



ClearView Results
Year ended
30 June 2022
Investor presentation

24 August 2022

Simon Swanson
Managing Director

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Chief Financial Officer



Executive summary

Executive summary



Business Strength

Growth Strategy

Transformation

Highlights

Operating Earnings¹:
\$28.0m Up 22%



Underlying NPAT¹:
\$26.4m Up 22%



- Strong FY22 life insurance result
- Positive business momentum
- Life insurance new business written up 24%
- Gross premium income up 8%
- Underlying claims² and lapse experience profit
- Upward movement in interest rates positively impacts underlying earnings³

Transformative year with a number of strategic initiatives

- Multi year life insurance transformation project and investment
- Simplification and reset of wealth management business
- Separation of financial advice arm through Centrepont Alliance transaction

Accelerate growth in an attractive market

- Attractive life insurance market with improving returns
- Industry undergoing positive structural changes
- Significant consolidation benefiting mid-tier insurers
- Been investing for growth during period of uncertainty
- FY22 reflects shift back to growth focus underpinned by transformation strategy
- Now in a strong position to regain new business share

Balance Sheet Strength

- In-force portfolio backed by strong Balance Sheet
- Net surplus capital position of \$25.8m⁴
- Final FY22 fully franked dividend of 2cps, up 100%
- Net assets of \$481.1m
- Net cash and investments of \$414m
- Embedded Value (EV) of 92.2 cents per share - allows for increase in risk free rate from 2% to 3.5%

1. From Continuing Operations. Financial information from continuing operations includes Life Insurance and Wealth Management business units, listed segment and equity accounted earnings of Centrepont Alliance from the date of completion (1 November 2021); excludes the contribution of the Financial Advice business until the date of sale. No adjustments have been made in each relevant period for stranded costs or other internal charges as a result of the sale of the financial advice businesses.

2. Prior to change in lump sum claims assumptions and Long COVID-19/ reopen provisions at 30 June 2022.

3. Higher interest rates increase underlying investment earnings as returns increase on the capital held to support in-force policies and new business generation and new income protection claims costs decrease (discounting impact), taking into account the estimated claims duration and adjusting for changes in inflation

4. Net capital position as at 30 June 2022 includes a working capital reserve of \$0.5m that is released as the negative cash flows arise, after which time the underlying business becomes self funding. Stated prior to payment of FY22 final dividend of 2cps.



Overview and FY22 result

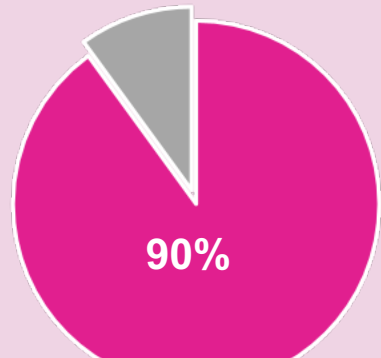
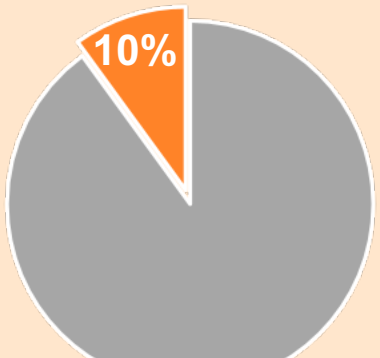
ClearView Operating Divisions



ClearView's business comprises life insurance and wealth management



FY22 Revenue : \$330.2m⁴ (+7%)
 FY22 Operating Earnings After Tax : \$28.0m¹ (+22%)
 FY22 Underlying NPAT : \$26.4m¹ (+22%)
 Embedded Value : \$605m² (92.2 cents per share)

	Life Insurance	Wealth Management	Financial Advice
Overview	<ul style="list-style-type: none"> Manufactures ClearView products under a life insurance licence and distributes through independent financial advisers FY22 in-force premiums of \$311.4m (+7%) FY22 new business written of \$20.2m (+24%) 	<ul style="list-style-type: none"> Manufactures superannuation and retirement income products and distributes through independent financial advisers FY22 in-force FUM: A\$3.3bn (-4%) FY22 net flows: \$186m (-25%) 	<ul style="list-style-type: none"> ClearView completed the sale of its Financial Advice businesses to Centrepont Alliance on 1 November 2021 As part of the transaction ClearView holds a 24.5% strategic equity interest in Centrepont Alliance
Divisional Contribution ³	 <p>FY22 Revenue: \$299.6m (+7%) FY22 Operating Earnings After Tax: \$28.9m (+23%) Embedded Value (VIF) : \$525.3m²</p>	 <p>FY22 Revenue: \$29.9m (-4%) FY22 Operating Earnings After Tax: -\$0.1m (-112%) Embedded Value (VIF): \$42.6m²</p>	<p>Note:</p> <ol style="list-style-type: none"> Financial information from continuing operations- includes Life Insurance and Wealth Management business units, listed segment and equity accounted earnings of Centrepont Alliance from the date of completion (1 November 2021); excludes the contribution of the Financial Advice business until the date of sale. No adjustments have been made in the relevant period for stranded costs or other internal charges as a result of the sale of the financial advice businesses. As at 30 June 2022. EV for Life Insurance and Wealth Management represents the value of the in-force including franking credits. Risk free rate of 3.5% adopted in FY22 (FY21:2%). Group EV includes Life Insurance (\$525.3m), Wealth Management (\$42.6m) and Net Worth (\$37.1m) Divisional contribution measured by revenue. Group consolidated revenue includes Life Insurance (\$299.6m), Wealth Management (\$29.9m) and Listed (\$0.7m) Group consolidated Operating Earnings After Tax includes Life Insurance (\$28.9m), Wealth Management (-\$0.1m) and Listed (-\$0.8m)
Core Business			

Financials FY22 Group result



Key Observations

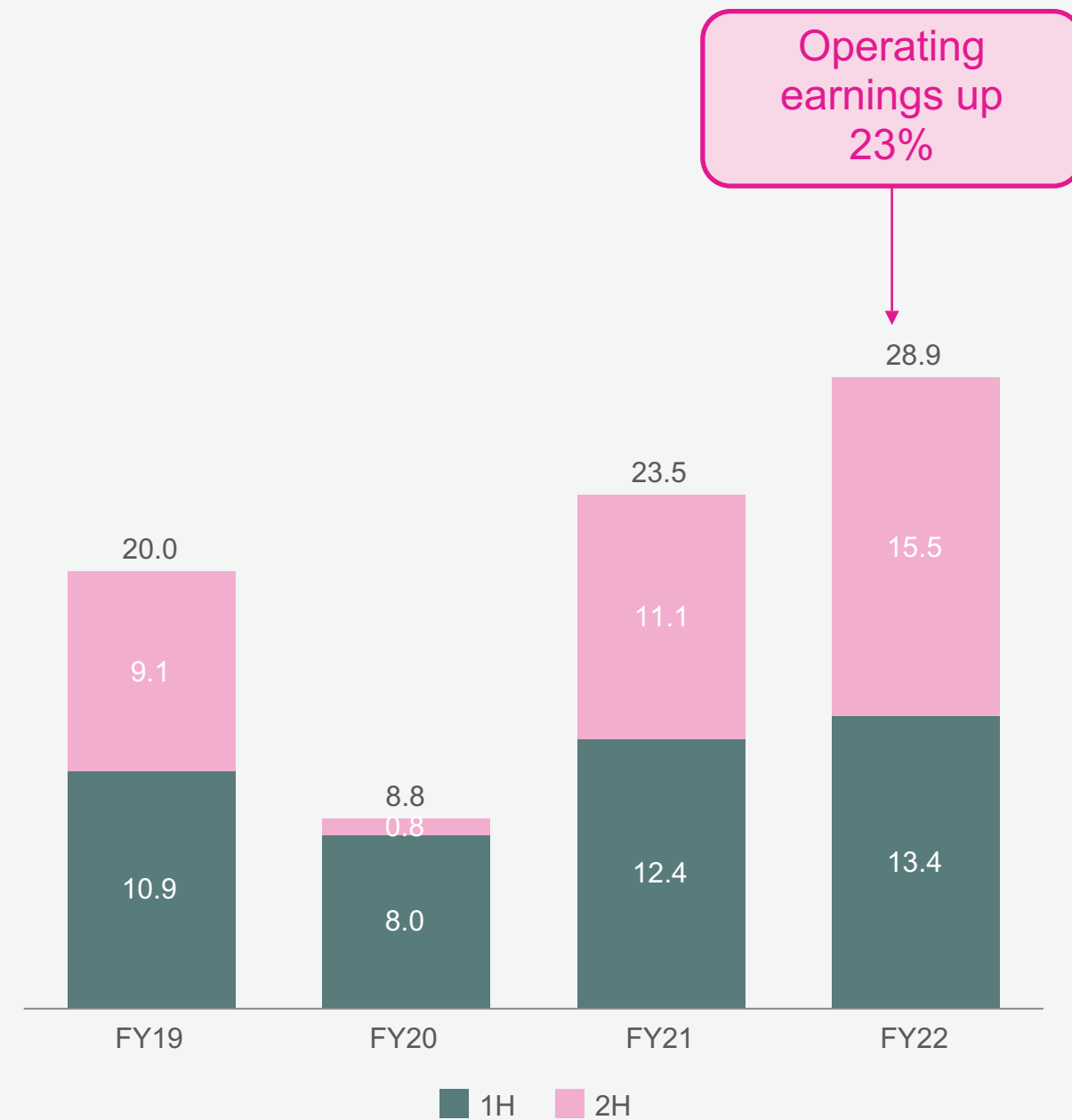
- **Strong growth in FY22:**
 - Gross Revenue up 7% to \$330.2m
 - Life New Business up 24% to \$20.2m
 - In force premiums growth up 7% to \$311.4m
 - Group Operating Earnings up 22% to \$28m
 - Group Underlying NPAT³ up 22% to \$26.4m
- **Life Insurance main contributor:**
 - Improving industry performance and structural changes
 - Positive business momentum
 - Claims¹² and lapse underlying experience profits
 - Upward movement in interest rates positively impacts underlying earnings
- **Key achievements - Life Insurance**
 - Price changes on in-force portfolio
 - Launch of ClearChoice product with more sustainable margins
 - Transformation project and IT investment
- **Key achievements - Wealth Management**
 - Simplification / reset of business
 - Digital front end with improved customer engagement
 - Transition of older style product to contemporary product suite
- **Key achievements - Financial Advice:**
 - Separation of advice and manufacturing arms from 1 November 2021
 - 24.5% strategic stake in Centrepont Alliance - equity accounted from date of completion (reflected as a discontinued operation prior to this)

After Tax Profit by Segment, \$M	FY22 \$M	FY21 \$M	% Change ¹¹
Life Insurance	28.9	23.5	23 %
Wealth Management	(0.1)	0.6	(112)%
Listed/Group Costs	(0.8)	(1.2)	(28)%
Operating Earnings After Tax¹	28.0	23.0	22 %
Net underlying investment income ²	(2.1)	(1.2)	66 %
Equity accounted minority interest (Financial Advice)	0.5	—	Large
Group Underlying NPAT (Continued Operations)³	26.4	21.7	22 %
Financial Advice (Discontinued Operation) ⁴	(0.8)	0.9	Large
Group Underlying NPAT	25.7	22.7	13 %
Policy liability discount rate effect ⁵	(11.3)	(11.4)	— %
Wealth Management project ⁶	—	(3.1)	Large
Impairments ⁷	(0.8)	(1.5)	(46)%
Strategic Review Costs ⁸	(2.4)	—	Large
Sale of Advice Business ⁹	11.5	—	Large
Other costs	(1.5)	(0.1)	Large
Reported Profit After Tax¹⁰	21.2	6.7	217 %

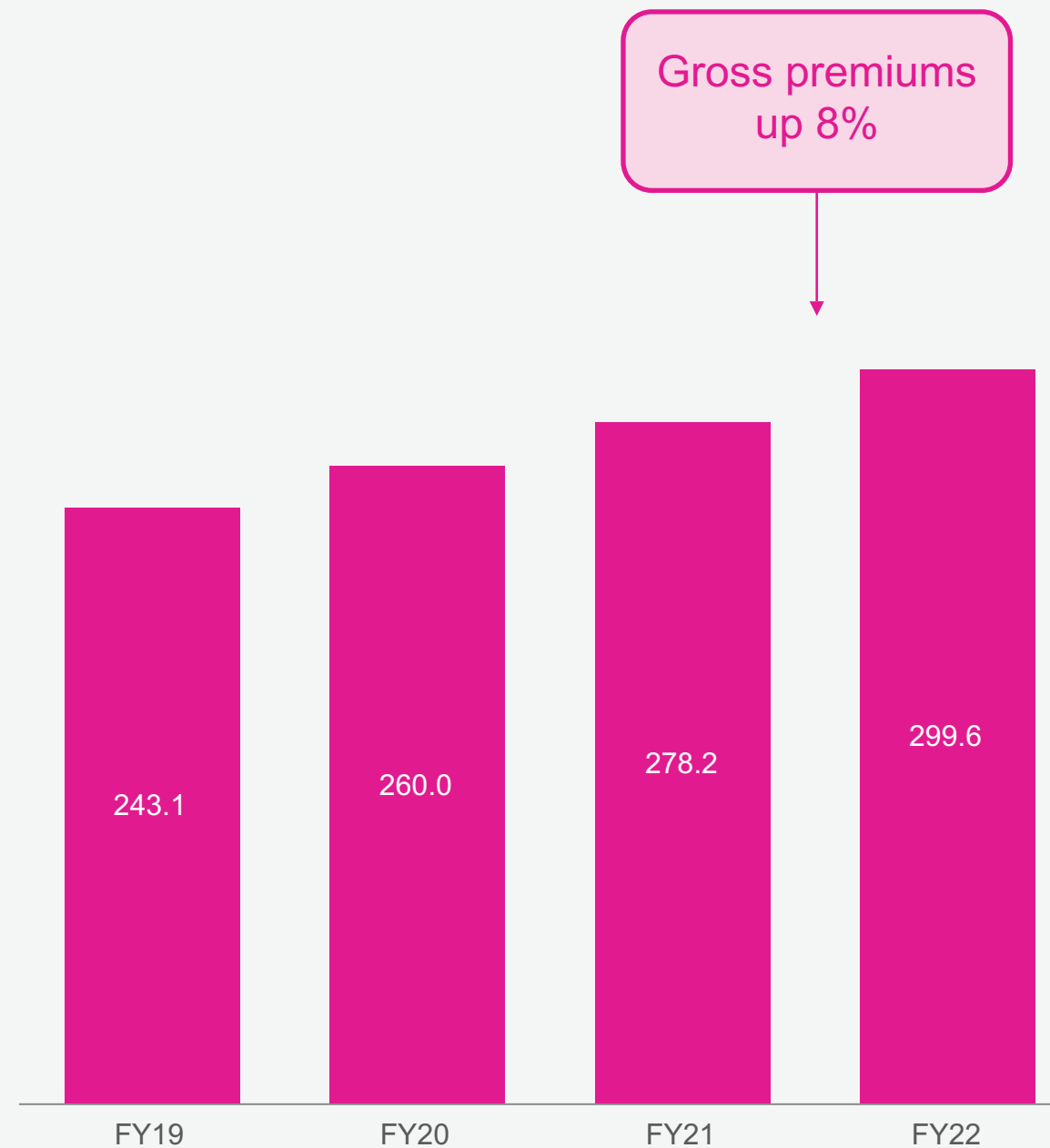
1. Operating Earnings (after tax) represents the Underlying NPAT³ of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.
2. Net underlying investment income includes investment income on shareholder cash of \$1.9m (FY21: \$1.6m) and interest on corporate debt (including Tier 2) of \$4.0m (FY21: 2.8m)
3. Underlying NPAT from Continuing Operations⁴ consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.
4. Financial information from continuing operations includes Life Insurance and Wealth Management business units, listed segment and equity accounted earnings of Centrepont Alliance from the date of completion (1 November 2021); excludes the contribution of the Financial Advice business until the date of sale. No adjustments have been made in each relevant period for stranded costs or other internal charges as a result of the sale of the financial advice businesses.
5. The policy liability discount rate effect is the result of changes in the long-term discount rates used to determine insurance policy liabilities and the incurred income protection disabled lives claims reserves. The life insurance policy liability (based on AIFRS) and income protection incurred disabled lives reserves are discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and the disabled lives claims reserves, and consequently, earnings. ClearView reports this volatility separately.
6. Costs associated with transition to HUB24 platform
7. FY22 relates to the impairment of ClearView's head office lease right of use asset given the reduction in headcount subsequent to the Financial Advice transaction. FY21 impairments relate to the receivable from ClearView Retirement Plan (CRP). The recoverability of the receivable from CRP will continue to be assessed at each reporting period.
8. Costs incurred on the evaluation of strategic options for the potential change in major shareholder. Costs incurred in FY22 relate to preparation of due diligence reports and legal fees incurred to date.
9. The gain recognised on the sale of ClearView Financial Advice, Matrix Planning Solutions and Lavista Licensee Solutions to Centrepont Alliance on 1 November 2021, net of costs to sell. Includes \$0.2m of costs in relation to the acquisition of a strategic stake in Centrepont Alliance.
10. Includes \$10.1m of reported profit from discontinued operations (FY21: \$1.1m)
11. % change FY21 to FY22.
12. Prior to change in lump sum claims assumptions and Long COVID-19/ reopen provisions at 30 June 2022

Life Insurance FY22 result

Life Insurance Operating Earnings (after tax) (\$M)



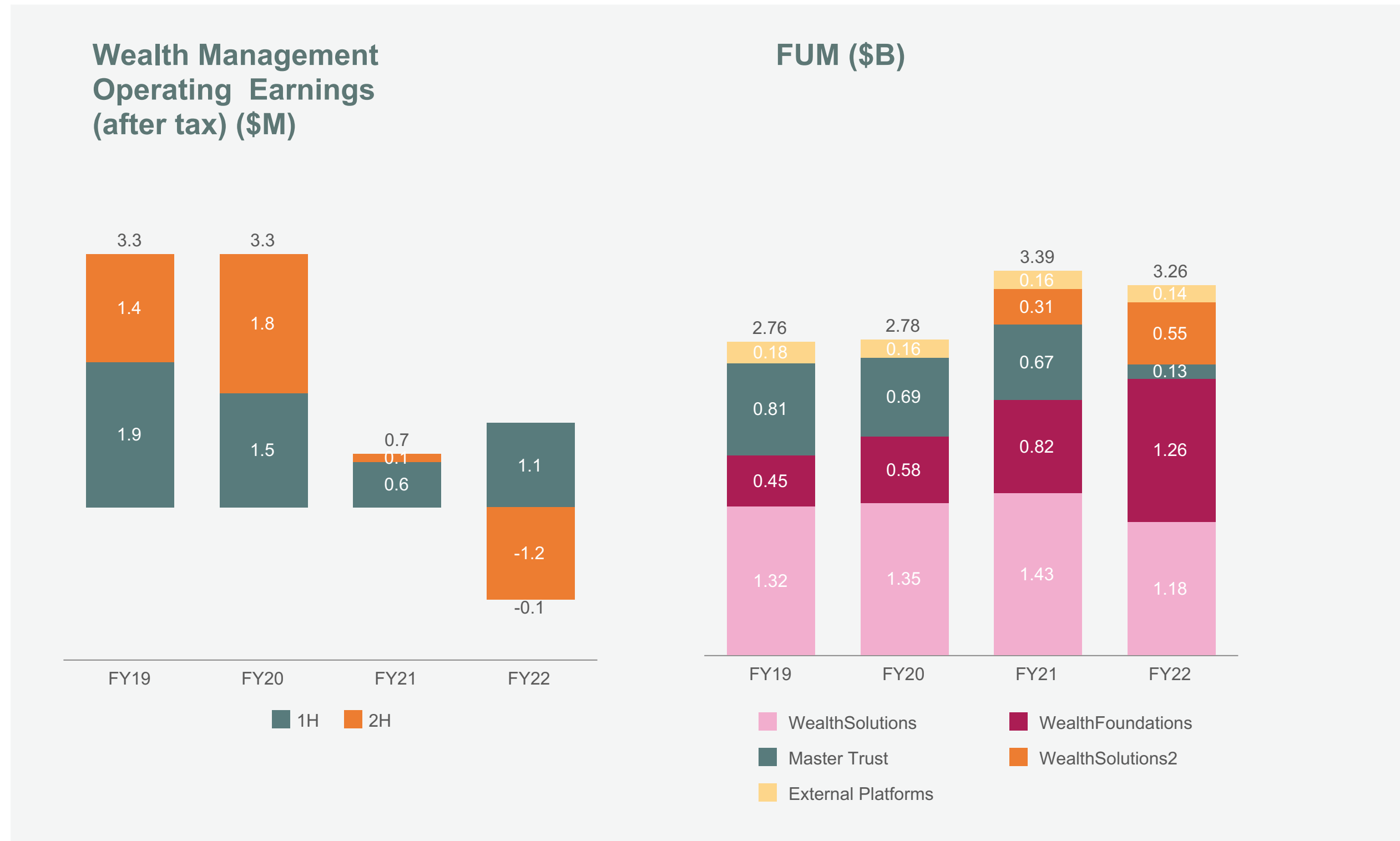
Gross Premium Income (\$M)



- Recurring revenue base up 8%; New business volumes increased 24% to \$20.2m
- FY22 Operating Earnings After Tax up 23% to A\$28.9m
- Positive momentum in business driven by acceptance of new ClearChoice product, repricing of in-force portfolios, strong underlying claims¹ and lapse performance
- Material changes have been made to actuarial assumptions and allowances for COVID-19 since FY20
- FY22 claims results include changes in lump sum claims assumptions (-\$2.5m post-tax impact) and an allowance for some long-COVID uncertainties (-\$2.1m post-tax)
- New business profitability is also expected to improve in light of margins on new ClearChoice product - takes time to flow through profit
- As in-force portfolio is repriced this will continue to support earnings growth

1. Prior to change in lump sum claims assumptions and Long COVID-19/ reopen provisions at 30 June 2022.

Wealth Management FY22 result



- FUM down 4%; fee income down 4% - impacted by mix of business and investment performance
- Margin compression due to transition of wrap business to HUB24, transfer of Master Trust super/ allocated pensions product to contemporary product suite and reduction of FUM in model portfolios
- Positive flows into WealthFoundations product - key product focus as part of simplification strategy
- Launch of wrap product on HUB24 (WealthSolutions 2) - limited margin impacts from administration fees
- Simplification of business continues - leads to cost base reductions, coupled with digitisation of wealth front end to generate increased flows
- Costs are expected to reduce progressively as simplification process continues in FY23
- Simplification allows for reset of business to determine best path forward

1. Financial information from continuing operations - no adjustments have been made in relevant period for stranded costs or other internal charges as a result of the sale of the financial advice businesses in November 2021.

Sale of Financial Advice Business

Exit of direct ownership of adviser networks in November 2021



Centrepoint Alliance Post Acquisition

- Significant operating leverage and scale
- Immediate synergies from operating expense reductions
- Creation of platform and capability to further consolidate market
- Strategic shareholder and partner with 24.5%

- Subscale on a standalone basis - discontinued operation for 4 month period - \$0.8m Underlying NPAT loss
- Mid-sized dealer groups with strong technology and compliance processes
- Sold to Centrepoint Alliance with effect from 1 November 2021
 - FY22: Proceeds of \$16.4m including 24.5% interest; Profit on sale of \$11.7m; Transaction costs of \$0.2m associated with acquisition of stake
 - FY22 Impairment of leased premises (reduced head count): \$0.8m
 - FY22 Equity accounted earnings: \$0.5m
 - Stranded expenses expected to peak in FY22 and to reduce progressively over time

Benefits of Exit of Direct Ownership of Adviser Networks Include:

- Provides ClearView with 24.5% stake in a larger advice network that has scale
- Allows ClearView to have a position in the consolidation of the independent financial adviser market
- Separation of financial advice and manufacturing arms

Balance sheet strength

Net Assets

	FY19	FY20	FY21	FY22
Net assets (\$m)	439.1	452.7	459.4	481.1
Net assets per share (cps)	69.2	71.5	72.3	74.5

Embedded Value (EV)

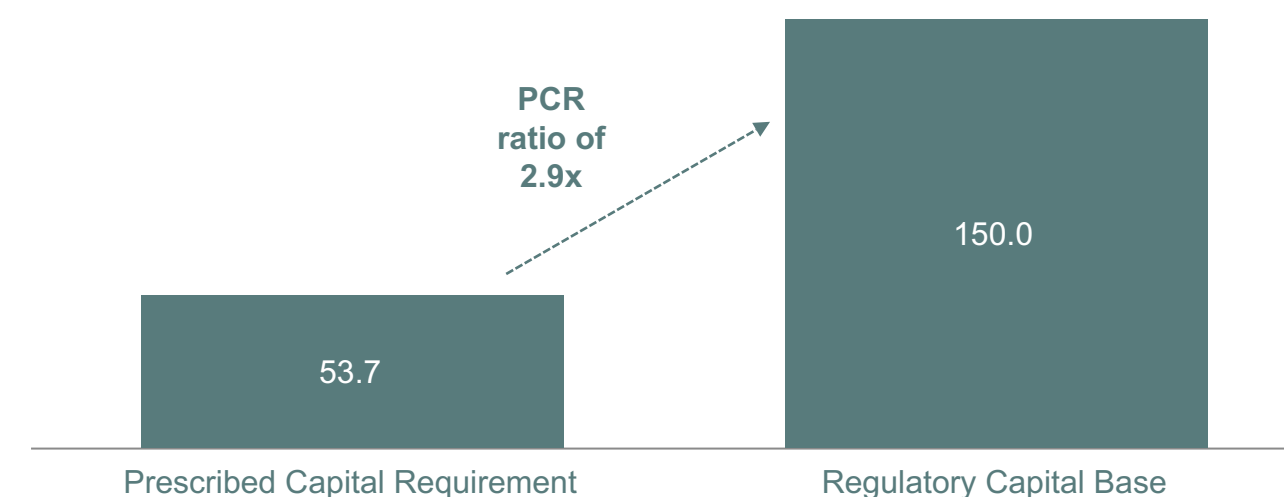
	FY19	FY20 ³	FY21 ³	FY22 ³
EV per share (cps) @ 2% risk free rate	99.4	95.3	95.7	-
EV per share (cps) @ 3.5% risk free rate	-	-	-	92.2

Capital (\$m)

	FY19	FY20	FY21	FY22
Regulatory requirement	32.3	34.7	55.2	53.7
Regulatory capital base	66.8	67.9	149.1	150.0
Surplus/(Deficit) ²	5.1	4.2	14.3	25.8

- Asset concentration risk addressed in medium term¹
- Includes APRA supervisory adjustment as part of IDII sustainability measures
- Capital backed by net cash and investments of \$414m
- From FY20, EV calculations include strengthening of assumptions³ and risk free rate increase to 3.5% in FY22 (from 2% in FY21)
- Surplus capital of \$25.8m prior to FY22 cash dividend of 2cps and includes uplift from sale of advice businesses
- Group PCR coverage ratio of 2.9X

Group Regulatory Capital Coverage (\$M)



1. Incurred claims treaty for income protection completed in FY21. \$70m letter of credit with Swiss Re implemented with effect from 30 June 2022.

2. FY19 and FY20 includes amounts drawn down under debt facility. Permanent capital solution in place from FY21 (Tier 2 capital raising completed in November 2020).

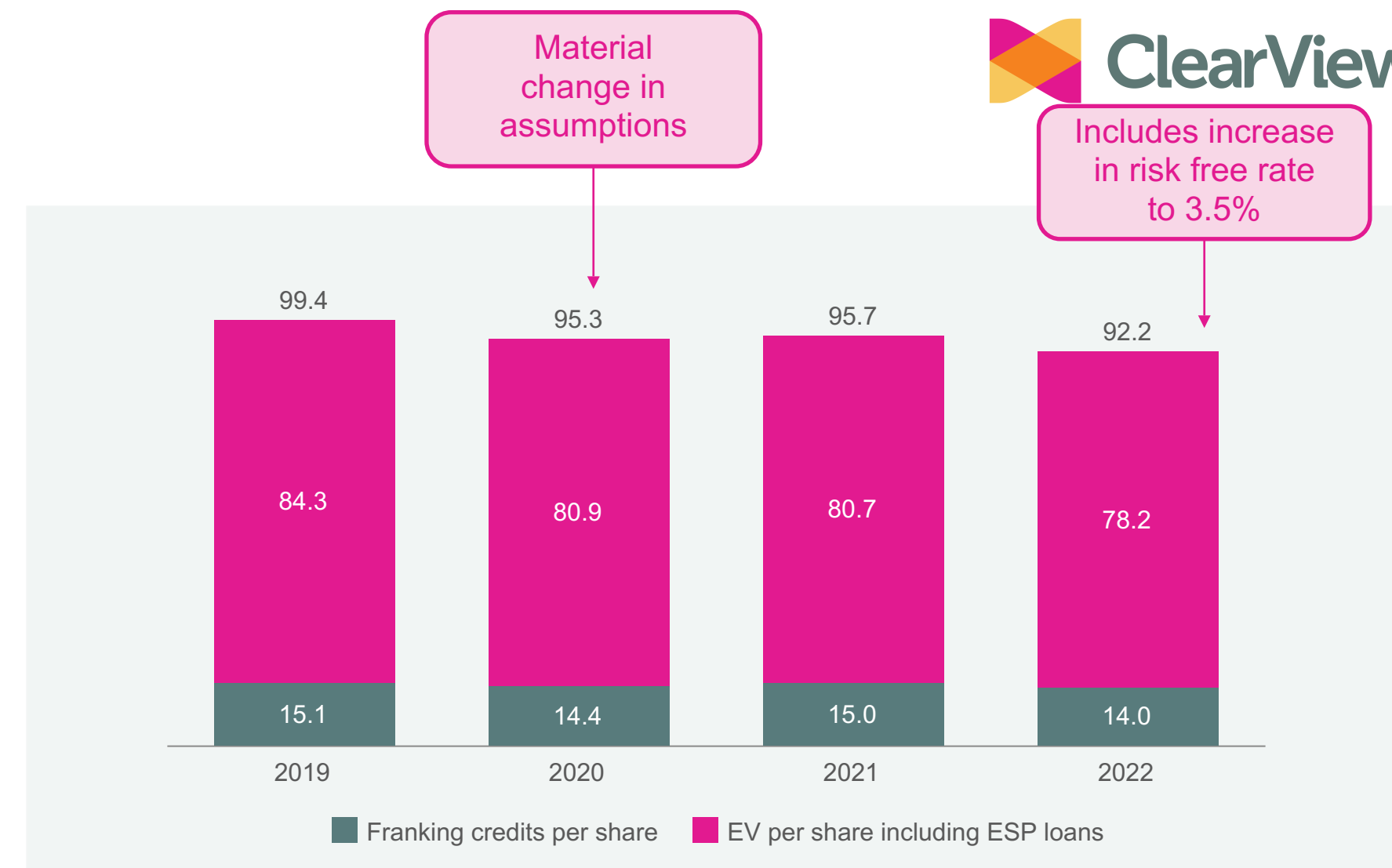
3. Includes material changes made to actuarial assumptions since FY20, including short term COVID-19 overlays and adoption of new updated industry claims tables. Also includes staggered price increases on LifeSolutions portfolio and related shock lapse assumptions. Actuarial assumptions have been reset over time to align to changing market conditions. Risk free rate has been updated in FY22 to 3.5% given more recent change in interest rate environment.

EV at 30 June 2022

Risk margin over risk free rate ² : (\$M), (unless otherwise stated)	3% dm	4% dm	5% dm
Life insurance	487.4	456.9	429.8
Wealth management	36.3	34.4	32.7
Value of In Force (VIF)	523.8	491.3	462.4
Net worth ³	13.8	13.8	13.8
Total EV	537.6	505.1	476.2
Employee Share Plan Loans ⁴	8.0	8.0	8.0
Total EV Including ESP Loans	545.6	513.1	484.2
Franking Credits @ 70%:			
Life Insurance	72.7	68.4	64.5
Wealth Management	8.7	8.2	7.7
Net worth (accrued franking credits)	15.3	15.3	15.3
Total Franking Credits	96.6	91.8	87.6
Total EV including ESP loans and franking credits	642.2	605.0	571.8
EV per Share Including ESP Loans (cents)	83.1	78.2	73.8
EV per Share Including ESP Loans and Franking Credits (cents)	97.9	92.2	87.1

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 2022 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 FY22 EV is 3.5% (30 June 2021: 2%).
3. Includes benefit from Centrepoint Alliance transaction.
4. ESP loans are a limited recourse loan that is accounted for as an option and not reported as a receivable on the Balance Sheet as at the reporting date. Based on the 90 day VWAP share price of 75 cents per share at 30 June 2022, of the remaining 18.1m ESP shares on issue (and included in the total shares on issue of 661.1m), 13.4m ESP shares are considered to be in the money with a ESP loan recoverable balance of \$8.0m. 4.7m out of the money ESP shares would therefore be bought back and cancelled at the lower of the issue price or the ESP loan value, thereby reducing the shares on issue to 656.4m shares. As such, \$8m of ESP loans have been added to the net assets and 656.4m shares on issue have been used for the purposes of calculating the net asset value per share. On a fully diluted basis, net of treasury shares, a further 7.3m performance and restricted rights can be converted into ordinary shares - these have been excluded for the purposes of the calculation.



Commentary¹

- **EV of \$605.0m¹** including franking credits and ESP Loans and the effects of restatements
- **EV per share of 92.2cps¹** 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** (excluding the value of any future growth potential) determined by actuarial assumptions and modelling
 - **EV includes material assumption changes** made over time to align to operating environment and experience. FY22 includes:
 - **Risk free rate of 3.5%** adopted in FY22 (increased from 2%) - key driver of reduction in EV between periods (-\$18.8m impact)
 - Changes to **claims assumptions** (including COVID-19 allowances and shock lapse allowances) (-\$3.5m)
 - Present value of **expense overruns** aligned to system implementation timeline (-\$5.3m)
- **EV¹ movement from FY21 to FY22 detailed in Appendix**



Key business highlights

Key business highlights

1

The Australian Life insurance market is fundamentally attractive

- Focused primarily on risk-only products, with flexible contract structures
- Supportive public policy settings with strong underlying demand from customers
- Significant underinsurance gap compared to international benchmarks

2

Life Insurance market has undergone structural changes since the Royal Commission

- Historical headwinds in the Australian life insurance market now largely addressed
- Improving industry profitability driven by structural reforms focused on sustainability of income protection products
- New entrants – large experienced global life insurance players have entered the market seeking sustainable investment returns

3

ClearView has been investing for growth during this period of market uncertainty

- ClearView has been investing in a business transformation program to prepare for expected rebound in market
- Transformation has focused on: technology; simplification; people; and structural changes
- Separation of financial advice arm now complete
- ClearView is developing a broad Corporate Social Responsibility Programme and achieved carbon neutral status in 2021

4

Shift of focus to accelerate growth

- Strategic focus has recently shifted back to new business sales underpinned by transformation strategy
- Now that broader industry issues are largely being addressed, this places ClearView in a strong position to regain new business share
- Demonstrable historical track record of strong growth in IFA market

5

Attractive in-force portfolio backed by strong Balance Sheet

- Stable cash flows from in-force portfolio underpinned by actuarial assumptions that have been materially reset (since FY20) to align to changing market conditions
- Net assets backed by cash and highly rated securities
- Capital position resilient to stress scenarios



1

The Australian Life Insurance Industry is a Fundamentally Attractive Market

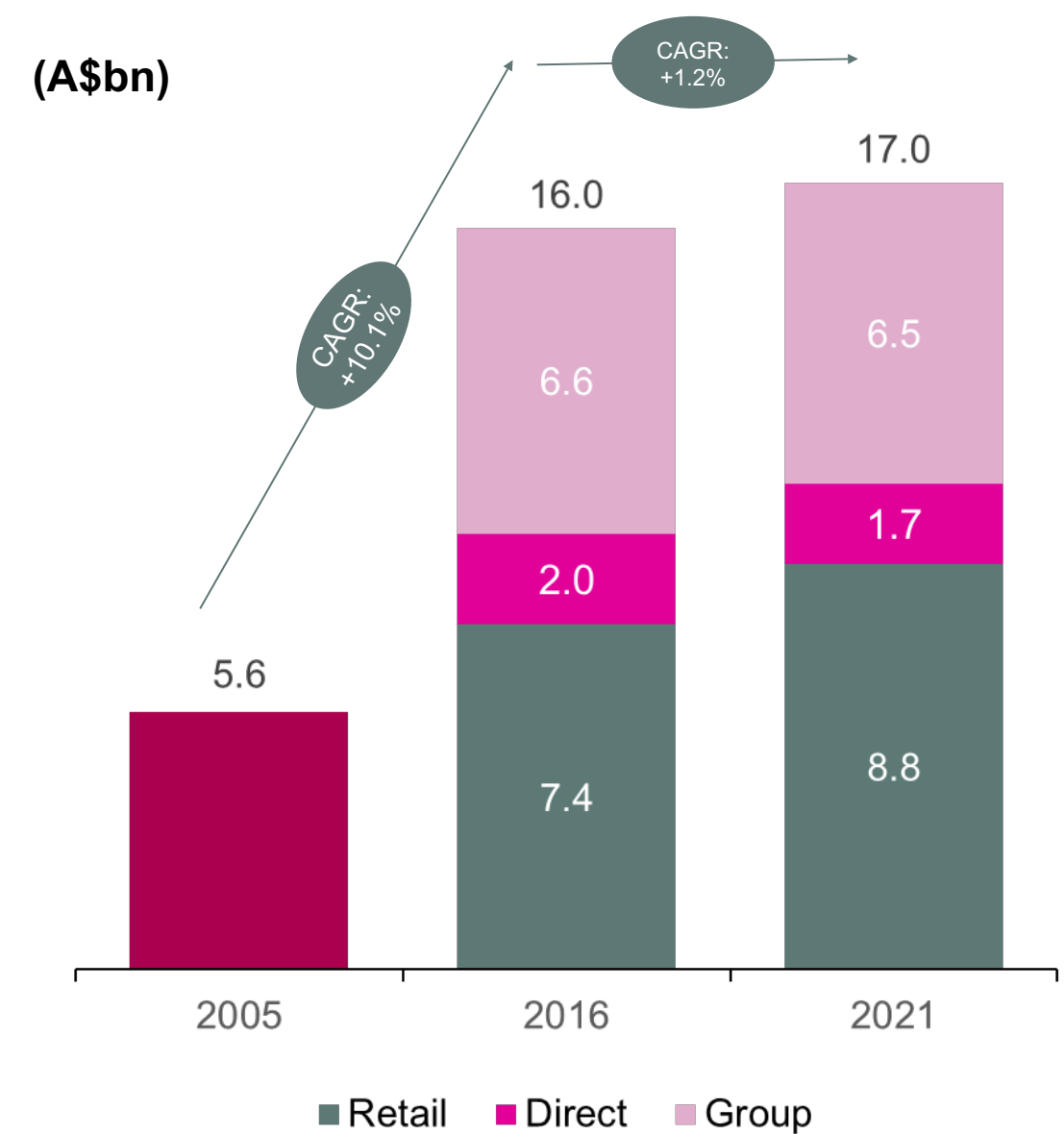
The Australian Life Insurance Market is fundamentally attractive as it is focused primarily on risk-only products, with flexible contract structures (that allow repricing) and supportive public policy settings with strong underlying demand

Life Insurance Market Characteristics

- 1 Market is a “**risk**” market that allows pricing for risk
- 2 Market is a **yearly renewable premium market**
- 3 Regulation allows for:
 - **Tax deductability**
 - **Payment out of super**, which supports growth and market penetration

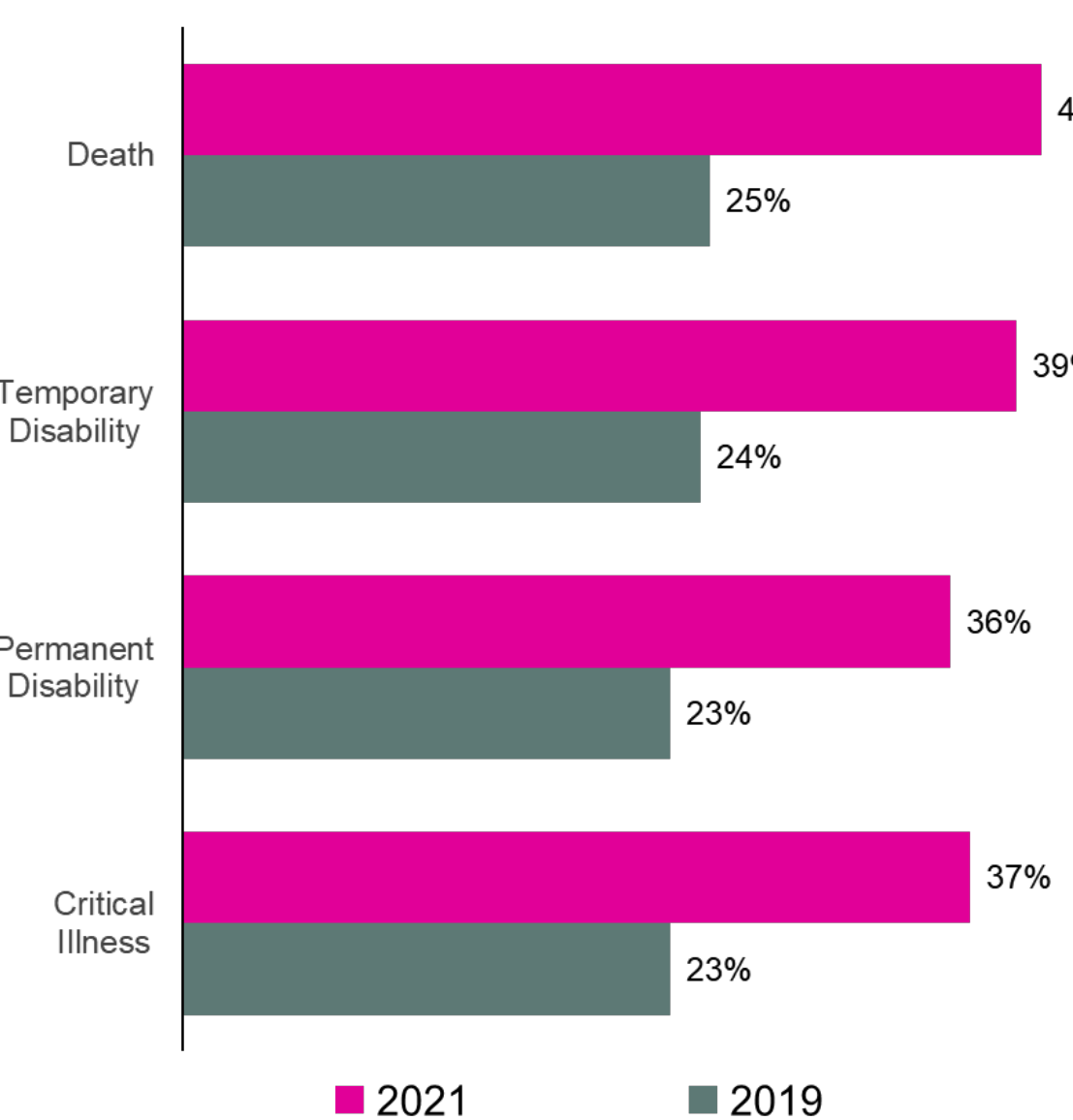
The Australian market has strong fundamental drivers given it is a pure risk market, inherent ability to reprice contracts as well as supportive public policy

Life Insurance In-force Premiums by Channel¹



The market has historically grown at ~10% p.a. – market has been relatively flat in recent years due to specific supply side regulatory issues that are now being addressed

Consumer Purchase Intentions² (2019 vs 2021)



The lack of recent growth in the market supports a rebound in growth

Source: NMG Consulting, Plan for Life.
 (1) Rolling 12 months, Q2 2016 –2021 from NMG; 2005 data from Plan for Life (2) % of respondents who are likely to purchase product in the next 2 to 3 years.

There have been material industry and regulatory focus to address issues with income protection products. These have included regulatory actions (including capital charges), product changes (including the banning of some product categories) and re-pricing of portfolios



APRA Income Protection Review

In 2020, APRA required all life insurance companies to present a plan on how they would make their income protection products sustainable

APRA has imposed supervisory adjustments (capital charges) on all companies that participate in the income protection market

These additional capital charges will only be released when insurers have demonstrated the successful implementation of their sustainability plans



Income Protection Product Changes

A number of historical income protection products that drove historical losses have ceased being sold (including Agreed Value Income Protection policies)

All companies have launched new products (October 2021) that are modelled on a sustainable income protection product

Over time, industry will work to reprice or transition historical in-force portfolios to the new sustainable product (affordability of products)

Over the past two years income protection pricing (for in-force portfolios) has materially increased

ClearView has been investing for growth during period of uncertainty

ClearView is well-positioned to capture future growth underpinned by recent investments in technology, processes and people. This is supported by a fundamentally strong in-force book

ClearView's Select Key Initiatives to Drive Future Growth

ClearView ClearChoice

- Comprehensive / contemporary product offering benefiting both advisers and customers
- Launched in October 2021 to align with structural industry changes

Staggered In-force Repricing

- Staggered price increases across in-force book to ensure ongoing economic sustainability
- Coupled with investment in retention function to manage shock lapse risks associated with re-pricing

Technological Investments

- Multi year investment in new IT platform and URE - both front-end and back-end technology capabilities
- Intended to promote higher digital engagement and simplicity / efficiency for advisers (over time)

Simplification and reset of wealth management business

- Simplified products - transition of wrap business to HUB24, transfer of Master Trust super/ allocated pensions product to contemporary product suite
- Customer engagement strategy- digitisation of wealth front end to generate increased flows
- Allows business to determine best path forward

Strong Distribution Base

- ClearView has established a diversified distribution network with 700+ dealer groups comprising of 4,000+ advisers

Exit of Adviser Businesses

- Provides ClearView with 24.5% stake in a larger advice network that has scale
- Allows ClearView to have a position in the consolidation of the independent financial adviser market
- Separation of financial advice and manufacturing arms

Improved Claims Management

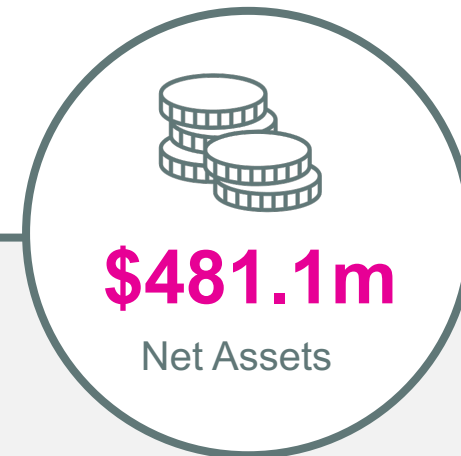
- Implementation of improved claims management and process capability to achieve return-to-work outcomes
- Realignment of actuarial assumptions (since FY20)

Realignment of Organisational Structure

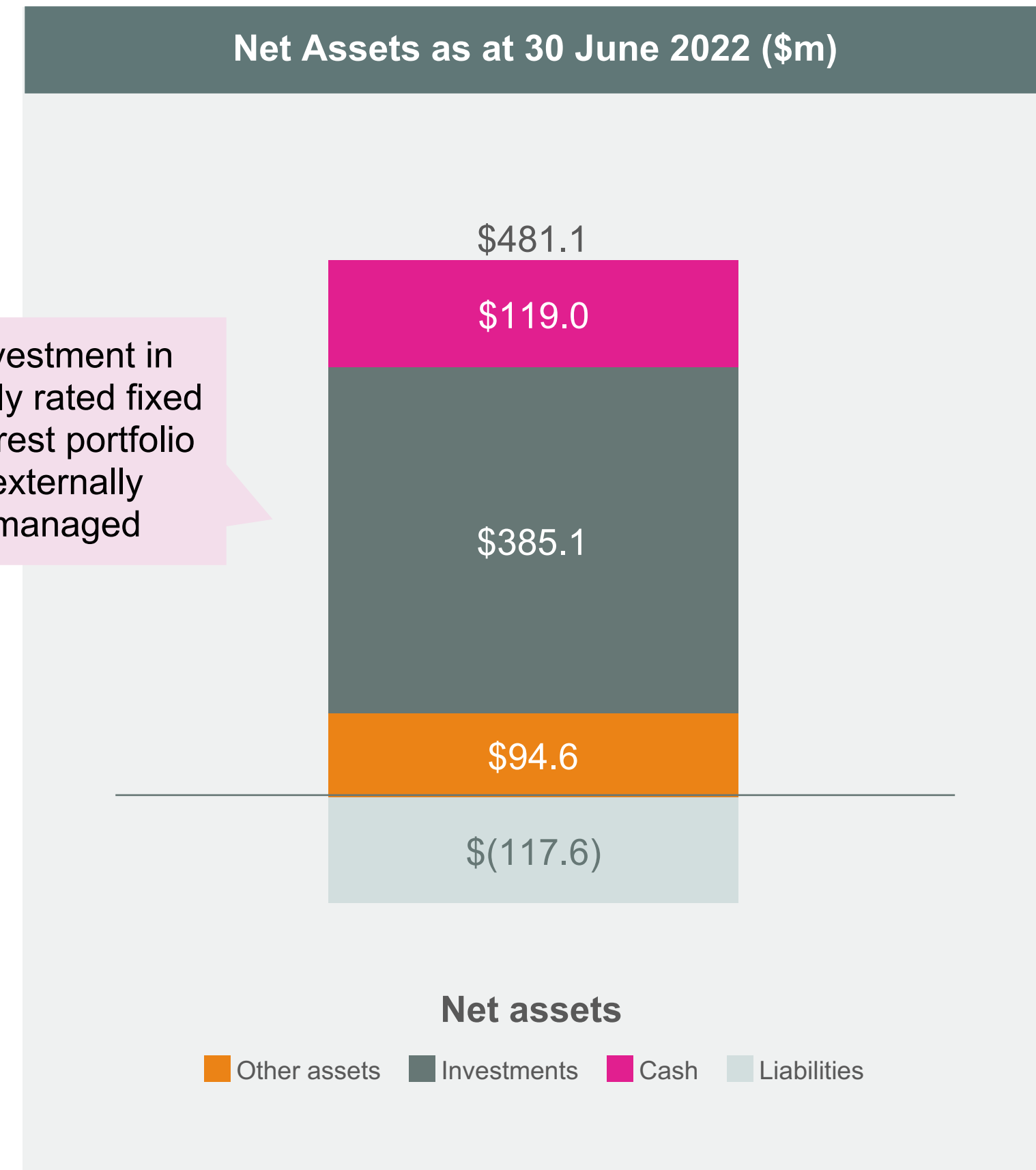
- Shift to a line of business structure
- Recruitment of increased capability including new heads of Risk, Life Insurance, Technology, Transformation and Claims

5 Net Assets are backed by cash and highly rated securities

ClearView's balance sheet provides strong downside protection due to its high level of net tangible assets (including cash and cash like assets of ~A\$504m)



- In total ClearView has \$481.1m of net assets, which are primarily cash backed or cash like in nature
 - **Cash and cash equivalents:** \$119.0m
 - **Investments in highly rated fixed income securities:** \$385.1m
- ClearView's investment portfolio is largely shorter duration with appropriate asset/ liability matching
- An increase in interest rates is overall net positive, given its impacts on investment returns (as returns increase on the capital held by ClearView to support in-force policies and new business generation) and the discounted costs of future income protection claims
- High level of capital base and the strong cash generation implicit in the Embedded Value of the business mean that there is strong downside protection





Strategic Review

Following an evaluation of its future capital structure and discussions with its major shareholder, ClearView announced the commencement of a strategic review process



Strategic Review Process

Appointment of Bank of America (BofA) in September 2021. Given the Omicron outbreak it was considered prudent to delay commencement of formal process until February 2022

Objective to maximise shareholder value, determine the optimal future direction of the Company to protect and enhance customer and policyholder outcomes, and achieve a long term shareholding base

Review undertaken to assess ClearView's strategic options to unlock and enhance value for ClearView shareholders, including potential change of control transactions



Outcome to date

The strategic review process, which commenced in February this year, is ongoing. Discussions are continuing with interested parties in relation to the acquisition of the share capital of the Company.

There are no assurances that the ClearView Board will decide to pursue any transaction, nor that any transaction will result from the negotiations.



Outlook

Business outlook

Clear set of targets for continued growth of life insurance business in FY23, with outcomes determined by successful further development of new IT platform, increased market acceptance of ClearChoice product and risks associated with continued repricing of in-force portfolios



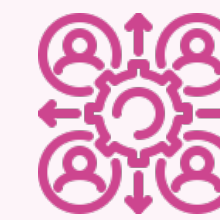
- Inflationary pressures and material increases in interest rates putting significant pressure on household budgets albeit low unemployment rate
- Australian life insurance market fundamentally attractive with improving industry profitability, regulatory outlook and broader industry reset underway



- Strategic focus has recently shifted back to new business sales, underpinned by launch of new ClearView ClearChoice product and supported by business transformation program and investment
- Customer benefit from sustainable products, simplification of processes and digital front end



- Now that industry reset is underway, coupled with investing for growth during period of uncertainty, places ClearView in a strong position to regain new business share
- Key focus is on successful further development of new IT platform and progressively obtaining increased new business volumes and efficiencies from transformation over time



- Simplification and reset of wealth management business - allows consideration on best path forward for business
- Sale of financial advice businesses and acquisition of a strategic equity stake in Centrepoint Alliance - allows participation in industry consolidation and separation of financial advice arm

Financial outlook

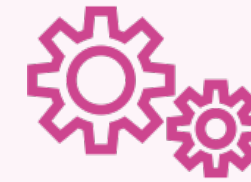
Strong FY22 result - reflective of strong business momentum. Any upward movement in rates positively impacts underlying earnings. Final FY22 fully franked dividend of 2 cents per share



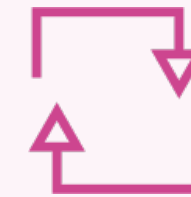
- Strong Balance Sheet and capital base - net surplus capital position of \$25.8m²
- Embedded Value of 92.2 cps that reflects the discounted cash flows of the in-force portfolios - allows for increase in risk free rate to 3.5%



- Forecast capital generation allows for progressive increased new business (and market share) and staggered price increases of in-force portfolio (over a period of time)
- FY22 final fully franked dividend of 2cps - just under mid point of the target payout range



- FY22 performance reflective of strong business momentum. Solid growth in Underlying NPAT¹ expected in FY23 supported by implementation of transformation program
- Upward movement in interest rates positively impacts Underlying NPAT^{1,4}



- The strategic review process, which commenced in February this year, is ongoing. Discussions are continuing with interested parties in relation to the acquisition of the share capital of the Company.³

1. Underlying NPAT from Continuing Operations consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases. Assuming the achievement of best estimate assumptions in FY23 (in particular for claims and lapses). While estimates and allowances have been made in the claims and lapse assumptions adopted, given the fluidity of the COVID-19 pandemic and operating environment, potential impacts from any deterioration in economic conditions or further (more severe) infections (and the related flow on effects to claims and affordability of premiums), actual experience in FY23, relative to best estimate assumptions adopted, may be impacted and could potentially impact on Underlying NPAT. Includes staggered price increases on LifeSolutions portfolio and related shock lapse assumptions.

2. As at 30 June 2022, prior to payment of FY22 final cash dividend in September 2022. Includes capital benefit from the Centrepoint Alliance transaction.

3. Following the appointment of Bank of America Securities (BofA Securities) as the exclusive financial adviser, the review continues to assess ClearView's strategic options to unlock and enhance value for ClearView shareholders, including potential change of control transactions. There are no assurances that the ClearView Board will decide to pursue any transaction, nor that any transaction or transactions will result from the review.

4. Higher interest rates increase underlying investment earnings as returns increase on the capital held to support in-force policies and new business generation and new income protection claims costs decrease (discounting impact), taking into account the estimated claims duration and adjusting for changes in inflation

AFSL	Australian Financial Service Licence; AR is an authorised representative
Operating Earnings or Operating Earnings After Tax from Continuing Operations	Operating Earnings (after tax) represents the Underlying NPAT of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.
Underlying NPAT from Continuing Operations	Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases.
Continuing Operations or Continued Operations	Includes the Life Insurance and Wealth Management business units, listed segment and equity accounted earnings of Centrepont Alliance from the date of completion (1 November 2021); excludes the contribution of the Financial Advice business until the date of sale. No adjustments have been made in the relevant periods for stranded costs or other internal charges as a result of the sale of the financial advice businesses.
ClearView ClearChoice	New life insurance product range that was launched in October 2021 to align with APRA individual disability income insurance action plan
IP or IDII	Income protection or individual disability income insurance
FUM	Funds Under Management (ClearView Traditional Product (Master Trust), WeathFoundations and MIS), Funds Under Administration on the HUB24 platform including white labelled WealthSolutions 2 product and FUM in ClearView MIS platform funds on external platforms
Wealth Product Net Flows	Inflows less redemptions into FUM but excludes management fees outflow
MPS/ CFA/ LaVista	Matrix Planning Solutions Limited, ClearView Financial Advice Pty Limited and LaVista Licencee Solutions Pty Limited, the ClearView dealer groups and service providers that previously operated as part of the financial advice segment
Embedded Value or EV	Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and ESP loans. Risk free rate of 3.5% adopted in FY22 (FY21: 2%).
New PAS or Technology Platform	New contemporary life insurance policy administration system and integrated automated underwriting rules engine, initially launched in FY22 for new business

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Appendix Additional Financial Information

Consolidated FY22 results: Shareholder view¹

12 Months to June 2022 (\$M) ¹	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Gross life insurance premiums	120.5	122.6	243.1	129.0	131.0	260.0	138.4	139.8	278.2	147.6	152.0	299.6	8%
Fund management fees	17.7	16.7	34.4	16.7	15.8	32.5	15.5	15.5	31.0	16.0	13.9	29.9	(4%)
Other Income	—	—	—	—	—	—	—	0.4	0.4	—	0.7	0.7	60%
Gross Income	138.2	139.3	277.5	145.7	146.8	292.5	153.9	155.7	309.6	163.5	166.7	330.2	7%
Net claims incurred	(17.0)	(18.9)	(35.9)	(22.6)	(35.5)	(58.1)	(19.1)	(25.4)	(44.5)	(21.0)	(24.2)	(45.2)	2%
Reinsurance premium expense	(34.1)	(37.5)	(71.6)	(41.3)	(45.5)	(86.8)	(50.2)	(54.0)	(104.2)	(58.0)	(60.6)	(118.6)	14%
Commission and other variable expenses	(37.1)	(34.5)	(71.6)	(31.8)	(29.8)	(61.6)	(29.0)	(29.6)	(58.6)	(32.1)	(31.7)	(63.8)	9%
Funds management expenses	(4.9)	(4.6)	(9.5)	(4.8)	(4.5)	(9.3)	(4.3)	(4.3)	(8.6)	(4.2)	(3.9)	(8.1)	(6%)
Operating expenses	(35.1)	(33.3)	(68.4)	(32.5)	(29.0)	(61.5)	(35.1)	(37.3)	(72.4)	(38.1)	(41.7)	(79.8)	10%
Movement in policy liabilities	7.1	3.9	11.0	(0.3)	0.6	0.3	1.1	10.5	11.6	9.6	15.5	25.1	117%
Total Operating Earnings (before tax)	17.0	14.5	31.5	12.4	3.0	15.4	17.4	15.5	32.9	19.6	20.1	39.7	21%
Income tax (expense) / benefit	(5.0)	(4.5)	(9.5)	(3.5)	(0.9)	(4.4)	(5.2)	(4.6)	(9.8)	(5.7)	(6.0)	(11.7)	19%
Total Operating Earnings (after tax)	12.0	10.0	22.0	8.9	2.1	11.0	12.3	10.7	23.0	13.9	14.1	28.0	22%
Net underlying interest income	1.1	1.0	2.1	0.7	0.7	1.5	(0.2)	(1.1)	(1.3)	(1.4)	(0.7)	(2.1)	
Equity accounted minority interest (Financial Advice)	—	—	—	—	—	—	—	—	—	0.2	0.3	0.5	Large
Underlying NPAT (Continued Operations)	13.2	10.9	24.1	9.6	2.9	12.5	12.1	9.6	21.7	12.7	13.7	26.4	22%
Financial Advice (Discontinued Operations)	0.1	0.9	1.0	0.6	1.7	2.3	0.9	0.1	1.0	(0.7)	(0.1)	(0.8)	(179%)
Underlying NPAT	13.3	11.8	25.1	10.2	4.6	14.7	13.0	9.7	22.7	12.0	13.6	25.7	13%
Amortisation of acquired intangibles	(0.6)	(0.6)	(1.2)	—	—	—	—	—	—	—	—	—	0%
Policy liability discount rate effect	2.2	4.4	6.6	(0.4)	2.6	2.2	(1.3)	(10.1)	(11.4)	(2.4)	(8.9)	(11.3)	0%
Impairments	—	(18.9)	(18.9)	—	(2.6)	(2.6)	(0.6)	(0.9)	(1.5)	(0.8)	—	(0.8)	(46%)
Cost Out Program Implementation Costs	—	(3.8)	(3.8)	—	—	—	—	—	—	—	—	—	0%
Wealth Project Costs	—	—	—	—	(1.4)	(1.4)	(1.5)	(1.6)	(3.1)	—	—	—	0%
Direct Remediation Program, Direct Closure Provision and Royal Commission Costs	(1.9)	(0.5)	(2.4)	—	—	—	—	—	—	—	(0.3)	(0.3)	Large
Sale of Advice Business	—	—	—	—	—	—	—	—	—	11.8	(0.3)	11.5	Large
Strategic Review Costs	—	—	—	—	—	—	—	—	—	(2.0)	(0.4)	(2.4)	Large
Other costs	(1.5)	0.1	(1.4)	—	0.2	0.2	0.1	(0.2)	(0.1)	(0.4)	(0.8)	(1.2)	Large
Reported NPAT	11.5	(7.5)	4.0	9.8	3.3	13.1	9.7	(3.0)	6.7	18.2	3.0	21.2	217%

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. Financial information from continuing operations- includes Life Insurance and Wealth Management business units, listed segment and equity accounted earnings of Centrepont Alliance from the date of completion (1 November 2021). No adjustments have been made in the relevant period for stranded costs or other internal charges as a result of the sale of the financial advice businesses.

2. % change represents the movement from FY21 to FY22.

Life Insurance

12 Months to June 2022 (\$M) ¹	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Gross life insurance premiums	120.5	122.7	243.1	129.0	131.0	260.0	138.4	139.8	278.2	147.6	152.1	299.6	8%
Other income	—	—	—	—	—	—	—	0.2	0.2	—	—	—	Large
Net claims incurred	(17.0)	(18.9)	(35.9)	(22.6)	(35.5)	(58.1)	(19.1)	(25.5)	(44.5)	(21.0)	(24.2)	(45.2)	2%
Reinsurance premium expense	(34.1)	(37.6)	(71.6)	(41.3)	(45.5)	(86.8)	(50.2)	(54.0)	(104.2)	(58.0)	(60.5)	(118.6)	14%
Commission and other variable expenses	(34.0)	(31.6)	(65.6)	(29.0)	(27.2)	(56.2)	(26.4)	(26.9)	(53.3)	(29.8)	(29.9)	(59.7)	12%
Operating expenses	(26.9)	(25.0)	(51.9)	(24.4)	(21.6)	(46.1)	(26.1)	(28.2)	(54.3)	(29.3)	(31.1)	(60.4)	11%
Movement in policy liabilities	7.1	3.9	11.0	(0.3)	0.6	0.3	1.1	10.5	11.6	9.6	15.5	25.1	117%
BU Operating Earnings (before tax)	15.6	13.4	29.0	11.4	1.7	13.1	17.7	15.9	33.6	19.0	21.9	40.9	22%
Income tax (expense) / benefit	(4.7)	(4.3)	(9.0)	(3.4)	(0.8)	(4.2)	(5.3)	(4.8)	(10.1)	(5.6)	(6.3)	(11.9)	18%
BU Operating Earnings (after tax)	10.9	9.1	20.0	8.0	0.8	8.8	12.4	11.1	23.5	13.4	15.5	28.9	23%
Net underlying interest income	1.0	1.0	2.0	0.7	0.9	1.6	0.4	0.2	0.6	(0.1)	0.4	0.3	
Underlying NPAT	11.9	10.1	22.0	8.7	1.7	10.4	12.8	11.3	24.1	13.3	16.0	29.2	22%
Policy liability discount rate effect (after tax)	2.2	4.4	6.6	(0.4)	2.6	2.2	(1.3)	(10.1)	(11.4)	(2.4)	(8.9)	(11.3)	(0%)
Impairments	—	(5.0)	(5.0)	—	(2.6)	(2.6)	(0.6)	(0.9)	(1.5)	—	—	—	Large
Cost Out Program Implementation Costs	—	(1.5)	(1.5)	(0.1)	(0.5)	(0.6)	—	—	—	—	—	—	—%
Costs	—	(2.0)	(2.0)	(0.5)	0.1	(0.4)	—	—	—	—	—	—	—%
Other costs	—	(0.9)	(0.9)	—	0.3	0.3	—	—	—	(0.3)	(1.0)	(1.3)	Large
Reported NPAT	14.1	5.1	19.2	7.6	1.7	9.4	10.9	0.3	11.2	10.6	6.1	16.6	48%

Analysis of Profit (\$M)	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Expected Underlying NPAT³	16.0	15.9	31.9	15.5	15.3	30.8	14.3	13.0	27.3	13.7	13.5	27.2	— %
Claims experience	(2.1)	(1.3)	(3.4)	(4.7)	(7.8)	(12.5)	3.2	1.0	4.2	0.5	2.9	3.4	(19%)
Lapse experience	(2.9)	(2.7)	(5.6)	(1.4)	0.1	(1.3)	(0.9)	4.6	3.7	0.2	4.0	4.2	16%
Expense experience	0.6	0.5	1.1	0.3	(0.1)	0.2	(2.7)	(4.0)	(6.7)	(1.1)	(1.7)	(2.8)	(58%)
Other	0.2	(0.4)	(0.2)	(1.0)	0.1	(0.9)	(1.1) ⁴	(0.3)	(1.5) ⁴	0.1 ⁴	1.8	1.7	Large
Actual Underlying NPAT before claims assumptions	11.9	11.9	23.8	8.7	7.6	16.3	12.8	14.2	27.0	13.3	20.5	33.7	25%
Claims Assumptions Changes	—	(1.8)	(1.8)	—	(5.9)	(5.9)	—	(2.9)	(2.9)	—	(2.5)	(2.5)	Large
Long COVID/reopened claims	—	—	—	—	—	—	—	—	—	(2.1)	(2.1)	(2.1)	Large
Actual Underlying NPAT	11.9	10.1	22.0	8.7	1.7	10.4	12.8	11.3	24.1	13.3	16.0	29.2	22%

Key Statistics And Ratios (\$M)	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
New Business	21.9	17.3	39.3	14.2	10.1	24.2	8.4	7.9	16.3	10.4	9.8	20.2	24 %
LifeSolutions	21.9	17.3	39.2	14.2	10.1	24.2	8.4	7.9	16.3	8.9	1.1	10.0	(39%)
ClearChoice	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	8.7	10.2	Large
In-Force	240.7	252.6	252.7	260.6	270.8	270.9	282.0	289.8	289.9	297.3	311.4	311.4	7%
LifeSolutions	201.7	214.8	214.8	223.9	234.9	234.9	246.6	254.5	254.5	260.6	266.3	266.3	5%
Direct	39.0	37.7	37.7	36.7	35.9	35.9	35.4	35.3	35.3	35.2	34.9	34.9	(1%)
ClearChoice	—	—	—	—	—	—	—	—	—	1.5	10.2	10.2	Large
Cost to Income Ratio	23.0 %	21.5 %	22.2 %	19.7 %	17.1 %	18.4 %	19.6 %	20.1 %	19.5 %	19.8 %	20.5 %	20.2 %	

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 FY21 to FY22.
3. Expected Underlying NPAT of \$27.2m reflects expected profit margins on in-force portfolios based on actuarial assumptions. Includes changes made to assumptions at 30 June 2021 and potential impacts from COVID-19.
4. Other predominately relates to a reduction of net interest rates earned, additional commission payments due to the reduction in outstanding premiums between periods and volume and pricing variances to expected.

Wealth Management

12 Months to June 2022 (\$M)'	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Fund management fees	17.7	16.7	34.4	16.7	15.7	32.5	15.5	15.5	31.0	16.0	13.9	29.9	(4%)
Other income	—	—	—	—	—	—	—	0.2	0.3	—	—	—	(100%)
Funds management expenses	(4.9)	(4.6)	(9.5)	(4.8)	(4.5)	(9.3)	(4.3)	(4.3)	(8.6)	(4.2)	(3.9)	(8.1)	(6%)
Variable expense ³	(3.0)	(2.9)	(5.9)	(2.8)	(2.6)	(5.4)	(2.5)	(2.7)	(5.3)	(2.2)	(1.9)	(4.1)	(22%)
Operating expenses	(7.5)	(7.7)	(15.3)	(7.4)	(6.7)	(14.1)	(8.3)	(8.7)	(16.9)	(8.1)	(9.8)	(17.9)	6%
BU Operating Earnings (before tax)	2.3	1.5	3.8	1.6	2.0	3.6	0.4	—	0.4	1.4	(1.6)	(0.3)	(166%)
Income tax (expense) / benefit	(0.4)	(0.1)	(0.5)	(0.2)	(0.2)	(0.4)	0.1	0.1	0.2	(0.3)	0.5	0.2	(20%)
BU Operating Earnings (after tax)	1.9	1.4	3.3	1.4	1.8	3.3	0.6	0.1	0.6	1.1	(1.2)	(0.1)	(112%)
Underlying investment income	0.2	0.2	0.4	0.2	0.1	0.3	0.1	—	0.1	—	—	0.1	(42%)
Underlying NPAT	2.1	1.5	3.6	1.6	2.0	3.6	0.6	0.1	0.7	1.1	(1.2)	(0.1)	(112%)
Amortisation of acquired intangibles	—	(0.1)	(0.1)	—	—	—	—	—	—	—	—	—	NM
Impairments	—	(1.1)	(1.1)	—	—	—	—	—	—	—	—	—	NM
Cost Out Program Implementation Costs	—	(0.4)	(0.4)	—	—	—	—	—	—	—	—	—	NM
Wealth Project Costs	—	—	—	—	(1.4)	(1.4)	(1.5)	(1.6)	(3.1)	—	—	—	NM
Other costs	—	(0.2)	(0.2)	—	—	—	—	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	16%
Reported NPAT	2.1	(0.4)	1.8	1.6	0.6	2.2	(0.8)	(1.7)	(2.5)	1.0	(1.3)	(0.3)	(90%)

Key Statistics And Ratios (\$M)	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Net Flows	(81.2)	(80.8)	(162.0)	65.8	30.2	96.0	80.0	169.3	249.3	153.1	32.8	185.9	(25%)
Master Trust	(70.9)	(65.7)	(136.6)	(52.6)	(41.1)	(93.7)	(45.4)	(37.2)	(82.6)	(34.0)	(481.9)	(515.9)	Large
WealthSolutions	(10.9)	(18.4)	(29.3)	50.4	16.6	67.0	(60.0)	(34.8)	(94.8)	(47.5)	(51.9)	(99.4)	5%
WealthSolutions ²	—	—	—	—	—	—	110.9	183.2	294.1	193.0	83.1	276.1	(6%)
WealthFoundations	0.9	15.0	15.9	73.6	68.7	142.3	80.4	76.6	157.0	40.6	479.4	520.0	Large
External Platforms	(0.3)	(11.7)	(12.0)	(5.6)	(14.0)	(19.6)	(5.9)	(18.5)	(24.4)	1.0	4.1	5.1	(121%)
Total FUM (\$B)	2.6	2.8	2.8	2.9	2.8	2.8	3.0	3.4	3.4	3.6	3.3	3.3	(4%)
Master Trust	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.1	0.1	(81%)
WealthSolutions	1.2	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.2	1.2	(17%)
WealthSolutions ²	—	—	—	—	—	—	0.1	0.3	0.3	0.5	0.6	0.6	75%
WealthFoundations	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.8	0.9	1.3	1.3	54%
External Platforms	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	(13%)
Cost to Income Ratio	42.4 %	46.4 %	44.3 %	44.5 %	42.4 %	43.5 %	53.2 %	56.1 %	54.6 %	50.9 %	70.3 %	59.9 %	

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 FY21 to FY22.
3. Variable expense include the platform fee payable on WealthSolutions and the intra fund advice fee paid to the Financial Advice segment on the Traditional (Master Trust) product. The internal advice fee ceased from transition of the traditional product to WealthFoundations in 2H FY22.

Listed/ Group Segment

12 Months to June 2022 (\$M) ¹	2019			2020			2021			2022			% Change ²
	1H	2H	FY19	1H	2H	FY20	1H	2H	FY21	1H	2H	FY22	
Other income											0.7	0.7	Large
Operating expenses	(0.7)	(0.6)	(1.2)	(0.6)	(0.7)	(1.4)	(0.7)	(0.4)	(1.2)	(0.7)	(0.8)	(1.6)	35 %
BU Operating Earnings (before tax)	(0.7)	(0.6)	(1.2)	(0.6)	(0.7)	(1.4)	(0.7)	(0.4)	(1.2)	(0.7)	(0.2)	(0.9)	(23)%
Income tax (expense) / benefit	—	(0.1)	—	0.1	0.1	0.3	—	—	—	0.1	(0.1)	0.1	Large
BU Operating Earnings (after tax)	(0.6)	(0.7)	(1.3)	(0.5)	(0.6)	(1.1)	(0.7)	(0.4)	(1.2)	(0.6)	(0.2)	(0.8)	(28)%
Net underlying investment income	(0.1)	(0.2)	(0.3)	(0.2)	(0.3)	(0.4)	(0.7)	(1.3)	(1.9)	(1.3)	(1.2)	(2.5)	30 %
Equity accounted investment in minority interest (Financial Advice)	—	—	—	—	—	—	—	—	—	0.2	0.3	0.5	Large
Underlying NPAT	(0.7)	(0.8)	(1.5)	(0.7)	(0.9)	(1.6)	(1.4)	(1.7)	(3.1)	(1.6)	(1.1)	(2.8)	(9)%
Cost Out Program Implementation Costs	—	(1.5)	(1.5)	1.1	(0.2)	0.9	—	—	—	—	—	—	
Direct Closure, Remediation Program and Royal Commission Costs	(1.9)	1.5	(0.4)	—	0.3	0.3	—	—	—	—	—	—	NM
Impairments	—	—	—	—	—	—	—	—	—	(0.8)	—	(0.8)	NM
Sale of Advice Business	—	—	—	—	—	—	—	—	—	11.8	(0.3)	11.5	Large
Strategic Review Costs	—	—	—	—	—	—	—	—	—	(2.0)	(0.4)	(2.4)	Large
Other costs	(1.5)	1.5	—	—	(0.2)	(0.2)	—	—	—	—	—	—	NM
Reported NPAT	(4.2)	0.8	(3.4)	0.4	(1.0)	(0.6)	(1.4)	(1.7)	(3.1)	7.4	(1.8)	5.5	Large

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 FY21 to FY22.



**Balance Sheet,
Embedded value
and capital position
at 30 June 2022**

Balance sheet as at 30 June 2022



Commentary²

Net Asset and Capital Position

- Net assets (pre-ESP loans) of \$481.1m, includes uplift from sale of financial advice businesses
- Surplus capital above internal benchmarks of \$25.8m⁶

Cash, debt and investments

- Net cash and investments position of \$414.2m
 - Cash and cash equivalents of \$119.0m; \$385.1m invested in highly rated fixed income securities
 - \$16m drawn down under \$60m debt facility; \$75m Tier 2 capital raised reflected as subordinated debt (net of costs)
- Investment in associate of \$13.7m

Goodwill and intangibles

- Goodwill of \$12.5m supported by life and wealth CGUs
- Intangibles of \$17.4m relates to capitalised software costs associated with life insurance systems development and contemporary wealth platform

Life Insurance policy liabilities

- Life insurance policy liability decrease reflecting change in the life insurance business (DAC), interest rate effects between periods and implementation of incurred claims treaties

Receivables

- Includes CRP receivable \$3.3m, net of \$0.6m provision.

Consolidated Balance Sheet (shareholder view)¹

	FY22	FY21
Assets		
Cash and cash equivalents	119.0	158.7
Investments	385.1	304.5
Investment in associate	13.7	—
Receivables	35.2	33.2
Deferred tax asset	4.9	6.8
Property, Plant & Equipment	0.5	0.7
Right of use asset	10.5	14.5
Goodwill	12.5	12.5
Intangibles	17.4	7.7
Total assets	598.8	538.6
Liabilities		
Payables	49.4	42.9
Current tax liability	(2.1)	(3.0)
Lease liability	11.2	14.0
Provisions	6.3	7.6
Life insurance ³	(37.0)	(72.8)
Borrowings ⁴	16.0	16.0
Subordinated debt ⁵	73.9	73.5
Deferred tax liabilities	—	0.9
Total liabilities	117.7	79.2
Net assets	481.1	459.4

Notes

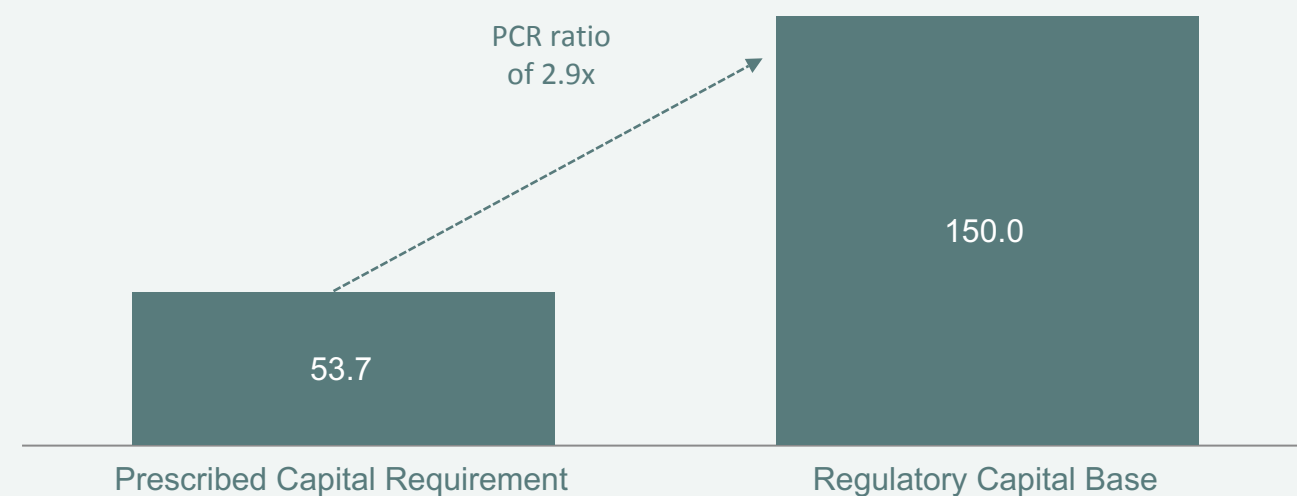
1. Shareholder view excludes the life investment contracts (i.e., unit linked business), deconsolidated retail unit trusts and reflects fees earned by the shareholder less expenses incurred.
2. As at 30 June 2022 unless otherwise stated
3. Life Insurance asset reflects insurance liabilities net of the future recoverability of the deferred acquisition cost (DAC) in accordance with the accounting standards.
4. ClearView has access to a \$60m debt funding facility, \$16m drawn at 30 June 2022.
5. ClearView raised \$75m (net of \$1.1m of costs) of Tier 2 capital in November 2020.
6. Net capital position of \$25.8m as at 30 June 2022 includes a working capital reserve of \$0.5m that is released as the negative cash flows arise, after which time the underlying business becomes self funding.

Capital position at 30 June 2022

Group Capital Position Bridge - \$m



Group Regulatory Capital Coverage (\$M)



Commentary

- Net capital position above internal benchmarks of \$25.8m
- Intangible adjustment includes the removal from the capital position of goodwill (\$12.5m), intangibles (\$17.4m), CRP receivable (\$2.9m) and Tier 2 capital raising costs (\$1.1m)
- Capital base adjustments include removal of deferred acquisition costs (\$370.9m) and deferred tax assets (\$1.3m) that are not permitted to be counted in the regulatory capital base
- Regulatory capital base includes \$75m of Tier 2 subordinated notes issued in November 2020
- Incurred claims treaty for income protection now in place that addresses reinsurance asset concentration risk in medium term⁴
- Prescribed capital requirement includes APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures
- Capital backed by net cash and investments of \$414m
- Prior to payment of FY22 cash dividend and includes capital uplift from sale of financial advice businesses

Notes

1. Net Assets as at 30 June 2022 excluding ESP Loans. Net assets include the deferred acquisition costs (DAC) component of insurance policy liabilities. Includes right of use asset.
2. Intangible adjustments relate to goodwill, acquired intangibles and capitalised software. As a result of the transfer of ClearView LifeSolutions Risk Only Division to HTFS Nominees Pty Limited as trustee of HUB24 Super Fund, it is anticipated that CRP will be able to generate future net taxable income. Prior years carried forward tax losses should be able to be offset by taxable income and reducing the tax liability of CRP, and hence the amount receivable from CRP. As at 30 June 2022, the Group held a receivable amount from CRP of \$2.9m (30 June 2021 \$9.0m). It is expected that the receivable amount will be recoverable in the foreseeable future as CRP continues to generate future taxable income. The recoverability of the receivable from CRP will continue to be assessed at each reporting period.
3. Reserved capital includes the minimum regulatory capital, APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve (\$0.5m at 30 June 2022) held to support the capital needs of the business beyond the risk reserving basis.
4. ClearView has implemented an incurred claims treaty with Swiss Re for lump sum and income protection business, where claims (including reserve components) are paid when a claim is incurred which reduces the concentration risk exposure. \$70m letter of credit with Swiss Re implemented with effect from 30 June 2022. There is no Asset Concentration Risk charge under LPS 117 relating to the Swiss Re exposure as at 30 June 2022.

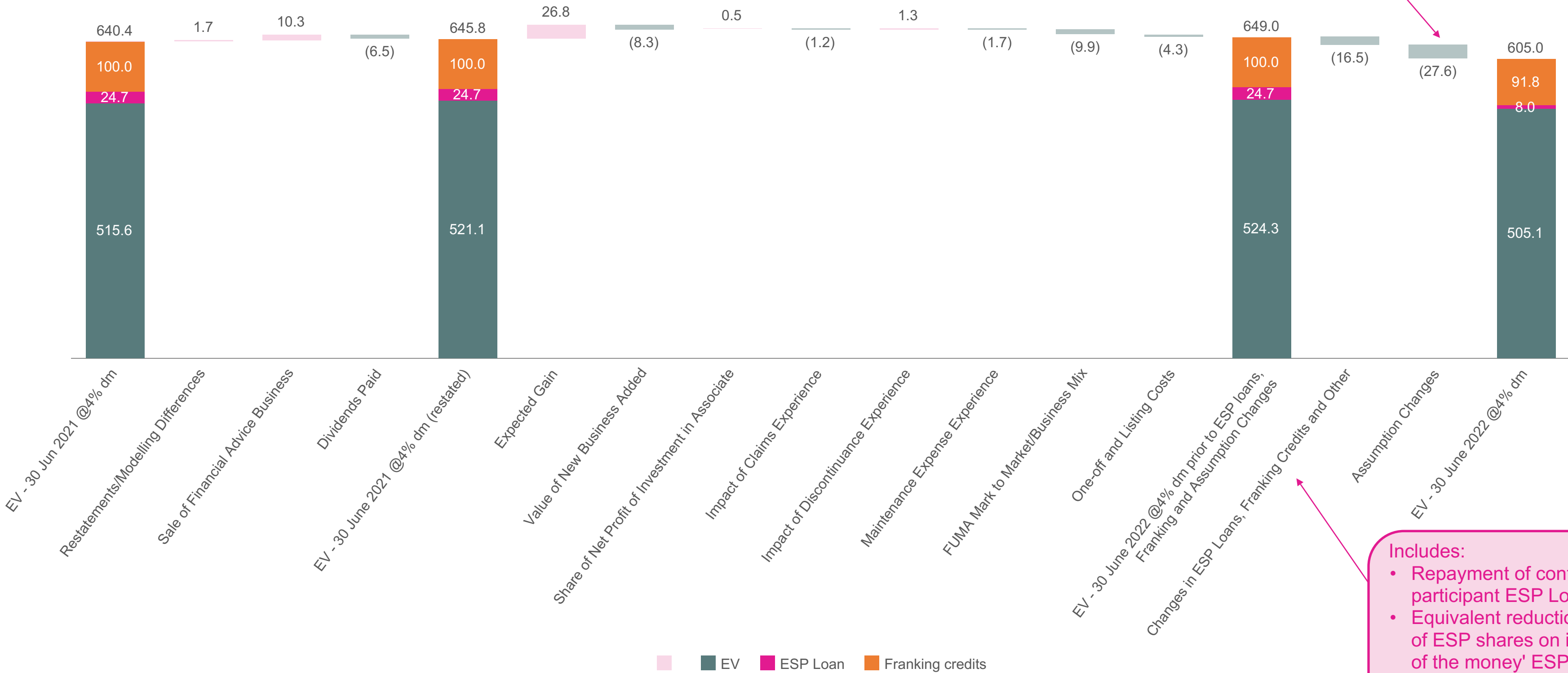
Embedded Value movement analysis



Includes:

- Net impact from increase in risk free rate to 3.5% (-\$18.8m)
- Change in claims (including COVID-19 allowances), shock lapse assumptions (-\$3.5m)
- PV of expense overruns aligned to system timeline (-\$5.3m)

Embedded Value^{1,2} Waterfall: FY21-FY22 (\$M)



Includes:

- Repayment of contractor participant ESP Loans
- Equivalent reduction in number of ESP shares on issue for 'out of the money' ESP shares
- Reduction in PV of future franking credits

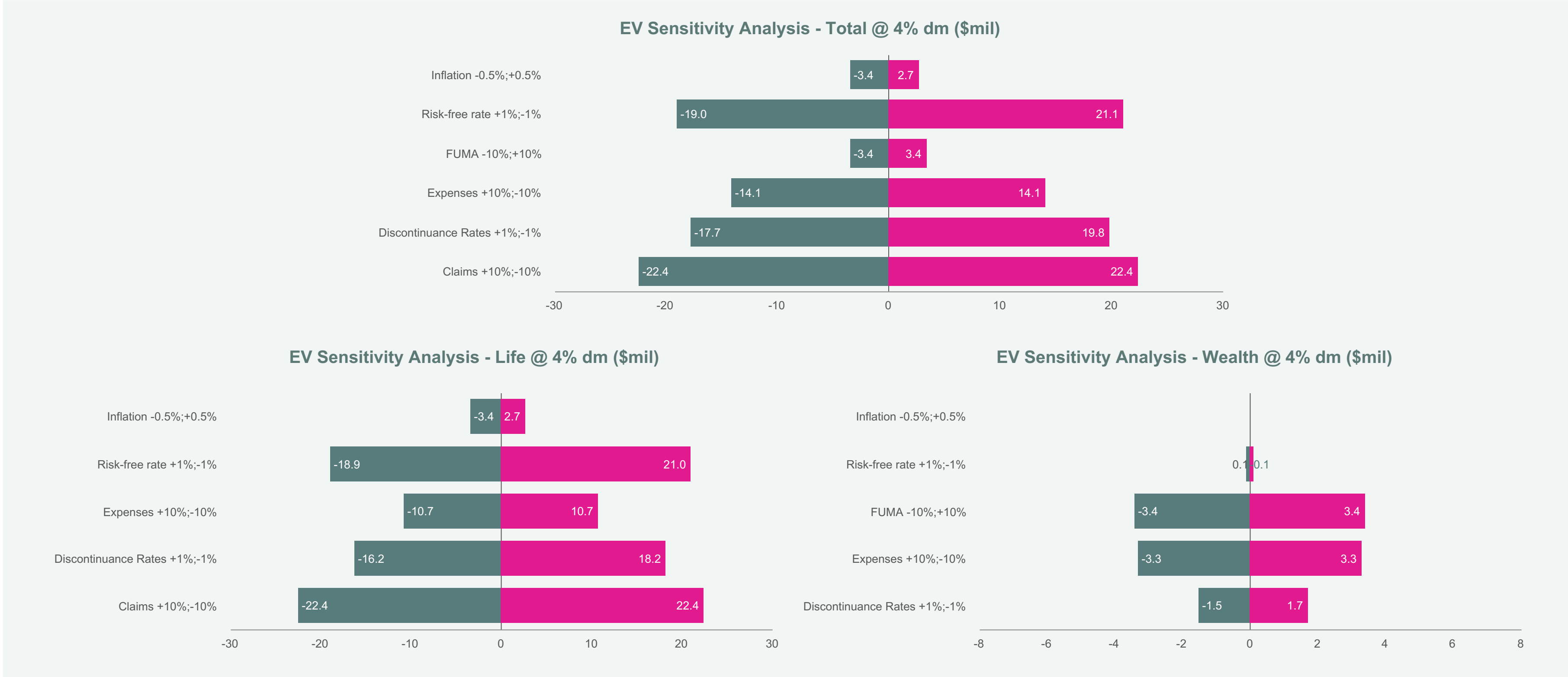
Notes

1. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans. Risk free rate of 3.5% adopted in FY22 (FY21:2%)
 2. Further planned staggered premium rate changes and related shock lapse assumptions across the LifeSolutions in-force portfolio have been allowed for in policy liabilities and EV calculations at 30 June 2022.

EV movement analysis @ 4% DM by segment at 30 June 2022

MOVEMENT ANALYSIS @ 4% dm	Life	Wealth	Advice	Other	Total
EV - 30 June 2021 @ 4% dm (As Published) incl Franking Credits and ESP Loans	548.0	55.8	11.4	25.2	640.4
Restatements/modeling difference	1.2	0.5	—	—	1.7
Sale of Financial Advice Business	—	—	(10.6)	20.9	10.3
Dividends paid	—	—	—	(6.5)	(6.5)
EV - 30 June 2021 @ 4% dm (Restated)	549.1	56.3	0.8	39.6	645.9
Movements to June 2022					
Expected Gain	26.6	2.7	—	(2.5)	26.8
Value of New Business Added	(7.0)	(1.3)	—	—	(8.3)
Share of net profit of investment in associate	—	—	—	0.5	0.5
Impact of claims experience	(1.2)	—	—	—	(1.2)
Impact of discontinuance experience	2.0	(0.7)	—	—	1.3
Maintenance expense experience	(0.6)	(1.2)	—	—	(1.7)
FUMA mark to market/Business mix	(2.6)	(7.2)	—	—	(9.9)
Listing costs and costs considered unusual to ordinary activities	(1.0)	—	(0.8)	(2.5)	(4.3)
EV - 30 June 2022 @ 4% dm (including Franking Credits and ESP Loans) prior to changes in ESP loans, franking credits and assumptions	565.3	48.6	—	35.1	649.0
Changes in ESP loans, franking credits and other	4.1	(2.4)	0.1	(18.3)	(16.5)
Assumption Changes	(27.4)	(0.2)	—	—	(27.6)
EV - 30 June 2022 @ 4% dm (including Franking Credits and ESP Loans)	542.0	46.0	0.1	16.8	605.0

EV sensitivity analysis @4% DM¹



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). "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 FY22 EV is 3.5% (30 June 2021: 2%).

Group net assets and capital analysis at 30 June 2022



Group Capital Position as at 30 June 2022 (\$M)	Life	Wealth	Other	APRA Regulated Entities	Wealth	ASIC Regulated Entities	All Regulated Entities	NOHC ⁵ / Other	Group
Net assets at 30 June 2022 ¹	458.1	10.9	4.3	473.3	7.8	7.8	481.1	—	481.1
Intangible adjustments ²	(14.1)	(2.7)	—	(16.8)	(0.5)	(0.5)	(17.3)	(16.6)	(33.9)
Net assets after intangible adjustments	444.0	8.2	4.3	456.5	7.3	7.3	463.8	(16.6)	447.2
Capital Base Adjustment:									
Deferred Acquisition Costs (DAC)	(370.9)	—	—	(370.9)	—	—	(370.9)	—	(370.9)
Other Adjustments to Capital Base	(1.0)	—	—	(1.0)	—	—	(1.0)	(0.3)	(1.3)
Tier 2 Capital	30.0	—	—	30.0	—	—	30.0	45.0	75.0
Regulatory Capital Base	102.2	8.1	4.3	114.6	7.2	7.2	121.8	28.2	150.0
Prescribed Capital Requirement ³	(42.1)	(3.4)	(3.3)	(48.7)	(5.0)	(5.0)	(53.7)	—	(53.7)
Available Enterprise Capital	60.2	4.7	1.0	65.9	2.2	2.2	68.1	28.2	96.2
Enterprise Capital Benchmark (ECB)³									
Working Capital	(0.5)	—	—	(0.5)	—	—	(0.5)	—	(0.5)
Risk Capital ⁴	(53.1)	(2.9)	—	(56.1)	(1.3)	(1.3)	(57.4)	(12.5)	(69.9)
Net capital position	6.5	1.7	1.0	9.3	0.9	0.9	10.2	15.7	25.8

Reconciliation of net assets to net capital position	Life	Wealth	Advice	Other	Total
Net Assets	458.1	18.7	—	4.3	481.1
Capital included in VIF	(441.5)	(15.1)	—	(10.6)	(467.3)
Net Worth	16.6	3.5	—	(6.3)	13.8
Overhead & New Business Capital	(40.1)	(0.9)	—	(22.0)	(63.0)
Net capital position (before Tier 2 capital)	(23.5)	2.6	—	(28.3)	(49.2)
Tier 2 Capital	30.0	—	—	45.0	75.0
Net capital position as at 30 June 2022	6.5	2.6	—	16.7	25.8

1. Net Assets as at 30 June 2022 excluding Employee Share Plan Loans. Net assets include the deferred acquisition costs (DAC) component of insurance policy liabilities and right of use asset arising from leases.

2. Intangible adjustments relate to goodwill, acquired intangibles and capitalised software. It also includes a \$2.9m receivable from the ClearView Retirement Plan (CRP). As a result of the transfer of ClearView LifeSolutions Risk Only Division to HTFS Nominees Pty Limited as trustee of HUB24 Super Fund, it is anticipated that CRP will be able to generate future net taxable income. Prior years carried forward tax losses should be able to be offset by taxable income and reducing the tax liability of CRP, and hence the amount receivable from CRP. As at 30 June 2022, the Group held a receivable amount from CRP of \$3.3m (30 June 2021 \$9.0m). It is expected that the receivable amount will be recoverable in the foreseeable future as CRP continues to generate future taxable income. The recoverability of the receivable from CRP will continue to be assessed at each reporting period.

3. Reserved capital includes the minimum regulatory capital, APRA supervisory adjustment for ClearView Life as part of IDII sustainability measures, risk capital which is additional capital held to address the risk of breaching regulatory capital and a working capital reserve (\$0.5m at 30 June 2022) held to support the capital needs of the business beyond the risk reserving basis.

4. As at 30 June 2022, risk capital is held in regulated entities at 97.5% probability of adequacy (POA). Risk capital at 99% POA is held in the NOHC⁵

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

6. ClearView has implemented an incurred claims treaty with Swiss Re for lump sum and income protection business, where claims (including reserve components) are paid when a claim is incurred which reduces the concentration risk exposure. \$70m letter of credit has been implemented with effect from 30 June 2022. There is no Asset Concentration Risk charge under LPS 117 relating to the Swiss Re exposure as at 30 June 2022.



Impact of ESP Shares

Impact of Employee Share Plan (ESP) shares

Per share calculations

Year ended 30 June 2022	FY22
Number of shares on issue (m)	642.9
ESP shares on issue (m)	13.4
Shares on issue to calculate NAV per share (A)	656.3
Net assets (\$m)	481.1
ESP loans (\$m)	8.0
Proforma net assets (\$m) (B)	489.1
Fully diluted NAV per share = (B)/(A)	74.5 cents
Underlying NPAT (continuing operations) (\$m)	26.4
Fully diluted underlying NPAT per share	4.07
Reported NPAT (\$m)	21.2
Reported diluted NPAT per Share	1.73 cents

- ESP loans are a limited recourse loan that is accounted for as an option and not reported as a receivable on the Balance Sheet as at the reporting date
- There are 18.1m ESP shares on issue in total (and included in the total shares on issue of 661.1m) with \$10.9m ESP loans receivable at 30 June 2022 (June 21: \$24.7m)
- Based on the 90 day VWAP share price of 75 cents per share at 30 June 2022, of the remaining ESP shares on issue, 13.4m ESP shares are considered to be 'in the money' with a ESP loan recoverable balance of \$8.0m
- Once forfeited, 4.7m 'out of the money' ESP shares would therefore be bought back and cancelled at the lower of issue price or ESP loan value, thereby reducing the total shares on issue to 656.4m shares
- As such, \$8m of ESP loans have been added to the net assets and 656.4m shares on issue have been used for the purposes of calculating the net asset value per share (and in the EV calculations)
- On a fully diluted basis, net of treasury shares, a further 7.3m performance and restricted rights can be converted into ordinary shares - these have been excluded for the purposes of the calculation

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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