

# ClearView Results Year ended 30 June 2019

## Investor presentation

Simon Swanson – Managing Director  
Athol Chiert – Chief Financial Officer

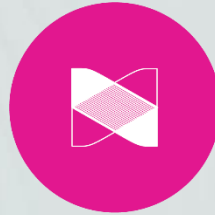


# Agenda

---



Executive  
summary



About  
ClearView



FY19 Result  
overview



Regulatory and  
business outlook

# Executive summary

## Executive summary

- Underlying NPAT<sup>1</sup> decreased 22% to \$25.1m (FY18: \$32.4m). Reported NPAT decreased 85% to \$4m (FY18: \$26.6m). Reflective of:
  - Challenging market environment
  - Poor lapse and claims performance
  - Remediation and restructure costs, impairment write-offs
- Embedded Value<sup>2</sup> of \$0.99 per share (\$672.7m):
  - Impacted by assumption changes and removal of financial advice client books, partially offset by reduction in discount rate
- Key responses in FY19 are as follows:
  - Completed material cost transformation program including IT strategy review
  - Terminated certain poor performing life insurance distribution relationships
  - Product pricing and repositioning of products
  - Reviewed dealer group pricing model and launched outsourced B2B licensee services business
  - Roll out of compliance monitoring and supervision technology across the dealer groups
  - Implemented remediation programs
  - Reset of the expense, claims, lapse and discount rate assumptions to take into account observed recent experience
- FY19 profit result does not reflect these key strategic priorities and actions. The business strategy and focus has been reset and ClearView is well positioned to take advantage of structural changes
- Shorter term profit growth will be achieved by effective cost management, lifting quality of business (improving lapse and claims performance) and executing on a reinvigorated IT strategy and road map
  - Ongoing expansion of IFA footprint (including opening up of APLs) leads to growth of in-force portfolios
  - Launch of LaVista Licensee Solutions in late 2018 gives IFAs another way to engage with ClearView
- ClearView maintains a positive longer term outlook. Our three segments: Life Insurance, Wealth Management and Financial Advice are well-positioned to capture opportunities from a rebound in market conditions and consumer sentiment
- There is a clear strategy in place for adapting to the changing financial services landscape and we continue to build, expand and strengthen our relationships with IFAs
- This, combined with our investment in technology (and execution on IT road map), will support medium to long term growth
- Capital management initiatives including recommencement of on-market buyback
  - Suspended FY19 year-end dividend
  - Buyback considered to be a better use of capital and in interests of shareholders in light of current share price

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. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.

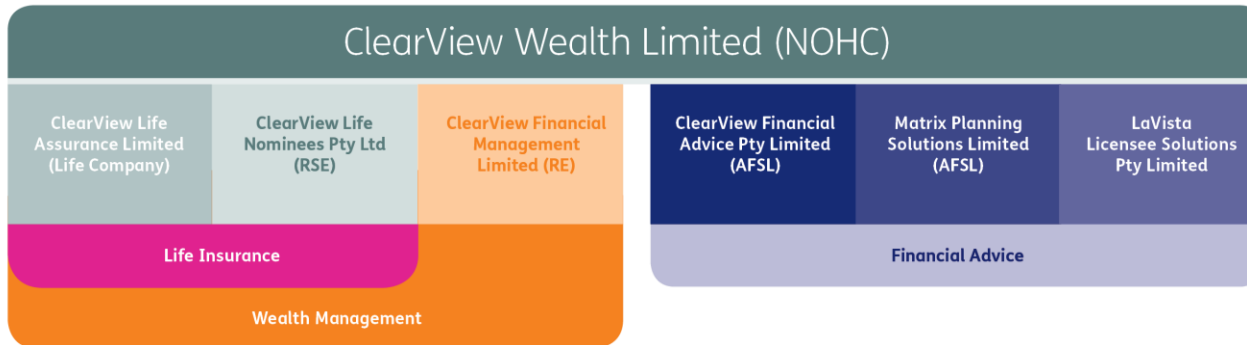
3. APLs are where ClearView products are placed on third party dealer group approved product lists.

# About ClearView

Section 1



# ClearView Group overview



- Regulated as a Non-Operating Holding Company (NOHC<sup>1</sup>) by APRA under the Life Insurance Act 1995
- Currently holds integrated licence structure via its subsidiaries
- Operates in three segments: Life Insurance, Wealth Management and Financial Advice
- Created in its current form in 2010 with objective of building a challenger brand:
  - Consolidation opened up an opportunity for a new entrant focused on financial advisers (IFAs)
  - Incumbents were tied up in legacy issues – multiple systems and pricing issues on profitable back books
  - Ability to cross sell to capitalise on growing convergence of life insurance and superannuation
  - Deliberate strategic decision not to participate in Group Life or Consumer Credit Insurance
- Strategy focused on building strong relationships with IFAs by delivering quality products and services

## Notes

1. NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.

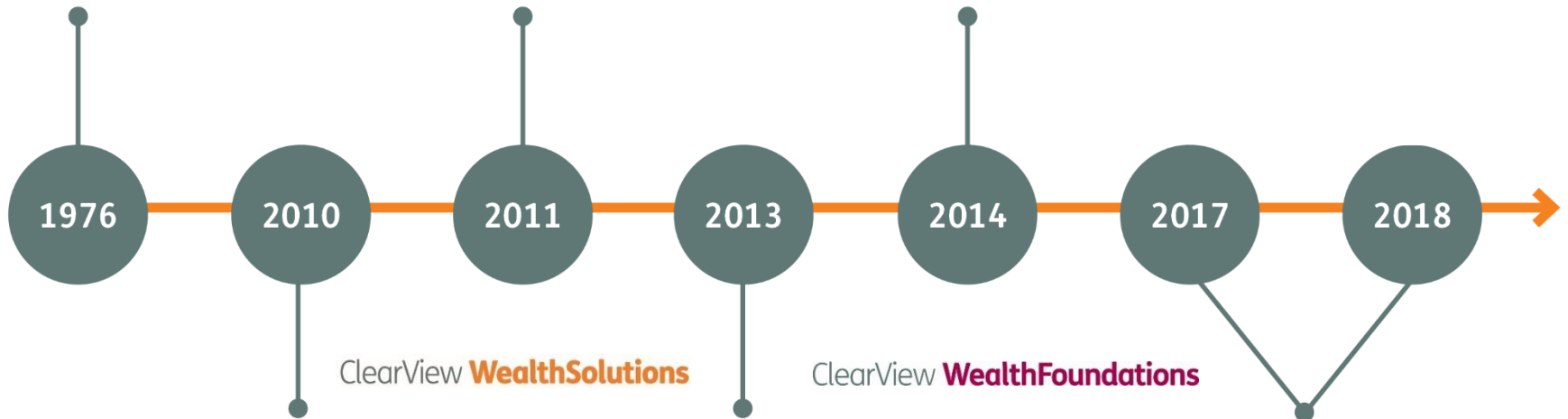
# History of ClearView

Non-bank owned, clear focus on adviser channel



NRMA Life

ClearView **LifeSolutions**



Support for  
LifeSolutions building



No 1 in overall adviser satisfaction

Licensee of the Year  
2017, 2018 & 2019

# ClearView Life Insurance today

ClearView LifeSolutions is our single, contemporary product series. It is designed to meet the unique needs of our customers today but flexible enough to adapt, as their needs change over time.

LifeSolutions is available through financial advisers.

**No. 1**  
Adviser satisfaction<sup>1</sup>



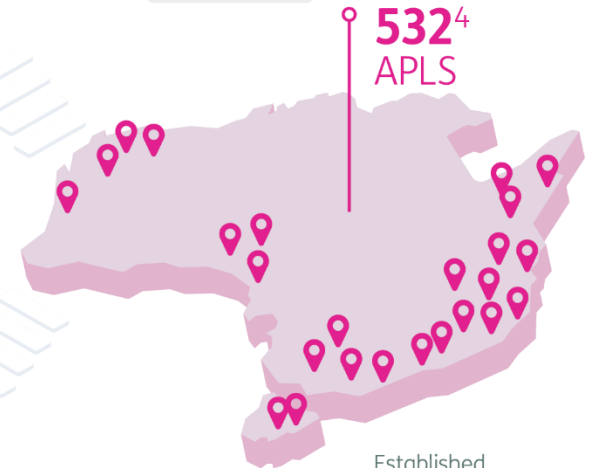
**No. 1**  
Customer claims satisfaction<sup>2</sup>



## ClearView LifeSolutions



Ranked first and second quartile on **iress**<sup>3</sup>



**532<sup>4</sup>**  
APLS

Established infrastructure and distribution

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



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 (2018) which tracked the experience of 500 customers across the industry who have had an income protection, trauma or TPD claim.  
 3. Risk research houses generally rate our product in the 1<sup>st</sup> or 2<sup>nd</sup> quartiles. This assists advisers in formulating their advice and product comparisons.  
 4. APLs are where ClearView products are placed on third party dealer group approved product lists.

# Wealth Management today

ClearView is focused on building a material wealth management business by manufacturing, administering and distributing investment solutions, and leveraging existing Life Insurance relationships.



ClearView **WealthSolutions**



ClearView **WealthFoundations**

Model portfolios



Contemporary technology platform for WealthFoundations; Private label<sup>1</sup> for WealthSolutions.

WealthFoundations upgraded to include 24 model portfolios including 9 index models for five different risk profiles.

(Wealth migration of Master Trust Product onto new platform completed in FY18)

**Notes**

1. Private label relates to WealthSolutions product where information technology and administration services are outsourced to Avanteous with ClearView being the relevant licenced operator

## Highly rated by Chant West

Chant West 2019 rating of 4 Apples for ClearView WealthFoundations Super and Pension, and ClearView WealthSolutions Super and Pension.

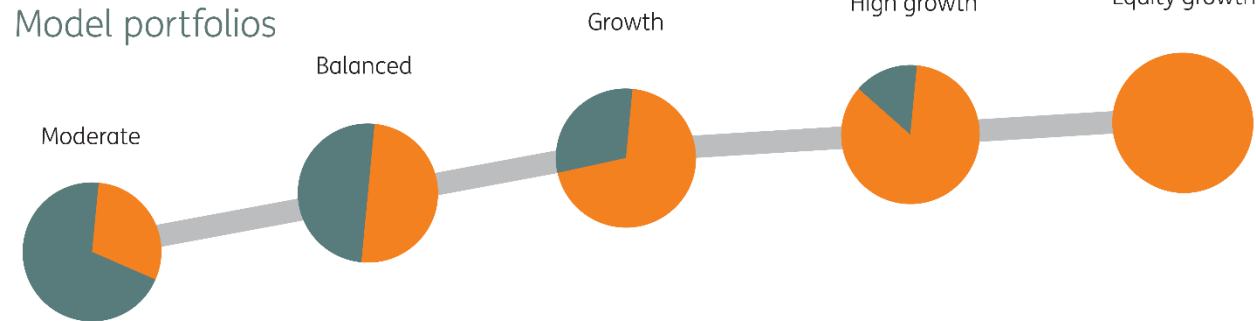
A 4 Apples rating reflects a “high quality fund”.



High growth



Equity growth

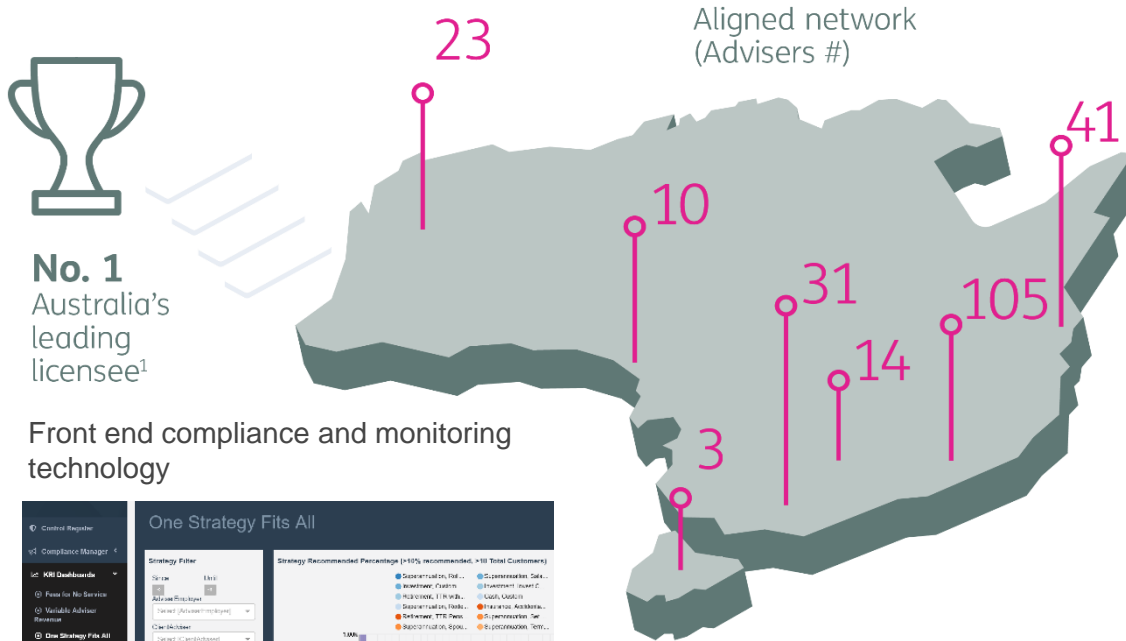




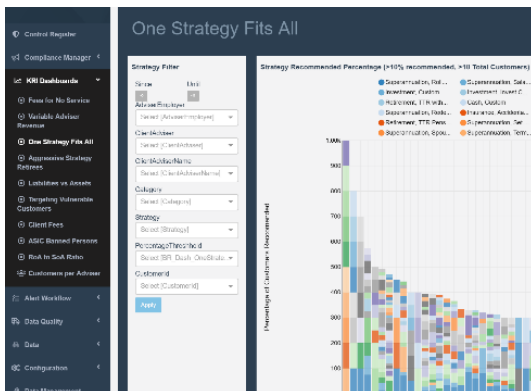
# Financial Advice today

ClearView has established itself as a market leading provider of licensing solutions to the Financial Advice sector.

Our comprehensive offer features two aligned dealer groups providing traditional licensing and dealer services plus the recently launched LaVista Licensee Solutions which provides outsourced B2B licensee services to other Australian Financial Services Licensees (AFSLs).



Front end compliance and monitoring technology



1. CoreData Licensee Report 2017, 2018 and 2019.

# FY19 Result Overview

## Section 2



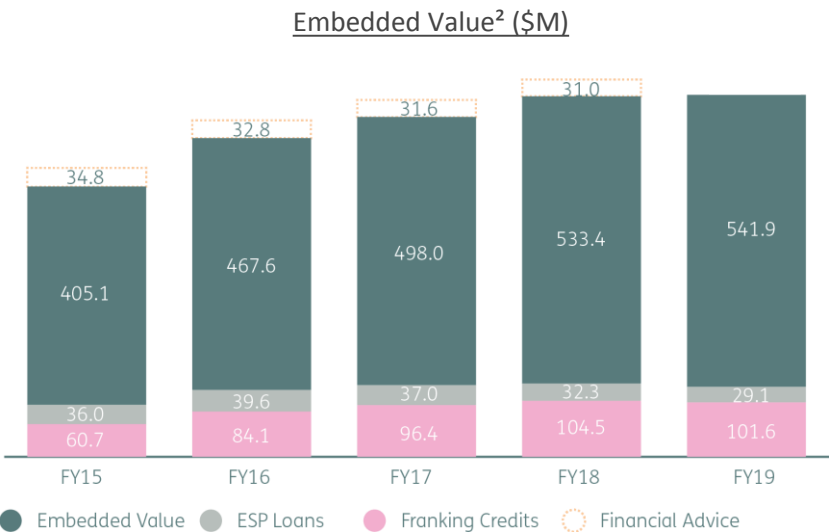
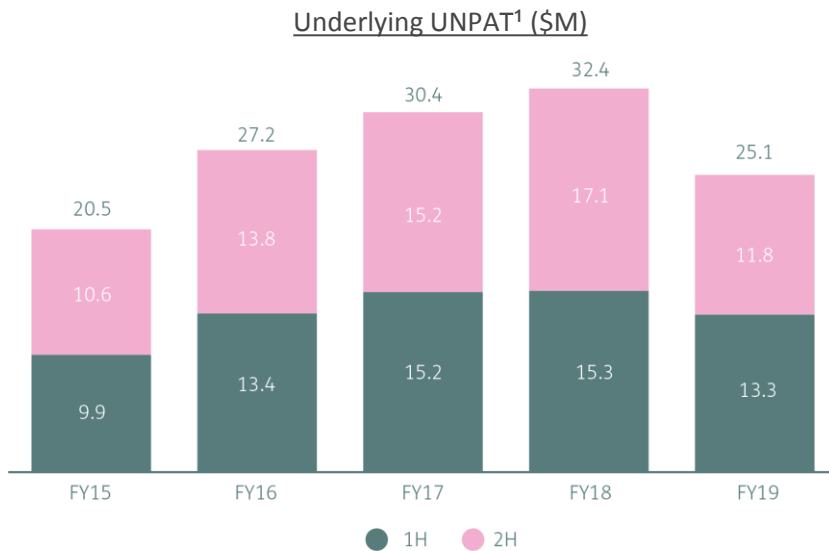
# FY19 Segment P&L – FY19 vs FY18

|                                      | FY19   | FY18  | % Change <sup>1</sup> | Commentary   |
|--------------------------------------|--------|-------|-----------------------|--|
| Life Insurance                       | 22.0   | 26.1  | (16%)                 | <ul style="list-style-type: none"> <li>Negative lapse (-\$5.6m) and claims experience (-\$5.1m)</li> <li>Double digit inforce premium growth, up 12% to \$253m</li> <li>Sales down 8% to \$39.2m due to challenging market conditions, albeit broadly flat at \$36.5m excluding terminated relationships</li> <li>Further broadening out of IFA footprint with 84% of sales from IFA channel. LifeSolutions now available on 532 APLs<sup>3</sup>, up 27%</li> </ul> |
| Wealth Management                    | 3.6    | 5.2   | (30%)                 | <ul style="list-style-type: none"> <li>Impacted by materially reduced flows, investment under performance and pricing changes in 2H FY19, leading to a reduction in fees, coupled with fixed cost base impacts from a lack of scale</li> <li>Net outflows of \$25m in contemporary products<sup>4</sup>; materially below net inflows of \$332m in FY18</li> <li>In-force FUM<sup>5</sup> of \$2.76b broadly flat</li> </ul>   |
| Financial Advice                     | 1.0    | 1.8   | (44%)                 | <ul style="list-style-type: none"> <li>Fees broadly flat, albeit includes material support from ClearView's Life Insurance and Wealth Management segments</li> <li>Increased compliance and restitution costs with program of work substantially completed</li> <li>Focus now on removal of cross subsidies and repricing of services</li> </ul>   |
| Listed Entity and Other              | (1.5)  | (0.7) | Large                 | <ul style="list-style-type: none"> <li>Impacted by interest charge on \$15m debt drawn down and change in tax charges between periods</li> </ul>   |
| Underlying NPAT <sup>2</sup>         | 25.1   | 32.4  | (22%)                 | <ul style="list-style-type: none"> <li><b>FY19 profit result does not reflect key strategic priorities and actions completed in 2H FY19 - adverse claims and lapse experience is holding ClearView back from translating solid growth in inforce book into corresponding profit growth</b></li> </ul>  |
| Items Reported Below Underlying NPAT | (21.2) | (5.8) | Large                 | <ul style="list-style-type: none"> <li>Includes impairment charges, amortisation associated with acquired intangibles, costs considered unusual to normal activities and changes in long term discount rates used to determine the policy liabilities – Refer to slide 16</li> </ul>   |
| Reported NPAT                        | 4.0    | 26.6  | (85%)                 | <ul style="list-style-type: none"> <li><b>Investment in technology, alongside ongoing expansion of IFA footprint, will support medium-to-long term growth, notwithstanding short-term headwinds. Business is focused on effective cost management, improving lapse and claims performance and executing on a reinvigorated IT strategy and road map</b></li> </ul>   |

## Notes

- % movement, FY18 to FY19 unless otherwise stated.
- 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.
- APLs are where ClearView products are placed on third party dealer group approved product lists.
- Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM<sup>5</sup> but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
- FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds on external platforms.

# FY19 Results overview



**Notes**

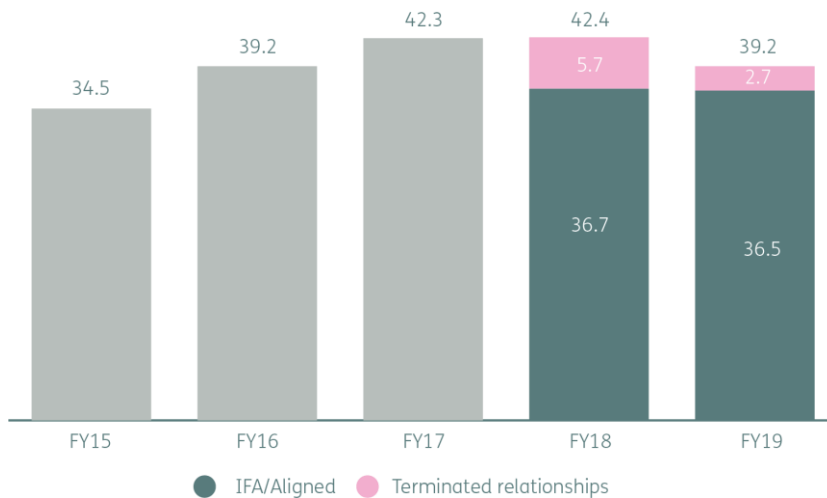
- Underlying NPAT consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group's ordinary activities.
- Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans. Financial advice client books, including franking credits, separately reflected in comparable given removal in FY19 from EV.

## Comments

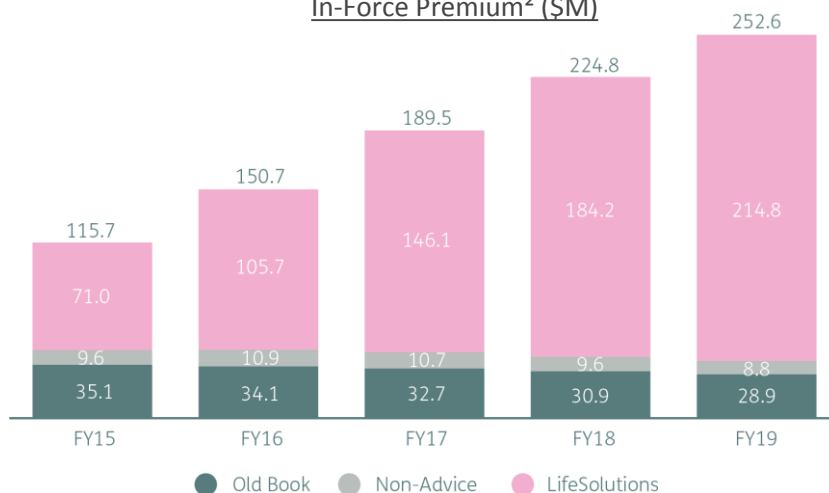
- FY19 result is reflective of:
  - Challenging market environment
  - Poor lapse and claims performance
  - Reduction in fees due to subdued flows, wrap technology falling behind and investment under-performance
  - Increased compliance and restitution costs in financial advice
- Key initiatives in FY19 are as follows:
  - Completed material cost transformation program including IT strategy review
  - Product pricing and repositioning of products
  - Reviewed dealer group pricing model and launched outsourced licensee services business
  - Continued roll out of compliance monitoring and supervision technology in dealer groups
  - Implemented remediation programs
  - Reset of the expense, claims, lapse and discount rate assumptions to take into account observed recent experience
- Embedded Value (EV) of \$0.99 per share, \$672.7m
  - EV impacted by assumptions and discount rate changes, removal of financial advice client books, impairment of software and remediation and restructure costs
- Business strategy and focus has been reset in 2H FY19 and is now well positioned to take advantage of structural changes in market

# FY19 Life Insurance segment

LifeSolutions New Business<sup>1</sup> (\$M)



In-Force Premium<sup>2</sup> (\$M)

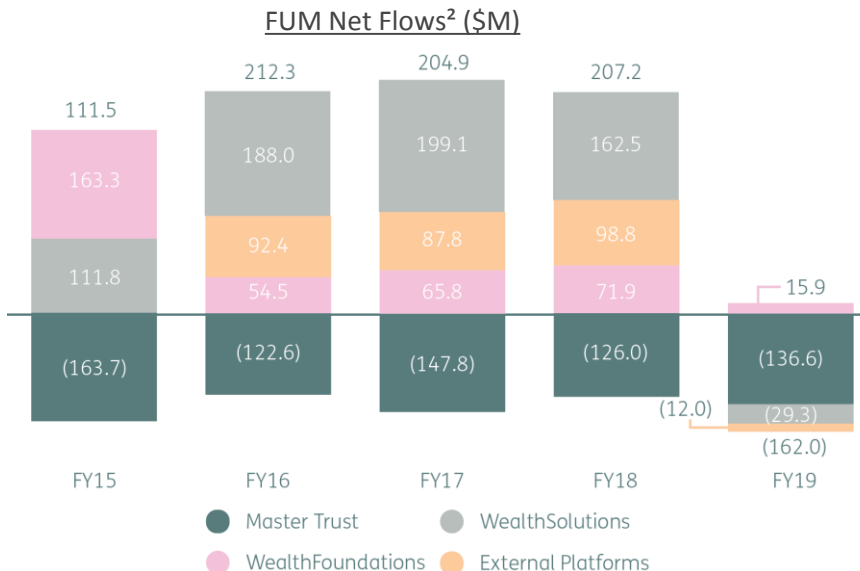
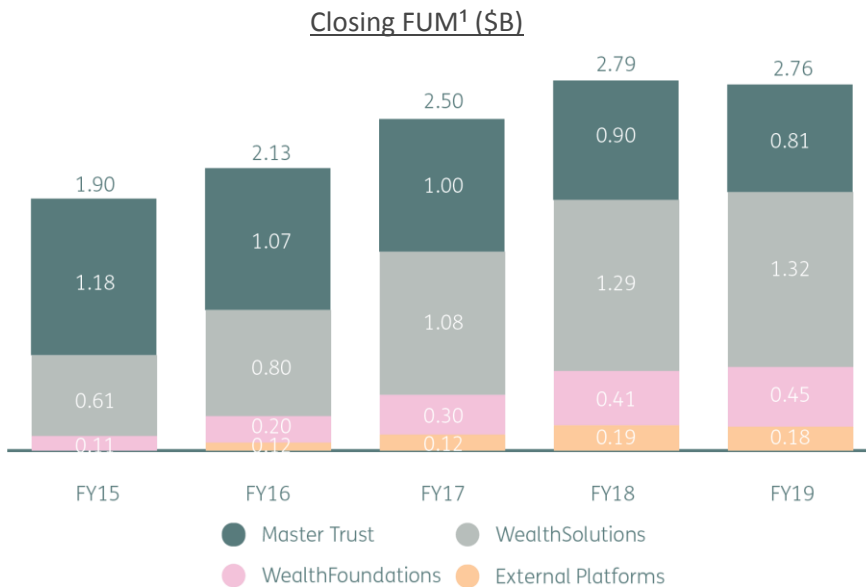


**Notes**  
 1. Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.  
 2. In-force premium is defined as annualised premium in-force at the balance date.

## Comments

- Key issues impacting on new business flows include:
  - Weak market conditions
  - Elevated lapses across industry
  - Technology falling behind
- Key initiatives in FY19 are as follows:
  - Implemented revised pricing structures
  - Implemented project to replace main life insurance technology
  - Reset cost base of business to current market conditions (as opposed to investing ahead of curve)
  - Terminated certain poor performing life insurance distribution relationships
  - Lapse assumptions increased and re-shaped - higher lapse rates for terminated relationships
  - Claims assumptions increased - FY19 result includes -\$1.8m impact
- Material in-force portfolio growth given size of new business (\$39m) as a proportion of in-force book (\$253m):
  - Growth of in-force is key profit driver
  - Claims and lapse performance holding back effect of translating into corresponding profit growth
  - Actions will result in some reduced “head line” sales in shorter term but overall business quality and profitability is expected to improve
- Positioned business to capitalise on opportunities arising from opening up of APLs:
  - More previously aligned advice businesses are able to access products and services for first time

# FY19 Wealth Management segment

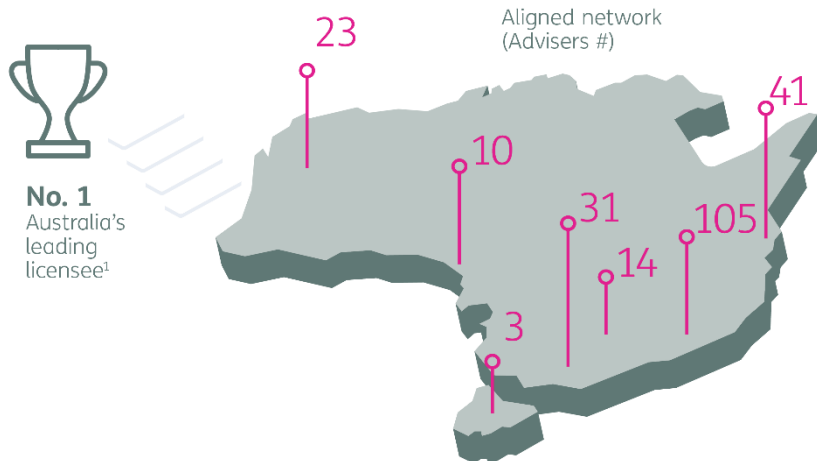
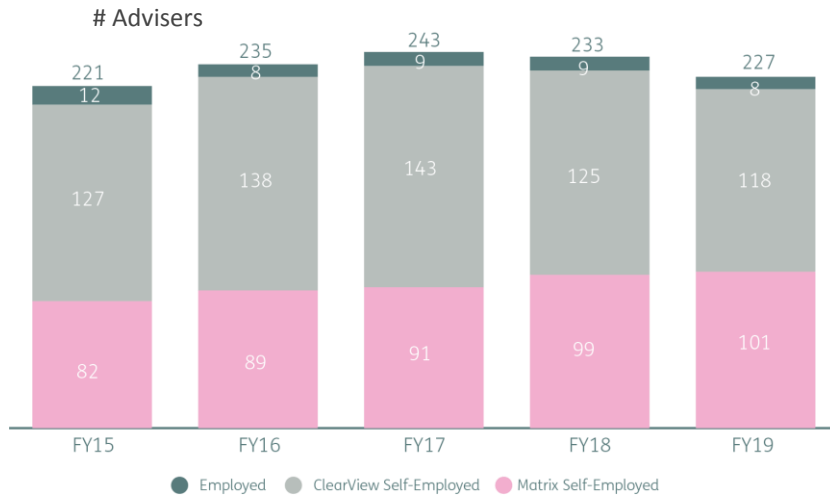


| Comments   |
|--|
| <ul style="list-style-type: none"> <li>Key issues impacting on net flows include:                             <ul style="list-style-type: none"> <li>Competitors reducing platform pricing</li> <li>Outsourced wrap technology falling behind</li> <li>Investment under-performance</li> <li>Delays in achieving life insurance and wealth management integration objectives</li> </ul> </li> <li>Key initiatives in FY19 are as follows:                             <ul style="list-style-type: none"> <li>Repositioned and lower wrap platform pricing – also flowed through in-force portfolios</li> <li>Upgraded models and pricing on WealthFoundations</li> <li>Strategic review of wrap platform and technology underway</li> <li>Reviewing approach to investment products to broaden market appeal and remove dependency on short-term performance</li> <li>Commenced project for its superfund<sup>3</sup> including any potential impacts on its trustee licence</li> </ul> </li> <li>Longer term, will benefit from consumer shift away from institutions and banks, albeit with some shorter term competitive pricing pressures</li> </ul> |

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 Product Net Flows is defined as inflows less redemptions into FUM<sup>1</sup> but excludes management fees outflow. ClearView Master Trust product net outflows given that the product is not marketed to new customers.  
 3. ClearView Retirement Plan

# FY19 Financial Advice segment

## ClearView Dealer Group



## Comments

- Key issues impacting on business include:
  - Growing compliance costs
  - Risks managing advice sector exposure (resulting in limited growth in adviser numbers)
  - General reduction in adviser productivity over time
- Future state for dealer groups:
  - Removal of cross subsidisation
  - Replacement of grandfathered revenue streams
- Key initiatives in FY19 are as follows:
  - Launched LaVista, a new B2B outsourced licensee services offer
  - New, flat membership fee structure to be rolled out across dealer groups from 1 November 2019
  - Continued investment in front end compliance and supervision monitoring system
- LaVista business model leverages award-winning back office infrastructure, systems and ancillary services of Matrix and CFA
- Positioned to capture opportunities arising from structural change
  - Represents a fairer, more sustainable pricing model
  - Intention is to remove cross subsidies and develop sustainable revenue base. This will take time to transition, but remains a key strategic focus
  - Ability to provide services to high quality advisers seeking their own licence or shift out of larger institutions

# Reconciling items reported below Underlying NPAT

|  | FY19        | FY18        | Commentary  |
|--|-------------|-------------|---|
| <b>Underlying NPAT<sup>1</sup></b>                           | <b>25.1</b> | <b>32.4</b> |   |
| <b>Policy liability discount rate effect</b>                 | 6.6         | (0.9)       | <ul style="list-style-type: none"> <li>Result of changes in long-term discount rates used to determine insurance policy liabilities that 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.</li> </ul>  |
| <b>Cost out program implementation costs</b>                 | (3.8)       | -           | <ul style="list-style-type: none"> <li>Relate to upfront implementation costs associated with cost out program implemented in 2H FY19 and includes redundancy costs, IT transformation costs and an onerous rent provision.</li> </ul>  |
| <b>Amortisation of acquired intangibles</b>                  | (1.2)       | (4.0)       | <ul style="list-style-type: none"> <li>Amortisation of intangibles is associated with acquisition of businesses (Bupa, Matrix, ComCorp). These are reported separately to remove the non-cash effect of the write-off of these acquired intangibles. The reduction in the amortisation between periods is as certain client books are written off in full – see impairment commentary below.</li> </ul>   |
| <b>Impairments</b>   | (18.9)      | -           | <ul style="list-style-type: none"> <li>Given structural changes in Financial Advice business, \$7.9m carrying value of Goodwill and \$5.0m of Client Books in the Financial Advice segment has been impaired</li> <li>Subsequent to FY19 IT strategy review, carrying values of capitalised software have been revised. Certain software development costs were impaired for obsolete or reduced functionality (\$6m after tax), or had their useful life reduced due to changes in IT direction. Revised amortisation profile of capitalised software is included as part of Underlying NPAT.</li> </ul> |
| <b>Direct remediation program and Royal Commission costs</b> | (2.4)       | -           | <ul style="list-style-type: none"> <li>Relate to costs associated with implementation of the consumer remediation program and Royal Commission related costs that are considered unusual to the ordinary activities (given these costs primarily relate to direct life insurance business that was closed in FY17).</li> </ul>  |
| <b>Other costs</b>   | (1.4)       | (0.8)       | <ul style="list-style-type: none"> <li>Other costs that are considered unusual to ordinary activities – FY19 costs relate to retention bonus payments paid to key individuals in September 2018 (\$1.4m after tax). FY18 costs are associated with Cooperation Agreement between ClearView and Sony Life (\$0.8m after tax). These costs ceased from 1 July 2018, being effective date of termination of Cooperation Agreement.</li> </ul>  |
| <b>Reported NPAT</b>   | <b>4.0</b>  | <b>26.6</b> |   |

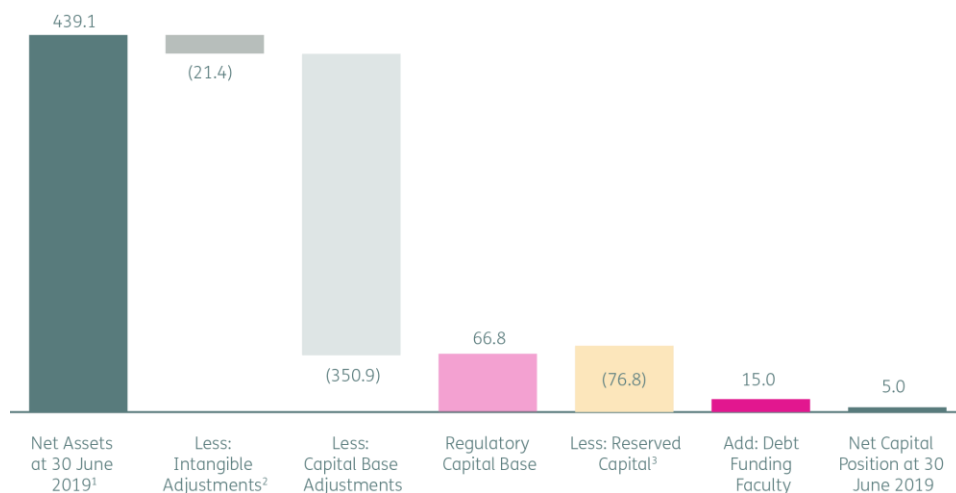
## Notes

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.



# Balance Sheet and Capital

Group Capital Position Bridge



## Notes

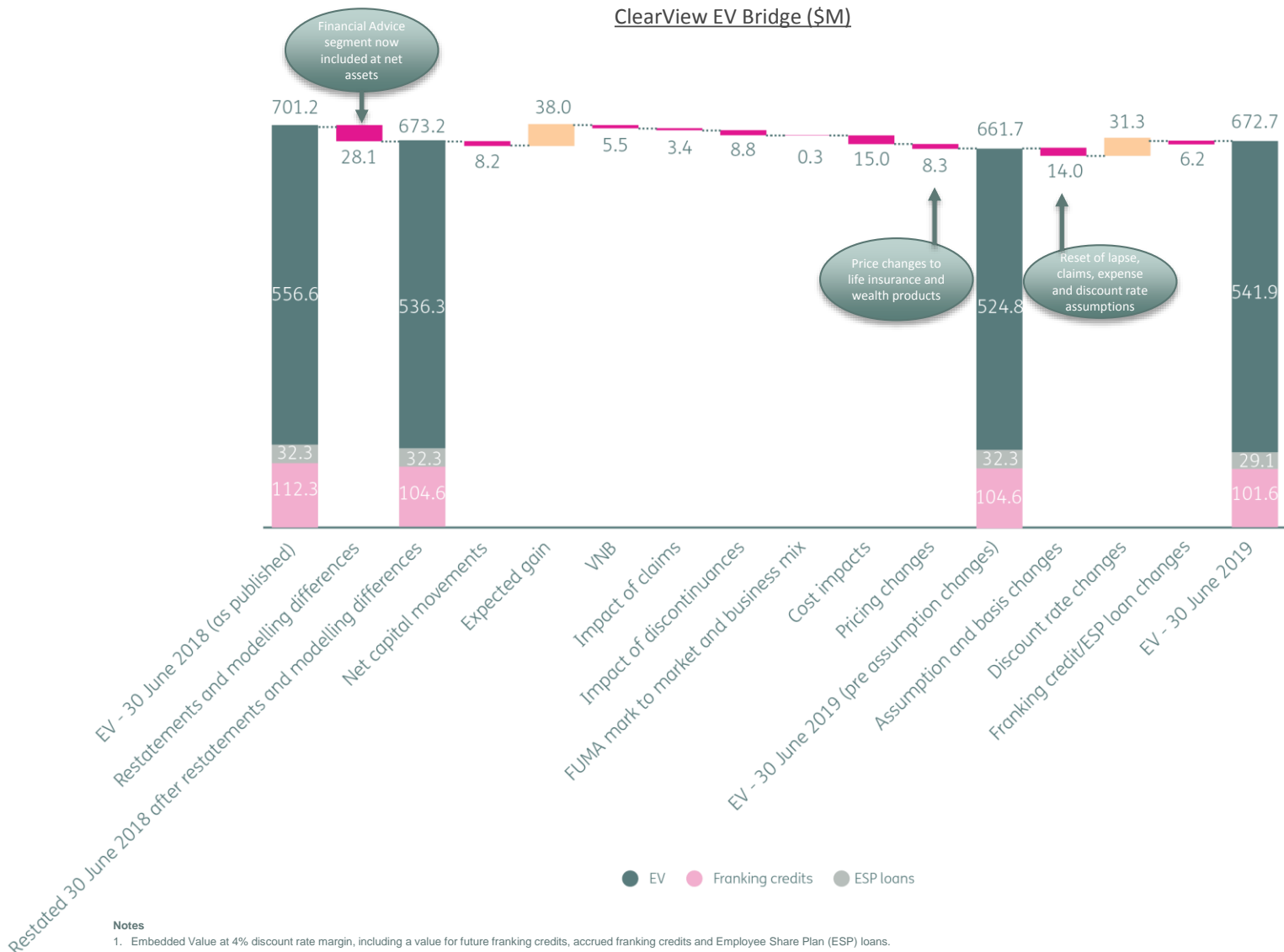
1. Net Asset Value as at 30 June excluding ESP Loans. Net assets includes the DAC component of insurance policy liabilities. CRP deferred tax asset of \$12.5m treated as an inadmissible asset. These are removed as part of the capital base adjustments.
2. Intangible adjustments relate to goodwill, acquired intangibles and capitalised software.
3. 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. Regulatory capital includes a \$12.5 million inadmissible asset reserve for tax credits within the ClearView Retirement Plan (CVRP) relating to insurance premiums paid via rollover. There is currently not sufficient taxable income in the CVRP currently to utilise these tax credits. While strategies to utilise the carried forward losses in the CVRP are in progress there are risks and uncertainties involved. Furthermore, a project for the CVRP (part of a broader wealth strategy review), has commenced. For this reason an offset is held against the ECB risk reserve for \$12.5 million.
4. The debt funding facility agreement has a \$15 million cap in relation to buy-backs.

## Comments

- Net assets of \$439.1m down 1% post impairments of intangibles
  - Goodwill carrying value of \$12.5m
  - Software carrying value of \$8.9m
- Net cash position of \$188m with shareholder capital conservatively invested in cash and short-term interest bearing securities
  - Currently under review given lower interest rate environment
- Net capital position above the internal benchmarks at 30 June 2019 was \$5.0m across the Group.
  - Includes \$15m drawn down under debt facility
- Generates positive cash flows from in-force portfolio which is subsequently reinvested into new business generation:
  - Now approaching underlying self-funding capability (in FY20)
  - Debt funding facility likely to be replaced by longer term capital solution, capital initiatives under consideration
- In light of the current share price, it is intended, that a buy-back program be commenced after release of full year results:
  - Suspended FY19 year-end dividend
  - Considered by Board to be a better use of capital and in interests of shareholders
- Debt funding facility<sup>4</sup> to be utilised as 'bridge' to implementation of longer term capital solution

# Embedded Value movement analysis @ 4% DM

Embedded Value<sup>1</sup> (including ESP loans and franking credits) has decreased by 4% to \$673m from Jun 18 to Jun 19; 99.4 cents per share. EV is based only on inforce portfolios excluding the value of any future growth potential



# Regulatory and Business Outlook

## Section 3



# Key Royal Commission recommendations relevant to ClearView

Royal Commission final report, released on 4 February 2019, contained 76 recommendations (and a range of related observations) which have significant implications for financial services entities. ClearView has reviewed the report's findings and is continuing to assess potential impacts of recommendations. ClearView has started to take action to address applicable recommendations in the Final Report including actions in relation to governance, culture and remuneration. Below is an indicative summary of the key recommendations applicable to our business:

| Lines of business | Life Insurance  | Wealth Management  | Financial Advice  | Other   | Group   |
|-------------------|---|--|---|---|---|
| Recommendations   | <ul style="list-style-type: none"> <li>• Cap on life risk commissions</li> <li>• Duty of care to not make misrepresentations</li> <li>• Avoidance of life insurance contracts</li> <li>• Application of unfair contract terms</li> <li>• Removal of claims handling exemption</li> <li>• Enforceable code</li> <li>• Accountability regime</li> </ul> | <ul style="list-style-type: none"> <li>• Deduction of advice fees from choice accounts</li> <li>• Trustee obligations</li> <li>• Civil penalty provisions for trustees</li> <li>• One default account per person</li> <li>• Accountability regime</li> </ul> | <ul style="list-style-type: none"> <li>• Grandfathered commissions to cease</li> <li>• Further cap on life risk commissions</li> <li>• Annual renewal fee arrangement and authority to deduct fees</li> <li>• Disclosure of lack of independent advice</li> <li>• Creation of a single central disciplinary body</li> <li>• Reporting on compliance concerns and remediation of misconduct</li> </ul> | <ul style="list-style-type: none"> <li>• Mortgage brokers to have a best interest duty</li> <li>• Ban on broker trail commissions</li> <li>• Brokers to be subject to same laws that apply to financial advisers</li> <li>• Review on moving to borrower pays mortgage brokerage fee</li> </ul> | <ul style="list-style-type: none"> <li>• Strengthened regulatory environment</li> <li>• Oversight body for regulators</li> <li>• Changing culture and governance</li> <li>• Remuneration redesign</li> <li>• Extension of Banking Executive Accountability Regime (BEAR)</li> </ul> |

# Business outlook

## Business Outlook

- Current challenging market conditions are expected to persist in short-to-medium term, which is likely to impact on:
  - Overall industry sales volumes, lapse rates, competitor pricing and performance
  - Consumer sentiment due largely to negative publicity related to Royal Commission, but also broader economy
  - Financial advisers given consequences of education standards, changes to commission caps and rules
- Business strategy and focus has been reset, positioning ClearView to take advantage of structural changes in the market, notwithstanding significant short-term headwinds
- Key areas of focus for FY20 include:
  - Upgrading major elements of the core Life Insurance and desktop technology
  - Repositioning and repricing of Financial Advice segment to create a sustainable revenue model without cross subsidies over time
  - Completing a strategic review of Wealth Management platforms and technology with a focus on simplification of key back-office systems
  - Additional work on pricing, positioning and retention strategies for Life Insurance and Wealth Management
  - Further investment in risk and compliance functions including the creation of a stand alone Chief Risk Officer role
- Life Insurance remains key profit driver. Growth profile is underpinned by in-force book and embedded growth in expanding distribution footprint
- IFA support for ClearView LifeSolutions continues to expand, with ClearView ranked number one for overall adviser satisfaction in 2018 by independent research house, Investment Trends
- Opening up of APLs is creating opportunities to reach new audiences. Additional distribution relationships, combined with maturation of existing life insurance APLs, leads to a material increase in inforce portfolio
- While ClearView remains profitable, adverse claims and lapse experience in recent years is holding ClearView back from translating solid growth in inforce book into corresponding material profit growth
- Shorter term profit growth will be achieved by effective cost management, improving lapse and claims performance, and execution of distribution strategy:
  - Near term focus is on lifting business quality - likely to result in flat short-term new business sales (excluding terminated relationships) but more profitable business
  - Key initiatives and actions are being implemented, which are expected to improve lapse performance over time. Lapse assumptions have also been increased and reshaped, factoring higher lapse rates for already-terminated relationships
  - Industry focus on improved income protection (IP) product and pricing terms. Claims assumptions have been increased, in particular on IP portfolio
- As the CoreData Licensee of the Year for three consecutive years, Matrix is strongly positioned to pick up quality advisers looking for an experienced, well-resourced dealer group (continued focus on quality versus quantity)
- Launch of LaVista Licensee Solutions in late 2018 gives IFAs another way to engage with ClearView - early interest in LaVista is encouraging with a strong pipeline of potential clients
- ClearView maintains a positive longer term outlook. Our three segments; Life Insurance, Wealth Management and Financial Advice are well-positioned to capture opportunities from a rebound in market conditions and consumer sentiment
- There is a clear strategy in place for adapting to changing financial services landscape and we continue to build, expand and strengthen our relationships with IFAs
- This, combined with our investment in technology (and execution on IT road map), will support medium to long term growth



**End**



# ClearView Results

## 30 June 2019

### Information booklet



# Consolidated FY19 Result





# Consolidated FY19 results: Shareholder view<sup>(1)</sup>

| 12 Months to June 2019 (\$M) <sup>1</sup>                                       | 2017         |              |              | 2018         |              |              | 2019         |              |              | % Change <sup>2</sup> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
|   | 1H           | 2H           | FY17         | 1H           | 2H           | FY18         | 1H           | 2H           | FY19         |                       |
| Gross life insurance premiums   | 84.4         | 93.3         | 177.7        | 104.7        | 110.5        | 215.2        | 117.0        | 116.6        | 233.6        | 12%                   |
| Fund management fees  | 16.3         | 16.5         | 32.8         | 18.0         | 18.2         | 36.2         | 17.7         | 16.7         | 34.4         | (5%)                  |
| Financial advice fees   | 8.6          | 8.3          | 16.9         | 8.8          | 8.6          | 17.4         | 8.8          | 8.4          | 17.2         | (1%)                  |
| Interest and other income   | 2.1          | 1.5          | 3.6          | 1.7          | 1.8          | 3.5          | 2.4          | 2.0          | 4.4          | 24%                   |
| <b>Gross Income</b>   | <b>111.4</b> | <b>119.6</b> | <b>231.0</b> | <b>133.2</b> | <b>139.1</b> | <b>272.3</b> | <b>145.9</b> | <b>143.7</b> | <b>289.6</b> | <b>8%</b>             |
| Net claims incurred   | (11.8)       | (13.2)       | (25.0)       | (16.9)       | (16.0)       | (32.9)       | (17.0)       | (18.9)       | (35.9)       | 9%                    |
| Reinsurance premium expense   | (20.3)       | (24.0)       | (44.3)       | (27.2)       | (30.0)       | (57.2)       | (34.1)       | (37.5)       | (71.6)       | 25%                   |
| Commission and other variable expenses  | (31.1)       | (33.2)       | (64.3)       | (37.0)       | (33.1)       | (70.1)       | (33.7)       | (28.4)       | (62.1)       | (11%)                 |
| Funds management expenses   | (4.1)        | (4.0)        | (8.1)        | (4.7)        | (4.8)        | (9.5)        | (4.9)        | (4.6)        | (9.5)        | 0%                    |
| Operating expenses  | (39.0)       | (38.1)       | (77.1)       | (39.6)       | (40.6)       | (80.2)       | (44.2)       | (40.6)       | (84.8)       | 6%                    |
| Movement in policy liabilities  | 16.7         | 13.8         | 30.5         | 14.2         | 8.9          | 23.1         | 7.1          | 3.9          | 11.0         | (52%)                 |
| <b>Total Operating Earnings (before tax)</b>                                    | <b>21.8</b>  | <b>20.9</b>  | <b>42.7</b>  | <b>22.0</b>  | <b>23.5</b>  | <b>45.5</b>  | <b>19.1</b>  | <b>17.6</b>  | <b>36.7</b>  | <b>(19%)</b>          |
| Income tax (expense) / benefit  | (6.5)        | (5.6)        | (12.1)       | (6.5)        | (6.3)        | (12.8)       | (5.6)        | (5.5)        | (11.1)       | (13%)                 |
| <b>Total Operating Earnings (after tax)</b>                                     | <b>15.3</b>  | <b>15.3</b>  | <b>30.6</b>  | <b>15.5</b>  | <b>17.2</b>  | <b>32.7</b>  | <b>13.5</b>  | <b>12.1</b>  | <b>25.6</b>  | <b>(22%)</b>          |
| Interest expense on corporate debt (after tax)                                  | (0.1)        | (0.1)        | (0.2)        | (0.2)        | (0.1)        | (0.3)        | (0.2)        | (0.3)        | (0.5)        | 71%                   |
| <b>Underlying NPAT</b>  | <b>15.2</b>  | <b>15.2</b>  | <b>30.4</b>  | <b>15.3</b>  | <b>17.1</b>  | <b>32.4</b>  | <b>13.3</b>  | <b>11.8</b>  | <b>25.1</b>  | <b>(22%)</b>          |
| Amortisation of acquired intangibles  | (4.6)        | (3.6)        | (8.2)        | (2.0)        | (2.0)        | (4.0)        | (0.6)        | (0.6)        | (1.2)        | (70%)                 |
| Policy liability discount rate effect   | (6.9)        | 1.0          | (5.9)        | (0.7)        | (0.2)        | (0.9)        | 2.2          | 4.4          | 6.6          | (833%)                |
| Impairments   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | (18.9)       | (18.9)       | Large                 |
| Cost Out Program Implementation Costs   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | (3.8)        | (3.8)        | Large                 |
| Strategic Review Costs  | (0.5)        | (0.1)        | (0.6)        | (0.3)        | (0.5)        | (0.8)        | (0.1)        | 0.1          | 0.0          | (100%)                |
| Direct Remediation Program, Direct Closure Provision and Royal Commission Costs | 0.0          | (2.4)        | (2.4)        | 0.0          | 0.0          | 0.0          | (1.9)        | (0.5)        | (2.4)        | Large                 |
| Other costs   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | (1.4)        | 0.0          | (1.4)        | Large                 |
| <b>Reported NPAT</b>  | <b>3.2</b>   | <b>10.0</b>  | <b>13.2</b>  | <b>12.3</b>  | <b>14.3</b>  | <b>26.6</b>  | <b>11.5</b>  | <b>(7.5)</b> | <b>4.0</b>   | <b>(85%)</b>          |

| Breakdown by Segment (\$M)                     | 2017        |             |             | 2018        |             |             | 2019        |             |             | % Change <sup>2</sup> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
|  | 1H          | 2H          | FY17        | 1H          | 2H          | FY18        | 1H          | 2H          | FY19        |                       |
| Life Insurance                                 | 12.7        | 12.2        | 24.9        | 12.5        | 13.6        | 26.1        | 11.9        | 10.1        | 22.0        | (16%)                 |
| Wealth Management                              | 1.6         | 2.3         | 3.9         | 2.6         | 2.6         | 5.2         | 2.1         | 1.5         | 3.6         | (30%)                 |
| Financial Advice                               | 1.2         | 1.0         | 2.2         | 1.0         | 0.8         | 1.8         | 0.1         | 0.9         | 1.0         | (44%)                 |
| <b>BU Operating Earnings (after tax)</b>       | <b>15.6</b> | <b>15.5</b> | <b>31.1</b> | <b>16.1</b> | <b>17.0</b> | <b>33.1</b> | <b>14.0</b> | <b>12.6</b> | <b>26.6</b> | <b>(19%)</b>          |
| Listed Entity and Other                        | (0.3)       | (0.2)       | (0.5)       | (0.7)       | 0.3         | (0.4)       | (0.5)       | (0.5)       | (1.0)       | 24%                   |
| <b>Total Operating Earnings (after tax)</b>    | <b>15.3</b> | <b>15.3</b> | <b>30.6</b> | <b>15.5</b> | <b>17.2</b> | <b>32.7</b> | <b>13.5</b> | <b>12.1</b> | <b>25.6</b> | <b>(22%)</b>          |
| Interest expense on corporate debt (after tax) | (0.1)       | (0.1)       | (0.2)       | (0.2)       | (0.1)       | (0.3)       | (0.2)       | (0.3)       | (0.5)       | 71%                   |
| <b>Underlying NPAT</b>                         | <b>15.2</b> | <b>15.2</b> | <b>30.4</b> | <b>15.3</b> | <b>17.1</b> | <b>32.4</b> | <b>13.3</b> | <b>11.8</b> | <b>25.1</b> | <b>(22%)</b>          |

## Notes

- Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
- % change represents the movement from FY18 to FY19.

# Life Insurance

| 12 Months to June 2019 (\$M) <sup>1</sup>             | 2017        |             |             | 2018        |             |             | 2019        |             |             | % Change <sup>2</sup> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
|   | 1H          | 2H          | FY17        | 1H          | 2H          | FY18        | 1H          | 2H          | FY19        |                       |
| Gross life insurance premiums                         | 84.4        | 93.3        | 177.7       | 104.7       | 110.5       | 215.2       | 117.0       | 116.6       | 233.6       | 12%                   |
| Interest income                                       | 1.2         | 1.1         | 2.3         | 1.1         | 1.2         | 2.3         | 1.5         | 1.4         | 2.9         | 27%                   |
| Net claims incurred                                   | (11.8)      | (13.2)      | (25.0)      | (16.9)      | (16.0)      | (32.9)      | (17.0)      | (18.9)      | (35.9)      | 9%                    |
| Reinsurance premium expense                           | (20.3)      | (24.0)      | (44.3)      | (27.2)      | (30.0)      | (57.2)      | (34.1)      | (37.5)      | (71.6)      | 25%                   |
| Commission and other variable expenses                | (27.8)      | (29.9)      | (57.7)      | (33.7)      | (30.0)      | (63.7)      | (30.6)      | (25.6)      | (56.2)      | (12%)                 |
| Operating expenses                                    | (24.2)      | (23.7)      | (47.9)      | (24.3)      | (24.9)      | (49.2)      | (26.9)      | (25.0)      | (51.9)      | 5%                    |
| Movement in policy liabilities                        | 16.7        | 13.8        | 30.5        | 14.2        | 8.9         | 23.1        | 7.1         | 3.9         | 11.0        | (52%)                 |
| <b>Underlying NPBT</b>                                | <b>18.2</b> | <b>17.4</b> | <b>35.6</b> | <b>17.9</b> | <b>19.6</b> | <b>37.5</b> | <b>17.0</b> | <b>14.9</b> | <b>31.9</b> | <b>(15%)</b>          |
| Income tax (expense) / benefit                        | (5.5)       | (5.2)       | (10.7)      | (5.4)       | (6.0)       | (11.4)      | (5.1)       | (4.8)       | (9.9)       | (13%)                 |
| <b>Underlying NPAT</b>                                | <b>12.7</b> | <b>12.2</b> | <b>24.9</b> | <b>12.5</b> | <b>13.6</b> | <b>26.1</b> | <b>11.9</b> | <b>10.1</b> | <b>22.0</b> | <b>(16%)</b>          |
| Amortisation of acquired intangibles                  | (1.4)       | (1.4)       | (2.8)       | (1.4)       | (1.4)       | (2.8)       | 0.0         | 0.0         | 0.0         | (100%)                |
| Policy liability discount rate effect (after tax)     | (6.9)       | 1.0         | (5.9)       | (0.7)       | (0.2)       | (0.9)       | 2.2         | 4.4         | 6.6         | Large                 |
| Impairments   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | (5.0)       | (5.0)       | Large                 |
| Cost Out Program Implementation Costs                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | (1.5)       | (1.5)       | Large                 |
| Direct Remediation Program and Royal Commission Costs | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | (2.0)       | (2.0)       | Large                 |
| Other costs   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | (0.9)       | (0.9)       | Large                 |
| <b>Reported NPAT</b>                                  | <b>4.4</b>  | <b>11.8</b> | <b>16.2</b> | <b>10.4</b> | <b>12.0</b> | <b>22.4</b> | <b>14.1</b> | <b>5.1</b>  | <b>19.2</b> | <b>(14%)</b>          |

| Analysis of Profit (\$M)                    | 2017        |             |             | 2018        |             |             | 2019        |             |             | % Change <sup>2</sup> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
|   | 1H          | 2H          | FY17        | 1H          | 2H          | FY18        | 1H          | 2H          | FY19        |                       |
| <b>Expected Underlying NPAT<sup>3</sup></b> | <b>14.2</b> | <b>15.1</b> | <b>29.3</b> | <b>16.0</b> | <b>16.2</b> | <b>32.2</b> | <b>16.0</b> | <b>15.9</b> | <b>31.9</b> | <b>(1%)</b>           |
| Claims experience                           | (0.6)       | (1.3)       | (1.9)       | (3.2)       | (2.3)       | (5.5)       | (2.1)       | (3.1)       | (5.2)       | (6%)                  |
| Lapse experience                            | (0.7)       | (1.3)       | (2.0)       | (0.8)       | (1.3)       | (2.1)       | (2.9)       | (2.7)       | (5.6)       | 168%                  |
| Expense experience                          | (0.3)       | (0.1)       | (0.4)       | 0.2         | 0.3         | 0.5         | 0.6         | 0.5         | 1.1         | 106%                  |
| Other                                       | 0.1         | (0.2)       | (0.1)       | 0.2         | 0.7         | 0.9         | 0.2         | (0.4)       | (0.2)       | (125%)                |
| <b>Actual Underlying NPAT</b>               | <b>12.7</b> | <b>12.2</b> | <b>24.9</b> | <b>12.5</b> | <b>13.6</b> | <b>26.1</b> | <b>11.9</b> | <b>10.1</b> | <b>22.0</b> | <b>(16%)</b>          |

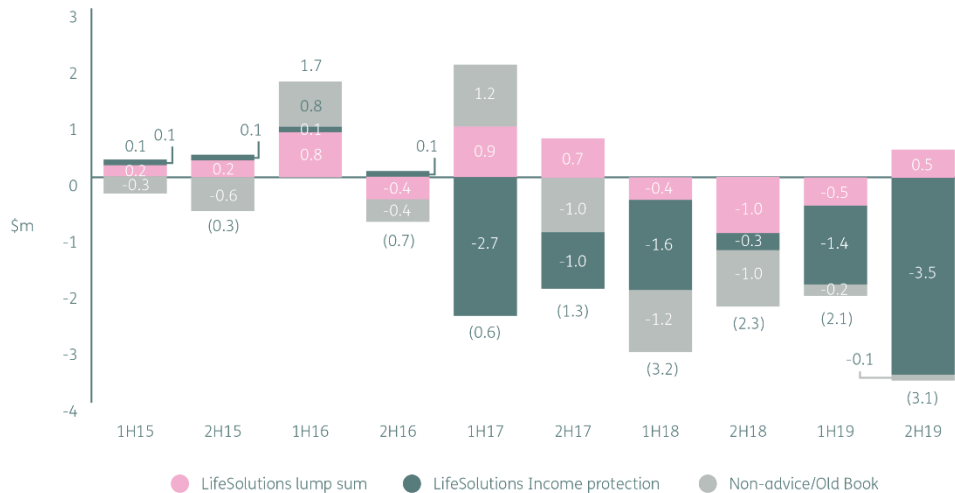
| Key Statistics And Ratios (\$M) | 2017         |              |              | 2018         |              |              | 2019         |              |              | % Change <sup>2</sup> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
|                                 | 1H           | 2H           | FY17         | 1H           | 2H           | FY18         | 1H           | 2H           | FY19         |                       |
| <b>New Business</b>             | <b>22.1</b>  | <b>20.2</b>  | <b>42.3</b>  | <b>22.6</b>  | <b>19.7</b>  | <b>42.4</b>  | <b>21.9</b>  | <b>17.3</b>  | <b>39.3</b>  | <b>(7%)</b>           |
| LifeSolutions                   | 20.6         | 19.7         | 40.3         | 22.6         | 19.7         | 42.4         | 21.9         | 17.3         | 39.2         | (7%)                  |
| Direct                          | 1.5          | 0.5          | 2.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | (25%)                 |
| <b>In-Force</b>                 | <b>171.0</b> | <b>189.5</b> | <b>189.5</b> | <b>209.9</b> | <b>224.8</b> | <b>224.8</b> | <b>240.7</b> | <b>252.6</b> | <b>252.6</b> | <b>12%</b>            |
| LifeSolutions                   | 126.1        | 146.1        | 146.1        | 167.5        | 184.2        | 184.2        | 201.7        | 214.8        | 214.8        | 17%                   |
| Direct                          | 44.9         | 43.4         | 43.4         | 42.4         | 40.6         | 40.6         | 39.0         | 37.7         | 37.7         | (7%)                  |

## Notes

1. Shareholder view excludes the life investments contracts (i.e. unit linked business) and deconsolidates retail unit trusts and reflects fees earned by the shareholder less expenses incurred. Inter-segment revenues/expenses are not eliminated in the shareholder view.
2. % change represents the movement from FY18 to FY19.
3. Expected Underlying NPAT of \$31.9m (-1% FY18 to FY19) reflects expected profit margins on in-force portfolios based on actuarial assumptions.

# FY19 Life Insurance - Claims

**Total Claims Experience<sup>1</sup> by product**



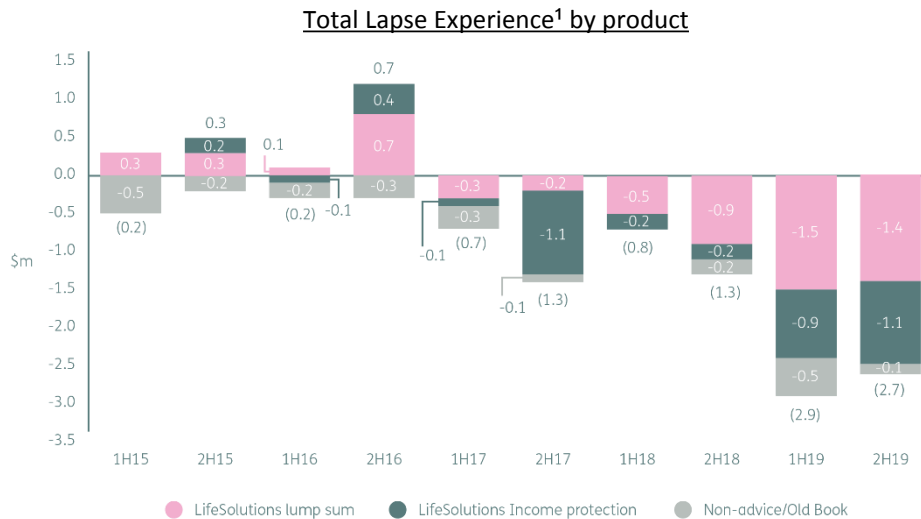
## Comments

- Net claims adverse performance of \$5.2m in FY19 is mainly attributed to IP book:
  - LifeSolutions Lump Sum portfolio reflects a broadly neutral experience in FY19 (FY18: -\$1.4m)
  - LifeSolutions IP portfolio reflects adverse experience of -\$4.9m in FY19 (FY18: -\$1.9m)
  - Direct portfolios (closed to new business) reflects adverse experience in FY19 of -\$0.3m (FY18: -\$2.1m)
- Actuarial best-estimate assumptions adopt a long-term view and are based on expectations that claims experience will average out over time
- ClearView adjusted pricing of the LifeSolutions product in 2H FY19 where broadly the portfolio claims experience has improved or deteriorated over recent periods
- Stepped death and TPD cover rates have been reduced, while IP and trauma rates increased
- APRA has recently demanded that the industry address the persistent problems with IP claims. ClearView is engaging in industry initiatives to drive a more sustainable claims and pricing outcome for these products
- As at 30 June 2019, the claims assumptions have been increased to take into account observed experience- FY19 result includes -\$1.8m impact from change in IP assumption
- Some volatility between periods, in particular 2H FY18 on lump sum products. Given the size of the portfolio and reinsurance arrangements in place, some statistical volatility can be expected

### Notes

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

# FY19 Life Insurance - Lapses



## Comments

- The recent adverse lapse experience and trend has been driven by:
  - Lump sum pricing issues in certain cohorts that is intended to be addressed in part by pricing changes. Given that lump sum and IP products are for the most part sold as a “bundle” this has also impacted on lapses on the IP products;
  - Certain distribution relationships with some adviser groups have experienced elevated lapse rates – resulting in termination of those relationships
  - There are suggestions of some heightened lapses in the first year of the LIF reforms (it takes a year for the two-year responsibility period to kick in) which went live on 1 January 2018, in particular for policies with upfront commission
  - Anecdotally, given recent consumer sentiment around the Royal Commission, this may have had some shorter term impacts throughout FY19, coupled with general economic conditions
- Lapse assumptions have been increased and re-shaped. In particular, the inforce portfolio has been segmented with assumptions adjusted for various underlying components
- This includes higher lapse rates for already-terminated relationships. The “contagion” run-off of these in-force portfolios has therefore been factored into resetting of the lapse assumptions
- Retention strategies and effects in life insurance, will take time to fully implement and flow through to overall lapse performance

## Notes

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

# Wealth Management

| 12 Months to June 2019 (\$M) <sup>1</sup> | 2017         |            |              | 2018       |            |            | 2019       |              |            | % Change <sup>2</sup> |
|---|--------------|------------|--------------|------------|------------|------------|------------|--------------|------------|-----------------------|
|   | 1H           | 2H         | FY17         | 1H         | 2H         | FY18       | 1H         | 2H           | FY19       |                       |
| Fund management fees                      | 16.3         | 16.5       | 32.8         | 18.0       | 18.2       | 36.2       | 17.7       | 16.7         | 34.4       | (5%)                  |
| Interest income                           | 0.2          | 0.2        | 0.3          | 0.2        | 0.2        | 0.5        | 0.3        | 0.2          | 0.5        | 17%                   |
| Funds management expenses                 | (4.1)        | (4.0)      | (8.1)        | (4.7)      | (4.8)      | (9.5)      | (4.9)      | (4.6)        | (9.5)      | 0%                    |
| Variable expense <sup>3</sup>             | (3.3)        | (3.2)      | (6.5)        | (3.3)      | (3.2)      | (6.4)      | (3.0)      | (2.9)        | (5.9)      | (8%)                  |
| Operating expenses                        | (7.0)        | (6.8)      | (13.8)       | (7.0)      | (7.5)      | (14.5)     | (7.5)      | (7.8)        | (15.3)     | 5%                    |
| <b>Underlying NPBT</b>                    | <b>2.1</b>   | <b>2.6</b> | <b>4.6</b>   | <b>3.3</b> | <b>3.0</b> | <b>6.2</b> | <b>2.6</b> | <b>1.7</b>   | <b>4.3</b> | <b>(31%)</b>          |
| Income tax (expense) / benefit            | (0.4)        | (0.3)      | (0.7)        | (0.7)      | (0.4)      | (1.1)      | (0.5)      | (0.2)        | (0.6)      | (40%)                 |
| <b>Underlying NPAT</b>                    | <b>1.6</b>   | <b>2.3</b> | <b>3.9</b>   | <b>2.6</b> | <b>2.6</b> | <b>5.2</b> | <b>2.1</b> | <b>1.5</b>   | <b>3.6</b> | <b>(30%)</b>          |
| Amortisation of acquired intangibles      | (2.6)        | (1.8)      | (4.4)        | 0.0        | (0.1)      | (0.1)      | 0.0        | (0.1)        | (0.1)      | 0%                    |
| Impairments                               | 0.0          | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0        | (1.1)        | (1.1)      | Large                 |
| Cost Out Program Implementation Costs     | 0.0          | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0        | (0.4)        | (0.4)      | Large                 |
| Other costs                               | 0.0          | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0        | (0.2)        | (0.2)      | Large                 |
| <b>Reported NPAT</b>                      | <b>(0.9)</b> | <b>0.4</b> | <b>(0.5)</b> | <b>2.6</b> | <b>2.5</b> | <b>5.1</b> | <b>2.1</b> | <b>(0.3)</b> | <b>1.8</b> | <b>(63%)</b>          |

| Key Statistics And Ratios (\$M) | 2017         |              |              | 2018         |              |              | 2019          |               |                | % Change <sup>2</sup> |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|-----------------------|
|                                 | 1H           | 2H           | FY17         | 1H           | 2H           | FY18         | 1H            | 2H            | FY19           |                       |
| <b>Net Flows</b>                | <b>59.5</b>  | <b>145.4</b> | <b>204.9</b> | <b>163.6</b> | <b>43.6</b>  | <b>207.2</b> | <b>(81.2)</b> | <b>(80.8)</b> | <b>(162.0)</b> | <b>(178%)</b>         |
| Master Trust                    | (81.5)       | (66.3)       | (147.8)      | (65.6)       | (60.4)       | (126.0)      | (70.9)        | (65.7)        | (136.6)        | 8%                    |
| WealthSolutions                 | 86.6         | 112.5        | 199.1        | 103.9        | 58.6         | 162.5        | (10.9)        | (18.4)        | (29.3)         | (118%)                |
| WealthFoundations               | 42.1         | 45.7         | 87.8         | 66.0         | 32.8         | 98.8         | 0.9           | 15.0          | 15.9           | (84%)                 |
| External Platforms              | 12.3         | 53.5         | 65.8         | 59.3         | 12.6         | 71.9         | (0.3)         | (11.7)        | (12.0)         | (117%)                |
| <b>Total FUM (\$B)</b>          | <b>2.28</b>  | <b>2.50</b>  | <b>2.50</b>  | <b>2.73</b>  | <b>2.79</b>  | <b>2.79</b>  | <b>2.62</b>   | <b>2.76</b>   | <b>2.76</b>    | <b>(1%)</b>           |
| Master Trust                    | 1.03         | 1.00         | 1.00         | 0.96         | 0.90         | 0.90         | 0.81          | 0.81          | 0.81           | (10%)                 |
| WealthSolutions                 | 0.93         | 1.08         | 1.08         | 1.22         | 1.29         | 1.29         | 1.23          | 1.32          | 1.32           | 2%                    |
| WealthFoundations               | 0.25         | 0.30         | 0.30         | 0.38         | 0.41         | 0.41         | 0.41          | 0.45          | 0.45           | 9%                    |
| External Platforms              | 0.07         | 0.12         | 0.12         | 0.18         | 0.19         | 0.19         | 0.18          | 0.18          | 0.18           | (7%)                  |
| <b>Cost to Income Ratio</b>     | <b>42.9%</b> | <b>41.4%</b> | <b>42.1%</b> | <b>38.9%</b> | <b>41.2%</b> | <b>40.0%</b> | <b>42.4%</b>  | <b>46.4%</b>  | <b>44.3%</b>   |                       |

## 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 FY18 to FY19.
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

| 12 Months to June 2019 (\$M) <sup>1</sup>           | 2017       |            |            | 2018       |            |            | 2019         |               |               | % Change <sup>2</sup> |
|---|------------|------------|------------|------------|------------|------------|--------------|---------------|---------------|-----------------------|
|   | 1H         | 2H         | FY17       | 1H         | 2H         | FY18       | 1H           | 2H            | FY19          |                       |
| Net financial planning fees                         | 8.6        | 8.3        | 16.9       | 8.8        | 8.7        | 17.4       | 8.8          | 8.4           | 17.2          | (1%)                  |
| Interest & other income                             | 0.5        | 0.1        | 0.6        | 0.2        | 0.3        | 0.5        | 0.4          | 0.2           | 0.6           | 37%                   |
| Operating expenses                                  | (7.4)      | (7.0)      | (14.4)     | (7.6)      | (7.7)      | (15.3)     | (9.1)        | (7.2)         | (16.4)        | 7%                    |
| <b>Underlying NPBT</b>                              | <b>1.7</b> | <b>1.4</b> | <b>3.2</b> | <b>1.3</b> | <b>1.3</b> | <b>2.6</b> | <b>0.1</b>   | <b>1.3</b>    | <b>1.4</b>    | <b>(44%)</b>          |
| Income tax (expense) / benefit                      | (0.5)      | (0.4)      | (0.9)      | (0.4)      | (0.4)      | (0.8)      | (0.0)        | (0.4)         | (0.4)         | (44%)                 |
| <b>Underlying NPAT</b>                              | <b>1.2</b> | <b>1.0</b> | <b>2.2</b> | <b>1.0</b> | <b>0.8</b> | <b>1.8</b> | <b>0.1</b>   | <b>0.9</b>    | <b>1.0</b>    | <b>(44%)</b>          |
| Amortisation of acquired intangibles and impairment | (0.5)      | (0.5)      | (1.0)      | (0.6)      | (0.5)      | (1.1)      | (0.6)        | (13.4)        | (14.0)        | Large                 |
| Cost Out Program Implementation Costs               | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0          | (0.4)         | (0.4)         | Large                 |
| Other costs   | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0          | (0.3)         | (0.3)         | Large                 |
| <b>Reported NPAT</b>                                | <b>0.7</b> | <b>0.5</b> | <b>1.2</b> | <b>0.4</b> | <b>0.3</b> | <b>0.7</b> | <b>(0.5)</b> | <b>(13.2)</b> | <b>(13.7)</b> | <b>Large</b>          |

| Key Statistics And Ratios | 2017       |            |            | 2018       |            |            | 2019       |            |            | % Change <sup>2</sup> |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------|
|                           | 1H         | 2H         | FY17       | 1H         | 2H         | FY18       | 1H         | 2H         | FY19       |                       |
| FUMA (\$B)                | 8.5        | 8.9        | 8.9        | 9.3        | 9.6        | 9.6        | 8.9        | 9.6        | 9.6        | 0%                    |
| PUA (\$M)                 | 223        | 237        | 237        | 247        | 270        | 270        | 265        | 265        | 265        | (2%)                  |
| CFA Advisers              | 153        | 152        | 152        | 148        | 134        | 134        | 141        | 126        | 126        | (6%)                  |
| Matrix Advisers           | 90         | 91         | 91         | 98         | 99         | 99         | 101        | 101        | 101        | 2%                    |
| <b>Total Advisers</b>     | <b>243</b> | <b>243</b> | <b>243</b> | <b>246</b> | <b>233</b> | <b>233</b> | <b>242</b> | <b>227</b> | <b>227</b> | <b>(3%)</b>           |

## 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 FY18 to FY19.

# Listed entity

| 12 Months to June 2019 (\$M) <sup>1</sup>                      | 2017         |              |              | 2018         |              |              | 2019         |              |              | % Change <sup>2</sup> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|
|  | 1H           | 2H           | FY17         | 1H           | 2H           | FY18         | 1H           | 2H           | FY19         |                       |
| Interest income  | 0.2          | 0.1          | 0.3          | 0.1          | 0.2          | 0.3          | 0.2          | 0.2          | 0.4          | 3%                    |
| Operating expenses   | (0.4)        | (0.6)        | (1.0)        | (0.7)        | (0.5)        | (1.2)        | (0.7)        | (0.6)        | (1.2)        | 7%                    |
| <b>BU Operating NPBT</b>                                       | <b>(0.2)</b> | <b>(0.5)</b> | <b>(0.7)</b> | <b>(0.6)</b> | <b>(0.2)</b> | <b>(0.8)</b> | <b>(0.5)</b> | <b>(0.4)</b> | <b>(0.9)</b> | <b>8%</b>             |
| Income tax (expense) / benefit                                 | (0.1)        | 0.3          | 0.2          | (0.1)        | 0.5          | 0.4          | (0.0)        | (0.1)        | (0.2)        | (135%)                |
| <b>BU Operating NPAT</b>                                       | <b>(0.3)</b> | <b>(0.2)</b> | <b>(0.5)</b> | <b>(0.7)</b> | <b>0.3</b>   | <b>(0.4)</b> | <b>(0.5)</b> | <b>(0.5)</b> | <b>(1.0)</b> | <b>172%</b>           |
| Interest expense on corporate debt (after tax)                 | (0.1)        | (0.1)        | (0.2)        | (0.2)        | (0.2)        | (0.3)        | (0.2)        | (0.3)        | (0.5)        | 71%                   |
| <b>Underlying NPAT</b>   | <b>(0.4)</b> | <b>(0.3)</b> | <b>(0.7)</b> | <b>(0.8)</b> | <b>0.1</b>   | <b>(0.7)</b> | <b>(0.7)</b> | <b>(0.8)</b> | <b>(1.5)</b> | <b>129%</b>           |
| Strategic Review Costs   | (0.5)        | (0.1)        | (0.6)        | (0.3)        | (0.5)        | (0.8)        | 0.0          | (0.0)        | 0.0          | (103%)                |
| Cost Out Program Implementation Costs                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | (1.5)        | (1.5)        | Large                 |
| Direct Closure, Remediation Program and Royal Commission Costs | 0.0          | (2.4)        | (2.4)        | 0.0          | 0.0          | 0.0          | (0.4)        | 0.0          | (0.4)        | Large                 |
| Other costs  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | Large                 |
| <b>Reported NPAT</b>   | <b>(0.9)</b> | <b>(2.8)</b> | <b>(3.7)</b> | <b>(1.1)</b> | <b>(0.4)</b> | <b>(1.5)</b> | <b>(1.1)</b> | <b>(2.3)</b> | <b>(3.4)</b> | <b>125%</b>           |

## 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. Certain costs incurred in 1H19 were reclassified between segments in 2H19 and are shown on a net basis.

2. % change represents the movement from FY18 to FY19.

# Balance Sheet, Embedded value and capital position at 30 June 2019



# Balance sheet as at 30 June 2019

## Commentary<sup>2</sup>

### Net asset position and capital position

- Net assets (pre-ESP loans) of \$439.1m

### Cash, debt and investments

- Net cash position of \$187.9m
  - \$15m drawn down under debt facility

### Goodwill and intangibles

- Goodwill of \$12.5m arising on acquisition of Matrix held in the Wealth Management and Life Insurance CGU's. Goodwill within the Financial Advice CGU has been fully impaired (\$7.9m)
- Intangibles of \$8.9m:
  - \$8.7m of capitalised software costs associated with life insurance systems development and the contemporary wealth platform. \$8.6m of capitalised software was impaired in the year in relation to capitalised costs deemed obsolete or having reduced functionality attributed to the changes in IT strategy.
  - \$0.2m of acquired Intangibles associated with the Matrix brand recognised on the acquisition of Matrix. Client book intangibles recognised on the acquisition of the dealer groups have been fully impaired (\$4.9m) based on the annual impairment testing completed in accordance with accounting standards.

### Life Insurance policy liabilities

- 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)<sup>1</sup>

| \$ M                          | Jun- 19        | Jun- 18        |
|-------------------------------|----------------|----------------|
| <b>ASSETS</b>                 |                |                |
| Cash equivalents              | 202.9          | 169.4          |
| Receivables                   | 40.2           | 34.2           |
| Deferred tax asset            | 5.4            | 5.8            |
| Property, Plant & Equipment   | 0.9            | 1.2            |
| Goodwill                      | 12.5           | 20.5           |
| Intangibles                   | 8.9            | 24.7           |
| <b>Total Assets</b>           | <b>270.8</b>   | <b>255.8</b>   |
| <b>LIABILITIES</b>            |                |                |
| Payables                      | 51.5           | 29.9           |
| Current tax liability         | 2.2            | 8.1            |
| Provisions                    | 8.7            | 6.6            |
| Life Insurance <sup>(3)</sup> | (247.3)        | (235.4)        |
| Borrowings <sup>(4)</sup>     | 15.0           | -              |
| Deferred tax liabilities      | 1.7            | 2.2            |
| <b>Total Liabilities</b>      | <b>(168.2)</b> | <b>(188.5)</b> |
| <b>Net Assets</b>             | <b>439.1</b>   | <b>444.3</b>   |

## Notes

1. Shareholder view excludes the life investment contracts (i.e., unit linked business), deconsolidated retail unit trusts and reflects fees earned by the shareholder less expenses incurred.
2. As at 30 June 2019 unless otherwise stated
3. Life Insurance asset reflects insurance liabilities net of the future recoverability of the deferred acquisition cost (DAC) in accordance with the accounting standards.
4. ClearView has access to a \$60m debt funding facility, \$15m drawn down at 30 June 2019.

# Embedded Value as at 30 June 2019

## Commentary<sup>1</sup>

**EV of \$672.7m<sup>1</sup>** including franking credits and ESP Loans and the effects of restatements

**EV per share of circa 99.4cps<sup>1</sup>** 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 (\$19.8m)

**Key drivers in EV<sup>1</sup> movement from FY18 to FY19 detailed on next slide**

## Embedded Value Calculations<sup>2</sup>

| Risk Margin Over Risk Free Rate <sup>2</sup> :<br>(\$M), (Unless Stated Otherwise) | 3% DM        | 4% DM        | 5% DM        |
|--|--------------|--------------|--------------|
| Life Insurance   | 481.6        | 452.5        | 426.6        |
| Wealth Management  | 66.8         | 63.1         | 59.8         |
| Financial Advice   | 0.0          | 0.0          | 0.0          |
| <b>Value of In-Force (VIF)</b>   | <b>548.4</b> | <b>515.6</b> | <b>486.4</b> |
| Net Worth  | 26.4         | 26.4         | 26.4         |
| <b>Total EV</b>  | <b>574.7</b> | <b>541.9</b> | <b>512.8</b> |
| ESP Loans  | 29.1         | 29.1         | 29.1         |
| <b>Total EV Incl. ESP Loans</b>  | <b>603.9</b> | <b>571.1</b> | <b>541.9</b> |
| <b>Franking Credits @ 70%:</b>   |              |              |              |
| Life   | 69.1         | 65.3         | 61.9         |
| Wealth   | 17.5         | 16.5         | 15.7         |
| Advice   | 0.0          | 0.0          | 0.0          |
| Net worth (accrued franking credits)   | 19.8         | 19.8         | 19.8         |
| <b>Total Franking Credits</b>  | <b>106.4</b> | <b>101.6</b> | <b>97.4</b>  |
| <b>Total EV Incl. Franking Credits and ESP Loans</b>                               | <b>710.2</b> | <b>672.7</b> | <b>639.3</b> |
| <b>EV per Share Incl. ESP Loans (cents)</b>  | <b>89.2</b>  | <b>84.3</b>  | <b>80.0</b>  |
| <b>EV per Share Incl. Franking Credits and ESP Loans (cents)</b>                   | <b>104.9</b> | <b>99.4</b>  | <b>94.4</b>  |

### Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans. As at 30 June 2019 unless otherwise stated

2. EVs have been presented at different 'discount margin' rates over the assumed long-term risk free rate reflected within the underlying cash flows valued. "dm" represents the discount rate risk margin which refers to the margin above the assumed long-term risk free rate. The long-term risk free rate adopted for the FY19 EV is 2% (FY18: 4%).

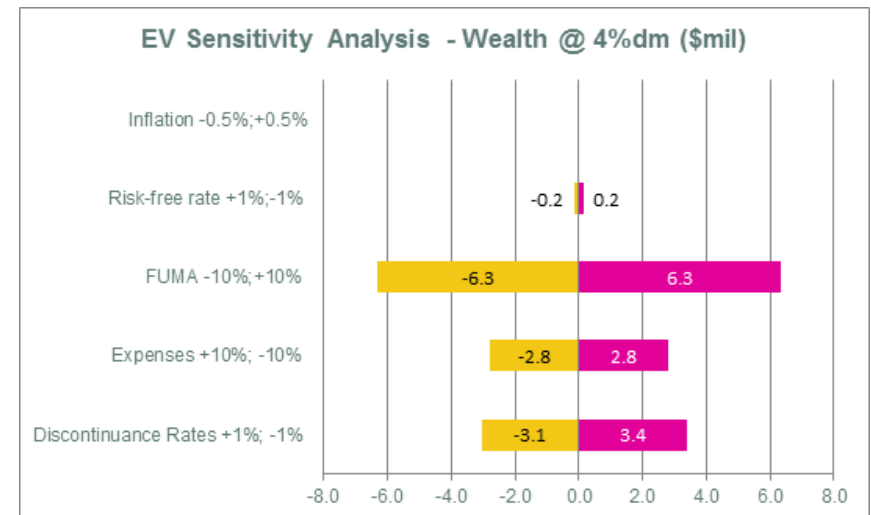
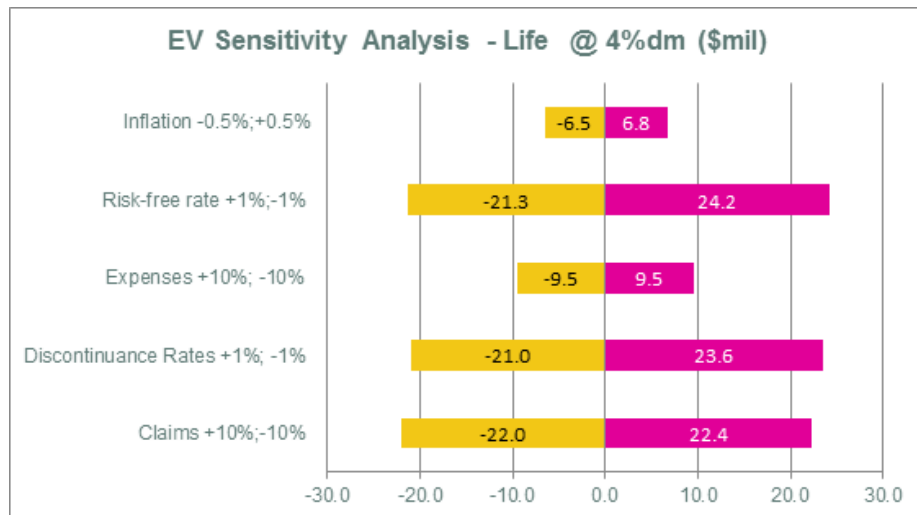
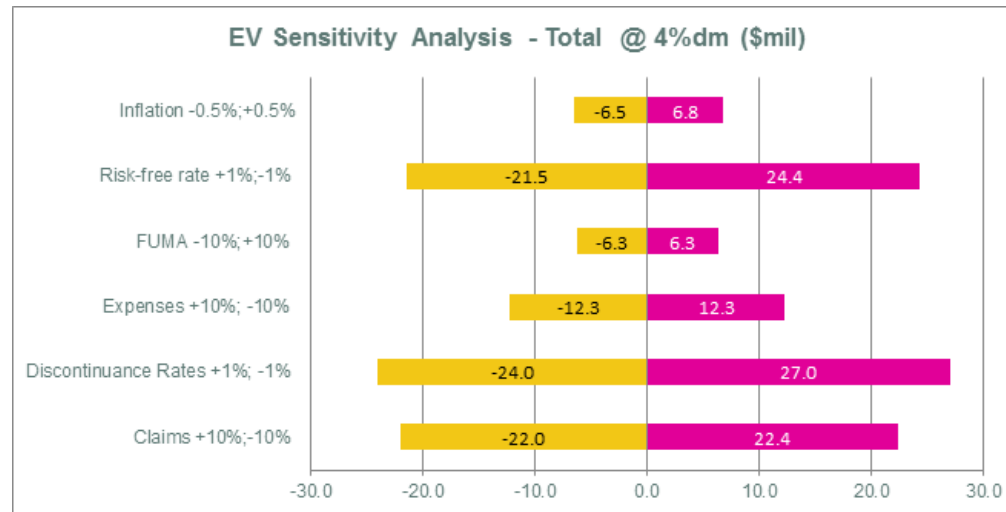
## EV movement analysis @ 4% DM by segment at 30 June 2019

| MOVEMENT ANALYSIS @ 4% dm   | Life         | Wealth      | Advice      | Other       | Total        |
|---|--------------|-------------|-------------|-------------|--------------|
| <b>EV at 30 June 2018 (as published)</b>  | <b>435.9</b> | <b>73.3</b> | <b>32.8</b> | <b>14.6</b> | <b>556.6</b> |
| Franking Credits  | 65.9         | 18.0        | 7.7         | 20.7        | 112.3        |
| ESP Loans   | -            | -           | -           | 32.3        | 32.3         |
| <b>Total EV Inc. ESP Loans and Franking Credits - 30 June 2018 (as published)</b> | <b>501.8</b> | <b>91.3</b> | <b>40.5</b> | <b>67.6</b> | <b>701.3</b> |
| Restatements  | 0.0          | 3.7         | (31.9)      | -           | (28.3)       |
| <b>Restated Total EV ex Financial Advice at 30 June 2018</b>                      | <b>501.8</b> | <b>95.0</b> | <b>8.6</b>  | <b>67.6</b> | <b>673.0</b> |
| Net Capital Movements   | 10.5         | (3.7)       | (2.8)       | (12.2)      | (8.2)        |
| Expected Gain   | 31.8         | 5.2         | 0.8         | 0.2         | 38.0         |
| VNB   | (4.1)        | (1.4)       | -           | -           | (5.5)        |
| Claims  | (3.4)        | -           | -           | -           | (3.4)        |
| Discontinuances   | (8.1)        | (0.7)       | -           | -           | (8.8)        |
| FUMA  | 0.0          | (0.3)       | -           | -           | (0.3)        |
| Costs impacts   | (8.3)        | (2.4)       | (0.6)       | (3.6)       | (15.0)       |
| Pricing Changes   | (2.7)        | (5.2)       | -           | -           | (7.9)        |
| Other   | 0.3          | (0.8)       | 0.2         | -           | (0.3)        |
| <b>EV at 30 June 2019 pre assumptions changes</b>                                 | <b>517.8</b> | <b>85.7</b> | <b>6.1</b>  | <b>52.0</b> | <b>661.5</b> |
| Assumption and basis changes  | (14.0)       | -           | -           | -           | (14.0)       |
| Discount rate changes   | 30.6         | 0.7         | -           | -           | 31.3         |
| <b>EV - 30 June 2019 @ 4% dm</b>  | <b>534.4</b> | <b>86.4</b> | <b>6.1</b>  | <b>52.0</b> | <b>678.8</b> |
| Franking Credit/ ESP Loan Changes   | (0.6)        | (1.5)       | -           | (4.1)       | (6.2)        |
| <b>Total EV Inc. ESP Loans and Franking Credits - 30 June 2019</b>                | <b>533.8</b> | <b>84.9</b> | <b>6.1</b>  | <b>47.9</b> | <b>672.7</b> |

# EV movement analysis commentary

| Reference                            | Impact    | Reason for movement  |
|--------------------------------------|-----------|--|
| Restatements                         | (\$28.1m) | <ul style="list-style-type: none"> <li>Restatement predominantly driven by removal of Financial Advice client books (value of inforce) from the Embedded Value calculation and valuation of business at net assets (-\$30.7 million including \$7.7 million franking credits).</li> </ul>  |
| Net capital movements                | (\$8.2m)  | <ul style="list-style-type: none"> <li>FY18 final cash dividend (-\$20.0m) paid in September 2018 with \$11.1m reinvested as part of the Dividend Reinvestment Plan.</li> <li>Movements in Share Based Payments Reserve (+\$4.9m).</li> <li>Cash payment (-\$4.2m) related to on-market purchase of ClearView shares to support KMP LTIP share plan (recognised as treasury shares).</li> </ul>  |
| Expected gain                        | \$38.0m   | <ul style="list-style-type: none"> <li>Expected gain represents expected unwind of discount rate within value of in-force and investment earnings on net worth.</li> </ul>   |
| VNB added                            | (\$5.5m)  | <ul style="list-style-type: none"> <li>Value added by new business written over period. Current value of new business is suppressed by acquisition costs incurred (relative to lower new business volumes). The acquisition cost overruns should decrease over time as the cost transformation program takes effect and ClearView benefits from the breakdown of vertical integration and the opening up of APL's.</li> <li>Impacted by mix of business, margin squeeze given change in commission structures (LIF reforms) and prior to impacts of cost out program.</li> <li>The Life Insurance business has been repriced to target more profitable segments.</li> <li>The Wealth Management business is being repriced given competitive pressures (reduction in inflows), which is expected to result in increased and improved flows over time.</li> </ul> |
| Claims                               | (\$3.4m)  | <ul style="list-style-type: none"> <li>Adverse claims experience loss (relative to planned margins) predominantly due to higher than expected income protection claims cost. Excludes \$1.8m impact from change in claims assumptions which is reflected under assumptions and basis changes.</li> </ul>   |
| Discontinuances                      | (\$8.8m)  | <ul style="list-style-type: none"> <li>Life Insurance lapse impact of -\$8.1m reflects EV impact of lapses. Further details on lapse experience is provided on slide 29.</li> <li>For the Wealth Management business, discontinuance rates (outflows) were slightly higher than expected (impact of -\$0.7m), mainly related to competitive pricing pressures, investment underperformance, technology and general consumer sentiment.</li> </ul>  |
| FUM mark to market and Business mix  | (\$0.3m)  | <ul style="list-style-type: none"> <li>Lower than expected investment performance on FUM (due to adverse investment market conditions), which resulted in lower fee income relative to expectations over the period and a lower present value of future fees at the end of period.</li> </ul>  |
| Costs impact                         | (\$15.0m) | <ul style="list-style-type: none"> <li>Relates to listing costs, interest (-\$1.9m) not allowed for in EV; Costs considered unusual to ordinary activities, Royal Commission and Direct Remediation costs (-\$2.4m), FY18 retention bonuses (-\$1.4m), cost out program implementation costs (-\$3.8m), impairment of software (-\$6.0m), partially offset by expense benefit (at scale) versus assumptions of \$0.5m.</li> </ul>  |
| Pricing changes and other            | (\$8.3m)  | <ul style="list-style-type: none"> <li>Repricing and repositioning of both LifeSolutions products as well as WealthSolutions and WealthFoundations products .</li> </ul>   |
| Assumptions and basis changes        | (\$14.0m) | <ul style="list-style-type: none"> <li>Reduction in expense assumption due to cost transformation program completed in 2H FY19 (+\$11.2m).</li> <li>Increased claims assumptions to take into account observed experience in particular income protection claims (-\$10.9m).</li> <li>Increased lapse assumptions to take into account observed experience (-\$15.5m).</li> <li>Commission rate changes and other modelling changes (+\$1.2m).</li> </ul>  |
| Discount rate changes                | \$31.3m   | <ul style="list-style-type: none"> <li>Lower interest rate environment; alignment of risk free rate and inflation assumptions (net impact).</li> <li>Adopting revised risk free rate at 2% and linked inflation rate for EV as at 30 June 2019 with 4% discount margin.</li> </ul>   |
| Franking credit and ESP loan changes | (\$6.2m)  | <ul style="list-style-type: none"> <li>Net change between periods.</li> </ul>  |

# EV sensitivity analysis @ 4% DM<sup>1</sup>



**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 30 June 2019

| Group Capital Position (\$M)                   | Life         | Wealth     | Other      | APRA Regulated Entities | Wealth     | Financial Advice | ASIC Regulated Entities | All Regulated Entities | NOHC <sup>3</sup> / Other | Group         |
|--|--------------|------------|------------|-------------------------|------------|------------------|-------------------------|------------------------|---------------------------|---------------|
| Net assets at 30 June 2019                     | 402.9        | 10.7       | 4.0        | 417.7                   | 7.6        | 6.0              | 13.5                    | 431.2                  | 7.8                       | 439.1         |
| Intangible adjustments <sup>4</sup>            | (5.1)        | (3.4)      | 0.0        | (8.5)                   | (0.2)      | 0.0              | (0.2)                   | (8.7)                  | (12.7)                    | (21.4)        |
| <b>Net assets after intangible adjustments</b> | <b>397.8</b> | <b>7.4</b> | <b>4.0</b> | <b>409.2</b>            | <b>7.4</b> | <b>6.0</b>       | <b>13.3</b>             | <b>422.6</b>           | <b>(4.9)</b>              | <b>417.6</b>  |
| Capital Base Adjustment:                       |              |            |            |                         |            |                  |                         |                        |                           |               |
| Deferred acquisition costs (DAC)               | (336.3)      | 0.0        | 0.0        | (336.3)                 | 0.0        | 0.0              | 0.0                     | (336.3)                | 0.0                       | (336.3)       |
| Other adjustments to capital base <sup>1</sup> | (14.1)       | (0.0)      | 0.0        | (14.2)                  | (0.1)      | (0.1)            | (0.2)                   | (14.4)                 | (0.2)                     | (14.6)        |
| <b>Regulatory capital base</b>                 | <b>47.4</b>  | <b>7.3</b> | <b>4.0</b> | <b>58.7</b>             | <b>7.3</b> | <b>5.9</b>       | <b>13.2</b>             | <b>71.9</b>            | <b>(5.1)</b>              | <b>66.8</b>   |
| Prescribed capital amount                      | (20.0)       | (3.3)      | (3.4)      | (26.6)                  | (5.0)      | (0.6)            | (5.6)                   | (32.3)                 | (0.0)                     | (32.3)        |
| <b>Available Enterprise Capital</b>            | <b>27.4</b>  | <b>4.1</b> | <b>0.6</b> | <b>32.1</b>             | <b>2.3</b> | <b>5.2</b>       | <b>7.5</b>              | <b>39.6</b>            | <b>(5.1)</b>              | <b>34.5</b>   |
| Enterprise Capital Benchmark (ECB)             |              |            |            |                         |            |                  |                         |                        |                           |               |
| ECB offset <sup>1</sup>                        | 12.5         | 0.0        | 0.0        | 12.5                    | 0.0        | 0.0              | 0.0                     | 12.5                   | 0.0                       | 12.5          |
| Risk capital <sup>2</sup>                      | (42.0)       | (2.4)      | 0.0        | (44.4)                  | (1.9)      | (3.1)            | (5.0)                   | (49.4)                 | (7.6)                     | (57.0)        |
| <b>Excess/deficit over internal benchmarks</b> | <b>(2.1)</b> | <b>1.7</b> | <b>0.6</b> | <b>0.2</b>              | <b>0.4</b> | <b>2.2</b>       | <b>2.6</b>              | <b>2.8</b>             | <b>(12.7)</b>             | <b>(10.0)</b> |
| Debt facility                                  |              |            |            |                         |            |                  |                         |                        | 15.0                      | 15.0          |
| <b>Net capital position at 30 June 2019</b>    | <b>(2.1)</b> | <b>1.7</b> | <b>0.6</b> | <b>0.2</b>              | <b>0.4</b> | <b>2.2</b>       | <b>2.6</b>              | <b>2.8</b>             | <b>2.3</b>                | <b>5.0</b>    |

| Reconciliation of Net Assets to Group Capital Position (\$M) | Life         | Wealth      | Advice     | Other         | Total        |
|--|--------------|-------------|------------|---------------|--------------|
| <b>Net Assets at 30 June 2019</b>                            | <b>402.9</b> | <b>18.3</b> | <b>6.1</b> | <b>11.7</b>   | <b>439.1</b> |
| - Capital incl in VIF  | (386.9)      | (13.1)      | 0.0        | (12.7)        | (412.7)      |
| <b>Net Worth</b>   | <b>16.0</b>  | <b>5.3</b>  | <b>6.1</b> | <b>(1.0)</b>  | <b>26.4</b>  |
| - Overhead & New Business Capital                            | (18.1)       | (3.2)       | (3.8)      | (11.2)        | (36.3)       |
| <b>Excess/deficit over internal benchmarks</b>               | <b>(2.1)</b> | <b>2.1</b>  | <b>2.2</b> | <b>(12.2)</b> | <b>(9.9)</b> |
| - Debt Funding Facility                                      | 0.0          | 0.0         | 0.0        | 15.0          | 15.0         |
| <b>Net capital position at 30 June 2019</b>                  | <b>(2.1)</b> | <b>2.1</b>  | <b>2.2</b> | <b>2.9</b>    | <b>5.0</b>   |

## Notes

- Regulatory capital includes a \$12.5 million inadmissible asset reserve for tax credits within the ClearView Retirement Plan (CVRP) relating to insurance premiums paid via rollover. There is currently not sufficient taxable income in the CVRP currently to utilise these tax credits. While strategies to utilise the carried forward losses in the CVRP are in progress there are risks and uncertainties involved. Furthermore, a project for the CVRP (part of a broader wealth strategy review), has commenced. For this reason an offset is held against the ECB risk reserve for \$12.5 million.
- As at 30 June 2019, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC<sup>2</sup>
- NOHC is a non operating holding company regulated by APRA under the Life Insurance Act.
- Intangible adjustments relate to goodwill, acquired intangibles and capitalised software.

# Impact of ESP Shares



# Impact of Employee Share Plan (EPS) shares

## PER SHARE CALCULATIONS

| Year ended 30 June 2019                        | FY19       |
|--|------------|
| Number of shares on issue                      | 631.8      |
| ESP shares on issue                            | 45.3       |
| Shares on issue to calculate NAV per share (A) | 677.1      |
| Net assets (\$m)                               | 439.1      |
| ESP loans (\$m)                                | 29.1       |
| Proforma net assets (\$m) (B)                  | 468.2      |
| Fully diluted NAV per share = (B)/(A)          | 69.2 cents |
| Underlying NPAT (\$m)                          | 25.1       |
| Fully diluted underlying NPAT per share        | 3.94 cents |
| Reported NPAT (\$m)                            | 4.0        |
| Reported diluted NPAT per Share                | 0.62 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”
- 45.3m ESP shares on issue and \$29.1m loans receivable at 30 June 2019
- Underlying NPAT is the Board’s key measure of profitability and the basis on which dividends are determined
- Underlying NPAT of \$25.1m, down 22% on FY18

### 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.



# Disclaimer

---

## IMPORTANT NOTICE AND DISCLAIMER

### Summary information

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

### Future performance

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

### Not investment advice

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

### Disclaimer

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

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

End

