

Second Quarter 2016

Earnings Summary

August 3, 2016



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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 future business and financial performance of Genworth Financial, Inc. (Genworth) and its consolidated subsidiaries. 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 26, 2016. Genworth undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Non-GAAP¹ And Other Items

All financial data is as of June 30, 2016 unless otherwise noted. For additional information, please see Genworth’s second quarter of 2016 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 noted, all references in this presentation to net income (loss) and net operating income (loss) should be read as net income (loss) available to Genworth’s common stockholders and net operating income (loss) available to Genworth’s common stockholders, respectively.

Portions of this presentation should be used in conjunction with the accompanying audio or call transcript.

¹U.S. Generally Accepted Accounting Principles

Strategy & Priorities

Strategy

Maximize Our Mortgage Insurance (MI) Opportunities & Restructure U.S. Life Insurance Business To Rebuild Shareholder Value

2015 Steps Taken

- Achieved PMIERS¹ Compliance**
- Completed Lifestyle Protection Insurance Business Sale**
- Announced Life Block Sale (Completed In January 2016)**
- Announced Sale Of Europe MI (Completed In May 2016)**

2016-2018 Plan

Mortgage Insurance Opportunities

- Grow U.S. MI
- Optimize & Grow Canada MI
- Optimize Australia MI

U.S. Life Insurance Restructuring Plan

- Suspend Sales Of Traditional Life Insurance & Fixed Annuity Products
- Further Reduce Expense Base By ~\$50MM
- Repatriate All Business From Bermuda In 2016
- Separate & Isolate Long Term Care Insurance (LTC) Business

¹Private Mortgage Insurer Eligibility Requirements

Key Themes For The 2nd Quarter

Financial Performance

Solid U.S. & Canada MI Loss Performance; Australia MI Loss Ratio Increased Related To Commodity Dependent Regions; Solid Capital Ratios In All Three Platforms

Continued Benefits From LTC Rate Actions; Positive Impact From Reduced Benefits Anticipated To Decrease In Near Term

Modest Charge For Fixed Immediate Annuities From Low Interest Rates

Holding Company Cash & Highly Liquid Securities Of \$934MM

Strategic Progress

Update On U.S. Life Insurance Restructuring Plan

- Completed Reduction Of Cash Expenses By ~\$150MM Pre-Tax On An Annualized Basis
- Effective 7/1/2016 Term Life Insurance Block Recaptured From Brookfield Life & Annuity Insurance Company (BLAIC) & BLAIC Term Life Insurance Excess Of Loss Treaty Terminated
- Regulatory Filings Made To Merge BLAIC Into Genworth Life Insurance Company (GLIC) & Complete Repatriation

U.S. MI Reinsurance Executed For 2016 & 2017 Books

Europe MI Sale Completed

U.S. Life Insurance Restructuring Plan Update

Suspension Of Sales Of Traditional Life Insurance & Fixed Annuity Products

Sales Suspended On March 7, 2016; No New Business Issued After May 4, 2016

Reduction Of Run-Rate Expense Levels By Another \$50MM In 2016

Achieved Cash Expense Reduction Goal Of ~\$150MM Pre-Tax On Annualized Basis

Repatriation Of Existing Business From Bermuda⁴

Dissolution Of Brookfield Life Assurance Company *(Completed 12/15)*
Recapture Of Universal Life Insurance Business In BLAIC *(Completed 4/16)*
Recapture Of Term Life Insurance Business In BLAIC *(Completed 7/16)*
Repatriate LTC & Annuity Businesses In BLAIC *(Expected 4Q16)*

Separation Of LTC Business⁴

Reinsure Certain GLIC Life Insurance & Annuity Business To GLAIC¹ *(Expected 4Q16/1Q17)*
Distribute GLAIC Minority Ownership In GLICNY² To GLIC *(TBD)*
Distribute A Portion Of GLIC's Ownership Interest In GLAIC To GNA³ *(Expected 1H17)*

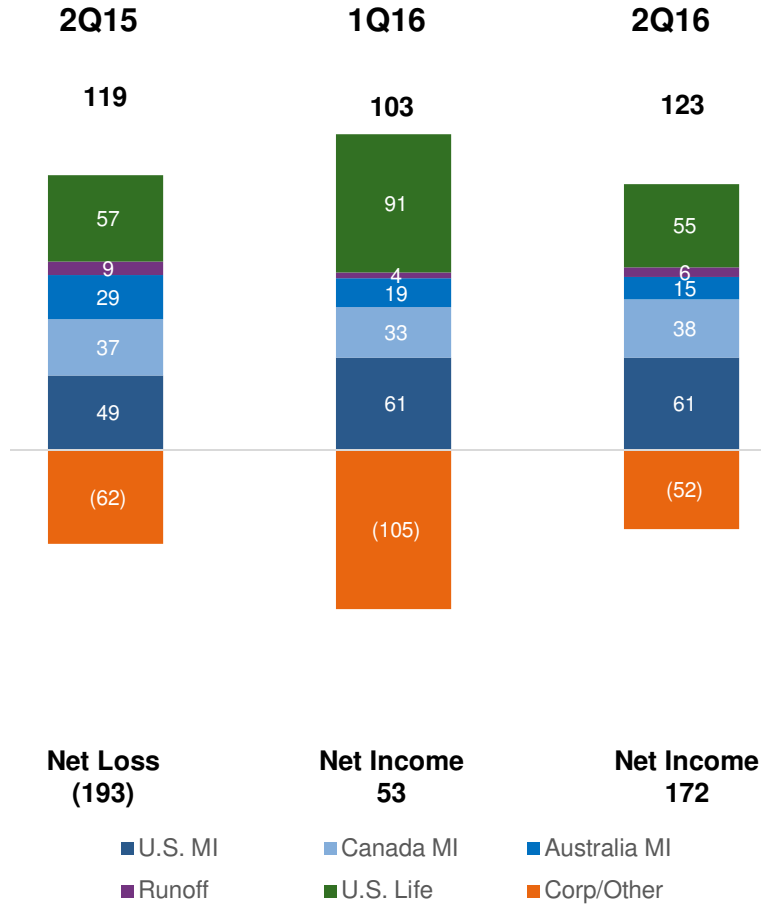
Isolation Of LTC Business

Progress Made In 1Q16 With Successful Bond Consent Solicitation
Will Continue To Evaluate Structural Organizational Changes⁴

¹Genworth Life & Annuity Insurance Company; ²Genworth Life Insurance Company Of New York; ³Genworth North America Corporation; ⁴Subject To Regulatory Approval

2Q16 Results Summary – Genworth Consolidated

Net Operating Income (Loss)¹ (\$MM)



U.S. MI: \$61

Solid Loss Ratio Performance
PMIERs Compliant With Continued Improvement To Buffer

Canada MI: \$38

Continued Solid Loss Ratio Performance
Higher Premiums From Increased Level Of New Insurance Written (NIW) In Recent Years

Australia MI: \$15

Loss Ratio Up But Within Expectations On YTD Basis
Higher Customer Contract Fees Sequentially

U.S. Life Insurance: \$55

2Q16 Loss Recognition Testing Charge & Recapture Impacts In Fixed Annuities
Strong LTC Rate Action Results From Reduced Benefits & Growing Premiums

Runoff: \$6

Favorable Impact From Equity Markets Versus Prior Quarter

Corporate And Other: \$(52)

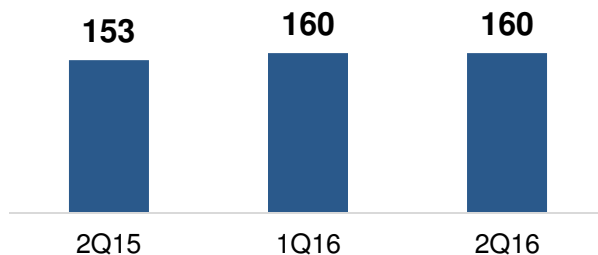
Litigation Settlement & Legal Expenses Of \$54 In 1Q16

¹Non-GAAP Measure, See Appendix For Additional Information

U.S. Mortgage Insurance

Premiums

(\$MM)



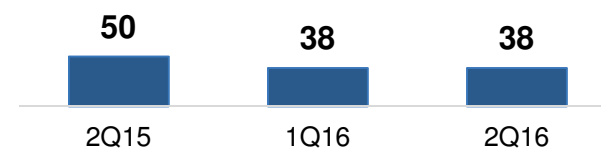
Flow NIW	2Q15	1Q16	2Q16
Flow NIW	8,200	7,400	11,400

Premiums Flat Sequentially From 1Q16 Reversal Of Prior Period Cancellations Accrual & Continued Solid Growth In Insurance In Force

Increase In NIW Sequentially From Higher Seasonal Purchase Market & Increase Versus Prior Year From A Larger Purchase Originations Market & Market Share Gains

Benefits/Changes In Policy Reserves

(\$MM)



	2Q15	1Q16	2Q16
Loss Ratio	33%	24%	24%
Primary Delqs (#)	33,199	27,602	25,798
Primary New Delqs (#)	9,061	8,761	8,265
Primary Paid Claims (#)	2,727	2,220	1,932
Primary Cures (#)	8,800	10,602	8,137
% Of RIF ¹ 2009+ ²	62%	70%	73%

New Flow Delinquencies Down 5% Sequentially & 8% Versus The Prior Year

New Books Continue To Grow & Perform Better Than Pricing

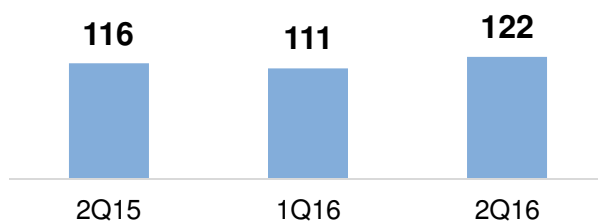
Total Year 2016 Loss Ratio Tracking To Low End Of 2016 Expectation Of 30-40%

¹Risk In Force; ²In 2Q16, All Flow RIF Metrics Were Based Upon More Current Loan Balances As Provided By Servicers, Lenders And Investors And Are Consistent With The Presentation Under PMIERS. All Prior Periods Have Been Re-presented To Reflect These Modified Metrics.

Canada Mortgage Insurance

Premiums

(\$MM)



	2Q15	1Q16	2Q16
Flow NIW	5,400	2,500	4,400
Bulk NIW	3,300	3,200	19,700

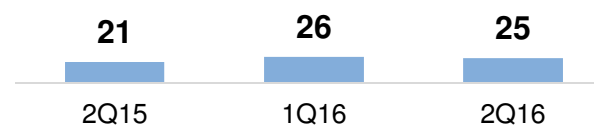
Favorable \$8MM Impact From Foreign Exchange Versus Prior Quarter; Unfavorable \$6MM Versus Prior Year

Flow NIW Increased Versus Prior Quarter From A Seasonably Larger Originations Market But Decreased Versus Prior Year From Targeted Underwriting Changes In Certain Regions And A Slowing Housing Market In Oil-Producing Regions

Bulk NIW Up Versus Prior Quarter And Prior Year Driven By Large Bank Demand Ahead Of July 1st Regulatory Changes

Benefits/Changes In Policy Reserves

(\$MM)



	2Q15	1Q16	2Q16
Loss Ratio	17%	24%	20%
Total Delqs (#)	1,666	2,034	1,961
New Delqs (#)	1,052	1,296	1,164
Paid Claims (#)	445	363	425
Cures (#)	733	728	812

Total Delinquencies Down 73 Sequentially (Or 4%), Although Up 43 In Alberta

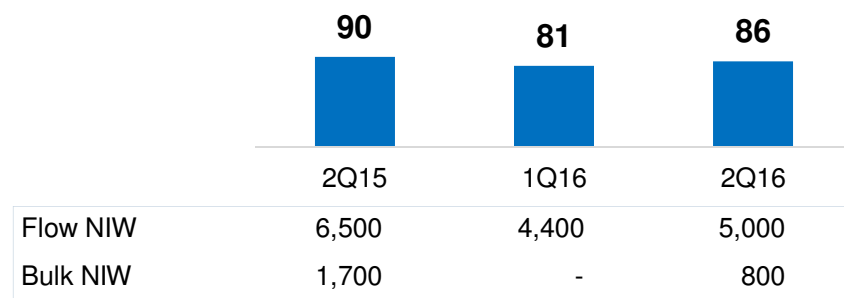
Loss Ratio Down Versus Prior Quarter From Normal Seasonal Variation And Up From The Prior Year Primarily From Unfavorable Experience In Oil-Producing Regions

Total Year 2016 Loss Ratio Revised With New Expected Range Of 25-35%

Australia Mortgage Insurance

Premiums

(\$MM)

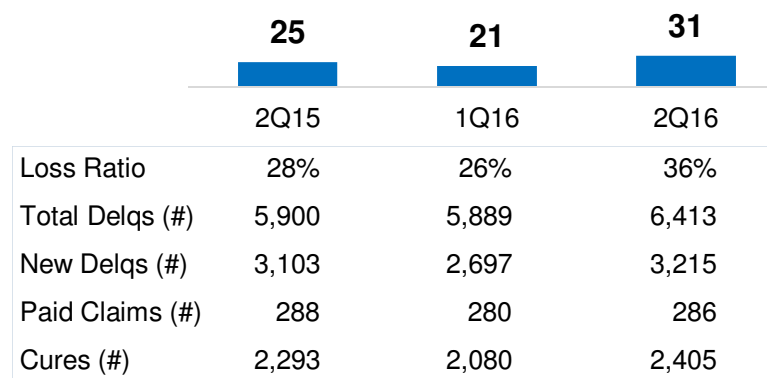


Favorable \$4MM Impact From Foreign Exchange Versus Prior Quarter; Unfavorable \$4MM Versus Prior Year

Flow NIW Down From Prior Year Primarily From Ongoing Regulatory Focus On Lending As Well As Tightened Lender Risk Appetite, Impact From Termination Of Customer Contract In 2Q15

Benefits/Changes In Policy Reserves

(\$MM)

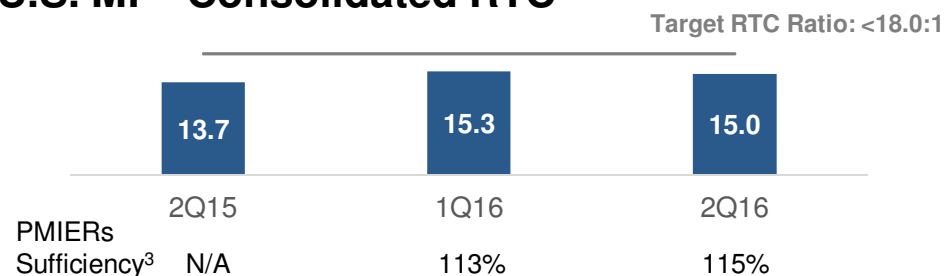


New Delinquencies Up 19% In 2Q16 Versus Prior Quarter On Seasonality And Up 4% Versus Prior Year Primarily In Queensland And Western Australia

Total Year 2016 Loss Ratio Tracking To 2016 Expectation Of 25-35%

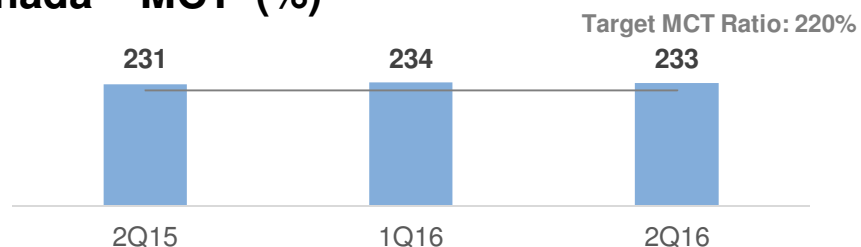
MI Businesses -- Capital Adequacy¹

U.S. MI – Consolidated RTC²



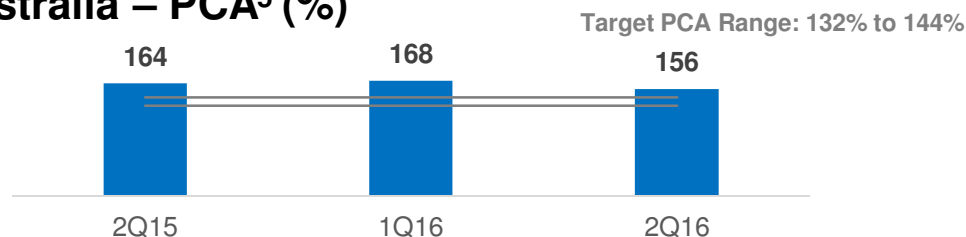
Sequential Improvement In PMIERS Sufficiency Due To Improvements In Canada MI Share Price, Sale Of Europe MI And Tax Benefits

Canada – MCT⁴ (%)



MCT Ratio In Line With Prior Quarter

Australia – PCA⁵ (%)



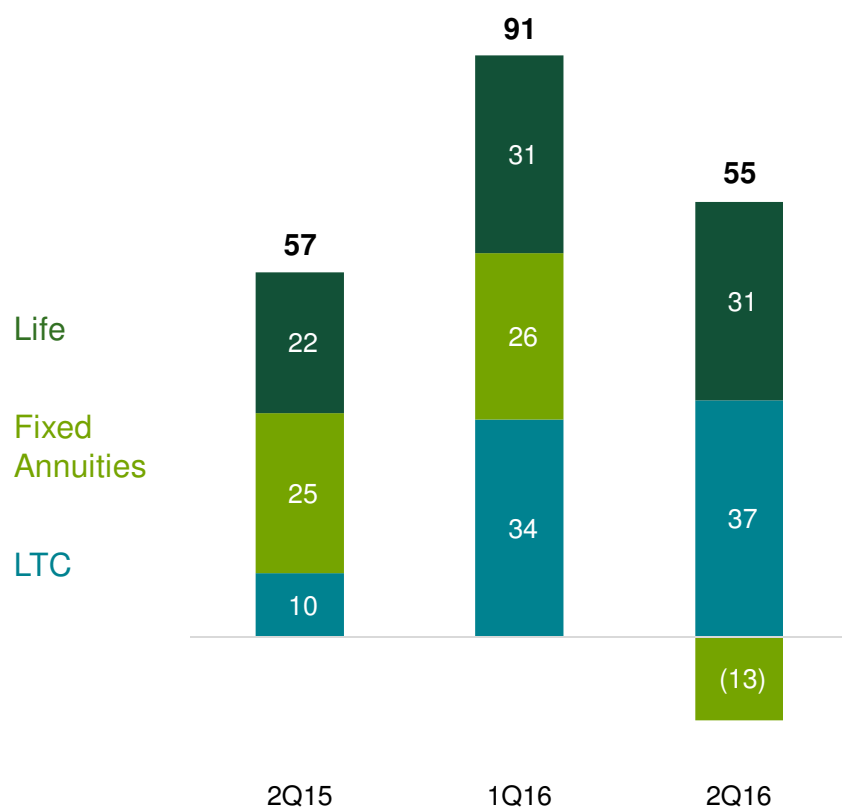
Sequential Decrease In Australia PCA Ratio Primarily Driven By A\$202MM Capital Reduction Initiative & Tier 2 Note Redemption

¹Company Estimate For 2Q16, Due To Timing Of The Filing Of Statutory Statements; ²Risk-To-Capital; ³Calculated As Available Assets Divided By Required Assets As Defined Within PMIERS. As of June 30, 2016 and March 31, 2016, The PMIERS Sufficiency Ratios Were In Excess Of \$350 Million And \$300 Million, Respectively, Of Available Assets Above The PMIERS Requirements. Company Estimate For 2Q16; ⁴Minimum Capital Test; ⁵Prescribed Capital Amount

2Q16 Summary -- U.S. Life Insurance

Net Operating Income (Loss)

(\$MM)



Highlights

LTC

Favorable Rate Action Premium Increases & Reduced Benefits Versus Prior Quarter & Prior Year

Stable Claim Experience Versus Prior Quarter

Favorable Net Investment Income Sequentially

\$29MM Net Unfavorable Items In Current Quarter, \$4MM After-Tax Net Unfavorable Items In Prior Quarter, \$12MM After-Tax Net Favorable Items In Prior Year

Life Insurance

Favorable Mortality Experience & Lower Reinsurance Expenses Versus Prior Quarter And Prior Year

Unfavorable Variable Investment Income Versus Prior Quarter

Fixed Annuities

Fixed Immediate Annuities Loss Recognition Testing Resulting In Write Off Of Deferred Acquisition Costs And Reserve Increase Of \$21MM After-Tax

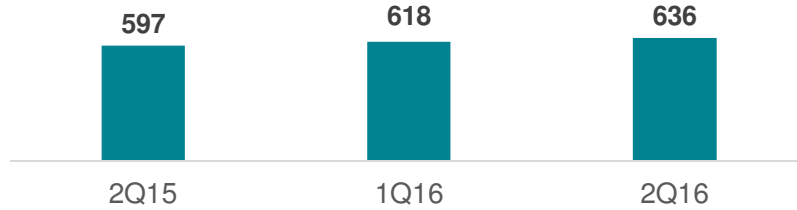
Third Party Single Premium Immediate Annuity (SPIA) Recapture Impact Of \$7MM After-Tax

Unfavorable Impact From Mortality Versus Prior Quarter & Prior Year

Long Term Care Insurance

Premiums

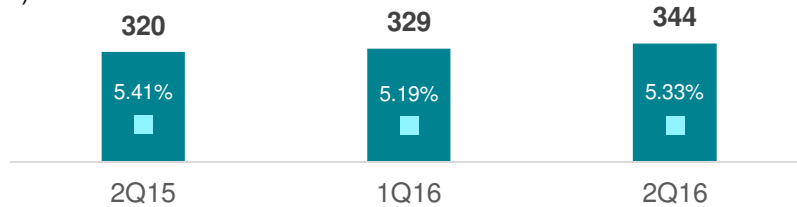
(\$MM)



\$87MM Estimated Pre-Tax Benefit In 2Q16 From Implemented In Force Premium Rate Actions¹

Net Investment Income & Yield

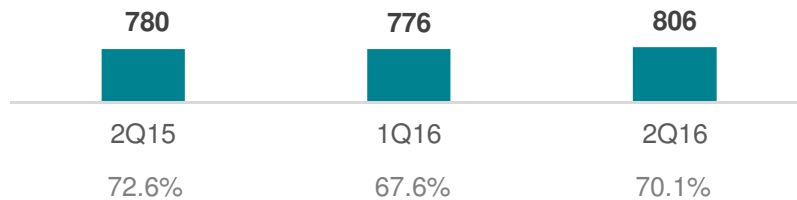
(\$MM)



Results Reflect Low Interest Rate Environment & Variability In Prepayment Speeds, Limited Partnership Performance & Bond Call Income

Benefits & Other Changes In Policy Reserves & Loss Ratio (%)

(\$MM)



\$79MM In 2Q16 Estimated Pre-Tax Positive Impact From In Force Premium Rate Actions Implemented In 2Q16¹

\$50MM Pre-Tax Net Unfavorable Items In 2Q16;
\$18MM Pre-Tax Favorable Items In 2Q15

¹\$159MM Pre-Tax (Or \$103MM After-Tax) Impact From Rate Actions In 2Q16 Includes \$(7)MM Impact From Commissions, Premium Tax & Other Adjustments

LTC In Force Premium Rate Increase

Rate Action Progress (\$MM)

Approved Filings	FY15 Actual	1Q16 Actual	2Q16 Actual	Comments
State Filings Approved ¹	35	21	31	
Impacted In Force Premium Weighted Average % Rate Increase Approved On Impacted In Force Premium	\$739	\$144	\$200	2016 Approvals Tracking To Assumptions In 2015 Margin Testing
	29%	30%	21%	
Filings Submitted	FY15 Actual	1Q16 Actual	2Q16 Actual	Comments
State Filings Submitted	79	19	26	2016 Filings In Line With Expectations In 2015 Margin Testing
In Force Premium Submitted	\$546	\$206	\$348	

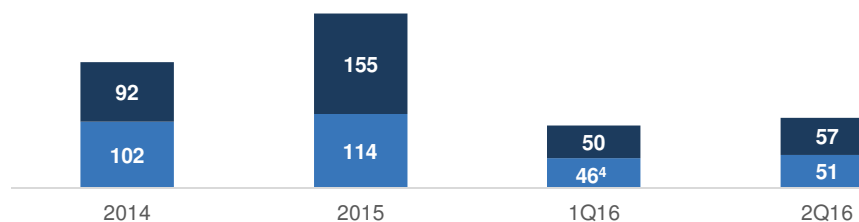
¹2015 State Filings Approved Were Reported On A Rate Action Basis By Including Multiple Product Filings In A Number Of States (I.E. 2012 Rate Action, Which Included Combined Approvals For Pre-PCS, PCS1, PCS2 And Choice 1, And/Or 2013 Rate Action For Choice 2); 2016 State Filings Approved Reporting Reflects Individual Product Filings (I.E. Individually For Pre-PCS, PCS1, PCS2, Choice 1 And Choice 2); State Filings Approved On An Individual Product Filing Basis For 2015 Was 69.

Estimated Impact To Net Operating Income From Rate Actions & Key Drivers²

Estimated Net Operating Income From Rate Actions³ (\$MM)

186 255 92 103

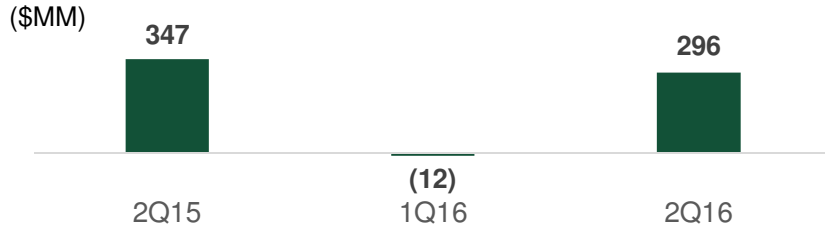
Premiums, Net
Reserve Changes, Net



²Includes All Implemented Rate Actions Since 2012. Earned Premium & Reserve Change Estimates Reflect Certain Simplifying Assumptions That May Vary Materially From Actual Historical Results, Including But Not Limited To, A Uniform Rate Of Co-Insurance & Premium Taxes In Addition To Consistent Policyholder Behavior Over Time. Actual Behavior May Differ Significantly From These Assumptions; ³Estimated Net Operating Income From Rate Actions Includes Estimates For Commissions & Premium Taxes, Net Of Tax Of \$(8)MM, \$(14)MM, \$(4)MM & \$(5)MM, Respectively; ⁴1Q16 Includes \$(4MM) After-Tax Unfavorable Correction Related To The Calculation For Reduced Benefit Options

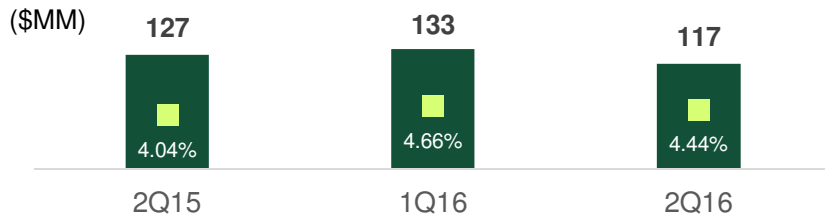
Life Insurance

Premiums & Policy Fees And Other Income



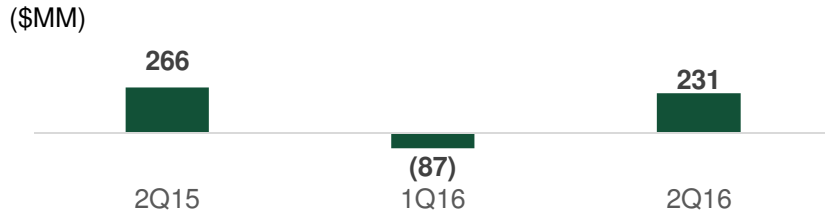
Lower Premiums Beginning In 2Q16 From Reinsurance Transaction Completed This Quarter
 1Q16 Reduction In Premiums Of \$326MM From Impact Of Life Block Transaction

Net Investment Income & Yield



2Q16 Results Reflect Unfavorable Prepayment Speed Adjustment; 1Q16 Reflected Favorable Prepayment Speed Adjustment

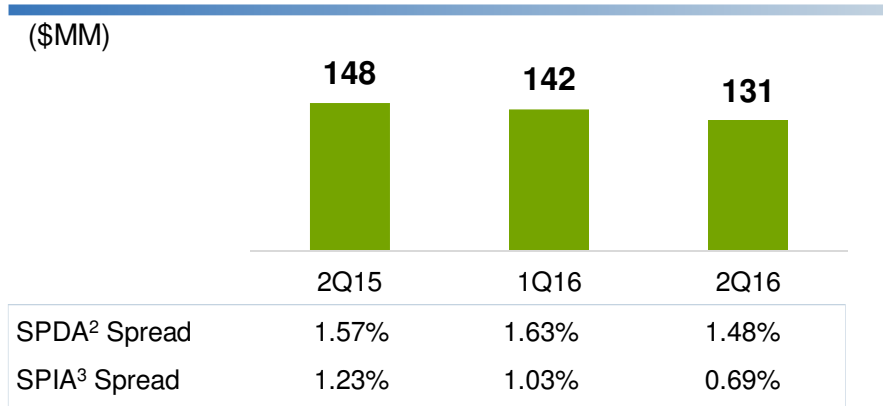
Benefits & Other Changes In Policy Reserves



Lower Benefits Beginning In 2Q16 From Reinsurance Transaction Completed This Quarter
 Overall Favorable Mortality Versus The Prior Quarter & Prior Year
 1Q16 Reduction In Reserves Of \$331MM From Impact Of Life Block Transaction

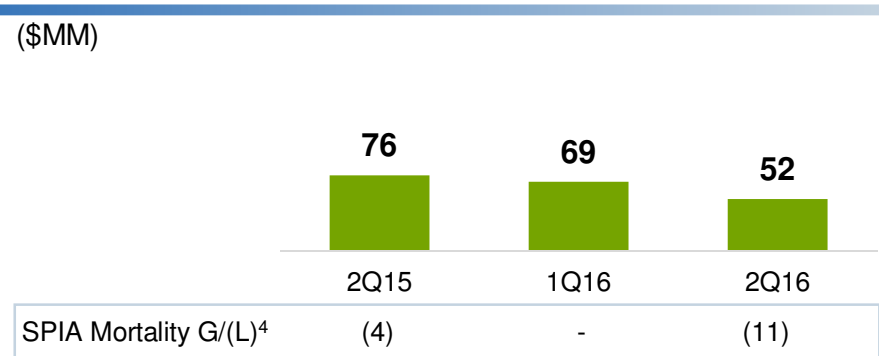
Fixed Annuities

Net Investment Spread¹



Fixed Annuity Spreads In 2Q16 Negatively Impacted By Unfavorable Prepayment Speed, Limited Partnership Performance & Bond Call Income

Benefits/Changes In Policy Reserves & SPIA Mortality



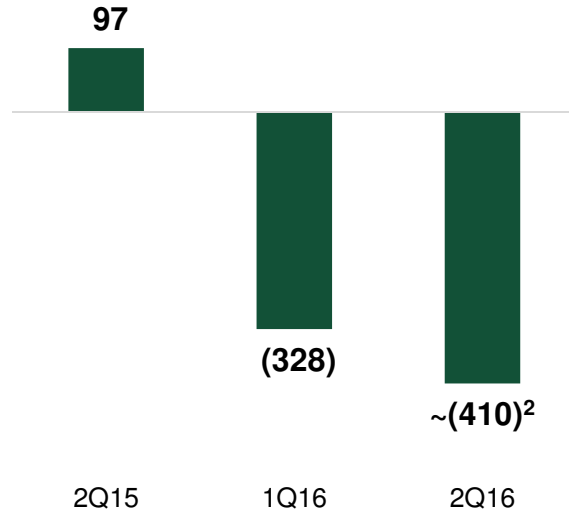
Mortality Unfavorable Versus Prior Quarter & Prior Year Reserve Increase Of \$18MM Pre-Tax From Loss Recognition Testing More Than Offset By Reserve Decrease Of \$45MM Pre-Tax From 3rd Party SPIA Recapture

¹Net Investment Income Less Interest Credited; ²Single Premium Deferred Annuities; Excludes Fixed Indexed Annuities; ³Includes Both Paid & Unpaid Interest Credited; ⁴Excludes Incurred But Not Reported; Mortality Gain (Loss) Represents The Pre-Tax Income Impact Of The Product's Actual Mortality Experience Compared To The Mortality Assumptions Embedded In The Reserves Of The Product

U.S. Life Insurance Company Statutory Results

Unassigned Surplus

(\$MM)



	2Q15	1Q16	2Q16
U.S. Life Ins. Co RBC ¹ Ratio	455%	391%	~370% ²
After-Tax Stat Op Income (Loss) ³	61	(52)	(4) ²
After-Tax Stat Net Income (Loss) ⁴	69	(35)	(59) ²

Highlights

2Q16 Unassigned Surplus & RBC Ratio Declined Versus Prior Quarter & Prior Year From Life Reinsurance Transactions, Reserve Increase On NY Universal Life Block & Net Unfavorable Adjustments To LTC Reserves, Partially Offset By Favorable Impacts From LTC Premium Rate Increases

2Q16 RBC Ratio Also Reflected Unfavorable Variable Annuity Experience Primarily On Lower Interest Rates

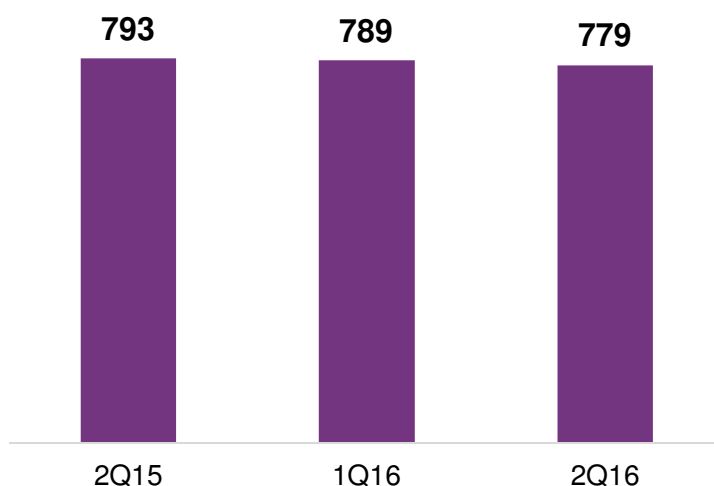
2Q16 GLAIC Estimated RBC Ratio Of ~560%² & Unassigned Surplus Of ~\$100MM² Down From ~\$135MM Driven By Life Reinsurance Transactions

¹Risk-Based Capital; ²Company Estimate For 2Q16, Due To Timing Of The Filing Of Statutory Statements; ³Consolidated Life Companies; Statutory Annual Statement Line 33; ⁴Consolidated Life Companies; Statutory Annual Statement Line 35

Net Investment Income

Net Investment Income

(\$MM)



GNW Reported Yield	4.53%	4.51%	4.48%
GNW Core Yield ¹	4.46%	4.36%	4.48%
U.S. Life Ins. Segment Reported Yield	4.90%	4.95%	4.91%
Impairments ²	-	(7)	(14)

Highlights

Variability In Net Investment Income From Prepayment Speeds, Limited Partnership Performance & Bond Call Income

\$3.8B Of Purchases In 2Q16

\$2.5B Primarily In Investment Grade Public Corporates & Investment Grade Structured Securities With Average Yield Of ~3.25%

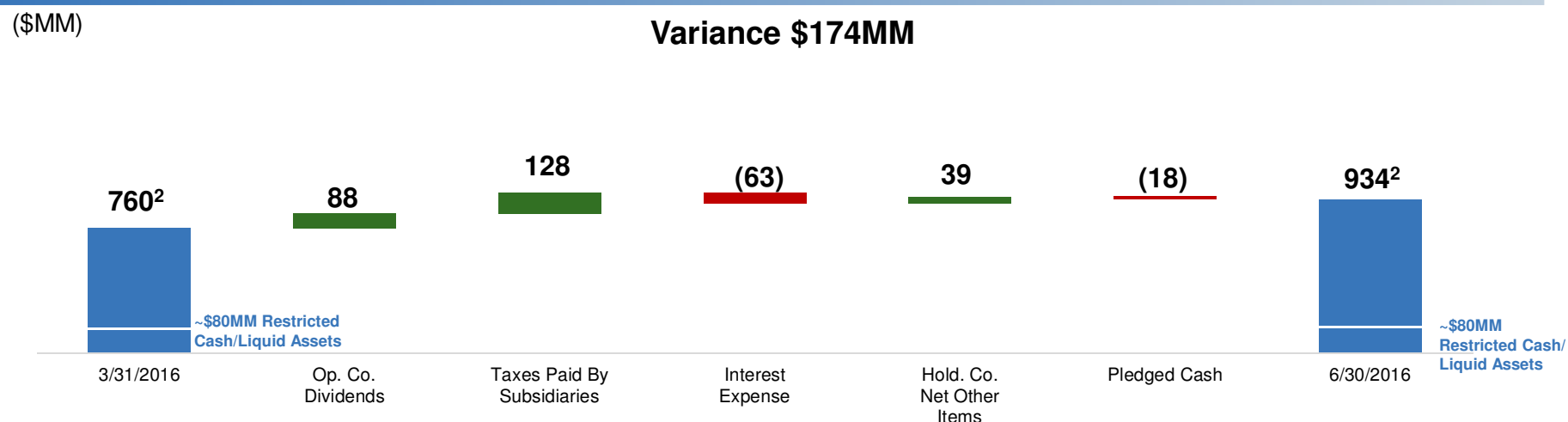
\$1.3B In Temporary U.S. Treasuries With Average Yield Of ~2.05% Primarily From Proceeds From TIPS³ Asset Swap Unwinds

Energy Exposure At The End Of 2Q16 Was \$3.6B, ~81% Of Which Was Investment Grade

¹Non-GAAP Measure, See Appendix; ²After-tax; ³U.S. Government Treasury Inflation Protected Securities

Holding Company Cash & Liquid Assets¹

Cash & Liquid Assets Roll Forward



\$88MM Received From Australia MI & Canada MI In 2Q16; Full Year 2016 Operating Company Dividend Expectation Increased To \$200MM

\$128MM Taxes Primarily From Tax Sharing Agreements Related To Realized Gains On Derivative Positions

\$39MM Holding Company Net Other Items Include Expense Reimbursements & Other Miscellaneous Items

\$18MM Additional Pledged Cash For Cleared Derivative Trades

¹Holding Company Cash & Liquid Assets Comprise Assets Held In Genworth Holdings, Inc. (The Issuer Of Outstanding Public Debt) Which Is A Wholly-Owned Subsidiary Of Genworth Financial, Inc.; ² Comprises Cash & Cash Equivalents Of \$760MM As Of 3/31/16 & Comprises Cash & Cash Equivalents Of \$834MM & U.S Government Bonds Of \$100MM As Of 6/30/16

2016 Goals & Drivers – MI Businesses

Goals

			2QYTD Results
Dividends	Australia MI & Canada MI	\$200MM ¹	\$148MM
Capital Ratios	U.S. MI – Combined RTC	< 18.0:1	~15.0:1 ²
	Canada MI – MCT	≥ 220%	~233% ²
	Australia MI – PCA	132-144%	~156% ²
Portfolio Concentration	U.S. MI – 2009+ Books RIF%	70-80%	73%
	U.S. MI – 2009+ Books + HARP ³ RIF%	80-90%	85%

Drivers

Loss Ratio	U.S. MI	30-40%	24%
	Canada MI	25-35% ⁴	22%
	Australia MI	25-35%	31%

¹Updated From \$100-\$150MM; ²Company Estimate For 2Q16, Due To Timing Of The Filing Of Statutory Statements; ³Home Affordable Refinance Program; ⁴Updated From 25-40%

2016 Goals – U.S. Life Insurance & Holding Co.

U.S. Life Insurance

		2Q16 Results
LTC Rate Action	Continued Execution Of Current Rate Actions & Begin Execution Of Multi-Year Rate Action Filing Plan	31 Approvals On ~\$200MM Annualized In Force Premiums At ~21% Average
U.S. Life Restructuring Plan	<p>Complete Cash Expense Reduction Of \$100MM By First Half 2016</p> <p>Complete ~\$50MM Expense Reduction From Suspending Sales Of Traditional Life Insurance & Fixed Annuity Products</p> <p>Recapture/Repatriate All Business From Bermuda</p> <p>Meaningful Progress Toward The Separation And Isolation Of LTC</p>	Detailed On Page 4

Holding Company

Liquidity	Cash Above 1.5x Annual Debt Service Plus \$350MM Buffer At Quarter End Points	~\$510MM Buffer Above 1.5x Annual Debt Service
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Appendix

Total Genworth Financial, Inc.'s Stockholders' Equity (GAAP)

(\$MM)	2Q16	1Q16	4Q15	3Q15	2Q15
U.S. MI	2,015	1,814	1,703	1,654	1,743
Canada MI	1,592	1,551	1,443	1,465	1,556
Australia MI	706	773	763	762	868
U.S. Life Insurance	11,868	11,280	9,851	10,194	10,091
LTC ¹	8,155	7,666	6,690	6,741	6,311
Life Insurance ¹	2,640	2,584	2,096	2,358	2,590
Fixed Annuities ¹	1,073	1,030	1,065	1,095	1,190
Runoff¹	557	675	704	618	634
Corporate & Other^{1,2,3}	(1,605)	(2,038)	(1,640)	(1,114)	(1,202)
Total	15,133	14,055	12,824	13,579	13,690

¹Includes Estimate Of Allocated Deferred Tax Balances By Product Line; ²Includes Value Of Long-Term Borrowings Of Genworth Holdings, Inc.; ³Includes Equity Related To Businesses Held For Sale, Which Include The Lifestyle Protection (Prior To Sale On December 1, 2015) & Europe MI (Prior To Sale On May 9, 2016) Businesses, Of Zero, Zero, Zero, \$498 & \$508, Respectively

Use Of Non-GAAP Measures

This presentation includes the non-GAAP financial measure entitled "net operating income (loss)." The chief operating decision maker evaluates segment performance and allocates resources on the basis of net operating income (loss). The company defines net operating income (loss) 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, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions, restructuring costs and infrequent or unusual non-operating items. Gains (losses) on insurance block transactions are defined as gains (losses) on the early extinguishment of non-recourse funding obligations, early termination fees for other financing restructuring and/or resulting gains (losses) on reinsurance restructuring for certain blocks of business. 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, gains (losses) on the sale of businesses, gains (losses) on the early extinguishment of debt, gains (losses) on insurance block transactions and restructuring costs are also excluded from net operating income (loss) because, in the company's opinion, they are not indicative of overall operating trends. Infrequent or unusual non-operating items are also excluded from net operating income (loss) if, in the company's opinion, they are not indicative of overall operating trends.

While some of these items may be significant components of net income (loss) available to Genworth's common stockholders in accordance with GAAP, the company believes that net operating income (loss) and measures that are derived from or incorporate net operating income (loss) 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) 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) have occurred in the past and could, and in some cases will, recur in the future. Net operating income (loss) is a not substitute for net income (loss) available to Genworth's common stockholders determined in accordance with GAAP. In addition, the company's definition of net operating income (loss) may differ from the definitions used by other companies.

Adjustments to reconcile net income (loss) attributable to Genworth's common stockholders and net operating income (loss) assume a 35 percent tax rate (unless otherwise indicated) and are net of the portion attributable to noncontrolling interests. Net investment gains (losses) are also adjusted for deferred acquisition costs and other intangible amortization and certain benefit reserves.

In June 2016, the company completed the sale of its term life insurance new business platform and recorded a pre-tax gain of \$12 million. In May 2016, the company completed the sale of its mortgage insurance business in Europe and recorded an additional pre-tax loss of \$2 million. In the first quarter of 2016, the company recorded a pre-tax estimated loss of \$7 million and a tax benefit of \$27 million related to the planned sale of the mortgage insurance business in Europe. These transactions were excluded from net operating income (loss) for the periods presented as they related to a gain (loss) on the sale of businesses.

In June 2016, the company settled restricted borrowings of \$70 million related to a securitization entity and recorded a \$64 million pre-tax gain related to the early extinguishment of debt. In January 2016, the company paid a pre-tax make-whole expense of \$20 million related to the early redemption of Genworth Holdings, Inc.'s 2016 notes. The company also repurchased \$28 million principal amount of Genworth Holdings, Inc.'s notes with various maturity dates for a pre-tax gain of \$4 million in the first quarter of 2016. These transactions were excluded from net operating income (loss) for the periods presented as they related to a gain (loss) on the early extinguishment of debt.

In the first quarter of 2016, the company completed a life block transaction resulting in a pre-tax loss of \$9 million in connection with the early extinguishment of non-recourse funding obligations.

In the second and first quarters of 2016, the company recorded a pre-tax expense of \$5 million and \$15 million, respectively, related to restructuring costs as part of an expense reduction plan as the company evaluates and appropriately sizes its organizational needs and expenses. In the second quarter of 2015, the company also recorded a pre-tax expense of \$3 million related to restructuring costs.

There were no infrequent or unusual items excluded from net operating income (loss) during the periods presented other than fees incurred during the first quarter of 2016 related to Genworth Holdings, Inc.'s bond consent solicitation of \$18 million for broker, advisor and investment banking fees.

This presentation includes the non-GAAP financial measure entitled "core yield" as a measure of investment yield. The company defines core yield as the investment yield adjusted for those items that are not recurring in nature. Management believes that analysis of core yield enhances understanding of the investment yield of the company. However, core yield is not a substitute for investment yield determined in accordance with GAAP. In addition, the company's definition of core yield may differ from the definitions used by other companies. A reconciliation of core yield to reported GAAP yield is included in this appendix.

Reconciliation Of Net Operating Income To Net Income (Loss)

<u>(Amounts in millions)</u>	2016		2015
	2Q	1Q	2Q
U.S. Mortgage Insurance segment	\$ 61	\$ 61	\$ 49
Canada Mortgage Insurance segment	38	33	37
Australia Mortgage Insurance segment	15	19	29
U.S. Life Insurance segment:			
Long-Term Care Insurance	37	34	10
Life Insurance	31	31	22
Fixed Annuities	(13)	26	25
Total U.S. Life Insurance segment	55	91	57
Runoff segment	6	4	9
Corporate and Other	(52)	(105)	(62)
NET OPERATING INCOME	123	103	119
ADJUSTMENTS TO NET OPERATING INCOME:			
Net investment gains (losses), net (see below for reconciliation)	39	(19)	5
Gains (losses) on sale of business	10	(7)	-
Gains (losses) on early extinguishment of debt	64	(16)	-
Gains (losses) from life block transactions	-	(9)	-
Expenses related to restructuring	(5)	(15)	(3)
Fees associated with bond consent solicitation	-	(18)	-
Taxes on adjustments	(38)	53	-
INCOME FROM CONTINUING OPERATIONS AVAILABLE TO GENWORTH FINANCIAL INC.'S COMMON STOCKHOLDERS	193	72	121
Add: income from continuing operations attributable to noncontrolling interests	48	55	54
INCOME FROM CONTINUING OPERATIONS	241	127	175
Loss from discontinued operations, net of taxes	(21)	(19)	(314)
NET INCOME (LOSS)	220	108	(139)
Less: net income attributable to noncontrolling interests	48	55	54
NET INCOME (LOSS) AVAILABLE TO GENWORTH FINANCIAL, INC.'S COMMON STOCKHOLDERS	\$ 172	\$ 53	\$ (193)
Reconciliation of net investment gains (losses):			
Net investment gains (losses), gross	\$ 30	\$ (19)	\$ 8
Adjustments for:			
Deferred acquisition costs and other intangible amortization and certain benefit reserves	6	9	6
Net investment (gains) losses attributable to noncontrolling interests	3	(9)	(9)
Net investment gains (losses), net	\$ 39	\$ (19)	\$ 5

Reconciliation Of Core Yield – Genworth Consolidated

	2016		2015
	2Q	1Q	2Q
(Assets - amounts in billions)			
Reported - Total Invested Assets and Cash	\$ 77.6	\$ 76.0	\$ 75.3
Subtract:			
Securities lending	0.3	0.4	0.3
Unrealized gains (losses)	7.6	6.3	4.9
Adjusted end of period invested assets and cash	\$ 69.7	\$ 69.3	\$ 70.1
(A) Average Invested Assets and Cash Used in Reported Yield Calculation	\$ 69.5	\$ 70.0	\$ 70.0
Subtract:			
Restricted commercial mortgage loans and other invested assets related to securitization entities ⁽¹⁾	0.1	0.2	0.2
(B) Average Invested Assets and Cash Used in Core Yield Calculation	\$ 69.4	\$ 69.8	\$ 69.8
(Income - amounts in millions)			
(C) Reported - Net Investment Income	\$ 779	\$ 789	\$ 793
Subtract:			
Bond calls and commercial mortgage loan prepayments	5	11	17
Other non-core items ⁽²⁾	(6)	15	(4)
Restricted commercial mortgage loans and other invested assets related to securitization entities ⁽¹⁾	2	3	2
(D) Core Net Investment Income	\$ 778	\$ 760	\$ 778
(C) / (A) Reported Yield	4.48%	4.51%	4.53%
(D) / (B) Core Yield	4.48%	4.36%	4.46%

Note: Yields have been annualized.

⁽¹⁾ Represents the incremental assets and investment income related to restricted commercial mortgage loans and other invested assets.

⁽²⁾ Includes cost basis adjustments on structured securities and various other immaterial items.

Results Of Operations By Segment

The company allocates the consolidated provision for income taxes to its operating segments. The allocation methodology applies a specific tax rate to the pre-tax income (loss) of each segment, which is then adjusted in each segment to reflect the tax attributes of items unique to that segment such as foreign income. The difference between the consolidated provision for income taxes and the sum of the provision for income taxes in each segment is reflected in Corporate and Other activities. The annually-determined tax rates and adjustments to each segment's provision for income taxes are estimates which are subject to review and could change from year to year.

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 industry 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 mortgage insurance businesses is a measure of the aggregate original loan balance for outstanding insurance policies as of the respective reporting date. Risk in-force for the U.S. mortgage insurance business is based on the coverage percentage applied to the estimated current outstanding loan balance. For risk in-force in the mortgage insurance businesses in Canada and Australia, 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 per-claim payment for any one underwriting year over the life of the company's mortgage insurance businesses in Canada and Australia. In Australia, the company has certain risk share arrangements where it provides pro-rata coverage of certain loans rather than 100% coverage. As a result, for loans with these risk share arrangements, the applicable pro-rata coverage amount provided is used when applying the factor. The company considers insurance in-force and risk in-force to be measures of the company's operating performance because they represent measures of the size of the business at a specific date which will generate revenues and profits in a future period, rather than measures of the company's revenues or profitability during that period.

Management also regularly monitors and reports a loss ratio for the company's businesses. For the mortgage insurance businesses, the loss ratio is the ratio of incurred losses and loss adjustment expenses to net earned premiums. For the long-term care insurance business, the loss ratio is the ratio of benefits and other changes in reserves less tabular interest on reserves less loss adjustment expenses to net earned premiums. The company considers the loss ratio to be a measure of underwriting performance in these businesses and helps to enhance the understanding of the operating performance of the businesses.

An assumed tax rate of 35% is utilized in certain adjustments to net operating income (loss) and in the explanation of specific variances of operating performance and investment results.

These operating performance 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.

Cautionary Note Regarding Forward-Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will” or words of similar meaning and include, but are not limited to, statements regarding the outlook for the company’s 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, but not limited to, the following:

- *strategic risks* including: the company’s inability to successfully execute strategic plans to effectively address its current business challenges (including with respect to the restructuring of the U.S. life insurance businesses, cost savings, ratings and capital), the company’s inability to attract buyers for any businesses or other assets the company may seek to sell, or securities it may seek to issue, in each case, in a timely manner on anticipated terms; failure to obtain any required regulatory, stockholder and/or noteholder approvals or consents, or its challenges changing or being more costly or difficult to successfully address than currently anticipated or the benefits achieved being less than anticipated; inability to achieve anticipated cost-savings in a timely manner; or adverse tax or accounting charges; and inability to increase the capital needed in its businesses in a timely manner and on anticipated terms, including through improved business performance, reinsurance or similar transactions, asset sales, securities offerings or otherwise, in each case as and when required;
- *risks relating to estimates, assumptions and valuations* including: inadequate reserves and the need to increase reserves (including as a result of any changes the company may make to its assumptions, methodologies or otherwise in connection with periodic or other reviews); inaccurate models; deviations from its estimates and actuarial assumptions or other reasons in the long term care insurance, life insurance and/or annuity businesses; accelerated amortization of deferred acquisition costs (DAC) and present value of future profits (PVFP) (including as a result of any changes the company may make to its assumptions, methodologies or otherwise in connection with periodic or other reviews); adverse impact on the company’s financial results as a result of projected profits followed by projected losses (as is currently the case with the long term care insurance business); and changes in valuation of fixed maturity, equity and trading securities;
- *risks relating to economic, market and political conditions* including: downturns and volatility in global economies and equity and credit markets; interest rates and changes in rates (particularly given the historically low interest rate environment) have adversely impacted, and may continue to materially adversely impact, the company’s business and profitability; deterioration in economic conditions or a decline in home prices that adversely affect the company’s loss experience in mortgage insurance; political and economic instability or changes in government policies; and fluctuations in foreign currency exchange rates and international securities markets;
- *regulatory and legal risks* including: extensive regulation of the company’s businesses and changes in applicable laws and regulations; litigation and regulatory investigations or other actions; dependence on dividends and other distributions from the company’s subsidiaries (particularly its international subsidiaries) and the inability of any subsidiaries to pay dividends or make other distributions to the company, including as a result of the performance of its subsidiaries and insurance, regulatory or corporate law restrictions (including the unwillingness or inability of the subsidiary that indirectly owns most of the interests in the Australian and Canadian mortgage insurance businesses to pay the dividends that it receives from those businesses as a result of the impact on its financial condition of its capital support for certain long term care insurance related reinsurance arrangements); adverse change in regulatory requirements, including risk-based capital; changes in regulations adversely affecting the company’s international operations; inability to meet or maintain the PMIERS; inability of the U.S. mortgage insurance subsidiaries to meet minimum statutory capital requirements and hazardous financial condition standards; the influence of Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac) and a small number of large mortgage lenders on the U.S. mortgage insurance market and adverse changes to the role or structure of Fannie Mae and Freddie Mac; adverse changes in regulations affecting the mortgage insurance businesses; inability to continue to implement actions to mitigate the impact of statutory reserve requirements; impact of additional regulations pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act); and changes in accounting and reporting standards;

Cautionary Note Regarding Forward-Looking Statements

- *liquidity, financial strength ratings, credit and counterparty risks* including: insufficient internal sources to meet liquidity needs and limited or no access to capital (including the company's inability to replace the company's credit facility); recent or future adverse rating agency actions, including with respect to rating downgrades or potential downgrades, or being put on review for potential downgrade, all of which could have adverse implications for the company, including with respect to key business relationships, product offerings, business results of operations, financial condition and capital needs, strategic plans, collateral obligations and availability and terms of hedging, reinsurance and borrowings; defaults by counterparties to reinsurance arrangements or derivative instruments; defaults or other events impacting the value of the company's fixed maturity securities portfolio; and defaults on the company's commercial mortgage loans or the mortgage loans underlying its investments in commercial mortgage-backed securities and volatility in performance;
- *operational risks* including: inability to retain, attract and motivate qualified employees or senior management; ineffective or inadequate risk management in identifying, controlling or mitigating risks; reliance on, and loss of, key customer or distribution relationships; availability, affordability and adequacy of reinsurance to protect the company against losses; competition; competition in the mortgage insurance businesses from government and government-owned and government-sponsored enterprises ("GSEs") offering mortgage insurance; material weakness in, or ineffective, internal control over financial reporting; and failure or any compromise of the security of the company's computer systems, disaster recovery systems and business continuity plans and failures to safeguard, or breaches of, its confidential information;
- *insurance and product-related risks* including: the company's inability to increase sufficiently, and in a timely manner, premiums on in force long term care insurance policies and/or reduce in force benefits, and charge higher premiums on new policies, in each case, as currently anticipated and as may be required from time to time in the future (including as a result of the failure to obtain any necessary regulatory approvals or unwillingness or inability of policyholders to pay increased premiums); the company's inability to reflect future premium increases and other management actions in its margin calculation as anticipated; failure to sufficiently increase new sales for the long term care insurance products; inability to realize anticipated benefits of the rescissions, curtailments, loan modifications or other similar programs in the mortgage insurance businesses; premiums for the significant portion of the mortgage insurance risk in force with high loan-to-value ratios may not be sufficient to compensate the company for the greater risks associated with those policies; decreases in the volume of high loan-to-value mortgage originations or increases in mortgage insurance cancellations; increases in the use of alternatives to private mortgage insurance and reductions in the level of coverage selected; potential liabilities in connection with the U.S. contract underwriting services; and medical advances, such as genetic research and diagnostic imaging, and related legislation that impact policyholder behavior in ways adverse to the company;
- *other risks* including: occurrence of natural or man-made disasters or a pandemic; impairments of or valuation allowances against the company's deferred tax assets; 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 its 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 continued suspension of payment 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.