

Genworth MI Canada Inc. Reports Fourth Quarter 2020 Results Including Net Operating Income of \$124 Million

Net Income:	\$124 million	Up 15% Y/Y	Flat Q/Q
Net Operating Income:	\$124 million	Up 10% Y/Y	Up 4% Q/Q
Fully Diluted Operating EPS:	\$1.43	Up 10% Y/Y	Up 4% Q/Q
Transactional Premiums Written:	\$335 million	Up 89% Y/Y	Up 15% Q/Q
Total Premiums Written:	\$354 million	Up 94% Y/Y	Up 19% Q/Q
Premiums Earned:	\$181 million	Up 6% Y/Y	Up 5% Q/Q
Loss Ratio:	10%	Down 10 pts Y/Y	Down 3 pts Q/Q

Toronto, ON (February 4th, 2021) – Genworth MI Canada Inc. (the “**Company**”) (TSX: MIC) today reported fourth quarter 2020 net income of \$124 million, earnings per fully diluted common share of \$1.44, net operating income of \$124 million, operating earnings per fully diluted common share of \$1.43 and an operating return on equity of 13%.

“We were very pleased with our fourth quarter and full year results, including strong top line momentum, a relatively low loss ratio and 13 percent operating return on equity,” said Stuart Levings, President and CEO. “While the economic environment continues to evolve in line with our expectations, there remains a high degree of uncertainty, especially as we manage through the second wave of COVID-19. That said, the proactive government measures, improved employment levels and strength of the housing market should help us manage through this period even as the mortgage deferral program winds down. We would also like to thank our employees for their commitment and dedication during this challenging year.”

Key Fourth Quarter 2020 Financial Results and Operational Metrics:

- **New insurance written from transactional insurance** was \$9.5 billion, an increase of \$4.5 billion, or 88%, as compared to the same quarter in the prior year, and an increase of \$1.2 billion, or 15%, as compared to the prior quarter. The increases were primarily due to an increase in transactional mortgage originations and an increase in market share.
- **Premiums written from transactional insurance** were \$335 million, representing an increase of \$158 million, or 89%, from the same quarter in the prior year, and an increase of \$43 million, or 15%, compared to the prior quarter primarily due to the aforementioned higher new insurance written.
- **New insurance written from portfolio insurance** on low loan-to-value mortgages was \$3.2 billion, an increase of \$1.9 billion compared to the same quarter in the prior year, and an increase of \$1.6 billion compared to the prior quarter primarily due to increased demand from lenders.

- **Premiums written from portfolio insurance** were \$20 million, representing an increase of \$14 million compared to the same quarter in the prior year and the prior quarter primarily due to the aforementioned higher new insurance written and a modest increase in the average premium rate due to a change in product mix.
- **Premiums earned** of \$181 million were \$10 million, or 6%, higher than the same quarter in the prior year, and \$8 million, or 5%, higher than the prior quarter, reflecting the relatively higher level of premiums written in 2019 and 2020. The **unearned premiums reserve** was \$2.4 billion at the end of the quarter, an increase of \$0.3 billion from the unearned premium reserve as at December 31st, 2019. These unearned premiums will be recognized as premiums earned over time in accordance with the Company's historical pattern of loss emergence.
- **New delinquencies, net of cures**, were negative 7, consisting of 559 new delinquencies offset by 566 cures, and were 392 lower than the same quarter in the prior year. New delinquencies decreased by 408 primarily due to the mortgage payment deferral program. Regionally, there were decreases in all regions including Alberta (116), Ontario (90) and Quebec (72). New delinquencies, net of cures, were consistent with the prior quarter.
- The outstanding principal balance of **insured mortgage loans reported under the mortgage payment deferral program** totaled \$1.8 billion, or approximately 1% of outstanding insured mortgage balances as at December 31th, 2020, down from approximately 6% as at September 30th, 2020. Regionally, mortgage payment deferrals were primarily driven by Alberta (\$0.5 billion) and Ontario (\$0.6 billion). Approximately 72% of mortgage balances subject to payment deferrals have an estimated effective loan-to-value of less than 80%.
- The **loss ratio**, as a percentage of premiums earned, for the quarter was 10% compared to 20% in the same quarter in the prior year and 13% in the prior quarter. **Losses on claims** of \$18 million were \$16 million lower than the same quarter in the prior year, and \$5 million lower than the prior quarter, primarily due to significant favorable development related to the strong housing market and improved unemployment. The incurred but not reported reserve at the end of the quarter includes the Company's estimate of the losses from defaults that would otherwise have occurred in the quarter had the payment deferral program not been in place.
- The number of **delinquencies outstanding** of 1,581 reflected a decrease of 217 delinquencies, as compared to the same quarter in the prior year, primarily driven by decreases in the Atlantic region (75), Alberta (50) and Quebec (47). Compared to the prior quarter, the number of delinquencies outstanding decreased by 188, driven by decreases in all regions including Ontario (62), Quebec (37) and Alberta (35).
- **Expenses** were \$38 million during the quarter, resulting in an **expense ratio** of 21%, as a percentage of premiums earned. This ratio was two percentage points higher than the prior quarter, and one percentage point higher than the same quarter in the prior year and the upper end of the Company's expected operating range of 18% to 20% primarily due to one-time costs related to the pending acquisition of the Company by Brookfield Business Partners L.P., and certain of its affiliates and institutional partners.
- The Company's **investment portfolio** had a market value of \$7.0 billion at the end of the quarter. The portfolio had an average pre-tax equivalent book yield of 2.8%, compared to 3.2% in the same quarter in the prior year and 3.0% in the prior quarter, and decreased primarily due to the low interest rate environment. The portfolio had a duration of 3.6 years as at December 31st, 2020, which was relatively consistent with the same quarter in the prior year and the prior quarter.

- **Operating investment income** of \$46 million was \$9 million lower than the same quarter in the prior year and \$2 million lower than the prior quarter primarily due to the impact of the low interest rate environment.
- **Realized and unrealized losses from derivatives and foreign exchange** of \$1 million excludes the realized income from the Company's interest rate hedging program of \$4 million. This compares to a \$6 million loss in the same quarter in the prior year, and \$2 million in the prior quarter, with the decrease in losses being primarily due to the impact of interest rates on the market value of the Company's interest rate swaps and interest rate floors and foreign exchange.
- **Net income** of \$124 million was \$16 million higher than the same quarter in the prior year, primarily due to lower losses on claims and higher premiums earned, partially offset by lower investment income and higher expenses. Net income was consistent with the prior quarter.
- **Net operating income** of \$124 million was \$12 million higher than the same quarter in the prior year, and \$5 million higher than the prior quarter, primarily due to lower losses on claims and higher premiums earned, partially offset by lower operating investment income and higher expenses.
- **Operating return on equity** was 13% for the quarter, an increase of two percentage points compared to the same quarter in the prior year and consistent with the prior quarter.
- **The regulatory capital ratio or Mortgage Insurer Capital Adequacy Test ("MICAT") ratio** was approximately 187%, 30 percentage points higher than the Company's internal MICAT ratio target of 157% and 37 percentage points higher than the Office of the Superintendent of Financial Institutions Supervisory MICAT ratio target of 150%.
- The Company estimates that its **outstanding principal balance of insured mortgages** as at December 31th, 2020, was approximately \$206 billion, or 36% of the original insured amount. The Company estimates, that as of September 30th, 2020, the outstanding principal balance for all privately insured mortgages was \$286 billion relative to the \$350 billion aggregate outstanding principal limit under the government guarantee legislation (Protection of Residential Mortgage or Hypothecary Insurance Act).

Dividends

The Company paid a quarterly dividend of \$0.54 per common share on November 30th, 2020.

The Company also announced today that its Board of Directors had declared a dividend of \$0.54 per common share, payable on March 3rd, 2021, to shareholders of record at the close of business on February 16th, 2021.

Shareholders' Equity

As at December 31st, 2020, shareholders' equity was \$3.9 billion, representing a book value including accumulated other comprehensive income ("**AOCI**") of \$44.68 per common share on a fully diluted basis. Excluding AOCI, shareholders' equity was \$3.7 billion, representing a book value of \$42.85 per common share on a fully diluted basis.

Detailed Operating Results and Financial Supplement

For more information on the Company's operating results, please refer to the Company's Management's Discussion and Analysis as posted on SEDAR and available at www.sedar.com.

This Press Release, as well as the Company's Fourth quarter 2020 consolidated Financial Statements, Management's Discussion and Analysis ("MD&A") and Financial Supplement are also posted on the Investor section of the Company's website, <https://www.sagen.ca/about/investor-relations/>. Investors are encouraged to review all of these materials.

About Genworth MI Canada Inc.

Genworth MI Canada Inc. (TSX: MIC) changed its brand from Genworth MI Canada to Sagen MI Canada™ effective October 13th, 2020. The Company, operating through its subsidiary, Genworth Financial Mortgage Insurance Company Canada doing business as Sagen™, is the largest private sector residential mortgage insurer in Canada. The Company provides mortgage default insurance to Canadian residential mortgage lenders, making homeownership more accessible to first-time homebuyers. Sagen differentiates itself through customer service excellence, innovative processing technology, and a robust risk management framework. For more than two decades, Sagen has supported the housing market by providing thought leadership and a focus on the safety and soundness of the mortgage finance system. As at December 31st, 2020, the Company had \$7.5 billion total assets and \$3.9 billion shareholders' equity. Find out more at www.sagen.ca.

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Consolidated Financial Highlights

(\$ millions, except per share amounts)	Three Months Ended December 31 st (unaudited),		Twelve Months Ended December 31 st (unaudited),	
	2020	2019	2020	2019
Transactional new insurance written ¹	\$9,538	\$5,065	\$25,796	\$19,347
Portfolio new insurance written ¹	3,222	1,332	19,226	6,062
Total new insurance written¹	\$12,761	\$6,397	\$45,022	\$25,409
Premiums written	354	183	993	701
Premiums earned	181	171	697	679
Losses on claims	18	34	112	116
Expenses	38	35	140	136
Net underwriting income	\$125	\$102	\$445	\$427
Investment income (interest and dividends, net of expenses) ¹	43	49	177	196
Interest rate hedging program income	4	7	19	29
Realized gains on sale of investments	2	1	18	18
Realized and unrealized losses on derivatives, foreign exchange	(1)	(6)	(44)	(69)
Total net investment income	\$48	\$50	\$170	\$174
Net income	\$124	\$108	\$441	\$426
Net operating income¹	\$124	\$112	\$461	\$466
Basic weighted average common shares outstanding	86,327,438	86,176,993	86,292,061	86,682,766
Diluted weighted average common shares outstanding	86,352,250	86,177,587	86,628,229	86,697,013
Fully diluted earnings per common share	\$1.44	\$1.25	\$5.05	\$4.92
Fully diluted operating earnings per common share ¹	\$1.43	\$1.30	\$5.33	\$5.38
Fully diluted book value per common share, incl. AOCI ¹	\$44.68	\$44.58	\$44.68	\$44.58
Fully diluted book value per common share, excl. AOCI ¹	\$42.85	\$44.45	\$42.85	\$44.45
Loss ratio ¹	10%	20%	16%	17%
Combined ratio ¹	31%	41%	36%	37%
Operating return on equity ¹	13%	11%	13%	12%
MICAT ratio ^{1,3}	187%	170%	187%	170%
Transactional delinquency ratio ^{1,2}	0.25%	0.29%	0.25%	0.29%
Portfolio delinquency ratio ^{1,2}	0.09%	0.10%	0.09%	0.10%
Delinquency ratio ^{1,2}	0.18%	0.20%	0.18%	0.20%

Note: Amounts may not total due to rounding.

¹This is a financial measure not calculated based on International Financial Reporting Standards ("IFRS"). See the "Non-IFRS Financial Measures" section of this press release for additional information.

²Based on outstanding balance and excludes delinquencies that have been incurred but not reported.

³Company estimate at December 31st, 2020.

Non-IFRS Financial Measures

To supplement the Company's consolidated financial statements, which are prepared in accordance with IFRS, the Company uses certain non-IFRS financial measures to analyze performance. The Company's key performance indicators and certain other information included in this press release include non-IFRS financial measures. Such non-IFRS financial measures used by the Company to analyze performance include, among others, interest and dividend income, net of investment expenses, operating investment income, net operating income (excluding fee on early redemption of long-term debt), operating earnings per common share (basic) and operating earnings per common share (diluted). 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 financial measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies.

(\$ millions, unless otherwise specific)	Three Months Ended December 31 st (unaudited),		Twelve Months Ended December 31 st (unaudited),	
	2020	2019	2020	2019
Total investment income	\$48	\$50	\$170	\$174
Adjustment to investment income:				
Net Losses from Investments, derivatives and foreign exchange ¹	(1)	6	26	51
Operating investment income	46	55	196	225
Realized expense (income) from the interest rate hedging program	(4)	(7)	(19)	(29)
Interest and dividend income, net of investment expenses	\$43	\$49	\$177	\$196
Net income	\$124	\$108	\$441	\$426
Adjustments to net income, net of taxes:				
Fee on early redemption of long-term debt	-	-	1	2
Net Losses from Investments, derivatives and foreign exchange ¹	(1)	4	\$19	37
Net operating income	\$124	\$112	\$461	\$466
Earnings per common share (basic) ²	\$1.44	\$1.25	\$5.11	\$4.92
Adjustments to earnings per common share, net of taxes:				
Fee on early redemption of long-term debt	-	-	0.02	0.03
Net Losses from Investments, derivatives and foreign exchange ¹	(0.01)	0.05	0.22	0.43
Operating earnings per common share (basic)²	\$1.43	\$1.30	\$5.35	\$5.38
Earnings per common share (diluted) ²	\$1.44	\$1.25	\$5.05	\$4.92
Adjustments to earnings per common share, net of taxes:				
Fee on early redemption of long-term debt	-	-	0.02	0.03
Share based compensation re-measurement amount	-	-	0.04	-
Net Losses from Investments, derivatives and foreign exchange ¹	(0.01)	0.05	0.22	0.43
Operating earnings per common share (diluted)²	\$1.43	\$1.30	\$5.33	\$5.38

Note: Amounts may not total due to rounding.

¹ Includes realized and unrealized gains and losses from derivatives and foreign exchange, excluding realized income and expense from the interest rate hedging program. ² The difference between basic and diluted earnings per common share and basic and diluted operating earnings per common share is caused by the potentially dilutive impact of share-based compensation awards.

Non-IFRS financial measures reconciled to comparable IFRS measures for such periods

Definitions of key non-IFRS financial measures and explanations of why these measures are useful to investors and management can be found in the Company's "Glossary", in the "Non-IFRS financial measures" section at the end of the Company's MD&A for the three and twelve months ended December 31st, 2020. The MD&A, along with the Company's most recent financial statements, are available on the Company's website and on SEDAR at www.sedar.com.

Caution regarding forward-looking information and statements

Certain statements made in this news release contain forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). When used in this news release, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions, as they relate to the Company are intended to identify forward-looking statements. Specific forward-looking statements in this document include, but are not limited to, effect of the government measures and programs in response to the COVID-19 pandemic, the Company’s beliefs as to housing demand and home price appreciation, key macroeconomic factors and unemployment rates; the Company’s future operating and financial results; the operating range for the Company’s expense ratio; expectations regarding premiums written; and capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies.

The forward-looking statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking statements contained herein. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company’s ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company’s business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Actual results or developments may differ materially from those contemplated by the forward-looking statements.

The Company’s actual results and performance could differ materially from those anticipated in these forward-looking statements as a result of both known and unknown risks, including: the continued availability of the Canadian government’s guarantee of private mortgage insurance on terms satisfactory to the Company; the Company’s expectations regarding its revenues, expenses and operations; the potential impact of the COVID-19 pandemic on the Company’s business and operations; the Company’s plans to implement its strategy and operate its business; the Company’s expectations regarding the compensation of directors and officers; the Company’s anticipated cash needs and its estimates regarding its capital expenditures, capital requirements, reserves and its needs for additional financing; the Company’s plans for and timing of expansion of service and products; the Company’s ability to accurately assess and manage risks associated with the policies that are written; the Company’s ability to accurately manage market, interest and credit risks; the Company’s ability to maintain ratings, which may be affected by the ratings of its majority shareholder, Brookfield Business Partners L.P. (“Brookfield Business Partners”); interest rate fluctuations; a decrease in the volume of high loan-to-value mortgage originations; the cyclical nature of the mortgage insurance industry; changes in government regulations and laws mandating mortgage insurance; the acceptance by the Company’s lenders of new technologies and products; the Company’s ability to attract lenders and develop and maintain lender relationships; the Company’s competitive position and its expectations regarding competition from other providers of mortgage insurance in Canada; anticipated trends and challenges in the Company’s business and the markets in which it operates; changes in the global or Canadian economies; a decline in the Company’s regulatory capital or an increase in its regulatory capital requirements; loss of members of the Company’s senior management team; potential legal, tax and regulatory investigations and actions; the failure of the Company’s computer systems or potential cyber threats; potential conflicts of interest between the Company and its majority shareholder, Brookfield Business Partners.

This is not an exhaustive list of the factors that may affect any of the Company’s forward-looking statements. Some of these and other factors are discussed in more detail in the Company’s Annual Information Form (the “AIF”) dated March 11th, 2020. Investors and others should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in the Company’s public filings with provincial and territorial securities regulatory authorities (including the Company’s AIF) and can be found on SEDAR and available at www.sedar.com. The forward-looking statements contained in this news release represent the Company’s views only as of the date hereof. Forward-

looking statements contained in this news release are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's security holders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.