



CEO's address

To be checked against delivery at the 2022 AGM, starting at 9.30am AEDT on 21 October 2022.

Nick Hawkins
Managing Director and Chief Executive Officer

Slide 1 – Title slide

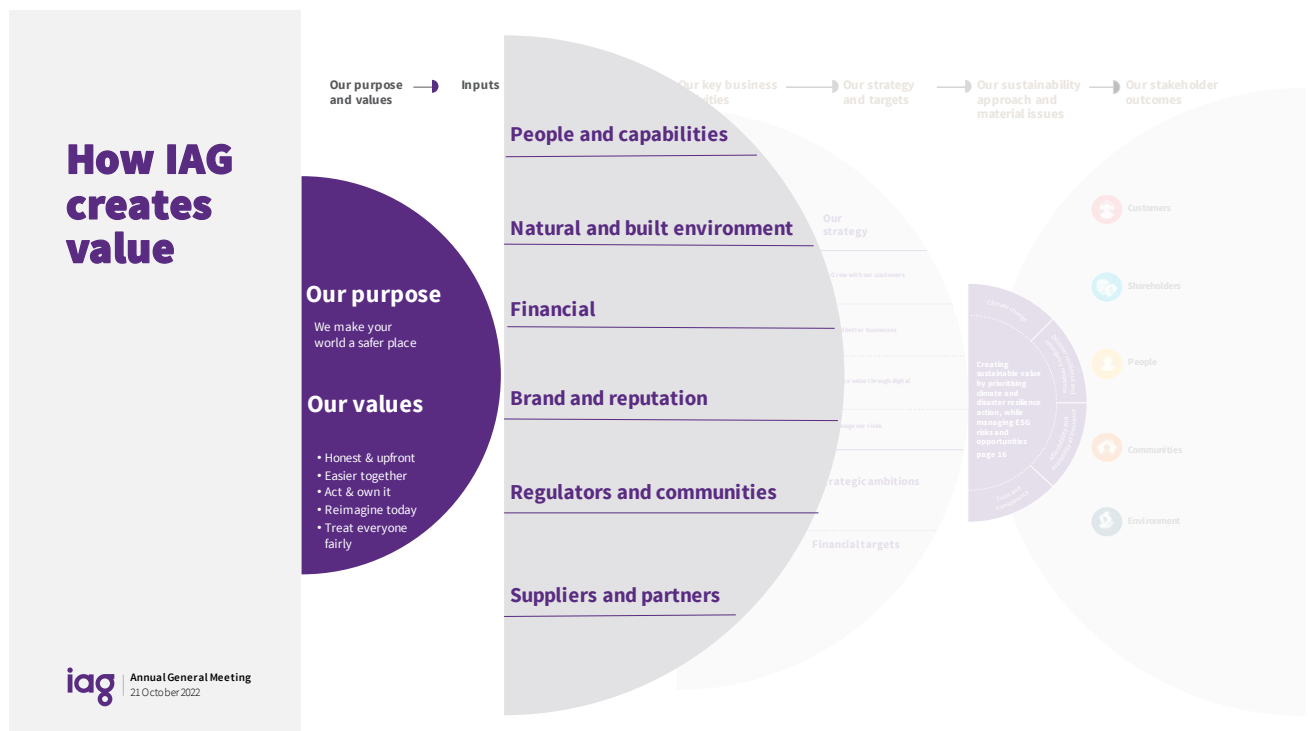
Thank you, David and good morning, ladies and gentlemen

It's great to be here with you in person for the first time in a couple of years, and to have the opportunity to talk about what our company has achieved this year.

To begin, I acknowledge the traditional owners of the lands on which we meet: the Gadigal people of the Eora nation, and I pay my respects to their elders past, present and emerging.

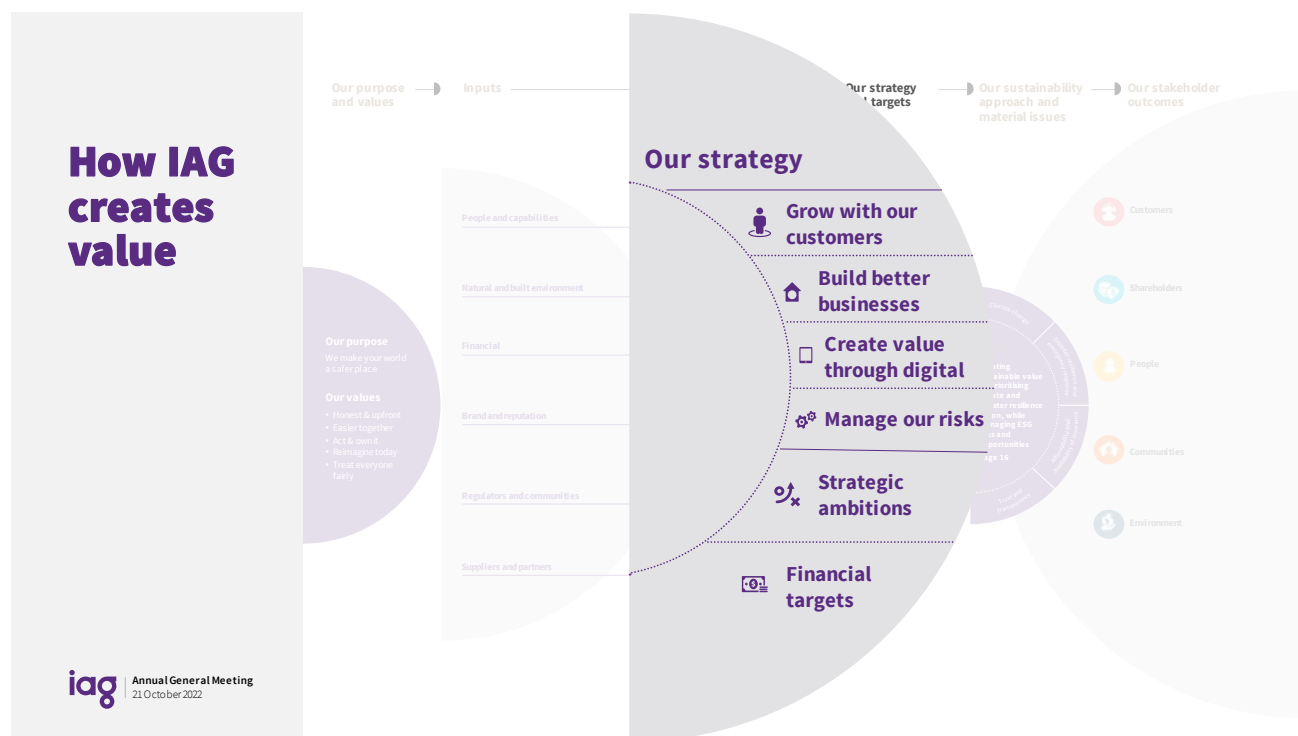
I thought I would frame my discussion today around the way we create value for you, our shareholders, and for our other key stakeholders.

Slide 2 – How IAG creates value – our purpose and values



We are a very purpose-driven organisation. That means we want to make your world a safer place for the 30 million people who live in Australia and New Zealand where our businesses operate, and in particular of course, for the 8.5 million people who are our customers who trust us to insure them.

Slide 3 – How IAG creates value – our strategy, targets and strategic ambitions



Importantly, behind this purpose sits our strategy, to create a stronger, more resilient IAG.

We have defined our strategy around priorities where we focus our efforts. These are:

- Growing with our customers
- Building better businesses
- Creating value through digital, and
- Managing our risks

And we have been very clear to you as our owners what delivering on these priorities will look like over the next four years. That is:

- Adding one million new customers by FY26
- Moving to 80% digital transactions by FY26
- Significantly turning around our Intermediated Insurance Australia business to achieve \$250 million insurance profit by FY24
- And creating \$400 million of value through our claims and supply chain initiatives

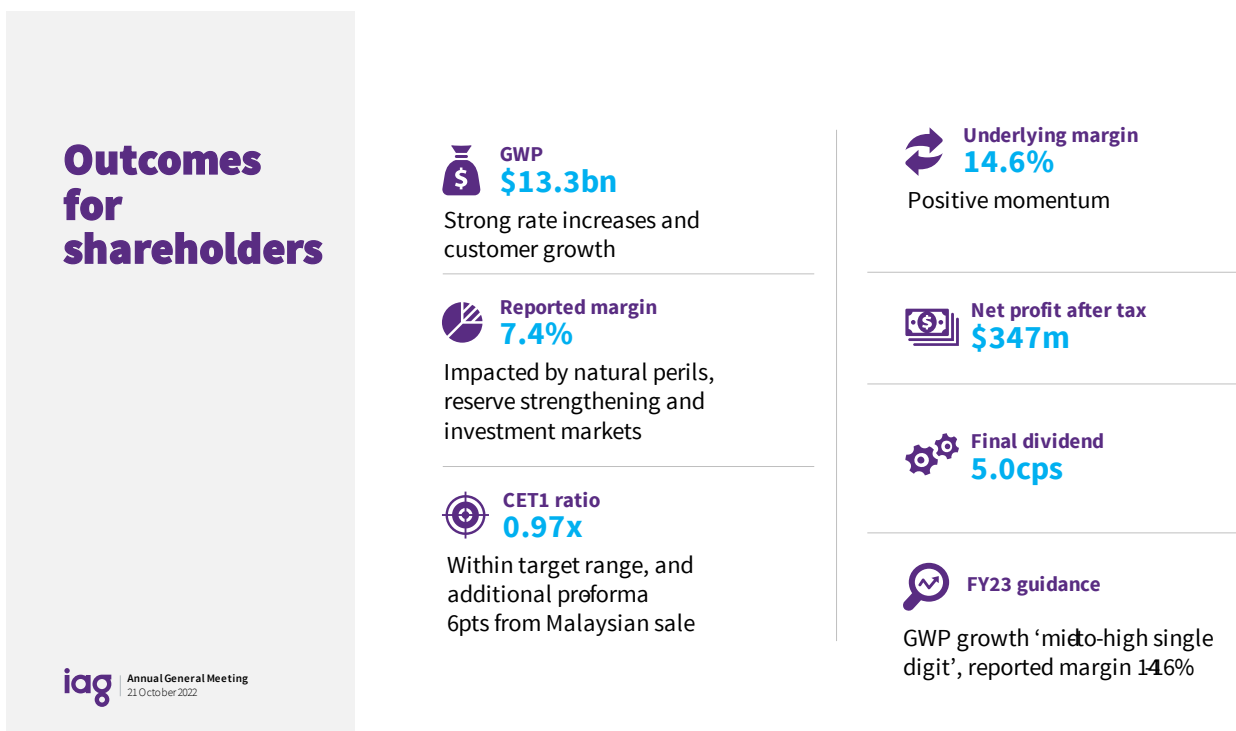
Slide 4 – Our sustainability approach, material issues and stakeholder outcomes



Integral to delivery of our purpose, strategy and priorities is our approach to sustainability and the material issues that we continue to identify and respond to.

You will see on the screen that we have identified five groups of stakeholders that we create value for, and I will talk to each of these separately.

Slide 5 – Outcomes for shareholders



Let's start with all of us – the shareholders of IAG

Our FY22 results reflect the quality of the underlying business, and the outcomes we achieved as we build a stronger, more resilient company.

In a tough environment, we delivered a strong performance and momentum that has carried into the current year.

Gross written premium grew by just under 6% to \$13.3 billion.

And our net profit after tax was \$347 million, despite us having to respond to a high number of extreme weather events, volatile investment markets, a higher inflationary environment, and the need to strengthen prior period reserves.

Our net profit included a \$200 million pre-tax release from the business interruption provision, and I will revisit that topic again when I talk to FY23 guidance.

Off the back of the net profit result, the Board declared a final dividend of five cents per share, taking our full year dividend to 11 cents per share.

Our reported insurance profit of \$586 million represented a reported insurance margin of 7.4% after net natural peril costs of \$1.1 billion. This was \$354 million above our original allowance and reflects a very difficult year for the communities that we support.

The underlying insurance margin of 14.6% better reflects the strength and performance of our business.

Slide 6 – Outcomes for our customers



Making our customers' world a safer place

- 8.5 million customers insured
- \$8,488 million claims paid in FY22
- Strategic Net Promoter Scores:
 - +29 Australia
 - +21 New Zealand
- Australian retention rates:
 - 96% in home
 - 91% in direct motor
- NRMA Insurance launched into South Australia and Western Australia
- ROLLiN' subscription-like service launched

Our customer story this year is dominated by the high number of extreme weather events we have experienced and, in that context, I want to acknowledge the hardship that our customers have endured and the efforts of our people to help them.

Across Australia and New Zealand, claim lodgements from extreme weather events in FY22 more than doubled over the prior year.

That huge increase in claims had a significant impact on our customers, on our people, and – of course – on our financial results, as I just reflected. It is a credit to the resilience and skills of our people that we continued to help our customers, which I know is a great source of pride for them.

In this environment, we have been increasing our premiums, but we are also heartened by the high retention rates, which are the strongest we have ever seen.

Away from the challenges of the weather, we took a number of steps to enhance products, strengthen partnerships and improve our customers' experience.

We launched NRMA Insurance into Western Australia and South Australia, extending the reach of one of Australia's most trusted brands.

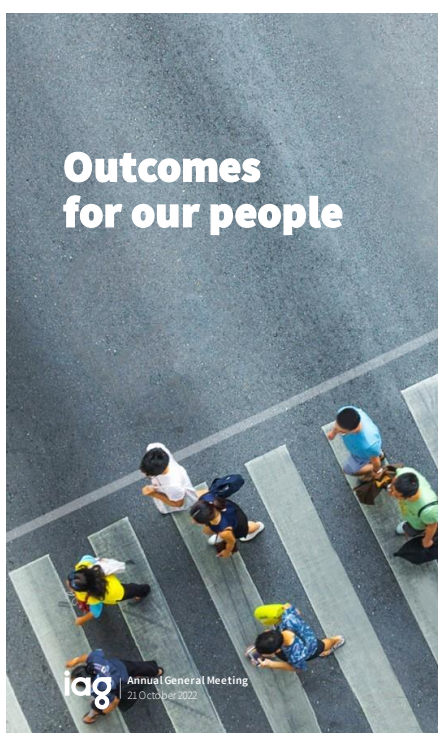
We also launched the digital ROLLiN' product to provide younger customers with a subscription-like service for motor vehicle insurance.

We continued to improve the consistency and quality of smash repairs through our motor vehicle Repairhub businesses; these allow us to return repaired cars to customers faster and provide economies of scale in our motor parts procurement.

In Australia, we are using artificial intelligence to predict whether a motor vehicle is a total loss after an accident, and customers now have access to an Online Claims Tracker for their motor vehicle claims.

In New Zealand, we have automated several processes to speed up claims for AMI and State customers.

Slide 7 – Outcomes for our people



Our people help bring our purpose to life and deliver our strategy



Culture measurements

- Employee engagement
- Leadership agility



Leadership & Learning

- EGM and EM leadership programs
- IAG Academy



Diversity targets

- 50% senior management roles held by women by 2023
- First Nations Australians represent 3% of workforce in Australia by 2025



Safety & wellbeing

- 92% of our people agree their direct leader genuinely cares about their safety and wellbeing

Our people culture is reflected in 'The IAG Way', which sets out who we are, what we stand for and how we expect people to behave. This also supports us to attract and retain people – a critical focus given today's competitive labour market.

We regularly measure our culture through quarterly 'pulse' surveys and an annual culture survey that study two key indicators – Employee Engagement, and Leadership Agility.

We know that Diversity, Equity and Inclusion is critical to every part of our business, and has a positive impact on risk management, innovation and culture. We are focused on specific areas including gender equity, pay parity, LGBTIQ+ inclusion, workplace accessibility, flexibility, and hybrid working.

We have a target to have 50% of senior management roles occupied by women by 2023. To reach this target, we are focused on leadership development, and accelerating our approach to talent acquisition and succession planning.

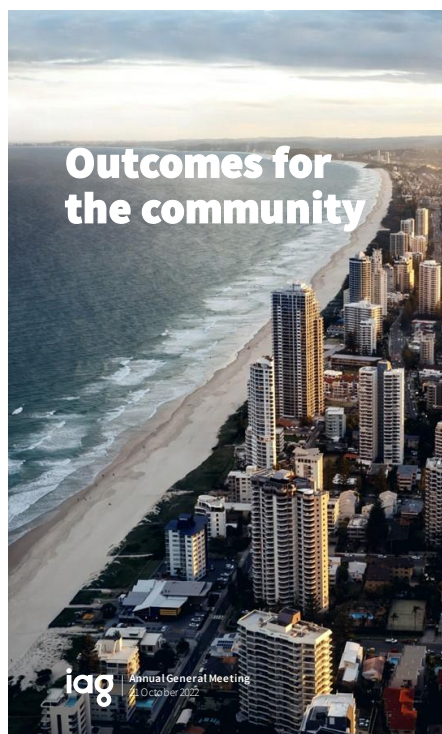
We have a commitment to increasing Aboriginal and Torres Strait Islander employment. To help us improve our performance on this measure we have a plan to:

- build talent and development pathways,
- continue to invest in cultural awareness training across IAG, and
- listen to the voice of First Nations employees

To deliver on our strategy and respond to the changing environment, we need to build our Insurance and Leadership capability and this year we continued to invest in these areas.

We also continued to prioritise the safety and wellbeing of all our people.

Slide 8 – Outcomes for the community



We help to build safer, more resilient communities

- \$15.2 million invested in community initiatives (+13% from FY21)
- 2,760 hours volunteered by our people (+16% from FY21)

Australia

- Launched 4th Reconciliation Action Plan
- Reaffirmed support for Uluru Statement from the Heart

New Zealand

- He Rautaki Māori (Māori Engagement Strategy)

September 2021

- \$2m from NRMA Insurance and RACV to the GIVIT platform for COVID-19 Relief Program

Early 2022

- Further \$1m HELP package from NRMA Insurance for NSW and SE Qld flood-affected communities

When it comes to communities, this year, we continued our work to build disaster resilience across Australia and New Zealand. We know that mitigation, land use planning and building code reform are key to keeping communities safe in natural disasters.

We are contributing to better outcomes for our communities by offering our expertise and working with governments, industry and customers to improve planning and build more resilient homes.

Our community engagement strategy includes both Aboriginal and Torres Strait Islander peoples and Māori. Our aim is to grow resilience, build cultural connection, play a role in addressing inequalities, and grow prosperity and wellbeing in Australia and New Zealand.

Slide 9 – Outcomes for the environment



Supporting customers and communities to transition to a Net Zero future

FY22 -24 Climate & Disaster Resilience Action Plan

- Commitment to net zero emissions in direct and indirect operations by 2050
- 13% reduction in scope 1 and 2 emissions in FY22

Launched NRMA Insurance Offset Program

- Motor customers can offset their car's estimated yearly driving emissions

Moving now to the environment. As David noted, we have a particular focus on climate, because of the impact changes in climate have on our customers, and on our business.

Of course, we have a deep understanding of the impact of natural disasters and how they affect people in Australia and New Zealand.

Our businesses have been managing the uncertainty of climate for more than one hundred years and we have long played a critical role in supporting our customers and the communities they live in.

But now, global warming is driving an increase in the severity and frequency of natural disasters, at a level we have not seen before.

I want to talk briefly about how we are dealing with this challenge.

In pursuit of our purpose, we continue to invest in improving our understanding of the changing climate and its potential impact. Our investment includes our own specialist in-house natural perils team – which has meteorologists as well as flood and cyclone experts and atmospheric scientists.

As the owners of our business, you can be reassured that we are using our understanding of weather – and its impact on the risks that we underwrite – to price our products in a way that means we will continue to be here, and strong, for our 8.5 million customers.

We are also aware that some communities are especially vulnerable to the impact of the more frequent natural disasters, and to increased prices. That is why we are using our expertise to advocate for programs of work that will mitigate the financial and social impact of natural disasters on our communities. We do this by contributing to the science, and by helping communities prepare and adapt.

We also use reinsurance to help us manage the volatility created by natural disasters – think of this as insurance for insurers, a way of us reducing the amount of risk that we take on.

Within our own businesses, we have taken steps to manage our own carbon footprint and we have made a commitment to achieve Net Zero emissions by 2050.

We are also developing solutions to help our customers adapt to a changing climate and transition to a Net Zero future.

From a business perspective, we are on track to meet our target to cease insuring entities predominately in the business of extracting fossil fuels – including oil and gas - and power generation from coal by the end of FY23.

And we continue to achieve our intermediate targets to reduce the normalised carbon footprint and carbon intensity of our equity portfolios.

Slide 10 – FY23 guidance



FY23 guidance

GWP

Mid-to-high single digit growth for the full year

Reported margin

14 - 16%

Reported insurance margin guidance assumes:

- Continued momentum in the underlying performance of IAG's businesses, supported by increased investment yields;
- Natural perils remain within allowance of \$909 million post quota -share (an increase of \$144 million or nearly ~19% on the FY22 allowance);
- No material prior period reserve releases or strengthening; and
- No material movement in macro -economic conditions including foreign exchange rates or investment markets .



I'll close with some comments on our guidance for FY23.

Having a more focused operating model, a leadership team with deep expertise, and a clear strategy for growth gives us confidence in the future.

Our guidance for FY23 reflects this confidence.

We are forecasting mid-to-high single digit growth in gross written premium and our reported insurance margin guidance is for a range of 14% to 16%. This is a step towards our aspirational goals to deliver a 15% to 17% insurance margin and a 12% to 13% Return on Equity over the medium term.

We are seeing a continuation of trends evident from last financial year.

Like all businesses and our customers, we continue to experience the inflation which is a key feature of the Australian and New Zealand economies.

And we have seen further natural disasters, most recently those that have occurred in New South Wales, Victoria and Tasmania over the last week. To date, we have received approximately 2,000 claims from those states. Our thoughts are with our customers, and with our people who are managing these claims.

In response to these pressures, and in anticipation of higher reinsurance costs, we have been increasing our premiums across home, motor and our commercial insurance classes. You will see greater earn-through of that in the second half, as policies are renewed.

Encouragingly, our retention rates remain very strong.

Our FY23 result will also benefit from the pre-tax \$360 million reduction in the COVID-19 Business Interruption provision following a resolution of some of the legal issues.

Connected to this, on Monday, we announced an on-market share buy-back which will commence in early November.

Buying back shares is a common capital management tool used by many other companies in the market and also helps to make your shares more valuable.

To finish, I remain confident in the ability of our business and our people to deliver on the targets we've set.

Some of the issues we've been forced to confront have been challenging for us. We've had to re-evaluate how we run and manage our company.

We're confident those issues are behind us. We've fundamentally improved how we manage risk and I've set up my leadership team to ensure there is clear accountability going forward.

We're executing on our strategy and our business has momentum.

I'll hand back to David for the formal business of the meeting.

This release has been authorised by the Company Secretary.

About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$13 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit www.iag.com.au.

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