

Genworth MI Canada Inc.

**Financial Supplement
Second Quarter 2016**

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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), shareholders' equity excluding accumulated other comprehensive income ("AOCI"), 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, reported operating return on equity, MCT ratio, delinquency ratio, investment yield, average reserve per delinquency, credit score, debt service ratio, ordinary dividend payout ratio, workout penetration, cures, effective tax rate, debt service ratio, book value per Common Share (basic) including AOCI, book value per Common Share (basic) excluding AOCI, book value per Common Share (diluted) including AOCI, book value per Common Share (diluted) excluding AOCI, and dividends paid per common share. 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), and shareholders' equity excluding AOCI to shareholders' equity.

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)

Income Statement Data

Net premiums written

Underwriting revenues:

Premiums earned

Losses on claims and expenses:

Losses on claims

Sales, underwriting and administrative

Total losses on claims and expenses

Net underwriting income

Net investment income

Interest expense

Income before taxes

Net income

Adjustment to net income, net of taxes:

Net investment losses (gains)

Net operating income

Balance Sheet Data

Total Investments

Total assets

Unearned premiums reserve

Long-term debt

Total liabilities

Shareholders' equity

AOCI

Shareholders' equity, excluding AOCI

Non-IFRS Key Ratios and Other Metrics

Loss ratio

Expense ratio

Combined ratio

Effective tax rate

Operating return on equity ratio

MCT ratio⁽²⁾

Number of delinquent loans

Severity ratio

Book value per share (diluted,including AOCI)

Book value per share (diluted,excluding AOCI)

Operating earnings per common share (diluted)

MCT only an estimate

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Net premiums written	\$ 249	\$ 117	\$ 213	\$ 260	\$ 205
Premiums earned	\$ 158	\$ 154	\$ 151	\$ 148	\$ 144
Losses on claims	\$ 32	\$ 37	\$ 35	\$ 31	\$ 25
Sales, underwriting and administrative	\$ 30	\$ 28	\$ 27	\$ 28	\$ 29
Total losses on claims and expenses	\$ 62	\$ 65	\$ 62	\$ 59	\$ 54
Net underwriting income	\$ 95	\$ 88	\$ 90	\$ 89	\$ 90
Net investment income	\$ 33	\$ 37	\$ 47	\$ 39	\$ 58
Interest expense	\$ (6)	\$ (6)	\$ (6)	\$ (6)	\$ (6)
Income before taxes	\$ 122	\$ 120	\$ 131	\$ 122	\$ 143
Net income	\$ 91	\$ 88	\$ 98	\$ 90	\$ 103
Adjustment to net income, net of taxes:					
Net investment losses (gains)	\$ 8	\$ 3	\$ (3)	\$ 3	\$ (12)
Net operating income	\$ 99	\$ 91	\$ 95	\$ 92	\$ 92
Total Investments	\$ 6,080	\$ 5,867	\$ 5,917	\$ 5,678	\$ 5,700
Total assets	\$ 6,402	\$ 6,211	\$ 6,239	\$ 6,089	\$ 6,167
Unearned premiums reserve	\$ 2,075	\$ 1,984	\$ 2,021	\$ 1,959	\$ 1,847
Long-term debt	\$ 433	\$ 433	\$ 433	\$ 432	\$ 432
Total liabilities	\$ 2,852	\$ 2,749	\$ 2,819	\$ 2,732	\$ 2,807
Shareholders' equity	\$ 3,550	\$ 3,462	\$ 3,420	\$ 3,357	\$ 3,360
AOCI	\$ 154	\$ 119	\$ 127	\$ 125	\$ 182
Shareholders' equity, excluding AOCI	\$ 3,396	\$ 3,343	\$ 3,293	\$ 3,232	\$ 3,178
Loss ratio	21%	24%	23%	21%	17%
Expense ratio	19%	19%	18%	19%	20%
Combined ratio	40%	42%	41%	40%	37%
Effective tax rate	26.1%	26.4%	25.6%	26.2%	27.7%
Operating return on equity ratio	12%	11%	12%	12%	12%
MCT ratio ⁽²⁾	233%	234%	234%	228%	231%
Number of delinquent loans	1,961	2,034	1,829	1,715	1,666
Severity ratio	31%	32%	28%	28%	30%
Book value per share (diluted,including AOCI)	\$ 38.23	\$ 37.23	\$ 36.82	\$ 36.14	\$ 36.18
Book value per share (diluted,excluding AOCI)	\$ 36.57	\$ 35.95	\$ 35.46	\$ 34.80	\$ 34.23
Operating earnings per common share (diluted)	\$ 1.07	\$ 0.99	\$ 1.03	\$ 1.00	\$ 0.99
Weighted average number of shares outstanding (Diluted)	91,842,105	91,835,231	92,218,209	92,209,495	92,475,757

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Current Quarter Estimate

Selected Annual Financial Data⁽¹⁾

As Of or For The Years Ended December 31,

(amounts in millions of dollars, unless otherwise specified)

Income Statement Data

Gross premiums written
Net premiums written

Underwriting revenues:
Premiums earned

Losses on claims and expenses:

Losses on claims
Sales, underwriting and administrative expenses
Total losses on claims and expenses

Net underwriting income

Net investment income

Interest expense

Income before taxes

Net income

Adjustment to net income, net of taxes:

Fee on early redemption of long-term debt
Net investment gains

Net operating income

Balance Sheet Data

Total Investments

Total assets

Unearned premiums reserve

Long-term debt

Total liabilities

Shareholders' equity

AOCI

Shareholders' equity, excluding AOCI

Non-IFRS Key Ratios and Other Metrics

Loss ratio

Expense ratio

Combined ratio

Effective tax rate

Operating return on equity

MCT ratio

Number of delinquent loans

Severity ratio

Book value per share (diluted, including AOCI)

Book value per share (diluted, excluding AOCI)

Operating earnings per common share (diluted)

Weighted average number of shares outstanding (diluted)

	2015	2014	2013	2012	2011
Gross premiums written	\$ 809	\$ 640	\$ 512	\$ 560	\$ 545
Net premiums written	\$ 809	\$ 640	\$ 512	\$ 550	\$ 533
Underwriting revenues:					
Premiums earned	\$ 586	\$ 565	\$ 573	\$ 589	\$ 612
Losses on claims and expenses:					
Losses on claims	\$ 122	\$ 111	\$ 142	\$ 194	\$ 225
Sales, underwriting and administrative expenses	\$ 108	\$ 107	\$ 113	\$ 105	\$ 101
Total losses on claims and expenses	\$ 230	\$ 219	\$ 255	\$ 298	\$ 326
Net underwriting income	\$ 356	\$ 346	\$ 319	\$ 291	\$ 287
Net investment income	\$ 201	\$ 195	\$ 215	\$ 367 ⁽²⁾	\$ 179
Interest expense	\$ (23)	\$ (31)	\$ (23)	\$ (23)	\$ (23)
Income before taxes	\$ 534	\$ 511	\$ 511	\$ 635	\$ 443
Net income	\$ 398	\$ 377	\$ 375	\$ 470 ⁽²⁾	\$ 323
Adjustment to net income, net of taxes:					
Fee on early redemption of long-term debt	\$ -	\$ 5	\$ -	\$ -	\$ -
Net investment gains	\$ (23)	\$ (16)	\$ (26)	\$ (9)	\$ (5)
Net operating income	\$ 375	\$ 366	\$ 349	\$ 462 ⁽²⁾	\$ 318
Balance Sheet Data					
Total Investments	\$ 5,917	\$ 5,443	\$ 5,375	\$ 5,379	\$ 5,063
Total assets	\$ 6,239	\$ 5,770	\$ 5,691	\$ 5,734	\$ 5,393
Unearned premiums reserve	\$ 2,021	\$ 1,799	\$ 1,724	\$ 1,785	\$ 1,824
Long-term debt	\$ 433	\$ 432	\$ 423	\$ 422	\$ 422
Total liabilities	\$ 2,819	\$ 2,499	\$ 2,604	\$ 2,697	\$ 2,710
Shareholders' equity	\$ 3,420	\$ 3,271	\$ 3,087	\$ 3,037	\$ 2,683
AOCI	\$ 127	\$ 185	\$ 124	\$ 221	\$ 215
Shareholders' equity, excluding AOCI	\$ 3,293	\$ 3,086	\$ 2,963	\$ 2,816	\$ 2,468
Non-IFRS Key Ratios and Other Metrics					
Loss ratio	21%	20%	25%	33%	37%
Expense ratio	18%	19%	20%	18%	17%
Combined ratio	39%	39%	44%	51%	53%
Effective tax rate	25.4%	26.3%	26.7%	25.9%	27.0%
Operating return on equity	12%	12%	12%	17% ⁽²⁾	13%
MCT ratio	233%	225%	222%	170%	162%
Number of delinquent loans	1,829	1,756	1,830	2,153	2,752
Severity ratio	29%	29%	30%	32%	32%
Book value per share (diluted, including AOCI)	\$ 36.82	\$ 35.02	\$ 32.53	\$ 30.62	\$ 26.94
Book value per share (diluted, excluding AOCI)	\$ 35.46	\$ 33.04	\$ 31.22	\$ 28.53	\$ 24.78
Operating earnings per common share (diluted)	\$ 4.05	\$ 3.86	\$ 3.60	\$ 4.67 ⁽²⁾	\$ 3.08
Weighted average number of shares outstanding (diluted)	92,771,459	94,966,380	97,067,722	98,806,915	102,003,573

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ Excluding the impact of the government guarantee fund exit fee reversal of \$166 million, related to 2011 and prior years, adjusted IFRS and non-IFRS financial measures for the year ended December 31, 2012 would have been: adjusted net investment income \$201 million, adjusted net income \$348 million, adjusted net operating income \$339 million, adjusted operating return on equity 13%, adjusted operating earnings per share (diluted) \$3.43.

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)

Total Insurance In-Force

Transactional insurance
Portfolio insurance

Total Insurance In-Force (In Thousands of Units)

Transactional insurance
Portfolio insurance

Total Insurance In-Force by Loan Amount (%)

Over \$550,000
\$400,000 to \$550,000
\$250,000 to \$400,000
\$100,000 to \$250,000
Less than \$100,000
Total

Average loan size on insurance in-force
(in thousands of dollars)

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Total Insurance In-Force	\$ 443	\$ 412	\$ 405	\$ 390	\$ 376
Transactional insurance	\$ 302	\$ 297	\$ 294	\$ 288	\$ 280
Portfolio insurance	\$ 141	\$ 116	\$ 111	\$ 102	\$ 96
Total Insurance In-Force (In Thousands of Units)	1,968	1,861	1,836	1,786	1,737
Transactional insurance	1,359	1,342	1,332	1,313	1,288
Portfolio insurance	609	519	504	473	449
Total Insurance In-Force by Loan Amount (%)					
Over \$550,000	8	7	7	7	6
\$400,000 to \$550,000	14	13	13	12	12
\$250,000 to \$400,000	34	34	33	33	33
\$100,000 to \$250,000	41	42	43	44	44
Less than \$100,000	4	4	4	4	5
Total	100	100	100	100	100
Average loan size on insurance in-force (in thousands of dollars)	\$ 225	\$ 222	\$ 221	\$ 218	\$ 216

⁽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

	2016 Q2			2016 Q1			2015 Q4			2015 Q3			2015 Q2		
	Transac-tional	Portfolio	Total												
Original Loan to Value by Year of Policy Origination (%)															
2009 and Prior	90	59	86	90	59	86	90	59	86	90	59	86	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	83	90	59	83	90	59	83
2012	90	59	76	90	59	75	90	59	75	90	59	75	90	59	74
2013	91	59	74	91	58	74	91	58	74	91	57	72	91	57	72
2014	92	60	75	92	60	75	92	60	75	92	59	74	92	59	74
2015	92	62	73	92	62	73	92	62	73	92	62	75	91	65	76
2016	92	63	68	92	65	75	-	-	-	-	-	-	-	-	-
Total	90	60	81	90	60	82	90	60	82	90	59	82	90	59	82
Total Insurance In-Force by Province (%)															
Ontario	44	54	47	44	54	47	44	53	47	44	53	46	44	53	46
British Columbia	13	18	15	13	18	14	13	18	14	13	18	14	13	18	14
Alberta	18	12	16	18	13	17	18	13	17	18	13	17	18	13	17
Quebec	15	9	13	15	9	13	15	9	13	15	9	13	15	9	14
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	-	2	2	-	2	2	-	2	3	-	2	3	-	2
90.01% to 95.00%	48	-	33	48	-	34	48	-	35	47	-	35	47	-	35
85.01% to 90.00%	32	-	22	32	-	23	32	-	24	33	-	24	33	-	24
80.01% to 85.00%	10	-	7	10	-	7	10	-	7	10	-	8	11	-	8
75.01% to 80.00%	5	33	14	5	34	13	5	34	13	5	33	12	5	32	12
70.01% to 75.00%	1	16	6	1	16	5	1	16	5	1	16	5	1	16	5
65.01% to 70.00%	-	10	3	-	10	3	-	10	3	-	10	3	-	10	3
60.01% to 65.00%	-	11	4	-	10	3	-	10	3	-	10	3	-	11	3
55.01% to 60.00%	-	7	2	-	7	2	-	7	2	-	7	2	-	7	2
50.01% to 55.00%	-	6	2	-	5	2	-	5	2	-	6	2	-	6	1
50.00% and lower	-	17	6	-	18	5	-	18	5	-	18	5	-	18	5
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

	2016 Q2			2016 Q1			2015 Q4			2015 Q3			2015 Q2		
Total insured loans in-force	1,968,171			1,860,978			1,835,916			1,785,541			1,737,083		
Total insured delinquent loans	1,961			2,034			1,829			1,715			1,666		
Total insured loan delinquency rate ⁽³⁾	0.10%			0.11%			0.10%			0.10%			0.10%		
Transactional insurance loans in-force	1,358,927			1,341,636			1,331,773			1,313,034			1,287,744		
Transactional insurance delinquent loans	1,669			1,711			1,550			1,449			1,435		
Transactional loan delinquency rate ⁽³⁾	0.12%			0.13%			0.12%			0.11%			0.11%		
Portfolio insurance loans in-force	609,244			519,342			504,143			472,507			449,339		
Portfolio insurance delinquent loans	292			323			279			266			231		
Portfolio insurance loan delinquency rate ⁽³⁾	0.05%			0.06%			0.06%			0.06%			0.05%		
Province	% 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⁾
Ontario	47	349	0.04	47	383	0.05	47	385	0.05	46	365	0.05	46	344	0.04
British Columbia	15	161	0.07	14	183	0.08	14	177	0.08	14	200	0.10	14	226	0.11
Alberta	16	467	0.17	17	424	0.16	17	303	0.12	17	258	0.10	17	227	0.09
Quebec	13	578	0.17	13	656	0.20	13	624	0.19	13	578	0.18	14	579	0.19
Nova Scotia	2	105	0.20	2	99	0.20	2	91	0.18	2	97	0.20	2	92	0.20
Saskatchewan	3	145	0.25	3	118	0.21	3	95	0.17	3	79	0.15	3	68	0.13
Manitoba	2	44	0.09	2	44	0.10	2	37	0.09	2	34	0.08	2	29	0.07
New Brunswick	1	66	0.18	1	74	0.21	1	69	0.20	1	65	0.19	1	60	0.18
Newfoundland	1	33	0.11	1	34	0.12	1	32	0.11	1	28	0.10	1	29	0.11
Prince Edward Island	-	8	0.12	-	15	0.25	-	12	0.20	-	8	0.14	-	10	0.18
Territories	-	5	0.27	-	4	0.25	-	4	0.26	-	3	0.22	-	2	0.15
Total	100	1,961	0.10	100	2,034	0.11	100	1,829	0.10	100	1,715	0.10	100	1,666	0.10
Year of Policy Origination	% 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⁾
2006 and Prior	25	142	0.02	26	166	0.02	27	154	0.02	29	168	0.03	29	158	0.02
2007	7	211	0.15	8	214	0.15	8	199	0.14	8	190	0.14	8	217	0.15
2008	6	201	0.19	6	199	0.19	6	201	0.19	6	184	0.17	7	208	0.20
2009	4	118	0.17	4	124	0.18	4	117	0.16	4	104	0.15	4	116	0.16
2010	6	209	0.20	6	225	0.22	7	217	0.21	7	218	0.21	7	209	0.20
2011	6	251	0.26	6	285	0.29	6	256	0.26	7	243	0.25	7	248	0.25
2012	8	287	0.21	8	325	0.24	8	301	0.22	9	306	0.21	10	283	0.19
2013	8	241	0.18	9	267	0.19	9	220	0.16	9	192	0.13	10	148	0.10
2014	9	223	0.15	10	185	0.12	10	148	0.09	11	105	0.06	12	79	0.05
2015	13	74	0.03	14	44	0.02	15	16	0.01	10	5	-	6	-	-
2016	9	4	-	2	-	-	-	-	-	-	-	-	-	-	-
Total	100	1,961	0.10	100	2,034	0.11	100	1,829	0.10	100	1,715	0.10	100	1,666	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)

New Insurance Written

Transactional insurance
Portfolio insurance

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
\$	31,700	\$ 7,906	\$ 15,826	\$ 14,464	\$ 10,862
\$	5,769	\$ 3,413	\$ 6,231	\$ 8,341	\$ 6,761
\$	25,931	\$ 4,493	\$ 9,595	\$ 6,123	\$ 4,100
	112,384	27,316	56,984	48,651	36,787
	19,411	11,078	20,578	27,051	22,927
	92,973	16,238	36,406	21,600	13,860
\$	249	\$ 117	\$ 213	\$ 260	\$ 205
\$	170	\$ 99	\$ 181	\$ 236	\$ 183
\$	78	\$ 18	\$ 32	\$ 24	\$ 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

2016 Q2			2016 Q1			2015 Q4			2015 Q3			2015 Q2		
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%	64	-	12	63	-	27	65	-	25	64	-	37	65	-
85.01% to 90.00%	26	-	5	26	-	11	26	-	10	26	-	15	23	-
80.01% to 85.00%	4	-	1	4	-	2	4	-	2	4	-	2	4	-
75.01% to 80.00%	4	30	26	4	51	31	4	45	29	4	43	21	5	52
70.01% to 75.00%	1	16	13	1	13	8	1	13	8	1	11	5	1	12
65.01% to 70.00%	-	12	10	-	8	5	-	9	6	-	8	4	-	8
60.01% to 65.00%	-	12	10	-	8	4	-	9	6	-	8	3	-	8
55.01% to 60.00%	-	8	7	-	5	3	-	6	4	-	6	3	-	6
50.01% to 55.00%	-	6	5	-	4	2	-	5	3	-	5	2	-	4
50.00% and lower	-	16	13	-	11	6	-	13	8	-	19	8	-	10
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total New Insurance Written by Province (%)														
Ontario	40	58	55	42	62	54	42	56	50	42	59	50	34	55
British Columbia	14	20	19	15	15	15	13	15	14	13	17	15	13	16
Alberta	15	8	9	20	10	14	22	13	16	21	13	18	23	16
Quebec	18	7	9	11	7	8	9	8	8	10	5	8	20	9
Nova Scotia	2	1	1	2	1	1	2	1	2	2	1	2	2	-
Saskatchewan	4	2	2	4	2	3	5	3	3	4	2	3	4	1
Manitoba	3	2	2	3	2	2	3	3	3	3	2	3	2	1
New Brunswick	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
Prince Edward Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Territories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	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)

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Loss ratio (%)	21	24	23	21	17
Expense ratio (%)	19	19	18	19	20
Combined ratio (%)	40	42	41	40	37
 Paid Claims					
Transactional insurance	\$ 26	\$ 22	\$ 23	\$ 26	\$ 26
Portfolio insurance	\$ 2	\$ 3	\$ 1	\$ 1	\$ 1
Total paid claims	\$ 29	\$ 24	\$ 24	\$ 27	\$ 27
Average paid claim (in thousands)	\$ 62.9	\$ 67.8	\$ 63.7	\$ 66.2	\$ 58.7
Average reserve per delinquent loan (in thousands)	\$ 75.4	\$ 70.9	\$ 71.9	\$ 70.4	\$ 69.8
 Loss Reserves					
Beginning reserves	\$ 144	\$ 132	\$ 121	\$ 116	\$ 119
Paid claims	\$ (29)	\$ (24)	\$ (24)	\$ (27)	\$ (27)
Increase in reserves	\$ 32	\$ 37	\$ 35	\$ 31	\$ 25
Ending reserves	\$ 148	\$ 144	\$ 132	\$ 121	\$ 116
 Delinquency Roll (Units)					
Opening balance	2,034	1,829	1,715	1,666	1,792
New delinquent loans	1,164	1,296	1,198	1,056	1,052
Cures	(812)	(728)	(711)	(616)	(733)
Paid claims	(425)	(363)	(373)	(391)	(445)
Closing balance	1,961	2,034	1,829	1,715	1,666
Delinquency rate ⁽²⁾	0.10%	0.11%	0.10%	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

2006 and Prior

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
\$	\$ 19	\$ 21	\$ 24	\$ 28	\$ 31
\$	\$ 26	\$ 30	\$ 34	\$ 38	\$ 44
\$	\$ 34	\$ 39	\$ 45	\$ 51	\$ 57
\$	\$ 32	\$ 36	\$ 39	\$ 43	\$ 48
\$	\$ 71	\$ 78	\$ 86	\$ 94	\$ 104
\$	\$ 99	\$ 110	\$ 121	\$ 134	\$ 148
\$	\$ 145	\$ 162	\$ 180	\$ 201	\$ 225
\$	\$ 207	\$ 231	\$ 256	\$ 284	\$ 314
\$	\$ 390	\$ 428	\$ 468	\$ 508	\$ 545
\$	\$ 691	\$ 731	\$ 767	\$ 578	\$ 332
\$	\$ 360	\$ 118	\$ -	\$ -	\$ -
\$	2,075	\$ 1,984	\$ 2,021	\$ 1,959	\$ 1,847

⁽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)

Outstanding Insured Mortgage Balances

Transactional insurance
Portfolio insurance

Outstanding Insured Mortgage Balances (In Thousands of Units)

Transactional insurance
Portfolio insurance

Outstanding Insured Mortgage Balances by Loan Amount (%)

Over \$550,000
\$400,000 to \$550,000
\$250,000 to \$400,000
\$100,000 to \$250,000
Less than \$100,000
Total

Average loan size on outstanding insured mortgage balances
(in thousands)

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
<i>Information not currently available</i>					
Transactional insurance	\$ 197	\$ 193	\$ 184	\$ 178	
Portfolio insurance	\$ 119	\$ 117	\$ 117	\$ 113	
	\$ 78	\$ 76	\$ 67	\$ 65	
	883	870	836	828	
	509	504	502	501	
	374	366	334	327	
Over \$550,000	8	8	8	8	
\$400,000 to \$550,000	15	15	15	14	
\$250,000 to \$400,000	36	36	36	35	
\$100,000 to \$250,000	36	37	37	38	
Less than \$100,000	5	5	5	5	
Total	100	100	100	100	
Average loan size on outstanding insured mortgage balances (in thousands)	\$ 224	\$ 222	\$ 220	\$ 215	

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This is based on the amounts reported by lenders surveyed, which represents the vast majority of insurance in-force. Outstanding mortgage insured balances are reported on a one quarter lag.

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

By Loan to Value and Province

As Of The Quarter Ended

	2016 Q2			2016 Q1			2015 Q4			2015 Q3			2015 Q2		
	Transac-tional	Portfolio	Total												
Effective Loan to Value by Year of Policy Origination (%)															
2009 and Prior				49	24	45	49	25	45	50	25	45	50	25	46
2010				67	32	60	67	32	61	67	36	62	68	36	63
2011				71	41	65	71	41	65	71	42	65	72	43	66
2012				76	41	59	76	42	59	76	42	59	78	44	60
2013				80	45	62	81	46	62	81	46	62	82	48	63
2014				86	52	68	87	53	69	87	53	68	88	55	69
2015				92	58	72	92	59	72	91	59	73	90	63	74
2016				94	65	74	-	-	-	-	-	-	-	-	-
Total				72	49	62	72	49	62	71	47	61	70	48	61
Outstanding Insured Mortgage Balances by Province (%)															
Ontario				38	55	44	38	54	44	38	54	43	39	54	44
British Columbia				13	15	15	13	16	15	13	16	16	12	16	14
Alberta				24	14	20	24	14	20	24	14	20	23	14	20
Quebec				14	9	12	14	9	12	14	9	12	15	9	13
Nova Scotia				2	1	2	2	1	2	2	1	2	2	1	2
Saskatchewan				4	2	3	4	2	3	4	2	3	4	2	3
Manitoba				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
Newfoundland				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
Outstanding Insured Mortgage Balances by Effective Loan to Value (%) ⁽³⁾															
95.01% and above				11	-	6	9	-	5	6	-	4	5	-	3
90.01% to 95.00%				11	-	6	11	-	6	10	-	6	9	-	6
85.01% to 90.00%				10	-	6	10	-	6	11	-	6	11	-	6
80.01% to 85.00%				11	1	7	11	1	7	11	-	7	11	-	7
75.01% to 80.00%				11	10	10	11	9	10	13	6	10	13	8	11
70.01% to 75.00%				9	9	9	10	9	10	10	9	10	10	9	10
65.01% to 70.00%				7	9	8	8	9	8	8	9	9	8	9	9
60.01% to 65.00%				6	9	7	6	9	7	7	10	8	6	10	8
55.01% to 60.00%				5	8	6	5	9	7	5	9	7	5	9	6
50.01% to 55.00%				4	8	5	4	8	5	4	8	5	4	8	5
50.00% and lower				15	46	28	15	47	29	15	49	29	17	48	29
Total				100	100	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This is based on the amounts reported by lenders surveyed, which represents the vast majority of insurance in-force. Outstanding mortgage insured balances are reported on a one quarter lag.

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

Information not currently available

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

	2016 Q2	2016 Q1			2015 Q4			2015 Q3			2015 Q2		
Total insured loans		883,000			870,000			836,000			828,000		
Total insured delinquent loans		2,034			1,829			1,715			1,666		
Total insured loan delinquency rate ⁽³⁾		0.23%			0.21%			0.21%			0.20%		
Transactional insurance - insured loans		509,064			503,565			502,197			501,064		
Transactional insurance - delinquent loans		1,711			1,550			1,449			1,435		
Transactional insurance loan delinquency rate ⁽³⁾		0.34%			0.31%			0.29%			0.29%		
Portfolio insurance - insured loans		373,936			366,435			333,803			326,936		
Portfolio insurance - delinquent loans		323			279			266			231		
Portfolio insurance loan delinquency rate ⁽³⁾		0.09%			0.08%			0.08%			0.07%		
Province	<i>Information not currently available</i>			% 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⁾	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	
	44	383	0.10	44	385	0.10	43	365	0.10	44	344	0.09	
	15	183	0.18	15	177	0.18	16	200	0.20	14	226	0.25	
	20	424	0.29	20	303	0.22	20	258	0.19	20	227	0.18	
	12	656	0.47	12	624	0.45	12	578	0.42	13	579	0.41	
	2	99	0.42	2	91	0.39	2	97	0.42	2	92	0.41	
	3	118	0.40	3	95	0.32	3	79	0.28	3	68	0.25	
	2	44	0.21	2	37	0.18	2	34	0.19	2	29	0.17	
	1	74	0.43	1	69	0.41	1	65	0.39	1	60	0.37	
	1	34	0.25	1	32	0.24	1	28	0.21	1	29	0.22	
	-	15	0.44	-	12	0.36	-	8	0.25	-	10	0.31	
	-	4	0.44	-	4	0.45	-	3	0.42	-	2	0.28	
	100	2,034	0.23	100	1,829	0.21	100	1,715	0.21	100	1,666	0.20	
Year of Policy Origination	<i>Information not currently available</i>			% 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⁾	Total Delinquent Loans	% Delinquency Rate ⁽³⁾	
	2	166	0.28	2	154	0.25	2	168	0.27	4	158	0.23	
	3	214	0.56	4	199	0.51	4	190	0.46	4	217	0.51	
	4	199	0.53	4	201	0.52	4	184	0.46	5	208	0.50	
	3	124	0.46	3	117	0.42	3	104	0.36	3	116	0.38	
	5	225	0.44	6	217	0.41	6	218	0.38	7	209	0.33	
	7	285	0.48	7	256	0.41	8	243	0.36	9	248	0.34	
	11	325	0.30	12	301	0.27	14	306	0.26	15	283	0.22	
	14	267	0.22	14	220	0.18	16	192	0.15	17	148	0.11	
	18	185	0.13	19	148	0.10	22	105	0.07	23	79	0.05	
	29	44	0.02	29	16	0.01	21	5	-	13	-	-	
	4	-	-	-	-	-	-	-	-	-	-	-	
	100	2,034	0.23	100	1,829	0.21	100	1,715	0.21	100	1,666	0.20	

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ This is based on the amounts reported by lenders surveyed, which represents the vast majority of insurance in-force. Outstanding mortgage insured balances are reported on a one quarter lag.

⁽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.

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

			2016 Q2			2016 Q1			2015 Q4			2015 Q3			2015 Q2		
	Transac-tional	Portfolio	Total		Transac-tional	Portfolio	Total		Transac-tional	Portfolio	Total		Transac-tional	Portfolio	Total		
Original Amortization Period (%)																	
35.01 years and greater		6	1	4		6	1	4		6	1	5		7	1	5	
30.01 years to 35.00 years		14	5	11		15	4	11		16	7	12		18	6	14	
25.01 years to 30.00 years		16	37	24		17	37	25		18	35	24		19	34	25	
20.01 years to 25.00 years		63	36	52		61	36	51		59	36	51		55	37	48	
15.01 years to 20.00 years		1	13	6		1	13	6		1	12	5		1	13	5	
10.01 years to 15.00 years		-	6	2		-	6	2		-	6	2		-	6	2	
5.01 years to 10.00 years		-	2	1		-	3	1		-	3	1		-	3	1	
5.00 years and lower		-	-	-		-	-	-		-	-	-		-	-	-	
Total		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		3	3	3		4	3	4		5	4	5		4	6	5	
25.01 years to 30.00 years		17	32	23		18	32	24		18	29	22		22	31	25	
20.01 years to 25.00 years		56	30	46		55	30	45		55	30	46		48	32	42	
15.01 years to 20.00 years		15	18	16		14	18	16		14	18	15		17	18	17	
10.01 years to 15.00 years		5	10	7		5	10	7		5	11	7		6	9	7	
5.01 years to 10.00 years		2	5	3		2	5	3		2	6	3		2	4	3	
5.00 years and lower		1	2	1		-	2	1		-	2	1		-	1	1	
Total		100	100	100		100	100	100		100	100	100		100	100	100	

Information not currently available

⁽¹⁾ Amounts may not total due to rounding.

⁽²⁾ This is based on the amounts reported by lenders surveyed, which represents the vast majority of insurance in-force. Outstanding insured balances are reported on a one quarter lag.

⁽³⁾ Q4'15 and Q3'15 based on amounts reported by lenders surveyed. Q2'15 and Q1'15 based on Company estimate.

Glossary

“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.

“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-total 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.

“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.

“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 operating income” means net income excluding after-tax net investment gains (losses) and after-tax fees on early redemption of debt. Net operating income estimates the recurring after-tax earnings from core business activities and is a better indicator of core operating performance.

“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.

“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.