2011	7	1	7	7	1	8	7	1	8	7	1	8	8	1	9
2012	7	4	12	8	5	13	8	5	13	9	5	14	10	6	16
2013	9	6	15	10	6	16	10	7	17	11	8	19	12	8	20
2014	14	9	23	14	10	24	15	10	25	16	11	27	16	12	28
2015	19	19	38	19	20	40	20	22	41	21	23	44	21	24	45
2016	18	34	52	19	35	54	19	37	56	20	39	59	20	41	61
2017	17	14	32	18	15	33	18	16	33	13	14	27	8	14	21
2018	8	6	13	3	4	7	-	-	-	-	-	-	-	-	-
Total	119	95	214	118	98	216	118	100	218	119	103	222	119	107	226

Outstanding Insured Mortgage Balances by Province (\$)

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total
Ontario	41	52	93	42	54	95	42	55	96	42	57	99	43	59	102
British Columbia	14	16	30	14	17	31	14	17	31	14	18	32	15	19	33
Alberta	30	13	42	30	13	42	30	13	43	30	13	43	29	13	43
Quebec	17	8	25	17	8	25	17	8	25	17	8	25	17	9	26
Nova Scotia	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4
Saskatchewan	5	2	8	5	2	8	5	2	8	5	2	7	5	2	7
Manitoba	4	2	5	3	2	5	3	2	5	3	2	5	3	2	5
New Brunswick	2	1	2	2	1	2	2	1	2	2	1	2	2	1	2
Newfoundland	2	1	3	2	1	3	2	1	3	2	1	3	2	1	3
Prince Edward Island	-	-	1	-	-	1	-	-	-	-	-	-	-	-	-
Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	119	95	214	118	98	216	118	100	218	119	103	222	119	107	226

Outstanding Insured Mortgage Balances by Effective Loan to Value (%)⁽³⁾

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total	Transac-tional	Portfolio	Total
95.01% and above	9	-	9	10	-	10	7	-	7	5	-	5	5	-	5
90.01% to 95.00%	13	-	13	14	-	14	13	-	13	13	-	13	14	-	14
85.01% to 90.00%	14	-	14	13	-	13	14	-	14	15	-	15	14	-	14
80.01% to 85.00%	13	-	13	13	-	14	14	-	15	14	-	14	14	-	14
75.01% to 80.00%	13	2	15	13	3	16	13	2	15	12	2	14	13	3	16
70.01% to 75.00%	12	4	16	11	5	16	12	5	17	12	6	18	11	7	18
65.01% to 70.00%	9	7	16	9	8	17	9	8	18	10	8	18	10	9	18
60.01% to 65.00%	7	9	16	7	9	16	8	9	17	8	9	17	8	10	18
55.01% to 60.00%	6	10	16	6	11	17	6	11	17	6	11	17	7	11	18
50.01% to 55.00%	5	11	16	5	11	17	5	12	17	6	12	18	6	12	18
50.00% and lower	18	52	69	17	51	68	17	52	68	18	55	72	17	54	71
Total	119	95	214	118	98	216	118	100	218	119	103	222	119	107	226

⁽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 Loan to Value and Province
As Of The Quarter Ended

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	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	35	18	28	36	18	29	37	18	29	37	18	29	42	21	35
2010	51	25	41	53	26	42	53	26	42	53	26	42	59	30	50
2011	55	27	40	57	27	41	57	28	41	57	28	41	62	32	50
2012	60	32	44	62	33	45	62	34	46	62	34	46	67	39	54
2013	64	35	45	65	35	46	65	36	46	65	36	46	71	42	55
2014	69	40	50	71	41	51	71	42	52	71	42	52	76	48	60
2015	73	43	51	75	44	52	75	45	53	75	45	53	80	50	61
2016	79	48	59	81	49	60	81	50	61	82	50	61	86	54	69
2017	90	57	80	92	58	82	91	60	84	91	60	85	92	63	88
2018	94	56	82	95	62	89	-	-	-	-	-	-	-	-	-
Total	63	38	49	64	39	49	64	39	49	63	39	49	67	44	56
Outstanding Insured Mortgage Balances by Province (%)															
Ontario	35	54	44	36	55	44	36	55	44	37	55	45	37	55	45
British Columbia	12	17	14	12	17	16	12	17	16	12	17	16	12	18	16
Alberta	25	13	20	25	13	20	25	13	20	26	13	19	26	12	19
Quebec	14	8	12	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	4	5	2	3	5	2	3	4	2	3	4	2	3
Manitoba	3	2	3	3	2	2	3	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	8	-	4	8	-	5	6	-	3	4	-	2	4	-	2
90.01% to 95.00%	11	-	6	12	-	6	11	-	6	11	-	6	12	-	6
85.01% to 90.00%	12	-	6	11	-	6	12	-	6	12	-	7	12	-	6
80.01% to 85.00%	11	-	6	11	1	6	12	-	7	12	-	6	12	-	6
75.01% to 80.00%	11	2	7	11	3	7	11	2	7	10	2	6	11	3	7
70.01% to 75.00%	10	4	8	10	5	8	10	5	8	10	6	8	9	6	8
65.01% to 70.00%	8	7	7	7	8	8	8	8	8	8	8	8	8	8	8
60.01% to 65.00%	6	10	8	6	9	8	6	9	8	7	9	8	6	9	8
55.01% to 60.00%	5	10	8	5	11	8	5	11	8	5	11	8	6	11	8
50.01% to 55.00%	4	11	7	4	12	8	5	12	8	5	12	8	5	11	8
50.00% and lower	15	55	33	14	52	31	14	52	31	15	53	33	15	51	32
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

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
	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	-	2	4	-	3	4	-	3	5	-	3
30.01 years to 35.00 years	10	3	6	9	4	7	10	4	7	10	4	7	10	5	6
25.01 years to 30.00 years	10	29	19	10	40	24	10	41	24	11	41	25	12	41	26
20.01 years to 25.00 years	74	37	57	76	37	58	75	36	57	74	36	56	72	35	55
15.01 years to 20.00 years	1	15	8	1	12	6	1	12	6	1	12	6	1	12	6
10.01 years to 15.00 years	-	9	4	-	5	2	-	5	2	-	5	2	-	5	3
5.01 years to 10.00 years	-	5	2	-	2	1	-	2	1	-	2	1	-	2	1
5.00 years and lower	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Remaining Amortization Period (%)															
35.01 years and greater	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-
30.01 years to 35.00 years	1	3	2	1	3	2	1	3	2	2	3	2	2	2	2
25.01 years to 30.00 years	7	25	15	8	26	16	8	28	17	8	29	18	9	31	19
20.01 years to 25.00 years	63	34	50	63	34	50	64	34	50	64	33	50	64	33	50
15.01 years to 20.00 years	22	21	21	20	20	20	19	20	20	18	19	19	18	19	18
10.01 years to 15.00 years	5	11	8	5	10	7	5	10	7	5	10	7	5	9	7
5.01 years to 10.00 years	2	5	3	2	5	3	2	5	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

	2018 Q2			2018 Q1			2017 Q4			2017 Q3			2017 Q2		
Total insured loans	934,644			945,533			949,349			967,000			981,000		
Total insured delinquent loans	1,742			1,723			1,718			1,759			1,809		
Total insured loan delinquency rate ⁽³⁾	0.19%			0.18%			0.18%			0.18%			0.18%		
Transactional insurance - insured loans	497,923			496,974			495,614			500,815			501,561		
Transactional insurance - delinquent loans	1,406			1,385			1,369			1,434			1,476		
Transactional insurance loan delinquency rate ⁽³⁾	0.28%			0.28%			0.28%			0.29%			0.29%		
Portfolio insurance - insured loans	436,721			448,559			453,735			466,185			479,439		
Portfolio insurance - delinquent loans	336			338			349			325			333		
Portfolio insurance loan delinquency rate ⁽³⁾	0.08%			0.08%			0.08%			0.07%			0.07%		
	% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured		
	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%
	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾
Province															
Ontario	44	298	0.07	44	283	0.07	44	276	0.07	45	263	0.06	45	254	0.06
British Columbia	14	94	0.09	16	101	0.09	16	121	0.11	16	128	0.11	16	147	0.12
Alberta	20	510	0.32	20	492	0.31	20	496	0.32	19	520	0.33	19	551	0.35
Quebec	12	368	0.26	11	370	0.26	11	374	0.27	11	427	0.29	11	446	0.31
Nova Scotia	2	84	0.32	2	82	0.31	2	90	0.34	2	91	0.34	2	95	0.36
Saskatchewan	4	185	0.52	3	194	0.55	3	179	0.49	3	160	0.46	3	164	0.47
Manitoba	3	56	0.20	2	52	0.18	2	45	0.17	2	45	0.17	2	41	0.16
New Brunswick	1	61	0.33	1	66	0.35	1	63	0.33	1	60	0.32	1	45	0.24
Newfoundland	1	76	0.47	1	78	0.48	1	67	0.42	1	55	0.35	1	54	0.34
Prince Edward Island	-	8	0.20	-	4	0.10	-	6	0.15	-	8	0.21	-	10	0.26
Territories	-	2	0.15	-	1	0.08	-	1	0.08	-	2	0.15	-	2	0.15
Total	100	1,742	0.19	100	1,723	0.18	100	1,718	0.18	100	1,759	0.18	100	1,809	0.18
	% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured			% of Outstanding Insured		
	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%	Mortgage	Total	%
	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾	Balances	Delinquent Loans	Delinquency Rate ⁽³⁾
Year of Policy Origination															
2006 and Prior	1	103	0.26	1	95	0.23	1	94	0.19	1	104	0.24	1	110	0.25
2007	2	128	0.49	2	138	0.51	2	144	0.48	2	134	0.47	2	146	0.49
2008	2	118	0.47	2	106	0.40	2	102	0.36	2	106	0.37	2	134	0.45
2009	1	66	0.36	2	71	0.38	2	87	0.42	2	79	0.39	2	77	0.37
2010	3	120	0.34	3	123	0.33	3	114	0.31	3	128	0.32	4	153	0.37
2011	3	128	0.36	4	138	0.37	4	155	0.40	4	176	0.44	4	182	0.44
2012	6	209	0.33	6	218	0.33	6	213	0.31	6	223	0.30	7	245	0.31
2013	7	181	0.25	7	207	0.26	8	211	0.25	8	231	0.26	9	239	0.25
2014	11	225	0.22	11	233	0.22	11	241	0.22	12	236	0.21	12	242	0.20
2015	18	226	0.15	18	206	0.13	19	207	0.13	20	199	0.12	20	185	0.10
2016	24	189	0.10	25	154	0.08	27	123	0.06	28	131	0.06	28	91	0.04
2017	15	48	0.04	15	34	0.03	15	27	0.02	12	12	0.01	9	5	0.01
2018	6	1	0.00	3	-	-	-	-	-	-	-	-	-	-	-
Total	100	1,742	0.19	100	1,723	0.18	100	1,718	0.18	100	1,759	0.18	100	1,809	0.18

⁽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.

Glossary Continued

“delinquency rate” means the ratio (expressed as a percentage) of the total number of delinquent loans to the total number of outstanding insured mortgages 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 is a useful 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.

Glossary Continued

“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 or losses 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 realized income (cost) from the interest rate hedging program 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.

Glossary Continued

“operating return on equity” means the net operating income for a period 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 invested capital in the 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.