

Fourth Quarter 2018 Highlights for Distribution Partners

You can view the full [news release](#) and [investor presentation](#) for full details, including reconciliations to non-GAAP measures.

Quarterly Results – Genworth Financial Inc. (Genworth)

- In Q4 2018, Genworth reported a net loss¹ of \$329 million (versus net income of \$353 million in Q4 2017) and an adjusted operating loss² of \$291 million (versus adjusted operating income of \$326 million in Q4 2017).
- Genworth saw continued strong loss performance in its U.S. and Canadian mortgage insurance businesses reflecting steady economic growth, low unemployment levels and favorable housing trends in most regions.
- During the quarter, the company completed its annual review of assumptions and methodologies related to its LTC reserves, which included updated company experience and review by a third-party actuarial firm. Based on the annual review, the company updated several assumptions and methodologies, including benefit utilization rate, claim termination rate and other assumptions. As a result of these updates, the company increased LTC reserves by approximately \$327 million pre-tax, resulting in an after-tax charge to earnings of \$258 million in the fourth quarter. The primary impact related to increasing later duration utilization assumptions for claims with lifetime benefits, given current experience. The updated assumptions also increased new claim severity in the quarter versus the prior quarter and prior year.
- Importantly, Genworth made strong progress towards its multi-year LTC rate action plan in 2018, receiving approvals for nearly \$400 million of incremental annual premium increases during the year, a 100% increase over 2017, with an NPV of over \$2 billion. Genworth has achieved approximately \$10.5 billion in NPV of approved rate increases since 2012, representing approximately 65% progress towards the multi-year LTC rate action plan consistent with loss recognition testing.
- The company continues to work closely with state regulators to demonstrate the broad-based need for actuarially justified rate increases in order to pay future claims. As previously disclosed, Genworth intends to manage the U.S. life entities on a standalone basis, with no plans to infuse capital in the future beyond the \$175 million pledged to Genworth Life Insurance Company (GLIC) in connection with the completion of the Oceanwide transaction.
- As of December 31, 2018, holding company cash and liquid assets stood at \$504 million, which is slightly below the company's target of two times expected annual debt interest payments excluding restricted cash. The company's next scheduled debt maturity is in June 2020.

Transaction Update

- All required U.S. insurance regulatory approvals have been received for the proposed transaction with Oceanwide. Additionally, U.S. Government-Sponsored Enterprises – Fannie Mae and Freddie Mac – and the countries of Australia and New Zealand have approved the transaction.

¹Available to Genworth's common stockholders

²This is a financial measure not calculated based on U.S. Generally Accepted Accounting Principles (Non-GAAP)

- Genworth remains actively engaged with regulators to secure the remaining approvals from the U.S. Financial Industry Regulatory Authority (FINRA) and Canada. Genworth's discussions with Canada have been centered around national security matters, including data protections and the safeguarding of our customers' personally identifiable information, consistent with the Enhanced Data Security Program that Genworth and Oceanwide have undertaken in connection with the clearance of the transaction by CFIUS. We hope to be able to reach an agreement with Canada soon.
- In addition, Oceanwide will need to receive clearance in China for currency conversion and the transfer of funds.
- Both Genworth and Oceanwide remain committed to the transaction, which represents the greatest and most certain value for our stockholders. To that end, Oceanwide reaffirmed its commitment to the transaction, including the \$1.5 billion contribution to Genworth over time following the consummation of the transaction. The first tranche of \$500 million is expected to be contributed by March 31, 2019, with the remainder expected to be contributed by the end of 2019.
- In consideration of pending regulatory reviews and the upcoming Chinese New Year/Spring Festival holiday, which begins on February 4, Genworth and Oceanwide agreed to extend the merger agreement to March 15, 2019 from January 31, 2019.

Cautionary Note Regarding Forward-Looking Statements

This press release 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. Examples of forward-looking statements include statements the company makes relating to the transaction with China Oceanwide Holdings Group Co., Ltd. (Oceanwide) and the company's discussions with regulators in connection therewith. 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 from those in the forward-looking statements due to global political, economic, business, competitive, market, regulatory and other factors and risks, including, but not limited to, the following:

- risks related to the proposed transaction with Oceanwide including: the company's inability to complete the transaction in a timely manner or at all; the parties' inability to obtain regulatory approvals, or the possibility that regulatory approvals may further delay the transaction or will not be received prior to March 15, 2019 (and either or both of the parties may not be willing to further waive their end date termination rights beyond March 15, 2019) or that materially burdensome or adverse regulatory conditions may be imposed or undesirable measures may be required in connection with any such regulatory approvals (including those conditions or measures that either or both of the parties may be unwilling to accept or undertake, as applicable); the risk that the parties will not be able to obtain other regulatory approvals, including in connection with a potential alternative funding structure or the current geo-political environment; the parties' inability to obtain any necessary regulatory approvals for the post-closing capital plan; the risk that a condition to the closing of the transaction may not be satisfied; potential legal proceedings that may be instituted against the company in connection with the transaction that may delay, make it more costly or ultimately preclude it; the risk that the proposed transaction disrupts the company's current plans and operations as a result of the announcement and consummation of the transaction; certain restrictions during the pendency of the transaction that may impact the company's ability to pursue certain business opportunities or strategic transactions; continued availability of capital and financing to the company before, or in the absence of, the consummation of the transaction; further rating agency actions and downgrades in the company's debt or financial strength ratings; changes in applicable laws or regulations; the company's ability to recognize the anticipated benefits of the transaction; the amount of the costs, fees, expenses and other charges related to the transaction; the risks related to diverting management's attention from the company's ongoing business operations; the merger agreement may be terminated in circumstances that would require the company to pay Oceanwide a fee; the company's ability to attract, recruit, retain and motivate current and prospective employees may be adversely affected; and disruptions and uncertainty relating to the transaction, whether or not it is completed, may harm the company's relationships with its employees, customers, distributors, vendors or other business partners, and may result in a negative impact on the company's business;
- strategic risks in the event the proposed transaction with Oceanwide is not consummated including: the company's inability to successfully execute alternative strategic plans to effectively address its current business challenges (including with respect to its U.S. life insurance businesses, debt obligations, cost savings, ratings and capital); the company's ability to continue to sell long term care insurance policies; the company's inability to attract buyers for any businesses or other assets it may seek to sell, or securities it may seek to issue, in each case, in a timely manner and on anticipated terms; failure to obtain any required regulatory, stockholder and/or noteholder approvals or consents

for such alternative strategic plans, or the company's 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; and adverse tax or accounting charges; and the company's ability 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 in the future to its assumptions, methodologies or otherwise in connection with periodic or other reviews); risks related to the impact of the company's annual review of assumptions and methodologies related to its long term care insurance claim reserves and margin reviews, including risks that additional information obtained in the future or other changes to assumptions or methodologies materially affect margins; inaccurate models; deviations from the company's estimates and actuarial assumptions or other reasons in its 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 future changes it 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 its long term care insurance business); adverse impact on the company's results of operations, including the outcome of its annual review of the premium earnings pattern for its mortgage insurance businesses; and changes in valuation of fixed maturity and equity 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 (including changes to tax 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; adverse change in regulatory requirements, including risk-based capital; changes in regulations adversely affecting the company's international operations; inability to continue to maintain the private mortgage insurer eligibility requirements (PMIERS); inability of the company's 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 company's 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; changes in tax laws; and changes in accounting and reporting standards;
- 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 ability to obtain further financing under an additional secured term loan or credit facility); 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; competition, including in the company's mortgage insurance businesses from government and government-owned and government-sponsored enterprises (GSEs) offering mortgage insurance; the design and effectiveness of its disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations; 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 company's failure to obtain any necessary regulatory approvals or unwillingness or inability of policyholders to pay increased premiums), including to offset any negative impact on the company's long term care insurance margins; failure to sufficiently increase new sales for the company's long term care insurance products; availability, affordability and adequacy of reinsurance to protect the company against losses; inability to

realize anticipated benefits of the company's rescissions, curtailments, loan modifications or other similar programs in its mortgage insurance businesses; premiums for the significant portion of the company's 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 company's 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.