



ClearView Results

Year Ended 30 June 2016

24 August 2016

Simon Swanson – Managing Director
Athol Chiert – Chief Financial Officer

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Section 1
FY16 Results Summary

FY16 Results Summary



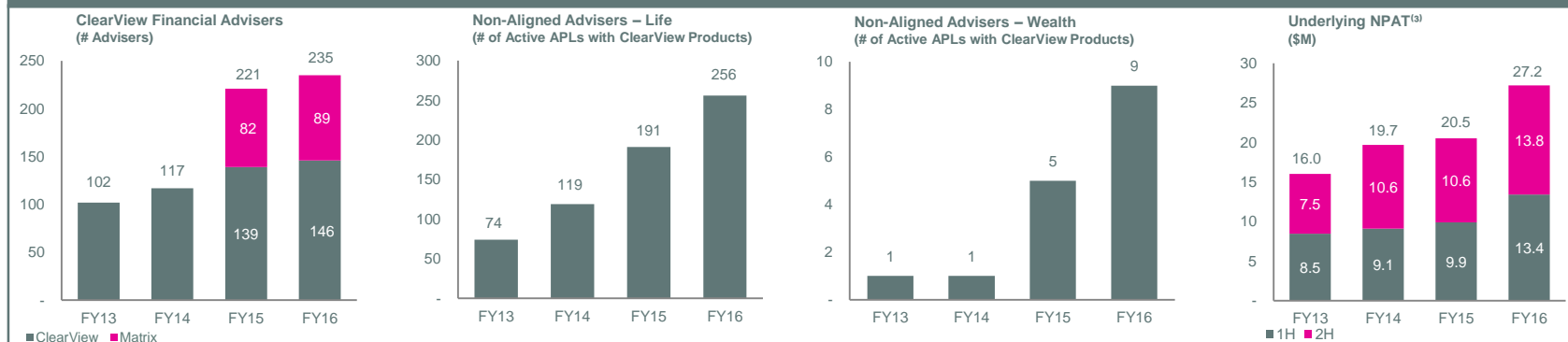
Commentary

- FY15 concluded a successful three-year strategy focused on building ClearView's market position, **with growth now emerging in FY16**:
 - FY13 – FY15 reflects the 'build' phase with **significant investment made in building out a platform for growth**
 - The 'build phase' drove significantly greater capacity than immediate requirements (expense overruns). As **the business develops scale, expense overruns decrease** and create operating leverage
 - Strong FY16 earnings reflect the emergence of growth** given the transition of ClearView from 'build' phase to 'growth' phase
 - Underlying NPAT growth of 33%** is in line with market guidance provided and in the mid-point of the range of 30%-35%
 - Material growth embedded in current distribution network** – the strong growth and diversity in sales of contemporary products is leading to growth in the in-force base that is underpinning Embedded Value growth

FY16 Results Overview⁽¹⁾

Underlying NPAT ⁽³⁾	\$27.2m	(+33%)	↑
Reported NPAT	\$23.6m	(+89%)	↑
Embedded Value ⁽²⁾	\$624.1m	(+16%)	↑
Net Asset Value ⁽⁴⁾	\$411.8m	(+8%)	↑
Underlying diluted EPS (cps)	4.92	(+28%)	↑
Dividend Per Share (cps)	2.5	(+19%)	↑

Strong Growth in Distribution Footprint Building Profit Base, with High Wallet Share in Life Insurance Sales on Penetrated APLs....with Ability to Leverage Life Insurance IFA channels for Wealth Distribution.....



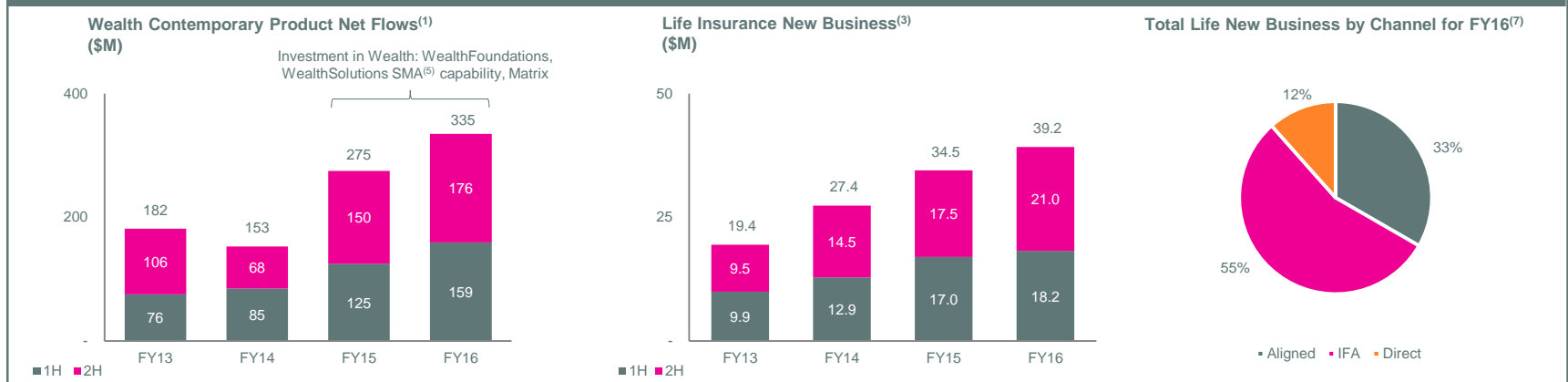
Notes

- % movement, FY15 to FY16 unless otherwise stated.
- Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016. FY15 EV restated to include franking credits in the net worth.
- Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
- Net Asset Value as at 30 June 2016 excluding ESP Loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016.

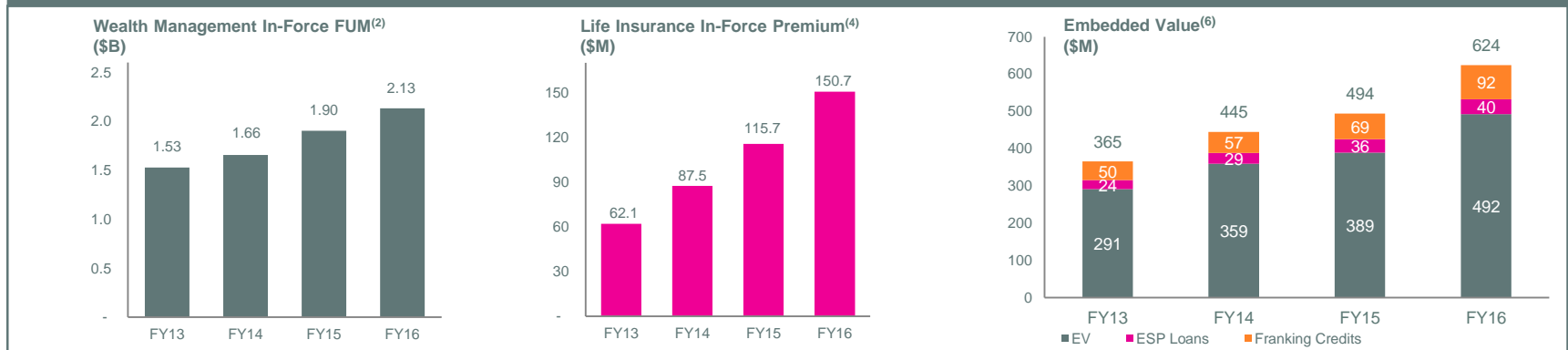
FY16 Results Summary (Continued)



Coupled with Strong Growth and Diversity in Sales of Contemporary Product...



...Leading to Growth in the In-force Base Underpinning Embedded Value Growth.....



- Notes**
- Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
 - FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds that are placed on external platforms.
 - Life insurance new business or sales represents the amount of new annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.
 - In-force premium is defined as annualised premium in-force at the balance date.
 - Separately Managed Accounts.
 - Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; Franking credits have been included in the net worth and prior periods have been restated to reflect this.
 - Aligned advisers are licenced by the ClearView Financial Advice and Matrix dealer groups. IFAs are independent financial advisers that write ClearView products that are placed on third party dealer group approved product lists.

Capital Raising and Strategic Review



1 Offer Structure, Size and Pricing

- **In June 2016, ClearView completed a fully underwritten equity raising to raise approximately \$50m, by way of a 1 for 10.2 pro rata accelerated renounceable Entitlement Offer**
 - Equity raising was used to repay a Debt Funding Facility that previously was put in place with the intention of being replaced by one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerged
 - Approximately 59m new ClearView shares were issued (9.8% of total issued capital); now 658.2m shares on issue
 - ClearView's major shareholder, CCP Bidco Pty Limited and its Associates (Crescent) exercised all their rights in relation to the equity raising
 - Offer price of \$0.85 per new share, which represented a 9.2% discount to TERP⁽¹⁾; and a 10.1% discount to the last closing price of \$0.95 per share on 27 May 2016
 - Institutional entitlements were 100% taken up and as a result there was no institutional offer shortfall book build
 - Retail entitlements not taken up and entitlements of ineligible retail shareholders were sold in the retail offer shortfall book build at \$0.97 per new share (4.9m shares)

2 Use of Proceeds

- **Proceeds from the equity raising were deployed as follows:**
 - \$45.5m used to repay the Debt Funding Facility in June 2016; and
 - \$4.5m held as capital for growth
- ClearView is now fully capitalised with “Common Equity Tier 1” capital to fund its current business plans, anticipated medium term growth and have some additional capital flexibility over the medium term
- The existing \$50m Debt Funding Facility remains in place to provide future capital funding in the event that medium to longer term growth is materially above that which is currently anticipated in its business plans or other opportunities arise

3 Strategic Review

- **The Board is aware that its major shareholder Crescent would consider selling their shares in ClearView and are likely to entertain future control proposals**
 - The Board has been soliciting and will evaluate proposals in the best interests of all shareholders
 - Morgan Stanley has been appointed to evaluate any strategic options or proposals; there is no certainty that any such proposals will be received
 - With the continued growth of the business and the need for capital to support the growth of in-force life premiums the Board considered it appropriate to raise capital in advance of receiving any proposals
 - Capital raising was successfully completed in June 2016. DRP has been suspended and will not operate in relation to FY16 final dividend

Notes

1. The Theoretical Ex-rights Price (“TERP”) is calculated by reference to ClearView's closing price on 27 May 2016 of \$0.95 per share, being the last trading day prior to the announcement of the equity raising. TERP is a theoretical calculation only and the actual price at which ClearView's shares trade immediately after the ex-date of the equity raising will depend on many factors and may not approximate TERP.



Section 2

ClearView's Market Positioning

ClearView's Position in Advised Life Insurance



1 Approach

- Over the past 4 years, ClearView has built a strong foundation for continued growth as a life insurance manufacturer:
 - In FY12 developed and launched new IFA focused products that included some **innovative features and compared favourably with competing products**
 - Decided to enter the market with **a focus on adviser relationships, service and quality, well positioned products**. Began by recruiting **high quality aligned advisers** into its own dealer group network
 - After developing a core base of life insurance sales from this channel, it has more recently **shifted its strategic focus to expansion through third party distribution (IFAs)**
 - Has continued to **refine and upgrade product** over time

2 Success to Date

- ClearView's strategy has been successful in **building its reputation and market share**
 - **Advice based products have been consistently rated top quartile**, and when on **open APLs are consistently generating strong sales growth**
 - **Sales through IFAs** (excluding aligned advisers⁽¹⁾) account for an increasing share of life insurance sales (62% of LifeSolutions sales in FY16), demonstrating the success of its distribution strategy
- ClearView has continued to **increase its wallet share of open APLs** that its life product is sold on (in particular where it has been on the APL for greater than 12 months)

3 Going Forward

- ClearView is not relying on its past successes but is focused on **continuing to innovate in the life insurance market**
 - Continues to focus on **expanding its distribution reach and embedding growth** via the third party IFA market
 - **Incremental investment in its core life advice market and product portfolio continues** with the launch of an improved adviser portal in 2H16, with the focus now shifting to upgrading its online quote system and application process with the aim of driving increased ease of doing business for IFAs
 - Consistent with the objective of being seen as **the quality home for leading IFAs and further broadening out of distribution to the wider IFA market**
 - If regulatory reforms are implemented and increase access to vertically integrated APLs (requires regulatory change and potentially industry support), ClearView will have a **step change in its addressable market**

Notes

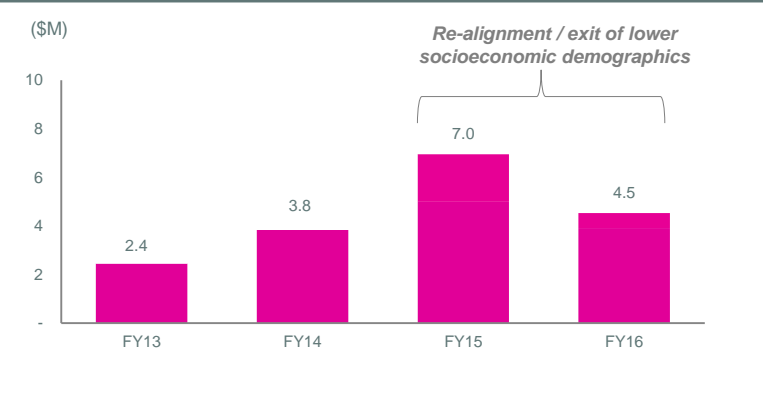
1. Aligned advisers are licenced by the ClearView Financial Advice and Matrix dealer groups. IFAs are independent financial advisers that write ClearView products that are placed on third party dealer group approved product lists.

ClearView's Position in Direct Life Insurance

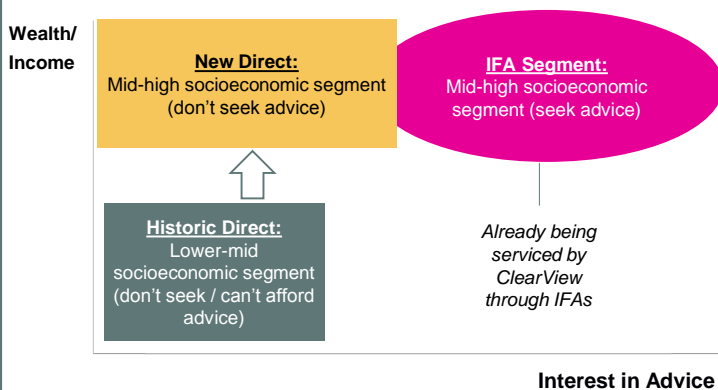


ClearView has focused its Direct / partnership channel on mid-market focused strategic partners such as Bupa. In the past six months, it has materially reduced its exposure to lower socioeconomic clients

ClearView Direct (Non-Advice) Sales



ClearView is Repositioning its Direct Channel



Observations

- ClearView currently distributes a suite of life insurance, accidental death, injury cash, funeral and trauma products through its Direct channel
- Leads are sourced through:
 - Distribution relationships with Strategic Partners (for example, Bupa) and other lead generation sources
 - Direct marketing, telemarketing, call centre referrals
- In the past three years, ClearView has built out a direct call centre team in Parramatta to help drive and manage the growth
- Business has grown from sales of \$2.4m in FY13 to sales of \$4.5m in FY16; intentional slowdown in Direct sales in FY16
- Reduction in Direct sales in FY16 was driven by the strategic decision to start exiting the lower socioeconomic demographic
 - Decision reflects organisational lessons learned and illustrates ClearView's long-term decision making to drive value creation, focus on eliminating potential legacy issues and its flexibility and adaptability to market changes
- ClearView's Direct business is focused on meeting the needs of the mid-market segment that does not seek advice but requires more sophisticated products than typical Direct insurance offerings
- ClearView has commenced to refocus its Direct business to target mid-market customers, coupled with reorganising operations to deliver operational and sales efficiency.

ClearView Position in Wealth Management



1 Approach

- Approach to the wealth management market is **consistent with the success achieved in the Life Insurance market**
 - **Two to three years behind its position in the Life Insurance market** given the focus on implementing a staged strategy over a three year period
- Began **investing significantly in its wealth offering from FY15** (after success in Life Insurance market) including:
 - Acquiring a wealth focused distribution network (**Matrix**)
 - Implementation of a **new contemporary platform**
 - **Product investment and refinement** (WealthFoundations and WealthSolutions SMA offering⁽¹⁾)

2 Platforms and Success to Date

- ClearView has new contemporary wealth management products on offer to the advice based market:
 - **WealthSolutions**: Provides high-end clients with a full wrap platform that allows them to invest in various asset classes (including directly in shares), access tax and portfolio returns reports and advisers efficiently manage their accounts
 - **WealthFoundations**: This product was developed in FY15 to service mid-level clients and is based on model portfolios which allow 14 investment strategies to be implemented (allows the adviser network to efficiently meet the investment needs of its clients)
 - **External Platforms**: This relates to the placement of ClearView MIS⁽²⁾ platform funds on external (third party) platforms that commenced in 2H FY16 (including ability to use ClearView model portfolios)
- ClearView runs an in-house research process which develops model portfolios (including SMAs⁽¹⁾) of various ClearView funds and independent asset manager funds
- **Now positive net flow business** driven by the launch of new, customer focused and market leading products
- WealthSolutions continues to build to scale, WealthFoundations reflects initial success of acceptance of product and ClearView platform funds now placed on an external platform

3 Go Forward

- **Continue to build out the wealth management business** to leverage the investments it has made over the past 24 months.
 - Has the **ability to leverage off the distribution network that has been built in the life insurance business** with the number of third party APLs on which the ClearView wealth products are placed now increasing to 9
 - Now has the **right services and product mix (including SMA⁽¹⁾ capability)**
 - ClearView's platform funds have recently been placed on an external platform, with the **ability to broaden out this offering** to further support the adviser network
 - **Further incremental investment in the new contemporary platform** to improve back office efficiency and automation with the Master Trust business to be migrated onto the platform, which will realise improved experience for customers and back office efficiencies

Notes

1. Separately Managed Accounts.
2. Managed Investment Schemes.

ClearView Position in Financial Advice



1 Approach

- ClearView has built a strong adviser network in the ClearView Financial Advice and Matrix dealer groups:
 - Initially built the aligned planner network from FY11 to FY13 - **attracted high quality Life Insurance focused advisers**
 - In FY14 and FY15, **shifted to recruiting more Wealth Management focused advisers** into the network – key driver behind acquiring the Matrix dealer group
 - **Aligned advisers have helped ClearView build a strong adviser network and gain credibility in the market** – recruitment targets are based on quality not quantity
 - Built the adviser network as ClearView (manufacturer) has not chosen to pay shelf space fees in the third party IFA market and has also been precluded given there are restricted APL structures in the market. This has limited ClearView's access to vertically integrated institution APLs to date.

2 Aligned Advisers

- **ClearView has focused on building an aligned financial adviser network with high quality independent advisers**
 - Aligned network is **primarily comprised of self-employed advisers** operating under ClearView Financial Advice and Matrix licenses
 - ClearView and Matrix's AFSLs have a total of **235 financial advisers, ~A\$8.2B of FUMA⁽¹⁾ and ~A\$215M of PUA⁽²⁾**

3 Go Forward

- Continued focus on **selectively recruiting high quality advisers** who have the **right cultural fit for ClearView and Matrix**, with a **focus on quality over quantity**
 - Consistent with the overall strategy of **building a high quality financial advice business providing strategic advice** for clients
 - The strategic advice process draws out all of a client's lifestyle goals and explore ways of helping clients fund them, while managing the trade-off between achieving lifestyle goals now and living comfortably in retirement. The process involves tracking goal achievement with ongoing fee-for-service monitoring and amending the strategy over time as things change.
 - Continued strong compliance focus including **the shift to strategic advice given regulatory changes** and assisting advisers transition into the 'new world'

Notes

1. FUMA includes FUM and funds under advice that are externally managed and administered.

2. Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.

3. FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds that are placed on external platforms.



Section 3
FY16 Results

FY16 Summary Financials

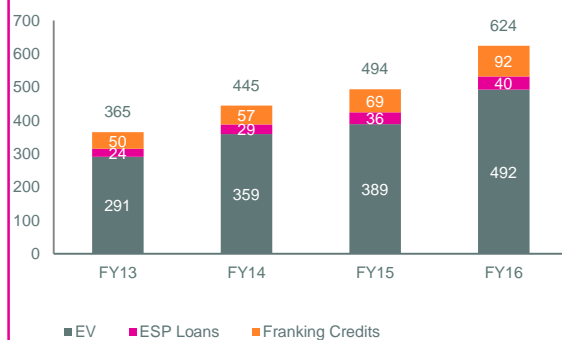


FY16 Results - Underlying NPAT of \$27.2m (+33%)

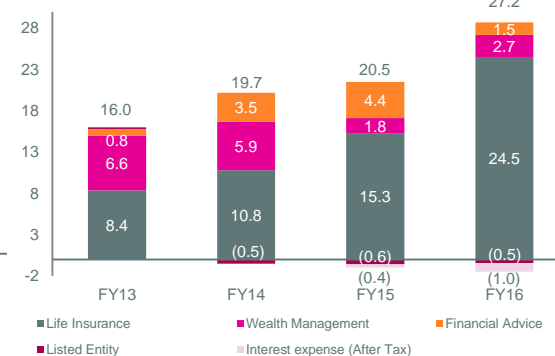
- ✓ **Material earnings growth now emerging** following completion of the 'build phase' investment strategy
- ✓ **Life Insurance is key profit driver** with its strong growth in distribution footprint building the profit base, with high wallet share in sales on penetrated APLs
- ✓ Wealth Management **net flow positive**, demonstrating positive impact of material investment in new products from FY15
- ✓ **Growth in the Life Insurance and Wealth Management in-force bases** is underpinning Embedded Value growth
- ✓ Interest expense reflects cost of **debt funding facility that was repaid in June 2016** post successful \$50m equity capital raising
- ✓ Other adjustments include **net of tax impact of changes in long terms discount rates** used to determine insurance policy liability (+\$7.7m), **Your Insure impairment costs** (-\$1.9m) and other costs to date related to evaluation of strategic options or proposals in relation to potential change in major shareholder (-\$0.3m)

Performance

Embedded Value⁽³⁾ (\$M)



Underlying NPAT⁽¹⁾ (\$M)



Notes

- Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
- Total Operating Earnings (After Tax) represents the Underlying NPAT of the business units before taking into account the interest costs associated with corporate debt.
- Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016.
- % movement, FY15 to FY16 unless otherwise stated. Franking credits have been included in the net worth and prior periods have been restated to reflect this.
- Net Asset Value as at 30 June 2016 excluding ESP Loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016.
- NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).
- Amortisation is amortisation of acquired intangibles (not including depreciation and amortisation of software).
- Value of New Business at 4% discount rate margin.

	FY16 \$M	FY15 \$M	% Change ⁽⁴⁾
Life Insurance	24.5	15.3	+60% ↑
Wealth Management	2.7	1.8	+50% ↑
Financial Advice	1.5	4.4	(66%) ↓
BU Operating Earnings (After Tax)	28.7	21.5	+33% ↑
Listed Entity and Other	(0.5)	(0.6)	N.M.
Total Operating Earnings (After Tax)⁽²⁾	28.2	20.9	+35% ↑
Interest Expense (After Tax)	(1.0)	(0.4)	N.M.
Underlying NPAT⁽¹⁾	27.2	20.5	+33% ↑
Other Adjustments	5.5	1.0	N.M.
NPATA⁽⁶⁾	32.7	21.5	+52% ↑
Amortisation ⁽⁷⁾	(9.1)	(9.0)	N.M.
Reported NPAT	23.6	12.5	+89% ↑
Embedded Value ⁽³⁾	624.1	494.1	+16% ↑
Value of New Business ⁽⁸⁾	19.0	15.8	+20% ↑
Net Asset Value ⁽⁵⁾	411.8	336.8	+8% ↑
Reported diluted EPS (cps)	4.27	2.36	+81% ↑
Underlying diluted EPS (cps)	4.92	3.85	+28% ↑
Dividend Per Share (cps)	2.5	2.1	+19% ↑

Life Insurance FY16 Results



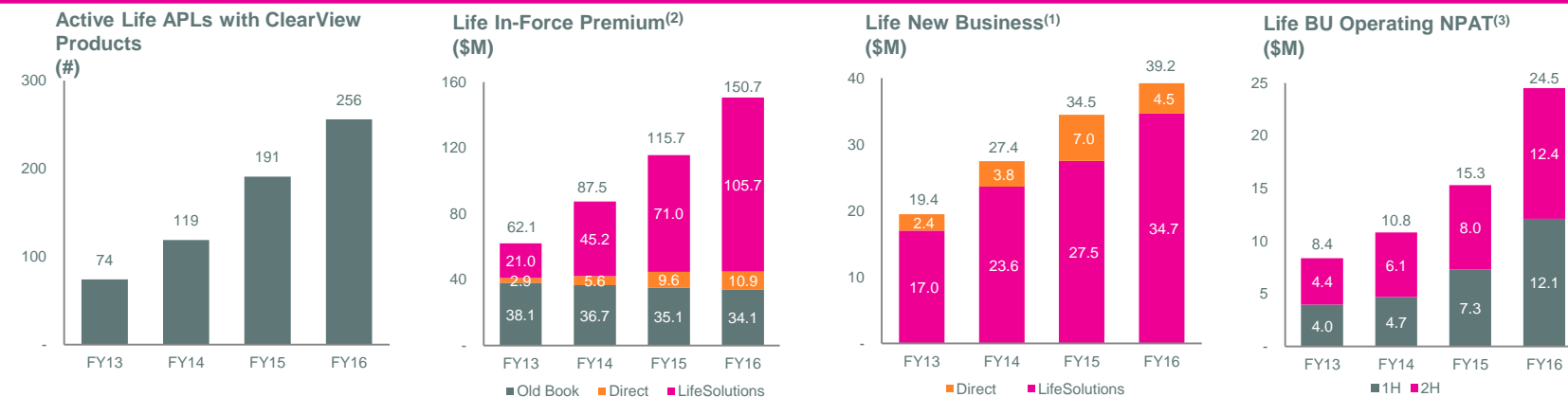
Life Insurance FY16 Results – BU Operating NPAT of \$24.5m (+60%)

- ✓ **Key profit driver**, most advanced segment in growth phase and demonstrating strong J-curve economics
- ✓ **Positive claims experience of \$1.1m** (FY15: -\$0.1m) driven by LifeSolutions portfolio and the Old Book (business written pre 2011)
- ✓ **Positive lapse experience of \$0.5m** (FY15: \$0.1m) driven by LifeSolutions portfolio and the Old Book (business written pre 2011) partially offset by adverse lapse experience in lower socio demographic segment (direct)
- ✓ The business is **growing towards scale** with the non-deferred expense overruns decreasing to \$1.2m (FY15: \$4.5m)
- ✓ Investment earnings higher given capital required to support growth

KPI Commentary⁽⁵⁾

- ✓ Number of **active APLs increased to 256** (+34%)
- ✓ In-force premium⁽²⁾ of \$150.7m (+30%), of which LifeSolutions \$105.7m (+49%)
- ✓ **New Business⁽¹⁾ of \$39.2m (+14%)**: LifeSolutions of \$34.7m (+26%) and Non-Advice of \$4.5m (-36%)
- ✓ **Strong growth and market outperformance in retail advice market** with 62% of sales generated from IFAs operating under third party APLs (IFA sales +49%)
- ✓ Continued **focus on expanding distribution reach** and embedding growth via the third party IFA market
- ✓ **Intentional slow down in Non-Advice sales** as a result of a shift away from the lower socioeconomic market segment; strategic partner sales of \$2.7m (+26%)

Performance



Notes

1. Life insurance new business or sales represents the amount of new annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.
2. In-force premium is defined as annualised premium in-force at the balance date.
3. Life BU Operating NPAT represents the Underlying NPAT⁽⁴⁾ of the Life Insurance business unit before taking into account the interest costs associated with corporate debt.
4. Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
5. % movement, FY15 to FY16 unless otherwise stated.

Life Insurance Breakdown by Product and Channel



ClearView's main product is the LifeSolutions product, sold through the aligned adviser and IFA channels; this continues to reflect strong growth and market outperformance which is driving growth in new business and in-force premium

	Sales (\$M)		Inforce Premiums (\$M)		Primary Distribution Channel	Key Coverage Riders
	FY16	YoY Growth	FY16	YoY Growth		
LifeSolutions	34.7	26%	105.7	49%	<p>IFA 62% Aligned 38%</p>	<ul style="list-style-type: none"> • Term Life • TPD • Trauma • Income Protection
Non-Advice (Direct)⁽¹⁾	4.5	(36%)	10.9	13%	<p>YI⁽¹⁾ 14% CVW 27% Strategic Partners 59%</p>	<ul style="list-style-type: none"> • Term Life • Accident Covers • Minor other covers
Old Book/Legacy Products	n.a.	n.a.	34.1	(3%)	n.a. (not currently sold)	<ul style="list-style-type: none"> • Term Life • Minor other covers
Total	39.2	14%	150.7	30%	<p>Direct 12% Aligned 33% IFA 55%</p>	

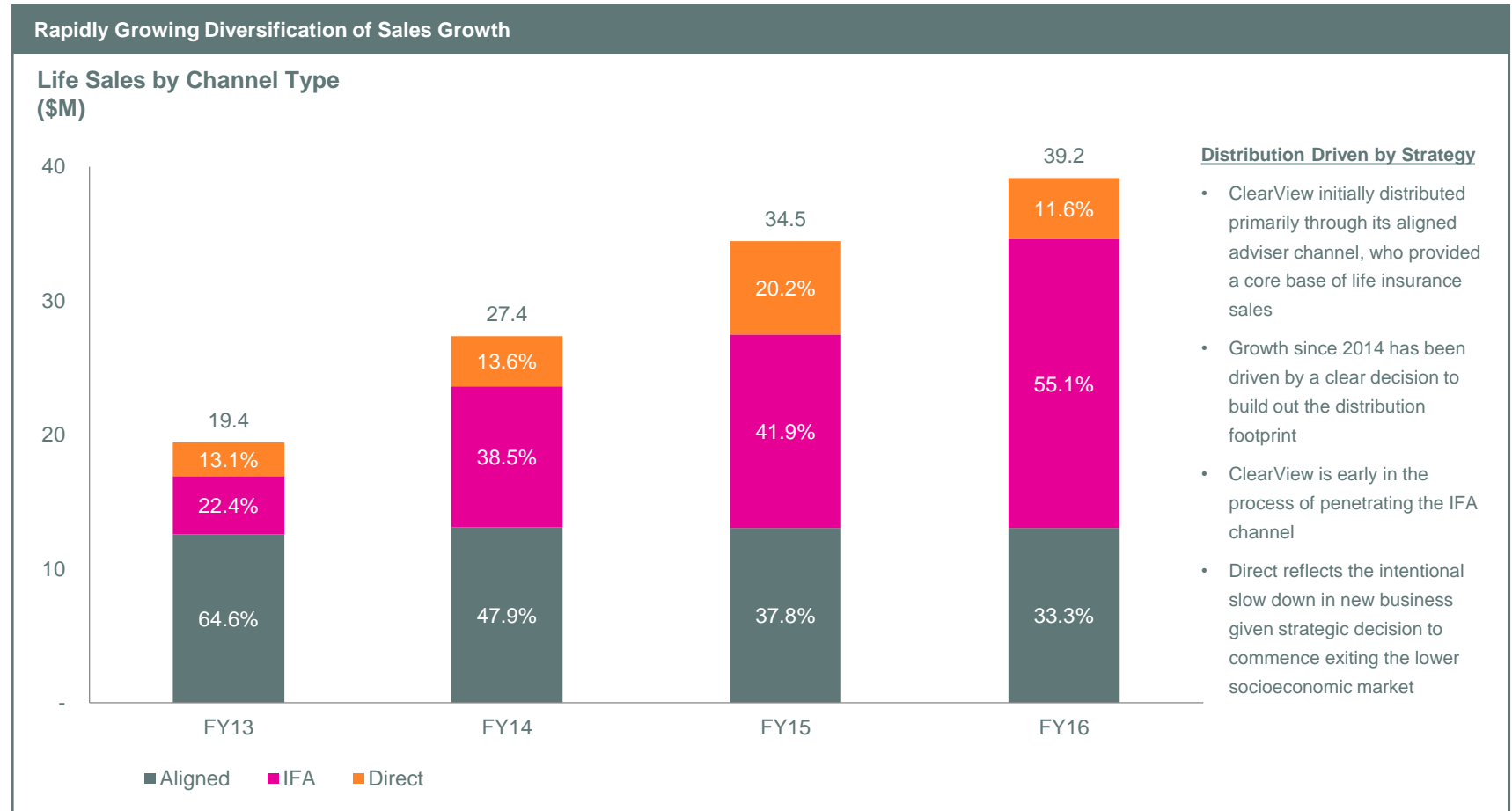
Notes

1. YI relates to new business generated through Your Insure that was closed as a business in 1H FY16 as previously reported to the market. Direct distribution expected to change going forward as products targeted at lower socioeconomic demographics are expected to be replaced to align to the shift in focus to the mid market.

Rapidly Growing Distribution Across Multiple Channels



The LifeSolutions distribution focus has increasingly shifted to the IFA channel to rapidly diversify sales and create material embedded growth



Wealth Management FY16 Results



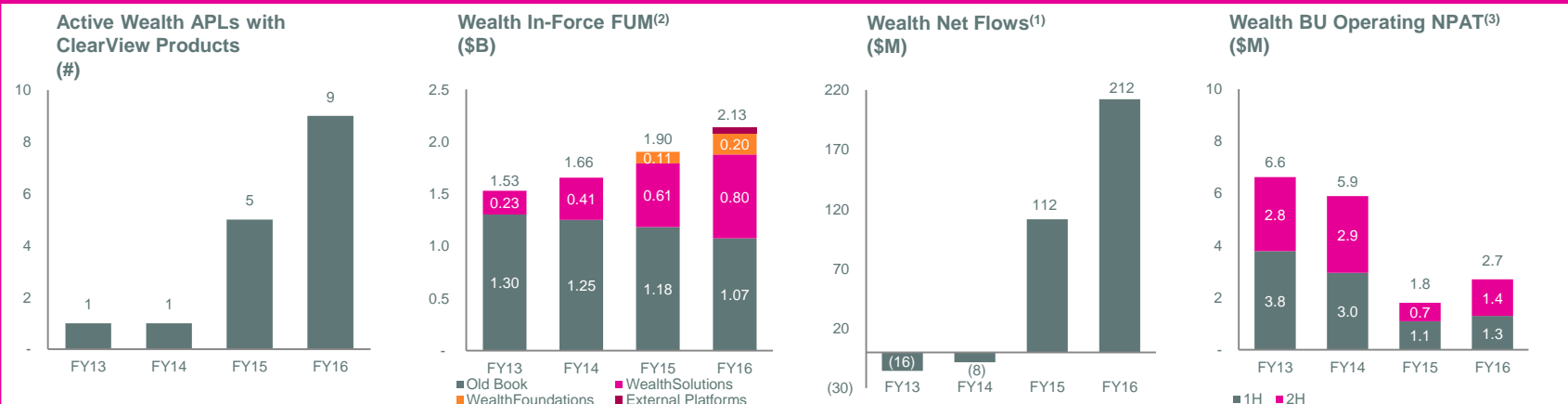
Wealth Management FY16 Results – BU Operating NPAT of \$2.7m (+50%)

- ✓ Least advanced segment, given **recently completed 'build' phase and material investment in new contemporary platform and products** in FY15
- ✓ **Further investment in FY16** in upgrade of WealthSolutions product (and pricing) and incremental investment in new platform to improve back office efficiency and automation
- ✓ WealthSolutions continues to **build to scale** with WealthFoundations now **providing some support to the growth and development costs** - the non-deferred expense overruns reduced to \$4.0m (FY15: \$4.6m)
- ✓ **New products are written at a lower margin** than in-force Master Trust product - results in lower fee income growth (broadly flat) relative to FUM growth (+12%)

KPI Commentary⁽⁵⁾

- ✓ Number of active APLs increased to 9 (N.M.)
- ✓ In-force FUM⁽²⁾ of \$2.13b (+12%) with **\$1.06b in new contemporary products**
- ✓ **Positive Net Flows⁽¹⁾ of \$212m (+90%)** in a volatile investment market: WealthSolutions \$188m (+15%), WealthFoundations \$92m (-17%), External Platforms \$55m (N.M.) and Master Trust outflows reduced to \$123m (-25%). Master Trust is not actively marketed to new customers
- ✓ Driven by the **launch of new, customer focused and market leading products into the advice market** and the placing of ClearView's platform funds and investment models on an external platform
- ✓ Ability to **leverage off the Life Insurance distribution network**

Performance



Notes

- FUM net flows is defined as inflows less redemptions into FUM but excludes management fees outflow.
- FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
- Wealth BU Operating NPAT represents the Underlying NPAT⁽⁴⁾ of the Wealth Management business unit before taking into account the interest costs associated with corporate debt. Decrease from FY14 to FY15 reflective of the material investment (\$3.2m after tax) in wealth in FY15 in a new contemporary platform and WealthFoundations.
- Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
- % movement, FY15 to FY16, unless otherwise stated.

Wealth Management Breakdown by Product and Channel



ClearView's focus on providing clients with best-in-class wealth products and services; this has resulted in turning the business from net outflow into a positive net flow business

	FUM (\$B)		Net Flows (\$M)		Primary Distribution Channel	Key Offering
	FY16	YoY Growth	FY16	YoY Growth		
WealthSolutions	0.80	32%	188	15%	<ul style="list-style-type: none"> Aligned Advisers IFAs (just starting) 	<ul style="list-style-type: none"> Wrap platform for superannuation and other high net worth clients A\$250K+ investable assets
WealthFoundations	0.20	81%	92	(17%)	<ul style="list-style-type: none"> Aligned Advisers IFAs (just starting) 	<ul style="list-style-type: none"> Self-directed portfolio management 14 model portfolios A\$100K – A\$400K investable asset accounts targeted
External Platforms	0.06	n.m.	55	n.m.	<ul style="list-style-type: none"> Aligned Advisers 	<ul style="list-style-type: none"> ClearView MIS platform funds offered on external wrap platforms
Master Trust / Legacy Products	1.07	(9%)	(123)	(25%)	<ul style="list-style-type: none"> Not currently marketed to new customers 	<ul style="list-style-type: none"> Legacy wealth product – currently in run-off
Total	2.13	12%	212	90%		

Notes

1. FUM in ClearView MIS platform funds on external platforms. This commenced in FY16.

Financial Advice FY16 Results



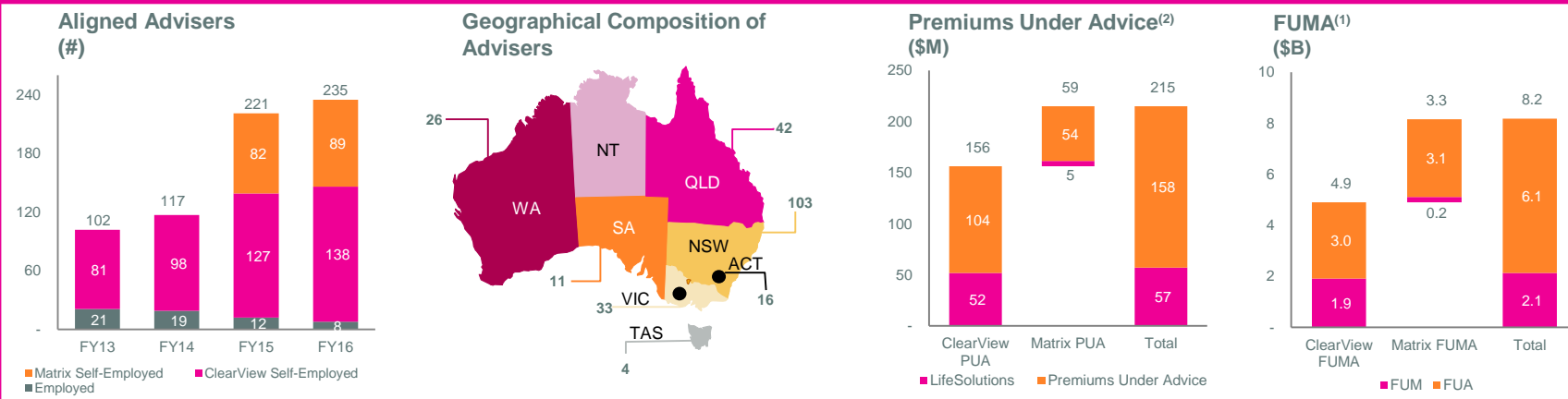
Financial Advice FY16 Results – BU Operating NPAT of \$1.5m (-66%)

- ✓ **Reduction in profit driven by net impact of:**
 - ✓ **Change in the net allocation of dealer group support costs** entirely to CFA in FY16 (previously partly absorbed by the Life Insurance segment)
 - ✓ **Increased contribution from Matrix** given timing of acquisition in FY15
 - ✓ **Run off of internal advice fee** (50bps) earned on Master Trust FUM
 - ✓ **Cost base increase** driven by investment in strategic advice model, compliance costs and an increased allocation of IT services and marketing costs to the dealer group
 - ✓ **Transition of the employed planners** to the franchised model

KPI Commentary⁽⁵⁾

- ✓ **235 financial advisers** operating under ClearView's and Matrix AFSLs (+6%)
- ✓ Number of employed advisers has reduced over time alongside shift towards aligned advisers
- ✓ **\$8.2B of FUMA⁽¹⁾** of which \$2.1B is in ClearView wealth products
- ✓ **\$215M of PUA⁽²⁾** of which \$57m is in LifeSolutions advice based product
- ✓ FUMA and PUA growth reflects net impact of change in adviser mix and adviser recruitment
- ✓ Continued focus on **selectively recruiting high quality advisers** who have right cultural fit for ClearView and Matrix, with a **focus on quality over quantity**

Performance



Notes

1. FUMA includes FUM and funds under advice that are externally managed and administered.
2. Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.
3. Financial Advice BU Operating NPAT represents the Underlying NPAT⁽⁴⁾ of the Financial Advice business unit before taking into account the interest costs associated with corporate debt.
4. Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
5. % movement, FY15 to FY16, unless otherwise stated.

Balance Sheet as at 30 June 2016



Commentary

Net Asset Position and Capital Raising

- Net Assets (pre-ESP loans) of \$411.8m at 30 June 2016
- Net Tangible Assets (pre-ESP loans) of \$363.4m at 30 June 2016
- \$50m capital raised in June 2016
 - Fully underwritten Entitlement Offer with proceeds used predominantly to repay debt (\$45.5m)
- Group capital surplus position of \$32.6m at 30 June 2016
 - Internal benchmarks include \$31m working capital reserve to fund new business growth

Cash, Debt and Investments

- Net cash position of \$169.9m at 30 June 2016 (FY15: \$135.6m)
 - Shareholder capital continues to be conservatively invested (in cash and short-term interest bearing securities)

Goodwill and Intangibles

- Goodwill of \$20m at 30 June 2016
 - \$15.1m recognised on acquisition of Matrix in FY15
 - \$4.9m recognised on acquisition of ComCorp in FY10
- Intangibles of \$28.3m at 30 June 2016
 - \$11.5m of capitalised software costs associated with life insurance systems development and the new wealth platform
 - \$3.9m of acquired Intangibles recognised on the acquisition of Matrix
 - \$12.9m of acquired Intangibles from acquisition of businesses from Bupa in FY11

Life Insurance Policy Liabilities

- Life insurance policy liability increase reflects growth in the life insurance business (DAC) and is partially offset by run-off of the in-force DAC, and interest rate effects (reduction) over the years (increasing negative value)

Consolidated Balance Sheet (Shareholder View)⁽¹⁾

\$M	FY13	FY14	FY15	FY16
ASSETS				
Cash equivalents	112	157	181	170
Receivables	4	6	10	13
Current tax asset	-	-	-	1
Deferred tax asset	4	4	4	4
Property, Plant & Equipment	1	1	1	2
Convertible Note	-	0	2	-
Goodwill	5	5	20	20
Intangibles	43	37	36	28
Total Assets	169	210	254	237
LIABILITIES				
Payables	11	15	17	24
Current tax	4	5	5	-
Provisions	3	4	5	5
Life Insurance ⁽²⁾	(100)	(123)	(154)	(203)
Borrowings	-	-	46	-
Deferred tax liabilities	-	-	-	-
Total Liabilities	(82)	(101)	(82)	(174)
Net Assets	251	310	337	412

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. Life Insurance asset reflects insurance liabilities net of the future recoverability of the deferred acquisition cost (DAC) in accordance with the accounting standards.

Embedded Value as at 30 June 2016



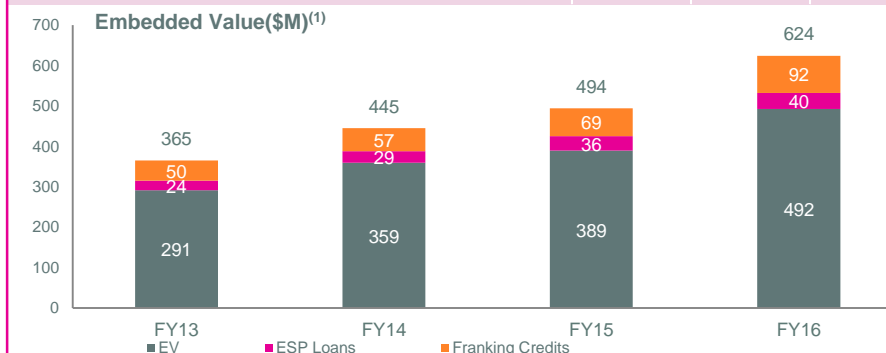
Commentary

Embedded Value (EV)

- **EV of \$624.1m⁽¹⁾** at 30 June 2016, including franking credits and ESP Loans (+16%⁽¹⁾)
- **EV per share of \$0.95⁽¹⁾** at 30 June 2016, including franking credits and ESP Loans
- The EV is **made up of the value of the in-force (VIF) and the Net Worth:**
 - The EV is the value of all business written to date determined by actuarial assumptions and modelling
 - The EV excludes the value of any future growth potential. It is based only on the in-force portfolios as at 30 June 2016
 - The maintenance expense rates are based on longer term unit costs, as opposed to current “expense overrun” levels
 - EV includes the net effect of model enhancements and actuarial assumption changes (including the proposed income protection price increases in the EV at 30 June 2016 (+\$10.6m))
 - EV includes a value of future franking credits at 70% of their present value. This also includes a value of existing franking credits in the net worth at 30 June 2016 (\$17.0m)
- EVs have been **presented above 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 FY16 EV is 4% (FY15: 4%)
 - A consistent basis for the long term risk free rate has been adopted between periods, notwithstanding a material reduction in the market long term risk free (compared to that adopted)

Embedded Value Calculations

Risk Margin Over Risk Free Rate: (\$M), (Unless Stated Otherwise)	3% DM	4% DM	5% DM
Life Insurance	335.1	315.9	298.8
Wealth Management	54.8	52.0	49.5
Financial Advice	29.2	27.4	25.8
Value of In-Force (VIF)	419.2	395.3	374.1
Net Worth	97.1	97.1	97.1
Total EV	516.3	492.4	471.2
ESP Loans	39.6	39.6	39.6
Total EV Incl. ESP Loans	555.9	532.0	510.8
Franking Credits:			
Life Insurance	56.4	53.3	50.6
Wealth Management	14.6	13.8	13.2
Financial Advice	8.4	7.9	7.4
Net Worth	17.0	17.0	17.0
Total EV Incl. Franking Credits and ESP Loans	652.3	624.1	599.0
EV per Share Incl. ESP Loans (cents)	84.5	80.8	77.6
EV per Share Incl. Franking Credits and ESP Loans (cents)	99.1	94.8	91.0



Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016. Franking credits have been included in the net worth and prior periods have been restated to reflect this.

Embedded Value (EV) Movement Analysis Commentary

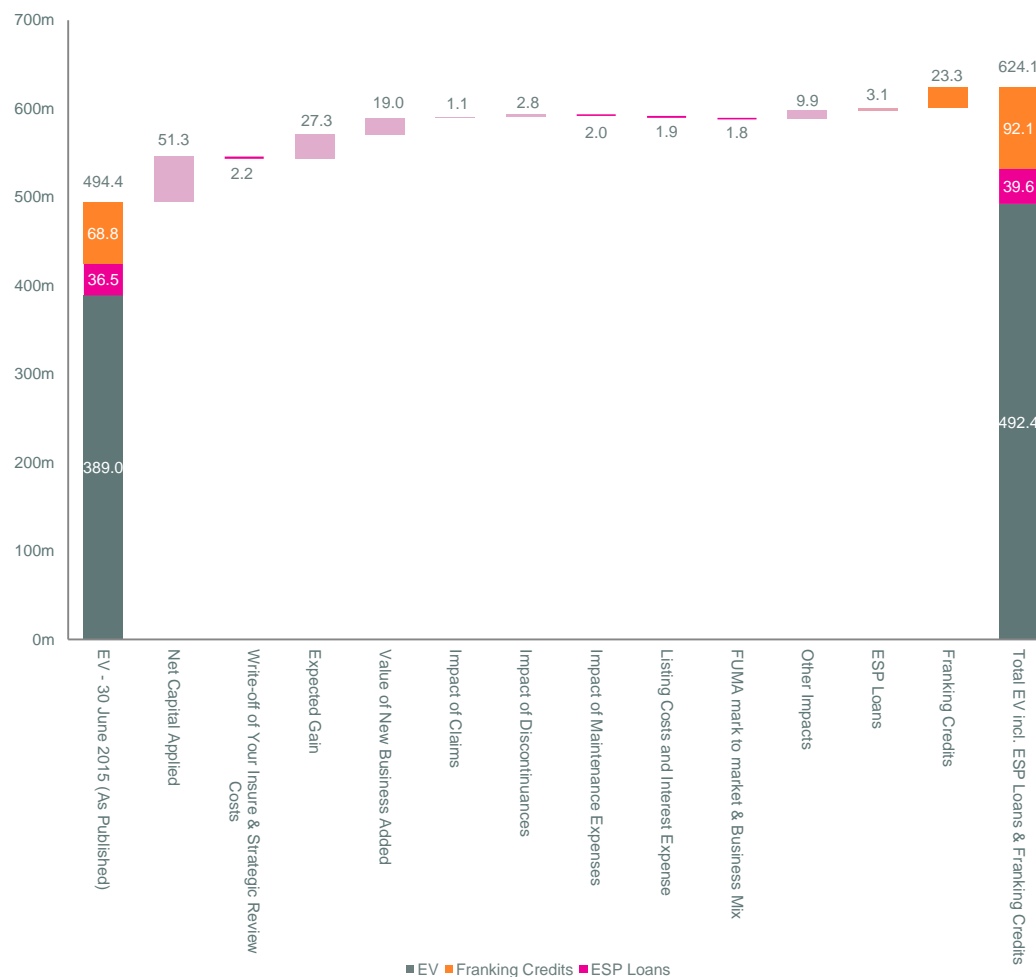


Commentary

Embedded Value (EV)

- **Key drivers in the movement in EV (+16%)** are as follows:
 - Net Capital Applied includes the net of cost impact of the pro rata accelerated renounceable share entitlement offer that was successfully completed in June 2016 (+\$49.6m)
 - Value of new business (VNB) of \$19.0m is up 20% on FY15; Non-Advice VNB in FY16 (-\$5.9m) impacted by intentional slowdown in new business and cost base structure of direct business; LifeSolutions continues to grow strongly given increased scale and volumes
 - VNB is suppressed by the acquisition expense overruns (-\$11.8m (after tax) in FY16) across all product lines that are included (netted) within the VNB
 - Maintenance expense overruns depress the growth in EV (-\$2.0m in FY16; -\$7.2m in FY15)
 - Emerging life insurers and wealth managers invest and incur overhead costs ahead of “getting to scale”: The expense rates assumed in the EV are based on longer term unit costs, as opposed to current “expense overrun” levels
 - As the business gets to scale, these costs are progressively supported by business volumes that creates operating leverage
 - EV and VNB includes income protection price increase on in-force (at 30 June 2015) and new business written (+\$10.6m)
 - EV increased to \$624.1m (up 16% on FY15) including franking credits and ESP loans; detailed EV commentary on the movement analysis is provided in the Appendix

Embedded Value Movement Analysis⁽¹⁾



Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the \$50m Entitlement Offer completed in June 2016.

Capital Raised to Support Growth in Life Insurance



Capital requirements

Minimum Regulatory Capital (PCA)

- 1 The capital adequacy requirements of the life company are regulated under APRA Prudential Standards; other entities also have regulatory requirements (APRA and ASIC)

Additional Capital Reserves (per ICAAP⁽¹⁾)

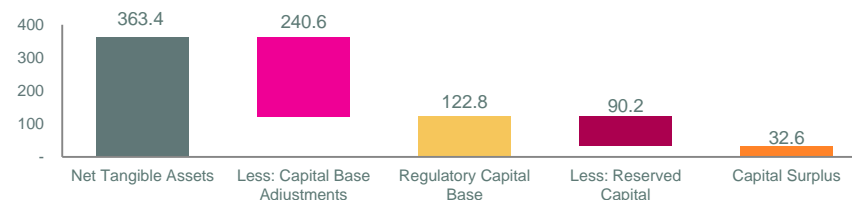
- 2 Risk Capital is a risk based capital amount which aims to address the risk of breaching regulatory capital (PCA)
- 3 Working Capital Reserve is the capital held to support the capital needs of the business beyond the risk reserving basis. This includes the net capital anticipated to be needed to support the medium term new business plans (on a 3 year forward looking basis)
 - Writing new life insurance business incurs significant up-front costs, as profits and cashflow are realised over time. Given ClearView is writing a significant amount of new business compared to its in-force policies, this growth causes a capital strain. This is allowed for via the working capital reserve within ICAAP⁽¹⁾ and is reviewed continuously
- 4 ClearView is fully capitalised with “Common Equity Tier 1” capital to fund its current business plans, anticipated medium term growth and have some additional capital flexibility over the medium term
 - Nonetheless, future events including medium to longer term growth materially above that currently anticipated by ClearView could result in a need for future capital funding (in the form of equity and/or debt). The existing Debt Funding Facility of \$50m therefore remains in place

Capital position

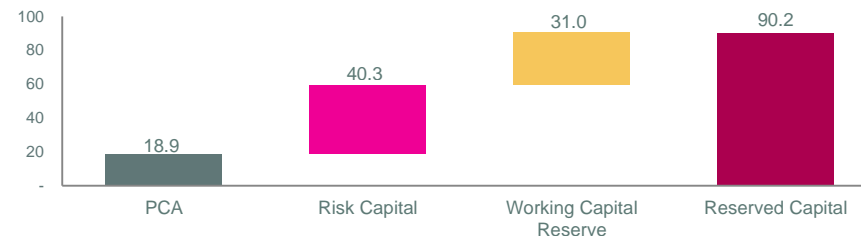
Balance Sheet (30 June 2016)

- Net tangible assets (pre-ESP loans) of \$363.4m
- \$45.5m debt repaid with proceeds from equity raising
- \$32.6m of capital above regulatory requirements and risk capital reserves (prior to FY16 final cash dividend)

Capital Position (\$M) – 30 June 2016



Reserved Capital (\$M) as at 30 June 2016





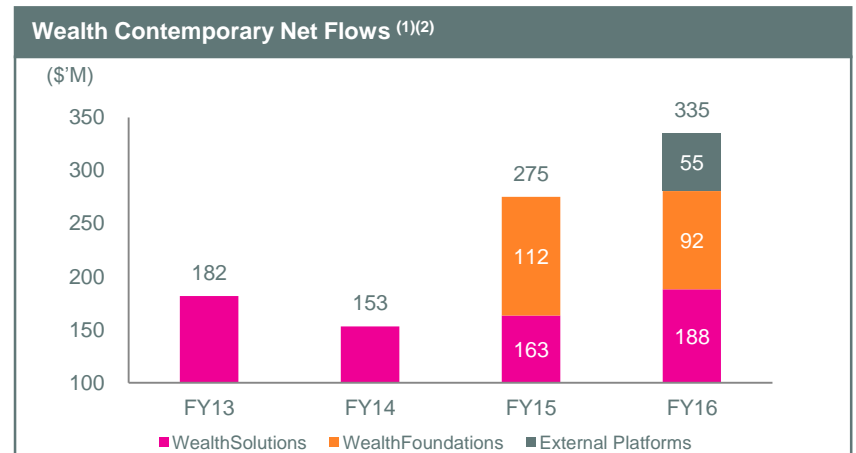
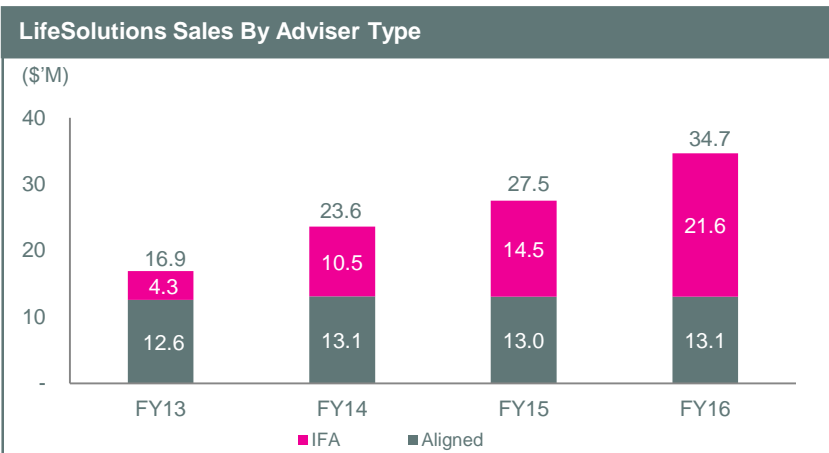
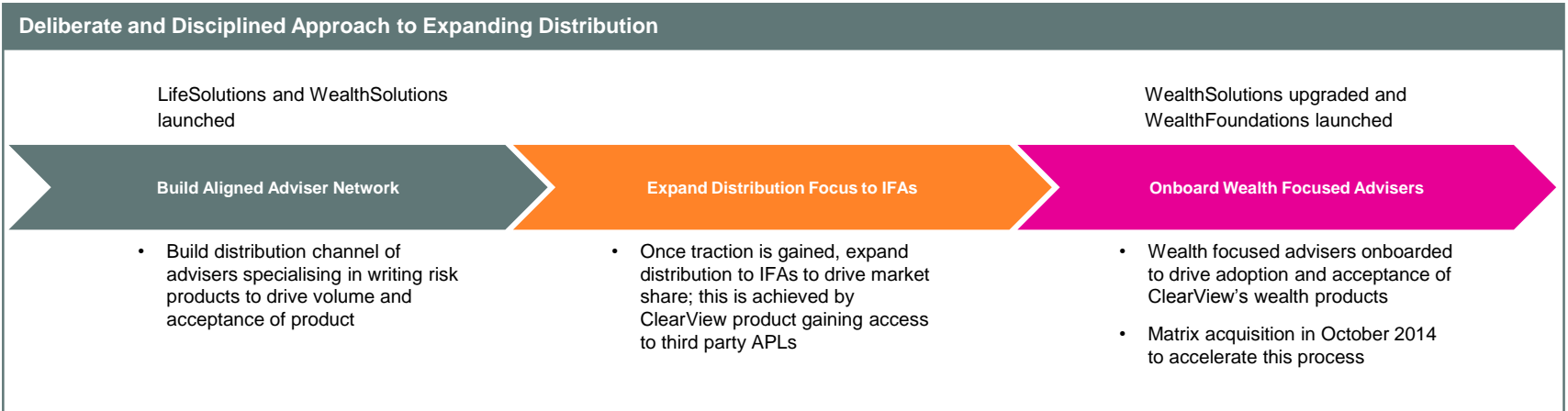
Section 4
Strategy

Overview of ClearView's Strategy



1 ClearView Strategy	<ul style="list-style-type: none">• Strategy is focused on winning market share within profitable market segments by delivering innovative products and a high level of service. This is appropriate for ClearView's position as an industry disrupter without material legacy issues (unencumbered)
2 Distribution Strategy	<ul style="list-style-type: none">• In FY13 and FY14, ClearView initially focused on building a strong core of advisers in its aligned distribution network. This allowed ClearView to build its reputation and base business• In the past two years, the focus has shifted to expanding ClearView's distribution into third party open APLs. This has allowed ClearView to demonstrate its competitiveness in the broader IFA market• ClearView continues to improve its penetration on open APLs it has been selling on for more than 12 months (wallet share of these APLs is expected to continue to grow alongside growing wallet share on open APLs that are still maturing)• If regulatory change occurs and tied APLs become open, then ClearView will potentially gain access to the tied APLs that represent a material component of the Individual IFA market
3 Product Strategy	<ul style="list-style-type: none">• ClearView has upgraded both its Life and Wealth product portfolio over time with the upgrade of the LifeSolutions platform, the launch of WealthFoundations and an SMA offering on WealthSolutions• The next phase of innovation will focus on upgrading:<ul style="list-style-type: none">– Driving convergence offerings of both Life and Wealth products: ClearView's ability to simply provide life insurance through superannuation is a structural competitive advantage– ClearView's Direct life offering: Repositioning of direct offering to mid-market, including offering a simplified version of LifeSolutions, and developing a scaled advice model
4 Service Strategy	<ul style="list-style-type: none">• ClearView is focused on continuing to improve the capacity of its advisers to service their clients efficiently• In 2016 ClearView launched its upgraded adviser portal, and improved its client retention toolkit, correspondence processes and commission automation; ClearView has an adviser led continuous improvement service strategy

Overview of ClearView's Distribution Approach



Notes

1. WealthSolutions and WealthFoundations only.
2. FY16 includes A\$55M of Net Flows on external platforms into ClearView MIS platform funds on external platforms.

Market: Regulatory Changes, Life Insurance



Proposed Life Insurance Industry Reforms is Likely to Benefit ClearView

- Key life insurance reforms were put on hold given timing of the election
- If ultimately passed, timing of when the regulation will come into effect is not yet known

Potential Reform	Implications	Impact on ClearView
<p>Move Towards Requiring APLs to be Open Access¹</p>	<ul style="list-style-type: none"> • Would allow fairer competition by gaining access to a greater number of IFAs – ClearView does not currently sell on tied APLs, and certain distribution networks have effectively closed APLs by requiring substantial shelf space fees or limiting the number of products on the APL 	<p><u>Favourable for ClearView</u></p> <ul style="list-style-type: none"> • Would likely result in higher market share for ClearView • ClearView already operates truly open life insurance APLs in its Financial Advice business – so this change would not negatively affect ClearView
<p>Remuneration Changes for Individual Advisers</p>	<ul style="list-style-type: none"> • Move towards caps on up-front commissions (timing uncertain) • Trend towards increased ‘trail’ style commissions • Decreased incentives for policy churn 	<p><u>Favourable for ClearView</u></p> <ul style="list-style-type: none"> • Would result in lower capital requirements for ClearView – smaller up-front capital load • Would potentially result in lower lapses • Potential impact on new business volumes, to be determined • Support for advisers through transition period

The Australian life insurance regulatory framework is shifting in favour of manufacturers with well designed products that focus on service

Notes

1. Requires regulatory reform and potentially industry support.



Section 5
Outlook



1 Market Outlook

- Long term market growth fundamentals remain sound:
 - **Life Insurance:** the Australian market is under-insured; growth driven by population increases, inflation and real GDP growth
 - **Wealth Management:** long-term growth underpinned by the compulsory saving regime for super (retirement savings) - superannuation contribution guarantee to be increased to 12% (by July 2025)
- Short term there are a number of changes occurring in the market:
 - **Pricing Cycle: industry participants have progressively increased prices** (materially) over the last few years in both the group life and income protection segments; this makes the core ClearView retail products more price competitive – opportunity to increase pricing
 - **Regulatory Changes (Life Insurance Reforms):** given the recent election there is some uncertainty as to timing and implementation. The proposed changes generally move towards more open competition and assists a challenger brand such as ClearView (which is customer focused)
 - **Regulatory Focus:** given recent industry issues, the regulatory focus is demanding significant industry time and attention
 - **Proposed Superannuation Changes:** the proposed changes to superannuation rules potentially opens up new opportunities for non-superannuation products (for which ClearView has the required licences)
- Life Insurance and Wealth Management are complementary products over the economic cycle:
 - **Life Insurance:** favourable given “fear” can drive strong sales momentum
 - **Wealth Management:** impacts of the performance of investment markets on fee income and net investment flows; ClearView portfolios are defensively tilted given the nature of the client base

2 Business Outlook

- ClearView remains in a strong position to continue growth, given the complementary nature of life insurance and wealth management products over the economic cycle, with a particular focus on:
 - Leveraging off **the embedded growth in the distribution network** that has been built
 - **Gaining from market disruption** around life insurance reforms (timing uncertain) with a potential stepped change in distribution profile, especially if certain parts of the potential reforms are implemented
 - Potential to **benefit from the increased pricing cycle**, in particular in the income protection market
 - **Increase scale over time** thereby progressively reducing the expenses overruns. These will be absorbed as the business grows to scale over the medium term
- ClearView has now established a strong platform to drive momentum and has in FY16 started to **convert its strategic positioning into material earnings growth**. ClearView is implementing a high growth strategy with the **goal of attaining 5% of the long term life insurance profit pool, building a material wealth management business and a high quality financial advice business**
- The Board is aware that Crescent would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the interests of all shareholders. The Board has appointed Morgan Stanley to assist in evaluating any strategic options or proposals. However, there is no certainty that any such proposals will be received



Appendix FY16 Results

Consolidated Results: Shareholder View⁽¹⁾ – FY16



12 Months to June 2016 (\$M) ⁽¹⁾	2013			2014			2015			2016			% Change ⁽²⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Gross life insurance premiums	25.9	29.3	55.2	36.2	40.6	76.8	49.6	55.5	105.1	64.9	73.4	138.3	32%
Fund management fees	14.8	15.1	29.9	15.3	15.1	30.4	15.2	16.1	31.3	15.7	15.4	31.1	(1%)
Financial advice fees	6.5	6.3	12.8	6.4	6.3	12.7	7.0	8.2	15.2	8.5	8.2	16.7	10%
Interest income	3.1	2.2	5.3	1.9	2.4	4.3	2.6	2.5	5.1	2.4	2.3	4.7	(8%)
Gross Income	50.3	52.8	103.1	59.8	64.3	124.1	74.4	82.3	156.7	91.5	99.3	190.8	22%
Net claims incurred	(7.9)	(8.2)	(16.1)	(6.3)	(8.0)	(14.3)	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	5%
Reinsurance premium expense	(2.0)	(2.4)	(4.4)	(3.8)	(6.5)	(10.3)	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	63%
Commission and other variable expenses	(11.9)	(11.6)	(23.4)	(15.1)	(17.4)	(32.5)	(21.1)	(21.9)	(43.0)	(25.3)	(27.3)	(52.6)	22%
Funds management expenses	(2.9)	(3.0)	(5.9)	(2.8)	(2.9)	(5.7)	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	6%
Operating expenses	(22.9)	(23.6)	(46.5)	(27.4)	(27.7)	(55.1)	(34.1)	(36.0)	(70.1)	(38.3)	(37.2)	(75.5)	8%
Movement in policy liabilities	9.3	6.7	16.0	8.6	13.4	22.0	14.8	14.6	29.4	16.6	16.9	33.5	14%
Total Operating Earnings (before tax)	11.9	10.8	22.8	13.0	15.2	28.2	14.1	15.6	29.7	19.5	20.1	39.6	33%
Income tax (expense) / benefit	(3.5)	(3.3)	(6.8)	(3.9)	(4.6)	(8.5)	(4.2)	(4.6)	(8.8)	(5.6)	(5.8)	(11.4)	30%
Total Operating Earnings (after tax)	8.5	7.5	16.0	9.1	10.6	19.7	9.9	11.0	20.9	13.9	14.3	28.2	35%
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	157%
Underlying NPAT	8.5	7.5	16.0	9.1	10.6	19.7	9.9	10.6	20.5	13.4	13.8	27.2	33%
Amortisation of intangibles	(3.8)	(3.7)	(7.5)	(3.7)	(3.7)	(7.4)	(4.5)	(4.5)	(9.0)	(4.6)	(4.5)	(9.1)	1%
Policy liability discount rate effect	(2.1)	(0.2)	(2.3)	(2.5)	4.7	2.2	5.2	(1.0)	4.2	1.0	10.1	11.1	164%
Matrix deal and integration costs	0.0	0.0	0.0	0.0	0.0	0.0	(1.8)	(0.5)	(2.3)	0.0	0.0	0.0	(100%)
Your Insure impairment (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	0.0	(1.9)	Large
Takeover bid related costs	(5.2)	(1.6)	(6.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM
Strategic Review Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)	(0.5)	Large
Tax effect	2.0	0.5	2.5	0.8	(1.4)	(0.6)	(1.1)	0.2	(0.9)	(0.3)	(2.9)	(3.2)	256%
Reported NPAT	(0.6)	2.5	1.9	3.6	10.3	13.9	7.7	4.8	12.5	7.6	16.0	23.6	89%

Analysis of Profit (\$M)	2013			2014			2015			2016			% Change ⁽²⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Life Insurance	4.0	4.4	8.4	4.7	6.1	10.8	7.3	8.0	15.3	12.1	12.4	24.5	60%
Wealth Management	3.8	2.8	6.6	3.0	2.9	5.9	1.1	0.7	1.8	1.3	1.4	2.7	50%
Financial Advice	0.4	0.4	0.8	1.8	1.7	3.5	1.9	2.5	4.4	0.7	0.8	1.5	(66%)
BU Operating Earnings (after tax)	8.2	7.6	15.8	9.5	10.7	20.2	10.3	11.2	21.5	14.1	14.6	28.7	33%
Listed Entity and Other	0.3	(0.1)	0.2	(0.4)	(0.1)	(0.5)	(0.4)	(0.2)	(0.6)	(0.2)	(0.3)	(0.5)	(24%)
Total Operating Earnings (after tax)	8.5	7.5	16.0	9.1	10.6	19.7	9.9	11.0	20.9	13.9	14.3	28.2	35%
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	157%
Underlying NPAT	8.5	7.5	16.0	9.1	10.6	19.7	9.9	10.6	20.5	13.4	13.8	27.2	33%

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 FY15 to FY16.

Consolidated Results: Shareholder View – FY16



Underlying net profit after tax (Underlying NPAT) - \$27.2m +33%

FY15 concluded a successful three-year strategy focused on building ClearView's market position, with growth now emerging in FY16:

- FY13 – FY15 reflects the 'build' phase with significant investment made in building out a platform for growth
- The 'build phase' drove significantly greater capacity than immediate requirements (expense overruns). As the business develops scale, expense overruns decrease and create operating leverage
- Strong FY16 earnings reflect the emergence of growth given the transition of ClearView from 'build' phase to 'growth' phase
- Material growth embedded in current distribution network – the strong growth and diversity in sales of contemporary products is leading to growth in the in-force base that is underpinning Embedded Value growth

The FY16 result includes the impacts of key decisions to support the medium term growth and longer term strategy:

- A senior management team restructure in October 2015 (and consequential downstream staff changes) to shift the focus of the business from the 'build' to the 'growth' phase (upfront termination costs of \$1.0m were incurred in 1H FY16, with net savings being progressively earned from 2H FY16)
- An intentional slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio economic customers, driven by adverse lapse experience. This led to a 36% decline in new business volumes to \$4.5m and a drag on the overall life insurance Value of New Business included in the Embedded Value calculations
- A material investment in FY15 in new wealth products and contemporary platform with the growth and development costs starting to now be supported by FUM as these products build to scale over time

Other Adjustments

- Amortisation of intangibles (\$9.1m) is associated with the acquisition of the wealth management and life insurance businesses from Bupa, the ComCorp financial advice business, and Matrix dealer group. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of Underlying NPAT.
- The policy liability discount rate effect is the result of the changes in long term discount rates used to determine the insurance policy liabilities. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability creates a cash flow tax effect. The decrease in long term discount rates over the last 12 months caused a positive after tax impact of \$7.8m (FY15: \$2.9m).
- Costs that are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying NPAT. In FY16, these costs related to:
 - Expenses incurred to date on the evaluation of strategic options or proposals in relation to potential change in major shareholder (\$0.3m after tax); and
 - ClearView made an investment in Your Insure, a start-up operation in Melbourne, in August 2014 to target selling direct life insurance to the lower socio demographic customer. ClearView agreed to provide funding to Your Insure which was structured as a Convertible Note. The investment in Your Insure has been written off, with a net of tax cost of \$1.9m being incurred.
- The FY15 costs related to the deal and integration costs associated with the merger of the Matrix dealer group (\$1.9m after tax).

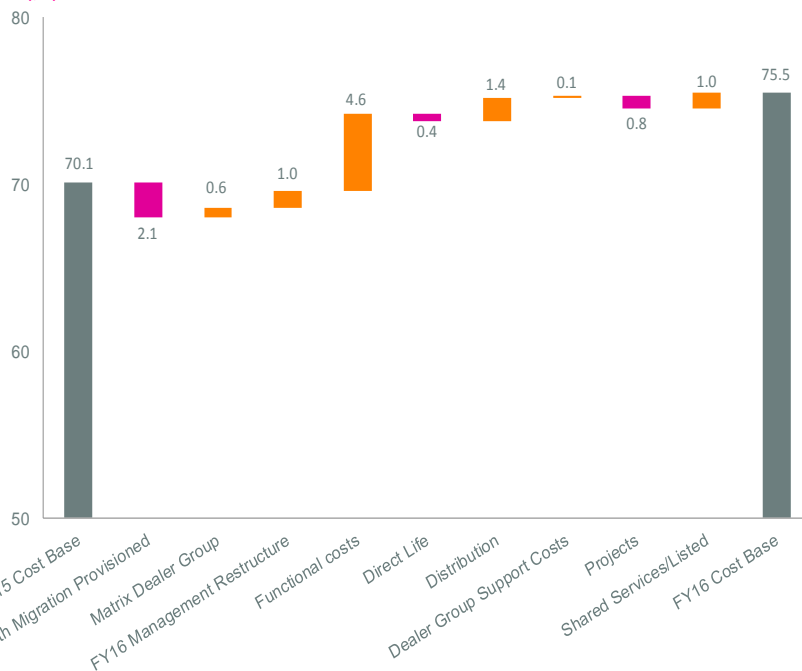
Reported NPAT and Earnings per Share - \$23.6m +89%

- Underlying NPAT growth of 33% to \$27.2m predominantly driven by the strong growth in Life Insurance. Underlying NPAT is the Board's key measure of Group profitability and is also used for dividend payment decisions. Reported NPAT increased by 89% to \$23.6m (FY15: \$12.5m).
- Reported diluted earnings per share increased 81% or 1.91 cents per share (cps) to 4.27 cps (FY15: 2.36 cps). Fully diluted Underlying earnings per share increased 28% or 1.07 cps to 4.92 cps (FY15: 3.85 cps). Year on year EPS calculations have been adversely impacted by recent share issues exceeding 20m shares in total:
 - Annualised impact of the Matrix performance based shares issued in FY15 (4.4m shares)
 - Weighted average number of shares issued in June under the capital raising (2.8m shares); and
 - Impact of shares issued under the Dividend Reinvest Plan (DRP) (13m shares) in relation to prior period dividends.

Operating Expenses Overview



FY15 vs FY16 Cost Base
(\$M)



FY15 vs FY16 Cost Base

Wealth Migration Provisioned – No further migration costs were incurred in FY16. The project to migrate the Master Trust product onto the new platform was initially deferred from FY15 to both reprioritise and bring forward some other development projects and to reduce the overall expected costs and impacts of the migration when implemented (given the incremental investment in the new platform in FY16). Migration now planned for FY17

Matrix Dealer Group – Costs related to the annualised effect given the timing of the Matrix acquisition in FY15 (was completed in October 2014)

FY16 Management Restructure – Upfront restructure costs incurred in 1H FY16 relating to management changes in October 2015, with savings flowing from 2H FY16

Functional Costs – Related to increases in functional areas to support business growth, including administration, call centre, claims and underwriting costs, and reflects underlying volume growth. These costs also include growth and development costs, software amortisation and other functional costs related to the new wealth platform system that commenced being incurred after the launch of WealthFoundations in October 2014. These were partially offset by the completion of the amortisation of the first phase of software costs associated with the launch of LifeSolutions in FY12

Direct Life – Lower variable costs driven by reduced new business volumes reflecting the decision to shift focus to targeting the mid-market demographic

Distribution – Distribution/front end costs include the option cost associated with ESP shares issued to financial advisers and the continued build out of the Life Insurance business development team. Distribution also includes the investment in the Wealth Management “front end” to support the business growth after the launch of WealthFoundations in FY15

Dealer Group Support Costs – reflect adviser support services costs. The net increase was driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, partially offset by the benefit of transitioning employed planners into the self-employed model

Projects – Costs relate to the net decrease in project scoping costs expensed between periods

Shared Services/Listed – FY16 increase related to IT infrastructure and support costs (move to a new virtual desktop system in FY16) and additional group compliance costs, partially offset by a reduction in the group marketing spend

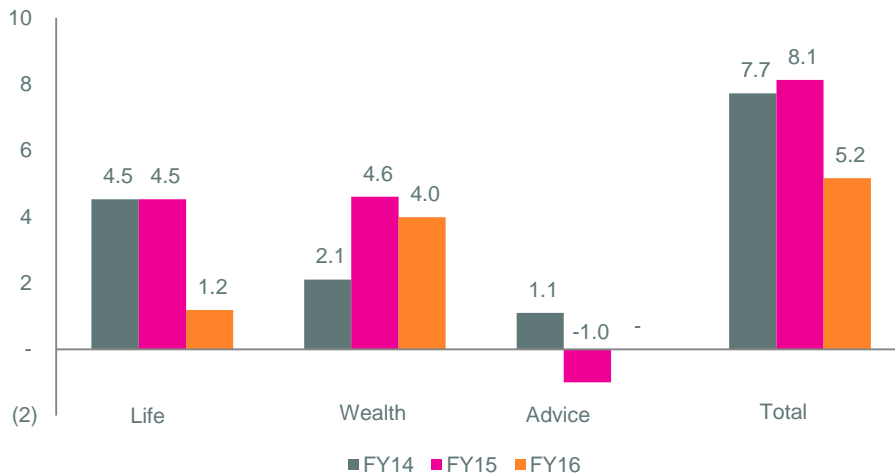
Notes

1. Shared services cost increases and business support costs should reduce “per customer” as the scale of the business increases. This includes the “spreading” of the costs of the shared services functions as the business grows.

Non-Deferred Expense Overruns (after tax) by Segment



Expense Overruns FY14-FY16
(\$M)



Non-deferred Expense Overruns

ClearView has been investing in operating costs ahead of revenue to generate its growth. This includes an investment in incremental costs above requirements for the current scale of ClearView (expense overruns) to build capability for the future. Market competitive premium and fee rates implicitly support market average participant (scale) expense rates. Expense margins available are therefore proportional to new business written and in-force revenues. As ClearView grows, these expense overruns are likely to be absorbed and ClearView should achieve operating leverage

Expense overruns initially depress reported profits, but as these overruns begin to unwind as scale is achieved, underlying profit realised through the in-force portfolios increases. In the year to 30 June 2016, the non-deferred expense overruns across the business had a negative impact on Underlying NPAT of \$5.2m (FY15: \$8.1m). The movements between segments are shown in the graph on the left and indicate that cost overruns are starting to be absorbed

Given the current size of the in-force business, these overruns are predominantly driven by:

- The significant investment made in LifeSolutions and the Non-Advice business. As the business builds to scale these are starting to unwind. The reduction in FY16 was also partly due to a change in the allocation of net dealer group support costs entirely to the Financial Advice segment (previously partly absorbed by the Life Insurance segment), with a related increase in the Financial Advice segment. LifeSolutions continues to build to scale whilst some overruns continue to be incurred in the Direct business given the intentional reduction in volumes in FY16
- The investment in FY15 in WealthFoundations and the new wealth platform. WealthSolutions continues to build to scale with WealthFoundations now providing some (limited) support to the growth and development costs being incurred. These should improve as the WealthFoundations FUM builds and the Master Trust product is migrated onto the new platform
- The shared service infrastructure costs supporting the business segments that require scale to be achieved across the business units over time

Life Insurance – FY16



12 Months to June 2016 (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Gross life insurance premiums	25.9	29.2	55.1	36.2	40.6	76.8	49.6	55.5	105.1	64.9	73.4	138.3	32%
Interest income	1.0	1.1	2.1	1.1	1.2	2.3	1.5	1.5	3.0	1.4	1.4	2.8	(6%)
Net claims incurred	(7.9)	(8.2)	(16.1)	(6.3)	(8.0)	(14.3)	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	5%
Reinsurance premium expense	(2.0)	(2.4)	(4.4)	(3.8)	(6.5)	(10.3)	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	63%
Commission and other variable expenses	(8.4)	(7.8)	(16.2)	(11.6)	(13.9)	(25.5)	(17.6)	(18.2)	(35.8)	(21.9)	(24.0)	(45.9)	28%
Operating expenses	(12.2)	(12.4)	(24.6)	(17.5)	(18.1)	(35.6)	(21.2)	(21.9)	(43.1)	(22.2)	(22.0)	(44.2)	3%
Movement in policy liabilities	9.3	6.8	16.1	8.6	13.4	22.0	14.8	14.6	29.4	16.6	16.9	33.5	14%
BU Operating NPBT	5.7	6.3	12.0	6.7	8.7	15.4	10.5	11.3	21.8	17.3	17.6	34.9	60%
Income tax (expense) / benefit	(1.7)	(1.9)	(3.6)	(2.0)	(2.6)	(4.6)	(3.2)	(3.3)	(6.5)	(5.2)	(5.2)	(10.4)	60%
BU Operating NPAT	4.0	4.4	8.4	4.7	6.1	10.8	7.3	8.0	15.3	12.1	12.4	24.5	60%
Amortisation of intangibles	(0.7)	(0.7)	(1.4)	(0.7)	(0.7)	(1.4)	(1.5)	(1.4)	(2.9)	(1.4)	(1.4)	(2.8)	(3%)
Policy liability discount rate effect (after tax)	(1.4)	(0.2)	(1.6)	(1.7)	3.3	1.6	3.6	(0.7)	2.9	0.7	7.1	7.8	169%
Reported NPAT	1.9	3.5	5.4	2.3	8.7	11.0	9.4	5.9	15.3	11.4	18.1	29.5	93%

Analysis of Profit (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total	
Planned BU Operating NPAT	5.8	6.5	12.3	6.8	8.3	15.1	9.3	9.9	19.2	11.4	12.3	23.7	23%
Claims experience	(1.1)	(0.8)	(1.9)	0.7	0.4	1.1	0.1	(0.2)	(0.1)	1.7	(0.7)	1.1	N.M
Lapse experience ¹	0.1	(0.9)	(0.8)	(0.1)	(0.8)	(0.9)	(0.2)	0.3	0.1	(0.2)	0.7	0.5	N.M
Expense experience	(0.9)	(1.1)	(2.0)	(2.9)	(1.6)	(4.5)	(2.2)	(2.3)	(4.5)	(0.9)	(0.2)	(1.2)	(75%)
Other	0.1	0.7	0.8	0.2	(0.1)	0.1	0.3	0.3	0.6	0.1	0.3	0.4	(29%)
Actual BU Operating NPAT	4.0	4.4	8.4	4.7	6.1	10.8	7.3	8.0	15.3	12.1	12.4	24.5	60%

Key Statistics And Ratios (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total	
New Business	9.9	9.5	19.4	12.9	14.5	27.4	17.0	17.5	34.5	18.2	21.0	39.2	14%
LifeSolutions	8.6	8.4	17.0	11.5	12.1	23.6	13.2	14.3	27.5	15.7	19.0	34.7	26%
Non Advice	1.3	1.1	2.4	1.4	2.4	3.8	3.8	3.2	7.0	2.5	2.0	4.5	(36%)
In-Force	53.5	62.1	62.1	73.8	87.5	87.5	101.4	115.7	115.7	132.0	150.7	150.7	30%
LifeSolutions	12.4	21.0	21.0	32.6	45.2	45.2	57.5	71.0	71.0	86.7	105.7	105.7	49%
Non Advice	41.1	41.0	41.0	41.2	42.3	42.3	43.9	44.7	44.7	45.3	45.0	45.0	1%
Old Book	38.8	38.1	38.1	37.5	36.7	36.7	35.8	35.1	35.1	34.7	34.1	34.1	(3%)
New Book	2.3	2.9	2.9	3.7	5.6	5.6	8.1	9.6	9.6	10.6	10.9	10.9	13%
Cost to Income Ratio	46.9%	42.3%	44.6%	48.3%	44.6%	46.4%	42.7%	39.5%	41.0%	34.2%	30.0%	32.0%	

Notes

1. % change represents the movement from FY15 to FY16. 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

Life Insurance – FY16 (Continued)



Life Insurance Results Overview

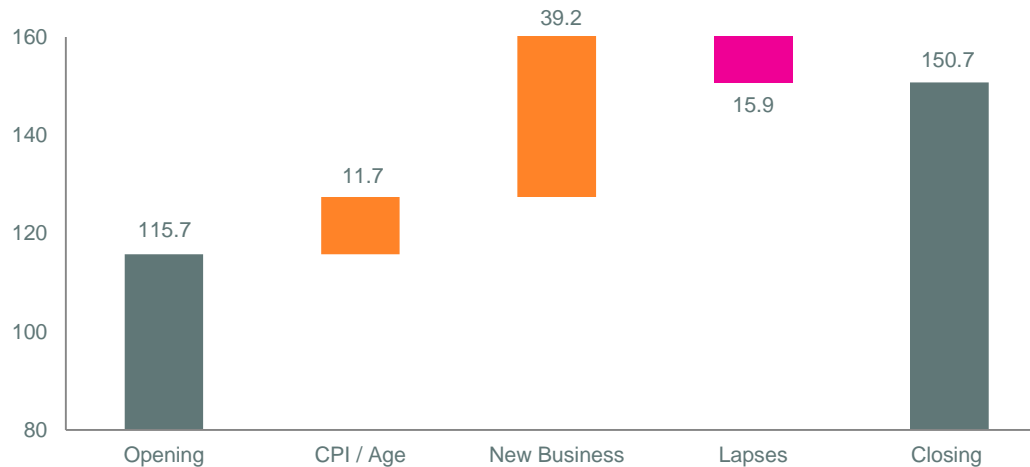
- Life Insurance is the key profit driver for the Group, the most advanced segment in the growth phase and demonstrating strong J-curve economics. The strong growth in broadening the distribution footprint in the IFA market is building the profit base
- Actuarial planned Underlying NPAT of \$23.7m in FY16 or +23%
 - Relates to the expected profit margins on the in-force portfolios based on actuarial assumptions
 - Reflects the strong growth in the in-force portfolios (+30%) partially offset by the run off of the higher margin Old Direct Book (business written pre 2011)
- Positive claims experience profit (after tax) of \$1.1m compared to an experience loss in FY15 of \$0.1m (relative to planned margins).
 - Driven by the LifeSolutions portfolio (+\$0.6m) and the Old Direct Book (business written pre 2011) (+\$0.7m)
 - Partially offset by adverse experience on the New Non-Advice portfolio (-\$0.2m)
 - Given the current size of the life insurance portfolio and reinsurance arrangements in place (arrangements vary by product) some statistical claims volatility can be expected.
 - Claims experience is anticipated to average out over time at the actuarial best estimate assumptions. As the in-force LifeSolutions premium grows, with higher reinsurance arrangements in place, the relative claims volatility is expected to reduce from period to period
- Positive lapse experience profit relative to the rates assumed in the life insurance policy liability (determined at 30 June 2015) with an experience profit of \$0.5m (after tax) in FY16 (relative to planned margins) (\$0.1m profit in FY15):
 - LifeSolutions portfolio continues to reflect positive lapse experience relative to assumptions in FY16 (+\$1.1m)
 - Old Direct Book (business written pre 2011) now reflects positive experience (+\$0.5m), given the assumption changes made in June 2014
 - New Non-Advice portfolio reflects lapse losses incurred from new business written via certain channels. In particular, the distribution and product profile has been highly geared to the lower socio demographic segment resulting in some continued adverse lapse experience (-\$1.1m)
- While expense overruns initially depress reported profits, they should eliminate as scale is achieved, thereby increasing underlying profit realised on the growing in-force portfolio
 - Non-deferred expense experience loss declined from \$4.5m in FY15 to \$1.2m in FY16, demonstrating that expense overruns are being absorbed as the scale of the business increases. LifeSolutions continues to build to scale whilst some overruns continue to be incurred in the Direct business given the intentional reduction in volumes in FY16
 - The reduction in FY16 was also partly due to a change in the allocation of net dealer group support costs entirely to the Financial Advice segment (previously partly absorbed by the Life Insurance segment), with a related increase in the Financial Advice segment
- Investment earnings is driven by the reduction in rates over the year but partially offset by the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements)
- Increased reinsurance expense is aligned to the growth in the in-force portfolios given the upfront reinsurance support is provided in the first year of a policy
- The growth in life insurance initial commission in FY16 is driven by the upfront variable commission cost related to the increased new business volumes. These acquisition costs are deferred and amortised within the policy liability, over the expected life of the policies, in accordance with the accounting standards
- An override initial commission was paid from LifeSolutions to the CFA dealer group in FY16 given that the life company is no longer absorbing part of the dealer group support costs
- An increase in variable expenses that is driven by the stamp duty and medical policy acquisition costs related to increased new business volume

Life Insurance – FY16 (Continued)



Performance - KPIs

Movement in In-Force Premium FY15-FY16



- The growth of in-force premium has been driven by the strong new business growth, with lapses partially offset by age based premium increases and inflation (CPI) increases on insurance benefits.
- The growth of LifeSolutions has continued in FY16, with new business premium growing at 26% over the prior year to \$34.7m:
 - Distribution for LifeSolutions has expanded further, with 62% of new business being generated from third party APLs, up 49%
 - Reflective of the intentional broadening out of the distribution base with LifeSolutions product now placed on 256 APLs, up 34%
 - LifeSolutions in-force premium is \$105.7m as at 30 June 2016 (+49%), representing 70% of the total life insurance in-force book.
- The new Non-Advice life insurance business has shown an intentional decline in sales volumes (\$4.5m, down 36%) with a shift in focus away from the lower socio demographic segments.
 - Strategic Partner new business is up 26% to \$2.7m, with sales to the lower socio demographic reducing to \$1.8m (down 62%).
 - The new Non-Advice in-force book is \$10.9m (+13%); with the Old Direct Book (business written pre 2011) in-force premium of \$34.1m (-3%) as at 30 June 2016.

Wealth Management – FY16



12 Months to June 2016 (\$M) ⁽³⁾	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Fund management fees	14.8	15.1	29.9	15.3	15.1	30.4	15.2	16.1	31.3	15.7	15.4	31.1	(1%)
Interest income	0.8	0.4	1.2	0.4	0.4	0.8	0.3	0.2	0.5	0.2	0.2	0.4	(29%)
Variable expense ⁽²⁾	(3.5)	(3.8)	(7.3)	(3.5)	(3.6)	(7.1)	(3.5)	(3.7)	(7.2)	(3.4)	(3.3)	(6.7)	(7%)
Funds management expenses	(2.9)	(3.0)	(5.9)	(2.8)	(2.9)	(5.7)	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	6%
Operating expenses	(4.1)	(4.7)	(8.8)	(5.3)	(5.1)	(10.4)	(7.4)	(8.5)	(15.9)	(7.7)	(7.5)	(15.2)	(4%)
BU Operating NPBT	5.1	4.0	9.1	4.1	3.9	8.0	1.3	0.9	2.2	1.3	1.3	2.6	18%
Income tax (expense) / benefit	(1.3)	(1.2)	(2.5)	(1.1)	(1.0)	(2.1)	(0.2)	(0.2)	(0.4)	0.0	0.1	0.1	(126%)
BU Operating NPAT	3.8	2.8	6.6	3.0	2.9	5.9	1.1	0.7	1.8	1.3	1.4	2.7	50%
Amortisation of intangibles	(2.6)	(2.6)	(5.3)	(2.6)	(2.6)	(5.3)	(2.6)	(2.6)	(5.2)	(2.6)	(2.7)	(5.3)	2%
Reported NPAT	1.2	0.2	1.4	0.4	0.3	0.7	(1.5)	(1.9)	(3.4)	(1.3)	(1.3)	(2.6)	(24%)

Key Statistics And Ratios (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Net Flows	(33.0)	17.1	(15.9)	5.2	(13.6)	(8.4)	25.7	85.8	111.5	101.2	111.1	212.3	90%
Master Trust	(108.5)	(89.1)	(197.6)	(79.5)	(81.8)	(161.3)	(99.1)	(64.6)	(163.7)	(58.1)	(64.5)	(122.6)	(25%)
WealthSolutions	75.5	106.2	181.7	84.7	68.2	152.9	72.8	90.5	163.3	112.7	75.3	188.0	15%
WealthFoundations	0.0	0.0	0.0	0.0	0.0	0.0	51.9	59.9	111.8	46.6	45.8	92.4	(17%)
External Platforms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.5	54.5	Large
Total FUM (\$B)	1.43	1.53	1.53	1.63	1.66	1.66	1.77	1.90	1.90	1.98	2.13	2.13	12%
Master Trust	1.31	1.30	1.30	1.30	1.25	1.25	1.22	1.18	1.18	1.11	1.07	1.07	(9%)
WealthSolutions	0.11	0.23	0.23	0.33	0.41	0.41	0.50	0.61	0.61	0.72	0.80	0.80	32%
WealthFoundations	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.11	0.11	0.15	0.20	0.20	81%
External Platforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	Large
Cost to Income Ratio	27.9%	31.0%	29.5%	34.5%	33.7%	34.1%	48.7%	52.8%	50.8%	49.0%	48.7%	49.0%	

Notes

1. % change represents the movement from FY15 to FY16.

2. Variable expense include the platform fee payable on WealthSolutions and the internal advice fee payable to the Financial Advice segment on the Master Trust product.

3. 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.

Wealth Management – FY16 (Continued)



Wealth Management Results Overview

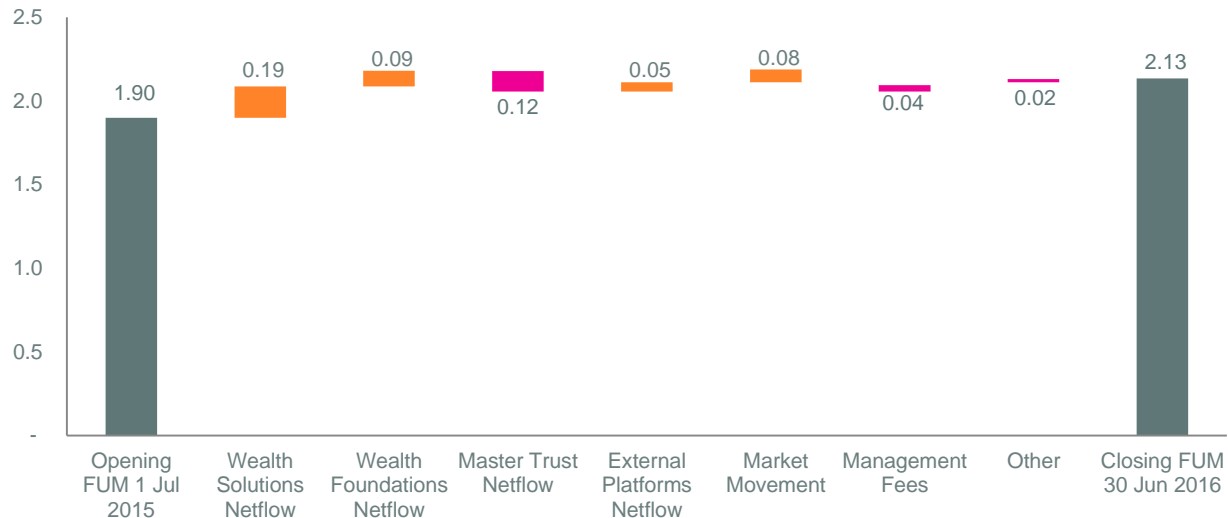
- Wealth Management is the least advanced segment, given its recently completed 'build' phase and a material investment in new contemporary platform and products in FY15
- Wealth Management segment profitability is primarily driven by fees earned from FUM in ClearView product, less expenses incurred
- The positive impact on net fee income from the increase in FUM (+12%) was offset by the margin compression from the gradual run-off of the Master Trust product that is being replaced by lower margin new business written in the WealthSolutions and WealthFoundations products (fee income down 1% overall):
 - Master Trust product is effectively a closed book with a portion of the FUM in the pension phase
 - Investment market performance plays a key role in supporting Master Trust FUM
 - Investment markets performance on the ClearView FUM was 3.8% per annum in FY16 (noting that there was some market volatility between periods) comparing to 9.7% per annum in FY15
 - The margin compression and the run off of the Master Trust business is assumed in the Embedded Value calculations
- The reduction in variable expenses is driven by:
 - The inter segment advice fee (50bps) paid to Financial Advice on Master Trust FUM (in line with the average Master Trust and FUM levels)
 - Partially offset by an increase in the platform fees payable on WealthSolutions (in line with the average WealthSolutions FUM levels and account balances)
- Funds management expenses increased in line with the expanded wealth product range (launch of WealthFoundations) and increased FUM levels between periods
- The 4% operating expense reduction was driven by the impact of migration costs provisioned in FY15, mainly offset by the incremental development, software amortisation and growth costs for the WealthFoundations product and related new platform incurred post launch (October 2014), along with an increased shared services cost allocation to the Wealth Management segment in FY16 related to the growth in business activities:
 - Expense overruns (after tax) decreased to \$4.0m in FY16 (FY15: \$4.6m) as WealthSolutions continued to build to scale and increased average FUM in WealthFoundations provided support to the growth and development costs incurred
- A tax benefit of \$0.8m in FY16 included:
 - Exempt fees in the Master Trust product range (+\$0.2m)
 - A positive impact from a tax benefit arising in FY16 from superannuation insurance premium deductions (+\$0.4m)
 - Prior period over provisions (+\$0.3m)
- The tax benefits that arose in FY16 (that is, excluding prior period over provisions) were predominantly offset in the Listed segment (given some non-deductibility of certain expenses across the group) resulting in an overall effective group tax rate that is broadly consistent between periods
- A reduction in investment earnings given the reallocation of shareholder cash between segments and lower market interest rates

Wealth Management – FY16 (Continued)



Performance - KPIs

Movement in In-Force FUM FY15-FY16



- ClearView grew in-force FUM 12% to \$2.13bn as at 30 June 2016, with \$1.06bn in the new contemporary products, including the placement of ClearView platform funds on external platforms
- ClearView was \$212m net flow positive in FY16, representing a significant improvement in net flows over prior periods (net outflow of circa \$150m in FY12 prior to the launch of the new products). Overall, this reflects:
 - WealthSolutions net inflows of \$188m (+15%); in-force FUM of \$0.8bn (+31%)
 - WealthFoundations net inflows of \$93m (-17%); in-force FUM of \$0.2bn (+81%)
 - External platform net inflows of \$55m (N.M.)
 - Master Trust net outflows of \$123m (-25%); in-force FUM, including closed MISs, of \$1.1bn (-9%).
- WealthSolutions and WealthFoundations products have to date primarily been sold via the ClearView dealer groups:
 - The distribution of these products is expected to be rolled out further given the increased Matrix adviser distribution footprint and the ability to expand the distribution to third party APLs
 - Expanding the footprint to distribute the WealthSolutions and the newly launched WealthFoundations product more broadly commenced in FY 16

Financial Advice – FY16



12 Months to June 2016 (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Net financial planning fees	6.5	6.3	12.8	6.4	6.3	12.7	7.0	8.2	15.2	8.5	8.2	16.7	10%
Interest & other income	0.3	0.1	0.4	0.1	0.1	0.2	0.2	0.2	0.4	0.2	0.1	0.3	(26%)
Operating expenses	(6.2)	(5.9)	(12.1)	(3.9)	(4.0)	(7.9)	(4.6)	(4.8)	(9.4)	(7.7)	(7.2)	(14.9)	59%
BU Operating NPBT	0.6	0.5	1.1	2.6	2.4	5.0	2.6	3.6	6.2	1.0	1.1	2.1	(66%)
Income tax (expense) / benefit	(0.2)	(0.1)	(0.3)	(0.8)	(0.7)	(1.5)	(0.7)	(1.1)	(1.8)	(0.3)	(0.3)	(0.6)	(65%)
BU Operating NPAT	0.4	0.4	0.8	1.8	1.7	3.5	1.9	2.5	4.4	0.7	0.8	1.5	(66%)
Amortisation of intangibles	(0.4)	(0.4)	(0.8)	(0.4)	(0.4)	(0.8)	(0.4)	(0.5)	(0.9)	(0.5)	(0.5)	(1.0)	11%
Matrix deal and integration costs (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	(0.3)	0.0	0.0	0.0	NM
Reported NPAT	0.0	0.0	0.0	1.4	1.3	2.7	1.2	2.0	3.2	0.2	0.3	0.5	(84%)

Key Statistics And Ratios	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
FUMA (\$B)	3.3	3.6	3.6	3.8	4.1	4.1	7.4	7.9	7.9	8.1	8.2	8.2	4%
PUA (\$M)	57	73	73	79	94	94	160	187	187	203	215	215	15%
CFA Advisers	94	102	102	109	117	117	131	139	139	136	146	146	5%
Matrix Advisers	-	-	-	-	-	-	85	82	82	85	89	89	9%
Total Advisers	94	102	102	109	117	117	216	221	221	221	235	235	6%

Notes

1. % change represents the movement from FY15 to FY16. 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.

Financial Advice – FY16 (Continued)



Financial Advice Results Overview

- Financial Advice Operating NPAT decreased 66% to \$1.5m. This was partly driven by a change in the allocation of net dealer group support costs entirely to CFA (previously partly absorbed by the Life Insurance segment)
- Net financial planning fees increased 10% predominantly driven by:
 - The annualised impact of the Matrix merger (+\$0.9m), and LifeSolutions volume based payments paid to the CFA dealer group in FY16 (given that dealer group support costs are no longer allocated to the Life Insurance segment (+\$2.2m))
 - Partially offset by the run-off of the 50bps internal advice fee earned off the Master Trust FUM (-\$0.6m) and the transition of employed planners to the franchised model (-\$0.9m)
 - Recruitment of self-employed advisers has a limited impact on margin given the fee split arrangements for advisers
- the \$5.5m operating expense increase in FY16 was predominantly driven by:
 - The reallocation of dealer group support costs to the Financial Advice segment from Life Insurance (+\$3.6m)
 - Annualised effect of the increase in dealer group support costs related to Matrix (given the timing of the acquisition in FY15) (+\$0.6m)
 - The net increase in dealer group support costs driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, partially offset by the benefit of transitioning employed planners into the self-employed model (+\$0.1m)
 - An increased cost allocation of marketing and IT services to the dealer group (+\$1.1m)
- the overall reduction in profit was therefore predominantly driven by the combined net impact of:
 - The net change in the LifeSolutions volume based payments and the reallocation of dealer group support costs entirely to CFA (previously partly absorbed by the Life Insurance segment) (-\$1.0m)
 - A full year contribution from Matrix given its acquisition during FY15 (net of expense increase) (+\$0.2m)
 - The net impact of the transition of employed planners into the franchised model net of the cost benefits achieved (-\$0.2m)
 - Run-off of a 50bps internal advice fee earned on Master Trust FUM (-\$0.4m), an offset to the benefit from a lower variable cost base in the Wealth Management segment; and
 - Operating expense net impact as outlined above (-\$1.5m)

Performance - KPIs

- The number of financial advisers in CFA and Matrix has increased to 235 (+6%)
- FUMA in the CFA and Matrix dealer group's is \$8.2bn (+4%) and Premiums Under Advice of \$215m (+6%). The increase is reflective of the net increase in adviser numbers and the change in the adviser mix between periods
 - As at 30 June 2016, of the \$8.2bn FUMA in-force, \$1.06bn is in ClearView contemporary wealth products and \$1.1bn is in the Master Trust product
 - As at 30 June 2016, of the \$215m PUA in-force, \$57m is in LifeSolutions

Notes

1. % change represents the movement from FY15 to FY16.

Listed Entity – FY16



12 Months to June 2016 (\$M)	2013			2014			2015			2016			% Change ⁽¹⁾
	1H	2H	FY13	1H	2H	FY14	1H	2H	FY15	1H	2H	FY16	
Interest income	1.0	0.6	1.6	0.3	0.7	1.0	0.6	0.6	1.2	0.6	0.6	1.2	3%
Operating expenses	(0.4)	(0.6)	(1.0)	(0.7)	(0.5)	(1.2)	(0.9)	(0.8)	(1.7)	(0.6)	(0.6)	(1.2)	(29%)
BU Operating NPBT	0.6	0.0	0.6	(0.4)	0.2	(0.2)	(0.3)	(0.2)	(0.5)	0.0	0.0	0.0	(107%)
Income tax (expense) / benefit	(0.3)	(0.1)	(0.4)	(0.0)	(0.3)	(0.3)	(0.1)	0.0	(0.1)	(0.2)	(0.3)	(0.5)	380%
BU Operating NPAT	0.3	(0.1)	0.2	(0.4)	(0.1)	(0.5)	(0.4)	(0.2)	(0.6)	(0.2)	(0.3)	(0.5)	(23%)
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	175%
Underlying NPAT	0.3	(0.1)	0.2	(0.4)	(0.1)	(0.5)	(0.4)	(0.6)	(1.0)	(0.7)	(0.8)	(1.5)	54%
Matrix deal and integration costs	0.0	0.0	0.0	0.0	0.0	0.0	(1.1)	(0.5)	(1.6)	0.0	0.0	0.0	NM
Strategic Review Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.4)	(0.4)	NM
Your Insure impairment (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	0.0	(1.9)	NM
Takeover bid related costs	(3.9)	(1.2)	(5.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM
Reported NPAT	(3.6)	(1.3)	(4.9)	(0.4)	(0.1)	(0.5)	(1.5)	(1.1)	(2.6)	(2.6)	(1.2)	(3.8)	48%

Listed Results Overview

- The investment earnings on the cash and investments held in the listed and central services entities and in the shareholders fund of ClearView Life, less the costs associated with maintaining a listed entity
- The Company manages capital at the listed entity level in accordance with its Internal Capital Adequacy Assessment Process (ICAAP) policy
- Increased investment earnings (+3%) arising from the additional draw down under the Debt Facility (and related cash holdings) in FY16, offset by a reduction in term deposit rates on physical cash with some reallocation of physical cash between segments
- Lower operating expenses given there has been no allocation of shared service costs to the listed segment in FY16 (change in basis from FY16)
- A tax charge of \$0.5m (FY15: \$0.1m) related to timing differences, partially offsetting tax benefits in other segments (in particular the Wealth segment). This is predominantly driven by the non-deductibility of the ESP expense that is absorbed within the Listed segment. The Group has an effective tax rate for the year that is broadly consistent with FY15.

Notes

1. % change represents the movement from FY15 to FY16. 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.



Embedded Value and Capital Position

Embedded Value (EV) Movement Analysis @ 4% DM by Segment at 30 June 2016



Movement Analysis @ 4% DM (\$'M)	Life	Wealth	Advice	Net Worth	Total
EV - 30 June 2015 (As Published)	287.6	53.7	35.3	12.5	389.0
Net Capital Applied	19.0	0.0	0.0	32.3	51.3
Write-off of Your Insure/Strategic Review Costs	0.0	0.0	0.0	(2.2)	(2.2)
EV after Net Capital and Write-off of Your Insure	306.6	53.7	35.3	42.5	438.1
Expected Gain	20.7	3.7	2.5	0.4	27.3
Value of New Business Added	16.7 ¹	2.3	0.0	0.0	19.0
Impact of Claims	1.1	0.0	0.0	0.0	1.1
Impact of Discontinuances	1.7	0.7	0.3	0.0	2.8
Impact of Maintenance Expenses	(1.2)	(1.9)	1.0	0.0	(2.0)
Listing Costs and Interest Expense	0.0	0.0	0.0	(1.9)	(1.9)
FUMA Mark to Market and Change in Business Mix	(0.4)	2.7	(4.1)	0.0	(1.8)
Other Impacts	5.2 ²	4.6	0.0	0.1	9.8
EV - 30 June 2016 @ 4% dm	350.4	65.8	35.1	41.1	492.4
ESP Loans	0.0	0.0	0.0	39.6	39.6
Total EV Incl. ESP Loans	350.4	65.8	35.1	80.7	532.0
Franking Credits	53.3	13.8	7.9	17.0	92.0
Total EV Incl. Franking Credits and ESP Loans	403.7	79.6	43.0	97.7	624.1

Notes

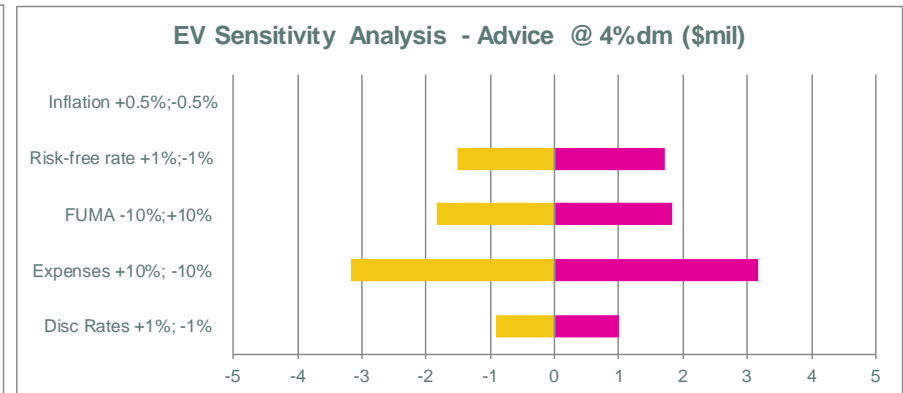
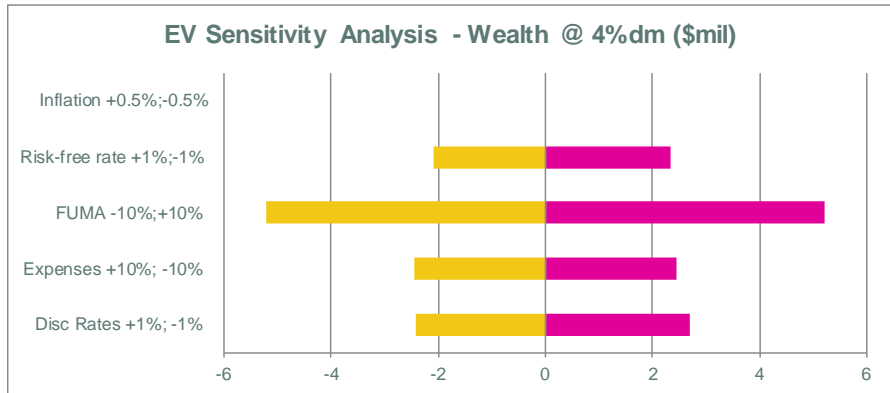
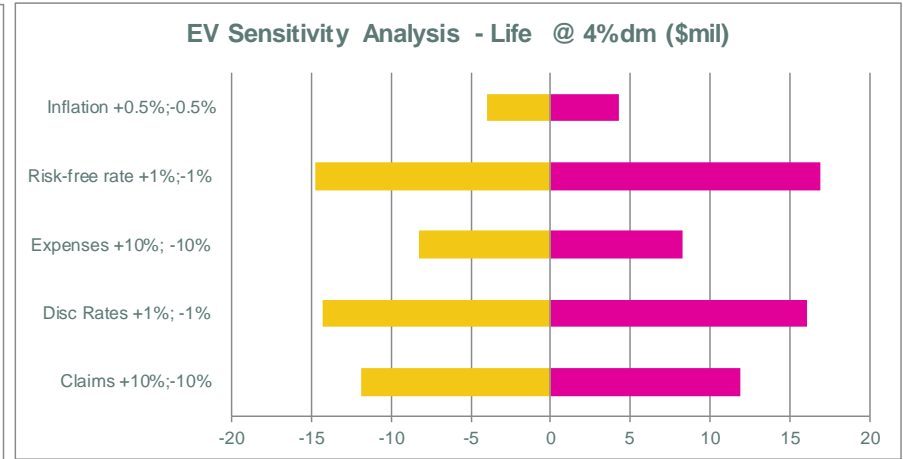
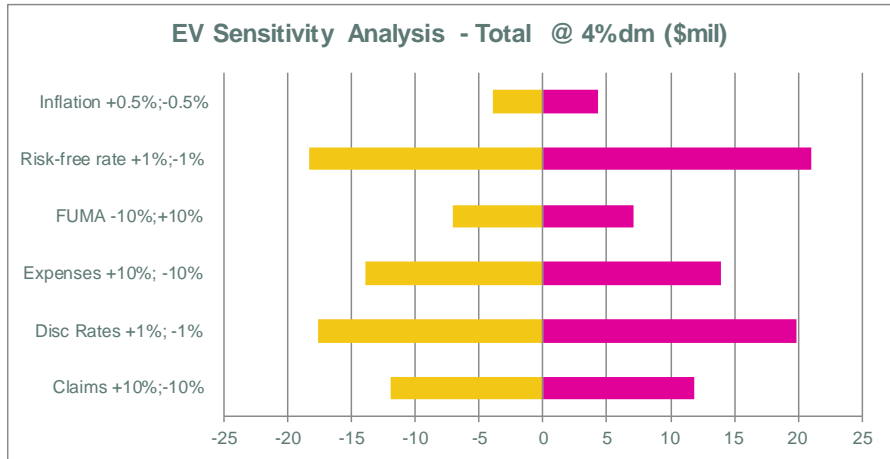
1. Includes \$4.3m related to income protection price increases on LifeSolutions new business written in financial year 2016.
2. Includes \$6.3m related to income protection price increases on the in-force LifeSolutions portfolio as at 30 June 2015.

EV Movement Analysis Commentary



Reference	Impact	Reason for movement
Net Capital Applied	\$51.3m	<ul style="list-style-type: none"> Net Capital Applied (+\$51.3m) reflects the net impact of the net of costs pro rata accelerated renounceable share entitlement offer that was successfully completed in June 2016 (+\$49.6m) and the increase in the Share Base Payments reserve (+\$1.7m) driven by the recognition of the share based payments expense and repayment of ESP loans by participants given their ineligibility to participate in the DRP.
Your Insure write off and Strategic review costs	(\$2.2m)	<ul style="list-style-type: none"> This relates to the impact of the write off of the Your Insure investment in FY16 (-\$1.9m) and the after tax costs associated with the strategic review (-\$0.3m).
Expected Gain	\$27.3m	<ul style="list-style-type: none"> Expected gain represents the unwind of the discount rate within the value of in-force and investment earnings on net worth.
VNB Added	\$19.0m	<ul style="list-style-type: none"> The value added by new business written over the period. This includes the net effect of proposed income protection price increases on LifeSolutions new business written in 2016 (+\$4.3m). The current value of new business is suppressed by the growth costs incurred. The acquisition cost overruns should decrease as the business grows, providing it with operating leverage. The Non-Advice business had a negative value of new business (-\$5.9m). This was exacerbated by a slow down in new business volumes given the adverse lapses in the lower socio-demographic channel. The negative value arises as a result of the acquisition expenses relative to new business generated. The key growth driver, LifeSolutions, continued to reflect strong growth in the VNB.
Claims	\$1.1m	<ul style="list-style-type: none"> The claims experience in LifeSolutions and Old Book was favourable in FY16 and was offset by adverse experience on the new Non-Advice portfolio. Given the current small size of the insurance portfolio, some claims volatility from period to period is to be expected.
Discontinuances	\$2.8m	<ul style="list-style-type: none"> The life insurance lapse impact was driven by better than expected lapses for the LifeSolutions product and the old book partially offset by lapse rates for the new non-advice business being higher than expected. The balance of the impact was due to lower discontinuance rates for the Wealth business, in particular Master Trust Product and WealthSolutions that reflected improvement in discontinuance rates.
Maintenance Expenses	(\$2.0m)	<ul style="list-style-type: none"> This relates to the maintenance expense overruns versus the long term unit costs assumed in the EV. Emerging life insurers invest and incur overhead costs ahead of "getting to scale". The expense rates assumed in the EV are based on longer term unit costs, as opposed to current "expense overrun" levels. As business gets to scale, these costs are progressively supported by business volumes that creates operating leverage. Expense overruns depress the EV initially; these are eliminated as scale is achieved, thereby increasing underlying profit margins on the in-force portfolio and removing the drag on the EV.
Listing Expenses	(\$1.9m)	<ul style="list-style-type: none"> Expenses were impacted by the Group's listed overhead costs and interest expense on corporate debt which are not allowed for in the Embedded Value (-\$1.9m). The Debt Funding Facility was settled in June 2016 by utilising the proceeds of the capital raising.
FUMA Mark to Market and Change in Business Mix	(\$1.8m)	<ul style="list-style-type: none"> This is predominately driven by the net investment performance on the funds under management and advice resulted in lower fee income relative to expectations over the period and a lower present value of future fees at the end of the period.
Basis and Assumption Changes	\$9.9m	<ul style="list-style-type: none"> This includes the net effect of the proposed income protection price increases on the LifeSolutions in-force portfolio at 30 June 2015 that is expected to be implemented in October 2016 (+\$6.3m), capital reallocations by segment, model enhancements, timing effects, actuarial assumption changes, capital base changes and the tax impacts on the policy liability discount rate effect. Key assumption changes includes improvements made to the discontinuance rates for the Master Trust and WealthSolutions products (+\$3.3m).
ESP Loans	\$3.1m	<ul style="list-style-type: none"> This includes the loans provided to ESP participants which are treated as off-balance sheet items in accordance with the Share Base Payment standard. These loans are expected to be recovered from the ESP participants when their shares vest.
Franking Credits	\$23.3m	<ul style="list-style-type: none"> This relates to the increase in the value of the current franking account balance together with the future franking credits generated from the taxable profit of ClearView as the profits are earned.

Embedded Value (EV) Sensitivity Analysis @ 4% DM



Group Net Assets & Capital Analysis at 30 June 2016



Group Capital Position (\$M)	Life	Wealth	Other	APRA Regulated Entities	Wealth	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC/ Other	Group
Net Assets	298.9	16.8	6.4	322.1	7.9	17.5	25.3	347.4	64.3	411.8
Goodwill & Intangibles	(6.8)	(4.7)	0.0	(11.5)	0.0	(7.3)	(7.3)	(18.8)	(29.6)	(48.4)
Net Tangible Assets	292.0	12.2	6.4	310.6	7.9	10.2	18.1	328.7	34.7	363.4
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(239.6)	0.1	0.0	(239.5)	0.0	0.0	0.0	(239.5)	0.0	(239.5)
Other Adjustments to Capital Base	(0.2)	(0.1)	0.0	(0.3)	(0.1)	(0.1)	(0.1)	(0.4)	(0.7)	(1.1)
Regulatory Capital Base	52.3	12.2	6.4	70.9	7.8	10.1	17.9	88.8	34.0	122.8
Prescribed Capital Amount	(7.1)	(3.5)	(2.6)	(13.3)	(5.0)	(0.7)	(5.7)	(18.9)	(0.0)	(18.9)
Available Enterprise Capital	45.2	8.7	3.8	57.6	2.8	9.5	12.3	69.9	34.0	103.9
Internal Benchmarks										
Working Capital	(9.9)	(1.1)	(2.6)	(13.6)	0.0	0.0	0.0	(13.6)	(17.4)	(31.0)
Risk Capital	(31.5)	(3.6)	(0.0)	(35.1)	(1.9)	(5.9)	(7.8)	(42.9)	2.6	(40.3)
Excess/ Deficit over Internal Benchmarks	3.8	3.9	1.2	8.9	0.9	3.6	4.4	13.3	19.2	32.6
Debt Funding Facility	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Surplus Position	3.8	3.9	1.2	8.9	0.9	3.6	4.4	13.3	19.2	32.6

- Net capital surplus position across the Group is \$32.6m at 30 June 2016
- The regulated entities have \$13.3m of net assets in excess of their internal benchmarks as at 30 June 2016. Internal benchmarks exceed regulatory capital requirements and include capital held for the protection of ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be readily accessed and to protect the various regulated entities' regulatory licences
- Internal benchmarks in the regulated entities (as at 30 June 2016) include a working capital reserve of \$13.6m to fund anticipated new business growth over the medium term (in accordance with the Internal Capital Adequacy Assessment Process)
- Internal benchmarks in the non regulated entities (as at 30 June 2016) include a further working capital reserve of \$17.4m as at 30 June 2016, therefore totalling \$31.0m that is set aside across the Group to fund anticipated new business growth over the medium term
- It was always intended that the funding provided under the Debt Funding Facility would be replaced in due course with one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerged. As at 30 June 2015, the Company had drawn down \$45.5m of the Debt Funding Facility
- In May 2016 the Company announced the launch of a \$50m fully underwritten pro-rata accelerated renounceable Entitlement Offer to eligible shareholders. The majority of the proceeds of that capital raising, which was fully subscribed and settled just prior to the end of the financial year, were used to repay the Debt Funding Facility (\$45.5m), with the remaining \$4.5m retained as capital for growth

Net Worth Reconciliation at 30 June 2016



Reconciliation Of Net Assets To Group Capital Position After Debt Funding Facility (\$M)	Life	Wealth	Advice	Other	Total
Net Assets	298.9	24.7	17.5	70.7	411.8
- Less Goodwill and Intangible Assets (excl. Capitalised Software)	0.0	0.0	(7.3)	(29.6)	(36.9)
- Capital included in VIF	(264.4)	(11.0)	(2.5)	0.0	(277.8)
Net Worth	34.5	13.7	7.7	41.1	97.1
- Overhead & New Business Capital	(30.7)	(9.0)	(4.1)	(20.7)	(64.5)
Net Position	3.8	4.8	3.6	20.4	32.6

- The EV effectively involves incurring a “cost” for the capital held to support the in-force business. This is the capital that is included in the Value of In-Force (VIF)
- The net worth is the net tangible assets not allocated to the capital reserves supporting the in-force business. Such assets are valued at face value as per the Balance Sheet
- ClearView adopts an economic capital model that is allowed for in the EV to support the risk profile of the business
- For all segments the regulatory capital base plus the relevant part of the internal benchmarks related to the in-force portfolio is adopted as the economic capital base in the VIF calculation. This excludes capital held for new business (acquisition related) and any regulatory amounts that would not be required on a transfer of the business to an acquirer, which is valued at face value as part of the net worth calculation



Impact of ESP Shares

Impact of ESP shares



PER SHARE CALCULATIONS

Year End 30 June 2016 (\$M), (Unless Stated Otherwise)	FY16
Number of shares on issue	597.4
ESP shares on issue	60.7
Shares on issue to calculate NAV per share (A)	658.2
Net assets (\$m)	411.7
ESP loans (\$m)	39.6
Proforma net assets (\$m) (B)	451.3
Fully diluted NAV per share = (B)/(A)	68.6 cents
Underlying NPAT (\$m)	27.2
Fully diluted underlying NPAT per share ¹	4.92 cents
Reported NPAT (\$m)	23.6
Reported diluted NPAT per Share	4.27 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”
- 60.7m Employee Share Plan (ESP) shares on issue and \$39.6m loans receivable at 30 June 2016
- Underlying NPAT is the Boards key measure of profitability and the basis on which dividends are determined
- Underlying NPAT of \$27.2m, up 33% on FY15

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.

Glossary



APL	Approved Product List
EV	Embedded Value
FUA	Funds Under Advice that are externally managed and administered (Third Party Products), WealthSolutions and WealthFoundations
FUM	Includes Funds Under Management (ClearView Master Trust, WealthFoundations and Managed Investment Schemes) and Funds Under Administration on WealthSolutions. It does not include FUA
FUMA	Funds Under Management and Advice
LifeSolutions	A suite of life insurance cover types available via financial advisers which include Life, TPD, Trauma, Income Protection and Business Expense Cover. Fully underwritten product
PUA	Premiums Under Advice that are externally managed and administered (Third Party Products) and LifeSolutions
WealthFoundations	Menu of approximately 15 investment options and a number of model portfolios managed by ClearView for superannuation investors. Products include superannuation and allocated pension products
WealthSolutions	ClearView wrap platform investment product offering
Wrap Platform	Investment wrap administration platform including 250 managed funds, ASX listed securities, term deposits, ClearView managed funds and model portfolios