Genworth MI Canada Inc.

Second Quarter 2014

July 30, 2014

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 June 18, 2014, 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 financial measures include net operating income, interest and dividend income (net of investment expenses), operating earnings per common share (basic), operating earnings per common share (diluted), shareholders' equity excluding accumulated other comprehensive income ("AOCI"), operating return on equity and underwriting ratios such as loss ratio, expense ratio and combined ratio. 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.

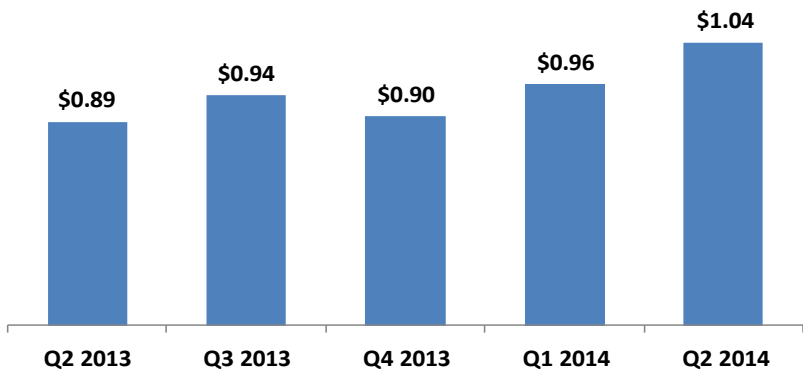
Strong performance across all key metrics

	Q2 2014	Q/Q	Y/Y
Premiums written	$160 million	+91%	+17%
Net Operating Income	$99 million	+9%	+12%
Operating ROE	13%	+1 pt	+1 pt
Operating EPS (diluted)	$1.04	+8%	+17%
MCT	230%	+1 pts	+14 pts

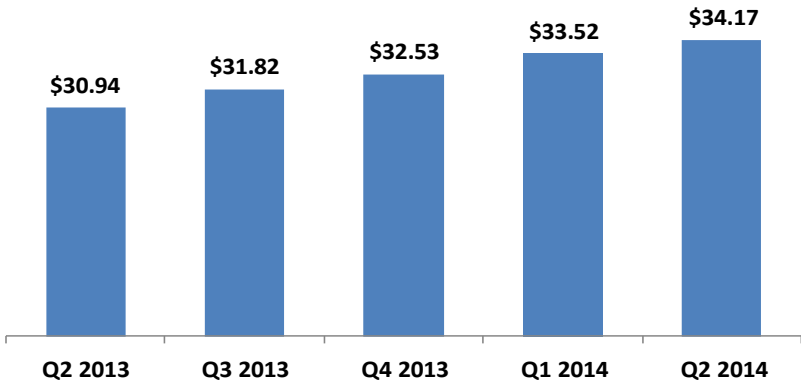
Key Q2 2014 messages:

- Strong top line growth
- High quality insurance portfolio
- Low losses continue
- Increased net operating income

Operating EPS (diluted)



Book Value Per Share (diluted, including AOCI)

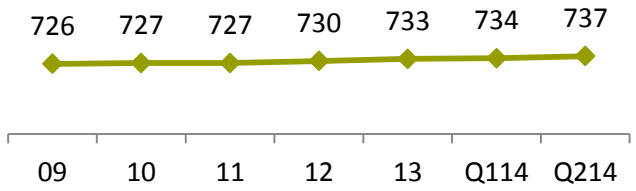


Market overview

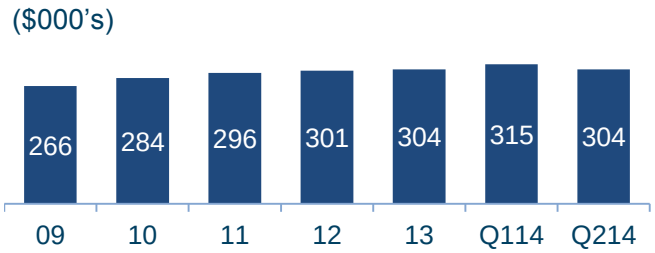
Influencer	Impact to business
▪ Stable macro economic environment ▪ Balanced housing market ▪ Industry premium rate increase on May 1 ▪ Positive momentum for private mortgage insurers	▪ Modest mortgage origination growth ▪ Larger premium opportunity in the core high loan-to-value market segment ▪ Opportunity for market share gains ▪ Full year loss ratio of 15-25%

High quality insurance portfolio

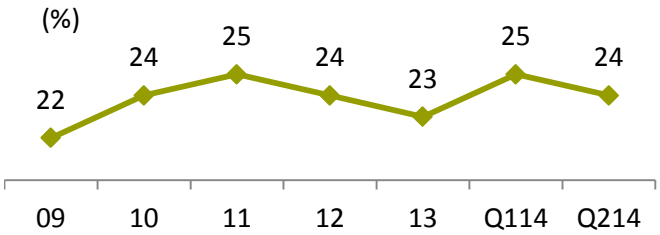
Average Credit Score



Average Home Price



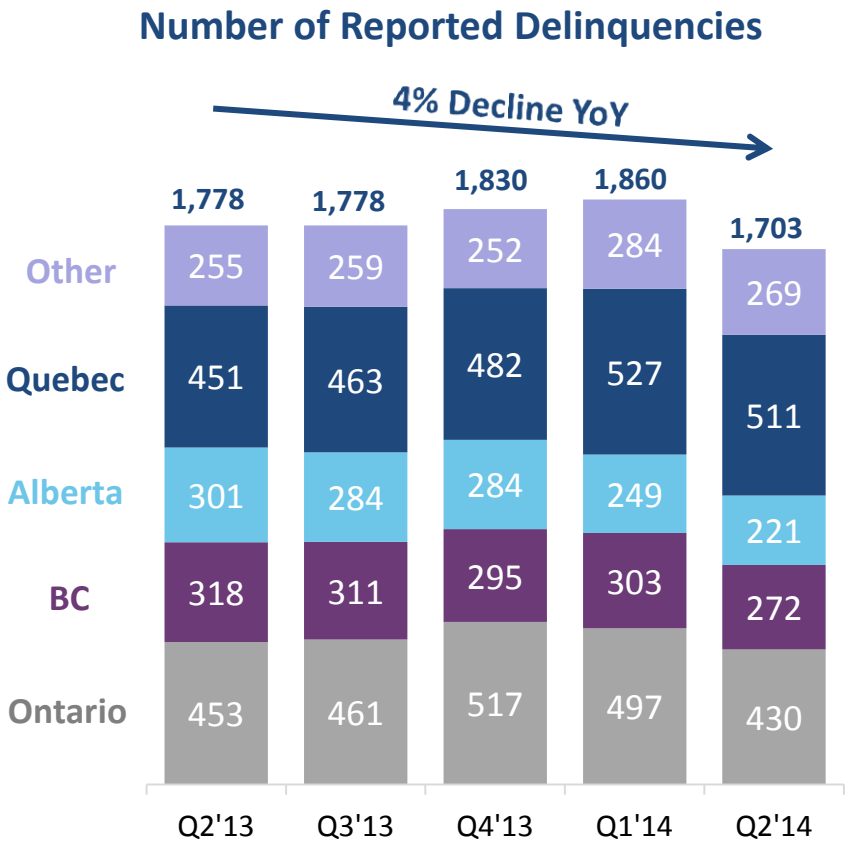
Average Gross Debt Service Ratio



Key messages:

- Credit score up 11 pts since 2009
- Modest home price appreciation since 2012
- Gross debt ratios stable, strong preference for 5 year fixed-rate mortgages
- Financially disciplined first-time home buyers

Delinquency trends



Key messages:

- 4% decrease in delinquencies YoY
- Downward trend driven by strong portfolio quality, employment growth and stable housing markets
- Declining trend led by Alberta, BC and Ontario

Strong profitability in Q2 2014

$MM except EPS and BVPS	Q2'14	Q1'14	Q2'13
Premiums written	$160	$84	$137
Premiums earned	141	141	143
Losses on claims	17	28	35
Expenses	27	27	26
Underwriting income	97	86	82
Investment income (excl. realized gains / losses)	43	44	44
Net operating Income	**$99**	**$91**	**$88**
Diluted operating EPS	**$1.04**	**$0.96**	**$0.89**
Book value per share (diluted, incl. AOCI)	**$34.17**	**$33.52**	**$30.94**

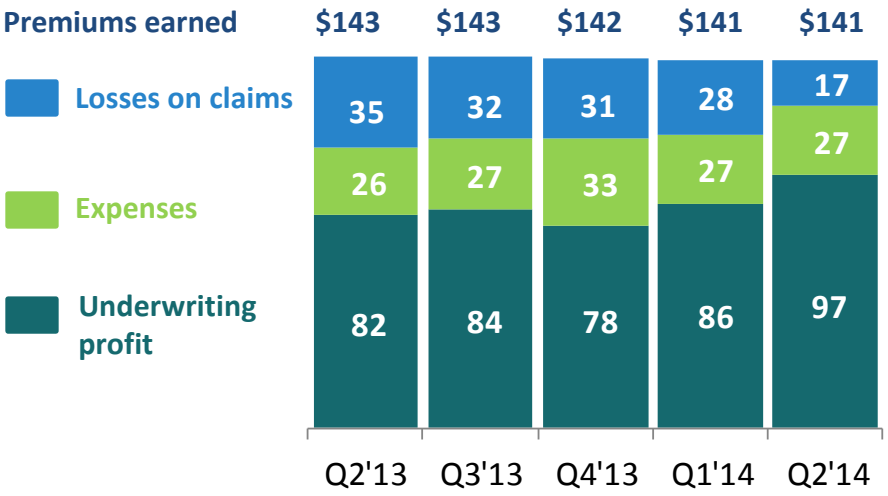
Key messages:

- Premiums written result of higher market penetration and increased housing activity
- May 1 price increase will have favourable impact in H2 2014
- Loss ratio of 12% reflects strong portfolio quality and favourable economic conditions
- Investment income consistent QoQ

8% QoQ and 17% YoY growth in operating EPS

Low losses drove increased profitability

Underwriting profitability
($millions)



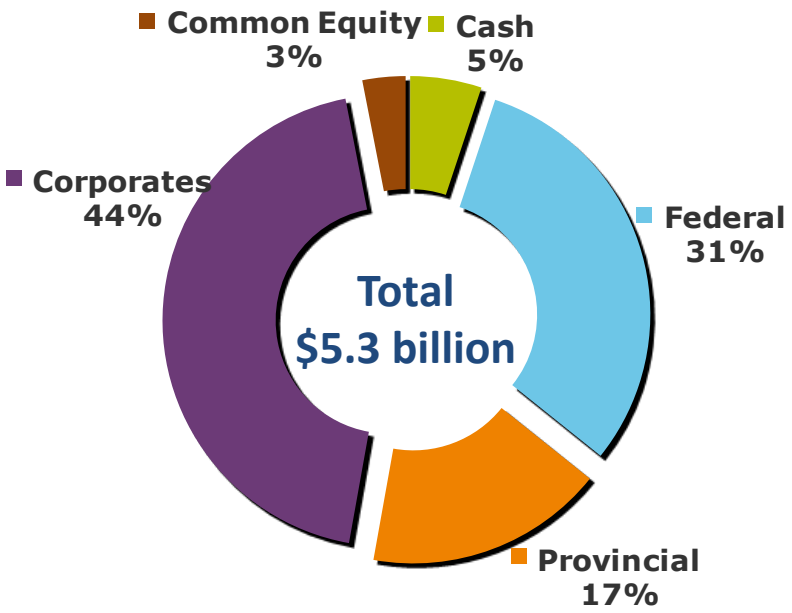
	Q2'13	Q3'13	Q4'13	Q1'14	Q2'14
Loss ratio	25%	22%	22%	20%	12%
Expense ratio	18%	19%	23%	19%	19%
Combined ratio	**43%**	**41%**	**45%**	**39%**	**31%**

Key messages:

- Low mortgage delinquencies for industry
- Company's 2014 full year loss ratio anticipated range of 15-25%
- Stable expense ratio

Strong business execution and favourable housing market

Investments contribute steady income



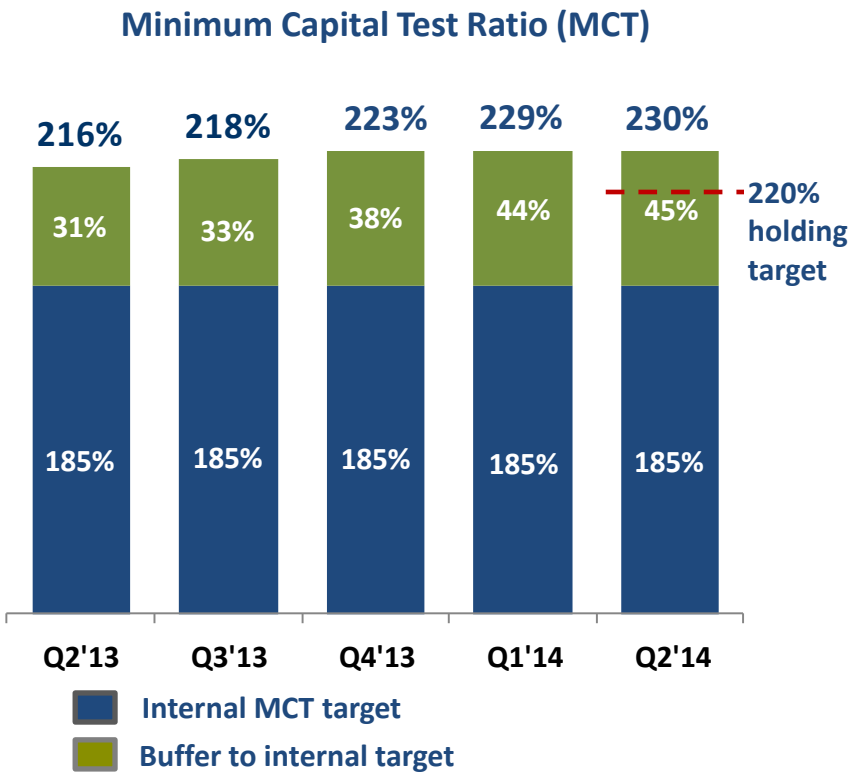
Key messages:

- Focus on high investment quality
- Diversified portfolio with over 50% government securities and cash

	Portfolio
Invested assets and cash (market value)	**$5.3 billion**
Pre-tax yield[1]	**3.6%**
Duration	**3.7 years**

1. Pre-tax equivalent book yield after dividend gross-up of general portfolio (as at June 30, 2014)

Strong capital position



Key messages:

- Continuing to balance capital strength, flexibility and efficiency
- Operating holding MCT target established at 220%, pending finalization of new capital test for mortgage insurers
- $115 million holding company cash

Question and Answer

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