Genworth Canada

Fourth Quarter 2017 Results

February 6th, 2018

Forward-looking and non-IFRS statements

Public communications, including oral or written communications such as this document, relating to Genworth MI Canada Inc. (the “Company”, “Genworth Canada” or “MIC”) often contain certain forward-looking statements. These forward-looking statements include, but are not limited to, statements with respect to the impact of guideline changes by OSFI and legislation 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 and Ontario’s Fair Housing Plan; and the Company’s beliefs as to housing demand and home price appreciation, key macroeconomic factors, unemployment rates;, as well as the Company’s future operating and financial results, sales expectations regarding premiums written, capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies, the Canadian housing market, and other statements that are not historical facts. These forward-looking statements may be identified by their use of words such as “may”, “would”, “could”, “will,” “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions. These statements are based on the Company’s current assumptions, including assumptions regarding economic, global, political, business, competitive, market and regulatory matters. These forward-looking statements are inherently subject to significant risks, uncertainties and changes in circumstances, many of which are beyond the ability of the Company to control or predict. The Company’s actual results may differ materially from those expressed or implied by such forward-looking statements, including as a result of changes in the facts underlying the Company’s assumptions, and the other risks described in the Company’s most recently issued Annual Information Form, Short Form Base Shelf Prospectus, Management’s Discussion and Analysis and all documents incorporated by reference in such documents. Management’s current views regarding the Company’s financial outlook are stated as of the date hereof and may not be appropriate for other purposes. Other than as required by applicable laws, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

To supplement its financial statements, the Company uses select non-IFRS financial measures. Such non-IFRS financial measures include net operating income, operating earnings per common share (basic), operating earnings per common share (diluted), operating return on equity, insurance in-force, new insurance written, loss ratio, expense ratio, combined ratio, investment yield, and Minimum Capital Test (MCT). 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 measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies. These measures are defined in the Company’s glossary, which is posted on the Company’s website at http://investor.genworthmicanada.ca. A reconciliation from non-IFRS financial measures to the most readily comparable measures calculated in accordance with IFRS, where applicable, can be found in the Company’s most recent Management’s Discussion and Analysis, which is posted on the Company’s website and is also available at www.sedar.com.

2017 financial results

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$MM except ROE, EPS & MCT	Q4 2017	Q / Q	Y / Y	FY 2017	Y / Y
Premiums written	$164	-18%	-4%	$663	-13%
Premiums earned	$171	Flat	+4%	$676	+6%
Loss ratio	9%	-5 pts	-9 pts	10%	-12 pts
Net income	$132	-5%	-6%	$528	+27%
Net operating income	$121	+8%	+15%	$467	+20%
Operating ROE	13%	+1 pt	+1 pt	13%	+1 pt
Operating EPS (dil.)	$1.33	+9%	+17%	$5.09	+21%
MCT ratio[1]	168%	+3 pts	n.m.[2]	168%	n.m.

Key highlights

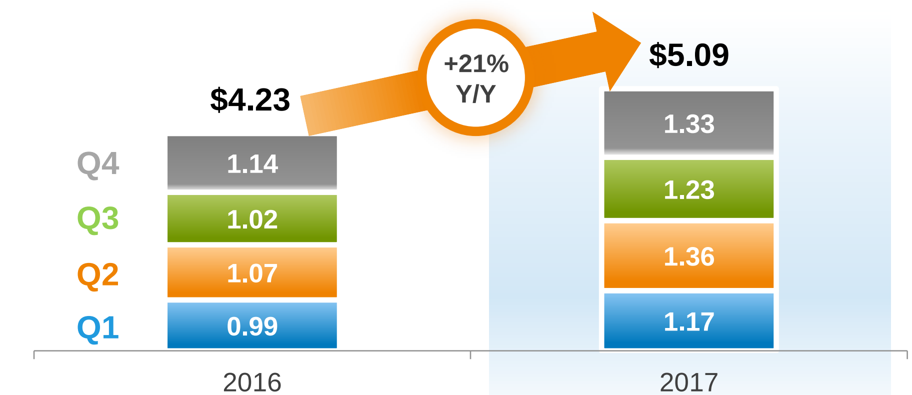
Fourth quarter highlights:

- Loss ratio of 9%, decreased 5 pts Q/Q
- NOI of $121 MM, up 8% Q/Q
- Operating EPS of $1.33, up 9% Q/Q

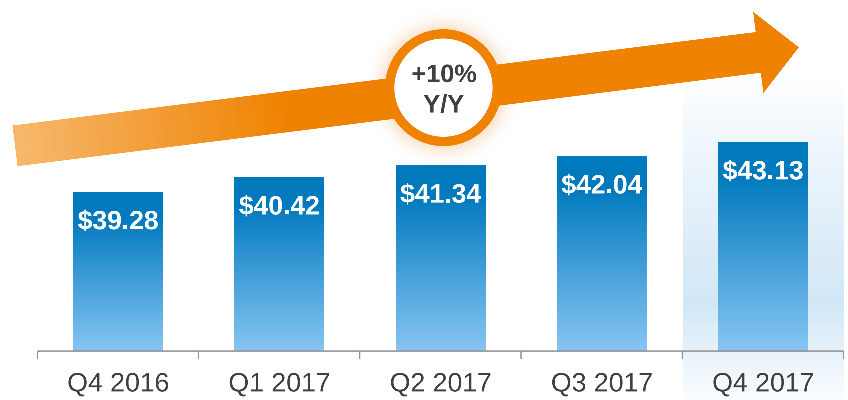
Full year highlights:

- Premiums written of $663MM, decreased by 13% Y/Y
- Loss ratio of 10%, down 12 pts from the prior year
- NOI increased by 20% and Operating EPS up 21% Y/Y
- ROE of 13%, up 1 pt Y/Y
- Strong capital position with MCT ratio at 168%[1]
- Book value per share growth of 10% Y/Y

Operating EPS (diluted)

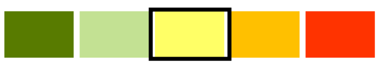
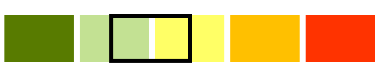


Book Value Per Share (diluted, incl. AOCI)



1. MCT denotes ratio for operating insurance company. Company estimate as at Dec. 31st, 2017.
2. "n.m." denotes not meaningful. Note: Amounts may not total due to rounding.

Our environment today

Risk	Assessment
Economic	
Housing & mortgage markets	
Insurance portfolio	
Regulatory	

Key takeaways

- Sound economic environment; forecasted GDP growth of 2.2%[1] in 2018 and 1.6%[1] in 2019. Unemployment rate at 40-year low[2].
- Positive momentum in oil producing regions
- Interest rates are expected to increase in 2018
- Monitoring NAFTA renegotiations

- Ontario and GTA regions trending towards more normalized state
- Stress test on conventional mortgages to reduce housing demand in higher priced markets
- First time homebuyer affordability still impacting HLTV market size
- Strong supporting fundamentals; 1MM immigration in next 3 years[3]

- Portfolio quality remains strong. Average credit score 746 in 2017
- Regulatory environment supporting reduced product risk and strong underwriting practices
- Extremely strong mortgage loan performance

- Government shifting focus to uninsured mortgage space (B-20)
- OSFI capital rules impacting lender profitability and competitor dynamics
- Increasing provincial focus on housing policy initiatives

SOUND MACROECONOMIC ENVIRONMENT

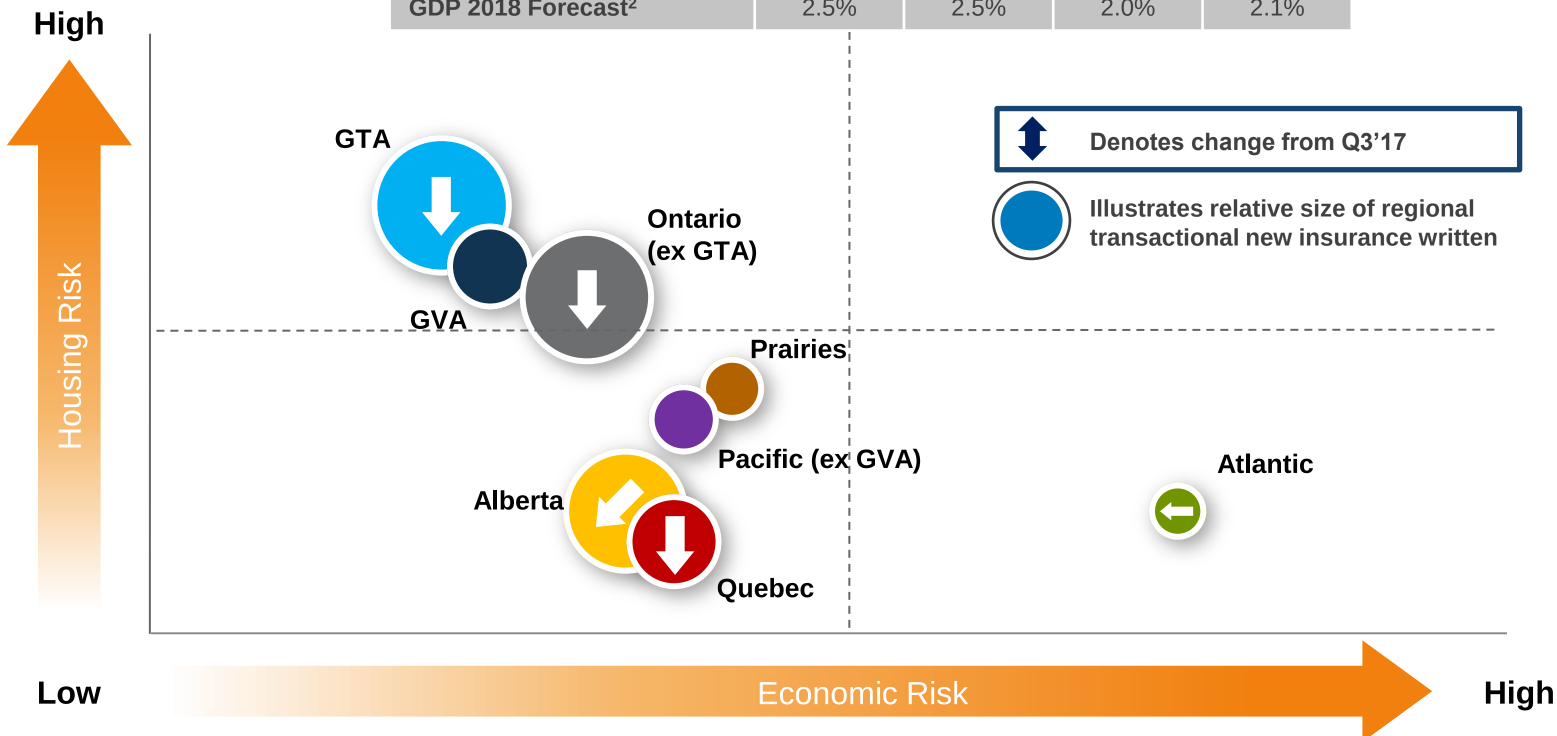
1. BoC GDP forecast, Monetary Policy Report, January 2018
2. Statistics Canada
3. Multi-year strategy tabled by the Liberal Government, Nov. 2017.

Regional risk assessment

Quarterly Snapshot	TOR	VAN	MTL	CGY
Q4'17 Q/Q Teranet HPI[1]	-4.4%	2.0%	1.2%	-0.2%
December '17 UE Rate[1]	6.0%	4.1%	6.1%	7.5%
GDP 2018 Forecast[2]	2.5%	2.5%	2.0%	2.1%

Key Indicators

- **Overvaluation**
- **Affordability**
- **Price-to-income**
- **Price-to-rent**
- **Supply/ demand**



Key Metrics: GDP Forecast; UE Rate; Economic Diversity

Housing markets in GTA & parts of Ontario starting to cool; soft landing expected

Improving **economic forecast** for Alberta region

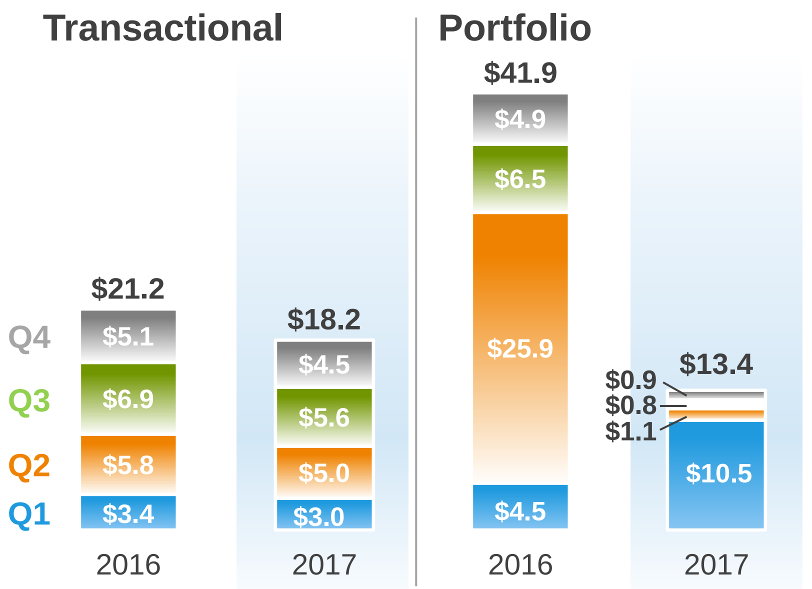
Note: Based on Company's estimates of housing and economic risk. Regional GDP Forecast as per BoC Jan'18. Key housing indicators at the end of Q4'17

1 HPI based on Q/Q exit data; UE based on three-month rolling exit data

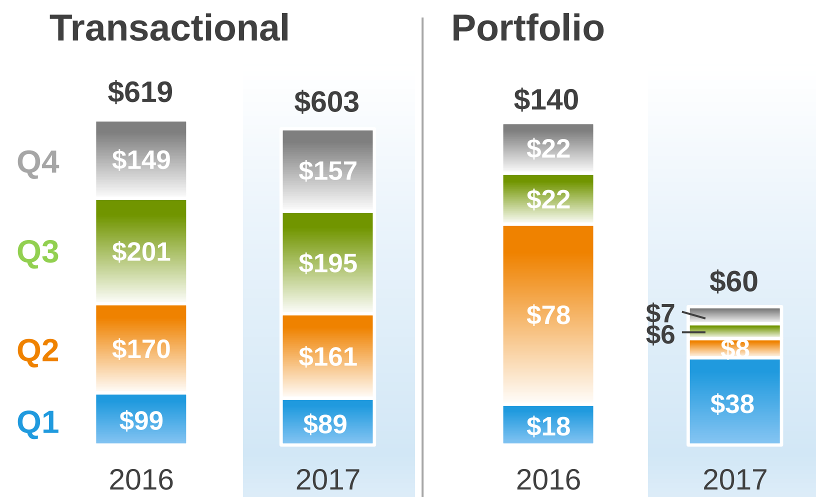
2 The Conference Board of Canada Economic Insights Autumn 2017

Top line

New insurance written ($ billions)



Premiums written ($ millions)



Transactional: Average premium rate	2016	2017
FY	2.93%	3.31%
Q4	2.92%	3.48%

Portfolio: Average premium rate	2016	2017
FY	0.34%	0.45%
Q4	0.45%	0.81%

Transactional insurance highlights

- Modest decline in full year premiums written as premium rate increase has largely offset the impact of a smaller market size following the introduction of a qualifying mortgage rate stress test for insured mortgages
- Q4 average premium rate of 3.48%, up ~19% Y/Y

Portfolio insurance highlights

- Lower demand for portfolio insurance as a result of the prohibition of portfolio insurance on refinance transactions and a substantial increase in premium rates in response to the increase in regulatory capital
- Q4 average premium rate of 0.81%, up 80% Y/Y

Note: Company sources.
Note: Amounts may not total due to rounding.

Transactional growth outlook

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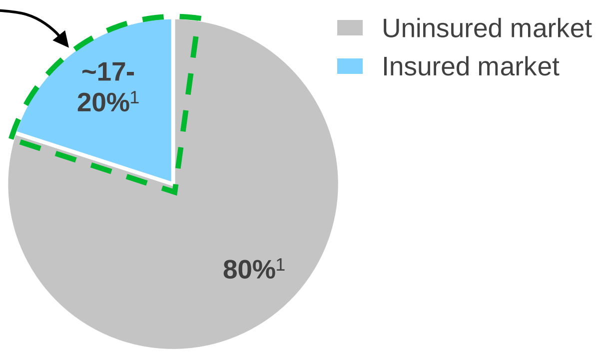
		2018 Impact[1]
1 Market size	• Modest improvement in first time homebuyer participation rate	+1-2%
2 Market share	• Diversified across lenders	+1-2 points
3 Premium rate	• Full year impact of 2017 rate increase (~3.50% v. 3.31%)[2]	+19 bps

Transactional market participation

Modestly higher transactional insurance participation[1]



Key drivers of market size growth:

- B-20 & provincial changes slowing home price appreciation; partly offset by pressured affordability for first time homebuyer due to rising rates
- More favourable mortgage rates on insured vs. uninsured mortgages, despite a rising rate environment
- B-20 mortgage rate stress test reduces incentive to avoid high ratio mortgage rules

TRANSACTIONAL PREMIUMS WRITTEN EXPECTED TO BE MODESTLY HIGHER IN 2018

1. Inclusive of management estimates and/or objectives. Market size impact denotes impact on NIW.
2. Management estimate, vs. full year 2017.

Strong portfolio quality

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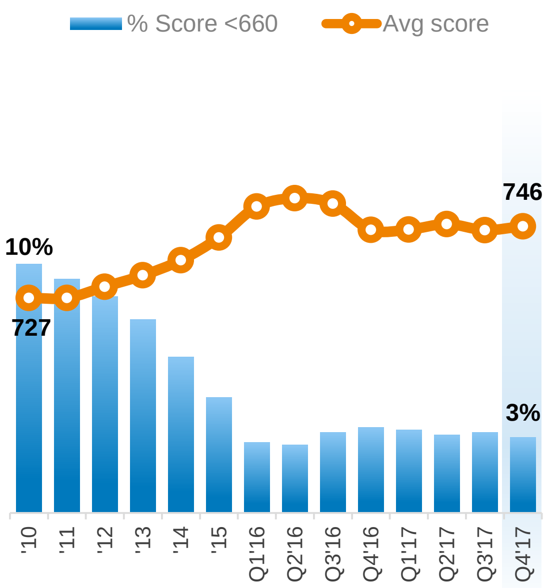
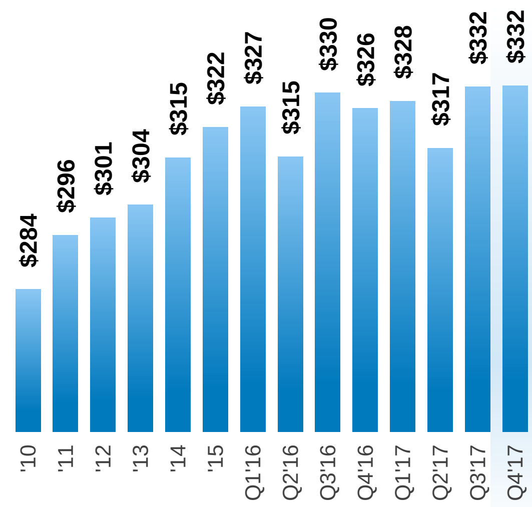
Credit score[1]

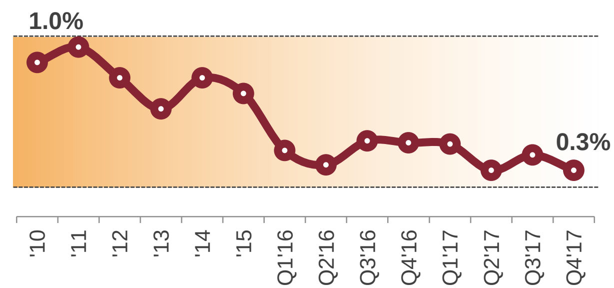


Average home price[2]

(In '$000s)



Stacked risk factors[3]



Highlights

Credit quality remains very strong

Relatively stable average home prices for FTHBs[4] given modest growth in household income

Limited exposure to loans with **stacked risk factors**

CONTINUED PORTFOLIO QUALITY STRENGTH

1 Company sources for transactional new insurance written. Average score for all borrowers.
2 Company sources for transactional new insurance written, Purchase only.
3 Stacked risk factors: Purchase only; 90%+ LTV and <= 660 credit score, and >40 TDSR.
4 FTHB represents First Time Homebuyers.

Strong financial performance

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$MM except EPS & BVPS	Q4'17	Q3'17	Q4'16
Transactional premiums written	$157	$195	$149
Portfolio premiums written	7	6	22
Total premiums written	**$164**	**$202**	**$171**
Premiums earned	171	170	164
Losses on claims	(15)	(23)	(29)
Expenses	(34)	(34)	(33)
Underwriting income	$121	$113	$103
Net investment income (excl. realized gains / losses)	48	45	46
Net operating income	**$121**	**$112**	**$105**
Net income	**$132**	**$140**	**$140**
Operating EPS (diluted)	**$1.33**	**$1.23**	**$1.14**
Book value per share (diluted, incl. AOCI)	**$43.13**	**$42.04**	**$39.28**

Q4 highlights

- Transactional premiums written higher by 5% Y/Y, primarily due to a higher average premium rate, partly offset by lower NIW
- Premiums earned increased Y/Y by $6 million due to higher level of premiums written in recent years
- Loss ratio of 9%, down 5 pts Q/Q on a lower average reserve per delinquency due to favourable development and a favourable regional shift in delinquencies
- Net investment income modestly up Q/Q at $48 million
- Net operating income up $9 million Q/Q primarily due to lower losses on claims and higher premiums earned
- Book value per share up 10% Y/Y to $43.13

Company sources. Note: Amounts may not total due to rounding.

Delinquency trends

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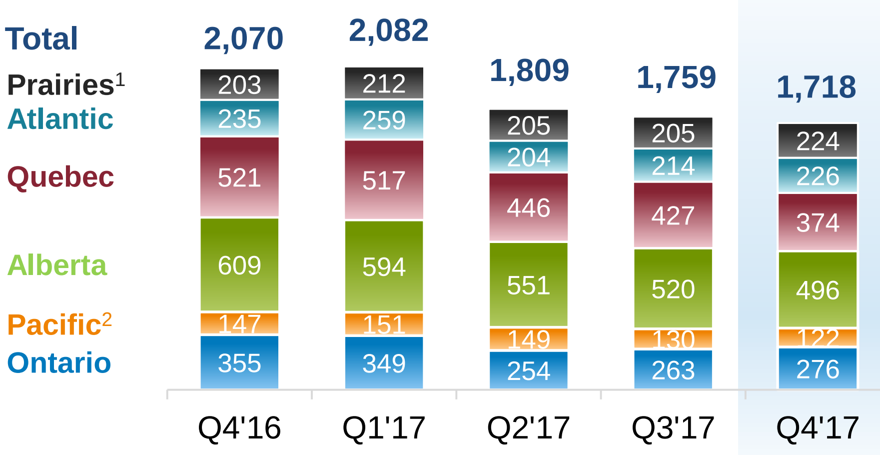
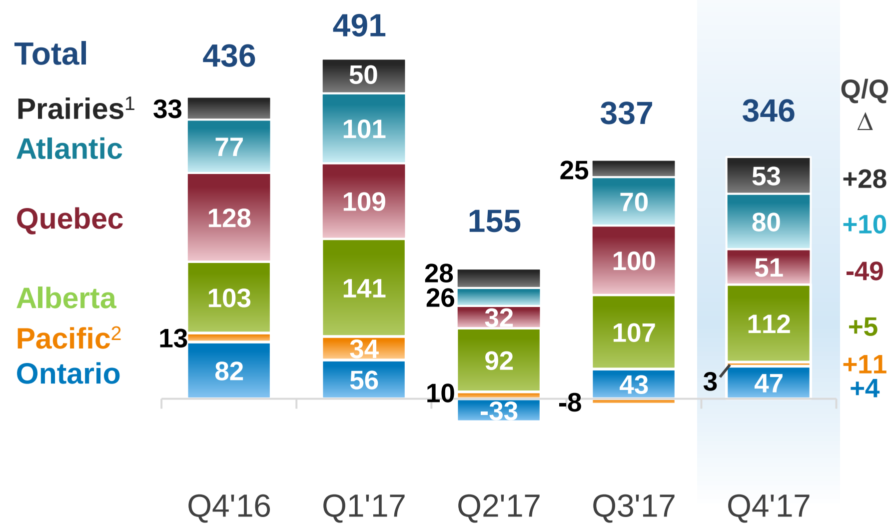
Delinquencies outstanding



New delinquencies, net of cures, by region



Loss ratio	18%	15%	3%	13%	9%

Delinquency rate based on reported outstanding balances[3]

	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
Transactional	0.33%	0.34%	0.29%	0.29%	0.28%
Portfolio	0.08%	0.08%	0.07%	0.07%	0.08%
Total	**0.21%**	**0.21%**	**0.18%**	**0.18%**	**0.18%**

- Slightly higher net new delinquencies Q/Q reflecting modest increases across most regions, largely offset by a significant decrease in Quebec
- Strong overall loss ratio performance reflects favourable macroeconomic environment and high quality portfolio

Company sources. [1] Prairies include MB and SK. [2] Pacific includes B.C. and the Territories. [3] Delinquency rates are based on the Company's reported outstanding insured mortgage balances as at the end of the quarter and exclude delinquencies that have been incurred but not reported.

Outstanding underwriting results

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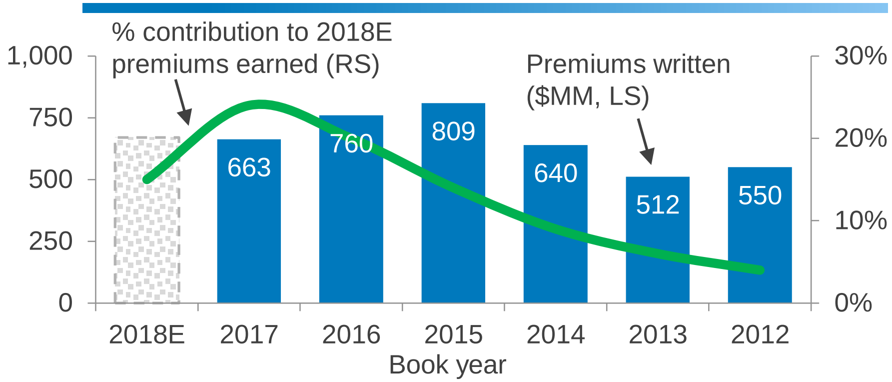
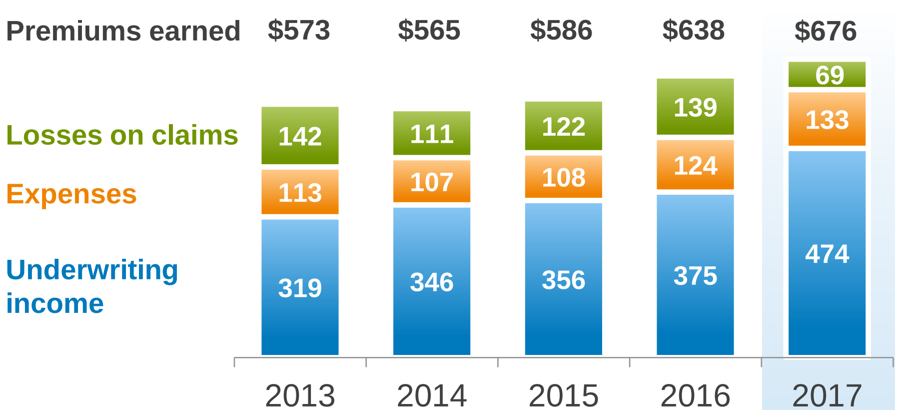
Net premiums written & earnings curve



Underwriting profitability ($ millions)



	2013	2014	2015	2016	2017
Loss ratio	25%	20%	21%	22%	10%
Expense ratio	20%	19%	18%	19%	20%
Combined ratio	44%	39%	39%	41%	30%

2018 outlook

Premiums written

- Modestly higher in 2018 as transactional premiums increase more than offset expected decline from portfolio insurance

Premiums earned

- Flat to modestly higher premiums earned in 2018 as contributions from larger 2015 and 2016 books will largely be offset by the lower contribution from the smaller 2017 book

Loss ratio

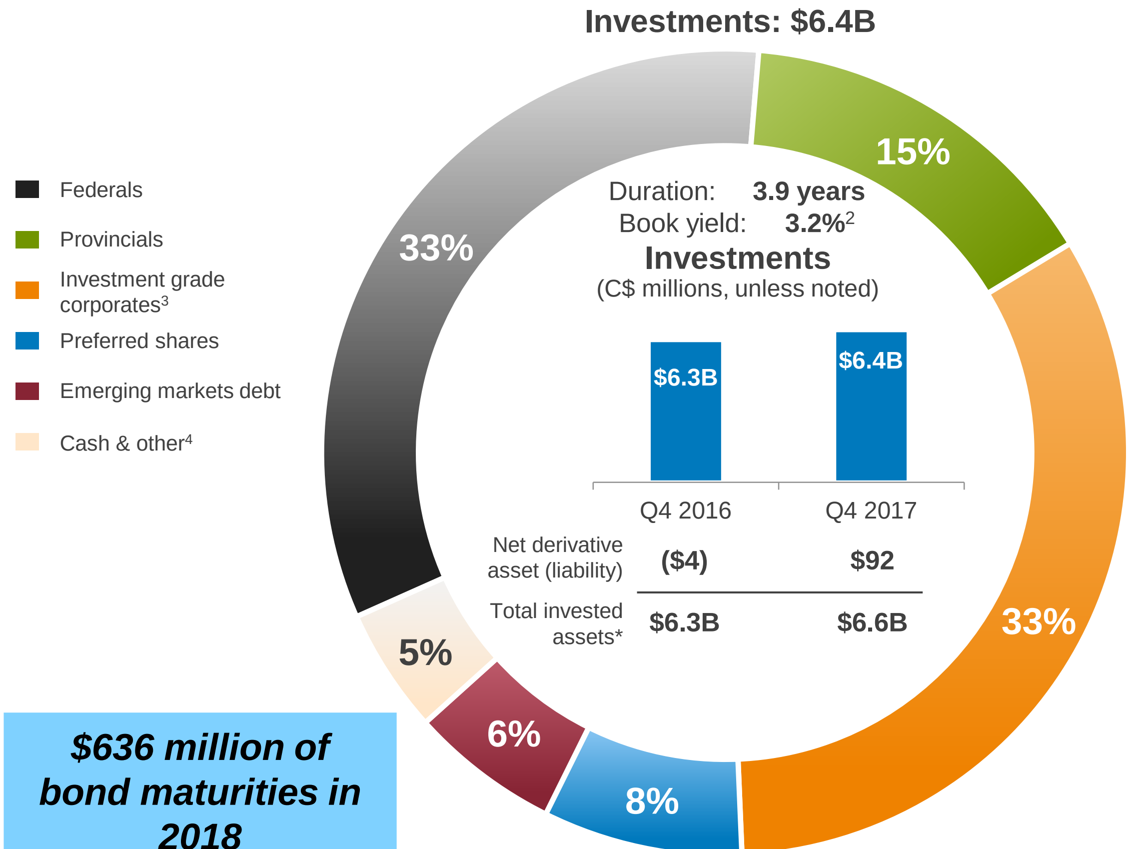
- 2018 full year loss ratio expected to be 15% to 25% as losses begin to normalize from the exceptionally low levels in Ontario and BC

2018 loss ratio range assumptions		
	UE Rate	House Prices
National[1]	6.0% to 6.5%	0.0% to -2.0%

Company sources. 1. Management estimate.

Investments contribute steady income

Total investments and net derivative assets
($6.6B[1])

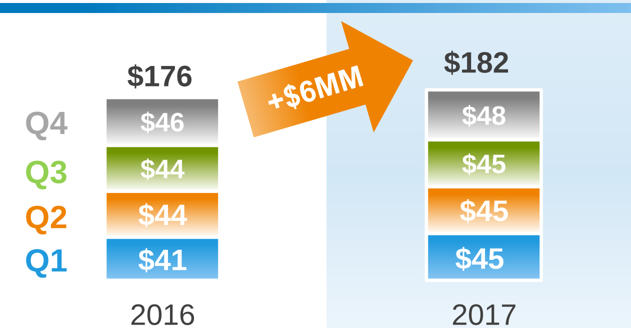


$636 million of bond maturities in 2018

Interest rate hedge program

Interest rate swaps	2018 forward curve[5]
Notional (C$B)	$3.5
Floating rate[5]	1.68%
Fixed rate[5]	1.17%
Spread	0.51%
Potential Impact on operating investment income	$18MM

Net Investment Income
(excluding realized/unrealized gains, $ millions)



Q4 YTD investment yield	
3.2%	3.2%

MODERATELY HIGHER INVESTMENT INCOME IN 2018 INCLUSIVE OF FAVOURABLE CONTRIBUTION FROM INTEREST RATE HEDGING PROGRAM

Note: Company sources. 1. Represents market value of investments, includes accrued investment income and other receivables and net derivative financial instruments related to foreign exchange and interest rate hedging programs. 2. Investment yield represents pre-tax equivalent book yield after dividend gross-up of portfolio (as at Dec. 31st, 2017). 3. Market value, includes CLOs. 4. Cash & other includes short-term investments. 5. Floating rate reflects the average for 2018 based on the forward curve as at Feb. 2nd, 2018; fixed rate represents the contract rates for our existing portfolio of interest rate swaps as at December 31st, 2017. * May not total due to rounding.

Capital management

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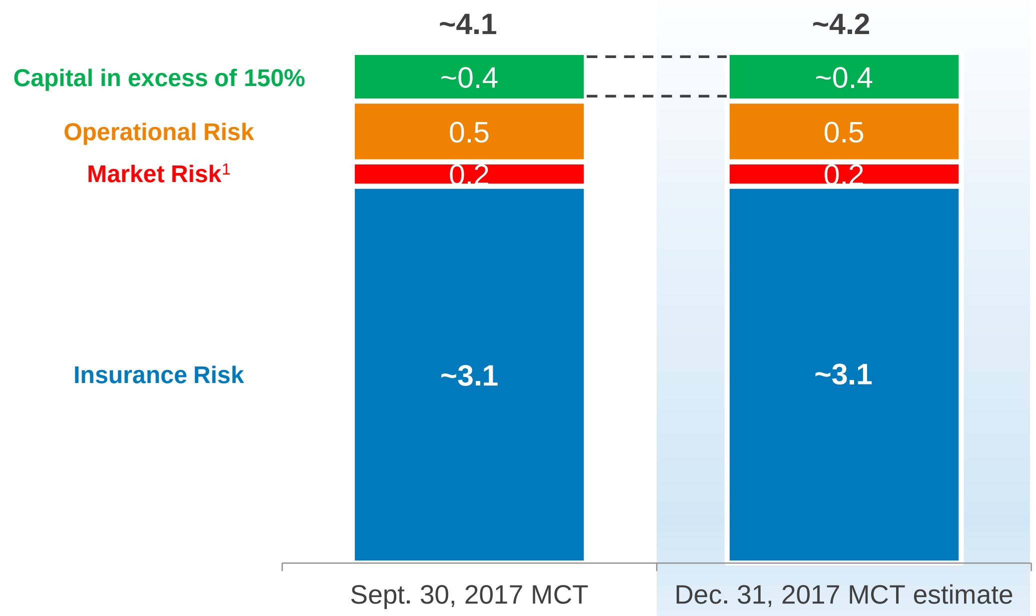
Regulatory capital as at Dec. 31st, 2017

(by category, $ billions unless otherwise noted)*



	Sept. 30, 2017 MCT	Dec. 31, 2017 MCT estimate
MCT ratio	**165%**	**168%**
Internal MCT target	**157%**	**157%**
Holdco cash[2]	**$158 million**	**~$155 million**

Highlights

Proactive yet prudent capital management actions taken in 2017:

- Increased dividend by 7%
- Executed $40MM share buyback
- Increased credit facility to $200MM

Strong capital position with MCT ratio of ~168% reflects strong underlying profitability

MCT ratio in 2018 expected to remain above targeted operating range of 160% to 165%

Transitional capital relief for legacy portfolio insurance and extended amortization business expected to run off in 1H2019

Note: Company sources. MCT denotes ratio for operating insurance company. *Totals may not add due to rounding.
1. Market risk includes interest rate, credit, equity risk, and foreign exchange risk.
2. Represents liquid investments and cash held in addition to capital in operating insurance company.

2018 outlook

Modestly higher premiums written driven by modest growth in MI market size and market share coupled with higher average premium rates

Flat to modestly higher premiums earned due to smaller book of business in 2017

Normalizing loss ratio range of 15% to 25% aided by strong portfolio quality and stable economic conditions

Moderately higher investment income inclusive of favorable contribution from interest rate hedging program

Operating ROE consistent with recent years of 12-13%

Strategic priorities for 2018

Genworth Canada

1

Invest in process innovation and technology to drive **improved customer experience**

2

Continue to exercise prudent **risk management** and proactive **loss mitigation**

3

Leverage our **data** and **mortgage expertise** to influence our regulatory environment

4

Maintain an **efficient capital structure** to ensure capital strength while **maximizing ROE**

BUILDING ON SOLID BUSINESS FUNDAMENTALS

Jonathan A. Pinto, MBA, LL.M
Vice President, Investor Relations
905.287.5482
jonathan.pinto@genworth.com

Investor Relations

investor.genworthmicanada.ca
investor@genworth.com