

ClearView Results
Year ended
30 June 2021
Investor presentation

25 August 2021

Simon Swanson
Managing Director

Athol Chiert
Chief Financial Officer

Executive summary



Business Strength

Resilience

Transformation

Highlights

Operating Earnings:
\$23.9m Up 83%



Underlying NPAT:
\$22.7m Up 54%



- Solid result in challenging environment
- Business resilient to COVID-19 impacts in FY21
- Strong underlying claims performance and improved lapse performance in life insurance segment
- Life insurance contributes 98% to Group Operating Earnings

Growing recurring revenue base

- In-force premiums up 7%
- Gross premium income up 7%
- Funds under management up 22%

Transformation on track

- Multi year life insurance transformation project and investment
- Simplification of wealth management business
- Separation of financial advice arm through Centrepoint Alliance transaction

Resilience demonstrated

- Strong balance sheet
- Successful Tier 2 capital raising³
- Completion of FY21 capital management initiatives^{4,5}
- Capital backed by net cash and investments of \$373.7m (56 cents per share)
- Net surplus capital position of \$14.3m²
- Embedded Value of 96 cents per share

Dividend reinstated

- Target payout of 40-60% of Operating Earnings
- FY21 fully franked dividend of 1c per share¹
- Reflects an element of conservatism due to recent uncertainties presented by COVID-19

1. Final FY21 cash dividend represents just under 30% of Operating Earnings.

2. Net capital position of \$14.3m as at 30 June 2021 and is stated prior to declaration of FY21 dividend. Includes a working capital reserve of \$12.1m that is released as the negative cash flows arise, after which time the underlying business becomes self funding (from FY23).

3. Net capital position excludes any benefits from sale of financial advice businesses to Centrepoint Alliance.

4. On 5 November 2020, ClearView issued \$75m subordinated, unsecured notes to wholesale investors.

5. Incurred claims treaty for income protection completed in FY21 that addresses asset concentration risk in the medium term with the reinsurer.

5. Life insurance superannuation transfer to HUB24 completed November 2020. The transfer addresses the tax credit issue.

Financials FY21 result



Key Observations

- Group Operating Earnings up 83%¹; Underlying NPAT up 54%¹; Life Insurance contributes 98%
- Strong claims and improved lapse performance
- Business has performed relatively well in FY21 despite challenges presented by COVID-19; uncertainty remains from further waves of infections and lockdowns
- Interest earnings on physical cash negatively impacted by ultra low interest rates
- Tier 2 interest cost from November 2020 and reflects impacts from change in capital structure
- Multi year life insurance transformation project and investment - includes development and implementation of new technology platform⁶ (aligned to the launch of ClearChoice)
- ClearChoice has new product design and pricing for IP product - APRA action plan to improve profitability and ultimately sustainability of industry
- Centrepont Alliance transaction provides immediate scale to financial advice segment

After Tax Profit by Segment, \$M	FY21 \$M	FY20 \$M	% Change ¹
Life Insurance ⁵	23.5	8.8	166 %
Wealth Management	0.6	3.3	(80)%
Financial Advice	0.9	2.1	(58)%
Listed/Group Costs	(1.2)	(1.1)	(4)%
Operating Earnings After Tax	23.9	13.1	83 %
Underlying investment income	1.6	2.3	(30)%
Interest on corporate debt	(2.8)	(0.6)	Large
Group Underlying NPAT	22.7	14.8	54 %
Policy liability discount rate effect ³	(11.4)	2.2	Large
Wealth Management project ²	(3.1)	(1.4)	127 %
Impairments ⁴	(1.5)	(2.6)	(42)%
Other costs	(0.1)	0.2	Large
Reported Profit After Tax	6.7	13.2	(49)%

1. % change FY20 to FY21.

2. Costs associated with transition to HUB24 platform. Further costs to be incurred in FY22 as project is finalised.

3. The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities and the incurred IP disabled lives claims reserves. The life insurance policy liability (based on AIFRS) and IP incurred disabled lives reserves are discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and the disabled lives claims reserves, and consequently, earnings. ClearView reports this volatility separately.

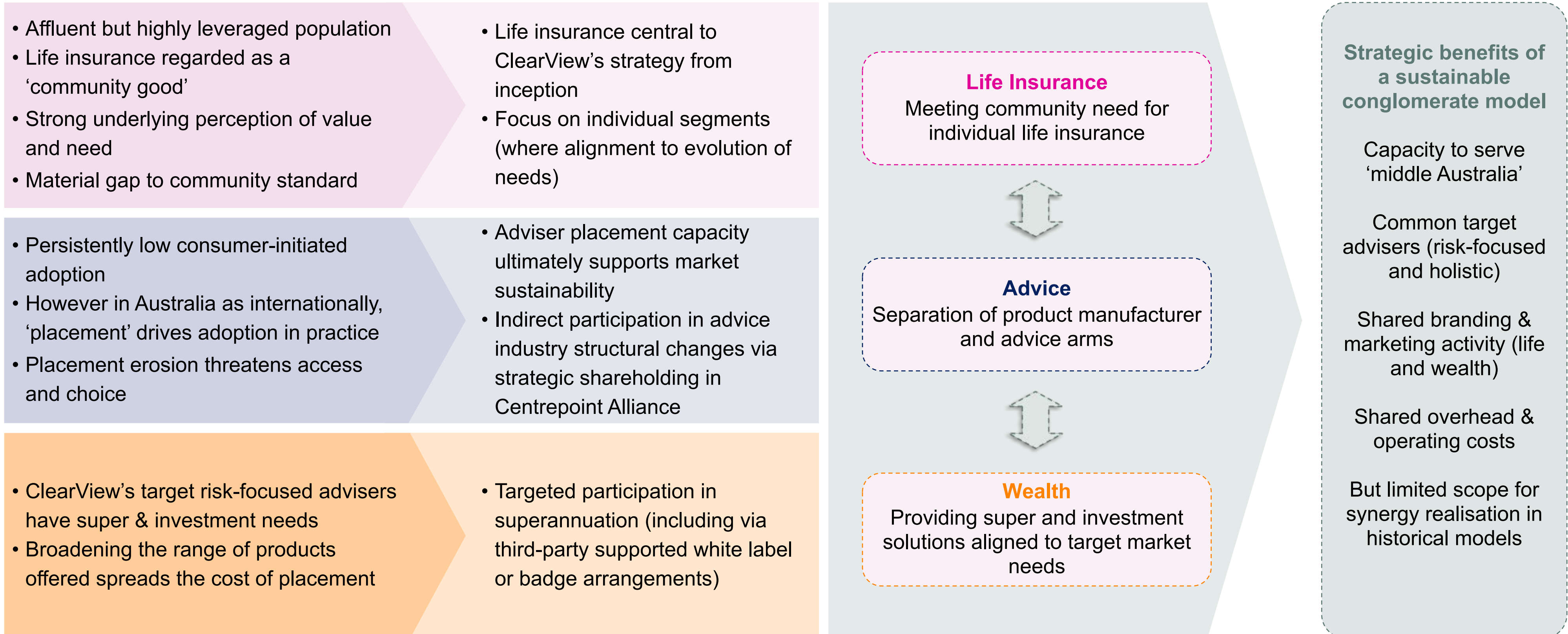
4. Impairments to receivable from ClearView Retirement Plan (CRP). The recoverability of the receivable from CRP will continue to be assessed at each reporting period.

5. Includes 2HFY20 impact of \$5.9m from material changes made to claims assumptions at 30 June 2020. Includes 2HFY21 impact of \$2.9m from changes made to income protection claims assumptions at 30 June 2021 as part of the APRA IDII review and adoption of new tables. From 1 January 2021, APRA has required companies to base their IP claims assumptions on the most recent industry table, with a release date not older than 18 months. Currently, this table is the FSC-KPMG ADI 2014-2018 table released last year, based on the 2014 to 2018 experience.

6. New contemporary life insurance policy administration system and integrated automated underwriting rules engine.

Participation Strategy and Rationale

ClearView's core focus on life insurance drives the basis for participation into advice (placement) and then into superannuation & investment



Business and strategy update

Strategic priorities

FY22 focus areas



Income protection product redesign and pricing to address industry issues



Launch of ClearChoice product in Q2 FY22 - sustainable product margins

Repricing of LifeSolutions inforce portfolio



Staggered price increases over a period of time (aligned to new product launch)

Ease of doing business - streamlined service that supports adviser and administration efficiencies



Implementation new life insurance technology platform (initially for new business), aligned to launch of ClearChoice

Lapse and claims management



Customer retention strategies; implementation of claims management capability and processes to achieve return to work outcomes



Simplification of business



Reprice Traditional product and finalise transition of wrap business to HUB24 as a white label

Ease of doing business and customer engagement



Digitise front end of business and use of technology for customer engagement

Repositioning of business to achieve scale



Under consideration



Scaling of advice business and separation of manufacturing and financial advice arms

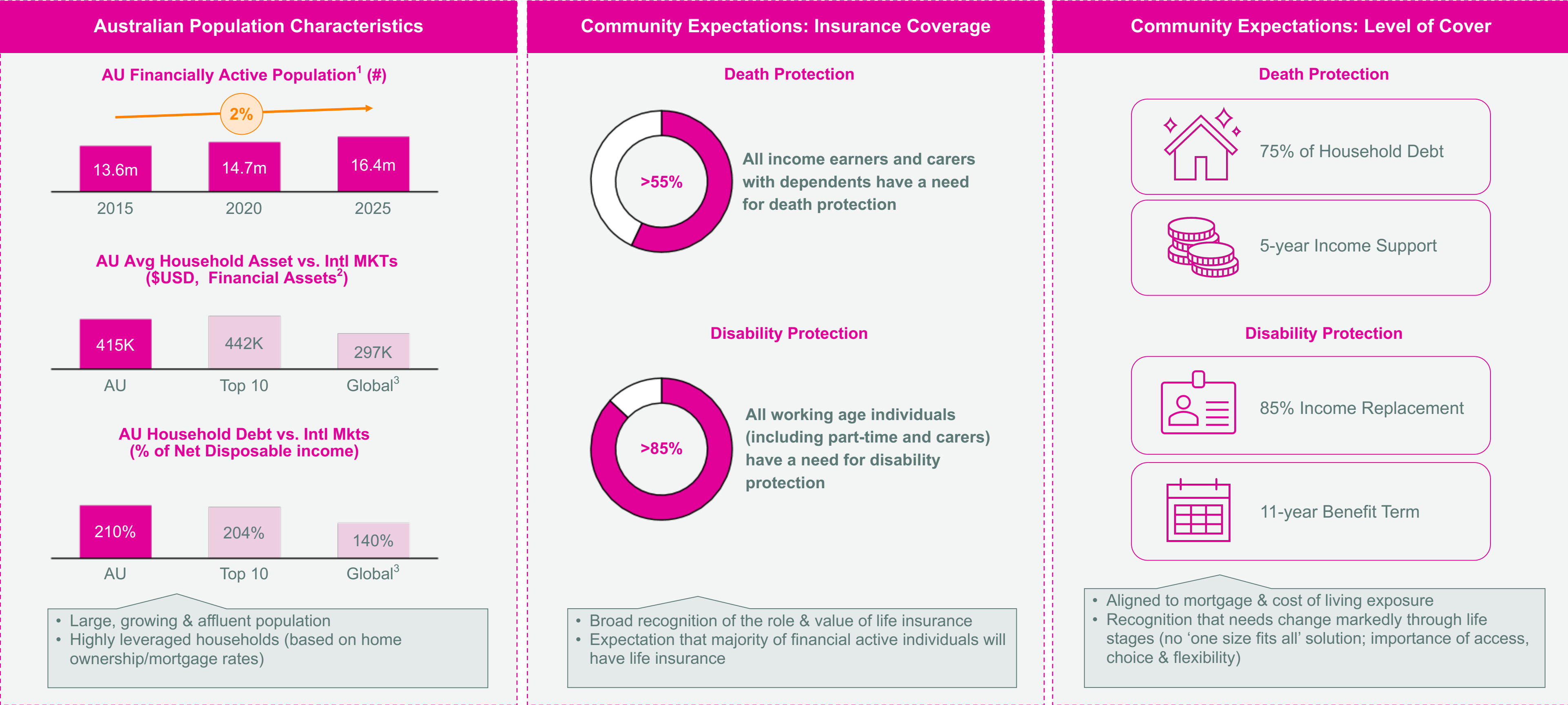


Successful completion of Centrepoint Alliance transaction

Strong demand for life insurance products



Australia has a large & growing 'financially active' population; relatively affluent but highly leveraged households, community awareness and recognition of need changes through different life stages




Note: ¹Employed population and Under 70s retirees, ²Include saving deposits, investments in equity, shares and bonds, ³OECD countries
 Source: ABS statistics, OECD statistics, NMG Community Expectations Study, NMG Australian Life Insurance Market Advocacy Research Report 2019, NMG RDM Study, NMG estimates

Life Insurance market

Significant market consolidation and disruption presents opportunity for ClearView to gain market share by being a nimble, efficient and locally focused life insurer

Three market segments – Outlook

Advised 

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- Declining adviser numbers shifting from large institutionally aligned AFSLs to self-licencing; and individual advisers are focusing on higher end clients able to afford advice fees.
- However, market appears to be at inflection point and in medium-term likely to see better quality business from professional and client- focused advisers.

Group market

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- Extremely challenging segment in the short-term due to legislative changes.
- Leading potential to margin compression and/or further price increases.

Direct market

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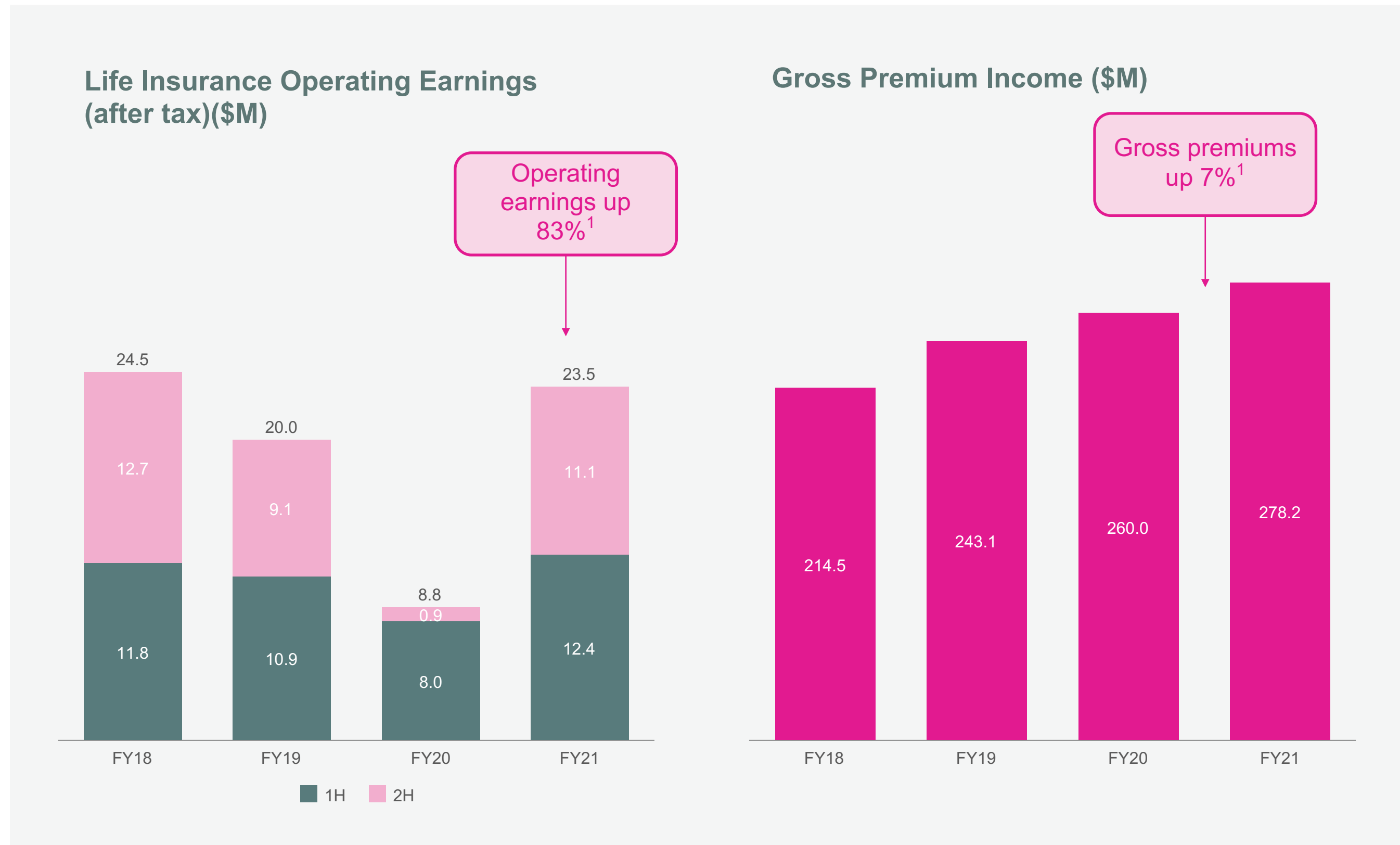
- Small and declining
- May be long-term potential with digital offering
- Challenging regulatory conditions

No ClearView Participation

No ClearView Participation

APRA's IDII sustainability measures	ClearView's response
Resetting of price relative to risk and product features	Further repricing of inforce portfolios likely to flow through after launch of new products
Industry re-setting product expectations	Launch of ClearChoice on new administration platform in October 2021
APRA supervisory adjustment	Capital base locked down, Tier 2 capital raising successfully completed
Data quality and updated claims tables	Improved visibility. New industry claims tables for IDII implemented in 2H (\$2.9m impact)

Life Insurance FY21 result



- Recurring revenue base up 7%¹
- Strong underlying claims performance reflective of claims management outcomes and limited COVID-19 claims impacts to date
- Improved lapse performance on lump sum, partially offset by income protection lapses driven by price increases
- Income protection action plan in place including launch of new sustainable product (ClearChoice) in Q2 FY22
- Clear targets for continued transformation of business in FY22

1. FY21 versus FY20 % change.

Wealth Management market

Three segments

Retail super funds

Wrap



Sophisticated advised clients seeking a broad array of investment options

Master trust



Advised, middle market clients suited to unitised super and non-super solutions, outside of the heavy technology-spend wrap platform segment. Implemented model portfolios make it easy to change both underlying fund managers and asset allocation to suit the needs and risk profile of investors bringing significant efficiencies to advisers and customers.

Industry super funds



Default, accumulation phase

No ClearView Participation

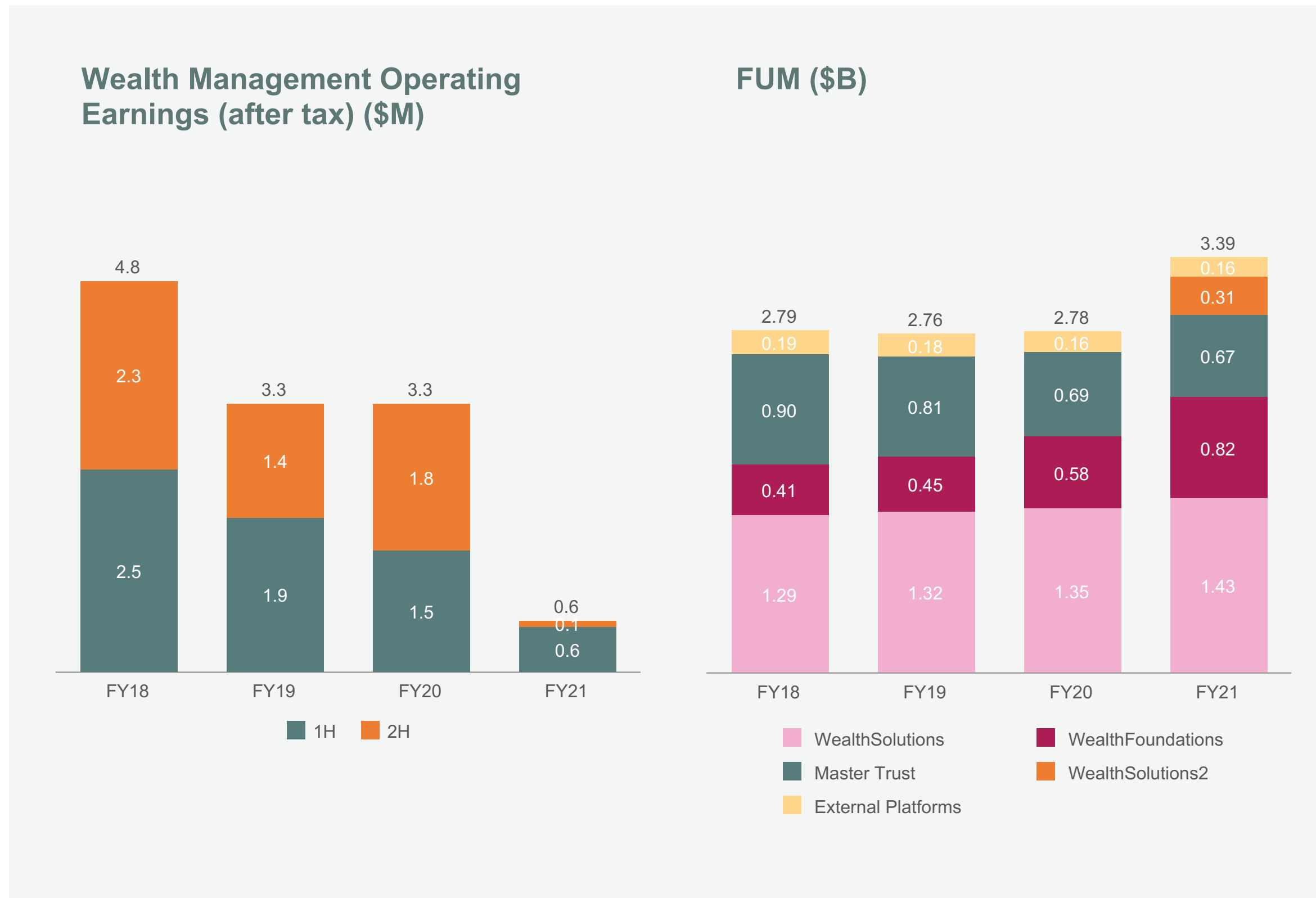
Self-managed super funds



Self-directed, high net worth investors

No ClearView Participation

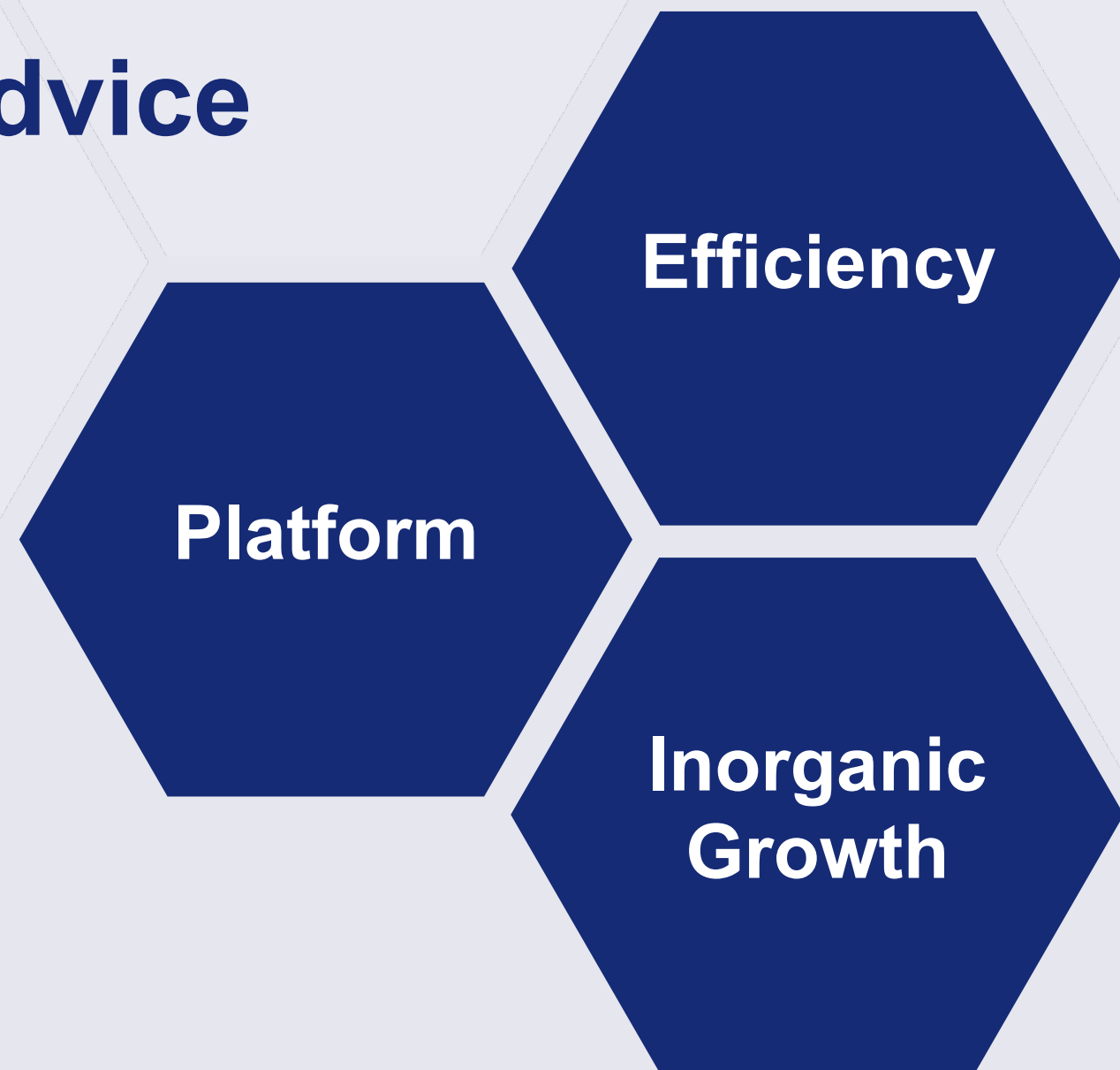
Wealth Management FY21 result



- FUM up 22%¹, driven by positive net flows and investment performance
- Fees down 4% given margin compression, transition of wrap business to HUB24 and reduction of FUM in model portfolios (net margin earned 0.55% vs 0.63%)
- Strong flows into WealthFoundations product - key product focus as part of simplification strategy
- Launch of wrap product on HUB24 (WealthSolutions 2) - limited margin impacts from administration fees; use of model portfolios key to success of product
- Simplification of business in FY22 leads to cost base reductions, coupled with digitisation of wealth front end to generate increased flows
- Costs are expected to reduce progressively as simplification process is implemented

1. FY21 versus FY20 % change.

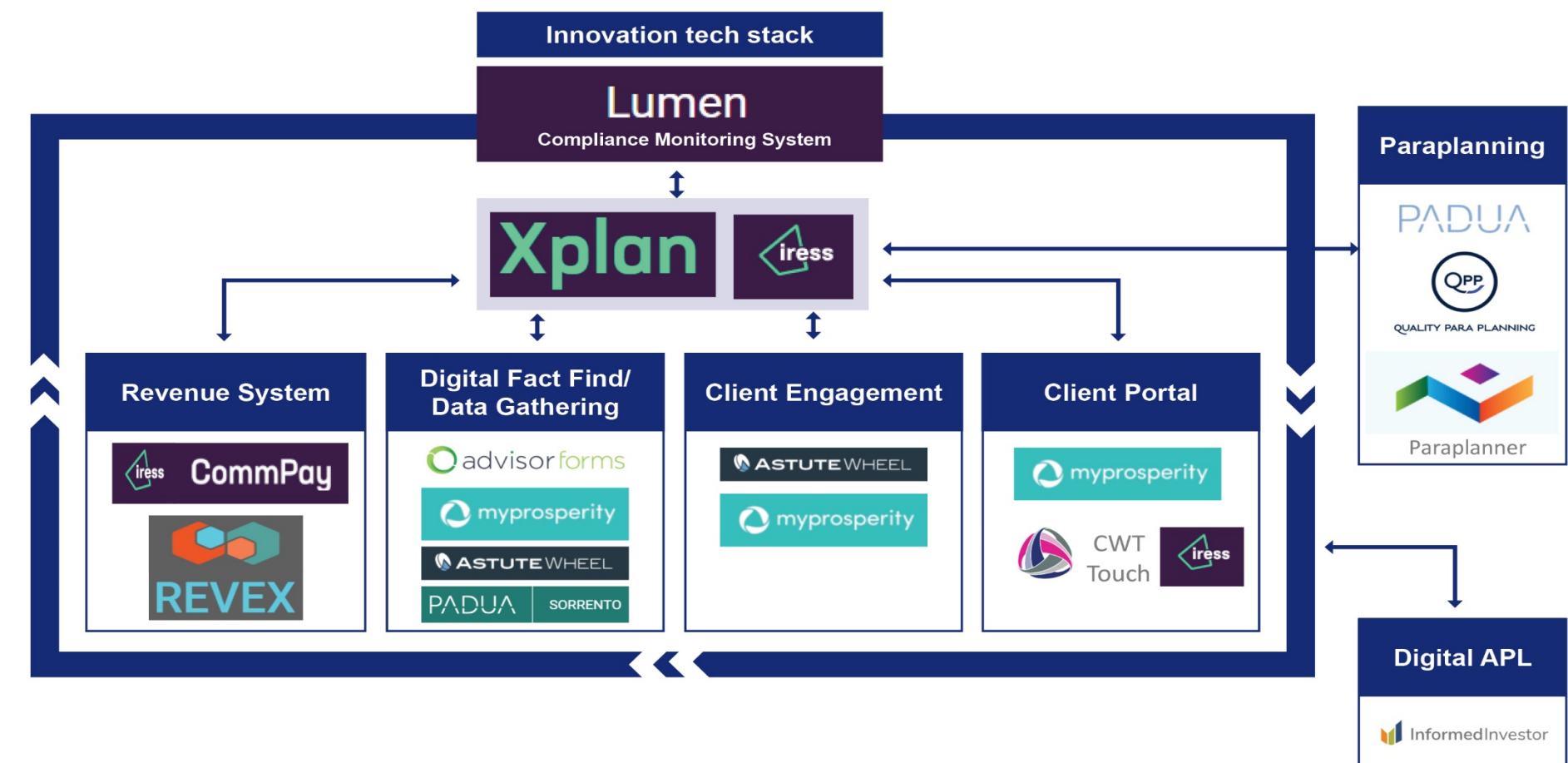
Financial advice



CFA and Matrix are currently mid-sized dealer groups with leading edge technology, a strong management team and compliance processes but suffers from a lack of scale that results in sub-optimal profitability (with no financial support from ClearView entities)



- Subsequent to year end, Board initiated a strategic review to seek out inorganic opportunities - led to Centrepont Alliance transaction
- Provides immediate scale with a strong and effective management team and capability to develop a market leading position
- Allows ClearView to participate indirectly in industry consolidation and at same time separates out its product manufacturer and advice arms



ClearView and Centrepoint Alliance (CAF): Transaction

Majority of value in merger between CVW⁵ and CAF is in strategic value, synergies and creation of a platform and capability to further consolidate the market



CAF deal and impacts to ClearView

- Sale proceeds of \$15.2m made up of \$3.2m in cash and a 25% strategic equity stake¹
- Declaration of a circa \$7m pre completion dividend²
- Net surplus capital position of Group is expected to increase³
- ClearView's shareholding in Centrepoint Alliance is expected to be earnings accretive to ClearView⁴
- Any costs incurred in relation to the transaction will be reported as a cost considered unusual to the ordinary activities in FY22
- ClearView has rights to appoint director on Centrepoint Alliance Board
- Deal is expected to be completed on or around 31 October 2021

1. 48m CAF shares at 25 cents per share. Subject to net asset adjustment as defined under the terms of the agreement.

2. CVW anticipates declaring a circa \$7m pre completion dividend. Allows for the transition of businesses to CAF with sufficient working capital.

3. Increase will be calculated by the amount that the net proceeds and pre-completion dividend exceeds carrying value of investment (\$8.3m on ClearView Wealth Limited Balance Sheet as at 30 June 2021) but prior to the transfer of annual leave and long service leave liabilities, any transaction costs or adjustments for APRA capital requirements on the valuation of the shares held for capital reporting purposes.

4. Centrepoint Alliance earnings are expected to be equity accounted from the date of completion.

5. CVW is ClearView Financial Advice Pty Limited, Matrix Planning Solutions Limited and LaVista Licencee Solutions Pty Limited.

Financial advice FY21 result



We are a national financial advice business with a strong platform and growing footprint - but is currently sub-scale

'\$M	FY20	FY21
Revenue ¹	18.1	13.1
Costs ²	(15.7)	(11.9)
Business unit operating earnings (Before Tax)	2.5	1.2

State	MPS/ CFA	LaVista		Total ARs
	ARs	AFSL	ARs	
ACT	10	1	2	12
NSW	75	8	24	99
QLD	31	10	39	70
SA	21	5	13	34
VIC/TAS	13	7	19	32
WA	25	3	8	33
TOTAL	175	34	105	280

1. Decline in revenue of 20%. There was an increase in membership fees given changes to remuneration and fee model and growth of LaVista. However the increase in sustainable revenue was offset by a reduction in grandfathered revenue streams and material decline in the financial support received from other ClearView entities.
 2. Reduction in cost base due to reduced overhead and advice remediation program and related costs

Balance Sheet strength

Net Assets

	FY18	FY19	FY20	FY21
Net assets (\$m)	444.3	439.1	452.7	459.4
Net assets per share (cps)	71.3	69.2	71.5	72.3

Embedded Value

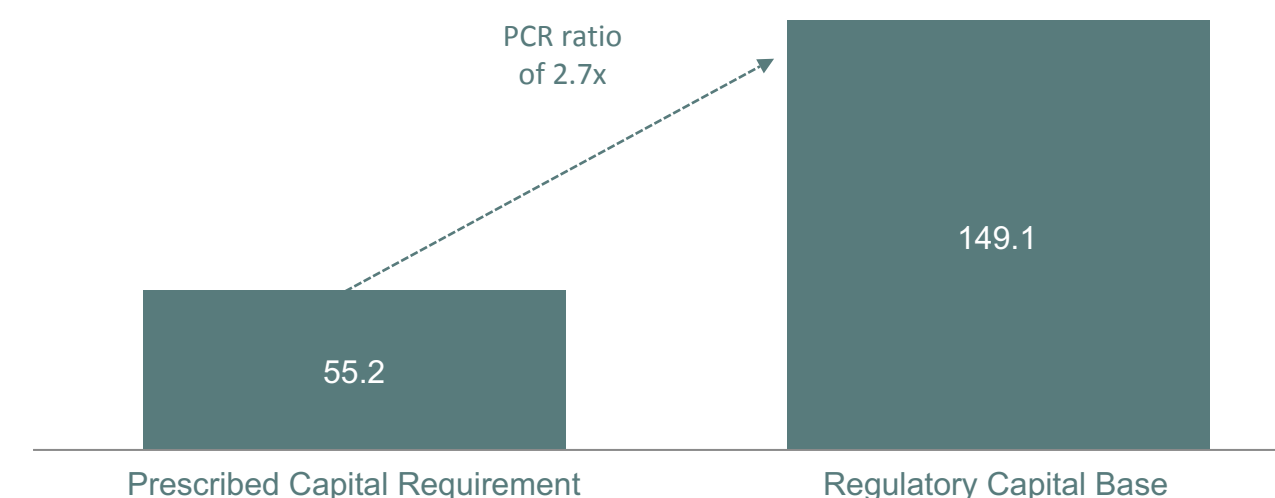
	FY18 ⁴	FY19	FY20 ³	FY21 ³
Embedded Value (\$m)	670.1	672.6	643.4	640.4
Embedded Value per share (cps)	100.0	99.4	95.3	95.7

Capital (\$m)

	FY18	FY19	FY20	FY21
Regulatory requirement	24.3	32.3	34.7	55.2
Regulatory capital base	92.5	66.8	67.9	149.1
Surplus/(Deficit) ²	14.7	5.1	4.2	14.3

- \$75m Tier 2 capital raising in November 2020
- Asset concentration risk addressed in medium term¹
- Life insurance superannuation transfer to HUB24 completed November 2020 - addresses tax credit issue
- Includes APRA supervisory adjustment as part of IDII sustainability measures
- Capital backed by net cash and investments of \$374m (56cps)
- From FY20, EV calculations include strengthening of assumptions and potential impacts from COVID-19³
- Surplus capital of \$14.3m prior to FY21 dividend and any capital uplift from Centrepoint Alliance transaction

Group Regulatory Capital Coverage (\$M)



1. Incurred claims treaty for income protection completed in FY21.

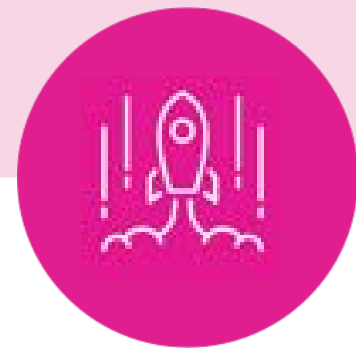
2. FY19 and FY20 includes amounts drawn down under debt facility. Permanent capital solution in place in FY21 (Tier 2 capital raising completed in November 2020).

3. Includes material changes to claims assumptions, including short term COVID-19 overlays, adoption of new IDII tables in FY21, staggered price increases on LifeSolutions portfolio and related shock lapse assumptions. Also includes change to the expense assumption in FY21

4. Financial Advice segment is carried at net asset value in the net worth post impairment charge in FY19. In FY18 the Embedded Value include a value of in force for the Financial Advice segment.

Business outlook

We have a set of clear targets for the continued transformation of our life insurance business in FY22, with outcomes to be determined by the successful implementation of the new IT platform, launch of ClearChoice and risks associated with the repricing of the LifeSolutions



Business has performed relatively well in FY21 despite challenges presented by COVID-19



Significant market consolidation presents opportunity for ClearView to gain market share by being a nimble, efficient and locally focused life insurer



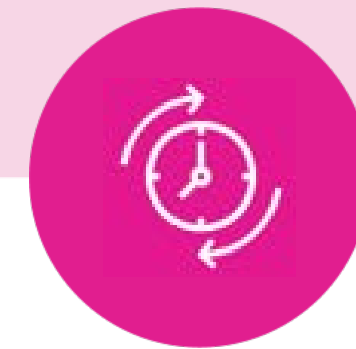
Return of rational pricing, new modern technology platform and launch of ClearChoice product expected to improve market share and margins



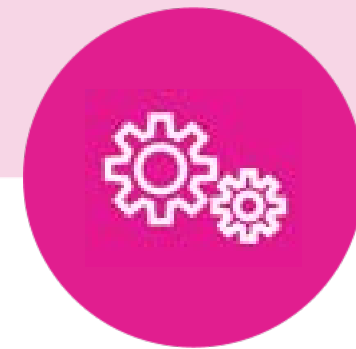
Administration efficiencies are expected to start flowing through from Q4 F22 from new technology platform, and progressively after migration of inforce portfolios



FY22 expected to see business activity shift back to new business acquisition with the launch of the ClearChoice product and implementation of the new system

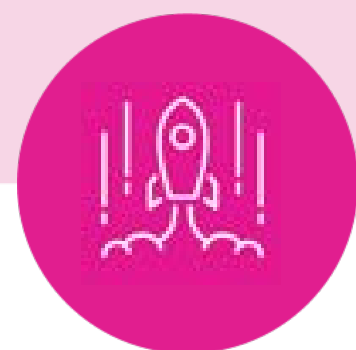


Focus on simplification of wealth management business that leads to cost base reductions, coupled with digitisation of wealth front end to generate increased flows



Sale of financial advice businesses and acquisition of a strategic equity stake in Centrepont Alliance - allows participation in industry consolidation and separation of financial advice arm

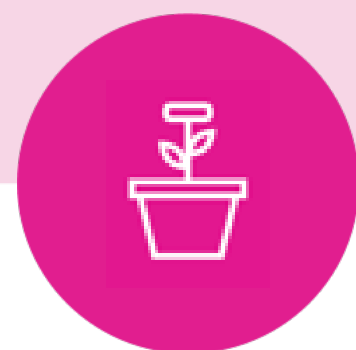
Reinstatement of FY21 fully franked cash dividend - represents just under 30% of Operating Earnings and reflects an element of conservatism due to recent COVID-19 events



Strong Balance Sheet and capital base resilient to various stress scenarios. Net surplus capital position of \$14.3m²



Surplus capital position and future capital generation is anticipated to fund the material investment in new technology platform (multi year transformation program)



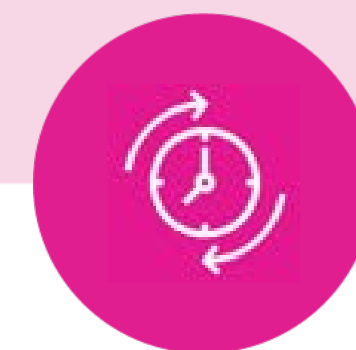
Forecast capital generation allows for progressive increased new business generation (and market share) and staggered price increases of LifeSolutions in-force portfolio (over a period of time)



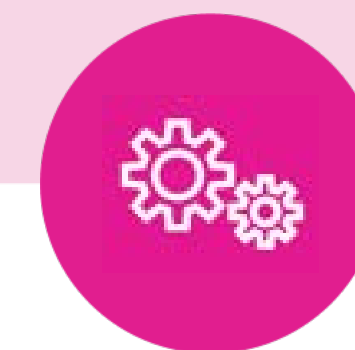
Ultra low interest rate environment continues to adversely impact earnings. Any upward movement in rates positively impacts earnings



Embedded Value of 96 cps that reflects the discounted cash flows of the in-force portfolios. Successfully completed capital management initiatives in FY21



Final fully franked FY21 cash dividend of 1 cent per share - reflects an element of conservatism due to recent uncertainties presented by COVID-19³



Solid Underlying NPAT growth in FY22 and further increases in FY23¹ expected albeit uncertainty remains due to recent COVID-19 events and the potential impact on future claims and lapses

1. Assuming the achievement of best estimate assumptions in FY22 (in particular for claims and lapses) and completion of the Centrepoint Alliance transaction, we expect solid earnings growth in FY22 and further increases in FY23 supported by the implementation of the strategy. While estimates and allowances have been made in the claims and lapse assumptions adopted, given the fluidity of the COVID-19 pandemic and operating environment, potential impacts from any deterioration in economic conditions or unanticipated delays in the roll out of the vaccine (and the related flow on effects to claims and affordability of premiums), actual experience relative to best estimate assumptions adopted may be impacted and will continue to be closely monitored. Includes staggered price increases on LifeSolutions portfolio and related shock lapse assumptions.
2. As at 30 June 2021 and prior to declaration of FY21 final dividend and any uplift from the Centrepoint Alliance transaction.
3. Considering the uncertainty of the impacts due to COVID-19 and the recent outbreaks from the Delta strain (and related lockdowns), material investment in the new technology platform, no certainty in the timing of the release of the APRA Pillar 2 capital charge, and standard completion risks associated with the increase in the net capital position of the Group from the Centrepoint Alliance transaction, a final fully franked FY21 dividend of 1 cent per share has been declared.

AFSL	Australian Financial Service Licence; AR is an authorised representative
Operating Earnings or Operating Earnings After Tax	Operating Earnings (after tax) represents the Underlying NPAT of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.
Underlying NPAT	Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.
ClearChoice	New life insurance product range that is being launched in October 2021 to align with APRA individual disability income insurance action plan
IP or IDII	Income protection or individual disability income insurance
FUM	Funds Under Management (ClearView Traditional Product (Master Trust), WeathFoundations and MIS), Funds Under Administration on the HUB24 platform including white labelled WealthSolutions 2 product and FUM in ClearView MIS platform funds on external platforms
Wealth Product Net Flows	Inflows less redemptions into FUM but excludes management fees outflow
MPS/ CFA	Matrix Planning Solutions Limited and ClearView Financial Advice Pty Limited, the ClearView dealer groups operating as part of the financial advice segment
Embedded Value or EV	Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans.
New PAS or Technology Platform	New contemporary life insurance policy administration system and integrated automated underwriting rules engine

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Appendix Additional Financial Information

Consolidated FY21 results: Shareholder view¹

12 Months to June 2021 (\$M) ¹	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Gross life insurance premiums	104.7	110.5	215.2	120.5	122.6	243.1	129.0	131.0	260.0	138.4	139.8	278.2	7%
Fund management fees	18.0	18.2	36.2	17.7	16.7	34.4	16.7	15.8	32.5	15.5	15.5	31.0	(4%)
Financial advice fees	8.8	8.6	17.4	8.8	8.4	17.2	8.8	9.3	18.1	7.1	6.0	13.1	(28%)
Other Income	—	—	—	0.2	—	0.2	—	0.1	0.1	—	0.4	0.4	Large
Gross Income	131.5	137.3	268.8	147.2	147.7	294.9	154.5	156.1	310.6	161.0	161.7	322.7	4%
Net claims incurred	(16.9)	(16.0)	(32.9)	(17.0)	(18.9)	(35.9)	(22.6)	(35.5)	(58.1)	(19.1)	(25.4)	(44.5)	(23%)
Reinsurance premium expense	(27.2)	(30.0)	(57.2)	(34.1)	(37.5)	(71.6)	(41.3)	(45.5)	(86.8)	(50.2)	(54.0)	(104.2)	20%
Commission and other variable expenses	(36.9)	(33.2)	(70.1)	(37.1)	(34.5)	(71.6)	(31.8)	(29.8)	(61.6)	(29.0)	(29.6)	(58.6)	(5%)
Funds management expenses	(4.7)	(4.8)	(9.5)	(4.9)	(4.6)	(9.5)	(4.8)	(4.5)	(9.3)	(4.3)	(4.3)	(8.6)	(7%)
Operating expenses	(39.6)	(40.6)	(80.2)	(44.2)	(40.6)	(84.8)	(41.0)	(36.2)	(77.2)	(41.0)	(43.3)	(84.3)	9%
Movement in policy liabilities	14.2	8.9	23.1	7.1	3.9	11.0	(0.3)	0.6	0.3	1.1	10.5	11.6	Large
Total Operating Earnings (before tax)	20.3	21.6	41.9	16.9	15.6	32.5	12.7	5.2	17.9	18.6	15.5	34.1	91%
Income tax (expense) / benefit	(6.0)	(5.7)	(11.7)	(5.0)	(4.8)	(9.8)	(3.3)	(1.5)	(4.8)	(5.5)	(4.7)	(10.2)	112%
Total Operating Earnings (after tax)	14.3	15.9	30.2	11.9	10.8	22.7	9.4	3.7	13.1	13.1	10.8	23.9	83%
Underlying investment income	1.2	1.3	2.5	1.5	1.4	2.9	1.1	1.2	2.3	0.8	0.8	1.6	(30%)
Interest expense on corporate debt	(0.1)	(0.2)	(0.3)	(0.2)	(0.3)	(0.5)	(0.3)	(0.4)	(0.6)	(0.9)	(1.9)	(2.8)	Large
Underlying NPAT	15.3	17.1	32.4	13.3	11.8	25.1	10.2	4.5	14.7	13.0	9.7	22.7	54%
Amortisation of acquired intangibles	(2.0)	(2.0)	(4.0)	(0.6)	(0.6)	(1.2)	—	—	—	—	—	—	NA
Policy liability discount rate effect	(0.7)	(0.2)	(0.9)	2.2	4.4	6.6	(0.4)	2.6	2.2	(1.3)	(10.1)	(11.4)	(606%)
Impairments	—	—	—	—	(18.9)	(18.9)	—	(2.6)	(2.6)	(0.6)	(0.9)	(1.5)	(42%)
Cost Out Program Implementation Costs	—	—	—	—	(3.8)	(3.8)	—	—	—	—	—	—	NA
Wealth Project Costs	—	—	—	—	—	—	—	(1.4)	(1.4)	(1.5)	(1.6)	(3.1)	127%
Direct Remediation Program, Direct Closure Provision and Royal Commission Costs	—	—	—	(1.9)	(0.5)	(2.4)	—	—	—	—	—	—	NA
Other costs	(0.3)	(0.5)	(0.8)	(1.5)	0.1	(1.4)	—	0.2	0.2	0.1	(0.2)	(0.1)	(188%)
Reported NPAT	12.3	14.3	26.6	11.5	(7.5)	4.0	9.8	3.3	13.1	9.7	(3.0)	6.7	(49%)

Notes

- Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
- % change represents the movement from FY20 to FY21.

Life Insurance

12 Months to June 2021 (\$M) ¹	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Gross life insurance premiums	104.7	110.5	215.2	120.5	122.7	243.1	129.0	131.0	260.0	138.4	139.8	278.2	7%
Other income	—	—	—	—	—	—	—	—	—	—	0.2	0.2	NA
Net claims incurred	(16.9)	(16.0)	(32.9)	(17.0)	(18.9)	(35.9)	(22.6)	(35.5)	(58.1)	(19.1)	(25.5)	(44.5)	(23%)
Reinsurance premium expense	(27.2)	(30.0)	(57.2)	(34.1)	(37.6)	(71.6)	(41.3)	(45.5)	(86.8)	(50.2)	(54.0)	(104.2)	20%
Commission and other variable expenses	(33.7)	(30.0)	(63.7)	(34.0)	(31.6)	(65.6)	(29.0)	(27.2)	(56.2)	(26.4)	(26.9)	(53.3)	(5%)
Operating expenses	(24.3)	(25.0)	(49.2)	(26.9)	(25.0)	(51.9)	(24.4)	(21.6)	(46.1)	(26.1)	(28.2)	(54.3)	18%
Movement in policy liabilities	14.2	9.0	23.1	7.1	3.9	11.0	(0.3)	0.6	0.3	1.1	10.5	11.6	Large
BU Operating Earnings (before tax)	16.8	18.4	35.2	15.6	13.4	29.0	11.4	1.7	13.1	17.7	15.9	33.6	157%
Income tax (expense) / benefit	(5.0)	(5.7)	(10.7)	(4.7)	(4.3)	(9.0)	(3.4)	(0.8)	(4.2)	(5.3)	(4.8)	(10.1)	137%
BU Operating Earnings (after tax)	11.8	12.7	24.5	10.9	9.1	20.0	8.0	0.9	8.8	12.4	11.1	23.5	166%
Underlying investment income	0.8	0.8	1.6	1.0	1.0	2.0	0.7	0.9	1.6	0.6	0.8	1.4	Large
Underlying interest on corporate debt	—	—	—	—	—	—	—	—	—	(0.2)	(0.6)	(0.8)	Large
Underlying NPAT	12.5	13.6	26.1	11.9	10.1	22.0	8.7	1.7	10.4	12.8	11.3	24.1	131%
Amortisation of intangibles	(1.4)	(1.4)	(2.8)	—	—	—	—	—	—	—	—	—	NM
Policy liability discount rate effect (after tax)	(0.7)	(0.2)	(0.9)	2.2	4.4	6.6	(0.4)	2.6	2.2	(1.3)	(10.1)	(11.4)	Large
Impairments	—	—	—	—	(5.0)	(5.0)	—	(2.6)	(2.6)	(0.6)	(0.9)	(1.5)	(42%)
Cost Out Program Implementation Costs	—	—	—	—	(1.5)	(1.5)	(0.1)	(0.5)	(0.6)	—	—	—	Large
Direct Remediation Program and Royal Commission Costs	—	—	—	—	(2.0)	(2.0)	(0.5)	0.1	(0.4)	—	—	—	Large
Other costs	—	—	—	—	(0.9)	(0.9)	—	0.3	0.3	—	—	—	(100%)
Reported NPAT	10.4	12.0	22.4	14.1	5.1	19.2	7.6	1.7	9.4	10.9	0.3	11.2	20%

Analysis of Profit (\$M)	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Expected Underlying NPAT³	16.0	16.2	32.2	16.0	15.9	31.9	15.5	15.3	30.8	14.3	13.0	27.3	(11)%
Claims experience	(3.2)	(2.3)	(5.5)	(2.1)	(1.3)	(3.4)	(4.7)	(7.8)	(12.5)	3.2	1.0	4.2	Large
Lapse experience	(0.8)	(1.3)	(2.1)	(2.9)	(2.7)	(5.6)	(1.4)	0.1	(1.3)	(0.9)	4.6	3.7	Large
Expense experience	0.2	0.3	0.5	0.6	0.5	1.1	0.3	(0.1)	0.2	(2.7)	(4.0)	(6.7)	Large
Other	0.2	0.7	0.9	0.2	(0.4)	(0.2)	(1.0)	0.1	(0.9)	(0.9) ⁴	(0.3)	(1.5) ⁴	67%
Actual Underlying NPAT before claims assumptions	12.5	13.6	26.1	11.9	11.9	23.8	8.7	7.6	16.3	13.0	14.2	27.0	66%
Claims Assumptions Changes	—	—	—	—	(1.8)	(1.8)	—	(5.9)	(5.9)	—	(2.9)	(2.9)	Large
Actual Underlying NPAT	12.5	13.6	26.1	11.9	10.1	22.0	8.7	1.7	10.4	13.0	11.3	24.1	131%

Key Statistics And Ratios (\$M)	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
New Business	22.6	19.7	42.4	21.9	17.3	39.3	14.2	10.1	24.2	8.4	7.9	16.3	(33)%
LifeSolutions	22.6	19.7	42.4	21.9	17.3	39.2	14.2	10.1	24.2	8.4	7.9	16.3	(33%)
In-Force	209.9	224.8	224.8	240.7	252.6	252.7	260.6	270.8	270.9	282.0	289.8	289.9	7%
LifeSolutions	167.5	184.2	184.2	201.7	214.8	214.8	223.9	234.9	234.9	246.6	254.5	254.5	8%
Direct	42.4	40.6	40.6	39.0	37.7	37.7	36.7	35.9	35.9	35.4	35.3	35.3	(2%)
Cost to Income Ratio	23.2 %	22.7 %	23.0 %	23.0 %	21.5 %	22.2 %	19.7 %	17.1 %	18.4 %	19.6 %	20.1 %	19.5 %	

Notes

1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY20 to FY21.
3. Expected Underlying NPAT of \$27.3m reflects expected profit margins on in-force portfolios based on actuarial assumptions. Includes material changes made to assumptions at 30 June 2020 and potential impacts from COVID-19.
4. Other predominately relates to a reduction of net interest rates earned, additional commission payments in FY21 due to the large reduction in outstanding premiums between periods and volume and pricing variances to expected.

Wealth Management

12 Months to June 2021 (\$M)'	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Fund management fees	18.0	18.2	36.2	17.7	16.7	34.4	16.7	15.7	32.5	15.5	15.5	31.0	(4%)
Other income	—	—	—	—	—	—	—	—	—	—	0.2	0.3	Large
Funds management expenses	(4.7)	(4.8)	(9.5)	(4.9)	(4.6)	(9.5)	(4.8)	(4.5)	(9.3)	(4.3)	(4.3)	(8.6)	(7%)
Variable expense ³	(3.3)	(3.2)	(6.4)	(3.0)	(2.9)	(5.9)	(2.8)	(2.6)	(5.4)	(2.5)	(2.7)	(5.3)	(3%)
Operating expenses	(7.0)	(7.5)	(14.5)	(7.5)	(7.7)	(15.3)	(7.4)	(6.7)	(14.1)	(8.3)	(8.7)	(16.9)	20%
BU Operating Earnings (before tax)	3.0	2.7	5.8	2.3	1.5	3.8	1.6	2.0	3.6	0.4	—	0.4	(89%)
Income tax (expense) / benefit	(0.6)	(0.3)	(0.9)	(0.4)	(0.1)	(0.5)	(0.2)	(0.2)	(0.4)	0.1	0.1	0.2	(166%)
BU Operating Earnings (after tax)	2.5	2.4	4.8	1.9	1.4	3.3	1.4	1.8	3.3	0.6	0.1	0.6	(80%)
Underlying investment income	0.2	0.2	0.3	0.2	0.2	0.4	0.2	0.1	0.3	0.1	—	0.1	(71%)
Underlying NPAT	2.6	2.6	5.2	2.1	1.5	3.6	1.6	2.0	3.6	0.6	0.1	0.7	(79%)
Amortisation of acquired intangibles	—	(0.1)	(0.1)	—	(0.1)	(0.1)	—	—	—	—	—	—	NM
Impairments	—	—	—	—	(1.1)	(1.1)	—	—	—	—	—	—	NM
Cost Out Program Implementation Costs	—	—	—	—	(0.4)	(0.4)	—	—	—	—	—	—	NM
Wealth Project Costs	—	—	—	—	—	—	—	(1.4)	(1.4)	(1.5)	(1.6)	(3.1)	121%
Other costs	—	—	—	—	(0.2)	(0.2)	—	—	—	—	(0.2)	(0.2)	Large
Reported NPAT	2.6	2.5	5.1	2.1	(0.4)	1.8	1.6	0.6	2.2	(0.8)	(1.7)	(2.5)	Large

Key Statistics And Ratios (\$M)	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Net Flows	163.6	43.6	207.2	(81.2)	(80.8)	(162.0)	65.8	30.2	96.0	80.0	169.3	249.3	159%
Master Trust	(65.6)	(60.4)	(126.0)	(70.9)	(65.7)	(136.6)	(52.6)	(41.1)	(93.7)	(45.4)	(37.2)	(82.6)	(12%)
WealthSolutions	103.9	58.6	162.5	(10.9)	(18.4)	(29.3)	50.4	16.6	67.0	(60.0)	(34.8)	(94.8)	(242%)
WealthSolutions2	—	—	—	—	—	—	—	—	—	110.9	183.2	294.1	Large
WealthFoundations	66.0	32.8	98.8	0.9	15.0	15.9	73.6	68.7	142.3	80.4	76.6	157.0	10%
External Platforms	59.3	12.6	71.9	(0.3)	(11.7)	(12.0)	(5.6)	(14.0)	(19.6)	(5.9)	(18.5)	(24.4)	25%
Total FUM (\$B)	2.7	2.8	2.8	2.6	2.8	2.8	2.9	2.8	2.8	3.0	3.4	3.4	22%
Master Trust	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	(4%)
WealthSolutions	1.2	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	6%
WealthSolutions2	—	—	—	—	—	—	—	—	—	0.1	0.3	0.3	Large
WealthFoundations	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.8	40%
External Platforms	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2%
Cost to Income Ratio	38.9 %	41.2 %	40.0 %	42.4 %	46.4 %	44.3 %	44.5 %	42.4 %	43.5 %	53.2 %	56.1 %	54.6 %	

Notes

1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY20 to FY21.
3. Variable expense include the platform fee payable on WealthSolutions and the internal advice fee payable to the Financial Advice segment on the Traditional (Master Trust) product. The internal advice fee will cease from FY22.

Financial Advice

12 Months to June 2021 (\$M) ¹	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Net financial planning fees	8.8	8.5	17.4	8.8	8.4	17.2	8.8	9.4	18.1	7.1	6.0	13.1	(28%)
Other Income	—	—	—	0.2	—	0.2	—	—	—	—	—	—	NM
Operating expenses	(7.6)	(7.7)	(15.3)	(9.1)	(7.2)	(16.4)	(8.5)	(7.2)	(15.7)	(5.9)	(6.0)	(11.9)	(24%)
BU Operating Earnings (before tax)	1.2	0.9	2.1	(0.1)	1.1	1.0	0.3	2.2	2.5	1.2	0.1	1.2	(51%)
Income tax (expense) / benefit	(0.3)	(0.3)	(0.6)	—	(0.3)	(0.3)	0.2	(0.7)	(0.4)	(0.3)	—	(0.4)	(18%)
BU Operating Earnings (after tax)	0.9	0.5	1.4	(0.1)	0.8	0.7	0.5	1.6	2.1	0.8	—	0.9	(58%)
Underlying investment income	0.2	0.2	0.3	0.2	0.2	0.3	0.1	0.1	0.2	0.1	0.1	0.1	(34%)
Underlying NPAT	1.1	0.7	1.8	0.1	0.9	1.0	0.6	1.6	2.3	0.9	0.1	1.0	(56%)
Amortisation of acquired intangibles and impairment	(0.6)	(0.5)	(1.1)	(0.6)	(13.4)	(14.0)	—	—	—	—	—	—	NM
Cost Out Program Implementation Costs	—	—	—	—	(0.4)	(0.4)	(0.3)	—	(0.3)	—	—	—	Large
Other costs	—	—	—	—	(0.3)	(0.3)	—	0.1	0.1	0.1	—	0.1	NM
Reported NPAT	0.5	0.2	0.7	(0.5)	(13.2)	(13.7)	0.3	1.7	2.0	0.9	0.1	1.1	(47%)

Key Statistics And Ratios	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
CFA Advisers	148	134	134	141	126	126	109	99	99	70	68	68	(31%)
Matrix Advisers	98	99	99	101	101	101	101	113	113	109	107	107	(5%)
LaVista Advisers	—	—	—	—	2	2	21	52	52	91	106	106	104%
Total Advisers	246	233	233	242	229	229	231	264	264	270	281	281	6%

Notes

1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY20 to FY21.

Listed/ Group Segment

12 Months to June 2021 (\$M) ¹	2018			2019			2020			2021			% Change ²
	1H	2H	FY18	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	
Operating expenses	(0.7)	(0.5)	(1.2)	(0.7)	(0.6)	(1.2)	(0.6)	(0.7)	(1.4)	(0.7)	(0.4)	(1.2)	(15)%
BU Operating NPBT	(0.7)	(0.5)	(1.2)	(0.7)	(0.6)	(1.2)	(0.6)	(0.7)	(1.4)	(0.7)	(0.4)	(1.2)	(15)%
Income tax (expense) / benefit	(0.1)	0.6	0.5	—	(0.1)	—	0.1	0.1	0.3	—	—	—	(99)%
BU Operating NPAT	(0.8)	0.1	(0.6)	(0.6)	(0.7)	(1.3)	(0.5)	(0.6)	(1.1)	(0.7)	(0.4)	(1.2)	4 %
Underlying investment income	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2	—	—	0.1	Large
Interest expense on corporate debt	(0.1)	(0.1)	(0.3)	(0.2)	(0.3)	(0.5)	(0.3)	(0.4)	(0.6)	(0.7)	(1.3)	(2.0)	206 %
Underlying NPAT	(0.8)	0.1	(0.7)	(0.7)	(0.8)	(1.5)	(0.7)	(0.9)	(1.6)	(1.4)	(1.7)	(3.1)	97 %
Cost Out Program Implementation Costs	—	—	—	—	(1.5)	(1.5)	1.1	(0.2)	0.9	—	—	—	Large
Direct Closure, Remediation Program and Royal Commission Costs	—	—	—	(1.9)	1.5	(0.4)	—	0.3	0.3	—	—	—	Large
Other costs	(0.3)	(0.5)	(0.8)	(1.5)	1.5	—	—	(0.2)	(0.2)	—	—	—	Large
Reported NPAT	(1.1)	(0.4)	(1.5)	(4.2)	0.8	(3.4)	0.4	(1.0)	(0.6)	(1.4)	(1.7)	(3.1)	Large

Notes

1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY20 to FY21.

Balance Sheet, Embedded value and capital position at 30 June 2021

Balance sheet as at 30 June 2021

Commentary²

Net Asset and Capital Position

- Net assets (pre-ESP loans) of \$459.4m
- Surplus capital above internal benchmarks of \$14.3m⁶

Cash, debt and investments

- Net cash and investments position of \$373.7m
 - Cash and cash equivalents of \$158.7m
 - \$16m drawn down under \$60m debt facility
 - \$75m Tier 2 capital raised reflected as subordinated debt (net of costs)
 - \$304.5m investment in PIMCO mandate.

Goodwill and intangibles

- Goodwill of \$12.5m supported by life and wealth CGUs
- Intangibles of \$7.7m
 - \$7.5m relates to capitalised software costs associated with life insurance systems development and contemporary wealth platform.

Life Insurance policy liabilities

- Life insurance policy liability decrease reflecting change in the life insurance business (DAC) and interest rate effects between periods and implementation of incurred claims treaties.

Receivables

- Includes CRP receivable \$9.0m, net of \$1.5m provision.

Consolidated Balance Sheet (shareholder view)¹

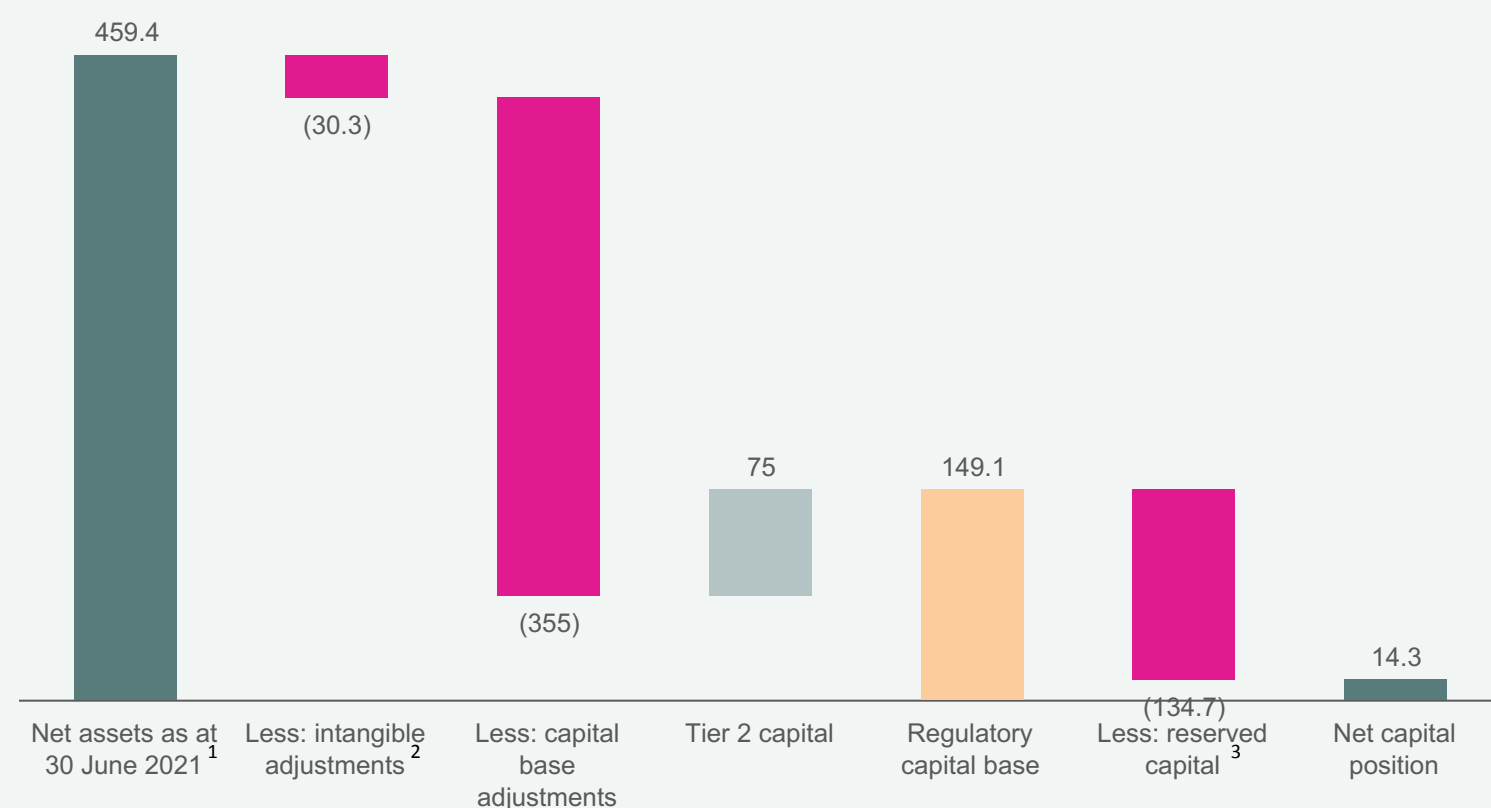
	FY21	FY20
Assets		
Cash and cash equivalents	158.7	272.0
Investments	304.5	29.5
Receivables	33.2	38.9
Deferred tax asset	6.8	7.1
Property, Plant & Equipment	0.7	0.5
Right of use asset	14.5	1.4
Goodwill	12.5	12.5
Intangibles	7.7	6.0
Total assets	538.6	367.8
Liabilities		
Payables	42.9	30.8
Current tax liability	(3.0)	2.2
Lease liability	14.0	1.8
Provisions	7.6	7.0
Life insurance ³	(72.8)	(187.9)
Borrowings ⁴	16.0	60.0
Subordinated debt ⁵	73.5	—
Deferred tax liabilities	0.9	1.2
Total liabilities	79.2	(84.9)
Net assets	459.4	452.7

Notes

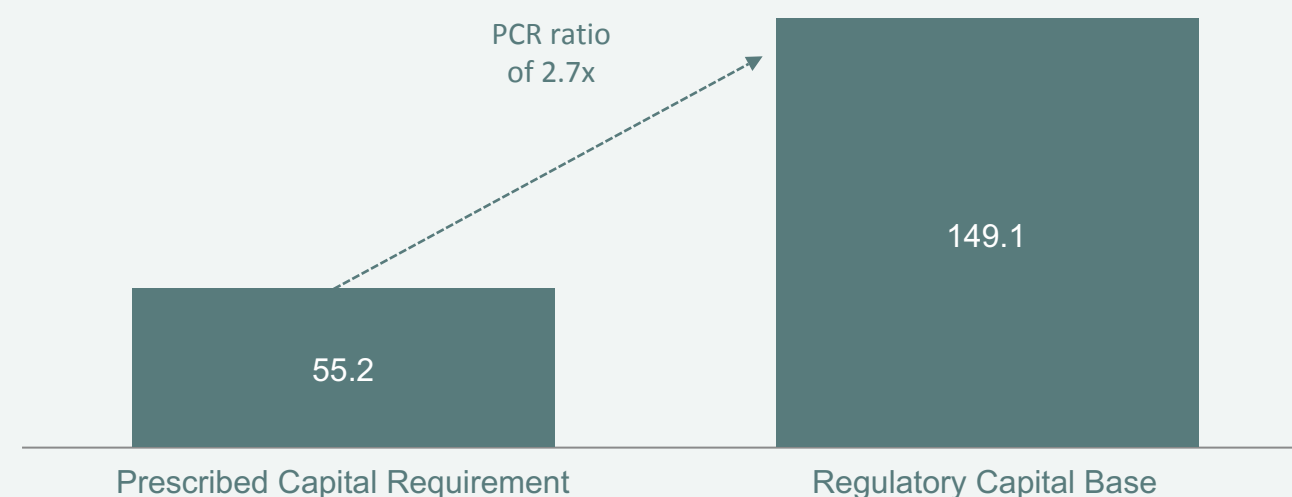
1. Shareholder view excludes the life investment contracts (i.e., unit linked business), deconsolidated retail unit trusts and reflects fees earned by the shareholder less expenses incurred.
2. As at 30 June 2021 unless otherwise stated
3. Life Insurance asset reflects insurance liabilities net of the future recoverability of the deferred acquisition cost (DAC) in accordance with the accounting standards.
4. ClearView has access to a \$60m debt funding facility, \$16m drawn at 30 June 2021.
5. ClearView raised \$75m (net of \$1.6m of costs) of Tier 2 capital in November 2020.
6. Net capital position of \$14.3m as at 30 June 2021 and is stated prior to declaration of FY21 dividend. Includes a working capital reserve of \$12.1m that is released as the negative cash flows arise, after which time the underlying business becomes self funding (from FY23). Net capital position excludes any benefits from financial advice transaction.

Capital position at 30 June 2021

Group Capital Position Bridge - \$m



Group Regulatory Capital Coverage (\$M)



Commentary

- Net capital position above internal benchmarks of \$14.3m
- Intangible adjustment includes the removal from the capital position of goodwill (\$12.5m), intangibles (\$7.7m), CRP receivable (\$8.5m) and Tier 2 capital raising costs (\$1.6m)
- Capital base adjustments include removal of deferred acquisition costs (\$352.5m) and deferred tax assets (\$2.6m) that are not permitted to be counted in the regulatory capital base
- Regulatory capital base includes \$75m of Tier 2 subordinated notes issued in November 2020
- Incurred claims treaty for income protection now in place that addresses reinsurance asset concentration risk in medium term⁴
- Life insurance superannuation transfer to HUB24 completed November 2020 - addresses tax credit issue
- Prescribed capital requirement includes APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures
- Capital backed by net cash and investments of \$373m (56cps)
- FY21 dividend of 1cps, reinstated; Just under 30% of Operating Earnings After Tax⁵

Notes

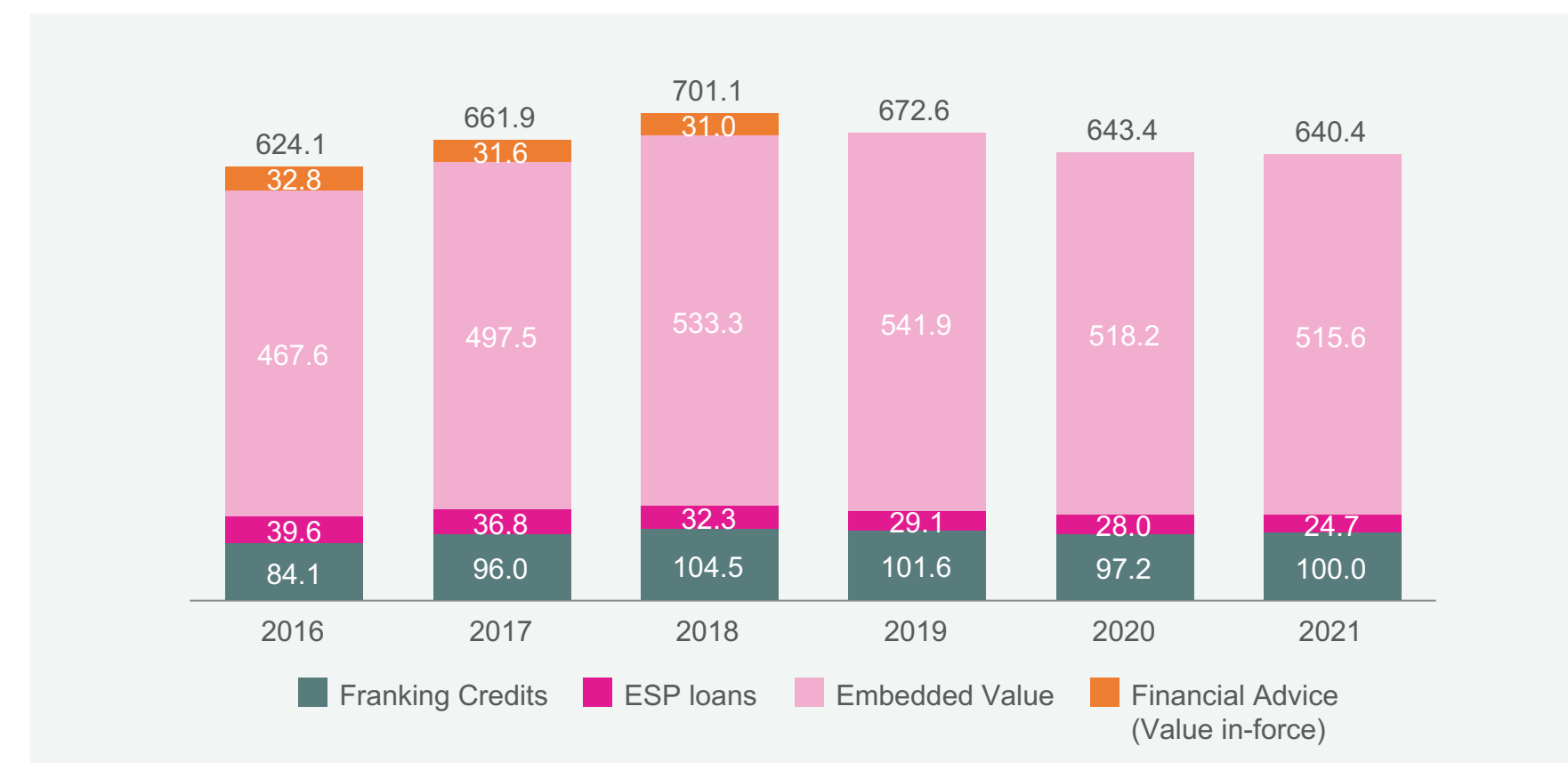
1. Net Assets as at 30 June 2021 excluding ESP Loans. Net assets include the deferred acquisition costs (DAC) component of insurance policy liabilities.
2. Intangible adjustments relate to goodwill, acquired intangibles and capitalised software. It also includes a \$8.5m receivable from the ClearView Retirement Plan (CRP). As a result of the transfer of ClearView LifeSolutions Risk Only Division to HTFS Nominees Pty Limited as trustee of HUB24 Super Fund, it is anticipated that CRP will be able to generate future net taxable income. Prior years carried forward tax losses should be able to be offset by taxable income and reducing the tax liability of CRP, and hence the amount receivable from CRP. As at 30 June 2021, the Group held a receivable amount from CRP of \$9.0m (30 June 2020 \$15.5m). It is expected that the receivable amount will be recoverable in the foreseeable future as CRP continues to generate future taxable income. The recoverability of the receivable from CRP will continue to be assessed at each reporting period.
3. Reserved capital includes the minimum regulatory capital, APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve (\$12.1m at 30 June 2021) held to support the capital needs of the business beyond the risk reserving basis.
4. ClearView has implemented an incurred claims treaty with Swiss Re for lump sum and income protection business, where claims (including reserve components) are paid when a claim is incurred which reduces the concentration risk exposure. There is no Asset Concentration Risk charge under LPS 117 relating to the Swiss Re exposure as at 30 June 2021.
5. Operating Earnings After Tax represents the Underlying NPAT⁶ of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital.
6. Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases

Embedded Value as at 30 June 2021

Risk margin over risk free rate ² : (\$M), (unless otherwise stated)	3% dm	4% dm	5% dm
Life insurance	495.1	461.7	431.7
Wealth management	46.2	43.8	41.7
Value of In Force (VIF)	541.2	505.4	473.3
Net worth ³	10.2	10.2	10.2
Total EV	551.4	515.6	483.5
Employee Share Plan Loans	24.7	24.7	24.7
Total EV Including ESP Loans	576.2	540.4	508.2
Franking Credits @ 70%:			
Life Insurance	70.9	66.3	62.4
Wealth Management	10.7	10.1	9.5
Net worth (accrued franking credits)	23.6	23.6	23.6
Total Franking Credits	105.2	100.0	95.6
Total EV including ESP loans and franking credits	681.3	640.4	603.8
EV per Share Including ESP Loans (cents)	86.1	80.7	75.9
EV per Share Including ESP Loans and Franking Credits (cents)	101.8	95.7	90.2

Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans. As at 30 June 2021 unless otherwise stated
2. EVs have been presented at different 'discount margin' rates over the assumed long-term risk free rate reflected within the underlying cash flows valued. "DM" represents the discount rate risk margin which refers to the margin above the assumed long-term risk free rate. The long-term risk free rate adopted for the FY21 EV is 2% (June 2020: 2%).
3. Includes net assets of Financial Advice segment and excludes any uplift from Centrepont Alliance transaction.



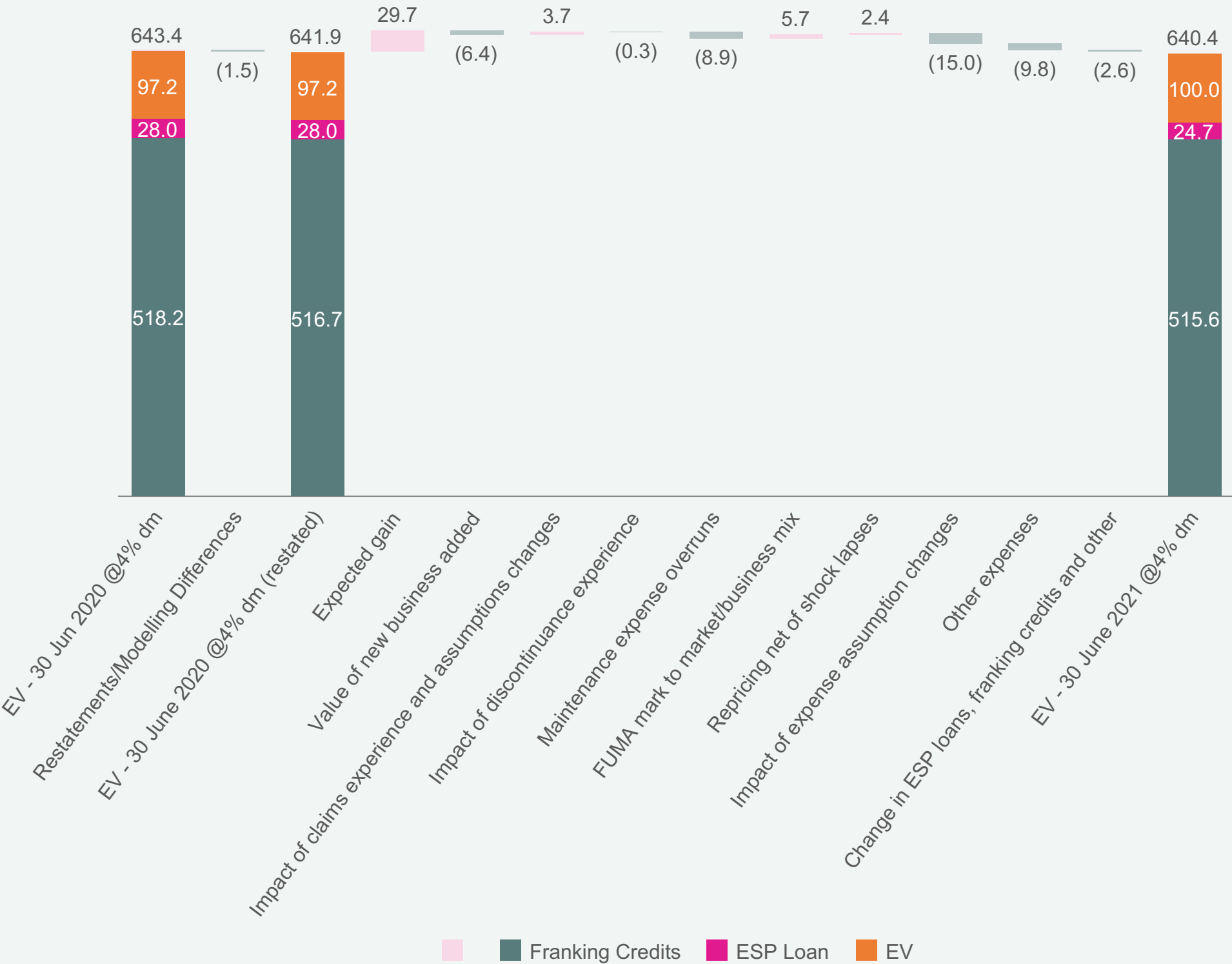
Commentary¹

- **EV of \$640.4m¹** including franking credits and ESP Loans and the effects of restatements
- **EV per share of circa 95.7cps¹** including franking credits and ESP Loans
- **EV is made up of the value of the in-force (VIF) and the net worth:**
 - EV is the **value of all business written to date** determined by actuarial assumptions and modelling
 - EV is **based only on in-force portfolios** excluding the value of any future growth potential
 - EV **includes a value of future franking credits at 70%** of their present value. This also includes a value of existing accrued franking credits (\$23.6m)
 - **EV includes material assumption changes made in June 2020 and June 2021**
 - **Key drivers in EV¹ movement from FY20 to FY21 detailed on next slide**

Embedded Value movement analysis



Embedded Value¹ Waterfall: FY20-FY21 (\$M)



- Key assumption changes at 30 June 2021 included in EV calculations:
 - Claims assumptions include the adoption of the new IDII tables and an updated assessment of potential impacts from COVID-19
 - Shock lapse assumptions have been built into the EV, incorporating effects of the further staggered rate changes from FY22. This is in respect to price increases expected across the portfolio (and included in the EV calculations) and potential lapses from customers which have had a detrimental impact on premium affordability. No overlay associated with COVID-19 is held.
 - Increase in maintenance expense assumption in life insurance - had an adverse \$15m impact on EV in FY21.
 - Impacts from price and product structure changes (in wealth management) have been allowed for in the EV calculations.
- The increases in reinsurance premiums (for business sold prior to 1 March 2019) and costs associated with the incurred claims treaty have been allowed for in the EV calculations. This is effective for policies renewing from 1 March 2021

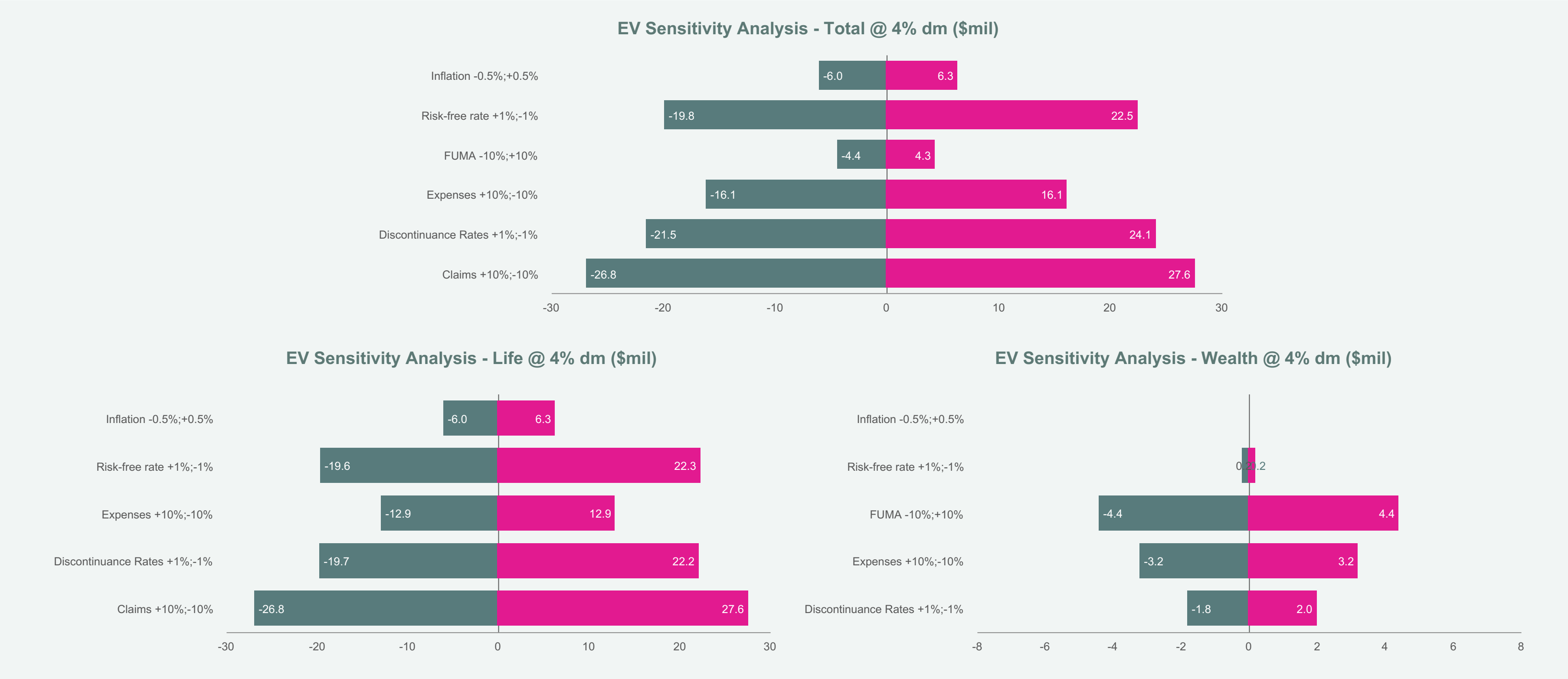
Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
2. Further planned rate changes from 2H FY22 across the LifeSolutions portfolio have been allowed for in policy liabilities and EV calculations at 30 June 2021.

EV movement analysis @ 4% DM by segment at 30 June 2021

MOVEMENT ANALYSIS @ 4% dm	Life	Wealth	Advice	Other	Total
EV - 30 June 2020 @ 4% dm (As Published) incl Franking Credits and ESP Loans	539.1	61.0	10.3	33.1	643.4
Restatements/modeling difference	(1.0)	(0.5)	—	—	(1.5)
EV - 30 June 2020 @ 4% dm (Restated)	538.1	60.5	10.3	33.1	641.9
Movements to June 2021					
Expected gain	26.8	2.7	0.1	—	29.7
Value of new business added	(3.4)	(3.0)	—	—	(6.4)
Capital transfers	(1.6)	1.6	—	—	—
Impact of claims experience and assumptions changes	3.7	—	—	—	3.7
Impact of discontinuance experience	2.7	(3.0)	—	—	(0.3)
Maintenance expense overruns	(6.6)	(2.3)	—	—	(8.9)
FUMA mark to market/business mix	(1.5)	7.2	—	—	5.7
Repricing net of shock lapses	6.6	(4.2)	—	—	2.4
Impact of expense assumption changes	(15.0)	—	—	—	(15.0)
Other expenses	(2.3)	(3.1)	0.1	(4.5)	(9.8)
Change in ESP loans, franking credits and other	0.4	(0.5)	0.9	(3.4)	(2.6)
EV - 30 June 2021 @ 4% dm (including Franking Credits and ESP Loans)	548.0	55.8	11.4	25.2	640.4

EV sensitivity analysis @4% DM¹



Notes

1. Does not include the impact of management actions in response to sensitivities (for example, premium rate changes), or reinsurer response to sensitivities (for example, reinsurer rate changes). "dm" represents the discount rate risk margin which refers to the margin above the assumed long-term risk free rate. The long-term risk free rate adopted for the FY21 EV is 2% (June 2020: 2%).

Group net assets and capital analysis at 30 June 2021



Group Capital Position as at 31 June 2021 (\$M)	Life	Wealth	Other	APRA Regulated Entities	Wealth	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC ⁶ / Other	Group
Net assets at 30 June 2021 ¹	441.2	10.2	4.1	455.5	8.7	11.4	20.1	475.5	(16.1)	459.4
Intangible adjustments ²	(6.4)	(0.9)	—	(7.2)	(0.3)	—	(0.3)	(7.5)	(22.8)	(30.3)
Net assets after intangible adjustments	434.9	9.3	4.1	448.2	8.4	11.4	19.8	468.0	(38.9)	429.1
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(352.5)	—	—	(352.5)	—	—	—	(352.5)	—	(352.5)
Tier 2 capital	30.0	—	—	30.0	—	—	—	30.0	45.0	75.0
Other Adjustments to Capital Base	(1.5)	—	—	(1.6)	(0.1)	(0.7)	(0.8)	(2.4)	(0.2)	(2.6)
Regulatory Capital Base	110.9	9.3	4.1	124.1	8.3	10.7	19.0	143.1	5.9	149.1
Prescribed Capital Requirement	(41.3)	(3.8)	(3.8)	(48.8)	(5.0)	(1.4)	(6.4)	(55.2)	—	(55.2)
Available Enterprise Capital	69.6	5.5	0.3	75.3	3.3	9.3	12.6	87.9	5.9	93.8
Enterprise Capital Benchmark (ECB)										
Working Capital	(12.1)	—	—	(12.1)	—	—	—	(12.1)	—	(12.1)
Risk Capital ⁵	(52.0)	(3.1)	—	(55.1)	(1.7)	(1.6)	(3.4)	(58.5)	(8.9)	(67.4)
Net capital position as at 30 June 2021	5.5	2.4	0.3	8.1	1.6	7.7	9.2	17.3	(3.0)	14.3

Reconciliation of net assets to net capital position	Life	Wealth	Advice	Other	Total
Net Assets	441.2	18.9	11.4	(12.0)	459.4
Capital included in VIF ⁷	(421.2)	(17.1)	—	(11.1)	(449.3)
Net Worth	20.0	1.9	11.4	(23.2)	10.2
Overhead & New Business Capital ⁷	(44.5)	2.0	(3.8)	(24.5)	(70.8)
Net capital position (before Tier 2 capital)	(24.5)	4.0	7.7	(47.7)	(60.7)
Tier 2 Capital	30.0	—	—	45.0	75.0
Net capital position as at 30 June 2021	5.5	4.0	7.7	(2.7)	14.3

Notes

1. Net Assets as at 30 June 2021 excluding Employee Share Plan Loans. Net assets include the deferred acquisition costs (DAC) component of insurance policy liabilities.
2. Intangible adjustments relate to goodwill, acquired intangibles and capitalised software. It also includes a \$8.5m receivable from the ClearView Retirement Plan (CRP). As a result of the transfer of ClearView LifeSolutions Risk Only Division to HTFS Nominees Pty Limited as trustee of HUB24 Super Fund, it is anticipated that CRP will be able to generate future net taxable income. Prior years carried forward tax losses should be able to be offset by taxable income and reducing the tax liability of CRP, and hence the amount receivable from CRP. As at 30 June 2021, the Group held a receivable amount from CRP of \$9.0m (30 June 2020 \$15.5m). It is expected that the receivable amount will be recoverable in the foreseeable future as CRP continues to generate future taxable income. The recoverability of the receivable from CRP will continue to be assessed at each reporting period.
3. Reserved capital includes the minimum regulatory capital, APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve (\$12.1m at 30 June 2021) held to support the capital needs of the business beyond the risk reserving basis.
4. ClearView has implemented an incurred claims treaty with Swiss Re for lump sum and income protection business, where claims (including reserve components) are paid when a claim is incurred which reduces the concentration risk exposure. There is no Asset Concentration Risk charge under LPS 117 relating to the Swiss Re exposure as at 30 June 2021.
5. As at 30 June 2021, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC³
6. NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.
7. Includes a reallocation between segments for the Wealth Project.

Impact of ESP Shares

Impact of Employee Share Plan (ESP) shares

Per share calculations

Year ended 30 June 2021	FY21
Number of shares on issue (m)	631.2
ESP shares on issue (m)	38.2
Shares on issue to calculate NAV per share (A)	669.4
Net assets (\$m)	459.4
ESP loans (\$m)	24.7
Proforma net assets (\$m) (B)	484.1
Fully diluted NAV per share = (B)/(A)	72.3 cents
Underlying NPAT (\$m)	22.7
Fully diluted underlying NPAT per share	3.62 cents
Reported NPAT (\$m)	6.7
Reported diluted NPAT per Share	1.06 cents

- Accounted for as an option in accordance with AASB 2
- Limited recourse loan not reported as a receivable on balance sheet
- Loan repaid with cash if shares are “in the money”
- 38.2m ESP shares on issue and \$24.7m loans receivable at 30 June 2021; Loans valued based on issue price given shares will either be forfeited (and removed from the number of shares on issue) or bought back at issue price, to the extent they are ‘out of the money’
- Given lower share price at 30 June 2021, the current ESP shares issued are considered to be ‘out of the money’. Should ESP shares be forfeited, there would be a reduction in number of ESP shares on issue, in addition to an equivalent reduction in the ESP loans that have otherwise been included and added back to net assets based on the issue price of the ESP share (ESP loan value). The effect would be a fully diluted net asset value per share increase of 0.5 cents to 72.8 cents per share.

Notes

1. Weighted average number of shares used for the purpose of calculating fully diluted underlying NPAT per share to take account of ESP shares on issue during the period.

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