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## Genworth MI Canada Inc. Reports Second Quarter 2010 Results

### Net Income Increases for the Fourth Consecutive Quarter

Toronto, ON (July 29, 2010) – Genworth MI Canada Inc. (the “Company”) (TSX: MIC) today reported results for the second quarter of 2010 with net income of \$85 million or \$0.72 per diluted share and net operating income of \$86 million or \$0.73 per diluted share. The Company’s reported net operating income represents a 5% increase over last quarter and a 22% increase over the same quarter in 2009.

“We delivered another solid quarter with higher net premiums written and sequential net income growth,” said Brian Hurley, Chairman and Chief Executive Officer. “A strong housing market and declining unemployment in the first half of 2010 contributed to our performance. In addition, we continue to execute our capital plan and took definitive steps to improve our capital efficiency and return on shareholders’ equity.”

### Second Quarter 2010 Key Financial Metrics:

- **Net premiums written** were \$157 million, representing a \$63 million sequential increase and a \$76 million increase over the second quarter of 2009. The 67% sequential and 93% increase year over year in net premiums written was primarily due to a strong Spring housing market and customer service execution.
- **Net premiums earned** of \$154 million were \$2 million lower sequentially and consistent with the second quarter of 2009. At the end of the quarter, the Company had \$1.9 billion in unearned premium reserves.
- **Losses on claims** of \$49 million were \$10 million lower sequentially and \$22 million lower than in the second quarter of 2009. The loss ratio of 32% in the second quarter was 6 points lower sequentially and 14 points lower than in the second quarter of 2009.

- **Investment Income** of \$42 million (excluding \$1 million of investment losses) was \$3.5 million lower sequentially and \$2.7 million lower than in the second quarter of 2009.
- **Net operating income** of \$86 million was \$5 million higher sequentially and \$16 million higher than in the second quarter of 2009.
- **The expense ratio** was 15%, 2 points lower sequentially and consistent with the second quarter of 2009.
- **The combined ratio** of 47% was 8 points lower sequentially and 15 points lower than in the second quarter of 2009.
- **The regulatory capital ratio or Minimum Capital Test (“MCT”) ratio** was 154%, representing a 4 point increase sequentially and a 14 point increase over the second quarter of 2009. In July, as part of its capital plan, the Company increased its internal MCT target ratio from 135% to 145%.
- **Operating return on equity** was 13% for the quarter, consistent sequentially and 1 point higher than the second quarter in 2009.

### **Operational Highlights:**

The Company continued to make solid progress on its strategic priorities and is well positioned to continue as the leading Canadian private mortgage insurer.

Key highlights for the second quarter of 2010 were:

- The Company continued to improve its market position through its customer-centric sales and service strategies. During the quarter, the Company continued to enhance the customer experience and deepen certain lender relationships that resulted in higher net premiums written.
- The improving loss ratio was due to fewer new delinquencies resulting from improved economic conditions and continued Homeowner Assistance Program activities. The Company is expanding its property re-marketing program to reduce losses.
- The investment portfolio book yield was 4.4% and the portfolio duration was 3.4 years as at June 30, 2010. The Company continues to diversify its portfolio and position the portfolio for a rising interest rate environment.

## **Capital Management**

In May, the Company filed a \$1.5 billion shelf prospectus with the Canadian securities regulator which allows it to offer a variety of securities to the public. Under this prospectus, the Company completed a \$275 million offering of 5.68% 10-year debentures in June. The details of that offering can be found in the prospectus supplement dated June 18, 2010.

As previously announced, the Company intends to distribute a portion of its available capital in 2010. After evaluating its capital position, market conditions and share price, the Company launched a substantial issuer bid to repurchase up to \$325 million of its common shares. The offer will expire on August 24, 2010, with the details of the offer described more fully in the circular dated July 19, 2010. The Company remains confident in meeting its business objectives and the offer to repurchase shares does not reflect a change in its view regarding growth opportunities.

## **Shareholders' Equity**

Shareholders' equity as of June 30, 2010 was \$2.8 billion, or \$23.56 per share on a fully diluted basis. Shareholders' equity, excluding accumulated other comprehensive income or loss, as of June 30, 2010 was \$2.7 billion, or \$22.53 per share on a fully diluted basis.

## **Dividends**

The Company paid a quarterly dividend of \$0.22 per common share on June 1, 2010 to shareholders of record as of the close of business on May 15, 2010. The Company also announced today that the board of directors approved its next quarterly shareholders' dividend of \$0.22 per common share, payable on September 1, 2010 to shareholders of record at the close of business on August 16, 2010.

## Consolidated Financial Highlights

<i>(In millions, except per share)</i>	<b>Three Months Ended June 30 (Unaudited)</b>		<b>Year To Date Ended June 30 (Unaudited)</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>New Insurance Written</b>	7,181	4,198	13,132	7,649
<b>Insurance In Force</b>	234,196	216,742	234,196	216,742
<b>Net Premiums Written</b>	157	82	252	146
<b>Net Premiums Earned</b>	154	154	309	301 <sup>2</sup>
<b>Losses on Claims</b>	49	71	109	131
<b>Investment Income</b>	41	51	90	94
<b>Net Income</b>	85	75	169	149 <sup>2</sup>
<b>Net Operating Income<sup>1</sup></b>	86	70	167	147 <sup>2</sup>
<b>Fully Diluted EPS</b>	\$0.72	\$0.67	\$1.43	\$1.33 <sup>2</sup>
<b>Fully Diluted Operating EPS<sup>1</sup></b>	\$0.73	\$0.63	\$1.42	\$1.31 <sup>2</sup>
<b>Loss Ratio</b>	32%	46%	35%	44%
<b>Combined Ratio</b>	47%	62%	51%	58% <sup>2</sup>
<b>Operating Return on Equity</b>	13%	12%	13%	14% <sup>2</sup>
<b>Minimum Capital Test Ratio</b>	154%	140%	154%	140%

<sup>1</sup> This is a financial measure not calculated based on Canadian generally accepted accounting principles (GAAP). See the "Non-GAAP Measures" section of this press release for additional information.

<sup>2</sup> Including the impact of the change to the premium recognition curve in the first quarter of 2009, financial measures for the six months ended June 30, 2009 would have been: net premiums earned, \$401; net income, \$213; net operating income, \$211; fully diluted earnings per share, \$1.90; fully diluted operating earnings per share, \$1.88; combined ratio, 45%, and operating return on equity, 19%.

## **Detailed Operating Results and Financial Supplement**

For more information on Genworth MI Canada Inc.'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's Discussion and Analysis, and the second quarter 2010 financial supplement are also posted on the Company's website at <http://investor.genworthmicanada.ca>. Investors are encouraged to review all of these materials.

## **Conference Call**

Genworth MI Canada Inc.'s second quarter conference call will be held on July 30, 2010 at 10:30 am EST. The call is accessible via telephone and over the Internet on the Company's web site at [www.genworthmicanada.ca](http://www.genworthmicanada.ca). Slides to accompany the conference call will be posted on July 30<sup>th</sup> before the start of the conference call. The dial-in number for the July 30<sup>th</sup> conference call is 1-888-300-0053 (#I.D. 80635498). A recording of the call will be available on the Company's website through to September 15, 2010.

## **Non-GAAP Measures**

To supplement its financial statements, the Company uses select non-GAAP financial measures. Non-GAAP 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 operating income and return on operating income. The Company believes that these non-GAAP 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-GAAP measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies. These measures are defined in the Company's glossary, which is posted on the Company's website at <http://investor.genworthmicanada.ca>. To access the glossary, click on the "Glossary of Terms" link under "Investor Resources" subsection on the left navigation bar.

## **Cautionary Note Regarding Forward-Looking Statements**

This press release includes certain forward-looking statements. These forward-looking statements include, but are not limited to, Genworth MI Canada's plans, objectives, expectations and intentions, including the Company's plans with respect to its capital structure, the current issuer bid 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 Genworth MI Canada Inc.'s current beliefs or expectations, including in the case of statements regarding the Company's plans with respect to its capital structure and current issuer bid, 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 control of Genworth MI Canada Inc. 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, 2010, Genworth Financial Canada had \$5.5 billion in total assets and \$2.8 billion in 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](http://www.genworth.ca).

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