ClearView Wealth Limited

ClearView Results
Half Year Ended 31 December 2016

23 February 2017

Simon Swanson – Managing Director
Athol Chiert – Chief Financial Officer

ClearView

Disclaimer

IMPORTANT NOTICE AND DISCLAIMER

Summary information

This investor presentation (**Presentation**) contains summary information about ClearView Wealth Limited (ACN 106 248 248) and its subsidiaries (**ClearView**) and its activities as at the date of this Presentation.

Future performance

This presentation contains certain forward looking statements. The forward looking statements contained in this presentation involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of ClearView, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Except as required by law, ClearView assumes no obligation to update or revise such information to reflect any change in expectations, beliefs, hopes, intentions or strategies. No representations, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur.

Not investment advice

The information contained in this Presentation is not investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used as the basis for making an investment decision.

Disclaimer

To the maximum extent permitted by law, ClearView, and its related bodies corporate, officers, employees and representatives (including agents and advisers), make no representation or warranty, express or implied, as to the currency, accuracy, completeness or reliability of the information contained in this presentation. To the maximum extent permitted by law, no person, including ClearView, related bodies corporate, officers, employees and representatives (including agents and advisers), accepts any liability or responsibility for any expenses, losses, damages or costs incurred by an investor and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

The information in this presentation is subject to change without notice.

ClearView Wealth Limited

Section 1

HY17 Results Summary

ClearView

HY17 Results Summary

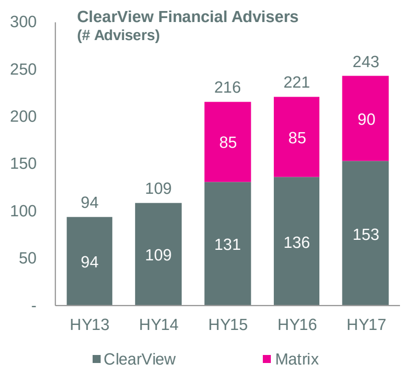
Commentary

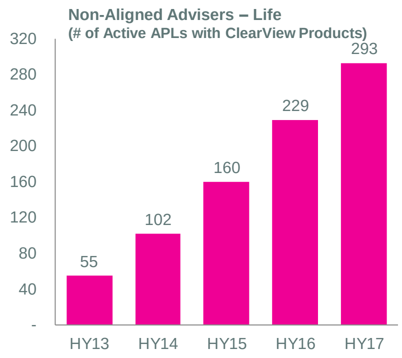
- **HY17 Underlying NPAT ($15.2m, +14%) – delivery of strong, profitable and sustainable growth**, remains on track to achieve near and medium-term strategic goals
- **Life Insurance Underlying NPAT ($12.7m, +5%)** remains key profit driver:
  - Modest growth of 5% in Underlying NPAT (compared to expected growth in HY17 of 25%[5]) was driven by statistical claims volatility that can be expected between periods given size and nature of portfolio
  - Underlying performance remains very strong with in-force book growth of 30% and material increases in sales of flagship Advice product of 31%; broadening out of distribution to rapidly diversify sales and create material embedded growth
- **Wealth Management Underlying NPAT ($1.6m, +28%)** - net flow positive business, reflective of recently completed 'build phase' with growth in earnings now emerging
- **Financial Advice Underlying NPAT ($1.2m, +76%)** - focus on building high quality financial advice business providing strategic advice to clients
- HY17 result includes **impacts of key decisions to support longer-term strategy**:
  - Adoption of enhanced actuarial claims reserving basis on income protection portfolio (-$1.5m impact) - performance of overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions
  - Income protection price increases (10% on average) were implemented in October 2016 – reflects ability to manage margin over time

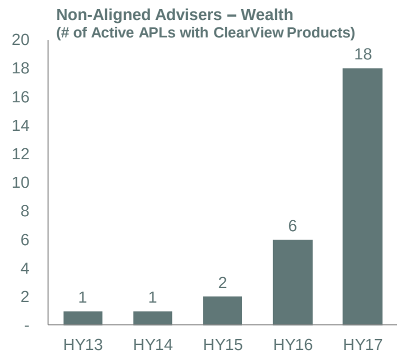
HY17 Results Overview[1]

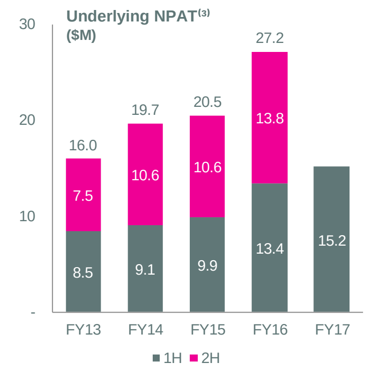
	HY16 $M	HY17 $M	% Change[1]
Life Insurance	12.1	12.7	5%
Wealth Management	1.3	1.6	28%
Financial Advice	0.7	1.2	76%
Listed Entity/ Interest Expense	(0.7)	(0.4)	N.M.
Underlying NPAT[3]	**13.4**	**15.2**	**14%**
Other Adjustments	(5.8)	(12.0)	Large
Reported NPAT[6]	**7.6**	**3.2**	**(58%)**
Embedded Value[2]	518.1	632.8	15%
Value of New Business[2]	7.1	8.5	20%
Net Asset Value[4]	345	400	6%
Underlying diluted EPS (cps)	2.44	2.45	0%

Strong growth in distribution footprint leading to growth in the in-force base that is underpinning Underlying NPAT and Embedded Value growth…..









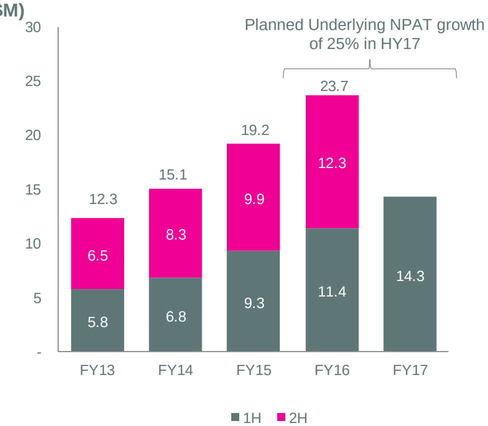
Notes

1. % movement, HY16 to HY17 unless otherwise stated.
2. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016 less the net FY16 cash dividend paid of $15.7m in September 2016. HY16 EV restated to include accrued franking credits. Value of New Business at 4% discount rate margin.
3. 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.
4. Net Asset Value as at 31 December 2016 excluding ESP Loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016, net of $15.7m cash FY16 dividend paid in September 2016.
5. Actuarial planned Underlying NPAT of $14.3m (+25% HY16 to HY17) reflects expected profit margins on in-force portfolios based on actuarial assumptions
6. Reported NPAT of $3.2 million, down 58%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($7.6 million 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings

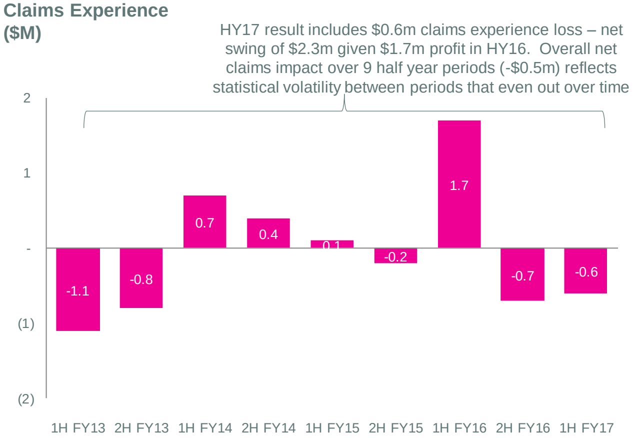
HY17 Results Summary (Continued)

Life Insurance remains the key profit driver….. some statistical claims volatility can be expected between periods given nature and size of portfolio

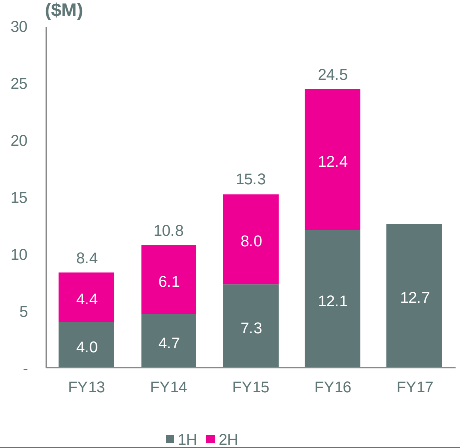
Actuarial Planned Life Insurance Underlying NPAT[3] ($M)



Claims Experience ($M)

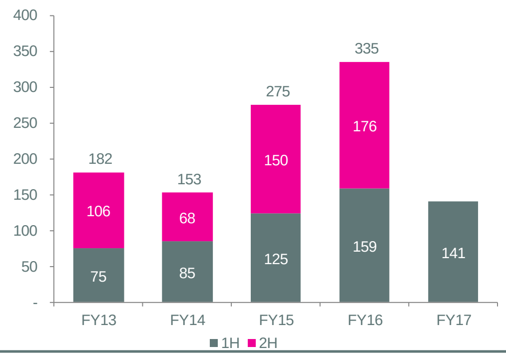


Actual Life Insurance Underlying NPAT ($M)

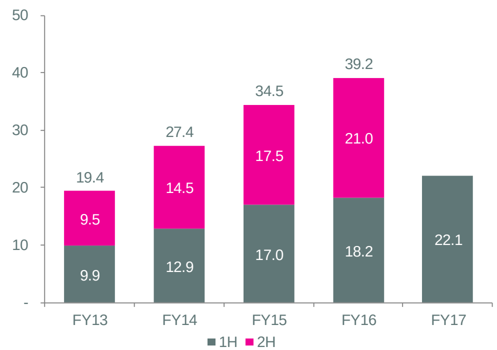


Positive wealth net flows……with stepped change in growth in Advised Life Insurance sales….driven by the embedded growth in the distribution network and broader IFA market

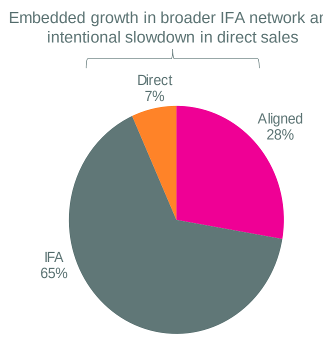
Wealth Contemporary Product Net Flows[1] ($M)



Life Insurance New Business[2] ($M)



Total Life New Business[2] by Channel for HY17



Notes

1. 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.
2. 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.
3. Actuarial Planned Life Insurance Underlying NPAT represents the profit expected to emerge from the life insurance portfolio based on actuarial best estimate assumptions.

Section 2

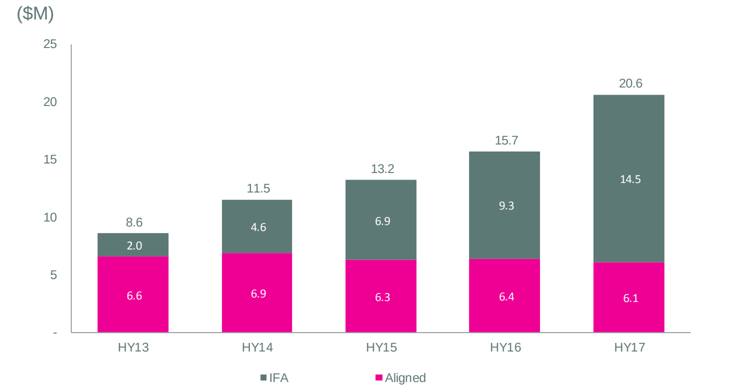
ClearView's Market Positioning

ClearView

ClearView's Position in Advised Life Insurance

Material growth embedded in distribution network – strong growth and diversity in Advised sales of LifeSolutions product is leading to growth in the in-force base that is underpinning Underlying NPAT and Embedded Value growth

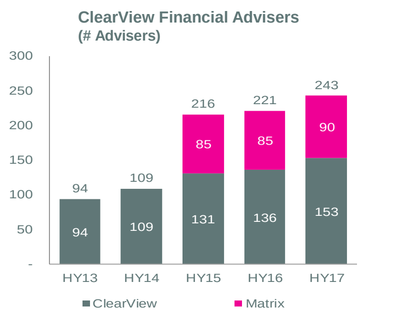
ClearView LifeSolutions Sales by Adviser Type

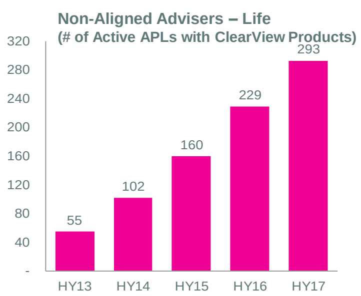


Disciplined Approach to Expanding Distribution

- Initially built out the distribution channel of advisers specialising in writing risk products to drive volume and acceptance of product – prohibited from placing product on closed APLs
- Once traction was gained, expanded distribution to IFAs to drive market share; this is achieved by ClearView product gaining access to third party APLs

Build Aligned Adviser Network → **Expand Distribution Focus to IFAs**





Observations

- Entered adviser market in 2H FY12 - focus on **adviser relationships, service and quality, well positioned products**; Products have been consistently rated top quartile and continued to be **refined and upgraded over time**
- Commenced distributing product by recruiting **high quality aligned advisers** (1) into own dealer group network - driven by closed APL structures in the market
- After developing core base of life insurance sales from this channel, shifted strategic focus to expansion **through third party distribution (IFAs)** (non aligned advisers)
- Further **stepped change in LifeSolutions new business sales in HY17 (+31% to $20.6m)**
  - Broader IFA market **consistently generating strong sales growth (+55% to $14.5m)** and now accounts for 70% of LifeSolutions sales in HY17
  - **Continued to increase share of wallet of sales on open APLs**, in particular where LifeSolutions product has been on APL for greater than 12 months
  - Focus on expanding the distribution reach and **embedding growth via third party IFA market**
- **Incremental investment continues** with focus shifting to upgrading online quote system and application process with aim of driving increased ease of doing business for IFAs; following product upgrade in October 2016
- If regulatory reforms are implemented and increased access to vertically integrated APLs is achieved (requires regulatory change and industry support), ClearView will have **further step change in its addressable market**

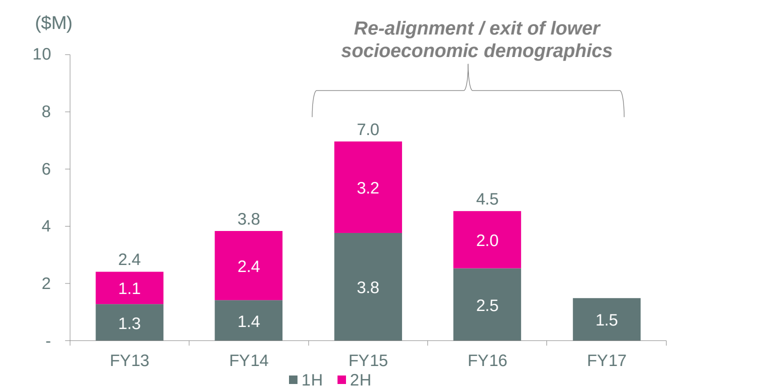
Notes

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

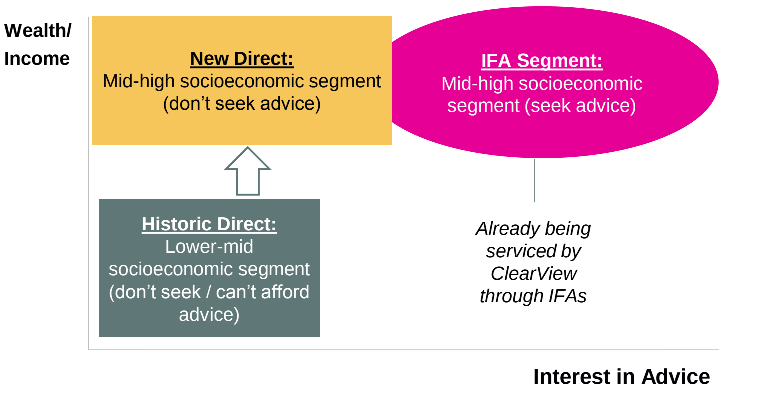
ClearView's Position in Direct Life Insurance

ClearView has focused its Direct / partnership channel on mid-market strategic partners such as Bupa. In the past twelve months, it has intentionally materially reduced its exposure to lower socioeconomic clients with a pilot of a mid-market product commenced in HY17

ClearView Direct (Non-Advice) Sales



ClearView is Repositioning its Direct Channel



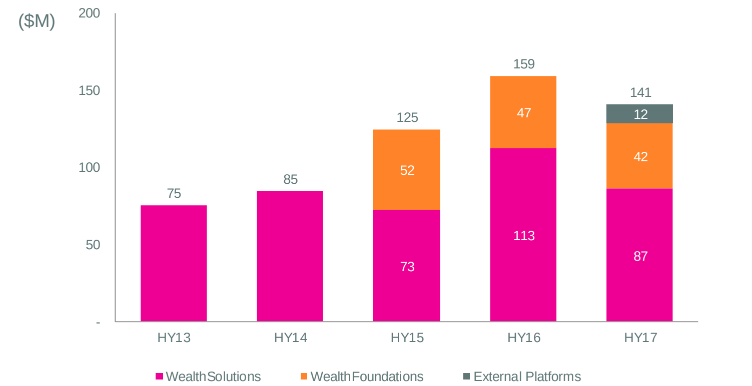
Observations

- ClearView currently distributes a suite of life insurance, accidental death, injury cash, funeral and trauma products through its Direct channel
- Leads sourced through:
  - **Distribution relationships with Strategic Partners (for example, Bupa)** and other lead generation sources
  - Direct marketing, telemarketing, call centre referrals
- **Intentional reduction in Direct sales from FY16** driven by strategic decision to exit lower socioeconomic demographic:
  - Sales have progressively reduced from $3.8m in HY15 to $1.5m in HY17
  - Reflects exit from lower socioeconomic segment with continued improvement in lapse performance over time – lapses broadly in line with expected in HY17
  - FY17 is the base year to reposition the direct business to pursue profitable growth
- ClearView's Direct business is now **focused on meeting needs of the mid-market segment that does not seek advice** but requires more sophisticated products than typical Direct insurance offerings:
  - Launched a pilot of mid-market product, LifeSolutions Essentials, in HY17
  - Product structured to better suit consumer needs in mid market segment
  - Initial pilot results supporting strategy change

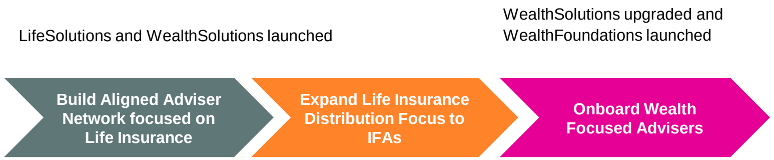
ClearView's Position in Wealth Management

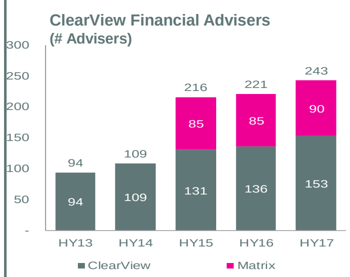
Wealth Management is the least advanced segment given recently completed 'build phase' with growth in earnings now emerging: Positive net flow business

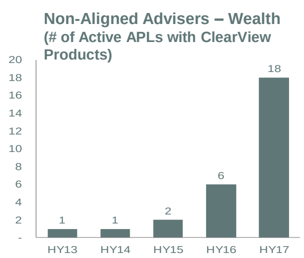
ClearView Wealth Management Net Flows[1]



ClearView Positioning in Wealth Management







Observations

- Began investing significantly in wealth offering from FY15 including:
  - **Wealth focused advisers onboarded** - acquired **wealth focused distribution network (Matrix)** in October 2014 to accelerate this process
  - Implementation of a **new contemporary platform** in FY15 with **product investment and refinement** over time
- **Least mature segment** - three years behind position in the Life Insurance market given the focus on implementing staged strategy over three year period
- Now **positive net flow business** driven by launch of **new, customer focused and market leading products**
- Continue to **build out wealth management business to leverage material investment** that has been made over past 24 months.
  - Ability to **leverage off the distribution network that has been built in the Life Insurance** business with number of third party APLs increasing to 18
  - Core **product mix established** (including SMA[2] capability)
  - ClearView's **platform funds have been placed on external platform**, with ability to broaden out offering to further support adviser network
  - Further **incremental investment in new contemporary platform** to round out product and improve back office efficiency and automation - Master Trust business to be migrated onto new platform
  - Driving **convergence by offering both life insurance and wealth products**: ability to simply provide life insurance through superannuation is structural competitive advantage

Notes

1. Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM[3] but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
2. Separately Managed Account.
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 on external platforms

ClearView Position in Financial Advice

1 Approach

- ClearView has a built strong adviser network in ClearView Financial Advice and Matrix dealer groups:
  - Initially built 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 network – key driver behind acquiring Matrix dealer group
  - **Aligned advisers have helped ClearView build strong adviser network and gain credibility in the market** – recruitment targets are based on quality not quantity
  - Built adviser network as ClearView (manufacturer) has not chosen to pay shelf space fees in third party IFA market and has also been precluded from part of market given restricted APL structures. This has limited ClearView's access to vertically integrated institution APLs to date.

2 Aligned Advisers

- **ClearView has focused on building its 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 **243 financial advisers, ~A$8.5B of FUMA[1] and ~A$223M of PUA[2]**

3 Going Forward

- Continued focus on **selectively recruiting high quality advisers** who have **right cultural fit for ClearView Financial Advice and Matrix**, with **focus on quality over quantity**
  - Consistent with 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 explores ways of helping clients fund them, while managing the trade-off between achieving lifestyle goals now, protecting against risks and living comfortably in retirement. The process involves tracking goal achievement with monitoring and amending the strategy over time as things change. Fee-for-service based model
  - 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[3] 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.

ClearView Wealth Limited

Section 3

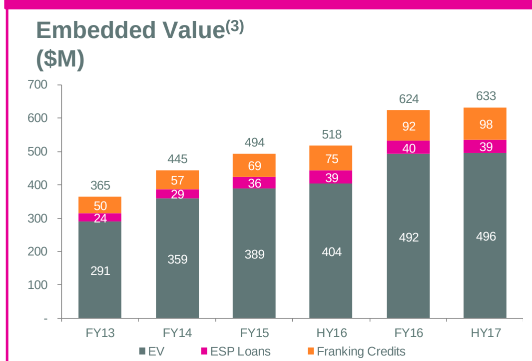
HY17 Results

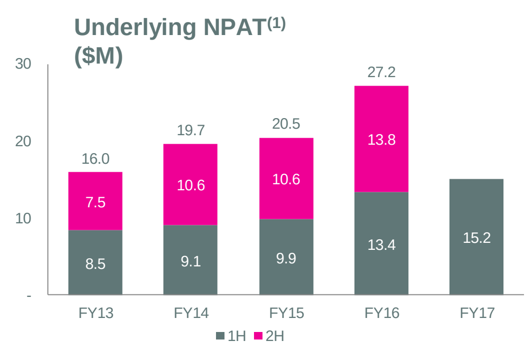
HY17 Summary Financials

HY17 Results - Underlying NPAT[1] of $15.2m (+14%)

- ✓ Stepped change in sales of advised based LifeSolutions product and positive wealth net flows **– delivery of strong, sustainable growth**, remains on track to achieving near and medium-term strategic goals
- ✓ **Life Insurance key profit driver** with strong growth in distribution footprint building profit base. Some statistical claims volatility between periods given size of portfolio ($2.3m adverse 'swing' in claims HY17 vs HY16)
- ✓ Wealth Management **net flow positive**, demonstrating positive impact of material investment in new contemporary platform and products from FY15
- ✓ Financial Advice Underlying NPAT growth driven by net change in revenue model and expense control
- ✓ **Debt funding facility repaid in June 2016** post successful $50m equity capital raising in 2H FY16. Net assets impacted by FY16 final dividend paid in cash (no DRP) given timing of strategic review and capital raising
- ✓ Other adjustments include **net of tax impact of changes in long term discount rates** used to determine insurance policy liability (HY17: -$6.9m; HY16: +$0.7m) and other costs related to **Sony Life becoming a new strategic shareholder** (HY17: -$0.7m)

Performance





	1H FY16 $M	2H FY16 $M	1H FY17 $M	% Change[8]
Life Insurance	12.1	12.4	12.7	5%
Wealth Management	1.3	1.4	1.6	28%
Financial Advice	0.7	0.8	1.2	76%
Listed Entity/ Interest Expense	(0.7)	(0.8)	(0.4)	N.M
Underlying NPAT[1]	**13.4**	**13.8**	**15.2**	**14%**
Other Adjustments	(1.2)	6.7	(7.4)	Large
NPATA[5]	**12.2**	**20.5**	**7.8**	**(36%)**
Amortisation[6]	(4.6)	(4.5)	(4.6)	-
Reported NPAT	**7.6**	**16.0**	**3.2**	**(58%)**
Embedded Value[2],[3]	518.1	624.1	632.8	15%
Value of New Business[7]	7.1	11.9	8.5	20%
Net Asset Value[4]	345	412	400	6%
Reported diluted EPS (cps)	1.38	2.89	0.52	(62%)
Underlying diluted EPS (cps)[9]	2.44	2.48	2.45	-

Notes

1. 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.
2. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016 less the net FY16 cash dividend paid of $15.7m in September 2016.
3. Accrued franking credits have been included and prior periods have been restated to reflect this.
4. Net Asset Value as at 31 December 2016 excluding ESP Loans; % movement to HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016, net of $16m FY16 final cash dividend paid in September 2016.
5. NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software).
6. Amortisation is amortisation of acquired intangibles (not including depreciation and amortisation of software).
7. Value of New Business (VNB) at 4% discount rate margin. VNB of $11.9m in 2H FY16 includes $4.3m related to income protection price increases on LifeSolutions new business written in the full FY16 financial year.
8. % movement HY16 to HY17, unless otherwise stated
9. Impacted by the effect of 59m shares issued in June 2016 as part of $50m Entitlement Offer,

Life Insurance HY17 Results

Life Insurance HY17 Results – Underlying NPAT of $12.7m (+5%)[4]

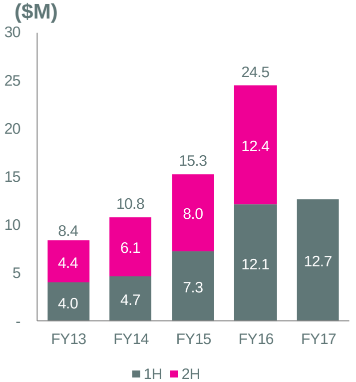
- ✓ **Actuarial planned Underlying NPAT** of $14.3m (+25%) reflects expected profit margins on in-force portfolios based on actuarial assumptions
- ✓ **Adverse claims experience of -$0.6m** (HY16: +$1.7m) driven by Old Book (+$1.2m) offset by LifeSolutions portfolio (-$1.8m). LifeSolutions experience includes adoption of enhanced claims reserving basis on income protection portfolio (-$1.5m impact) albeit performance of overall LifeSolutions portfolio since inception is within long term assumptions
- ✓ **Income protection price increases** (10% on average) implemented in October 2016
- ✓ **Adverse lapse experience of -$0.7m** (HY16: -$0.2m) driven by LifeSolutions portfolio (-$0.4m) and Old Book (-$0.3m) - overall performance within long term assumptions
- ✓ Non-deferred **expense overruns decreased to $0.3m** (HY16: $0.9m) reflects increased scale

KPI Commentary[4]

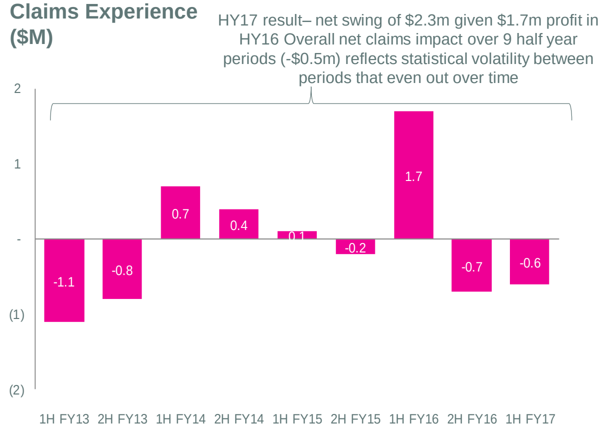
- ✓ Number of **active APLs increased to 293** (+28%)
- ✓ In-force premium[2] of $171m (+30%), of which LifeSolutions $126m (+45%)
- ✓ **New Business[1] of $22.1m (+21%)**: LifeSolutions of $20.6m (+31%) and Non-Advice of $1.5m (-41%)
- ✓ **Strong growth and market outperformance in retail advice market** with 70% of sales generated from IFAs operating under third party APLs (IFA sales +55%)
- ✓ 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 (improved lapse performance)

Performance

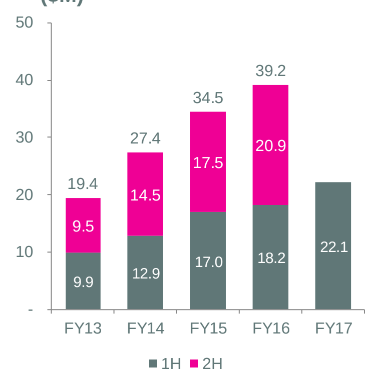
Life Insurance Underlying NPAT[3] ($M)



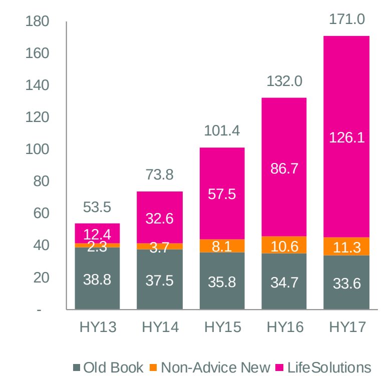
Claims Experience ($M)



Life New Business[1] ($M)



Life In-Force Premium[2] ($M)

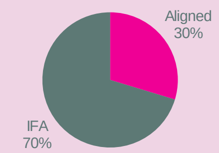
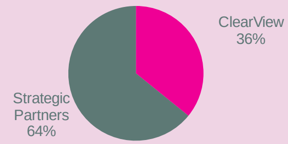


Notes

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. 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.
4. % movement, HY16 to HY17 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)			
	HY17	**YoY Growth**	**HY17**	**YoY Growth**	**Primary Distribution Channel**	**Key Coverage Riders**
LifeSolutions	20.6	31%	126.1	45%		• Term Life • TPD • Trauma • Income Protection
Non-Advice (Direct)[1]	1.5	(41%)	11.3	6%		• Term Life • Accident Covers • Minor other covers
Old Book Products	n.a.	n.a.	33.6	(3%)	n.a. (not currently sold)	• Term Life • Minor other covers
Total	**22.1**	**21%**	**171.0**	**30%**		

Notes

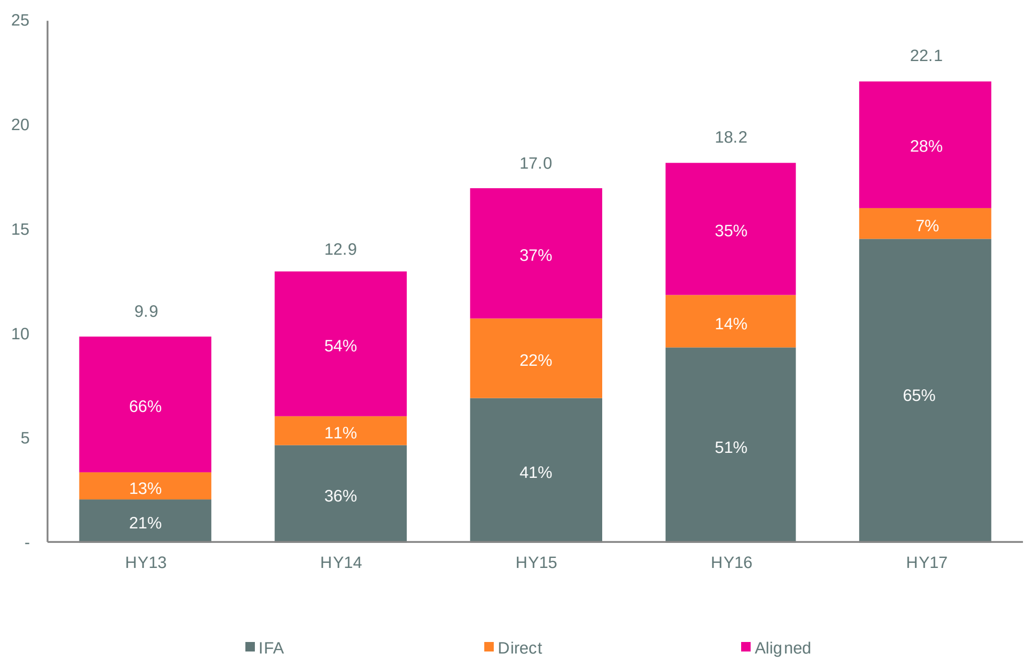
1. HY17 sales numbers exclude Your Insure that was closed as a business in HY16 as previously reported to the market (YI had sales of $0.6m in HY16). Direct distribution expected to change going forward as products targeted at lower socioeconomic demographics are expected to be replaced to align to the 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

Rapidly Growing Diversification of Sales Growth

Life Sales by Channel Type ($M)



Distribution Driven by Strategy

- ClearView initially distributed primarily through its aligned adviser channel, who provided a core base of life insurance sales
- Growth since 2014 has been driven by a clear decision to build out the distribution footprint
- ClearView is early in the process of penetrating the IFA channel
- Direct reflects the intentional slow down in new business given strategic decision to commence exiting the lower socioeconomic market and focus on mid market offering.
- Launched a pilot of mid market product in HY17. Initial pilot results supporting strategy change

Wealth Management HY17 Results

Wealth Management HY17 Results – Underlying NPAT³ of $1.6m (+28%)[4]

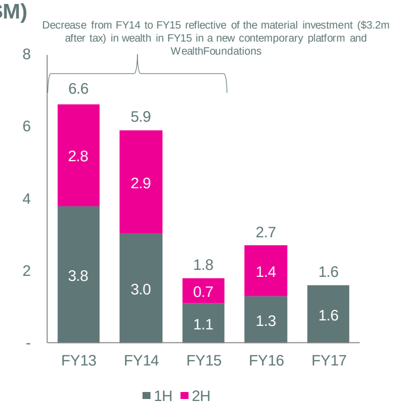
- ✓ Least advanced segment, given **recently completed 'build' phase and material investment in new contemporary platform and products** in FY15, with growth in earnings now starting to emerge
- ✓ **New products are written at a lower margin** than in-force Master Trust product - results in lower fee income growth (+4%) relative to FUM growth (+15%)
- ✓ **Strong expense management** albeit incremental investment in contemporary platform to improve back office efficiency and automation with migration of Master Trust onto new platform to commence in 2H FY17, and round out new products
- ✓ New contemporary products continue to build to scale and provide some support to cost base, albeit have lower expense allowances - expense overruns of $1.5m (HY16: $1.4m)

KPI Commentary[4]

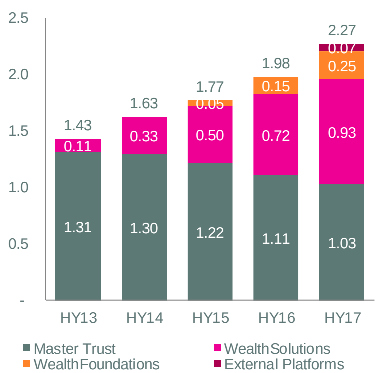
- ✓ Number of active APLs increased to 18 (+200%) – takes time to mature on an APL and generate flows
- ✓ In-force FUM[2] of $2.3b (+15%) with **$1.24b in new contemporary products**
- ✓ **Positive Net Flows [1] of $60m (-41%)**: WealthSolutions $87m (-23%), WealthFoundations $42m (-11%), External Platforms $12m (N.M.) and Master Trust outflows $82m (-40%)
- ✓ **Top quartile investment performance** across ClearView models – key to attracting flows and plays important role in supporting the Master Trust FUM given that it is not actively marketed to new customers
- ✓ ClearView's platform funds and investment models placed on an external platform; ability to **leverage off the Life Insurance distribution network**

Performance

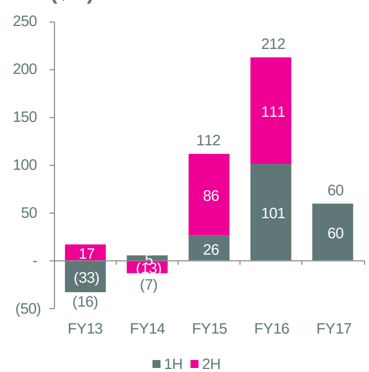
Wealth Underlying NPAT[3] ($M)



Wealth In-Force FUM[2] ($B)



Wealth Net Flows[1] ($M)



Investment Performance ($M)

Clearview IPS Model Performance Quartile Ranking as at December 2016	Quartile Performance		
	1 Year	2 Years	3 Years
Dynamic Moderate 30/70	1st	1st	1st
Dynamic Balanced 50/50	1st	1st	1st
Dynamic Growth 70/30	1st	1st	1st
Dynamic Aggressive 85/15	1st	1st	1st

Source: Morningstar Peer Group (5-95%) open funds in multisector Moderate, Balanced, Growth and Aggressive categories IPS models available on the WealthSolutions platform

Notes

1. FUM net flows is defined as inflows less redemptions into FUM but excludes management fees outflow.
2. 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.
3. 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.
4. % movement, HY16 to HY17, 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 ($B)[1]		Net Flows ($M)			
	HY17	YoY Growth	HY17	YoY Growth	Primary Distribution Channel	Key Offering
WealthSolutions	0.92	29%	87	(23%)	• Aligned Advisers • IFAs (just starting)	• Wrap platform for superannuation and other high net worth clients • A$250K+ investable assets targeted
WealthFoundations	0.25	61%	42	(10%)	• Aligned Advisers • IFAs (just starting)	• Self-directed portfolio management • 14 model portfolios • A$100K – A$400K investable asset accounts targeted
External Platforms	0.07	n.m.	12	n.m.	• Aligned Advisers	• ClearView MIS platform funds offered on external wrap platforms
Master Trust Products	1.03	(7%)	(82)	(40%)	• Not currently marketed to new customers	• Old wealth product – currently in run-off
Total	**2.27**	**15%**	**60**	**(41%)**		

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

Financial Advice HY17 Results

Financial Advice HY17 Results – Underlying NPAT[3] of $1.2m (+76%)[(4)]

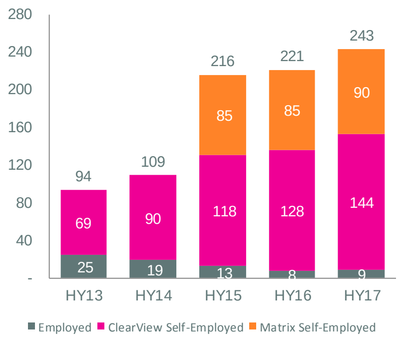
- ✓ **Contribution from change in revenue model:**
  - ✓ Conference and sponsorship revenue generated from annual dealer group conference (+$0.2m)
  - ✓ Net adviser fees and membership revenue from new practices recruited (including small practice acquired under contractual arrangements) (+$0.1m)
  - ✓ Increased sponsorship revenue from LifeSolutions partially offset by run off of internal advice fee (50bps) earned on Master Trust FUM (+$0.3m)
- ✓ **Strong expense management** notwithstanding investment in strategic advice model and compliance costs

KPI Commentary[(4)]

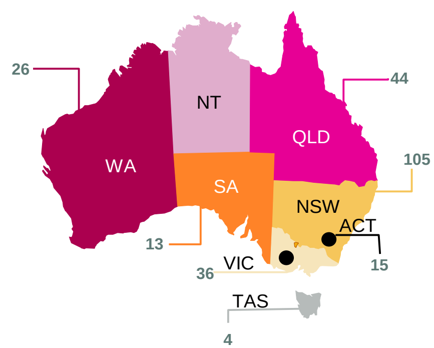
- ✓ **243 financial advisers** operating under ClearView's and Matrix AFSLs (+10%)
- ✓ Number of employed advisers has reduced over time alongside shift towards aligned advisers
- ✓ **$8.5B of FUMA[(1)]** of which $2.2B is in ClearView wealth products
- ✓ **$223M of PUA[(2)]** of which $64m is in LifeSolutions 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

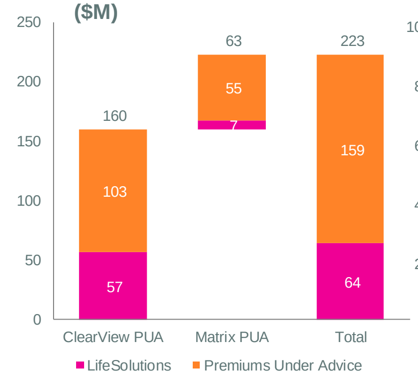
Aligned Advisers (#)



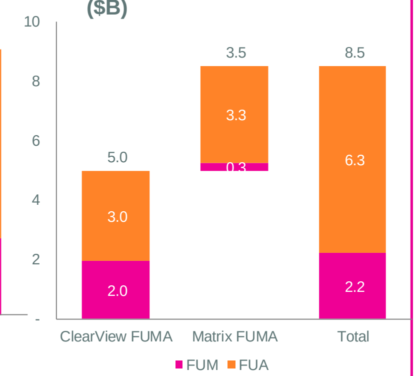
Geographical Composition of Advisers



Premiums Under Advice[(2)] ($M)



FUMA[(1)] ($B)



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. 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.
4. % movement, HY16 to HY17, unless otherwise stated.

Balance Sheet as at 31 December 2016

Commentary

Net Asset Position and Capital Position

- Net Assets (pre-ESP loans) of $399.7m at 31 December 2016
- Net Tangible Assets (pre-ESP loans) of $352.3m at 31 December 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 $13m at 31 December 2016
  - Internal benchmarks include $22m working capital reserve to fund new business growth

Cash, Debt and Investments

- Net cash position of $150m
  - Shareholder capital continues to be conservatively invested (in cash and short-term interest bearing securities)

Goodwill and Intangibles

- Goodwill of $21m arising on acquisition of dealer groups[3]
- Intangibles of $26.9m:
  - $12.9m of capitalised software costs associated with life insurance systems development and the new wealth platform
  - $14.0m of acquired Intangibles recognised on the acquisition of Bupa and dealer groups[2]

Life Insurance Policy Liabilities[3]

- 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	HY14	HY15	HY16	HY17
ASSETS				
Cash equivalents	111	163	171	150
Receivables	2	11	12	16
Current tax asset	-	-	3	10
Deferred tax asset	3	4	5	3
Property, Plant & Equipment	1	1	1	2
Convertible Note	-	1	-	-
Goodwill	5	20	20	21
Intangibles	39	39	33	27
Total Assets	**161**	**239**	**244**	**229**
LIABILITIES				
Payables	15	21	20	30
Current tax	-	2	-	-
Provisions	4	4	5	5
Life Insurance[2]	(113)	(141)	(173)	(206)
Borrowings	-	21	46	-
Total Liabilities	**(94)**	**(93)**	**(101)**	**(171)**
Net Assets	**255**	**332**	**345**	**400**

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. Includes the acquisition of Harris Financial Enterprises adviser practice in HY17 under pre existing contractual arrangements. Dealer groups include ComCorp acquisition in FY10 and Matrix in FY15.
3. 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 31 December 2016

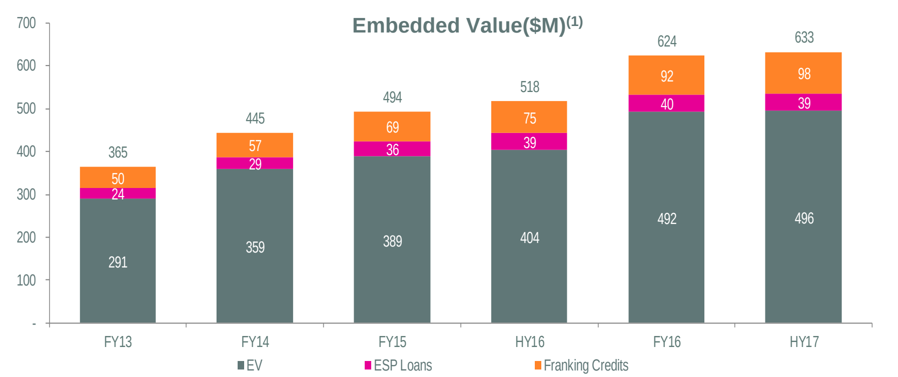
Commentary

Embedded Value (EV)

- **EV of $632.8m[(1)]** at 31 December 2016, including franking credits and ESP Loans (+15%[(1)])
- **EV per share of $0.96 [(1)]** at 31 December 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 31 December 2016
  - The maintenance expense rates are based on longer term unit costs, as opposed to current "expense overrun" levels
  - EV includes a value of future franking credits at 70% of their present value. This also includes a value of existing accrued franking credits at 31 December 2016 ($17.4m)
- 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 HY17 EV is 4% (HY16: 4%)
  - A consistent basis for the long term risk free rate has been adopted between periods, notwithstanding fluctuations in the market long term risk free rate between periods (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	363.2	341.8	322.9
Wealth Management	56.9	53.9	51.3
Financial Advice	30.3	28.4	26.7
Value of In-Force (VIF)	**450.3**	**424.2**	**400.9**
Net Worth	72.0	72.0	72.0
Total EV	**522.3**	**496.2**	**472.9**
ESP Loans	38.6	38.6	38.6
Total EV Incl. ESP Loans	**560.9**	**534.8**	**511.5**
Franking Credits:			
Life Insurance	61.9	58.2	54.9
Wealth Management	15.1	14.3	13.6
Financial Advice	8.7	8.1	7.6
Net Worth	17.4	17.4	17.4
Total EV Incl. Franking Credits and ESP Loans	**663.9**	**632.8**	**605.0**
EV per Share Incl. ESP Loans (cents)	**85.2**	**81.3**	**77.7**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**100.9**	**96.1**	**91.9**



Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans; % movement HY16 to HY17 adjusted for the $50m Entitlement Offer completed in June 2016 less the net FY16 cash dividend paid of $15.7m in September 2016. Franking credits have been included in the net worth and prior periods have been restated to reflect this.

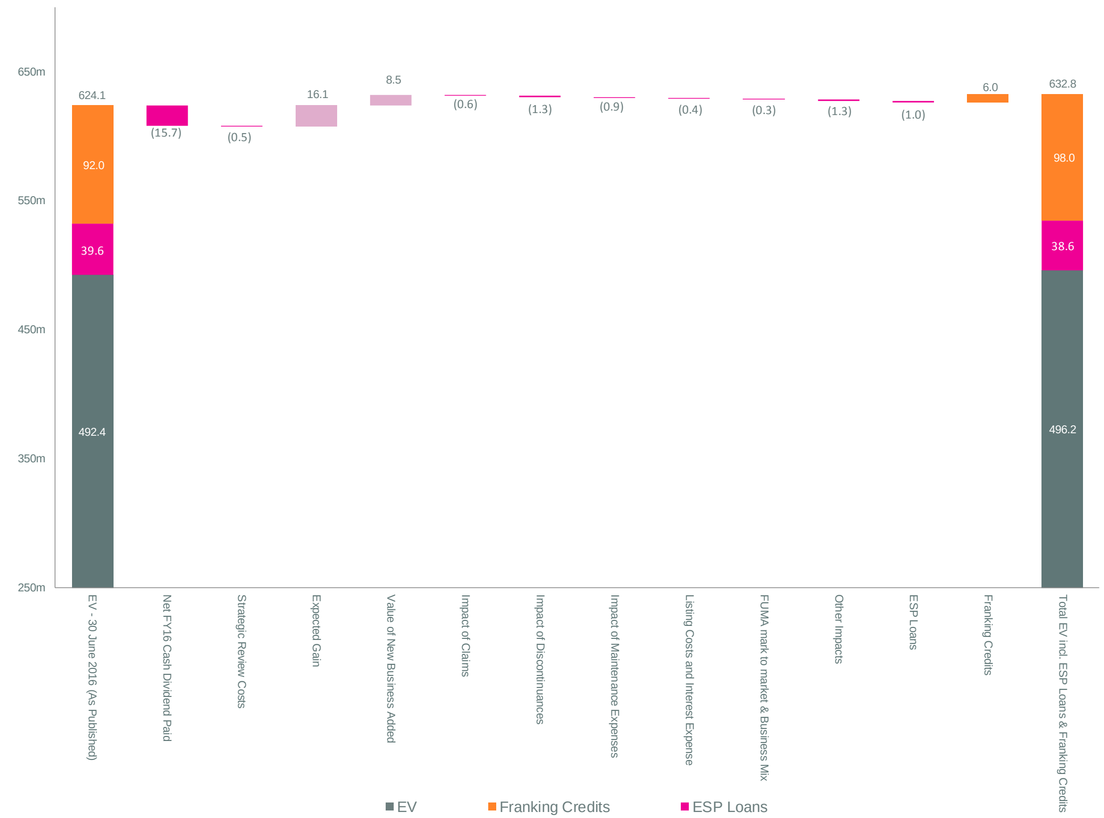
Embedded Value (EV) Movement Analysis Commentary

Commentary

Embedded Value (EV)

- Key drivers in the movement in EV from June 2016 to 31 December 2016 (+4%) are as follows:
  - The **net impact of the FY16 final cash dividend** given the DRP was not operative (-$15.7m)
  - **Value of new business (VNB) of $8.5m is up 20% on HY16** - LifeSolutions continues to grow strongly given increased scale and volumes
  - However, **Non-Advice drag on VNB in HY17 (-$2.6m)** driven by intentional slowdown in new business (given refocus to profitable segments) and cost base structure of direct business
  - VNB in life insurance and wealth management is suppressed by the acquisition expense overruns (-$5.9m (after tax) in HY17) across product lines that are included (netted) within the VNB
  - Maintenance expense overruns depress the growth in EV (-$0.9m in HY17; -$1.4m in HY16)
  - 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 increased to $632.8m (up 4% on FY16)** 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, accrued franking credits and ESP loans; % movement to HY16 adjusted for the $50m Entitlement Offer completed in June 2016.

Capital Position to Support Growth in Life Insurance

Capital requirements

Minimum Regulatory Capital (PCA)

1. 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 the risk based capital amount which aims to address the risk of breaching regulatory capital (PCA)

3. Working Capital Reserve is capital held to support the capital needs of the business beyond risk reserving basis. Includes net capital anticipated to be needed to support the medium term new business plans (on a 3 year forward looking basis)
    - Given ClearView is writing a significant amount of new business compared to its in-force policies, this growth causes upfront capital strain. This is allowed for via working capital reserve within ICAAP(1) and is reviewed continuously

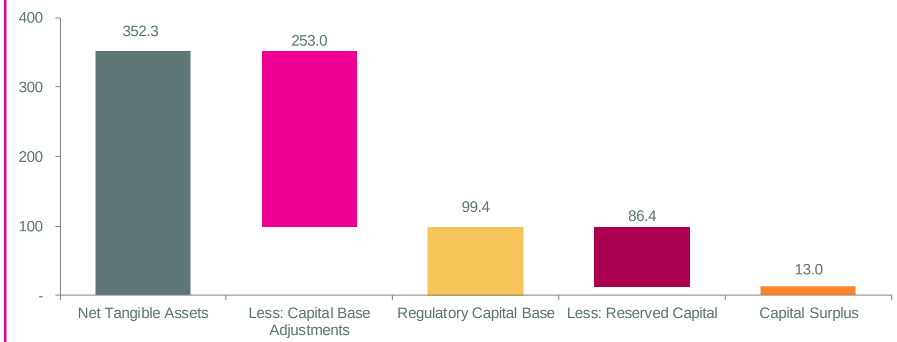
4. Fully capitalised with "Common Equity Tier 1" capital to fund current business plans, anticipated medium term growth and have some additional capital flexibility over medium term[2]

Capital position

Balance Sheet (31 December 2016)

- Net tangible assets (pre-ESP loans) of $352.3m – capital position reduced by $16m from FY16 cash dividend paid in September 2016 (no DRP)
- $45.5m debt repaid in June 2016 with proceeds from capital raising
- $13.0m of capital above regulatory requirements and risk capital reserves

Capital Position ($M) – 31 December 2016



Reserved Capital ($M) – 31 December 2016

Notes
1. Internal Capital Adequacy Assessment Process
2. 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

ClearView Wealth Limited

Section 4

Strategic Shareholding and Outlook

Sony Life Strategic Shareholding

1 Strategic Shareholding

- **In October 2016, Sony Life acquired a 14.9% strategic interest in ClearView from Crescent at $1.48 per share**
  - Board had previously announced that it had considered several alternatives in relation to its major shareholder, Crescent Capital Partners and its Associates (Crescent) considering selling down its 52.9% shareholding
  - This process resulted in Sony Life Insurance Co., Ltd (Sony Life) becoming a new strategic shareholder in October 2016 following their agreement with Crescent to acquire a 14.9% stake in ClearView.

2 About Sony Life

- **Sony Life is wholly owned by Sony Financial Holdings which is listed on the Tokyo Stock Exchange, with its ultimate parent entity being Sony Corporation**
  - Sony Corporation has 3 main business lines: Electronics, Entertainment and Financial Services
  - Sony Financial Holdings was listed on the Tokyo Stock Exchange in 2007 and is owned 62.1% by Sony Corporation. Sony Financial Holdings comprises Sony Life, Sony Assurance, Sony Bank and Sony LifeCare
  - Sony Life was established in 1979 in Tokyo and entered the Japanese Life Insurance Market with the “Lifeplanner” Model
  - Despite the shrinking trends of the Japanese market, Sony Life has been able to show strong growth through recruiting qualified sales agents, customised life insurance designs that meet each customer’s need through individual consultation based on its “Life Planning” concept and after-sales consultations

3 Cooperation Agreement

- **ClearView entered into a mutually-beneficial Cooperation Agreement with Sony Life in January 2017 to share information and increase co-ordination to drive efficiency and growth**
  - Cooperation Agreement defines how Sony Life will support its strategic investment in ClearView and is effective from 13 January 2017 for so long as Sony Life holds at least 10 per cent of the issued share capital
  - ClearView and Sony Life will look to expand ClearView’s footprint in the independent financial adviser (IFA) market; enhance the quality of strategic advice provided by its aligned adviser network; increase the recruitment and productivity of skilled aligned advisers and explore development and use of relevant technology and products and services
  - To facilitate knowledge sharing, further develop ClearView’s expertise and explore opportunities to enable exchange of best of breed practices at each business, two highly experienced employees of Sony Life have been seconded to ClearView with effect from 1 February 2017
  - ClearView also announced the appointment of Mr Satoshi Wakuya from Sony Life as a Non-executive director to the Board in December 2016

Outlook

1 Market Outlook

- Long term market growth fundamentals remain sound:
  - **Life Insurance:** Australian market is under-insured; growth driven by population increases, inflation and real GDP growth
  - **Wealth Management:** long-term growth underpinned by compulsory saving regime for super (retirement savings)
- Short term there are a number of challenges occurring in the market:
  - **Pricing Cycle: industry participants have progressively increased prices** in both the group life and income protection segments. Broader industry pricing cycle and performance of income protection portfolios continues to be monitored
  - **Regulatory Changes (Life Insurance Reforms):** Key life insurance reforms will commence on 1 January 2018. The changes generally move towards more open competition and assists challenger brands such as ClearView (which is customer focused).
  - **Regulatory Focus:** given recent industry issues, the regulatory focus is demanding significant industry time and attention
  - **Life Insurance industry Performance:** There has been a number of recent announcements concerning the ills of the life insurance industry. ClearView was predicated on not having legacy pricing of both life and wealth products or legacy technology issues. **Having no material legacy issues remains a major strategic advantage for ClearView**
  - **Financial Advice sentiment:** Market sentiment is somewhat unfavourable at present in the financial advice industry overall due to recent industry scandals and negative publicity
- 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 and near term economic outlook

2 Business Outlook

- **Life Insurance remains the key profit driver** and notwithstanding some statistical claims volatility between periods, given the size and nature of the life insurance portfolio, ClearView **remains in a strong position to outperform the market and generate material earnings growth** with a particular focus on:
  - Leveraging off **embedded growth in the life insurance distribution network** that has been built
  - **Gaining from market disruption** around life insurance reforms by taking advantage of strategic market positioning that has no material legacy issues
  - **Increasing scale over time** thereby progressively reducing the expenses overruns and further improving the cost to income ratio.
- Continued focus on **building out the wealth management business to leverage investments made over past two years**
- **Leverage off Sony Life relationship** to expand footprint in IFA market, enhance quality of strategic advice provided by aligned adviser network, increase recruitment and productivity of skilled aligned advisers and explore development and use of relevant technology and products and services
- ClearView performance reflects strong momentum and is implementing a high growth strategy with the **goal of attaining 5% of long term life insurance profit pool, building material wealth management business and high quality financial advice business**

ClearView Wealth Limited

Appendix HY17 Results

ClearView

Consolidated Results: Shareholder View[1] – HY17

6 Months to December 2016 ($M)[1]	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Gross life insurance premiums	25.9	29.3	36.2	40.6	49.6	55.5	64.9	73.4	84.4	30%
Fund management fees	14.8	15.1	15.3	15.1	15.2	16.1	15.7	15.4	16.3	4%
Financial advice fees	6.5	6.3	6.4	6.3	7.0	8.2	8.5	8.2	9.1	7%
Interest and other income	3.1	2.2	1.9	2.4	2.6	2.5	2.4	2.3	2.1	(13%)
Gross Income	**50.3**	**52.8**	**59.8**	**64.3**	**74.4**	**82.3**	**91.5**	**99.3**	**111.9**	**22%**
Net claims incurred	(7.9)	(8.2)	(6.3)	(8.0)	(8.5)	(9.4)	(7.5)	(11.3)	(11.8)	57%
Reinsurance premium expense	(2.0)	(2.4)	(3.8)	(6.5)	(8.1)	(10.8)	(14.0)	(16.8)	(20.3)	45%
Commission and other variable expenses	(11.9)	(11.6)	(15.1)	(17.4)	(21.1)	(21.9)	(25.3)	(27.3)	(31.1)	23%
Funds management expenses	(2.9)	(3.0)	(2.8)	(2.9)	(3.3)	(3.2)	(3.5)	(3.4)	(4.1)	17%
Operating expenses	(22.9)	(23.6)	(27.4)	(27.7)	(34.1)	(36.0)	(38.3)	(37.2)	(39.5)	3%
Movement in policy liabilities	9.3	6.7	8.6	13.4	14.8	14.6	16.6	16.9	16.7	1%
Total Operating Earnings (before tax)	**11.9**	**10.8**	**13.0**	**15.2**	**14.1**	**15.6**	**19.5**	**20.1**	**21.8**	**12%**
Income tax (expense) / benefit	(3.5)	(3.3)	(3.9)	(4.6)	(4.2)	(4.6)	(5.6)	(5.8)	(6.5)	16%
Total Operating Earnings (after tax)	**8.5**	**7.5**	**9.1**	**10.6**	**9.9**	**11.0**	**13.9**	**14.3**	**15.3**	**10%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(80%)
Underlying NPAT	**8.5**	**7.5**	**9.1**	**10.6**	**9.9**	**10.6**	**13.4**	**13.8**	**15.2**	**14%**
Amortisation of intangibles	(3.8)	(3.7)	(3.7)	(3.7)	(4.5)	(4.5)	(4.6)	(4.5)	(4.6)	0%
Policy liability discount rate effect	(2.1)	(0.2)	(2.5)	4.7	5.2	(1.0)	1.0	10.1	(9.9)	Large
Matrix deal and integration costs	0.0	0.0	0.0	0.0	(1.8)	(0.5)	0.0	0.0	0.0	NM
Your Insure impairment (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	0.0	0.0	(100%)
Takeover bid related costs	(5.2)	(1.6)	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	(0.5)	(0.7)	Large
Tax effect	2.0	0.5	0.8	(1.4)	(1.1)	0.2	(0.3)	(2.9)	3.2	Large
Reported NPAT	**(0.6)**	**2.5**	**3.6**	**10.3**	**7.7**	**4.8**	**7.6**	**16.0**	**3.2**	**(58%)**

Analysis of Profit ($M)	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Life Insurance	4.0	4.4	4.7	6.1	7.3	8.0	12.1	12.4	12.7	5%
Wealth Management	3.8	2.8	3.0	2.9	1.1	0.7	1.3	1.4	1.6	24%
Financial Advice	0.4	0.4	1.8	1.7	1.9	2.5	0.7	0.8	1.2	76%
BU Operating Earnings (after tax)	**8.2**	**7.6**	**9.5**	**10.7**	**10.3**	**11.2**	**14.1**	**14.6**	**15.6**	**10%**
Listed Entity and Other	0.3	(0.1)	(0.4)	(0.1)	(0.4)	(0.2)	(0.2)	(0.3)	(0.3)	50%
Total Operating Earnings (after tax)	**8.5**	**7.5**	**9.1**	**10.6**	**9.9**	**11.0**	**13.9**	**14.3**	**15.3**	**10%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(80%)
Underlying NPAT	**8.5**	**7.5**	**9.1**	**10.6**	**9.9**	**10.6**	**13.4**	**13.8**	**15.2**	**14%**

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 HY16 to HY17.

Consolidated Results: Shareholder View – HY17

Underlying net profit after tax (Underlying NPAT) - $15.2m +14%

HY17 Underlying NPAT ($15.2m, +14%) reflects that ClearView continues to deliver strong, profitable and sustainable growth, and remains on track to achieving its near and medium-term strategic goals:

- Life Insurance actual Underlying NPAT is up 5% to $12.7 million, compared to the expected growth in HY17 of 25%. The modest growth was driven by statistical claims volatility that can be expected between periods given the size and nature of the portfolio. The underlying performance of the Life Insurance segment remains very strong with in-force book growth of 30% and material increases in sales of the flagship LifeSolutions product of 31%. This includes the broadening out of the distribution footprint to rapidly diversify sales and create material embedded growth
- Wealth Management is a net flow positive business, demonstrating the positive impact of the material investment in new contemporary platform and products from FY15 with growth in earnings now emerging
- Financial Advice Underlying NPAT growth driven by net change in revenue model and expense control with an overall focus on building a high quality financial advice business providing strategic advice for clients

The HY17 result includes the impacts of key decisions to support the longer-term strategy:

- Some statistical claims volatility can be expected between periods given the size and nature of the life insurance portfolio ($2.3m adverse "swing" in HY17 vs HY16). The LifeSolutions adverse claims experience in HY17 includes the impact (-$1.5m) from adopting an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions
- Income protection price increases (10% on average) were implemented in October 2016 reflecting ability to manage margin over time
- A continued slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio economic customers. This led to a 41% decline in new business volumes to $1.5m, albeit there was a significant improvement in the lapse performance of the direct business justifying the strategic decision that was made in FY16

Other Adjustments

- Amortisation of intangibles ($4.6m) 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[1]) 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 increase in long term discount rates over the half year period caused an adverse after tax impact of -$6.9m (HY16: +$0.7m)

Costs that are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying NPAT. These costs related to:

- The HY17 costs relate to the expenses incurred on the evaluation of strategic options and Sony Life becoming a new strategic shareholder ($0.5m after tax)
- The HY16 costs related the write-off of ClearView's investment in Your Insure, which incurred a net of tax cost of $1.9m

Reported NPAT and Earnings per Share - $3.2m -58%

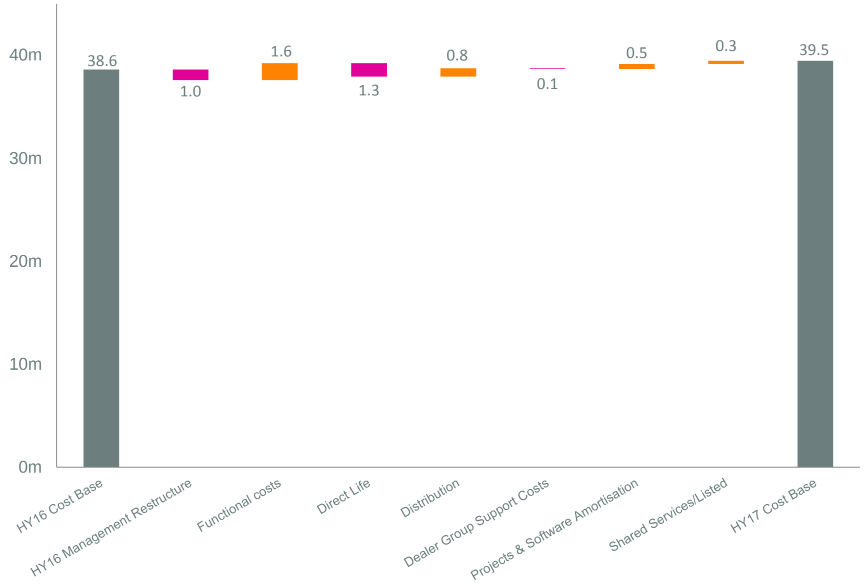
- Reported NPAT decreased by 58% to $3.2m (HY16: $7.6m)
- Reported diluted earnings per share (EPS) decreased 62% or 0.86 cents per share (cps) to 0.52 cps (HY16: 1.38 cps). (EPS) calculations have been adversely impacted by changes in the long term discount rates used to determine the insurance policy liabilities ($7.6m "swing" between periods) coupled with the impact in HY17 of the shares issued (59m) in the $50m accelerated renounceable share entitlement capital raising in June 2016
- Fully diluted Underlying EPS was broadly in line with the prior period at 2.45 cps (HY16: 2.44 cps). This was driven by the impact from the shares issued under the capital raising (as noted above)

Notes

1. Australian International Financial Reporting Standards.

Operating Expenses Overview

HY16 vs HY17 Cost Base Movement

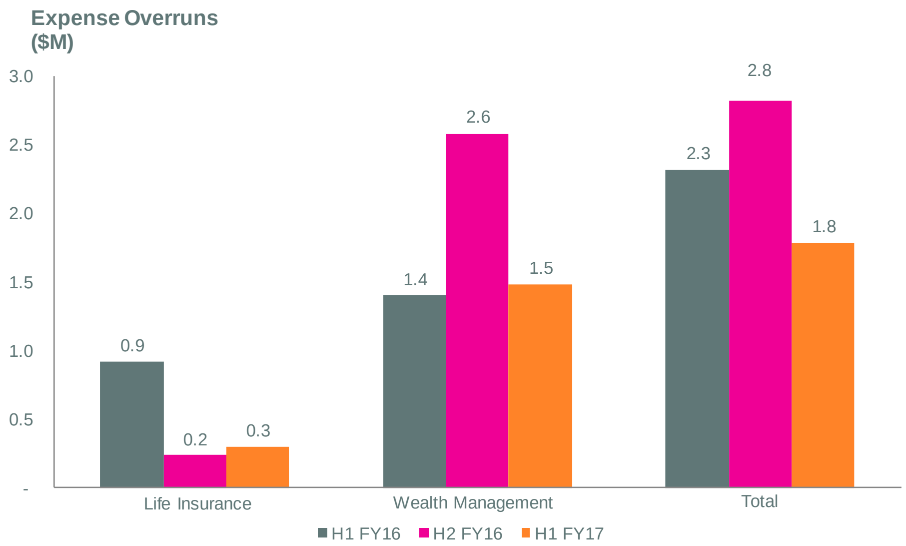


HY16 vs HY17 Cost Base

The waterfall chart shows a 2% increase in the operating cost base over the year from $38.6m in HY16 to $39.5m in HY17. The key components of the movement were:

- **HY16 Management Restructure** – reflects the restructure costs incurred in HY16 relating to management changes in October 2015, with related savings flowing from 2H FY16
- **Functional Costs** – relates to increases in functional areas to support business growth, including administration, call centre, claims and underwriting costs, and reflects underlying volume growth, both in terms of new business generated and the in-force base. The functional costs also include the incremental growth in information technology support costs given the number of software applications supporting the business has increased, including costs associated with the automation of life insurance correspondence and data warehouse functionality
- **Direct Life** – lower fixed cost base given strategic decision to shift focus to targeting the mid-market demographic coupled with reduced variable costs driven by lower new business volumes
- **Distribution** – distribution/front end costs include the option cost associated with Executive Share Plan (ESP) shares issued to financial advisers and the increased life insurance business development team presence to support the broadening out of the footprint to the IFA market. The Wealth Management "front end" to support business growth after the launch of the new contemporary platform and related products has remained broadly consistent between periods
- **Dealer Group Support Costs** – reflect adviser support services costs. These costs remain broadly flat notwithstanding the investment in the roll out of the strategic advice model and compliance costs, partially offset by the benefit of transitioning employed planners into the self-employed model
- **Projects** – reflects the net change in project scoping costs between periods. Costs associated with the upgrade of the general ledger to a cloud based solution were incurred in HY17. Software amortisation costs have increased in HY17 as projects have passed go-live dates; in particular the correspondence and data warehouse projects. The project to migrate the Master Trust product onto the new wealth platform is expected to commence in 2H FY17 with the expected cost benefits and efficiencies expected to flow through from FY18. A provision for the wealth migration of $1.3m remains on Balance Sheet at 31 December 2016 and is expected to be progressively utilised in 2H FY17 as the migration project rolls out
- **Shared Services/Listed** – Shared services cost increases and business support costs should reduce on a per customer basis as the scale of the business increases. This includes the spreading of the costs of the shared services functions as the business grows. Listed entity costs have reduced given the change in Board size and composition between periods as well as a reduction in investor relations costs in HY17

Non-Deferred Expense Overruns (after tax) by Segment



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 those required 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 continues to grow, the remaining expense overruns are likely to be absorbed and ClearView should achieve operating leverage. These have been progressively reducing over time.

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 six months to 31 December 2016, the non-deferred expense overruns across the life insurance and wealth management 'manufacturing' businesses had a negative impact on Underlying NPAT of $1.8m (HY16: $2.3m). The movements between segments are shown in the graph opposite and indicates that cost overruns are continuing 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. LifeSolutions continues to build scale whilst the current direct life expense base reflects maintaining the full (larger scale) operating base pending the shift of focus to the mid-market segment. This will continue until such time as ClearView successfully redesigns the direct strategy over the medium term and spreads the overhead element across increased volumes
- The investment in FY15 in WealthFoundations and the new contemporary wealth platform. WealthSolutions continues to build to scale with WealthFoundations now providing some (limited) support to the growth and development costs incurred. However, the expense overruns have remained broadly flat (HY16 to HY17), notwithstanding the increase in FUM balances (+15%) and a reduced wealth management operating cost base (-9%). The key driver is that the expense allowances allowed for in the Master Trust product assumptions are higher than new contemporary products, in particular WealthSolutions where the administration and information technology is outsourced. As the Master Trust business runs off, this has an adverse impact on the expense overruns until scale is achieved on the WealthFoundations product to support the cost base. The costs of the new contemporary platform will be shared with the Master Trusts product once the migration project is completed. The expense overruns should therefore improve as the WealthFoundations FUM builds and the Master Trust product migration is completed

The elimination of expense overruns, along with the growth ambitions of the business, remains a key focus of management and the Board.

Life Insurance – HY17

6 Months to December 2016 ($M)[1]	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Gross life insurance premiums	25.9	29.2	36.2	40.6	49.6	55.5	64.9	73.4	84.4	30%
Interest income	1.0	1.1	1.1	1.2	1.5	1.5	1.4	1.4	1.2	(15%)
Net claims incurred	(7.9)	(8.2)	(6.3)	(8.0)	(8.5)	(9.4)	(7.5)	(11.3)	(11.8)	57%
Reinsurance premium expense	(2.0)	(2.4)	(3.8)	(6.5)	(8.1)	(10.8)	(14.0)	(16.8)	(20.3)	45%
Commission and other variable expenses	(8.4)	(7.8)	(11.6)	(13.9)	(17.6)	(18.2)	(21.9)	(24.0)	(27.8)	27%
Operating expenses	(12.2)	(12.4)	(17.5)	(18.1)	(21.2)	(21.9)	(22.2)	(22.0)	(24.2)	9%
Movement in policy liabilities	9.3	6.8	8.6	13.4	14.8	14.6	16.6	16.9	16.7	1%
Underlying NPBT	**5.7**	**6.3**	**6.7**	**8.7**	**10.5**	**11.3**	**17.3**	**17.6**	**18.2**	**5%**
Income tax (expense) / benefit	(1.7)	(1.9)	(2.0)	(2.6)	(3.2)	(3.3)	(5.2)	(5.2)	(5.5)	6%
Underlying NPAT	**4.0**	**4.4**	**4.7**	**6.1**	**7.3**	**8.0**	**12.1**	**12.4**	**12.7**	**5%**
Amortisation of intangibles	(0.7)	(0.7)	(0.7)	(0.7)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)	(1%)
Policy liability discount rate effect (after tax)	(1.3)	(0.2)	(1.7)	3.3	3.6	(0.7)	0.7	7.1	(6.9)	NM
Reported NPAT	**2.0**	**3.5**	**2.3**	**8.7**	**9.4**	**5.9**	**11.4**	**18.1**	**4.4**	**(62%)**

Analysis of Profit ($M)	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Planned Actuarial Underlying NPAT	**5.8**	**6.5**	**6.8**	**8.3**	**9.3**	**9.9**	**11.4**	**12.3**	**14.3**	**25%**
Claims experience	(1.1)	(0.8)	0.7	0.4	0.1	(0.2)	1.7	(0.7)	(0.6)	(134%)
Lapse experience	0.1	(0.9)	(0.1)	(0.8)	(0.2)	0.3	(0.2)	0.7	(0.7)	190%
Expense experience	(0.9)	(1.1)	(2.9)	(1.6)	(2.2)	(2.3)	(0.9)	(0.2)	(0.3)	(67%)
Other	0.1	0.7	0.2	(0.1)	0.3	0.3	0.1	0.3	-	Large
Actual Underlying NPAT	**4.0**	**4.4**	**4.7**	**6.1**	**7.3**	**8.0**	**12.1**	**12.4**	**12.7**	**5%**

Key Statistics And Ratios ($M)	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
New Business	**9.9**	**9.5**	**12.9**	**14.5**	**17.0**	**17.5**	**18.2**	**21.0**	**22.1**	**21%**
LifeSolutions	8.6	8.4	11.5	12.1	13.2	14.3	15.7	19.0	20.6	31%
Non Advice	1.3	1.1	1.4	2.4	3.8	3.2	2.5	2.0	1.5	(40%)
In-Force	**53.5**	**62.1**	**73.8**	**87.5**	**101.4**	**115.7**	**132.0**	**150.7**	**171.0**	**30%**
LifeSolutions	12.4	21.0	32.6	45.2	57.5	71.0	86.7	105.7	126.1	45%
Non Advice	41.1	41.0	41.2	42.3	43.9	44.7	45.3	45.0	44.9	(1%)
Old Book	38.8	38.1	37.5	36.7	35.8	35.1	34.7	34.1	33.6	(3%)
New Book	2.3	2.9	3.7	5.6	8.1	9.6	10.6	10.9	11.3	6%
Cost to Income Ratio	**46.9%**	**42.3%**	**48.3%**	**44.6%**	**42.7%**	**39.5%**	**34.2%**	**30.0%**	**28.7%**	

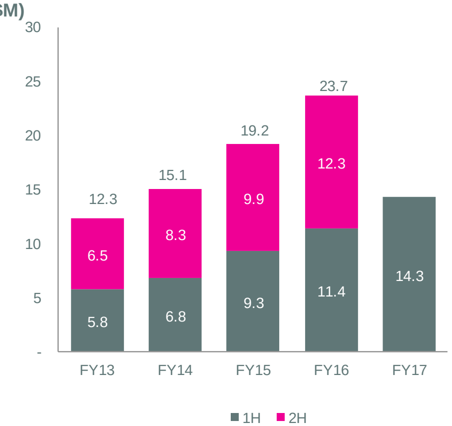
Notes

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 HY16 to HY17.

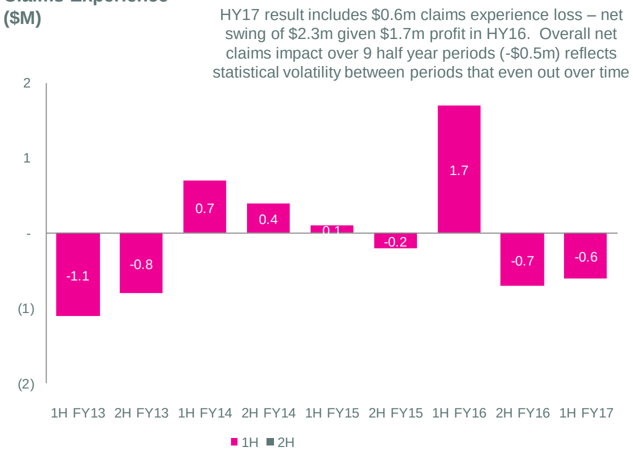
Life Insurance – HY17 (Continued)

Life Insurance Results - Overview

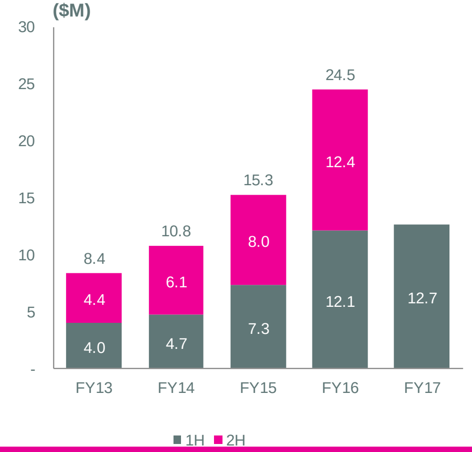
Actuarial Planned Life Insurance Underlying NPAT[1] ($M)



Claims Experience ($M)



Actual Life Insurance Underlying NPAT ($M)



Life Insurance Results – Analysis of Profit

- Actuarial planned Underlying NPAT reflects an increase of 25% to $14.3m:
  - related 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)
- Life Insurance actual Underlying NPAT is up 5% to $12.7 million, compared to the expected growth in HY17 of 25%. The modest growth was driven by statistical claims volatility that can be expected between periods given the size and nature of the portfolio. The underlying performance of the Life Insurance segment remains very strong with in-force book growth of 30% and material increases in sales of the flagship LifeSolutions product of 31%. This includes the broadening out of the distribution footprint to rapidly diversify sales and create material embedded growth
- Adverse claims experience loss (after tax) of $0.6m compared to an experience profit in HY16 of $1.7m (relative to planned margins) driven by the adverse experience on the LifeSolutions portfolio (-$1.8m) partially offset by positive experience on the Old Direct Book (business written pre 2011) (+$1.2m)
  - 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 period to period ($2.3m adverse "swing" in HY17 vs HY16). The claims experience is anticipated to average out over time at the actuarial best estimate assumptions. As outlined in the graph above, the overall net claims performance over nine half year periods nets to a broadly nil impact (-$0.5m)
  - the LifeSolutions adverse claims experience in HY17 (-$1.8m) includes the impact (-$1.5m) from adopting an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions

Notes

1. 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.

Life Insurance – HY17 (Continued)

Life Insurance Results – Analysis of Profit (contined)

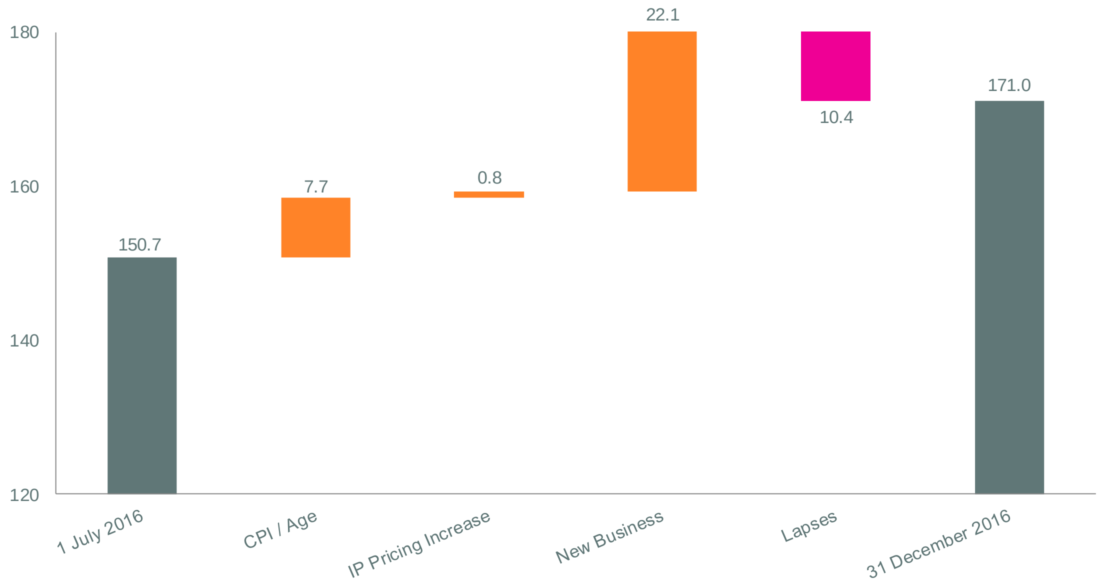
- Income protection price increases (10% on average) were implemented in October 2016 reflecting the ability to manage margin over time
- Adverse lapse experience loss relative to the rates assumed in the life insurance policy liability (determined at 30 June 2016), with an experience loss of $0.7m (after tax) in HY17 (relative to planned margins) ($0.2m loss in HY16):
  - LifeSolutions portfolio adverse lapse experience relative to assumptions in HY17 (-$0.4m). LifeSolutions continues to reflect positive lapse experience since inception and within long term actuarial assumptions
  - Old Direct Book (business written pre 2011) reflects adverse experience ($0.3m) in HY17, whilst the New Non-Advice portfolio reflects a significant improvement in the lapse performance justifying the change in direct strategy
- 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 $0.9m in HY16 to $0.3m in HY17, demonstrating that expense overruns are being absorbed as the scale of the business increases
- Investment earnings is driven by the reduction in interest rates over the year, partially offset by the reallocation of shareholder cash to the life insurance segment (given the growth in the business and its related capital requirements)

Life Insurance Results – Other Explanations

- Increased reinsurance expense is aligned to the growth in in-force portfolios given the upfront reinsurance support provided in the first year of a policy by the reinsurer
- The growth in life insurance initial commission in HY17 was driven by the upfront variable commission cost related to 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 increase in variable expenses that was driven by the stamp duty and medical policy acquisition costs related to increased new business volumes

Life Insurance – HY17 (Continued)

Performance - KPIs



- In-force premium growth was driven by strong new business growth, with lapses partially offset by age-based premium increases and inflation (CPI) increases on insurance benefits. Income protection price increases (10% on average) were implemented in October 2016 and increased the in-force book by $0.8m for those policies that renewed subsequent to the price increases being implemented.
- The mix of products making up the in-force has changed materially with LifeSolutions in-force premium now $126.1m as at 31 December 2016 (+45%), representing 74% of the total life insurance in-force book (links to the margin shifts across the overall portfolio)
- LifeSolutions reflects a stepped change in sales, with new business premium increasing 31% to $20.6m:
  - Continued focus on expanding distribution reach and embedding growth via the third party IFA market with the LifeSolutions product now placed on 293 APLs, up 28%
  - Strong growth and market outperformance in retail advice market with 70% of sales generated from IFAs operating under third party APLs (IFA sales increased by 55%, period to period)
- The new Non-Advice in-force book is $11.3m (+6%); with the Old Direct Book (business written pre 2011) in-force premium of $33.6m (-3%) as at 31 December 2016
- Non-Advice life insurance sales volumes were down 40% in HY17 following an intentional shift in focus away from the lower to the mid socio-demographic segment, albeit there has been a significant improvement in the lapse performance in HY17.

Wealth Management – HY17

6 Months to December 2016 ($M)[1]	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Fund management fees	14.8	15.1	15.3	15.1	15.2	16.1	15.7	15.4	16.3	4%
Interest income	0.8	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.2	(20%)
Variable expense[3]	(3.5)	(3.8)	(3.5)	(3.6)	(3.5)	(3.7)	(3.4)	(3.3)	(3.3)	(3%)
Funds management expenses	(2.9)	(3.0)	(2.8)	(2.9)	(3.3)	(3.2)	(3.5)	(3.4)	(4.1)	17%
Operating expenses	(4.1)	(4.7)	(5.3)	(5.1)	(7.4)	(8.5)	(7.7)	(7.5)	(7.0)	(9%)
Underlying NPBT	**5.1**	**4.0**	**4.1**	**3.9**	**1.3**	**0.9**	**1.3**	**1.3**	**2.1**	**58%**
Income tax (expense) / benefit	(1.3)	(1.2)	(1.1)	(1.0)	(0.2)	(0.2)	0.0	0.1	(0.4)	Large
Underlying NPAT	**3.8**	**2.8**	**3.0**	**2.9**	**1.1**	**0.7**	**1.3**	**1.4**	**1.6**	**24%**
Amortisation of intangibles	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.7)	(2.6)	(1%)
Reported NPAT	**1.2**	**0.2**	**0.4**	**0.3**	**(1.5)**	**(1.9)**	**(1.3)**	**(1.3)**	**(0.9)**	**(29%)**

Key Statistics And Ratios ($M)	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Net Flows	**(33.0)**	**17.1**	**5.2**	**(13.6)**	**25.7**	**85.8**	**101.2**	**111.1**	**59.5**	**(41%)**
Master Trust	(108.5)	(89.1)	(79.5)	(81.8)	(99.1)	(64.6)	(58.1)	(64.5)	(81.5)	40%
WealthSolutions	75.5	106.2	84.7	68.2	72.8	90.5	112.7	75.3	86.6	(23%)
WealthFoundations	0.0	0.0	0.0	0.0	51.9	59.9	46.6	45.8	42.1	(10%)
External Platforms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54.5	12.3	Large
Total FUM ($B)	**1.43**	**1.53**	**1.63**	**1.66**	**1.77**	**1.90**	**1.98**	**2.13**	**2.27**	**15%**
Master Trust	1.31	1.30	1.30	1.25	1.22	1.18	1.11	1.07	1.03	(7%)
WealthSolutions	0.11	0.23	0.33	0.41	0.50	0.61	0.72	0.80	0.93	29%
WealthFoundations	0.00	0.00	0.00	0.00	0.05	0.11	0.15	0.20	0.25	67%
External Platforms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.07	Large
Cost to Income Ratio	**27.9%**	**31.0%**	**34.5%**	**33.7%**	**48.7%**	**52.8%**	**49.0%**	**48.7%**	**42.9%**	

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 HY16 to HY17.
3. 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.

Wealth Management – HY17 (Continued)

Wealth Management Results Overview[1]

This result reflects the following:

- 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 (+15%) 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 up 4% 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 market performance on the ClearView FUM was 9% per annum in HY17 (annualised, noting that there was some market volatility between periods) comparing to a net neutral investment performance in HY16
    - 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
- reduction in operating expenses (-9%) - the "front end" to support business growth has remained broadly consistent between periods, whilst there has been some reduction in the wealth administration and product team costs with the cost benefits of the FY16 management restructure taking effect, and the administration functions absorbing the growth in WealthFoundations FUM (+67% vs pcp) through increased efficiencies. The project to migrate the Master Trust product onto the new wealth platform will commence in 2H FY17 with the expected cost benefits and automation expected to flow through from FY18. There has been a reduction in the allocation of information technology support and shared services costs to the Wealth Management segment in HY17 (these have been absorbed by the growth and activity in the Life Insurance segment):
    - expense overruns (after tax) are broadly flat at \$1.5m in HY17 (HY16: \$1.4m), notwithstanding the increase in FUM balances (+15%) and a reduced wealth management operating cost base (-9%). This is explained in further detail in the expense overrun section earlier in the report
- a tax benefit of \$0.2m in FY17 included:
    - Exempt fees in the Master Trust product range; and
    - a positive impact from a tax benefit arising from superannuation insurance premium deductions

The tax benefits that arose in HY17 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 of 30% that is broadly consistent between periods.

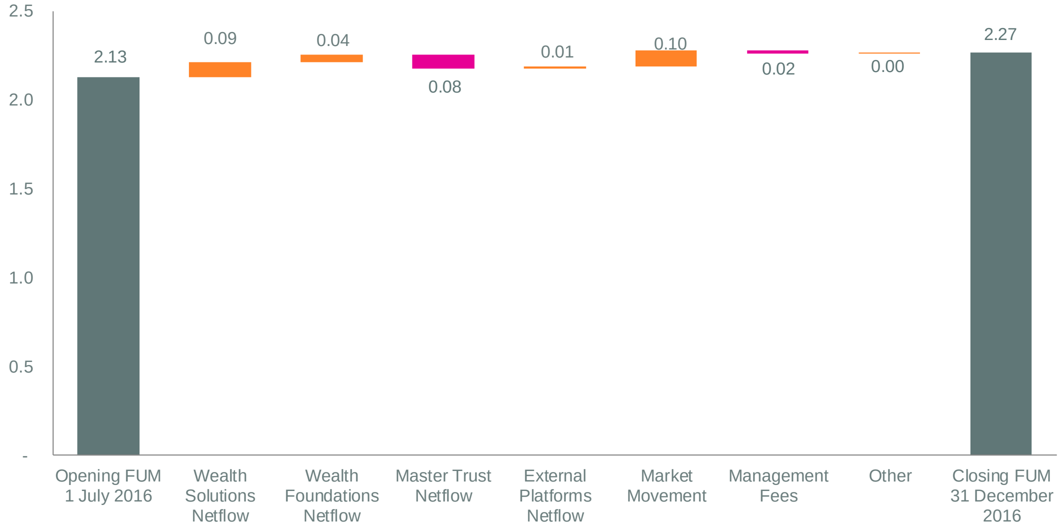
- a reduction in investment earnings given the reallocation of shareholder cash between segments and lower market interest rates.

Notes

1. % change represents the movement from HY16 to HY17.

Wealth Management – HY17 (Continued)

Performance - KPIs (1)



- ClearView grew in-force FUM 15% to $2.27bn as at 31 December 2016, with $1.2bn in the new contemporary products, including the placement of ClearView platform funds on an external platform. Top quartile investment performance across ClearView models – key to attracting flows and plays important role in supporting the Master Trust FUM given that it is not actively marketed to new customers
- ClearView was $60m net flow positive in HY17, representing a decrease of $42m from HY16 but reflective that the business is net flow positive given the sales on new contemporary products. Overall, this reflects:
  - WealthSolutions net inflows of $86.6m (-23%); in-force FUM of $0.93bn (+29%)
  - WealthFoundations net inflows of $42.1m (-10%); in-force FUM of $0.25bn (+67%)
  - External platform net inflows of $12.3m (N.M.); in-force FUM of $0.07bn (N.M.)
  - Master Trust net outflows of $81.5m (-40%); in-force FUM, including closed MISs, of $1.03bn (-7%)
- 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 HY17, with the WealthFoundations product now placed on 18 APLs

Notes

1. % change represents the movement from HY16 to HY17.

Financial Advice – HY17

6 Months to December 2016 ($M)[1]	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Net financial planning fees	6.5	6.3	6.4	6.3	7.0	8.2	8.5	8.2	9.1	7%
Interest & other income	0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.5	NM
Operating expenses	(6.2)	(5.9)	(3.9)	(4.0)	(4.6)	(4.8)	(7.7)	(7.2)	(7.9)	3%
Underlying NPBT	**0.6**	**0.5**	**2.6**	**2.4**	**2.6**	**3.6**	**1.0**	**1.1**	**1.7**	**79%**
Income tax (expense) / benefit	(0.2)	(0.1)	(0.8)	(0.7)	(0.7)	(1.1)	(0.3)	(0.3)	(0.5)	67%
Underlying NPAT	**0.4**	**0.4**	**1.8**	**1.7**	**1.9**	**2.5**	**0.7**	**0.8**	**1.2**	**85%**
Amortisation of intangibles	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(5%)
Matrix deal and integration costs (net of tax)	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	NM
Reported NPAT	**0.0**	**0.0**	**1.4**	**1.3**	**1.2**	**2.0**	**0.2**	**0.3**	**0.7**	**350%**

Key Statistics And Ratios	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
FUMA ($B)	3.3	3.6	3.8	4.1	7.4	7.9	8.1	8.2	8.5	5%
PUA ($M)	57	73	79	94	160	187	203	215	223	10%
CFA Advisers	94	102	109	117	131	139	136	146	153	13%
Matrix Advisers	-	-	-	-	85	82	85	89	90	6%
Total Advisers	**94**	**102**	**109**	**117**	**216**	**221**	**221**	**235**	**243**	**10%**

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 HY16 to HY17.

Financial Advice – HY17 (Continued)

Financial Advice Results Overview[1]

This result reflects the following:

- Net financial planning fees increased 7% predominantly driven by:
  - Conference and sponsorship revenue generated from the annual dealer group conference (+$0.2m)
  - Net adviser fees and membership revenue from new practices recruited (including small practice acquired under contractual arrangements) (+$0.1m)
  - Increased internal sponsorship revenue from LifeSolutions partially offset by run off of internal advice fee (50bps) earned on Master Trust FUM (+$0.3m)
- the $0.2m operating expense increase in HY17 (+3%) was predominantly driven by:
  - Broadly neutral dealer group support costs driven by increased compliance (and related) costs and an investment in the roll out of the strategic advice model, offset by the benefit of transitioning employed planners into the self- employed model
  - Increased dealer group conference costs, partially offset by the sponsorship revenue as noted above
  - Reduced cost allocation of marketing and other shared services costs to the dealer group
- Interest and other income reflective of the reallocation of shareholder cash between segments and lower market interest rate. Other income includes the potential recovery of certain compliance costs incurred (+$0.3m)

Performance - KPIs[1]

- The number of financial advisers in CFA and Matrix increased 10% to 243 in HY17
- FUMA in the CFA and Matrix dealer groups increased 5% to $8.5bn and Premiums Under Advice increased to $223m. The increase reflects the net increase in adviser numbers and the change in the adviser mix between periods:
  - Of the $8.5bn FUMA in-force at 31 December 2016, $1.2bn was in ClearView contemporary wealth products and $1.0bn was in the Master Trust product
  - Of the $223m PUA in-force at 31 December 2016, $64m was in the LifeSolutions product

Notes

1. % change represents the movement from HY16 to HY17.

Listed Entity – HY17

6 Months to December 2016 ($M)[1]	2013		2014		2015		2016		2017	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Interest income	1.0	0.6	0.3	0.7	0.6	0.6	0.6	0.6	0.2	(67%)
Operating expenses	(0.4)	(0.6)	(0.7)	(0.5)	(0.9)	(0.8)	(0.6)	(0.6)	(0.4)	(33%)
BU Operating NPBT	**0.6**	**0.0**	**(0.4)**	**0.2**	**(0.3)**	**(0.2)**	**0.0**	**0.0**	**(0.2)**	**(100%)**
Income tax (expense) / benefit	(0.3)	(0.1)	(0.0)	(0.3)	(0.1)	0.0	(0.2)	(0.3)	(0.1)	(50%)
BU Operating NPAT	**0.3**	**(0.1)**	**(0.4)**	**(0.1)**	**(0.4)**	**(0.2)**	**(0.2)**	**(0.3)**	**(0.3)**	**50%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(80%)
Underlying NPAT	**0.3**	**(0.1)**	**(0.4)**	**(0.1)**	**(0.4)**	**(0.6)**	**(0.7)**	**(0.8)**	**(0.4)**	**(43%)**
Matrix deal and integration costs	0.0	0.0	0.0	0.0	(1.1)	(0.5)	0.0	0.0	0.0	NM
Takeover bid related costs	(3.9)	(1.2)	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)	(0.4)	(0.5)	Large
Your Insure impairment	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	0.0	0.0	(100%)
Reported NPAT	**(3.6)**	**(1.3)**	**(0.4)**	**(0.1)**	**(1.5)**	**(1.1)**	**(2.6)**	**(1.2)**	**(0.9)**	**(66%)**

Listed Results Overview (2)

This result reflects the following:

- the investment earnings on 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
- decreased investment earnings (-67%) arising from the repayment of the Debt Facility (and related cash holdings) in 2H FY16, and a reduction in term deposit rates on physical cash with some reallocation of physical cash between segments. This decrease in investment earnings is broadly offset by a related reduction in after-tax interest expense given the repayment of the debt facility
- lower operating expenses driven by a reduction in directors fees and investor relations costs
- a tax charge of $0.1m (HY16: $0.2m) related to the non-deductibility of the Employee Share Plan expense that is absorbed within the Listed segment. The Group effective tax rate for HY17 was broadly consistent with HY16.

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 HY16 to HY17.

ClearView Wealth Limited

Embedded Value and Capital Position

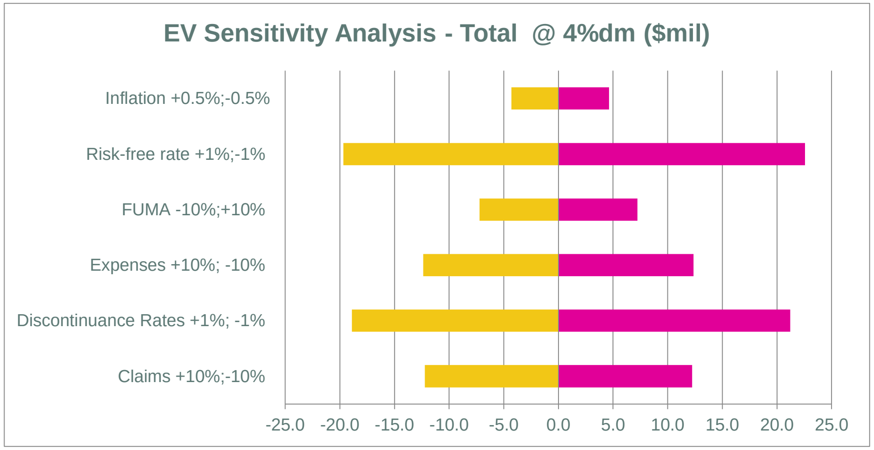
Embedded Value (EV) Movement Analysis @ 4% DM by Segment at 31 December 2016

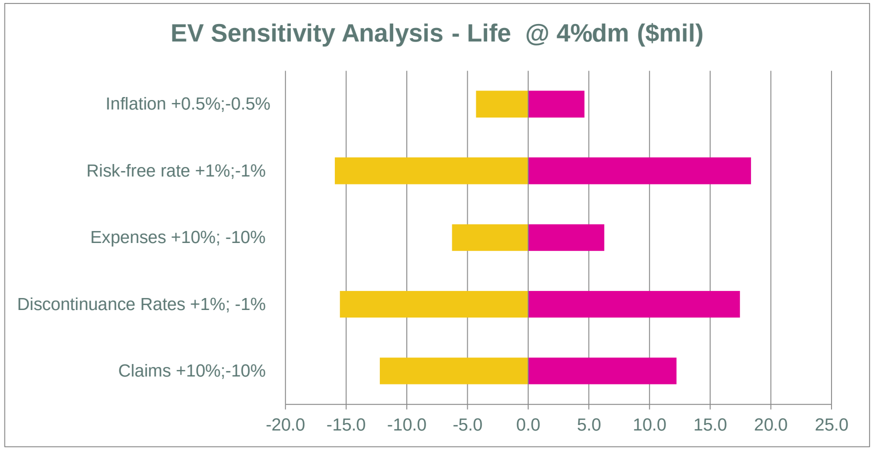
MOVEMENT ANALYSIS @ 4% dm	Life	Wealth	Advice	Net worth	Total
EV - 30 June 2016 @ 4% dm (As Published)	**350.4**	**65.8**	**35.1**	**41.1**	**492.4**
Net Capital Applied	-	-	-	(15.7)	(15.7)
Strategic review cost (after-tax)	-	-	-	(0.5)	(0.5)
Expected Gain	12.8	1.9	1.2	0.2	16.1
Value of New Business Added	7.6	0.9	-	-	8.5
Impact of Claims	(0.6)	-	-	-	(0.6)
Impact of Discontinuances	(1.1)	(0.2)	-	-	(1.3)
Impact of Maintenance Expenses	(0.3)	(0.5)	-	-	(0.9)
Listing Costs	-	-	-	(0.4)	(0.4)
FUMA mark to market	(0.4)	0.8	0.5	-	0.8
Business Mix	-	0.1	(1.2)	-	(1.1)
Other Impacts	(1.1)	-	(0.4)	0.2	(1.3)
EV - 31 December 2016 @ 4% dm	**367.2**	**68.8**	**35.1**	**25.0**	**496.2**
ESP Loans	-	-	-	38.6	38.6
Total EV Incl. ESP Loans	**367.2**	**68.8**	**35.1**	**63.6**	**534.8**
Franking Credits	58.2	14.3	8.1	17.4	98.0
Total EV Incl Franking Credits and ESP Loans	**425.4**	**83.1**	**43.2**	**81.0**	**632.8**

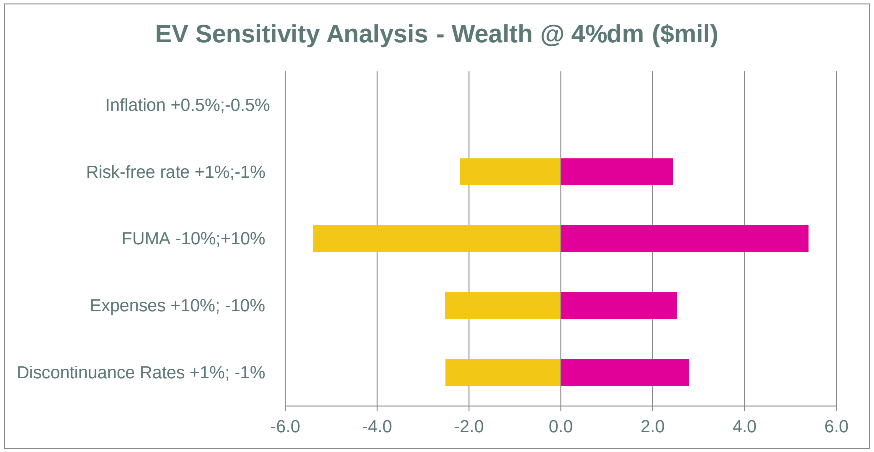
EV Movement Analysis Commentary

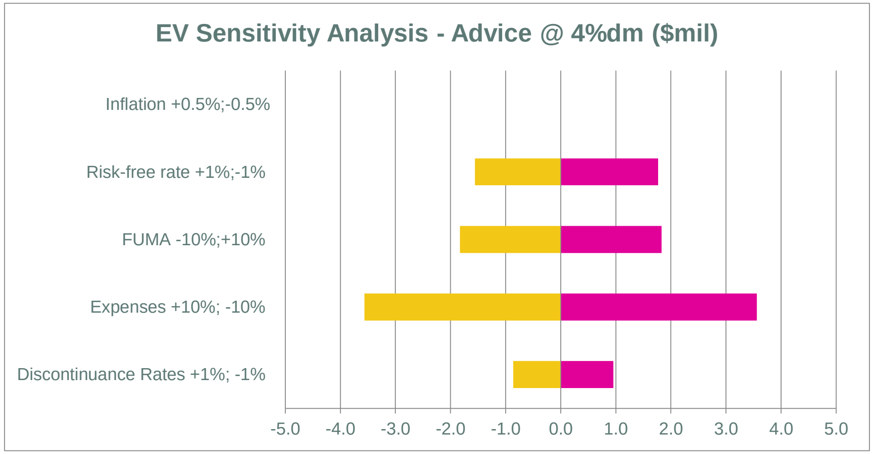
Reference	Impact	Reason for movement
Net Capital Applied	($15.7m)	• FY16 final cash dividend paid in September 2016 (-$16.5m), partially offset by the ESP loans settled through the dividend by ESP participants in accordance with the ESP Rules (-$0.8m). The Dividend Reinvestment Plan (DRP) was not operative for the FY16 final dividend.
Strategic review costs	($0.5m)	• The HY17 strategic review costs relate to the expenses incurred on the evaluation of strategic options for the potential change in major shareholder and Sony Life becoming a new strategic shareholder
Expected Gain	$16.1m	• Expected gain represents the expected unwind of the discount rate within the value of in-force and investment earnings on net worth.
VNB Added	$8.5m	• The value added by new business written over the period. 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 (Direct Life) business had a negative value of new business (-$2.6m). This was exacerbated by a slow down in new business volumes given the refocus in strategy towards the mid-market. 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	($0.6m)	• Adverse claims experience loss (after tax) of $0.6m compared to an experience profit in HY16 of $1.7m (relative to planned margins) driven by the adverse experience on the LifeSolutions portfolio (-$1.8m) partially offset by positive experience on the Old Direct Book (business written pre 2011) (+$1.2m). • 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 period-to-period ($2.3m adverse "swing" in HY17 vs HY16). The claims experience is anticipated to average out over time at the actuarial best estimate assumptions. • The LifeSolutions adverse claims experience in HY17 includes the impact (circa -$1.5m) from the adoption of an enhanced actuarial claims reserving basis on the income protection portfolio. Notwithstanding this change in reserving basis, the performance of the overall LifeSolutions portfolio since inception continues to be within long term actuarial assumptions
Discontinuances	($1.3m)	• The life insurance lapse impact was driven by higher than expected lapses for the LifeSolutions product (following the income protection price increase in October 2016). Lapses on non-advice reflecting a material improvement following the strategic move away from the lower socio-economic channels, with lapses on the Old Book reflecting some adverse experience in HY17. For Wealth business, discontinuance rates overall were close to expected, notwithstanding an increase in outflows in the Master Trust product (relative to HY16).
Maintenance Expenses	($0.9m)	• 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 growth 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. This has reduced to $0.9m compared to $1.4m in HY16 and indicates that the maintenance cost over-runs in life insurance and wealth management are continuing to be absorbed.
Listing Expenses and Interest Expense	($0.4m)	• Expenses were impacted by the Group's listed overhead costs and line fee on corporate debt which are not allowed for in the Embedded Value. 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	($0.3m)	• The Embedded Value increased by $0.8m due to the net investment performance on the funds under management and advice, which resulted in higher fee income relative to expectations over the period and a higher present value of future fees at the end of the period. This was offset by a -$1.1m reduction in embedded value for Financial Advice business due to the transitioning of employed planners into the self- employed model.
Other impacts	($1.3m)	• This mainly reflects the net impact of capital reallocations by segment, modelling enhancements, timing effects, capital base changes and tax impacts of the policy liability discount rate effect in the period, partially offset by a $0.5m increase relating to ESP expense and associated option cost in accordance with the accounting standards.

Embedded Value (EV) Sensitivity Analysis @ 4% DM









Group Net Assets & Capital Analysis at 31 December 2016

Group Capital Position ($M)	Life	Wealth	Other	APRA Regulated Entities	Wealth	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC[2]/ Other	Group
Net Assets	304.4	18.3	6.4	329.1	8.3	17.9	26.2	355.4	44.4	399.7
Goodwill & Intangibles	(8.7)	(4.1)	0.0	(12.9)	0.0	(8.7)	(8.7)	(21.6)	(25.8)	(47.4)
Net Tangible Assets	**295.7**	**14.2**	**6.4**	**316.3**	**8.3**	**9.2**	**17.5**	**333.8**	**18.6**	**352.3**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(252.0)	(0.2)	0.0	(252.2)	0.0	0.0	0.0	(252.2)	0.0	(252.2)
Other Adjustments to Capital Base	(0.0)	(0.1)	0.0	(0.1)	(0.1)	(0.0)	(0.1)	(0.2)	(0.6)	(0.8)
Regulatory Capital Base	**43.7**	**13.9**	**6.4**	**64.0**	**8.2**	**9.2**	**17.4**	**81.4**	**18.0**	**99.4**
Prescribed Capital Amount	(10.2)	(3.5)	(2.8)	(16.6)	(5.0)	(0.7)	(5.7)	(22.3)	(0.0)	(22.3)
Available Enterprise Capital	**33.4**	**10.4**	**3.6**	**47.4**	**3.2**	**8.5**	**11.7**	**59.1**	**18.0**	**77.1**
Internal Benchmarks										
Working Capital	(5.5)	(3.4)	(2.6)	(11.5)	0.0	0.0	0.0	(11.5)	(10.5)	(22.0)
Risk Capital[1]	(27.7)	(2.9)	0.0	(30.6)	(1.7)	(4.8)	(6.5)	(37.1)	(4.9)	(42.1)
Excess/ Deficit over Internal Bench	**0.1**	**4.1**	**1.0**	**5.2**	**1.5**	**3.7**	**5.2**	**10.4**	**2.6**	**13.0**
Debt Funding Facility	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Capital Position	**0.1**	**4.1**	**1.0**	**5.2**	**1.5**	**3.7**	**5.2**	**10.4**	**2.6**	**13.0**

- Net capital surplus position across the Group is $13.0m at 31 December 2016
- The regulated entities have $10.4m of net assets in excess of their internal benchmarks as at 31 December 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 31 December 2016) include a working capital reserve of $11.5m 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 31 December 2016) include a further working capital reserve of $10.5m as at 31 December 2016, therefore totalling $22.0m that is set aside across the Group to fund anticipated new business growth over the medium term
- ClearView is fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium term growth, with some additional capital flexibility over the medium term
- The existing $50m Debt Funding Facility remains in place (until 31 December 2017) to provide future capital funding in the event that medium to longer term growth is materially above that currently anticipated or other opportunities arise. It is expected that the facility will be renewed prior to year end

Notes

1. As at 31 December 2016, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC[2]
2. NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.

Net Worth Reconciliation at 31 December 2016

Reconciliation Of Net Assets To Group Capital Position ($M)	Life	Wealth	Advice	Other	Total
Net Assets	304.4	26.6	17.9	50.8	399.7
- Less Goodwill and Intangibles	0.0	0.0	(8.7)	(25.8)	(34.5)
- Capital incl in VIF	(279.0)	(11.7)	(2.5)	0.0	(293.2)
Net Worth	25.4	14.9	6.8	25.0	72.0
- Overhead & New Business Capital	(25.2)	(9.3)	(3.1)	(21.4)	(59.0)
Net Capital Position	**0.1**	**5.6**	**3.7**	**3.6**	**13.0**

- 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

ClearView Wealth Limited

Impact of ESP Shares

ClearView

Impact of ESP shares

PER SHARE CALCULATIONS

Half Year End 31 December 2016 ($M), (Unless Stated Otherwise)	HY17
Number of shares on issue	597.4
ESP shares on issue	60.7
Shares on issue to calculate NAV per share (A)	658.2
Net assets ($m)	399.7
ESP loans ($m)	38.6
Proforma net assets ($m) (B)	438.3
Fully diluted NAV per share = (B)/(A)	66.6 cents
Underlying NPAT ($m)	15.2
Fully diluted underlying NPAT per share[1]	2.45 cents
Reported NPAT ($m)	3.2
Reported diluted NPAT per Share	0.52 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 $38.6m loans receivable at 31 December 2016
- Underlying NPAT is the Boards key measure of profitability and the basis on which dividends are determined
- Underlying NPAT of $15.2m, up 14% on HY16

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)
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 14 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 approximately 290 managed funds, ASX listed securities, term deposits, ClearView managed funds and model portfolios