Genworth MI Canada Inc.

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Scotiabank
Financials Summit

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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.

Agenda

- Business overview
- Market dynamics and portfolio
- Financial performance
- Strategic priorities
- Key takeaways

Mortgage insurance enables homeownership



Product characteristics

- Mandatory for less than 20% down payment
- Upfront borrower paid premium
- Lender receives protection against loss from mortgage default
- Mortgage insurance portfolio diversified by lender, geography and vintage
- Backed by government and regulated by OSFI

Genworth MI Canada (TSX: MIC) – Who we are

Business Highlights

- 20 years in market
- Leading private sector MI
- $5.7 billion assets
- $3.6 billion shareholders' equity
- Publicly traded on TSX for 5 years

Differentiating Factors

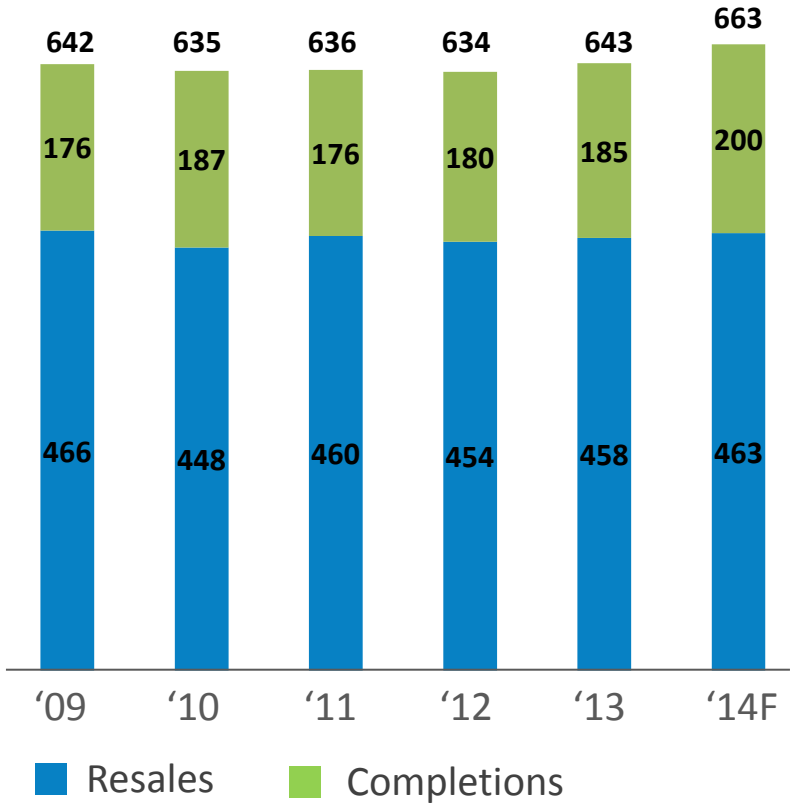
- Value added service
- Risk management
- Regulatory expertise
- Capital management
- Strong market presence

Focused on strong business execution

Influences of our business – the market

Housing Resales and Completions

(units in thousands)



Source: Canadian Real Estate Association and Conference Board of Canada

Key messages

- "New to Canada" a key component of growth
- Balanced housing markets
- Stable unemployment outlook
- Low interest rates helping affordability
- Improving consumer confidence

Influences of our business – housing risk

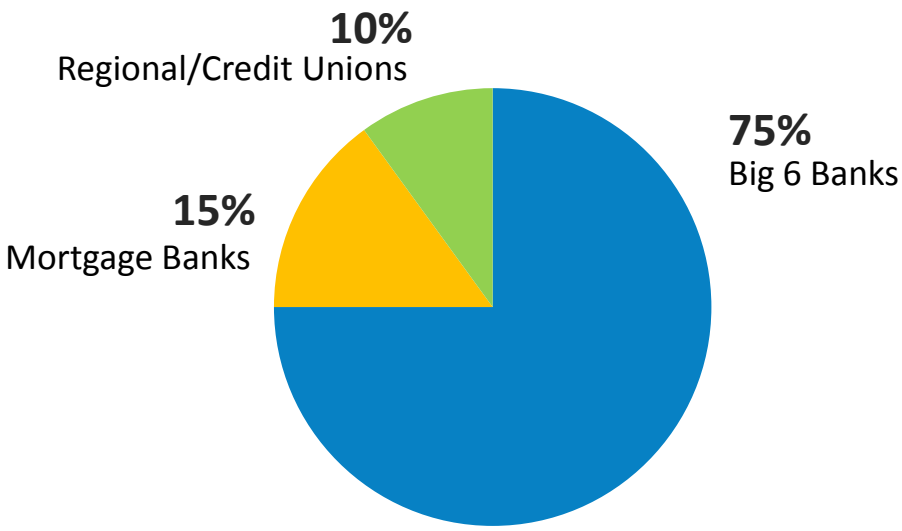
Housing risk scorecard

		Key Risks	Risk Level	Assessment / Actions
Macro	**British Columbia**	Overvaluation	●	Rebound in consumer confidence Resale volumes returning to long term trend
	Alberta	Supply	●	Stronger economic conditions Labour force growth boosting housing demand
	Ontario	Economic	●	Economic growth supported by U.S. recovery Stable resale volumes and modest price gains
Watch areas	**Toronto Condos**	Oversupply	●	Increased scrutiny on new projects Rental Market remains tight
	Toronto Single Family	Affordability	●	Increased attention on income / qualifying Strong borrower quality … avg. score 739
	Montreal Condos	New projects	●	Increased scrutiny on builder quality Strong borrower quality … avg. score 750

● Acceptable ● Monitoring

Who do we insure?

Mortgage Originators



Source: Statistics Canada

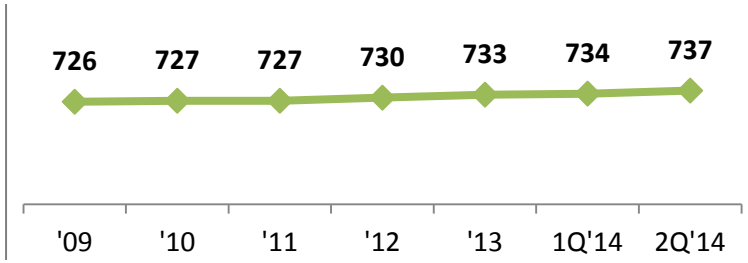
Borrower demographics

- First-time home buyers
- Prime borrowers with strong credit profiles
- Primarily fixed rate loans
- 25 year amortization

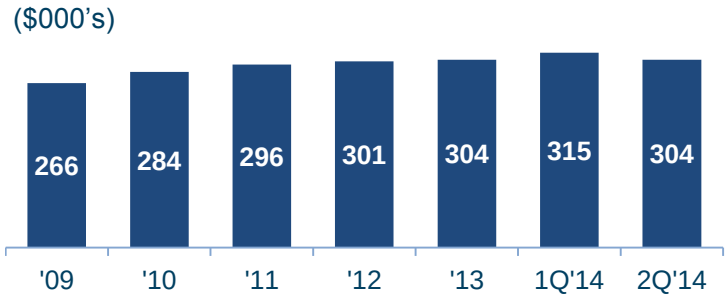
First-time home buyers will continue to drive demand

High quality insurance portfolio

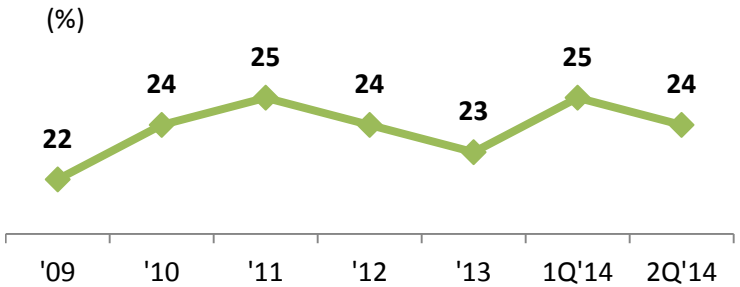
Average Credit Score



Average Home Price



Average Gross Debt Service Ratio



Key Messages

- Credit score up 11 pts
- Modest home price appreciation
- Gross debt ratios stable, strong preference for 5-yr fixed rate mortgages
- Financially disciplined borrowers

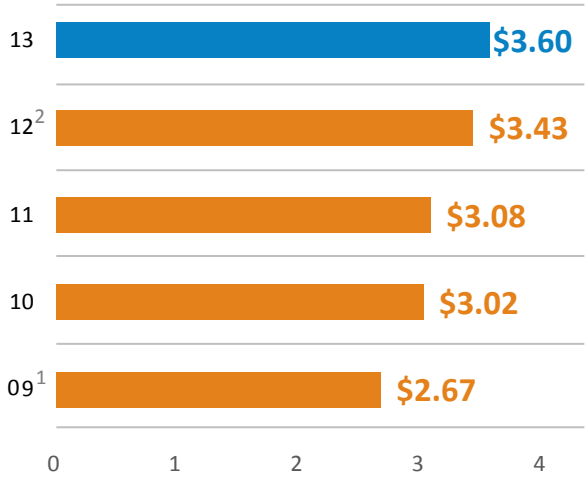
Solid financial performance

	1H 2014	1H 2013
Net premiums written	$244 million	$221 million
Underwriting profits	$183 million	$156 million
Investment income	$97 million	$108 million
Net operating income	$190 million	$173 million
Operating EPS (diluted)	$2.00	$1.75
Operating return on equity	13%	12%
Book value/share (diluted, with AOCI)	$34.17	$30.94
Loss ratio	16%	28%
Minimum capital test ratio	230%	216%

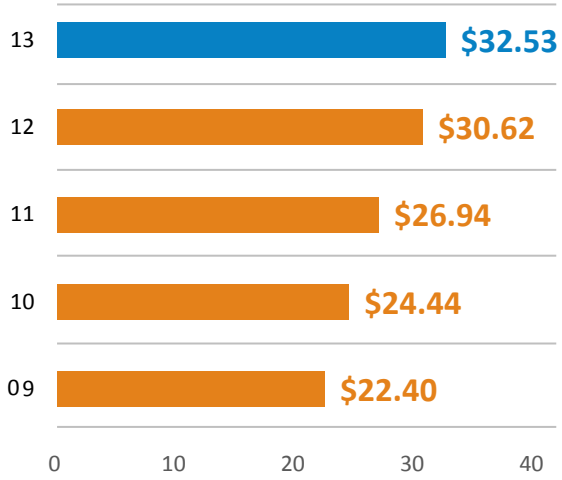
Strong top line and low losses driving performance

Strong track record – 5 years as public company

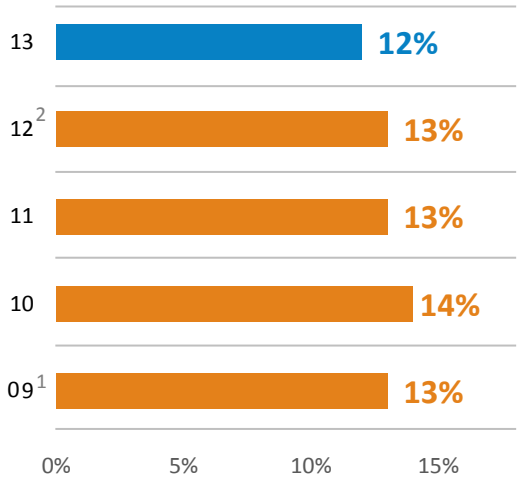
Operating earning per share
(diluted)



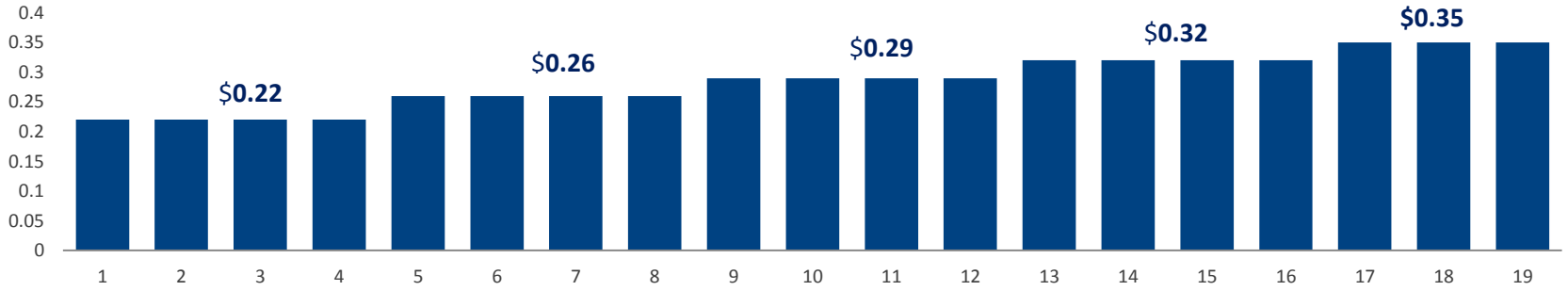
Book value per share
(diluted, including AOCI)



Operating return on equity
(%)



Common Dividends Paid/Share
($)



[1] Including impact to premium recognition curve for the quarter ended March 31, 2009, operating earnings per share and ROE would have been $3.23 and 16%, respectively
[2] Including impact of government guarantee fee reversal in 2012, operating earnings per share and ROE would have been $4.67 and 17%, respectively

Our strategic priorities

- Prudently grow market position
- Proactively manage risk
- Actively drive loss mitigation
- Maintain strong government relations
- Explore strategic opportunities
- Maintain solid financial and capital position

Targeted approach to strategic growth

Market position	▪ Leverage favourable private MI sentiment ▪ Execute on delivering the best customer service ▪ Selectively offer portfolio insurance
Risk	▪ Proactively manage housing risk and emerging risks ▪ Enhance governance and oversight ▪ Continuously refine and review risk appetite ▪ Expand loss mitigation strategies
Government and regulatory relations	▪ Continue to help shape regulatory environment through relationships, education, thought leadership
Other strategic opportunities	▪ Evaluate alignment with customer interests ▪ Assess impact on customer value proposition and perception ▪ Assess efficiency or effectiveness of current processes

Key Takeaways (MIC: TSX)

- Leading private residential mortgage insurer
- Stable housing and mortgage market
- Positive sentiment towards private MI
- Prudent risk management
- Track record of solid profitability
- Strong capital generation



Questions?

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