ClearView Results Half Year ended 31 December 2017

Simon Swanson – Managing Director
Athol Chiert – Chief Financial Officer

ClearView

HY18 Highlights

1st
Overall Adviser Satisfaction[1]

1st
Australia's leading Licensee[2]

Strong collaboration
Sony Life

AQUA
Upgraded LifeSolutions eQuote and eApplication[3]

Highly rated
WealthFoundations and WealthSolutions[4]
Chant West | 4 Super 2018 | 4 Pension 2018

Notes

1. Investment Trends 2017 Planner Risk Report, based on a survey of 495 financial planners.
2. CoreData 2017 Licensee Report.
3. AQUA launched in January 2018.
4. 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".

Life Insurance

$209.9m

Inforce Premium[1]

23% ↑

$22.6m

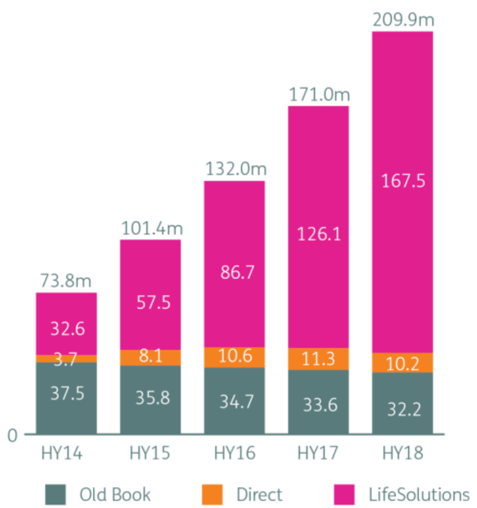
LifeSolutions sales[2]

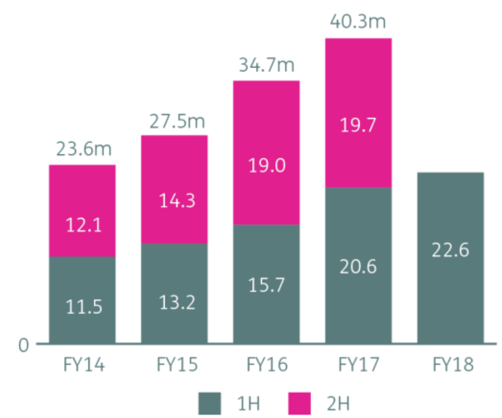
10% ↑

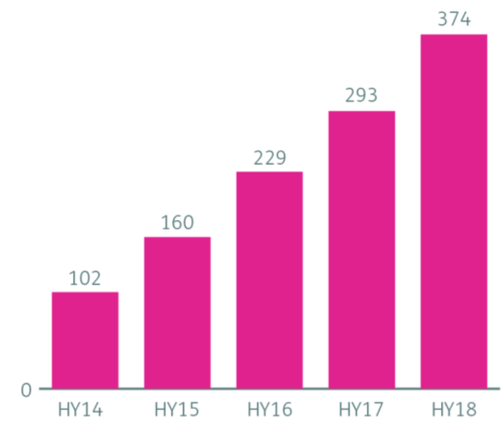
374 APLs[3]

Expanding distribution footprint

28% ↑







Notes

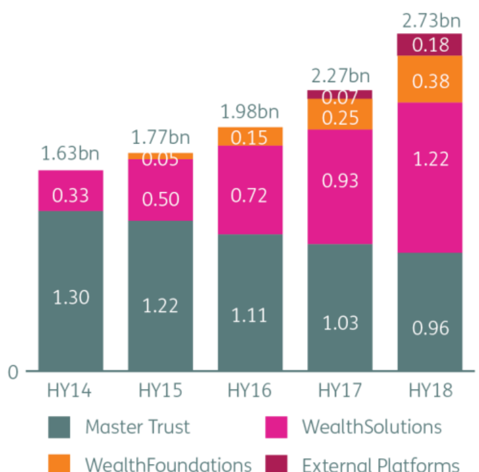
1. In-force premium is defined as annualised premium in-force at the balance date.
2. Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.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

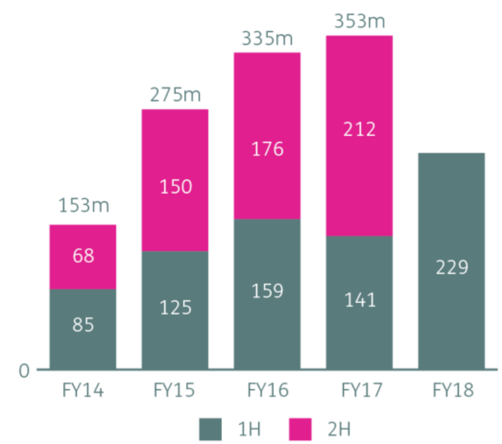
Wealth Management

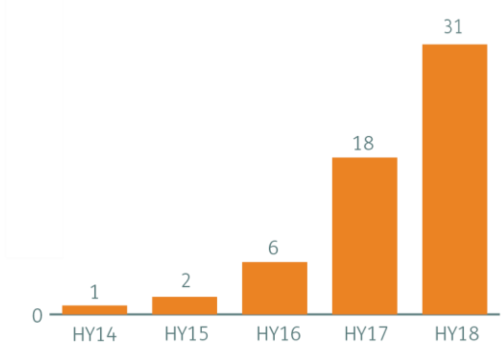
$2.73b
Funds under management[1]
20% ↑

$229m
Contemporary net inflows[2]
62% ↑

31 APLS[3]
Expanding distribution footprint
72% ↑







Notes

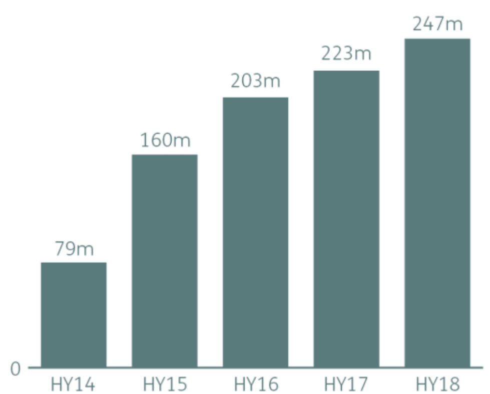
1. FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.
2. Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM 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.

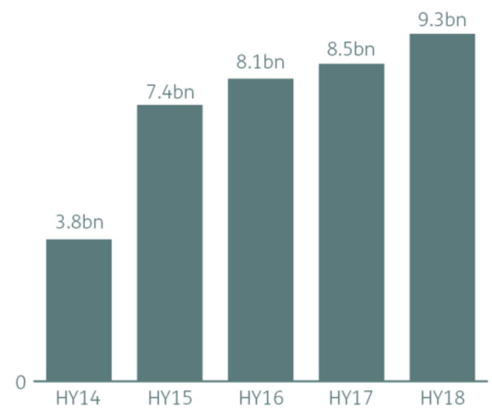
Financial Advice

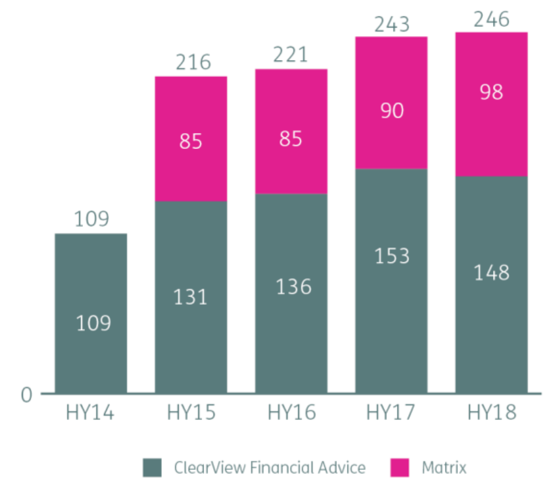
$247m
PUA[1]
11% ↑

$9.3b
FUMA[2]
9% ↑

246
Financial advisers[4]
1% ↑







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.

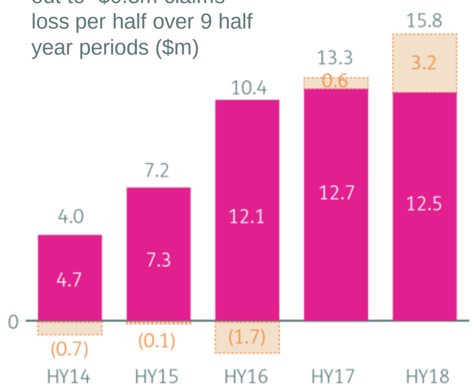
HY18 Results by Segment

$12.5m
Life Insurance
Underlying NPAT[2]
2%

$2.6m
Wealth Management
Underlying NPAT[2]
61%

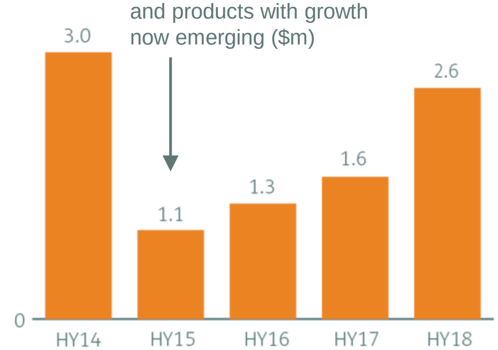
$1.0m
Financial Advice
Underlying NPAT[2]
21%

Overall net claims performance averages out to -$0.3m claims loss per half over 9 half year periods ($m)



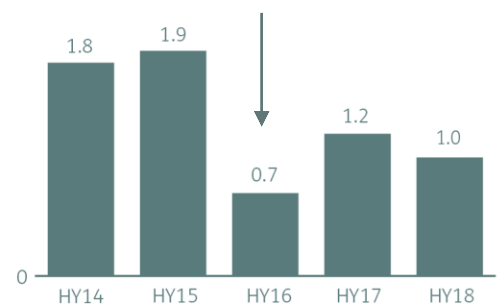
Actual Life Insurance Underlying NPAT   Claims volatility[1]

Significant investment in contemporary platform and products with growth now emerging ($m)



Actual Wealth Management Underlying NPAT

Change in expense allocation basis, broadly neutral result period-to-period ($m)



Actual Financial Advice Underlying NPAT

Notes
1. Reflects actual after tax claims experience for the relevant period, noting volatility between periods, given the size and nature of the portfolio.
2. HY18 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.

Executive summary

Underlying NPAT[1] was up 1% to $15.3m in HY18. This modest growth underplays the **strong fundamentals in the underlying operating businesses** and further emergence of sustainable growth **offset by adverse claims experience:**

- In HY18, there was an adverse claims experience of $3.2m[3] (HY17: $0.6m[3]). This adverse claims experience primarily occurred in Q1
- The adverse claims experience was within statistical confidence levels[7]. However, due to small size and nature of the portfolio, it has a material impact on profitability
- Adjusting to exclude this adverse claims experience, Underlying NPAT[1] would have been up 17% to $18.5m

Underlying operating performance of the business was strong :

- Life Insurance **gross premiums up 24%** to $104.7m, advised life insurance **sales up 10%** to $22.6m and **in-force premiums up 23%** to $209.9m
- Wealth Management **fees up 11%** to $18m, net flows in contemporary product **up 62%** to $229m and **FUM[4] up 20%** to $2.73b
- LifeSolutions now available on **374 APLs[5], up 28%** further embedding growth in the distribution footprint
- Number of wealth management APLs[5] increased to **31, up 72%** by leveraging the Advised Life Insurance distribution network

Life Insurance segment earnings **down 2% to $12.5m compared to expected growth of 12%[2]** reflective of :

- The adverse claims experience set out above. The overall net claims performance has an average -$0.3m impact per half period over the past 9 half year periods (and excluding the last half is broadly neutral)
- Lapses also had an adverse impact (-$0.8m)[6] arising from the heightened lapses in the 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 (to be addressed during CY18)

Wealth Management segment earnings **up 61% to $2.6m reflecting the emergence of earnings growth**:

- Strong net flow positive business with material growth in earnings, demonstrating growing demand for innovative investment administration platforms and benefiting from the shift away from the larger institutions and banks
- Growth in earnings follows material investment in the contemporary wealth platform and products in FY15

Financial Advice segment earnings **down 21% to $1.0m**:

- Committed to building a high quality aligned advice business and assisting advisers run more efficient and profitable practices
- Prior period includes the potential recovery of certain compliance costs incurred (+$0.3m). Adjusting for this item recognised in HY17, Underlying NPAT has remained broadly neutral year-on-year

Ongoing collaboration and strategic partnership with Sony Life Insurance Co., Ltd. (Sony Life).

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. Expected Underlying NPAT of $16.0m (+12% HY17 to HY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.
3. Reflects actual adverse claims experience in relevant period.
4. 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.
5. APLs are where ClearView products that are placed on third party dealer group approved product lists.
6. Reflects actual adverse lapse experience in HY18.
7. Represents a 95% confidence interval test that is a two tailed test where there is a 2.5% chance of being above the upper bound.

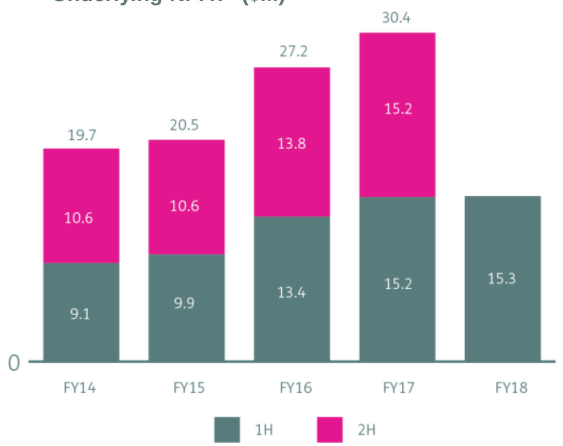
Section 2

HY18 Results

HY18 Results summary

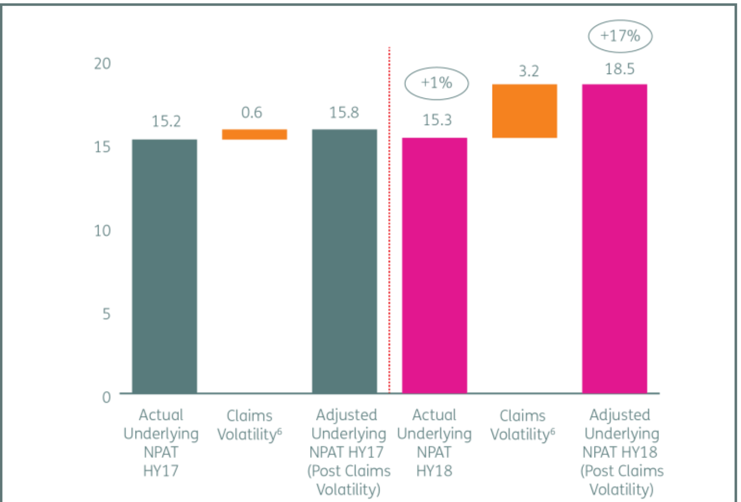
Overview	HY18 ($M)	HY17 ($M)	% Change[1]
Life Insurance	12.5	12.7	2% ↓
Wealth Management	2.6	1.6	61% ↑
Financial Advice	1.0	1.2	21% ↓
Listed entity and other	(0.8)	(0.4)	N.M
Underlying NPAT[3]	**15.3**	**15.2**	**1%** ↑
Other adjustments[7]	(3.0)	(12.0)	Large ↑
Reported NPAT[5]	**12.3**	**3.2**	**Large** ↑
Embedded value[2]	681	633	8% ↑
Value of New Business[9]	9.6	8.5	13% ↑
Net asset value[4]	428	400	7% ↑
Underlying diluted EPS (cps)[8]	2.38	2.45	3% ↓

Underlying NPAT[3] ($M)



Underlying NPAT growth in HY18 impacted by adverse claims experience of $3.2m[6], which predominantly arose in Q1 (-$2.3m) – adverse claims experience was within statistical confidence levels[10]

Adjusting to exclude adverse claims experience between periods, Underlying NPAT would have been up +17% to $18.5m



Notes

1. % movement, HY17 to HY18 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 HY17 to HY18 adjusted for the impact of the cash component of the FY17 final dividend and ESP related items ($0.2m).
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 2017 excluding ESP Loans; % movement HY17 to HY18 adjusted for the impact of the cash component of the FY17 final dividend and ESP related items ($0.2m).
5. Reported NPAT of $12.3m, up 284%, impacted by changes in long term discount rates used to determine the insurance policy liabilities ($6.2m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
6. Actual claims experience loss on life insurance portfolio in particular half year period.
7. Other adjustments includes non-cash amortisation, costs considered unusual to normal activities and changes in long term discount rates used to determine the insurance policy liabilities ($6.2m 'swing' between periods).
8. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period and an increase in the number of ESP shares 'in the money' given the increase in ClearView's share price period on period..
9. Value of New Business (VNB) at 4% discount rate margin.
10. Represents a 95% confidence interval test that is a two tailed test where there is a 2.5% chance of being above the upper bound.

Life Insurance

Underlying NPAT of $12.5m (-2%)[(1),(2)]

Adverse claims experience of -$3.2m (HY17: -$0.6m):

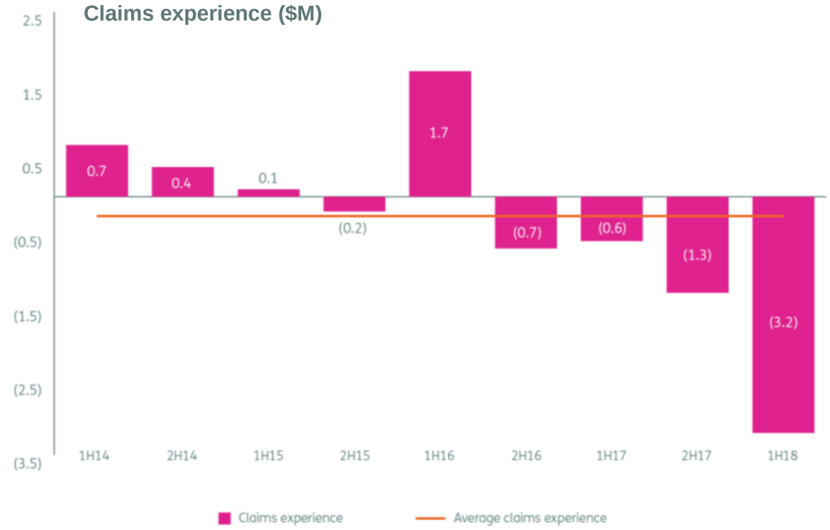
- In HY18, there was an adverse claims experience of $3.2m[3] (HY17: $0.6m[3]). Adverse claims experience was within statistical confidence levels[6]
- Adjusting to exclude this adverse claims experience, Underlying NPAT[1] would have been up 19% to $15.8m
- Claims loss predominantly arose in Q1 of FY18 (-$2.3m in Q1)
- The overall net claims performance broadly has an average -$0.3m impact per half period over past 9 half year periods (and excluding last half is broadly neutral)

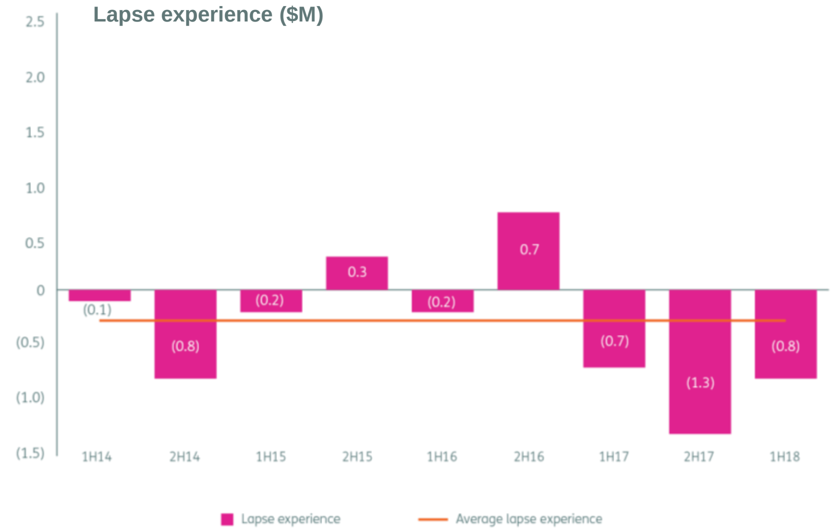
Adverse lapse experience of -$0.8m (HY17: -$0.7m):

- LIF[4] regulatory reforms - seems likely to be a short term effect, with clawback benefits expected to start in 2H FY17
- Lapse rates impacted by tail end of IP price increases implemented in HY17 - indicates a level of shock lapse but expected for this dynamic to largely have washed through the portfolio by December 2017
- Steady improvement in lapse rates in Q2 of FY18
- Drift in the competitive position of LifeSolutions lump sum premium rates - will be addressed with product and pricing review in CY18

Ability to increase prices over time to maintain profit margins

Non-deferred **expense overruns profit +$0.2m** (HY17: -$0.3m) reflecting increased scale of business





Notes

1. Life Insurance 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. % movement, HY17 to HY18 unless otherwise stated.
3. Reflects actual adverse claims experience in relevant period.
4. Life Insurance Framework.
5. Investment Trends 2017 Planner Risk Report, based on a survey of 495 financial planners.
6. Represents a 95% confidence interval test that is a two tailed test where there is a 2.5% chance of being above the upper bound.

1st for Overall Adviser Satisfaction[5] | No 1 for product offering[5] | Highest rated for BDM support, call centre, systems and processes[5]

Life Insurance continued

Consistent market outperformance in Advised Life Insurance segment (new business +10% to $22.6m)

ClearView's flagship product is **LifeSolutions**, sold through aligned advisers[3] and IFA[4] channels

Distribution focus has **increasingly shifted to the IFA[4] channel to diversify sales and create material embedded growth**

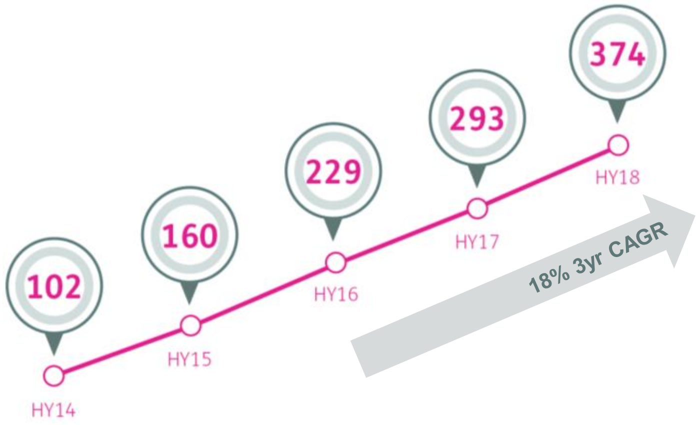
Number of **active APLs[5] increased to 374** (+28%)

LifeSolutions new business[1] of $22.6m (+10%), of which $17.4m is from the IFA[4] channel (+20%)

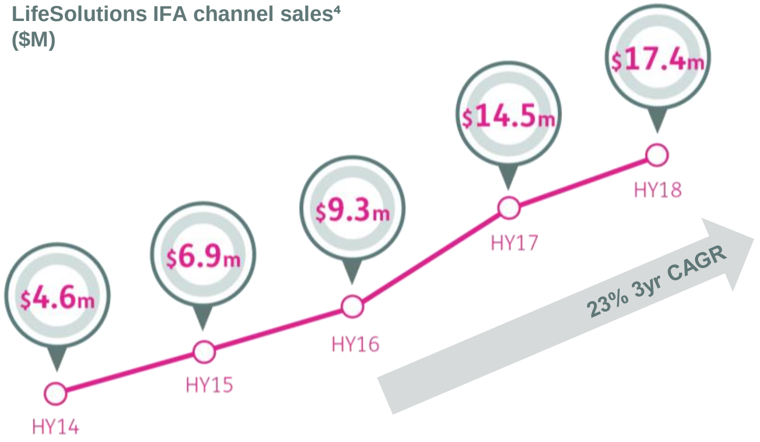
In-force premium[2] of $209.9m (+23%), of which LifeSolutions is $167.5m (+33%)

Organic growth opportunities will be derived from maturation of existing APLs[5], access to new APLs[5], the removal of shelf-space fees, volume rebates with the implementation of the LIF[6] reforms and the potential opening up of APLs[5]

Approved Product Lists[4]



LifeSolutions IFA channel sales[4] ($M)



Notes

1. Life insurance new business or sales represents the amount of LifeSolutions 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. Aligned advisers are licenced by the ClearView Financial Advice Pty Ltd and Matrix Planning Solutions Ltd dealer groups.
4. IFAs are independent financial advisers that write ClearView products that are placed APLs[5].
5. APLs are where ClearView products that are placed on third party dealer group approved product lists.
6. Life Insurance Framework.

Wealth Management

Underlying NPAT[3] of $2.6m (+61%)[1]

Growth in earnings follows material investment in the contemporary wealth platform and products in FY15

Fee income (+11%) driven by FUM[2] growth (+20%) - net flows of new contemporary product suites are starting to outweigh the profit drag of pension outflows of profitable Master Trust product

Operating expenses - reduction in administration costs (increased efficiencies) with front-end costs to support material business growth (+63%) broadly neutral

Expense overruns decreased to $1.4m but reflect the accounting treatment as the WealthFoundations product is yet to achieve scale relative to initial system and ramp up costs

KPI commentary[4]

Number of **active APLs[6] increased to 31** (+72%) but it takes time for new relationships to mature and generate flows - ability to **leverage the Life Insurance distribution network**

In-force FUM[2] of $2.7b (+20%) with **$1.8b in contemporary products**

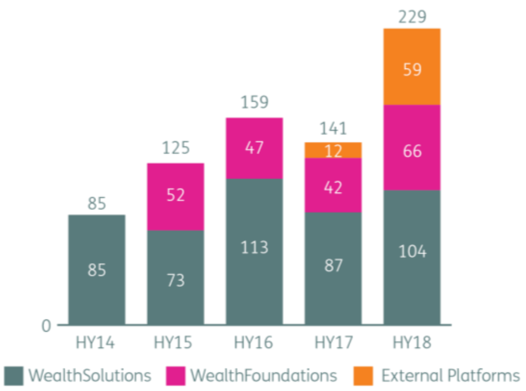
Strong net flows[1] of $229m (+63%) – represents material percentage of overall FUM balances

Demonstrates growing demand for innovative investment administration platforms and **benefiting from the shift away from the larger institutions and banks**

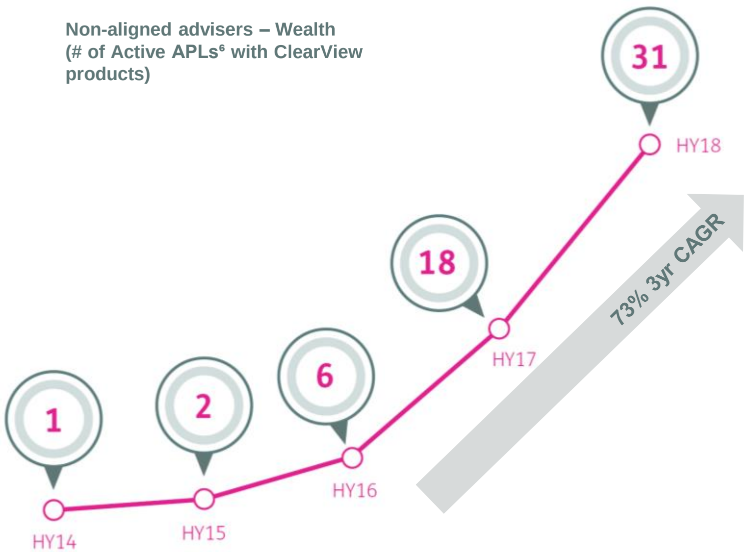
Solid investment performance[5] across ClearView models central to attracting flows

ClearView's platform funds and investment models **placed on external platforms**

Wealth Management contemporary net flows by product[1]



Non-aligned advisers – Wealth (# of Active APLs[6] with ClearView products)



Notes

1. Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM[2] but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
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. Wealth Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software) and costs considered unusual to the Group's ordinary activities.
4. % movement, HY17 to HY18, unless otherwise stated.
5. Based on ClearView Dynamic model portfolios over 2, 3 and 5 year periods.
6. APLs are where ClearView products that are placed on third party dealer group approved product lists
7. Strategic Insights 2017 September Quarter Report.
8. Based on Chant West's 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". For further information about the Methodology, see chantwest.com.au

Third fastest growing wrap provider[7] | **Highly rated in superannuation[8]** | **Highly rated in pension[8]**

Financial Advice

Underlying NPAT(3) of $1.0m (-20%)(4)

Growth in **net financial planning fees (+2%)** - broadly in line with the prior half year period with marginal increases across all key revenue line items

Increased **operating expense, up +3%** driven by the investment in marketing partially offset by reduced dealer group conference costs

Other income in the prior period includes the benefit of the potential recovery of certain compliance costs incurred (+$0.3m)

- Adjusting for this benefit recognised in HY17, **Underlying NPAT[3] would be broadly neutral period to period**

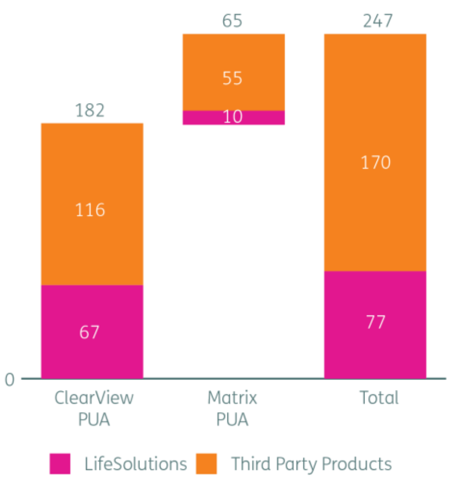
KPI commentary(4)

$9.3bn in FUMA[1] (+9%), $1.7bn in contemporary ClearView product and $0.9bn in Master Trust product - positively impacted by the movement in investment markets, change in adviser numbers and composition period to period (including growth in underlying practices licenced by the dealer groups)

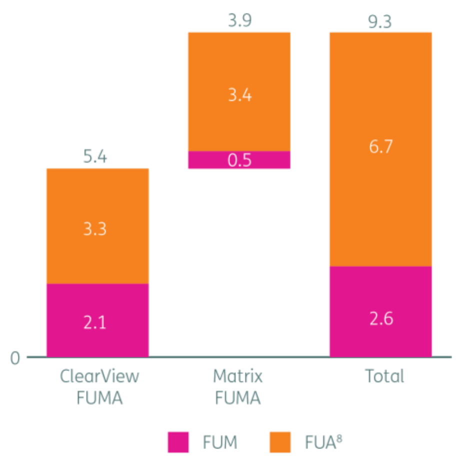
$247m PUA[2] in-force (+11%), $77m in LifeSolutions product - PUA[2] is impacted by the net impact of adviser recruitment, composition and growth in underlying practices

Financial advisers, **up 1% to 246** - focus is on selectively recruiting high quality advisers that have the right cultural fit for CFA[7] and Matrix[7]

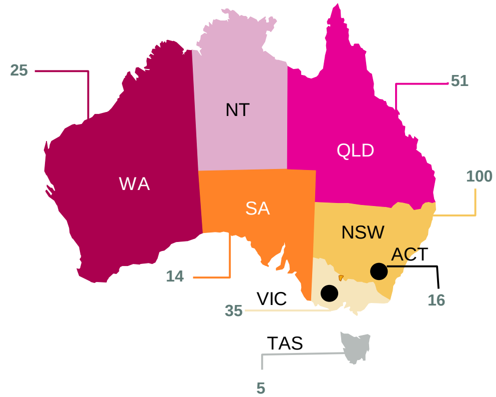
Premiums Under Advice[2] ($M)



FUMA[1] ($BN)



Aligned network (Advisers #)



Notes

1. FUMA includes FUM[6] and FUA[8] that are externally managed and administered.
2. Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.
3. Financial Advice Underlying NPAT consists of consolidated net profit after tax adjusted for amortisation (not including capitalised software) and costs considered unusual to the Group's ordinary activities.
4. % movement, HY17 to HY18, unless otherwise stated.
5. CoreData 2017 Licensee Report
6. 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.
7. ClearView Financial Advice Pty Ltd and Matrix Planning Solutions Ltd.
8. FUA is funds under advice that are externally managed and administered.

Australia's leading licensee[5] | **No 1 for PDM support[5]** | **Best support, systems and value[5]**

Balance sheet as at 31 December 2017

Commentary[4]

Net asset position and capital position

- Net assets (pre-ESP loans) of $428.4m
- Net tangible assets (pre-ESP loans) of $383.5m
- Group capital surplus position of $12.5m
  - Internal benchmarks include $7.6m working capital reserve to fund new business growth

Cash, debt and investments

- Net cash position of $161.1m
  - 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 $24.4m:
  - $15.9m of capitalised software costs associated with life insurance systems development and the contemporary wealth platform
  - $8.2m 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	Dec-17	Jun-17
ASSETS		
Cash equivalents	161.1	156.3
Receivables	28.6	22.0
Deferred tax asset	2.9	3.9
Property, Plant & Equipment	1.4	1.4
Goodwill	20.5	20.5
Intangibles	24.4	24.2
Total Assets	**238.9**	**228.3**
LIABILITIES		
Payables	29.5	26.6
Current tax liability	1.6	0.6
Provisions	6.9	8.5
Life Insurance[(3)]	(227.5)	(223.0)
Borrowings[(5)]	-	-
Total Liabilities	**(189.5)**	**(187.3)**
Net Assets	**428.4**	**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 31 December 2017 unless otherwise stated
5. ClearView has access to a 3 year, $60m NAB debt facility.

Embedded Value as at 31 December 2017

Commentary[2]

EV of $681.0m[1] including franking credits and ESP Loans (+8%[(1)])

EV per share of $1.02[1] including franking credits and ESP Loans

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

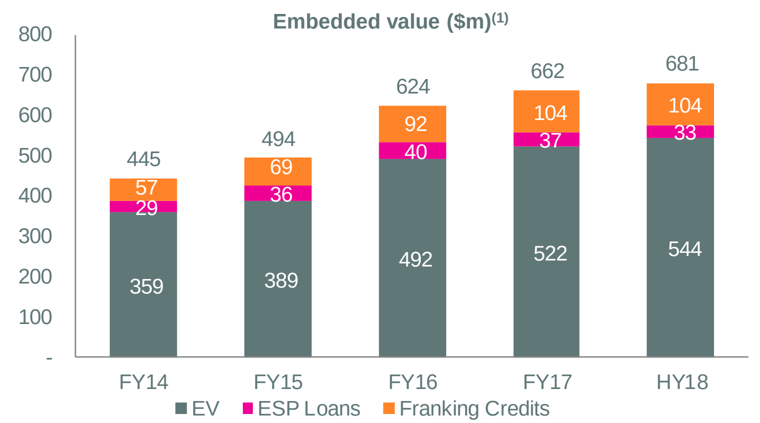
- EV is the **value of all business written to date** determined by actuarial assumptions and modelling
- EV is **based only on in-force portfolios** excluding the value of any future growth potential
- EV **includes a value of future franking credits at 70%** of their present value. This also includes a value of existing accrued franking credits ($13.4m)

Key drivers in EV[1] movement from FY17 to HY18 (+5%):

- The impact of the cash component of the FY17 final dividend and ESP related items (-$0.2m)
- **Value of new business (VNB) of $9.6m**
  - LifeSolutions continues to be the key driver given increased scale and volumes, albeit impacted by the mix of business written (including commission type driven by the upcoming LIF reforms)
  - 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 (includes some short term timing effects from introduction of LIF reforms)
- Adverse claims and lapse experience impacts as outlined in HY18 result (-$4.0m combined)
- FUM business mix and positive market movement impact (+$1.4m combined)

Embedded Value Calculations[3]

Risk Margin Over Risk Free Rate: ($M), (Unless Stated Otherwise)	3% DM	4% DM	5% DM
Life Insurance	420.5	395.9	373.9
Wealth Management	68.2	64.5	61.2
Financial Advice	27.0	25.1	23.4
Value of In-Force (VIF)	**515.8**	**485.5**	**458.5**
Net Worth	58.6	58.6	58.6
Total EV	**574.4**	**544.1**	**517.2**
ESP Loans	32.9	32.9	32.9
Total EV Incl. ESP Loans	**607.3**	**577.0**	**550.1**
Franking Credits:			
Life Insurance	70.0	65.9	62.1
Wealth Management	18.3	17.3	16.4
Financial Advice	7.9	7.4	6.9
Net Worth	13.4	13.4	13.4
Total EV Incl. Franking Credits and ESP Loans	**716.9**	**681.0**	**648.9**
EV per Share Incl. ESP Loans (cents)	**90.9**	**86.3**	**82.3**
EV per Share Incl. Franking Credits and ESP Loans (cents)	**107.3**	**101.9**	**97.1**



Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans; % movement HY17 to HY18 adjusted for the impact of the cash component of the FY17 final dividend and ESP related items ($0.2m).
2. As at 31 December 2017 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 HY18 EV is 4% (HY17: 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

Capital Position as at 31 December 2017

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)

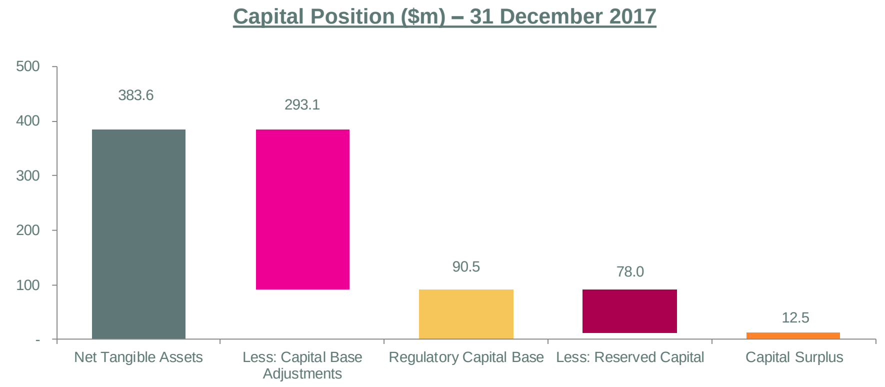
Additional capital reserves (per ICAAP[1])

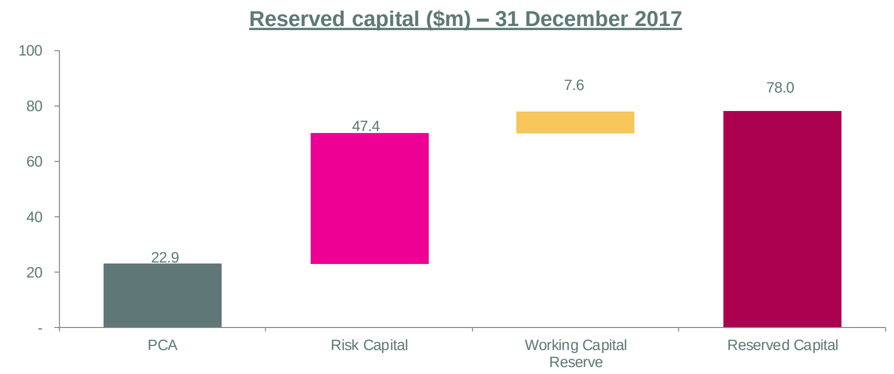
- Risk capital is the risk-based capital amount which aims to address the risk of breaching regulatory capital (PCA)
- Working capital reserve is capital held to support the capital needs of the business beyond the risk reserving basis. It includes the anticipated net capital required to support the 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 $383.5m – capital position broadly in line with June 2017
- 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
- $12.5m 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.

Section 3

Outlook

Market 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:** Growth underpinned by compulsory retirement savings regime (superannuation)

Short-term challenges and opportunities exist:

- **Group Life Insurance:** ClearView intentionally does not participate in Group Life. There has been material price increases in recent years. Such increases have **improved the competitive position of ClearView's retail life products**
- **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 margin over time,** resulting in some short-term elevated lapses, but expected for this dynamic to have largely washed through the portfolio by December 2017. Notwithstanding adverse claims experience in HY18 (relative to new assumptions adopted at 30 June 2017), **ClearView's portfolio remains profitable**. Broader industry pricing cycle and performance of IP portfolios continues to being closely monitored including the ability to further increase prices over time (to maintain profit margins)
- **Direct Life Insurance:** There have also been changes in the direct market's appetite for telephone based non-advice models. These are no longer economically viable or socially acceptable due to increasing client acquisition costs, rising consumer expectations and heightened regulatory scrutiny. ClearView closed its Direct life operation to new business in 2H 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 impact on the Group
- **Regulatory changes:** The life insurance reforms include changes to commissions and clawbacks, with an implementation date of 1 January 2018. In the short-term these will reduce profit margins given the shift to a hybrid commission model but will unwind and improve as the upfront commission cap reduces from 80% to 60% over the next few years. Lapse rates are likely to improve (post implementation of the reforms) given the increased clawback period. Furthermore, the return on capital will also increase given the reduced capital requirements via lower upfront commissions paid to advisers. These will start to impact from 2H FY18 with the overall impact to be monitored over time (including any effects on sales volumes).
- **M&A activity:** The banks have focused on returning to core business lines, and there has been an emergence of foreign institutions investing in the Australian life insurance industry. This is likely to drive investment back into businesses that have been acquired from banks.
- **Royal Commission:** There is heightened government and media scrutiny of the financial services sector, covering both life insurance and superannuation. This may lead to government policy changes and further fee pressures. **As an integrated financial services company, ClearView is well-positioned to take advantage of the convergence of life insurance and wealth management**

Business Outlook

2 Business outlook

- In HY18, there was an **adverse claims experience of $3.2m** (HY17: $0.6m). This adverse claims experience primarily occurred in Q1. The adverse claims experience was within statistical confidence levels[1]. However, due to small size and nature of the portfolio, it **has a material impact on profitability**
- **Lapses** had an adverse impact (-$0.8m)[2] arising from the heightened lapses in the 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 (to be addressed during CY18)
- The underlying performance remains strong with in-force book growth of 23%, LifeSolutions sales up 10%, FUM growth of 20% and wealth contemporary net flows up 63% in HY18. **The IFA distribution footprint continues to expand, diversifying sales and creating material embedded growth**
- Life Insurance continues to be the key profit driver. **ClearView continues to be well positioned to outperform the market and generate material earnings growth in 2H FY18 (versus 2H FY17), noting however that there can be some claims volatility between periods**.
- The **current focus remains**:
  - Expanding distribution reach and embedding growth via the third-party IFA market;
  - Incrementally investing in the core advice market and product portfolios;
  - Rolling out further enhancements to the AQUA life insurance platform to better support advisers and ensure ClearView is easy to do business with coupled with the migration of the Master Trust product onto the wealth contemporary platform;
  - Capitalising on market disruption around regulatory reforms due to the fact ClearView has no material legacy issues;
  - Increasing scale over time thereby progressively reducing the expenses overruns.
- Our competitive position is further strengthened **by our strategic partnership and close collaboration with Sony Life**. This collaboration is seeing both parties benefit from open sharing and cooperation on a range of matters including distribution, marketing and technology.
- **ClearView maintains a positive outlook** and is committed to executing its high growth strategy which targets 5% of the long-term life insurance profit pool and focuses on building a material wealth management business and high quality financial advice business

Notes

1. Represents a 95% confidence interval test that is a two tailed test where there is a 2.5% chance of being above the upper bound.
2. Reflects actual adverse lapse experience in HY18.

Appendix HY18 Results

Consolidated HY18 results: Shareholder view[(1)]

6 Months to December 2017 ($M)[1]	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Gross life insurance premiums	36.2	40.6	49.6	55.5	64.9	73.4	84.4	93.3	104.7	24%
Fund management fees	15.3	15.1	15.2	16.1	15.7	15.4	16.3	16.5	18.0	11%
Financial advice fees	6.4	6.3	7.0	8.2	8.5	8.2	8.6	8.3	8.8	2%
Interest and other income	1.9	2.4	2.6	2.5	2.4	2.3	2.1	1.6	1.7	(19%)
Gross Income	**59.8**	**64.3**	**74.4**	**82.3**	**91.5**	**99.3**	**111.4**	**119.7**	**133.2**	**20%**
Net claims incurred	(6.3)	(8.0)	(8.5)	(9.4)	(7.5)	(11.3)	(11.8)	(13.3)	(16.9)	43%
Reinsurance premium expense	(3.8)	(6.5)	(8.1)	(10.8)	(14.0)	(16.8)	(20.3)	(24.0)	(27.2)	34%
Commission and other variable expenses	(15.1)	(17.4)	(21.1)	(21.9)	(25.3)	(27.3)	(31.1)	(33.2)	(37.0)	19%
Funds management expenses	(2.8)	(2.9)	(3.3)	(3.2)	(3.5)	(3.4)	(4.1)	(4.0)	(4.7)	15%
Operating expenses	(27.4)	(27.7)	(34.1)	(36.0)	(38.3)	(37.2)	(39.0)	(38.1)	(39.6)	2%
Movement in policy liabilities	8.6	13.4	14.8	14.6	16.6	16.9	16.7	13.8	14.2	(15%)
Total Operating Earnings (before tax)	**13.0**	**15.2**	**14.1**	**15.6**	**19.5**	**20.1**	**21.8**	**20.9**	**22.0**	**1%**
Income tax (expense) / benefit	(3.9)	(4.6)	(4.2)	(4.6)	(5.6)	(5.8)	(6.5)	(5.6)	(6.5)	0%
Total Operating Earnings (after tax)	**9.1**	**10.6**	**9.9**	**11.0**	**13.9**	**14.3**	**15.3**	**15.3**	**15.5**	**1%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(0.1)	(0.2)	69%
Underlying NPAT	**9.1**	**10.6**	**9.9**	**10.6**	**13.4**	**13.8**	**15.2**	**15.2**	**15.3**	**1%**
Amortisation of intangibles	(3.7)	(3.7)	(4.5)	(4.5)	(4.6)	(4.5)	(4.6)	(3.6)	(2.0)	(56%)
Policy liability discount rate effect	(2.5)	4.7	5.2	(1.0)	1.0	10.1	(9.9)	1.4	(1.0)	(90%)
Matrix Deal and Integration Costs	0.0	0.0	(1.8)	(0.5)	0.0	0.0	0.0	0.0	0.0	NM
Your Insure Impairment (net of tax)	0.0	0.0	0.0	0.0	(1.9)	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	(3.5)	0.0	NM
Strategic Review Costs	0.0	0.0	0.0	0.0	0.0	(0.5)	(0.7)	(0.3)	(0.4)	(41%)
Tax effect	0.8	(1.4)	(1.1)	0.2	(0.3)	(2.9)	3.2	0.7	0.4	(87%)
Reported NPAT	**3.6**	**10.3**	**7.7**	**4.8**	**7.6**	**16.0**	**3.2**	**9.9**	**12.3**	**284%**

Breakdown by Segment ($M)	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Life Insurance	4.7	6.1	7.3	8.0	12.1	12.4	12.7	12.2	12.5	(2%)
Wealth Management	3.0	2.9	1.1	0.7	1.3	1.4	1.6	2.3	2.6	61%
Financial Advice	1.8	1.7	1.9	2.5	0.7	0.8	1.2	1.0	1.0	(21%)
BU Operating Earnings (after tax)	**9.5**	**10.7**	**10.3**	**11.2**	**14.1**	**14.6**	**15.6**	**15.5**	**16.1**	**3%**
Listed Entity and Other	(0.4)	(0.1)	(0.4)	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)	(0.7)	90%
Total Operating Earnings (after tax)	**9.1**	**10.6**	**9.9**	**11.0**	**13.9**	**14.3**	**15.3**	**15.3**	**15.5**	**1%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(0.1)	(0.2)	69%
Underlying NPAT	**9.1**	**10.6**	**9.9**	**10.6**	**13.4**	**13.8**	**15.2**	**15.2**	**15.3**	**1%**

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 HY17 to HY18.

Consolidated HY18 results: Commentary

Underlying NPAT[1]

Life Insurance Underlying NPAT down 2% to $12.5 million (HY17: $12.7 million) compared to expected growth of 12%[2]

- In HY18, there was an adverse claims experience of $3.2m[4] (HY17: $0.6m[4]). This adverse claims experience primarily occurred in Q1. The adverse claims experience was within statistical confidence levels[3]. However, due to small size and nature of the portfolio, it has a material impact on profitability.
- Adjusting to exclude this adverse claims experience, Underlying NPAT would have been up 19% to $15.8m.
- Lapses also had an adverse impact (-$0.8m) arising from the heightened lapses in the 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 (to be addressed during CY18).
- Life Insurance remains the key profit driver. The expanding distribution footprint and strong new business volumes led to a material increase in the in-force portfolio which underpins the growth profile.
- In-force book growth of 23% in HY18 and LifeSolutions sales up 10%. The IFA distribution footprint continues to expand, diversifying sales and creating material embedded growth.

Wealth Management Underlying NPAT up 61% to $2.6 million (HY17: $1.6 million)

- Wealth Management is a strong net flow positive business with material growth in earnings. The business will continue to benefit from the shift away from large institutions and banks and increasing demand for innovative investment administration platforms.
- Growth in earnings follows material investment in the contemporary wealth platform and products in FY15.
- Net flows of $229 million (+63%) into new contemporary products and FUM up 20%.

Financial Advice Underlying NPAT down 21% to $1.0 million (HY17: $1.2 million)

- Committed to building a high quality aligned advice business and assisting advisers run more efficient and profitable practices
- Prior period includes the potential recovery of certain compliance costs incurred (+$0.3 million). Adjusting for this item recognised in HY17, Underlying NPAT has remained broadly neutral year-on-year.

Other adjustments and amortisation

Amortisation of intangibles ($2.0 million) is associated with the acquisition of wealth management and life insurance businesses from Bupa; ComCorp and Matrix Planning Solutions. 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 changes in the long-term discount rates used to determine insurance policy liabilities. The Life Insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities, and consequently, earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings.

This movement in policy liability creates a cash flow tax effect. The increase in long-term discount rates over HY18 caused an adverse after-tax impact of -$0.7 million (HY17: -$6.9 million).

Costs that are considered unusual to ClearView's ordinary activities and therefore not reflected as part of Underlying NPAT, relate to expenses incurred as part of Sony Life becoming a strategic shareholder and ongoing costs associated with the Cooperation Agreement entered into between ClearView and Sony Life.

Reported NPAT and earnings per share (EPS)

Reported NPAT increased to $12.3 million (HY17: $3.2 million) and reported diluted EPS increased to 1.90 cps (HY17: 0.52 cps).

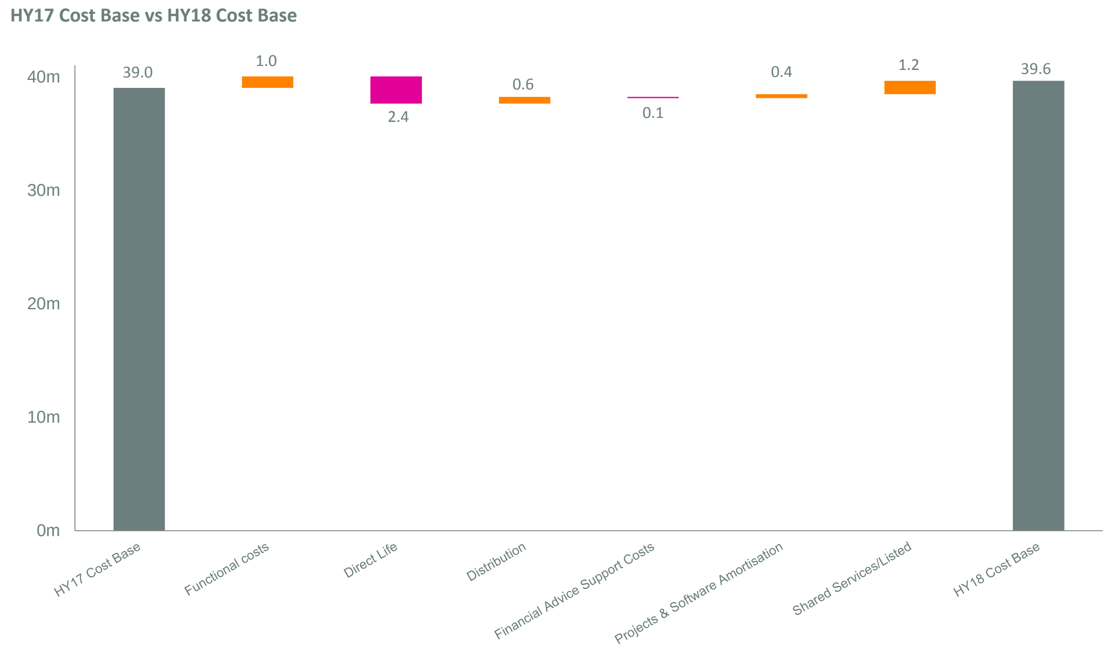
EPS calculations have been impacted by a positive swing of $6.2 million (after-tax) from the impact of changes in the long-term discount rates on policy liabilities between periods, partially offset by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period and an increase in the number of ESP shares 'in the money' given the increase in ClearView's share price period on period.

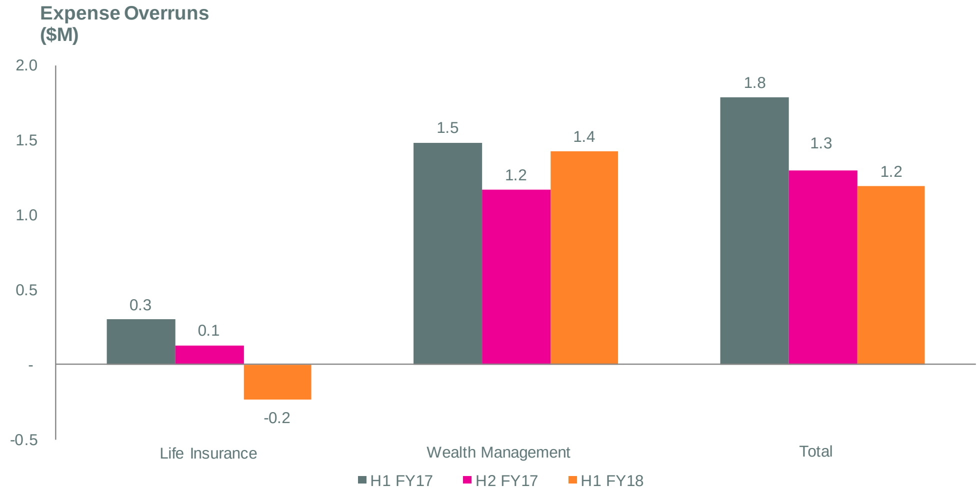
Fully diluted Underlying EPS was down 0.07 cps to 2.38 cps (HY17: 2.45 cps). This was driven by the change in the number dilutive shares (as noted above) given the broadly neutral Underlying NPAT between periods.

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. Expected Life Insurance Underlying NPAT of $16.0m (+12% HY17 to HY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.
3. Represents a 95% confidence interval test that is a two tailed test where there is a 2.5% chance of being above the upper bound.
4. Reflects actual adverse lapse experience in HY18.

Operating expenses overview





Life Insurance

6 Months to December 2017 ($M)[1]	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Gross life insurance premiums	36.2	40.6	49.6	55.5	64.9	73.4	84.4	93.3	104.7	24%
Interest income	1.1	1.2	1.5	1.5	1.4	1.4	1.2	1.1	1.1	(9%)
Net claims incurred	(6.3)	(8.0)	(8.5)	(9.4)	(7.5)	(11.3)	(11.8)	(13.2)	(16.9)	43%
Reinsurance premium expense	(3.8)	(6.5)	(8.1)	(10.8)	(14.0)	(16.8)	(20.3)	(24.0)	(27.2)	34%
Commission and other variable expenses	(11.6)	(13.9)	(17.6)	(18.2)	(21.9)	(24.0)	(27.8)	(29.9)	(33.7)	21%
Operating expenses	(17.5)	(18.1)	(21.2)	(21.9)	(22.2)	(22.0)	(24.2)	(23.7)	(24.3)	0%
Movement in policy liabilities	8.6	13.4	14.8	14.6	16.6	16.9	16.7	13.8	14.2	(15%)
Underlying NPBT	**6.7**	**8.7**	**10.5**	**11.3**	**17.3**	**17.6**	**18.2**	**17.4**	**17.9**	**(2%)**
Income tax (expense) / benefit	(2.0)	(2.6)	(3.2)	(3.3)	(5.2)	(5.2)	(5.5)	(5.1)	(5.4)	(2%)
Underlying NPAT	**4.7**	**6.1**	**7.3**	**8.0**	**12.1**	**12.4**	**12.7**	**12.3**	**12.5**	**(2%)**
Amortisation of intangibles	(0.7)	(0.7)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)	0%
Policy liability discount rate effect (after tax)	(1.7)	3.3	3.6	(0.7)	0.7	7.1	(6.9)	1.0	(0.7)	(90%)
Reported NPAT	**2.3**	**8.7**	**9.4**	**5.9**	**11.4**	**18.1**	**4.4**	**12.0**	**10.4**	**136%**

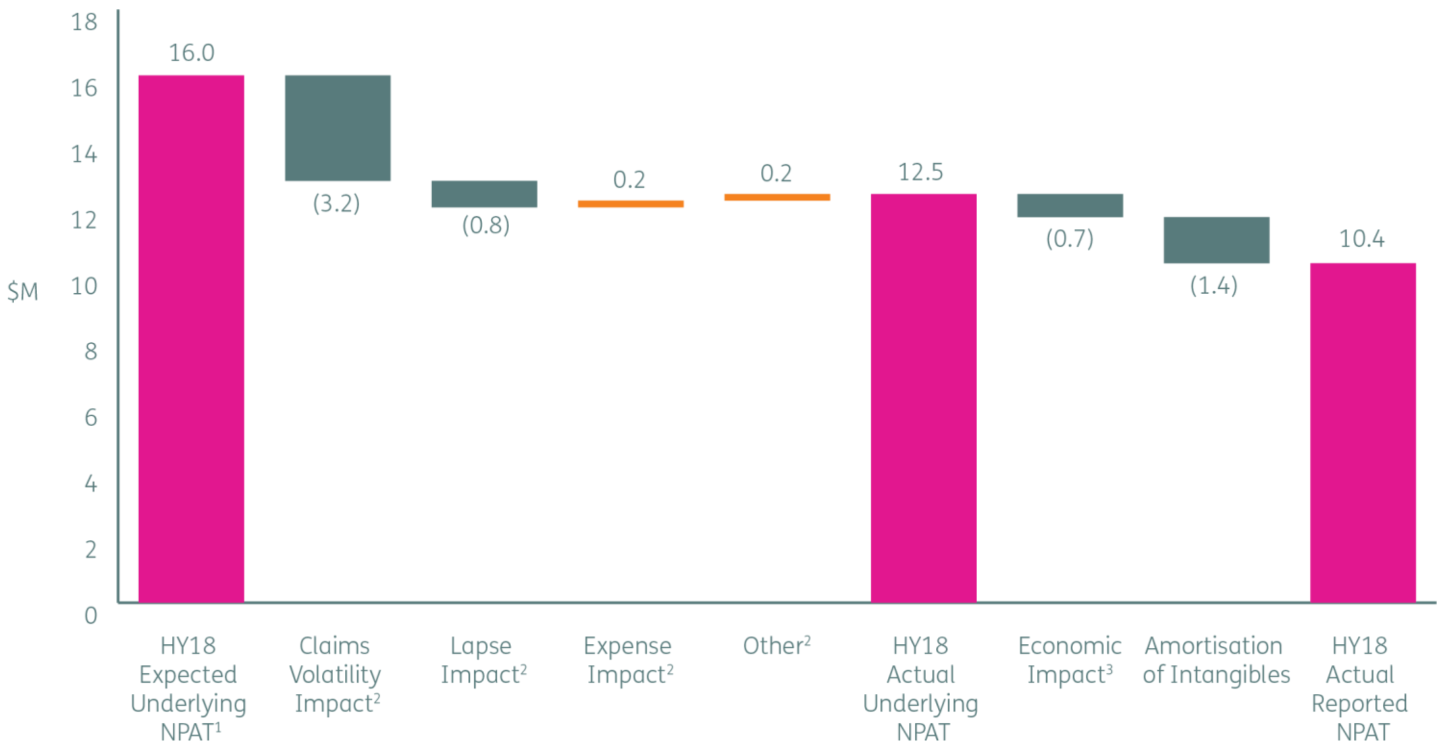
Analysis of Profit ($M)	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Expected Underlying NPAT[1]	**6.8**	**8.3**	**9.3**	**9.9**	**11.4**	**12.3**	**14.2**	**15.1**	**16.0**	**12%**
Claims experience	0.7	0.4	0.1	(0.2)	1.7	(0.7)	(0.6)	(1.3)	(3.2)	430%
Lapse experience	(0.1)	(0.8)	(0.2)	0.3	(0.2)	0.7	(0.7)	(1.3)	(0.8)	14%
Expense experience	(2.9)	(1.6)	(2.2)	(2.3)	(0.9)	(0.2)	(0.3)	(0.1)	0.2	(178%)
Other	0.2	(0.1)	0.3	0.3	0.1	0.3	0.1	(0.2)	0.2	325%
Actual Underlying NPAT	**4.7**	**6.1**	**7.3**	**8.0**	**12.1**	**12.4**	**12.7**	**12.2**	**12.5**	**(2%)**

Key Statistics And Ratios ($M)	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
New Business	**12.9**	**14.5**	**17.0**	**17.5**	**18.2**	**21.0**	**22.1**	**20.2**	**22.6**	**2%**
LifeSolutions	11.5	12.1	13.2	14.3	15.7	19.0	20.6	19.7	22.6	10%
Non Advice	1.4	2.4	3.8	3.2	2.5	2.0	1.5	0.5	0.0	(99%)
In-Force	**73.8**	**87.5**	**101.4**	**115.7**	**132.0**	**150.7**	**171.0**	**189.5**	**209.9**	**23%**
LifeSolutions	32.6	45.2	57.5	71.0	86.7	105.7	126.1	146.1	167.5	33%
Non Advice	41.2	42.3	43.9	44.7	45.3	45.0	44.9	43.4	42.4	(6%)
Old Book	37.5	36.7	35.8	35.1	34.7	34.1	33.6	32.7	32.2	(4%)
New Book	3.7	5.6	8.1	9.6	10.6	10.9	11.3	10.7	10.2	(10%)
Cost to Income Ratio	**48.3%**	**44.6%**	**42.7%**	**39.5%**	**34.2%**	**30.0%**	**28.7%**	**25.4%**	**23.2%**	

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 HY17 to HY18.
3. Expected Underlying NPAT of $16.0m (+12% HY17 to HY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.

Life Insurance Analysis of Profit



Notes

1. Expected Underlying NPAT of $16.0m (+12% HY17 to HY18) reflects expected profit margins on in-force portfolios based on actuarial assumptions.
2. Reflects actual experience for relevant item in the HY18 result.
3. The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities. The Life Insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities, and consequently, earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings.

Wealth Management

6 Months to December 2017 ($M)[1]	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Fund management fees	15.3	15.1	15.2	16.1	15.7	15.4	16.3	16.5	18.0	11%
Interest income	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	44%
Variable expense[3]	(3.5)	(3.6)	(3.5)	(3.7)	(3.4)	(3.3)	(3.3)	(3.2)	(3.3)	(1%)
Funds management expenses	(2.8)	(2.9)	(3.3)	(3.2)	(3.5)	(3.4)	(4.1)	(4.0)	(4.7)	15%
Operating expenses	(5.3)	(5.1)	(7.4)	(8.5)	(7.7)	(7.5)	(7.0)	(6.8)	(7.0)	0%
Underlying NPBT	**4.1**	**3.9**	**1.3**	**0.9**	**1.3**	**1.3**	**2.1**	**2.6**	**3.3**	**61%**
Income tax (expense) / benefit	(1.1)	(1.0)	(0.2)	(0.2)	0.0	0.1	(0.4)	(0.3)	(0.7)	63%
Underlying NPAT	**3.0**	**2.9**	**1.1**	**0.7**	**1.3**	**1.4**	**1.6**	**2.3**	**2.6**	**61%**
Amortisation of intangibles	(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(2.7)	(2.6)	(1.8)	0.0	(98%)
Reported NPAT	**0.4**	**0.3**	**(1.5)**	**(1.9)**	**(1.3)**	**(1.3)**	**(0.9)**	**0.5**	**2.6**	**Large**

Key Statistics And Ratios ($M)	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Net Flows	**5.2**	**(13.6)**	**25.7**	**85.8**	**101.2**	**111.1**	**59.5**	**145.4**	**163.6**	**174%**
Master Trust	(79.5)	(81.8)	(99.1)	(64.6)	(58.1)	(64.5)	(81.5)	(66.3)	(65.6)	(20%)
WealthSolutions	84.7	68.2	72.8	90.5	112.7	75.3	86.6	112.5	103.9	20%
WealthFoundations	0.0	0.0	51.9	59.9	46.6	45.8	42.1	45.7	66.0	56%
External Platforms	0.0	0.0	0.0	0.0	0.0	54.5	12.3	53.5	59.3	380%
Total FUM ($B)	**1.63**	**1.66**	**1.77**	**1.90**	**1.98**	**2.13**	**2.28**	**2.50**	**2.73**	**20%**
Master Trust	1.30	1.25	1.22	1.18	1.11	1.07	1.03	1.00	0.96	(7%)
WealthSolutions	0.33	0.41	0.50	0.61	0.72	0.80	0.93	1.08	1.22	31%
WealthFoundations	0.00	0.00	0.05	0.11	0.15	0.20	0.25	0.30	0.38	52%
External Platforms	0.00	0.00	0.00	0.00	0.00	0.06	0.07	0.12	0.18	172%
Cost to Income Ratio	**34.5%**	**33.7%**	**48.7%**	**52.8%**	**49.0%**	**48.7%**	**42.9%**	**41.4%**	**38.9%**	

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 HY17 to HY18.
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.

Financial Advice

6 Months to December 2017 ($M)[1]	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Net financial planning fees	6.4	6.3	7.0	8.2	8.5	8.2	8.6	8.3	8.8	2%
Interest & other income	0.1	0.1	0.2	0.2	0.2	0.1	0.5	0.1	0.2	(61%)
Operating expenses	(3.9)	(4.0)	(4.6)	(4.8)	(7.7)	(7.2)	(7.4)	(7.0)	(7.6)	3%
Underlying NPBT	**2.6**	**2.4**	**2.6**	**3.6**	**1.0**	**1.1**	**1.7**	**1.5**	**1.3**	**(23%)**
Income tax (expense) / benefit	(0.8)	(0.7)	(0.7)	(1.1)	(0.3)	(0.3)	(0.5)	(0.4)	(0.4)	(28%)
Underlying NPAT	**1.8**	**1.7**	**1.9**	**2.5**	**0.7**	**0.8**	**1.2**	**1.0**	**1.0**	**(21%)**
Amortisation of intangibles	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	8%
Matrix deal and integration costs (net of tax)	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	NM
Reported NPAT	**1.4**	**1.3**	**1.2**	**2.0**	**0.2**	**0.3**	**0.7**	**0.5**	**0.4**	**(42%)**

Key Statistics And Ratios	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
FUMA ($B)	3.8	4.1	7.4	7.9	8.1	8.2	8.5	8.9	9.3	9%
PUA ($M)	79	94	160	187	203	215	223	237	247	11%
CFA Advisers	109	117	131	139	136	146	153	153	148	(3%)
Matrix Advisers	-	-	85	82	85	89	90	90	98	9%
Total Advisers	**109**	**117**	**216**	**221**	**221**	**235**	**243**	**243**	**246**	**1%**

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 HY17 to HY18.

Listed entity

6 Months to December 2017 ($M)[1]	2014		2015		2016		2017		2018	% Change[2]
	1H	2H	1H	2H	1H	2H	1H	2H	1H	
Interest income	0.3	0.7	0.6	0.6	0.6	0.6	0.2	0.1	0.1	(6%)
Operating expenses	(0.7)	(0.5)	(0.9)	(0.8)	(0.6)	(0.6)	(0.4)	(0.6)	(0.7)	75%
BU Operating NPBT	**(0.4)**	**0.2**	**(0.3)**	**(0.2)**	**0.0**	**0.0**	**(0.2)**	**(0.5)**	**(0.6)**	**127%**
Income tax (expense) / benefit	(0.0)	(0.3)	(0.1)	0.0	(0.2)	(0.3)	(0.1)	0.3	(0.1)	5%
BU Operating NPAT	**(0.4)**	**(0.1)**	**(0.4)**	**(0.2)**	**(0.2)**	**(0.3)**	**(0.3)**	**(0.2)**	**(0.7)**	**90%**
Interest expense on corporate debt (after tax)	0.0	0.0	0.0	(0.4)	(0.5)	(0.5)	(0.1)	(0.1)	(0.2)	69%
Underlying NPAT	**(0.4)**	**(0.1)**	**(0.4)**	**(0.6)**	**(0.7)**	**(0.8)**	**(0.4)**	**(0.3)**	**(0.8)**	**86%**
Matrix Deal and Integration Costs	0.0	0.0	(1.1)	(0.5)	0.0	0.0	0.0	0.0	0.0	NM
Strategic Review Costs	0.0	0.0	0.0	0.0	0.0	(0.4)	(0.5)	(0.1)	(0.3)	(41%)
Your Insure impairment	0.0	0.0	0.0	0.0	(1.9)	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)	0.0	NM
Reported NPAT	**(0.4)**	**(0.1)**	**(1.5)**	**(1.1)**	**(2.6)**	**(1.2)**	**(0.9)**	**(2.8)**	**(1.1)**	**20%**

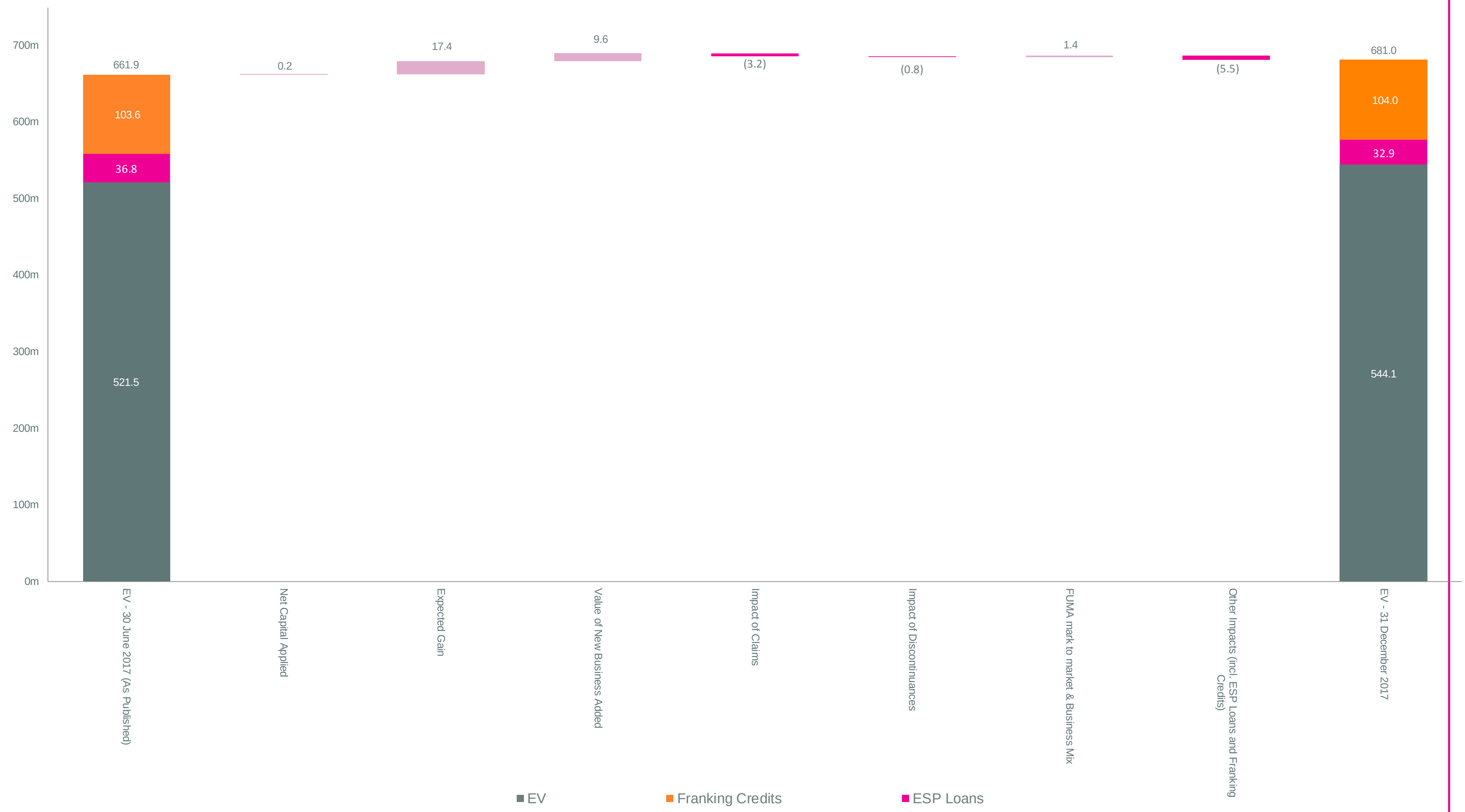
Notes

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 HY17 to HY18.

Embedded value and capital position

ClearView

Embedded Value Movement Analysis



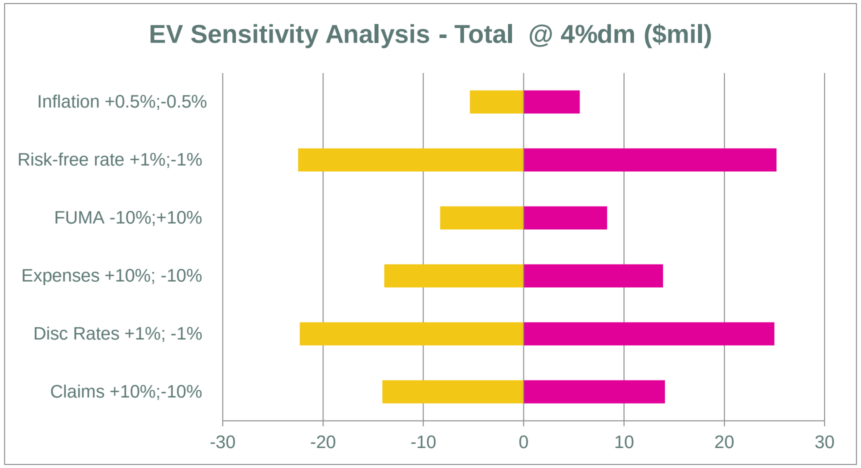
EV movement analysis commentary

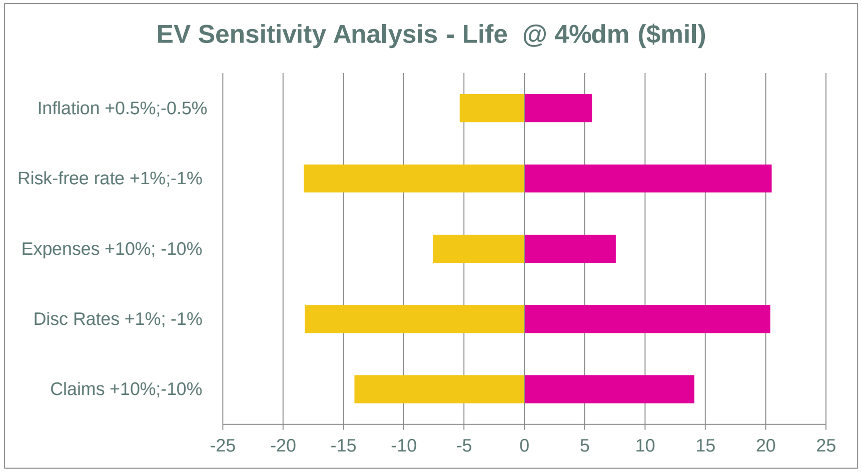
Reference	Impact	Reason for movement
Net capital applied	$0.2m	• FY17 final cash dividend (-$18.1m) paid in September 2017 with $12.2m reinvested as part of the Dividend Reinvestment Plan. • Movements in the Share Based Payments Reserve including ESP shares sold via off-market transfer (+$4.9m), treatment of the ESP expense in accordance with the accounting standards (+$0.8m), and ESP loans settled through the FY17 final dividend (+$0.7m) • Costs associated with Sony Life becoming a strategic shareholder (-$0.3m).
Expected gain	$17.4m	• Expected gain represents the expected unwind of the discount rate within the value of in-force and investment earnings on net worth.
VNB added	$9.6m	• 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 impacted by the mix of business written (including mix of hybrid commission business sold in anticipation of the recently implemented LIF reforms).
Claims	($3.2m)	• Adverse claims experience loss (relative to planned margins) across all products. In HY18, there was an adverse claims experience of $3.2m. This adverse claims experience primarily occurred in Q1 and was within statistical confidence levels. However, due to small size and nature of the portfolio, it has a material impact on profitability. • The overall net claims performance has broadly averaged -$0.3 million per half-year period over the past 9 half year periods (and excluding the last half is broadly neutral).
Discontinuances	($0.8m)	• Life Insurance lapse impact was driven by higher-than-expected lapses for LifeSolutions given the heightened lapses in the 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 (to be addressed during CY18). The old Direct book (business written pre-2011) and the Non-advice portfolio recorded a neutral lapse experience in HY18. Both portfolios are closed to new business. For Wealth business, discontinuance rates overall were close to expected.
FUMA mark to market and Business mix	$1.4m	• Increase driven by 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	($0.6m)	• Maintenance expense overruns versus the long-term unit costs assumed. 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
Other items	($1.4m)	• Net impact of capital reallocations by segment, modelling enhancements (including assumption changes), restatements, timing effects and tax impacts of the policy liability discount rate effect in the period.
ESP loans/franking credits	($3.5m)	• Reflects the net movement in ESP loans and franking credits between periods.

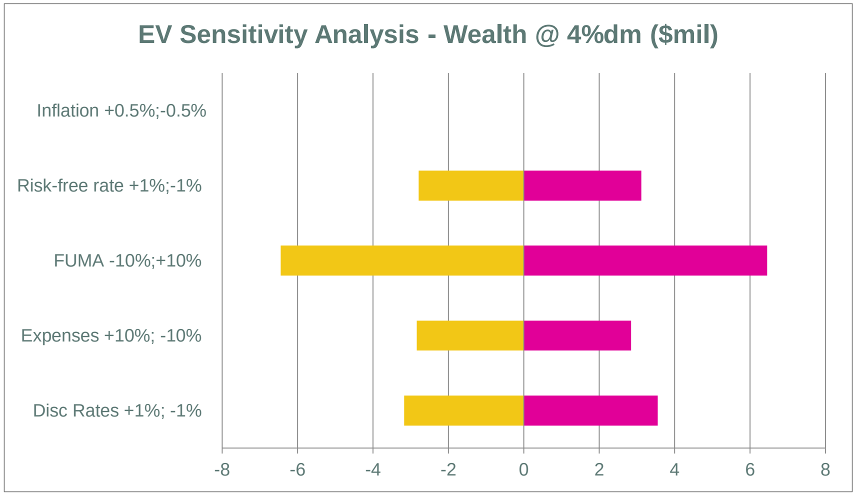
EV movement analysis @ 4% DM by segment at 31 December 2017

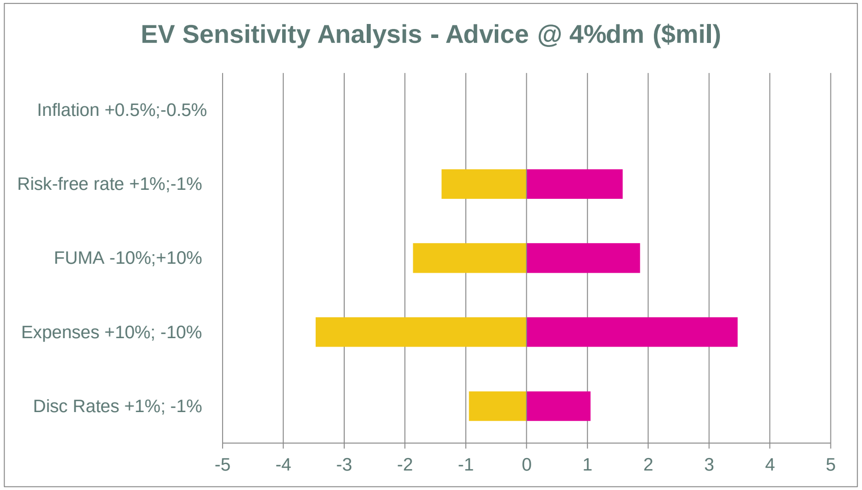
MOVEMENT ANALYSIS @ 4% dm	Life	Wealth	Advice	Other	Total
EV - 30 June 2017 @ 4% dm (As Published)	**396.1**	**67.8**	**34.1**	**23.6**	**521.5**
Restatements/modelling difference	0.0	0.0	0.0	0.0	0.0
EV - 30 June 2017 @ 4% dm (Restated)	**396.1**	**67.8**	**34.1**	**23.6**	**521.5**
FY17 final cash dividend	-	-	-	(18.1)	(18.1)
Dividend reinvestment plan	-	-	-	12.2	12.2
Proceeds from sale of ESP shares forfeited (net of tax)	-	-	-	4.9	4.9
Recognition of share based payments expense	-	-	-	0.8	0.8
ESP loans settled	-	-	-	0.8	0.8
Strategic review costs	-	-	-	(0.3)	(0.3)
Internal capital transfers and dividends	10.1	(3.6)	(1.0)	(5.5)	-
Expected gain	13.9	2.4	1.1	0.1	17.4
Value of new business added	6.8	2.8	-	-	9.6
Impact of claims experience	(3.2)	-	-	-	(3.2)
Impact of discontinuances experience	(0.8)	-	-	-	(0.8)
Maintenance expenses overruns/Listing costs	0.2	(0.2)	-	(0.6)	(0.6)
FUMA mark to market	-	0.6	-	-	0.6
Business mix	0.0	0.8	-	-	0.8
Assumption changes, tax and other	(0.8)	0.1	(0.5)	(0.3)	(1.5)
EV - 31 December 2017 @ 4% dm	**422.4**	**70.6**	**33.7**	**17.5**	**544.1**
ESP loans	-	-	-	32.9	32.9
Total EV Inc. ESP Loans	**422.4**	**70.6**	**33.7**	**50.4**	**577.0**
Franking credits	65.9	17.3	7.4	13.4	104.0
Total EV Inc. ESP Loans and franking credits	**488.2**	**87.9**	**41.1**	**63.8**	**681.0**

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).

Group net assets & capital analysis at 31 December 2017

Group Capital Position	Life	Wealth	Other	APRA Regulated Entities	Wealth	Financial Advice	ASIC Regulated Entities	All Regulated Entities	NOHC[2]/ Other	Group
Net Assets	347.3	14.5	4.4	366.2	8.6	19.3	28.0	394.1	34.3	428.4
Goodwill & Intangibles	(12.1)	(3.8)	0.0	(16.0)	0.0	(8.1)	(8.1)	(24.1)	(20.7)	(44.9)
Net Tangible Assets	**335.1**	**10.6**	**4.4**	**350.2**	**8.6**	**11.2**	**19.8**	**370.0**	**13.5**	**383.6**
Capital Base Adjustment:										
Deferred Acquisition Costs (DAC)	(291.8)	(0.1)	-	(291.8)	-	-	0.0	(291.8)	-	(291.8)
Other Adjustments to Capital Base	(0.7)	(0.1)	-	(0.8)	(0.1)	(0.0)	(0.1)	(0.9)	(0.4)	(1.3)
Regulatory Capital Base	**42.7**	**10.5**	**4.4**	**57.6**	**8.6**	**11.2**	**19.7**	**77.3**	**13.2**	**90.5**
Prescribed Capital Amount	(10.6)	(3.6)	(3.3)	(17.6)	(5.0)	(0.4)	(5.4)	(22.9)	-	(22.9)
Available Enterprise Capital	**32.0**	**6.9**	**1.1**	**40.0**	**3.6**	**10.8**	**14.4**	**54.4**	**13.2**	**67.6**
Enterprise Capital Benchmark (ECB)										
Working Capital[3]	2.0	(2.6)	(0.5)	(1.1)	(1.0)	(1.0)	(2.0)	(3.1)	(4.5)	(7.6)
Risk Capital	(33.8)	(2.8)	0.0	(36.6)	(2.2)	(3.1)	(5.4)	(41.9)	(5.5)	(47.4)
Excess/ Deficit over ECB (post Board approved transfers)	**0.3**	**1.5**	**0.6**	**2.4**	**0.3**	**6.7**	**7.0**	**9.4**	**3.1**	**12.5**

Reconciliation of Net Assets to Group Capital Position ($M)	Life	Wealth	Advice	Other	Total
Net Assets	**347.3**	**23.1**	**19.3**	**38.7**	**428.4**
- Capital incl in VIF	(325.9)	(13.4)	(9.7)	(20.7)	(369.8)
Net Worth	**21.4**	**9.7**	**9.6**	**18.0**	**58.6**
- Overhead & New Business Capital[3]	(21.1)	(7.9)	(2.9)	(14.2)	(46.1)
Net position	**0.3**	**1.8**	**6.7**	**3.7**	**12.5**

Notes

1. As at 31 December 2017, 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.
3. Includes Board approved capital movements post 31 December 2017.

Impact of ESP shares

Impact of Employee Share Plan (EPS) shares

PER SHARE CALCULATIONS

Year End 31 December 2017 ($M), (Unless Stated Otherwise)	HY18
Number of shares on issue	617.6
ESP shares on issue	50.6
Shares on issue to calculate NAV per share (A)	668.3
Net assets ($m)	428.4
ESP loans ($m)	32.9
Proforma net assets ($m) (B)	461.3
Fully diluted NAV per share = (B)/(A)	69.0 cents
Underlying NPAT ($m)	15.3
Fully diluted underlying NPAT per share[1]	2.38 cents
Reported NPAT ($m)	12.3
Reported diluted NPAT per Share	1.90 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”
- 50.6m ESP shares on issue and $32.9m loans receivable at 31 December 2017
- Underlying NPAT is the Board’s key measure of profitability and the basis on which dividends are determined
- Underlying NPAT of $15.3m, up 1% on HY17

Notes

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

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