Genworth MI Canada Inc.

NEWS RELEASE

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Genworth MI Canada Inc. Reports Second Quarter 2012 Results

Net Operating Income of $79 million
Net Operating EPS of $0.79/share
Net Premiums Written of $176 million

Toronto, ON (July 31, 2012) – Genworth MI Canada Inc. (the "Company") (TSX: MIC) today reported second quarter 2012 net income of $79 million or $0.79 per diluted common share. Net operating income was $79 million or $0.79 per diluted common share. On a comparative basis, net operating income was $3 million higher than the prior quarter and $2 million lower year-over-year.

"We continued to capitalize on strong business momentum during the second quarter and delivered top line growth, lower losses on claims, and strong bottom line profitability," said Brian Hurley, Chairman and Chief Executive Officer. "Our prudent approach to risk management helps drive consistent results."

Second Quarter 2012 Key Financial Metrics:

- **Net premiums written** of $176 million were $97 million higher sequentially and $27 million higher year-over-year. The sequential increase was driven primarily by typical spring seasonality and higher levels of portfolio insurance on low loan-to-value mortgages. The year-over-year increase was primarily a result of higher levels of portfolio insurance on low loan-to-value mortgages.

- **Net premiums earned** of $148 million were $1 million higher sequentially and $3 million lower year–over-year. The larger 2007 and 2008 books are past their peak premiums earned contribution resulting in a smaller adjustment to the quarterly premium recognition curve this quarter.

- **Losses on claims** of $48 million were $8 million lower sequentially and $2 million lower year-over-year, reflecting lower new reported delinquencies. This resulted in a loss ratio of 32% for the quarter, 6 percentage points lower than the prior quarter.

- **Investment Income** of $40 million (excluding realized and unrealized investment gains) was $3 million lower sequentially and $3 million lower year-over-year. The sequential decline in investment income resulted from a $2 million decline in government guarantee fund earnings and a modest decrease in the investment portfolio yield.

- **Net operating income** of $79 million was $3 million higher sequentially and $2 million lower year-over-year. **Operating return on equity** was 12% for the quarter, flat sequentially and one percentage point lower year-over-year.

- **The expense ratio** was 17%, 1 percentage point lower sequentially and 1 percentage point higher year-over-year. Expenses of $25 million were slightly lower on a sequential and year-over-year basis.

- **The unearned premium reserve** was $1.8 billion at the end of the quarter. These premiums will be earned over time in accordance with the Company's premium recognition curve which follows the Company's loss emergence pattern.

- **The regulatory capital ratio** or **Minimum Capital Test ("MCT") ratio** was 160%, 1 percentage point higher sequentially and 2 percentage points higher year-over-year. This level of capital is well in excess of the Company's internal MCT target of 145%. The Company continues to have a strong capital position with the financial flexibility to support and grow the business.

Dividends

On June 1, 2012, the Company paid a quarterly dividend of $0.29 per common share.

The Company also announced today that its Board of Directors approved a dividend of $0.29 per common share, payable on August 31, 2012, to shareholders of record at the close of business on August 15, 2012.

Shareholders' Equity

As of June 30, 2012, shareholders' equity was $2.8 billion representing a book value of $27.88 per common share on a fully diluted basis. Excluding accumulated other comprehensive income ("AOCI") or loss, shareholders' equity was $2.6 billion or a book value of $25.81 per common share on a fully diluted basis.

Second Quarter 2012 Key Highlights:

The Company continued to make solid progress towards its operational targets and continues to maintain its leading position in the Canadian private mortgage insurance industry.

- Total new insurance written increased sequentially to $18.8 billion primarily due to $13.1 billion of portfolio insurance written on low loan-to-value mortgages. The Company selectively participates in portfolio insurance under a clearly defined risk appetite and disciplined pricing approach. The Company believes that this selective participation results in profitable business and enhances overall lender relationships.

- The high loan-to-value component of new insurance written was $5.7 billion, representing an increase of 62% sequentially, largely driven by typical spring seasonality. The year-over-year decline of 7% was largely due to a smaller market for high loan-to-value mortgages as compared to the previous year.

- On June 20, 2012, the Government of Canada announced a number of changes to the rules governing the issuance of high loan-to-value residential mortgages (with a greater than 80% loan-to-value) backed by the federal government guarantee, effective July 9 of this year. These changes include reducing the maximum amortization period from 30 years to 25 years and reducing the maximum loan-to-value for refinances from 85% to 80%.

- The total delinquency rate was 0.17%, 2 basis points lower sequentially and 8 basis points lower year-over-year. The Company experienced 22% lower number of net new delinquencies as compared to the previous quarter. The delinquency rate continues to be positively influenced by improving economic conditions in combination with the increased success of the Company's asset management strategy.

- The Company's investment portfolio had a market value 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 3.5 years as at June 30, 2012. The Company's strategy in managing its high-quality investment portfolio remained consistent with previous quarters and the portfolio continues to be comprised primarily of investment grade fixed income securities with an equity component of about 7%. While the investment portfolio is a strong contributor to income, the yield from the investment portfolio continues to be challenged in the context of a low interest rate environment.

Consolidated Financial Highlights

($ millions, except per share amounts)	Three Months Ended June 30 (Unaudited)	
	2012	**2011**
New Insurance Written[1]	18,833	7,715
Insurance In Force[1]	286,343	255,217
Net Premiums Written	176	149
Net Premiums Earned	148	151
Losses on Claims	48	50
Investment Income	40	43
Realized and Unrealized Gains or Losses on Investments	0	2
Net Income	79	83
Net Operating Income[1]	79	81
Fully Diluted Earnings Per Common Share	$0.79	$0.78
Fully Diluted Operating Earnings Per Common Share[1]	$0.79	$0.77
Fully Diluted Book Value Per Common Share, including AOCI	$27.88	$25.59
Fully Diluted Book Value Per Common Share, excluding AOCI[1]	$25.81	$24.22
Loss Ratio[1]	32%	33%
Combined Ratio[1]	49%	49%
Operating Return on Equity[1]	12%	13%
Minimum Capital Test Ratio (MCT)[1]	160%	158%

[1] This is a financial measure not calculated based on International Financial Reporting Standards ("IFRSs"). See the "IFRSs and 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 Management's Discussion and Analysis as posted on SEDAR and available at www.sedar.com.

This press release, the financial statements, Management's Discussion and Analysis, and the second quarter 2012 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 August 1, 2012 at 10:30 am ET (Local: 416-644-3414, Toll free: 1-800-814-4859). 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 replay of the call will be available until September 1, 2012 (Local: 416-640-1917, Toll Free: 1-877-289-8525 Access Code 4550694#). Participants are encouraged to pre-register for the webcast through the Company's website. A replay of the call will be available on the Company's website until September 15, 2012.

IFRSs and Non-IFRSs Financial Measures

The Company's consolidated financial statements are prepared in accordance with IFRSs. 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 operating income. Other non-IFRSs measures used by the Company include shareholders' equity excluding accumulated other comprehensive income ("AOCI"), insurance in-force, new insurance written, minimal capital test ratio ("MCT"), delinquency ratio, severity on claims paid, operating earnings per common share of the Company (basic and diluted), book value per common share (basic and diluted; including and excluding AOCI), dividends paid per common share of the Company, and portfolio duration. 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 measures 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. 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 Management's 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 "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", or similar expressions, as they relate to the Company are intended to identify forward-looking statements. Specific forward-looking statements in this document include, but are not limited to, statements with respect to the Company's expectations regarding the Canadian government's proposed changes to the guarantee regime regarding residential mortgages, and the Company's beliefs as to housing demand and home price appreciation, unemployment rates, the Company's future operating and financial results, sales expectations regarding premiums written, capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies. 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 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 Canada combines technological and service excellence with risk management expertise to deliver innovation to the mortgage marketplace. As of June 30, 2012, Genworth Canada had $5.5 billion total assets and $2.8 billion shareholders' equity. Based in Oakville, Ontario, Genworth Canada employs approximately 260 people across Canada. Find out more at www.genworth.ca.

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