



PRESENTATION TO FIXED INCOME INVESTORS BMO CAPITAL MARKETS

Genworth MI Canada Inc.
June 12, 2014

delivering *exceptional value*





Forward-looking and non-IFRS statements

This presentation relating to Genworth MI Canada Inc. (the “Company”, “Genworth Canada” or “MIC”) 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, losses on claims and investment income, the Canadian housing market, 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,” “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions. 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 17, 2014, 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-IFRS financial measures. Non-IFRS 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 adjusted net operating income and adjusted return on equity. The Company believes that these non-IFRS 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-IFRS 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-IFRS financial measures to the most readily comparable measures calculated in accordance with IFRS, where applicable can be found in the Company’s most recent management’s discussion and analysis, which is posted on the Company’s website and is also available at www.sedar.com.



Speaker

Philip Mayers

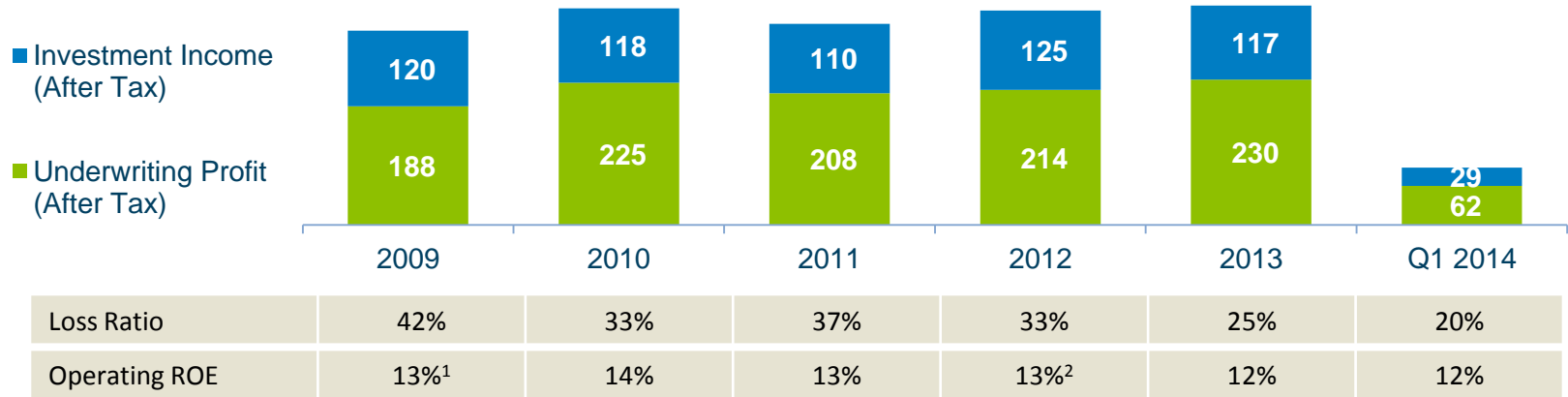
CFO



Overview

- Leading private sector residential mortgage insurer
- Well-established relationships with mortgage lenders
- Proven track record of solid profitability
- Leadership team with long tenure and experience

Net Operating Income (\$MM)



Note: 2009 data excludes one-time impact from changes to premium recognition curve;
2012 data excludes one-time impact from government Guarantee fund exit fee reversal



What is mortgage insurance?

Attributes

- Mandatory for federally regulated lenders on high-ratio mortgages (<20% down payment)
- We insure 100% of mortgage for lender
- Lender purchases mortgage insurance & borrower reimburses lender for the cost
- Premiums normally added to borrowed amount and paid over length of the mortgage
- Upfront premium initially deferred and recognized into revenues based on loss emergence pattern (primarily over first 5 years)
- Lenders required to report 90 day delinquencies monthly
- MIC actively engages in loss mitigation (workouts, sale of real estate)

Mortgage Insurance Illustration

Time of Origination

Purchase Value	<u>\$310,000</u>
Original Loan – 95% LTV	\$294,500
Premium Amount @ 3.15%	<u>9,277</u>
Insured Amount	<u>\$303,777</u>

Time of Default

Unpaid Balance	\$295,000
Accrued Loan Interest	15,000
Foreclosure Fees	<u>16,000</u>
Gross Claim (A)	<u>326,000</u>
Property Value	265,000
Real Estate Fees and Taxes	<u>(16,000)</u>
Net Proceeds (B)	<u>\$249,000</u>
Net Claim Amount to Company (A-B)	\$77,000
Severity Ratio	25%



Market overview

Influencer		Impact to business
Stable macro economic environment	➡	Continued strong loss performance this year
Low interest rate environment continues	➡	Modest mortgage origination market growth – with stable debt ratios
Improving first time home buyer confidence	➡	Core high loan-to-value premium growth
Lender sentiment positive on private MI's	➡	Opportunity to improve market share position



Genworth's served market

	Average home price			Average income	Average gross debt servicing
	Genworth	Market	% Variance	Genworth	Genworth
Vancouver	\$410K	\$801K	-49%	\$103K	28%
GTA	\$418K	\$547K	-24%	\$103K	29%
Calgary	\$412K	\$456K	-10%	\$117K	27%
Montreal	\$273K	\$328K	-17%	\$88K	25%
Canada	\$315K	\$399K	-21%	\$96K	25%

Our average home price is 21% lower than the average market



Value proposition to lenders

1. Counterparty Risk (Insurance Co.):

- 90% government guarantee
- Internal MCT target of 185% ... actual Minimum Capital Test ratio of 229%
- “AA” (DBRS) / “AA-” (S&P)

2. Funding with Insured Mortgages:

- Eligible for NHA MBS / Canada Mortgage Bonds
- Insured mortgages no longer eligible for covered bond programs

3. Portfolio insurance:

- Increased participation by Genworth

4. Service level:

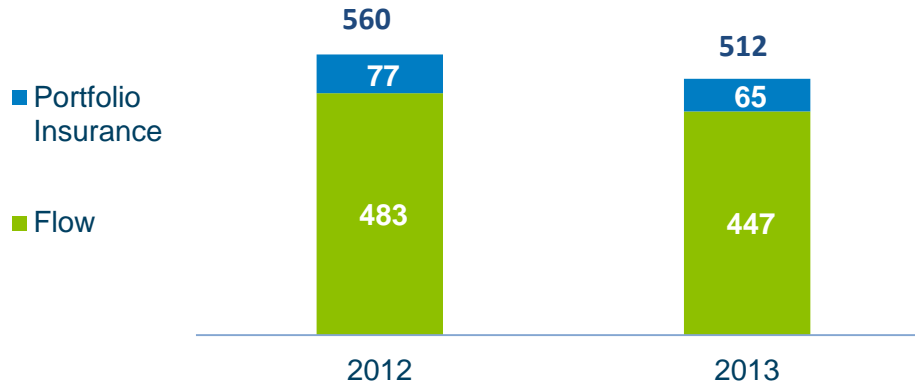
- Superior customer sales & underwriting support

Favourable sentiment towards private sector...still some structural differences to overcome



Top line premium performance

Net premiums written (\$MM)



Top line Impact from pricing increase

Standard Product	Current	New
90.01 – 95% LTV	2.75%	3.15%
85.01 – 90% LTV	2.00%	2.40%
80.01 – 85% LTV	1.75%	1.80%

Premiums Written Impact¹

- 2014E ~\$35 MM
- Full Year ~\$70 MM

1. Estimates based on 2013 actual high loan-to-value new insurance written

15% price increase was effective May 1, 2014 ... bottom line impact will be longer term



Managing our insurance risks

Risk framework

Key focus areas

Identify and assess key performance risks

- Macro-economic environment
- Housing market trends
- Regional risk factors

Manage and control quality of new business

- Underwriting guidelines/policy
- Risk limits and triggers
- Robust quality assurance

Monitor and communicate on portfolio performance

- Portfolio analytics
- Identifying emerging loss trends
- Dynamic underwriting policies



Business already aligns with OSFI B21 Draft

- *“Residential Mortgage Insurance Underwriting Practices and Procedures”*

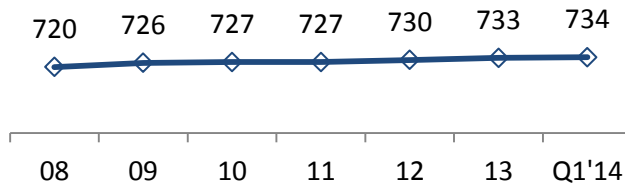
Principles	
1	Maintain a comprehensive underwriting plan
2	Maintain standards for lender qualification
3	Establish prudent underwriting criteria
4	Conduct periodic assessments of lender underwriting
5	Periodic validation of internal systems, models & processes
6	Establish effective portfolio risk management/risk mitigation

Ongoing focus on helping shape regulatory environment



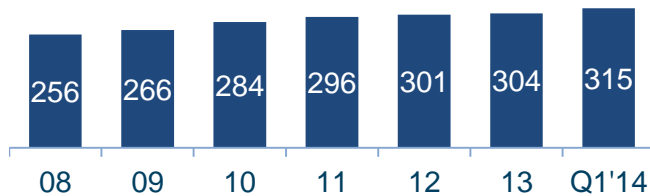
Strong insurance portfolio quality

Average
Credit Score

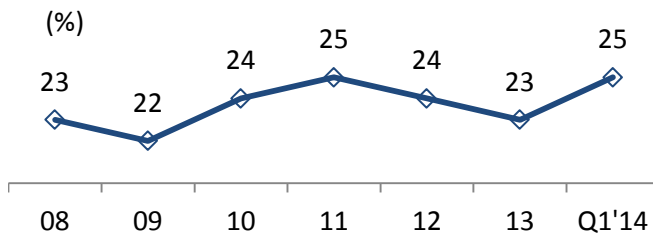


(\$000's)

Average
Home Price



Average
Gross Debt
Service Ratio



Key messages:

- Credit score up 14 pts since 2008
- New business mix drove average home price up 4% in Q1
- Gross debt ratios stable, strong preference for 5 year fixed rate mortgages



Seasoning reduces loss exposure

Estimated Current Effective Loan-to-Value for High Loan-to-Value Insurance in Force

Book Year	Insurance In-Force		Original Loan-to-Value	Effective Loan-to-Value	
	\$ billions	% of total			
2006 and Prior	100	40%	90%	39%	Lower risk of loss exposure
2007	29	12%	91%	65%	
2008	22	9%	92%	71%	
2009	15	6%	91%	70%	
2010	22	9%	91%	77%	Higher risk of loss exposure
2011	22	9%	90%	81%	
2012	21	8%	90%	87%	
2013	<u>19</u>	<u>8%</u>	<u>91%</u>	<u>91%</u>	
Total	250	<u>100%</u>	<u>90%</u>	<u>57%⁽¹⁾</u>	

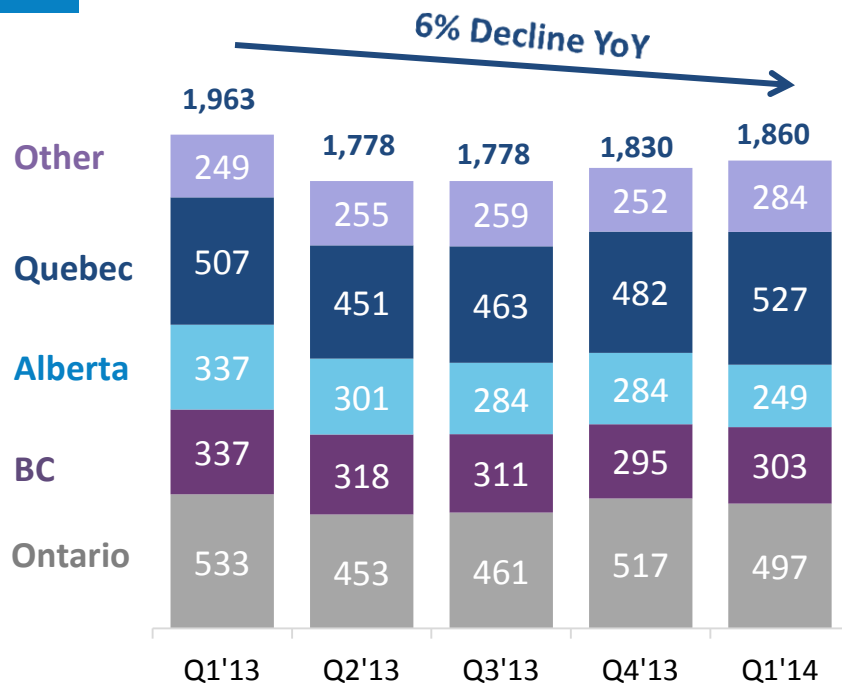
1. Overall estimated effective loan-to-value is calculated by weighting the book year estimated effective loan-to-value percentages based on the number of policies in force by book year (as at December 31, 2013)

Risk of loss declines as borrower equity increases



Delinquencies are declining

Number of Reported Delinquencies



Key messages:

- Modest increase in Q1 due to typical seasonality
- Downward trend YoY driven by improving employment and stable housing markets
- Declining trend in most regions led by Alberta, BC and Ontario

Loss ratio	31%	25%	22%	22%	20%
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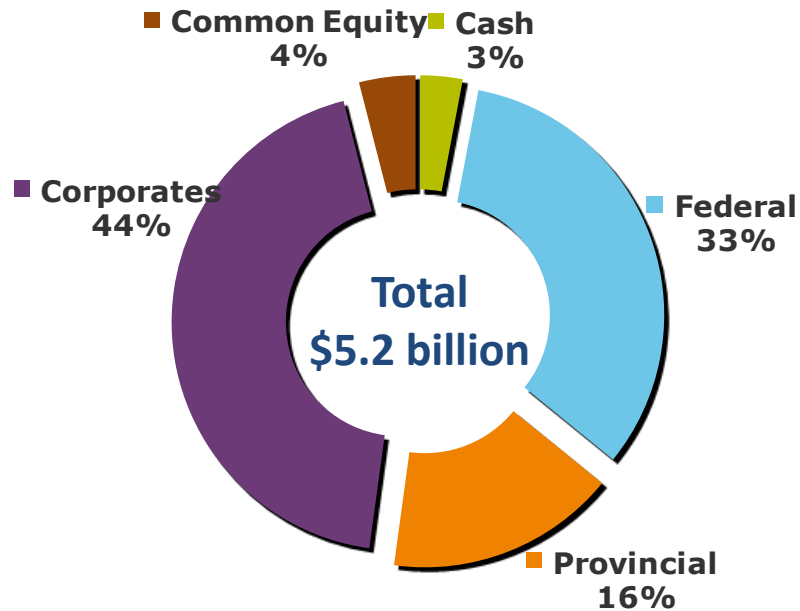
Premiums cover losses in stress scenario

2011 Book Example	Full Cycle Scenario	Stress Scenario (Early 90's recession)
New Insurance in Force	\$22 B	\$22 B
Claim Severity	27%	35%
Gross Exposure	\$6 B	\$8 B
Claim Frequency	3%	6%
Loss Exposure	\$181 MM	\$480 MM
Premiums Written	\$514 MM	\$514 MM
Loss Ratio	35%	92%
		Unemployment rose from 8 to 11% and home prices declined by 15% from 1991 to 1994

Diversified books help business withstand varying economic conditions



Investments contribute steady income



Key messages:

- Focus on high investment quality
- Diversified portfolio with over 50% government and cash
- Relatively short duration – 3.7 years
- Pre-tax yield ¹ – 3.7%

1. Pre-tax equivalent book yield after dividend gross-up of general portfolio (as at March 31, 2014)



Capital structure and ratings

Genworth MI Canada Inc.

Assets \$5.5 B
Holdco Cash \$94 MM
Debt \$425 MM
Equity \$3.2 B

Debt/Total Cap: 13%

100%

Genworth Mortgage Insurance Company Canada

MCT: 229%
(internal target of 185%)

Genworth MI Canada Inc.

Current Debt O/S	Series 1	Series 3
Maturity Date	June 15, 2020	April 1, 2024
Principal Amount	\$275 MM	\$160 MM
Fixed Annual Rate	5.68%	4.24%
S&P Issuer Rating	A-	
DBRS Issuer Rating	AA (low)	

Genworth Mortgage Insurance Company Canada

S&P Financial Strength Rating	AA-
DBRS Financial Strength Rating	AA

Proven business model with strong capitalization - balance, strength, flexibility



Investment highlights – Genworth Canada

- Leading private sector residential mortgage insurer
- Well-established relationships with mortgage lenders
- Proven track record of solid profitability
- Stable housing and mortgage markets
- Prudent risk management
- Capital level well above regulatory target
- Leadership team with long tenure and experience

Priorities: grow market position; maintain underwriting discipline; focus on capital strength