

Results Briefing - Half Year 2011

26th August 2011

Nick Kirk CEO

Adrian Diggelmann CFO

Disclaimer

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Conference call – dial in details

Friday 26th August at 9.30am (Australian Eastern Time)

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

Dial in Numbers:

| | |
|--------------------------|---------------|
| Australia | 1800 354 715 |
| New Zealand | 0800 452 569 |
| 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 **CONFIRMATION CODE – 91457120**
- 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.

For any queries in regards to the above information please contact Susan Lochrin at susan.lochrin@calliden.com.au or +61 (0)29551 1102

First Half 2011

Headlines

- First half 2011 loss of \$4.3m
 - Impact of unprecedented catastrophe activity \$10.4m
 - Second quarter large individual risk claims \$3.6m over expectations
- Strong revenue growth driven by:
 - Significant price increases across Personal Lines
 - Continued growth in automated business
- Improved underwriting through:
 - New home pricing engine
 - Greater flood mapping
 - Improved risk selection
- Well capitalised insurer
 - 1.7x MCR

First Half 2011

Financial Results - Interim

| | 1H09 | 1H10 | 1H11 | 1H10-1H11 % change | Comments |
|------------------------------|--------|--------|--------|-----------------------|--|
| Gross Written Premium | \$104m | \$109m | \$122m | 11% | <ul style="list-style-type: none">• Organic growth• Price increases across Personal Lines |
| Net Earned Premium | \$48m | \$56m | \$61m | 9% | <ul style="list-style-type: none">• Additional back up cover purchased |
| Profit / (Loss) | \$2m | \$6m | (\$4m) | n/a | <ul style="list-style-type: none">• Unprecedented number of catastrophes• Q2 large individual risk claims |
| Total Assets | \$414m | \$426m | \$425m | (0.2%) | |
| Shareholders Equity | \$103m | \$104m | \$100m | (3.8%) | |

First Half 2011

Insurer Ratios (excluding statutory charges)

| | 1H10 | FY10 | 1H11 | 1H10 | FY10 | 1H11 | Comments |
|--------------------------|------|------|------|------|------|------|---|
| Gross Claims Ratio | 84% | 71% | 107% | 76 % | 65% | 98% | |
| Net Claims Ratio | 65% | 61% | 79% | 53% | 50% | 66% | <ul style="list-style-type: none"> Unprecedented frequency and magnitude of catastrophes |
| Net Acquisition Ratio | 30% | 35% | 33% | 43% | 46% | 44% | <ul style="list-style-type: none"> Q2 large individual risk claims |
| Combined Operating Ratio | 95% | 96% | 112% | 96% | 96% | 110% | <ul style="list-style-type: none"> RI reinstatement costs |
| Insurance Margin | 11% | 8% | (4%) | 11% | 8% | (4%) | |

from statutory accounts

First Half 2011

Balance Sheet

| | FY10 | 1H11 | Comments |
|----------------------|----------------|----------------|--------------------------------------|
| Assets | | | |
| Cash & Investments | \$ 117m | \$105m | • Impact of catastrophes |
| Other assets | \$ 212m | \$269m | • Increase in reinsurance recoveries |
| Intangibles | \$ 51m | \$ 51m | |
| | \$ 380m | \$425m | |
| Liabilities | | | |
| Insurance provisions | \$ 254m | \$295m | • Increase in claim reserves |
| Borrowings | \$ 5m | \$ 5m | • Waiver of interest cover covenant |
| Other liabilities | \$ 14m | \$ 25m | • Impact of catastrophes |
| | \$ 273m | \$ 325m | |
| Total Equity | \$ 107m | \$ 100m | |

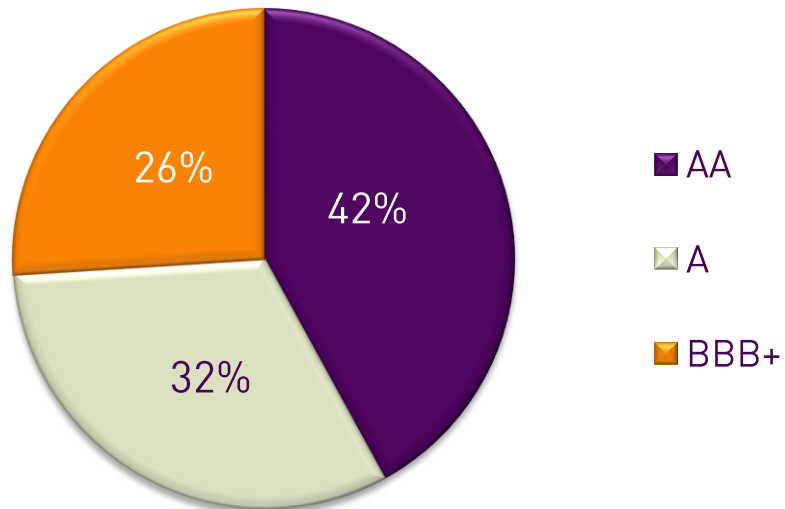
- Well capitalised insurer 1.7x MCR

First Half 2011

Investment income

| | 2010 | | 2011 | |
|----------------------|-------------|-------------------|-------------|-------------------|
| | 1H10 Return | Annualised Return | 1H11 Return | Annualised Return |
| Investment Income | \$4.8m | 8.0% | \$3.5m | 6.3% |
| JV Investment Income | \$0.7m | 74% | \$0.7m | 78% |

Investment Portfolio – 100% Australian term deposits



First Half 2011

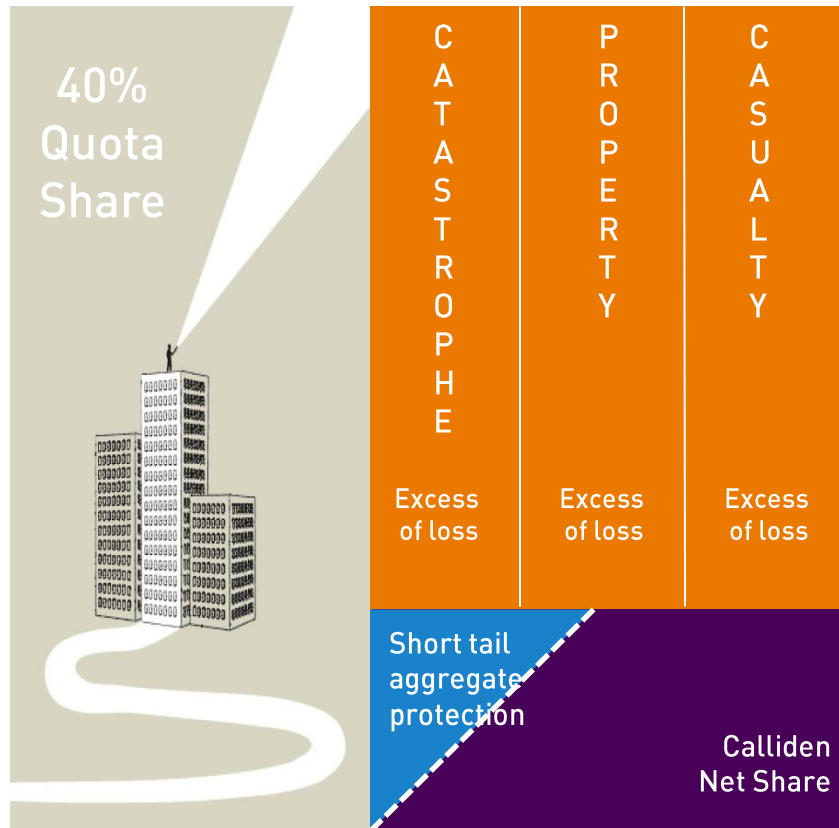
Impact of Catastrophe Events @ 30 June 2011

| Event | Claims Estimate (Gross) | Net Impact |
|--|-------------------------|---------------|
| Brisbane & Ipswich / Lockyer Valley Floods from 10 Jan | \$23.3m | \$2.0m |
| Rural Victorian Floods 13-18 Jan | \$ 3.9m | \$2.0m |
| Tropical Cyclone Yasi 3 Feb | \$ 3.3m | \$2.0m |
| Melbourne Storms / Flooding 5 Feb | \$ 8.1m | \$2.0m |
| SUBTOTAL | \$38.6m | \$8.0m |

| Additional Costs | | |
|--------------------------------|----------------|----------------|
| Reinsurance reinstatement | | \$1.0m |
| Back up cover | | \$0.5m* |
| Increased claims handling fees | | \$0.5m |
| Reduced investment income | | \$0.4m* |
| TOTAL | \$38.6m | \$10.4m |

* Further impacts anticipated in the second half

Reinsurance Program 2011

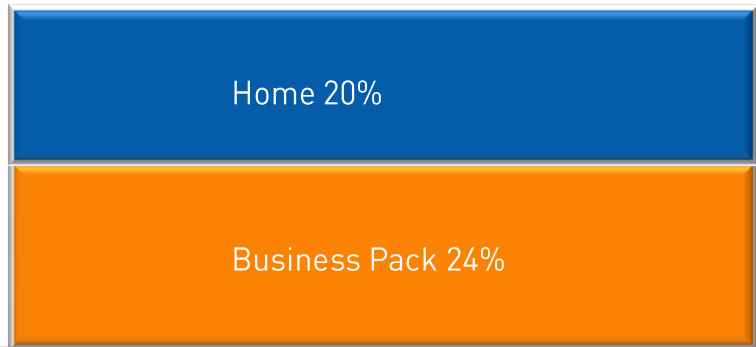


- Renewal date 1 Jan 2012
- Strong reinsurance program in place
- Reinsurers all rated A- or above
- Back up cover in place

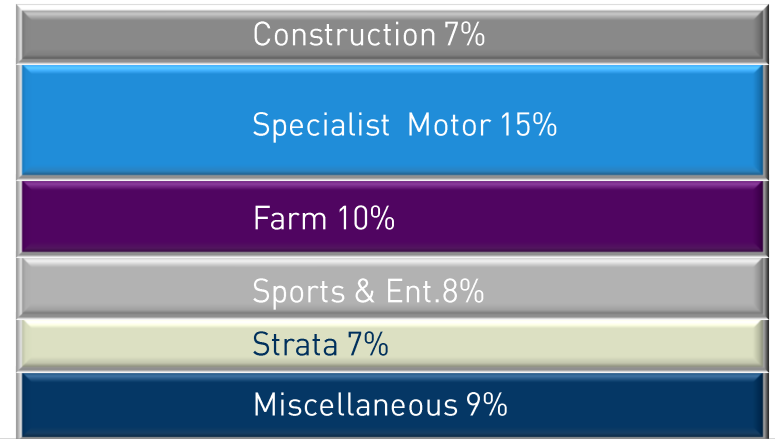
First Half 2011

Calliden's Portfolio

Market Segments

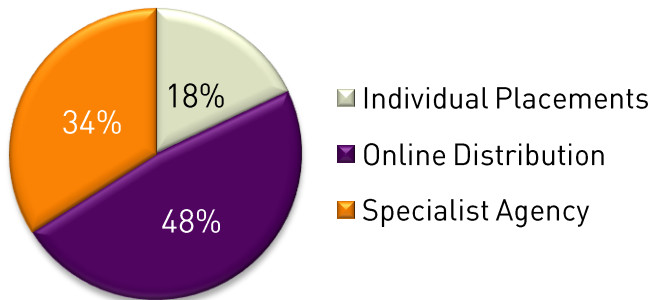


Standard - 44%

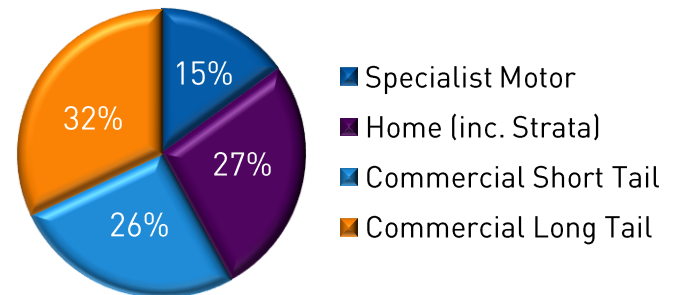


Specialist - 56%

Distribution

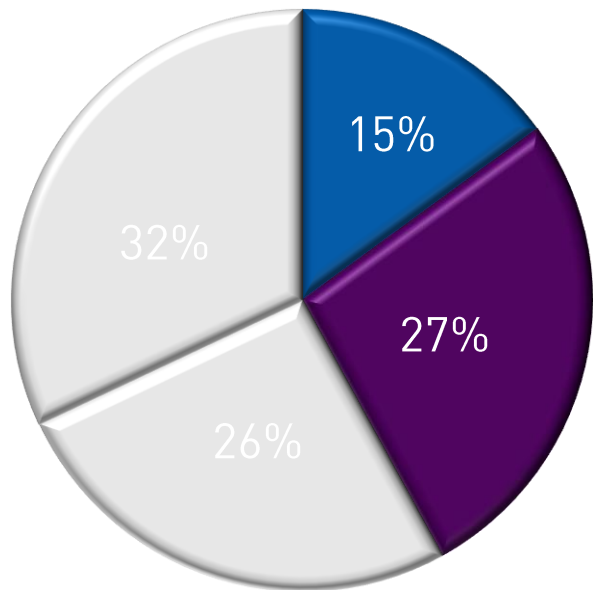


Insurance Class



First Half 2011

Calliden's Portfolio – Personal Lines

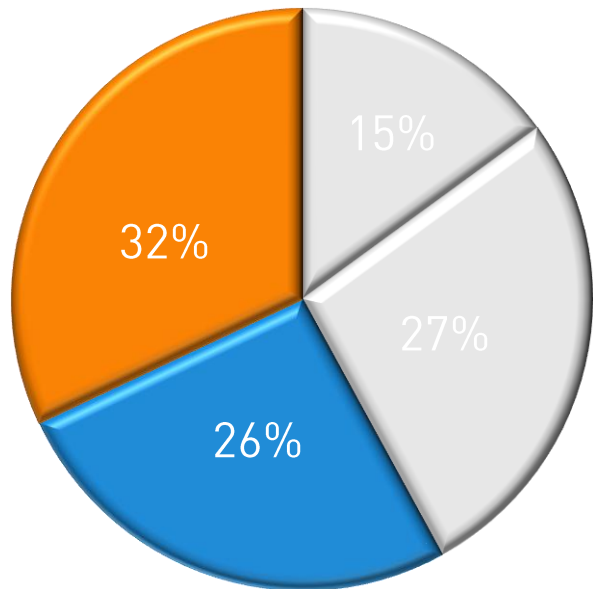


- Specialist Motor
- Home (inc. Strata)
- Commercial Short Tail
- Commercial Long Tail

- Standard Home
 - New rating engine
 - Improved risk selection
 - Extensive flood mapping
 - Average renewal price increase 15%
- Farm Home
 - Improved risk selection
 - Average price increase 15%
- Strata
 - Strong growth across all states
 - Focus on improving risk profile
 - Average price increase 16%
- Specialist Motor
 - Strong performance
 - Continued growth
 - Average price increase 10%

First Half 2011

Calliden's Portfolio – Commercial Lines



- Specialist Motor
- Home (inc. Strata)
- Commercial Short Tail
- Commercial Long Tail

- An improved rating engine for commercial classes Q4 FY11
- Increased focus on risk selection
- Commercial Short Tail
 - Claims have been moved in-house
 - Single digit price increases
- Commercial Long Tail
 - Positive performance continues
 - Stable prices

First Half 2011

Summary & Outlook

- First half significantly impacted by catastrophes and large individual risk claims
- Strong price increases across Personal Lines continuing into 2H11
- Continued growth of online business
- Underwriting improvements across all lines of business
- Improved operating conditions in 2H11, subject to weather events.