

the Genworth Canada difference

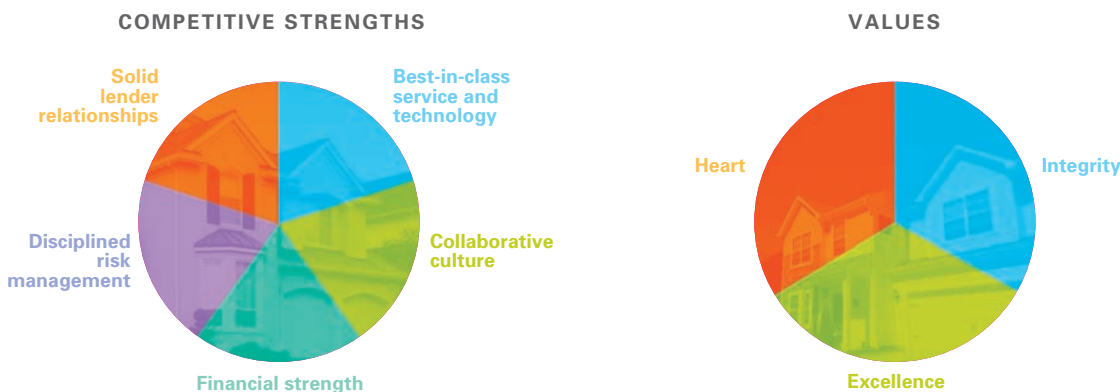
innovation  
excellence  
results

# corporate profile

**Genworth MI Canada Inc. (TSX: MIC)** through its subsidiary, Genworth Financial Mortgage Insurance Company Canada (Genworth Canada), is the largest private residential mortgage insurer in Canada. The Company provides mortgage default insurance to Canadian residential mortgage lenders, making homeownership more accessible to first-time homebuyers.

Genworth Canada differentiates itself through superior customer service, innovative processing technology and a robust risk management framework. For almost two decades, Genworth Canada has supported the housing market by providing thought leadership and a focus on the safety and soundness of the mortgage finance system.

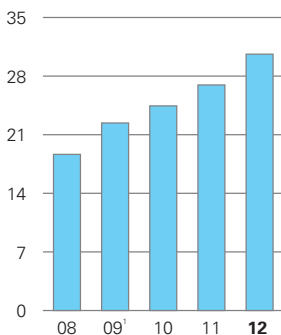
As at December 31, 2012, Genworth Canada had \$5.7 billion in total assets and \$3.0 billion in shareholders' equity.



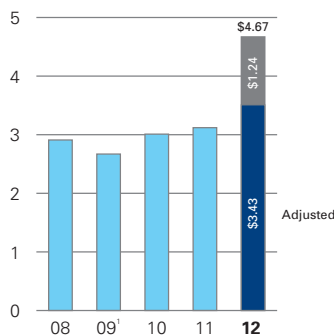
## 2012 Financial and Operating Highlights

<b>Net premiums written</b>	<b>Adjusted net operating income<sup>2</sup></b>	<b>Combined ratio</b>	<b>Adjusted operating return on equity<sup>2</sup></b>	<b>Adjusted operating earnings per share<sup>2</sup> (diluted)</b>	<b>Dividends paid per common share</b>
<b>\$550</b> million	<b>\$339</b> million	<b>51 %</b>	<b>13%</b>	<b>\$3.43</b>	<b>\$1.19</b>

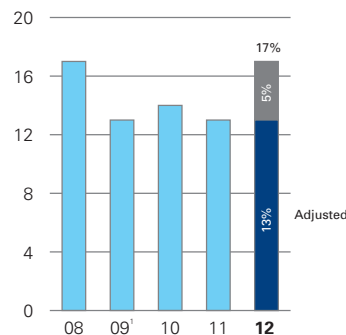
**Book value per share**  
(diluted, including AOCI)



**Operating earnings per share**  
(diluted)



**Operating return on equity**  
(%)



Note: Amounts may not total due to rounding.

<sup>1</sup> Excludes \$100 million impact of change in premium recognition curve for the quarter ended March 31, 2009. Including the impact of changes to the premium recognition curve, for the year ended December 31, 2009, operating earnings per share (diluted) would have been \$3.23 and operating return on equity would have been 16%.

<sup>2</sup> Adjusted for the impact of the government guarantee fund exit fee reversal in 2012. Including the impact of the government guarantee exit fee reversal, net operating income, operating return on equity and operating earnings per share (diluted) were \$462 million, 17% and \$4.67 respectively.

Note: 2008 and 2009 amounts are based on Canadian GAAP measures; 2010, 2011 and 2012 amounts are presented on an IFRS basis. For further information refer to MD&A.

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## the Genworth Canada difference

Fostering a spirit of innovation and excellence, where nothing is static and everything can always be improved, is what enables Genworth Canada to deliver year after year of profitability and attractive returns for shareholders. **Our difference is in our people and the way we do business.** We believe in responsible homeownership and we are committed to working with our customers to help Canadians achieve their homeownership dreams.



# dear fellow shareholders

In 2012, Genworth MI Canada (Genworth Canada) continued a trend of solid annual growth, delivering an 11%<sup>1</sup> increase in adjusted earnings per share and over 14%<sup>1</sup> increase in book value per share (diluted). In each quarter we reported strong results, and we ended the year having delivered on all our strategic priorities.

We achieved this in a year marked by challenges due to a changing regulatory landscape. This success is credited to the long-standing relationships we have with our customers – relationships built on trust and collaboration – that earned us an improved market position and helped offset the smaller high loan-to-value market.

## Managing the changing regulatory landscape

The mortgage default insurance industry was subjected to greater scrutiny in 2012 as a result of the Office of the Superintendent of Financial Institutions (OSFI) taking on a broader supervisory role over the public sector insurer. This created a more consistent application of rules and regulations and gave OSFI more insight into the industry.

In addition, mortgage insurance product changes were implemented. The most significant changes were the reduction of the maximum amortization period for high loan-to-value mortgages to 25 years, and the lower maximum loan-to-value for refinances of 80%. While these rules had their intended effect of slowing the housing market, they also contributed to improved borrower profiles.

The new government guarantee legislative framework governed by The Protection of Residential Mortgages or Hypothecary Insurance Act of Canada (PRMHIA) was finalized at the end of the year. PRMHIA, which took effect January 1, 2013, had a positive impact on the Company's year-end financial results and formalized the government guarantee and market structure. This provides more transparency into the mortgage insurance industry for all Canadians.

While this dynamic regulatory landscape has presented some challenges for our industry, we recognize the importance of maintaining stability in the housing sector. Through our active government relations efforts, ongoing market research and astute risk management, we continue to play an important role in helping protect the safety and soundness of Canada's housing market.

## Delivering on strategic priorities

Last year we promised shareholders that our senior management team would maintain its focus on smart business decisions, on customers and on shareholder returns. This is how we always do business, and our approach was successful again in 2012.

Our strategic wins in 2012 include the following:

- Increased our share of market with key customers through service excellence
- Strengthened our competitive position by capitalizing on portfolio insurance market opportunities
- Enhanced business flexibility with the purchase of PMI Canada
- Reinforced financial strength and flexibility with the finalization of PRMHIA and related minimal capital test requirements

Loss mitigation is also a core part of our overall strategy. We continued to successfully execute our market-leading asset management and homeowner assistance programs, contributing to a full year loss ratio of 33%, which was below our long-term target range.

As a result of these and other initiatives, we delivered on all our priorities and ended the year with \$5.7 billion in total assets and \$3 billion in shareholders' equity. This generated a 13%<sup>1</sup> full-year adjusted return on equity. Improving top line growth, proactively managing risk and maintaining a strong balance sheet will remain our key priorities.

## Maintaining service leadership position

With nearly 20 years in the business, focused on delivering the best customer experience, service is a key element of our value proposition.

Lender customers want quick turnaround times, flexible underwriting, consistent decisions and knowledgeable people to deal with. This is what we offer. Each of our customers is appointed a tailored and cross-functional service team that brings together people from management to sales to underwriting to finance and risk. Through this approach, our customers benefit from having direct contacts with multiple touch points, each of whom understands our customers' business and their particular needs.

Our entire business is aligned with this customer-centric model and that is what sets us apart.

3-year compound annual growth  
of 11% in book value per share

Dividend increase of 10% or  
more each year since 2010

<sup>1</sup> Amount based on non-GAAP measures. For further information refer to MD&A.

## Making a difference

The passion that our employees demonstrate in their commitment to our customers is also evident in their commitment to helping build stronger communities throughout Canada. There is an active culture of volunteerism at the Company and it extends across all provinces.

All of our employees are encouraged to take time from their work day to participate in meaningful volunteer activities. And this year our reach went beyond the Canadian borders. For the second year in a row Genworth Canada supported the Jimmy and Rosalynn Carter Habitat for Humanity Project in Haiti. Three of our very own took part in this intensive mission of building 100 homes in one week for victims of the 2010 earthquake that ravaged the country.

## Confident outlook on our future

The Canadian mortgage insurance industry is a vibrant one. For many first-time homebuyers, purchasing a home would be out of reach were it not for mortgage insurance. Enabling responsible homeownership helps more families start building equity in a home sooner, which helps maintain a healthy and stable housing market.

While the industry remains subject to economic fluctuations and regulatory influences, our view is one of stability in the housing sector. By remaining focused on insuring high-quality loans, and maintaining a well-diversified insurance portfolio, we will protect and grow the strong business that Genworth Canada has built.

Our proven strategy, our knowledgeable and passionate employees, and our seasoned management team will enable the Company to maintain its track record of profitability.

Thank you to our shareholders, our customers, our partners and our employees for your continued support and loyalty.

“The housing market in Canada remains healthy, supported by population growth, rising employment and continued low interest rates. First-time homebuyers and new immigrants are among those who will continue to fuel the demand for average-priced homes across the country.”



**Brian Hurley**  
Chairman and Chief Executive Officer

 [link to video](#)



# our customer service differentiation

At Genworth Canada, we believe in creating customer experiences that foster engagement, nourish relationships and sustain profitability. Through the dedication and experience of our account managers and underwriters, and our constantly evolving processes and technology, we deliver value beyond mortgage insurance.



In 2012, Genworth Canada delivered more than 6,000 training sessions to more than 40,000 lenders, mortgage originators, brokers and realtors across the country. Hosted in our state-of-the-art in-house training facilities, at a customer location, or online, our accredited programs are designed to enhance the knowledge and skills of mortgage industry professionals nationwide.

## Strong collaboration with our lenders

Genworth Canada's ongoing success is a result of the collaborative relationships we have with all our lenders. Our cross-functional and multi-faceted customer service approach has enabled us to build strong working relationships within all channels of our lenders' businesses – from the C-suite to mortgage specialists to underwriters in the branches.

This integration of our resources is a core part of the Genworth Canada value proposition. We start by actively listening to our customers in order to understand their needs across the value chain. We then assess those needs to determine where we can add value to help them grow their business. And ultimately, we deliver on that promise by working as a team and aligning our resources to meet those customer needs.

One example of a unique service we offer, that lender customers have come to rely on, is our customer portfolio review. On a regular basis we do a deep analysis of the lender's portfolio that is insured by us and provide detailed performance data. Included in this review are peer comparisons that allow our customers to benchmark their performance. This is just one example of where Genworth Canada adds value beyond mortgage insurance.

## Driving growth

In 2012, we faced an increased demand from our lender customers for portfolio insurance on low loan-to-value mortgages. Adopting a strategic and measured approach, and staying true to our prudent risk parameters, we insured 20 billion in portfolio business throughout the year.

Our flexible and constantly improving underwriting processes also helped generate increased volumes in our core high loan-to-value business. Our in-house underwriters are trained to think outside the box while still adhering to our disciplined underwriting guidelines. In an environment of frequent and significant regulatory changes, this approach becomes even more valued because fewer files can be approved through auto-decisioning methods. Through our proprietary market and property data, we can better assess properties and identify the best solutions to help more Canadians become, and remain, homeowners.

## Building strategic alliances

There are a number of influencers that we maintain strong relationships with to help promote the value of a Genworth Canada-insured mortgage to first-time homebuyers. Our strategy with the broker segment, for example, has proved valuable. By offering a range of services to help them grow their business, including marketing resources, professional training and innovative mobile tools, brokers have come to rely on Genworth Canada as a true partner. As a result, they champion the value of a Genworth Canada-insured mortgage to their customers.

This year, we made a strategic decision to reach out to the REALTOR® segment in a focused manner. Our efforts led to a strategic alliance with Canada's largest network of realtors – Royal LePage.

Royal LePage has recognized the value that Genworth Canada brings to their agent network, including information about mortgage insurance product offerings and educational resources to help agents better inform their clients about affordable homeownership options. This alliance gives us direct access to nearly 14,000 agents across Canada to help promote the Genworth Canada advantage to first-time homebuyers.



## Making homeownership easier

As part of our ongoing commitment to homeownership education, we redesigned our website to make it easier to access and share resources. Through simple navigation and use of the latest technology, homebuyers, lenders, brokers, realtors and investors can now quickly get to the information and tools they need from one central location.

Our live social media stream also makes it easier for visitors to access homeownership tips, articles and videos and share them instantly through social media networks.

Visit the new **Genworth.ca** and see for yourself how Genworth Canada makes homeownership easier.



"To stand apart, our agents must become better equipped to advise clients on the financial aspects of homeownership. Genworth Canada will help get us there."

**Phil Soper**

President and CEO, Royal LePage

# our unique approach to risk management

Prudent risk management is a cornerstone of our business. Our proactive and disciplined risk management framework allows us to maintain a high-quality and well-diversified portfolio. With more than 20 years of data, we have established proprietary tools and processes that our lenders find valuable and that contribute to the safety and soundness of Canada's housing market.

Genworth Canada's risk management team includes analysts, actuaries, real estate experts and regional risk managers who work together to monitor and evaluate housing and neighbourhood risk across the country. Our proprietary collateral risking model uses a unique combination of neighbourhood and property-specific information to assess the quality and current market value of homes. This system is fully integrated into our underwriting platform and delivers real-time property values, sales history and neighbourhood details to our underwriters, which enables them to prudently assess the property risk while still delivering a fast and efficient response to our customers.





## Ongoing monitoring of the economic environment

A critical component of Genworth Canada's risk management framework is our ability to assess the macroeconomic environment. We invest in dedicated internal resources as well as reliable external sources to keep a pulse on the national, regional and local economic trends and employment drivers that impact the housing market.

Two key measures we monitor closely are housing affordability and prices relative to income. By keeping a close watch on factors that impact supply-and-demand dynamics, we identify emerging risks early on and take proactive measures to address such risks within our underwriting process.

Our current view is that the housing market in Canada remains balanced, supported by immigration, demographics and a stable employment rate. The market is transitioning to a lower and more sustainable level of sales activity, due in part to tighter mortgage rules. This helps balance the market and bodes well for its long-term stability.

## Proactive and disciplined underwriting

Another key element of our risk management framework is our disciplined underwriting approach. We control the quality of new risk by reviewing every high loan-to-value application to assess the risk profile of the loan and compliance to our credit guidelines. Our process is complimented by a proprietary mortgage scoring model which uses key loan attributes such as borrower credit score, loan amount, total debt service ratio, property type and loan-to-value, to assess the amount of risk associated with both the property and the borrower.

In 2012, we took extra precaution with respect to our risk concentration in certain watch areas such as Vancouver and Toronto condominiums. By identifying emerging risks early in their development, we were able to implement targeted changes to our underwriting and collateral adjudication process, which helped improve the risk profile on new insurance written in these areas.

Finally, this is supported by a robust quality assurance process that reviews not only our internal underwriting but also our lenders' underwriting to ensure the appropriate level of due diligence is completed and decisions are compliant with our guidelines.

## Improved loss performance

We continue to focus on borrower quality because experience shows us that high credit scores drive better loss performance. Our average credit score for new insurance written has increased since 2006 from approximately 714 to 730. The average credit score at the time of origination, on our insurance in-force at the end of 2012, was 720.

Average credit score*	2010	2011	2012
Insurance-in force	719	719	720
New insurance written	727	727	730

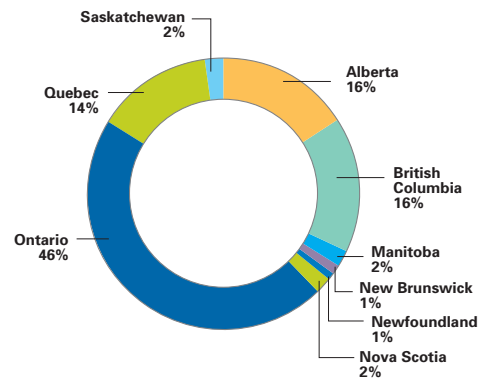
\*The credit scores from all insured high-ratio borrowers were used to calculate the average score.

Another positive development is the overall improvement in our portfolio quality. Since 2008 we've seen increasingly stronger borrower profiles as a result of a series of mortgage rule changes and our dynamic risk management approach. This is positive for our business and for the Canadian economy as a whole because stronger borrowers help sustain the safety and soundness of our housing market.

## Effective asset management program

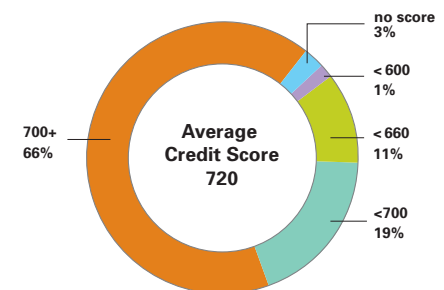
Our unique asset management program continues to provide significant savings and further differentiates us from our competitors. We now manage the marketing and sale of foreclosed properties for the majority of our customers. This value-added service helps streamline the process and reduces our overall losses on claims.

### Geographical dispersion

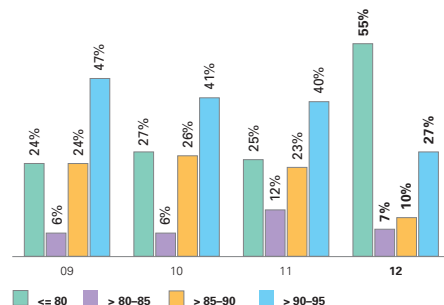


### Credit score dispersion

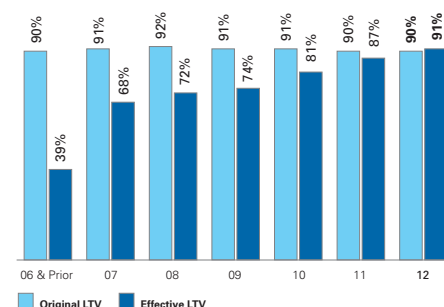
(% based on insurance-in-force between 1995 and 2012)



### Loan-to-value by book year

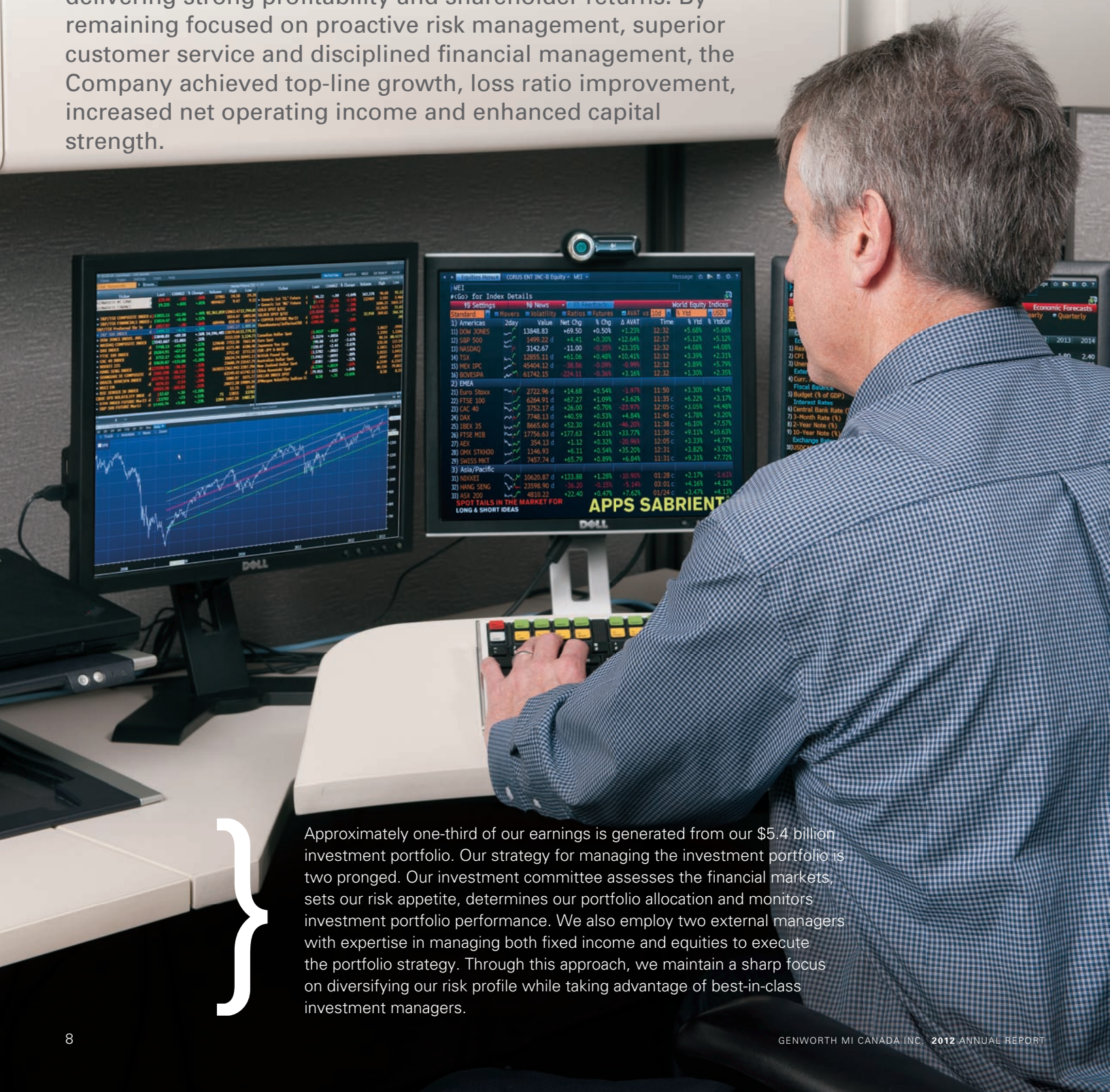


### Effective loan-to-value (LTV)



# leveraging our financial strength and stability

In 2012, Genworth Canada maintained its track record of delivering strong profitability and shareholder returns. By remaining focused on proactive risk management, superior customer service and disciplined financial management, the Company achieved top-line growth, loss ratio improvement, increased net operating income and enhanced capital strength.



Approximately one-third of our earnings is generated from our \$5.4 billion investment portfolio. Our strategy for managing the investment portfolio is two pronged. Our investment committee assesses the financial markets, sets our risk appetite, determines our portfolio allocation and monitors investment portfolio performance. We also employ two external managers with expertise in managing both fixed income and equities to execute the portfolio strategy. Through this approach, we maintain a sharp focus on diversifying our risk profile while taking advantage of best-in-class investment managers.

## Solid financial performance in 2012

While the Company's year-end results were positively impacted by the finalization of the government guarantee legislative framework, adjusted earnings were still higher than the prior year and above market expectations.

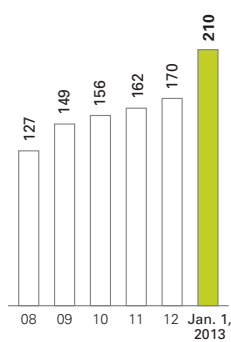
We delivered total net operating income of \$462 million, adjusted net operating income of \$339 million, and maintained a consistent operating return on equity of 13%. Net premiums written of \$550 million were higher by 3% compared to the prior year. We successfully offset the effects of a smaller high loan-to-value mortgage market by growing our market penetration and capitalizing on portfolio insurance opportunities.

We also continued to see an improved delinquency rate, down 6 bps to 0.14% as at December 31, 2012, due in part to the ongoing aging of the 2007 and 2008 books, the improvement in the Alberta housing market and the ongoing success of our loss mitigation programs.

These solid financial results contributed to a 14% increase in our book value per share (diluted), to \$30.62 as of the end of 2012.

The current macroeconomic environment, together with our strong insurance portfolio quality and geographic diversification, supports our ability to continue to deliver strong profitability.

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



### Capital management flexibility

Our capital position remains strong. We ended 2012 with \$3 billion in shareholders' equity and a regulatory minimum capital test (MCT) ratio of approximately 170%, well above our internal target of 145%.

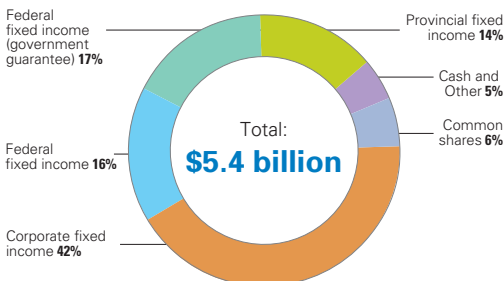
Under the new guarantee rules that took effect January 1, 2013, our operating MCT ratio increased to approximately 210%, further strengthening our claims paying ability. We intend to operate with a MCT ratio moderately above 190% and have established an internal MCT ratio of 185%. We remain focused on balancing capital strength and capital efficiency.

Since our initial public offering in 2009, we have returned \$485 million through share buybacks, approximately \$50 million in special dividends, and we maintain a low debt-to-capital ratio of 12%. We are pleased to have paid a regular common dividend every quarter since December 2009.

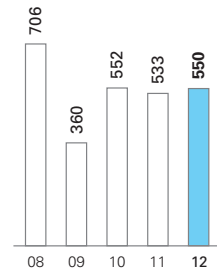
## High-quality investment portfolio

Our investment portfolio remains strong and generates about one-third of our income. With the elimination of the guarantee fund we now have full investment discretion over the entire portfolio. It contains a well-balanced mix of bonds and equities, earned \$189 million in interest and dividends, and achieved \$311 million of unrealized gains.

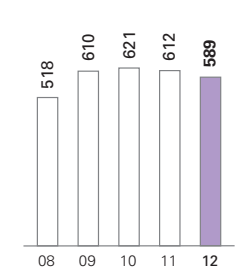
We are committed to maintaining a high-quality portfolio, and we continue to evaluate opportunities, within our risk appetite, to optimize its yield.



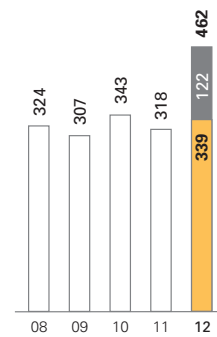
### Net premiums written (\$ in millions)



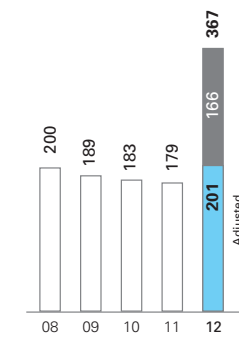
### Net premiums earned (\$ in millions)



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

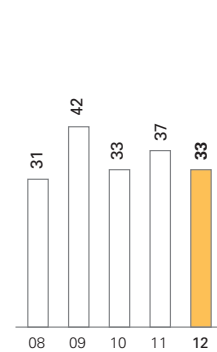


### Investment income (\$ in millions)

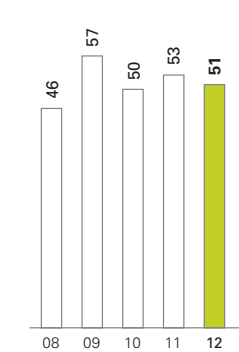


Adjusted for government guarantee fund exit fee reversal.

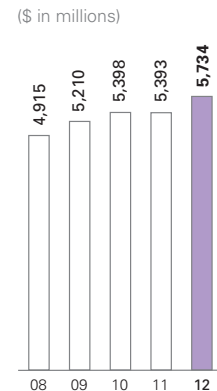
### Loss ratio (%)



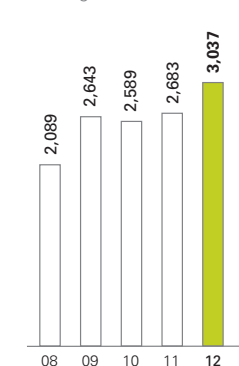
### Combined ratio (%)



### Assets (\$ in millions)



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



Note: Amounts may not total due to rounding.

# helping build stronger communities across Canada

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.

In November 2012, nearly 500 volunteers from around the world embarked on a journey of goodwill and hope to Léogâne, Haiti. Among them were Linda Belanger, Hossam Khedr and Jamie Woods of Genworth Canada. Linda, Hossam and Jamie took part in the Jimmy and Rosalynn Carter Work Project, led by Habitat for Humanity International, and helped build 100 homes in one week for families still suffering from the devastating earthquake of January 2010.

[link to video](#)





## Enabling responsible homeownership

In 2012, Genworth Canada helped more than 60,000 Canadian families become homeowners. 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 prospective homeowners. Through our online consumer properties, including homeownership.ca, the GenworthHomeownershipBlog and GenworthSmartShopper on Facebook, we engage with first-time homebuyers and help them make responsible homeownership decisions. Our annual national Homeownership Education Week is another exclusive Genworth Canada initiative that further supports our educational mandate.

## Promoting financial literacy

We continue to be committed to enhancing financial literacy among Canadians. In 2012, we hosted a seminar for mortgage industry professionals to share the results of our annual financial fitness survey. Conducted in partnership with the Canadian Association of Credit Counselling Services (CACCS), this survey, now in its fourth year, provides insight into Canadians' financial stability, consumer confidence and views on homeownership.

Recognizing the need for greater financial education among youth, we also signed a sponsorship agreement with EnRICHed Academy. This innovative program teaches teenagers and young adults how to earn, save and invest their money. As sponsors, we contribute content to help teach youth what they need to do in order to save for a downpayment and become responsible homeowners early in adult life.

## Helping homeowners in need

A sudden job loss, illness, injury, marital breakdown or other life altering situation, can have a devastating impact on a homeowner's financial well-being and threaten their ability to meet their mortgage payments. Genworth Canada's Homeowner Assistance Program was designed to help families stay in their homes while they struggle to manage through temporary financial difficulties. By avoiding foreclosure, we not only help prevent a family from losing their home, but we also avoid a claim and help preserve the stability of our housing market. While a solution is not available in every case, we take great pride in helping those we can, mainly through increasing amortization periods, partial or shared payment plans, or deferred payments. In 2012, we helped more than 5,000 families stay in their homes through our Homeowner Assistance Program.

## Supporting affordable homeownership initiatives



Genworth Canada works closely with various agencies to support affordable housing initiatives across the country. We are proud sponsors of The Canadian Housing & Renewal Association, the national voice for the full range of affordable housing and homelessness issues and solutions. In addition, we provided support for programs such

as the First Nations, Inuit and Métis Urban and Rural (FIMUR) Homeownership Program in Ontario, several projects of the Attainable Housing Corporation in Calgary (AB), the Accés Condos program in Montréal (QC), the Affordable Home Ownership Assistance program in Grande Prairie (AB) and the Equity Loan program for the City of Saskatoon (SK), among others. We do this by working closely with municipalities and local housing associations to adapt our underwriting criteria to help enhance access to homeownership.

## Total 2012 cash contributions

# \$730,794

In addition to numerous in-kind donations and countless volunteer hours, Genworth Canada's total cash-based contributions to community causes in 2012 were \$730,794.



**Ontario  
Aboriginal  
Housing Services**

In 2012, the Ontario Aboriginal Housing Services announced the FIMUR 2012/15 Housing Program as part of the Investment in Affordable Housing for Ontario program. Genworth Canada is proud to help facilitate homeownership through FIMUR's Assisted Homeownership Program.



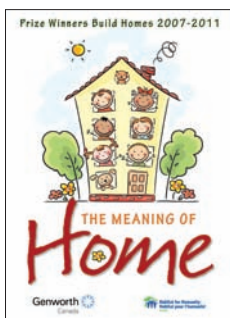
### Changing my life

"I share a room with my brother  
but I should have my own  
He always makes a mess  
But I changed my mind when I  
knew...

you slept on the road side benches  
shivering in the cold  
sometimes wet in the rain.

I'm grateful for what I have  
I never grumble  
I eat what my mother made with love  
I wear what I have  
Thank you for changing my life  
Maybe I will try to change yours."

**Excerpt from 2012 Meaning of Home  
Contest Winning Entry, by Chaamindri  
Fernando of Winnipeg, Manitoba (Grade 6)**



### Habitat for Humanity Canada

Genworth Canada is a longstanding supporter of Habitat for Humanity Canada (Habitat). Over the past decade we have donated more than \$2 million to Habitat affiliates, and our employees have contributed countless hours of labour on build sites across the country.

The year 2012 marked the third year of our \$1 million three-year commitment to Habitat. We recently renewed this \$1 million commitment over three years to further support their mission of making homeownership affordable for more Canadian families.

Another meaningful program we run with Habitat is our Meaning of Home Contest. The Genworth Canada Meaning of Home Contest invites students in grades 4, 5 and 6 across Canada to submit a written essay about what home means to them, for a chance to direct \$60,000 to a Habitat build of their choice in Canada. Since inception in 2007, the contest has resulted in approximately \$570,000 in total grants from Genworth Canada being directed to more than 30 Habitat affiliates. With Genworth Canada donating an additional \$5 per entry, every participating student helps make a difference.

"Since 2000, Genworth Canada has helped us impact the lives of more than 1,700 Canadian families. In addition to building homes and supporting Habitat affiliates across Canada, the cornerstone of our partnership is the "Meaning of Home" contest, which has been inspiring Canadian youth for the past six years. We look forward to many more years of mutually beneficial partnership."

**Kevin Marshman**

President and CEO of Habitat for Humanity Canada

## Community initiatives

Genworth Canada supports many local, national and international causes. Among these is a robust annual campaign for United Way, which in 2012 raised more than \$100,000 in support of United Way programs across Canada. Throughout the year, our employees led special fundraising events across the country, including a silent auction to which employees and the Company donated nearly 100 prizes, and the first ever Genworth Canada office Olympics.

Other national causes we actively support across the country include the Juvenile Diabetes Research Foundation (JDRF), Habitat for Humanity Canada, AboutFace, Big Brothers Big Sisters and Enactus.

Below are some examples of regional employee volunteer initiatives.

### Make-A-Wish Foundation, British Columbia

The Genworth Canada Pacific Team, like all our other regional teams, is actively involved in various charitable organizations, including local Habitat for Humanity affiliates and food banks. But one event that stood out this year and touched the heart of many was the Genworth Canada Golf Tournament in support of the B.C. & Yukon Chapter of Make-A-Wish®. As a result of the team's fundraising efforts, this event helped make one child's dream to visit Walt Disney World with her family come true.

### Oakville Hospital Foundation and Wellspring Cancer Support Centre, Ontario

Genworth Canada was awarded the Oakville Community Builder of the Year Award by the Oakville Chamber of Commerce and Rotary Club at the 2012 Awards for Business Excellence gala. This award recognized our many contributions to the Oakville community, including a \$250,000 commitment over five years to help build a fracture clinic at the Oakville Hospital, and a \$150,000 commitment to the Wellspring Cancer Support Centre to help fund the expansion of their Oakville facility and creation of a Genworth Canada Money Matters Resource Centre.

### Juvenile Diabetes Research Foundation, Québec

The Genworth Canada Québec Team is actively involved with the Juvenile Diabetes Research Foundation (JDRF) as sponsors, volunteers and riders at Ride for Life fundraiser events. It all started with our Account Manager and 2012 Volunteer of the Year, Nathalie Cousineau, whose daughter was diagnosed with juvenile diabetes at the age of eight. Through active participation in JDRF rides across the province, our Québec team has raised \$80,000 for the cause since 2008.



### Hope Cottage, Nova Scotia

The Genworth Canada East Coast Team is actively involved in supporting a number of local causes, including Hope Cottage Soup Kitchen in Halifax, Nova Scotia. Featured in the photo below is one of our Account Managers, Michelle Murphy, who since 2011 has served thousands of meals to those less fortunate in the region. Michelle first experienced Hope Cottage during a Genworth Canada Month of Service initiative. Every month of June, employees across the country are encouraged to give even more of their time to help support local charitable organizations. As a result, many, like Michelle, discover new programs and remain active throughout the year.



United Way of Oakville 2012 Campaign Committee

## Making wishes come true

"Kayla recently returned from her trip to Walt Disney World. She had a really spectacular time! The family is incredibly grateful, as are we by all your hard work. Thank you for making Kayla's wish a reality."



### Simon Uden

Wish Granting Coordinator,  
Make-A-Wish®, BC & Yukon

## Volunteer of the year

"My warmest thanks to everyone at Genworth Canada for making a difference in the life of my daughter and of more than 300,000 children across Canada living with juvenile diabetes."

### Nathalie Cousineau

Account Manager and 2012 Volunteer of the Year,  
Genworth Canada



# chairman's award recipients

The Chairman's Award of Excellence recognizes Genworth Canada employees who consistently work within their teams to maximize business performance through innovation, collaboration, commitment and service excellence. These individuals have contributed to creating a positive and effective work environment and fostering an inclusive culture, while managing demanding roles and challenging projects.

**Eugene Ji**  
**Director, Risk Operations**  
**11 years of service**

Eugene was a driving force behind our successful portfolio insurance strategy in 2012. As the leader of our portfolio insurance team, he played a key role in overseeing the program and ensuring our customers' needs were met, while adhering to our disciplined risk guidelines. His efforts helped solidify customer relationships and drive increased high loan-to-value mortgage volume.

*"It's been an extremely rewarding experience to be part of a team that led one of the Company's key initiatives in 2012. Our portfolio insurance team is a great example of how success is achieved through teamwork and innovation."*



**Ann-Marie Reddy**  
**Regional Vice President, Prairies**  
**4 years of service**

Ann-Marie leads a multi-provincial territory which has grown to be our second largest volume producing region. In addition to managing a strong regional sales team, she is also actively involved in the community and was instrumental in driving our Affordable Housing Program to new heights. Ann-Marie strives for excellence in everything she does and is a role model to her team and her peers.

*"To work for an organization with heart – that empowers its people to be the best they can be, and provides an opportunity to do something that helps thousands of families every year – is powerful."*





**Christopher Englert**  
**Director, IT**  
**5 years of service**

Chris was the Technical Lead on a significant data centre move and application upgrade project – the single largest IT initiative since the launch of our underwriting platform. As a result of Chris's leadership and technical guidance, this upgrade was successfully executed and achieved a 65% improvement in our system response rate.

*"I was very pleased to be a part of the data centre move team. A large number of very talented and dedicated employees were involved and their commitment is what helped make this project a success."*



"Providing a rewarding environment, where employees are empowered to think outside the box, in addition to being given fair compensation, opportunities for growth, and respect for work-life balance, is what we strive for at Genworth Canada. Happy employees are more likely to lead to happy customers and that's a win-win all around."

**Brian Hurley**  
Chairman and CEO, Genworth Canada

# the board of directors

Our Board of Directors has the mandate to supervise the management and affairs of the Company. The Board, directly and through its committees, provides direction to ensure the best interests of the Company and its shareholders are maintained.

## 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.



**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. He is a member of the Board of Directors of Peterborough & District Affiliate of Habitat for Humanity.



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

Mr. Marsico is the Senior Vice-President and Chief Risk Officer for Genworth Financial Inc., Global Mortgage Insurance. 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 Financial Officer and Chief Operations Officer of Genworth Financial, Global Mortgage Insurance, since May 2012. Prior to his current role, Mr. Upton was the Senior Vice President and Chief Operating Officer for Genworth Financial, International Mortgage Insurance, and before that he served as Senior Vice President and Chief Financial Officer, Genworth Financial International – Asia Pacific, Canada and Latin America. Mr. Upton joined General Electric in 1998.



**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. He has held senior financial management positions including Managing Director, Global Head, RBC Capital Markets.

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

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, 2012, there were 98,698,018 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 6, 2013  
Time: 10:30 a.m. (ET)  
Location: Fairmont Royal York  
100 Front St West  
Toronto, Ontario M5J 1E3

## 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).

## Credit ratings

The issuer ratings of Genworth MI Canada and financial strength ratings of Genworth Financial Mortgage Insurance Company of Canada reflect each rating agency's opinion of the Company's financial strength, operating performance and ability to meet obligations to policyholders.

	S&P	DBRS
<b>Issuer rating</b>		
Genworth MI Canada Inc.	A-, Stable	AA (low), Stable
<b>Financial strength</b>		
Genworth Financial Mortgage Insurance Company Canada	AA-, Stable	AA, Stable
<b>Senior unsecured debentures</b>		
Genworth MI Canada Inc.	A-, Stable	AA (low), Stable

## Dividend declaration dates

	Declaration date	Record date	Date payable	Amount per common share
Regular Cash	October 30, 2012	November 15, 2012	November 30, 2012	\$0.32
Regular Cash	July 31, 2012	August 15, 2012	August 31, 2012	\$0.29
Regular Cash	May 1, 2012	May 15, 2012	June 1, 2012	\$0.29
Regular Cash	February 2, 2012	February 15, 2012	March 1, 2012	\$0.29

Visit the Investors section at [www.genworth.ca](http://www.genworth.ca) for an interactive digital version of this annual report.



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**FSC logo**