

Results Briefing - Full Year 2009

26th February 2010

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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.

The information is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Investors should seek appropriate professional advice in relation to their own objectives, financial situation and needs.

Conference call – dial in details

Friday 26th February at 8.30am (Australian Eastern Time)

Please note that to participate in this conference call you will need a touchtone phone

Dial in Numbers:

Australia	1800 701 269
New Zealand	0800 446 041
Singapore	800 6162 236
Japan	0053 1250 068
Hong Kong	800 968 831
United Kingdom	0808 234 7860
United States of America	1866 242 1388

- Approximately 10 minutes before the scheduled time, please dial the relevant number above.
- You will be greeted by an Operator and asked for your **CONFERENCE ID – 57181635.**
- You will then be placed in Listen Only (mute) mode with hold music until the conference is due to commence.
- At the start of the conference your line will be taken off hold music and you will be placed back in Listen Only mode.
- Should you wish to ask a question or make a comment please dial *1 (star one) to register your questions.
- Should you wish to cancel your question at any time then please dial *2 (star two).
- Please note that all questions will be answered at the conclusion of the presentation.
- If you are disconnected during the call then please redial your conference Dial In number.
- At any time during the call please dial *0 (star zero) for operator assistance.

Should you have any queries in regards to the above information then please contact katherine.formosa@calliden.com.au / + 61 2 9551 1102

2009 Headlines

- **\$0.4m loss due principally to**
 - catastrophe and large claims c \$5.5m net
 - c \$6m reduction in investment income vs 2008 (c \$2.5m vs normalised year)
 - liability adequacy test c \$1.4m
- **9% growth in Gross Written Premium**
- **8% average premium increase in the 2nd half of 2009**
- **Gradual improvement in investment income due to**
 - strong 2nd half cash flow increasing investable funds
 - increasing rate of return on investments

Financial Results

	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)

	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%	1.5%

Balance Sheet

\$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

- Well capitalised with the insurer at 2.1 times and the Group at 1.9 times minimum APRA capital
- Operating cash flow positive for the year with strong operating cash flows of \$14m in 2H
- Growth in other assets due to increased reinsurance recoveries of \$37m
- Intangibles increase reflecting systems conversion and purchase of IUA

Catastrophes and large claims impact 2009

Catastrophes

(including Black Saturday Melbourne Bushfires)

\$32.2m
(gross)



West Australian business
interruption loss

\$20.5m
(gross)



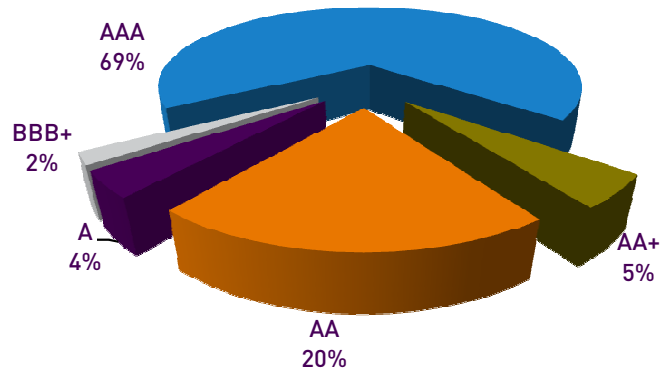
*Net impact including reinsurance reinstatement costs after normalised
cat allowance c \$5.5m*

Reduced investment income

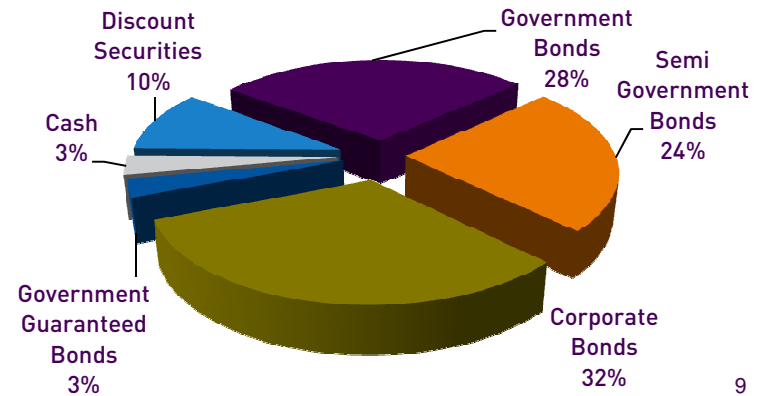
	2007			2008			2009		
	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	HY2 \$000's return	Annual Return	HY1 \$000's return	HY2 \$000's return	Annual Return
Investment Income	3,275	5,001	5.4%	3,406	9,081	9.0%	2,209	3,842	5.0%
JV Investment Income*	178	391	12.0%	803	755	28.8%	1,004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

* Includes dividends from JV's

Investment Portfolio – by rating 31.12.09



Investment Portfolio – by asset 31.12.09



Dividend

**1.0 cent per share
Fully Franked Dividend**

Ex dividend date

3 March 2010



Record date

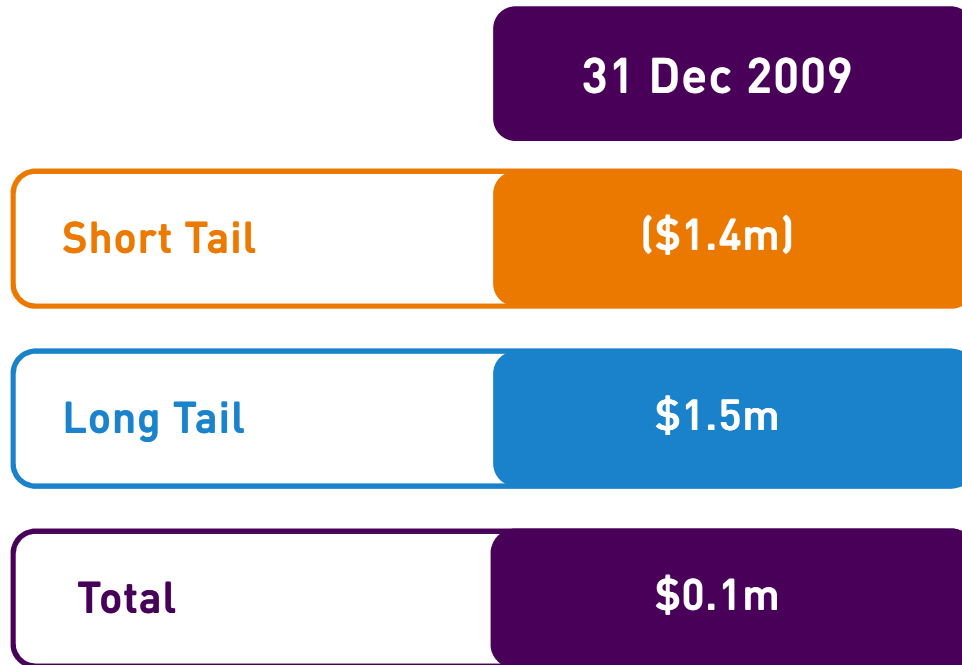
10 March 2010



Payment date

25 March 2010

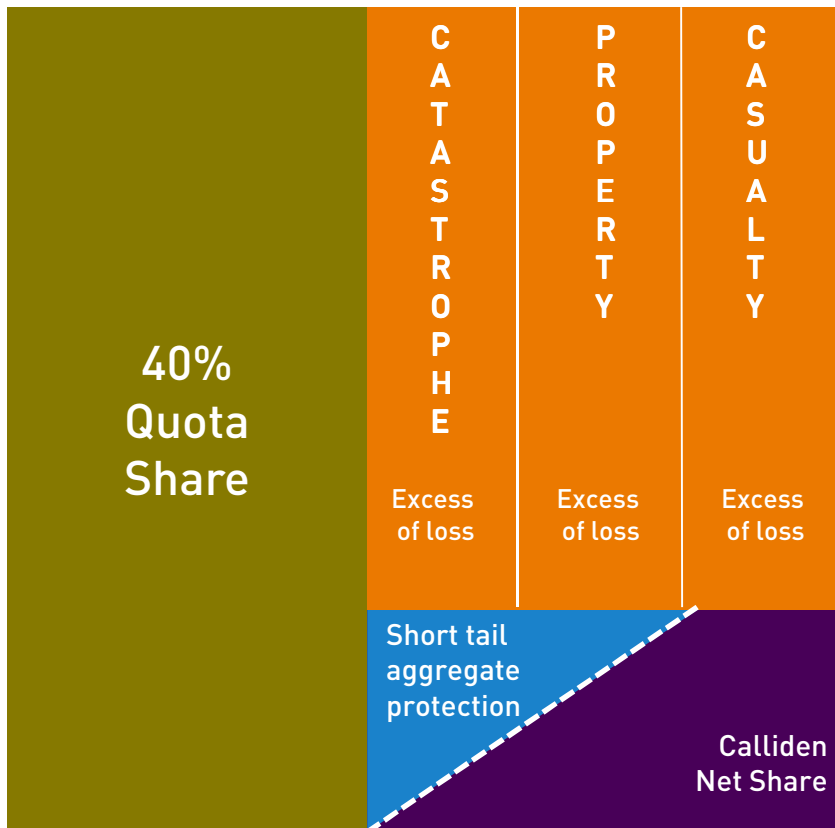
Liability Adequacy Test



- The LAT is an actuarial assessment of the carrying value of unearned premium
- The test is performed at each balance date on our short tail and long tail portfolios
- A deficiency in one portfolio must be recognised and cannot be offset by a surplus in another
- A LAT deficiency is deducted from the profit
- Profit impact is (\$1.4m)

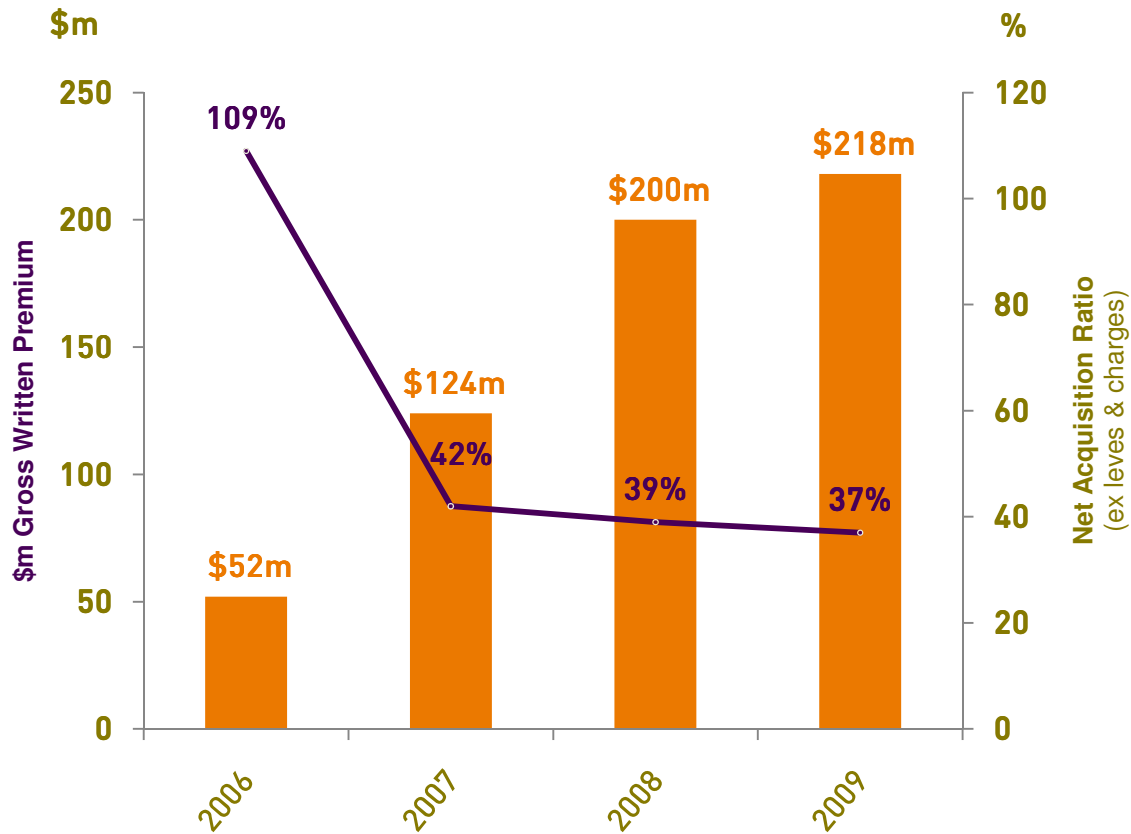
Outlook – gradual increase of Calliden’s risk appetite

2010 consolidated reinsurance programme



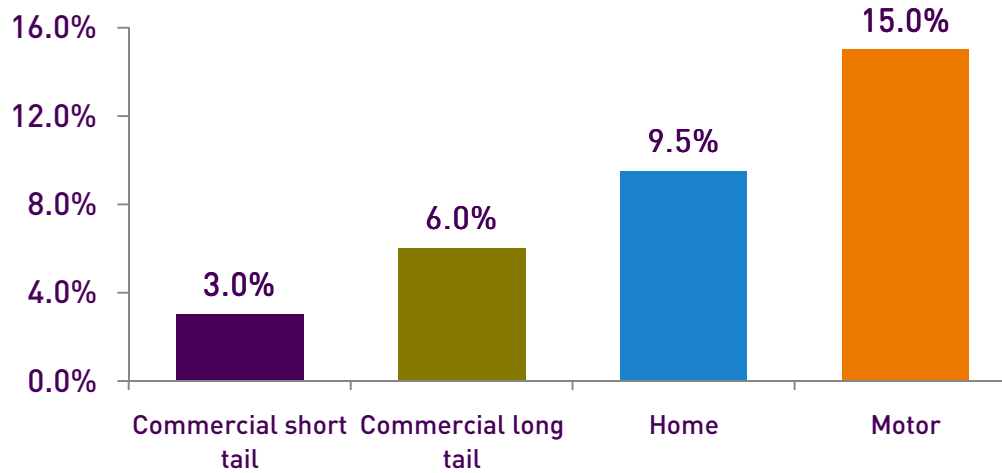
- Net loss ratio protected well in 2009
- Programme renewal 01.01.10
- Quota share reduced to 40%
- Gradual increase in net exposure
- Increases net earned premium in 2010

Outlook – continued premium growth to improve margin



- 10% growth targeted for 2010
- Premium growth through increased price and new customers

Outlook – impact of 2009 price rises flow into 2010

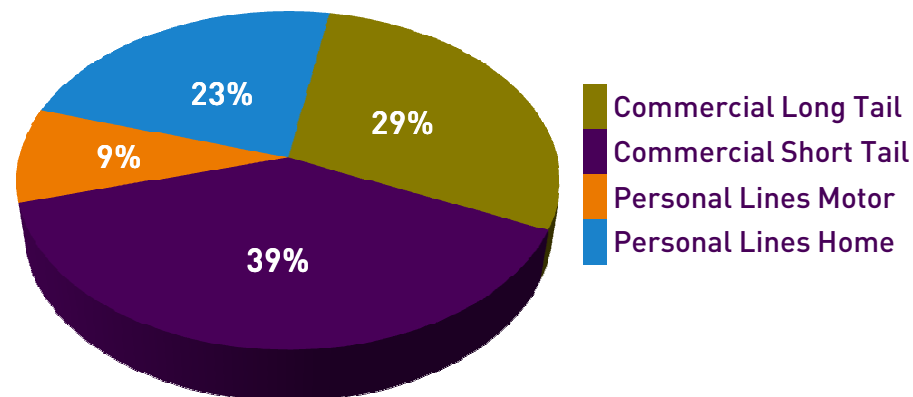


Price Movement

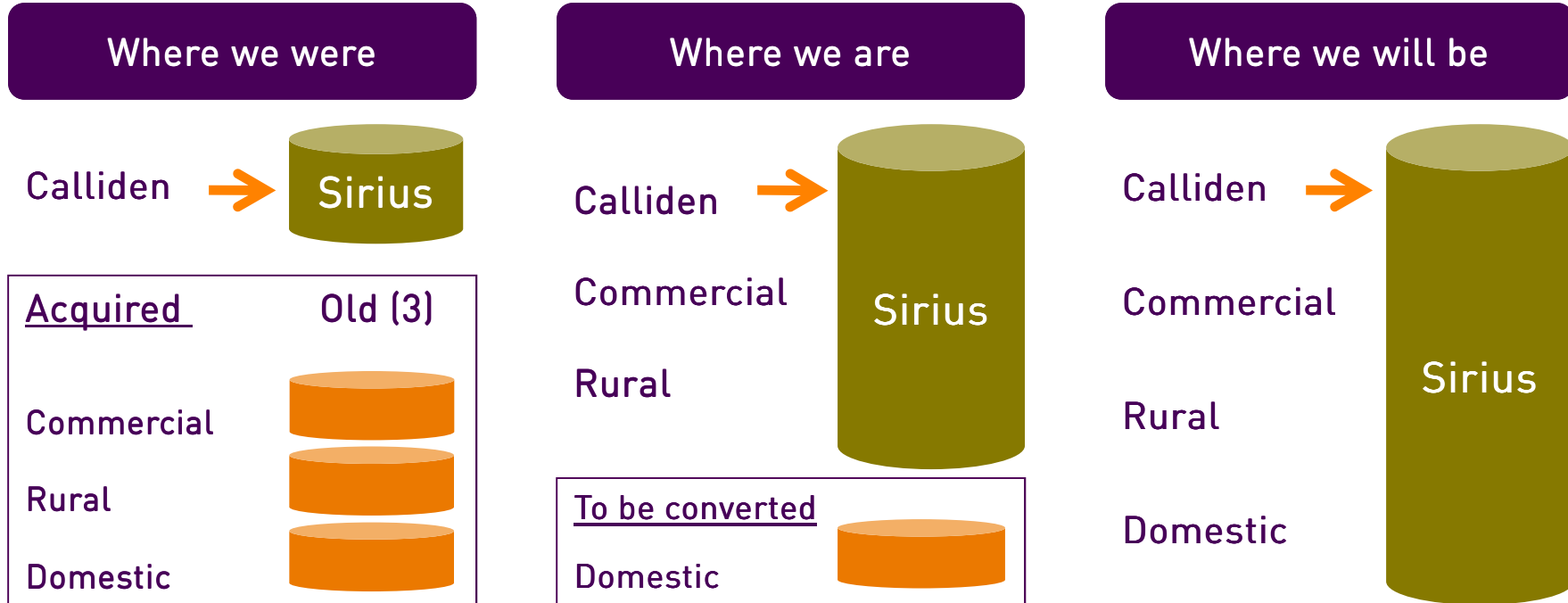
2nd Half 2009 vs 2nd Half 2008

- 8% overall premium increase in 2nd half 2009
- Further modest price increases expected in 2010
- Focus on Regional & Rural underwriting and risk selection

Business Mix by Gross Earned Premium



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

Outlook - investments

- Increased investable funds
 - lower reinsurance cost
 - normal catastrophe year
- Improved rate of return due to
 - rising interest rates
 - gradual and careful expansion of investment appetite

Summary

- 2009 result: \$0.4m loss
 - Positive outlook for 2010 due to
 - improved pricing
 - continued revenue growth
 - growing investment income
 - benefits from improved efficiency
- } improving insurance margin
- Subject to normal catastrophe events and gradual return to normal investment conditions significant improvement expected in 2010

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