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Genworth MI Canada Inc. Reports Second Quarter 2017 Results Including Net Operating Income of \$126 Million

Transactional Premiums Written:	\$161 million	Down 5% Y/Y, up 81% Q/Q
Premiums Earned:	\$168 million	Up 7% Y/Y, up 1% Q/Q
Loss Ratio:	3%	Down 17 pts Y/Y, down 12 pts Q/Q
Net Income:	\$150 million	Up 65% Y/Y, up 41% Q/Q
Net Operating Income:	\$126 million	Up 28% Y/Y, up 17% Q/Q
Fully Diluted Operating EPS:	\$1.36	Up 27% Y/Y, up 17% Q/Q

Toronto, ON (August 1, 2017) – Genworth MI Canada Inc. (the “**Company**”) (TSX: MIC) today reported second quarter 2017 net income of \$150 million or \$1.61 earnings per fully diluted common share, net operating income of \$126 million or \$1.36 operating earnings per fully diluted common share, and an operating return on equity of 14%.

“We are pleased with the quarter’s results reflecting continued strength in portfolio quality and growth in our average premium rate, both of which bode well for future performance,” said Stuart Levings, President and CEO. “Our extraordinarily low loss ratio of 3% reflects the positive impact of macroeconomic tailwinds and strong housing markets and is likely to normalize as these markets adjust to government actions and market forces. Furthermore, we are pleased that one of our key rating agencies, DBRS, affirmed our ratings of AA at the operating company level, with stable trends, recognizing our solid market position, high quality insurance portfolio, advanced risk analytics and strong capital position.”

Key Second Quarter 2017 Financial Results And Operational Metrics:

- **New insurance written from transactional insurance** was \$5.0 billion, a decrease of \$0.8 billion, or 14%, compared to the same quarter in the prior year, primarily due to a smaller high loan-to-value origination market resulting primarily from the introduction by the Canadian federal government of an insured mortgage rate stress test in the fourth quarter of 2016. Compared to the prior quarter, transactional new insurance written increased by \$1.9 billion, primarily as a result of typical seasonality.
- **Premiums written from transactional insurance** were \$161 million. This represents a decrease of \$9 million, or 5%, from the prior year’s period, primarily due to a decline in new insurance written, which was partially offset by a 10% higher average premium rate resulting from the impact of the March 2017 premium rate increase. Compared to the prior quarter, premiums written increased by \$72 million, or 81%, primarily due to seasonality.

- **New insurance written from portfolio insurance** on low loan-to-value mortgages was \$1.1 billion, a decrease of \$24.8 billion compared to the same quarter in the prior year and \$9.4 billion compared to the prior quarter. These decreases were primarily due to lower demand for portfolio insurance as a result of the following:
 - the introduction of purpose test rules on July 1, 2016 that generally limit portfolio insurance to only those mortgages that will be used in government sponsored securitization programs;
 - the prohibition of portfolio insurance on refinance transactions originated by lenders after November 30, 2016; and
 - a substantial increase in portfolio insurance premium rates on mortgage applications received after December 31, 2016 in response to higher regulatory capital requirements.
- **Premiums written from portfolio insurance** were \$8 million, representing a decrease of \$70 million compared to the same quarter in the prior year and \$30 million compared to the prior quarter, primarily due to a decrease in new insurance written. This was partially offset by a 150% year-over-year and 110% quarter-over-quarter increase in the average premium rate as a result of higher regulatory capital requirements.
- **Premiums earned** of \$168 million were \$11 million, or 7%, higher than the same quarter in the prior year due to the relatively higher level of premiums written in recent years. When compared to the prior quarter, premiums earned were \$1 million, or 1%, higher. The **unearned premiums reserve** was \$2.1 billion at the end of the quarter, down \$39 million from December 31, 2016. These unearned premiums will be recognized as premiums earned over time in accordance with the Company's historical pattern of loss emergence.
- **New delinquencies, net of cures**, of 155 were 336 lower than the prior quarter and 197 lower than the same period in the prior year with decreases across all regions. There were significant decreases in Ontario (89), Quebec (77), the Atlantic Provinces (75) and Alberta (49) compared to the prior quarter.
- The **loss ratio** for the quarter was 3% as a percentage of premiums earned, compared to 15% in the prior quarter and 21% in the same quarter in the prior year. **Losses on claims** of \$6 million were \$27 million lower than the same quarter in the prior year and \$20 million lower compared to the prior quarter primarily due to favourable development of approximately \$31 million from the prior quarter's loss reserves. This favourable development was primarily due to fewer new reported delinquencies in Ontario, Alberta, Quebec and the Atlantic Provinces as compared to the incurred but not reported reserve as at March 31, 2017.
- The number of **delinquencies outstanding** of 1,809 reflected a decrease of 273 delinquencies, as compared to the prior quarter, including decreases in Ontario (95), Quebec (71), the Atlantic Provinces (55) and Alberta (43). Compared to the same quarter in the prior year, the number of delinquencies outstanding decreased by 152, including a decrease in Quebec (132) and in Ontario (95), partially offset by an increase in Alberta (84).
- **Expenses** were \$31 million during the quarter, resulting in an **expense ratio** of 18%, as a percentage of premiums earned. This ratio was one percentage point lower than the same quarter in the prior year, and two percentage points lower than the prior quarter. The expense ratio remained consistent with the Company's expected operating range of 18% to 20%.
- **Interest and dividend income, net of investment expenses**, of \$45 million was relatively unchanged from the same quarter in the prior year and the prior quarter.

- **Realized and unrealized gains on derivatives and foreign exchange**, of \$30 million were \$38 million higher than the same quarter in the prior year and \$33 million higher compared to the prior quarter. These increases were primarily due to an increase of \$41 million in the market value of the Company's interest rate swaps partially offset by movements in foreign exchange rates on the Company's invested assets denominated in U.S. Dollars.
- The Company's **investment portfolio** had a market value of \$6.3 billion at the end of the quarter. The portfolio had a pre-tax equivalent book yield of 3.2% and duration of 3.8 years as at June 30, 2017, each of which were relatively consistent with the prior quarter.
- **Net income** of \$150 million was \$59 million higher relative to the same quarter in the prior year and \$43 million higher than the prior quarter, primarily due to higher total net investment income, lower losses on claims and higher premiums earned.
- **Net operating income** of \$126 million was \$27 million higher relative to the same quarter in the prior year, and \$18 million higher than the prior quarter, primarily due to lower losses on claims and higher premiums earned.
- **Operating return on equity** was 14% for the quarter, two percentage points higher than the prior quarter, and two percentage points higher than the same quarter in the prior year.
- **The regulatory capital ratio or Minimum Capital Test ("MCT") ratio** was approximately 167%, 10 percentage points higher than the Company's internal MCT ratio target of 157% and 17 percentage points higher than the Office of the Superintendent of Financial Institutions ("**OSFI**") Supervisory MCT ratio target of 150%.
- The Company estimates that its **outstanding principal balance of insured mortgages** as at June 30, 2017, was approximately \$226 billion, or 47% of the original insured amount.

Dividends

On May 30, 2017, the Company paid a quarterly dividend of \$0.44 per common share.

The Company also announced today that its Board of Directors approved a dividend payment of \$0.44 per common share, payable on August 30, 2017, to shareholders of record at the close of business on August 15, 2017.

Shareholders' Equity

As at June 30, 2017, shareholders' equity was \$3.8 billion, representing a book value including accumulated other comprehensive income ("**AOCI**") of \$41.34 per common share on a fully diluted basis. Excluding AOCI, shareholders' equity was \$3.7 billion, representing a book value of \$40.17 per common share on a fully diluted basis.

Credit and Debt Ratings

On July 21, 2017, DBRS confirmed the Insurance Subsidiary's AA financial strength rating and the Company's A (high) rating with stable trends. The Company's credit rating by Standard & Poor's is 'BBB+' (stable) and the financial strength of the Company's primary operating subsidiary is 'A+' (stable).

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 as posted on SEDAR and available at www.sedar.com.

This press release, as well as the Company's second quarter 2017 consolidated Financial Statements, Management's Discussion and Analysis and 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 2, 2017 at 10:00 am ET (Local: 416-640-5944, Toll free: 1-800-564-7439, Conference ID: 2083691). The call is accessible via telephone and by audio webcast on the Company's website. If listening via webcast, participants are encouraged to pre-register for the webcast through 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 August 31, 2017 (Local: 647-436-0148, Toll-free 1-888-203-1112, Replay Passcode 2083691). The webcast will also be available for replay on the Company's website for a period of at least 45 days following the conference call.

About Genworth MI Canada Inc.

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 customer service excellence, innovative processing technology, and a robust risk management framework. For more than 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 June 30, 2017, the Company had \$6.7 billion total assets and \$3.8 billion shareholders' equity. Find out more at www.genworth.ca.

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Consolidated Financial Highlights

(\$ millions, except per share amounts)	Three Months Ended June 30 (Unaudited)		Six Months Ended June 30 (Unaudited)	
	2017	2016	2017	2016
Transactional new insurance written ¹	\$4,984	\$5,769	\$8,030	\$9,183
Portfolio new insurance written ¹	1,108	25,931	11,620	30,423
Total new insurance written¹	6,091	31,700	19,651	39,606
Premiums written	170	249	297	366
Premiums earned	168	158	336	312
Losses on claims	6	32	31	69
Expenses	31	30	65	58
Net underwriting income	132	95	239	184
Investment income (interest and dividends, net of expenses) ¹	45	44	90	86
Realized gains (losses) on sale of investments	1	-	3	-
Impairment loss	-	(3)	-	(3)
Realized and unrealized gains on derivatives and foreign exchange	30	(9)	26	(13)
Total net investment income	76	33	119	70
Net income	\$150	\$91	\$256	\$178
Net operating income¹	\$126	\$99	\$233	\$190
Basic weighted average common shares outstanding	91,947,700	91,807,935	91,925,180	91,802,793
Diluted weighted average common shares outstanding	92,349,039	91,842,106	92,095,869	91,853,661
Fully diluted earnings per common share	\$1.61	\$0.99	\$2.78	\$1.94
Fully diluted operating earnings per common share ¹	\$1.36	\$1.07	\$2.53	\$2.07
Fully diluted book value per common share, incl. AOCI ¹	\$41.34	\$38.23	\$41.34	\$38.23
Fully diluted book value per common share, excl. AOCI ¹	\$40.17	\$36.57	\$40.17	\$36.57
Loss ratio ¹	3%	21%	9%	22%
Combined ratio ¹	22%	40%	29%	41%
Operating return on equity ¹	14%	12%	13%	11%
Internal MCT target (2017)/MCT holding target (2016) ^{1,3}	157%	220%	157%	220%
MCT ratio ^{1,4}	167%	233%	167%	233%
Delinquency ratio ^{1, 2}	0.09%	0.10%	0.09%	0.10%

¹This is a financial measure not calculated based on International Financial Reporting Standards ("IFRS"). See the "Non-IFRS Financial Measures" section of this press release for additional information.

² Based on original insured loans in-force for which coverage term has not expired and excludes delinquencies that have been incurred but not reported.

³ Effective January 1, 2017, the 2016 holding target MCT ratio of 220% was recalibrated to the OSFI Supervisory MCT ratio target of 150% and the minimum MCT ratio under the Protection of Residential Mortgage of Hypothecary Insurance Act was reduced to 150%.

⁴ Company estimate at June 30, 2017.

Non-IFRS financial measures

To supplement the Company's consolidated financial statements, which are prepared in accordance with IFRS, the Company uses non-IFRS financial measures to analyze performance. The Company's key performance indicators and certain other information included in this press release include non-IFRS financial measures. Such non-IFRS financial measures used by the Company to analyze performance include, among others, interest and dividend income, net of investment expenses, net operating income, operating earnings per common share (basic) and operating earnings per common share (diluted). The Company believes that these non-IFRS 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-IFRS financial measures do not have standardized meanings and are unlikely to be comparable to any similar measures presented by other companies.

Non-IFRS financial measures reconciled to comparable IFRS measures for such periods

<i>(in millions of dollars, unless otherwise specified)</i>	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Investment income	\$ 76	\$ 33	\$ 119	\$ 70
Adjustment to investment income: Net investment (gains)	(31)	11	(29)	16
Interest and dividend income, net of investment expenses	\$ 45	\$ 44	90	\$ 86
Net income	150	91	256	178
Adjustments to net income, net of taxes: Net investment (gains)	(24)	8	(23)	12
Net operating income	\$ 126	\$ 99	\$ 233	\$ 190
Earnings per common share (basic)	\$ 1.63	\$ 0.99	\$ 2.78	\$ 1.94
Adjustment to earnings per common share, net of taxes: Net investment (gains)	(0.26)	0.09	(0.25)	0.13
Operating earnings per common share (basic)	\$ 1.37	\$ 1.07	\$ 2.54	\$ 2.07
Earnings per common share (diluted) ¹	\$ 1.61	\$ 0.99	\$ 2.78	\$ 1.94
Adjustment to earnings per common share, net of taxes: Share based compensation re-measurement amount	0.01	-	-	-
Net investment (gains)	(0.26)	0.09	(0.25)	0.13
Operating earnings per common share (diluted) ¹	\$ 1.36	\$ 1.07	\$ 2.53	\$ 2.07

Note: Amounts may not total due to rounding.

¹The difference between basic and diluted number of common shares outstanding is caused by the potentially dilutive impact of share-based compensation awards.

Definitions of key non-IFRS financial measures and explanations of why these measures are useful to investors and management can be found in the Company's "Glossary", in the "Non-IFRS financial measures" section at the end of the Company's Management's Discussion and Analysis for the quarter ended June 30, 2017 ("MD&A"). The MD&A, along with the Company's most recent financial statements, are available on the Company's website and on SEDAR at www.sedar.com.

Caution regarding forward-looking information and statements

Certain statements made in this press release contain forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). When used in this press release, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and 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, the Company’s future operating and financial results; and the operating range for the Company’s expense ratio as a percentage of premiums earned.

The forward-looking statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking statements contained herein. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company’s ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company’s business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Actual results or developments may differ materially from those contemplated by the forward-looking statements.

The Company’s actual results and performance could differ materially from those anticipated in these forward-looking statements as a result of both known and unknown risks, including: the continued availability of the Canadian government’s guarantee of private mortgage insurance on terms satisfactory to the Company; the Company’s expectations regarding its revenues, expenses and operations; the Company’s plans to implement its strategy and operate its business; the Company’s expectations regarding the compensation of directors and officers; the Company’s anticipated cash needs and its estimates regarding its capital expenditures, capital requirements, reserves and its needs for additional financing; the Company’s plans for and timing of expansion of service and products; the Company’s ability to accurately assess and manage risks associated with the policies that are written; the Company’s ability to accurately manage market, interest and credit risks; the Company’s ability to maintain ratings, which may be affected by the ratings of its majority shareholder, Genworth Financial, Inc.; interest rate fluctuations; a decrease in the volume of high loan-to-value mortgage originations; the cyclical nature of the mortgage insurance industry; changes in government regulations and laws mandating mortgage insurance; the acceptance by the Company’s lenders of new technologies and products; the Company’s ability to attract lenders and develop and maintain lender relationships; the Company’s competitive position and its expectations regarding competition from other providers of mortgage insurance in Canada; anticipated trends and challenges in the Company’s business and the markets in which it operates; changes in the global or Canadian economies; a decline in the Company’s regulatory capital or an increase in its regulatory capital requirements; loss of members of the Company’s senior management team; potential legal, tax and regulatory investigations and actions; the failure of the Company’s computer systems; potential conflicts of interest between the Company and its majority shareholder, Genworth Financial Inc.; and Genworth Financial Inc. entering into a definitive agreement with China Oceanwide Inc. under which China Oceanwide Inc. has agreed to acquire all of the outstanding shares of Genworth Financial Inc. through a merger. Risks associated with the Company being majority held by Genworth Financial Inc. will also apply to China Oceanwide Inc.

This is not an exhaustive list of the factors that may affect any of the Company’s forward-looking statements. Some of these and other factors are discussed in more detail in the Company’s Annual Information Form (the “AIF”) dated March 15, 2017. Investors and others should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is

included in the Company's public filings with provincial and territorial securities regulatory authorities (including the Company's AIF) and can be found on the SEDAR website at www.sedar.com. The forward-looking statements contained in this press release represent the Company's views only as of the date hereof. Forward-looking statements contained in this press release are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's securityholders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.