

Chief Executive's Presentation

20th May 2010

Nick Kirk CEO

calliden
group

Agenda

- 2009 Results
- 2010 Update

2009 Headlines

- **\$0.4m loss (\$9m profit in 2008) due principally to**
 - **Catastrophe and large claims c\$5.5m net**
 - **Reduction of c\$6m reduction in investment income vs 2008 (c \$2.5m reduction vs normalised year)**
 - **Liability adequacy test c \$1.4m**
- **9% growth in Gross Written Premium to \$218m**
- **8% average premium increase in 2nd half of 2009**
- **Gradual improvement in investment income in 2nd half 2009 due to**
 - **Strong 2nd half cash flow increasing investable funds**
 - **Increasing rate of return on investments**
- **Dividend of 1.0 cent per share fully franked paid in March 2010**

Financial Results - 2009

	31 Dec 2006	31 Dec 2007	31 Dec 2008	31 Dec 2009	<i>FY08 - FY09 % change</i>
Gross Written Premium	\$52 m	\$124m	\$200m	\$218m	9%
Profit / (Loss)	(\$2m)	\$1m	\$9m	(\$0.4m)	N/A
Total Assets	\$153m	\$392m	\$394m	\$432m	10%
Shareholders Equity	\$79m	\$95m	\$103m	\$100m	(3%)

Insurer Ratios (excluding statutory charges) - 2009

	31 Dec 2007	31 Dec 2008	31 Dec 2009	<i>From statutory accounts</i>		
	31 Dec 2007	31 Dec 2008	31 Dec 2009	31 Dec 2007	31 Dec 2008	31 Dec 2009
Gross Claims Ratio	69%	60%	93%	67%	55%	85%
Net Claims Ratio	64%	62%	66%	61%	55%	55%
Net Acquisition Ratio	42%	39%	37%	43%	46%	47%
Combined Operating Ratio	106%	102%	103%	104%	101%	102%
Insurance Margin	1%	7%	1%	3%	6%	2%

Balance Sheet - 2009

\$Ms	31 Dec 2007	31 Dec 2008	31 Dec 2009
Assets			
Cash & Investments	\$ 165	\$ 142	\$ 128
Other Assets	\$ 196	\$ 208	\$ 254
Intangibles	\$ 31	\$ 44	\$ 50
	\$ 392	\$ 394	\$ 432
Liabilities			
Insurance Provisions	\$ 221	\$ 231	\$ 277
Borrowings	\$ 25	\$ 25	\$ 25
Other Liabilities	\$ 51	\$ 35	\$ 30
	\$ 297	\$ 291	\$ 332
Total Equity	\$ 95	\$ 103	\$ 100

Catastrophes and Large Claims Impact - 2009

Catastrophes

(including Black Saturday Melbourne Bushfires)

\$32.2m
(gross)



West Australian business
interruption loss

\$20.5m
(gross)



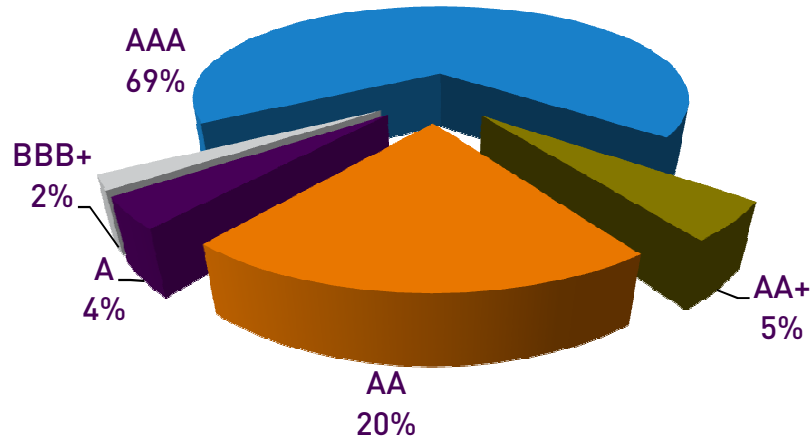
Net impact including reinsurance reinstatement costs after normalised cat allowance c \$5.5m

Investment Income - 2009

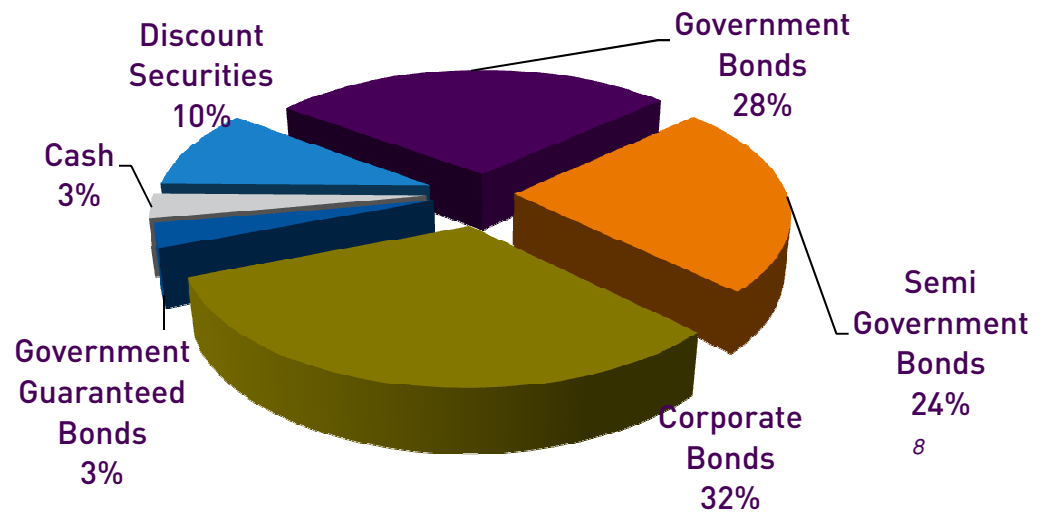
	2007			2008			2009		
	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	HY2 \$000's return	Annual Return
Investment Income	3,275	5,001	5.4%	3,406	9,081	9.0%	2,209	3,842	5.0%
JV Investment Income*	178	391	12.0%	803	755	28.8%	1,004	585	56%

* Includes dividends from JV's

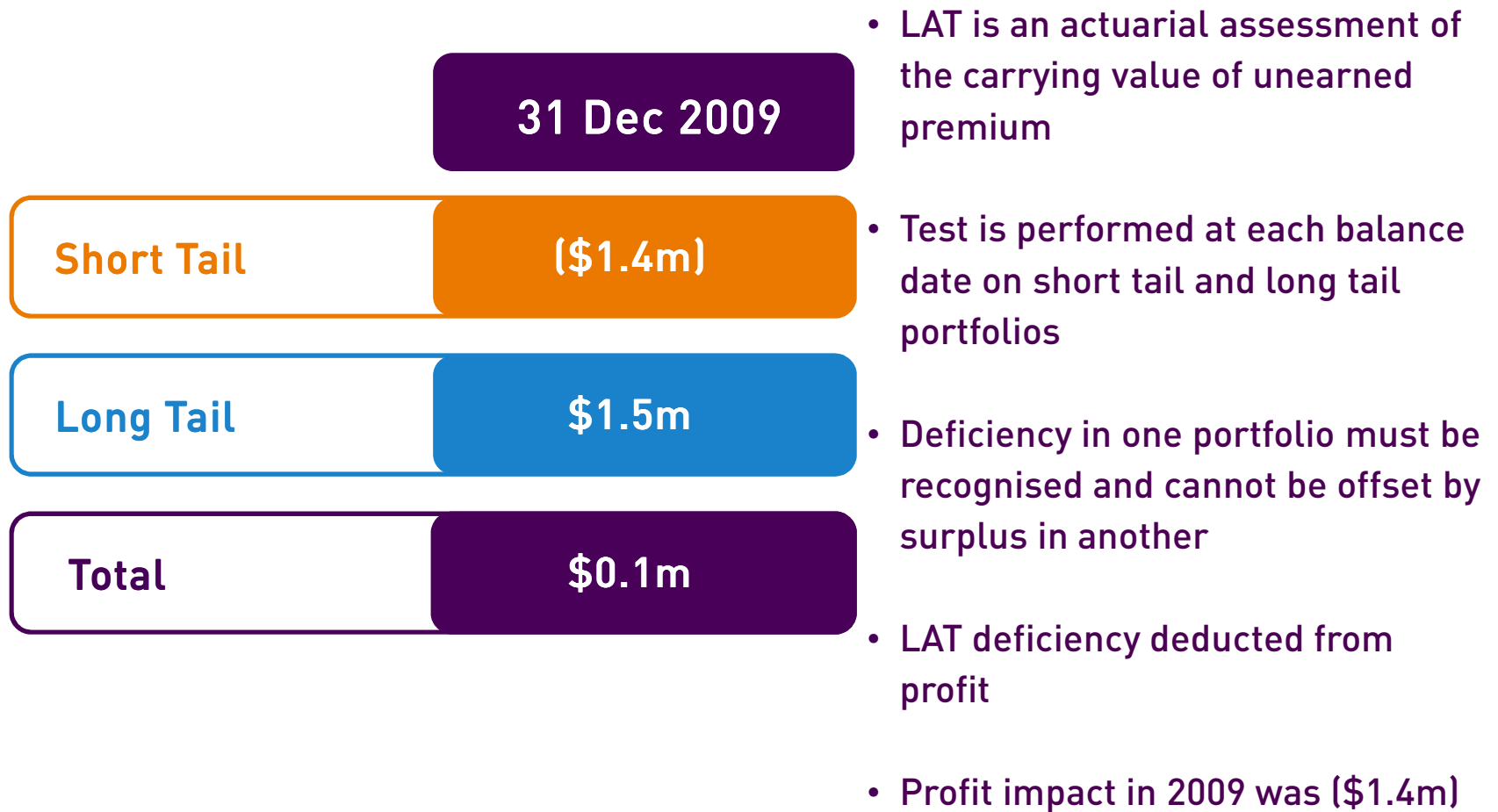
Investment Portfolio – by rating 31.12.09



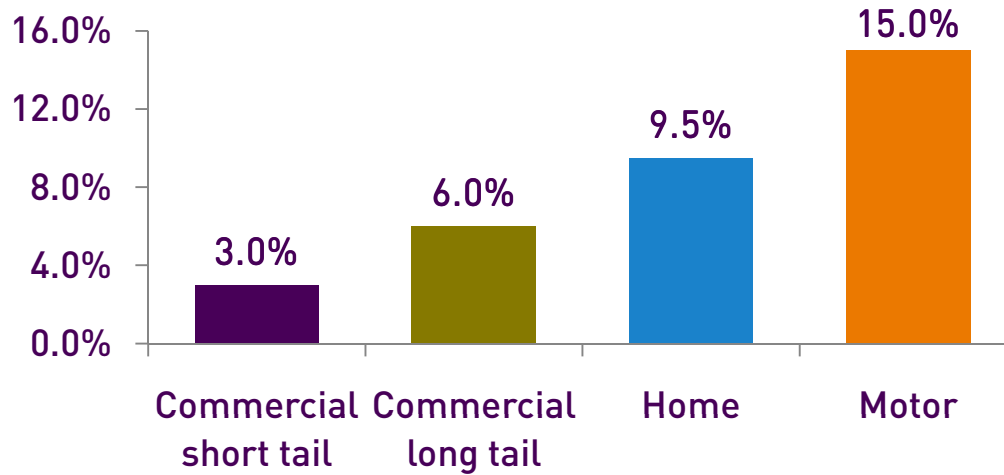
Investment Portfolio – by asset 31.12.09



Liability Adequacy Test - 2009



Price Rises - 2009

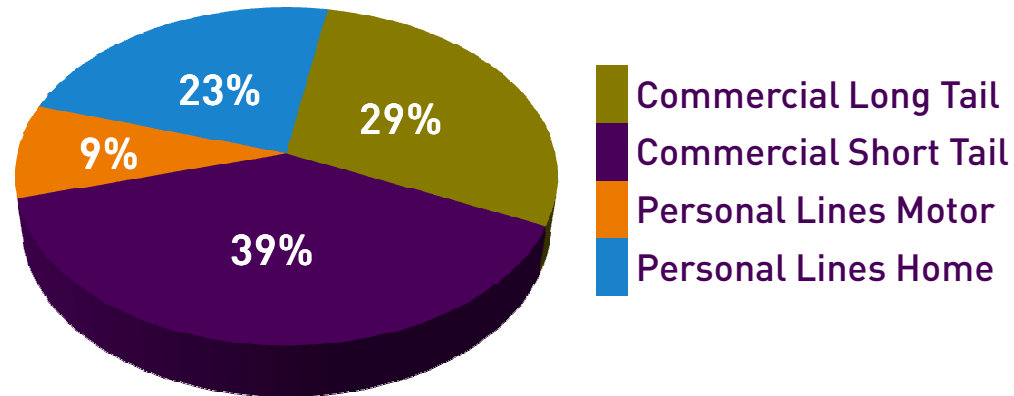


Price Movement

2nd Half 2009 vs 2nd Half 2008

- 8% overall premium increase in 2nd Half 2009
- Further modest price increases continue in 2010
- Focus on regional & rural underwriting and risk selection

Business Mix by Gross Earned Premium



2010 Update

- Catastrophe Experience in 1st quarter
- Legal Proceedings
- Reinsurance
- IT Systems
- Productivity
- Investments

2010 Update – Major Weather Events

1st Quarter Hail and Storms

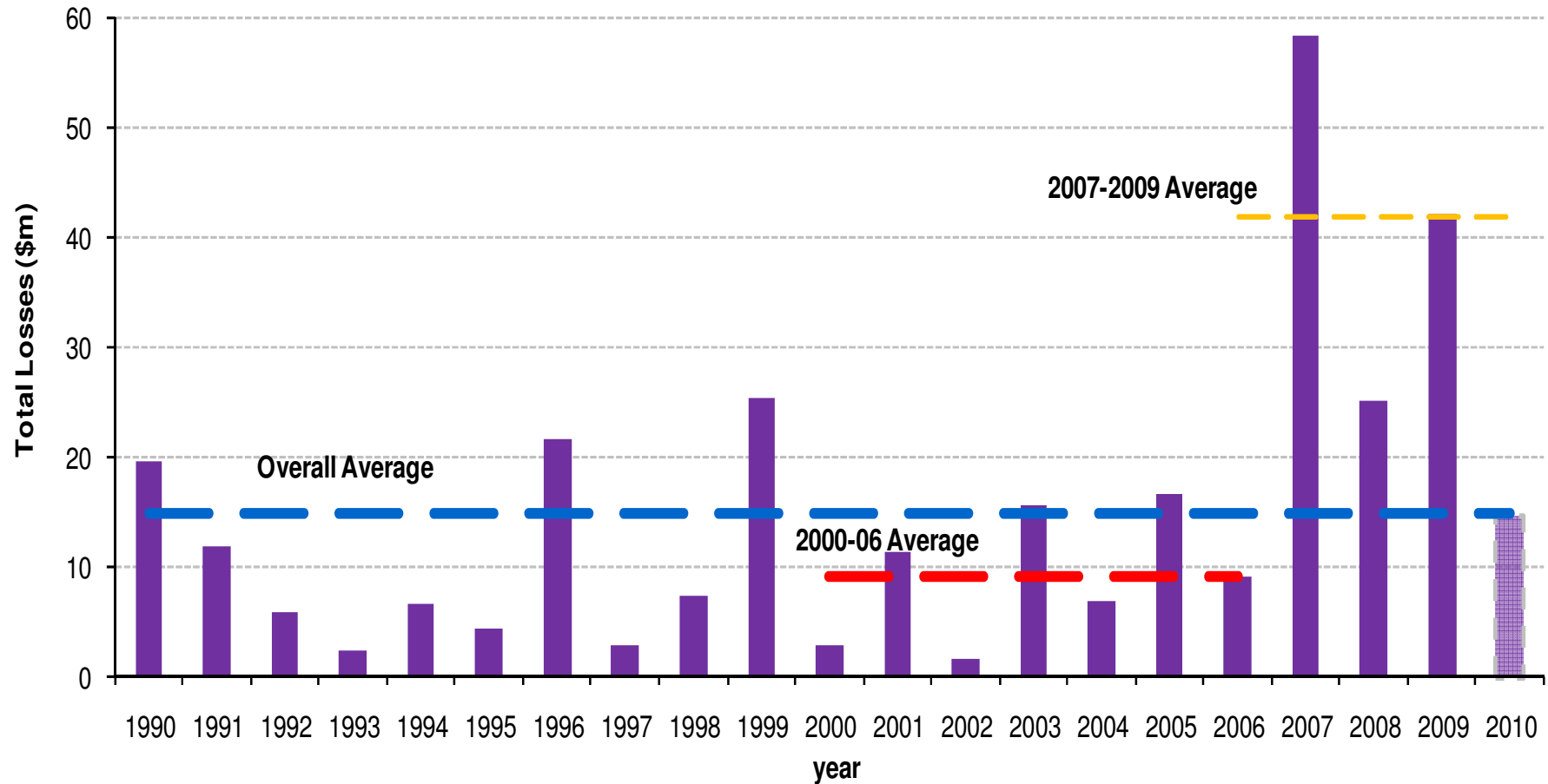
	Calliden		Industry	
	No. of Claims	Current Loss Estimate Gross	No. of claims	Current Loss Estimate
Melbourne – 6 March	1,573	\$11.4m	125,178	\$915m
Perth – 22 March	908	\$7m	143,451	\$932m

Calliden's reinsurance programme reduces the net cost of claims to \$4m (\$2m per event).



2010 Update – Catastrophe Experience

Calliden Gross pro forma experience - Modelled on Industry data



2010 Update – Catastrophe Experience

Seasonality

Quarter	Calliden Actual Net Incurred	Industry Data Net Incurred	Calliden 2010 Expectation
Q1	31%	38%	35%
Q2	23%	15%	15%
Q3	0%	6%	5%
Q4	47%	40%	45%

- Calliden expectation \$5m-\$7m in net cat claims
- Calliden within annual expectation but \$0.5m - \$1.5m over first half range
- Reinstatement premiums \$500k equal to our annual allowance
- Claims handling expense \$400k +/- our annual allowance
- Foregone investment income

2010 Update – Legal Proceedings

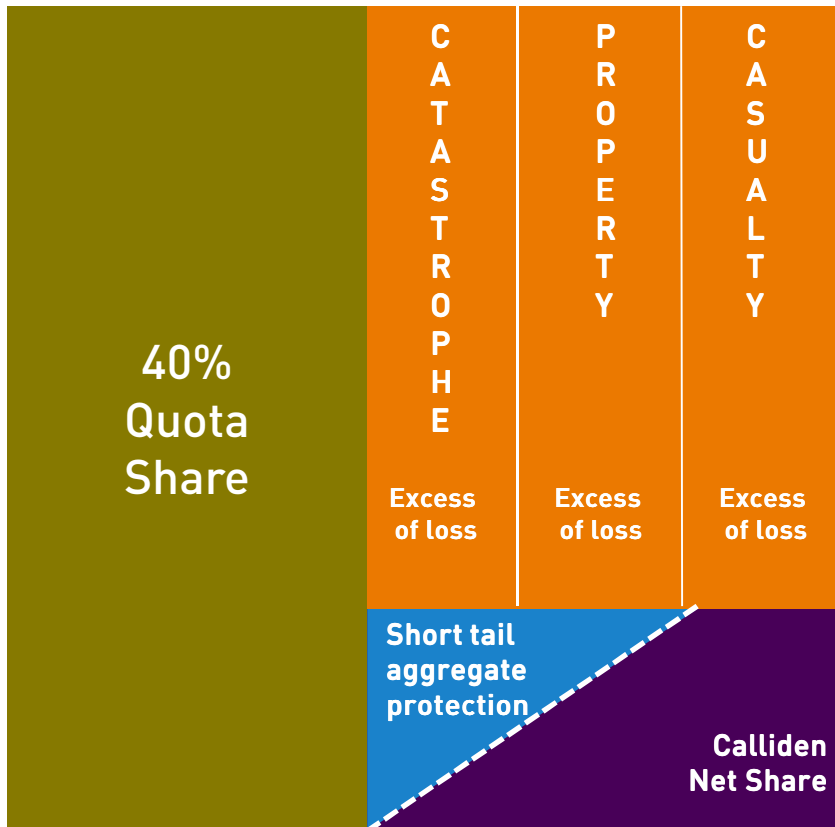
Calliden Group Limited v Australian Unity Limited

- Acquisition of AU General Insurance businesses 31 July 2007
- Completion Statement preparation
- On 13th April 2010 the Supreme Court of New South Wales found in favour of Calliden
 - Australian Unity's actuaries valuations were neither "broadly consistent with prior periods" nor in accordance with professional standards".
- Completion statements process now recommenced

2010 Update - Reinsurance

Gradual Increase of Risk Appetite

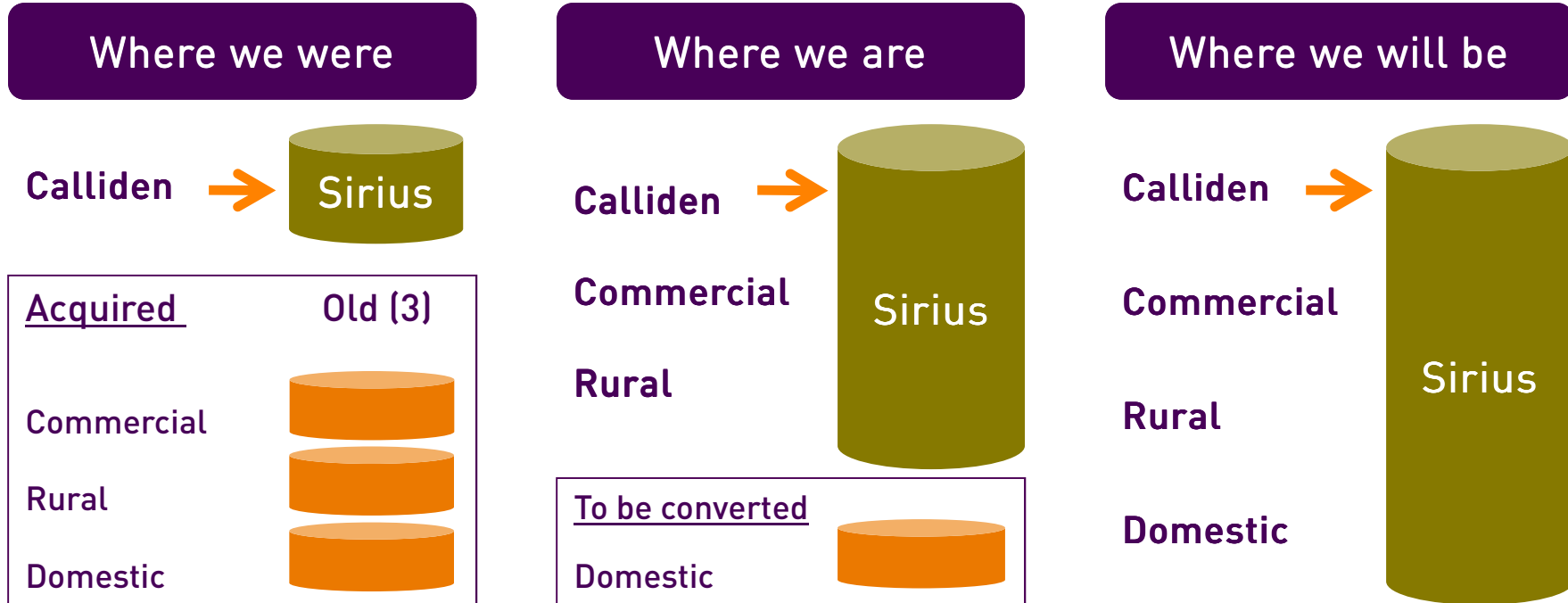
2010 consolidated reinsurance programme



- Quota share reduced to 40%
- Gradual increase in net exposure
- Increases net earned premium in 2010

2010 Update – IT Systems

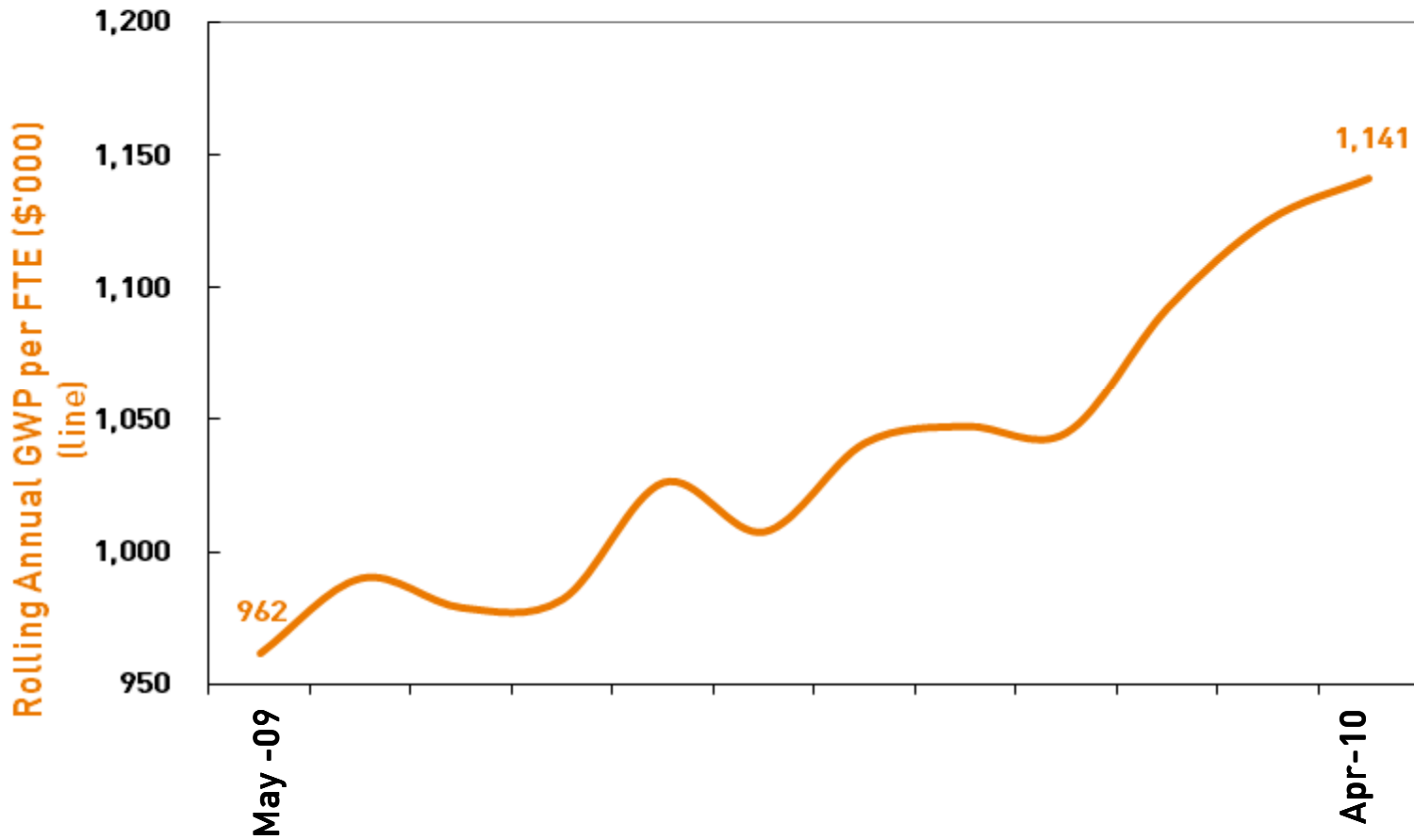
Second IT Conversion Completed, Final on Track



- Improved data and pricing information
- New data warehouse
- Cost reduction from a simpler platform
- Back office savings 2011 and beyond

2010 Update - Productivity

GWP per Full Time Equivalent Employee (FTE)



2010 Update - Investments

- Investment market volatility
- No equities exposure to date
- Investment return within 10% of budget
 - Mark to Market losses (March)
 - Mark to Market gains (May)
- Continued conservative position in uncertain environment



Summary 2010

- Melbourne and Perth storms net claims cost \$4m
- Within annual allowance but \$0.5m - \$1.5m over first half allowance
 - reinstatement premiums \$0.25m over first half
 - claims handling exposure \$0.25m over first half
- Investment returns year to date within 10% of budget
- Productivity gains beginning driven by systems conversions
- GWP growth on track
- Premium increases continue

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Disclaimer

The information contained in this presentation provides only a general overview. To the extent that the presentation contains forward looking statements, Calliden considers that the expectations reflected in these statements are reasonable. The statements are subject to known and unknown risk factors associated with the financial service industry which could cause actual results or trends to differ materially.

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