Financial results
Year ended 30 June 2008

Michael Wilkins, Managing Director & Chief Executive Officer
Nicholas Hawkins, Chief Financial Officer

22 August 2008
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All amounts are presented in Australian dollars unless otherwise stated.

FY08 refers to the financial year ended 30 June 2008, and FY09 refers to the financial year ending 30 June 2009.
AGENDA

• Group results
  Michael Wilkins

• Segment analysis
  Michael Wilkins

• Investments, reinsurance & capital
  Nicholas Hawkins

• Group outlook
  Michael Wilkins

• Questions
Group results

Michael Wilkins
YEAR IN SUMMARY

• **Disappointing result**
  – Continued soft cycles in commercial and UK motor
  – Increased claims frequency
  – Sub-optimal expense structure and market responsiveness
  – Emerging economic and inflationary pressures
  – Exacerbated by weak investment markets

• **Increasing discipline and focus**
  – Rates up in personal lines
  – Rate rises in commercial at expense of volume
  – Rebalanced UK portfolio toward specialty motor classes
  – Cost initiatives implemented in UK and New Zealand

• **Completed strategic review to improve shareholder value in FY09 and beyond**
  – Refocus on Australia and New Zealand
  – Scale-back operations in UK to profitable segments
  – Pursue growth in Asia
  – Simpler structure aligned to customer needs
  – Programme on track to deliver $130m (pre-tax) pa in savings in Australia
<table>
<thead>
<tr>
<th></th>
<th>FY08 RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GWP growth</strong></td>
<td>+5.6%</td>
</tr>
<tr>
<td>GWP of $7,793m up from $7,381m in FY07</td>
<td></td>
</tr>
<tr>
<td><strong>NEP growth</strong></td>
<td>+8.2%</td>
</tr>
<tr>
<td>NEP of $7,295m up from $6,743m in FY07</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance margin (excluding Australian restructuring)</strong></td>
<td>6.1%</td>
</tr>
<tr>
<td>Insurance profit of $448m affected by:</td>
<td></td>
</tr>
<tr>
<td>- Claims from natural perils of $502m (FY07: $411m)</td>
<td></td>
</tr>
<tr>
<td>- Impact of widening credit spreads of $122m (FY07: nil)</td>
<td></td>
</tr>
<tr>
<td>- Lower prior period reserve releases of $406m (FY07: $485m)</td>
<td></td>
</tr>
<tr>
<td><strong>Expense ratio</strong></td>
<td>29.1%</td>
</tr>
<tr>
<td>Up from 27.6% in FY07</td>
<td></td>
</tr>
<tr>
<td><strong>Investment income on shareholders’ funds</strong></td>
<td>$24m</td>
</tr>
<tr>
<td>Significantly lower than $301m in FY07</td>
<td></td>
</tr>
<tr>
<td>Includes $69m revaluation benefit from RES exchange right</td>
<td></td>
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</table>
## FINANCIALS IN SUMMARY

<table>
<thead>
<tr>
<th>FY08 RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NPAT</strong></td>
</tr>
<tr>
<td>Affected by:</td>
</tr>
<tr>
<td>- Impairment of UK assets (nil tax)</td>
</tr>
<tr>
<td>- Restructuring costs of Australian cost saving programme (pre-tax)</td>
</tr>
<tr>
<td>($261m)</td>
</tr>
<tr>
<td>$350m</td>
</tr>
<tr>
<td>$60m</td>
</tr>
<tr>
<td>** Reported EPS **</td>
</tr>
<tr>
<td>Cash EPS of 9.62 cps (FY07: 39.52 cps)</td>
</tr>
<tr>
<td>(14.29)cps</td>
</tr>
<tr>
<td>** Cash ROE **</td>
</tr>
<tr>
<td>Reported ROE of (5.9%) (FY07: 13.5%)</td>
</tr>
<tr>
<td>2.7%</td>
</tr>
<tr>
<td>** Final dividend **</td>
</tr>
<tr>
<td>Total dividend for the year 22.5 cps (FY07: 29.5 cps)</td>
</tr>
<tr>
<td>Fully franked and payable on 3 October 2008</td>
</tr>
<tr>
<td>9cps</td>
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KEY INSURANCE RATIOS

Expense ratio

<table>
<thead>
<tr>
<th>Period</th>
<th>Administration Ratio</th>
<th>Commission Ratio</th>
<th>FSL</th>
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<tr>
<td>1H07</td>
<td>27.8%</td>
<td>3.3%</td>
<td>16.3%</td>
</tr>
<tr>
<td>2H07</td>
<td>27.4%</td>
<td>3.3%</td>
<td>15.6%</td>
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<tr>
<td>1H08</td>
<td>28.9%</td>
<td>8.9%</td>
<td>17.2%</td>
</tr>
<tr>
<td>2H08</td>
<td>29.3%</td>
<td>9.1%</td>
<td>16.8%</td>
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<tr>
<td>FY07</td>
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<td>15.9%</td>
</tr>
<tr>
<td>FY08</td>
<td>29.1%</td>
<td>9.0%</td>
<td>17.0%</td>
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</table>

Loss ratio

<table>
<thead>
<tr>
<th>Period</th>
<th>Loss Ratio</th>
<th>Immunised Loss Ratio</th>
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<tbody>
<tr>
<td>1H07</td>
<td>64.4%</td>
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</tr>
<tr>
<td>2H07</td>
<td>68.0%</td>
<td></td>
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<tr>
<td>1H08</td>
<td>71.3%</td>
<td></td>
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<tr>
<td>2H08</td>
<td>70.0%</td>
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<tr>
<td>FY07</td>
<td>66.4%</td>
<td></td>
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<tr>
<td>FY08</td>
<td>71.1%</td>
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Combined ratio

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<tr>
<th>Period</th>
<th>Combined Ratio</th>
<th>Immunised Combined Ratio</th>
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<tr>
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<tr>
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<td>96.8%</td>
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<td>1H08</td>
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<td></td>
</tr>
<tr>
<td>2H08</td>
<td>100.5%</td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td>95.1%</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>100.3%</td>
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Insurance margin (before tax)

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<tr>
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<th>Insurance Margin</th>
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<tr>
<td>1H07</td>
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<td>2H07</td>
<td>9.7%</td>
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<tr>
<td>1H08</td>
<td>5.9%</td>
</tr>
<tr>
<td>2H08</td>
<td>6.4%</td>
</tr>
<tr>
<td>FY07</td>
<td>11.4%</td>
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<tr>
<td>FY08</td>
<td>6.1%</td>
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## SEGMENT RESULTS

<table>
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<tr>
<th>RESULTS BY SEGMENT</th>
<th>2H07 A$m</th>
<th>2H08 A$m</th>
<th>FY07 A$m</th>
<th>FY08 A$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Direct</td>
<td>259</td>
<td>211</td>
<td>451</td>
<td>312</td>
</tr>
<tr>
<td>- Intermediated</td>
<td>65</td>
<td>21</td>
<td>285</td>
<td>207</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>324</td>
<td>232</td>
<td>736</td>
<td>519</td>
</tr>
<tr>
<td>- United Kingdom</td>
<td>44</td>
<td>7</td>
<td>46</td>
<td>24</td>
</tr>
<tr>
<td>- New Zealand</td>
<td>47</td>
<td>4</td>
<td>86</td>
<td>(17)</td>
</tr>
<tr>
<td>- Asia</td>
<td>3</td>
<td>(3)</td>
<td>7</td>
<td>(4)</td>
</tr>
<tr>
<td>- Asia RI</td>
<td>(20)</td>
<td>(14)</td>
<td>(29)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>International</strong></td>
<td>75</td>
<td>(6)</td>
<td>110</td>
<td>(49)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>399</td>
<td>226</td>
<td>846</td>
<td>470</td>
</tr>
</tbody>
</table>

Investment income on shareholders’ funds  
135  (52)  301  24  
Interest and Corporate Expenses  
(106)  (140)  (185)  (223)  

**Net profit before tax**  
428  34  963  271  
Tax expense, minority interests & intangibles  
(221)  (405)  (411)  (532)  
**Net profit after tax**  
207  (371)  552  (261)
DIRECT INSURANCE
Solid performance but room to improve

Key points/variances to FY07
- GWP grew 3.8% (adjusted for LTCS)
  - All portfolios grew GWP
  - NSW short-tail up 4.1%
  - CTP holding share in NSW at 38%, QLD now 6%
- Average claims cost rising

Actions taken
- Rates increased
- Expense savings initiated

Outlook
- Grow in line with market while implementing further rate increases
- Initiating cost savings
- Refining underwriting
- New product initiatives and refinements underway
INTERMEDIATED INSURANCE
Maintained pricing discipline in soft market

Key points/variances to FY07

- **GWP down 1.8%**
  - Volume ceded where price inadequate
- **Profitability continued in workers’ compensation and liability**
- **Insurance profit down 20.9%**
  - Due to higher storm costs, claims inflation and lower releases

**Key actions**

- Maintained pricing discipline
- Expenses contained

**Outlook**

- Promising signs around the cycle
- Continue customer retention focus
- Improve efficiency and effectiveness

### INTERMEDIATED INSURANCE FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th>2H07</th>
<th>2H08</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
</tr>
<tr>
<td>Gross written premium</td>
<td>1,330</td>
<td>1,310</td>
<td>2,600</td>
<td>2,553</td>
</tr>
<tr>
<td>Insurance profit</td>
<td>27</td>
<td>20</td>
<td>220</td>
<td>174</td>
</tr>
<tr>
<td>Profit from fee based businesses</td>
<td>38</td>
<td>1</td>
<td>65</td>
<td>33</td>
</tr>
<tr>
<td>Total Intermediated Insurance Result</td>
<td>65</td>
<td>21</td>
<td>285</td>
<td>207</td>
</tr>
<tr>
<td><strong>Insurance Ratios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss ratio</td>
<td>65.2%</td>
<td>67.1%</td>
<td>60.0%</td>
<td>62.0%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>36.3%</td>
<td>37.7%</td>
<td>35.4%</td>
<td>36.6%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>14.7%</td>
<td>15.8%</td>
<td>14.3%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>21.6%</td>
<td>21.8%</td>
<td>21.0%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>101.5%</td>
<td>104.7%</td>
<td>95.3%</td>
<td>98.7%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>2.4%</td>
<td>1.7%</td>
<td>9.4%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>
UNITED KINGDOM
Focusing on specialist motor

Key points/variances to FY07
- GWP up 55% reflecting full year of FY07 acquisitions
- Private motor remains difficult
- Equity remains profitable despite weak investment performance
- Advantage performance poor, but now operating at near break-even
- Fee based business impacted by non-recurring costs of $24m

Key actions
- Ongoing rating actions
- Increased exposure to specialist lines

Outlook
- Scaling back private motor operations
- Focus on Equity Red Star and specialist distribution
NEW ZEALAND
First full-year loss from high claims and restructuring

Key points/variances to FY07
- GWP up 2.4% in NZ$
- Storms, earthquakes and large losses totalled $109m (net)

Key actions
- Increased rates in most classes
- Transitioned to new direct personal lines IT platform
- Implemented cost savings of $16m pa from 2H08

Outlook
- GWP growth on back of hardening rates and ‘re-launch’ of State direct brand
- Business to benefit from full year impact of lower cost base (margin impact of around 1.5%)

<table>
<thead>
<tr>
<th>NEW ZEALAND FINANCIAL PERFORMANCE</th>
<th>2H07</th>
<th>2H08</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
</tr>
<tr>
<td>Gross written premium</td>
<td>508</td>
<td>492</td>
<td>968</td>
<td>974</td>
</tr>
<tr>
<td>Insurance profit</td>
<td>47</td>
<td>4</td>
<td>86</td>
<td>(17)</td>
</tr>
<tr>
<td>Total New Zealand result</td>
<td>47</td>
<td>4</td>
<td>86</td>
<td>(17)</td>
</tr>
<tr>
<td>Insurance Ratios</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss ratio</td>
<td>63.0%</td>
<td>68.5%</td>
<td>61.6%</td>
<td>71.4%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>28.5%</td>
<td>33.2%</td>
<td>30.9%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>10.9%</td>
<td>11.5%</td>
<td>10.7%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>17.6%</td>
<td>21.7%</td>
<td>20.2%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>91.4%</td>
<td>101.7%</td>
<td>92.6%</td>
<td>104.6%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>10.9%</td>
<td>1.0%</td>
<td>10.0%</td>
<td>(2.0%)</td>
</tr>
</tbody>
</table>
ASIA INSURANCE
Investing for growth

Key points/variances to FY07

• GWP up 5% in THB
  – Market remains challenging
• AmAssurance GWP up 15% in MYR
  – Profit reduced by claims inflation in bodily injury
• Weak investment markets

Key actions

• Thailand - repriced business and refined portfolio
• AmAssurance - improved reserving and processing of bodily injury claims

Outlook

• Average growth of 8-10% in local currency terms
• Move to 49% of AmAssurance general insurance
• Complete JV in India

<table>
<thead>
<tr>
<th>ASIA FINANCIAL PERFORMANCE</th>
<th>2H07</th>
<th>2H08</th>
<th>FY07</th>
<th>FY08</th>
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</thead>
<tbody>
<tr>
<td>Gross written premium</td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
<td>A$m</td>
</tr>
<tr>
<td>Insurance profit</td>
<td>89</td>
<td>85</td>
<td>168</td>
<td>174</td>
</tr>
<tr>
<td>Profit from fee based businesses</td>
<td>(3)</td>
<td>(2)</td>
<td>(5)</td>
<td>(4)</td>
</tr>
<tr>
<td>Share of profit from associates</td>
<td>4</td>
<td>(3)</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Corporate expenses</td>
<td>(2)</td>
<td>(1)</td>
<td>(4)</td>
<td>(3)</td>
</tr>
<tr>
<td>Total Asia Result</td>
<td>3</td>
<td>(3)</td>
<td>7</td>
<td>(4)</td>
</tr>
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<table>
<thead>
<tr>
<th>Insurance Ratios</th>
<th>2H07</th>
<th>2H08</th>
<th>FY07</th>
<th>FY08</th>
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<tbody>
<tr>
<td>Loss ratio</td>
<td>65.7%</td>
<td>64.6%</td>
<td>65.4%</td>
<td>65.2%</td>
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<td>Expense ratio</td>
<td>35.8%</td>
<td>35.4%</td>
<td>33.8%</td>
<td>35.6%</td>
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<tr>
<td>Commission ratio</td>
<td>19.4%</td>
<td>20.0%</td>
<td>18.5%</td>
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<tr>
<td>Administration ratio</td>
<td>16.4%</td>
<td>15.4%</td>
<td>15.4%</td>
<td>15.9%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>101.5%</td>
<td>100.0%</td>
<td>99.2%</td>
<td>100.8%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>6.0%</td>
<td>4.6%</td>
<td>6.9%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
ASIAN REINSURANCE
Impacted by UK floods

Key points/variances to FY07
- Floods in UK and NZ weather events impact result ($40m)
- Unfavourable performance of Advantage quota share ($22m)

Key actions
- Advantage quota share now in run-off

Outlook
- NEP expected to reduce in line with revised corporate strategy
- Exiting Alba and Diagonal
- Performance expected to improve but may exhibit some volatility given nature of risks underwritten

<table>
<thead>
<tr>
<th>ASIAN REINSURANCE FINANCIAL PERFORMANCE</th>
<th>2H07</th>
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<th>FY08</th>
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<td>A$m</td>
</tr>
<tr>
<td>Gross written premium</td>
<td>18</td>
<td>14</td>
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<tr>
<td>Insurance profit</td>
<td>(20)</td>
<td>(14)</td>
<td>(29)</td>
<td>(52)</td>
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<tr>
<td>Total Asia Re Result</td>
<td>(20)</td>
<td>(14)</td>
<td>(29)</td>
<td>(52)</td>
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Insurance Ratios

<table>
<thead>
<tr>
<th></th>
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<th>2H08</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio</td>
<td>141.4%</td>
<td>96.3%</td>
<td>137.1%</td>
<td>112.0%</td>
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<tr>
<td>Expense ratio</td>
<td>31.0%</td>
<td>18.5%</td>
<td>48.6%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>6.9%</td>
<td>3.7%</td>
<td>8.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>24.1%</td>
<td>14.8%</td>
<td>40.0%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>172.4%</td>
<td>114.8%</td>
<td>185.7%</td>
<td>133.3%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>(69.0%)</td>
<td>(17.3%)</td>
<td>(82.9%)</td>
<td>(34.7%)</td>
</tr>
</tbody>
</table>
Investments
Reinsurance
Capital & Dividend

Nicholas Hawkins
INVESTMENT ASSETS

The Group’s technical reserves have reduced by $0.4bn over the year and $0.6bn from 1H08 reflecting:
- Both prior periods included reserves for large losses – QBW (June 2007) and Western Sydney (December 2007)
- Stronger A$ reducing the proportionate contribution from the UK and NZ

Reduced shareholders’ funds reflects weak investment markets and the repayment of debt

<table>
<thead>
<tr>
<th>INVESTMENT ASSETS AT END OF:</th>
<th>1H07 A$bn</th>
<th>2H07 A$bn</th>
<th>1H08 A$bn</th>
<th>2H08 A$bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical reserves</td>
<td>7.2</td>
<td>8.0</td>
<td>8.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>2.4</td>
<td>2.4</td>
<td>2.5</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Investment Assets</strong></td>
<td>9.6</td>
<td>10.4</td>
<td>10.7</td>
<td>9.7</td>
</tr>
<tr>
<td>Minority interest – Unitholders’ funds</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Investments in Joint Ventures and Associates</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Funds at Lloyd’s</td>
<td>n/a</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Other</td>
<td>2.0</td>
<td>1.1</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total investment assets on balance sheet</strong></td>
<td>12.0</td>
<td>12.1</td>
<td>11.7</td>
<td>10.8</td>
</tr>
<tr>
<td>Reset Exchangeable Security (RES) funds</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total investment assets</strong></td>
<td>12.5</td>
<td>12.7</td>
<td>12.3</td>
<td>11.4</td>
</tr>
<tr>
<td>Other funds managed on behalf of third parties</td>
<td>2.2</td>
<td>1.9</td>
<td>1.3</td>
<td>0.9</td>
</tr>
</tbody>
</table>
INVESTMENTS
Mix stable and high credit quality maintained

- Total portfolio value is $10.6bn
- Mix stable relative to FY07 with only 9% in growth assets
- 95% of Fixed Interest and Cash is rated ‘AA’ or better
  - In 2H08 took advantage of credit spreads by increasing exposure to Australian major trading bank debt leading to Banks & FI component increasing to 44% - and locking in higher yields
- All credit assets performing and meeting interest/principal repayment obligations
- As at 30 June 2008 net profit before tax sensitivity to a 10 bpts change in credit spreads was $11m
INVESTMENTS
Performance affected by weak markets

<table>
<thead>
<tr>
<th>PORTFOLIO INCOME INCLUDING DERIVATIVES</th>
<th>2H07 A$m</th>
<th>Return* (%)</th>
<th>1H08 A$m</th>
<th>Return* (%)</th>
<th>2H08 A$m</th>
<th>Return* (%)</th>
<th>FY07 A$m</th>
<th>Return* (%)</th>
<th>FY08 A$m</th>
<th>Return* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical reserves</td>
<td>184</td>
<td>2.2</td>
<td>224</td>
<td>2.6</td>
<td>208</td>
<td>2.7%</td>
<td>360</td>
<td>4.4%</td>
<td>432</td>
<td>5.6%</td>
</tr>
<tr>
<td>Shareholders’ funds</td>
<td>135</td>
<td>5.4</td>
<td>76</td>
<td>2.6</td>
<td>(121)</td>
<td>(4.5%)</td>
<td>301</td>
<td>13.1%</td>
<td>(45)</td>
<td>(1.5%)</td>
</tr>
<tr>
<td>RES Revaluation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>69</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>69</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investment income</strong></td>
<td>319</td>
<td>3.1</td>
<td>300</td>
<td>2.6</td>
<td>156</td>
<td>1.0%</td>
<td>661</td>
<td>6.4%</td>
<td>456</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Returns are stated gross of tax and expenses. Half-year returns have not been annualised.

• In FY08 the Group incurred $137m of mark-to-market losses from credit spreads
  – $122m included in insurance result and $15m in shareholders’ funds
  – Revaluation losses expected to be recovered over life of securities through higher running yields

• Returns on shareholders’ funds adversely impacted by falls in equity and bond markets, exacerbated by some negative active returns

• The 2H08 and FY08 income includes the RES option revaluation of $69m (FY07: nil)
• The upper limit of the Group’s catastrophe programme is $4bn

• Maximum event retentions for the Group from 1 July 2008 are:
  – For a first event: Australia $118m; United Kingdom $104m; New Zealand $94m
  – For a second event: $75m in Australia, UK and New Zealand

• Additional cover for accumulated losses below the maximum event retention for calendar 2008 – 92% placed
  – Covers accumulated losses arising from events larger than $15m
  – Cover of $150m xs $150m counting a maximum of $50m per event

• Counterparty credit profile of the main catastrophe programme has more than 70% of the limit provided by parties rated 'AA-' or better by S&P
BALANCE SHEET REMAINS STRONG

As at 30 June 2008

- Very liquid balance sheet
  - >55% cash and investments
  - > $1.25bn of cash and cash equivalents
- Reinsurance recoveries <3.5%
- Debt leverage reduced to <25%
- Very strong ‘AA’ category financial strength ratings for key wholly owned insurers
- <$50m of debt maturing in FY09
- Capacity to raise $255m of eligible Lower Tier 2 capital
REGULATORY CAPITAL REMAINS STRONG

• MCR multiple of 1.62x in FY08 vs 1.87x in 1H08 due to:
  – Buy-back of $200m of Tier 1 RPS2
  – Increased maximum event retention and asset risk charges
  – Interim dividend in excess of 2H08 income

• Due to APRA changes to asset risk charges effective 1 July 2008 Group MCR multiple now 1.53x

• Exercising 100% of $550m Reset Exchange Securities (contingent capital) would increase MCR multiple post 1 July 2008 to 1.81x
• Target remains cash ROE of at least 1.5x WACC
• Final dividend of 9c per share, fully franked
• Revised dividend policy
  – Payout ratio of 50-70% of cash earnings
  – Expect to pay fully franked dividends for foreseeable future
  – DRP to be met by issuing new shares to DRP participants at VWAP (no discount)
Outlook

Michael Wilkins
IMPROVING PERFORMANCE

• Increase discipline and focus
  – Ongoing rate increases and underwriting discipline

• Executing revised corporate strategy
  – Restructure of operating model completed
  – $130m pa (pre-tax) productivity saves in Australia on track
  – Scale-back of operations in UK underway
  – Pursuing select growth opportunities in Asia

• Targeting ROE 1.5x WACC and top quartile TSR through the cycle

• FY09 outlook*
  – Underlying GWP growth of 3-5% and reported GWP growth of 0-2%
  – FY09 insurance margin of 10%+ (now including corporate expenses)

* Subject to no material movement in foreign exchange rates and no catastrophes or large losses beyond our allowances and no material changes in credit spreads
OUR BUSINESS MODEL AND BRANDS

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