

# Genworth MI Canada Inc.

First Quarter 2012

May 2, 2012

# Speakers

**Brian Hurley**

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# Forward-Looking and Non-IFRSs Statements

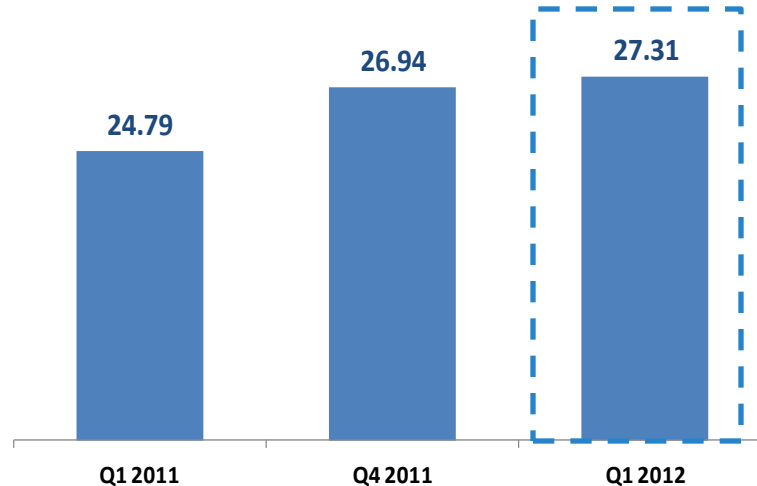
This presentation includes certain forward-looking statements. These forward-looking statements include, but are not limited to, statements with respect to the Company's future operating and financial results, expectations regarding premiums written, capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies, and other statements that are not historical facts. These forward-looking statements may be identified by their use of words such as "may," "would," "could," "will," "expects," "anticipates," "contemplates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning. These statements are based on the Company's current assumptions, including assumptions regarding economic, global, political, business, competitive, market and regulatory matters. These forward-looking statements are inherently subject to significant risks, uncertainties and changes in circumstances, many of which are beyond the control of the Company. The Company's actual results may differ materially from those expressed or implied by such forward-looking statements, including as a result of changes in the facts underlying the Company's assumptions, and the other risks described in the Company's Annual Information Form dated March 20, 2012, its Short Form Base Shelf Prospectus dated May 7, 2010, the Prospectus Supplements thereto and all documents incorporated by reference in such documents. Other than as required by applicable laws, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

To supplement its financial statements, the Company uses select non-IFRSs financial measures. Non-IFRSs 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 net operating income and return on net operating income. The Company believes that these non-IFRSs 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-IFRSs measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies. These measures are defined in the Company's glossary, which is posted on the Company's website at <http://investor.genworthmicanada.ca>. To access the glossary, click on the "Glossary of Terms" link under "Investor Resources" subsection on the left navigation bar. A reconciliation from non-IFRSs financial measures to the most readily comparable measures calculated in accordance with IFRSs can be found in the Company's most recent financial statements, which are posted on the Company's website and are also available at [www.sedar.com](http://www.sedar.com).

# Steady business performance

	Q1 2012	Q4 2011	Q1 2011
Net operating income	\$76 MM	\$79 MM	\$78 MM
Return on equity	12%	13%	13%
Operating earnings per share (diluted)	\$0.77	\$0.80	\$0.73

Book Value Per Share (Diluted, including AOCI)



# Stabilizing economic environment

- **Slowing home price appreciation**

- Balanced market conditions
- Flat outlook for remainder of 2012

- **Smaller high loan-to-value market**

- Government guarantee product changes
- Fewer refinance transactions

- **Continued strong borrower quality**

- Stable debt ratios
- Improving credit scores

# Improving delinquency rate

	Mortgage insurance portfolio delinquency rate			Insurance in-force
	Mar 31 2012	Dec 31 2011	Mar 31 2011	Mar 31 2012
Ontario	<b>0.11%</b>	0.12%	0.18%	<b>46%</b>
BC	<b>0.24%</b>	0.28%	0.31%	<b>16%</b>
Alberta	<b>0.35%</b>	0.40%	0.59%	<b>16%</b>
Quebec	<b>0.24%</b>	0.22%	0.26%	<b>15%</b>
Other	<b>0.17%</b>	0.17%	0.19%	<b>7%</b>
<b>Canada</b>	<b>0.19%</b>	<b>0.20%</b>	<b>0.27%</b>	<b>100%</b>

# Delivering solid results

## Priorities

## Q1 2012

Premiums	Net premiums written of \$79 MM Net earned premiums of \$147 MM
Prudent risk management	Loss ratio of 38%
Investment portfolio	\$43 MM income and book yield of 4.3%
Capital strength	159% MCT vs. 145% internal target
Dividends to shareholders	Competitive dividend of \$0.29 per common share

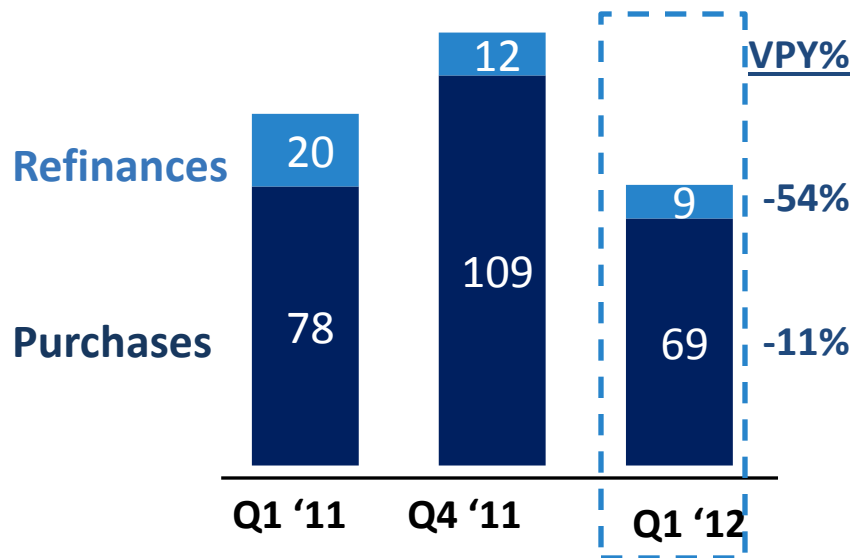
# Continued profitability

<b>\$ MM</b> (except EPS and BVPS)	<b>Q1 2012</b>	<b>Q4 2011</b>	<b>Q1 2011</b>
<b>Net premiums written</b>	<b>\$ 79</b>	<b>\$ 123</b>	<b>\$ 101</b>
<b>Premiums earned</b>	<b>147</b>	<b>156</b>	<b>155</b>
<b>Losses on claims</b>	<b>(56)</b>	<b>(62)</b>	<b>(59)</b>
<b>Underwriting income</b>	<b>65</b>	<b>68</b>	<b>71</b>
<b>Investment income (excluding gains / losses)</b>	<b>43</b>	<b>42</b>	<b>43</b>
<b>Net operating income</b>	<b>\$ 76</b>	<b>\$ 79</b>	<b>\$ 78</b>
<b>Operating EPS (diluted)</b>	<b>\$ 0.77</b>	<b>\$ 0.80</b>	<b>\$ 0.73</b>
<b>Book value per share (diluted and including AOCI)</b>	<b>\$27.31</b>	<b>\$26.94</b>	<b>\$24.79</b>



# Top line performance

## Gross Premiums Written High Loan-to-Value Insured Mortgages (\$MM)



- Quarter volumes impacted by normal winter seasonality
- Smaller high ratio loan to value mortgage market
- Solid and growing market penetration

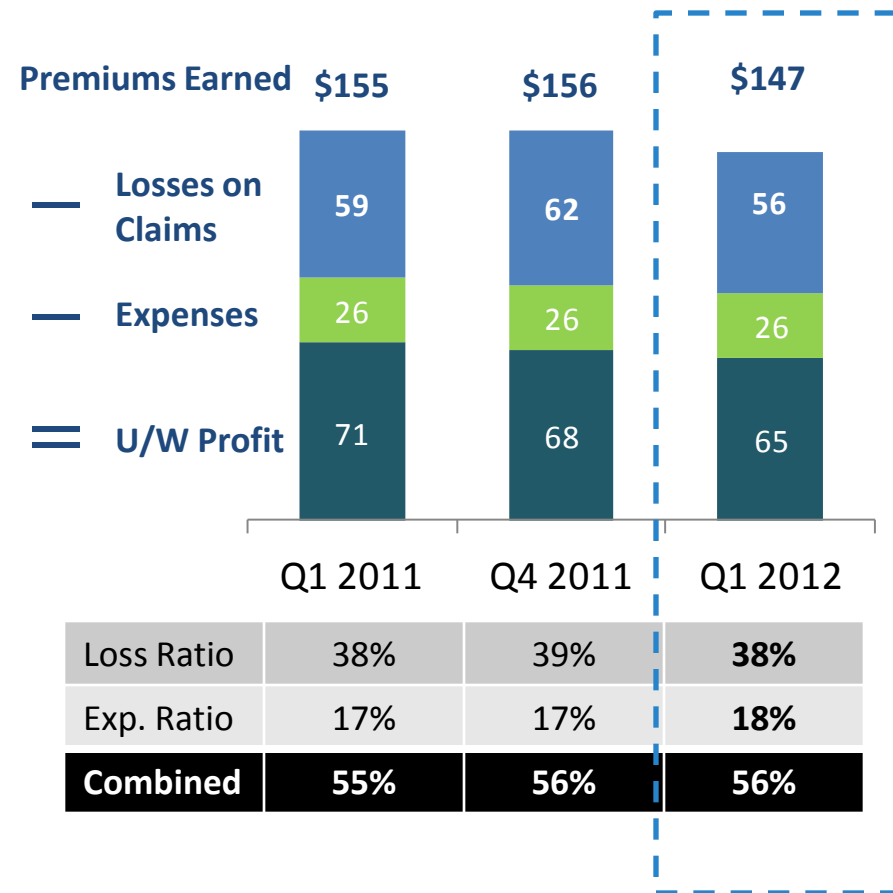
Note:

Net premiums written were \$79 MM for Q1 2012 , \$123 MM for Q4 2011, and \$101 MM for Q1 2011.

Net premiums written include premiums for portfolio insurance and are net of government guarantee risk premiums of \$3 MM in Q1 2012, \$3 M in Q4 2011 and \$3 MM in Q1 2011.

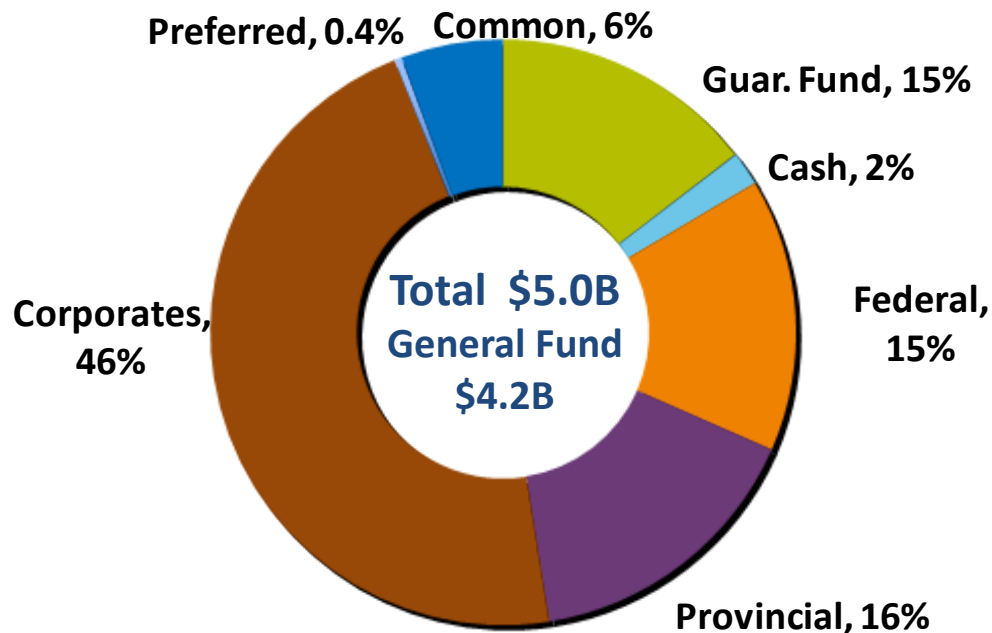
# Consistent underwriting results

## Underwriting Profit (\$MM)



- Premiums earned moderating
- Loss ratio of 38% within pricing target range of 35 to 40%
- Generates steady underwriting profits

# Investment portfolio adds income stability

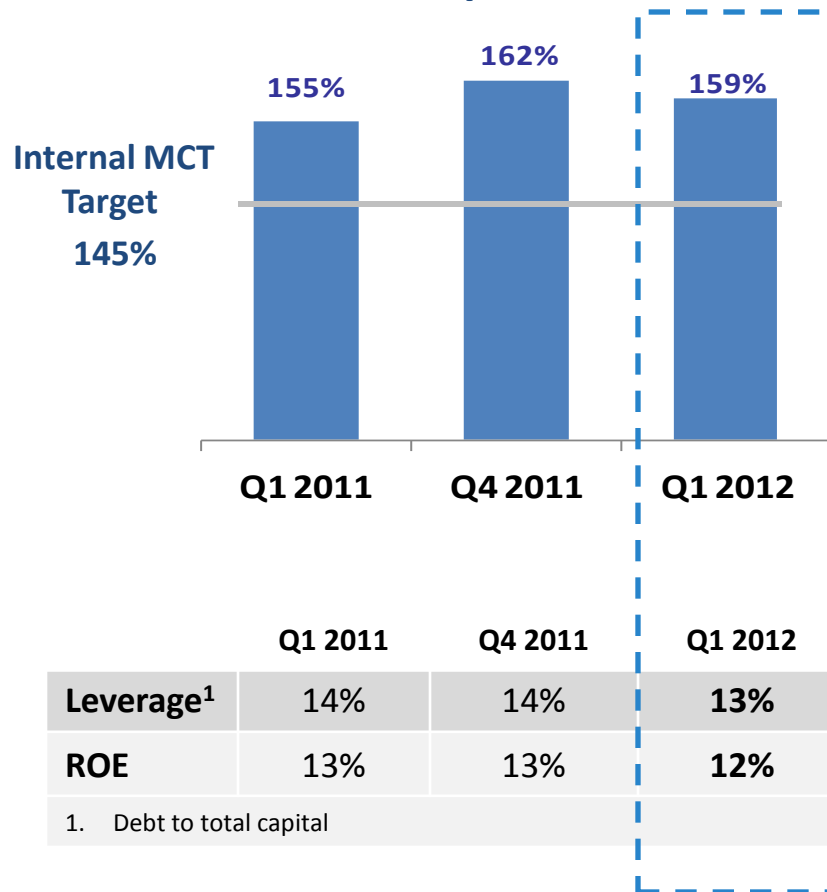


- Primarily fixed income
- 96% of bonds 'A' or better
- 3.7 year duration
- \$303 MM common and preferred equities
- 4.3% book yield<sup>1</sup>

1. Pre-tax equivalent book yield after dividend gross-up of General Portfolio (as at March 31, 2012)

# Strong capital position with flexibility

## Minimum Capital Test Ratio



- Strong capital flexibility
  - In-force profitability
  - Capital well above 145% internal target
  - Debt capacity
  
- Capital management priorities
  - Efficient capital structure
  - Investing for core growth
  - Quarterly common dividends
  - Returning capital to shareholders

# Ongoing profitability

**Disciplined execution**

**Proven business model**

**Solid financial foundation**

**Sustainable levels of activity to support steady profitability**

# Question and Answer

**For further info:**

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