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Genworth MI Canada Inc. Reports Second Quarter 2011 Results

Net premiums written of \$149 million

Net operating income of \$81 million

Diluted book value per common share of \$25.59 increases 9% year over year

Operating return on equity of 13%

Toronto, ON (July 28, 2011) – Genworth MI Canada Inc. (the “Company”) (TSX: MIC) today reported results for the second quarter of 2011 with net income of \$83 million or \$0.79 per diluted common share and net operating income of \$81 million or \$0.77 per diluted common share. Operating earnings per diluted share was higher by \$0.05 year over year and \$0.03 sequentially.

“Another strong quarterly performance contributes to our momentum for 2011,” said Brian Hurley, Chairman and Chief Executive Officer. “Solid business execution combined with an improving loss environment position us well to deliver continued stable net income performance and consistent returns for investors.”

Second Quarter 2011 Key Financial Metrics:

- **Net premiums written** of \$149 million were \$48 million higher sequentially and \$8 million lower year over year. Sequential improvements were primarily driven by spring housing activity. When compared to the same period last year, lower premiums were due to a smaller high loan-to-value origination market for both purchase and refinance transactions, offset partially by modest gains in market penetration.
- **Net premiums earned** of \$151 million were \$4 million lower sequentially and \$3 million lower year over year. The slight decrease in earned premiums is the result of the larger 2007 and 2008 books being beyond their peak earning periods. At the end of the second quarter of 2011 and consistent with the previous quarter, the Company had \$1.85 billion in unearned premium reserves, which will be earned into premiums over time in accordance with the Company’s premium recognition curve.

- **Losses on claims** of \$50 million were \$9 million lower sequentially and flat on a year over year basis. The loss ratio of 33% in the second quarter was 5 points lower sequentially and 1 point higher year over year. Sequential improvement in the loss ratio was positively influenced by seasonality and regional delinquency improvements.
- **Investment Income** of \$43 million (excluding \$2 million of realized and unrealized investment gains) was flat sequentially and \$1 million higher year over year. The Company continues to maintain a high quality investment portfolio, consisting primarily of investment grade fixed income securities.
- **Net operating income** of \$81 million was \$3 million higher sequentially and \$5 million lower year over year. This resulted in an **operating return on equity** of 13% for the quarter, consistent with the prior quarter and the prior year.
- **The expense ratio** was 16%, 1 point lower sequentially and flat year over year, while the **combined ratio** of 49% was 6 points lower sequentially and 1 point higher year over year. Expenses of \$25 million were \$1 million lower sequentially.
- **The regulatory capital ratio** or **Minimum Capital Test (“MCT”) ratio** was 158%, 3 points higher sequentially and 4 points higher year over year.

Shareholders’ Equity

- On June 30, 2011, the Company successfully completed a substantial issuer bid and purchased 6,153,846 million of its common shares, representing approximately 5.87% of the common shares outstanding at the time, for an aggregate purchase price of approximately \$160 million. Taking the transaction into effect, the Company has 98,641,835 common shares outstanding at the end of the quarter. Genworth Financial, Inc., the principal shareholder of the Company, participated in the issuer bid on a proportional basis and continues to indirectly hold approximately 57.5% of the outstanding common shares.
- As of June 30, 2011, shareholders’ equity was \$2.5 billion or book value of \$25.59 per common share on a fully diluted basis. Excluding accumulated other comprehensive income (“AOCI”) or loss, shareholders’ equity was \$2.4 billion or book value of \$24.22 per common share on a fully diluted basis.

Second Quarter 2011 Key Highlights:

The Company continued to make solid progress on its strategic priorities and continues to maintain its leading position in the private mortgage insurance industry.

- New insurance written of \$7.7 billion represented a sequential increase of 42% due to typical spring seasonality. The year over year decrease of 7% was due to a smaller origination market for both purchase and refinance transactions resulting from recent government product changes. This was offset in part by the Company's improved market penetration.
- The overall delinquency rate for the insurance portfolio was 0.25%, sequentially lower by 2 basis points and 1 basis point lower than the same period last year. The general improvements were due to regional delinquency improvements in Quebec, Ontario and Alberta.
- During the quarter, the Company continued to realize positive results from its loss mitigation activities. The Company's Homeowner Assistance Program completed 1025 workouts representing approximately over 40% of new reported delinquencies. As well, the Company's asset management strategy, which involves the conveyance of certain real estate properties from the lender to the Company, continued to have a positive impact on the reduction of overall losses.
- The Company had an investment portfolio of \$5.0 billion at the end of the quarter. The general portfolio had a pre-tax equivalent book yield of 4.3% and duration of 3.9 years as at June 30, 2011. The portfolio is well-positioned with a short duration and should benefit from a rising interest rate environment as \$263 million of investment maturities for the remainder of the year are reinvested.
- During the quarter, the Federal government passed legislative changes affecting mortgage insurance providers. The objective of the legislative initiative is to reinforce the stability and efficiency of the Canadian housing finance system.

Dividends

- On June 1, 2011, the Company paid a quarterly dividend of \$0.26 per common share. The Company also announced today that its Board of Directors approved a \$0.26 per common share dividend, payable on September 1, 2011 to shareholders of record at the close of business on August 15, 2011.

Consolidated Financial Highlights¹

(\$ millions, except per share amounts)	Three Months Ended June 30 (Unaudited)	
	2011	2010 ¹
New Insurance Written	7,715	7,181
Insurance In Force	255,217	234,196
Net Premiums Written	149	157
Net Premiums Earned	151	154
Losses on Claims	50	49
Investment Income	43	42
Realized and Unrealized Gains or Losses on investments	2	(1)
Net Income	83	85
Net Operating Income	81	86
Fully Diluted Earnings Per Share	\$0.79	\$0.72
Fully Diluted Operating Earnings Per Share²	\$0.77	\$0.72
Fully Diluted Book Value Per Common Share, including AOCI	\$25.59	\$23.56
Fully Diluted Book Value Per Common Share, excluding AOCI	\$24.22	\$22.53
Loss Ratio	33%	32%
Combined Ratio	49%	48%
Operating Return on Equity	13%	13%
Minimum Capital Test Ratio (MCT)	158%	154%

¹ Effective January 1, 2010, the Company has adopted International Financial Reporting Standards ("IFRSs"). Certain accounting and measurement methods previously applied under Canadian generally accepted accounting principles were amended to comply with IFRSs. The comparative figures for 2010 have been restated to reflect these adjustments.

² This is a financial measure not calculated based on IFRSs. See the "Non-IFRSs Financial Measures" section of this press release for additional information.

Detailed Operating Results and Financial Supplement

For more information on the Company's operating results, please refer to the Company's Management's Discussion and Analysis and Financial Statements as posted on SEDAR and available at: <http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00028505>.

This press release, the financial statements, Management Discussion and Analysis, and the second quarter 2011 financial supplement are also posted on the investor section of the Company's website (<http://investor.genworthmicanada.ca>). Investors are encouraged to review all of these materials.

Earnings Call

The Company's second quarter earnings call will be held on July 29th at 10:30 am EDT. The dial-in number is 1-888-300-0053 (#I.D. 80765798). The call is accessible via telephone and by audio webcast on the Company's website. Slides to accompany the call will be posted just prior to its start. A recording of the call will be available on the Company's website until September 15, 2011.

Non-IFRSs Financial Measures

To supplement its financial statements, the Company uses select non-IFRSs financial measures. Non-IFRSs measures used by the Company to analyze performance include underwriting ratios such as loss ratio, expense ratio and combined ratio, as well as other performance measures such as net operating income and return on net operating income. The Company believes that these non-IFRSs financial measures provide meaningful supplemental information regarding its performance and may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. Non-IFRSs measures do not have standardized meanings and are unlikely to be comparable to any similar measure presented by other companies. These measures are defined in the Company's glossary, which is posted on the investor section of the Company's website (<http://investor.genworthmicanada.ca>). To access the glossary, click on the "Glossary of Terms" link under "Investor Resources" subsection on the left navigation bar. A reconciliation of non-IFRSs financial measures to the most recently comparable measures calculated in accordance with IFRSs can be found in the Management Discussion and Analysis filed with the Company's most recent financial statements, which are available on the Company's website and on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

This press release includes certain forward-looking statements. These forward-looking statements include, but are not limited to, the Company's plans, objectives, expectations and intentions, and other statements contained in this release that are not historical facts. These statements may be identified by their use of words such as "expects", "anticipates", "contemplates", "intends", "plans", "believes", "seeks", "estimates", or words of similar meaning. These statements are based on the Company's current beliefs or expectations, including the Company's assumptions, beliefs and expectations regarding its future capital requirements, market conditions and its ability to obtain regulatory approvals. These statements are inherently subject to significant risks, uncertainties and changes in circumstances, many of which are beyond the Company's control. The Company's actual results may differ materially from those expressed or implied by such forward-looking statements, including as a result of changes in global, political, economic, business, competitive, market and regulatory factors, and the other risks described in the Company's Annual Information Form. Other than as required by applicable laws, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

About Genworth MI Canada Inc.

Genworth MI Canada Inc., through its subsidiary, Genworth Financial Mortgage Insurance Company Canada, has been the leading Canadian private residential mortgage insurer since 1995. Known as Genworth Financial Canada, "The Homeownership Company," it provides default mortgage insurance to Canadian residential mortgage lenders that enables low down payment borrowers to own a home more affordably and stay in their homes during difficult financial times. Genworth Financial Canada combines technological and service excellence with risk management expertise to deliver innovation to the mortgage marketplace. As of June 30, 2011, Genworth Financial Canada had \$5.3 billion total assets and \$2.5 billion shareholders' equity. Based in Oakville, Ontario, Genworth Financial Canada employs approximately 265 people across Canada. Additional information about Genworth MI Canada Inc. is available at www.genworth.ca.

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