

Chief Executive's presentation

“reaching milestones”

21st May 2009

Nick Kirk

2008 Highlights

Strong foundation established for future growth

Building Financial Strength

- \$9.1m net profit
- \$200m GWP
- Improved loss ratio
- Capital adequacy 2.4 times minimum requirement

Simplifying Our Business






- Completed insurer consolidation ahead of schedule
- New IT infrastructure established and working, conversions on track
- Purchased remaining 50% of ARGIS Limited

Unlocking Potential

- First dividend as a general insurer
- Utilising franking credits
- Utilising tax losses

Building financial strength - 2008

Financial Results

\$000s	31 Dec 2006	31 Dec 2007	31 Dec 2008	2007 – 2008 FY % change
Gross Written Premium	\$51,757	\$124,426	\$200,026 	61%
Profit / (Loss)	(\$2,354)	\$1,282*	\$9,147 	613%
Total Assets	\$152,591	\$391,503	\$393,905 	0.6%
Shareholders Equity	\$78,636	\$94,648	\$103,396 	9.2%
Earnings per share (cps)	(1.0)	0.5	4.0 	700%

**2007 result only includes 5 months contribution from business acquired following the acquisition of Australian Unity's general insurance businesses. 2008 result includes \$2.1m tax benefit.*

Building financial strength - 2008

Insurer ratios (excluding statutory charges)

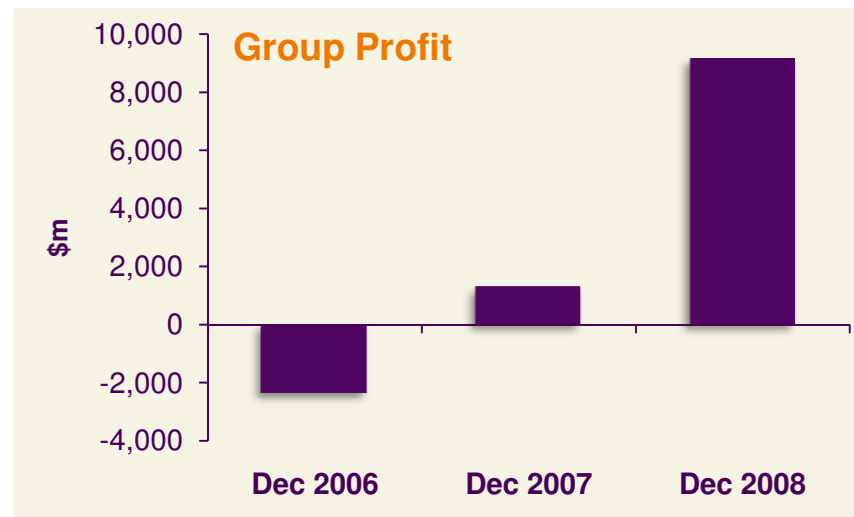
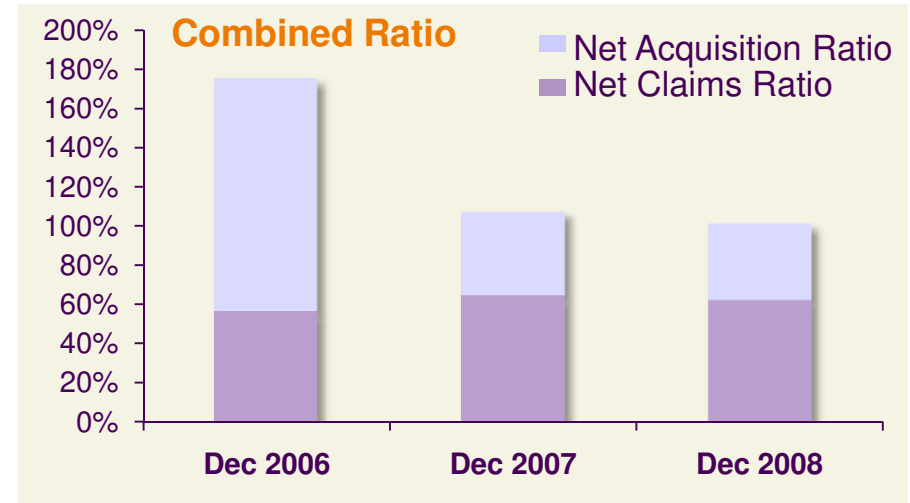
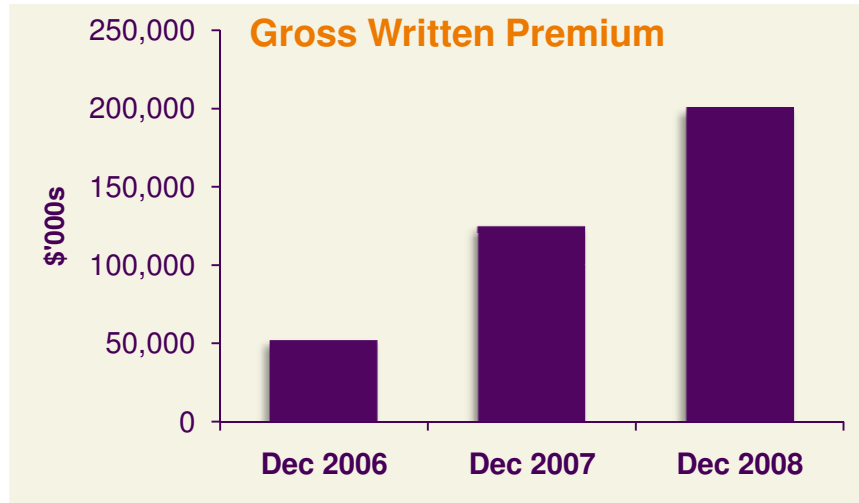
	31 Dec 2007	31 Dec 2008
Gross Claims Ratio	70%	60%
Net Claims Ratio	64%	62%
Net Acquisition Ratio	43%	39%
Combined Operating Ratio	107%	101%
Insurance Margin	1%	6%

From statutory accounts

31 Dec 2007	31 Dec 2008
69%	56%
62%	55%
45%	46%
107%	101%
1%	6%

Building financial strength - 2008

Increased scale and margin drives increased profit



Building financial strength - 2008

Balance Sheet

\$Ms	31 Dec 2006	31 Dec 2007	31 Dec 2008
Assets			
Investments	\$ 98	\$ 165	\$ 142
Other assets	\$ 51	\$ 196	\$ 208
Intangibles	\$ 4	\$ 31	\$ 44
	\$ 153	\$ 392	\$ 394
Liabilities			
Insurance provisions	\$ 58	\$ 221	\$ 231
Borrowings	\$ -	\$ 25	\$ 25
Other liabilities	\$ 16	\$ 51	\$ 35
	\$ 74	\$ 297	\$ 291
Net Assets	\$ 79	\$ 95	\$ 103

- Strong reinsurance programme

- Conservative investment portfolio

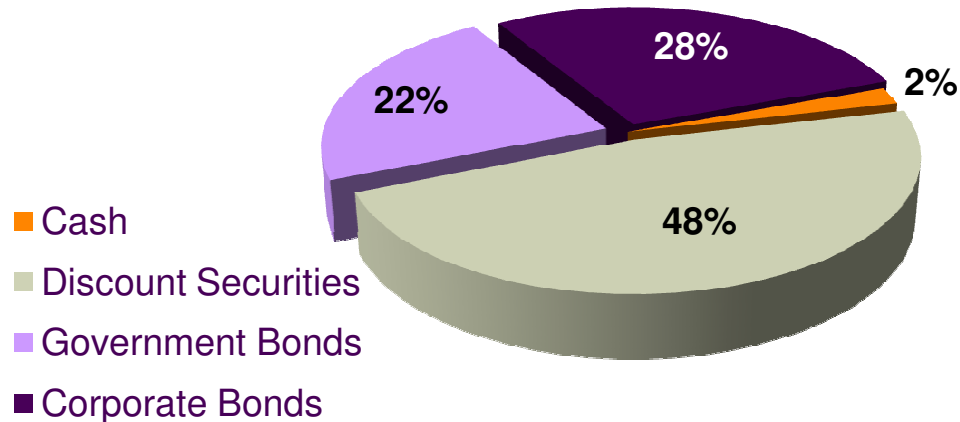
- CBA debt funding \$25m matures July 2010

- No impairment of intangibles

Building financial strength - 2008

Investment management

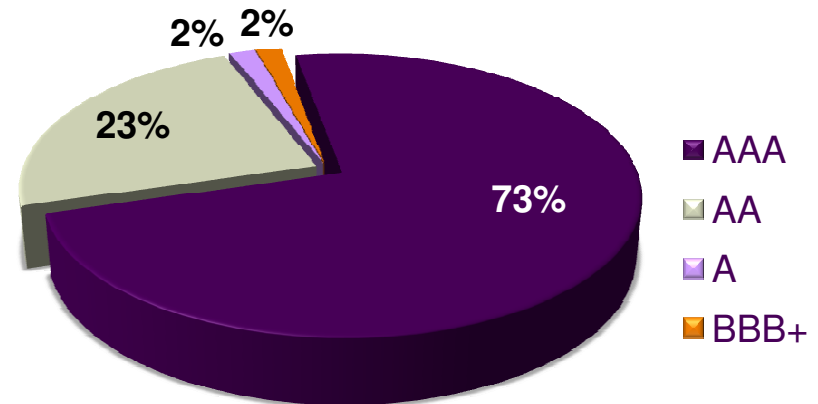
Investment Portfolio – by asset 31.12.08



**Investment Funds
under Management
\$135m**

- Quarter 1** - Exited small equities portfolio
- Quarter 2** - 100% cash and fixed interest
- Quarter 3** – External fund manager appointed

Investment Portfolio – by rating 31.12.08



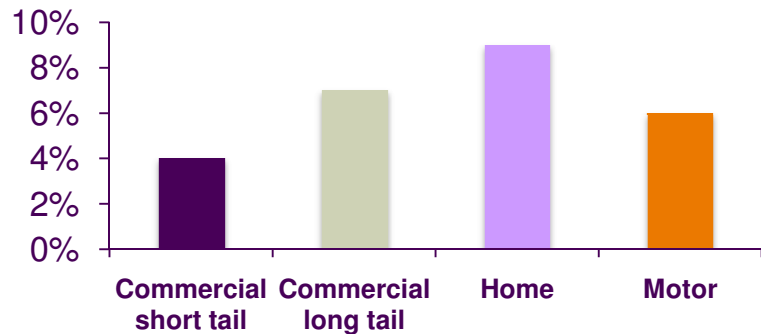
Building financial strength - 2008

Insurance business

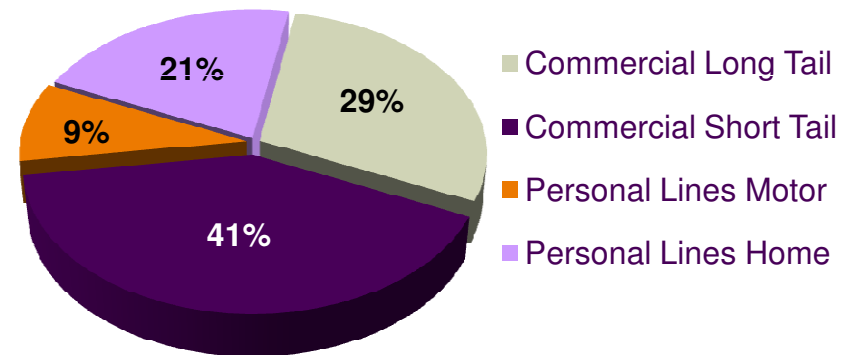
Underwriting

- Exited poorly performing portfolios (\$19m GWP in 2007)
- Crop portfolio discontinued (\$7m GWP in 2007)

Average Premium Movement



Business Mix by Gross Earned Premium



Claims

- Relatively benign catastrophe claims of \$2.6m gross and \$2m net of catastrophe reinsurance
- Impact of reduced discount rates \$3m net (3% points on loss ratio)

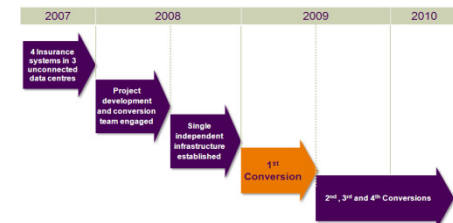
Simplifying our business - 2008

 Push across to one insurer completed ahead of schedule

 Purchased remaining 50% of ARGIS

 IT projects on track

calliden
insurance limited



2008 milestones

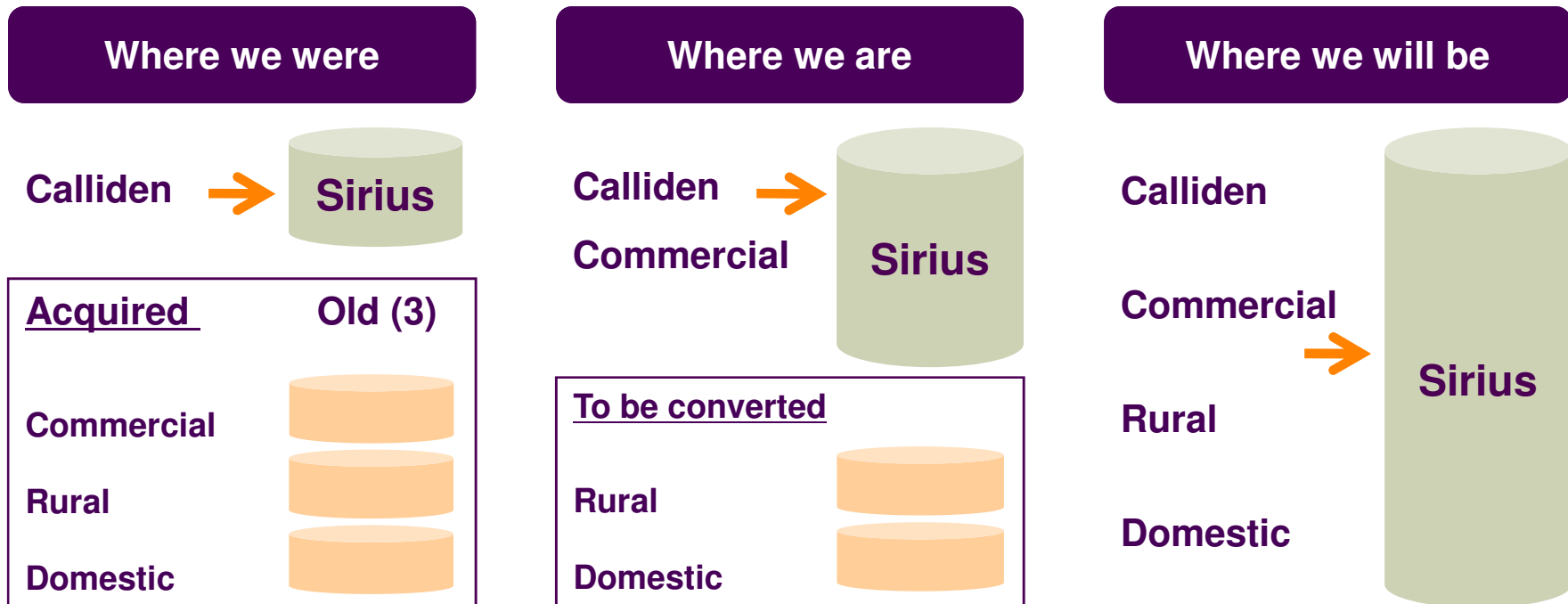
- Original top line target of \$200m reached
- First dividend as general insurer
- Tax losses & franking credits used in combination
- Price rises being delivered
- Underlying top line growth 15%*



**adjusted for 5 months of AU and discounted portfolios*

2009 progress update

Simplifying our business – first IT conversion completed



2009 progress update

Weather and Bushfires 2009

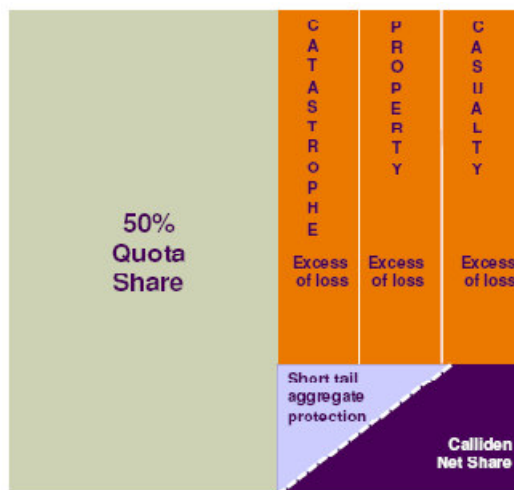
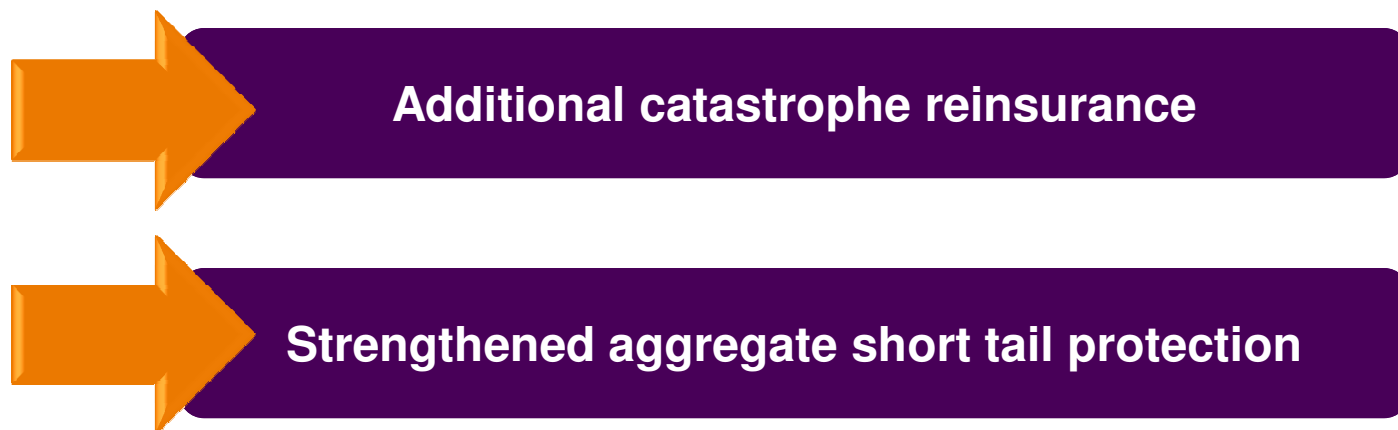
	Gross	Net
Victorian Bushfires	\$28m	\$1.5m
Coffs Harbour Storms	\$4m	\$1.5m

We used 50% of our catastrophe allowance in the first quarter



2009 progress update

Strengthened reinsurance



2009 progress update

Premium increases

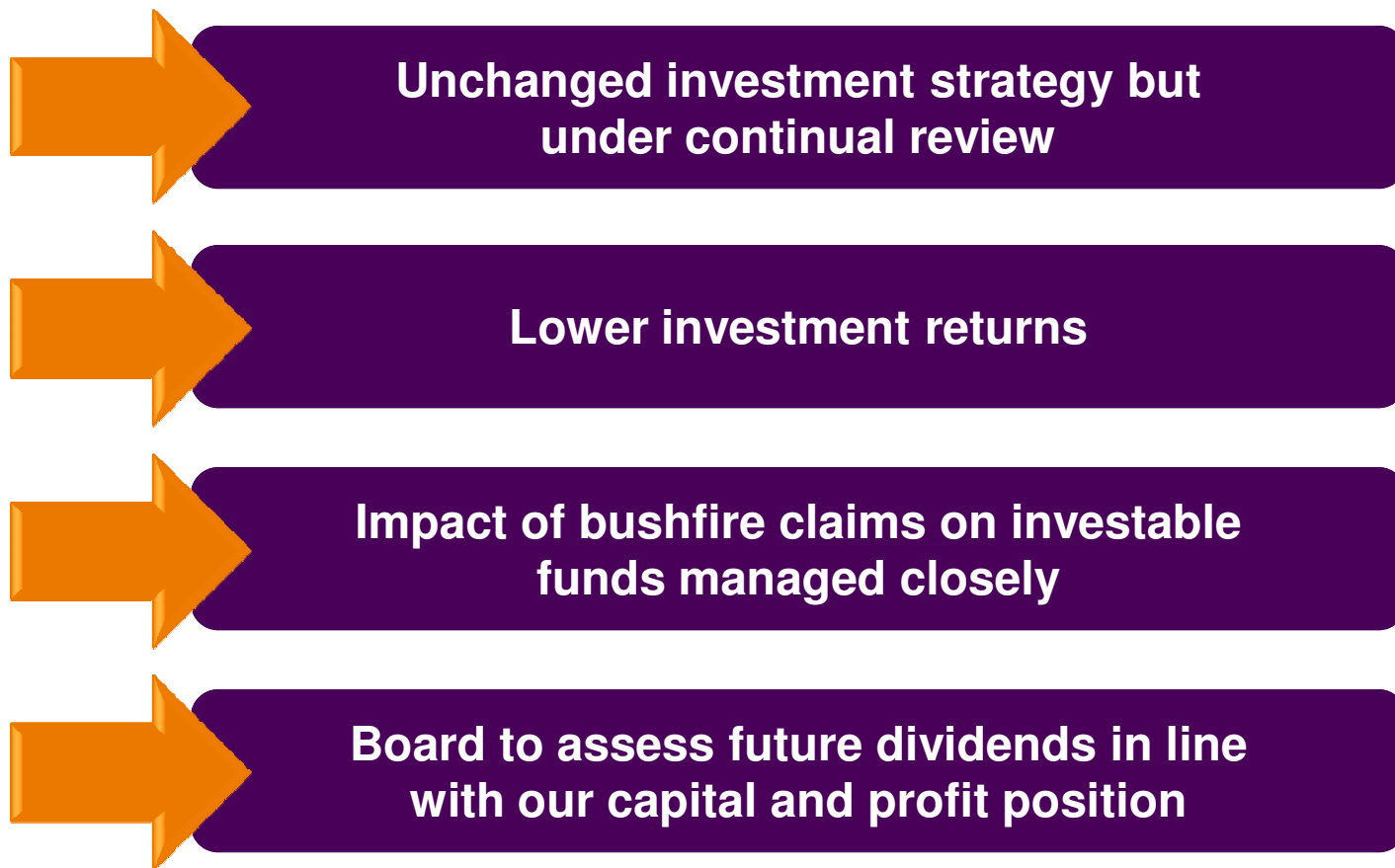
12 month rolling average premium movement as at end of April

- Commercial short tail **unchanged**
- Commercial long tail **4%**
- Home **11%**
- Motor **unchanged**

Progress but more required

2009 progress update

Investments and capital management



Summary 2009 progress update

 1st IT Conversion complete

 Significant gross catastrophe events

 Strengthened reinsurance

 Lower investment returns

 Price rises continue

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