1

GROUP RESULTS

Mike Wilkins
Managing Director and
Chief Executive Officer
THE HALF IN SUMMARY
HOME MARKETS CONTINUE TO PERFORM WELL

Insurance margin of 12.7%
• Underlying GWP growth of 3.2%
• Insurance profit of $470m (1H10: $488m)
• Net profit of $161m, after $150m UK intangibles impairment
• Interim dividend of 9cps, fully franked (1H10: 8.5cps)

Strong performance in Australia and New Zealand
• More than 90% of GWP
• Collective insurance margin of 17.8% (1H10: 14.4%) and underlying GWP growth of 6.3%
• Benefited from reinsurance protections, notably in respect of Christchurch earthquake (Sept 2010)
• CGU turnaround continuing, despite difficult market conditions

Greater than expected loss from UK
• Higher than anticipated bodily injury claim inflation
• Significant protection from adverse development cover for 2009 and prior
• Remediation showing early signs of improvement
DIVISIONAL RESULTS
HOME MARKETS ARE PERFORMING WELL

<table>
<thead>
<tr>
<th>Insurance Profit (A$m) and Margin (%)</th>
<th>1H10 A$m</th>
<th>%</th>
<th>1H11 A$m</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia Direct</td>
<td>281</td>
<td>16.9</td>
<td>350</td>
<td>19.4</td>
</tr>
<tr>
<td>Australia Intermediated</td>
<td>112</td>
<td>10.2</td>
<td>154</td>
<td>14.3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>68</td>
<td>15.0</td>
<td>90</td>
<td>19.8</td>
</tr>
<tr>
<td><strong>Total Australia and New Zealand</strong></td>
<td><strong>461</strong></td>
<td><strong>14.4</strong></td>
<td><strong>594</strong></td>
<td><strong>17.8</strong></td>
</tr>
<tr>
<td>UK</td>
<td>24</td>
<td>6.6</td>
<td>(121)</td>
<td>(41.3)</td>
</tr>
<tr>
<td>Asia</td>
<td>2</td>
<td>2.9</td>
<td>(3)</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Corporate &amp; Other</td>
<td>1</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total Insurance Profit / Margin</strong></td>
<td><strong>488</strong></td>
<td><strong>13.4</strong></td>
<td><strong>470</strong></td>
<td><strong>12.7</strong></td>
</tr>
</tbody>
</table>

1H11 GWP REGIONAL MIX

- Australia
- New Zealand
- UK
- Asia
AUSTRALIA DIRECT
PERFORMING WELL

KEY POINTS
• GWP growth of 7.9%
  – Encouraging volume gains
• Increased insurance margin of 19.4%
  – Improved underwriting and cost disciplines
  – Natural peril claim expense reduced by reinsurance protections
  – Higher reserve releases

OUTLOOK
• Further GWP growth, but at reduced pace
• Lower 2H11 margin than 1H11
  – Impact of January/February peril events

<table>
<thead>
<tr>
<th>Insurance Ratios</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immunised loss ratio</td>
<td>70.9%</td>
<td>73.3%</td>
<td>69.8%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>20.4%</td>
<td>19.3%</td>
<td>19.0%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>18.2%</td>
<td>17.2%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Immunised combined ratio</td>
<td>91.3%</td>
<td>92.6%</td>
<td>88.8%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>16.9%</td>
<td>16.9%</td>
<td>19.4%</td>
</tr>
</tbody>
</table>
AUSTRALIA INTERMEDIATED
ONGOING IMPROVEMENT IN UNDERLYING PERFORMANCE

KEY POINTS

• GWP growth of 5.4%
  – Difficult market conditions
  – Rate increases vary by portfolio
  – Retention remains strong

• Insurance margin of 14.3%
  – Underlying improvement ongoing
  – Natural peril costs lower, assisted by reinsurance protections
  – Higher reserve releases

OUTLOOK

• Continuation of tough market conditions
• Year-on-year underlying improvement
• Lower reported margin in 2H11 (vs. 1H11)

<table>
<thead>
<tr>
<th>Insurance Ratios</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immunised loss ratio</td>
<td>61.3%</td>
<td>70.4%</td>
<td>58.5%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>37.2%</td>
<td>36.7%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>15.4%</td>
<td>14.6%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>21.8%</td>
<td>22.1%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Immunised combined ratio</td>
<td>98.5%</td>
<td>107.1%</td>
<td>94.2%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>10.2%</td>
<td>2.6%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>
NEW ZEALAND
INCREASED REPORTED MARGIN, AIDED BY REINSURANCE PROTECTIONS

KEY POINTS
• GWP grew by 3% in local currency
  – Flat reported GWP
  – Moderate rate increases offset by reduced volumes from improved risk selection
• Increased insurance margin of 19.8%
  – Underlying performance remains strong
  – Significant reinsurance protection under Group covers
  – Christchurch earthquake (September 2010) fully covered at a Group level

OUTLOOK
• Improved GWP growth
• Lower 2H11 margin (vs. 1H11) owing to second Christchurch earthquake

<table>
<thead>
<tr>
<th>Insurance Ratios</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio</td>
<td>55.0%</td>
<td>55.7%</td>
<td>52.1%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>31.1%</td>
<td>32.5%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>12.1%</td>
<td>12.3%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>19.0%</td>
<td>20.2%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>86.1%</td>
<td>88.2%</td>
<td>81.1%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>15.0%</td>
<td>14.3%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>
ASIA
SBI GENERAL MOVING TO FULL LAUNCH IN 2H11

KEY POINTS
- Participation in regional annual GWP pool of $420m
- Thai business recorded strong GWP growth, but margin impacted by flood events
- Malaysia continues to perform well
- SBI General in start-up phase
- Self-funding of regional development costs
- Current regional investment approx $400m

OUTLOOK
- Strong underlying performance from established businesses
- Full launch of SBI General in 2H11
- Assessment of opportunities in other Asian markets
UNITED KINGDOM
HIGHER THAN EXPECTED LOSS OWING TO BODILY INJURY CLAIM INFLATION

KEY POINTS

- Higher than expected insurance loss of $121m
  - Ongoing bodily injury claim inflation
  - Non-private motor market more challenging than expected
  - LAT expense of $40m
  - Prior year reserve strengthening of $18m
  - Higher natural peril claim cost
- Considerable protection from ADC
- Remediation programme generating early signs of improvement

OUTLOOK

- Further loss in 2H11, but lower than 1H11
- Accelerated remediation actions
- New reinsurance cover – $40m expense in 2H11

<table>
<thead>
<tr>
<th>Insurance Ratios</th>
<th>1H10</th>
<th>2H10</th>
<th>1H11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio</td>
<td>63.7%</td>
<td>229.3%</td>
<td>94.5%</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>31.6%</td>
<td>79.6%</td>
<td>47.8%</td>
</tr>
<tr>
<td>Commission ratio</td>
<td>18.3%</td>
<td>34.8%</td>
<td>23.9%</td>
</tr>
<tr>
<td>Administration ratio</td>
<td>13.3%</td>
<td>44.8%</td>
<td>23.9%</td>
</tr>
<tr>
<td>Combined ratio</td>
<td>95.3%</td>
<td>308.9%</td>
<td>142.3%</td>
</tr>
<tr>
<td>Insurance margin</td>
<td>6.6%</td>
<td>(209.4%)</td>
<td>(41.3%)</td>
</tr>
</tbody>
</table>
CAPITAL, INVESTMENTS AND DIVIDENDS

Nick Hawkins
Chief Financial Officer
BALANCE SHEET
STRONG CAPITAL POSITION

MCR remains above benchmark
- MCR of 1.81 times at 31 December 2010
- Debt to total tangible capitalisation of 33%, in line with 30–40% target range
- Capital management initiative options continue to be assessed
- ‘AA’ category financial strength ratings for key wholly owned insurers from S&P

### CAPITAL MIX

<table>
<thead>
<tr>
<th></th>
<th>1H10 A$m</th>
<th>2H10 A$m</th>
<th>1H11 A$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder equity</td>
<td>5,040</td>
<td>4,656</td>
<td>4,658</td>
</tr>
<tr>
<td>Intangibles and goodwill</td>
<td>(2,195)</td>
<td>(2,083)</td>
<td>(1,853)</td>
</tr>
<tr>
<td>Tangible shareholder equity</td>
<td>2,845</td>
<td>2,573</td>
<td>2,805</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>1,586</td>
<td>1,450</td>
<td>1,380</td>
</tr>
<tr>
<td>Total tangible capitalisation</td>
<td>4,431</td>
<td>4,023</td>
<td>4,185</td>
</tr>
</tbody>
</table>
REINSURANCE
SIGNIFICANT PROTECTION PROVIDED

- Significant reinsurance protections in 1H11
- Integrated programme of catastrophe cover on calendar year basis renewed from 1 January 2011:
  - Main cover from $250m up to $4.1bn
  - Three-year buy-down below $250m
  - First event MER of $150m
  - Second and third event covers
  - Sideways aggregate cover ($150m excess of $150m)
- Counterparty credit profile remains strong
- Significant natural peril claim costs early in 2H11:
  - Aggregate cover active
  - Next event (post Christchurch earthquake) maximum cost of $75m
  - Additional reinstatement costs in 2H11
RESERVE RELEASES
LONG TERM EXPECTATION OF 0.5-1.0% OF NEP

- 1H11 reserve releases of $103m (net of $18m UK strengthening)
- Majority sourced from central estimate
- Significant sources in 1H11 were:
  - CTP (Australia Direct)
  - Workers’ comp and professional risks (CGU)
- FY11 reserve releases not expected to exceed FY10
INVESTMENTS
CONSERVATIVE MIX AND HIGH CREDIT QUALITY

INVESTMENT ASSET ALLOCATION – $11.8B

- 87% of total portfolio in fixed interest and cash
- Growth assets have risen to 40% of shareholders’ funds
- Credit quality remains high – 94% of fixed interest and cash rated ‘AA’ or better

GROUP FIXED INTEREST & CASH – $10.3B
INVESTMENT RETURNS
SOUND PERFORMANCE

Technical reserve returns
- Lower returns in face of rising yields
- 100bps of return generated above risk free rate
- Credit spread volatility has continued to ease

Shareholders’ funds returns
- Improvement reflects recovery in equity markets
9.0 cps fully franked interim dividend

- Up from 8.5 cps in 1H10
- Represents 52% of cash earnings
- Policy remains to pay 50%–70% of cash earnings for the full year
4
OUTLOOK

Mike Wilkins
Managing Director and
Chief Executive Officer
FY11 OUTLOOK
ONGOING STRONG PERFORMANCE FROM AUSTRALIA AND NEW ZEALAND

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance margin</td>
<td>8%–10%</td>
</tr>
<tr>
<td>Underlying GWP growth</td>
<td>3%–5%</td>
</tr>
</tbody>
</table>

Guidance for FY11 assumes:
- Ongoing strong underlying performance from the Australian and New Zealand businesses
- Second half loss from the UK operation, albeit lower than 1H11
- Full year losses from natural perils of $540m, post second Christchurch earthquake
- Increased reinsurance expense in 2H11, from new UK reinsurance cover and catastrophe reinstatements
- Reserve releases not exceeding FY10
- No material movement in foreign exchange rates or investment markets
# BUSINESS MODEL AND BRANDS

<table>
<thead>
<tr>
<th>DIRECT INSURANCE</th>
<th>INTERMEDIATED INSURANCE</th>
<th>ONLINE INSURANCE</th>
<th>DIRECT INSURANCE</th>
<th>DIRECT INSURANCE</th>
<th>INTERMEDIATED INSURANCE</th>
<th>INTERMEDIATED INSURANCE</th>
<th>UNITED KINGDOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRMA INSURANCE</td>
<td>CGU</td>
<td>swann insurance</td>
<td>STATE</td>
<td>AmAssurance</td>
<td>Barnett &amp; Barnett</td>
<td>Barnett &amp; Barnett</td>
<td></td>
</tr>
<tr>
<td>NRMA INSURANCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGIC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGIO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RACV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## ACTIVE PORTFOLIO MANAGEMENT & GOVERNANCE (CORPORATE OFFICE)

1. RACV is via a distribution relationship and underwriting joint venture with RACV Limited.
2. RACV has a 30% interest in The Buzz.
3. 49% ownership of the general insurance arm of AmBank Group, AmG Insurance Berhad, trading under the AmAssurance brand.
4. 98% voting rights in Safety Insurance, based in Thailand.
5. 26% ownership of SBI General Insurance Company, a joint venture with the State Bank of India.