

2011 INVESTOR BRIEFING

14 June 2011

ABN 60 090 739 923



1 GROUP OVERVIEW

MIKE WILKINS

**MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**

IAG'S BUSINESS TODAY

GEOGRAPHICAL PRESENCE

GROUP
OVERVIEW

A portfolio of general insurance businesses:

- Leading and established brands in Australia and New Zealand
- Growing presence in Asia
- Specialist motor underwriter in the UK



1. 49% ownership of AmG Insurance, trading under the AmAssurance brand

2. 98% voting rights in Safety Insurance, based in Thailand

3. 26% ownership of SBI General Insurance Company, a joint venture with the State Bank of India

4. RACV is via a distribution relationship and underwriting joint venture with RACV Limited

5. RACV has a 30% interest in The Buzz

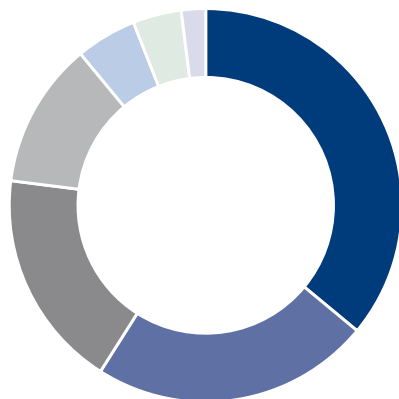
IAG'S BUSINESS TODAY

DIVERSIFIED GWP MIX – PRODUCT, GEOGRAPHY AND CHANNEL

GROUP
OVERVIEW

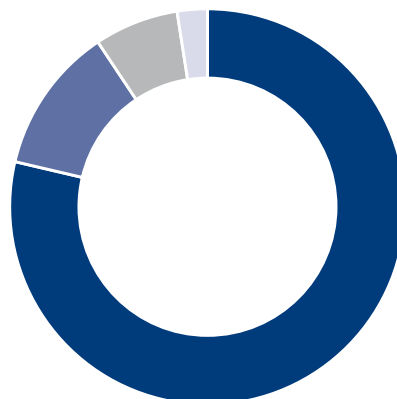
Approximately
\$8bn of gross
written premium

PRODUCT MIX



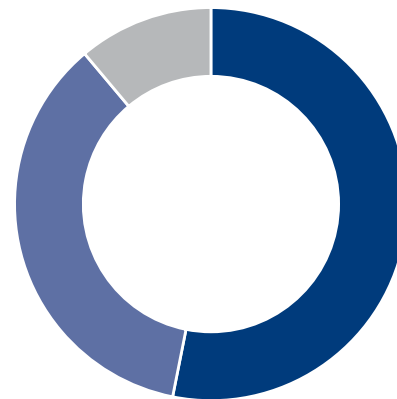
- Motor
- Home
- Short tail commercial
- CTP / motor liability
- Liability
- Other short tail
- Workers' compensation

REGIONAL MIX



- Australia
- New Zealand
- UK
- Asia

CHANNEL MIX



- Direct
- Broker / agent
- Affinity

OUR TARGETS

- ROE \geq 1.5x WACC
- Top quartile TSR

OUR STRATEGY

- Deliver superior performance by actively managing our portfolio and driving operational performance and accountability

OUR STRATEGIC PRIORITIES

- Improve our performance in Australia and New Zealand
- Pursue selective international growth options – Asia and other narrow specialist opportunities
- Move to a devolved model with the Corporate Office as portfolio manager
- Drive operational performance and execution

ACHIEVEMENTS AGAINST STRATEGIC PRIORITIES

CREATING A SOLID PLATFORM

GROUP
OVERVIEW

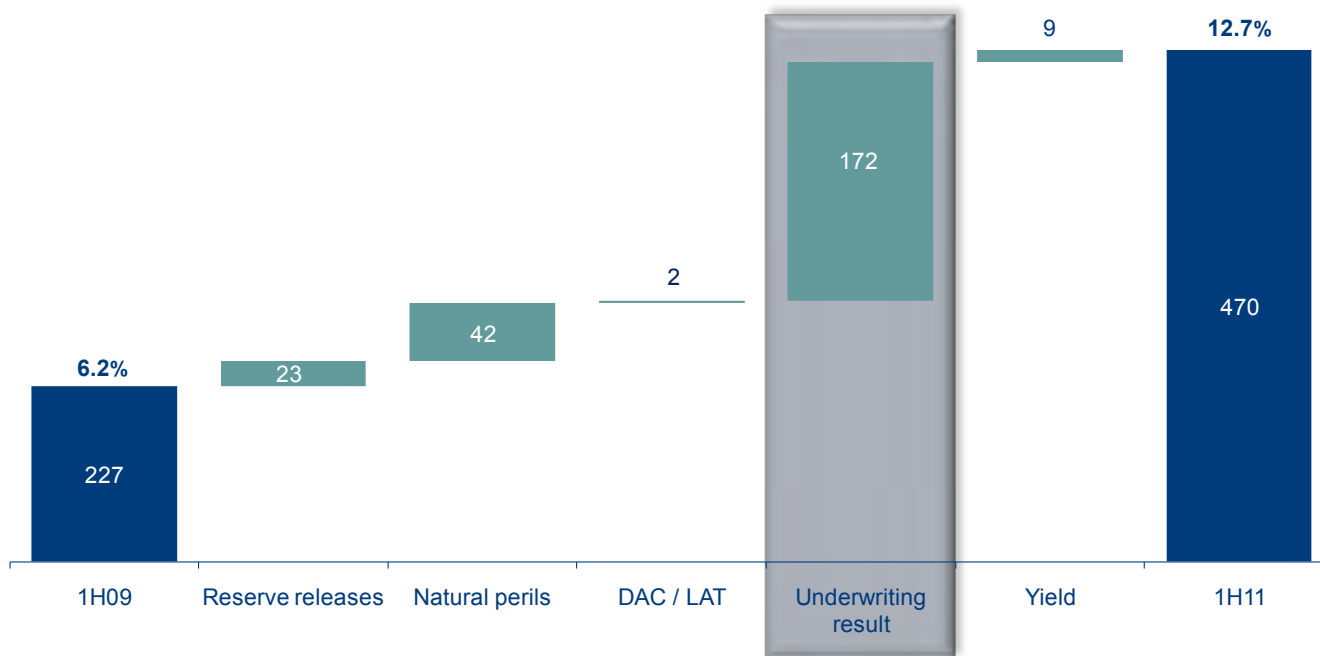
STRATEGIC PRIORITIES	ACHIEVEMENTS
Improve our performance in Australia and New Zealand	<ul style="list-style-type: none">✓ Significantly improved collective insurance margin in Australia and New Zealand✓ Delivered strong Australia Direct performance✓ Returned CGU to profitability – now delivering top and bottom line growth✓ Achieved significant improvement in New Zealand
Pursue selective international growth options – Asia and other narrow specialist opportunities	<ul style="list-style-type: none">✓ Launched SBI General in India✓ Increased ownership of AmG in Malaysia✓ Launched new online business, The Buzz, in Australia
Move to a devolved model with the Corporate Office as portfolio manager	<ul style="list-style-type: none">✓ Devolved operating model implemented in 1H09✓ Embedded return on risk based capital as portfolio management measure
Drive operational performance and execution	<ul style="list-style-type: none">✓ Delivered \$130m in annualised pre-tax cost savings✓ Invested in internal leadership, succession and capability programmes

CLEAR OPERATIONAL IMPROVEMENT DELIVERED

GROUP INSURANCE MARGIN – 1H09 TO 1H11

GROUP
OVERVIEW

GROUP INSURANCE PROFIT (\$M) / MARGIN (%)



Significant
improvement in
Group
underwriting
performance

HOME MARKETS DRIVING IMPROVEMENT

DIVISIONAL INSURANCE PROFIT – 1H09 TO 1H11

GROUP
OVERVIEW

GROUP INSURANCE PROFIT (\$M) / MARGIN (%)



Australia and
New Zealand
driving the
Group's financial
improvement

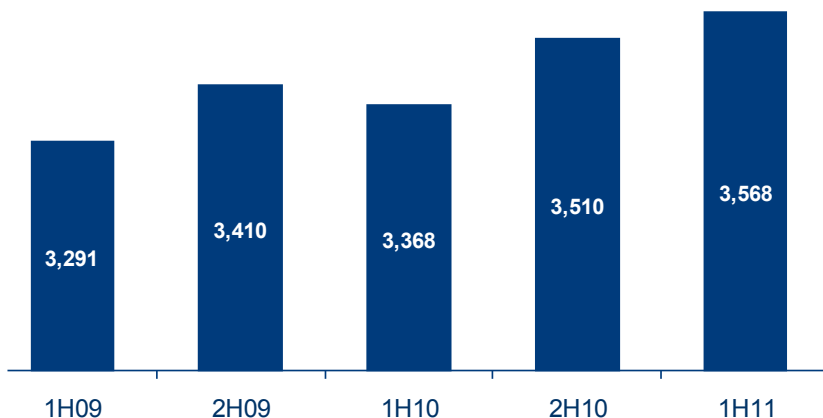
DELIVERING STRONG RESULTS IN HOME MARKETS

MARKED IMPROVEMENT SINCE JULY 2008

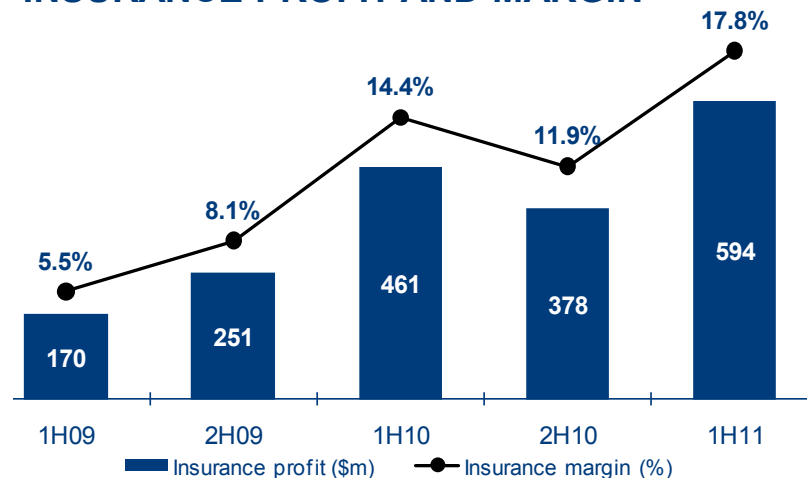
GROUP
OVERVIEW

Clear trend of top line growth and improved profitability in Australia and New Zealand

AUSTRALIA AND NEW ZEALAND



AUSTRALIA AND NEW ZEALAND INSURANCE PROFIT AND MARGIN



RESETTING OUR CORPORATE STRATEGY

A PLATFORM FOR DELIVERY

GROUP
OVERVIEW



RESETTING OUR STRATEGIC PRIORITIES

A CLEAR FOCUS ON AUSTRALIA, NEW ZEALAND AND ASIA

GROUP
OVERVIEW

REALISING OUR POTENTIAL

AMBITION

To be the world's most respected group of general insurance companies

unchanged

STRATEGY

Deliver superior performance by actively managing our portfolio and driving operational performance and accountability

unchanged

TARGETS

Long term financial targets:

- ROE $\geq 1.5 \times$ WACC
- Top quartile TSR

unchanged

PRIORITIES

Accelerate growth in Australia and New Zealand

Restore profitability in UK

Boost Asian footprint – 10% of Group GWP by 2016

reset

Active involvement in policy and regulatory consultation

Addressing flood insurance issues in Australia

- Stricter and more transparent planning and zoning decisions
- Accurate and accessible digital elevation mapping
- Investment in adequate mitigation infrastructure
- Strengthened building standards
- Community education on understanding risk and the importance of taking responsibility

Other areas of focus

- Reducing the burden of inequitable insurance taxes
- New Zealand recovery post-Christchurch earthquakes

FY11 GUIDANCE*	
Insurance margin*	8–10%
Underlying GWP growth	3–5%

*** Prior to Christchurch earthquakes on
13 June 2011**

- Too early to assess impact of Christchurch earthquakes on 13 June 2011
- **Prior to 13 June 2011**, on track to deliver insurance margin within 8–10% guidance range:
 - Ongoing strong underlying performance from the Australian and New Zealand businesses
 - Lower second half loss from the UK operation (vs. 1H11), in line with expectations
 - Natural peril losses slightly higher than \$540m
 - 2H11 reinsurance expense of c.\$400m (FY11: c.\$630m)
 - Assumes reserve releases no greater than FY10 (\$228m)
- Scope for higher reserve releases from long tail classes
- Underlying GWP growth guidance reaffirmed