



# Genworth MI Canada Inc.

November, 2009

# 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.



## Overview

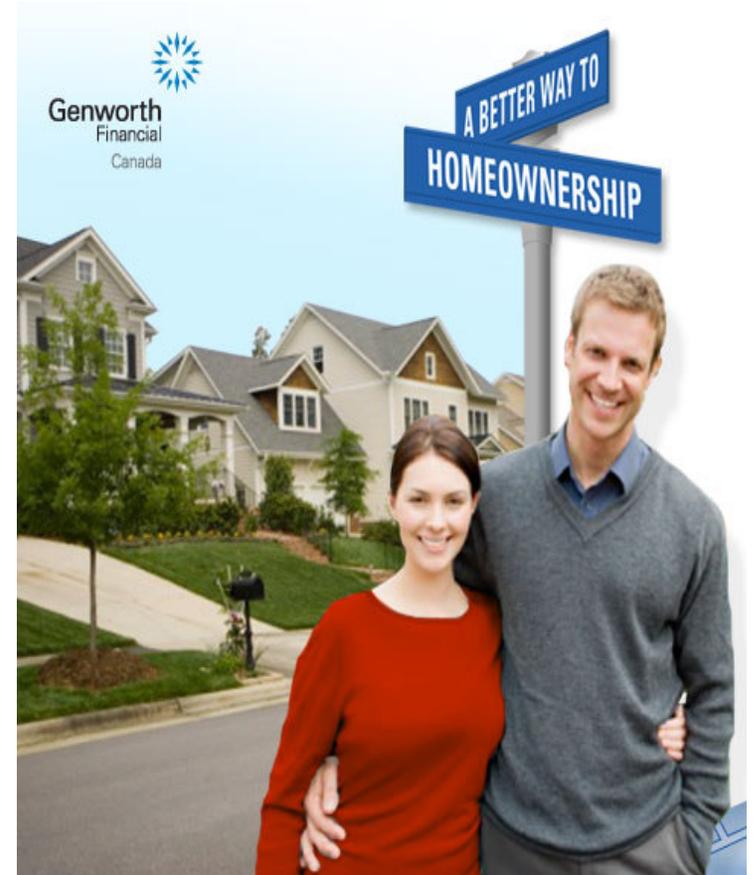
Genworth MI Canada Inc.

# Company Overview

- Leading private mortgage insurer established 1995
- Well positioned in a highly attractive mortgage market
- Strong relationships with the largest mortgage originators
- Over 12 consecutive years of profitable growth
- Debt free balance sheet and high quality investment portfolio
- Backed by government guarantee and regulated by OSFI
- Strong credit ratings

# Business Highlights

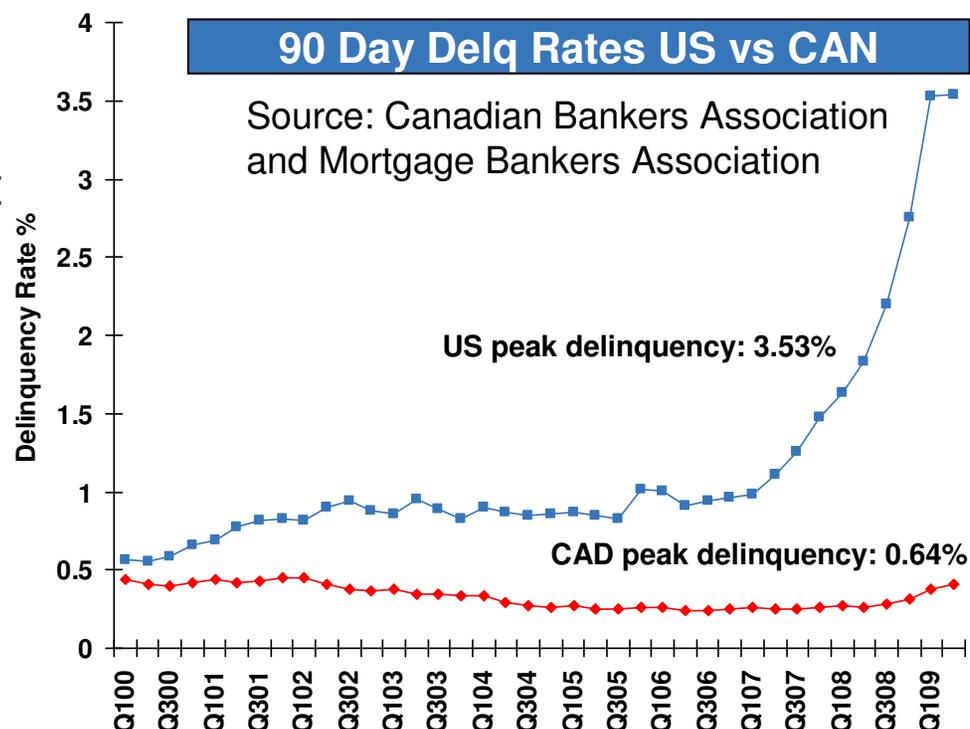
- \$220 billion total insurance in force that high quality and well-diversified
- Total Assets of \$5.1 billion
- YTD Total Revenues of \$598 mm<sup>1</sup>
- YTD Net Operating Income of \$222 mm<sup>1</sup>
- Shareholders' Equity \$2.6 billion
- Current Market Cap Approx \$3 billion



<sup>1</sup>Excludes impact of changes to premium recognition curve in Q1 2009; including total investment income

# Genworth MI Operates in a Highly Attractive Mortgage Market

- High levels of homeownership
- Stable Canadian housing market
- Mandatory mortgage insurance for >80% LTV
- Two major market participants
- Government supports competition
  - 90% Government Guarantee



**Canada Is Among The Most Attractive Housing Markets In The World**

# Understanding Mortgage Insurance (“MI”)

## Overview

- Mandatory on loans with LTV > 80%
- MI protects lenders against losses if the borrower defaults
- Covers 100% of loan amount, secured by property
- One upfront premium paid 100% by the borrower
- Premium is earned over time to match losses

## Illustrative Example

House price	\$275,000
Down payment 10%	— \$27,500
<hr/>	
Mortgage loan	\$247,500



- ✓ Lender buys MI on \$247,500 mortgage
- ✓ MI insures 100% of the loan

**If borrower defaults, potential claim is a fraction of insured value:**

Unpaid loan amount <sup>1</sup>	\$250,000
Sale price of house	— \$200,000
<hr/>	
Net claim	\$50,000

Notes: (1) Plus interest, customary selling costs and expenses.

# Well-Diversified Mortgage Portfolio

- **Geography**
  - Portfolio distribution consistent with Origination distribution
  - 48% Ontario, 16% BC, 15% Alberta, 14% Quebec
- **Book Year**
  - 53% business written prior to 2007
- **Credit Score**
  - High quality portfolio with the average score greater than 700
- **Loan-to-Value**
  - 77% of the Insurance in Force is High LTV

Information based on Q3 2009 results as noted in the Financial Supplement

# Our Strategy is Delivering Results

**Deepen Lender Relationships**

**Maintain Strong Capital Base**

**Continued Focus on Risk  
Management**

**Deliver Solid Returns to  
Shareholders**

## Third Quarter 2009 Results

- ✓ **Net Operating Income: \$75 million**
- ✓ **Operating EPS: \$0.63**
- ✓ **ROE: 12%**

# Improving Trends

## Market Conditions

- ✓ **Slowing Job Losses**
- ✓ **Strong Housing Market**
- ✓ **Increasing Consumer Confidence**

## Business Execution

- ✓ **Improving Risk Profile**
- ✓ **Strong Loss Mitigation Results**
- ✓ **Key Lender Penetration**



## **Competitive Advantages**

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# Our Competitive Strengths

## Strong Lender Relationships

- **Established relationships with over 180 mortgage lenders and originators with over 10 years of history with each of top 10 lenders**

## Best in Class Service And Technology

- **Fully integrated into lenders' value chain driven by differentiated services and technology**

## Proprietary Underwriting

- **Highly automated and detailed assessment strategy customized to geography and product**

## Proactive Loss Mitigation Strategy

- **Home Ownership Assistance Program is a win-win-win partnering strategy with our lenders**

# Fully Integrated in Lender Value Chain



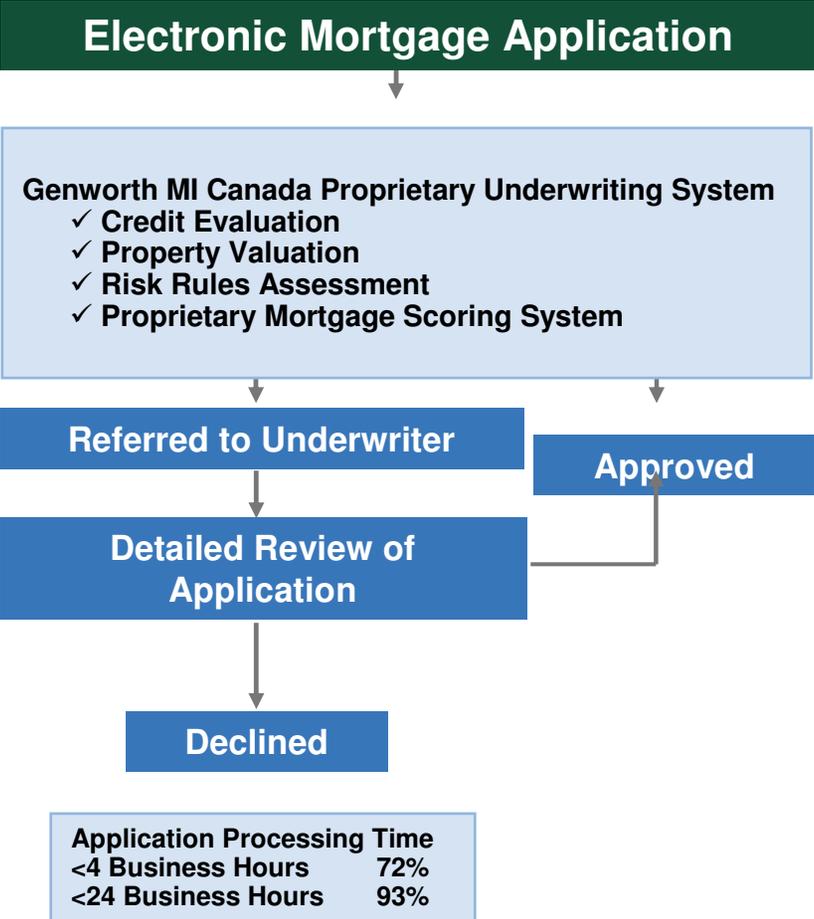
- Tailored strategies geared to strengthen lender relationships
- Dedicated customer service teams and performance measures
- Automated underwriting and electronic decisioning

**Tight Integration With Customers Fuels Long-term Growth**

Notes: (1) Based on respondents in independently administered customer satisfaction surveys that rated the overall quality of Genworth MI Canada's customer service in the survey's two highest rating categories.

# Highly Predictive, Automated Underwriting Platform

- Point of Sale technology
- Rigorously applied criteria
- Fast and innovative
- Partner for growth



**Proprietary Underwriting Platform Facilitates Quick Turnaround ... Increases Customer Satisfaction & Stickiness**

*Notes: (1) Represents high loan-to-value applications processing time for the three months ended March 31, 2009.*

# Comprehensive Risk Management



**Risk Management Key To Minimizing Losses And Driving Earnings**

# Loss Mitigation is a Key Differentiator

- **Expanded Homeownership Assistance Program**
- **Increased Lender and Homebuyer Awareness**
- **Strengthened Partnership With Lenders**
- **Market Specific Claims Management Strategy**

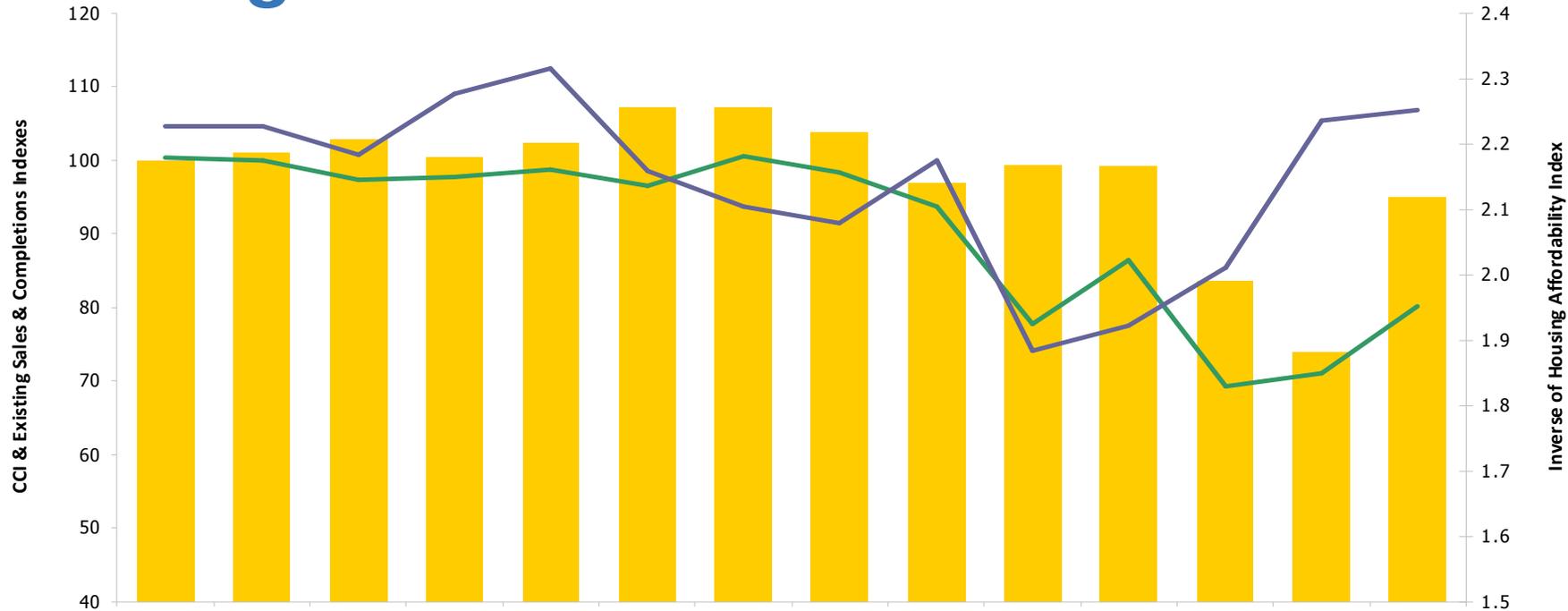
**Improving Losses on Claims**



## **Market Environment Impacts Performance**

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# Affordability and Confidence Improving Housing Market



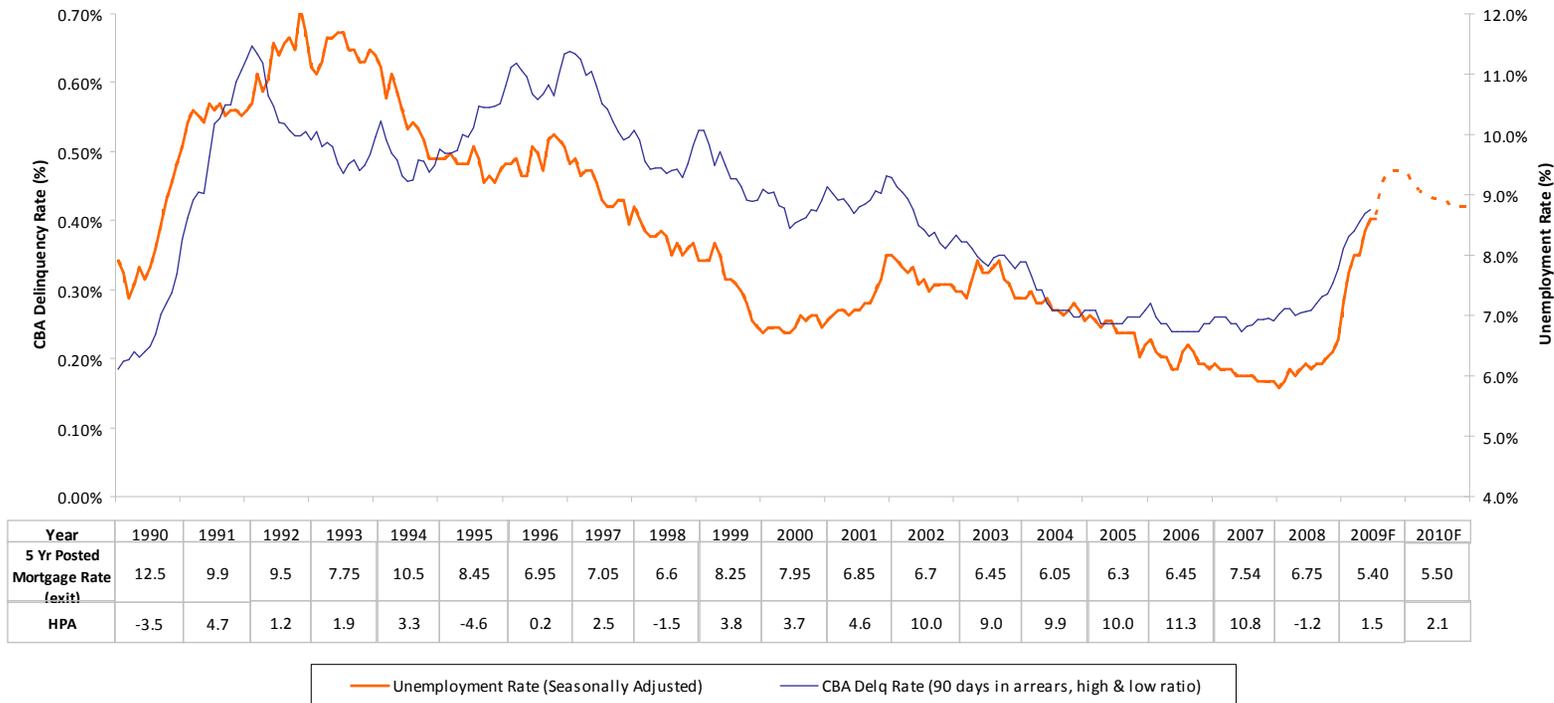
Year	2006	2007	2008	2009F	2010F
# of Sales	483,770	518,369	434,352	432,600	455,400

■ Existing Sales & Completions Index (Q1-06 = 100) (left scale)    
 — Consumer Confidence Index (2002 = 100) (left scale)  
— Inverse of Housing Affordability Index (right scale)    
 Source: Conference Board of Canada, RBC, CREA

**Housing Market Activity Is A Key Driver Of Top Line Growth**

# Job Losses Stabilizing ....

CBA Delinquency Rate vs. Unemployment Rate



Source: Canadian Bankers Association, Statistics Canada, Average of Bank forecasts

**Stabilization In The Unemployment Rate Will Eventually Lead To Lower Delinquency**



## **Financial Strength**

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# Q3 Financial Results

## Improving Premiums Written and Lower Losses on Claims

*\$ Millions Except EPS*

- **Net premiums written: \$104**
- **Net premiums earned: \$154**
- **Losses on Claims: \$64**
- **Investment income: \$43<sup>1</sup>**



**Net Income: \$79**

**Net Operating Income: \$75**

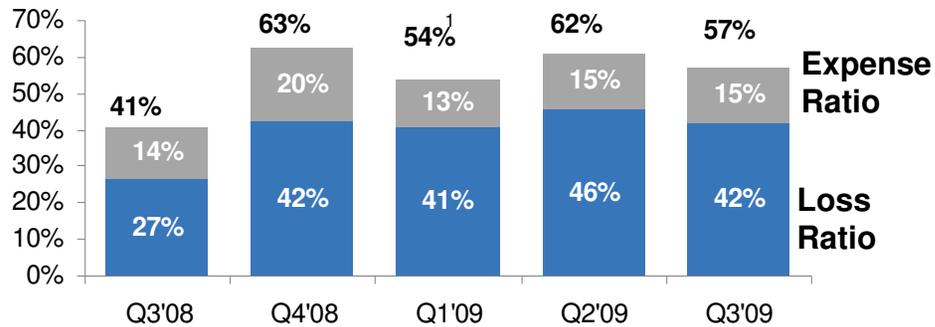
**Operating EPS: \$0.63**

**10% Sequential Increase in Net Operating Income**

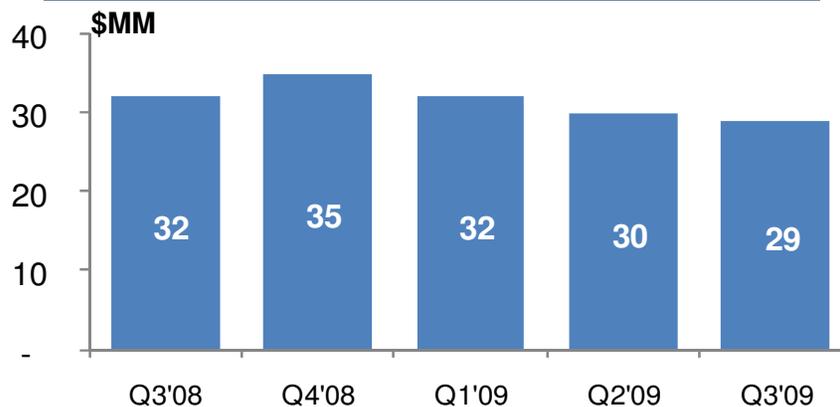
1. Excludes gains

# Solid Financial Performance

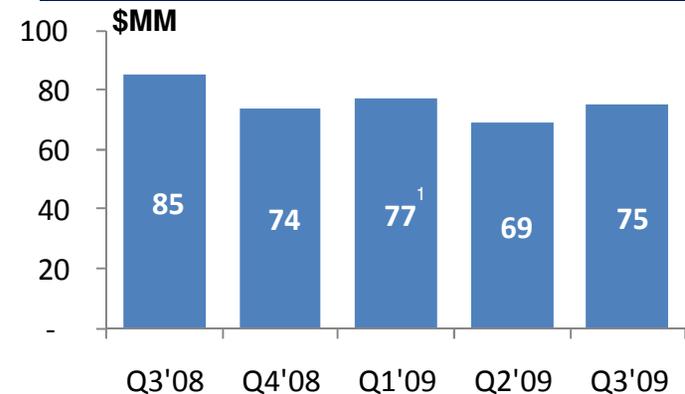
## Improving Underwriting Results ...



## Stable Investment Income<sup>2</sup> ...



## Higher Net Operating Income



1. Excludes the impact of changes in the premium recognition curve in Q1, 2009. Including the impact of these changes, loss ratio, combined ratio and net operating income would have been 24%, 35% and \$140 million, respectively.  
 2. Net of Investment Gains / Losses and Income Taxes

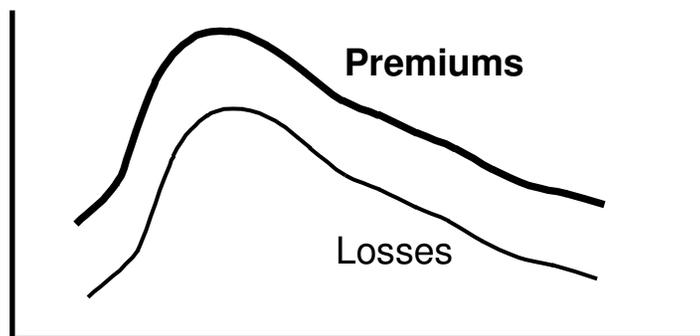
# Good Visibility into Future Revenues

**Unearned premium reserve of \$2.0 billion**

**Recognized as earned premium principally over 5 years**

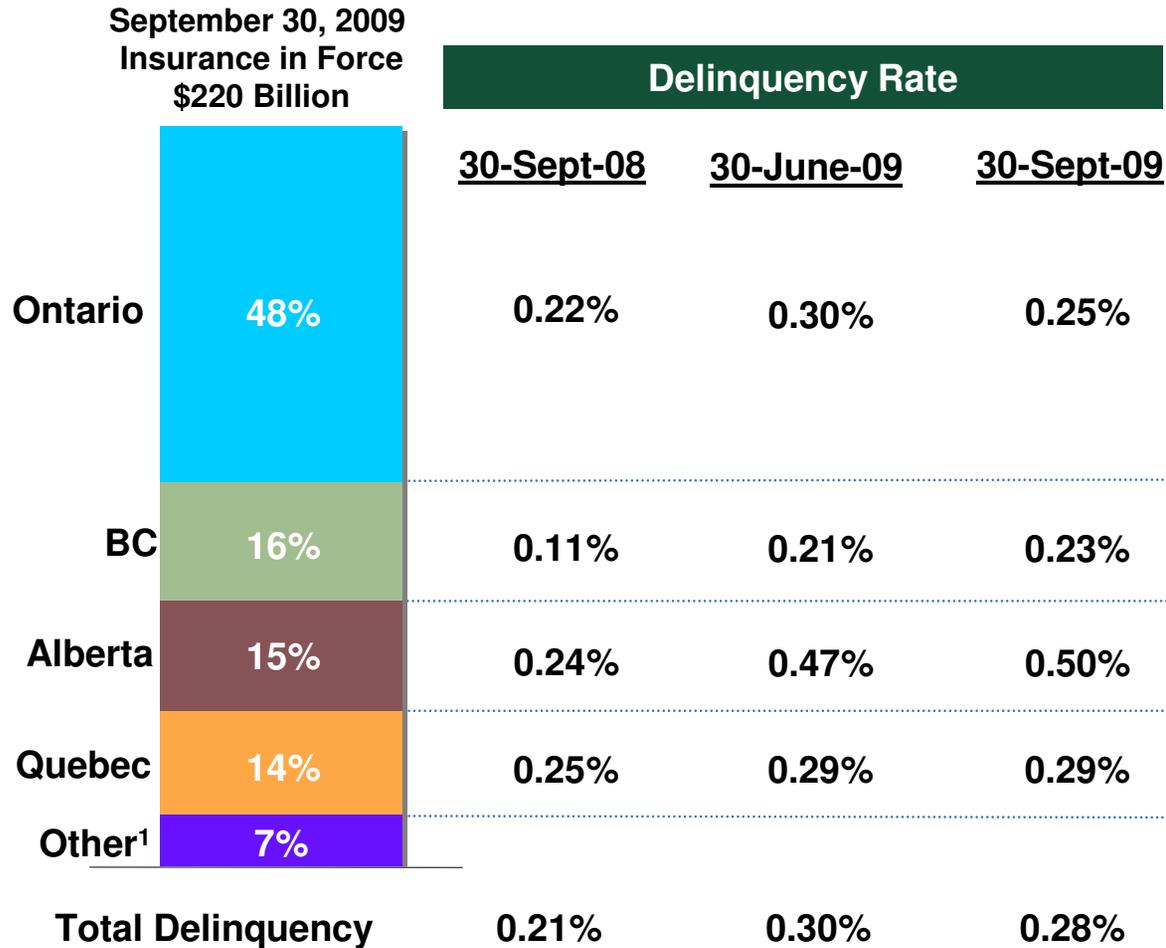
- Actuarially-developed earnings curve
- Matches expected loss development pattern

## Matched Premiums and Losses



**~90% of UPR Expected To Be Earned Over the Next 5 Years**

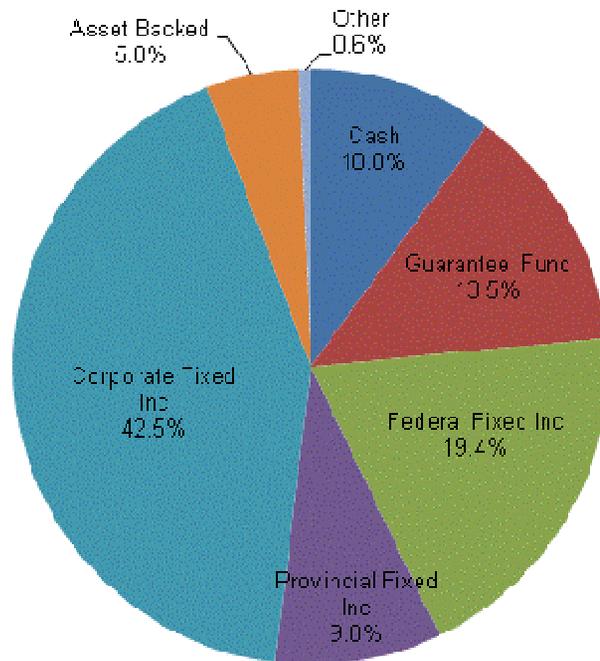
# Delinquencies Are Improving And Stabilizing



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

# High Quality Investment Portfolio

**Total: \$5.0 Billion**



**Average Duration: 3.2 years**

**Book Yield: 4.0%**

- **Diversified High Quality Portfolio**

- 98% Cash or Investments Rated A or Higher

- Positive AOCI of \$104 million

- **No Impairments**

- **Initiatives Underway To Reduce Cash**

- Enhance Yield While Maintaining Portfolio Quality



## **Growth and Focus Moving Forward**

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# Key Messages

- **Strong Business Execution**
- **Improving Economic Conditions**
- **Pro-active Risk Management**
- **Solid Capital Structure**
- **Best in Class Customer Service**

**Well-Positioned To Deliver Strong Returns**



# Genworth MI Canada Inc.

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