

Consolidated financial results

for the year ended 30 June 2010



Full year results 2010

25 August 2010



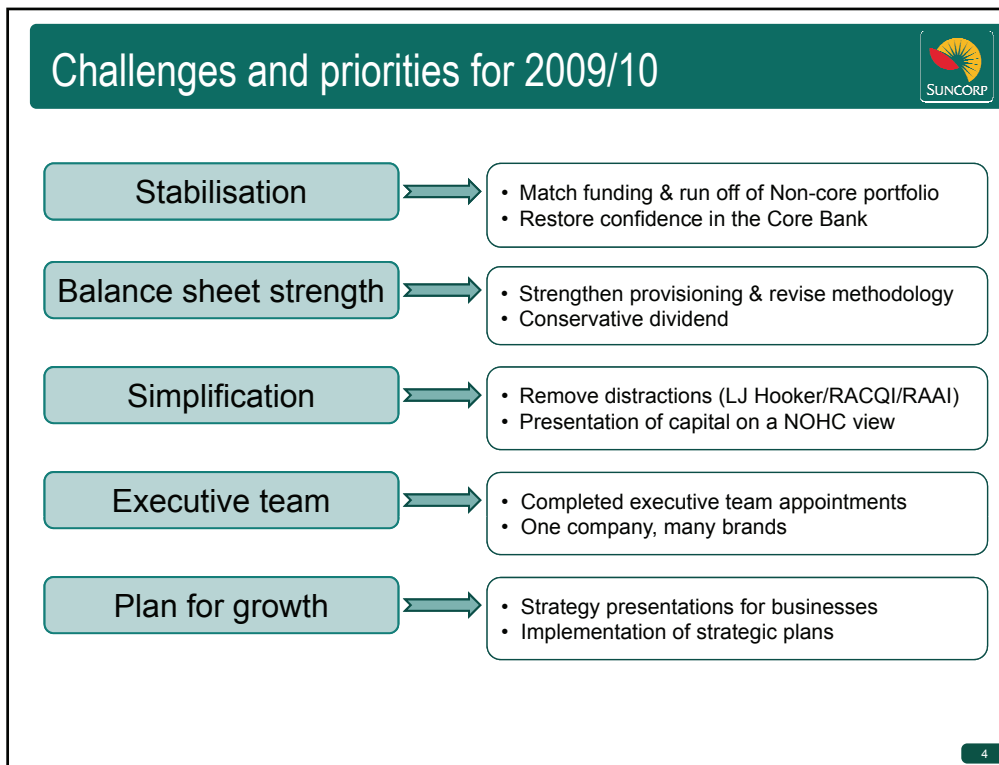
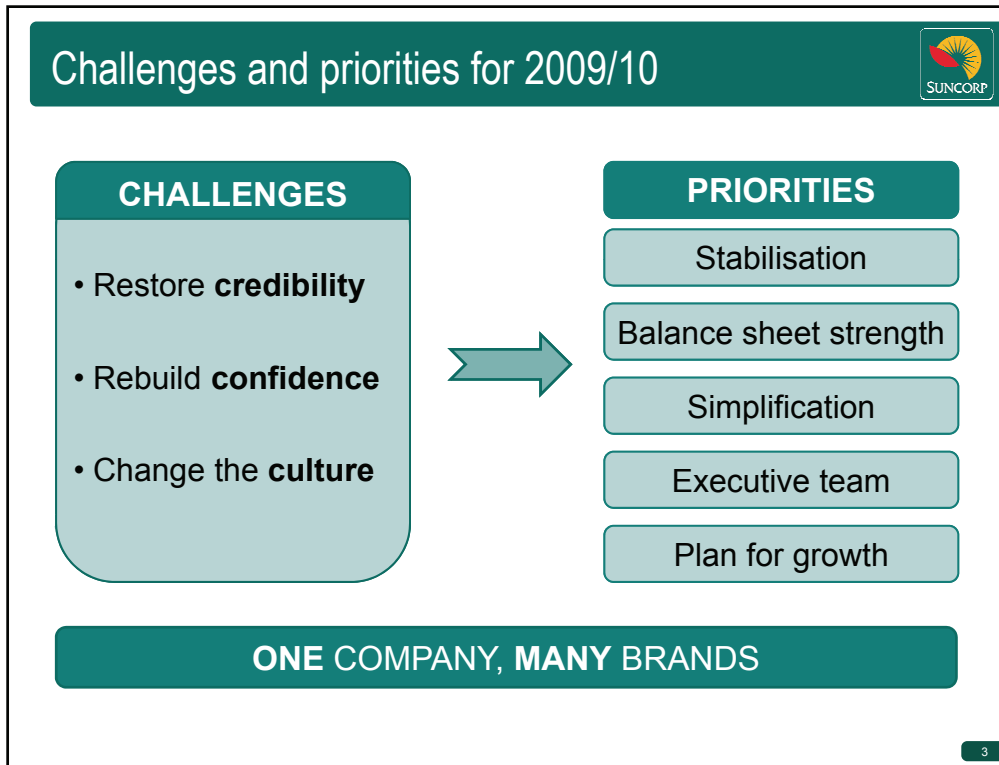
Agenda



- **Introduction & highlights – Patrick Snowball**
- Detailed results – John Nesbitt
 - General Insurance
 - Banking
 - Life
 - Capital
- Group update – Patrick Snowball
- Conclusion – Patrick Snowball
- Questions

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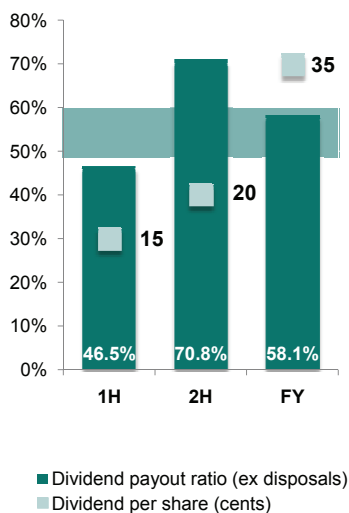
Result highlights



A\$m	FY10	%Δ
General Insurance profit after tax	557	34%
Consolidated Bank profit after tax before one offs	44	19%
Life profit after tax	222	90%
PROFIT AFTER TAX FROM BUSINESS LINES	823	37%
LJ Hooker/RACQI/RAAI	160	n/a
Intangible amortisation & other	(203)	n/a
GROUP NPAT	780	124%
Cash earnings per share (basic)	73.5 cents up 56%	
Final dividend per share (fully franked)	20 cents	
Full year total dividend per share (fully franked)	35 cents	

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Group performance



- Final dividend of 20cps, fully franked
- Dividend payout ratio, excluding divestments of 58%
- Neutralised dilutive effect of the DRP
- Strong capital position but regulatory uncertainty


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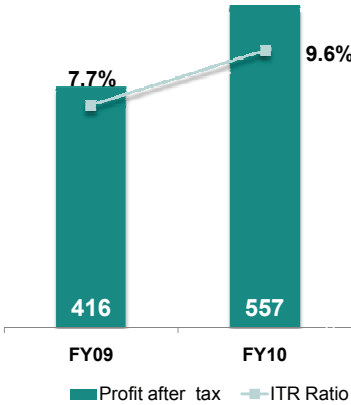
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General Insurance overview

A\$m	FY10	%Δ
General Insurance profit after tax	557	34%

- GWP up 6.5% excluding Covermore travel insurance
- Natural hazard claims above allowance by \$165m
- Revised Average Weekly Earnings (AWE) assumption by 0.5%, costing \$75m
- One off reduction in deferred acquisition costs reduced profit by \$47m
- Reserve releases of \$256m but conservative provisions remain
- Good momentum in underlying ITR improvement
- New Zealand ITR contribution of \$70m or 12.2%



Metric	FY09	FY10
Profit after tax	416	557
ITR Ratio	7.7%	9.6%

Underlying ITR 9% for FY10

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Gross Written Premium			
Product	FY10	%Δ	Factors
Motor	2,451	6.4	Solid premium and net written unit growth
Home	1,725	13.6	Significant premium increases and resilient customer retention
Commercial	1,709	(0.1)	Increases in short-tail classes offset by exit in some business lines
CTP	837	13.3	Higher average premiums
Workers' Comp	222	5.7	Moderate increases in Western Australia
Other	83	(75.1)	Cessation of Covermore travel insurance partnership
Total	7,027	3.1	

GWP up 6.5% excluding the Covermore impact



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General Insurance claims		
Major natural hazard events	\$m	Other impacts on claims expense:
QLD – NSW storms (Feb 10)	27	• Positive experience in working loss claims
NSW storms (Feb 10)	20	• Some claims inflation in Perth and Melbourne following major events
West QLD floods (Mar 10)	29	• Reserve releases of \$256m well above long-run expectations of 1.5% of NEP (\$95m)
Melbourne storm (Mar 10)	200	
Cyclone Ului (Mar 10)	42	
Perth storm (Mar 10)	<u>155</u>	
Total claims	473	2010/11 outlook
Less: aggregate reinsurance cover	<u>(163)</u>	Natural hazard allowance increases to \$460 million
Total net claims	310	Reinsurance program based on 2009/10 with:
Minor natural hazards	255	• Catastrophe retention of \$200m
Allowance for all natural hazards	<u>(400)</u>	• \$400m of aggregate cover if events over \$10m exceed \$300m
Natural hazards above allowance	165	



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General Insurance investment income



Investment income	FY10 A\$m
Underlying yield	355
Discount rate impact on insurance liabilities	142
Economic and accounting mismatch	105
Total	602

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General Insurance expenses

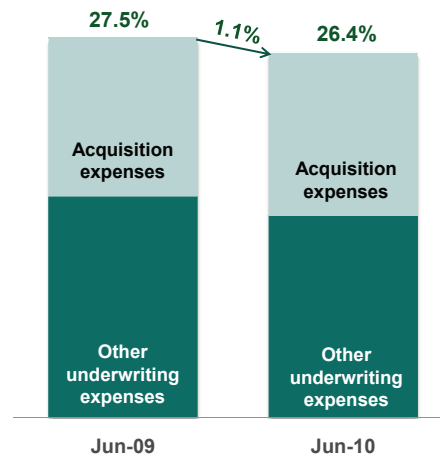


Acquisition and operating expenses of \$1,670m up 1.7%

Expense Ratio of 26.4% down 1.1%

Impacted by:

- One off DAC charge of \$47m
- \$34m of one off restructure costs
- \$29m increase in Fire Service Levies

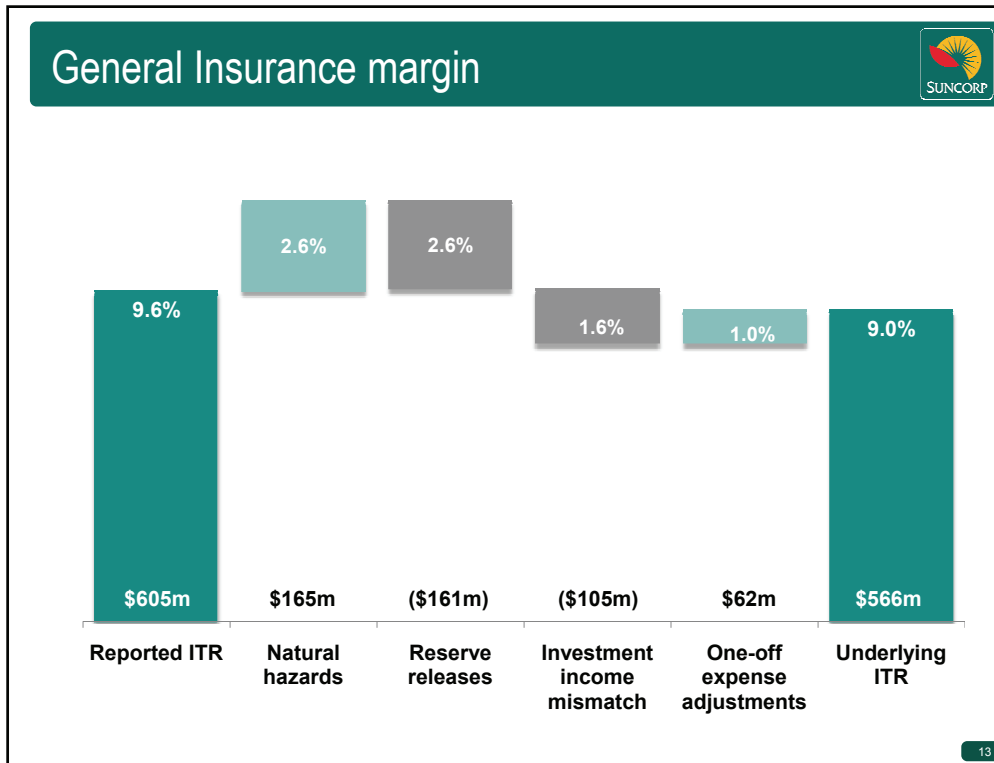


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Consolidated Bank overview

A\$m	FY10	%Δ
Consolidated Bank profit after tax before one-off items	44	19

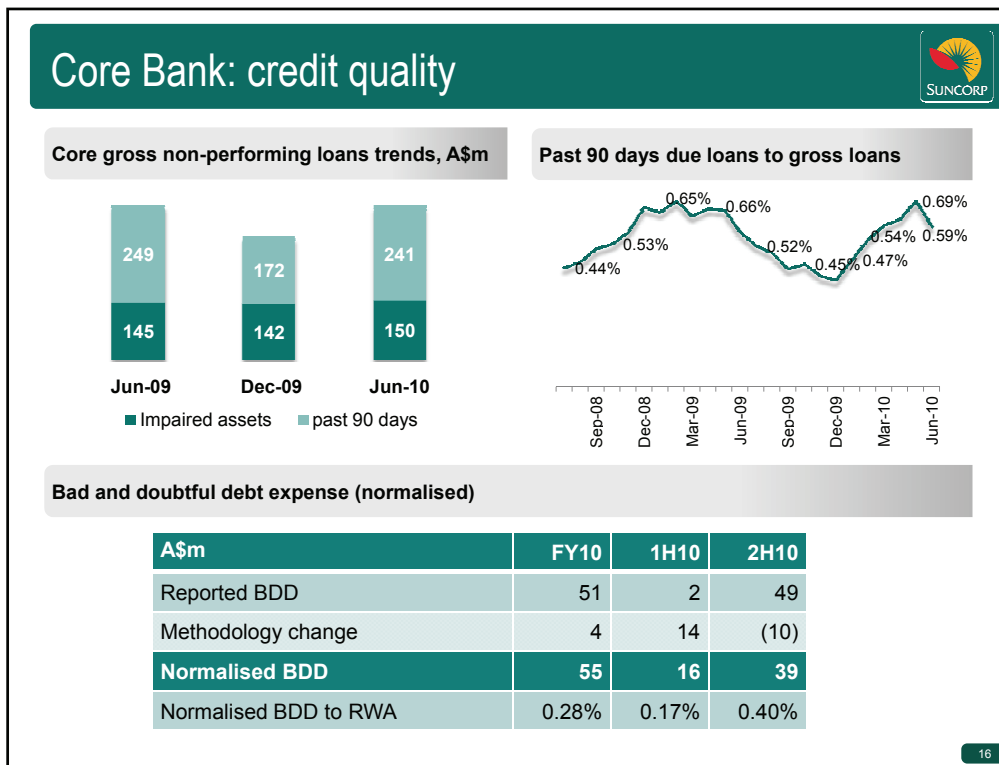
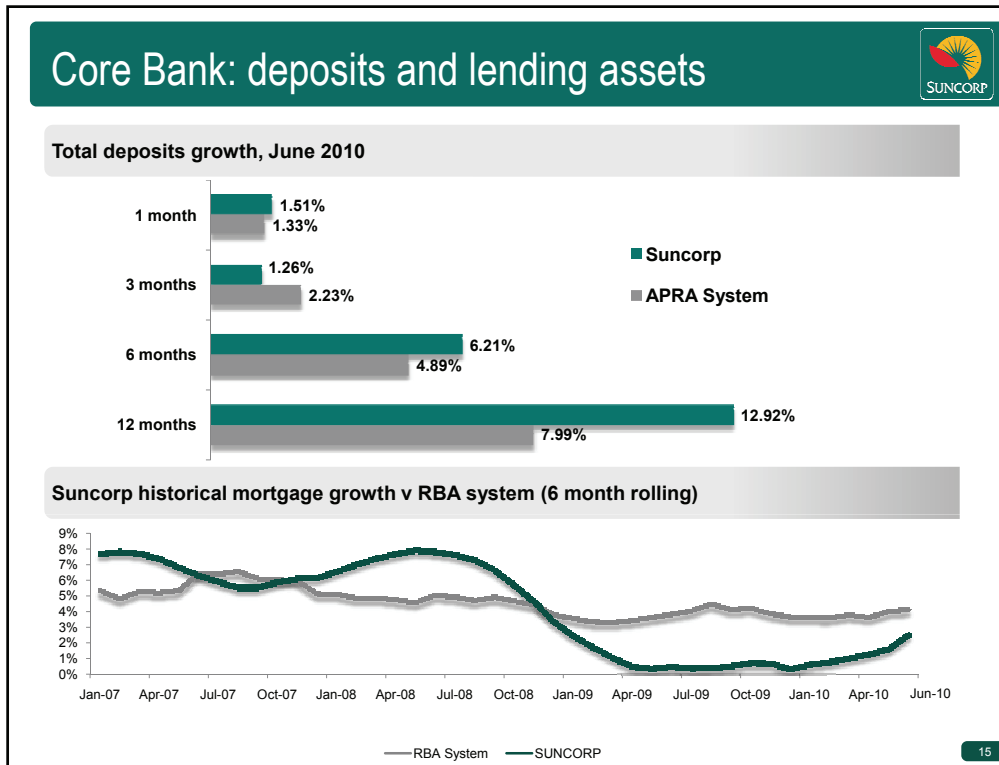
<p>Core Bank</p> <ul style="list-style-type: none"> • Profit after tax \$268 million • Total lending \$37.4 billion • Strong deposit growth, ahead of system • Improved net interest margin • Well positioned for future growth 	<p>Non-core Bank</p> <ul style="list-style-type: none"> • Loss after tax \$224 million • Total lending \$12.6 billion • Run-off progressing well, ahead of plan • Impaired assets stable and bad debts reducing • De-risking has reduced margins
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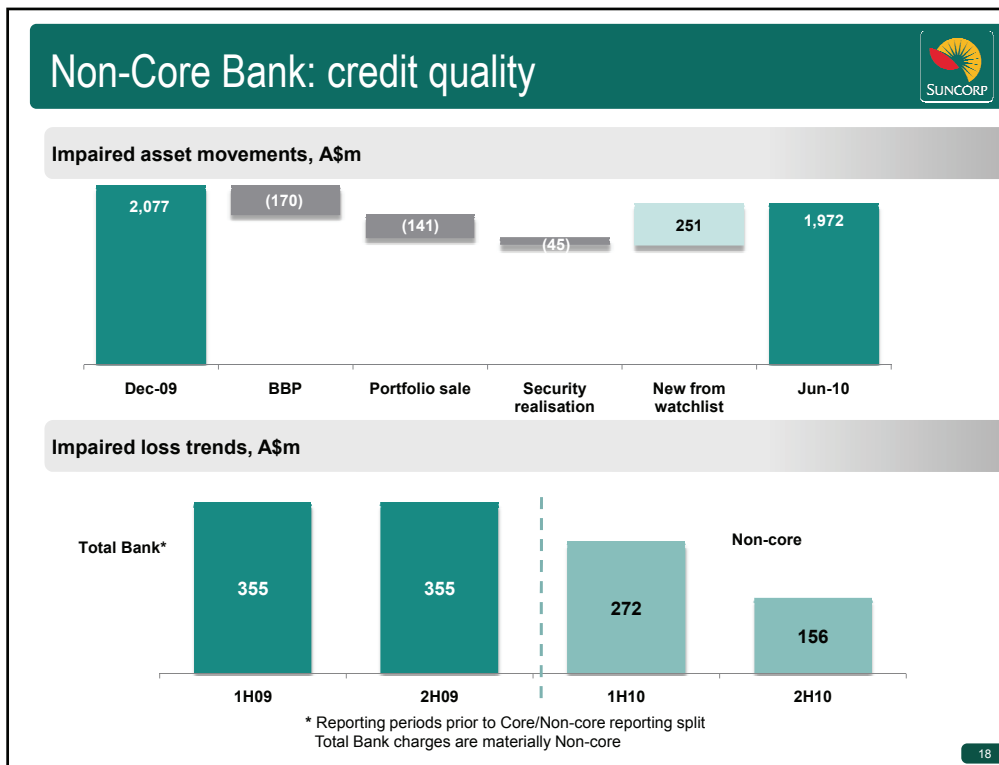
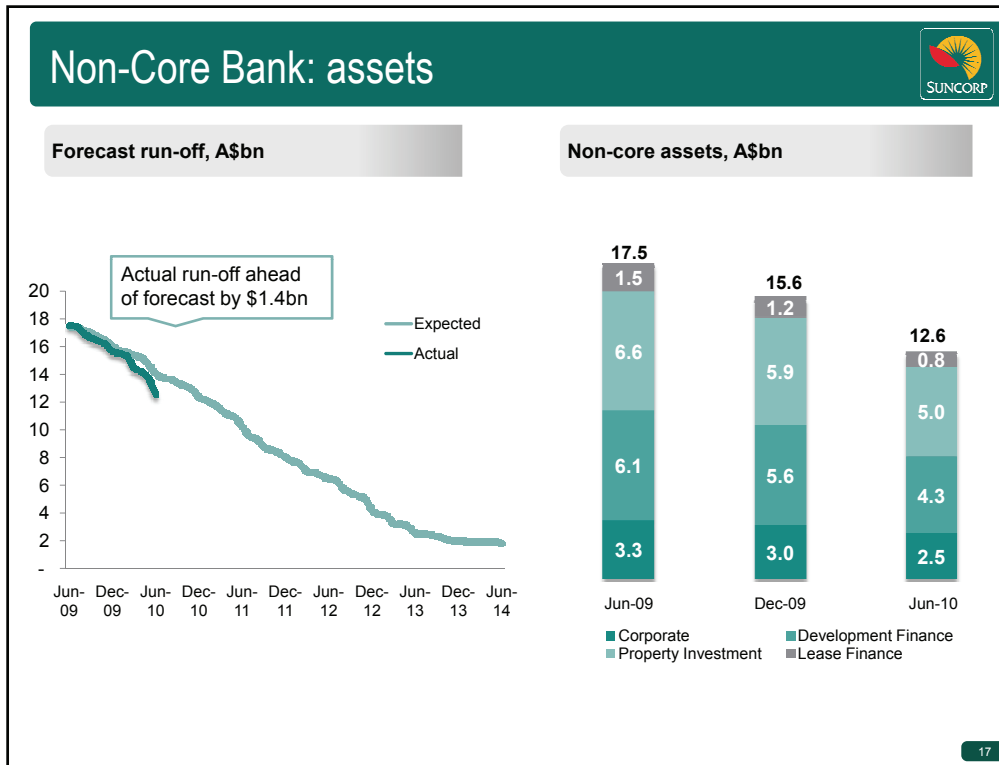
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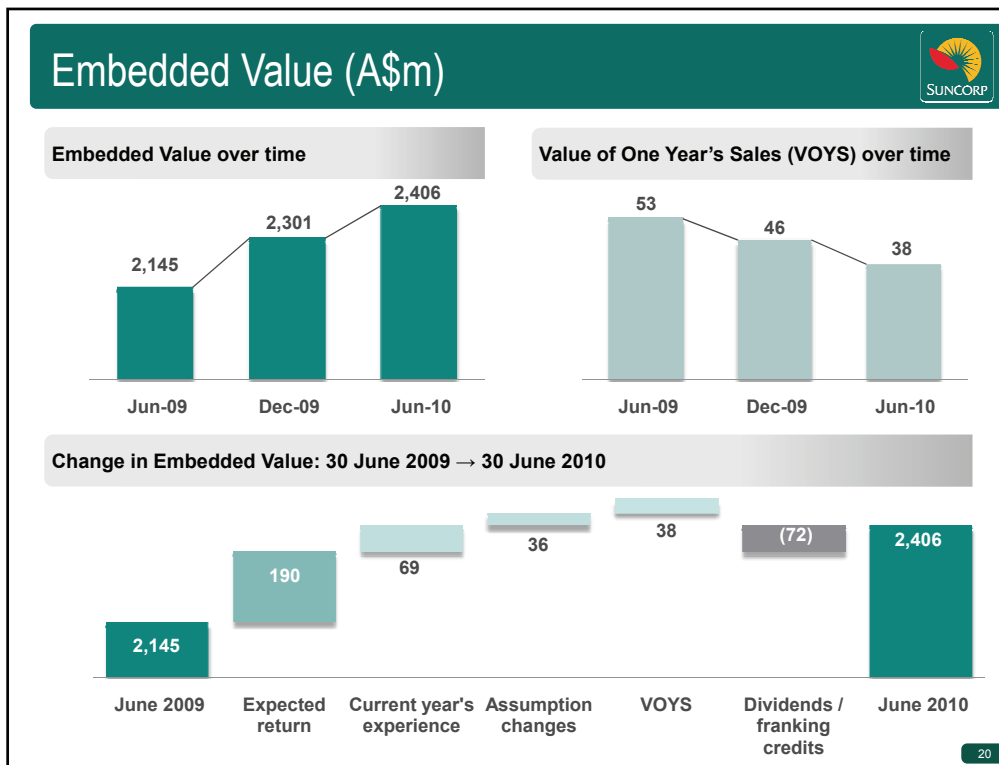
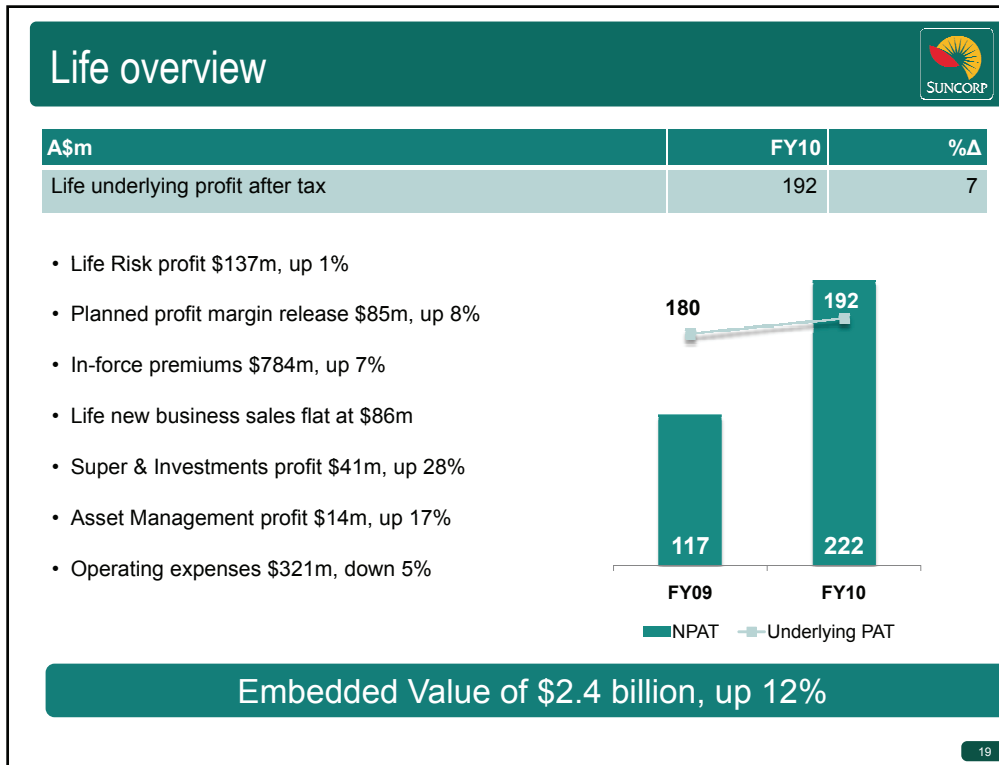
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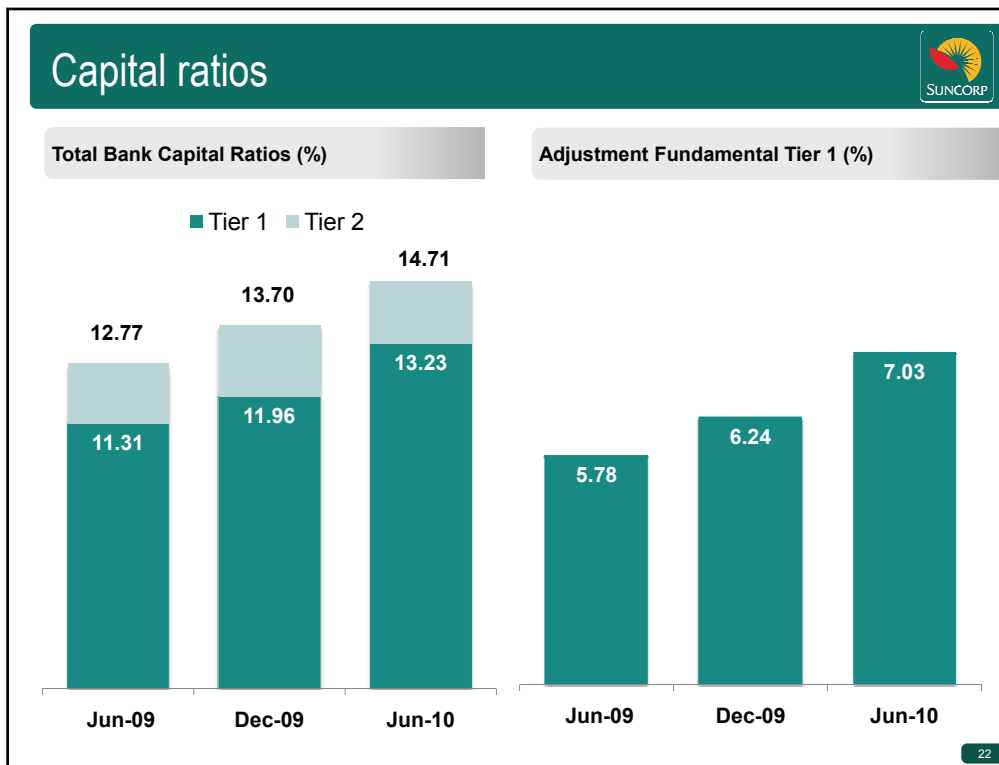
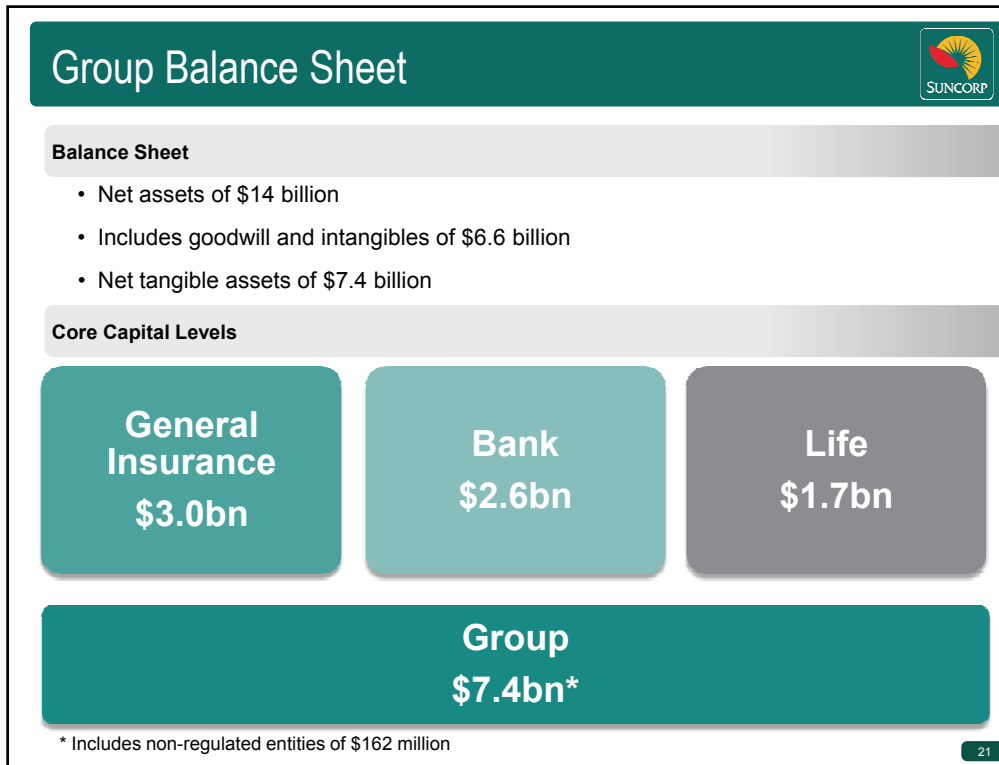
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Group commitments and targets



General Insurer

- At least 3% increase in underlying GI margin by FY12
- \$235m benefit from building blocks at cost of \$120m
- One functionally aligned, customer focused PI team, delivering portfolio growth & scale in pricing and claims
- CI targeting market share growth of 3%
- Double Group's scale and profit footprint in NZ over the next 3 years

Personal Insurance

Commercial Insurance

Vero NZ

Regional Bank

- 1 to 1.3 times system housing lending growth by Dec 2010
- Sustained RoE >15% in Core Bank
- By 2013:
 - Over 1m customers
 - Increase main bank customers by 50%
 - Treble customers & double branches in WA & NSW
 - Cost to Income mid 40's

Niche Life Insurer

- 3 year focus:
 - Double new business volume
 - Reduce acquisition expenses as % of new business premium
 - Reduce expenses as % of in-force premium
 - Double digit in-force premium growth, with focus on retention
 - Improve disability claims experience

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