

# Genworth MI Canada Inc.

2011 Annual Report



Enabling Homeownership.  
Creating Value.

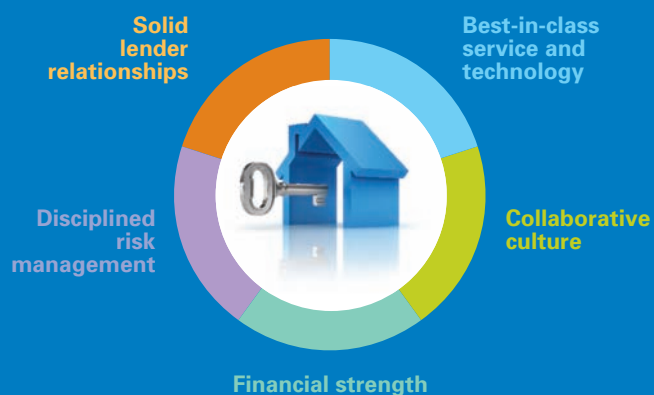
# Corporate profile

We are **Canada's leading private mortgage insurer** with a history dating back to 1995. Our Company, Genworth MI Canada Inc., known as Genworth Canada, provides default mortgage insurance to Canadian residential mortgage lenders that enables first-time homebuyers to own a home more affordably.

We are a valued business partner to lenders and have a track record of successful product and service innovations that benefit both lenders and borrowers. Our customer-focused strategy, active risk management platform and financial strength position us well for delivering ongoing profitability.

As of December 31, 2011, Genworth Canada had \$5.4 billion in total assets and \$2.7 billion in shareholders' equity. The Company is based in Oakville, Ontario, and has approximately 260 employees across Canada.

## COMPETITIVE STRENGTHS



## VALUES



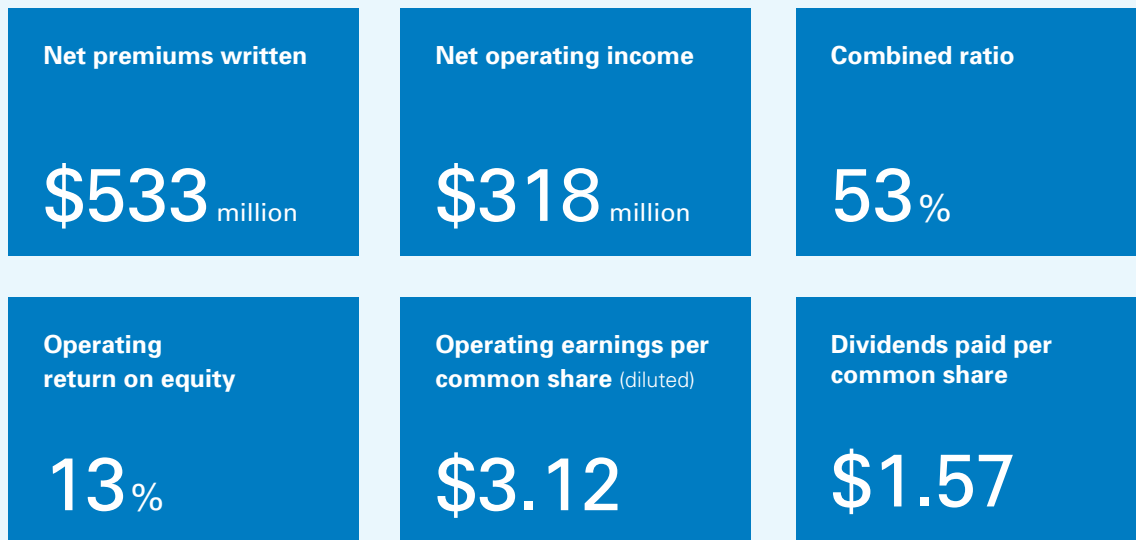
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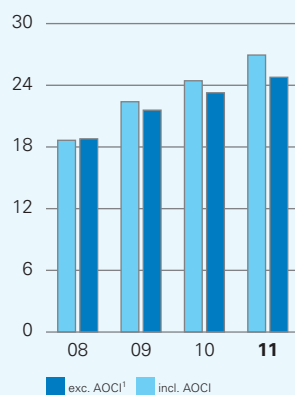
# Enabling Homeownership. Creating Value.

We believe in responsible homeownership. Our goal is to make homeownership more affordable and accessible for Canadians. We do this by promoting prudent homebuying practices, contributing to responsible lending practices and actively managing risk. Our strength is in our people. We continually strive to add value to our lender customers, our shareholders, our communities and our employees.

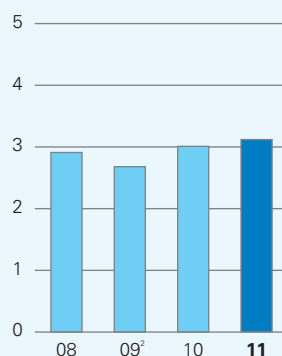
## Financial and Operating Highlights



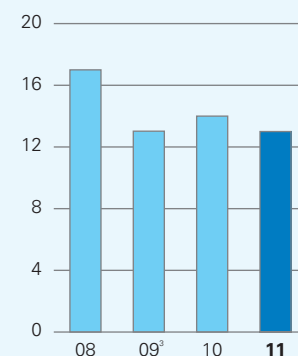
**Book value per share (diluted)**



**Operating earnings per share (diluted)**



**Operating return on equity (%)**



<sup>1</sup> Defined as accumulated other comprehensive income (AOCI).

<sup>2</sup> Including the impact of changes to the premium recognition curve in Q1 2009, operating earnings per share (diluted) would have been \$3.23.

<sup>3</sup> Including the impact of changes to the premium recognition curve in Q1 2009, operating return on equity for the year ended December 31, 2009 would have been 16%.

# Focused on shareholder returns

In 2011, Genworth MI Canada reported a solid 4% increase in fully diluted earnings per share, paid attractive dividends to shareholders totalling \$1.57 per share, and increased book value by 10% per share.

## Dear Fellow Shareholders:

Our business had another solid year in 2011. We set some aggressive goals for numerous facets of the business and made good progress on each of those areas. This was achieved in a year marked by economic stress in numerous parts of the globe. As the economy continues to gain strength and stability, our focus will continue to be on risk management and portfolio management.

## Solid results

Genworth MI Canada achieved solid results in 2011, including \$533 million in new premiums written, \$318 million in net operating income, and a 13% operating return on equity.

We improved our market position with several of Canada's mortgage lenders, continued our contributions within the community, and enhanced our employee engagement through training and career development opportunities.



We have seen a number of positive trends, including good volumes in mortgage origination, continuing improvement in borrower creditworthiness and stable loss ratios.

## Our strategic focus

Our focus is to remain the leading private mortgage insurer in Canada. By promoting responsible lending practices and providing innovative solutions, we help Canadians achieve the dream of homeownership. That is our top priority.

Our business is committed to:

- Delivering outstanding service
- Prudently and actively managing our risk
- Maintaining financial flexibility
- Delivering solid and consistent returns

By working with lenders, we help them grow their mortgage origination businesses through our expertise and tailored service strategies. We have earned high customer satisfaction ratings and continue to be the private mortgage insurer of choice.

We take an active approach to risk management. We continue to improve our collateral property valuation process and deepen our analytics at the regional level. Our objective remains to insure high-quality prime mortgages that are diversified across lenders, geographies and loan-to-values.

The business has built a solid balance sheet with strong capital ratios and modest leverage that supports our plans for prudent, profitable organic growth. During the year, we increased our ordinary dividend payout to shareholders in order to maintain a competitive dividend yield.

Our investment portfolio, with its short duration and ongoing reinvestment potential, continues to be well positioned.

### Differentiating Genworth through service excellence

Today, our innovation strategy emphasizes competitive differentiation through service excellence. We strive to help our lending partners achieve their business objectives by providing them with high-touch service, efficient processing of claims and ongoing training for their new hires.

This strategy builds on strengths for which Genworth Canada is well recognized: fast turnaround times; dedicated sales, service and underwriting teams; and a common-sense and holistic approach to underwriting. Our goal is simply stated: to ensure that Genworth Canada is our lending partners' mortgage insurer of choice and a contributor to their business success. We are well positioned to continue to extend our market leadership.

### Investing in our people and our future

Genworth Canada has invested substantially in technology, in our long-tenured employees and in our customer-focused culture to make our service difference real for our lending partners.

To protect and preserve the franchise Genworth has built, we need to emphasize two core strategies that are already at the heart of our Company. First, we need to make sure the Company continues to have the financial strength to meet its obligations towards customers and investors.

We achieve that by managing our capital base and investments prudently, by deepening our understanding of market dynamics and by constantly sharpening our risk management and underwriting expertise.

Second, to maintain our position in the Canadian mortgage insurance market, we need to continue to invest – in technology, in service, in risk management and in our people – to reinforce our unwavering focus on being the mortgage insurer of choice for our customers, every day.

Mortgage insurance is a capital-intensive business, and Genworth Canada continues to demonstrate its willingness to invest in the business and its people.

Shareholders should have every confidence that our senior management team will maintain its focus – on smart decisions, on customers and on shareholder returns.

Thank you for your continuing support.



**Brian Hurley**  
Chairman and Chief Executive Officer

## Our priorities

### Top line growth

- Continue market leadership in customer experience
- Drive deeper customer market penetration and diversification
- Focus on service innovation
- Continue focus on competitive positioning and government relations

### Risk management

- Insure high-quality, well-diversified, and high-credit-scoring loans
- Target average loss ratio between 35%–40%
- Continue to strengthen analytical expertise
- Continue to expand asset management strategy

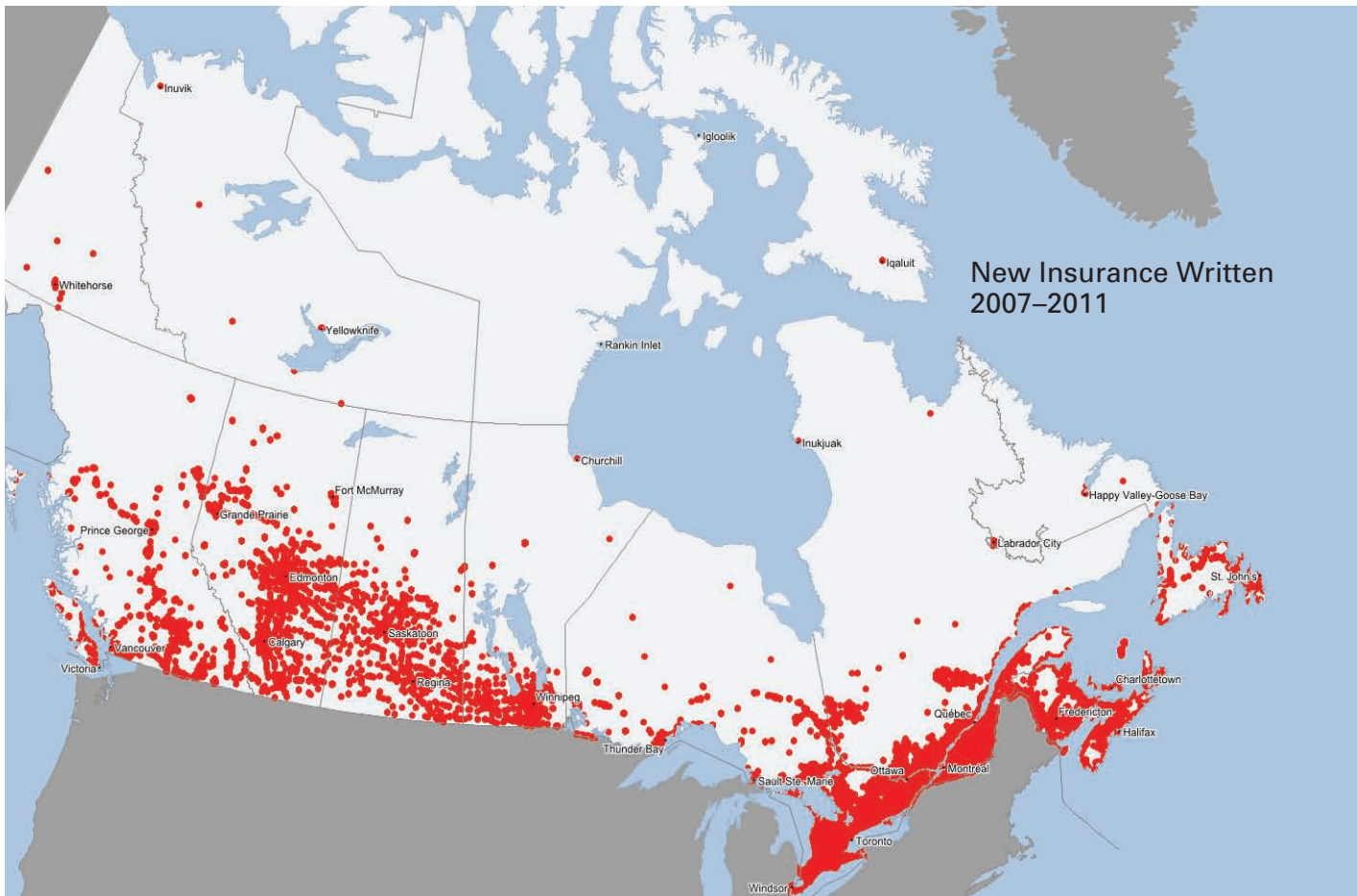
### Financial strength

- Maintain strong capital position with flexibility
- Balance yield versus quality in managing investment portfolio
- Focus on improving return on equity
- Target dividend payout ratio of 30%–40%
- Maintain strong credit ratings





*Helping Canadians Buy Homes from COAST TO COAST*



*Enabling Homeownership. Creating Value.*

## Differentiation drives top line growth

At Genworth Canada it's our people that make all the difference. We work collaboratively with our lending partners to establish responsible lending practices, fulfill homeownership dreams, promote financial literacy and protect the soundness and stability of Canada's housing market.

### Committed to enabling responsible homeownership

Whenever Canadians are ready for the responsibility of homeownership – no matter where they want to live – we can help. We work with more than 250 financial institutions, and since 1995 we've made homeownership possible for more than 1.2 million families across Canada.

Our regional sales teams are supported by risk managers in each province, who have in-depth knowledge of the local economy and demographics. Their local expertise ensures that we apply the same standards of prudent risk management on each application, allowing us to maintain a strong portfolio from British Columbia to Newfoundland and Labrador and everywhere in between.

We are also committed to providing prospective homeowners with the tools they need to understand the homebuying process and make the right decisions. Through our consumer website – [homeownership.ca](http://homeownership.ca) – they can assess their financial situation, evaluate their mortgage options, and access a range of resources that will help them make smart choices.

### Bringing value to our customers

We have an experienced team of account managers and underwriters working together to give each and every customer the highest level of service. Account managers spend more than 50% of their day, face-to-face, interacting directly with our lender customers. The goal of each account manager is to understand the clients' business and true needs, and deliver customized solutions that will help grow their business.

Our underwriters are trained to think outside the box and work with our customers to approve their files, while still adhering to our disciplined underwriting approach. We maintain very high service standards for calls into our customer service centre – answering 97% of all calls in less than 20 seconds.

We also enhanced our value proposition for the broker segment through a number of new and innovative tools. We now offer a full suite of resources including the following:

- *GenworthEdge.ca*: a dedicated website for easy access to resources
- *My Marketing Source™*: self-serve branding and marketing tools
- *Mortgage Calculator Apps*: innovative mobile mortgage calculators
- *Genworth Development Centre*: extensive professional development training.



### Focused on the customer experience

Best-in-class customer service is the cornerstone of our business.

In 2011, we received the Best Industry Service Award from the Canadian Mortgage Professionals Association. Our delivery of quality customer service, our strong customer-centric vision, and our commitment to deliver value-added services to today's mortgage professionals earned us this recognition.

**Customer focused. Knowledgeable. Results driven.  
That's the Genworth Canada Difference.**





**Risk Team**

Standing:  
**Tim Watson**  
Actuary

Sitting:  
**Craig Sweeney**  
Operational Risk

Standing:  
**Donna Driver**  
Investigations

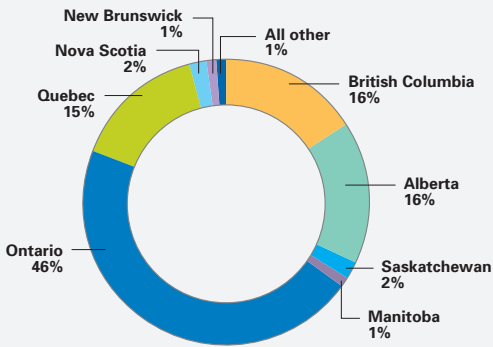
Sitting:  
**Cindy White**  
Loss Mitigation

Standing:  
**Rob Kirby**  
Loss Mitigation and  
Investigations

Standing:  
**Stuart Levings**  
Chief Operations  
Officer

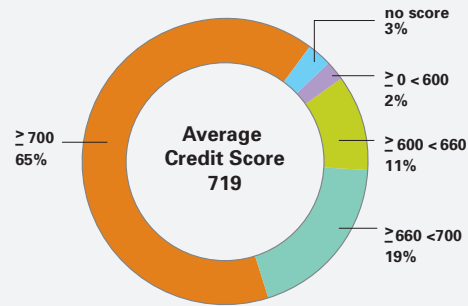
## DYNAMIC *Risk Management Approach*

### Geographical dispersion

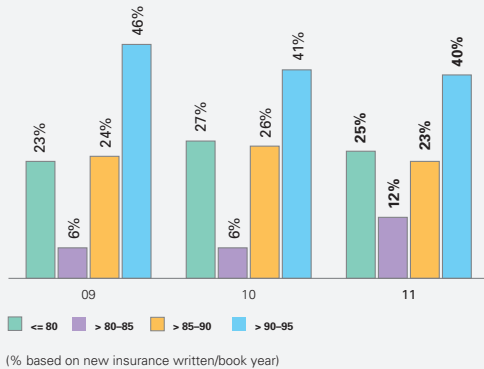


### Credit score dispersion

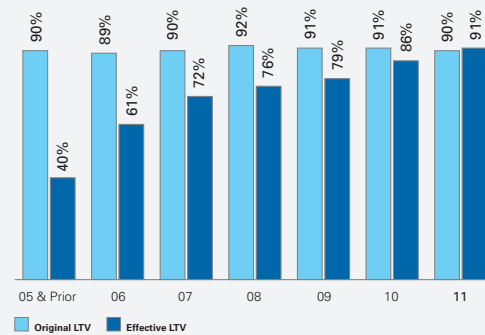
(% based on insurance-in-force between 1995–2011)



### Loan-to-value



### Effective loan-to-value





*Enabling Homeownership. Creating Value.*

# High-quality and diversified insurance portfolio

Risk management is critical to our business. Our rigorous framework enables us to proactively identify emerging risks such as consumer indebtedness and affordability, and to mitigate these risks through our concentration limits and disciplined underwriting approach. We have over 20 years of data and have built a high-quality, well-diversified insurance portfolio.

## Balancing appropriate risk concentrations

High-quality new business means insuring well-diversified and high-credit-scoring loans. We control the quality of new risk insured by setting underwriting guidelines and risk concentration limits to ensure appropriate diversification. We continuously update our internal proprietary scoring model and enhance our fraud detection tools to stay on top of emerging loss trends. These risk pillars are supported by a robust quality assurance audit program that monitors internal and external underwriting compliance.

High-credit-scoring loans: Our experience shows that high credit scores drive better loss performance. Through our ongoing focus on loan quality, our average credit score for new insurance written in 2011 was 727. The vast majority of Genworth-insured borrowers have a credit score greater than 700 and the average credit score on our insurance in-force at the end of 2011 was 719.

Average credit score*	2009	2010	2011
Insurance-in force	718	719	719
New insurance written	726	727	727

\* The credit scores from all insured high-ratio borrowers were used to calculate the average score.

Lower loan-to-values: Our average loan-to-values have declined. This is a result of a reduction in the maximum loan-to-value for refinance loans in 2011, and of the mitigation of housing market risk by larger down payments. This is positive and results in a stronger borrower profile.

## We underwrite every mortgage we insure

The Canadian mortgage insurance industry operates within a non-delegated structure where the insurer acts as a second set of eyes on each application. Our proprietary underwriting system screens for stacked high-risk factors, such as elevated servicing ratios and thin credit profiles. By identifying these factors, we can appropriately underwrite the risks and mitigate them, resulting in improved overall loan quality.

## Loan aging lowers effective insurance exposure

As principal gets paid down and house prices increase, the original loan-to-value decreases to what we call the "effective loan-to-value." The lower the effective loan-to-value the less likely a mortgage default will result in a claim. Policies originated prior to 2007 now have a significantly lower risk of default.

## Our asset management approach lowers claims

Our asset management program enables our loss mitigation team to get involved in the default management process earlier, providing greater efficiency and savings. By taking control of the real estate sales process and using our own network of realtors, we have significantly reduced the time from vacant possession to the sale of a foreclosed property. Shorter timelines result in lower interest and property management expenses, and these savings reduce the ultimate claim.



**Finance Team**

**Philip Mayers**  
Chief Financial Officer

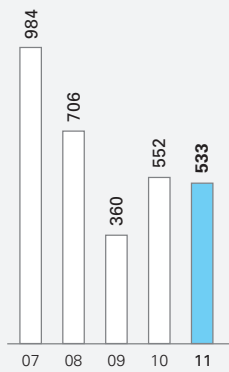
**Samantha Cheung**  
Investor Relations

**Fayeanna Beattie**  
Finance

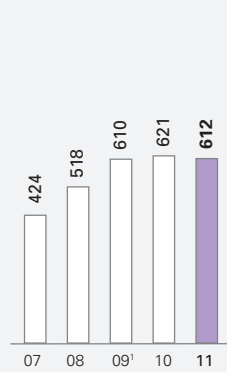
**Rick Barnett**  
Investments Management

*A STRONG Financial Foundation*

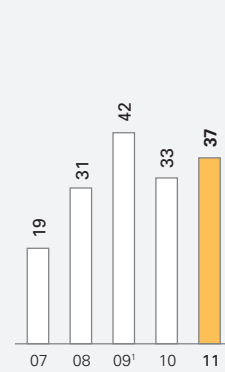
**Net premiums written**  
(\$ in millions)



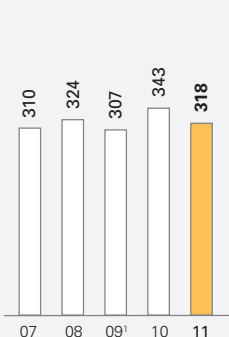
**Net premiums earned**  
(\$ in millions)



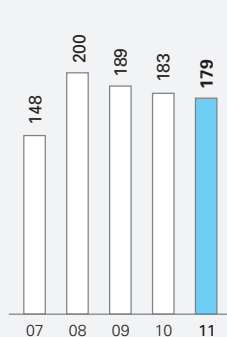
**Loss ratio**  
(%)



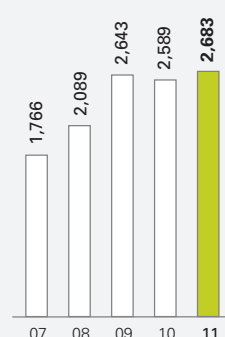
**Net operating income**  
(\$ in millions)



**Investment income**  
(\$ in millions)



**Shareholders' equity**  
Including AOCI (\$ in millions)



<sup>1</sup> Including the impact of changes to the premium recognition curve in Q1 2009, net premiums earned, the loss ratio, and net operating income would have been \$710, 36% and \$371 million, respectively.

*Enabling Homeownership. Creating Value.*

# Financial strength

Genworth Canada delivered another year of solid performance. Our business model – built on effective risk management, outstanding customer service and a strong balance sheet – provides the foundation for our financial strength and ongoing profitability.

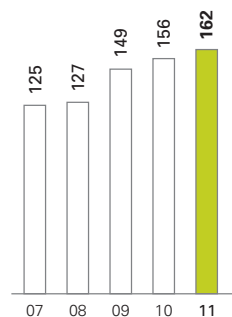
## Solid financial performance in 2011

We delivered net operating income of \$318 million in 2011 with an operating return on equity of 13%. During the year, the government introduced further Government Guarantee product restrictions, which led to a 5% to 10% smaller high-ratio residential mortgage insurance market. Despite the smaller origination market, the Company improved its market penetration through strong sales and service execution, resulting in net premiums written of \$533 million.

The number of net new delinquencies declined by 11% as delinquencies declined from the 2007 and 2008 books, and our loss mitigation programs continued to be successful. Overall, losses on claims rose by 9% during the year to \$225 million, primarily due to reserve strengthening on existing delinquencies.

Unearned premiums of \$1.8 billion provide visibility into future premium revenues. We believe that unearned premiums include embedded future profits that will be earned over the next five years.

### Minimum capital test ratio (MCT) (%)



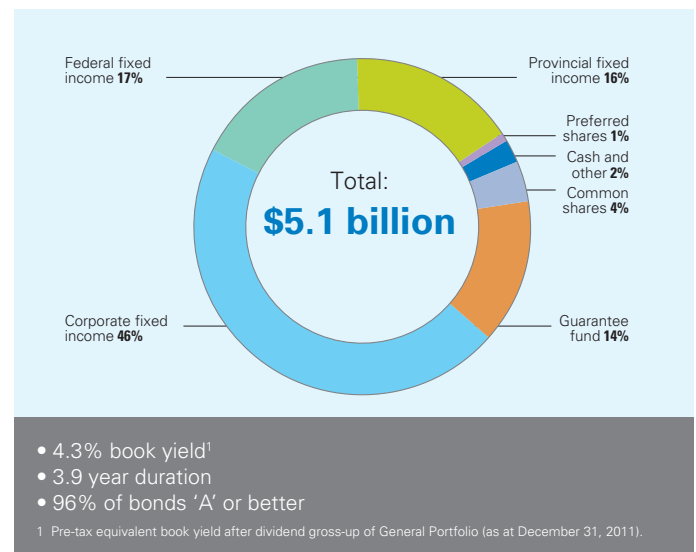
## Capital management flexibility

We ended 2011 with \$2.7 billion in shareholders' equity, a regulatory minimum capital test ratio of 162% and a modest debt-to-total capital ratio of 14%. As well, our operating insurance company ratings were confirmed during the year as AA by DBRS and AA(low) by S&P. Our strong capital position and high credit ratings demonstrate our financial strength and financial flexibility.

Ordinary quarterly dividends on our common shares are a priority. We increased our quarterly dividend by 12% to \$0.29 per common share in the fourth quarter of 2011. We will continue to maintain capital flexibility while continuing to optimize our capital structure to enhance our returns to shareholders and create shareholder value.

## High-quality investment portfolio

Our \$5.1 billion investment portfolio generated investment income of \$179 million, including net investment gains. The portfolio is well positioned with a duration of 3.9 years and the pre-tax equivalent book yield of 4.3%. We do not expect any material change in asset mix and actively manage the portfolio to maintain high credit quality and to deliver solid after-tax returns while preserving capital and diversifying risk.



# Management roundtable Q & A



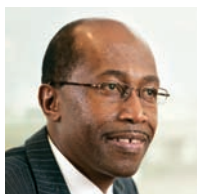
**Brian Hurley**  
Chairman and  
Chief Executive Officer

## **What challenges do you see for your business in the short term?**

For any business leader – no matter what country you operate in – the uncertain global environment has to be a key watch item. While we have weathered the storm relatively well here in Canada, consumer confidence, sentiment and behaviour can be influenced by the world around us. For our own market, consumer debt is something we need to keep a watchful eye on. And this includes other debt in addition to mortgage debt. For us, maintaining our approach to prudent underwriting and risk management will help maintain our strong performance.

## **... and how about opportunities?**

We are entering 2012 with some solid momentum on numerous fronts. We are making progress on market penetration, improving our analytics and doing a good job managing our capital. That's our opportunity – to continue to build on those key aspects of our business. Executing well on one of these levers can be impactful – but having a focused effort that can drive results simultaneously across various aspects of the business could have a positive and powerful net effect on the business overall.



**Philip Mayers**  
Chief Financial Officer

## **How do you view effective capital management?**

Our mortgage insurance business consistently generates profits, and as a result, we are self-funding. We spend a lot of time analyzing how our business would perform under different economic scenarios and the potential impacts on our capital position. We will continue to proactively manage our capital base, fund growth opportunities, and meet our dividend commitments, while maintaining our strong credit ratings. Our capital base is strong, and we have capital flexibility going forward as a result of our modest leverage and strong regulatory capital ratios.

## **How do you approach your investment portfolio and do you anticipate any changes?**

We deliberately maintain a high-quality portfolio given our insurance risk profile. This conservative approach to investments delivers a steady income stream, contributing about one-third of our net operating income. We primarily focus on high-quality fixed income investments with a small allocation to dividend-paying equities. Despite the current low rates, we are maintaining the relatively short duration at 3.9 years so that we can take advantage of higher rates when the time comes. We are pleased that we were able to generate a 4.3% yield on the general investment portfolio.

Going forward, we expect implementation of the new government guarantee legislation sometime in 2012 to be positive for the investment portfolio. At that time, the federal government investments held in the segregated guarantee fund will become a part of our general portfolio, and we will no longer have to pay certain fees, resulting in increased investment income.





**Debbie McPherson**  
Senior Vice-President,  
Sales & Marketing

### **How has the way you do business changed over the last three years?**

The ability to adapt to change is one of the most important strengths of any organization. And the changes we have seen over the past three to five years impact not only our industry but the way all companies do business. The rise of social media has forced us to revisit our strategy and come up with new ways to differentiate our value proposition. It's no longer about product offerings, but about service innovation. We need to constantly reassess our levels of service to make sure we're doing all we can to increase customer satisfaction and loyalty. We have also had to invest in a variety of marketing initiatives to increase brand awareness and consumer knowledge.

### **How do you grow market share in a heavily regulated environment?**

We continue to do what we do best – and in our case, that's providing outstanding service, responding to client needs, and helping Canadians achieve homeownership responsibly. Our regulatory environment is praised by countries around the world because of how it has prevented the Canadian economy from the financial crisis seen in the United States and Europe. So although new rules over the last few years have changed the way we can interact with our clients, they have forced us to think outside the box and find other ways to enhance our service offering. We added securitized structured products expertise to our sales force, increased our market outreach to key influencers, such as brokers, real estate agents and builders, and restructured the way our teams interact with clients to provide a more user-friendly experience at both the account manager level and within underwriting. As a result, we saw our market share grow in 2011 and we anticipate further growth throughout 2012.



**Stuart Levings**  
Chief Operations  
Officer and acting  
Chief Risk Officer

### **To what do you attribute the strength of Genworth's insurance portfolio?**

Our strength lies in our comprehensive approach to risk management, where we focus on three key areas: writing high-quality new business; portfolio monitoring and analytics; and mitigating losses when they occur. High-quality business means insuring loans that are well diversified across credit score, geography and loan-to-value. We look for strong credit profiles and avoid excess concentrations of risk in any one area. Secondly, we constantly monitor portfolio performance. We look for trends in distribution and performance at a variety of levels including geographic region, product, loan-to-value and credit score. And finally, we engage in active loss mitigation programs. So whether it's a workout where we are keeping families in their homes, thereby preventing a claim, or an asset management strategy where we control the process to reduce costs and overall severity, the end result is improved overall loss performance.

### **What are Genworth's top priorities from a risk and underwriting perspective?**

Our main priority in risk management is to make sure we balance our underwriting operations with the appropriate risk appetite. We want our premiums to accurately reflect the risk that we take on. Maintaining a high-quality portfolio is critical, and we will not compromise on this. Diversity across geographies, credit scores, property types and year of origination is essential so that we are not impacted greatly by a single regional economic event. Driving top analytics, having a deep knowledge of the factors that drive risk, being smart about loss mitigation, and balancing risk with good business are key success factors.

# Corporate responsibility

Genworth Canada is committed to helping build stronger communities across Canada. We do this by enabling responsible homeownership, promoting financial literacy, and supporting local and national causes that our people believe in. Our values – heart, integrity and excellence – guide our people, in everything they do, at work and in their communities.

## Enabling responsible homeownership

In 2011 we helped 82,219 Canadians achieve their dream of homeownership. We work together with lenders, acting as a second set of eyes, to make sure that lending decisions are sound and to protect and preserve the stability of our housing market. We are also committed to educating first-time homebuyers so they can make responsible homeownership decisions. Our consumer website – [homeownership.ca](http://homeownership.ca) – gives homebuyers access to the information and tools they need to make safe and informed decisions.



## Promoting financial literacy

As a leader in mortgage education, we are committed to helping homebuyers elevate their financial understanding. Together with the Canadian Association of Credit Counselling Services (CACCS) we conducted a series of seminars across Canada teaching the basics of financial fitness and how to achieve financial goals. We also conducted our annual financial fitness survey with CACCS in order to keep a pulse on the financial fitness levels of Canadians, their consumer confidence and their views on homeownership. We continue to work with CACCS to support financial literacy initiatives across Canada.

## Supporting the communities we serve

Last year marked the second year of our “Path to Home” program – a \$1 million three-year commitment to provide homebuilding grants to Habitat for Humanity affiliates across Canada. Many of our employees sit on Habitat boards and participate in build projects throughout the country. It was also the fifth anniversary of our Meaning of Home Contest – a national writing contest for students in grades 4, 5 and 6 that has resulted in more than \$450,000 being donated by Genworth Canada to more than 30 Habitat for Humanity Canada affiliates.



Photo courtesy of *The Guardian* newspaper of Prince Edward Island.



Genworth Canada United Way Campaign Committee, holding 2011 United Way of Oakville Award.

We also support several other national and international causes, and once again we achieved a record-breaking United Way campaign, raising \$100,000 in support of United Way programs across Canada.

Many of our employees are also active in their communities and have contributed their time to various local causes, including: The British Columbia Society for the Prevention of Cruelty to Animals (Vancouver); Eden Foodbank (Mississauga); Hope Cottage (Halifax); and La Maison Benoît Labre (Montréal).

# Chairman's Award recipients

## **Yvonne Burghardt-McEwan**

Financial Controller  
6 years of service

Yvonne was the main driver in the successful transformation of the Company's financial statements to conform with IFRS. This project was a significant undertaking, requiring extensive research and understanding of accounting principles. Because of Yvonne's efforts, the Company's transition to IFRS was seamless.



## **Jay Iyer**

Senior Risk Analyst  
8 years of service

Jay played an instrumental role in several high-priority analytical projects. She consistently went above and beyond to achieve her goals. Her portfolio analytical work provided management with the necessary detail to adequately explain results to investors and our Board. Jay also acted as a coordinator for our Habitat for Humanity involvement.



The annual Chairman's Award of Excellence recognizes Genworth Canada employees who consistently work within their teams to maximize business performance while focusing on the customer and providing innovative solutions.

## **Jason Neziol**

VP, Regional Sales, Ontario & GTA  
12 years of service

Jason was extremely effective in managing the Ontario Region during 2011 and keeping his sales team focused on the necessary activities to grow our business and support lenders through servicing, training and visibility. He has continued to deepen relationships with senior-level customers and is responsible for several new high-profile relationships.



## **Kimberley Oroszy**

Senior Escalation Officer  
12 years of service

Kimberley works closely with our sales teams and our customers to find solutions to challenging mortgage applications. She continually provides outstanding customer service while balancing the needs of the business. Her efforts have made a tremendous contribution to our business by improving the decision-making process.



# Good corporate governance

Our Board of Directors has the mandate to supervise the management and affairs of Genworth MI Canada. The Board, directly and through its committees, provides direction to make sure that the best interests of Genworth MI Canada and its shareholders are maintained. The Board of Directors is committed to maintaining best practices in contemporary corporate governance.

## *In conversation with our Lead Director, Sidney Horn*

### **What were some of the Board's key accomplishments in 2011?**

While the financial service and housing sectors have experienced many challenges over the past few years, we have been able to deliver strong sustainable results to our shareholders, customers, employees and communities where we do business.

You should have confidence that your Board is committed to maintaining a high standard of corporate governance. As part of that commitment, we participate in strategic planning sessions with management each year. The Board has devoted considerable time to becoming better educated on, and obtaining a better understanding of, the components of the business, its performance and its challenges. In particular, the Board has spent time learning about International Financial Reporting Standards (IFRSs), the dynamics of the housing market, the current regulatory and competitive environment, business risks, and the use of capital. We believe that a thorough knowledge of the business is critical in order for us to be of assistance to management in implementing business strategy and achieving goals.

### **What is the Board's focus and direction going forward?**

We continue to strengthen our capital and risk management oversight, with a focus on internal risk management controls, policies and procedures. We also engage directly in discussions with regulators and key stakeholders on a range of issues. I believe our open and transparent approach serves shareholders well. By maintaining a focus on the current environment, this Board can take steps to position the Company for the future and be able to respond prudently and quickly to challenges and opportunities as they arise. This Board is hard-working, thoughtful, and stays well informed.

The Board fully supports and endorses management's focused strategy. We are committed to working closely with Brian and his team to accomplish the objectives at hand.



**Sidney Horn**  
Lead Director



# The Board of Directors

- (1) Audit Committee
- (2) Compensation and Nominating Committee
- (3) Risk, Capital and Investment Committee
- (4) Lead Director
- (5) Independent

## Genworth MI Canada Inc. Board Members



**Brian Hurley**  
Chairman  
Chief Executive Officer

Mr. Hurley is Chairman of the Board and Chief Executive Officer of the Company. Previously, he was President, Genworth International, with responsibility for activities in Asia-Pacific, Canada and Latin America. He joined General Electric in 1981 and held various management positions including President and CEO of Genworth Financial Mortgage Insurance Company Canada from 1994 to 1996.



**Sidney Horn**<sup>(1)(2)(4)(5)</sup>

Mr. Horn has been a director of Genworth Financial Mortgage Insurance Company Canada since 1995. He is Chair of the Compensation and Nominating Committee and is the Company's Lead Director. Mr. Horn is a partner at Stikeman Elliott LLP and specializes in commercial, corporate and securities law. He is also a director of Astral Media Inc. and the Wet Seal Inc.



**Robert Brannock**

Mr. Brannock is President and Chief Executive Officer of Genworth Financial, Europe. He was previously a director of Genworth Financial Mortgage Insurance Company Canada from 2007 to 2008. He joined the Genworth companies in 1993 and has held various senior management positions during his tenure.



**Robert Gillespie**<sup>(1)(2)(5)</sup>

Mr. Gillespie has been a director of Genworth Financial Mortgage Insurance Company Canada since 1995. After holding numerous management positions with General Electric Canada Inc., he held the position of Chairman and Chief Executive Officer of General Electric Canada Inc. from 1992 to 2005. In the past, Mr. Gillespie was a director of Wescam Inc., Spinrite Income Fund and Husky Injection Molding Systems Ltd.



**Brian Kelly**<sup>(1)(3)(5)</sup>

Mr. Kelly has been a director of Genworth Financial Mortgage Insurance Company Canada since 2004 and Chair of its Audit Committee since 2005. Between 1972 and 1993, Mr. Kelly held various financial management positions within several General Electric businesses, including Chief Financial Officer of two General Electric Canada businesses.



**Samuel Marsico**<sup>(3)</sup>

Mr. Marsico is the Senior Vice-President and Chief Risk Officer for Genworth Financial, Inc., U.S. Mortgage Insurance and International. He joined Genworth Financial Inc., Mortgage Insurance, in August 1997 as Chief Financial Officer and has held various senior management positions. Mr. Marsico holds a CPA designation. Mr. Marsico is Chair of the Risk, Capital and Investment Committee.



**Leon Roday**<sup>(2)</sup>

Mr. Roday is the Senior Vice-President, General Counsel and Secretary of Genworth Financial Inc. Prior to joining Genworth Financial Inc. in 1996, he was a partner at LeBoeuf, Lamb, Greene, and McRae, a U.S. law firm, for 14 years. Mr. Roday is a member of the New York State and Virginia bar associations.



**Jerome Upton**<sup>(3)</sup>

Mr. Upton is the Chief Operating Officer, International Mortgage Insurance, for Genworth Financial Inc. He joined Genworth Financial Inc. in 1998 from KPMG Peat Marwick and has held various senior financial management positions, including SVP/Chief Financial Officer, International.



**John Walker**<sup>(5)</sup>

Mr. Walker has been a director of Genworth Financial Mortgage Insurance Company Canada since 1996. He is a founding partner at Walker Sorensen LLP, specializing in advising insurance and reinsurance companies. He has served as a member of the board of directors of a number of financial institutions, including TD Trust Company and Concordia Life Insurance Company.

## Genworth Financial Mortgage Insurance Company Canada Board Members

All of the people listed as being directors of Genworth MI Canada Inc. are also directors of Genworth Financial Mortgage Insurance Company Canada. In addition to such people, the following individuals are also directors of Genworth Financial Mortgage Insurance Company Canada:



**Heather Nicol**

Ms. Nicol joined the Board of Genworth Financial Mortgage Insurance Company Canada in June 2011. She has held several senior financial management positions, including Chief Financial Officer for the MaRS Discovery District and Chapters Online, as well as investment banking roles including Vice-President for BMO Nesbitt Burns (previously Burns Fry Inc.). She was also a founding board member of Desjardins Credit Union.



**David Gibbins**

Mr. Gibbins has been a director of Genworth Financial Mortgage Insurance Company Canada since 2007. He is also a director of Certifi Media and Patient Care Automated Services (P.C.A.S.), two private corporations. He has held senior financial management positions including Managing Director, Global Head, RBC Capital Markets.

Genworth Financial Mortgage Insurance Company Canada's Board of Directors has three (3) committees, an Audit Committee, comprised of the same members as the Company's Audit Committee; a Conduct Review Committee, comprised of Brian Kelly, Jerome Upton and John Walker; and a Risk, Capital and Investment Committee, comprised of the same members as the Company's Risk, Capital and Investment Committee.

# Shareholder information



## Genworth MI Canada Inc.

2060 Winston Park Drive  
Suite 300  
Oakville, Ontario L6H 5R7  
Tel: 905-287-5300  
Fax: 905-287-5472  
www.genworth.ca

### Exchange listing

The Toronto Stock Exchange:  
Common shares (MIC)

### Common shares

As at December 31, 2011, there were 98,666,796 common shares outstanding.

### Independent auditor

KPMG LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto, Ontario M5H 2S5

### Registrar and transfer agent

Canadian Stock Transfer Company, Inc.  
320 Bay Street, P.O. Box 1  
Toronto, Ontario M5H 4A6  
Tel: 416-643-5000  
Fax: 416-643-5570  
www.canstockta.com

All inquiries related to address changes, elimination of multiple mailings, transfer of MIC shares, dividends or other shareholder account issues should be forwarded to the offices of Canadian Stock Transfer Company.

### Investor relations

Shareholders, security analysts and investment professionals should direct inquiries to:

Samantha Cheung  
Vice-President, Investor Relations  
samantha.cheung@genworth.com

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, Genworth Financial Mortgage Insurance Company of Canada.

The Company holds a conference call following the release of its quarterly results. These calls are archived in the Investor section of the Company's website.

### Annual general meeting of shareholders

Date: Thursday, June 14, 2012  
Time: 10:30 a.m. (EST)  
Location: Le Meridien King Edward Hotel  
The Belgravia Room  
37 King Street East  
Toronto, Ontario M5C 1E9

### Board of Directors

Complaints about the Company's internal accounting controls or auditing matters or any other concerns may be addressed directly to the Board of Directors or the Audit Committee at:

### Board of Directors

Genworth MI Canada Inc.  
c/o Winsor Macdonell, Secretary  
2060 Winston Park Drive  
Suite 300  
Oakville, Ontario L6H 5R7  
Tel: 905-287-5484

### Corporate ombudsperson

Concerns related to compliance with the law, Genworth policies or government contracting requirements may be directed to:

### Genworth ombudsperson

2060 Winston Park Drive  
Suite 300  
Oakville, Ontario L6H 5R7  
Tel: 905-287-5510  
Canada-ombudsperson@genworth.com

### Disclosure documents

Corporate governance, disclosure and other investor information is available online from the Investor Relations pages of the Company's website at <http://investor.genworthmicanada.ca>.

### Cautionary statements

The cautionary statements included in the Company's Management's Discussion and Analysis and Annual Information Form, including the "Special note regarding forward-looking statements" and the "Non-IFRS financial measures," also apply to this Annual Report and all information and documents included herein. These documents can be found at [www.sedar.com](http://www.sedar.com).

### Dividend declaration dates

	Declaration date	Record date	Date payable	Amount per common share
Regular dividend	February 1, 2011	February 15, 2011	March 1, 2011	\$0.26
Regular dividend	May 2, 2011	May 16, 2011	June 1, 2011	\$0.26
Regular dividend	July 27, 2011	August 15, 2011	September 1, 2011	\$0.26
Regular dividend	November 3, 2011	November 15, 2011	December 1, 2011	\$0.29
Special dividend	November 3, 2011	November 15, 2011	December 1, 2011	\$0.50

### 2011 common share dividend dates

The declaration and payment of dividends and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board considers relevant from time to time.

### Eligible dividend designation

For purposes of the dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial or territorial tax legislation, all dividends (and deemed dividends) paid by Genworth MI Canada Inc. to Canadian residents are designated as eligible dividends. Unless stated otherwise, all dividends (and deemed dividends) paid by the Company hereafter are designated as eligible dividends for the purposes of such rules.

### Information for shareholders outside of Canada

Dividends paid to residents in countries with which Canada has bilateral tax treaties are generally subject to the 15% Canadian non-resident withholding tax. There is no Canadian tax on gains from the sale of shares (assuming ownership of less than 25%) or debt instruments of the Company owned by non-residents not carrying on business in Canada. No government in Canada levies estate taxes or succession duties.

[www.genworth.ca](http://www.genworth.ca)

We make  
homeownership  
possible.



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