Genworth MI Canada Inc.

NEWS RELEASE

2060 Winston Park Drive
Suite 300
Oakville, ON L6H 5R7

Genworth MI Canada Inc. Reports Second Quarter 2020 Results Including Net Operating Income of $101 Million

Net Income:	**$98 million**	**Down 11% Y/Y**	**Up 3% Q/Q**
Net Operating Income:	**$101 million**	**Down 16% Y/Y**	**Down 14% Q/Q**
Fully Diluted Operating EPS:	**$1.17**	**Down 15% Y/Y**	**Down 13% Q/Q**
Transactional Premiums Written:	**$167 million**	**Down 11% Y/Y**	**Up 51% Q/Q**
Total Premiums Written:	**$227 million**	**Up 17% Y/Y**	**Up 99% Q/Q**
Premiums Earned:	**$172 million**	**Up 2% Y/Y**	**Up 1% Q/Q**
Loss Ratio:	**27%**	**Up 12 pts Y/Y**	**Up 12 pts Q/Q**

Toronto, ON (August 5th, 2020) – Genworth MI Canada Inc. (the "**Company**") (TSX: MIC) today reported second quarter 2020 net income of $98 million, earnings per fully diluted common share of $1.13, net operating income of $101 million, operating earnings per fully diluted common share of $1.17 and an operating return on equity of 11%.

"We were pleased with our second quarter results, including positive top line momentum, a 27 per cent loss ratio and 11 percent operating return on equity," said Stuart Levings, President and CEO. "While the environment since the onset of COVID-19 has evolved in line with our expectations, there continues to be economic uncertainty. We take comfort in the strength of our business model and capital position, along with our disciplined risk management and proven loss mitigation strategies as we manage through this period of economic stress."

Key Second Quarter 2020 Financial Results and Operational Metrics:

- **New insurance written** from **transactional insurance** was $4.8 billion, a decrease of $0.5 billion, or 10%, as compared to the same quarter in the prior year, primarily due to a smaller transactional mortgage originations market in response to the impact of the COVID-19 pandemic on housing activity. Compared to the prior quarter, transactional new insurance written increased by $1.6 billion, or 50%, primarily as a result of typical seasonality, partially offset by slower housing activity in April through the first half of May.

- **Premiums written** from **transactional insurance** were $167 million, representing a decrease of $20 million, or 11%, from the same quarter in the prior year, primarily due to the aforementioned level of lower new insurance written. Compared to the prior quarter, premiums written increased by $57 million, or 51%, primarily due to the higher new insurance written.

- **New insurance written** from **portfolio insurance** on low loan-to-value mortgages was $13.4 billion, an increase of $11.0 billion compared to the same quarter in the prior year and $12.5 billion from the prior quarter primarily due to increased demand from lenders resulting from the temporary changes made by the Canadian federal government to eligibility criteria and funding programs in response to the impact of the COVID-19 pandemic.

- **Premiums written** from **portfolio insurance** were $60 million, representing an increase of $52 million compared to the same quarter in the prior year and $56 million from the prior quarter primarily due to higher new insurance written.

- **Premiums earned** of $172 million were $3 million, or 2%, higher than the same quarter in the prior year, and $1 million, or 1%, higher than the prior quarter, reflecting the relatively higher level of premiums written in 2019. The **unearned premiums reserve** was $2.1 billion at the end of the quarter, consistent with the unearned premium reserve as at December 31, 2019. These unearned premiums will be recognized as premiums earned over time in accordance with the Company's historical pattern of loss emergence.

- **New delinquencies, net of cures,** of 491 were 210 higher than the same quarter in the prior year primarily as a result of process interruptions and the significant increase in unemployment as a result of the COVID-19 pandemic. Regionally, there were increases in Ontario (99), Quebec (56), the Prairies region (35) and Alberta (18). Compared to the prior quarter, new delinquencies, net of cures, increased by 207 primarily due to increases in Ontario (92), Alberta (68), Quebec (44) and the Prairies region (14). The increase in new delinquencies, net of cures, included an increase of 96 from portfolio insurance, for which the average reserve per delinquency is relatively low in comparison to that for transactional insurance.

- The outstanding principal balance of **insured mortgage loans reported under the payment deferral program** totaled $28.0 billion, or approximately 14% of outstanding insured mortgage balances as at June 30th, 2020. Regionally, mortgage deferrals were primarily driven by Alberta ($8.8 billion) and Ontario ($9.7 billion). Approximately 65% of these mortgages have an estimated effective loan-to-value of less than 80%.

- The **loss ratio**, as a percentage of premiums earned, for the quarter was 27% compared to 15% in the same quarter in the prior year and 14% in the prior quarter. **Losses on claims** of $46 million were $21 million higher than the same quarter in the prior year, and $22 million higher than the prior quarter, primarily due to a higher incurred but not reported reserve ("**IBNR**") and modest development. The IBNR reserve at the end of the quarter includes the Company's estimate of the losses from defaults that would otherwise have occurred in the quarter had the payment deferral program not been in place.

- The number of **delinquencies outstanding** of 1,974 reflected an increase of 273 delinquencies, as compared to the same quarter in the prior year, with increases in all regions including Alberta (77), the Prairies region (57), and Ontario (53). Compared to the prior quarter, the number of delinquencies outstanding increased by 220, primarily driven by increases in Ontario (88), Alberta (80), and Quebec (37).

- **Expenses** were $32 million during the quarter, resulting in an **expense ratio** of 19%, as a percentage of premiums earned. This ratio was two percentage points lower than the same quarter in the prior year, three percentage points lower than the prior quarter and within the Company's expected operating range of 18% to 20%.

- The Company's **investment portfolio** had a market value of $6.5 billion at the end of the quarter. The portfolio had an average pre-tax equivalent book yield of 3.0%, compared to 3.3% in the same quarter in the prior year and the prior quarter, and decreased primarily due to the low interest rate environment. The portfolio had a duration of 3.6 years as at June 30th, 2020, which was relatively consistent with the same quarter in the prior year and the prior quarter.

- **Operating investment income** of $48 million was $9 million lower than the same quarter in the prior year primarily due to a decrease in the average amount of invested assets and lower realized income from the Company's interest rate hedging program. Compared to the prior quarter, operating investment income was approximately $6 million lower, primarily due to the low interest rate environment and lower realized income from the Company's interest rate hedging program.

- **Realized and unrealized losses from derivatives and foreign exchange** of $7 million excludes the realized income from the Company's interest rate hedging program of $5 million. This compares to a $23 million loss in the same quarter in the prior year, and a $34 million loss in the prior quarter, with the decrease in losses being primarily due to the impact of lower interest rates on the market value of the Company's interest rate swaps and foreign exchange.

- **Net income** of $98 million was $12 million lower than the same quarter in the prior year, primarily due to higher losses on claims and lower operating investment income, partially offset by a lower level of realized and unrealized losses from investments, derivatives and foreign exchange, lower expenses and higher premiums earned. Net income was $3 million higher than the prior quarter, primarily due to a lower level of realized and unrealized losses from investments, derivatives and foreign exchange, and lower expenses, partially offset by higher losses on claims and lower operating investment income.

- **Net operating income** of $101 million was $19 million lower than the same quarter in the prior year, primarily due to higher losses on claims, and lower operating investment income, partially offset by higher premiums earned and lower expenses. Net operating income was $16 million lower than the prior quarter primarily due to higher losses on claims and lower operating investment income, partially offset by lower expenses.

- **Operating return on equity** was 11% for the quarter, consistent with the same quarter in the prior year and down one percentage point from the prior quarter.

- **The regulatory capital ratio** or **Mortgage Insurer Capital Adequacy Test ("MICAT") ratio** was approximately 169%, 12 percentage points higher than the Company's internal MICAT ratio target of 157% and 19 percentage points higher than the Office of the Superintendent of Financial Institutions ("OSFI") Supervisory MICAT ratio target of 150%.

- The Company estimates that its **outstanding principal balance of insured mortgages** as at June 30th, 2020, was approximately $205 billion, or 38% of the original insured amount. The Company estimates, that as of March 31st, 2020, the outstanding principal balance for all privately insured mortgages was $270 billion relative to the $350 billion aggregate outstanding principal limit under the government guarantee legislation (Protection of Residential Mortgage or Hypothecary Insurance Act).

Dividends

The Company paid a quarterly dividend of $0.54 per common share on June 3rd, 2020.

The Company also announced today that its Board of Directors had declared a dividend of $0.54 per common share, payable on September 2nd, 2020, to shareholders of record at the close of business on August 18th, 2020.

Shareholders' Equity

As at June 30th, 2020, shareholders' equity was $3.6 billion, representing a book value including accumulated other comprehensive income ("**AOCI**") of $41.97 per common share on a fully diluted basis. Excluding AOCI, shareholders' equity was $3.6 billion, representing a book value of $41.14 per common share on a fully diluted basis.

Detailed Operating Results and Financial Supplement

For more information on the Company's operating results, please refer to the Company's Management's Discussion and Analysis as posted on SEDAR and available at www.sedar.com.

This Press Release, as well as the Company's second quarter 2020 consolidated Financial Statements, Management's Discussion and Analysis ("MD&A") and Financial Supplement are also posted on the Investor section of the Company's website (http://investor.genworthmicanada.ca). Investors are encouraged to review all of these materials.

Earnings Call

The Company's second quarter earnings call will be held on August 6th, 2020 at 10:00 am ET (Local: 647-792-1240, Toll free: 1-800-437-2398, Conference ID: 7890283). The call is accessible via telephone and by audio webcast on the Company's website. If listening via webcast, participants are encouraged to pre-register for the webcast through the Company's website. Slides to accompany the call will be posted just prior to its start. A replay of the call will be available until September 5th, 2020 (647-436-0148 or 1-888-203-1112, replay passcode: 7890283). The webcast will also be available for replay on the Company's website for a period of approximately 45 days following the call.

About Genworth MI Canada Inc.

Genworth MI Canada Inc. (TSX: MIC) through its subsidiary, Genworth Financial Mortgage Insurance Company Canada ("Genworth Canada"), is the largest private sector residential mortgage insurer in Canada. The Company provides mortgage default insurance to Canadian residential mortgage lenders, making homeownership more accessible to first-time homebuyers. Genworth Canada differentiates itself through customer service excellence, innovative processing technology, and a robust risk management framework. For more than two decades, Genworth Canada has supported the housing market by providing thought leadership and a focus on the safety and soundness of the mortgage finance system. As at June 30th, 2020, the Company had $6.9 billion total assets and $3.6 billion shareholders' equity. Find out more at www.genworth.ca.

Contact Information:

Investors – Aaron Williams, 905-287-5504 aaron.williams@genworth.com
Media – Susan Carter, 905-287-5520 susan.carter@genworth.com

Consolidated Financial Highlights

($ millions, except per share amounts)	Three Months Ended June 30th (unaudited),		Six Months Ended June 30th (unaudited),	
	2020	**2019**	**2020**	**2019**
Transactional new insurance written[1]	$4,777	$5,310	$7,967	$8,212
Portfolio new insurance written[1]	13,444	2,426	14,397	3,441
Total new insurance written[1]	$18,221	$7,736	$22,363	$11,653
Premiums written	227	195	341	300
Premiums earned	172	169	343	337
Losses on claims	46	26	71	51
Expenses	32	34	69	67
Net underwriting income	$94	$109	$203	$219
Investment income (interest and dividends, net of expenses) [1]	43	49	90	97
Interest rate hedging program income	5	7	11	16
Realized gains on sale of investments	2	12	7	13
Realized and unrealized losses on derivatives, foreign exchange	(7)	(23)	(41)	(53)
Total net investment income	$43	$46	$68	$73
Net income	$98	$110	$192	$207
Net operating income[1]	$101	$120	$218	$239
Basic weighted average common shares outstanding	86,291,079	86,985,187	86,274,675	87,287,620
Diluted weighted average common shares outstanding	86,358,432	87,103,687	86,577,939	87,535,129
Fully diluted earnings per common share	$1.13	$1.26	$2.14	$2.37
Fully diluted operating earnings per common share[1]	$1.17	$1.38	$2.52	$2.73
Fully diluted book value per common share, incl. AOCI[1]	$41.97	$47.17	$41.97	$47.17
Fully diluted book value per common share, excl. AOCI[1]	$41.14	$46.67	$41.14	$46.67
Loss ratio[1]	27%	15%	21%	15%
Combined ratio[1]	45%	35%	41%	35%
Operating return on equity[1]	11%	12%	12%	12%
MICAT ratio [1,3]	169%	170%	169%	170%
Transactional delinquency ratio[1, 2]	0.31%	0.27%	0.31%	0.27%
Portfolio delinquency ratio[1, 2]	0.12%	0.09%	0.12%	0.09%
Delinquency ratio[1, 2]	0.22%	0.19%	0.22%	0.19%

Note: Amounts may not total due to rounding.

[1]This is a financial measure not calculated based on International Financial Reporting Standards ("**IFRS**"). See the "Non-IFRS Financial Measures" section of this press release for additional information.

[2] Based on outstanding balance and excludes delinquencies that have been incurred but not reported.

[3] Company estimate at June 30th, 2020.

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 press release include non-IFRS financial measures. Such non-IFRS financial measures used by the Company to analyze performance include, among others, interest and dividend income, net of investment expenses, operating investment income, net operating income (excluding fee on early redemption of long-term debt), operating earnings per common share (basic) and operating earnings per common share (diluted). 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.

($ millions, unless otherwise specific)	**Three Months Ended June 30th (unaudited),**		**Six Months Ended June 30th (unaudited),**	
	2020	**2019**	**2020**	**2019**
Total investment income	$43	$46	$68	$73
Adjustment to investment income:				
Net Losses from Investments, derivatives and foreign exchange[1]	5	10	34	40
Operating investment income	48	56	101	113
Realized expense (income) from the interest rate hedging program	(5)	(7)	(11)	(16)
Interest and dividend income, net of investment expenses	**$43**	**$49**	**$90**	**$97**
Net income	$98	$110	$192	$207
Adjustments to net income, net of taxes:				
Fee on early redemption of long-term debt	-	2	1	2
Net Losses from Investments, derivatives and foreign exchange[1]	4	8	25	29
Net operating income	**$101**	**$120**	**$218**	**$239**
Earnings per common share (diluted) [2]	$1.13	$1.26	$2.14	$2.37
Adjustments to earnings per common share, net of taxes:				
Fee on early redemption of long-term debt	-	0.03	0.02	0.03
Share based compensation re-measurement amount	-	-	0.08	-
Net Losses from Investments, derivatives and foreign exchange[1]	0.04	0.09	0.29	0.34
Operating earnings per common share (diluted) [2]	**$1.17**	**$1.38**	**$2.52**	**$2.73**

Note: Amounts may not total due to rounding.

[1] Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. [2] The difference between basic and diluted earnings per common share and basic and diluted operating earnings per common share is caused by the potentially dilutive impact of share-based compensation awards.

Non-IFRS financial measures reconciled to comparable IFRS measures for such periods

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", in the "Non-IFRS financial measures" section at the end of the Company's MD&A for the three and six months ended June 30th, 2020. The MD&A, along with the Company's most recent financial statements, are available on the Company's website and on SEDAR at www.sedar.com.

Caution regarding forward-looking information and statements

Certain statements made in this news release contain forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company are intended to identify forward-looking statements. Specific forward-looking statements in this document include, but are not limited to, statements with respect to the impact of any potential guideline changes by OSFI or legislative changes introduced in connection with the Protection of Residential Mortgage or Hypothecary Insurance Act ("PRMHIA"); the effect of changes to the mortgage insurance rules, including government guarantee mortgage eligibility rules, the effect of the government measures and programs in response to the COVID-19 pandemic, the Company's beliefs as to housing demand and home price appreciation, key macroeconomic factors, unemployment rates; the Company's future operating and financial results; the operating range for the Company's expense ratio; expectations regarding premiums written; and capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies.

The forward-looking statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking statements contained herein. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Actual results or developments may differ materially from those contemplated by the forward-looking statements.

The Company's actual results and performance could differ materially from those anticipated in these forward-looking statements as a result of both known and unknown risks, including: the continued availability of the Canadian government's guarantee of private mortgage insurance on terms satisfactory to the Company; the Company's expectations regarding its revenues, expenses and operations; the potential impact of the COVID-19 pandemic on the Company's business and operations; the Company's plans to implement its strategy and operate its business; the Company's expectations regarding the compensation of directors and officers; the Company's anticipated cash needs and its estimates regarding its capital expenditures, capital requirements, reserves and its needs for additional financing; the Company's plans for and timing of expansion of service and products; the Company's ability to accurately assess and manage risks associated with the policies that are written; the Company's ability to accurately manage market, interest and credit risks; the Company's ability to maintain ratings, which may be affected by the ratings of its majority shareholder, Brookfield Business Partners L.P. ("Brookfield Business Partners"); interest rate fluctuations; a decrease in the volume of high loan-to-value mortgage originations; the cyclical nature of the mortgage insurance industry; changes in government regulations and laws mandating mortgage insurance; the acceptance by the Company's lenders of new technologies and products; the Company's ability to attract lenders and develop and maintain lender relationships; the Company's competitive position and its expectations regarding competition from other providers of mortgage insurance in Canada; anticipated trends and challenges in the Company's business and the markets in which it operates; changes in the global or Canadian economies; a decline in the Company's regulatory capital or an increase in its regulatory capital requirements; loss of members of the Company's senior management team; potential legal, tax and regulatory investigations and actions; the failure of the Company's computer systems or potential cyber threats; potential conflicts of interest between the Company and its majority shareholder, Brookfield Business Partners.

This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Some of these and other factors are discussed in more detail in the Company's Annual Information Form (the "AIF") dated March 11th, 2020. Investors and others should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in the Company's public filings with provincial and territorial securities regulatory authorities (including the Company's AIF) and can be found on SEDAR and available at www.sedar.com. The forward-looking statements contained in this news release represent the Company's views only as of the date hereof. Forward-looking statements contained in this news release are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's security holders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.