Genworth Canada

Second Quarter 2020 Results

August 6th, 2020

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 any potential regulatory changes, 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 and provincial housing initiatives; the potential impact of the COVID-19 pandemic on the Company’s business and operations; 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, 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 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.

2Q20 financial results

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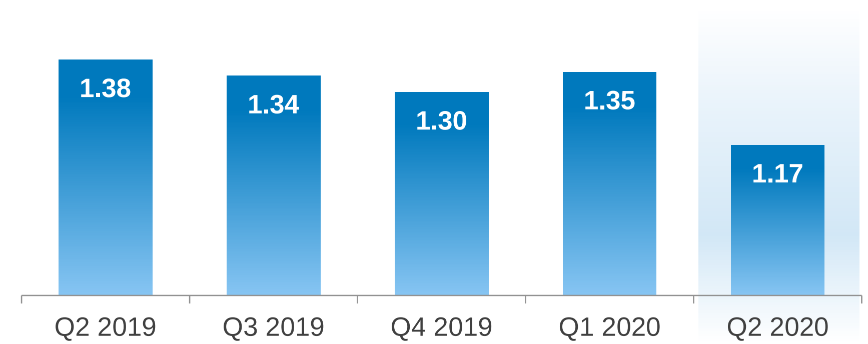
$MM except loss ratio, Op. ROE, Op. EPS & MICAT ratio	Q2 2020	Q1 2020	Q2 2019	Q / Q	Y / Y
Premiums written	$227	$114	$195	+99%	+17%
Premiums earned	$172	$171	$169	+1%	+2%
Loss ratio	27%	14%	15%	+12pts	+12pts
Net income	$98	$95	$110	+3%	-11%
Net operating income	$101	$117	$120	-14%	-16%
Operating ROE	11%	13%	12%	-1pts	-
Operating EPS (dil.)	$1.17	$1.35	$1.38	-13%	-15%
MICAT ratio[1]	169%	172%	169%	-2pts	-1pt

Q2 key highlights

- Total premiums written increased Y/Y by 17% primarily due to increased demand for portfolio insurance
- Loss ratio of 27% reflects economic impact of COVID-19
- Net operating income and operating EPS down 14% and 13% Q/Q
- Operating ROE of 11%
- Ongoing capital strength with MICAT ratio of 169%[1]
- Book value per share of $41.97 after payment of $8.81 of special dividends since Q2 2019

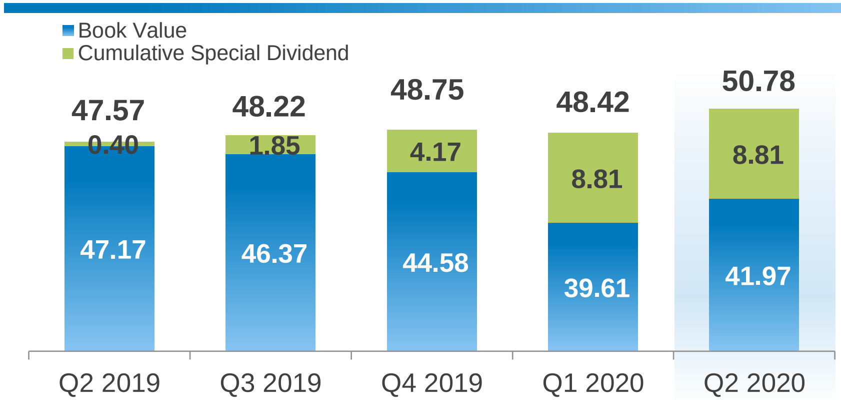
Operating EPS

($, diluted)



Book Value and Special Dividends Per Share

(Book Value $, diluted, incl. AOCI)



1. 2Q20 MICAT ratio represents an estimate.

Note: Amounts may not total due to rounding.

Potential Economic Scenarios

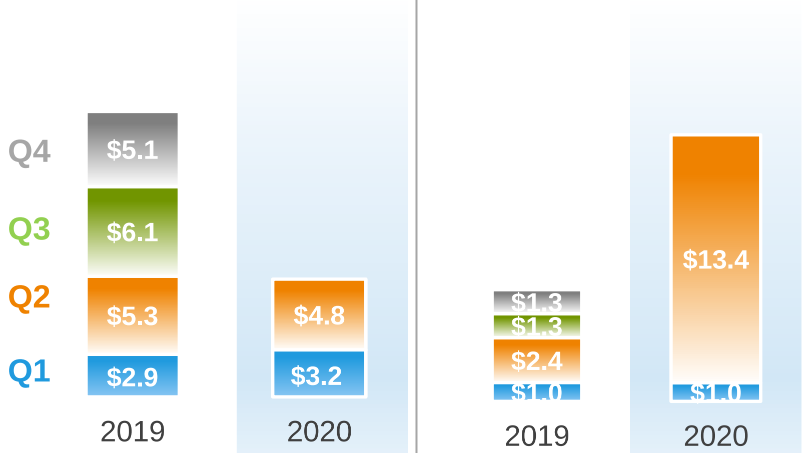
	Base Assumptions	Downside Assumptions
GDP	• Short but severe economic correction in 1H'20 • Recovery begins in Q3 as the health crisis subsides with slower recovery for oil-producing regions likely • Negative GDP growth for full year 2020, followed by strong rebound in 2021	• Deeper economic shock and slower recovery as health crisis extends into 2H'20 • Business closures & social distancing persist through the year. • GDP in Canada is projected to be negative for 2020 with a modest recovery not expected until late 2021
UE Rate	• UE peak in Q2'20 in the mid teens but end the year in the 9-10% range • Government programs should support employment retention and rehiring	• UE peak in Q3'20 in the high teens but end the year in the 12-14% range • Government programs are extended but impact is reduced as companies focus on cost containment
Housing Market	• Housing transactions expected to be 10-20% below 2019 levels with a recovery beginning in 2H'20 • House prices deteriorate modestly in the 2H'20 as increased supply outpaces demand	• Housing transactions expected to be 20-40% below 2019 levels • House prices deteriorate significantly in the second half of 2020 as increased supply outpaces demand • House sales activity and prices start to improve in the second half of 2021
Other	• Covid-19 cases in Canada peak in Q2'20 • Government programs provide a material level of support for employment retention and rehiring • WTI averages US $25-40 per barrel for 2020	• Covid-19 cases in Canada continue increasing through Q3'20 • Government programs only adequately support employment retention and rehiring • WTI averages US $15-30 per barrel for 2020

2020 FULL YEAR LOSS RATIO RANGE REVISED TO 25% TO 35%

Top line

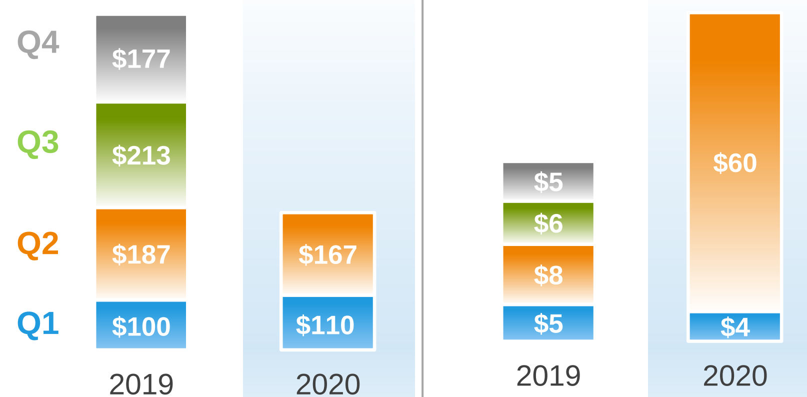
New insurance written ($ billions)

Transactional | Portfolio



Premiums written ($ millions)

Transactional | Portfolio



Q2 Average premium rate		Q2 Average premium rate	
3.52%	3.49%	0.33%	0.45%

Q2 transactional insurance highlights

- NIW and premiums written decreased ~10% Y/Y primarily due to decreased housing market activity in response to COVID-19
- NIW and premiums written increased Q/Q by ~50%, primarily as a result of typical seasonality

Q2 portfolio insurance highlights

- NIW increased significantly Y/Y due to increased lender demand from the temporary changes made by the government to eligibility criteria and funding programs in response to COVID-19
- Premiums written increased Y/Y due to higher NIW and a higher average premium rate due to business and product mix

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

Strong portfolio quality

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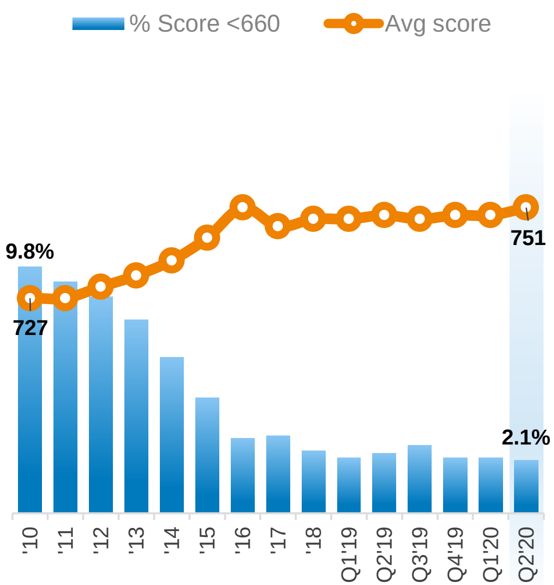
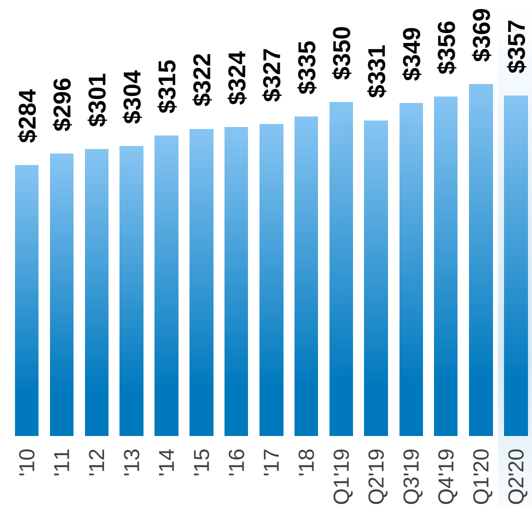
Credit score[1]



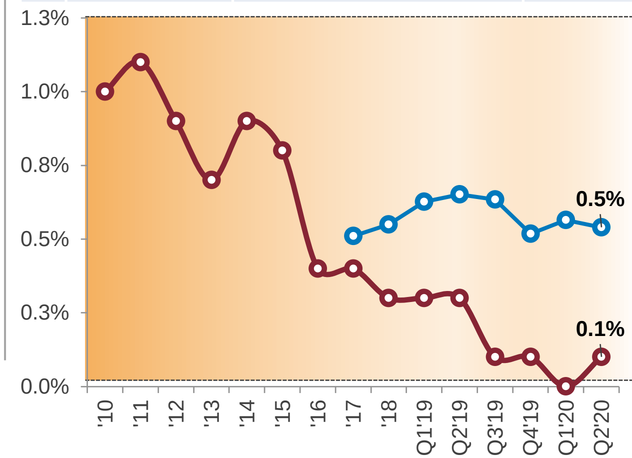
Average home price[2]

(In '$000s)



Stacked risk factors[3]

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



Credit quality remains very strong

Modest increase in average home price Y/Y

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 Compliance ratios are calculated using the Bank of Canada qualifying rate, which was 4.94% at June 30, 2020.

Transactional NIW opportunity

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Market Development	Assessment

Market Development

CMHC Product Changes:

- Effective July 1, CMHC will apply the following underwriting criteria to insured mortgages:
  - Limit the GDSR and TDSR to 35% and 42% of annual income;
  - Establish a minimum credit score of 680 for at least one borrower; and
  - Non-traditional sources of down payment that increase indebtedness will no longer be treated as equity for insurance purposes.
- Due to the delayed spring market and potential market share gains, the Company has experienced an increase in transactional commitments.

	Y/Y increase
June	~50%
July	~75%

Assessment

- The Company confirmed it had no plans to change its underwriting policy.
- Non-traditional sources of down payment and < 680 credit score represent a very small proportion of the portfolio.
- The higher debt service ratio business represents ~30-35% of Q2 2020 NIW.
  - Largely driven by the compliance rate and concentrated in economically diverse urban areas including Toronto and Vancouver.
  - Prudently adjudicated through our management of stacked risk factors (0.5% in Q2 2020).
  - Performs inline with our overall portfolio.
- CMHC product changes will likely result in an increase in market share, but it is too early to determine the impact on transactional NIW.

MARKET DEVELOPMENT LIKELY TO BE POSITIVE FOR TOP LINE

Mortgage payment deferrals

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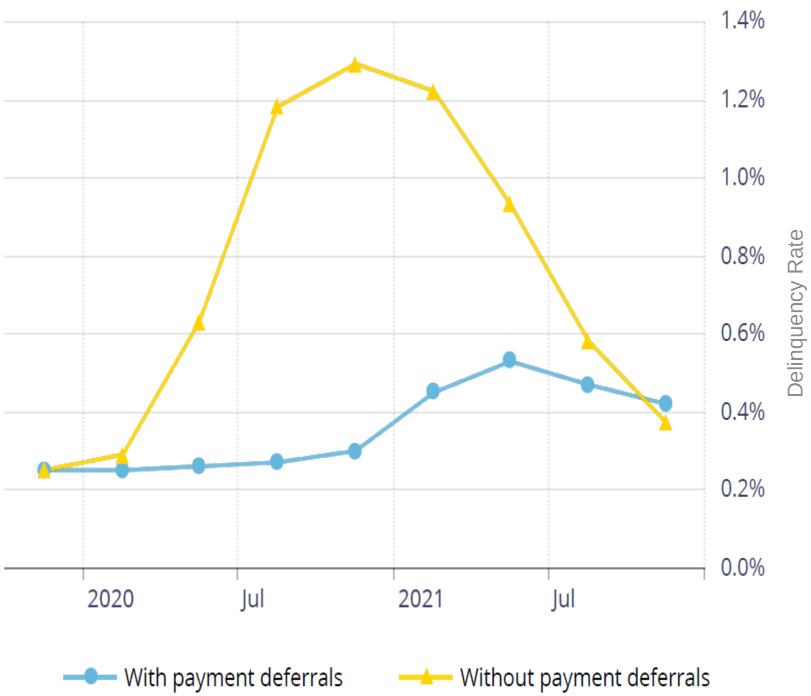
Payment deferral have proven to be an effective loss mitigation tool as highlighted by Bank of Canada: “Household indebtedness risks in the wake of COVID-19”, June 2020

Simulated mortgage arrears

Source: Household indebtedness risks in the wake of COVID-19, Bank of Canada (June 2020)

“Most lenders in Canada are allowing households affected financially by COVID-19 to defer payments for up to six months. That means the state of the labour market at the end of the six-month deferral period will ultimately determine mortgage arrears. To put into perspective just how important this factor is, we show our simulations with and without payment deferrals.”



PAYMENT DEFERRALS ARE EXPECTED TO REDUCE THE NUMBER OF ULTIMATE DELINQUENCIES

Reported mortgage payment deferrals

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Reporting overview

Mortgage payment deferrals are an effective loss mitigation strategy in the COVID-19 environment because the deferrals help borrowers bridge income interruptions. As at June 30, 2020:

- Approximately 13.7% have taken payment deferrals.
- Approximately 65% have an estimated current effective loan-to-value less than 80%.

Effective LTV Group	<=80				>80				Total			
Region	Deferral #	Mortgage deferrals $B	Average effective LTV	Deferral rate	Deferral #	Mortgage deferrals $B	Average effective LTV	Deferral rate	Deferral #	Mortgage deferrals $B	Average effective LTV	Deferral rate
Alberta	15,250	$3.9	61.7%	17.6%	14,950	$4.9	91.1%	23.9%	30,200	$8.8	75.3%	20.6%
Atlantic	6,564	$1.1	57.2%	13.2%	1,134	$0.2	86.2%	11.7%	7,698	$1.3	61.1%	12.9%
Ontario	28,538	$7.8	41.5%	10.5%	4,586	$1.9	86.2%	16.3%	33,124	$9.7	46.3%	11.3%
Pacific	7,658	$2.4	40.4%	10.7%	2,266	$1.0	91.6%	16.4%	9,924	$3.3	48.4%	11.9%
Prairies	5,036	$1.0	61.1%	12.4%	2,996	$0.8	88.5%	16.4%	8,032	$1.8	70.7%	13.9%
Quebec	10,480	$2.1	54.6%	11.2%	3,495	$1.0	87.3%	14.3%	13,975	$3.0	61.9%	12.0%
Total	**73,526**	**$18.1**	**47.6%**	**11.9%**	**29,427**	**$9.8**	**89.4%**	**18.9%**	**102,953**	**$28.0**	**56.9%**	**13.7%**

*Deferral rate is calculated as the estimated outstanding balance of mortgage payment deferrals divided by the estimated total outstanding balance. Effective loan-to-value means the Company estimate based on the estimated balance of loans insured divided by the estimated fair market value of the mortgaged property using the Teranet – National Bank Home Price Index Composite 11.

Strong financial performance

$MM except EPS & BVPS	Q2'20	Q1'20	Q2'19
Transactional premiums written	$167	$110	$187
Portfolio premiums written	60	4	8
Total premiums written	**$227**	**$114**	**$195**
Premiums earned	172	171	169
Losses on claims	(46)	(25)	(26)
Expenses	(32)	(37)	(34)
Underwriting income	$94	$109	$109
Operating investment income[1]	48	54	56
Net operating income	**$101**	**$117**	**$120**
Net income	**$98**	**$95**	**$110**
Operating EPS (diluted)	**$1.17**	**$1.35**	**$1.38**
Book value per share (diluted, incl. AOCI)	**$41.97**	**$39.61**	**$47.17**

Q2 highlights

- Transactional premiums written were lower by 11% Y/Y on decreased housing activity
- Premiums earned up by 2% Y/Y
- Loss ratio of 27%, up 12 pts Q/Q, on higher IBNR reserve reflecting mortgage payment deferrals
- Operating investment income lower Q/Q at $48 million due to low rate environment
- Net operating income down by $16 million Q/Q primarily due to higher losses on claims and lower investment income
- Operating EPS down by 13% Q/Q due primarily to higher losses on claims
- Book value per share up by 6% 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.

Accounting for payment deferrals

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Loss reserving for payment deferrals

- The Company expects that a subset of insured mortgages with payment deferrals will likely end up in default after the deferral period ends.
- The Company has included a provision in its IBNR[1] reserve for its estimate of the losses from defaults that would have otherwise occurred had payment deferrals not been in place.
- IBNR reserve for payment deferrals estimated using the Company's internal loss forecasting model and three forward looking scenarios for regional unemployment rates and home prices.

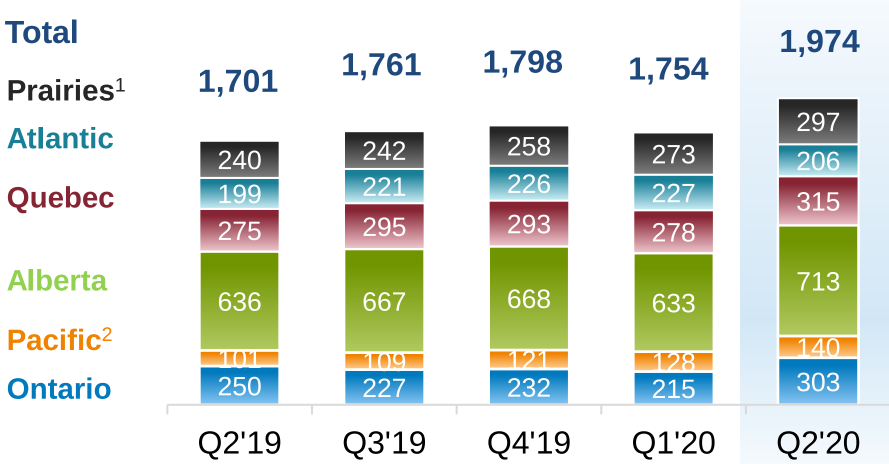
	Base Case Scenario		Upside Scenario		Downside Scenario	
	Second half of 2020	2021	Second half of 2020	2021	Second half of 2020	2021
Real GDP growth rate % [2]	(7.1)%	5.0%	(5.0)%	5.5%	(9.0)%	1.0%
Average Unemployment rate %[3]	11.9%	8.6%	11.5%	8.0%	16.2%	10.5%
Home price index growth rate %[4]	(8.7)%	1.3%	(2.7)%	1.3%	(10.1)%	(5.7)%
Probability weight	65%		5%		30%	

*The economic assumptions are management's estimates based primarily on the available forecasts published by the Canadian banks and Moody's Analytics.

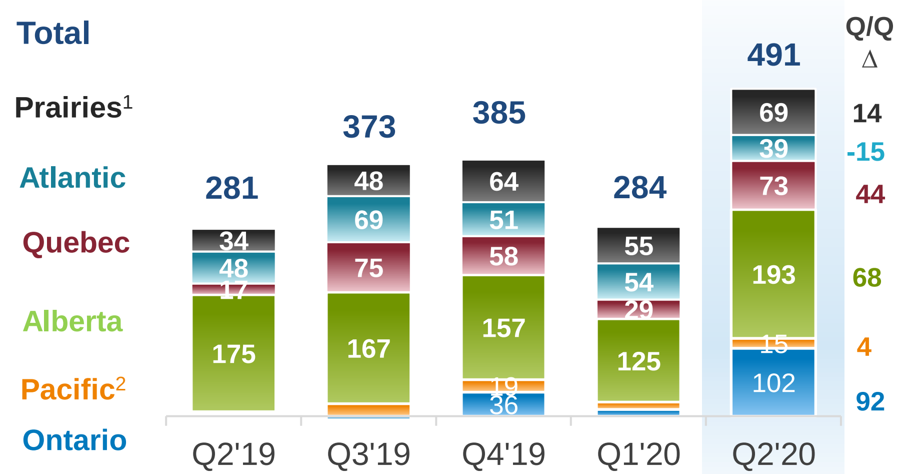
1. IBNR reserve is "Incurred But Not Reported" reserve
2. GDP is based on the projected annual change for the full year 2020 and 2021
3. Unemployment ("UE") rate for the second half of 2020 is the projected average UE rate for the second half of 2020; UE rate for the full year 2021 is the projected average UE rate for 2021
4. Home price index ("HPI") growth rate for the second half of 2020 is the change from June 2020 to December 2020 and for 2021 is the year over year change from December 2020 to December 2021

Delinquency trends

Outstanding delinquencies



New delinquencies, net of cures, by region



Delinquency rate based on reported outstanding balances[3]

	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
Transactional	0.27%	0.27%	0.29%	0.28%	0.31%
Portfolio	0.09%	0.10%	0.10%	0.10%	0.12%
Total	**0.19%**	**0.20%**	**0.20%**	**0.20%**	**0.22%**

- Higher new delinquencies, net of cures, of 207 Q/Q primarily from increases in Ontario, Alberta and Quebec
- Cures declined by 117 Q/Q as most collection efforts were temporarily suspended
- New delinquencies, net of cures from portfolio insurance increased by 100 Q/Q

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.

Investments

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Total investments and net derivatives

($6.5B[1])

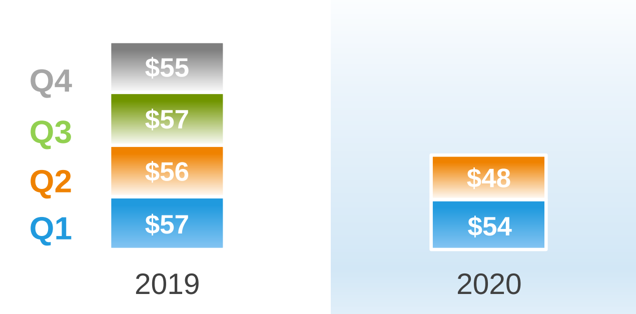
Duration: **3.6 years** Book yield: **3.0%**[2]

Portfolio ($MM)	Market Value	MTM[6] Q2	% Mix	MTM[6] Q1
Cash & other[4]	$419	-	6%	-
Federals	2,069	117	32%	91
Provincials	755	58	12%	41
Investment grade corporates[3]	2,787	101	43%	(17)
Preferred shares	454	(177)	7%	(227)
Total Investments	**$6,483**	**$99**	**100%**	**$(111)**
Accrued income and other	37	-		-
Net derivatives	(51)	(51)		(118)
Total	**$6,469**	**$48**		**$(229)**

- Investments MTM improved $210 MM primarily driven by a recovery in investment grade corporates and preferred shares
- Derivatives MTM improved $67MM primarily driven by impact of higher C$ on FX hedging
- Income from interest rate hedging program will continue to benefit from interest rate floors

Operating Investment Income

(excluding realized/unrealized gains, $ millions)



Q2 average investment yield[2]	
3.3%	3.0%

Interest rate hedge program

Interest rate swaps	Forward curve[5]
Net Notional (C$B)	$3.5
2020 floating rate range[5]	0.5% - 0.7%
Fixed rate[5]	1.17%
Floor rate	1.85%
Spread	~0.70%
Potential impact on 2020 full year operating investment income	~$15MM - $20MM (2019 actual $29MM)

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. Represents interest rate swaps with outside counterparties; Floating rate reflects management's estimate of the forward curve as at July 23rd,2020; fixed rate represents the contract rates as at June 30th, 2020. 6. Mark to market

Capital management

Regulatory capital as at June 30th, 2020
(by category, $ millions unless otherwise noted)*

	June 30th, 2020	March 31st, 2020
MICAT & Holdco Cash		
Capital available	4,104	3,923
Capital required	2,426	2,279
MICAT ratio	**169%**	**172%**
Internal MICAT target	157%	157%
Holdco cash[1]	**$108**	**$93**
LEVERAGE		
Total debt	**$634**	**$626**
Undrawn credit facility	**$300**	**$300**
Debt-to-total capital[2]	**15%**	**15%**

Highlights

- Strong capital position with MICAT ratio of 169% and Holdco Cash of $108 MM
  - Significant Q/Q increase in regulatory capital required largely driven by strong portfolio insurance volumes
  - Strong capital generation from aging of 2018 and prior books, ongoing profitability and improvement in MTM on investments
- Prioritizing capital for organic growth while maintaining MICAT ratio at or above high end of operating range of 160 to 165%
- No further capital redeployment expected for the remainder of 2020 outside of ordinary dividends

Note: Company sources. Capital available, capital required and MICAT are for operating insurance company. *Totals may not add due to rounding. June 30ttht, 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).

Revised 2020 outlook

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Moderately higher total premiums written due to the increase in portfolio insurance opportunities, the recovery in the housing market and CMHC product changes

Flat to modestly higher premiums earned due to the expected increase in premiums written

Full year loss ratio range revised to 25% to 35% due to the encouraging rebound in employment levels in conjunction with the reopening of the Canadian economy

Moderately lower operating investment income inclusive of favourable contribution from interest rate hedging program

Capital redeployment (outside of ordinary dividend) on hold for the remainder of 2020 after payment of $400 million of special dividends in the first quarter

Leverage consistent with long term target of 15%

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Aaron Williams, CPA, CA
Vice President, Finance/Investor Relations

905.287.5504
aaron.williams@genworth.com

Investor Relations

investor.genworthmicanada.ca
investor@genworth.com