GENWORTH MI CANADA INC.
(now operating as Sagen MI Canada™)

Fourth Quarter 2020 Results

February 4th, 2021

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", "Sagen", 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 any potential guideline changes by the Office of the Superintendent of Financial Institutions or legislative changes introduced in connection with the Protection of Residential Mortgage or Hypothecary Insurance Act; 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 expected closing date of the arrangement agreement (the "Arrangement") between the Company and Brookfield Business Partners L.P., together with its institutional partners ("Brookfield"), the receipt of required approvals relating to the Arrangement, Brookfield's ownership or control over the Company's common shares following the Arrangement; 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, Mortgage Insurer Capital Adequacy Test (MICAT) 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 https://www.sagen.ca/about/investor-relations/. 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.

Q4 Financial Results

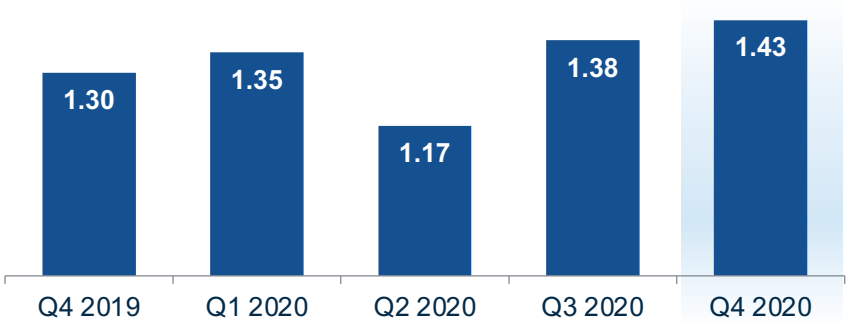
$MM except loss ratio, Op. ROE, Op. EPS & MICAT ratio	Q4 2020	Q3 2020	Q4 2019	Q / Q	Y / Y
Premiums written	$354	$297	$183	+19%	+94%
Premiums earned	$181	$173	$171	+5%	+6%
Loss ratio	10%	13%	20%	-3pts	-10pts
Net income	$124	$124	$108	-	+15%
Net operating income	$124	$119	$112	+4%	+10%
Operating ROE	13%	13%	11%	-	+2pts
Operating EPS (dil.)	$1.43	$1.38	$1.30	+4%	+10%
MICAT ratio[1]	187%	178%	170%	+8pts	+17pts

Q4 key highlights

- Total premiums written increased Y/Y by 94% primarily due to an increase in transactional mortgage originations and market share
- Loss ratio of 10% reflects favorable development driven primarily by strong housing markets in most regions
- Net operating income and operating EPS up 4% Q/Q
- Operating ROE of 13%
- On-going capital strength with MICAT ratio of 187%[1]
- Book value per share of $44.68 after payment of $8.81 of special dividends since Q2 2019

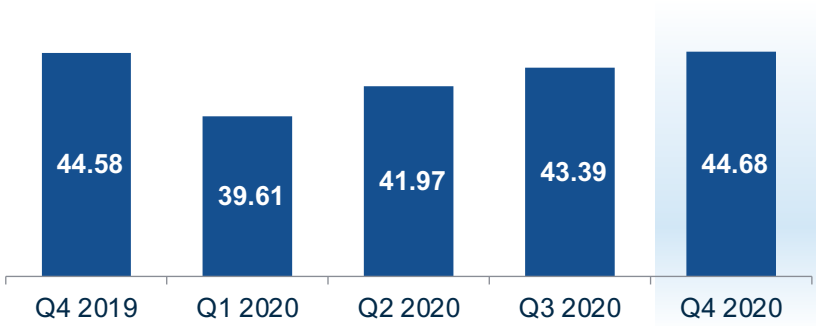
Operating EPS

($, diluted)



Book Value

(Book Value $, diluted, incl. AOCI)



1. 4Q20 MICAT ratio represents an estimate. Note: Amounts may not total due to rounding.

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Our Environment Today

Risk	Assessment Denotes change from Q3'20	Key observations
Economic		▪ Moderate recovery in GDP expected in 2021 and 2022 after sharp downturn in 2020 ▪ Continued low-rate environment signaled by Bank of Canada ▪ Labour market recovery expected to slow in 2021; specific sectors (food & accommodation) still being impacted
Housing & mortgage markets		▪ Low rates driving strong housing demand with low supply of listings ▪ Prices remain resilient to macroeconomic shocks with most markets posting significant price increases ▪ Oil producing regions experiencing headwinds as oil industry consolidates
Insurance portfolio		▪ Underwriting changes implemented in response to regional economic risks ▪ Portfolio quality remains very strong in conjunction with increase in new insurance written ▪ Mortgage deferrals declined to 0.9% of outstanding balances with emerging evidence of high post-deferral repayment rates
Regulatory		▪ Strong government support through monetary and fiscal policies ▪ OSFI and Department of Finance working closely with insurers on deferrals and other regulatory reporting initiatives

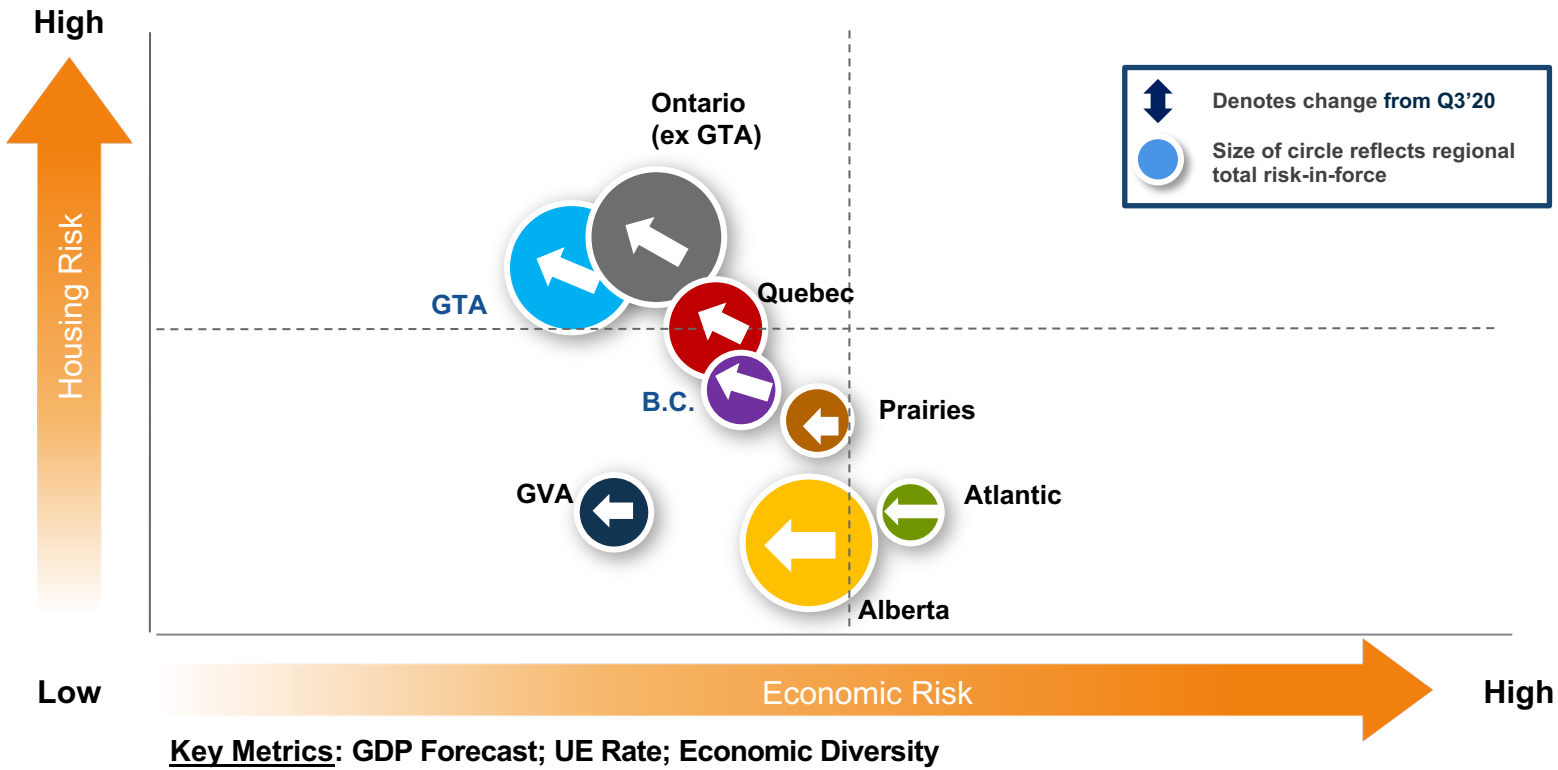
MACRO ENVIRONMENT RECOVERING AMIDST CONTINUED UNCERTAINTY

Regional risk assessment

Quarterly Snapshot	TOR	VAN	MTL	CGY	CANADA
Q4'20 Y/Y Teranet HPI [1]	10.0%	6.4%	14.3%	-2.0%	8.8%
Q4'20 UE Rate [1]	10.6%	7.4%	8.2%	10.4%	8.8%

Key Indicators

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



Key Metrics: GDP Forecast; UE Rate; Economic Diversity

Housing risk elevated in Ontario and GTA regions due to strong demand and limited supply

Economic risk expected to improve as vaccine rollout expands

1 HPI and UE based on quarterly averages (Calgary UE uses a three-month rolling exit).

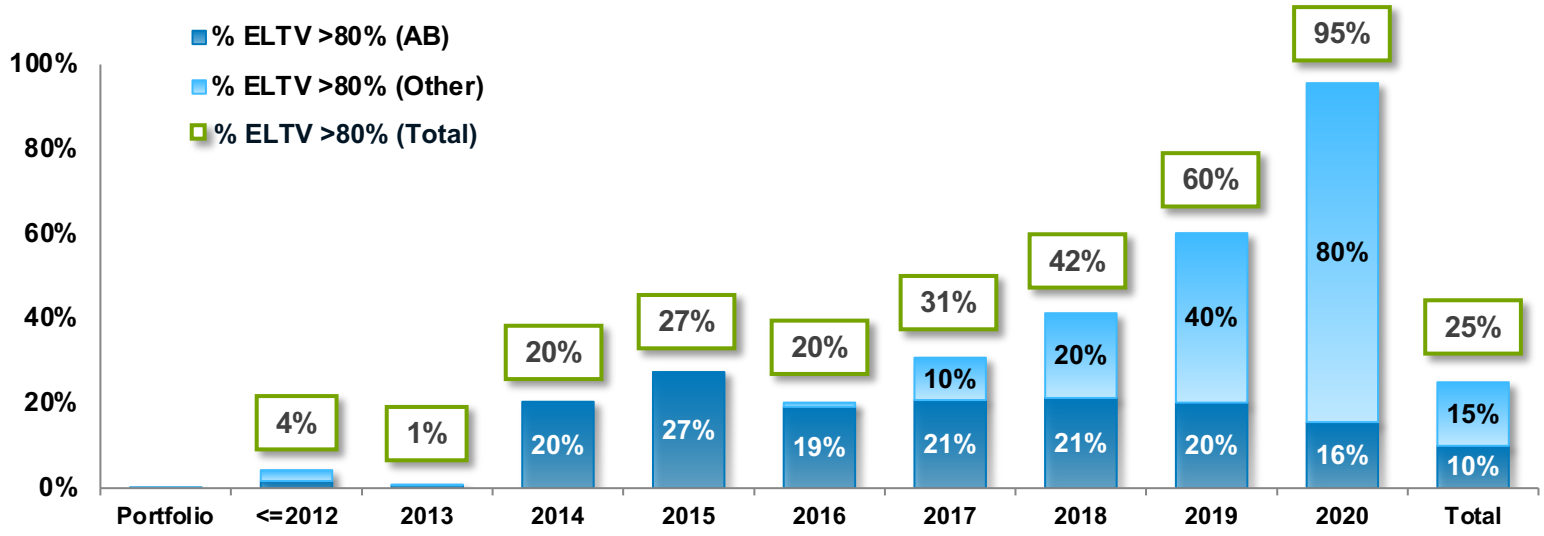
2 Graph based on Company's estimates of housing and economic risk as at Q4'20, including regional GDP forecast per major FI's as of January 20th,2021

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National Risk-In-Force (RIF)

% of Total Business With an Effective Loan-to-Value (ELTV) >80% by Book Year[3]

(As at December 31, 2020)



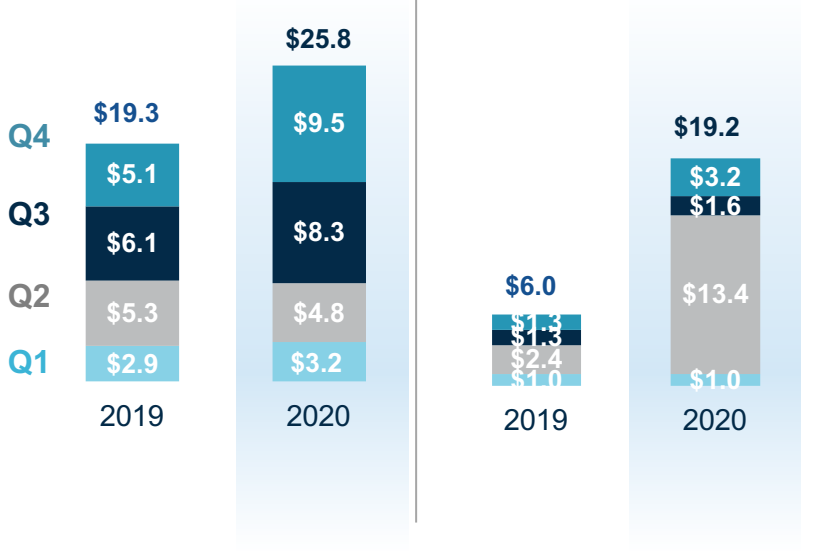
Avg Effective LTV	31%	36%	52%	58%	61%	64%	73%	78%	82%	90%	45%
O/S IMB[1] ($B) as at Q4'19	$79	$25	$6	$9	$15	$15	$15	$16	$19	-	$200
O/S IMB[2] ($B) as at Q4'20	$78	$21	$5	$8	$11	$12	$13	$15	$18	$26	$206

2018 vintages and prior benefiting from house price growth and principal reduction
Economic slowdown starting in 2015 keeping Alberta on risk longer

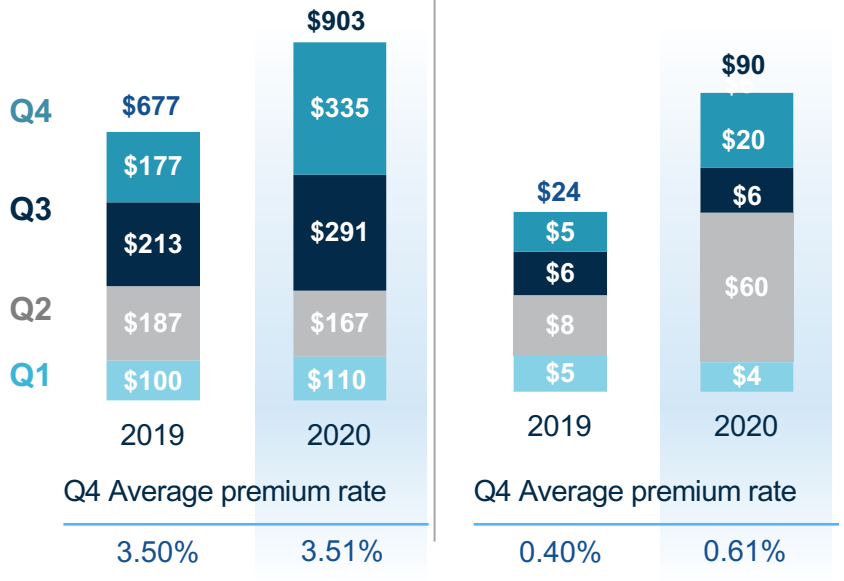
Note: Totals may not add due to rounding.
1. IMB: Insured Mortgage Balance - Based on outstanding balance of insured mortgages as reported by lenders to the Company as at Dec 31, 2019 of $200B.
2. IMB: Insured Mortgage Balance - Based on outstanding balance of insured mortgages as reported by lenders to the Company as at Dec 31, 2020 of $206B.
3. Effective LTV calculated using Teranet Composite 11 HPI.

Top Line

New insurance written ($ billions)



Premiums written ($ millions)



Q4 transactional insurance highlights

NIW and premiums written increased ~88% Y/Y and ~15% Q/Q primarily due to increased housing activity and market share gains.

Q4 portfolio insurance highlights

NIW increased Q/Q on increased lender demand.

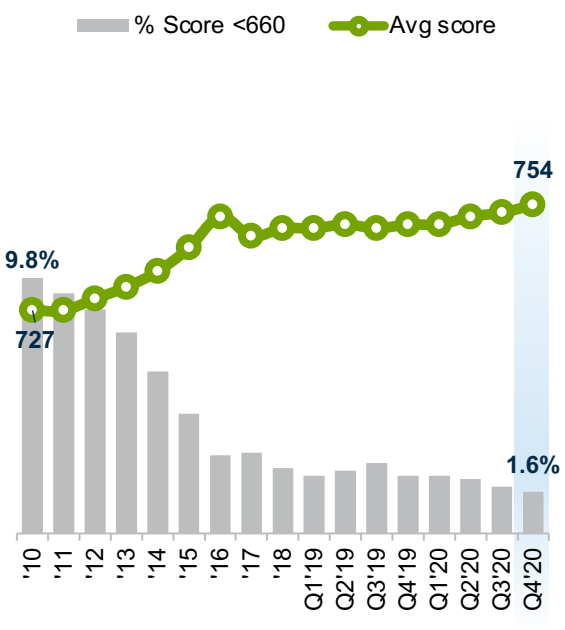
Premium rate increased on change in product mix.

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

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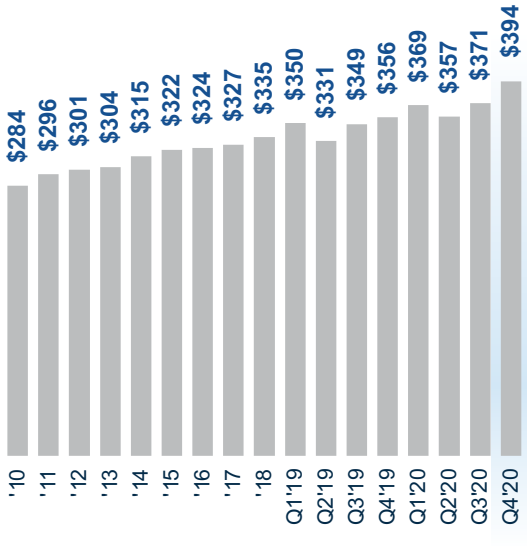
Strong Portfolio Quality

Credit Score[1]



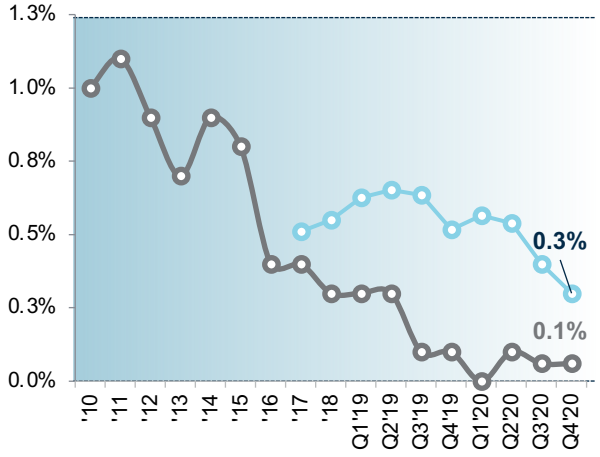
Average Home Price[2]

(In '$000s)



Stacked Risk Factors[3]

	Credit Score	Ratio	LTV
●	Avg ≤ 660	Contractual TDSR > 40%	90-95%
●	Max ≤ 680	Compliance GDSR/TDSR > 35%/42%	90-95%



Credit quality remains very strong

Strong demand boosts average home prices

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

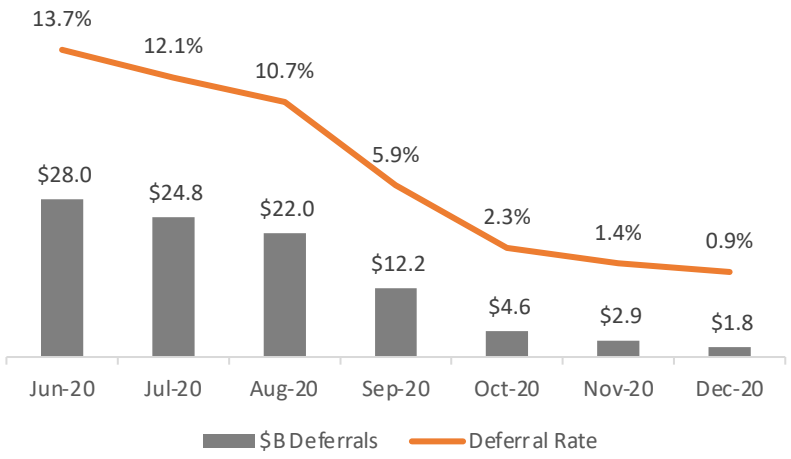
1. Company sources for transactional new insurance written. Average score for all borrowers. 2. Company sources for transactional new insurance written. Purchase only.
3. Compliance ratios are calculated using the Bank of Canada qualifying rate, which was 4.79% at December 31, 2020.

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Payment Deferrals Winding Down

- 0.9% ($1.8B) of risk-in-force remains under deferral – this has declined significantly from 13.7% ($28.0B) in June. Of the remaining deferrals, ~65% have an effective LTV <80%.
- We expect the vast majority of deferrals to return to performing mortgages

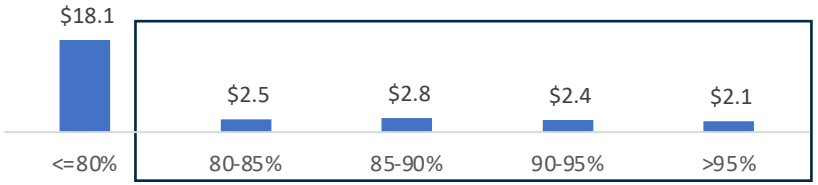
Deferral Roll-Off



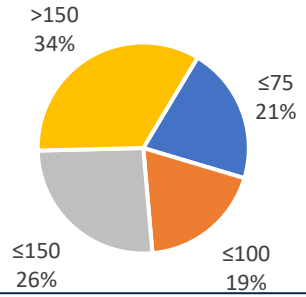
Vast majority of borrowers rolling off deferrals have returned to repayment[1]

June 2020 Deferrals By Effective LTV ($28B)

35% ($9.8B RIF) of deferrals have an effective LTV >80%

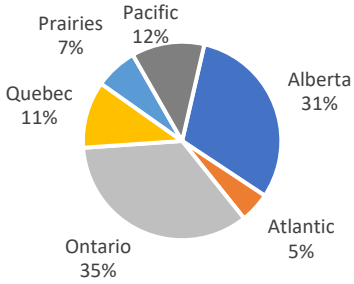


By Household Income



~80% had >$75K annual household income
~68% were dual income households

By Region



Alberta remains a focus area – represents 31% of deferrals (vs. 21% of RIF), and over half are >80% LTV

[1] Bank of Canada: "Financial Stability and the COVID-19 pandemic", November 23, 2020

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Strong Financial Performance

$MM except EPS & BVPS	Q4'20	Q3'20	Q4'19
Transactional premiums written	$335	$291	$177
Portfolio premiums written	20	6	5
Total premiums written	**$354**	**$297**	**$183**
Premiums earned	181	173	171
Losses on claims	(18)	(23)	(34)
Expenses	(38)	(33)	(35)
Underwriting income	$125	$117	$102
Operating investment income[1]	46	48	55
Net operating income	**$124**	**$119**	**$112**
Net income	**$124**	**$124**	**$108**
Operating EPS (diluted)	**$1.43**	**$1.38**	**$1.30**
Book value per share (diluted, incl. AOCI)	**$44.68**	**$43.39**	**$44.58**

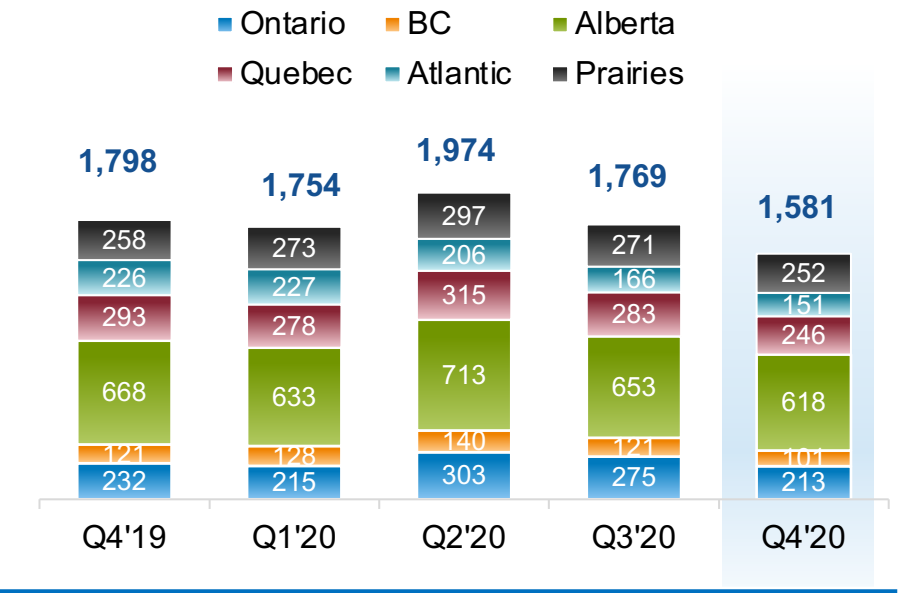
Q4 highlights

- Transactional premiums written were higher by 89% Y/Y on increased housing activity and market share
- Premiums earned up by 6% Y/Y on strength of 2019 and 2020 books
- Loss ratio of 10%, down 3 pts Q/Q, reflecting favorable development.
- Operating investment modestly down Q/Q
- Net operating income up by $5 million and Operating EPS up by 4% Q/Q primarily due to lower losses on claims
- Book value per share up by 3% Q/Q reflecting ongoing profitability and recovery in MTM for investments

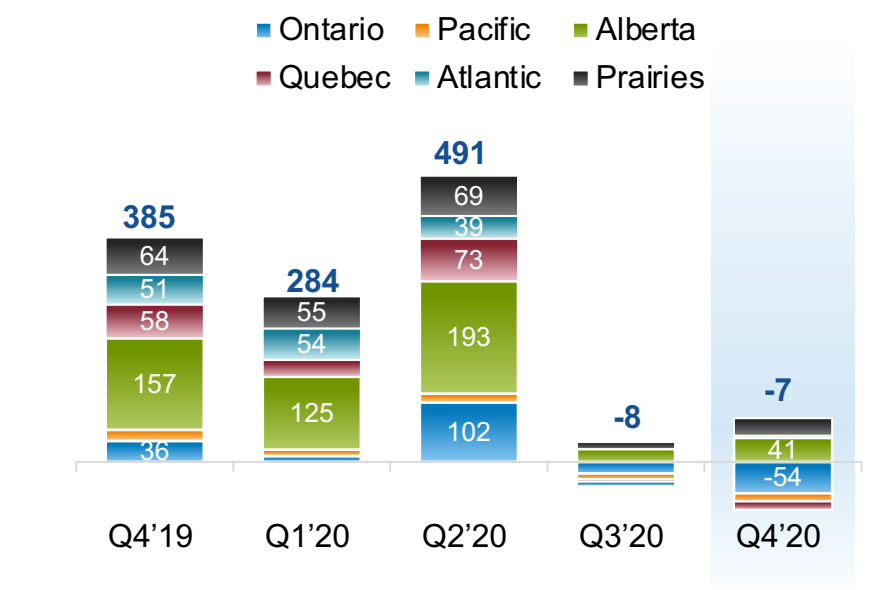
Company sources. Note: Amounts may not total due to rounding. 1. Includes realized income from the interest rate hedging program, excluding realized & unrealized gains / losses.

Delinquency Trends

Outstanding delinquencies[1,2]



New delinquencies, net of cures, by region[1,2]



Delinquency rate based on reported outstanding balances[3]

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
Transactional	0.29%	0.28%	0.31%	0.27%	0.25%
Portfolio	0.10%	0.10%	0.12%	0.11%	0.09%
Total	**0.20%**	**0.20%**	**0.22%**	**0.20%**	**0.18%**

Number of New Delinquencies Net of Cures

	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20
New	967	853	943	756	559
Cures	(582)	(569)	(452)	(764)	(566)
Net	**385**	**284**	**491**	**(8)**	**(7)**

- Fewer new reported delinquencies due to mortgage payment deferral program
- Significant decrease in the number of cures Q/Q driven by lower opportunities on fewer new delinquencies

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.

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Investments

Total investments and net derivatives

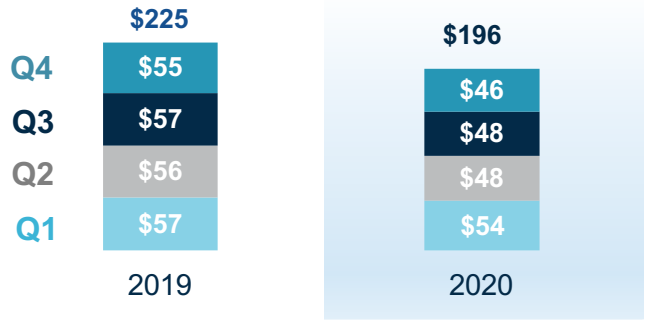
($7.1B[1])

Duration: **3.6 years** Book yield: **3.0%**[2]

Portfolio ($MM)	Market Value	MTM[5] Q4	% Mix	MTM[5] Q3
Cash & other[4]	609	35	9%	-
Federals	2,015	105	29%	113
Provincials	793	55	11%	57
Investment grade corporates[3]	2,972	134	43%	119
Preferred shares	559	(78)	8%	(122)
High yield[6]	32	1	<1%	-
Total Investments	**$6,980**	**$216**	**100%**	**$168**
Accrued income and other	55	-		-
Net derivatives	21	21		(31)
Total	**$7,056**	**$237**		**$137**

Operating Investment Income

(excluding realized/unrealized gains, $ millions)



Q4 average investment yield[2]	
3.2%	3.0%

Clear Investment Objectives

- Focus on high quality assets
- Limit exposure to correlated economic risks
- Diversify geographically (US and select emerging market countries)
- Opportunistically hedge interest rate risk
- Limited allocation to high yield to capture incremental spread

Note: Company sources. Amounts may not total due to rounding. 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. 3. Includes CLOs. 4. Cash includes short-term investments. 5. Mark to market 6. High yield represents corporate bonds and debentures below BBB

Capital management

Regulatory capital as at December 31st, 2020

(by category, $ millions unless otherwise noted)*

	December 31st, 2020	September 30th, 2020
MICAT & Holdco Cash		
Capital available	4,317	4,217
Capital required	2,312	2,363
MICAT ratio	**187%**	**178%**
Internal MICAT target	157%	157%
Holdco cash[1]	**$134**	**$123**
LEVERAGE		
Total debt	**$634**	**$634**
Undrawn credit facility	**$300**	**$300**
Debt-to-total capital[2]	**14%**	**14%**

Highlights

- MICAT ratio of 187% positions MIC to capitalize on organic growth opportunities
  - Capital available grew by ~$100 million from ongoing profitability and improvement in MTM on investments
  - Capital required decreased by ~$50M primarily from the aging of 2019 and prior books, partly offset by strong transactional insurance volumes
- No ordinary dividend increase or capital redeployment in light of regulatory prohibition

Note: Company sources. Capital available, capital required and MICAT are for operating insurance company. *Totals may not add due to rounding. December 31st, 2020 MICAT ratio represents an estimate.
1. Represents liquid investments and cash held in addition to capital in operating insurance company
2. Debt-to-capital ratio" means the ratio (expressed as a percentage) of debt to total capital (the sum of debt and equity).

SAGEN MI Canada

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