

Market Release

10 November 2022

ClearView Wealth Limited 2022 Annual General Meeting addresses to shareholders

ClearView Wealth Limited (ASX: CVW, ClearView) will address shareholders today at its hybrid Annual General Meeting (Meeting) to be held at 10.00am.

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's address and Managing Director's address that will be delivered at the Meeting.

ENDS

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Approval of Announcement

The Continuous Disclosure Committee of ClearView have authorised the release of this announcements to the market.

About ClearView

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The Group's two business segments: Life Insurance and Wealth Management are focused on delivering quality products and services.

For more information visit clearview.com.au

ClearView Wealth Limited
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ClearView Wealth Limited Annual General Meeting 2022

Addresses to shareholders | 10 November 2022

Chairman's address

Mr Geoff Black, Chairman

On behalf of the Board, welcome to ClearView's Annual General meeting. It is great to welcome some of you in person and thank you also to those joining us online.

It seems we have learned to live with Covid and we are getting back to some degree of normality although the long term impact of Covid is unknown and we remain cautious in our outlook.

We now, however, face additional economic threats brought about by rapidly rising inflation, escalating interest rates, and external energy shortages caused by the war in the Ukraine. The resulting pressure on household budgets has caused global financial markets to decline materially and impacted consumer and business confidence.

Financial stress has an impact on claims and the affordability of life insurance is tested when customers see their household budget affected by the rising cost of living. ClearView demonstrated through the dark days of the global pandemic that it is committed to supporting customers through difficult times. We see the current environment as another opportunity to meet or exceed customer expectations.

Positively, from a financial perspective, rising interest rates improve the yield on our portfolio, which is predominantly invested in short term fixed income securities.

I am proud of how ClearView has managed these past few years and I am confident we will continue to go from strength-to-strength. This, however, is not reflected in the share price and we continue to believe the business is materially under-valued, given the company is trading at around 62% of embedded value excluding franking credits.

The business, especially the Life Insurance business, is building strong momentum, which is reflected in the improved financial performance.

In FY22, ClearView reported a material improvement in every key financial performance metric. These positive improvements are the result of tough decisions made in recent years including the tightening of policy benefits, increasing premium rates, focussing on customer retention and the launch of our new sustainable ClearView ClearChoice product

series, which has been well received. We have also invested heavily to enhance our capability in claims management and risk management.

This momentum is continuing into 2023.

The Wealth business has faced significant headwinds. Poor investment markets have made attracting new contributions difficult. ClearView has held a very defensive outlook for some time and it is only in recent months that this has reflected in relative performance. In Wealth Management, we continue to simplify our product suite and migrate customers to more contemporary offerings. However, the Wealth business remains materially subscale and a drag on overall performance. The simplification transformation must continue and we are exploring options to improve financial outcomes.

Last year I outlined that ClearView would continue to execute its transformation program. I am pleased to report that the business has made solid progress towards its transformation goals.

This included expanding its distribution footprint and increasing new sales. In FY22, new business sales increased 24% on the previous corresponding period. This trend has continued through Q1 2023 with new business sales up 17% for the same period YTD.

We continue the implementation of our new life insurance platform. This has taken a little longer than planned driven by challenging logistical factors caused by Covid 19 in the early part of this calendar year. The project has solid momentum and we are now beginning to see some of the benefits flowing through, although these will not be fully realised until 2024.

We are also focused on enhancing the experience of our customers. In August, we completed the implementation of our market leading Wealth Management digital front end, increasing the ability for our Wealth customers to monitor their investments and manage their personal details online. We are working towards a similar offering for our life insurance customers.

In 2022, we completed the sale of our advice business to Centrepoint Alliance, retaining a 24.5% shareholding in CAF. Simon sits on the board of CAF and we see value being created through this investment

as the advice sector continues to consolidate. Our relationship with CAF also provides valuable insights that enables us to optimise our adviser support.

I would now like to make a few comments in relation to ClearView's strategic review.

Last week, ClearView announced the conclusion of the Strategic Review and provided a trading update.

After a thorough, competitive process, the Board decided not to proceed with any transaction.

ClearView will continue to operate as an ASX-listed financial services company.

Originally, when ClearView commenced the Strategic Review, the objectives were to:

- Determine the group's optimal future direction;
- Protect and enhance customer and policyholder outcomes; and
- Achieve a long-term shareholding base, including a potential change of control transaction.

While a number of interested parties participated in a due diligence process, the Board determined that it did not receive any proposals that represented appropriate value for control of ClearView, particularly given the group's continued improvement in performance.

In the quarter to 30 September 2022, ClearView performed strongly and to expectation.

The business is on track to achieve growth in Group Underlying Net Profit after Tax in FY23 in the range to \$28.5m to \$30.0m.

How do we see the future at ClearView?

ClearView continues to focus on growing its life insurance business. Future growth will be underpinned by the continued evolution of ClearView ClearChoice as an attractive and sustainable offering, and the efficiencies generated through the maturing of our administration platform supported by a high performing team.

ClearView is also focused on further simplifying the Wealth Management business, which may include outsourcing services to business partners.

Looking ahead, we will continue to strengthen our risk management and compliance capability, including our continued focus on cyber security and data protection. The Board is very aware of the organisation's responsibilities and the importance of having strong controls in this area.

In 2023/24, ClearView's financial reports will look a little different as IFRS17 will become the standard by which we report our financial results. This is a significant change and work is being undertaken to ensure the transition is as seamless as possible, however, there will be comparability challenges in respect to prior years.

ClearView continues to proactively manage its capital requirements. A strong capital position enabled the board to increase the dividend from 1c to 2c per share this year. This is slightly under the mid-point of the target payout range and reflects the board's position in seeking to pay dividends at sustainable levels.

Finally, I would like to thank my fellow Board members for the work they have done this year. Their support and dedication throughout the year was much appreciated.

I would also like to thank Simon and his team. Despite ongoing disruption in 2022, their resilience and passion for the business showed through in the momentum we now have and the results that are starting to flow through.

In particular, I would like to acknowledge the many hours the executive team has spent preparing presentations, supporting due diligence activity and other activities supporting the strategic review.

We are excited about the future and look forward to your continued support.

I will now hand over to Simon for his presentation.

Managing Director's address

Mr Simon Swanson, Managing Director

Thank you Geoff.

There is nothing boring about working in financial services.

We are in the middle of yet another financial advice review. This is just one year on from the introduction of ASIC's Design and Distribution Obligations and the industry-wide launch of new life insurance products.

Treasury's Quality of Advice Review is an important opportunity to improve the accessibility and affordability of personal financial advice and ClearView is broadly supportive of the proposals to date.

We believe a move to more principles-based regulation is appropriate for the emerging financial advice profession.

I note the recent release of the Quality of Advice Review's Conflicted Remuneration Consultation Paper.

We are pleased that Treasury's observations in relation to Life Insurance commissions are consistent with ClearView's longstanding position that consumers should be able to choose how they pay for life insurance advice, be that a fee, a commission or a combination of both.

The proposal to retain the existing exemption for life insurance products recognises the important role of commissions in solving the advice affordability and accessibility puzzle.

We commend Treasury's commitment to working with the industry to ensure sensible, workable reforms that encourage more Australians to seek professional advice.

In the current environment of rising interest rates, inflation and heightened market volatility, it is imperative that personal advice is accessible to more Australians.

Uncertain times are often a catalyst for people seeking advice on how to protect and manage their wealth.

It is in times like this - with global economic and political instability, and the rising cost of living - advisers can add a lot of value not only in terms of guidance on budgeting, superannuation and investments, and life insurance but also reassurance and emotional support.

At ClearView, the holistic wellbeing of our customers is a key priority, reflecting our purpose to support Australians to achieve their financial and wellbeing goals while being a positive force for our staff, community and the environment.

That vision lies at the heart of our Corporate Social Responsibility strategy, which reinforces our commitment to our:

- People;
- Customers and business partners;
- Community;
- Shareholders; and
- Environment.

ClearView is an organisation that is committed to being a good corporate citizen.

We strongly believe that responsible behaviour delivers better stakeholder outcomes and increases long-term capital value.

I am pleased that ClearView remains on track to achieve its short-to-medium term objectives.

In Financial Year 2022, Operating Earnings after Tax increased by 22% to \$28.0 million. Underlying NPAT from continuing operations, which includes the underlying investment income and interest cost on corporate debt, increased 22% to \$26.4 million.

As stated in our full year results in August, ClearView's solid performance was underpinned by steady growth in our in-force life insurance portfolio and strong underlying claims and lapse experience.

ClearView's new business volumes also increased by 24% to \$20.2 million in FY22 and we are now achieving circa 7%-8% market share of quotes in the IFA market, since the launch of the new ClearView ClearChoice product.

Looking ahead, we continue investing in people, processes and technology, as part of our transformation journey. We want to ensure we remain easy to do business with, and lay a strong foundation for future growth.

Our new policy administration system, which was launched in October last year, continues to evolve, with regular enhancements and upgrades scheduled over the next 12-24 months.

All things being equal, the rising interest rate environment is positive for ClearView. We benefit from a higher return on capital and relatively lower claims costs.

Furthermore, the built-in indexation benefit that is available to contemporary life insurance customers not only ensures their cover keeps pace with inflation, it also provides inflation-protection for ClearView. As a result, it improves the profitability of some product lines.

In Wealth Management, our superannuation and investment portfolios are conservatively positioned, reflecting the older age and risk tolerance of many of our customers.

August marked the successful launch of our new Wealth portals including an adviser portal and customer portal. Developed in consultation with our customers and business partners, the Wealth portals deliver an enhanced digital experience including a new online application process, access to tools and calculators, and the ability for customers to self-service.

Currently, we are undertaking a review of the Wealth business to determine the best way to take that segment forward.

As Geoff mentioned and you may have seen, last week we announced the conclusion of the Group's Strategic Review.

The Board determined that it did not receive any proposals that represented appropriate value for control of ClearView; particularly given the group's strong performance and the ongoing improvement in performance of the broader life insurance industry.

ClearView will remain an ASX-listed company and I'm excited about continuing to grow the business and take it forward.

Going through the Strategic Review process has been beneficial in that it provided useful insights and made us stronger as an organisation. As a result, we have identified a number of areas of opportunity and growth, which we intend to focus on.

It is important to note that ClearView has a solid financial base with the Embedded Value (which can be a proxy for intrinsic value) being 92 cents a share, including franking credits at the 30 June, 2022, or 78 cents a share excluding franking credits. The Embedded Value is by definition a conservative indicator of intrinsic value as it ignores both value created in the future from the existing business and any value that can be created from new lines of business.

With such a strong base, we believe the outlook for ClearView and the broader life insurance industry is positive. This is reinforced by our recent guidance for the year of an underlying profit after tax of \$28.5m to \$30m. This excludes any contribution from our investment in Centrepoint Alliance.

The life insurance market has shown strong resilience during a difficult period and we are now seeing growth accelerating through an improved regulatory outlook and return to industry profitability, driven by structural reforms focused on sustainability. These tailwinds are further supported by an increasing interest rate environment which is a further positive ClearView. More specifically, good claims and lapse management when combined with the points I have just made gives us much confidence that ClearView can continue to grow both profitably and strategically.

Finally, I would like to both acknowledge and thank Geoff and the Board for their support along with the executive team, the people of ClearView and the financial advisers who recommend us to their clients.