## Fourth Quarter 2012

Earnings Summary
Australia Mortgage Insurance Update
U.S. Mortgage Insurance Update
February 5, 2013





## Cautionary Note Regarding Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will" or words of similar meaning and include, but are not limited to, statements regarding the outlook for Genworth Financial, Inc.'s (Genworth) future business and financial performance. Forward-looking statements are based on management's current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks, including those discussed at the end of this presentation, as well as in the risk factors section of Genworth's Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (SEC) on February 27, 2012 and Genworth's Form 10-Qs filed with the SEC on May 4, 2012 and November 2, 2012. Genworth undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

#### Non-GAAP And Selected Operating Performance Measures

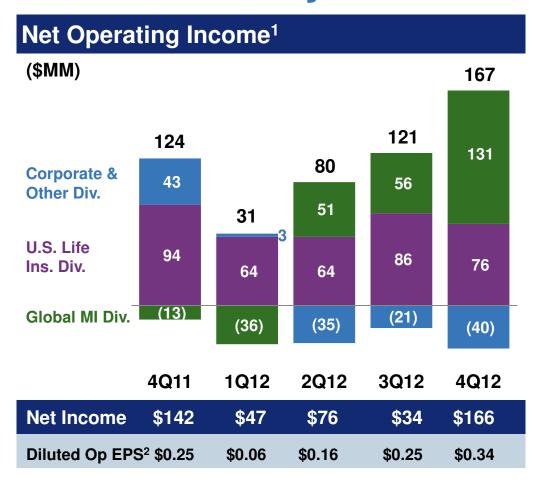
All financial data as of December 31, 2012 unless otherwise noted. For additional information, please see Genworth's fourth quarter of 2012 earnings release and financial supplement posted at genworth.com.

For important information regarding the use of non-GAAP and selected operating performance measures, see the Appendix.

Unless otherwise stated, all references in this presentation to net income, net operating income (loss) and net operating income per share should be read as net income available to Genworth Financial, Inc.'s common stockholders, net operating income (loss) available to Genworth Financial, Inc.'s common stockholders and net operating income available to Genworth Financial, Inc.'s common stockholders per share, respectively.



## **4Q12 Summary -- Genworth Consolidated**



#### **Highlights**

#### **U.S. Life Insurance Division**

Low Mortality Impacts Life Favorably & Pressures Long Term Care Insurance (LTC) ~\$175MM Capital Benefit To U.S. Life Companies From Completing Second Life Block Transaction

YE 2012 Unassigned Surplus Of ~\$345MM<sup>3</sup> Extraordinary \$175MM Of Dividends Paid In 2012

#### **Global Mortgage Insurance Division**

\$78MM Benefit From New Government Guarantee Framework In Canada Improved Performance In Australia Vs. 3Q12 U.S. Mortgage Insurance (U.S. MI) Loss Performance Stable & Comprehensive Capital Plan Announced In January 2013 \$121MM Of Dividends Paid In 2012

#### **Corporate & Other Division**

\$158MM Of Dividends Paid In 2012 From International Protection & Wealth Management

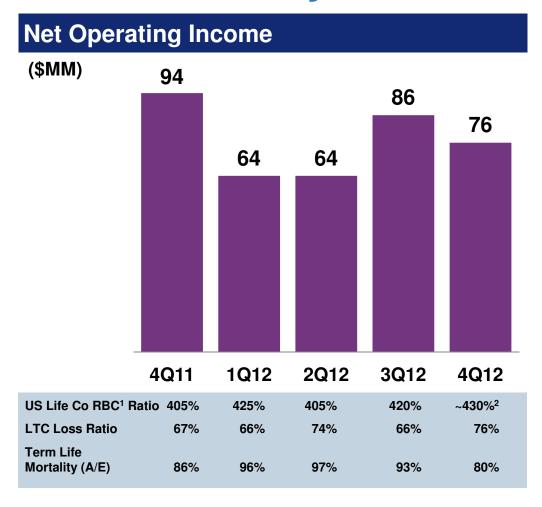


<sup>&</sup>lt;sup>1</sup>Non-GAAP Measure. See Appendix.

<sup>&</sup>lt;sup>2</sup>Derivation Of Non-GAAP Measure. See Appendix.

<sup>&</sup>lt;sup>3</sup>Company Estimate For The Fourth Quarter Of 2012, Due To Timing Of The Filing Of Statutory Statements

## 4Q12 Summary -- U.S. Life Insurance



<sup>&</sup>lt;sup>1</sup>Risk Based Capital

### **Highlights**

#### **U.S. Life Insurance Division**

~\$175MM Capital Benefit To U.S. Life Companies From Completing Second Life Block Transaction

YE 2012 Unassigned Surplus Of ~\$345MM<sup>2</sup> Extraordinary \$175MM Of Dividends Paid In 2012

#### Life Insurance

Low Mortality Favorable To Prior Quarter & Prior Year

Sales Levels Down From 2012 Pricing & Transition In Product Portfolio

#### **Long Term Care**

LTC Loss Ratio Up From Prior Quarter & Prior Year ... Higher Reserve Build On New Claims & Lower Active Policy Terminations

As Of YE 2012, 3Q12 Rate Action Has Been Filed In 49 States & Has Approvals Representing ~20% Of The Targeted Premium Increase

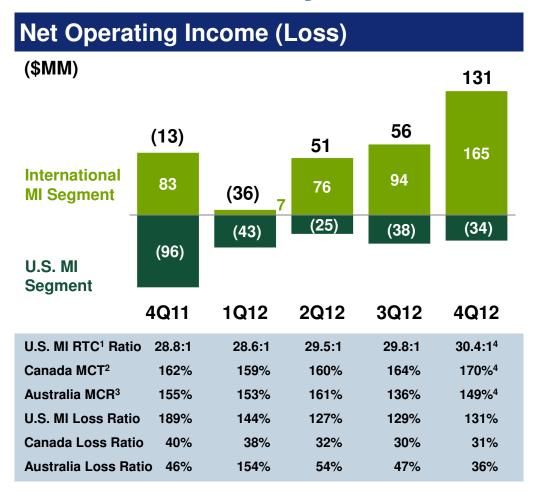
#### **Fixed Annuities**

Stable Performance ... Maintaining Margins In Low Interest Rate Environment



<sup>&</sup>lt;sup>2</sup>Company Estimate For The Fourth Quarter Of 2012, Due To Timing Of The Filing Of Statutory Statements

## **4Q12 Summary -- Global MI**



<sup>&</sup>lt;sup>1</sup>Combined Risk To Capital

### **Highlights**

#### **Global Mortgage Insurance Division**

\$121MM Of Dividends Paid In 2012

#### Canada MI

\$78MM Benefit From New Government Guarantee Framework In Canada Loss Ratio Up 1 Point Sequentially From Seasonality & Down 9 Points Year Over Year From Lower New Delinquencies & Improvement In Alberta Opportunistic Bulk Transactions

#### Australia MI

Operating Income Up \$5MM From 3Q12
New Delinquency Development Lower Across
All Major States & Loss Ratio At 36% Improved
11 Points From The Prior Quarter
Expanded Use Of Reinsurance In 4Q12

#### U.S. MI

Loss Performance Stable & Comprehensive Capital Plan Announced In January 2013 New Delinquencies Decreased ~23% For The Full Year

Loss Mitigation Savings Were \$674MM For The Full Year

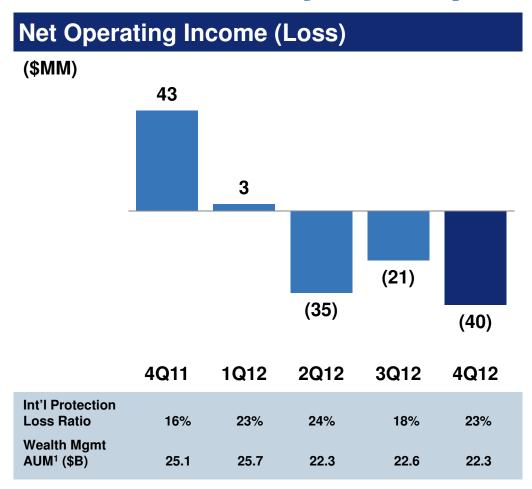


<sup>&</sup>lt;sup>2</sup>Mininum Capital Test

<sup>&</sup>lt;sup>3</sup>Minimum Capital Requirement

<sup>&</sup>lt;sup>4</sup>Company Estimate For The Fourth Quarter Of 2012, Due To Timing Of The Filing Of Statutory Statements

## **4Q12 Summary -- Corporate & Other**



### **Highlights**

#### **Corporate & Other Division**

\$158MM Of Dividends Paid In 2012 From International Protection & Wealth Management

#### **International Protection**

Loss Ratio Of 23% Up 5 Points From Prior Quarter From Higher New Claim Registrations & Up 7 Points From Prior Year From Higher Claim Severity Partially Offset By Lower New Claim Registrations

Sales Remain Challenged Given Slow Consumer Lending Environment In Europe

#### **Wealth Management**

AUM Decreased From Prior Quarter To \$22.3B; Net Flows Of \$(373)MM Were Partially Offset By Positive Market Conditions

#### Runoff

Pressure From Less Favorable Equity Markets From Prior Quarter & Prior Year

Favorable Taxes Versus Prior Year

#### **Corporate & Other**

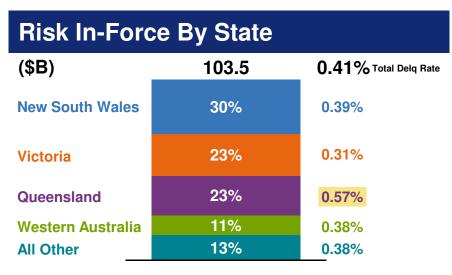
\$13MM Higher Taxes Versus The Prior Quarter Primarily From A Reversal Of Prior Quarter Taxes & Higher Expenses Related To Debt Tender



<sup>&</sup>lt;sup>1</sup>Assets Under Management

# **Australia Mortgage Insurance**

## **Australia Portfolio Segmentation**



#### Risk In-Force By Vintage (\$B) 103.5 0.41% Total Delg Rate 2005 & Prior 29% 0.18% 9% 2006 0.65% 10% 2007 0.87% 10% 2008 1.01% 12% 2009 0.69% 2010 0.32% 9% 0.16% 2011 12% 0.02% 2012

#### **Observations**

**Geographic Dispersion In Line With Population** 

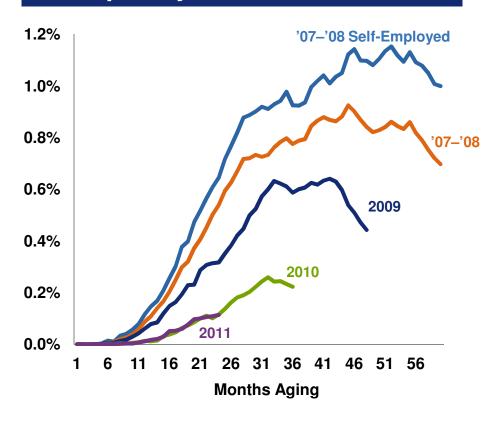
Overall Delinquency Rate Improved 6bps Sequentially To 0.41%

Delinquency Rate In Pressured Segments Remain Elevated... But Improving

Segment	1Q12	2Q12	3Q12	4Q12
2007-2008	1.25%	1.17%	1.07%	0.94%
Queensland	0.80%	0.76%	0.69%	0.57%
Coastal Queensland	1.13%	1.05%	0.95%	0.82%

## **Australia Portfolio Update**

### **Delinquency Rates**



### **Observations**

**Delinquency Trends Improving As Portfolio Seasons** 

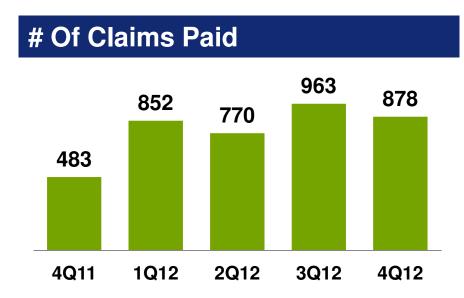
**2007/2008 Vintages Continue To Underperform Other Books** 

Small Business/Self-Employed Continue To Feel Pressure

**Solid Performance In Recent Vintages Continuing** 

Australia Direct Business Only

## **Australia Paid Claims**

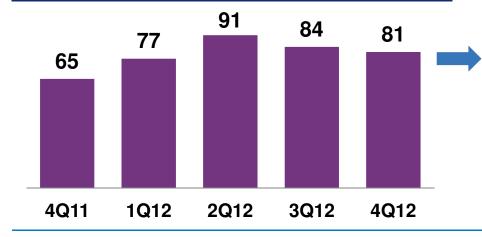


### **Observations**

Continue To Work With Lender Partners To Accelerate Claims Processing

Queensland, 2007/2008 Vintages & SB/SE<sup>1</sup> Remain Key Drivers, But Improving

### Average Paid Claim (A\$, K)



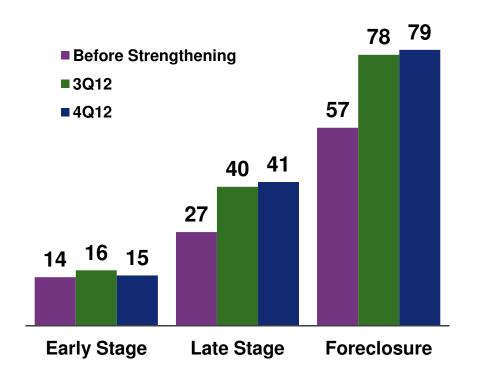
Segment	2Q12	3Q12	4Q12
2007-2008 SB/SE	129	124	109
SB/SE	119	116	103
Coastal Queensland	128	113	112
Queensland	97	88	92

<sup>&</sup>lt;sup>1</sup> Small Business / Self Employed



## **Australia Loss Reserve Update**

#### % Of Effective RIF¹ Reserved



### **Observations**

First Quarter Strengthening Confirmed To Date

**Continue To Supplement Quarterly Actuarial Review With Loan-By-Loan Analysis** 

**Exposure To Pressured Segments Declining** 

**Total Loss Reserves As Of 12/31/12: A\$241MM** 



## **Australia Delinquency Roll**

### **Quarterly Trends**

	4Q11	1Q12	2Q12	3Q12	4Q12
Beginning Balance	8,464	7,874	7,837	7,527	6,791
New	3,100	3,555	3,556	3,335	2,740
Cures	(3,207)	(2,740)	(3,096)	(3,108)	(2,802)
Paid Claims	(483)	(852)	(770)	(963)	(878)
Ending Balance	7,874	7,837	7,527	6,791	5,851
Change in Delma	<b>(</b> 500)	(07)	(210)	(70C)	(0.40)
Change In Delqs	(590)	(37)	(310)	(736)	(940)
Delinquency Rate	0.55%	0.54%	0.52%	0.47%	0.41%

### **Observations**

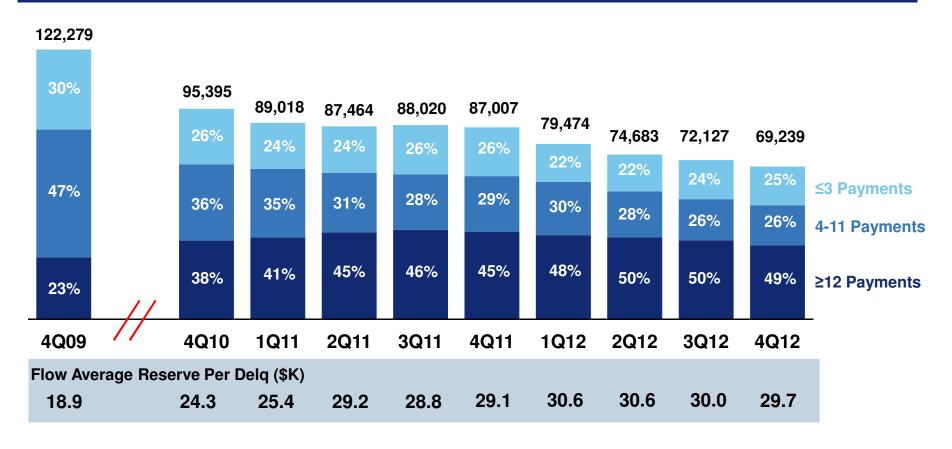
Improving New Delinquencies In 4Q12 Across All Major States... Some Seasonality

Number Of Paid Claims In 4Q12 Remain Elevated Relative To 2011

# **U.S. Mortgage Insurance**

## **Delinquencies By Aging Category**

### **Primary Delinquencies**

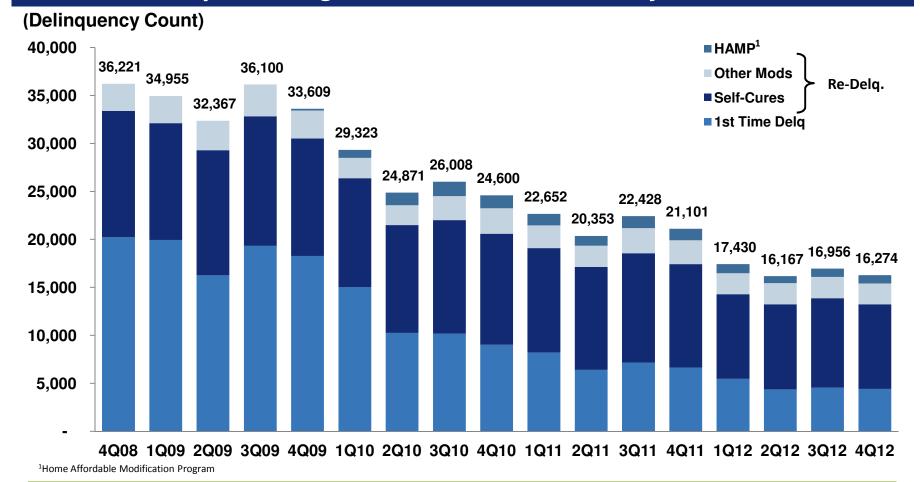


#### **Reserve Strengthening While Delinquencies Trend Lower**



## Flow New Delinquency Trends

### Flow New Delqs Slowing Since 3Q09 – Seasonality In 3Q10, '11 & '12

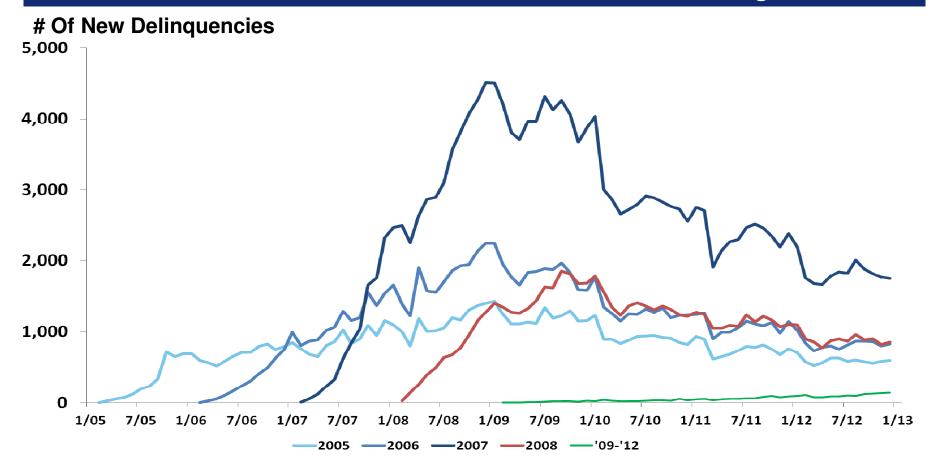


**New Delinquency / Re-Delinquency Trends Favorable** 



## **New Delinquencies -- Bad Books Run Off**

### 2005–2008 Books Peaked In 4Q09; New Books Performing Well



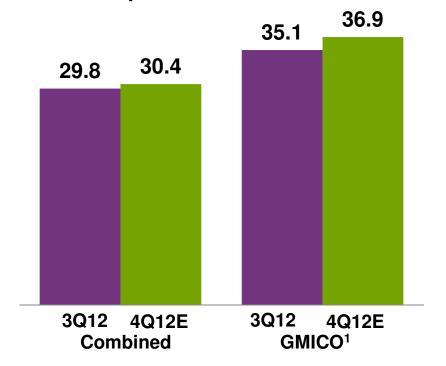
Burn-Out Is Gradual But Meaningful... Historical Season Drop In 1Q



## **Capital Strategy**

### **Regulatory Capital Position**

#### **Risk To Capital Ratio X:1**



### **Maintaining Capital Flexibility**

#### Comprehensive U.S. MI Capital Plan Announced In January 2013

Transfer Of MI Europe Of ~\$230MM Completed On January 31, 2013

\$100MM Initial Infusion For Future NewCo Option Internal Reorganization Of Legal Entities

Post Transaction, GMICO RTC Estimate Of ~ 22:1

North Carolina 25:1 Waiver Extended Through July 31, 2014

GSE<sup>2</sup> Approval For GRMAC<sup>3</sup> Thru 12/31/13

4Q12 Risk To Capital Is An Estimate Due To Timing Of Filing Of Statutory Financial Statements



<sup>&</sup>lt;sup>1</sup>Genworth Mortgage Insurance Corporation

<sup>&</sup>lt;sup>2</sup>Government Sponsored Entity

<sup>&</sup>lt;sup>3</sup>Genworth Residential Mortgage Assurance Corporation

# **Appendix**

## **Use Of Non-GAAP Measures**

This presentation includes the non-GAAP¹ financial measure entitled "net operating income (loss)." The company defines net operating income (loss) available to Genworth Financial, Inc.'s common stockholders as income (loss) from continuing operations excluding the after-tax effects of income attributable to noncontrolling interests, net investment gains (losses), goodwill impairments, gains (losses) on the sale of businesses and infrequent or unusual non-operating items. The company excludes net investment gains (losses) and infrequent or unusual non-operating items because the company does not consider them to be related to the operating performance of the company's segments and Corporate and Other activities. A component of the company's net investment gains (losses) is the result of impairments, the size and timing of which can vary significantly depending on market credit cycles. In addition, the size and timing of other investment gains (losses) can be subject to the company's discretion and are influenced by market opportunities, as well as asset-liability matching considerations. Goodwill impairments and gains (losses) on the sale of businesses are also excluded from net operating income (loss) available to Genworth Financial, Inc.'s common stockholders because, in the company's opinion, they are not indicative of overall operating trends. Other non-operating items are also excluded from net operating trends.

While some of these items may be significant components of net income (loss) available to Genworth Financial, Inc.'s common stockholders in accordance with GAAP, the company believes that net operating income (loss) available to Genworth Financial, Inc.'s common stockholders and measures that are derived from or incorporate net operating income (loss) available to Genworth Financial, Inc.'s common stockholders, including net operating income (loss) available to Genworth Financial, Inc.'s common stockholders per common share on a basic and diluted basis, are appropriate measures that are useful to investors because they identify the income (loss) attributable to the ongoing operations of the business. Management also uses net operating income (loss) available to Genworth Financial, Inc.'s common stockholders as a basis for determining awards and compensation for senior management and to evaluate performance on a basis comparable to that used by analysts. However, the items excluded from net operating income (loss) available to Genworth Financial, Inc.'s common stockholders have occurred in the past and could, and in some cases will, recur in the future. Net operating income (loss) available to Genworth Financial, Inc.'s common stockholders per common stockholders and diluted basis are not substitutes for net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share on a basic and diluted basis are not substitutes for net income (loss) available to Genworth Financial, Inc.'s common stockholders per common share on a basic and diluted basis determined in accordance with GAAP. In addition, the company's definition of net operating income (loss) available to Genworth Financial, Inc.'s common stockholders may differ from the definitions used by other companies.

<sup>1</sup> U.S. Generally Accepted Accounting Principles



## **Reconciliation To Net Income**

Net Operating Income by Segment by Quarter (amounts in millions, except per share amounts)

			2012			2011
II.C. Life Incomence Division		4Q	3Q	2Q	1Q	4Q
U.S. Life Insurance Division U.S. Life Insurance segment:						
Life Insurance	\$	49 \$	22 \$	30 \$	6	\$ 48
	Φ	49 p				
Long-Term Care			45	14	35	28
Fixed Annuities		20	19	20	23_	18
Total U.S. Life Insurance segment  Total U.S. Life Insurance Division		76 76	86 86	64 64	64 64	94
Total C.C. Elle ilisurance Sitision		70			<u> </u>	
Global Mortgage Insurance Division						
International Mortgage Insurance segment:						
Canada		114	42	41	37	40
Australia		62	57	44	(21)	54
Other Countries		(11)	(5)	(9)	(9)	(11
Total International Mortgage Insurance segment		165	94	76	7	83
U.S. Mortgage Insurance segment		(34)	(38)	(25)	(43)	(96
Total Global Mortgage Insurance Division		131	56	51	(36)	(13
Corporate and Other Division						
International Protection segment		8	8	3	5	19
Wealth Management segment		8	10	12	12	12
Runoff segment		8	9	(6)	35	15
Corporate and Other		(64)	(48)	(44)	(49)	(3
Total Corporate and Other Division		(40)	(21)	(35)	3	43
NET OPERATING INCOME		167	121	80	31	124
ADJUSTMENTS TO NET OPERATING INCOME:						
Net investment gains (losses), net of taxes and other adjustments		1	(1)	(19)	16	1
Goodwill impairment, net of taxes			(86)	(.0)		(19
Gain on sale of business, net of taxes		(2)	(00)	15	_	36
NET INCOME AVAILABLE TO GENWORTH FINANCIAL, INC.'S		\_/		10		
COMMON STOCKHOLDERS		166	34	76	47	142
Add: net income attributable to noncontrolling interests		98	36	33	33	33
NET INCOME	\$	264 \$	70 \$	109 \$	80	\$ 175
			•	•		
Earnings Per Share Data:						
Net income available to Genworth Financial, Inc.'s						
common stockholders per common share						
Basic	\$	0.34 \$	0.07 \$	0.16 \$	0.09	\$ 0.29
Diluted	\$	0.34 \$	0.07 \$	0.16 \$	0.09	\$ 0.29
Net operating income per common share						
Basic	\$	0.34 \$	0.25 \$	0.16 \$	0.06	\$ 0.25
Diluted	\$	0.34 \$	0.25 \$	0.16 \$	0.06	\$ 0.25
Weighted-average shares outstanding						
Basic		491.9	491.7	491.5	491.2	490.9
Diluted		493.9	493.9	493.9	495.7	492.7
			.00.0	.00.0		402.1



## **Definition Of Selected Operating Performance Measures**

Management uses selected operating performance measures including "sales," and "insurance in force" or "risk in force" which are commonly used in the insurance and investment industries as measures of operating performance.

Management regularly monitors and reports sales metrics as a measure of volume of new and renewal business generated in a period. Sales refer to new insurance written for mortgage insurance. Sales do not include renewal premiums on policies or contracts written during prior periods. The company considers new insurance written to be a measure of the company's operating performance because they represent a measure of new sales of insurance policies or contracts during a specified period, rather than a measure of the company's revenues or profitability during that period.

Management regularly monitors and reports insurance in force and risk in force. Insurance in force for the international mortgage business is a measure of the aggregate face value of outstanding insurance policies as of the respective reporting date. For the risk in force in the international mortgage insurance business, the company has computed an "effective" risk in force amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in force has been calculated by applying to insurance in force a factor of 35% that represents the highest expected average perclaim payment for any one underwriting year over the life of the company's businesses in Canada and Australia. The company considers insurance in force and risk in force to be a measure of the company's operating performance because they represent a measure of the business at a specific date which will generate revenues and profits in a future period, rather than a measure of the company's revenues or profitability during that period.

These operating measures enable the company to compare its operating performance across periods without regard to revenues or profitability related to policies or contracts sold in prior periods or from investments or other sources.



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• Risks relating to the company's businesses, including downturns and volatility in global economies and equity and credit markets; downgrades or potential downgrades in the company's financial strength or credit ratings; interest rate fluctuations and levels; adverse capital and credit market conditions; the impact of expiration of the company's credit facilities; the valuation of fixed maturity, equity and trading securities portfolio; defaults on the company's commercial mortgage loans or the mortgage loans underlying the company's investments in commercial mortgage-backed securities and volatility in performance; goodwill impairments; defaults by counterparties to reinsurance arrangements or derivative instruments; an adverse change in risk based capital and other regulatory requirements; insufficiency of reserves; legal constraints on dividend distributions by the company's subsidiaries; competition; availability, affordability and adequacy of reinsurance; loss of key distribution partners; regulatory restrictions on the company's operations and changes in applicable laws and regulations; legal or regulatory investigations or actions; the failure of or any compromise of the security of the company's computer systems; the occurrence of natural or man-made disasters or a pandemic; the effect of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act; changes in the accounting standards issued by the Financial Accounting Standards Board or other standard-setting bodies; impairments of or valuation allowances against the company's deferred tax assets; changes in expected morbidity and mortality rate; accelerated amortization of deferred acquisition costs and present value of future profits; reputational risks as a result of rate increases on certain in force long term care insurance products; medical advances, such as genetic research and diagnostic imaging, and related legislation; unexpected changes in persistency rates; ability to continue to implement actions to mitigate the impact of statutory reserve requirements; the failure of demand for long term care insurance to increase; political and economic instability or changes in government policies; foreign exchange rate fluctuations; unexpected changes in unemployment rates; unexpected increases in mortgage insurance default rates or severity of defaults; the significant portion of high loan to value insured international mortgage loans which generally result in more and larger claims than lower loan-to-value ratios; competition with government owned and government sponsored enterprises offering mortgage insurance; changes in international regulations reducing demand for mortgage insurance; increases in mortgage insurance default rates; failure to meet, or have waived to the extent needed, the minimum statutory capital requirements and hazardous financial condition standards; uncertain results of continued investigations of insured U.S. mortgage loans; possible rescissions of coverage and the results of objections to the company's rescissions; the extent to which loan modifications and other similar programs may provide benefits to the company; unexpected changes in unemployment and underemployment rates in the United States; further deterioration in economic conditions or a further decline in home prices in the United States; problems associated with foreclosure process defects in the United States that may defer claim payments; changes to the role or structure of Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac); competition with government owned and government sponsored enterprises offering U.S. mortgage insurance; changes in regulations that affect the U.S. mortgage insurance business; the influence of Fannie Mae, Freddie Mac and a small number of large mortgage lenders and investors; decreases in the volume of high loan to value mortgage originations or increases in mortgage insurance cancellations in the United States; increases in the use of alternatives to private mortgage insurance in the United States and reductions by lenders in the level of coverage they select; the impact of the use of reinsurance with reinsurance companies affiliated with U.S. mortgage lending customers; legal actions under the Real Estate Settlement Procedures Act of 1974; and potential liabilities in connection with the company's U.S. contract underwriting services:

•Other risks, including the risk of failure to complete the implementation of the capital plan (including the reorganization) in a timely manner or at all for any reason (including failure to obtain required insurance regulator and other approvals or relief), failure to achieve the anticipated benefits of the capital plan, and unanticipated complexities or costs in implementing the capital plan; adverse market or other conditions might further delay or impede the planned initial public offering (IPO) of the company's mortgage insurance business in Australia; the possibility that in certain circumstances the company will be obligated to make payments to General Electric Company (GE) under the tax matters agreement with GE even if the company's corresponding tax savings are never realized and payments could be accelerated in the event of certain changes in control; and provisions of the company's certificate of incorporation and bylaws and the tax matters agreement with GE may discourage takeover attempts and business combinations that stockholders might consider in their best interests; and

• Risks relating to the company's common stock, including the suspension of dividends and stock price fluctuations.

The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

