Genworth Canada

Second Quarter 2018 Results

July 31st, 2018

Forward-looking and non-IFRS statements

Genworth Canada

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 provincial housing initiatives; 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.

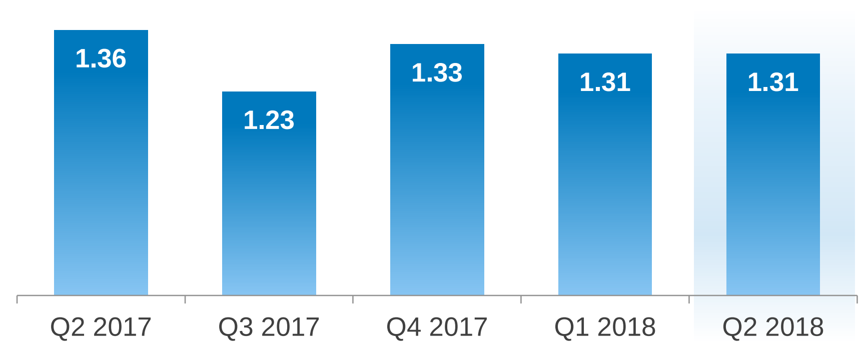
2Q18 financial results

$MM except loss ratio, Op. ROE, Op. EPS & MCT ratio	Q2 2018	Q1 2018	Q2 2017	Q / Q	Y / Y
Premiums written	$172	$115	$170	+49%	+1%
Premiums earned	$171	$171	$168	Flat	+2%
Loss ratio	14%	13%	3%	+1 pt	+11 pts
Net income	$116	$128	$150	-9%	-22%
Net operating income	$117	$119	$126	-1%	-7%
Operating ROE	12%	12%	14%	Flat	-2 pts
Operating EPS (dil.)	$1.31	$1.31	$1.36	Flat	-4%
MCT ratio[1]	170%	170%	167%	Flat	+3 pts

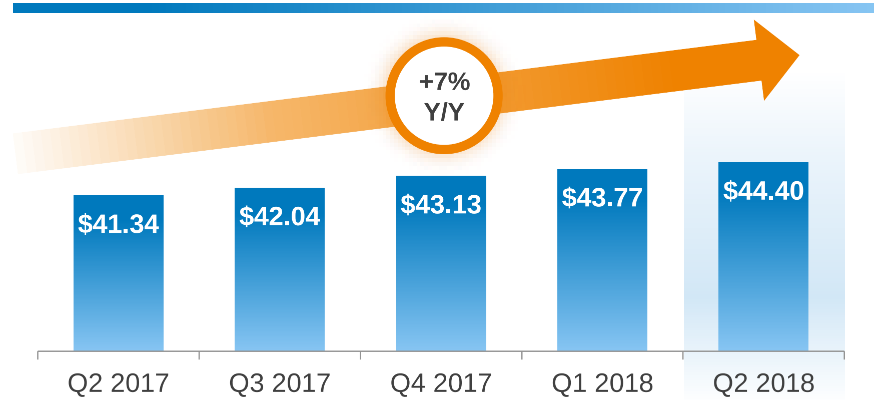
Q2 key highlights

- Total premiums written increased modestly Y/Y largely due to a higher avg. transactional premium rate, partly offset by lower portfolio insurance premiums
- Low loss ratio of 14% reflects a stable macroeconomic climate
- Net operating income consistent Q/Q, as higher operating investment income largely offset higher losses on claims
- Ongoing capital strength with MCT ratio of 170%[1]
- Book value per share growth of 7% Y/Y

Operating EPS ($, diluted)



Book Value Per Share ($, diluted, incl. AOCI)



1. MCT denotes ratio for operating insurance company. Company estimate as at Jun. 30th, 2018.
Note: Amounts may not total due to rounding.

Our environment today

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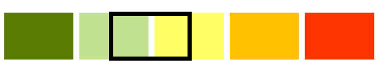
Risk	Assessment
Economic	
Housing & mortgage markets	
Insurance portfolio	
Regulatory	

Key observations

- Sound economic environment; GDP forecast growth of 2.0%[1] in 2018 and 2.2%[1] in 2019
- Unemployment rate near record low; rising wages in most provinces
- BoC overnight rate increased to 1.5%; potential for more increases in 2H18 / 2019
- Monitoring NAFTA renegotiations, trade, tariffs, etc.

- Mortgage rate stress test on conventional mortgages reducing housing demand, especially in higher priced markets
- Ontario market trending towards more normalized state
- B.C. market demand has softened in response to provincial policy changes

- Portfolio quality remains strong. Average credit score for transactional new insurance written was 749 in Q2'18
- Regulatory environment supporting reduced product risk and strong underwriting practices

- Regulatory focus on uninsured mortgage space
- Expecting refinements to OSFI capital rules effective in 2019
- Increased provincial focus with ON & B.C. housing policy initiatives

SOUND MACROECONOMIC ENVIRONMENT

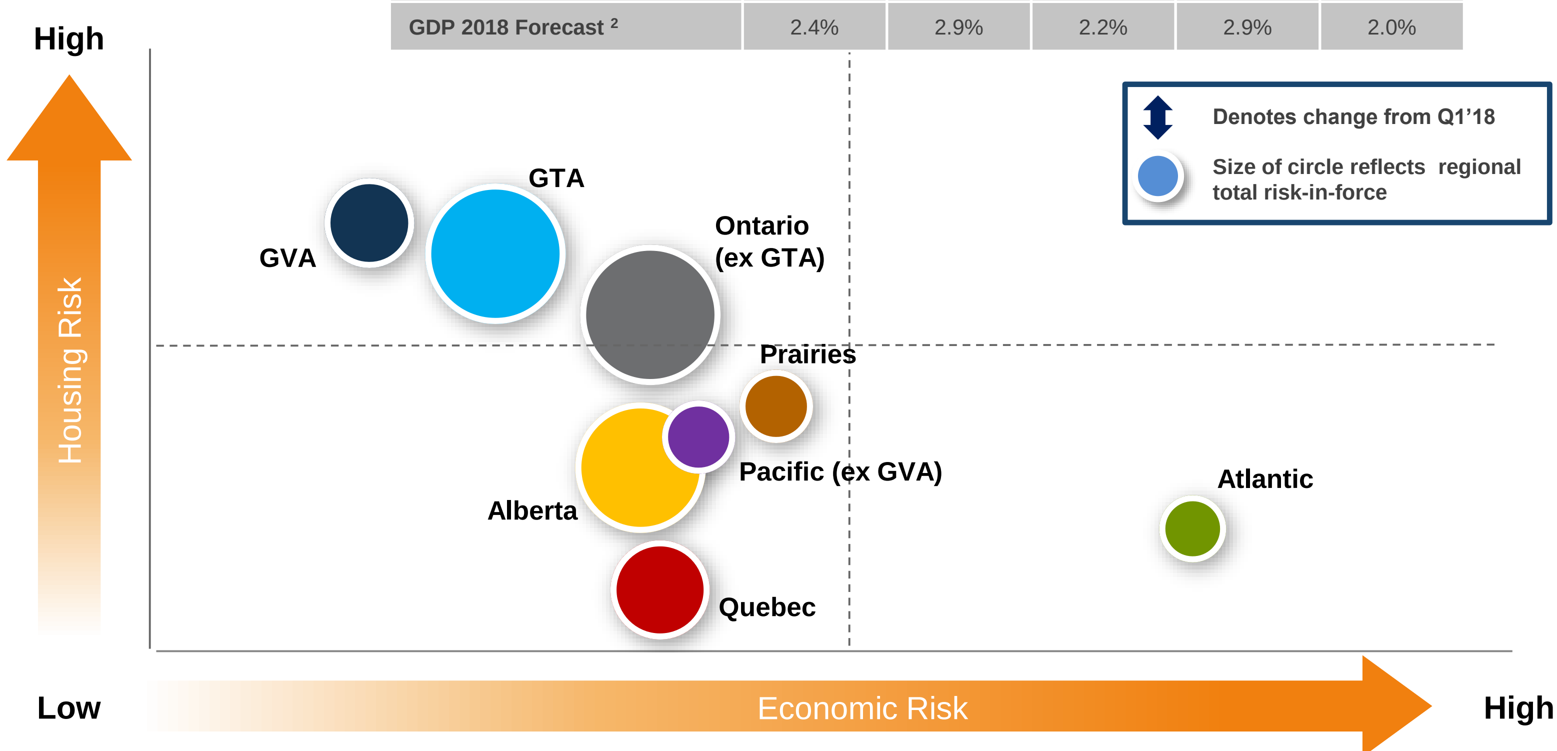
1. BoC GDP forecast, Monetary Policy Report, July 2018.

Regional risk assessment

Quarterly Snapshot	TOR	VAN	MTL	CGY	CANADA
Q2'18 Q/Q Teranet HPI [1]	2.7%	1.9%	1.3%	0.9%	2.2%
Jun'18 UE Rate [1]	6.3%	4.3%	6.0%	7.7%	5.9%
GDP 2018 Forecast [2]	2.4%	2.9%	2.2%	2.9%	2.0%

Key Indicators

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



Key Metrics: GDP Forecast; UE Rate; Economic Diversity

Housing markets normalizing amid tighter mortgage rules; soft landing expected

Stable **economic forecast** for most regions

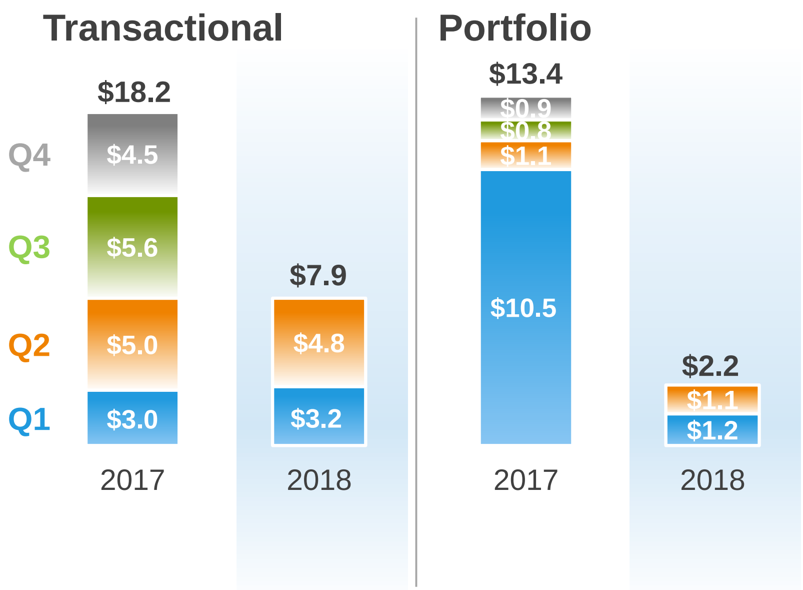
1 HPI based on Q/Q exit data; UE based on three-month rolling exit.

2. Bank of Canada Monetary Policy Report, Jul'18 (Canada); Conference Board of Canada, Spring'18 (CMAs).

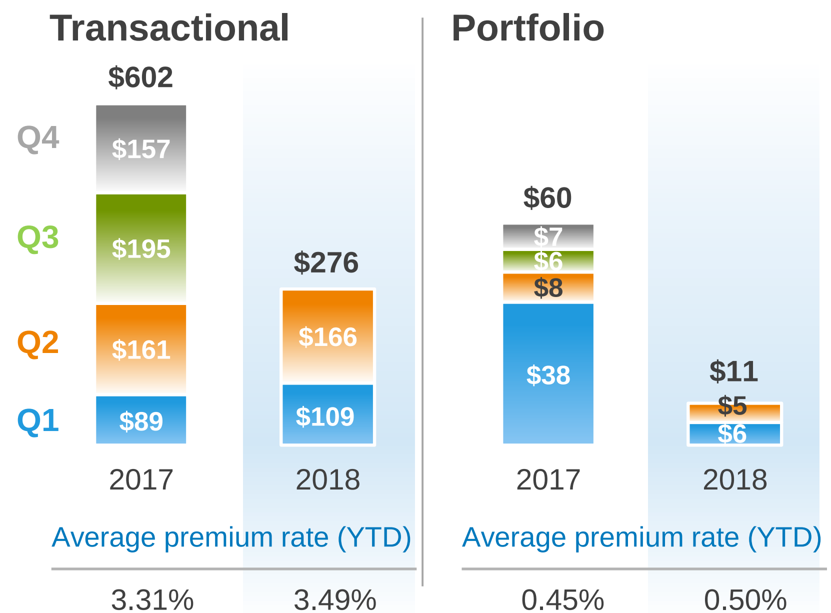
Graph based on Company's estimates of housing and economic risk as at Q2'18, including regional GDP forecast as per BoC/major FIs and key housing indicators at the end of Q2'18.

Top line

New insurance written ($ billions)



Premiums written ($ millions)



Transactional insurance highlights

- NIW decreased modestly Y/Y on a smaller market size, but increased significantly Q/Q primarily due to typical seasonality
- Premiums written increased Y/Y by 3% primarily due to an 8% higher average premium rate from the March 17, 2017 premium rate increase; premiums written increased Q/Q primarily due to typical seasonality

Portfolio insurance highlights

- NIW was relatively consistent with the prior year period and the prior quarter
- Premiums written was lower than the prior year period and prior quarter primarily due to a lower average premium rate as a result of a higher proportion of insured mortgages with an LTV below 75%

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

Strong portfolio quality

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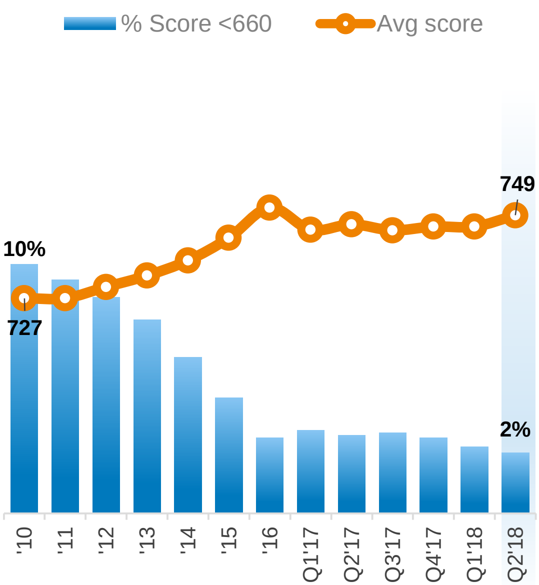
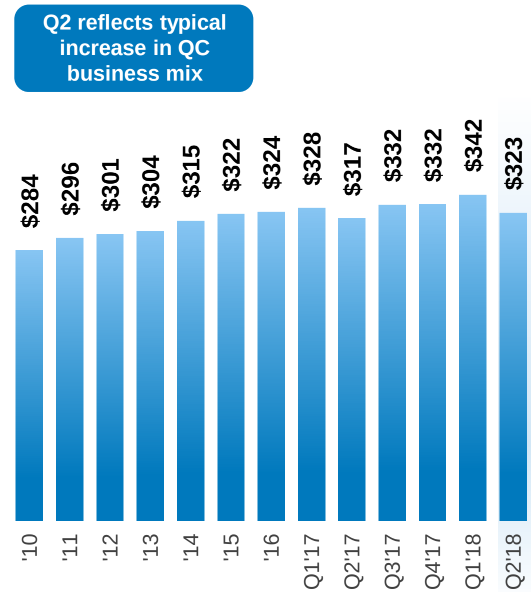
Credit score[1]

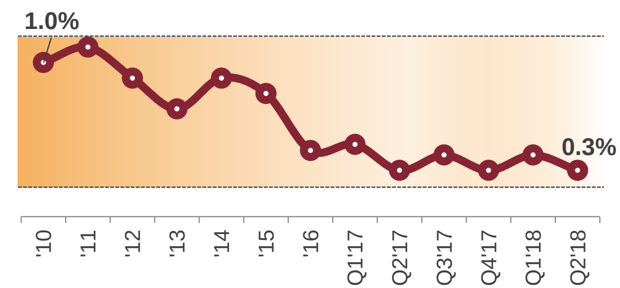


Average home price[2]

(In '$000s)



Stacked risk factors[3]



Highlights

Credit quality remains very strong

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

Limited exposure to loans with **stacked risk factors** (low credit scores and high debt service ratios)

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

$MM except EPS & BVPS	Q2'18	Q1'18	Q2'17
Transactional premiums written	$166	$109	$161
Portfolio premiums written	5	6	8
Total premiums written	**$172**	**$115**	**$170**
Premiums earned	171	171	168
Losses on claims	(25)	(22)	(6)
Expenses	(33)	(32)	(31)
Underwriting income	$114	$117	$132
Operating investment income[1]	51	50	44
Net operating income	**$117**	**$119**	**$126**
Net income	**$116**	**$128**	**$150**
Operating EPS (diluted)	**$1.31**	**$1.31**	**$1.36**
Book value per share (diluted, incl. AOCI)	**$44.40**	**$43.77**	**$41.34**

Q2 highlights

- Transactional premiums written higher by 3% Y/Y, primarily due to 8% higher average premium rate
- Premiums earned consistent sequentially
- Losses on claims increased Q/Q primarily due to a higher mix of Alberta delinquencies; significant increase Y/Y due to $31 million of favourable development in 2Q17 vs. $5 million this quarter
- Operating investment income was $7 million higher than the prior year period primarily due to increased invested assets and realized income from interest rate hedging
- Net operating income relatively consistent Q/Q
- Book value per share up 7% Y/Y to $44.40

Company sources. Note: Amounts may not total due to rounding. 1. Includes realized income from the interest rate hedging program, excl. realized gains / losses.

Delinquency trends

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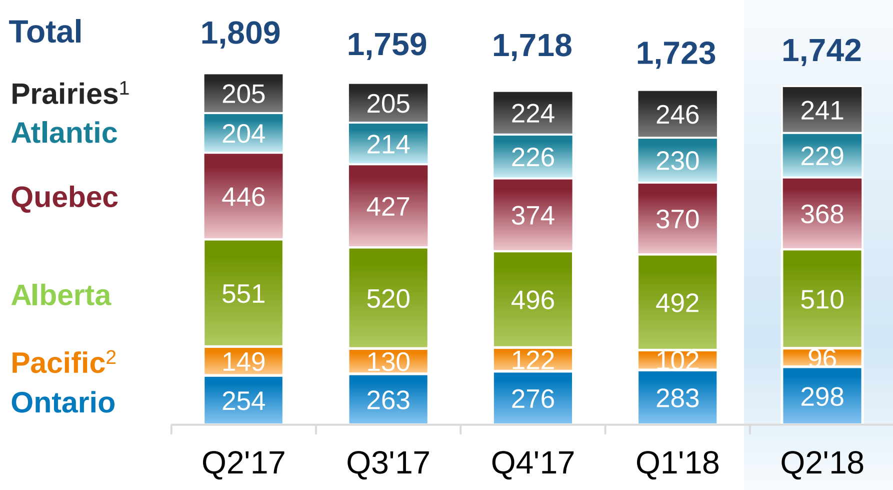
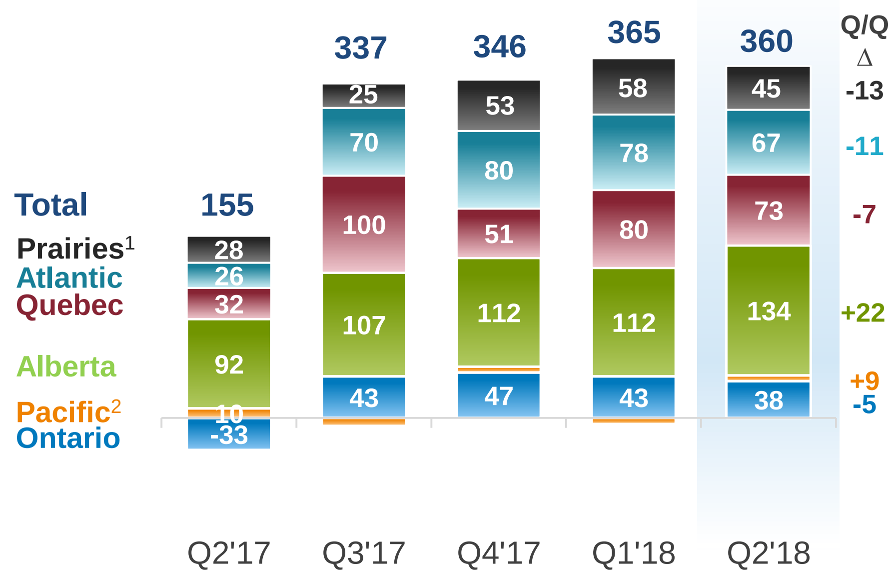
Delinquencies outstanding



New delinquencies, net of cures, by region



Loss ratio	3%	13%	9%	13%	14%

Delinquency rate based on reported outstanding balances[3]

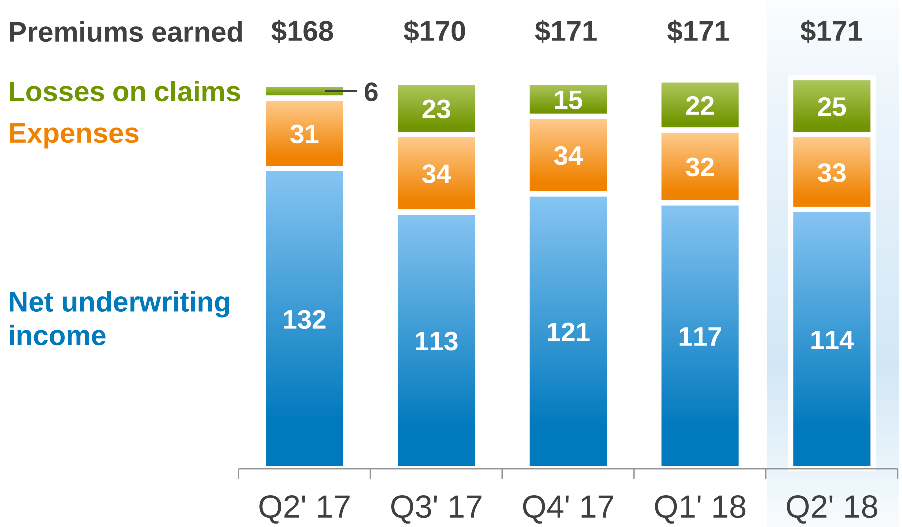
	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18
Transactional	0.29%	0.29%	0.28%	0.28%	0.28%
Portfolio	0.07%	0.07%	0.08%	0.08%	0.08%
Total	**0.18%**	**0.18%**	**0.18%**	**0.18%**	**0.19%**

- Slightly lower net new delinquencies Q/Q reflecting an increase in Alberta, offset by decreases in most other regions
- Strong overall loss ratio performance reflects favourable macroeconomic environment and high quality portfolio
- **Revised loss ratio range for 2018: 10% - 20%**

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.

Solid underwriting profitability

Underwriting profitability ($ millions)



	Q2' 17	Q3' 17	Q4' 17	Q1' 18	Q2' 18
Loss ratio	3%	13%	9%	13%	14%
Expense ratio	18%	20%	20%	19%	19%
Combined ratio	22%	33%	29%	32%	33%
Avg. reserve per delq. ($000s)	$73.7	$74.5	$69.2	$68.2	$67.7
New delqs. net of cures	155	337	346	365	360

Highlights

- Flat-to-modest Y/Y increase in premiums earned expected for 2018; after growing by 6% in 2017, on an annual basis
- Trend of relatively low loss ratios ranging from 3% to 14% over the past 5 quarters reflect favourable economic conditions and strong portfolio quality
- Revised 2018 full year loss ratio expected range to 10% to 20%, driven primarily by the favourable macroeconomic environment and strong portfolio quality

Company sources. Amounts may not total due to rounding.

Investments contribute steady income

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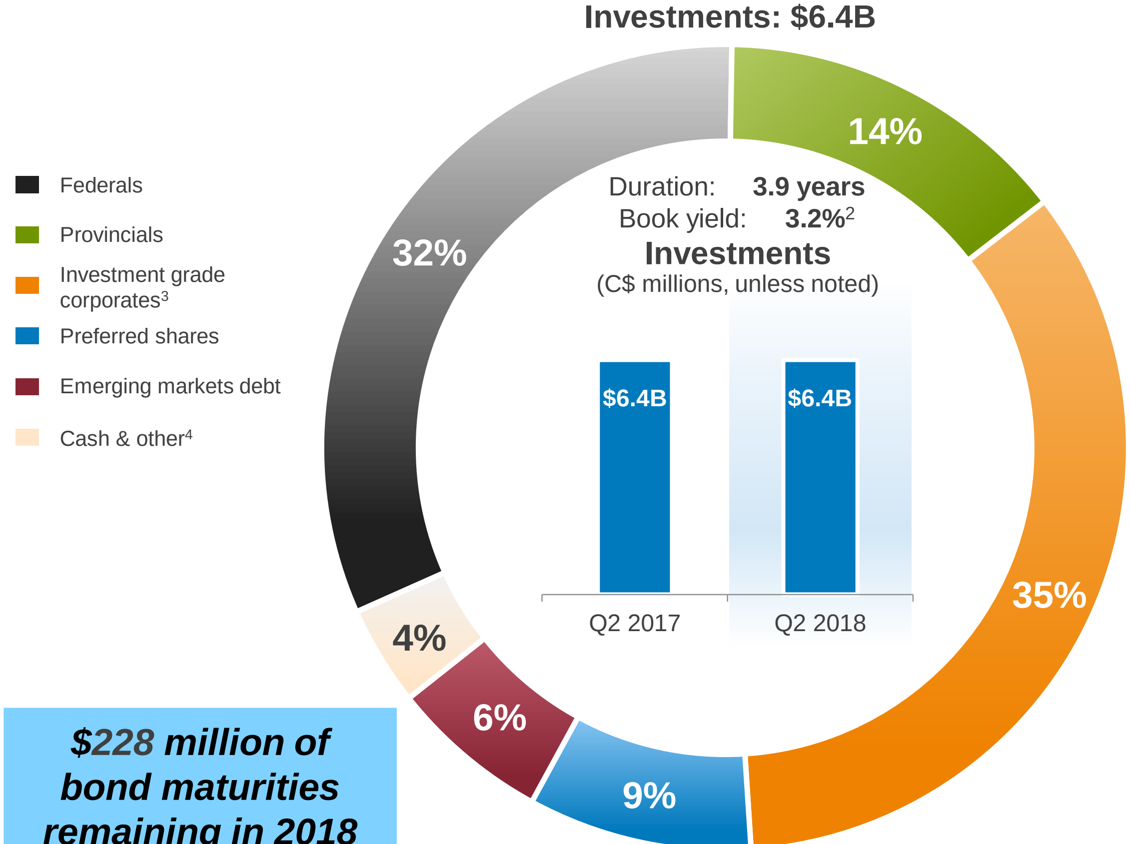
Total investments and net derivative assets

($6.5B[1])



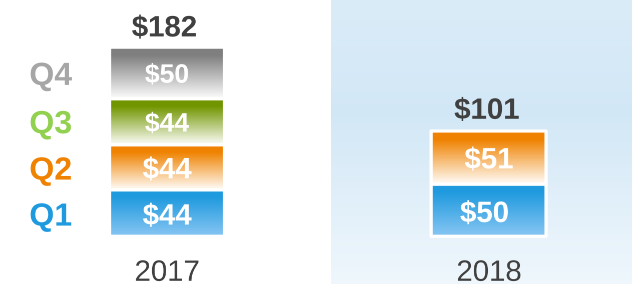
$228 million of bond maturities remaining in 2018

Interest rate hedge program

Interest rate swaps	Forward curve[5]
Notional (C$B)	$3.5
Floating rate[5]	1.80% - 1.90%
Fixed rate[5]	1.17%
Spread	0.63% - 0.73%
Potential impact on 2018 full year operating investment income	$20MM - $22MM

Operating Investment Income

(excluding realized/unrealized gains, $ millions)



Q2 investment yield[2]	
3.2%	3.2%

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

Note: Company sources.

1. Represents market value, includes accrued investment income and other receivables and net derivative financial instruments. 2. Investment yield represents pre-tax equivalent book yield after dividend gross-up of portfolio (as at Jun. 30th, 2018). 3. Includes CLOs. 4. Cash includes short-term investments. 5. Floating rate reflects the anticipated range of the average for the six months ended Dec. 31st, 2018 based on management's estimate of the forward curve as at Jul. 19th, 2018; fixed rate represents the contract rates for our existing portfolio of interest rate swaps as at Jun. 30th, 2018.

Capital management

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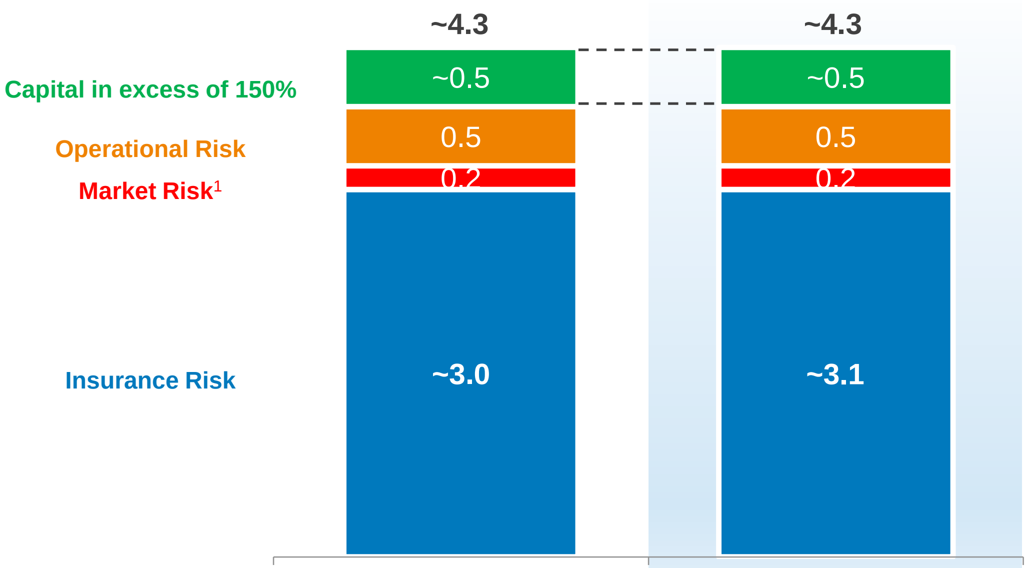
Regulatory capital as at Jun. 30th, 2018

(by category, $ billions unless otherwise noted)*



	Mar. 31, 2018 MCT	Jun. 30, 2018 MCT estimate
MCT ratio	**170%**	**170%**
Internal MCT target	**157%**	**157%**
Holdco cash[2]	**~$126 million**	**~$133 million**

Highlights

Strong capital position with MCT ratio of ~170% and holding company cash and liquid investments of $133 million

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 2019

OSFI working on refinements to capital framework for implementation in 2019

Ongoing efforts to balance capital strength and efficiency

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.

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

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