



# Genworth MI Canada Inc. Investor Day

December 9, 2009



# **Genworth MI Canada Inc.**

## **Investor Day**

**Samantha Cheung**  
Vice-President,  
Investor Relations

December 9, 2009

# Agenda

## Genworth MI Canada Inc. Investor Day

**Brian Hurley**, Chairman and Chief Executive Officer

**Peter Vukanovich**, President and Chief Operating Officer

**Stuart Levings**, Chief Risk Officer

**Debbie McPherson**, Senior Vice President, Sales and Marketing

*Break*

10:30 – 10:45

**Sue Noonan**, Vice President, Operations

**Rob Kirby**, Vice President, Loss Mitigation

**Phil Mayers**, Chief Financial Officer

*Question and Answer Session*

*Wrap up and Lunch*

Noon

# Forward-Looking Statements

This presentation contains forward-looking statements that relate to the Company's current expectations and views of future events. These forward-looking statements may be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Management has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect the Company's financial condition, results of operations, business strategy and financial needs. Forward-looking statements involve a variety of known and unknown risks, uncertainties and other factors, including those discussed in the risk factors section of the Company's Supplemented PREP Prospectus dated June 29, 2009, which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. The forward-looking statements made in this presentation relate only to events or information as of the current date. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future event or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

# Non-GAAP Measures

To supplement its financial statements, the Company uses select non-GAAP financial measures. Non-GAAP measures used by the Company to analyze performance include underwriting ratios such as loss ratio, expense ratio and combined ratio as well as other performance measures such as operating income and return on operating income. The Company believes that these non-GAAP 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-GAAP 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 [www.investor.genworthmicanada.ca](http://www.investor.genworthmicanada.ca) which can be accessed by clicking on "Glossary of Terms" link in the "Investor Resources" subsection on the left navigation bar.



# **Genworth MI Canada Inc.** **Investor Day**

**Brian Hurley**  
Chairman and Chief Executive Officer

December 9, 2009

# Leading Private Canadian MI Platform

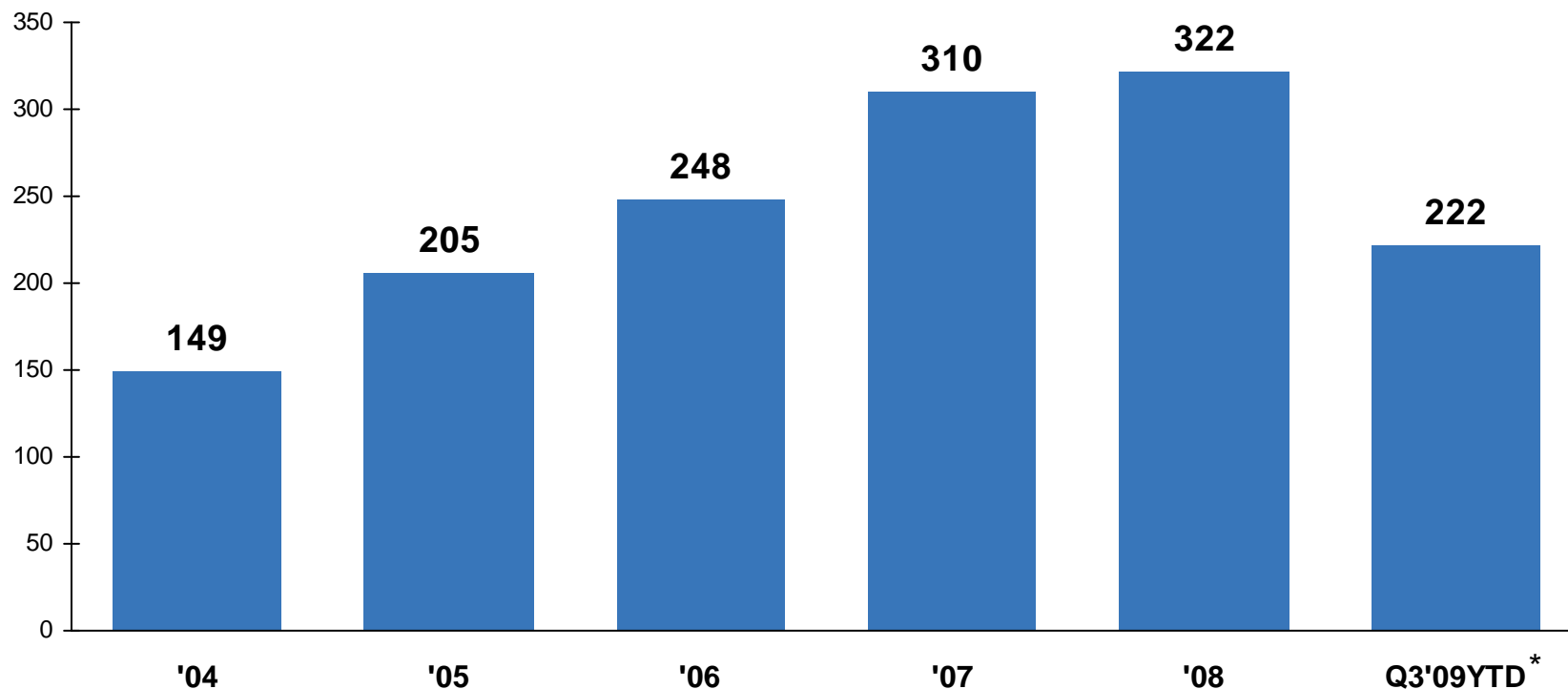
- ✓ **Highly Attractive Mortgage Market**
- ✓ **Long Standing Relationships with the Largest Lenders**
- ✓ **Diversified by Lender, Geography and Year**
- ✓ **High Quality Investment Portfolio**
- ✓ **Experienced Leadership Team**
- ✓ **Well Positioned to Deliver Strong Returns**



# Track Record of Profitability

## Strong Financial Performance

\$ Millions



**ROE**

**20%**

**21%**

**20%**

**20%**

**17%**

**13%\***

\* Including impact of changes to the premiums recognition curve, underwriting profits and Operating ROE would have been \$286 million and 17%, respectively

# YTD 2009 Progress

## Accomplishments

- **Excellent Performance During Economic Downturn**
- **Managed Risk & Mitigated Losses**
- **Completed Initial Public Offering**
  - Approximately \$3B Market Capitalization



## Approach

- **Differentiate on Service & Technology**
- **Expand Loan Modifications**
- **Focus on Expanding Market Share**
- **Optimize Capital Structure**

# Canada Market Dynamics

## Market

**Consumer Confidence Improving**  
**Housing Affordability Returning**  
**Mortgage Market Rebounding**

## Lenders

**Large Banks Well Capitalized**  
**Financial Flexibility a Plus**  
**Regionals / Mortgage Banks Need Funding**

## Regulators

**Strong Canadian Regulatory Framework**  
**Recognized as “Best Global Model”**

# Competitive Strengths

**Solid Lender  
Relationships**

**Best In Class Service  
& Technology**

**Risk  
Management**

**Collaborative  
Culture**

**Financial Strength**



# Business Strategy

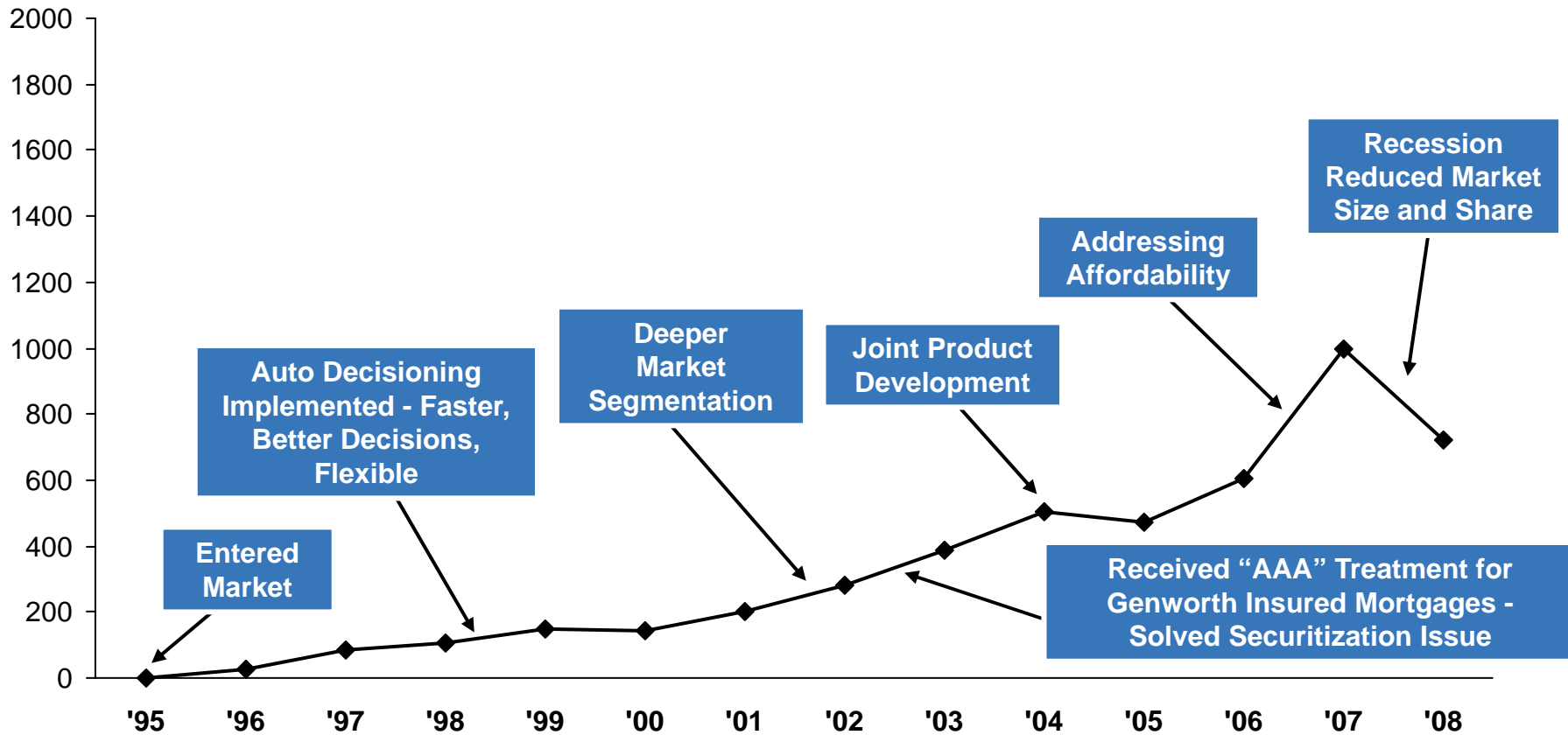
- 1 Leverage Value Chain Penetration**
- 2 Growth in Premiums Written**
- 3 Mitigate Losses on Claims & Manage Risks**
- 4 Enhance Portfolio Yield**
- 5 Optimize Capital Structure**

**Deliver Attractive ROE Through All Economic Cycles**

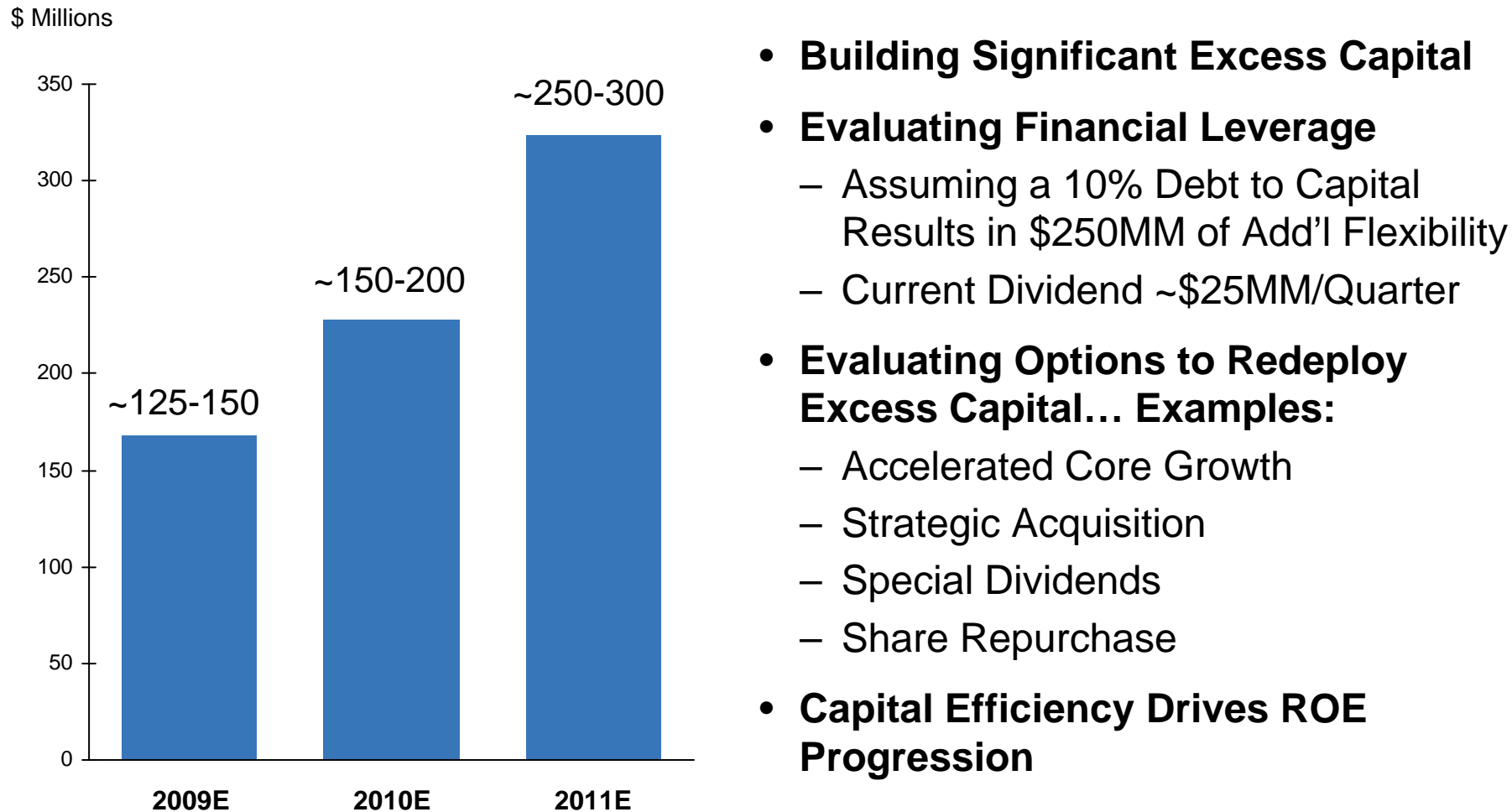
# Growth Strategy Execution

## Consistent Net Premiums Written Growth

\$ Millions



# Capital Flexibility



# Our Strategy is Delivering Results

- ✓ **12 Consecutive Years of Profitable Growth**
- ✓ **Positive Earnings in Challenging Economic Environment**

## Third Quarter 2009 Results

✓ Net Operating Income	<b>\$75 Million</b>
✓ Operating EPS	<b>\$0.63</b>
✓ ROE	<b>12%</b>

## Sharp Focus on Key Business Targets that Drive Shareholder Value

- Return to Mid-teen ROEs
- Deliver 5 – 10% Income Growth
- Efficient Capital Utilization

# Key Questions

**What is our view on the housing market?**

**Where do we see losses going?**

**Why does customer service matter?**

**What is our view on our capital position?**

**How are we going to grow?**

**What are our income growth opportunities?**





# Genworth MI Canada Inc. Investor Day

**Peter Vukanovich**  
President and Chief Operating Officer

December 9, 2009

# Competitive Strengths

## Solid Lender Relationships

National Breadth  
and Scale

## Risk Management

Deep Understanding  
of Markets

## Best In Class Service & Technology

Difficult to  
Replicate

## Collaborative Culture

Customer  
Centric

## Financial Strength



# What is Our Culture – Why does it Matter?

Performance

Ingenuity



Clarity

Heart

# Organizational Structure



# Key Stakeholders

**Lenders**

**We are the Innovator and Growth Partner**

**Homebuyers**

**MI is the Most Affordable Way to Own a Home**

**Influencers**

**Need Innovation and Consumer Education**

**Government**

**Trusted Housing Policy Adviser**

# Government Relations

## Why GR is Important

- **Competition Benefits Consumers and Lenders**
- **Private MI Promotes Safety and Soundness of the Financial System**

## Who We Talk to

- **Federal Department of Finance**
- **OSFI**
- **Provincial Insurance Regulators**

## How the Guarantee Works

- **Strict Eligibility Requirements**
- **We Pay a Fee and Hold a Fund**
- **Guarantee only Relevant if we Become Insolvent**
- **10% Deductible to the Lender**

## Why Lenders Care

- **Capital – Basel Accord**
- **Credit Enhancement for the Sale of Mortgage Pools to Investors**

# How We Deliver Competitive Advantage

## **Risk Management** Stuart Levings

- **How do We Manage Risk?**
- **How is Book Performing in the Current Economic Environment?**

## **Sales and Marketing** Debbie McPherson

- **How are We Positioned for Growth?**
- **What Differentiates Us from the Competition?**

## **Operations and Underwriting** Sue Noonan

- **How does Our Service Differentiate Us?**
- **What are the Drivers of Service Excellence?**

## **Loss Mitigation** Rob Kirby

- **How do We Mitigate Losses?**
- **How does Genworth Collaborate with Lenders?**

## **Investments and Capital Management** Phil Mayers

- **Where are Our Income Growth Opportunities?**
- **How do We Manage Our Capital Position?**



# Genworth MI Canada Inc. Investor Day

**Stuart Levings**  
Chief Risk Officer

December 9, 2009

# Risk Management – Our Foundation

## Enterprise Risk Management

**Portfolio Analytics**

**Quality Assurance**

**Underwriting Guidelines**

**Loss Mitigation**

**Loan-by-Loan Underwriting**

**Investment Policy &  
Regulatory Compliance**

# Risk Management – Decision Framework

Risk Framework	Focus Areas
<b>Evaluate Key Economic Factors</b>	<ul style="list-style-type: none"><li>- Job Losses</li><li>- Unemployment Rate</li><li>- Housing Market Trends</li></ul>
<b>Set Credit Policy &amp; Risk Limits</b>	<ul style="list-style-type: none"><li>- Loan to Value Limits</li><li>- Credit Quality</li><li>- Concentration Limits</li></ul>
<b>Monitor Portfolio</b> Rigorous Processes and Tools	<ul style="list-style-type: none"><li>- New Business Distribution</li><li>- Performance Heat Maps</li><li>- Portfolio Modeling &amp; Analysis</li></ul>

# Economic Trends – Impact on Us

## Job Losses

### Frequency of Default

- Loss of Income
- Bankruptcy

## House Prices

### Severity of Default

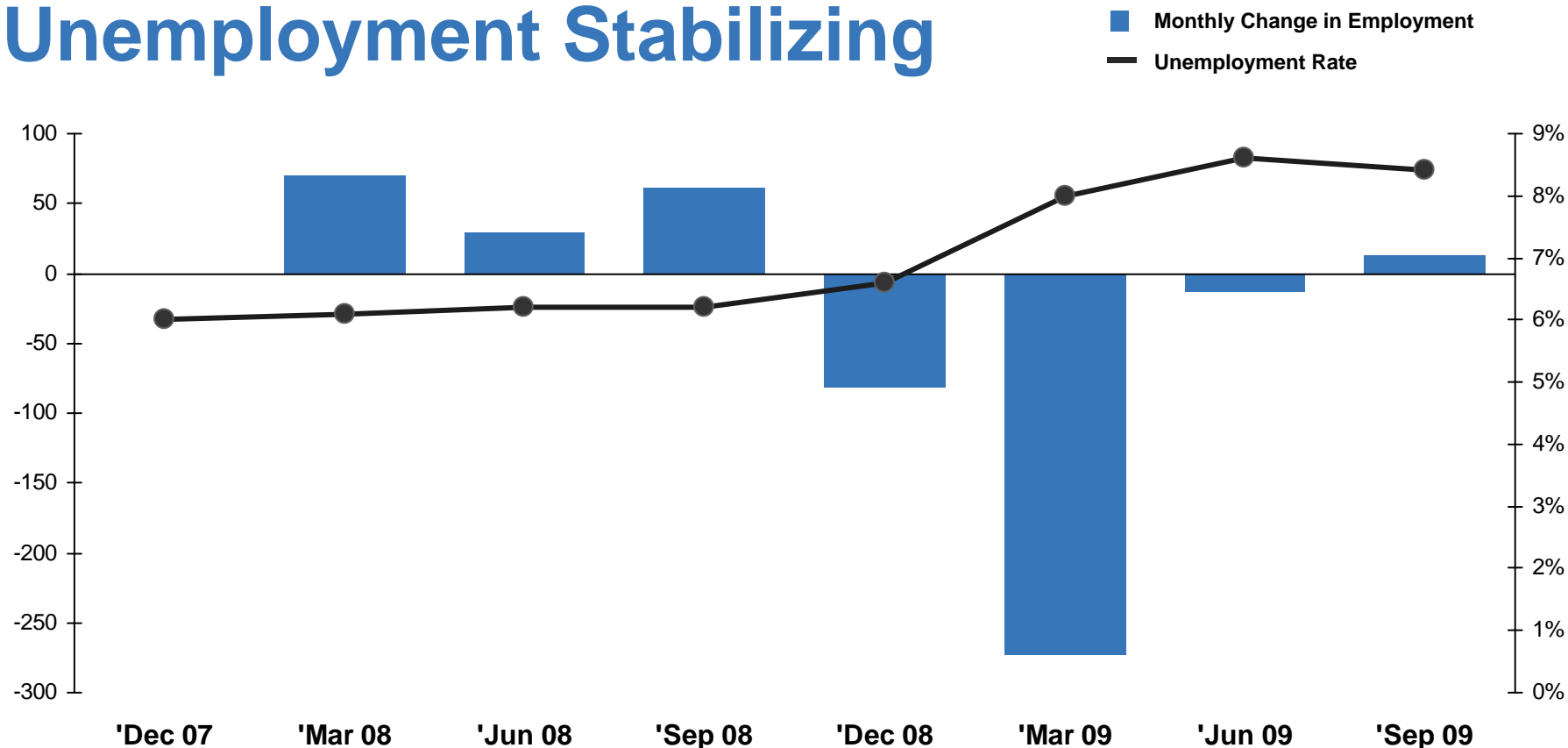
- Drop in Value Erodes Equity in Home
- Slower Market ... Interest Expense

## Interest Rates

### Marginal Impact - Frequency & Severity

- Majority Fixed Rate Mortgages
- Loans Underwritten with Rate Buffer

# Unemployment Stabilizing



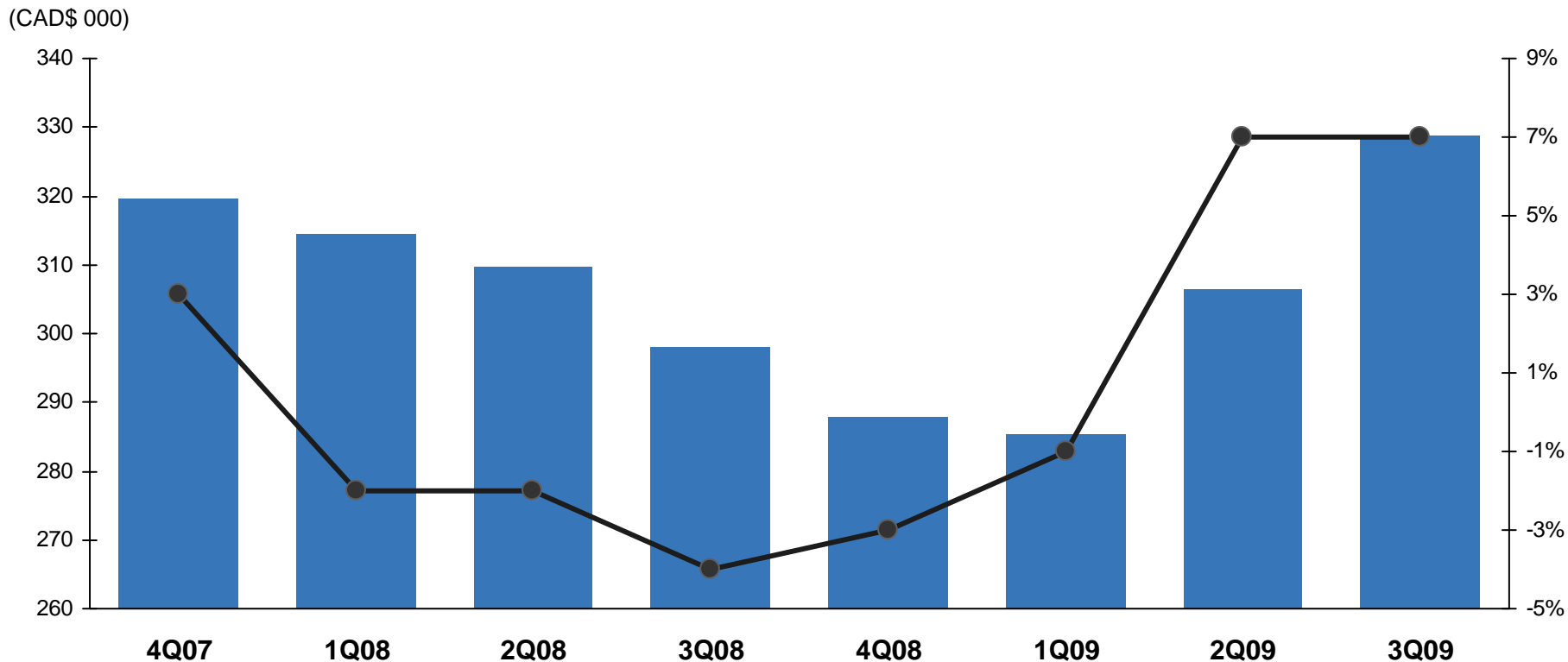
Source: Statistics Canada

**Unemployment Accelerated in Late '08/Early '09**

**Pace of Job Losses Slowing**

**Expect Unemployment to Peak in Early 2010**

# Home Prices Recovering



Source: Canada Real Estate Association (CREA)

**Canada Experienced Price Declines in 2008**

**Most Regions Rebounded Nicely Through 2009**

# Portfolio Diversification & Performance

## Diversification

### **Diversification Buffers Economic Impact**

- Geographic & Vintage
- Loan to Value & Credit Score

## Vintage Performance

### **Benefit from Effect of Multiple Books**

- Economic Cycles Impact Performance
- Stronger Books Dilute Stressed Books

## Priced for Long Term

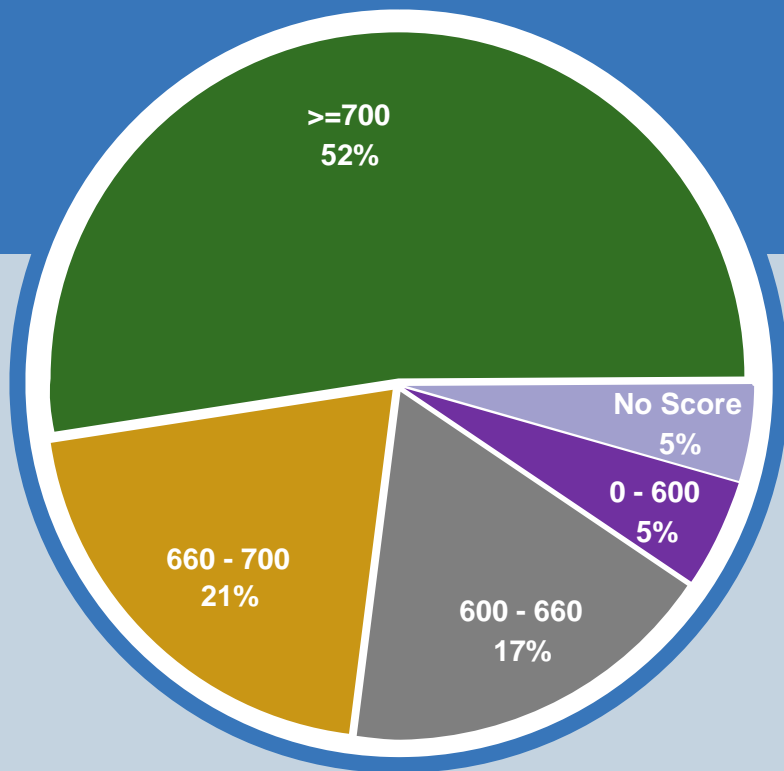
### **Pricing Assumptions Cover Full Cycle**

- Based on 25+ Years Experience
- Capturing Varying Economic Cycles

# High Quality, Prime Portfolio

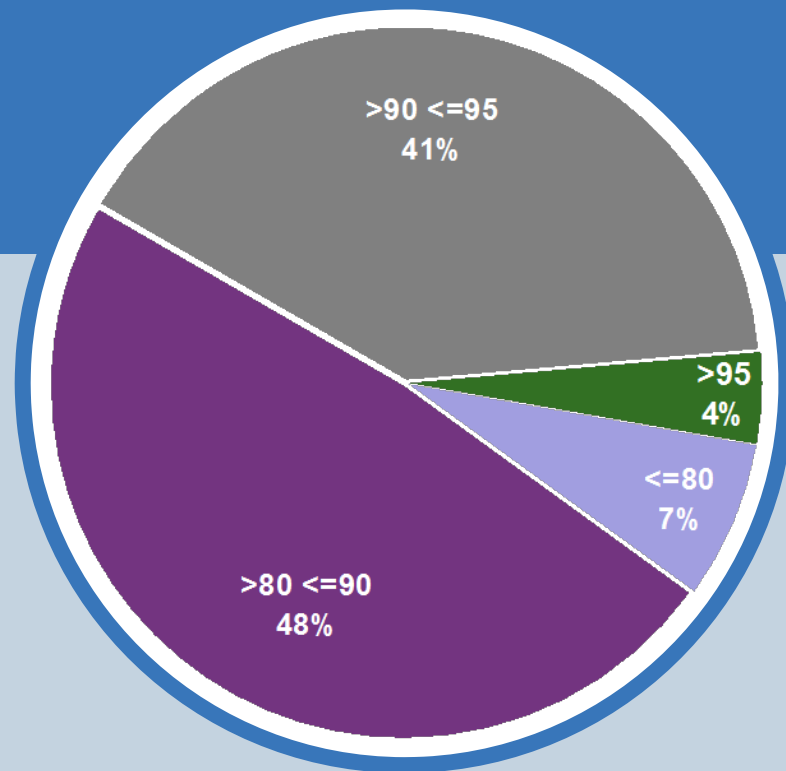
High LTV Insurance In-Force Segmentation 09/30/09

## Credit Score



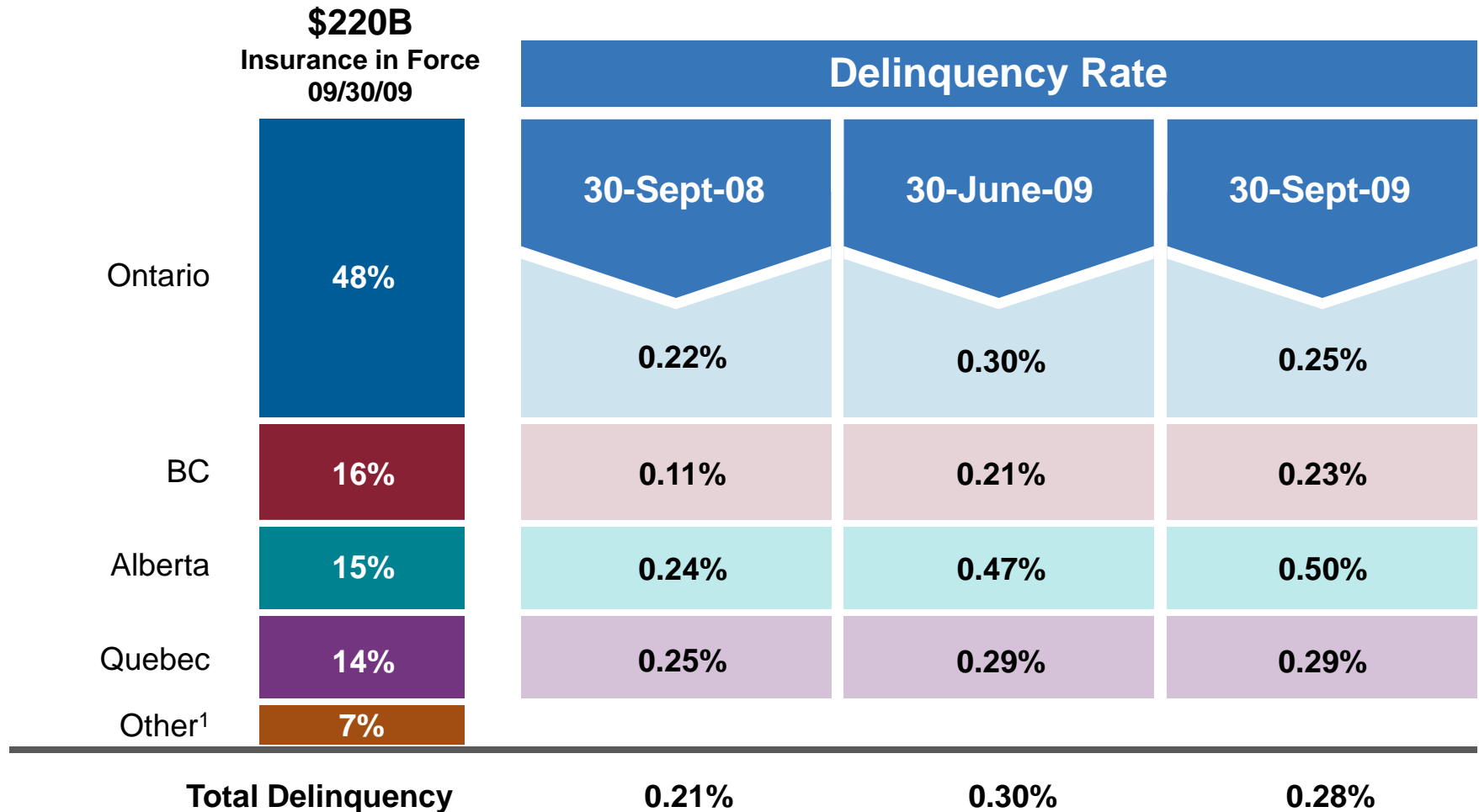
**Average Credit Score 702**

## Original Loan-to-Value



**~ 70% of Portfolio Between  
80% - 95% LTV at Origination**

# Delinquencies are Stabilizing



Notes: (1) Other includes Nova Scotia (0.29%), Saskatchewan (0.12%), Manitoba (0.09%), New Brunswick (0.25%), and all other (0.13%).

# Fundamentals of Underwriting

## Credit Profile

- Credit Score
- Credit Age
- Payment History

## Debt Service

- Income Level
- Interest Rate
- Amortization

## Property

- Property Location
- Property Value
- Sales History

## Product

- Loan to Value
- Self Employed
- Salaried



# Risk Management – Tools & Technology

## Scoring Model

### Highly Predictive Loan Score

- Based on 10 Yrs Canadian Data
- Drives Auto-Decisioning Engine

## Property Tools

### Leading Edge Property Technology

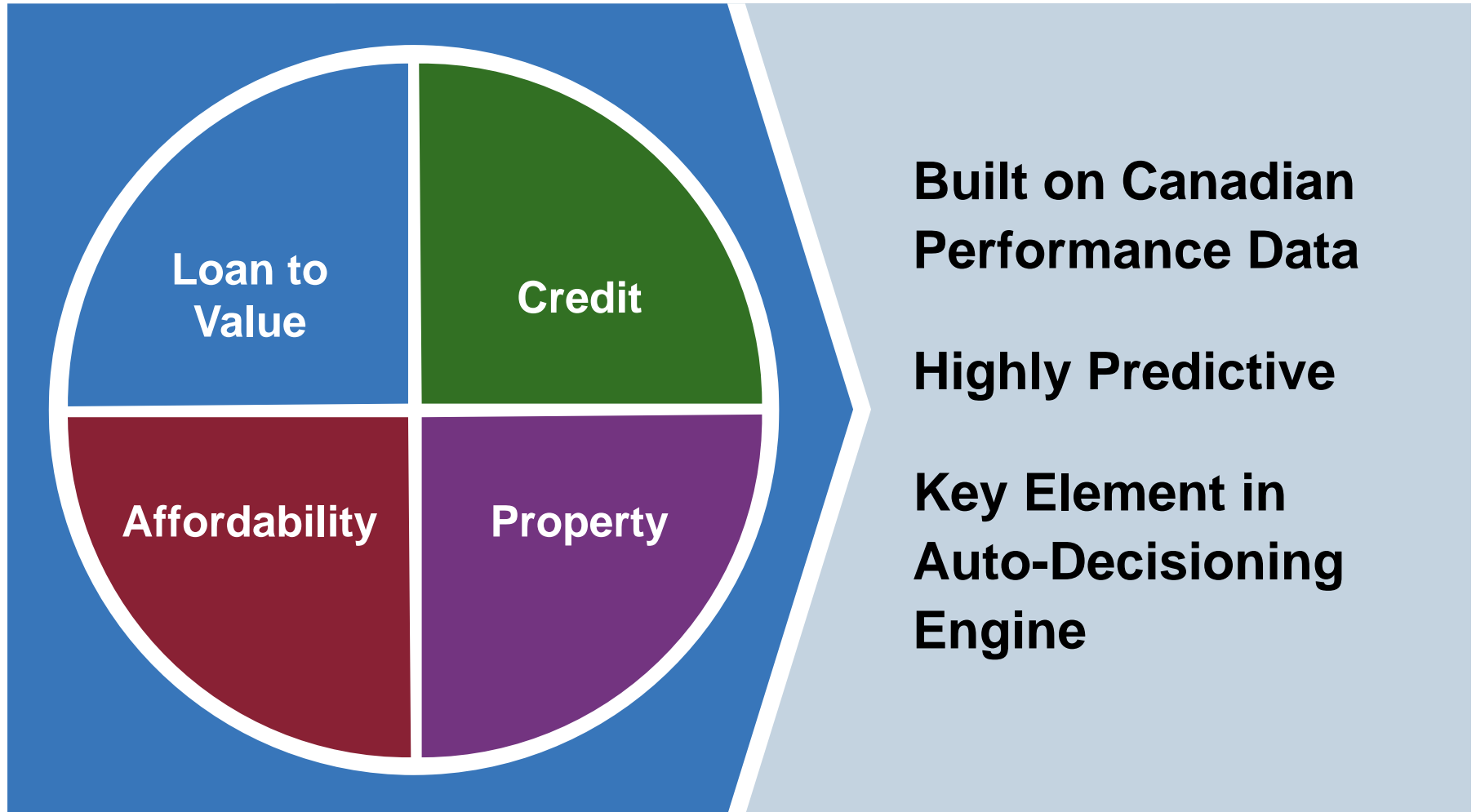
- Automated Property Valuations
- Best in Class Appraisal Process
- Geospatial “Heat Mapping” Tools

## Modeling & Analytics

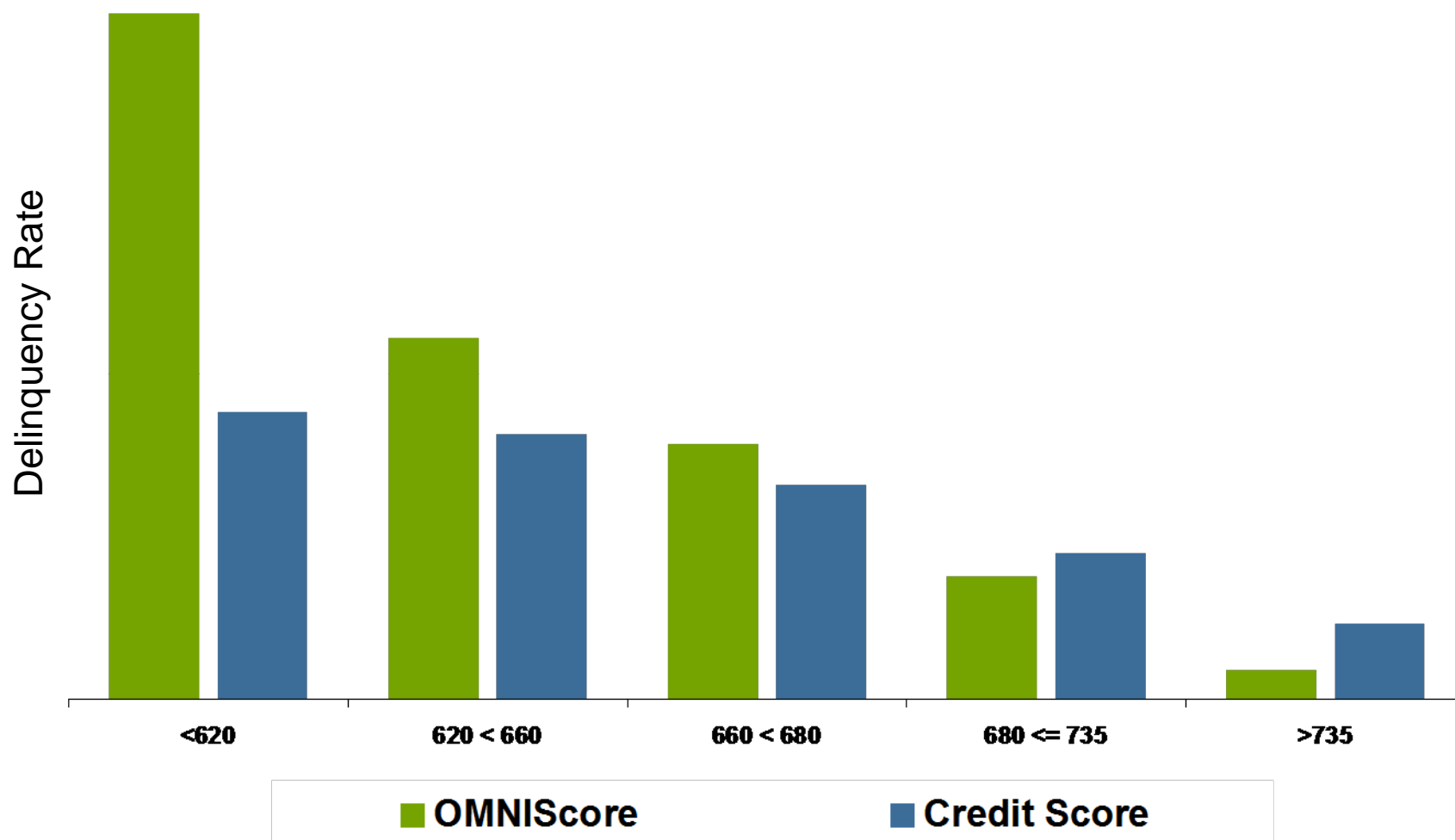
### Advanced Loss Forecasting Models

- Driver Based Forecasting
- Base and Stress Case Scenarios

# Elements of a Mortgage Scoring Model

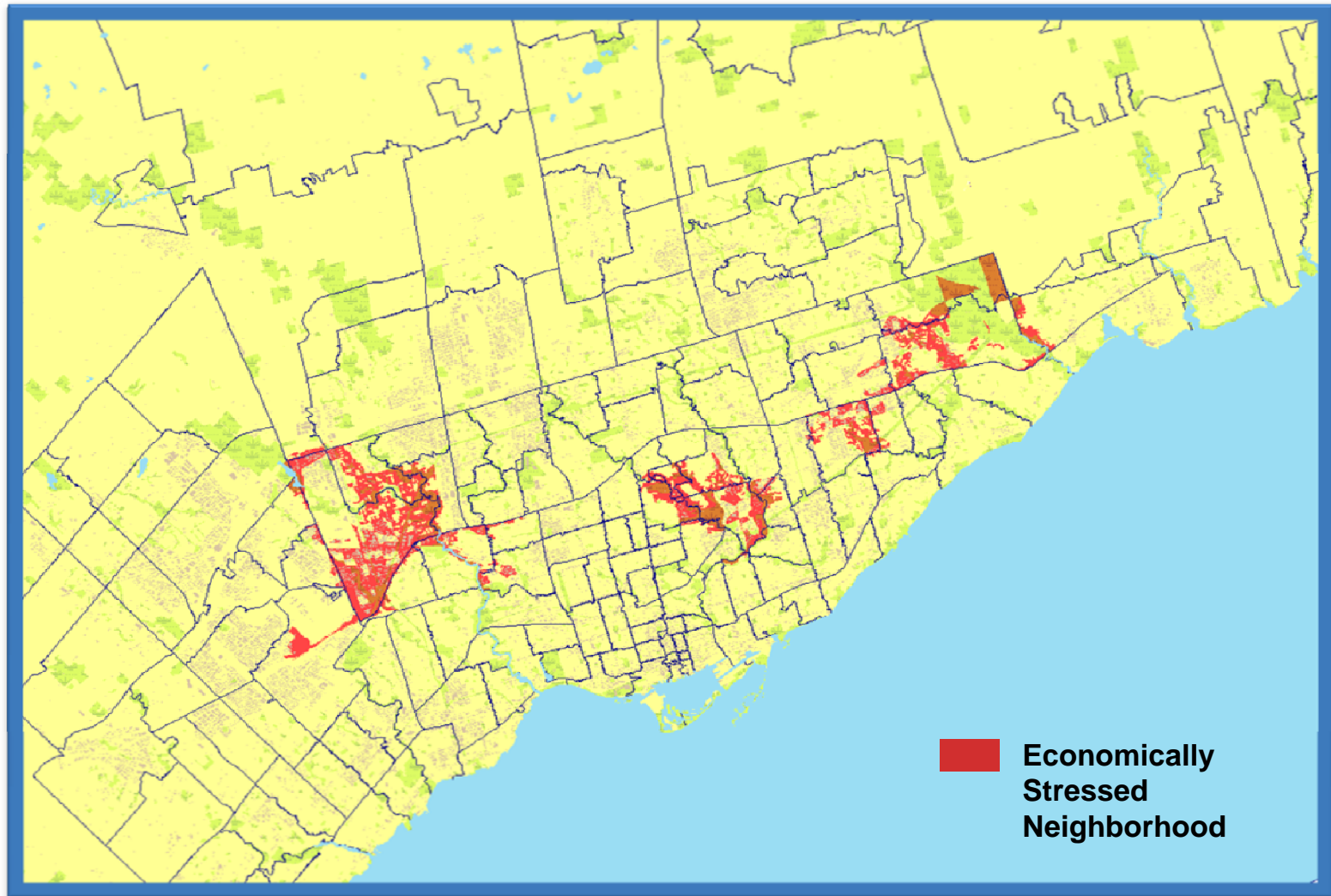


# Highly Predictive Underwriting Tool



**OMNIScore Achieves Tighter Delinquency Groupings**

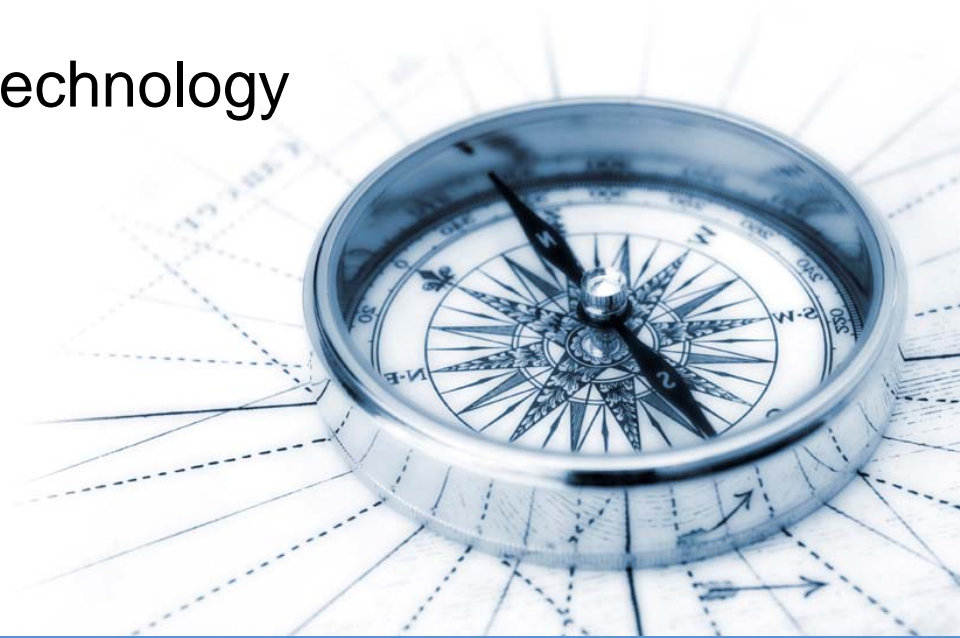
# Geospatial Mapping – Risk Concentration



# Navigating Economic Change

## In Summary

- Focus on Macro Economic Trends
- Dynamic Response in Risk Policies
- Investment in Leading Edge Technology
- Maintaining Key Risk Goals



**Prudent Risk Management ... Enhanced Lender Experience**



# **Genworth MI Canada Inc.**

## **Investor Day**

**Debbie McPherson**  
Senior Vice President,  
Sales and Marketing

December 9, 2009



**Genworth**  
Financial  
Canada

*The HOMEOWNERSHIP Company*

*Helping more Canadians afford a HOME*



[www.genworth.ca](http://www.genworth.ca)

# Sales Execution

1

**Value Added  
Relationship**

2

**Service  
Excellence**

3

**Loss  
Mitigation**

**Growth  
Objectives**

**Top-line Growth**

**Customize Value Propositions by Lender**

**Leverage Service Experience**

**Positions Genworth as Strategic Growth Partner**

# Today's Topics

- Lender Segmentation
- Comprehensive Sales Structure
- Customized Training
- Influencer Strategies
- Consumer Segmentation
- Customer Satisfaction Metrics

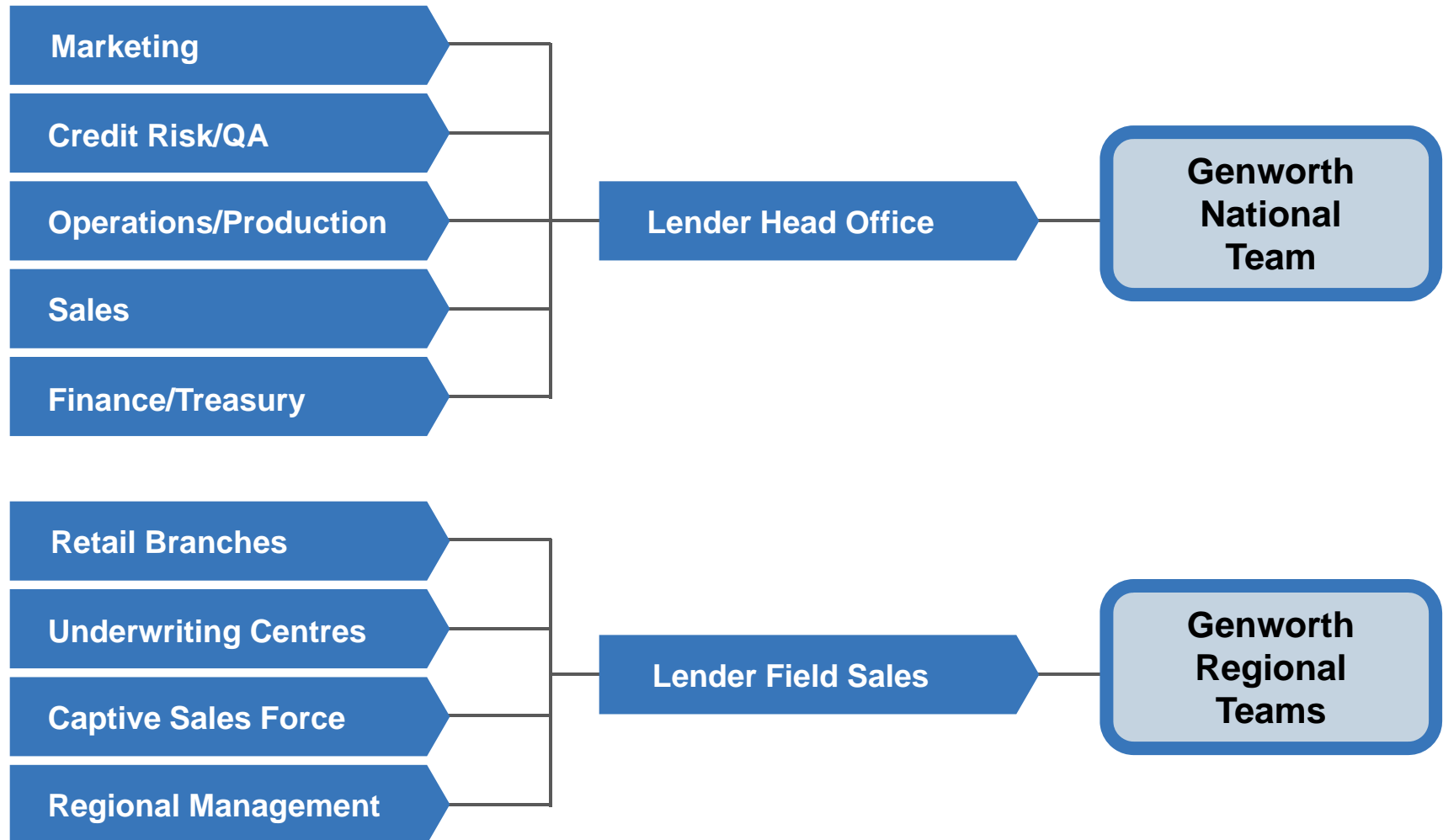


# Focus on Customer Needs

## Tailored Strategy for Each Customer Segment

Lender Segmentation		Priorities
<b>Nationals</b> Field Decisioning	3 Key Originators	Service Training Product Innovation
<b>Nationals</b> Central Decisioning	3 Key Originators	Holistic Service Level Agreements
<b>Regional / Other</b>	>150 Originators	Service Training Products
<b>Mortgage Bankers</b>	8 Key Originators	Training Funding Sources Service

# Comprehensive Sales Structure



# Deeper Lender Partnerships

## Focused Segment Strategy

- Dedicated Business Development Leader
- Lender Specific Underwriting Teams
- Joint Marketing
- Joint Product Development
- Customized Training
- Tailored Sales Approach



# Customer Centric Sales and Service

## Sales Drivers



### Help Grow Their Business

- Accessible Staff
- Frequent Policy Updates
- Flexibility
- Training
- Knowledgeable

## How We Deliver



- High Touch Model
- Metric Driven Sales Culture
- Adapt Service Model
- Customized Training Modules

**Trusted Business Partner Drives Top Line Growth**

# Thought Leadership & Training . . . Key to Growth



**YTD 2009 – Conducted 15,000+ Hours of Training**

# Genworth Development Centre



- **Courses are Interactive and Available 24/7**
- **Improve Business Skills**
- **Increase Competitive Edge**



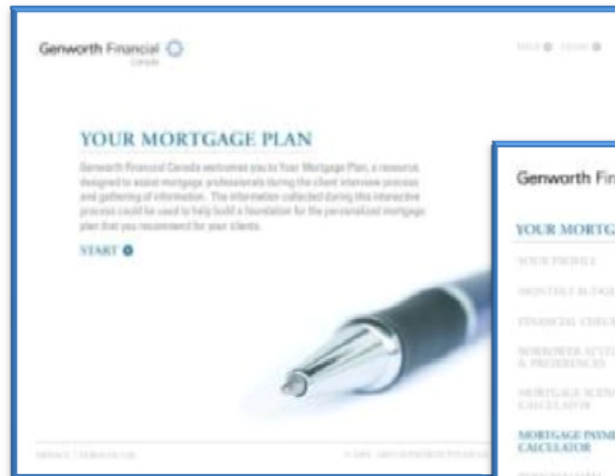
# Influencer Strategy

- **Understand Broker Needs**
  - Regional Advisory Board Sessions
- **Increase Face-to-Face Time**
  - Industry Associations
  - Sales Calls
  - Training
- **Help to Grow Their Business**
  - Genworth Business Building Tips
  - Genworth EDGE Newsletter
  - “Your Mortgage Plan”

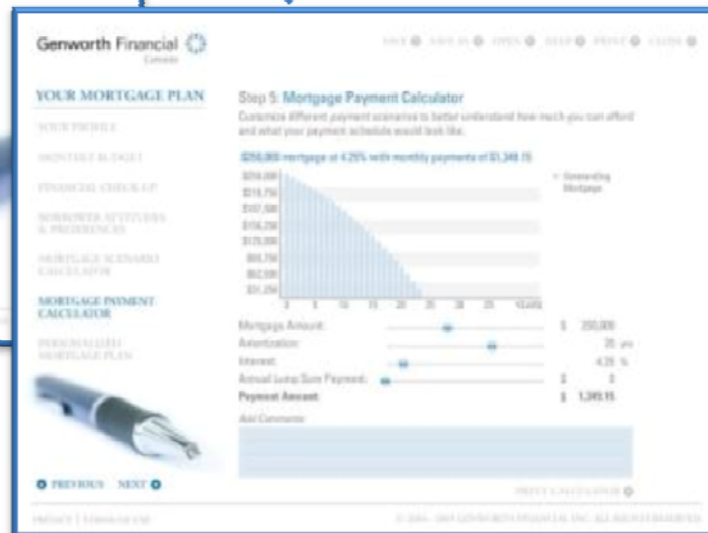


# Mortgage Planning Guide

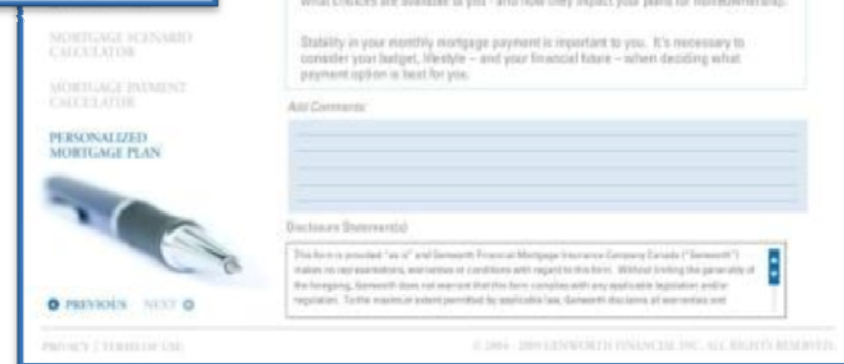
www.YourMortgagePlan.ca



**Document Needs &  
Goals of Prospective  
Homebuyers**



**Align Goals to  
Financing Options**



# Consumer Segmentation

www.homeownership.ca



The screenshot shows the Genworth Financial Canada Homeownership Site. At the top left is the Genworth Financial Canada logo. Below it is a large image of a smiling couple standing in front of a suburban house. To the right of the image is a blue box with the text "Homeownership on your terms". Below this box is a list of questions: "Why should I consider homeownership?", "How can I achieve homeownership faster?", "How can I make sense of the homebuying process?", "How do I make the most out of the equity in my home?", "How do I plan for unexpected life events?", "Are you new to Canada?", "What products are available to me?", and "Case Studies". Below the list is a blue box with the text "Welcome to Genworth Financial Canada - Homeownership Site". Below this box is a paragraph of text: "Buying your first home is an important and exciting decision. For the first-time, you'll have a place to call your very own. And with preparation and the right resources you can buy a home that best suits your personal and financial lifestyle. Looking for flexibility? There are many mortgage options available to you today that weren't ten years ago. Products that allow you to put less money down so that you can get into homeownership sooner and still maintain the lifestyle you've become accustomed too. Still weighing all your options? The tips, tools and information on this site will help point you in the right direction and get you into homeownership on your terms." Below the paragraph is a blue box with the text "New to the Homeownership site? To get the most out of your visit, take a minute and fill out this short survey. It will determine which information will be most helpful to you." To the right of the paragraph is a blue box with the text "TOOLS & RESOURCES" and a list of links: "Expert Advice", "Glossary of Terms", "Useful Links", "Rent vs. Buy Calculator", "What can I afford Calculator", "Feedback", and "About Us".

Genworth Financial Canada

A BETTER WAY TO  
HOMEOWNERSHIP

Homeownership on your terms

Why should I consider homeownership?  
How can I achieve homeownership faster?  
How can I make sense of the homebuying process?  
How do I make the most out of the equity in my home?  
How do I plan for unexpected life events?  
Are you new to Canada?  
What products are available to me?  
Case Studies

Welcome to Genworth Financial Canada - Homeownership Site

Buying your first home is an important and exciting decision. For the first-time, you'll have a place to call your very own. And with preparation and the right resources you can buy a home that best suits your personal and financial lifestyle. Looking for flexibility? There are many mortgage options available to you today that weren't ten years ago. Products that allow you to put less money down so that you can get into homeownership sooner and still maintain the lifestyle you've become accustomed too. Still weighing all your options? The tips, tools and information on this site will help point you in the right direction and get you into homeownership on your terms.

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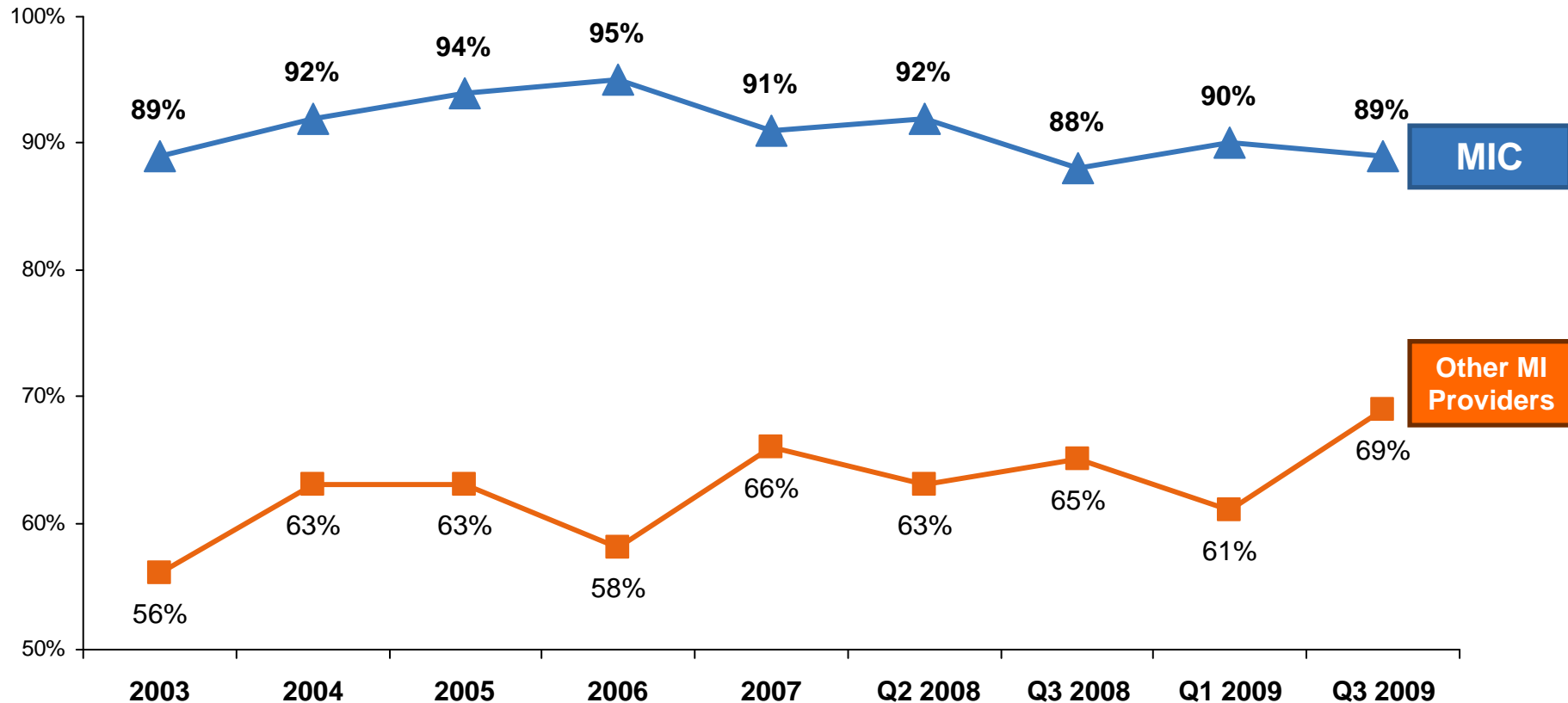
TOOLS & RESOURCES

- Expert Advice
- Glossary of Terms
- Useful Links
- Rent vs. Buy Calculator
- What can I afford Calculator
- Feedback
- About Us



# Overall Quality of Service

% Rating Excellent or Very Good



Q3 – 2009 Lender Satisfaction Report  
Annual Sample: n = 1100

# Our Differentiation

## In Summary

- **Fully Integrated Team Approach**
- **Customized Lender Value Propositions**
- **Understand Consumer & Influencer Needs**
- **Product Innovation**



**Genworth Differentiation Will Drive Top Line Growth**

# The Homeownership Company





# Genworth MI Canada Inc. Investor Day

Break

December 9, 2009



# **Genworth MI Canada Inc.**

## **Investor Day**

**Sue Noonan**  
Vice President,  
Operations

December 9, 2009

# Service Excellence

1

Value Added  
Relationship

2

Service  
Excellence

3

Loss  
Mitigation

## Objectives

**Deliver Outstanding Customer Experience**

**Utilize Technology to Drive Speed and Efficiency**

**Deepen Relationships**

**Positions Genworth as a Growth Partner**

# Customer Centre of Everything We Do

## Key Drivers of Service Excellence

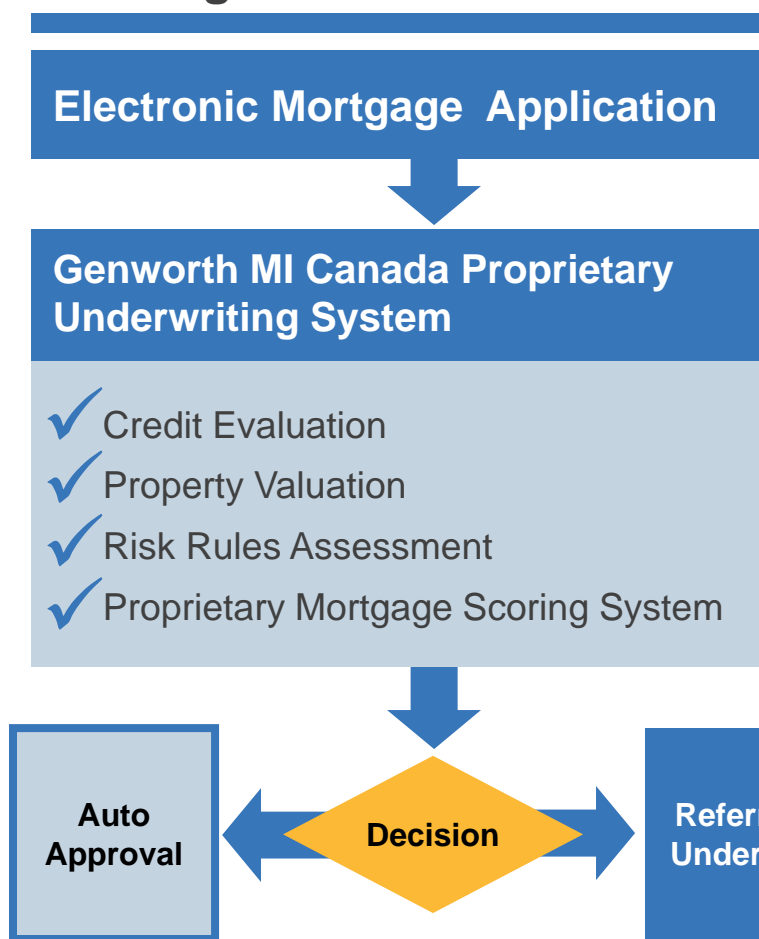
<b>Turnaround Time</b>	<b>Fast, Consistent Decisions</b>
<b>Flexible</b>	<b>Alternative Solutions Offered</b>
<b>Knowledgeable</b>	<b>Products, Properties &amp; Process Expertise</b>
<b>Consistent</b>	<b>Lender Specific Underwriting Teams</b>
<b>Accessible</b>	<b>Prompt Responses and First Call Resolution</b>

Identified and Measured on Quarterly Customer Surveys of Genworth Financial Canada and Competition

**Customer Feedback is Constantly Monitored and Actioned**

# Auto Approval Reduces Turnaround Time

## High Level Process:



## Results

Application Processing Time<sup>1</sup>

<4 Business Hours **85%**

<24 Business Hours **93%**

Notes: (1) Represents high loan-to-value applications processing time as at end of September 30, 2009.

# Comprehensive Underwriting Process

## Collateral Risk

Automated Valuation Model & Appraisals

## Capital

Down Payment & Net Worth

## Credit Risk

Ability to Pay ... Full Review of Borrowers Credit History & Score

## Capacity

Debt Serviceability ... Debt to Income Ratio

## Character

Proprietary Scoring Model ... 2.5x More Predictive than Credit Scores

Application	Risk	Credit	Property	Worksheet	Notepad	Decision	Tasks
2012151892	WNMPGOR 36 YR ANO	95% \$910000	642 Omni Referred to Underwriter		28/36	A2	<a href="#">Lender Detail</a>
<a href="#">Collateral</a>	PASS		Market/Neighborhood	A2			
<a href="#">ACU</a>	PASS						
<a href="#">AVM</a>	PASS						
<a href="#">PSH</a>	PASS						
<a href="#">Risk</a>	PASS						
<a href="#">Credit</a>	FAIL						
Credit established less than 12 months - Review credit and application in detail							
<a href="#">OMNI</a>	FAIL		642		<a href="#">View Messages</a>		
OMNI below Auto-Decision cut off							
<a href="#">Task Links</a>							
<a href="#">Review Duplicate Borrower / Exact Match Hits</a>			INCOMPLETE				
<a href="#">Review Duplicate Property Hits</a>			INCOMPLETE				
Status	<input type="text" value="Pending"/>	Business Exception	<input type="checkbox"/>		Required Role	<input type="text" value="OPSLEVEL2"/>	
User	<input type="text" value="SYSTEM"/>	Date	<input type="text" value="2009-11-26 13:51:27"/>		Special Deal #	<input type="text"/>	
<a href="#">History</a>	<a href="#">Re-Run</a>	<a href="#">System Messages</a>		<a href="#">Back</a>	<a href="#">Next Tab</a>		

# Drivers of Service Quality



**88% Lender Satisfaction with Underwriting Service**

# Summary – Operations Impact

*“I called and spoke with Cathy from your underwriting team and she was absolutely fantastic! Overall, I had a 10 out of 10 experience and just wanted to share it with all of you!”*

*“I must say that I am very impressed with the service from Genworth. My deal required an appraisal on the property. Genworth was able to assess the application and provide me with all the information I needed to better serve my client. The speed and quality of service definitely makes my job easier.”*

*“Karen was absolutely amazing and very helpful. Karen kept in contact with me so I was aware of status of the application. I have never had service like this before. This was first application [to Genworth] but will definitely not be the last.”*

*“I received very quick service by Underwriters Linda and Dwayne on my application. It was a complicated deal and Linda did a good job understanding the situation. She escalated to a Senior person and Dwayne found a way to put it together. Thank you”*

- **Best in Class Technology**
- **Customized Processes**
- **Customer Focused Teams**
- **Strong Lender Relationships**
- **Real Time Monitoring of Metrics**

**Great Service Delivered Through Operational Excellence**



# Genworth MI Canada Inc. Investor Day

**Rob Kirby**  
Vice President,  
Loss Mitigation

December 9, 2009

# Loss Mitigation

1

Value Added  
Relationship

2

Service  
Excellence

3

Loss  
Mitigation

## Objectives

**Reduce Losses on Claims**  
**Keep Borrowers in Homes**  
**Ensure Policy Compliance**

**“Win” for All Parties**

# Mortgage Delinquency Cycle



## Mortgage Enforcement Process

- **Assessment**
  - Lender Commences “Soft” Collections to Bring Mortgage Current
- **Enforcement**
  - Law Firm Engaged for Legal Enforcement
- **Sale**
  - Property Listed for Sale and Sold
- **Recoveries**
  - Borrowers & Third Parties

**Integration Into the Cycle is Key to Reducing Losses**

# Anatomy of a Claim

- **Genworth Process**
  - Triage Approach
  - Reserving
- **What is Included in a Claim**
  - Shortfall on Sale
  - Interest
  - Costs



**Understanding of the Borrower is Critical to Success**

# HomeOwner Assistance Program Strategy

Assessment

Foreclosure  
and Sale

Recovery

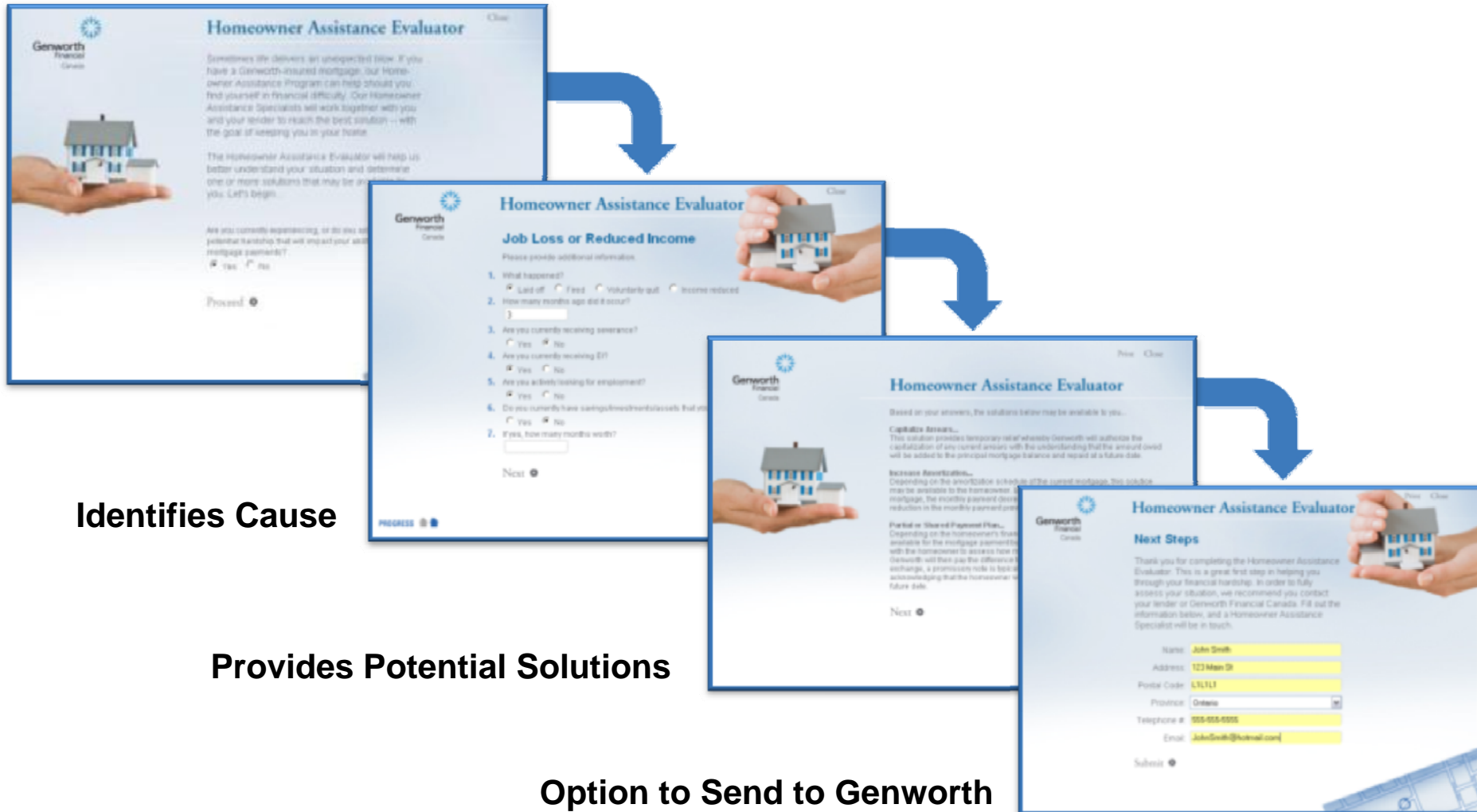
## Screen Delinquencies for Workout Opportunities

- **Focus on Early Access to the Homeowner**
  - Comprehensive Marketing Programs
- **Strong Partnerships with All Lenders**
  - High Penetration Rates
- **Identify Workout Opportunities**
  - Disciplined Process
- **Execute Workouts**
  - Provide Optimal Solutions

**Workout Options Tailored to Borrower Situations**

# Thought Leadership in Loss Mitigation

www.HomeownerAssistance.ca



# Asset Management Strategy

Assessment

Foreclosure  
and Sale

Recovery

## Reduce Severity of Loss

- **Focus on Accelerating Mortgage Foreclosure**
  - Alternative Solutions
- **Apply Strong Marketing and Sale Processes**
  - Maximizing Values
- **Avoid Distress “Discount”**
  - Apply Non-traditional Strategies

**Quick Access and Maximizing Value Key to Reducing Severity**

# Recovery Strategy



## Multi- Pronged Approach

- **Borrowers**
  - Screen Debtors for Recovery Potential
  - Customize Recovery Strategy Based on Potential
- **Third Parties**
  - Focus on Recoveries from E&O Insurance
  - Leverage Specialty National Law Firms

**Goal to Recover 20% from Borrowers and Third Parties**

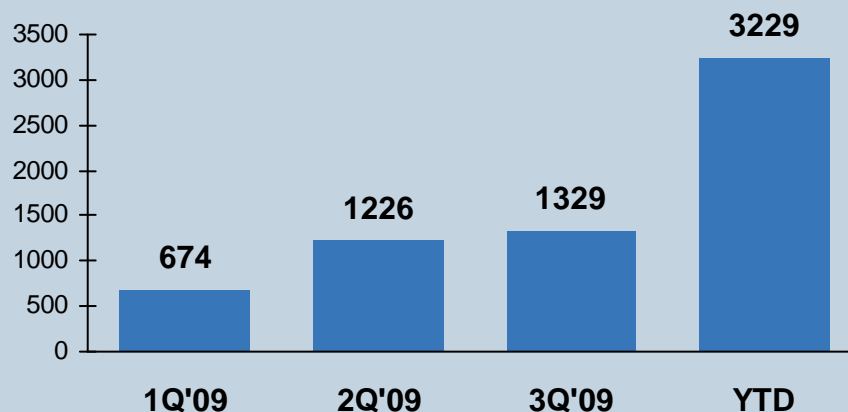
# Summary – Loss Mitigation Impact

## Summary

- **Dedicated Resources**
- **Lender Specific Teams**
- **Strong Lender Partnerships**
- **Business Differentiator**
- **Win-Win-Win**

## Loss Mitigation Results

**Workouts Completed**



- **Workout Penetration of 45%**
- **Impact on Loss Ratio of 3 pts YTD**

## Significant Impact on Loss Ratio



# Genworth MI Canada Inc. Investor Day

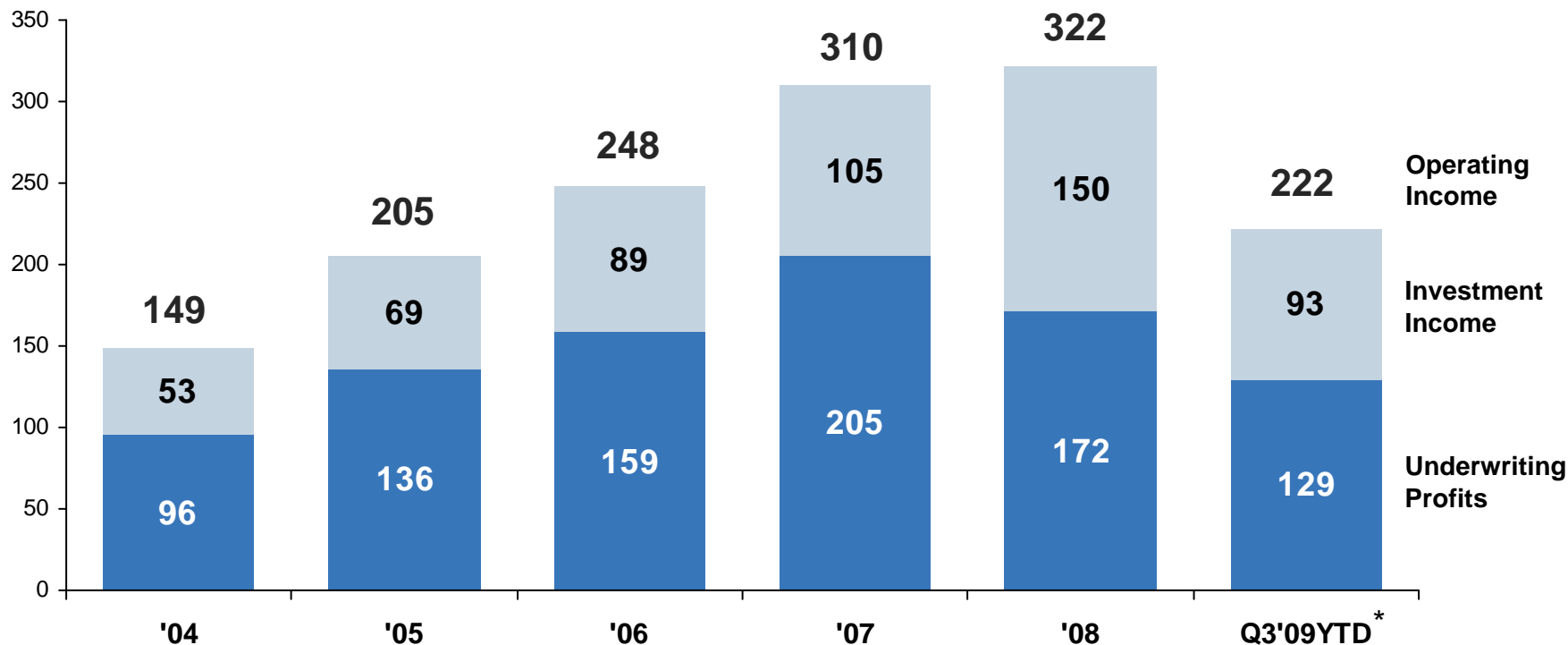
**Phil Mayers**  
Chief Financial Officer

December 9, 2009

# Track Record of Profitability

## Strong Financial Performance

\$ Millions



**ROE**

**20%**

**21%**

**20%**

**20%**

**17%**

**13%\***

\* Including impact of changes to the premiums recognition curve, underwriting profits and Operating ROE would have been \$286 million and 17%, respectively

# Key Income Drivers

## Focused on 3 Key Drivers

- 1** **Market Share Gains**
- 2** **Loss Improvement**
- 3** **Enhanced Investment Yields**

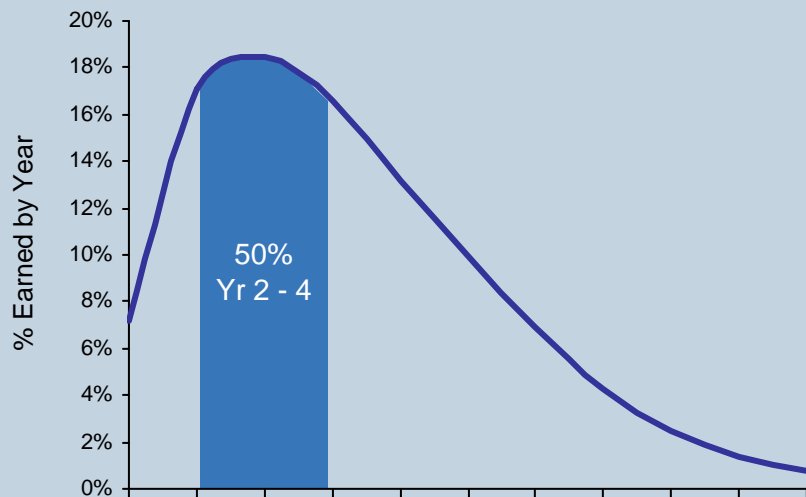
# Market Growth Drivers

Growth Drivers	Key Indicators
Demographics	<ul style="list-style-type: none"><li>- Household Formation</li><li>- First Time Homebuyer Market</li><li>- New Immigrants</li></ul>
Housing Fundamentals	<ul style="list-style-type: none"><li>- Home Price Appreciation</li><li>- Consumer Confidence</li><li>- Housing Sales</li></ul>
High Loan to Value Penetration Levels	<ul style="list-style-type: none"><li>- Home Price Appreciation</li><li>- Affordability</li><li>- Interest Rates</li></ul>
+	
Market Share Gains	<ul style="list-style-type: none"><li>- <b>1% Market Share Increase Generates ~\$15 MM in Premiums Written</b></li></ul>

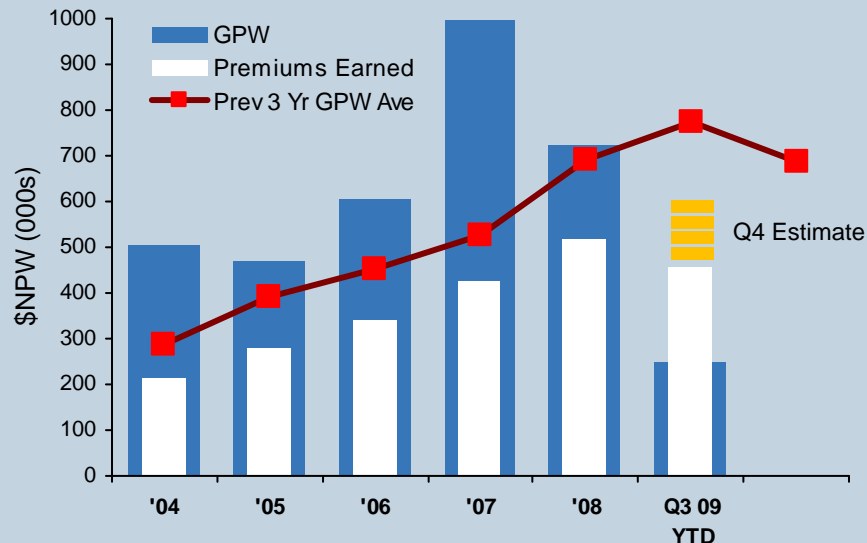
# Premiums Earned

## Premiums Earned Curve

Single Upfront Premium Earned Into Revenues Based on Loss Emergence Pattern



## Premiums Written & Earned



\* Including the impact of changes to the premiums recognition curve, premiums earned for the nine months ended September 30, 2009 would have been \$555 million

- \$2 Billion of Unearned Premiums Represents Future Revenues
- 90% of Unearned Premiums Will be Earned Over Next 5 Years
- 2010 Premiums Earned Will Benefit From Larger 2007 & 2008 Books

# Loss Environment

## Improving Economic Fundamentals

Job Losses

House Prices

Interest Rates

## Risk Management Execution

Portfolio  
Quality

Loss  
Mitigation

Credit  
Quality

Workouts

Geographic  
Dispersion

Asset  
Mgmt

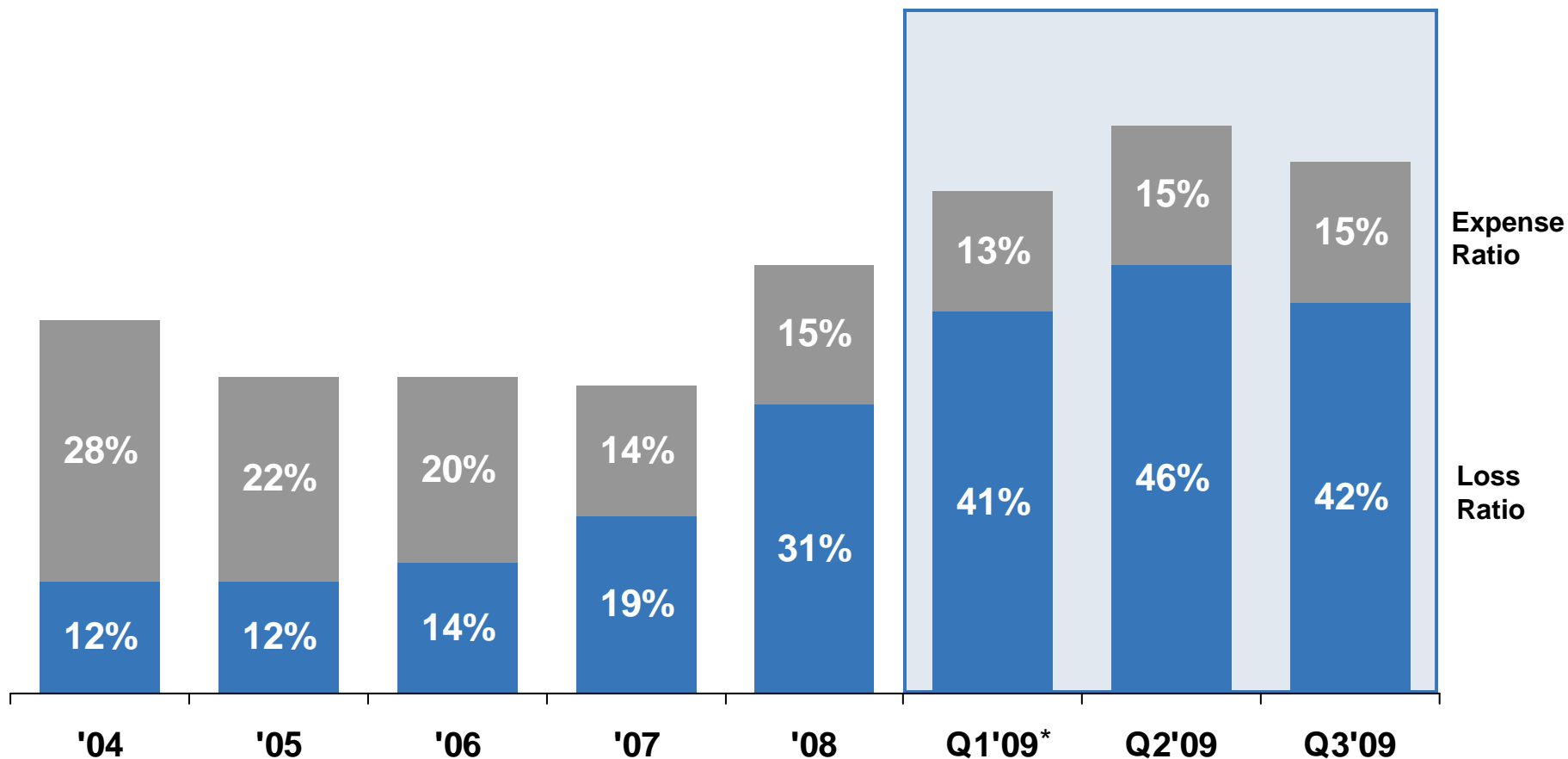
LTV Mix

Recoveries

**Losses Are Cyclical ... Trending To Pricing Loss Ratios**

# Combined Ratio

Loss Ratios Are Cyclical ... Third Quarter Improvement



\* Including impact of changes to the premiums recognition curve, loss ratio and expense ratio would have been 24% and 10% respectively

**1 Point Loss Ratio Improvement ~ \$4 MM After Tax Impact**

# Investments

## Conservative Investment Management Approach

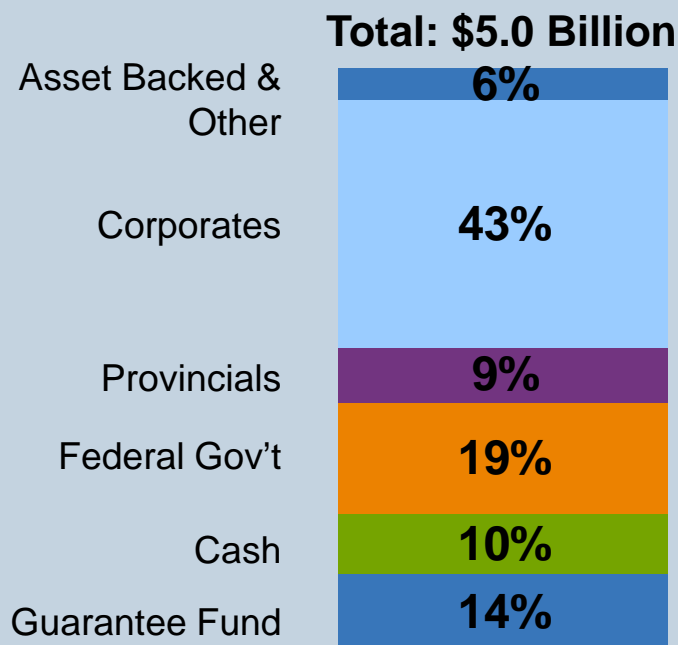
- Manage for Yield
- Balanced Portfolio
- High Quality Assets

## Investment Guidelines

- Fixed Income and Preferred Shares
- Duration 3 to 5 Years
- Minimum 10% Federal Government
- Investment Grade Corporates ... Max of 5% Per Issuer

# High Quality Investment Portfolio

## Portfolio Distribution



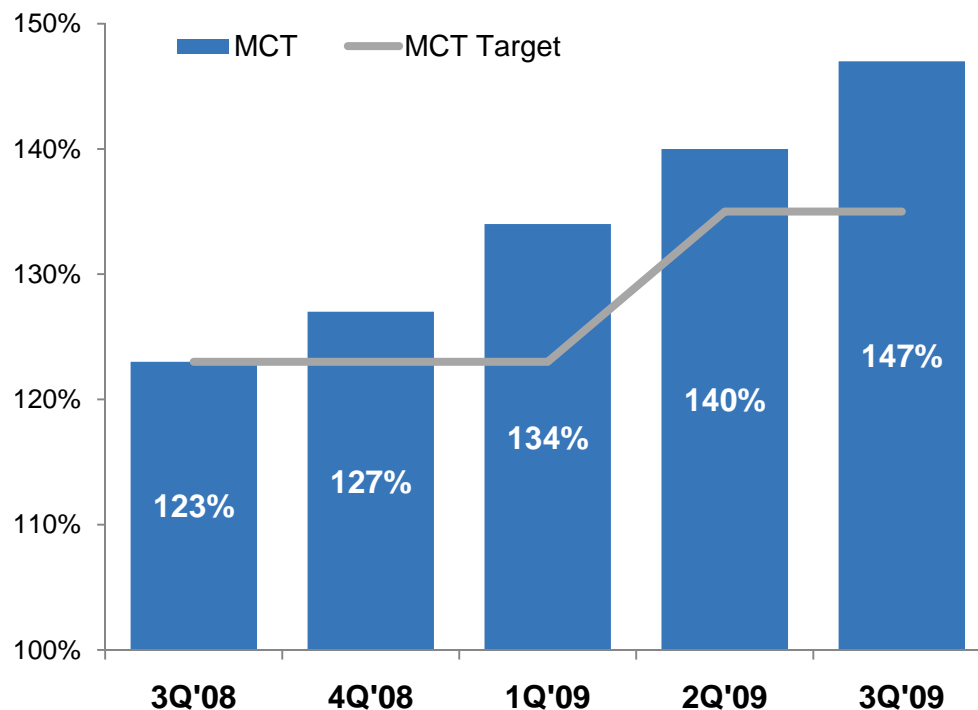
Sept. 30, 2009

Duration	<b>3.2 Years</b>
Book Yield	<b>4.0%</b>

## Initiatives

- **Focus on Reducing Cash to 3 to 5% of Portfolio**
- **Invest in Sectors Which Offer Attractive Risk / Reward Profile**
  - Gov't Guaranteed MBS
  - Preferred Shares
  - Investment Grade Corporates
- **25 bps Incremental Yield Drives ~\$8 MM Operating NI and 0.3% ROE Enhancement**

# Regulatory Minimum Capital Test



## Maintain Capital Flexibility

- Fund Growth & Dividends
- Add Leverage as Appropriate
- Maximize Shareholder Returns

Shareholders'  
Equity  
(\$ Billions)

\$2.0

\$2.1

\$2.2

\$2.4

\$2.6

Positioned for Growth

# Financial Targets

## Multiple Growth Levers

- Growing Top Line
- Investment Yield Enhancement
- Improving Loss Ratio
- Capital Flexibility

## Long Term Targets

ROE	<b>Mid-teens*</b>
Loss Ratio	<b>35 - 40%</b>
Investment Yield	<b>5% +</b>
Minimum Capital Test	<b>135%</b>

\*Unlevered ROEs

## Executing Against Strategic Priorities to Achieve Financial Targets



# **Genworth MI Canada Inc.** **Investor Day**

Question and Answer Session

December 9, 2009



# Genworth MI Canada Inc. Investor Day

Wrap Up

December 9, 2009

# Summary

- **Improving Economic Conditions**
- **Proactive Risk Management**
- **Customer Centric Sales & Service**
- **Solid Capital Structure**
- **Strong Leadership Team**
- **Proven Business Execution**





# Genworth MI Canada Inc. Investor Day

December 9, 2009