ClearView Results
Year ended
30 June 2018

Investor presentation

Simon Swanson – Managing Director
Athol Chiert – Chief Financial Officer

ClearView

Agenda

About ClearView

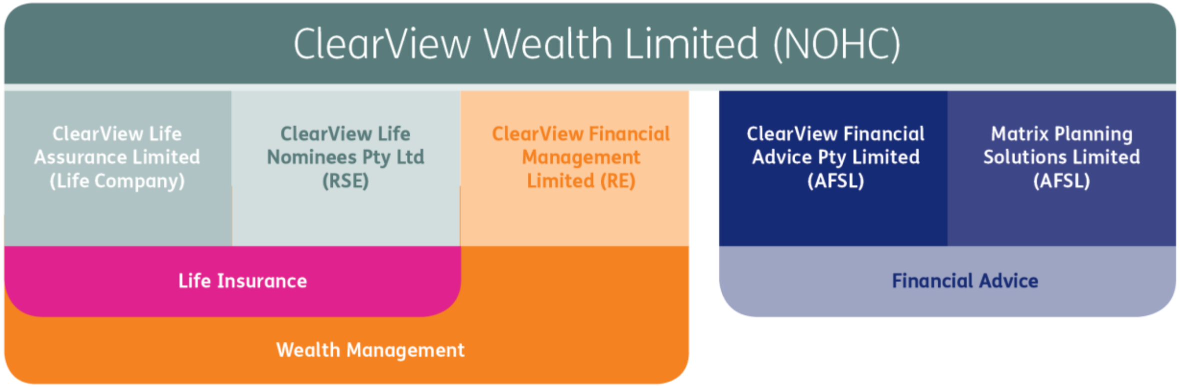
FY18 Result Overview

Shareholder Base, Market and Business Outlook

About ClearView

Section 1

ClearView Group Overview



- Regulated as a Non-Operating Holding Company (NOHC) by APRA under the Life Insurance Act 1995
- Via its subsidiaries, holds an APRA life insurance licence, an APRA registrable superannuation entity (RSE) licence, an ASIC funds manager responsible entity (RE) licence and operates two Australian Financial Services Licensees (AFSLs)
- Operates in 3 segments: Life Insurance, Wealth Management and Financial Advice
- Created in its current form in 2010 with objective of building a challenger in the life insurance and wealth management markets:
  - Over consolidation opened up an opportunity for a fresh, new entrant focused on financial advisers (IFAs)
  - Incumbents are tied up in legacy issues – multiple systems and pricing issues on profitable back books
  - Cross sell ability to capitalise on growing convergence of life insurance and superannuation – integrated licence structure of ClearView seen as a competitive advantage
  - Deliberate strategic decision not to participate in Group Life – incumbents have exposure through large group schemes
- Strategy focused on building strong relationships with IFAs through a focus on product and service, with a phased roll out over time

ClearView Life Insurance today

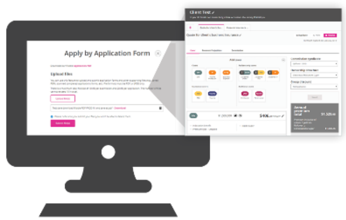
The Life Insurance growth strategy is focused on capturing 5% of the long-term profit pool by delivering competitive products and service, primarily to the IFA market.

LifeSolutions

Established in 2011

Highly-rated by Investment Trends, DEXX&R/ Money Management/Canstar/Money Magazine/ Beddoes Institute

AQUA integrated eQuote and eApp platform



Ranked first and second quartile on iress

Established infrastructure and distribution

1. Investment Trends 2017 and 2018 Planner Risk Report.
2. Rated Number 1 in claims customer satisfaction in the Beddoes Institute's Industry Claims Journey Study which tracked the experience of 500 customers across the industry who have had an income protection, trauma or TPD claim.
3. AQUA launched in January 2018.

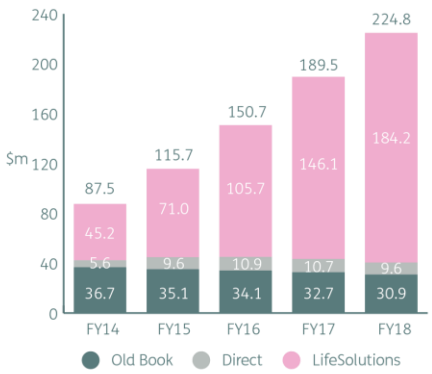
Life Insurance KPIs

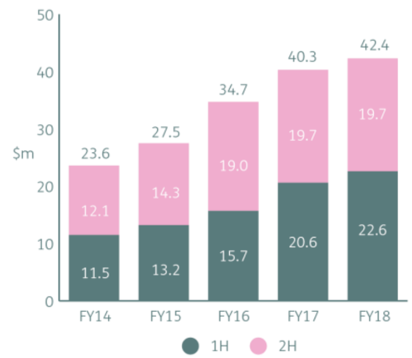
Life Insurance remains the key profit driver. Our expanding distribution footprint and strong new business volumes lead to a material increase in the in-force portfolio which underpins the growth profile. The IFA distribution footprint continues to expand, diversifying sales and creating embedded growth.

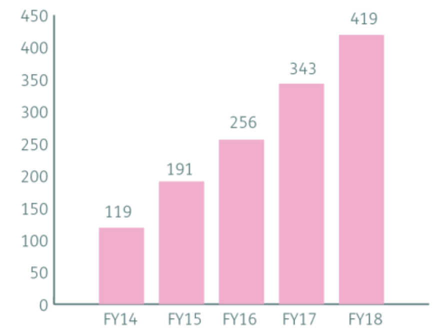
$224.8m
Inforce premium[1]
19%

$42.4m
LifeSolutions sales[2]
5%

419 APLs[3]
Expanding distribution footprint
22%







Notes

1. In-force premium is defined as annualised premium in-force at the balance date.
2. Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.
3. APLs are where ClearView products that are placed on third party dealer group approved product lists.

Wealth Management today

While Life Insurance has been the key value driver, ClearView continues to invest significantly in Wealth Management product development and systems given the opportunities ahead. ClearView has a relatively new status in Wealth Management but we believe that convergence of life insurance and superannuation will be a significant driver of shareholder value creation over the medium term.

Established in 2011

ClearView WealthSolutions

Established in 2014

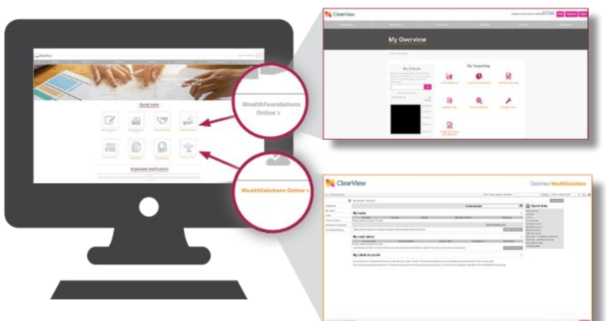
ClearView WealthFoundations

Highly rated by Chant West

Chant West 4 Super 2018

Chant West 4 Pension 2018

Chant West 2018 rating of 4 Apples for ClearView WealthFoundations Super and Pension, and ClearView WealthSolutions Super and Pension. A 4 Apples rating reflects a "high quality fund".



Model portfolios

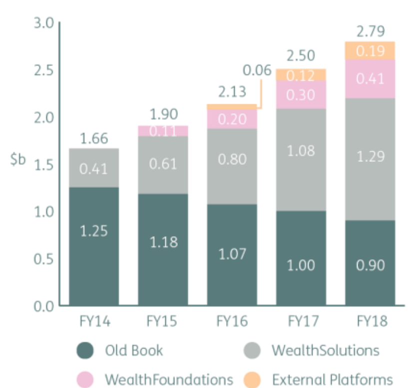
Wealth Management KPIs

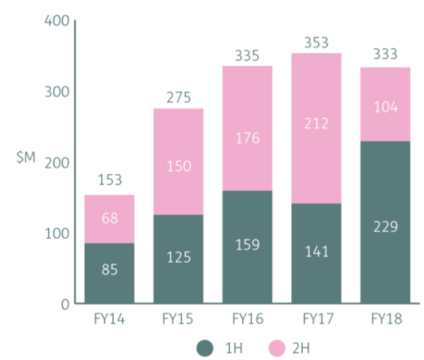
ClearView began investing significantly in its Wealth Management business in FY15. ClearView now has a competitive product suite and improving distribution network. As in Life Insurance, steadily increasing net flows will lead to comparable market share growth in FUM which is a key profit driver.

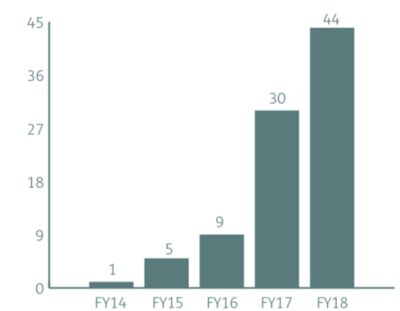
$2.79b
Funds under management[1]
12%

$333m
Contemporary net inflows[2]
6%

44 APLS[3]
Expanding distribution footprint
47%





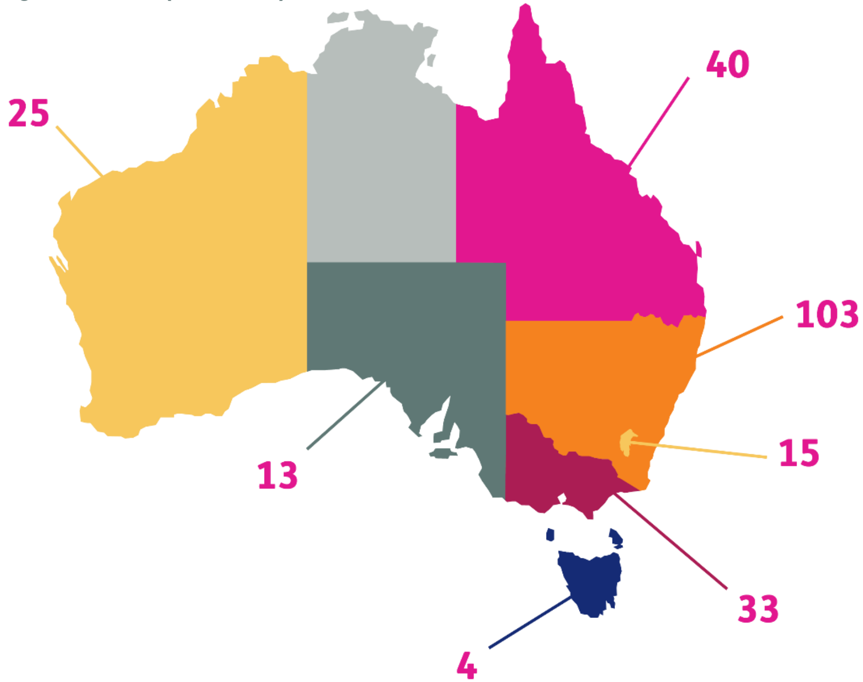


1. FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms
2. Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM² but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
3. APLs are where ClearView products that are placed on third party dealer group approved product lists

Financial Advice today

ClearView has focused on building an aligned financial adviser network with high quality IFAs.

Aligned network (Advisers #)



1. CoreData Licensee Report 2017 and 2018.

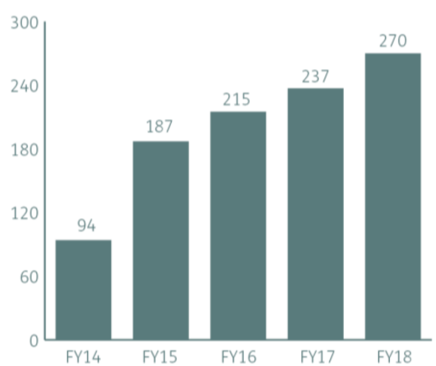
Financial Advice KPIs

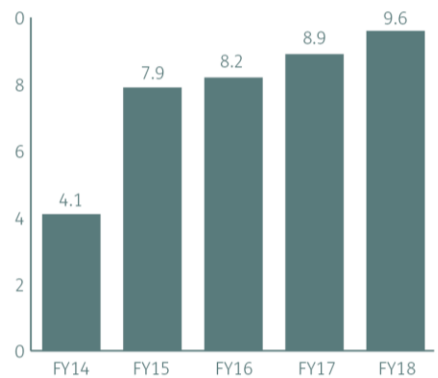
Adviser network has 233 advisers, $270m of premiums under advice and $9.6bn of FUMA[2] – key focus on retention of compliant practices and to attract quality firms with a continued focus on quality not quantity.

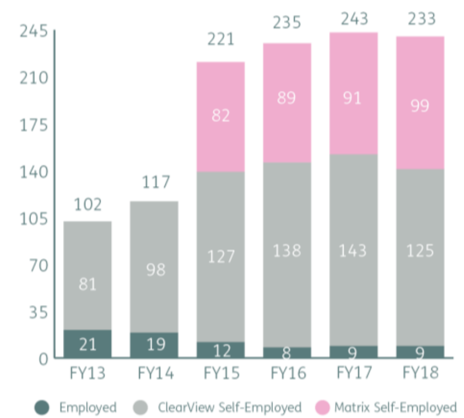
$270m
PUA[1]
14%

$9.6b
FUMA[2]
7%

233
Financial advisers[4]
4%







Notes
1. Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.
2. FUMA includes FUM[3] and funds under advice that are externally managed and administered.
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.
4. Aligned advisers are licenced by the ClearView Financial Advice Pty Ltd and Matrix Planning Solutions Ltd dealer groups.

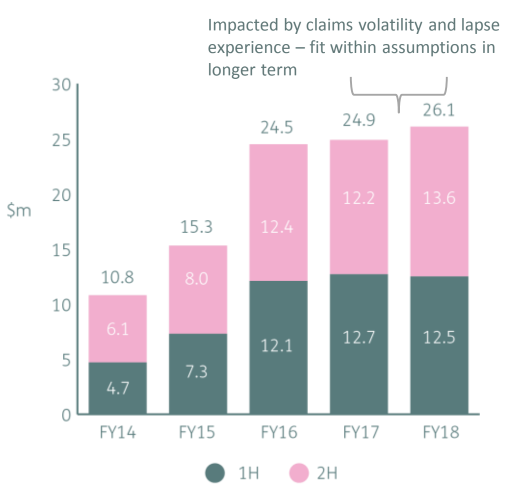
FY18 Result Overview

Section 2

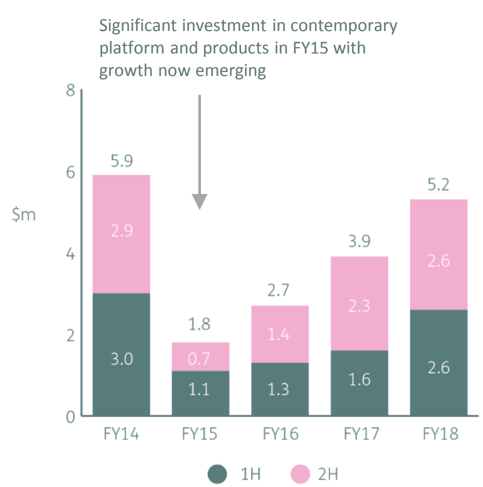
FY18 Results summary

Overview	FY18 ($M)	FY17 ($M)	% Change[1]
Life Insurance	26.1	24.9	5%
Wealth Management	5.2	3.9	31%
Financial Advice	1.8	2.2	(20%)
Listed entity and other	(0.7)	(0.9)	N.M
Underlying NPAT[2]	**32.4**	**30.4**	**7%**
Other adjustments[3]	(5.8)	(17.2)	Large
Reported NPAT[4]	**26.6**	**13.2**	**102%**
Embedded value[5]	701.1	661.9	6%
Value of New Business[6]	12.0	16.7	(28%)
Net asset value[7]	444.3	415.6	7%
Underlying diluted EPS (cps) [8]	5.03	4.88	3%

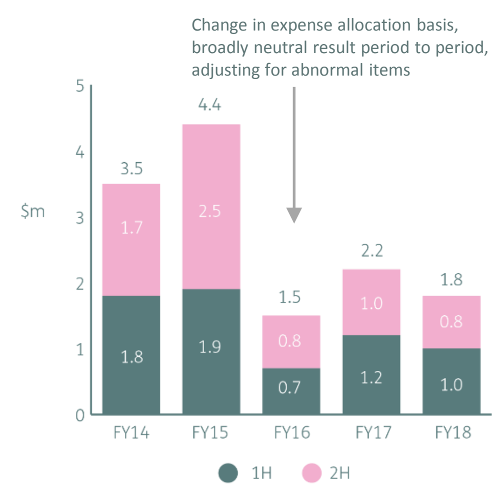
Life Insurance Underlying NPAT ($m)



Wealth Management Underlying NPAT ($m)



Financial Advice Underlying NPAT ($m)

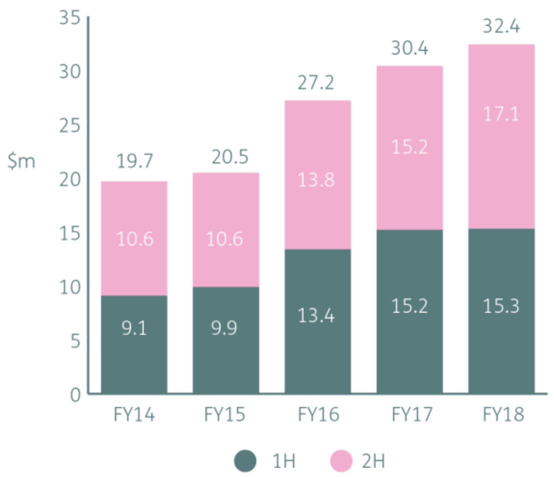


Notes

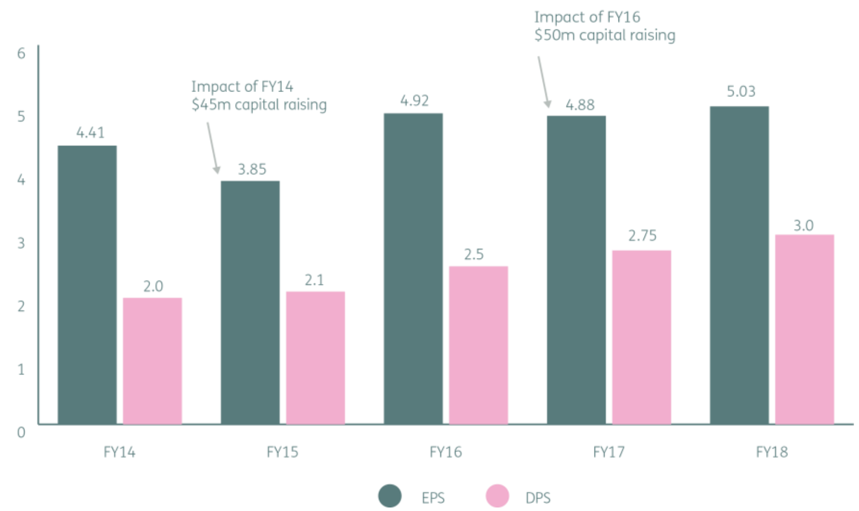
1. % movement, FY17 to FY18 unless otherwise stated.
2. Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
3. Other adjustments include non-cash amortisation, costs considered unusual to normal activities (includes $0.8m strategic review costs) and changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods).
4. Reported NPAT of $26.6m, up 102%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($5.0m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
5. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
6. Value of New Business (VNB) at 4% discount rate margin. Adversely impacted in 2H by the hybrid commission model under the LIF reforms (noting VNB will improve as the commission cap reduces from 80% to 60% over the next few years).
7. Net Asset Value as at 30 June 2018 excluding ESP Loans.
8. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period partially offset by a decrease in the number of ESP shares 'in the money' given the decrease in ClearView's share price period on period.

FY18 Results Executive Summary

Underlying NPAT[1] ($M)



Fully Diluted Underlying EPS and DPS[2] (cps)



- Underlying NPAT, the Board's key measure of Group profitability and basis for dividend payment decisions, increased 7% to $32.4m (FY17: $30.4m), 2H FY18 Underlying NPAT up 12% to $17.1m (HY17:$15.2m):
  - Impacted by material claims volatility of $5.5m (FY17: $1.9m). Adopting a longer term view, overall net adverse claims performance is mainly attributed to IP[3] portfolio, with the lump sum portfolio having a net neutral experience over a five year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that overall claims performance will fit within best estimate claims assumptions (as at 30 June 2018) over longer term.
  - Adverse lapse experience of $2.1m (FY17: $2.0m). LifeSolutions has been broadly neutral over a five-year period, with the more recent adverse experience driven by the LifeSolutions lump sum portfolio. The repositioning and repricing of the LifeSolutions lump sum product in CY18, coupled with the impact of the LIF reforms, is expected to improve lapse performance so it's in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term
- ClearView has strong growth embedded in its expanding distribution footprint and product range - underpins growth profile
  - Maturation of existing Life Insurance APLs and gaining access to new APLs. If transition to open APLs occurs, addressable market will expand materially
  - Continued significant investment in building a contemporary wealth platform and products (noting competitive pricing pressures) with ability to leverage off Life Insurance distribution network over time.
- Board declared a fully franked FY18 dividend of $20.0m (2017: $18.1m). This equates to 3.00 cents per share (2017: 2.75 cents per share), representing just over 60% of 2018 UNPAT in line with the company's dividend policy (+9% increase)

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.
2. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period..
3. IP is income protection policies

FY18 Segment Results Overview

Life Insurance

ClearView LifeSolutions

- Modest growth in Underlying NPAT of 5% (2H FY18 up 12%) but underplays strong fundamentals and further emergence of sustainable growth
- Remains the key profit driver - expanding distribution footprint and strong new business volumes lead to a material increase in the in-force portfolio which underpins the growth profile
- Gross premiums up 21% to $215.2m, advised life insurance sales up 5% to $42.4m and in-force premiums up 19% to $224.8m
- LifeSolutions now available on 419 APLs, up 22% further embedding growth in the distribution footprint
- FY18 earnings adversely impacted by claims volatility and lapses - expectation that overall claims and lapse performance will fit within best estimate assumptions (as at 30 June 2018) over the longer term.
- Due to the small size and nature of the portfolio, claims volatility has a material short term impact on profitability

$26.1m
Life Insurance Underlying NPAT[1]
5%

Wealth Management

ClearView WealthSolutions ClearView WealthFoundations

- Wealth Management is a strong net flow positive business with material growth in earnings (+31%) to $5.2m
- Positive net flows will lead to comparable market share growth in FUM which is a key profit driver
- Growth in earnings follows material investment in the contemporary wealth platform and products in FY15.
- Net flows of $333m into new contemporary products (material relative to FUM), FUM up 12% to $2.8bn and fee income up 10% to $36.2m
- Number of wealth management APLs increased to 44, up 42% by leveraging the Advised Life Insurance distribution network

$5.2m
Wealth Management Underlying NPAT[1]
31%

Financial Advice

ClearView Financial Advice MATRIX Planning Solutions

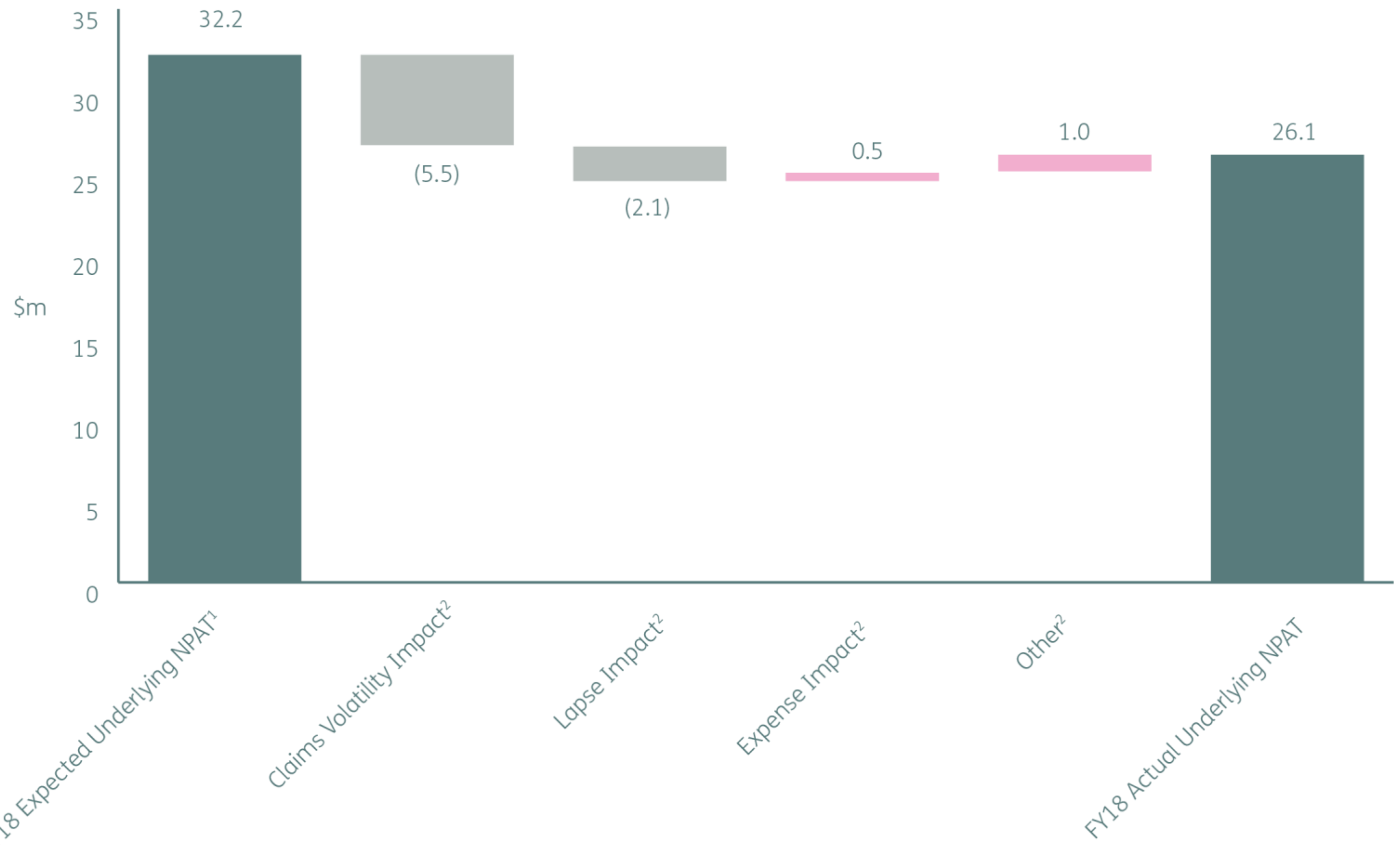
- Aligned dealer groups, Matrix Planning Solutions and ClearView Financial Advice experienced an 14% increase in Premiums under Advice to $270m and a 7% increase in FUMA to $9.6b.
- Underlying NPAT of $1.8m down 20%, but prior year result includes the recovery of certain compliance costs incurred. Adjusting for this item recognised in FY17, Underlying NPAT has remained broadly neutral year-on-year
- Growth in net financial planning fees (+3%) is broadly in line with the prior year with marginal increases across all key revenue line items
- Investment in operational and compliance head count, system costs, strategic advice and analysis of D2D services model

$1.8m
Financial Advice Underlying NPAT[1]
20%

1. FY18 Underlying NPAT for the relevant segment. 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 Analysis of Profit

FY18 earnings adversely impacted by claims volatility and lapses - expectation that overall claims and lapse performance will fit within best estimate claims assumptions in the longer term – see slides that follow

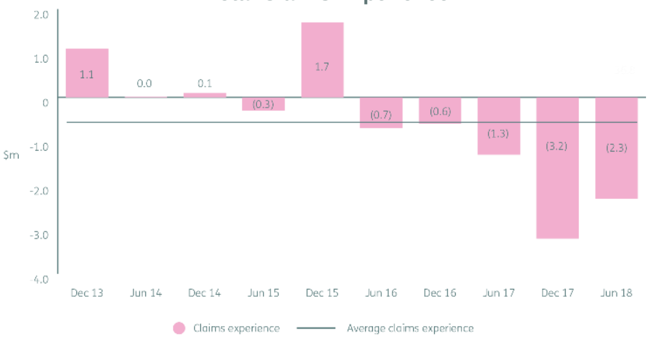


Notes

1. Expected Underlying NPAT of $32.2m (+10% FY17 to FY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions (adopted 30 June 2017).
2. Reflects actual experience for relevant item in the FY18 result and the difference between actual and expected experience for the relevant period.

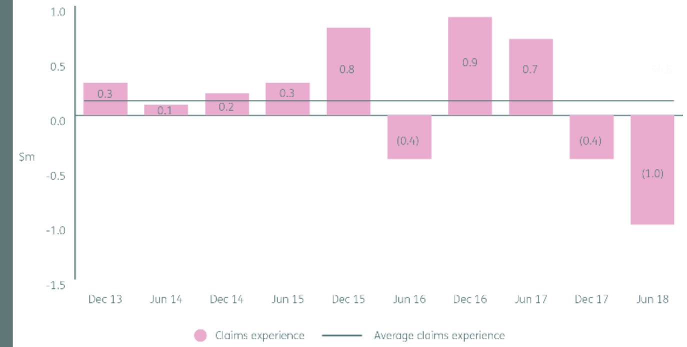
Claims experience

Total Claims Experience[1]



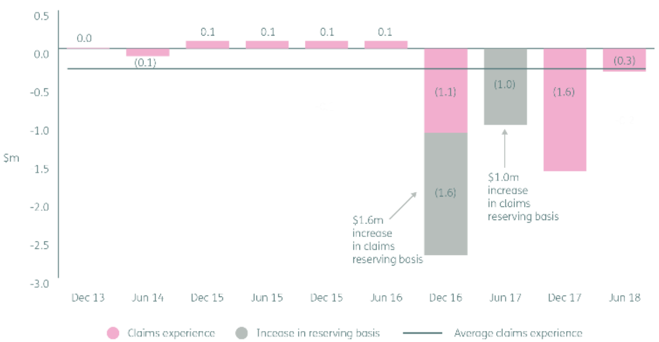
Adopting a longer term view, overall net claims performance has an average $1.1m adverse impact per year that is mainly attributed to the IP portfolio, with the lump sum portfolio having a net neutral experience over the same 5 year period. Claims assumptions has been updated for IP portfolio at June 2018 with the expectation that claims will fit within best estimate assumptions in the longer term.

LifeSolutions Lump Sum Claims Experience[1]



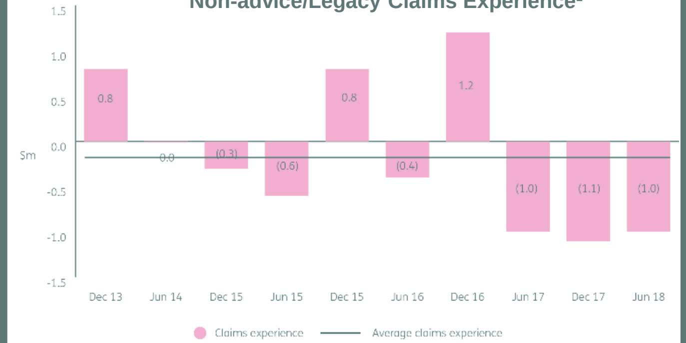
The claims experience on the LifeSolutions lump sum portfolio has been profitable over the last 5 years (average annual experience profits of $0.3m), albeit with some volatility between periods, in particular in 2H FY18. Given the size of the portfolio and reinsurance arrangements in place some statistical volatility is expected period to period.

LifeSolutions Income Protection Claims Experience[1]



An enhanced actuarial reserving basis was adopted for IP claims in FY17 resulting in a $2.6m adverse impact. Adverse experience in 1H of FY17 and FY18 with improvement in performance in 2H of both financial years. Actuarial claims assumptions have been updated at June 2018 reflecting an increase (+15%) in the projected claims costs of the IP portfolio that is expected to reduce the adverse experience over time.

Non-advice/Legacy Claims Experience[1]



The surplus reinsurance program of the Old Life book (acquired in 2010) retains more risk – this lump sum portfolio has historically reflected claims profits over a long period of time, albeit with some volatility between periods. Overall, the portfolio, including the direct book that was closed to new business in FY17, has an average annual experience loss of $0.3m over the preceding 5 years.

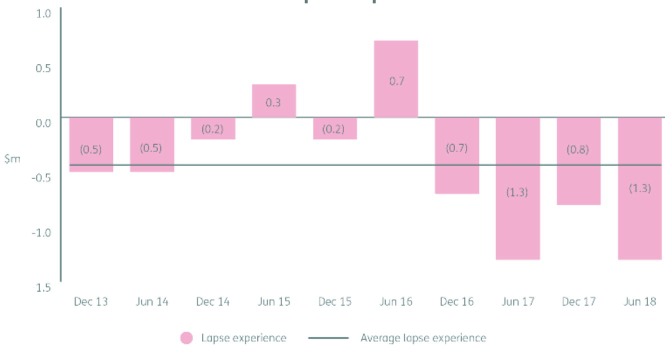
FY18 result impacted by material adverse claims volatility of $5.5m - overall poor claims performance is mainly attributed to IP portfolio, with the lump sum portfolio having a net neutral experience over a five year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that with fit within longer term actuarial assumptions

Notes

1. Experience measured against the assumptions applicable at the date of reporting.

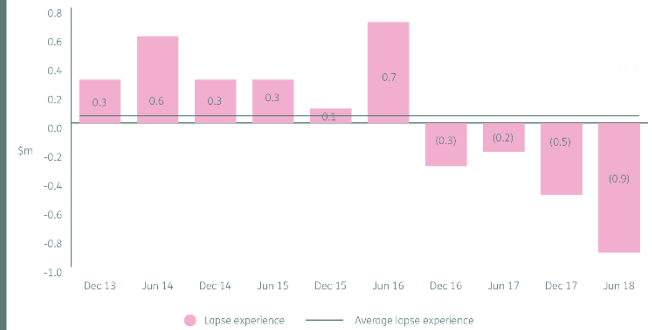
Lapse experience

Total Lapse Experience[1]



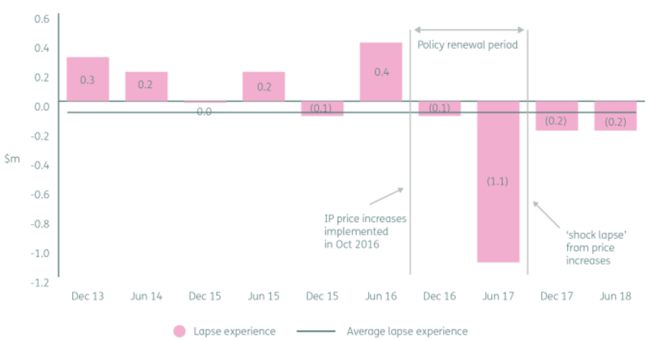
Adopting a long term view, overall lapse experience has an average $0.8m adverse impact per year over a 5 year period. LifeSolutions has been broadly neutral across products over the 5 year period, albeit with an upward trend in FY17 and FY18. More recent adverse experience has been driven by the lump sum portfolio. Key drivers that are expected to improve lapses rates include the LIF reforms (2 year responsibility period); product and pricing review of LifeSolutions in CY18.

LifeSolutions Lump Sum Lapse Experience[1]



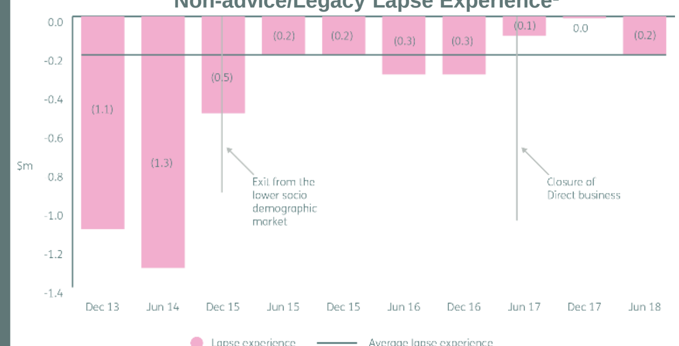
Key reasons for increased lapses from 1H FY17:- Lump sum policies are generally sold together with IP and therefore resulted in some shock lapses on renewal of IP post price increases. Competitiveness of ClearView premium rates have drifted over time that will be addressed with product and pricing review in CY18 Heightened lapses in lead up to the LIF reforms, in particular policies with upfront commissions

LifeSolutions Income Protection Lapse Experience[1]



Income Protection price increases were implemented in October 2016, (+10%) to help manage margin over time. Lapse rates trended upwards thereafter, with an element of shock lapse as IP policies renewed on the new rates. This largely washes through the portfolio by December 2017.

Non-advice/Legacy Lapse Experience[1]



ClearView made a strategic decision to exit the lower socio demographic market in HY15 and closed the Direct business in FY17. Lapse experience improved significantly as ClearView exited the direct business (over time) and are likely to further recede with the run-off of the book. Lapses however may be impacted in the shorter term by the direct remediation program that is underway

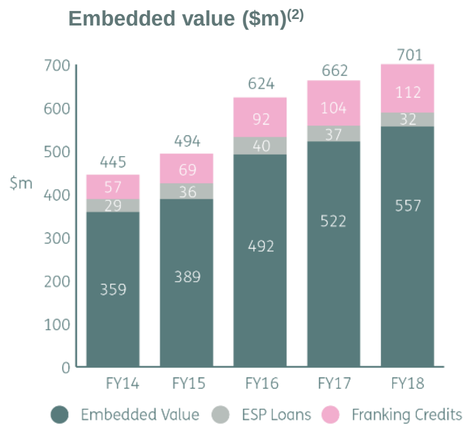
FY18 result impacted by adverse lapse experience of $2.1m - more recent adverse experience driven by the LifeSolutions lump sum portfolio. The repositioning and repricing of the LifeSolutions lump sum product in CY18, coupled with the impact of the LIF reforms, is expected to improve lapse performance so it fits within longer term actuarial assumptions

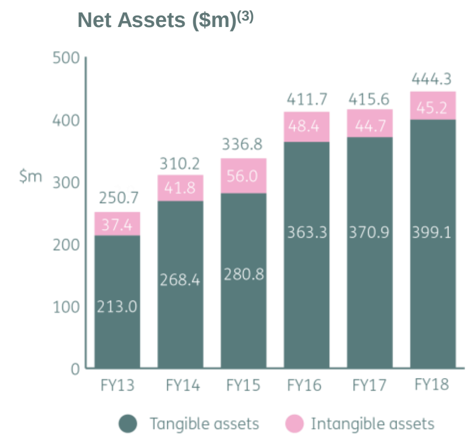
Notes

1. Experience measured against the assumptions applicable at the date of reporting.

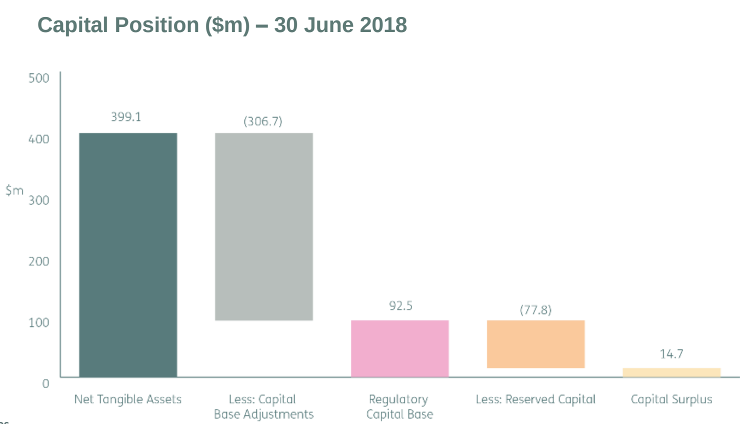
Embedded Value, Balance Sheet and Capital

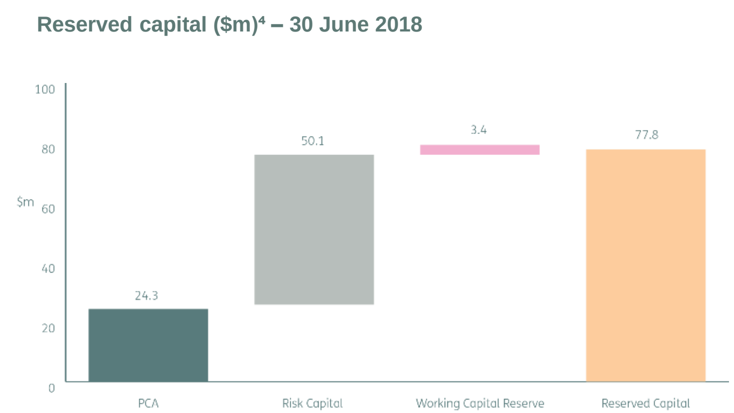
Net assets of $444.3m up 7% with a Group capital surplus position of $14.7m as at 30 June 2018. Net cash position of $169.4m with shareholder capital conservatively invested in cash and short-term interest bearing securities. EV up 6% to $701m or $1.05 per share





ClearView generates positive cash flows from its in-force portfolio which is subsequently reinvested into new business generation. Given the quantum of new business written relative to the size of the in-force book to date, the cash flows generated have been insufficient to fund new business growth, known as upfront capital strain. This strain has reduced materially since the ‘start up’ phase with ClearView now approaching self-funding capability from the in-force portfolio flows





Notes

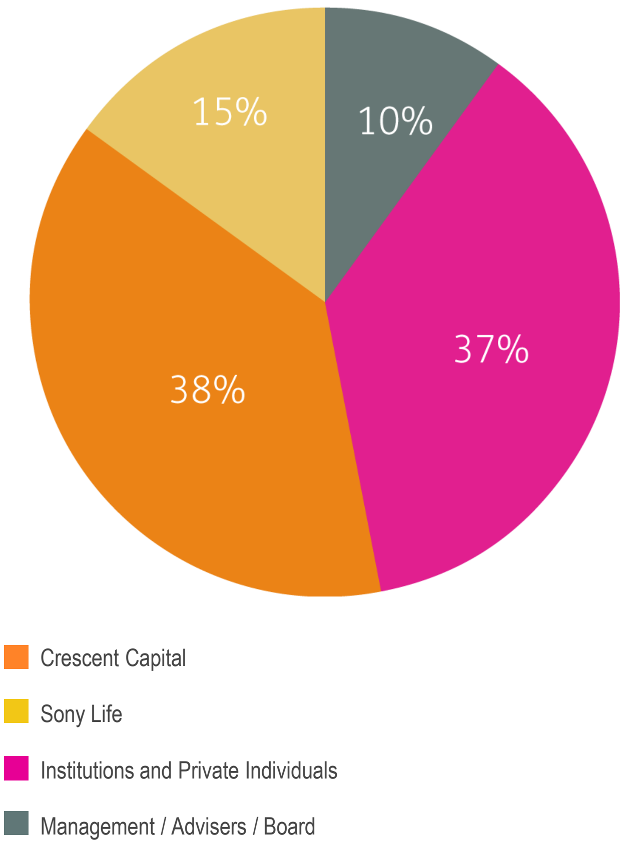
1. % movement, FY17 to FY18 unless otherwise stated.
2. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
3. Net Asset Value as at 30 June 2018 excluding ESP Loans.
4. Reserved capital includes the minimum regulatory capital, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve held to support the capital needs of the business beyond the risk reserving basis.

Shareholder Base, Market and Business Outlook

Section 3

Shareholding base

Supportive shareholder base



- Crescent Capital retains 38% holding and remains committed to ClearView and its growth trajectory for medium term – full participation in the DRP
- Crescent has the ability to 'drag' Sony Life shareholding in event of sale of ClearView shares[1]
- Sony Life participation in the DRP to the extent shareholding does not increase above 14.9%
- Sony Life does not have the ability to sell any of its shares under the terms of the Option Agreement with Crescent Capital
- Management, financial advisers and Board hold 10%
- Institutions hold predominant share of 37% with small retail base

1. Under the terms of Option Agreement entered into 25 October 2016

Market Outlook

- **Long-term market growth fundamentals remain sound** driven by population increases, inflation and real GDP growth and underpinned by a compulsory retirement savings regime (superannuation)
- **Short-term challenges and opportunities** include:
  - **Life Insurance Reforms (LIF) implemented on 1 January 2018 -** changes include reduced commissions and new clawback provisions that will have a short term impact on profit margins, but overall increase return on equity and improved margins as upfront commission caps reduce to 60% over the next few years.
  - **Treasury Laws Amendment (Protecting Your Superannuation Package) Bill 2018 –** features fee caps and changes to group life insurance inside superannuation. ClearView does not participate in group life but continues to advocate for reforms requiring all members to consciously opt-in for group insurance.
  - **Banking and Financial Services Royal Commission –** ongoing hearings and potential recommendations likely to create further disruption to existing revenue streams and industry structures. Industry-wide reputational damage is impacting financial services.
  - **Parliamentary Joint Committee (PJC) Report on the life insurance industry -** the reform agenda is designed to boost competition, drive efficiency and deliver improved consumer outcomes. ClearView has advocated for open life insurance APLs as an important step to ensuring conflicts of interest are properly managed. This would lead to a step-change in ClearView's distribution profile if open life insurance APLs are mandated.
  - **Heightened M&A activity -** as banks refocus on their core business lines, there has been an emergence of foreign institutions investing in the Australian life insurance industry along with a trend towards banks demerging their wealth operations. This is likely to drive investment in the industry and boost competition leading to improved consumer outcomes.
  - **Retail Income Protection -** industry participants have progressively increased prices driven by losses on IP portfolios. ClearView increased prices in HY17 (10% on average) to manage margins, resulting in some short-term elevated lapses which is subsiding. The broader industry pricing cycle and performance of IP portfolios continues to being closely monitored.
  - **Scrutiny on Direct Life Insurance Sales Practices -** ClearView closed its Direct Life operation to new business in FY17 given a number of issues associated with the direct distribution (non-advice) channel. ClearView is currently undertaking a Direct Remediation Program to compensate a number of Direct Life insurance customers who may have been affected by inappropriate sales practices. Provision for the remediation program has already been made and it is not expected to have a material further financial impact on the Group.

Business Outlook

- Life Insurance remains the key profit driver. The **underlying performance remains strong** with the expanding distribution footprint and strong new business volumes leading to a **material increase in the in-force portfolios which underpins the growth profile, noting:**
  - Maturation of existing Life Insurance APLs and gaining access to new APLs. If transition to open life insurance APLs occurs, addressable market will expand materially.
- ClearView is focused on **offering both life insurance and wealth management products** that can maximise adviser relationships and further cementing its position with quality advisers by **offering dealer group services to third party dealer groups (D2D)**:
  - Positioning itself as a participant in the D2D market given it has infrastructure, services and systems for compliance, supervision and monitoring for those third party dealer groups that choose to self license or currently have their own licence; and
  - Continued significant investment in building a contemporary wealth management platform and products (noting competitive pricing pressures) with ability to leverage off ClearView's Life Insurance distribution network over time**.**
- The **Group maintains a positive outlook** and is well positioned to outperform the market and **generate material growth in Group FY19 Underlying NPAT (versus FY18)**, noting:
  - There can be some claims volatility between periods and shorter term lapse impacts; and
  - Difficult regulatory backdrop with increased media scrutiny – Royal Commission hearings to take place in September may impact on consumer sentiment in short to medium term (including overall industry sales volumes).

Disclaimer

IMPORTANT NOTICE AND DISCLAIMER

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End

ClearView Results
Year ended
30 June 2018

Information booklet

Consolidated
FY18 Result

Consolidated FY18 results: Shareholder view[1]

12 Months to June 2018 ($M)[1]	2015			2016			2017			2018		
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18
Gross life insurance premiums	49.6	55.5	105.1	64.9	73.4	138.3	84.4	93.3	177.7	104.7	110.5	215.2
Fund management fees	15.2	16.1	31.3	15.7	15.4	31.1	16.3	16.5	32.8	18.0	18.2	36.2
Financial advice fees	7.0	8.2	15.2	8.5	8.2	16.7	8.6	8.3	16.9	8.8	8.6	17.4
Interest and other income	2.6	2.5	5.1	2.4	2.3	4.7	2.1	1.5	3.6	1.7	1.8	3.5
Gross Income	**74.4**	**82.3**	**156.7**	**91.5**	**99.3**	**190.8**	**111.4**	**119.6**	**231.0**	**133.2**	**139.1**	**272.3**
Net claims incurred	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	(11.8)	(13.2)	(25.0)	(16.9)	(16.0)	(32.9)
Reinsurance premium expense	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	(20.3)	(24.0)	(44.3)	(27.2)	(30.0)	(57.2)
Commission and other variable expenses	(21.1)	(21.9)	(43.0)	(25.3)	(27.3)	(52.6)	(31.1)	(33.2)	(64.3)	(37.0)	(33.1)	(70.1)
Funds management expenses	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	(4.1)	(4.0)	(8.1)	(4.7)	(4.8)	(9.5)
Operating expenses	(34.1)	(36.0)	(70.1)	(38.3)	(37.2)	(75.5)	(39.0)	(38.1)	(77.1)	(39.6)	(40.6)	(80.2)
Movement in policy liabilities	14.8	14.6	29.4	16.6	16.9	33.5	16.7	13.8	30.5	14.2	8.9	23.1
Total Operating Earnings (before tax)	**14.1**	**15.6**	**29.7**	**19.5**	**20.1**	**39.6**	**21.8**	**20.8**	**42.6**	**22.0**	**23.5**	**45.5**
Income tax (expense) / benefit	(4.2)	(4.6)	(8.8)	(5.6)	(5.8)	(11.4)	(6.5)	(5.6)	(12.1)	(6.5)	(6.3)	(12.8)
Total Operating Earnings (after tax)	**9.9**	**11.0**	**20.9**	**13.9**	**14.3**	**28.2**	**15.3**	**15.2**	**30.5**	**15.5**	**17.2**	**32.7**
Interest expense on corporate debt (after tax)	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.3)
Underlying NPAT	**9.9**	**10.6**	**20.5**	**13.4**	**13.8**	**27.2**	**15.2**	**15.2**	**30.4**	**15.3**	**17.1**	**32.4**
Amortisation of intangibles	(4.5)	(4.5)	(9.0)	(4.6)	(4.5)	(9.1)	(4.6)	(3.6)	(8.2)	(2.0)	(2.0)	(4.0)
Policy liability discount rate effect	5.2	(1.0)	4.2	1.0	10.1	11.1	(9.9)	1.4	(8.5)	(1.0)	(0.3)	(1.3)
Matrix Deal and Integration Costs	(1.8)	(0.5)	(2.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Your Insure Impairment (net of tax)	0.0	0.0	0.0	(1.9)	0.0	(1.9)	0.0	0.0	0.0	0.0	0.0	0.0
Direct Closure Provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.4)	(2.4)	0.0	0.0	0.0
Strategic Review Costs	0.0	0.0	0.0	0.0	(0.5)	(0.5)	(0.7)	(0.3)	(1.0)	(0.4)	(0.8)	(1.2)
Tax effect	(1.1)	0.2	(0.9)	(0.3)	(2.9)	(3.2)	3.2	(0.3)	2.9	0.4	0.3	0.7
Reported NPAT	**7.7**	**4.8**	**12.5**	**7.6**	**16.0**	**23.6**	**3.2**	**10.0**	**13.2**	**12.3**	**14.3**	**26.6**

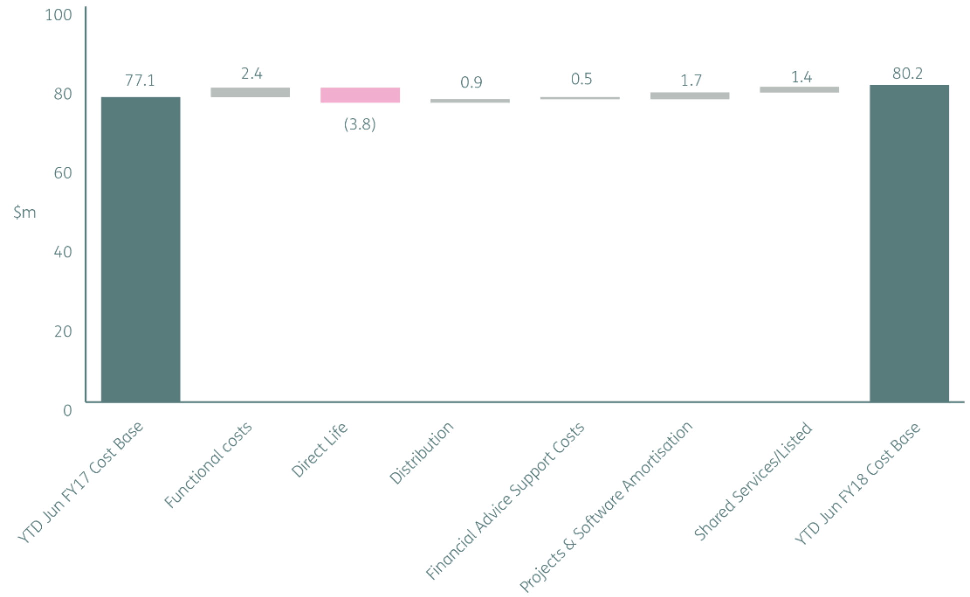
Breakdown by Segment ($M)	2015			2016			2017			2018		
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18
Life Insurance	7.3	8.0	15.3	12.1	12.4	24.5	12.7	12.2	24.9	12.5	13.6	26.1
Wealth Management	1.1	0.7	1.8	1.3	1.4	2.7	1.6	2.3	3.9	2.6	2.6	5.2
Financial Advice	1.9	2.5	4.4	0.7	0.8	1.5	1.2	1.0	2.2	1.0	0.8	1.8
BU Operating Earnings (after tax)	**10.3**	**11.2**	**21.5**	**14.1**	**14.6**	**28.7**	**15.6**	**15.5**	**31.1**	**16.1**	**17.0**	**33.1**
Listed Entity and Other	(0.4)	(0.2)	(0.6)	(0.2)	(0.3)	(0.5)	(0.3)	(0.2)	(0.5)	(0.7)	0.3	(0.4)
Total Operating Earnings (after tax)	**9.9**	**11.0**	**20.9**	**13.9**	**14.3**	**28.2**	**15.3**	**15.3**	**30.6**	**15.5**	**17.2**	**32.7**
Interest expense on corporate debt (after tax)	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.1)	(0.3)
Underlying NPAT	**9.9**	**10.6**	**20.5**	**13.4**	**13.8**	**27.2**	**15.2**	**15.2**	**30.4**	**15.3**	**17.1**	**32.4**

Notes

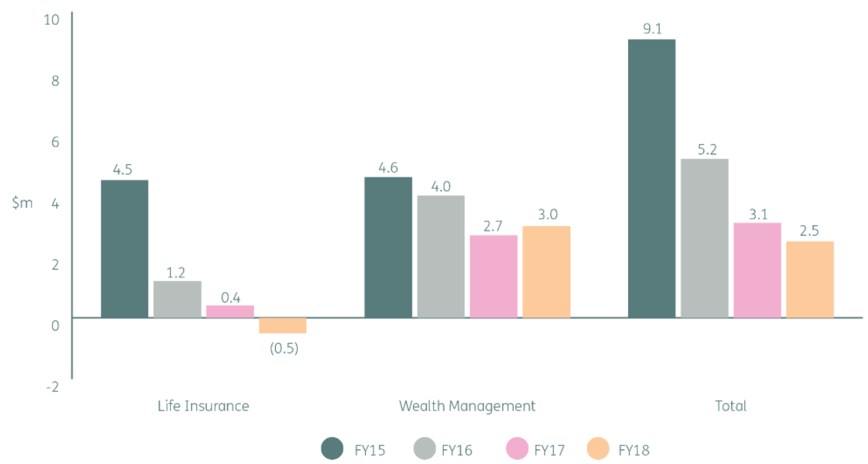
1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY17 to FY18.

Operating expenses overview

FY17 vs FY18 Cost Base



Non-deferred Expense Overruns ($M) FY15-18



Life Insurance

12 Months to June 2018 ($M)[1]	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
Gross life insurance premiums	49.6	55.5	105.1	64.9	73.4	138.3	84.4	93.3	177.7	104.7	110.5	215.2	21%
Interest income	1.5	1.5	3.0	1.4	1.4	2.8	1.2	1.1	2.3	1.1	1.2	2.3	(2%)
Net claims incurred	(8.5)	(9.4)	(17.9)	(7.5)	(11.3)	(18.8)	(11.8)	(13.2)	(25.0)	(16.9)	(16.0)	(32.9)	32%
Reinsurance premium expense	(8.1)	(10.8)	(18.9)	(14.0)	(16.8)	(30.8)	(20.3)	(24.0)	(44.3)	(27.2)	(30.0)	(57.2)	29%
Commission and other variable expenses	(17.6)	(18.2)	(35.8)	(21.9)	(24.0)	(45.9)	(27.8)	(29.9)	(57.7)	(33.7)	(30.0)	(63.7)	10%
Operating expenses	(21.2)	(21.9)	(43.1)	(22.2)	(22.0)	(44.2)	(24.2)	(23.7)	(47.9)	(24.3)	(24.9)	(49.2)	3%
Movement in policy liabilities	14.8	14.6	29.4	16.6	16.9	33.5	16.7	13.8	30.5	14.2	8.9	23.1	(24%)
Underlying NPBT	**10.5**	**11.3**	**21.8**	**17.3**	**17.6**	**34.9**	**18.2**	**17.4**	**35.6**	**17.9**	**19.6**	**37.5**	**6%**
Income tax (expense) / benefit	(3.2)	(3.3)	(6.5)	(5.2)	(5.2)	(10.4)	(5.5)	(5.2)	(10.7)	(5.4)	(6.0)	(11.4)	7%
Underlying NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**5%**
Amortisation of intangibles	(1.5)	(1.4)	(2.9)	(1.4)	(1.4)	(2.8)	(1.4)	(1.4)	(2.8)	(1.4)	(1.4)	(2.8)	0%
Policy liability discount rate effect (after tax)	3.6	(0.7)	2.9	0.7	7.1	7.8	(6.9)	1.0	(5.9)	(0.7)	(0.2)	(0.9)	(85%)
Reported NPAT	**9.4**	**5.9**	**15.3**	**11.4**	**18.1**	**29.5**	**4.4**	**11.8**	**16.2**	**10.4**	**12.0**	**22.4**	**39%**

Analysis of Profit ($M)	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	Total	1H	2H	FY17	1H	2H	FY18	
Expected Underlying NPAT[1]	**9.3**	**9.9**	**19.2**	**11.4**	**12.3**	**23.7**	**14.2**	**15.1**	**29.3**	**16.0**	**16.2**	**32.2**	**10%**
Claims experience	0.1	(0.2)	(0.1)	1.7	(0.7)	1.1	(0.6)	(1.3)	(1.9)	(3.2)	(2.3)	(5.5)	187%
Lapse experience	(0.2)	0.3	0.1	(0.2)	0.7	0.5	(0.7)	(1.3)	(2.0)	(0.8)	(1.3)	(2.1)	8%
Expense experience	(2.2)	(2.3)	(4.5)	(0.9)	(0.2)	(1.2)	(0.3)	(0.1)	(0.4)	0.2	0.3	0.5	(225%)
Other	0.3	0.3	0.6	0.1	0.3	0.4	0.1	(0.2)	(0.1)	0.2	0.7	0.9	(817%)
Actual Underlying NPAT	**7.3**	**8.0**	**15.3**	**12.1**	**12.4**	**24.5**	**12.7**	**12.2**	**24.9**	**12.5**	**13.6**	**26.1**	**5%**

Key Statistics And Ratios ($M)	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
New Business	**17.0**	**17.5**	**34.5**	**18.2**	**21.0**	**39.2**	**22.1**	**20.2**	**42.3**	**22.6**	**19.7**	**42.4**	**0%**
LifeSolutions	13.2	14.3	27.5	15.7	19.0	34.7	20.6	19.7	40.3	22.6	19.7	42.4	5%
Non Advice	3.8	3.2	7.0	2.5	2.0	4.5	1.5	0.5	2.0	0.0	0.0	0.0	(99%)
In-Force	**101.4**	**115.7**	**115.7**	**132.0**	**150.7**	**150.7**	**171.0**	**189.5**	**189.5**	**209.9**	**224.8**	**224.8**	**19%**
LifeSolutions	57.5	71.0	71.0	86.7	105.7	105.7	126.1	146.1	146.1	167.5	184.2	184.2	26%
Non Advice	43.9	44.7	44.7	45.3	45.0	45.0	44.9	43.4	43.4	42.4	40.6	40.6	-7%
Old Book	35.8	35.1	35.1	34.7	34.1	34.1	33.6	32.7	32.7	32.2	30.9	30.9	(5%)
New Book	8.1	9.6	9.6	10.6	10.9	10.9	11.3	10.7	10.7	10.2	9.6	9.6	(10%)
Cost to Income Ratio	**42.7%**	**39.5%**	**41.0%**	**34.2%**	**30.0%**	**32.0%**	**28.7%**	**25.4%**	**27.0%**	**23.2%**	**22.5%**	**22.9%**	

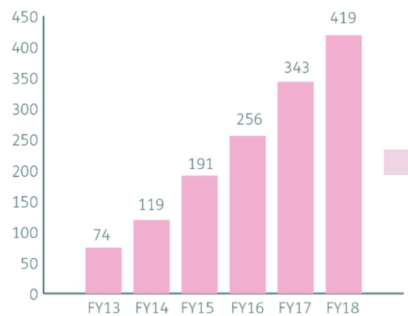
Notes

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 FY17 to FY18.
3. Expected Underlying NPAT of $32.2m (+10% FY17 to FY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.

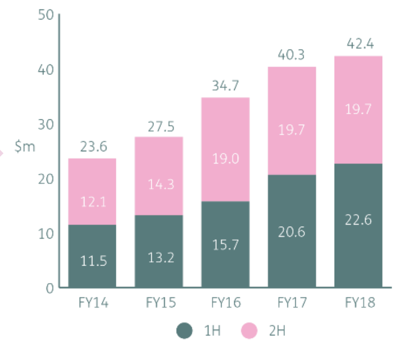
How we think about Life Insurance

Life insurance is a compounding business. New business generation (linked to APL expansion and penetration) leads to inforce premium growth that drives underlying NPAT.

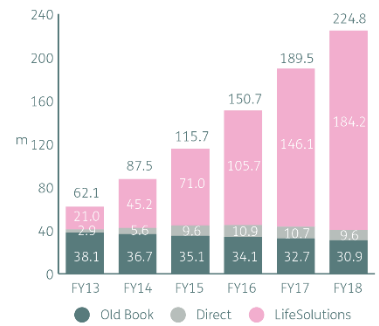
Expanding distribution footprint – APLs[1]



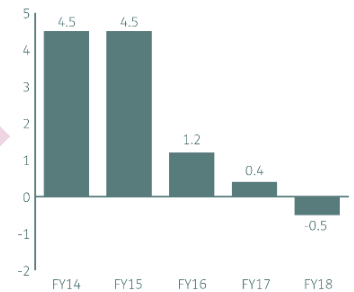
New business written reflects market outperformance



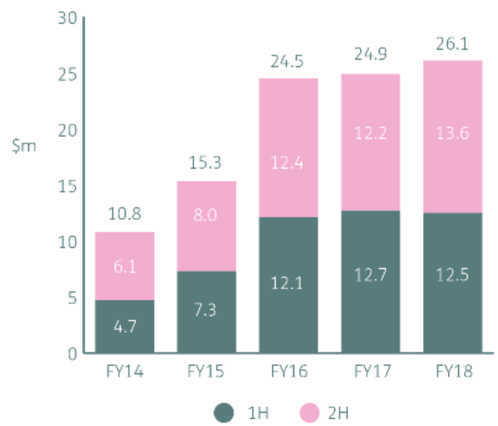
Inforce premium growth compounds, even during periods of subdued new business growth, given proportion of new business to in-force premium



As business build to scale, non-deferred expense overruns eliminate leading to profit growth



Underlying NPAT ($m)



As new business generation is a material percentage of in-force premium, there is embedded growth built into underlying profit[2]

1. Approved Product List
2. Subject to claims volatility and lapse experience period to period

Wealth Management

12 Months to June 2018 ($M)[1]	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
Fund management fees	15.2	16.1	31.3	15.7	15.4	31.1	16.3	16.5	32.8	18.0	18.2	36.2	10%
Interest income	0.3	0.2	0.5	0.2	0.2	0.4	0.2	0.2	0.3	0.2	0.2	0.5	49%
Variable expense[3]	(3.5)	(3.7)	(7.2)	(3.4)	(3.3)	(6.7)	(3.3)	(3.2)	(6.5)	(3.3)	(3.2)	(6.4)	(1%)
Funds management expenses	(3.3)	(3.2)	(6.5)	(3.5)	(3.4)	(6.9)	(4.1)	(4.0)	(8.1)	(4.7)	(4.8)	(9.5)	17%
Operating expenses	(7.4)	(8.5)	(15.9)	(7.7)	(7.5)	(15.2)	(7.0)	(6.8)	(13.8)	(7.0)	(7.5)	(14.5)	5%
Underlying NPBT	**1.3**	**0.9**	**2.2**	**1.3**	**1.3**	**2.6**	**2.1**	**2.6**	**4.6**	**3.3**	**3.0**	**6.2**	**34%**
Income tax (expense) / benefit	(0.2)	(0.2)	(0.4)	0.0	0.1	0.1	(0.4)	(0.3)	(0.7)	(0.7)	(0.4)	(1.1)	54%
Underlying NPAT	**1.1**	**0.7**	**1.8**	**1.3**	**1.4**	**2.7**	**1.6**	**2.3**	**3.9**	**2.6**	**2.6**	**5.2**	**31%**
Amortisation of intangibles	(2.6)	(2.6)	(5.2)	(2.6)	(2.7)	(5.3)	(2.6)	(1.8)	(4.4)	0.0	(0.1)	(0.1)	(98%)
Reported NPAT	**(1.5)**	**(1.9)**	**(3.4)**	**(1.3)**	**(1.3)**	**(2.6)**	**(0.9)**	**0.4**	**(0.5)**	**2.6**	**2.5**	**5.1**	**Large**

Key Statistics And Ratios ($M)	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
Net Flows	**25.7**	**85.8**	**111.5**	**101.2**	**111.1**	**212.3**	**59.5**	**145.4**	**204.9**	**163.6**	**43.6**	**207.2**	**1%**
Master Trust	(99.1)	(64.6)	(163.7)	(58.1)	(64.5)	(122.6)	(81.5)	(66.3)	(147.8)	(65.6)	(60.4)	(126.0)	(15%)
WealthSolutions	72.8	90.5	163.3	112.7	75.3	188.0	86.6	112.5	199.1	103.9	58.6	162.5	(18%)
WealthFoundations	51.9	59.9	111.8	46.6	45.8	92.4	42.1	45.7	87.8	66.0	32.8	98.8	12%
External Platforms	0.0	0.0	0.0	0.0	54.5	54.5	12.3	53.5	65.8	59.3	12.6	71.9	9%
Total FUM ($B)	**1.77**	**1.90**	**1.90**	**1.98**	**2.13**	**2.13**	**2.28**	**2.50**	**2.50**	**2.73**	**2.79**	**2.79**	**12%**
Master Trust	1.22	1.18	1.18	1.11	1.07	1.07	1.03	1.00	1.00	0.96	0.90	0.90	(9%)
WealthSolutions	0.50	0.61	0.61	0.72	0.80	0.80	0.93	1.08	1.08	1.22	1.29	1.29	19%
WealthFoundations	0.05	0.11	0.11	0.15	0.20	0.20	0.25	0.30	0.30	0.38	0.41	0.41	37%
External Platforms	0.00	0.00	0.00	0.00	0.06	0.06	0.07	0.12	0.12	0.18	0.19	0.19	58%
Cost to Income Ratio	**48.7%**	**52.8%**	**50.8%**	**49.0%**	**48.7%**	**49.0%**	**42.9%**	**41.4%**	**42.1%**	**38.9%**	**41.2%**	**40.0%**	

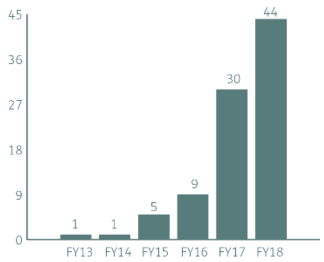
Notes

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 FY17 to FY18.
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.

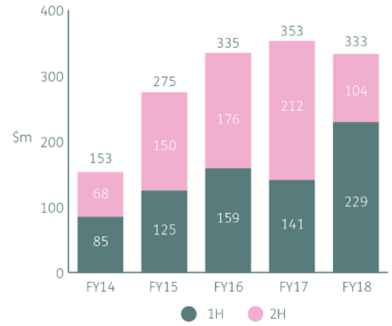
How we think about Wealth Management

Wealth Management is a compounding business. Earnings are generated from percentage-based fees on growth in FUM, which increases with inflows (buoyed by compulsory super) and performance gains (less outflows)

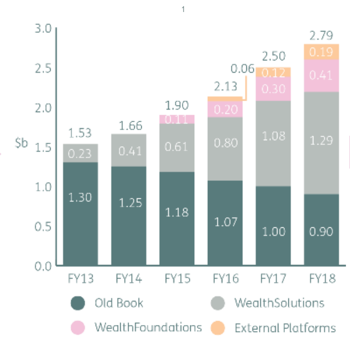
Expanding distribution footprint but with ability to access life insurance network



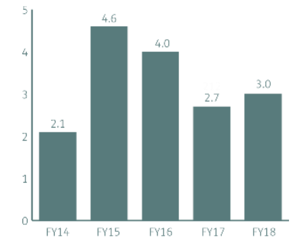
Contemporary net inflows – material proportion of overall FUM

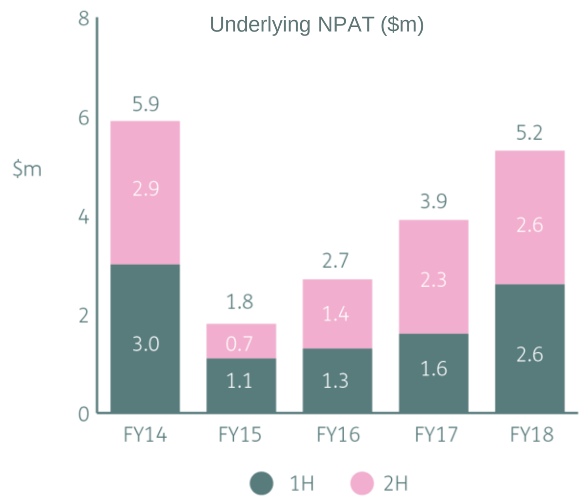


Funds under management growth driven by new contemporary product



Expense overruns eliminate as FUM builds to scale





Financial Advice

12 Months to June 2018 ($M)[1]	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
Net financial planning fees	7.0	8.2	15.2	8.5	8.2	16.7	8.6	8.3	16.9	8.8	8.7	17.4	3%
Interest & other income	0.2	0.2	0.4	0.2	0.1	0.3	0.5	0.1	0.6	0.2	0.3	0.5	(26%)
Operating expenses	(4.6)	(4.8)	(9.4)	(7.7)	(7.2)	(14.9)	(7.4)	(7.0)	(14.4)	(7.6)	(7.7)	(15.3)	6%
Underlying NPBT	**2.6**	**3.6**	**6.2**	**1.0**	**1.1**	**2.1**	**1.7**	**1.4**	**3.2**	**1.3**	**1.3**	**2.6**	**(20%)**
Income tax (expense) / benefit	(0.7)	(1.1)	(1.8)	(0.3)	(0.3)	(0.6)	(0.5)	(0.4)	(0.9)	(0.4)	(0.4)	(0.8)	(18%)
Underlying NPAT	**1.9**	**2.5**	**4.4**	**0.7**	**0.8**	**1.5**	**1.2**	**1.0**	**2.2**	**1.0**	**0.8**	**1.8**	**(20%)**
Amortisation of intangibles	(0.4)	(0.5)	(0.9)	(0.5)	(0.5)	(1.0)	(0.5)	(0.5)	(1.0)	(0.6)	(0.5)	(1.1)	14%
Matrix deal and integration costs (net of tax)	(0.3)	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM
Reported NPAT	**1.2**	**2.0**	**3.2**	**0.2**	**0.3**	**0.5**	**0.7**	**0.5**	**1.2**	**0.4**	**0.3**	**0.7**	**(47%)**

Key Statistics And Ratios	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
FUMA ($B)	7.4	7.9	7.9	8.1	8.2	8.2	8.5	8.9	8.9	9.3	9.6	9.6	7%
PUA ($M)	160	187	187	203	215	215	223	237	237	247	270	270	14%
CFA Advisers	131	139	139	136	146	146	153	152	152	148	134	134	(12%)
Matrix Advisers	85	82	82	85	89	89	90	91	91	98	99	99	9%
Total Advisers	**216**	**221**	**221**	**221**	**235**	**235**	**243**	**243**	**243**	**246**	**233**	**233**	**(4%)**

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 FY17 to FY18.

Listed entity

12 Months to June 2018 ($M)[1]	2015			2016			2017			2018			% Change[2]
	1H	2H	FY15	1H	2H	FY16	1H	2H	FY17	1H	2H	FY18	
Interest income	0.6	0.6	1.2	0.6	0.6	1.2	0.2	0.1	0.3	0.1	0.2	0.3	9%
Operating expenses	(0.9)	(0.8)	(1.7)	(0.6)	(0.6)	(1.2)	(0.4)	(0.6)	(1.0)	(0.7)	(0.5)	(1.2)	18%
BU Operating NPBT	**(0.3)**	**(0.2)**	**(0.5)**	**0.0**	**0.0**	**0.0**	**(0.2)**	**(0.5)**	**(0.7)**	**(0.6)**	**(0.2)**	**(0.8)**	**22%**
Income tax (expense) / benefit	(0.1)	0.0	(0.1)	(0.2)	(0.3)	(0.5)	(0.1)	0.3	0.2	(0.1)	0.5	0.4	152%
BU Operating NPAT	**(0.4)**	**(0.2)**	**(0.6)**	**(0.2)**	**(0.3)**	**(0.5)**	**(0.3)**	**(0.2)**	**(0.5)**	**(0.7)**	**0.3**	**(0.4)**	**(23%)**
Interest expense on corporate debt (after tax)	0.0	(0.4)	(0.4)	(0.5)	(0.5)	(1.0)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	65%
Underlying NPAT	**(0.4)**	**(0.6)**	**(1.0)**	**(0.7)**	**(0.8)**	**(1.5)**	**(0.4)**	**(0.3)**	**(0.7)**	**(0.8)**	**0.1**	**(0.7)**	**(0%)**
Matrix Deal and Integration Costs	(1.1)	(0.5)	(1.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NM
Strategic Review Costs	0.0	0.0	0.0	0.0	(0.4)	(0.4)	(0.5)	(0.1)	(0.6)	(0.3)	(0.5)	(0.8)	34%
Your Insure impairment	0.0	0.0	0.0	(1.9)	0.0	(1.9)	0.0	0.0	0.0	0.0	0.0	0.0	NM
Direct Closure Provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.4)	(2.4)	0.0	0.0	0.0	(100%)
Reported NPAT	**(1.5)**	**(1.1)**	**(2.6)**	**(2.6)**	**(1.2)**	**(3.8)**	**(0.9)**	**(2.8)**	**(3.7)**	**(1.1)**	**(0.4)**	**(1.5)**	**(60%)**

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 FY17 to FY18.

Balance Sheet, Embedded value and capital position

ClearView

Balance sheet as at 30 June 2018

Commentary[4]

Net asset position and capital position

- Net assets (pre-ESP loans) of $444.3m
- Net tangible assets[6] (pre-ESP loans) of $399.1m
- Group capital surplus position of $14.7m
  - Internal benchmarks include $3.4m working capital reserve to fund new business growth

Cash, debt and investments

- Net cash position of $169.4m
  - 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[(2)]
- Intangibles of $24.7m:
  - $18.3m of capitalised software costs associated with life insurance systems development and the contemporary wealth platform
  - $6.4m of acquired Intangibles recognised on the acquisition of Bupa financial services business and dealer groups[(2)]

Life Insurance policy liabilities[3]

- Life insurance policy liability increase reflecting growth in the life insurance business (DAC), partially offset by run-off of the in-force DAC and interest rate effects (increase) over time

Consolidated balance sheet (shareholder view)[(1)]

$M	Jun-18	Jun-17
ASSETS		
Cash equivalents	169.4	156.3
Receivables	34.2	22.0
Deferred tax asset	5.8	3.9
Property, Plant & Equipment	1.2	1.4
Goodwill	20.5	20.5
Intangibles	24.7	24.2
Total Assets	**255.8**	**228.3**
LIABILITIES		
Payables	29.9	26.6
Current tax liability	8.1	0.6
Provisions	6.6	8.5
Life Insurance[(3)]	(235.4)	(223.0)
Deferred tax liabilities	2.2	
Total Liabilities	**(188.5)**	**(187.3)**
Net Assets	**444.3**	**415.6**

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 FY17 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.
4. As at 30 June 2018 unless otherwise stated
5. ClearView has access to a 3 year, $60m NAB debt facility.
6. Net tangible assets are net assets reduced by Goodwill and Intangibles.

Embedded Value as at 30 June 2018

Commentary[2]

EV of $701.1m[1] including franking credits and ESP Loans (+6%[(1)])

EV per share of $1.05[1] including franking credits and ESP Loans

EV is **made up of the value of the in-force (VIF) and the net worth**:

- EV is the **value of all business written to date** determined by actuarial assumptions and modelling
- EV is **based only on in-force portfolios** excluding the value of any future growth potential
- EV **includes a value of future franking credits at 70%** of their present value. This also includes a value of existing accrued franking credits ($20.7m)

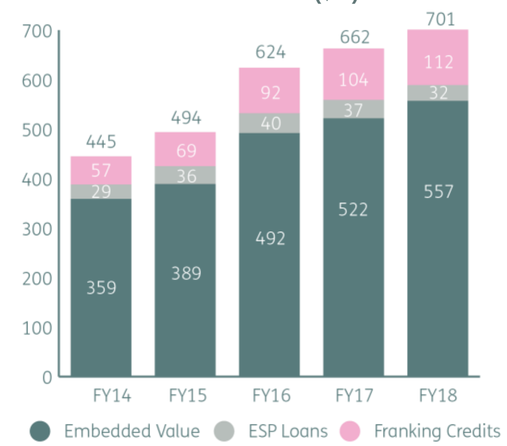
Key drivers in EV[1] movement from FY17 to FY18 (+6%):

- The impact of the cash component of the FY17 final dividend and ESP related items (+$1.3m)
- Value of new business (VNB) of $12.0m
  - LifeSolutions continues to be the key driver given increased scale and volumes, albeit impacted by the mix of business written and changes to commission structures driven by LIF reforms (shorter term impact as upfront commission rates reduce to 60%)
  - VNB in Life Insurance and Wealth Management is suppressed by the acquisition expense overruns[4] across product lines that are included (netted) within the VNB
- Adverse claims (-$5.5m) and discontinuance experience impacts (-$3.5m)
- Changes in claims assumption for IP portfolio (-$5.4m impact)
- FUM business mix and positive market movement impact (+2.2m)

Embedded Value Calculations[3]

Risk Margin Over Risk Free Rate: ($M), (Unless Stated Otherwise)	3% DM	4% DM	5% DM
Life Insurance	429.4	404.2	381.9
Wealth Management	70.6	66.7	63.2
Financial Advice	27.1	24.9	23.0
Value of In-Force (VIF)	**527.0**	**495.8**	**468.1**
Net Worth	60.8	60.8	60.8
Total EV	**587.9**	**556.6**	**528.9**
ESP Loans	32.3	32.3	32.3
Total EV Incl. ESP Loans	**620.2**	**588.9**	**561.2**
Franking Credits:			
Life Insurance	70.1	65.9	62.3
Wealth Management	19.0	18.0	17.1
Financial Advice	8.4	7.7	7.2
Net Worth	20.7	20.7	20.7
Total EV Incl. Franking Credits and ESP Loans	**738.3**	**701.1**	**668.4**
EV per Share Incl. ESP Loans (cents)	**92.8**	**88.1**	**84.0**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**110.5**	**104.9**	**100.0**

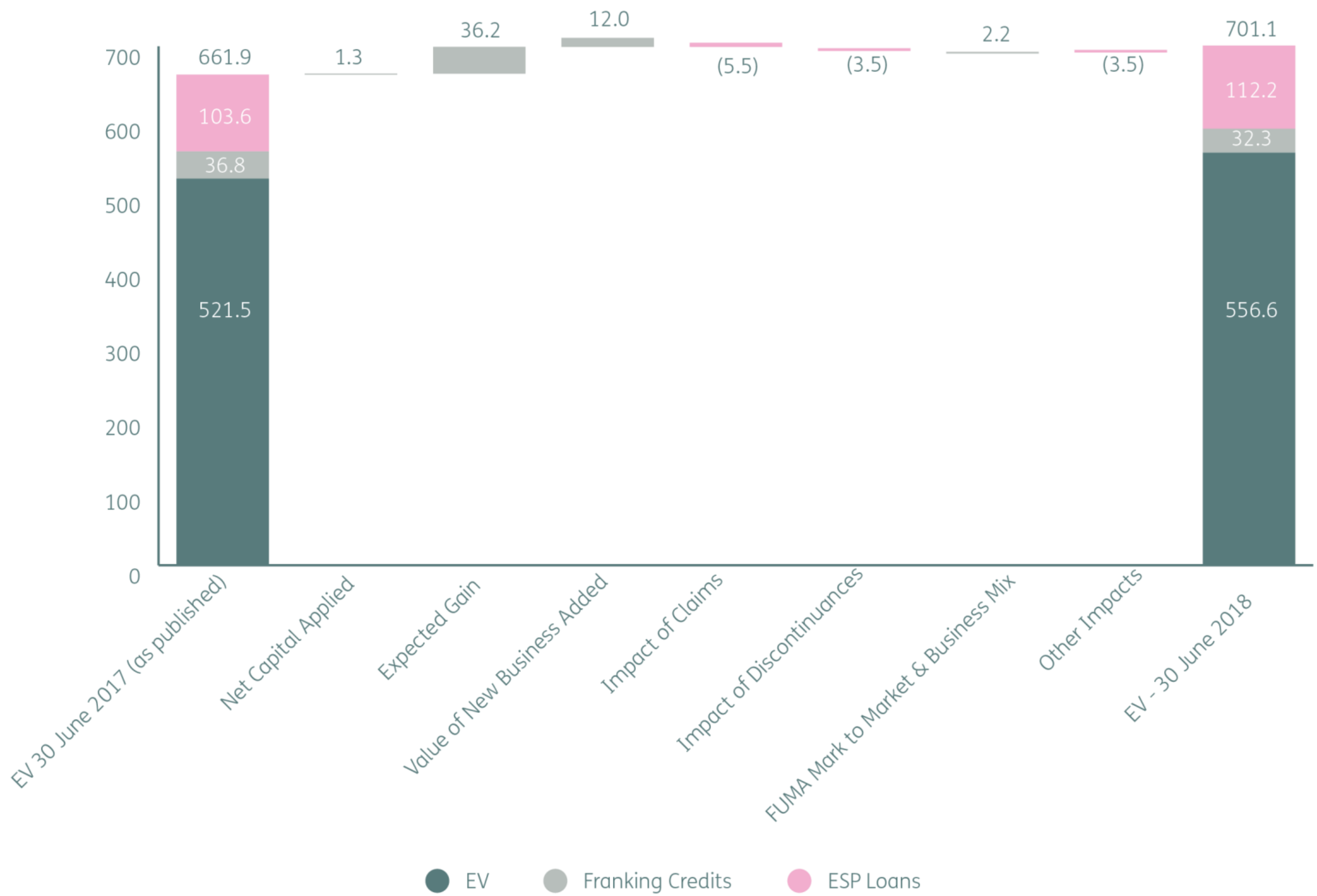
Embedded value ($m)[(1)]



Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans.
2. As at 30 June 2018 unless otherwise stated
3. EVs have been presented at different 'discount margin' rates over the assumed long-term risk free rate reflected within the underlying cash flows valued. "dm" represents the discount rate risk margin which refers to the margin above the assumed long-term risk free rate. The long-term risk free rate adopted for the FY18 EV is 4% (FY17: 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)
4. 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

Embedded Value Movement Analysis



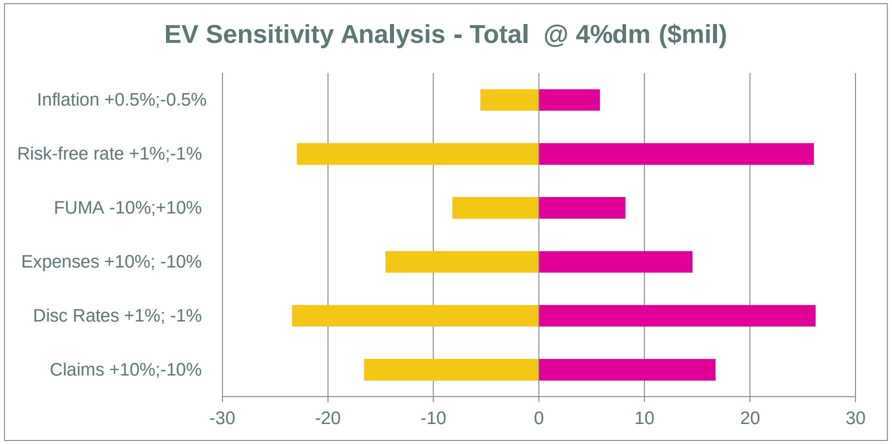
EV movement analysis commentary

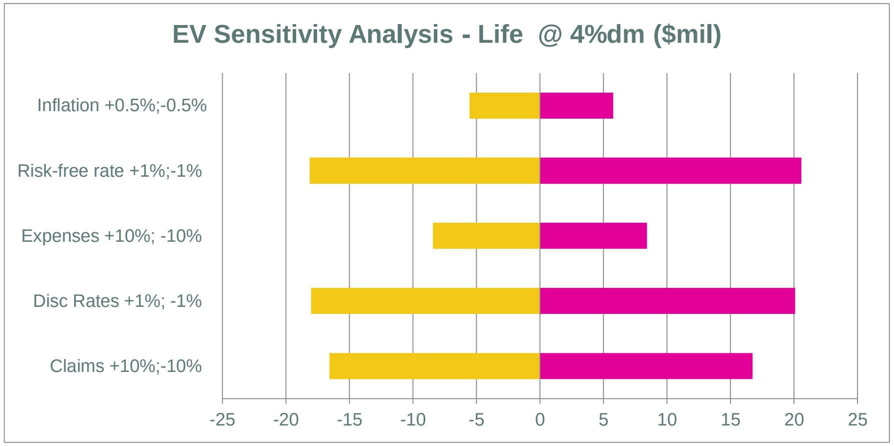
Reference	Impact	Reason for movement
Net capital applied	$1.3m	• FY17 final cash dividend (-$18.1m) paid in September 2017 with $12.2m reinvested as part of the Dividend Reinvestment Plan; • Movements in the Share Based Payments Reserve including ESP shares sold via off-market transfer (+$5.1m), treatment of the ESP in accordance with the accounting standards (+$2.2m), and ESP loans settled through the FY17 final dividend (+$0.8m); and • Costs associated with Sony Life becoming a strategic shareholder and ongoing costs associated with the Cooperation Agreement between ClearView and Sony Life. These costs are expected to cease from the end of July 2018, being the date of termination of the Cooperation Agreement (-$0.8m).
Expected gain	$36.2m	• Expected gain represents the expected unwind of the discount rate within the value of in-force and investment earnings on net worth.
VNB added	$12.0m	• The value added by new business written (Life insurance and Wealth Management products) 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. LifeSolutions continues to be the key driver of VNB given increased scale and volumes, albeit in the short term VNB has been adversely impacted due to the hybrid commission model under the LIF reforms (noting VNB will improve as the upfront commission cap reduces from 80% to 60% over the next few years).
Claims	($5.5m)	• Adverse claims experience loss (relative to planned margins) across all products. The loss for the second half of FY18 of -$2.3m was lower than the first half loss of -$3.2m • Adopting a longer term view, the overall net adverse claims performance is mainly attributed to IP portfolio, with the lump sum portfolio having a net neutral experience over a five year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that overall claims performance will fit within best estimate claims assumptions (as at 30 June 2018) over longer term.
Discontinuances	($3.5m)	• Life Insurance lapse impact of -$2.9m was mainly driven by higher-than-expected lapses for LifeSolutions arising from the heightened lapses in lead up to the 1 January 2018 regulatory changes, the tail end of the effect of income protection price increases implemented in HY17 and a drift in the competitive position of LifeSolutions lump sum premium rates. LifeSolutions lapse rates have been broadly neutral over a five-year period. The repositioning and repricing of the LifeSolutions lump sum product in CY18, coupled with the impact of the LIF reforms (given the increased clawback period), is expected to improve lapse performance to be in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term. • For the Wealth Management business, discontinuance rates overall were slightly higher than expected resulting in a -$0.6m impact.
FUMA mark to market and Business mix	$2.2m	• The EV increased by $2.2m due to the business mix and net investment performance on FUMA, 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
Maintenance, listing and interest expenses	($1.4m)	• Maintenance expense overruns versus the long-term unit costs assumed for the life insurance and wealth management business. Emerging life insurers invest and incur overhead costs ahead of "getting to scale". The maintenance 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, it is expected that the expense overruns will be eliminated, thereby increasing underlying profit margins on the in-force portfolio and removing the drag on the EV. • Listing and interest 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
Change in assumptions, modelling differences, tax and other	($6.2m)	• This includes a -$5.4m impact due to claims assumption changes mainly to reflect higher expected claims cost for LifeSolutions IP and non-advice business. Significant product upgrade and pricing repositions planned for 1HFY19. This will include updated reinsurance terms and inforce policy pricing changes. Actuarial assumptions updated reflected in current prospective profit margins and EV for inforce. Objective for pricing and reinsurance on inforce is to have a broadly neutral impact. In addition, this includes a -$1.1m impact due to expected pricing changes on Funeral Plan business to provide better value at older ages.
ESP loans/franking credits	$4.1m	• Reflects the net movement in ESP loans and franking credits between periods. The balance includes modelling enhancements, one-off reinsurance impacts, restatements, timing effects and tax impacts of the policy liability discount rate effect in the period

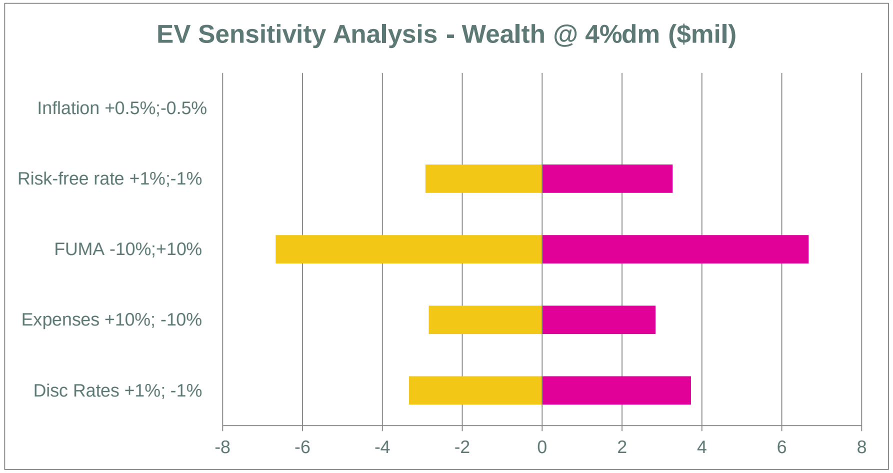
EV movement analysis @ 4% DM by segment at 30 June 2018

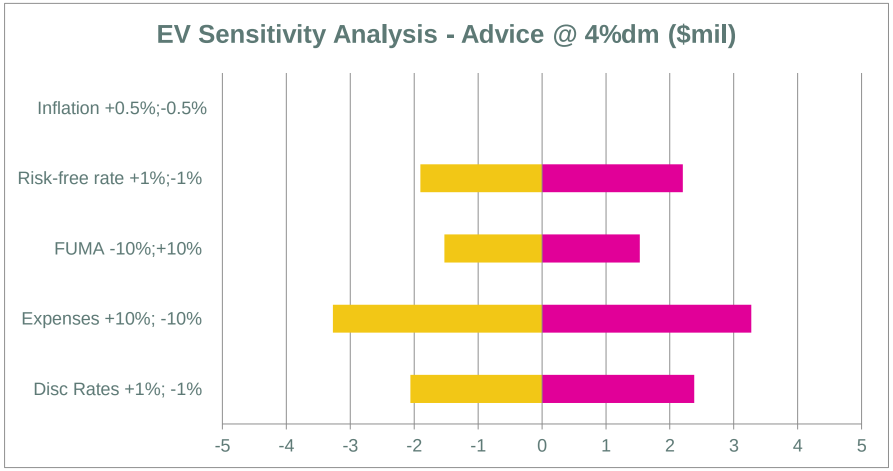
MOVEMENT ANALYSIS @ 4% dm	Life	Wealth	Advice	Other	Total
EV - 30 June 2018 @ 4% dm (As Published)	**396.1**	**67.8**	**34.1**	**23.6**	**521.5**
Restatements/modelling difference	0.4	0.3	(1.1)	-	(0.4)
EV - 30 June 2018 @ 4% dm (Restated)	**396.5**	**68.1**	**33.0**	**23.6**	**521.1**
FY18 Final Cash Dividend	-	-	-	(18.1)	(18.1)
Dividend Reinvestment Plan	-	-	-	12.2	12.2
Proceeds from Sale of ESP Shares Forfeited (net of tax)	-	-	-	5.0	5.0
Recognition of Share Based Payments Expense	-	-	-	2.2	2.2
ESP Loans Settled	-	-	-	0.8	0.8
Strategic Review costs	-	-	-	(0.8)	(0.8)
Internal Capital Transfers and Dividends	17.6	(5.6)	(2.5)	(9.5)	-
Expected Gain	28.9	4.8	2.2	0.2	36.2
Value of New Business Added	7.2	4.8	-	-	12.0
Impact of Claims experience	(5.5)	0.0	-	-	(5.5)
Impact of Discontinuances experience	(2.8)	(0.6)	-	-	(3.5)
FUMA mark to market	0.0	0.2	-	-	0.2
Business Mix	0.0	2.0	-	-	2.0
Maintenance Expenses overruns	0.5	(0.8)	-	-	(0.3)
Listing Costs (including interest on corporate debt)	-	-	-	(1.1)	(1.1)
Assumption changes, tax and other	(6.5)	0.5	-	0.2	(5.8)
EV - 30 June 2018 @ 4% dm	**435.9**	**73.3**	**32.8**	**14.6**	**556.6**
ESP Loans	-	-	-	32.3	32.3
Total EV Inc. ESP Loans	**435.9**	**73.3**	**32.8**	**46.9**	**588.9**
Franking Credits	65.9	18.0	7.7	20.7	112.2
Total EV Inc. ESP Loans and Franking Credits	**501.8**	**91.3**	**40.5**	**67.6**	**701.1**

EV sensitivity analysis @ 4% DM[1]









Notes

1. Does not include the impact of management actions in response to sensitivities (for example, premium rate changes), or reinsurer response to sensitivities (for example, reinsurer rate changes).

Capital Position as at 30 June 2018

Commentary

Minimum regulatory capital (PCA)

- Capital adequacy requirements of the life company are regulated under APRA Prudential Standards. Other entities also have regulatory requirements (APRA and ASIC)

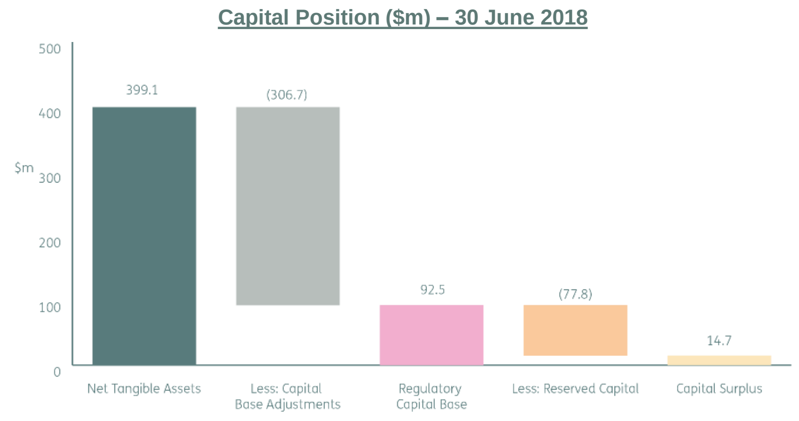
Additional capital reserves (per ICAAP[1])

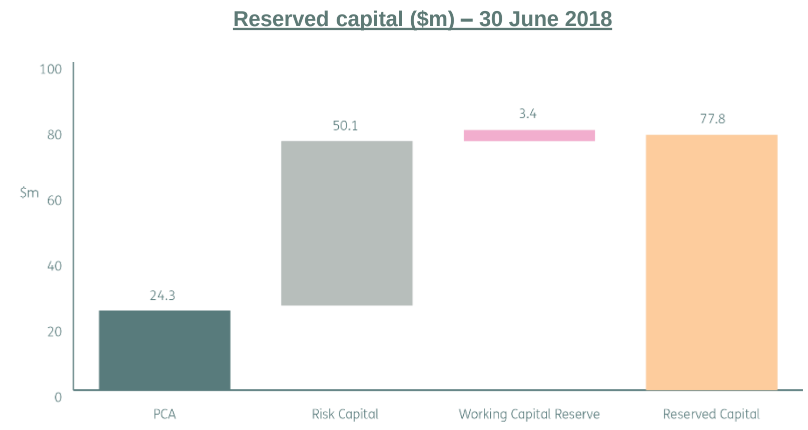
- Risk capital is the risk-based capital amount which aims to address the risk of breaching regulatory capital (PCA)
- Working capital reserve is capital held to support the capital needs of the business beyond the risk reserving basis. It includes the anticipated net capital required to support the medium-term new business plans (on a three-year forward looking basis)
- ClearView is writing a significant amount of new business relative to its in-force policies which causes upfront capital strain. This is allowed for via the working capital reserve within ICAAP[1] and is reviewed continuously
- 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].

Balance sheet and Capital

- Net tangible assets (pre-ESP loans) of $399.1m
- No debt drawn down under $60m NAB facility - 3 year debt facility in place to provide further capital support and to meet liquidity needs from time to time
- Excludes any capital required for acquisition of adviser practices or potential succession planning funding mechanism for advisers – ability to access debt facility
- $14.7m of capital above regulatory requirements and risk capital reserves; includes the anticipated net capital required to support the medium-term business plans

Capital Position





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). A Debt Funding Facility of $60m is in place for a further 3 years – was renewed in July 2017.

Group net assets & capital analysis at 30 June 2018

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	373.2	12.2	4.0	389.5	7.8	17.3	25.1	414.6	29.7	444.3
Goodwill & Intangibles	(13.5)	(4.8)	0.0	(18.3)	0.0	(7.8)	(7.8)	(26.1)	(19.1)	(45.2)
Net Tangible Assets	**359.8**	**7.4**	**4.0**	**371.1**	**7.8**	**9.5**	**17.3**	**388.5**	**10.7**	**399.1**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(304.7)	0.0	0.0	(304.7)	0.0	0.0	0.0	(304.7)	0.0	(304.7)
Other Adjustments to Capital Base	(1.6)	(0.0)	0.0	(1.7)	0.0	0.0	0.0	(1.7)	(0.3)	(2.0)
Regulatory Capital Base	**53.5**	**7.4**	**4.0**	**64.8**	**7.8**	**9.5**	**17.3**	**82.1**	**10.3**	**92.5**
Prescribed Capital Amount	(11.8)	(3.4)	(3.4)	(18.6)	(5.0)	(0.7)	(5.7)	(24.3)	0.0	(24.3)
Available Enterprise Capital	**41.6**	**3.9**	**0.6**	**46.2**	**2.8**	**8.8**	**11.7**	**57.8**	**10.3**	**68.2**
Enterprise Capital Benchmark (ECB)										
Working Capital	(5.7)	0.0	0.0	(5.7)	0.0	0.0	0.0	(5.7)	2.3	(3.4)
Risk Capital[1]	(35.9)	(2.7)	0.0	(38.6)	(2.3)	(3.1)	(5.4)	(44.0)	(6.0)	(50.1)
Excess/ Deficit over Internal Benchmarks	**0.0**	**1.2**	**0.6**	**1.8**	**0.5**	**5.7**	**6.2**	**8.1**	**6.6**	**14.7**
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	**0.0**	**1.2**	**0.6**	**1.8**	**0.5**	**5.7**	**6.2**	**8.1**	**6.6**	**14.7**

RECONCILIATION OF NET ASSETS TO SURPLUS CAPITAL:	Life	Wealth	Advice	Other	Total
Net Assets	**373.2**	**20.1**	**17.3**	**33.7**	**444.3**
- Capital incl in VIF	(341.7)	(13.4)	(9.4)	(19.1)	(383.6)
Net Worth	**31.5**	**6.7**	**7.9**	**14.6**	**60.7**
- Overhead & New Business Capital	(31.5)	(5.0)	(2.2)	(7.4)	(46.0)
Surplus Capital	**0.0**	**1.7**	**5.7**	**7.2**	**14.7**

Notes

1. As at 30 June 2018, 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.

Impact of ESP Shares

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Impact of Employee Share Plan (EPS) shares

PER SHARE CALCULATIONS

Year End 30 June 2018	FY18
Number of shares on issue	619.3
ESP shares on issue	49.0
Shares on issue to calculate NAV per share (A)	668.3
Net assets ($m)	444.3
ESP loans ($m)	32.3
Proforma net assets ($m) (B)	476.6
Fully diluted NAV per share = (B)/(A)	71.3 cents
Underlying NPAT ($m)	32.4
Fully diluted underlying NPAT per share[1]	5.03 cents
Reported NPAT ($m)	26.6
Reported diluted NPAT per Share	4.14 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"
- 49.0m ESP shares on issue and $32.3m loans receivable at 30 June 2018
- Underlying NPAT is the Board's key measure of profitability and the basis on which dividends are determined
- Underlying NPAT of $32.4m, up 7% on FY17

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.

ClearView Senior Management Team

ClearView

Leadership team

Simon Swanson
Managing Director

Christopher Blaxland-Walker
General Manager, Distribution

Elizabeth Briggs
General Counsel and
Joint Company Secretary

Athol Chiert
Chief Financial Officer and
Joint Company Secretary

Louise Hulley
General Manager,
Technology

Todd Kardash
Chief Executive Officer,
Matrix Planning Solutions

Deborah Lowe
General Manager,
People and Operations

Greg Martin
Chief Actuary and
Risk Officer

Justin McLaughlin
Chief Investment Officer

Disclaimer

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End

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