

PEOPLE POWERED



DATA DRIVEN



CUSTOMER FOCUSED



FIVE YEAR FINANCIAL HIGHLIGHTS

(\$ millions, except per share data or otherwise noted)

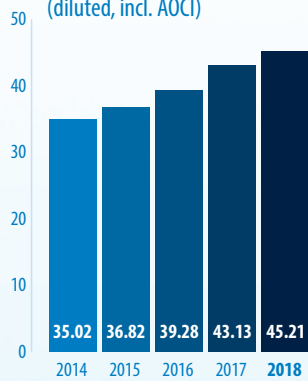
	2018	2017	2016	2015	2014
Financial results					
Premiums written	639	663	760	809	640
Premiums earned	680	676	638	586	565
Net operating income	475	467	388	375	366
Net income	452	528	417	398	377
Total assets	6,889	6,924	6,612	6,239	5,770
Total shareholders' equity	3,990	3,961	3,649	3,420	3,271
Other financial measures					
Loss ratio	15%	10%	22%	21%	20%
Expense ratio	19%	20%	19%	18%	19%
Combined ratio	34%	30%	41%	39%	39%
Minimum Capital Test ratio ⁽¹⁾	172%	172%	245%	234%	225%
Operating return on equity	12%	13%	11%	12%	12%
Per share data					
Book value per share (diluted, incl. AOCI)	45.21	43.13	39.28	36.82	35.02
Operating earnings per share (diluted)	5.27	5.09	4.23	4.05	3.86
Dividends per share	1.92	1.79	1.70	1.59	1.87

⁽¹⁾ Effective January 1, 2017, the 2016 holding target MCT ratio of 220% was recalibrated to the OSFI Supervisory MCT ratio target of 150% and the minimum MCT ratio under PRMHIA was reduced to 150%.

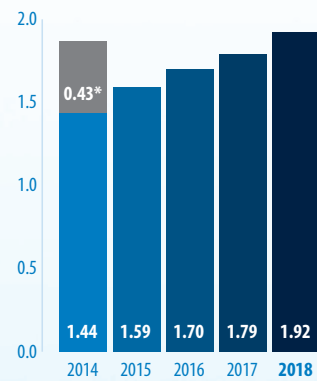


KEY FINANCIAL METRICS

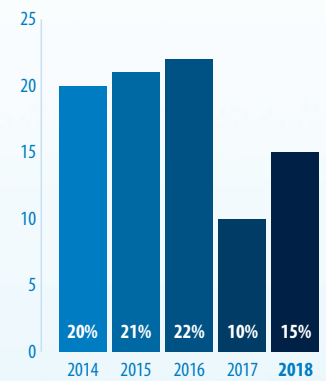
Book value per share (\$)
(diluted, incl. AOCI)



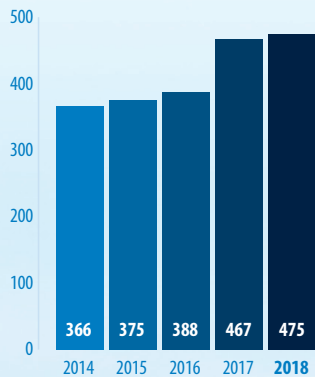
Dividends per share (\$)



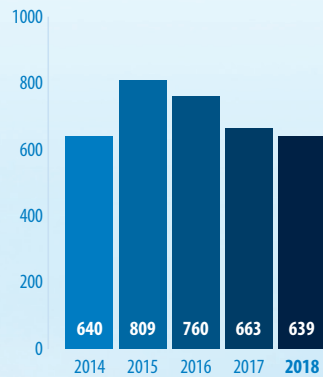
Loss ratio (%)



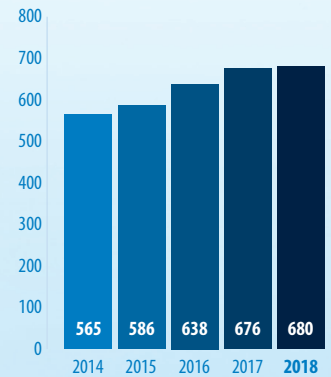
Net operating income (\$M)



Premiums written (\$M)



Premiums earned (\$M)



*Denotes special dividend

About the cover: The uppermost photograph on the cover shows the Genworth Canada 2018 Polaris Award winners. The Polaris Award recognizes employees from across Canada for their outstanding achievements as they work within their teams to maximize our company's performance. Genworth Canada 2018 Polaris Award Winners: (left to right) Kris Wright, Ashley Moffatt, Suzette Wraight, Raj Khattria and Annie Carpentier.



Message from the President and Chief Executive Officer



Dear Fellow Shareholders,

We were very pleased with our performance in 2018, highlighted by strong underwriting performance, proactive investment management and continued strength in portfolio quality.

In this letter, I will comment on our 2018 results, and provide a view on our outlook and strategic priorities for the coming year.

Delivering consistently strong performance

Our 2018 results demonstrate the strength and soundness of our business model. Compared to 2017, we delivered positive changes across a number of key metrics including:

- a 4 per cent increase in operating earnings per share⁽¹⁾,
- a 5 per cent increase in book value per share⁽²⁾, bringing shareholders' equity to \$4.0 billion, and;
- a 7 per cent increase in annual dividends paid to shareholders.

Transactional insurance volumes were impacted by affordability pressure, driven by elevated house prices, along with the insured mortgage rate stress test and rising interest rates. We believe that the transactional insurance originations market will stabilize in 2019, as borrowers continue to adapt their buying strategies in a more balanced housing market and potentially more stable interest rate environment.

Our loss ratio performance continues to reflect the value of a high quality insurance portfolio, seasoning in a robust labour market, and a strong, albeit normalizing housing market.

We have previously noted that we expect our loss ratio to gradually return to our expected long run pricing levels over the next few years as housing markets and consumers adjust to government actions and rising interest rates in a stable macroeconomic environment. Based on our current market assumptions, we expect a full year loss ratio range of 15 to 25 per cent for 2019, after two successive years of loss ratios at or below 15 per cent.

As always, a critical driver of our overall business performance is our dynamic risk management strategy, and disciplined underwriting processes. This approach continues to drive a well-diversified, high quality insurance portfolio, which helps to reduce volatility through different phases of the economic cycle. Our loss ratio of 15 per cent for 2018, while modestly higher than the prior year, reflects our keen attention to risk management and our underwriting expertise. It also demonstrates the effectiveness of our loss mitigation program which has yielded significant financial savings, is deeply valued by our customers, and is generally recognized as an industry best practice.

From an enterprise view, we continue to deliver value to shareholders, underscored by three key themes: remaining customer centric, data driven, and people powered. We focus on exceeding our customers' expectations, in an effort to drive growth and generate shareholder value. Secondly, we continue to leverage our two decades plus of performance data. This allows us to be proactive, and agile, with respect to data analytics, stress testing, modeling fundamental loss drivers, enhancing our key underwriting and loss mitigation processes, and to inform our key regulatory and industry stakeholders. Finally, our business is driven by

¹ Denotes operating EPS on a diluted basis

² Denotes book value per share, diluted, including AOCI

our talented employees, some of the finest in the financial services sector, who consistently help to differentiate us from our competitors. We believe these critical elements will allow us to succeed in our industry, generate growth and returns in excess of our cost of capital, and remain a thought leader for years to come.

Supporting sound regulatory policy

The mortgage industry has seen a great deal of change in the last several years, much of it regulatory-driven. These changes have impacted the size of both the transactional and portfolio insurance markets, however at the same time, there were clear benefits to the overall quality of our insured loan portfolio.

We are generally supportive of the regulatory changes from the provincial and federal governments, and welcome any efforts aimed at restoring affordability, especially for first-time homebuyers in Canada. Genworth Canada is often involved in discussions with regulatory bodies and various government entities to provide our views on the mortgage and housing markets and we believe we are well-positioned to provide valuable thought leadership, given our 20+ years of performance data and industry insights. We view it as our duty, and in the best interest of shareholders, to provide our perspectives to aid policy makers as they seek to manage risks in the housing sector while providing responsible, affordable access for first time homebuyers. One such example of our professionals providing perspective was during the more recent change to the capital framework by our key regulator, OSFI. We provided comprehensive input throughout the process through consultation as our regulator worked to develop the new Mortgage Insurer Capital Adequacy Test (MICAT).

Building stronger communities across Canada

Our business is at the cross-roads of numerous industry players, and we value our strong relationships with lenders, realtors, mortgage brokers, builders, and other stakeholder associations. We are all inherently focused on working together to assist Canadians achieve the dream of responsible homeownership, and to help bolster the communities in which we live and work. We are inordinately proud of our culture of volunteerism and charitable giving to support financial literacy, affordable housing and homeless shelters, as well as food banks and other worthy causes. To this end, Genworth Canada's employees volunteered approximately 3,400 hours at charities across the nation, and raised in excess of \$60,000 through personal donations and fundraising activities. You can find out more about our commitment to building stronger communities across Canada in our 2018 Public Accountability Statement.

Looking forward to the future

In terms of our current environment, we recognize a number of key themes that will influence our business in 2019. On the economic front, we are encouraged by the strengthened labour markets across many regions of the country and the recovery of Canadian oil prices. Furthermore, we believe that the on-going normalization in major housing markets across the country, together with employment income growth, bodes well for future homebuyers, including a healthy pipeline of first-time homebuyers due to the robust level of immigration over the past few years. That said, we also acknowledge the increased level of economic uncertainty related to global trade



LEADERSHIP TEAM, GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA:

From left to right: Philip Mayers, SVP, Chief Financial Officer; Debbie McPherson, SVP, Sales & Marketing; Stuart Levings, President and CEO; Mary-Jo Hewat, SVP, Human Resources and Facilities; Winsor Macdonell, SVP, General Counsel and Secretary; Craig Sweeney, SVP, Chief Risk Officer; Jim Spitali, SVP, Operations

and the additional pressure on households as a result of higher interest rates.

On balance, we expect the new originations market to be similar in size to the past year. That, together with our strategy focused on growing market share, should support modest growth in total premiums written in 2019.

Our strategy for 2019 remains focused on prudent risk management, industry thought leadership, and delivering a best-in-class customer service experience. We believe there are opportunities to enhance our customer value proposition through product innovation, leveraging our extensive mortgage data to drive prudent market share growth and potential expansion of the market over the longer term.

Our key strategic priorities are therefore as follows:

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 customer value proposition;
4. Right size our capital levels to drive improved returns, and;
5. Influence key government stakeholders to focus on first-time homebuyer affordability.

In summary, we believe execution of these priorities will produce another year of strong profitability and operating returns.

I hope that this overview, along with our quarterly and annual disclosures, provides you with a deeper understanding of our business and instills in you the same level of confidence that I have in the strength, profitability and resilience of Genworth Canada's business model.

Thank you for your ongoing support.

Stuart Levings
President and Chief Executive Officer

Customer centric

When it comes to delivering value to our customers, we empower every employee in the business to be proactive and to respond to their customer's needs. Our customers are at the centre of everything we do. We strive to understand their business goals and objectives, help them grow their business, reduce costs and originate high-quality loans. Beyond the mortgage insurance transaction and our products, Genworth Canada also provides ongoing industry education and training programs.

We are known to our customers as an essential resource and thought leader in the industry. We spend a great deal of time conducting on-going and extensive market research (such as the biennial First-Time Homebuyers Study) which analyzes buying behaviour of first-time homebuyers. As a result, we are able to keep our customers apprised of homebuyer insights and real estate trends as well as regulatory-driven industry changes. We also gauge the financial health of Canadians through our annual Financial Fitness Survey in collaboration with the Canadian Association of Credit Counselling Services. This ensures that our team is able to share their deep understanding of the economic and competitive climate we operate in, providing our customers with the right information and tools required to support their business growth.

Finally, we proactively assist borrowers who require financial assistance during difficult times, and our Homeownership Assistance Program (HOAP) assists qualified homeowners who are experiencing financial difficulties as the result of an unexpected life event. Since our inception, we have assisted over 45,000 homeowners stay in their homes during times of temporary financial hardship.

Genworth Canada's reputation as the leading private sector residential mortgage default insurer is achieved by design through continued investments in our people, processes, technology and thought leadership.

People powered

We are proud that the work we do results in enabling responsible homeownership country-wide. To do that, we employ the best and brightest individuals in the mortgage insurance industry, ensuring that our team is well-equipped to deliver exceptional value to our customers.

We invest in our people, and celebrate our accomplishments and our many achievements. In 2018 we undertook over 14 major internal cross collaborative projects, involving over 125 employees. It is because of our remarkable team that Genworth Canada remains agile in our strategic execution of business priorities.

Genworth Canada has 273 employees and we are proud to share that the average tenure is over nine years. To retain our talent, we approach the employee experience holistically, through wellness programming, continued education, targeted career development plans, fitness reimbursement, enhanced benefit plans, community-giving support and much more. Our success is measured by the dedication and engagement reflected in our employee engagement score, which has remained above 80% for the last five years.

Data driven

At Genworth Canada we pride ourselves on being thought leaders. Our 20+ years of mortgage performance data allows us to develop new processes and applications and to offer timely, valuable industry insights. It also provides the opportunity for us to better understand the buying intentions and homeownership perceptions of various segments within the housing market. Recognizing the importance of market research and the data analytics we derive from it, Genworth Canada continues to invest in this area and proactively share our learnings with customers, regulators and other key constituents.

Our risk management, actuarial and modeling teams are at the forefront of our data analytics and predictive modeling efforts. We understand that it is our people power that translate data

and statistics into the insights and trends that lead to tangible business results. In 2018, we expanded our team of modeling professionals, data scientists and analysts to support our growing needs. Our data driven findings also allow continued business performance improvement within areas such as loss modeling, stress testing, risk selection processes in underwriting, loss mitigation, pricing portfolio insurance and more. Most importantly our team is able to translate data into insights for management and we are able to act decisively and dynamically, as well as share those insights with our customers.

Culture and values

In 2017, we introduced the concept of 'Smarter M.I.' The goal of Smarter M.I. is ultimately to improve our customer experience and risk management practices. Smarter M.I. focuses on enhancing the customer experience by leveraging our extensive performance data and the creativity of our people to develop enhancements to our risk management, underwriting, and loss mitigation processes. We are encouraged by our results to date and are now focused on the second round of Smarter M.I. initiatives for implementation in 2019.

In 2018, we also focused on redefining our corporate culture and enterprise values to further support our business strategy. These values embody the behavior and beliefs we embrace as an organization. Our values reflect the following key attributes: customer centricity, integrity, collaboration, growth, and heart. As we continue to deepen these desired behaviours within our business, while continuing to focus on our customers, we have been learning how we empower our people through effective delegation. We are embracing collaboration with clear and effective decision making processes. Most importantly, we are providing high performance coaching to ensure we are getting the best from not only ourselves, but our teams. We continue to focus on providing a best in class customer experience, with unyielding integrity. And we always promote the spirit of caring, for each other as well as the communities in which we live.

Message from the Chairman of the Board



To all of our stakeholders,

We enjoyed another year of solid business performance in 2018, with the backdrop of a normalizing housing and mortgage market. As we have seen in the past, certain geographies performed well (Ontario, B.C., Quebec), while others were slightly more challenged (Alberta). Regulatory changes were less prevalent in 2018 than the preceding year, however the impact of prior year changes were still being felt during the year. While the Company performed well, we remain focused on building on our successes going forward.

Role of the Board

In 2019, we will celebrate our tenth year as a publicly listed enterprise. Ultimately, the Board works in an oversight capacity and we steer the direction of the Company for the benefit of all stakeholders. The Board provides strategic oversight to the business, while ensuring an environment of strong corporate governance. Some of our key areas of focus are: strategic direction, the retention and rewarding of key talent, while also maintaining an inclusive culture both at the business level as well as at the Board. The role of Chair of the Board is to provide guidance to the rest of the Board, and stewardship to the management team of this unique and critical financial institution.

As a Board, it is our job to always act in the best interests of all stakeholders. We often act as a check-and-balance to management regarding their decision making processes, and where the priorities of the business lie.

We leverage our diverse business knowledge and collaborate with management to determine appropriate financial and risk management decisions, and the strategic focus of the business. As a mortgage insurance company, it is important to understand what the critical risk factors are when writing new business. We recognize that different points in the cycle often have varying benefits and challenges, and we are mindful to provide leadership and counsel to management.

Key priorities going forward

In 2018, the Company made solid progress against its strategic objectives. It is well-positioned to prudently build the business further. Balancing our risk appetite and market share growth are the key priorities for the business. The way the Company gets there is three-fold: relentless customer focus, using our rich data as a competitive differentiator, and leveraging our best-in-class employee base.

The ability to extract value out of data and then translate this into business insights is increasingly critical to organizations such as ours. This trend is now prevalent in all organizations; as time goes on, we feel that this core competency will become more and more critical. We use our past mortgage performance data today to predict future borrower behaviour and we will continue to focus on honing our skills in this area, as it will position us well for the future.



**DIRECTORS OF GENWORTH MI CANADA INC. AND ITS OPERATING SUBSIDIARY,
GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA:**

From left to right: Rohit Gupta, Andrea Bolger, Jerome Upton, Sidney Horn, Rajinder Singh, Brian Kelly, Brian Hurley, Sharon Giffen, Stuart Levings, Neil Parkinson and John Walker

Board depth & breadth

Our Board is a high quality group of business people who each, in their own right, have diverse, high-impact experiences. We have a regular rhythm of reviewing individual skills and contributions. We regularly ensure that the composition of the Board is balanced. Critical skill sets include: financial acumen, risk management, business leadership, legal and governance proficiencies.

Recently, we appointed Rajinder Singh. Mr. Singh brings a wealth of experience to the Board, and serves as the Chief Risk Officer of Global Mortgage Insurance for Genworth Financial, Inc. His expertise and depth of knowledge will be invaluable to our organization; the Board and management look forward to working with him.

Building on success

On behalf of the Board, I would like to extend my gratitude to our President and CEO Stuart Levings, our leadership team, as well as all of our employees across Canada for their passion, and dedication through the years. Thank you also to our customers, shareholders, and all other key stakeholders for your ongoing support.

Brian Hurley
Chairman of the Board

Shareholder Information

Exchange Listing

The Toronto Stock Exchange:
Common shares (MIC)

Common Shares

As at December 31, 2018, there were 87,591,163 common shares (basic) outstanding.

Independent Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5

Registrar and Transfer Agent

AST Trust Company
1 Toronto Street, Suite 1200
Toronto, ON M5C 2V6
Tel: 416 682-3800
<https://www.astfinancial.com/ca-en>

All inquiries related to address changes, elimination of multiple mailings, transfer of MIC shares, dividends or other shareholder account issues should be forwarded to the offices of AST Trust Company.

Investor Relations

Shareholders, security analysts and investment professionals should direct inquiries to:

Jonathan A. Pinto
Vice-President, Investor Relations
investor@genworth.com
2060 Winston Park Drive, Suite 300
Oakville, Ontario L6H 5R7

Tel: 905 287 5300
Fax: 905 287 5472

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, Genworth Financial Mortgage Insurance Company Canada.

The Company holds a conference call following the release of its quarterly results. These calls are archived in the Investor section of the Company's website.

Annual General Meeting of Shareholders

Date: June 5th, 2019
Time: 10:00 AM
Location: TMX Broadcast Centre
The Gallery
The Exchange Tower
130 King Street West
Toronto, Ontario

Board of Directors

Complaints about the Company's internal accounting controls or auditing matters or any other concerns may be addressed directly to the Board of Directors or the Audit Committee at:

Board of Directors
Genworth MI Canada Inc.
c/o Winsor Macdonell, Secretary
2060 Winston Park Drive, Suite 300
Oakville, Ontario L6H 5R7
Tel: 905-287-5484

Corporate Ombudsperson

Concerns related to compliance with the law, Genworth policies or government contracting requirements may be directed to:

Genworth Ombudsperson
2060 Winston Park Drive, Suite 300
Oakville, Ontario L6H 5R7
Tel: 905-287-5510
Canada-ombudsperson@genworth.com

Disclosure Documents

Corporate governance, disclosure and other investor information is available online from the Investor Relations pages of the Company's website at <http://investor.genworthmicanada.ca>.

Cautionary Statements

The cautionary statements included in the Company's Management's Discussion and Analysis and Annual Information Form, including the "Special note regarding forward-looking statements" and the "Non-IFRS financial measures," also apply to this Annual Report and all information and documents included herein. These documents can be found at www.sedar.com.

Common Share Dividend Policy

The declaration and payment of dividends and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board considers relevant from time to time.

Eligible Dividend Designation

For purposes of the dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial or territorial tax legislation, all dividends (and deemed dividends) paid by Genworth MI Canada Inc. to Canadian residents are designated as eligible dividends. Unless stated otherwise, all dividends (and deemed dividends) paid by the Company hereafter are designated as eligible dividends for the purposes of such rules.

Information for Shareholders Outside Canada

Dividends paid to residents in countries with which Canada has bilateral tax treaties are generally subject to the 15% Canadian non-resident withholding tax. There is no Canadian tax on gains from the sale of shares (assuming ownership of less than 25%) or debt instruments of the Company owned by non-residents not carrying on business in Canada. (No government in Canada levies estate taxes or succession duties.)

www.genworth.ca



TSX: MIC