

the Genworth Canada difference

innovation  
excellence  
results

# Forward-looking and non-IFRS statements

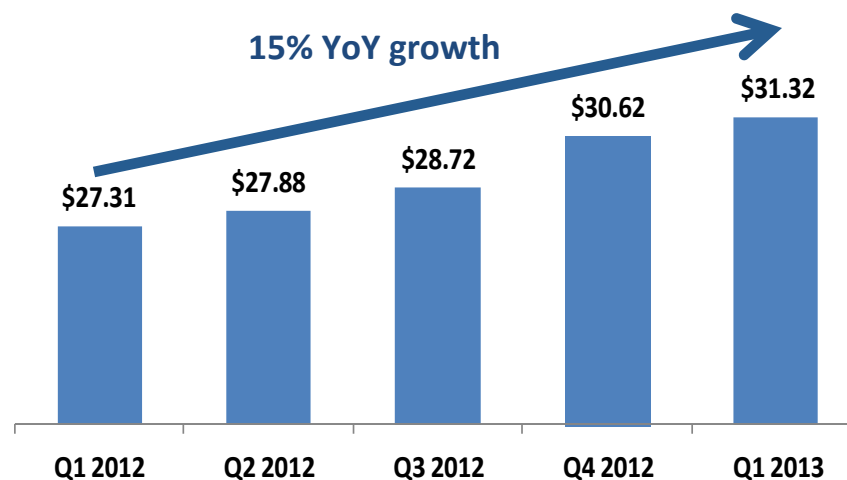
This presentation includes certain forward-looking statements. These forward-looking statements include, but are not limited to, statements with respect to the Company's future operating and financial results, expectations regarding premiums written, capital expenditure plans, dividend policy and the 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 29, 2013, its Short Form Base Shelf Prospectus dated May 31, 2012, 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>. 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).

# Solid Q1 2013 results across key metrics

	Q1 2013	Q1 2012
Net operating income	\$ 85 MM	\$76 MM
Operating Return on equity	12%	12%
Operating earnings per share (diluted)	\$0.86	\$0.77

## Book Value Per Share (diluted, including AOCI)



# Consistent results

## Priorities

## First Quarter 2013

✓	Premiums written	\$84 million of new premiums written
✓	Prudent risk management	Loss ratio of 31%
✓	Investment portfolio return	\$5.3 billion investment portfolio Book yield of 3.7% as at March 31, 2013
✓	Capital strength	Minimum capital test of 216%
✓	Dividends and return to shareholders	Quarterly dividend of \$0.32 per common share Normal course issuer bid announced

# Positive trends in delinquency rate

	Mortgage insurance portfolio delinquency rate			Insurance in-force
	March 31 2013	Dec 31 2012	Sept 30 2012	March 31 2013
Ontario	<b>0.08%</b>	0.09%	0.09%	<b>46%</b>
BC	<b>0.20%</b>	0.18%	0.18%	<b>15%</b>
Alberta	<b>0.18%</b>	0.22%	0.24%	<b>16%</b>
Quebec	<b>0.19%</b>	0.19%	0.20%	<b>14%</b>
Other	<b>0.15%</b>	0.14%	0.15%	<b>9%</b>
<b>Canada</b>	<b>0.14%</b>	0.14%	0.15%	<b>100%</b>

# Recent federal budget

## March budget overview

- No changes to high loan-to-value products
- Proposal to limit use of portfolio insurance to gov't sponsored securitization programs
- Proposal to prohibit use of insured mortgages in private securitization programs

## Impact on MIC

- MIC insured mortgages eligible for gov't sponsored securitization programs
- Majority of MIC insured mortgages currently securitized through these programs

**Consultations with government underway**

# Canadian market outlook

## Macroeconomic environment

- Economy to grow modestly in 2013 ... Second half stronger than first
- Moderate income growth
- Stable employment outlook

## Housing market

- Low rates and steady employment continues to support housing
- Balanced market expected to keep prices relatively flat
- Market adapting to lower more sustainable level of housing activity
- Borrower quality remains high

# Book value continues to grow

<b>\$ millions (except EPS)</b>	<b>Q1 2013</b>	<b>Q4 2012</b>	<b>Q1 2012</b>
<b>Net premiums written</b>	\$84	\$ 117	\$79
<b>Premiums earned</b>	144	147	147
<b>Losses on claims</b>	(44)	(46)	(56)
<b>Underwriting income</b>	74	73	65
<b>Adjusted net investment income (excluding gains/losses)</b>	45	46	43
<b>Adjusted net operating income</b>	\$85	\$89	\$76
<b>Adjusted operating EPS (diluted)</b>	<b>\$0.86</b>	<b>\$ 0.90</b>	<b>\$0.77</b>
<b>Book value per share (diluted and including AOCI)</b>	<b>\$31.32</b>	<b>\$ 30.62</b>	<b>\$27.31</b>

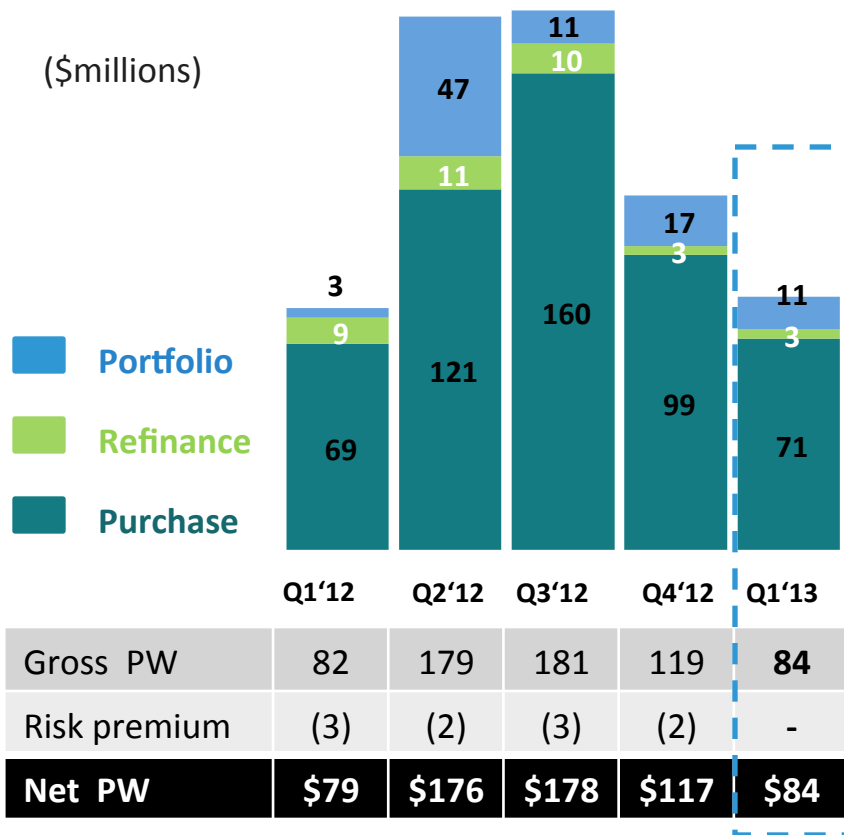
**Demonstrated track record of performance**



# Core business outpaced market

## Premiums written

(\$millions)



(PW represents premiums written)

- Lower housing activity as housing market transitions to more sustainable level
- Resale volumes down 15% year-over-year
- Improved market penetration partially offset smaller higher loan-to-value market
- Continued demand for portfolio insurance

**\$1.7 billion in unearned premiums**

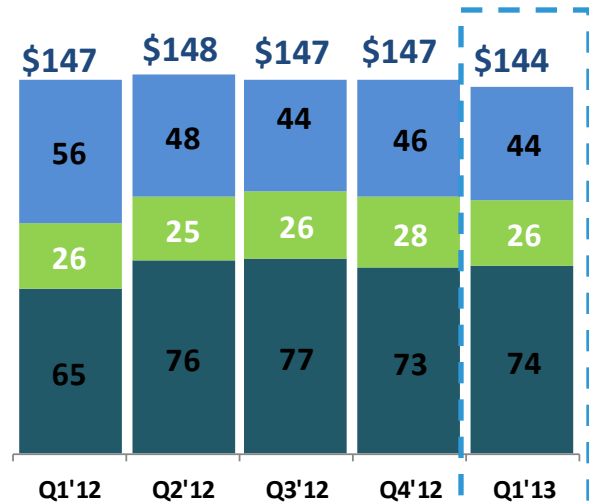
# Solid underwriting performance

## Underwriting profit

(\$millions)

Premiums earned

— Losses on claims  
— Expenses  
= Underwriting profit

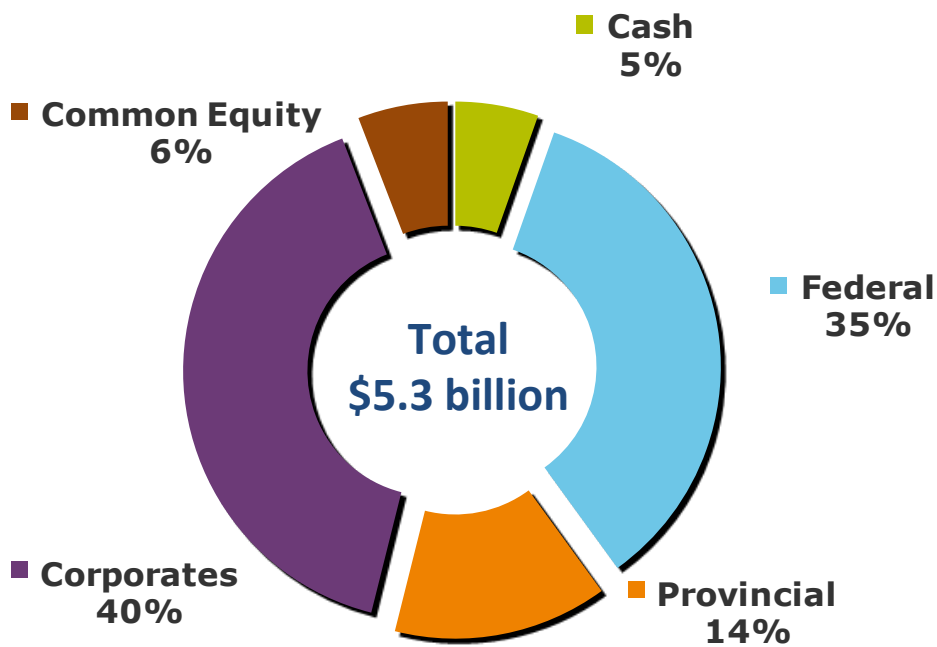


- New reported delinquencies declined by 6% sequentially despite typical seasonal pressures
- Q1 loss ratio flat sequentially
- Continued success with loss mitigation programs

Loss ratio	38%	32%	30%	31%	<b>31%</b>
Expense ratio	18%	17%	18%	19%	<b>18%</b>
<b>Combined ratio</b>	<b>56%</b>	<b>49%</b>	<b>48%</b>	<b>50%</b>	<b>49%</b>

**Consistent underwriting profit**

# Investment portfolio remains high quality

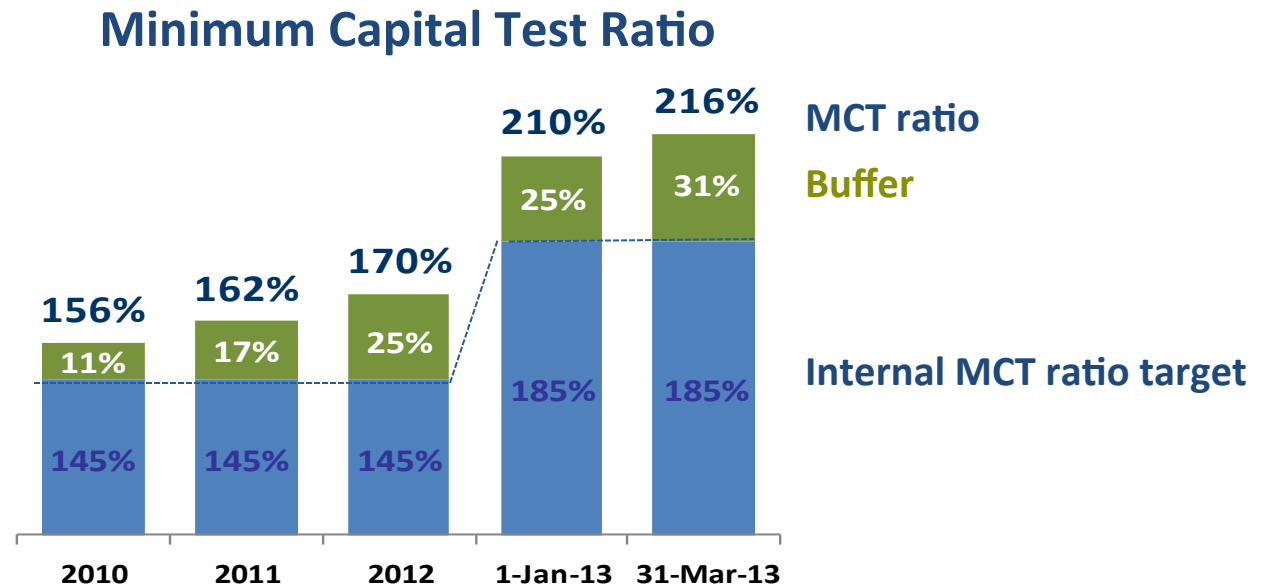


- Balanced high quality portfolio
  - 49% federal & provincial bonds
  - 40% corporate bonds
  - 96% of bonds 'A' or higher
- \$324 million positive mark-to-market

\$ Billion	Portfolio
Assets (MV)	\$5.3
Pre-tax yield <sup>1</sup>	3.7 %
Duration	3.6 years

<sup>1</sup>Pre-tax equivalent book yield after dividend gross-up of general portfolio (as at March 31, 2013)

# Strong capital position with flexibility



**Normal course issuer bid announced**

# Strategic priorities remain the same

**Disciplined execution**

**Proven business model**

**Solid financial foundation**

**Profitability remains a key focus**

# Question and Answer

**For further info:**

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