

Genworth MI Canada Inc.

Financial Supplement Second Quarter 2020

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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 certain 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, among others, net operating income (excluding fee on early redemption of debt, as applicable), operating investment income, interest and dividend income, net of investment expenses, operating earnings per common share (basic) and operating earnings per common share (diluted).

Other non-IFRS financial measures used by the Company to analyze performance for which no comparable IFRS measure is available include, insurance in-force, outstanding insured mortgage balances, new insurance written, loss ratio, expense ratio, combined ratio, operating return on equity, investment yield, Mortgage Insurer Capital Adequacy Test ("MICAT") ratio, Minimum Capital Test (MCT) ratio and delinquency ratio on outstanding insured mortgage balances. 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.

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

Income statement data

Transactional insurance premiums written
Portfolio insurance premiums written
Premiums written

Underwriting revenues:

Premiums earned

Losses on claims and expenses:

Losses on claims
Expenses
Total losses on claims and expenses

Net underwriting income

Interest and dividend income, net of investment expenses

Realized income from interest rate hedging program

Net gains (losses) from investments, derivatives and foreign exchange²

Total investment income

Interest expense

Fee on early redemption of long-term debt

Income before taxes

Net income

Adjustment to net income, net of taxes:

Fee on early redemption of long-term debt

Net losses (gains) from investments, derivatives and foreign exchange²

Net operating income

Balance sheet data

Total investments³

Total assets

Unearned premiums reserve

Debt outstanding

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

MICAT ratio⁴

Number of delinquencies outstanding

Severity ratio

Investment yield

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)

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Income statement data					
Transactional insurance premiums written	\$ 167	\$ 110	\$ 177	\$ 213	\$ 187
Portfolio insurance premiums written	\$ 60	\$ 4	\$ 5	\$ 6	\$ 8
Premiums written	\$ 227	\$ 114	\$ 183	\$ 218	\$ 195
Underwriting revenues:					
Premiums earned	\$ 172	\$ 171	\$ 171	\$ 171	\$ 169
Losses on claims and expenses:					
Losses on claims	\$ 46	\$ 25	\$ 34	\$ 31	\$ 26
Expenses	\$ 32	\$ 37	\$ 35	\$ 33	\$ 34
Total losses on claims and expenses	\$ 78	\$ 62	\$ 69	\$ 64	\$ 59
Net underwriting income	\$ 94	\$ 109	\$ 102	\$ 106	\$ 109
Interest and dividend income, net of investment expenses	\$ 43	\$ 47	\$ 49	\$ 50	\$ 49
Realized income from interest rate hedging program	\$ 5	\$ 7	\$ 7	\$ 7	\$ 7
Net gains (losses) from investments, derivatives and foreign exchange ²	\$ (5)	\$ (29)	\$ (6)	\$ (5)	\$ (10)
Total investment income	\$ 43	\$ 25	\$ 50	\$ 52	\$ 46
Interest expense	\$ (6)	\$ (8)	\$ (6)	\$ (6)	\$ (6)
Fee on early redemption of long-term debt	\$ —	\$ (2)	\$ —	\$ —	\$ (3)
Income before taxes	\$ 131	\$ 124	\$ 146	\$ 152	\$ 146
Net income	\$ 98	\$ 95	\$ 108	\$ 111	\$ 110
Adjustment to net income, net of taxes:					
Fee on early redemption of long-term debt	\$ —	\$ 1	\$ —	\$ —	\$ 2
Net losses (gains) from investments, derivatives and foreign exchange ²	\$ 4	\$ 21	\$ 4	\$ 4	\$ 8
Net operating income	\$ 101	\$ 117	\$ 112	\$ 115	\$ 120
Balance sheet data					
Total investments ³	\$ 6,483	\$ 6,132	\$ 6,415	\$ 6,672	\$ 6,501
Total assets	\$ 6,933	\$ 6,629	\$ 6,820	\$ 7,089	\$ 6,909
Unearned premiums reserve	\$ 2,109	\$ 2,054	\$ 2,111	\$ 2,099	\$ 2,051
Debt outstanding	\$ 634	\$ 626	\$ 436	\$ 436	\$ 436
Total liabilities	\$ 3,302	\$ 3,203	\$ 2,952	\$ 3,065	\$ 2,823
Shareholders' equity	\$ 3,631	\$ 3,426	\$ 3,868	\$ 4,023	\$ 4,086
AOCI	\$ 72	\$ (82)	\$ 11	\$ 32	\$ 43
Shareholders' equity, excluding AOCI	\$ 3,559	\$ 3,508	\$ 3,857	\$ 3,992	\$ 4,042
Non-IFRS key ratios and other metrics					
Loss ratio	27%	14%	20%	18%	15%
Expense ratio	19%	22%	20%	20%	20%
Combined ratio	45%	36%	41%	38%	35%
Effective tax rate	25.4%	23.9%	25.8%	26.9%	24.6%
Operating return on equity ratio	11%	13%	11%	11%	12%
MICAT ratio ⁴	169%	172%	170%	172%	170%
Number of delinquencies outstanding	1,974	1,754	1,798	1,761	1,701
Severity ratio	31%	29%	29%	28%	28%
Investment yield	3.0%	3.3%	3.2%	3.3%	3.3%
Book value per share (diluted, including AOCI)	\$ 41.97	\$ 39.61	\$ 44.58	\$ 46.37	\$ 47.17
Book value per share (diluted, excluding AOCI)	\$ 41.14	\$ 40.56	\$ 44.45	\$ 46.01	\$ 46.67
Operating earnings per common share (diluted)	\$ 1.17	\$ 1.35	\$ 1.30	\$ 1.34	\$ 1.38
Weighted average number of shares outstanding (diluted)	86,358,432	86,622,175	86,177,587	85,998,704	87,103,687

(1) Amounts may not total due to rounding.

(2) Includes realized and unrealized gain and losses from derivatives and foreign exchange, excluding realized income and expense from interest rate hedging

(3) Q3'19 Includes \$125 million designated to fund the special dividend declared and accrued in September which was paid in October 2019.

(4) Company estimate at June 30, 2020. The OSFI supervisory MICAT target ratio and minimum MICAT ratio under PRMHIA is 150% and the Company's internal target ratio is 157%.

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

Transactional insurance premiums written
Portfolio insurance premiums written
Premiums written

Underwriting revenues:

Premiums earned

Losses on claims and expenses:

Losses on claims
Expenses
Total losses on claims and expenses

Net underwriting income

Interest and dividend income, net of investment expenses

Realized income from interest rate hedging program

Net gains (losses) from investments, derivatives and foreign exchange²

Total investment income

Interest expense

Fee on early redemption of long-term debt

Income before taxes

Net income

Adjustment to net income, net of taxes:

Fee on early redemption of long-term debt

Net losses (gains) from investments, derivatives and foreign exchange²

Net operating income

Balance sheet data

Total investments

Total assets

Unearned premiums reserve

Debt outstanding

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

MICAT/MCT ratio³

Number of delinquencies outstanding

Severity ratio

Investment yield

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)

	2019	2018	2017	2016	2015
Transactional insurance premiums written	\$ 677	\$ 619	\$ 602	\$ 619	\$ 705
Portfolio insurance premiums written	\$ 24	\$ 20	\$ 60	\$ 140	\$ 104
Premiums written	\$ 701	\$ 639	\$ 663	\$ 760	\$ 809
Premiums earned	\$ 679	\$ 680	\$ 676	\$ 638	\$ 586
Losses on claims	\$ 116	\$ 100	\$ 69	\$ 139	\$ 122
Expenses	\$ 136	\$ 129	\$ 133	\$ 124	\$ 108
Total losses on claims and expenses	\$ 252	\$ 229	\$ 202	\$ 263	\$ 230
Net underwriting income	\$ 427	\$ 451	\$ 474	\$ 375	\$ 356
Interest and dividend income, net of investment expenses	\$ 196	\$ 191	\$ 182	\$ 176	\$ 169
Realized income from interest rate hedging program	\$ 29	\$ 22	\$ —	\$ —	\$ —
Net gains (losses) from investments, derivatives and foreign exchange ²	\$ (51)	\$ (27)	\$ 83	\$ 38	\$ 32
Total investment income	\$ 174	\$ 186	\$ 265	\$ 214	\$ 201
Interest expense	\$ (23)	\$ (24)	\$ (24)	\$ (23)	\$ (23)
Fee on early redemption of long-term debt	\$ (3)	\$ —	\$ —	\$ —	\$ —
Income before taxes	\$ 574	\$ 613	\$ 716	\$ 566	\$ 534
Net income	\$ 426	\$ 452	\$ 528	\$ 417	\$ 398
Adjustment to net income, net of taxes:					
Fee on early redemption of long-term debt	\$ 2	\$ —	\$ —	\$ —	\$ —
Net losses (gains) from investments, derivatives and foreign exchange ²	\$ 37	\$ 23	\$ (61)	\$ (29)	\$ (23)
Net operating income	\$ 466	\$ 475	\$ 467	\$ 388	\$ 375
Total investments	\$ 6,415	\$ 6,400	\$ 6,449	\$ 6,226	\$ 5,917
Total assets	\$ 6,820	\$ 6,889	\$ 6,924	\$ 6,612	\$ 6,239
Unearned premiums reserve	\$ 2,111	\$ 2,089	\$ 2,130	\$ 2,143	\$ 2,021
Debt outstanding	\$ 436	\$ 434	\$ 433	\$ 433	\$ 433
Total liabilities	\$ 2,952	\$ 2,899	\$ 2,963	\$ 2,963	\$ 2,819
Shareholders' equity	\$ 3,868	\$ 3,990	\$ 3,961	\$ 3,649	\$ 3,420
AOCI	\$ 11	\$ (36)	\$ 78	\$ 93	\$ 127
Shareholders' equity, excluding AOCI	\$ 3,857	\$ 4,027	\$ 3,884	\$ 3,556	\$ 3,293
Loss ratio	17%	15%	10%	22%	21%
Expense ratio	20%	19%	20%	19%	18%
Combined ratio	37%	34%	30%	41%	39%
Effective tax rate	25.8%	26.4%	26.3%	26.3%	25.4%
Operating return on equity ratio	12%	12%	13%	11%	12%
MICAT/MCT ratio ³	170%	172%	172%	245%	234%
Number of delinquencies outstanding	1,798	1,684	1,718	2,070	1,829
Severity ratio	29%	29%	28%	30%	29%
Investment yield	3.2%	3.2%	3.2%	3.2%	3.3%
Book value per share (diluted, including AOCI)	\$ 44.58	\$ 45.21	\$ 43.13	\$ 39.28	\$ 36.82
Book value per share (diluted, excluding AOCI)	\$ 44.45	\$ 45.62	\$ 42.29	\$ 38.28	\$ 35.46
Operating earnings per common share (diluted)	\$ 5.38	\$ 5.27	\$ 5.09	\$ 4.23	\$ 4.05
Weighted average number of shares outstanding (diluted)	86,697,013	90,183,338	91,625,024	91,874,244	92,771,459

(1) Amounts may not total due to rounding.

(2) Includes realized and unrealized gain (losses) from derivatives except for realized income (expense) from interest rate hedging program.

(3) Effective January 1, 2019, the MCT ratio was replaced with the MICAT ratio. The OSFI supervisory MICAT target ratio and minimum MICAT ratio under PRMHIA is 150% and the Company's internal target ratio under the MICAT is 157%.

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)

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Total Insurance In-Force	\$ 545	\$ 529	\$ 527	\$ 522	\$ 518
Transactional insurance	\$ 373	\$ 368	\$ 365	\$ 360	\$ 355
Portfolio insurance	\$ 173	\$ 161	\$ 162	\$ 162	\$ 163
Total Insurance In-Force (In Thousands of Units)	2,254	2,199	2,194	2,184	2,174
Transactional insurance	1,576	1,563	1,554	1,540	1,523
Portfolio insurance	679	637	640	643	651
Total Insurance In-Force by Loan Amount (%)					
Over \$550,000	9	9	9	9	9
\$400,000 to \$550,000	16	16	15	15	15
\$250,000 to \$400,000	35	35	35	35	35
\$100,000 to \$250,000	37	37	37	38	38
Less than \$100,000	3	3	3	3	3
Total	100	100	100	100	100
Average loan size on insurance in-force (in thousands of dollars)	\$ 242	\$ 241	\$ 240	\$ 239	\$ 238

(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

Original Loan to Value by Year of Origination (%)

2009 and Prior

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

Total

Total Insurance In-Force by Province (%)

Ontario

British Columbia

Alberta

Quebec

Nova Scotia

Saskatchewan

Manitoba

New Brunswick

Newfoundland

Prince Edward Island

Territories

Total

Total Insurance In-Force by Loan to Value (%)

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

	2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
2009 and Prior	90	61	89	90	61	89	90	61	89	90	60	89	90	59	89
2010	91	61	85	91	61	85	91	61	84	91	61	84	91	61	84
2011	90	60	84	90	60	84	90	60	84	90	60	84	90	60	84
2012	90	62	80	90	61	79	90	61	79	90	61	79	90	61	79
2013	91	61	79	91	61	79	91	61	79	91	61	79	91	61	78
2014	91	63	78	91	62	78	91	62	78	91	62	78	91	62	77
2015	92	62	75	92	62	75	92	62	74	92	62	74	92	62	74
2016	92	62	71	92	62	71	92	62	71	92	62	71	92	62	71
2017	92	60	75	92	60	75	92	60	75	92	60	75	92	60	75
2018	92	53	76	92	53	76	92	53	76	92	53	76	92	53	76
2019	92	59	83	92	59	83	92	59	83	92	58	82	92	58	79
2020	92	58	68	92	61	85									
Total	91	61	82	91	61	82	91	61	82	91	61	82	91	61	82
Total Insurance In-Force by Province (%)															
Ontario	43	55	47	43	55	47	43	54	47	43	54	47	43	54	47
British Columbia	13	17	14	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	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%	51	—	35	51	—	35	51	—	35	51	—	35	51	—	35
85.01% to 90.00%	31	—	22	31	—	22	32	—	22	32	—	22	32	—	22
80.01% to 85.00%	9	—	6	9	—	6	9	—	6	9	—	6	9	—	6
75.01% to 80.00%	4	32	13	4	33	13	4	33	13	4	33	13	4	33	13
70.01% to 75.00%	1	15	5	1	14	5	1	14	5	1	14	5	1	14	5
65.01% to 70.00%	—	11	4	—	11	3	—	11	3	—	11	3	—	11	4
60.01% to 65.00%	—	11	4	—	12	4	—	12	4	—	11	4	—	12	4
55.01% to 60.00%	—	8	3	—	8	2	—	8	2	—	8	2	—	8	3
50.01% to 55.00%	—	6	2	—	6	2	—	6	2	—	6	2	—	6	2
50.00% and lower	—	17	6	—	17	5	—	17	5	—	17	5	—	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)

New Insurance Written

Transactional insurance

Portfolio insurance

New Insurance Written (Units)

Transactional insurance

Portfolio insurance

Premiums Written

Transactional insurance

Portfolio insurance

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
\$	18,221	\$ 4,142	\$ 6,397	\$ 7,360	\$ 7,736
\$	4,777	\$ 3,190	\$ 5,065	\$ 6,070	\$ 5,310
\$	13,444	\$ 952	\$ 1,332	\$ 1,290	\$ 2,426
	65,764	12,076	19,514	22,700	26,424
	14,040	9,106	15,019	18,282	16,851
	51,724	2,970	4,495	4,418	9,573
\$	227	\$ 114	\$ 183	\$ 218	\$ 195
\$	167	\$ 110	\$ 177	\$ 213	\$ 187
\$	60	\$ 4	\$ 5	\$ 6	\$ 8

(1) Amounts may not total due to rounding.

New Insurance Written ^{(1) (2)} By Loan to Value and Province As Of or For The Quarters Ended

New Insurance Written by Loan to Value (%)

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

New Insurance Written by Province (%)

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

2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
64	—	17	62	—	48	64	—	51	65	—	54	67	—	46
28	—	7	30	—	23	28	—	22	28	—	23	27	—	18
6	—	2	6	—	5	5	—	4	5	—	4	5	—	3
1	24	18	1	38	10	1	32	8	1	33	7	1	28	10
—	18	13	—	9	2	—	8	2	—	8	2	—	10	3
—	13	10	—	11	3	—	10	2	—	12	2	—	14	5
—	11	8	—	12	3	—	13	3	—	14	2	—	13	4
—	8	6	—	8	2	—	8	2	—	8	2	—	8	3
—	7	5	—	5	1	—	7	1	—	6	1	—	7	2
—	19	14	—	17	4	—	22	5	—	19	3	—	19	6
100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
36	60	54	39	64	45	40	55	43	39	49	41	32	54	39
10	13	12	14	12	13	13	13	13	12	15	12	11	14	12
16	8	10	19	14	18	19	25	21	20	23	20	19	17	19
26	11	15	16	7	14	14	2	12	14	8	13	25	6	19
3	2	2	2	1	2	3	1	2	3	1	3	2	1	2
3	2	3	3	2	2	3	2	3	4	2	3	4	3	4
3	2	2	3	—	2	3	1	3	4	1	3	3	2	3
2	1	1	1	—	1	2	—	2	2	1	2	2	1	1
1	1	1	1	—	1	2	—	1	2	—	1	2	1	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 or For The Quarters Ended

(amounts in millions of dollars, unless otherwise specified)

Loss ratio (%)

Expense ratio (%)

Combined ratio (%)

Paid Claims

Transactional insurance

Portfolio insurance

Total paid claims

Average paid claim (in thousands)

Average reserve per delinquent loan (in thousands)

Loss Reserves

Beginning reserves

Paid claims

Increase in reserves

Ending reserves

Delinquency Roll (Units)

Opening balance

New delinquent loans

Cures

Paid claims

Closing balance

Delinquency rate ⁽²⁾

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Loss ratio (%)	27	14	20	18	15
Expense ratio (%)	19	22	20	20	20
Combined ratio (%)	45	36	41	38	35
Paid Claims					
Transactional insurance	\$ 26	\$ 26	\$ 25	\$ 20	\$ 23
Portfolio insurance	\$ 1	\$ 1	\$ 1	\$ 2	\$ 1
Total paid claims	\$ 27	\$ 26	\$ 27	\$ 22	\$ 24
Average paid claim (in thousands)	\$ 74	\$ 82	\$ 85	\$ 73	\$ 70
Average reserve per delinquent loan (in thousands)	\$ 85	\$ 79	\$ 79	\$ 78	\$ 76
Loss Reserves					
Beginning reserves	\$ 139	\$ 141	\$ 137	\$ 129	\$ 126
Paid claims	\$ (27)	\$ (26)	\$ (27)	\$ (22)	\$ (24)
Increase in reserves	\$ 56	\$ 24	\$ 31	\$ 30	\$ 27
Ending reserves	\$ 168	\$ 139	\$ 141	\$ 137	\$ 129
Delinquency Roll (Units)					
Opening balance	1,754	1,798	1,761	1,701	1,760
New delinquent loans	943	853	967	950	882
Cures	(452)	(569)	(582)	(577)	(601)
Paid claims	(271)	(329)	(348)	(313)	(340)
Closing balance	1,974	1,754	1,798	1,761	1,701
Delinquency rate ⁽²⁾	0.22%	0.20%	0.20%	0.20%	0.19%

(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 Quarters Ended

(amounts in millions of dollars, unless otherwise specified)

Policy Year

2006 and Prior

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
\$	1	\$ 1	\$ 2	\$ 2	\$ 3
\$	3	\$ 3	\$ 3	\$ 4	\$ 5
\$	3	\$ 4	\$ 5	\$ 5	\$ 6
\$	3	\$ 4	\$ 4	\$ 4	\$ 5
\$	8	\$ 9	\$ 11	\$ 14	\$ 16
\$	15	\$ 17	\$ 20	\$ 22	\$ 26
\$	19	\$ 22	\$ 25	\$ 29	\$ 33
\$	24	\$ 28	\$ 33	\$ 38	\$ 45
\$	54	\$ 64	\$ 75	\$ 87	\$ 101
\$	135	\$ 156	\$ 178	\$ 202	\$ 227
\$	227	\$ 253	\$ 280	\$ 308	\$ 338
\$	301	\$ 329	\$ 359	\$ 389	\$ 421
\$	403	\$ 435	\$ 468	\$ 501	\$ 534
\$	583	\$ 616	\$ 649	\$ 492	\$ 292
\$	331	\$ 113	\$	\$	
\$	2,109	\$ 2,054	\$ 2,111	\$ 2,099	\$ 2,051

(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 Quarters Ended**

(amounts in billions of dollars, unless otherwise specified)

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Outstanding Insured Mortgage Balances	\$ 205	\$ 197	\$ 200	\$ 203	\$ 205
Transactional insurance	\$ 121	\$ 120	\$ 121	\$ 121	\$ 120
Portfolio insurance	\$ 84	\$ 76	\$ 79	\$ 83	\$ 85
Outstanding Insured Mortgage Balances (In Thousands of Units)	897	866	881	895	901
Transactional insurance	494	494	496	498	499
Portfolio insurance	403	373	385	397	402
Outstanding Insured Mortgage Balances by Loan Amount (%)					
Over \$550,000	9	8	8	8	8
\$400,000 to \$550,000	17	17	17	16	16
\$250,000 to \$400,000	35	35	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	\$ 227	\$ 227	\$ 227	\$ 228

(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 Policy Year, Province and Loan to Value As Of The Quarters Ended

(amounts in billions of dollars unless otherwise specified)

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

	2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
2009 and Prior	10	1	10	10	1	11	10	1	11	11	1	12	11	1	12
2010	4	1	5	4	1	5	4	1	5	5	1	5	5	1	6
2011	5	1	5	5	1	5	5	1	6	5	1	6	6	1	6
2012	5	3	8	6	3	9	6	3	9	6	3	10	6	4	10
2013	6	4	10	6	4	10	6	4	10	7	4	11	7	4	11
2014	9	5	14	9	5	14	9	5	15	10	6	16	11	7	18
2015	13	11	24	14	13	27	15	14	28	15	15	30	16	16	32
2016	14	22	36	14	24	38	15	25	40	15	27	42	16	28	44
2017	14	10	24	15	10	25	15	11	26	15	11	27	16	12	28
2018	16	7	23	16	7	23	16	7	24	17	8	25	17	8	25
2019	19	7	26	19	8	27	19	8	27	14	6	20	8	4	12
2020	8	14	22	3	1	4									
Total	121	84	205	120	76	197	121	79	200	121	83	203	120	85	205

Outstanding Insured Mortgage Balances by Province (\$)

	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
Ontario	40	46	86	40	41	81	41	42	83	41	44	85	41	46	87
British Columbia	14	14	28	14	13	27	14	14	27	14	14	28	14	15	28
Alberta	31	11	43	31	11	42	31	11	42	31	12	43	31	12	43
Quebec	18	7	25	18	6	24	18	6	24	18	7	24	18	7	24
Nova Scotia	3	1	4	3	1	4	3	1	4	3	1	4	3	1	4
Saskatchewan	6	2	8	6	2	7	6	2	8	6	2	8	6	2	8
Manitoba	4	1	6	4	1	5	4	1	5	4	2	5	4	2	5
New Brunswick	2	1	2	2	—	2	2	—	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	—	—	1	—	—	1	—	—	1
Territories	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	121	84	205	120	76	197	121	79	200	121	83	203	120	85	205

Outstanding Insured Mortgage Balances by Effective Loan to Value (\$) ^{(3) (4)}

	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
95.01% and above	11	—	11	12	—	12	12	—	12	10	—	10	12	—	12
90.01% to 95.00%	12	—	12	13	—	13	13	—	13	13	—	13	14	—	14
85.01% to 90.00%	15	—	15	16	—	16	16	—	16	16	—	16	15	—	15
80.01% to 85.00%	13	—	14	13	—	14	13	—	13	13	—	13	12	—	13
75.01% to 80.00%	13	2	16	12	2	14	12	2	13	12	2	14	12	3	15
70.01% to 75.00%	11	3	14	11	3	13	11	3	14	11	3	14	11	3	14
65.01% to 70.00%	9	4	13	8	3	11	9	3	12	9	4	13	8	4	13
60.01% to 65.00%	7	6	13	7	5	11	7	5	13	8	6	13	7	7	14
55.01% to 60.00%	6	7	13	6	6	12	6	6	13	6	7	13	6	8	14
50.01% to 55.00%	5	8	13	5	7	13	5	9	14	5	9	15	5	10	15
50.00% and lower	18	54	72	17	51	68	17	51	68	17	52	69	17	50	67
Total	121	84	205	120	76	197	121	79	200	121	83	203	120	85	205

(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.

(4) 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.

Outstanding Insured Mortgage Balances ^{(1) (2)} By Policy Year, Province and Loan to Value As Of The Quarters Ended

	2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
Effective Loan to Value by Year of Policy Origination (%) ⁽³⁾															
2009 and Prior	31	16	24	32	16	25	32	17	25	33	17	26	33	17	27
2010	45	22	35	46	23	37	47	23	37	48	24	38	49	24	39
2011	48	23	35	50	24	36	51	24	37	51	25	37	53	25	38
2012	52	27	37	54	28	38	55	29	39	55	29	40	57	30	41
2013	56	29	38	58	30	40	58	31	40	59	31	41	61	32	42
2014	62	33	44	64	35	45	65	35	46	65	36	46	67	38	48
2015	65	36	44	66	37	45	67	38	46	68	39	46	70	40	48
2016	69	40	50	71	41	51	72	42	52	73	43	53	75	45	56
2017	79	49	67	81	50	72	82	51	73	83	52	74	86	54	76
2018	84	49	68	86	50	73	88	51	75	89	52	76	91	54	78
2019	88	51	73	91	54	84	92	56	86	92	58	87	94	59	86
2020	93	56	85	94	56	91									
Total	63	34	47	64	34	48	64	35	48	63	35	48	64	37	49
Outstanding Insured Mortgage Balances by Province (%)															
Ontario	33	54	42	34	53	41	34	53	42	34	54	42	34	54	42
British Columbia	11	17	13	11	17	14	11	17	14	11	17	14	11	17	14
Alberta	26	14	21	26	14	21	26	14	21	26	14	21	25	14	21
Quebec	15	8	12	15	8	12	15	8	12	15	8	12	15	8	12
Nova Scotia	3	1	2	3	1	2	3	1	2	3	1	2	2	1	2
Saskatchewan	5	2	4	5	2	4	5	2	4	5	2	4	5	2	4
Manitoba	3	2	3	3	2	3	3	2	3	3	2	3	3	2	3
New Brunswick	2	1	1	2	1	1	2	1	1	2	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 (%) ⁽⁴⁾															
95.01% and above	9	—	5	10	—	6	10	—	6	8	—	5	10	—	6
90.01% to 95.00%	10	—	6	11	—	7	11	—	7	11	—	6	12	—	7
85.01% to 90.00%	12	—	7	13	—	8	13	—	8	13	—	8	13	—	7
80.01% to 85.00%	11	—	7	11	—	7	11	—	7	11	—	6	10	—	6
75.01% to 80.00%	11	3	8	10	2	7	10	2	7	10	2	7	10	3	7
70.01% to 75.00%	9	4	7	9	3	7	9	4	7	9	4	7	9	4	7
65.01% to 70.00%	7	5	6	7	4	6	7	4	6	7	4	6	7	5	6
60.01% to 65.00%	6	7	6	6	6	6	6	7	6	6	7	7	6	8	7
55.01% to 60.00%	5	8	6	5	8	6	5	8	6	5	9	7	5	9	7
50.01% to 55.00%	4	9	6	4	10	6	4	11	7	4	11	7	4	12	7
50.00% and lower	15	64	35	14	67	35	14	64	34	14	63	34	14	59	33
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) 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.

(4) 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**

	2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total	Trans actional	Portfolio	Total
Original Amortization Period (%)															
35.01 years and greater	3	—	2	3	—	2	3	—	2	3	—	2	3	—	2
30.01 years to 35.00 years	6	2	5	7	3	5	7	3	5	7	3	5	8	3	6
25.01 years to 30.00 years	7	33	17	7	35	18	7	36	19	8	37	19	8	37	20
20.01 years to 25.00 years	83	44	67	83	42	67	82	41	66	81	41	65	80	40	64
15.01 years to 20.00 years	1	13	6	1	13	5	1	13	5	1	12	5	1	12	6
10.01 years to 15.00 years	—	5	2	—	5	2	—	5	2	—	5	2	—	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	—	1	—	—	1	—	—	1	—	—	1	1	—	1	1
30.01 years to 35.00 years	—	1	—	—	1	—	1	2	1	1	2	1	1	2	1
25.01 years to 30.00 years	4	14	8	4	15	8	6	17	10	6	18	11	7	20	12
20.01 years to 25.00 years	59	39	51	59	36	50	60	36	50	60	36	50	60	36	50
15.01 years to 20.00 years	29	26	28	29	26	28	26	24	26	25	23	24	24	23	24
10.01 years to 15.00 years	5	13	8	5	13	8	5	12	8	5	12	8	5	12	8
5.01 years to 10.00 years	2	6	4	2	6	4	2	6	4	2	6	4	2	6	3
5.00 years and lower	—	2	1	—	2	1	—	2	1	—	2	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 Balance ^{(1) (2)}

Delinquent Loans and Delinquency Rates by Province and Year of Origination

As Of The Quarter Ended

	2020 Q2			2020 Q1			2019 Q4			2019 Q3			2019 Q2		
Total insured loans	896,848			866,440			880,548			894,677			900,682		
Total insured delinquencies outstanding	1,974			1,754			1,798			1,761			1,701		
Total insured loan delinquency rate ⁽³⁾	0.22%			0.20%			0.20%			0.20%			0.19%		
Transactional insurance - insured loans	493,931			493,530			495,548			497,706			498,572		
Transactional insurance - delinquencies outstanding	1,510			1,376			1,413			1,356			1,340		
Transactional insurance loan delinquency rate	0.31%			0.28%			0.29%			0.27%			0.27%		
Portfolio insurance - insured loans	402,917			372,910			385,000			396,971			402,110		
Portfolio insurance - delinquencies outstanding	464			378			385			405			361		
Portfolio insurance loan delinquency rate	0.12%			0.10%			0.10%			0.10%			0.09%		
Province	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾
Ontario	42	303	0.08	41	215	0.06	42	232	0.07	42	227	0.06	42	250	0.07
British Columbia	13	136	0.14	14	123	0.13	14	118	0.12	14	108	0.11	14	99	0.10
Alberta	21	713	0.44	21	633	0.40	21	668	0.41	21	667	0.41	21	636	0.40
Quebec	12	315	0.23	12	278	0.21	12	293	0.22	12	295	0.22	12	275	0.20
Nova Scotia	2	87	0.31	2	88	0.34	2	91	0.35	2	93	0.35	2	78	0.30
Saskatchewan	4	221	0.59	4	209	0.58	4	201	0.55	4	189	0.52	4	187	0.52
Manitoba	3	76	0.26	3	64	0.23	3	57	0.20	3	53	0.19	3	53	0.19
New Brunswick	1	52	0.27	1	47	0.25	1	41	0.22	1	43	0.23	1	33	0.18
Newfoundland	1	61	0.37	1	85	0.53	1	86	0.53	1	80	0.49	1	83	0.52
Prince Edward Island	—	6	0.15	—	7	0.18	—	8	0.20	—	5	0.12	—	5	0.13
Territories	—	4	0.27	—	5	0.37	—	3	0.22	—	1	0.07	—	2	0.15
Total	100	1,974	0.22	100	1,754	0.20	100	1,798	0.20	100	1,761	0.20	100	1,701	0.19
Year of Policy Origination	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾	% of Outstanding Insured Mortgage Balances	Total Delinquencies Outstanding	% Delg Rate ⁽³⁾
2006 and Prior	1	88	0.32	1	62	0.22	1	84	0.28	1	89	0.29	1	78	0.24
2007	1	109	0.53	2	102	0.49	2	102	0.47	2	106	0.47	2	116	0.50
2008	2	108	0.56	2	87	0.44	2	92	0.45	2	84	0.40	2	104	0.48
2009	1	49	0.37	1	58	0.43	1	61	0.43	1	54	0.37	1	43	0.28
2010	2	98	0.37	2	87	0.31	3	93	0.32	3	108	0.36	3	95	0.30
2011	3	143	0.52	3	133	0.47	3	131	0.45	3	127	0.42	3	134	0.42
2012	4	183	0.38	4	161	0.33	5	168	0.33	5	177	0.34	5	178	0.32
2013	5	155	0.30	5	145	0.27	5	145	0.26	5	167	0.29	6	181	0.31
2014	7	265	0.41	7	248	0.37	7	262	0.38	8	245	0.33	9	228	0.28
2015	12	256	0.24	13	240	0.21	14	243	0.20	15	232	0.18	16	212	0.16
2016	17	246	0.17	19	216	0.14	20	231	0.14	21	216	0.13	22	192	0.11
2017	12	152	0.16	13	128	0.13	13	127	0.13	13	120	0.12	14	115	0.11
2018	11	92	0.11	12	69	0.08	12	52	0.06	12	36	0.04	12	25	0.03
2019	13	30	0.03	13	18	0.02	13	7	0.01	10	—	—	6	—	—
2020	11	—	—	2	—	—									
Total	100	1,974	0.22	100	1,754	0.20	100	1,798	0.20	100	1,761	0.20	100	1,701	0.19

(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.

Outstanding Insured Mortgage Balances for Mortgage Payment Deferrals ^{(1) (2)} By Policy Year, Province and Effective Loan to Value As Of The Quarters Ended

(amounts in billions of dollars unless otherwise specified)

	2020 Q2		
	Trans actional	Portfolio	Total
Outstanding Insured Mortgage Balances for Mortgage Payment Deferrals by Year of Policy Origination (\$)			
2009 and Prior	2	—	2
2010	1	—	1
2011	1	—	1
2012	1	—	1
2013	1	1	2
2014	2	1	3
2015	2	2	4
2016	2	2	4
2017	3	1	3
2018	3	1	3
2019	3	1	4
2020	1	—	1
Total	20	8	28
Outstanding Insured Mortgage Balances for Mortgage Payment Deferrals by Province (\$)			
Ontario	6	4	10
British Columbia	2	1	3
Alberta	7	2	9
Quebec	3	1	3
Nova Scotia	—	—	1
Saskatchewan	1	—	1
Manitoba	1	—	1
New Brunswick	—	—	—
Newfoundland	—	—	1
Prince Edward Island	—	—	—
Territories	—	—	—
Total	20	8	28
Outstanding Insured Mortgage Balances for Mortgage Payment Deferrals by Effective Loan to Value ⁽³⁾ (\$)			
95.01% and above	2	—	2
90.01% to 95.00%	2	—	2
85.01% to 90.00%	3	—	3
80.01% to 85.00%	2	—	3
75.01% to 80.00%	2	—	3
70.01% to 75.00%	2	—	2
65.01% to 70.00%	1	1	2
60.01% to 65.00%	1	1	2
55.01% to 60.00%	1	1	2
50.01% to 55.00%	1	1	1
50.00% and lower	2	5	7
Total	20	8	28

(1) Amounts may not total due to rounding.

(2) This estimate is based on the amounts reported by lenders to the Company as at June 30, 2020.

(3) 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.

Outstanding Insured Mortgage Balances For Mortgage Payment Deferrals ⁽¹⁾ ⁽²⁾ **By Policy Year, Province and Effective Loan to Value** **As Of The Quarters Ended**

	2020 Q2		
	Trans actional	Portfolio	Total
Effective Loan to Value for Mortgage Payment Deferrals by Year of Policy Origination (%) ⁽¹⁾			
2009 and Prior	41	20	35
2010	50	27	43
2011	53	28	43
2012	57	32	46
2013	62	35	48
2014	69	39	54
2015	71	40	52
2016	72	45	57
2017	82	55	76
2018	86	58	80
2019	90	58	83
2020	93	62	89
Total	69	39	57
Effective Loan to Value for Mortgage Payment Deferrals by Province (%) ⁽¹⁾			
Ontario	58	36	46
British Columbia	62	35	48
Alberta	82	54	75
Quebec	69	43	62
Nova Scotia	67	42	61
Saskatchewan	76	48	70
Manitoba	80	51	71
New Brunswick	66	43	61
Newfoundland	66	42	61
Prince Edward Island	67	42	60
Territories	70	39	56
Total	69	39	57
Outstanding Insured Mortgage Balances by Effective Loan to Value (%)			
95.01% and above	11	—	8
90.01% to 95.00%	12	—	9
85.01% to 90.00%	14	—	10
80.01% to 85.00%	12	1	9
75.01% to 80.00%	12	4	9
70.01% to 75.00%	10	5	8
65.01% to 70.00%	7	6	7
60.01% to 65.00%	5	7	6
55.01% to 60.00%	4	9	6
50.01% to 55.00%	3	10	5
50.00% and lower	11	58	24
Total	100	100	100

(1) 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.
(2) This estimate is based on the amounts reported by lenders to the Company as at June 30, 2020.

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.

“delinquencies outstanding” 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 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.

Glossary Continued

“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) from derivatives and foreign exchange. This measure is an indicator of the core operating performance of the investment portfolio.

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

“Mortgage Insurer Capital Adequacy Test” or “MICAT” means the minimum capital test for federally regulated mortgage insurance companies established by OSFI (as defined herein). Under MICAT, companies calculate an MICAT ratio of regulatory capital available to regulatory capital required using a defined risk-based methodology prescribed by OSFI in monitoring the adequacy of a company's capital. The MICAT 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. Replaced “Minimum Capital Test” or “MCT” effective January 1, 2019.

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

Glossary Continued

“net operating income” means net income excluding after-tax net realized gains (losses) on sale of investments, unrealized gains (losses) on FVTPL securities, fees on early redemption of debt 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.

“operating return on equity” means the net operating income for a period divided by the average of the quarterly 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.

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.