Genworth Canada

Fourth Quarter 2018 Results

February 5th, 2019

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/or 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 certain 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.

4Q18 & 2018 financial results

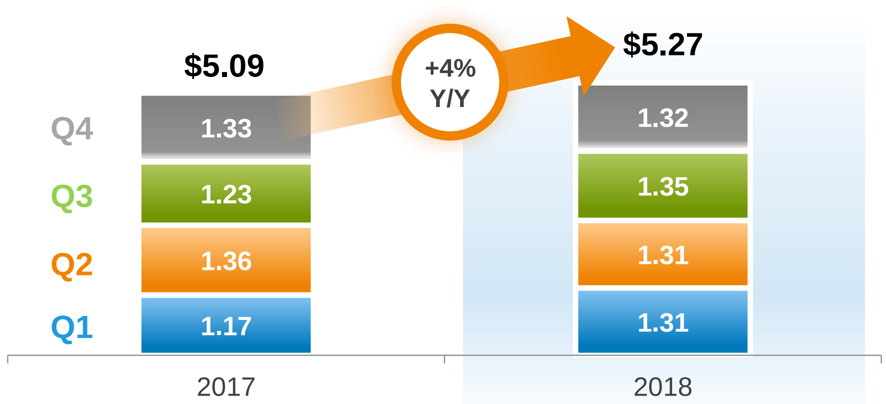
$MM except ROE, EPS & MCT	Q4 2018	Q / Q	Y / Y	FY 2018	Y / Y
Premiums written	$156	-20%	-5%	$639	-4%
Premiums earned	$169	Flat	-1%	$680	+1%
Loss ratio	18%	+4 pts	+9 pts	15%	+5 pts
Net income	$80	-37%	-39%	$452	-14%
Net operating income	$117	-3%	-3%	$475	+2%
Operating ROE	12%	Flat	-1 pt	12%	-1 pt
Operating EPS (dil.)	$1.32	-2%	-1%	$5.27	+4%
MCT ratio[1]	171%	Flat	-1 pt	171%	-1 pt

Key highlights

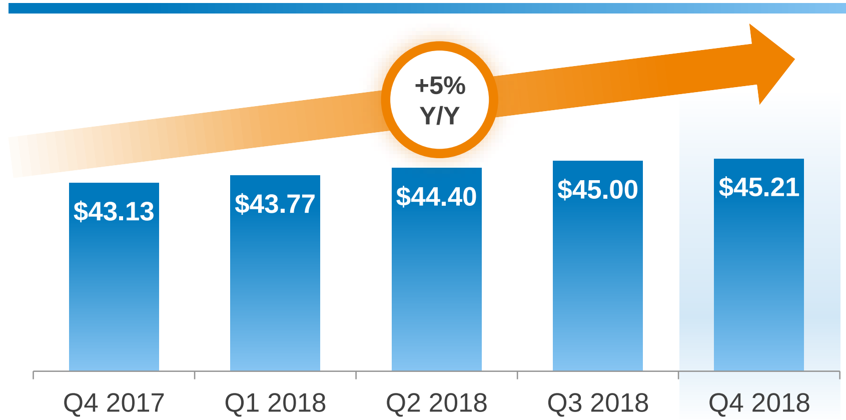
Fourth quarter highlights (Q/Q):
- Loss ratio of 18%, increased 4 pts
- Net income of $80MM, including a $46MM impact, primarily due to unrealized losses on derivatives and foreign exchange
- Net operating income of $117 MM, down 3%
- Operating EPS of $1.32, down 2%

Full year highlights (Y/Y):
- Premiums written of $639MM, decreased by 4%
- Loss ratio of 15%, up 5 pts
- Net operating income increased by 2%
- Operating EPS up 4%
- Strong capital position with MCT ratio at 171%[1]

Operating EPS (diluted)



Book Value Per Share (diluted, incl. AOCI)



1. MCT denotes ratio for operating insurance company. Company estimate as at Dec. 31st, 2018.
Note: Amounts may not total due to rounding.

Our environment today

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Risk	Assessment (⟷ Denotes change from Q3'18)
Economic	
Housing & mortgage markets	
Insurance portfolio	
Regulatory	

Key observations

- Economic environment continues to be sound; unemployment rate is at a 40-year low
- GDP forecast for 2019[1] reduced to 1.7% (from 2.1%) mainly as a result of lower oil prices
- BoC overnight rate maintained at 1.75% in January[1]; 0-2 increases expected in 2019

- Provincial and municipal housing market policies, tighter mortgage finance guidelines and higher mortgage rates continue to weigh on mortgage activity
- GTA and GVA markets trending toward more normalized state
- Sellers market in Montreal putting upward pressure on prices and affordability; housing risk remains modest

- Portfolio quality remains strong. Average credit score for transactional new insurance written was 748 in Q4'18
- New insurance written with stacked risk factors[2] remains very low
- Qualifying rate provides ~200bps buffer against payment shock from rising rates

- Regulatory environment supporting reduced product risk and strong underwriting practices
- Regulatory focus shifting to supply and affordability
- Mortgage Insurer Capital Adequacy Test (MICAT) effective January 1, 2019

SOUND MACROECONOMIC ENVIRONMENT … STRONGER GROWTH EXPECTED IN 2H'19

1. BoC GDP forecast: Monetary Policy Report, January 2019.
2. Stacked risk factors defined as: Purchase only; 90%+ LTV and <=660 credit score, and >40 TDSR.

Transactional insurance market

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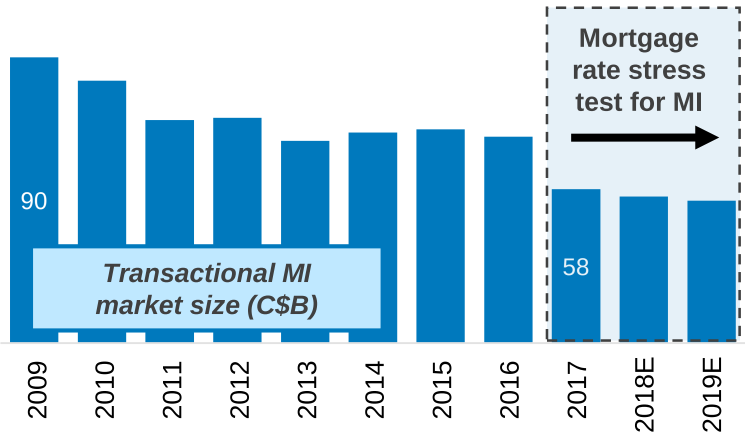
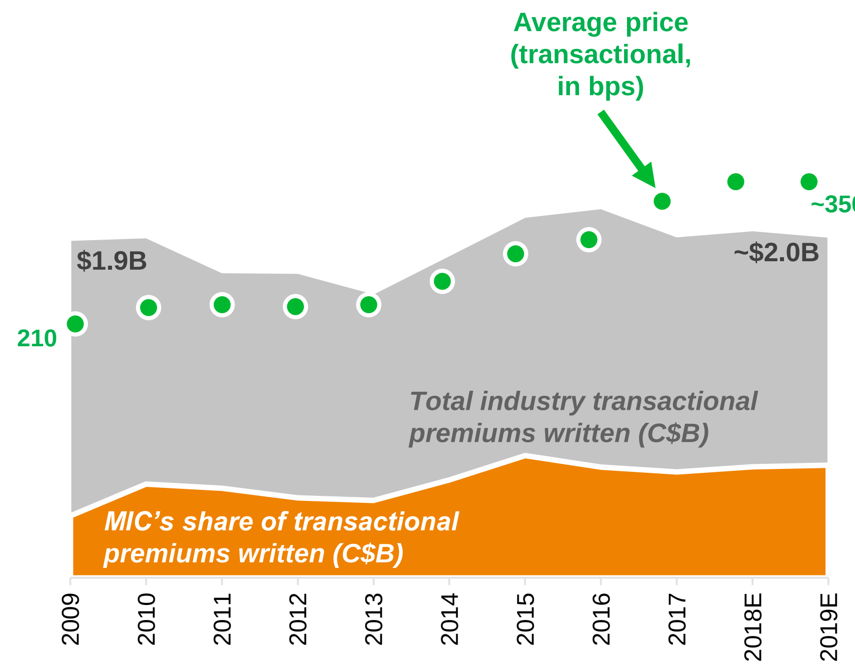
Market size
(denotes transactional new insurance written, C$B)



Industry price and premiums written
(C$B)



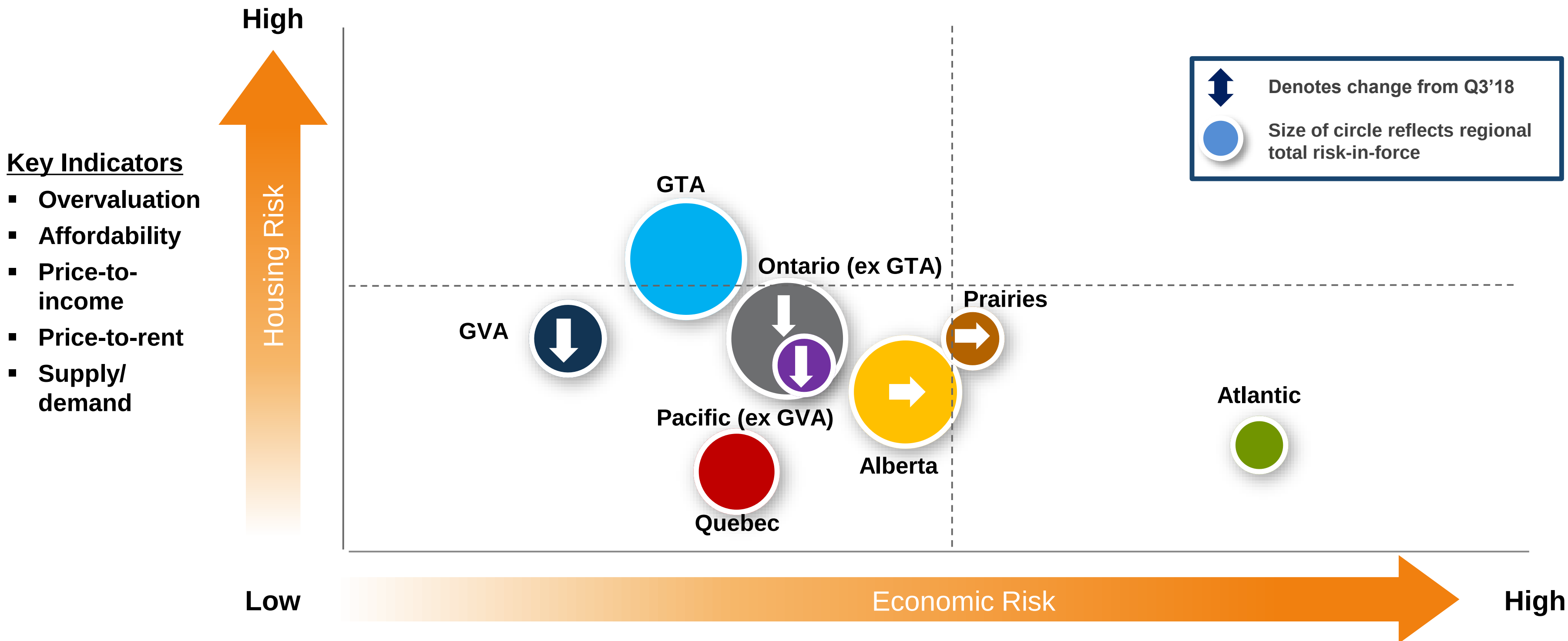
Market size has decreased with regulatory changes and rising rates; but portfolio quality has increased

MIC premiums written expected to be modestly higher in 2019 as market share growth offsets market size reduction

Company estimates.

Regional risk assessment

Quarterly Snapshot	TOR	VAN	MTL	CGY	CANADA
Q4'18 Q/Q Teranet HPI [1]	-0.2%	-1.7%	1.0%	-1.1%	-0.6%
Q4'18 UE Rate [1]	6.1%	4.4%	5.9%	7.6%	5.7%



Key Metrics: GDP Forecast; UE Rate; Economic Diversity

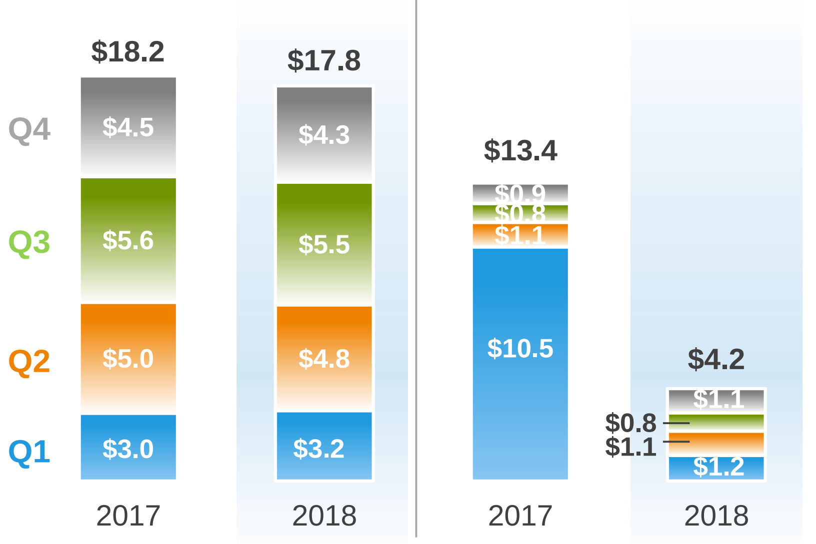
Housing risks showing **improvement** in a number of regions in Q4'18

Modest economic pressure on oil producing regions due to lower prices

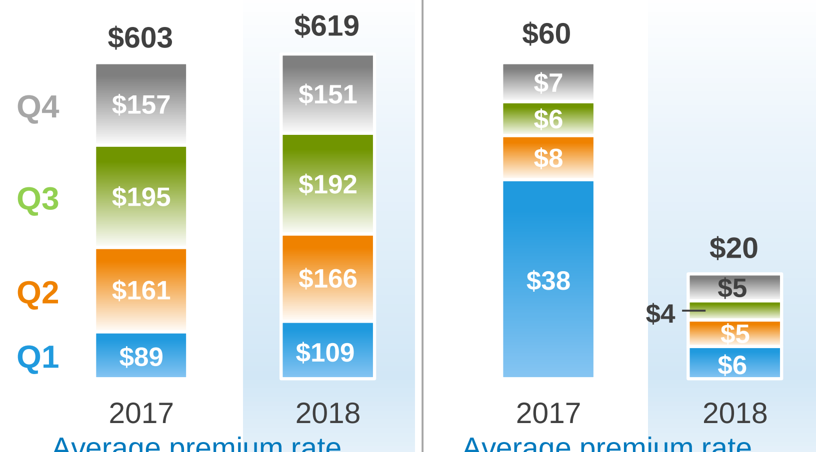
1 HPI and UE based on quarterly averages (Calgary UE uses a three-month rolling exit).
Graph based on Company's estimates of housing and economic risk as at Q4'18, including regional GDP forecast as per BoC/major FIs and key housing indicators at the end of Q4'18.

Top line

New insurance written ($ billions)



Premiums written ($ millions)



Transactional – Average premium rate

	2017	2018
FY	3.31%	3.49%
Q4	3.48%	3.48%

Portfolio – Average premium rate

	2017	2018
FY	0.45%	0.48%
Q4	0.81%	0.47%

Transactional insurance highlights

- Modest decline in NIW in 4Q18 and 2018 Y/Y, primarily resulting from a smaller mortgage originations market due to ongoing housing affordability pressure
- FY average premium rate of 3.49%, up ~5% Y/Y due to FY effect of March 2017 price increase

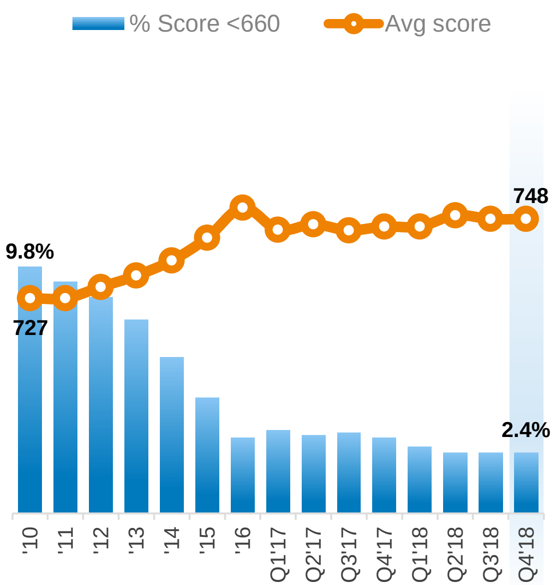
Portfolio insurance highlights

- FY decrease primarily due to reduced demand for portfolio insurance compared to stronger demand in 2017 primarily due to NIW in 1Q17 arising from applications received ahead of the implementation of the new capital framework on January 1, 2017
- FY average premium rate of 0.48%, relatively consistent Y/Y

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

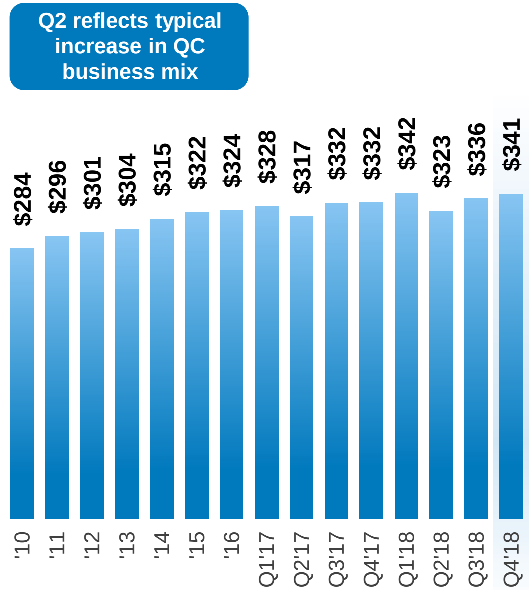
Strong portfolio quality

Credit score[1]

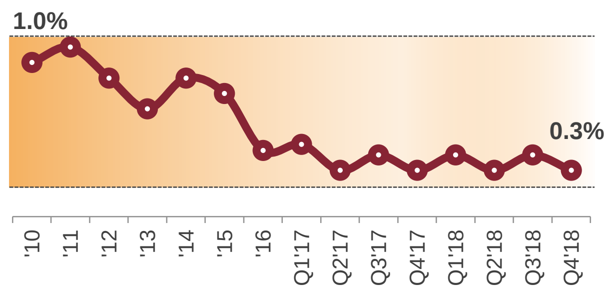


Average home price[2]

(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[5]

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 Contractual TDSR >40%. 4 FTHB represents First-Time Homebuyers. 5. Statistics Canada

Strong financial performance

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$MM except EPS & BVPS	Q4'18	Q3'18	Q4'17
Transactional premiums written	$151	$192	$157
Portfolio premiums written	5	4	7
Total premiums written	**$156**	**$196**	**$164**
Premiums earned	169	169	171
Losses on claims	(30)	(23)	(15)
Expenses	(32)	(32)	(34)
Underwriting income	$106	$114	$121
Operating investment income[1]	57	54	50
Net operating income	**$117**	**$121**	**$121**
Net income	**$80**	**$128**	**$132**
Operating EPS (diluted)	**$1.32**	**$1.35**	**$1.33**
Book value per share (diluted, incl. AOCI)	**$45.21**	**$45.00**	**$43.13**

Q4 highlights

- Transactional premiums written lower by 4% Y/Y, primarily due to lower NIW
- Premiums earned flat Q/Q
- Loss ratio of 18%, up 4 pts Q/Q largely due to a higher average reserve per delq. driven by Alberta and Prairies regions
- Operating investment income modestly up Q/Q at $57 million, primarily due to higher average invested assets and higher realized income from interest rate hedging program
- Net income down Q/Q due to the impact of unrealized losses on derivatives and foreign exchange
- Net operating income down $4 million Q/Q largely due to higher losses on claims, partly offset by higher operating investment income
- Book value per share up 5% Y/Y to $45.21

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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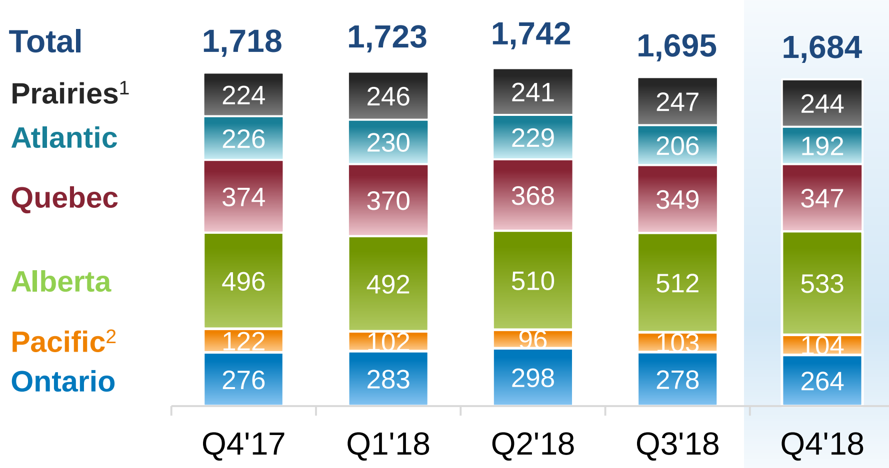
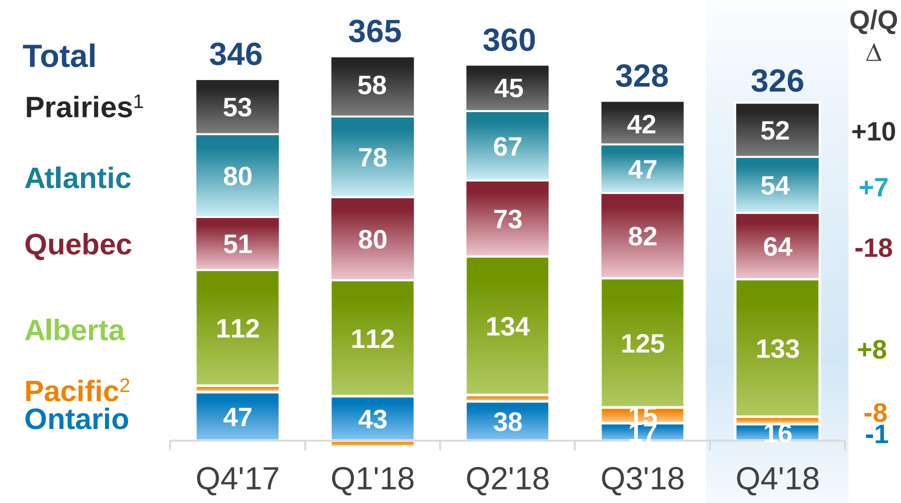
Outstanding delinquencies



New delinquencies, net of cures, by region



Avg. reserve per delq. ($000s)	$69.2	$68.2	$67.7	$67.8	$73.5
Loss ratio	9%	13%	14%	14%	18%

Delinquency rate based on reported outstanding balances[3]

	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Transactional	0.28%	0.28%	0.28%	0.27%	0.26%
Portfolio	0.08%	0.08%	0.08%	0.09%	0.09%
Total	**0.18%**	**0.18%**	**0.19%**	**0.18%**	**0.18%**

- Largely consistent new delinquencies, net of cures Q/Q due to a decrease in Quebec, partly offset by increases in Alberta and the Prairies
- Average reserve per delinquency primarily driven by home price declines in Alberta
- Strong overall loss ratio performance reflects favourable macroeconomic environment and high quality portfolio
- **Loss ratio range for 2019: 15% - 25%**

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.

Strong underwriting results

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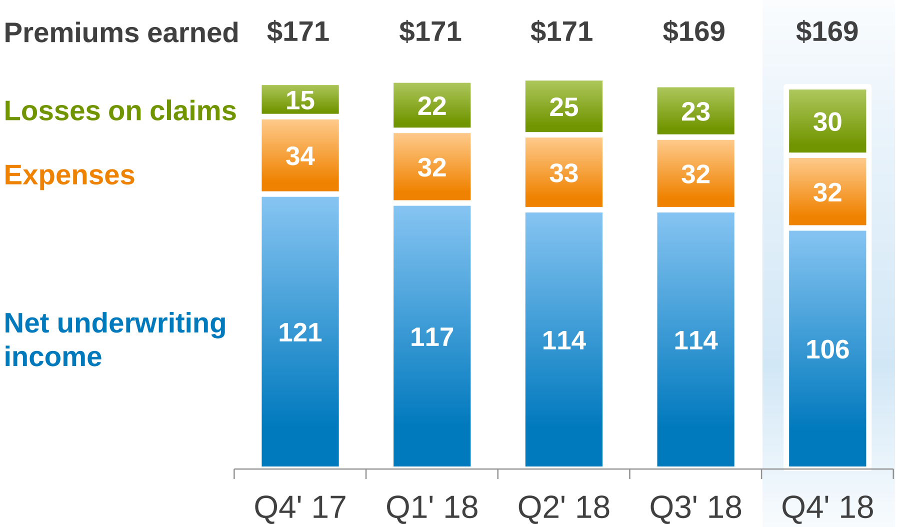
Underwriting profitability ($ millions)



Loss ratio	9%	13%	14%	14%	18%
Expense ratio	20%	19%	19%	19%	19%
Combined ratio	29%	32%	33%	32%	37%

Highlights

- Single upfront premium provides visibility into 2019 premiums earned which are expected to be flat to modestly lower due to relatively smaller recent books
- Trend of relatively low loss ratios ranging from 9% to 18% over the past 5 quarters reflect favourable economic conditions and strong portfolio quality
- 2019 full year loss ratio expected range of 15% to 25%
- 2019 new business pricing ROE expected to be 13%+

Company sources. Amounts may not total due to rounding.

Proactive investment management

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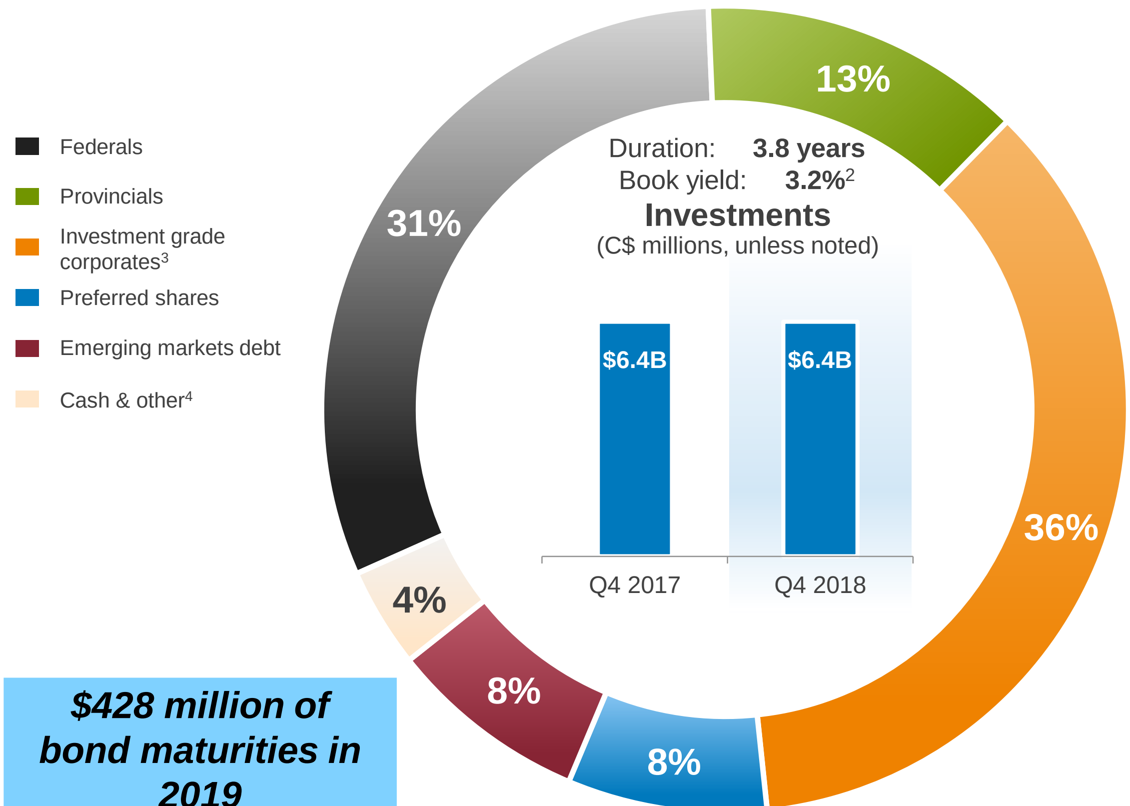
Total investments and net derivative assets

($6.5B[1])



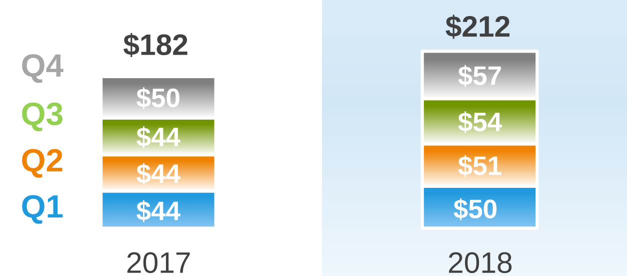
$428 million of bond maturities in 2019

Interest rate hedge program

Interest rate swaps	Forward curve[5]
Notional (C$B)	$3.5
Floating rate[5]	2.10% - 2.30%
Fixed rate[5]	1.17%
Spread	~0.90% - 1.10%
Potential contribution of 2019 full year operating investment income	~$30MM - $40MM

Operating investment income

(excluding realized/unrealized gains, $ millions)



Q4 investment yield[2]	
3.2%	3.3%

EXPECT MODERATELY HIGHER INVESTMENT INCOME IN 2019 INCLUSIVE OF FAVOURABLE CONTRIBUTION FROM INTEREST RATE HEDGING PROGRAM

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 Dec. 31st, 2018). 3. Includes CLOs. 4. Cash includes cash and cash equivalents. 5. Floating rate reflects the anticipated range of the average for the three months ended Dec. 31st, 2018 based on management's estimate of the forward curve as at Jan. 29th, 2019; fixed rate represents the contract rates for our existing portfolio of interest rate swaps as at Dec. 31st, 2018.

Capital management

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Regulatory capital as at Dec. 31st, 2018

(by category, $ millions unless otherwise noted)*

	Current MICAT	MCT	
	Jan. 1st, 2019	Dec. 31st, 2018	Sept. 30th, 2018
Capital available	4,370	4,370	4,356
Capital required	2,557	2,557	2,542
MCT ratio	**171%**	**171%**	**171%**
Internal MCT target	157%	157%	157%
Holdco cash[1]	**~$55 million**	**~$55 million**	**~$101 million**

2019 Mortgage Insurer Capital Adequacy Test

- 2019 Mortgage Insurer Capital Adequacy Test ("MICAT") eliminates the updating of credit scores for 2015 and prior books and increases the base total asset requirement for insurance risk by 5%
- Changes are net positive to capital required in 2019

Highlights

- Strong capital position with MCT ratio of ~171% and holding company cash and liquid investments of $55 million
- Executed $50 million share buyback in 4Q18, for a total of $150 million during 2018
- Based on the Company's assessment, the potential range for capital re-deployment is $500-700 million in 2019, with a bias toward the lower half of the range, in addition to regular ordinary dividends

Company sources. MCT / MICAT denotes ratio for operating insurance company. *Totals may not add due to rounding. MICAT/MCT estimates as at Dec. 31st, 2018.
1. Represents liquid investments and cash held in addition to capital in operating insurance company.

Key takeaways for 2019

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Modestly higher total premiums written; flat to modestly higher transactional NIW and premiums written, and modestly higher portfolio insurance premiums written

Flat to modestly lower premiums earned due to smaller recent book of business

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

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

Capital management actions should be positive for ROE and EPS…Operating ROE should be consistent with recent years

Proven business model positions MIC well for **future financial performance**

Key strategic priorities

1

Drive market share growth by leveraging advanced analytics and process enhancements to improve our **customer experience**

2

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

3

Develop **innovative product solutions** to enhance our **value proposition**

4

Right-size our capital levels to **drive improved returns**

5

Influence key **government stakeholders** to focus on **first time homebuyer affordability**

FOCUSED ON PRUDENT GROWTH AND CAPITAL EFFICIENCY

Genworth
Canada

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