

IAG FINANCE (NEW ZEALAND) LIMITED**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2018****APPENDIX 4E (ASX Listing rule 4.3A)****RESULTS FOR ANNOUNCEMENT TO THE MARKET**

	UP / DOWN	% CHANGE	2018 \$000	2017 \$000
Revenue from ordinary activities	Up	0.2 %	24,111	24,053
Profit from ordinary activities after tax attributable to shareholders	Up	3.7 %	502	484
Net profit attributable to shareholders	Up	3.7 %	502	484

Commentary on the Company's operating results and review of operations can be found in the attached Annual Report.

RESET EXCHANGEABLE SECURITIES (RES)	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
15/09/2017 payment	\$1.0092	\$1.0092
15/12/2017 payment	\$0.9983	\$0.9983
15/03/2018 payment	\$0.9959	\$0.9959
15/06/2018 payment	\$1.0507	\$1.0507

The next quarterly interest payment which is expected to be \$1.0923 per RES (4.2414% per annum), is due on 17 September 2018. This interest payment is expected to be fully franked.

Additional Appendix 4E disclosure requirements can be found in the Annual Report of IAG Finance (New Zealand) Limited (Company) for the year ended 30 June 2018 (Attachment A). This report is also to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The report is based on the financial statements which have been audited by KPMG.

ATTACHMENT A
IAG FINANCE (NEW ZEALAND) LIMITED
ANNUAL REPORT 30 JUNE 2018



Annual Report 2018

Reset Exchangeable Securities (RES)
IAG Finance (New Zealand) Limited



Table of contents

Chairman's report	1
Corporate governance	2
Directors' report	5
Lead auditor's independence declaration	11
Financial statements	12
Directors' declaration	23
Independent auditor's report	24
RES holder information	26
Corporate directory	28

IAG Finance (New Zealand) Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 13, Tower Two, Darling Park, 201 Sussex Street, Sydney NSW 2000. Its principal place of business is Level 1, NZI Centre, 1 Fanshawe Street, Auckland, New Zealand.



CHAIRMAN'S REPORT

15 August 2018

Dear Security holder

I am pleased to report to you on the performance of your Reset Exchangeable Securities (RES) issued by IAG Finance (New Zealand) Limited (Company).

The amount of interest you receive on a quarterly basis from your RES is based on the per annum rate equal to the three-month bank bill swap rate (BBSW) plus a margin of 4.0% per annum less an adjustment for the value of attached franking credits. The payment is subject to satisfaction of the interest payment tests described in the RES terms and conditions.

In the 2018 financial year, a total of \$4.0541 in interest has been paid for each RES. This interest was fully franked.

The next interest payment at \$1.0923 per RES is due to be paid on 17 September 2018 subject to satisfaction of the interest payment test. This amount is also expected to be fully franked.

As part of Insurance Australia Group Limited's (IAG) tax consolidated group, the franking credits available to the Company have reduced in recent years, owing to past capital management measures and the move to a higher dividend payout policy in relation to IAG's ordinary shares. As a result, the Company may not be in a position to fully frank distributions on its securities from the second half of calendar 2019 onwards, with franking from that date expected to be in the range of 70% to 100%.

If future distributions are not fully franked, the distribution rate will be increased to compensate holders for the unfranked portion of the distribution, subject to no payment conditions existing.

The RES are listed on the Australian Securities Exchange under the code IANG. If you have any questions regarding your RES holding, please contact the security registry on 1300 360 688 or visit www.iag.com.au/shareholder-centre/reset-exchangeable-securities.

Sincerely,



Elizabeth B Bryan AM
Chairman
IAG Finance (New Zealand) Limited

CORPORATE GOVERNANCE

The Company has responsibility for the management of all treasury functions of IAG's operations in New Zealand. The New Zealand Branch of the Company employs a Branch Manager to manage the performance of these functions.

The Company utilises and is subject to IAG's corporate governance framework, including risk, compliance and capital management policies, procedures and controls. Except as noted below, the key corporate governance practices followed by the Company are the same as those of IAG. The corporate governance framework and practices of IAG are on the IAG website at www.iag.com.au/about-us/corporate-governance.

The Company's Corporate Governance Statement has been approved by the Board. For the financial year ended 30 June 2018, the Company has complied with most, but not all, of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations 3rd edition (CGC Principles) as at 15 August 2018. Where the Company has not complied, it is the Company's view that this non-compliance is appropriate given that the corporate governance practices and framework adopted are not separable from the corporate governance practices of IAG and the Company is a wholly-owned subsidiary of IAG.

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1. THE BOARD

The Company's Board (Board) is responsible for protecting the interests of security holders, collectively overseeing and appraising the strategies, policies and performance of the Company's operations, and specifically:

- monitoring the Company's financial performance and reporting;
- reviewing the adequacy of systems to comply with all laws and regulations which apply to the Company;
- monitoring the Company's key risk areas by ensuring the implementation of a suitable risk management and internal controls framework;
- ensuring the integrity of the accounting and reporting systems, including the external audit process;
- ensuring that the Company's reporting and disclosure processes include compliance with all relevant and applicable legal and commercial requirements; and
- ensuring that proper governance practices (including appropriate standards of ethical behaviour, corporate governance, work place health and safety, and social responsibility) are established, and processes exist to ensure they are adhered to at all times by the Company.

The Branch Manager is responsible for the day-to-day operations of the Company and reports directly to the IAG Head of Treasury and the relevant finance Executives in the IAG Group's New Zealand operations. The Company does not have a Chief Executive Officer (CEO).

1.2. APPOINTMENT OF DIRECTORS

The Board currently comprises two Non-Executive Directors who are also Non-Executive Directors of IAG, and two Executive Directors. The Chairman, Elizabeth Bryan, is also Chairman of IAG.

The Company has taken the view that this is an appropriate Board structure for the Company and that the appointment to the Board of a majority of Non-Executive Directors is not warranted for the reasons set out in the introduction to this section of the report.

The names of Directors in office at the date of this report, their year of appointment, their designation as a Non-Executive Director or Executive Director, and their experience, expertise and biographical details are set out in the Directors' Report.

1.3. APPOINTMENT TERMS

Elizabeth Bryan and Hugh Fletcher will remain Non-Executive Directors of the Company while they remain Non-Executive Directors of IAG, the Company's sole shareholder.

1.4. COMPANY SECRETARIES

The Company Secretaries are responsible to the Board for ensuring Board procedures are complied with and also providing advice and counsel to the Board in relation to the Company's constitution, corporate governance and other matters.

The Company Secretaries have responsibility for the timely dispatch of Board papers and the accurate recording of business discussed at the Board meetings in the minutes. The qualifications and experience of the Company Secretaries are set out in the IAG 2018 Annual Report.

1.5. DIVERSITY

The Company does not maintain a separate diversity policy and it is the Company's view that this non-compliance is appropriate given the diversity practices and framework adopted are not separable from the diversity practices of IAG and the Company is a wholly-owned subsidiary of IAG. Full details of the IAG diversity policies are set out on the IAG website at www.iag.com.au/about-us/corporate-governance/codes-and-policies#Diversitypolicy.

1.6. MEASURING THE PERFORMANCE OF DIRECTORS

The Company does not measure the performance of the Directors and it is the Company's view this non-compliance is appropriate given the Director measurement framework adopted is not separable from the Director measurement practices of IAG and the Company is a wholly-owned subsidiary of IAG. The Company Directors are Directors and Group Executives of IAG and full details of the IAG measurement policy are set out in the IAG 2018 Annual Report and in IAG's Corporate Governance Statement.

2 IAG FINANCE (NEW ZEALAND) LIMITED

1.7. PERFORMANCE ASSESSMENT – CEO AND GROUP EXECUTIVES

It is the Company's view that non-compliance with this principle is appropriate given the Company does not have a CEO or Executive team. The IAG CEO and Group Executive team are responsible for the day-to-day operations of the Company and details of the performance assessment for IAG are shown in the 2018 IAG Annual Report.

PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE

2.1. NOMINATION COMMITTEE (NC)

The Company does not maintain a separate NC and it is the Company's view that this non-compliance is appropriate given the Company is a wholly-owned subsidiary of IAG.

The establishment of a NC or, indeed, empowering the IAG NC to act for the Company in this capacity, would not add value to the Company's corporate governance practices given the Directors appointed to the Board receive no additional remuneration from the Company or any related parties for their service on the Board. The IAG NC evaluates the performance of the IAG Board, its committees, individual Directors and IAG key management personnel and also reviews the composition and the performance of IAG subsidiary company boards, including this Board, at least annually.

2.2. BOARD SKILLS

The Board's policy is to ensure the Board comprises Directors who collectively have the relevant experience, knowledge, diversity and skills required for the Company. This takes into account the Company's current size, market position, complexity and strategic focus. In reviewing its composition, skills, and requirements for Director succession, the Board is also mindful of the corporate governance practices and requirements for Directors.

A comprehensive review of Board skills was undertaken during 2018. All members of the Board have the skills and experience necessary to fulfil their role. Director's qualifications and experience are shown in their biographies in the Directors' Report within the IAG 2018 Annual Report.

2.3. BOARD OF DIRECTORS

Details of the current Board of Directors are shown as part of the Directors' Report on pages 5 and 6 of this Annual Report.

2.4. DIRECTOR INDEPENDENCE

Elizabeth Bryan and Hugh Fletcher have been deemed by the Company to be Non-Executive Directors. All Directors are free of any business or other relationship that could materially interfere with the exercise of their judgement. All current Non-Executive Directors have confirmed their continued independence.

2.5. THE CHAIRMAN

The Chairman is a Non-Executive Director and is responsible for ensuring the Board fulfils its responsibilities to the Company and stakeholders. The Chairman provides leadership to the Board, and promotes constructive and respectful relations between Directors.

2.6. DIRECTOR INDUCTION, EDUCATION AND TRAINING

The Company encourages continuing professional education for each of its Directors. All Directors are expected to remain up to date in relation to issues affecting the Company and their duties as Directors.

All Directors appointed to the Company are offered and encouraged to undertake training to ensure they can continue to effectively and competently perform their roles as Directors. The Directors also participate in IAG's Board Education and Engagement Program.

PRINCIPLE 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Directors and the sole employee of the Company are expected to comply with IAG's Code of Ethics and Conduct, Continuous Disclosure and Security Trading Policies, which are set out in further detail in the Corporate Governance Section of the IAG website at www.iag.com.au/about-us/corporate-governance. A copy of the Codes and Policies can be found on the IAG website at www.iag.com.au/about-us/corporate-governance/codes-and-policies. The IAG Security Trading Policy applies to trading by the Company's Directors and the sole employee in Reset Exchangeable Securities (RES) issued by the Company and other IAG securities.

IAG's Code of Ethics and Conduct and Continuous Disclosure Policies also set out the policies and procedures for how Directors and management are encouraged to assist in the process of the Board identifying, evaluating and reporting on matters to comply with the provisions of the *Corporations Act 2001* and the ASX Listing Rules in relation to continuous disclosure to keep the market fully informed.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1. AUDIT COMMITTEE (AC)

The Company does not have any standing committees, but has empowered the IAG AC to perform the same role for the Company as it does for IAG and for most of its authorised insurer subsidiary companies. The AC Charter can be found on the IAG website at www.iag.com.au/about-us/corporate-governance. The Charter also sets out procedures for the appointment, reappointment and monitoring of the effectiveness and independence of the external auditor including rotation of the lead audit partner.

The names and qualifications of the members of the AC and the meetings held in the year are set out in the IAG 2018 Annual Report, which is also available on the IAG website. The Company has taken the view that it is appropriate for the AC to perform this task as long as it is composed of Directors that are considered to be independent.

4.2. ASSURANCES

The Board has received assurance from the IAG CEO and CFO that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.3. EXTERNAL AUDITOR

The external auditor is available to answer security holders' questions concerning the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted and auditor independence.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

The Company does not maintain a separate policy and it is the Company's view that this non-compliance is appropriate given the practices and framework adopted are not separable from the practices of IAG and the Company is a wholly-owned subsidiary of IAG. Full details of the IAG policy are set out on the IAG website at www.iag.com.au/about-us/corporate-governance.

PRINCIPLE 6. RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company makes quarterly announcements to the ASX regarding interest payments and the interest rate for the following quarter. Security holders, who elect to do so, also receive a copy of the Company's Annual Report. ASX announcements and any half year, annual, Financial and Directors' Reports are also posted on the IAG website.

The Company is not required to hold annual general meetings. Security holders may raise any issues or concerns at any time by contacting the Company. Security holders should email their questions or comments to investor.relations@iag.com.au or write to the Chairman or Company Secretary at IAG Finance (New Zealand) Limited, Level 13, Tower Two, Darling Park, 201 Sussex Street, Sydney NSW 2000, Australia.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

7.1. RISK COMMITTEE (RC)

The Company forms part of the overall IAG Risk Management Strategy (RMS), as such it does not maintain a separate RMS or RC. It is the Company's view that this non-compliance is appropriate given the practices and framework adopted are not separable from the practices of IAG and the Company is a wholly-owned subsidiary of IAG. Full details of the IAG RC charter are on the IAG website at www.iag.com.au/about-us/corporate-governance.

7.2. REVIEW RISK MANAGEMENT FRAMEWORK

The Company has delegated its risk management function to the IAG RC and the Board receives information on matters of particular significance and regular updates from the Chair of the RC.

7.3. INTERNAL AUDIT FUNCTION

The Company forms part of the overall IAG RMS, as such it does not maintain a separate AC. It is the Company's view that this non-compliance is appropriate given the practices and framework adopted are not separable from the practices of IAG and the Company is a wholly-owned subsidiary of IAG. Full details of the IAG policy are set out in the IAG 2018 Annual Report.

The Board has established the Group Internal Audit function as a key component of the Company's governance framework. The Group Internal Audit function's objective is to evaluate and improve the effectiveness of internal controls, governance processes and overall risk management, via its independent and objective review program.

The Group General Manager, Internal Audit reports functionally to the AC and administratively to the Chief Risk Officer. The Group General Manager, Internal Audit has direct access to the IAG CEO and the AC.

The Company is subject to a number of additional external and internal reporting requirements:

- quarterly reports are prepared for the Trustee and ASIC pursuant to Section 283BF of the Corporations Act; and
- quarterly compliance reports setting out the compliance by the Company's New Zealand Branch with various legal, tax and risk management requirements in New Zealand are prepared for the Group General Manager, Internal Audit.

7.4. ECONOMIC ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISK

The Company recognises that its business has an impact on the community, the environment and the wider economy, and believes it must operate in a way that takes into account and responds to these impacts effectively to meet its commitments. The Company complies with the IAG Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. Further details are provided in the IAG 2018 Annual Report, and are also available on the IAG website.

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1. PEOPLE AND REMUNERATION COMMITTEE (PARC)

Remuneration practices of the Company form part of the overall IAG PARC responsibilities and as such it does not maintain a separate PARC. It is the Company's view that this non-compliance is appropriate given the practices and framework adopted are not separable from the practices of IAG and the Company is a wholly-owned subsidiary of IAG. Full details of the IAG policy are set out in the IAG 2018 Annual Report.

The PARC Charter can be found on the IAG website at www.iag.com.au/about-us/corporate-governance. The names and qualifications of the members of the PARC and the meetings held in the year are set out in the IAG 2018 Annual Report which is also available on the IAG website. The sole employee of the Company is not a member of key management personnel of the Company under the Corporations Act or generally accepted accounting standards and, accordingly, disclosure of remuneration received by this employee is not required.

4 IAG FINANCE (NEW ZEALAND) LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial report of IAG Finance (New Zealand) Limited (Company) for the year ended 30 June 2018 and the Auditor's Report.

DIRECTORS OF IAG FINANCE (NEW ZEALAND) LIMITED

The names and details of the Company's Directors in office at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

CHAIRMAN

ELIZABETH B BRYAN AM

BA (Econ), MA (Econ) – Chairman and Independent Non-Executive Director

INSURANCE INDUSTRY EXPERIENCE

Elizabeth Bryan was appointed a Director of IAG on 5 December 2014, and became Chairman of IAG and IAG Finance (New Zealand) Limited on 31 March 2016. She is the Chairman of IAG's Nomination Committee, and attends all IAG Board subcommittee meetings in an ex officio capacity. Elizabeth is also the Chairman of Insurance Manufacturers of Australia Pty Limited.

OTHER BUSINESS AND MARKET EXPERIENCE

Elizabeth brings extensive leadership, strategic and financial expertise to the position of Chairman.

She has over 30 years of experience in the financial services industry, government policy and administration, and on the boards of companies and statutory organisations.

In addition to her role as Chairman of IAG, Elizabeth is also currently Chairman of Virgin Australia Group.

Previous roles include Chairmanship of Caltex Australia Limited and UniSuper Limited.

Directorships of other listed companies held in the past three years:

- Virgin Australia Group, since 2015;
- Insurance Australia Group Limited, since 2014;
- Westpac Banking Corporation (2006-2016); and
- Caltex Australia Limited (2002-2015).

OTHER DIRECTORS

HUGH A FLETCHER

BSc/BCom, MCom (Hons), MBA – Independent Non-Executive Director

INSURANCE INDUSTRY EXPERIENCE

Hugh Fletcher was appointed a Director of IAG on 1 September 2007 and was appointed a Director of the Company on 31 August 2008. He is a member of IAG's People and Remuneration Committee, Risk Committee and Nomination Committee and Chairman of IAG New Zealand Limited (appointed 1 September 2003).

Hugh was formerly Chairman (and Independent Director since December 1998) of New Zealand Insurance Limited and CGNU Australia.

OTHER BUSINESS AND MARKET EXPERIENCE

Hugh is a Non-Executive Director of Rubicon Limited and a trustee of The University of Auckland Foundation. Hugh was formerly Chief Executive Officer of Fletcher Challenge Limited, a New Zealand headquartered corporation with assets in the global building, energy, forestry and paper industries. He retired from an Executive position in December 1997 after 28 years as an Executive, 11 of which he served as Chief Executive.

Hugh is a former Deputy Chairman of the Reserve Bank of New Zealand, former member of the Asia Pacific Advisory Committee of the New York Stock Exchange and former Non-Executive Director of Vector Limited. He was also a former Non-Executive Director of Fletcher Building Limited, and has been involved as an Executive and Non-Executive Director in many countries in Asia, including China, India, Singapore, Indonesia, Malaysia and Thailand.

Directorships of other listed companies held in the past three years:

- Insurance Australia Group Limited, since 2007;
- Rubicon Limited, since 2001; and
- Vector Limited, (2001-2017).

PETER G HARMER

Executive Director

INSURANCE INDUSTRY EXPERIENCE

Peter Harmer was appointed Managing Director and Chief Executive Officer of IAG on 16 November 2015 and was appointed a Director of the Company on 10 December 2015. He is a member of IAG's Nomination Committee.

Peter joined IAG in 2010 as Chief Executive Officer, CGU Insurance and has held a number of senior roles. Prior to his current role, he was Chief Executive of the IAG Labs division, responsible for driving digital and innovation across IAG and its brands, and creating incubator areas which will specifically explore innovative opportunities across the fintech landscape.

Before this, Peter was Chief Executive of the Australian Commercial Insurance division.

Peter was previously Chief Executive Officer of Aon Limited UK and a member of Aon's Global Executive Board, and spent seven years as Chief Executive Officer of Aon's Australian operations.

He has nearly 40 years of experience in the insurance industry, including senior roles in underwriting, reinsurance broking and commercial insurance broking as Managing Director of John C. Lloyd Reinsurance Brokers, Chairman and Chief Executive of Aon Re and Chairman of the London Market Reform Group.

Peter has completed the Harvard Advanced Management Program.

Directorships of other listed companies held in the past three years:

- Insurance Australia Group Limited, since 2015.

NICHOLAS B HAWKINS

BCom, FCA – Executive Director

INSURANCE INDUSTRY EXPERIENCE

Nicholas Hawkins joined IAG in 2001 and has held a number of senior positions including Chief Executive Officer of IAG's New Zealand business, Head of Asset Management & Group Strategy and General Manager, Group Finance. He was appointed a Director of the Company on 31 August 2008.

Nicholas was appointed Chief Financial Officer of IAG in August 2008 and in this role leads the team that provides group-wide financial insight; actively manages and optimises IAG's balance sheet and capital platform; and manages IAG's reinsurance program. He also has oversight of IAG's operations in Asia.

OTHER BUSINESS AND MARKET EXPERIENCE

Before joining IAG, Nicholas was a Partner with the international accounting firm KPMG, where he specialised in working with financial services clients.

Directorships of other listed companies held in the past three years:

- None.

MEETINGS OF DIRECTORS

The number of meetings each Director was eligible to attend and actually attended during the financial year is summarised below:

DIRECTOR	BOARD OF DIRECTORS	
	Eligible to attend	Attended
Elizabeth Bryan	2	2
Hugh Fletcher	2	2
Peter Harmer	2	2
Nicholas Hawkins	2	2

PRINCIPAL ACTIVITY

The Company issues Reset Exchangeable Securities (RES) to external investors and loans the entire amount to a related body corporate, a wholly-owned subsidiary of Insurance Australia Group Ltd (IAG).

The principal continuing activity of the Company is to perform all treasury functions of IAG's New Zealand operations. This function is performed through a New Zealand Branch of the Company.

OPERATING AND FINANCIAL REVIEW

OPERATING RESULT FOR THE FINANCIAL YEAR

The net result of the Company after applicable income tax for the financial year ended 30 June 2018 was a profit of \$502,000 (2017: \$484,000).

The following quarterly interest payments on the RES were made during the financial year:

PAYMENT DATE	AMOUNT PER RES	INTEREST RATE
15 September 2017	\$1.0092	4.0040% per annum
15 December 2017	\$0.9983	4.0040% per annum
15 March 2018	\$0.9959	4.0390% per annum
15 June 2018	\$1.0507	4.1685% per annum

REVIEW OF FINANCIAL CONDITION

The total assets of the Company, which at 30 June 2018 were \$551,563,000 (2017: \$551,635,000), relate predominantly to a loan to a related body corporate, a wholly-owned subsidiary of the IAG Group. The loan is attributable solely to the RES, valued at a face value of \$550,000,000 and accrued interest for the financial year. Refer to Note 2.3 for further details.

The total liabilities of the Company, which at 30 June 2018 were \$551,289,000 (2017: \$551,213,000), relate mainly to the issued RES and accrued interest payable to external investors.

STRATEGY AND RISK MANAGEMENT

A. STRATEGY

The continuing and sole strategy of the Company is to perform treasury activities relating to IAG's New Zealand operations.

B. RISK MANAGEMENT

Detail of the Company's overall risk management framework is set out in Note 3.1.

OUTLOOK

The Company is expected to continue to perform treasury functions of IAG's New Zealand operations. The New Zealand Branch will continue as the issuer of 5,500,000 RES.

DIVIDENDS

Details of dividends paid or determined to be paid by the Company are set out in Note 4.3.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

Details of matters subsequent to the end of the financial year are set out below and in Note 5.1 within the Financial Statements. This includes:

- On 15 August 2018, a dividend of \$200,000 per share was determined by the Board. The dividend will be paid on 15 August 2018.

NON-AUDIT SERVICES

During the financial year, KPMG has not performed any other services, other than audit services for the Company, in addition to its statutory duties.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the year ended 30 June 2018.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's constitution contains an indemnity in favour of every person who is or has been:

- a Director of the Company; or
- a Secretary of the Company or of a subsidiary of the Company; or
- a person making or participating in making decisions that affect the whole or a substantial part of the business of the Company or of a subsidiary of the Company; or
- a person having the capacity to affect significantly the financial standing of the Company or of a subsidiary of the Company.

The indemnity applies to liabilities incurred by the person in the relevant capacity (except a liability for legal costs). The indemnity also applies to legal costs incurred in defending or resisting certain legal proceedings. The indemnity does not apply where the Company is forbidden by statute or, if given, would be made void by statute.

In addition, IAG has granted deeds of indemnity to certain current and former Directors and Secretaries and members of senior management of the Company and its subsidiaries and associated companies. Under these deeds, the Company:

- indemnifies, to the maximum extent permitted by the law, the former or current Directors or Secretaries or members of senior management against liabilities incurred by the person in the relevant capacity. The indemnity does not apply where the liability is owed to the Company or (in general terms) where the liability arises out of a lack of good faith, wilful misconduct, gross negligence, reckless misbehaviour or fraud; and
- is also required to maintain and pay the premiums on a contract of insurance covering the current or former Directors or members of senior management against liabilities incurred in respect of the relevant office except as precluded by law. The insurance must be maintained until the seventh anniversary after the date when the relevant person ceases to hold office. Disclosure of the insurance premiums and the nature of liabilities covered by such insurance is prohibited by the relevant contract of insurance.

REMUNERATION REPORT

The Company's key management personnel (KMP) did not receive any remuneration from the Company or any parties in connection with their position with the Company. IAG or a related entity did not charge management fees to the Company, which included any remuneration for the KMP of the Company. The compensation disclosed in the KMP table below represents the estimated compensation received by the Directors from IAG in relation to their involvement in the activities with the Company.

The remuneration of the Company's KMP is determined in accordance with the IAG remuneration policy and the details of their remuneration are disclosed in IAG's Remuneration Report for the year ended 30 June 2018, which can be viewed at www.iag.com.au. The Company has not developed a separate remuneration policy but follows IAG's policy.

The Company employs one employee working in the New Zealand Branch. The employee does not meet the definition of KMP as defined in *AASB 124 Related Party Disclosures* or senior manager or officer as defined in the *Corporations Act 2001*.

A. REMUNERATION OF KEY MANAGEMENT PERSONNEL

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of that Company. The Non-Executive Directors are not considered part of management. However, for the purpose of *AASB 124 Related Party Disclosures*, they are required to be disclosed as KMP.

The table below sets out the remuneration details of the identified KMP, being the Directors of the Company. The Directors were KMP for the whole financial year, unless otherwise stated.

TABLE 1 - STATUTORY REMUNERATION DETAILS

	SHORT-TERM EMPLOYMENT BENEFITS	POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM EMPLOYMENT BENEFITS	TERMINATION BENEFITS	SUB TOTAL	SHARE-BASED PAYMENT	TOTAL					
Base salary / Director fees received as cash	Short-term incentive	Leave accruals and other benefits	Superannuation	Retirement benefits	Long service leave accruals	Value of deferred short-term incentive	Value of rights granted	Director fees received as shares				
\$	\$	\$	\$	\$	\$	\$	\$	\$				
NON-EXECUTIVE DIRECTORS												
Elizabeth Bryan												
2018	6,781	-	-	200	-	-	-	897	7,878			
2017	-	-	-	-	-	-	-	-	-			
Hugh Fletcher												
2018	4,427	-	-	421	-	-	-	-	4,848			
2017	4,427	-	-	421	-	-	-	-	4,848			
EXECUTIVE DIRECTORS												
Peter Harmer												
2018	33,500	25,161	1,268	500	-	501	-	60,930	8,488	28,387	-	97,805
2017	33,300	22,781	(158)	700	-	501	-	57,124	6,134	22,785	-	86,043
Nicholas Hawkins												
2018	11,712	7,680	185	288	-	177	-	20,042	2,846	9,216	-	32,104
2017	11,430	6,432	82	300	-	173	-	18,417	2,926	8,528	-	29,871

As at reporting date, the relevant interest of each KMP in shares, options and other securities over shares in debentures of the Company and IAG were as follows:

TABLE 2 - HOLDINGS OF RESET EXCHANGEABLE SECURITIES, SHARES, SHARES RIGHTS AND CAPITAL NOTES

DIRECTOR	RESET EXCHANGEABLE SECURITIES (a)	ORDINARY SHARES (b)	SHARE RIGHTS (b)	CAPITAL NOTES (b)
Elizabeth Bryan	-	62,855	4,867	-
Hugh Fletcher	-	85,256	-	-
Peter Harmer	-	933,574	1,470,600	-
Nicholas Hawkins	-	170,000	920,250	-

(a) These securities have been issued by the Company. The number disclosed includes securities directly held and indirectly held by the Directors' related parties (as defined by *AASB 124 Related Party Disclosures*). There was no movement in RES held by the Directors for the year ended 30 June 2018.

(b) These securities have been issued by IAG or provide a right over shares in IAG. The number disclosed includes securities directly held and indirectly held by the directors' related parties, inclusive of domestic partner, dependants and entities controlled, jointly controlled or significantly influenced by the directors. The rights over shares in IAG held included the rights issued under the Non-Executive Director Award Rights Plan for Ms Bryan and Deferred Award Rights Plan and the Executive Performance Rights Plan for Mr Harmer and Mr Hawkins. Refer to IAG's Remuneration Report for details on these rights over shares in IAG.

RELEVANT INTEREST OF EACH DIRECTOR AND THEIR RELATED PARTIES IN SECURITIES OF THE COMPANY AND IAG IN ACCORDANCE WITH THE CORPORATIONS ACT 2001

TABLE 3 - HOLDINGS OF RESET EXCHANGEABLE SECURITIES, SHARES AND CAPITAL NOTES

DIRECTOR	RESET EXCHANGEABLE SECURITIES HELD DIRECTLY/INDIRECTLY*	ORDINARY SHARES HELD DIRECTLY*	ORDINARY SHARES HELD INDIRECTLY*	CAPITAL NOTES HELD DIRECTLY/INDIRECTLY*
Elizabeth Bryan	-	-	62,855	-
Hugh Fletcher	-	36,561	48,695	-
Peter Harmer	-	760,774	172,800	-
Nicholas Hawkins	-	170,000	-	-

* Directly held securities represent the relevant interest of each Director in listed securities issued by the Company and IAG, as notified by the Directors to the ASX in accordance with section 205G of the *Corporations Act 2001*. Trading in these securities is covered by the restrictions which limit the ability of a Director to trade in the securities where they are in a position to be aware, or are aware, of price sensitive information. Indirectly held securities are held by the Director's related parties, inclusive of entities controlled, jointly controlled or significantly influenced by the Directors, as notified by the Directors to the ASX.

ROUNDING OF AMOUNTS

Unless otherwise stated, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars. The Company is of a kind referred to in the ASIC Corporations Instrument 2016/191 dated 24 March 2016 issued by the Australian Securities and Investments Commission. All rounding has been conducted in accordance with that instrument.

Signed at Sydney this 15th day of August 2018 in accordance with a resolution of the Directors.



Nicholas Hawkins
Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

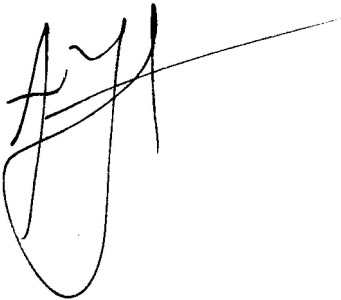
TO THE DIRECTORS OF IAG FINANCE (NEW ZEALAND) LIMITED

I declare that, to the best of my knowledge and belief, in relation to the audit of IAG Finance (New Zealand) Limited for the financial year ended 30 June 2018 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Andrew Yates
Partner

Sydney
15 August 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$000	2017 \$000
Total interest revenue	2.1	24,034	23,974
Interest expense on reset exchangeable securities	2.1	(22,827)	(22,775)
Net interest income		1,207	1,199
Other income		77	79
Unrealised exchange losses		(16)	(6)
Realised exchange gains/(losses)		8	(14)
Other administration expenses		(573)	(581)
Profit before income tax		703	677
Income tax expense	6.1	(201)	(193)
Profit for the year		502	484
Total comprehensive income for the year, net of tax		502	484

The above statement of comprehensive income should be read in conjunction with the notes to the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2018

	NOTE	2018 \$000	2017 \$000
ASSETS			
Cash held for operational purposes	6.2	459	592
Loans to related bodies corporate	2.3	551,096	551,036
Deferred tax assets		8	7
Total assets		551,563	551,635
LIABILITIES			
Trade and other payables		158	159
Interest payable on reset exchangeable securities		1,023	965
Payables to related bodies corporate	2.3	23	29
Current tax liabilities		57	33
Employee benefits provision		28	27
Reset exchangeable securities	2.2	550,000	550,000
Total liabilities		551,289	551,213
Net assets		274	422
EQUITY			
Share capital	4.2	-*	-*
Retained earnings		274	422
Total equity		274	422

* The share capital is \$1.00 and rounded to zero.

The above balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	SHARE CAPITAL \$000	RETAINED EARNINGS \$000	TOTAL EQUITY \$000
2018			
Balance at the beginning of the financial year	- *	422	422
Profit for the year	-	502	502
Transactions with owners in their capacity as owners			
Dividends declared and paid	-	(650)	(650)
Balance at the end of the financial year	-	274	274
2017			
Balance at the beginning of the financial year	- *	788	788
Profit for the year	-	484	484
Transactions with owners in their capacity as owners			
Dividends declared and paid	-	(850)	(850)
Balance at the end of the financial year	-	422	422

* The share capital is \$1.00 and rounded to zero.

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$000	2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		23,974	24,025
Interest costs paid		(22,769)	(22,837)
Income taxes (paid)/refunded		(178)	88
Other operating receipts		77	79
Other operating payments		(579)	(561)
Net cash flows from operating activities	6.2	525	794
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(650)	(850)
Net cash flows from financing activities		(650)	(850)
Net movement in cash held		(125)	(56)
Effects of exchange rate changes on balances of cash held in foreign currencies		(8)	(20)
Cash and cash equivalents at the beginning of the financial year		592	668
Cash and cash equivalents at the end of the financial year	6.2	459	592

The above cash flow statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. OVERVIEW

NOTE 1.1 INTRODUCTION

The financial report is structured in order to provide prominence to the disclosures that are considered most relevant to the understanding of the operations, results and financial position of the Company.

NOTE 1.2 ABOUT THIS REPORT

A. CORPORATE INFORMATION

IAG Finance (New Zealand) Limited (Company) is a for-profit company, incorporated and domiciled in Australia and limited by shares. It has reset exchangeable securities (RES) publicly traded on the Australian Securities Exchange (ASX). Its registered office is Level 13, Tower Two, Darling Park, 201 Sussex Street, Sydney, NSW 2000, Australia and the principal place of business is Level 1, NZI Centre, 1 Fanshawe Street, Auckland, New Zealand. This financial report covers the financial statements of the Company for the year ended 30 June 2018.

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report.

The parent, and ultimate parent entity of the Group, is Insurance Australia Group Limited (IAG) which is incorporated in Australia and listed on the ASX.

B. STATEMENT OF COMPLIANCE

This general purpose financial report was authorised by the Board of Directors for issue on 15 August 2018 and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the *Corporations Act 2001*, Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the AASB and the ASX Listing Rules.

C. BASIS OF PREPARATION

The financial statements have been prepared on the basis of historical cost principles, as modified by certain exceptions noted in the financial report. All values are rounded to the nearest thousand dollars, unless otherwise stated, in accordance with *ASIC Corporations Instrument 2016/191*.

The balance sheet is prepared with the assets and liabilities presented broadly in order of liquidity. The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date).

I. Presentation and foreign currency

The financial report is presented in Australian dollars, which is the functional currency of the Company. Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian dollars using reporting date exchange rates. Resulting exchange differences are recognised in profit or loss.

D. SIGNIFICANT ACCOUNTING POLICIES ADOPTED

The accounting policies adopted in the preparation of this financial report have been applied consistently and are the same as those applied for the previous reporting year, unless otherwise stated. The significant accounting policies adopted in the preparation of this financial report are set out within the relevant note.

I. Changes in accounting policies

There were new Australian Accounting Standards and Interpretations applicable for the current reporting year, with no material financial impact to the Company on adoption. Refer to Note 6.6 for further details.

II. Critical accounting estimates and judgements

There are no accounting estimates and assumptions used, or judgements made, which are considered to have a significant impact on the amounts recognised in the financial report.

2. FINANCING DISCLOSURE

SECTION INTRODUCTION

This section provides information about the performance of the Company during the year. The Company performs treasury functions of IAG's New Zealand operations. It issues Reset Exchangeable Securities (RES) to external investors and loans the entire amount to a related body corporate, a wholly-owned subsidiary of IAG. The Company operates as a single segment and accordingly the information presented in the financial statements represents the segment reporting information.

NOTE 2.1 ANALYSIS OF INTEREST INCOME AND EXPENSES

	2018	2017
	\$000	\$000
Interest revenue		
Related bodies corporate - interest income on loan to IAG (NZ) Holdings Limited	24,033	23,972
Other corporations	<u>1</u>	<u>2</u>
Total interest revenue	24,034	23,974
Interest expense		
Reset exchangeable securities	<u>(22,827)</u>	<u>(22,775)</u>
Net interest income	<u>1,207</u>	<u>1,199</u>

A. RECOGNITION AND MEASUREMENT

I. Interest income

Interest income on the loan to a related body corporate and external parties is brought to account on an accruals basis.

II. Interest expense

Interest expense on the RES is brought to account on an accruals basis and is payable quarterly subject to the terms of issue.

NOTE 2.2 RESET EXCHANGEABLE SECURITIES

A. COMPOSITION

	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	\$000	\$000	\$000	\$000
5,500,000 reset exchangeable securities	<u>550,000</u>	<u>564,630</u>	<u>550,000</u>	<u>568,700</u>

The listed offer price as at reporting date was \$102.66 per \$100.00 of face value (2017: \$103.40).

B. TERMS AND CONDITIONS

- face value of \$550 million, issued by the Company's New Zealand Branch and traded on the ASX;
- non-cumulative floating rate distribution payable quarterly;
- distribution rate equals the sum of the three-month bank bill swap rate (BBSW) plus a margin of 4.00% per annum multiplied by (1-tax rate);
- if the distributions are not fully franked, the distribution rate is increased to compensate holders for the unfranked portion of the distribution, subject to no payment conditions existing;
- payments of distributions can only be made subject to meeting certain conditions. If no distribution is made, no dividends can be paid and no returns of capital can be made on IAG ordinary shares unless IAG takes certain actions; and
- the RES may be exchanged by IAG or the holder on a reset date, or upon certain events. The next reset date is 16 December 2019. On exchange, IAG may convert RES into IAG ordinary shares, arrange a third party to acquire RES for their face value or redeem RES for their face value (subject to Australian Prudential Regulatory Authority's approval).

C. RECOGNITION AND MEASUREMENT

I. Interest-bearing liabilities

The RES are initially measured at fair value (net of transaction costs) and subsequently measured at amortised cost. Based on market conditions at any point in time, the carrying value of the liabilities may not be representative of the fair value of the liabilities. The fair value for all interest-bearing liabilities is calculated using their quoted market price (fair value hierarchy level 1).

NOTE 2.3 RELATED PARTY DISCLOSURES

A. INTRAGROUP BALANCE SHEET TRANSACTIONS

	2018	2017
	\$	\$
Assets		
Loan to other bodies corporate - IAG (NZ) Holdings Limited*	551,095,738	551,036,176
Liabilities		
Amounts payable - to other related parties of the IAG Group	23,187	29,414

* The balance at reporting date included accrued interest of \$1,095,738 (2017 \$1,036,176) which is due in three months.

B. OTHER INTRAGROUP PROFIT/(LOSS) TRANSACTIONS

	2018	2017
	\$	\$
Interest income on loan to IAG (NZ) Holdings Limited	24,033,271	23,972,119
Services fee received or receivable	77,448	79,377

C. RECOGNITION AND MEASUREMENT

Intragroup transactions are charged to the relevant entities on normal commercial terms and conditions, on a direct and actual cost recovery basis or time allocation basis. All intragroup balances outstanding at reporting date are considered highly liquid and of negligible credit risk and so the carrying amount is a reasonable estimation of the fair value of the balances.

3. RISK

SECTION INTRODUCTION

This section provides an overview of the Company's approach to risk management, with the Company forming part of the overall IAG Risk Management Strategy (RMS).

The Company is exposed to multiple risks relating to the conduct of its business. The Company does not seek to avoid all risks, but to optimally manage them. Management of those risks is an integral part of delivering the Company's strategy, decision-making and long-term sustainability. Risk management arrangements are designed to reflect the scope, scale and complexity of the Company's activities and where appropriate capital is held to support these activities.

IAG uses an enterprise-wide approach to risk that includes the following risk categories:

- Strategic
- Financial
- Operational
- Regulatory Risk and Compliance

The risk categories, their definition and structured arrangements for their management are included in IAG's RMS. Risks rarely occur, or should be considered, in isolation. The interconnectivity of IAG's risk categories and the key risks faced are understood and overseen. Key risks and their impact, likelihood, interconnectedness and velocity are considered in IAG's Enterprise Risk Profile (ERP).

NOTE 3.1 RISK AND CAPITAL MANAGEMENT

A. RISK MANAGEMENT OVERVIEW

The IAG Board has responsibility for setting risk strategy. The IAG Risk Committee (RC) assists the Board in fulfilling its risk management responsibilities, oversight of risk management, development of IAG's risk management framework (RMF) and policies and provides advice to the IAG Executives and Board. The RC monitors the effectiveness of the Risk Management function. The Group Chief Risk Officer (CRO) oversees risk management across the Group and is supported by a risk function. IAG's CRO and the risk function provide regular reports to the RC on the operation of IAG's RMF, the status of key risks, risk and compliance incidents and risk framework changes.

IAG's RMF is in place to assist the Board and senior executive management in managing risk. The RMF is the totality of systems, structures, policies and processes within IAG that identify, assess, treat, monitor, report and/or communicate all internal and external sources of risk that could have a material impact on IAG's operations. The RMF supports management by:

- ensuring clear roles and responsibilities for the management of risk;
- standardising risk management language, definitions and processes so risks can be accurately benchmarked and compared;
- establishing common reporting standards, tools and risk management information; and
- defining input for risk management reports as well as the ERP.

IAG's documented RMS describes the group wide RMF and how it is implemented, including risk appetite (i.e. the levels, boundaries and nature of risk the organisation is willing to accept), the risk categories used, the major risk management processes, and the roles and responsibilities for managing risk. The RMS is a Board approved policy which brings together consistent strategies and sets the minimum acceptable standards for managing the full spectrum of risks associated with pursuing corporate objectives and fulfilling IAG's purpose. IAG uses Group policies and other supporting documents to help ensure the risk management requirements are clear across IAG, and provide context to implement the risk management principles described in the RMS. The RMS must be adhered to, along with the legal, regulatory and prudential requirements in all countries in which the organisation has operations.

Other key documents within the IAG's RMF includes the Group Risk Appetite Statement (RAS), which articulates the levels, boundaries and nature of risk the Board is willing to accept in pursuit of IAG's strategic objectives.

The definitions of the risk categories and mitigation strategies are set out in the subsequent sections.

The RMS is supported by risk culture and behaviours that are the foundation for appropriate risk management and business sustainability. IAG is committed to conducting businesses in a manner aligned with IAG's Purpose which is supported by principles developed in conjunction with the Ethics and Consumer Advisory Board which includes external representation.

B. STRATEGIC RISK

Strategic risk is defined as the risk of not achieving corporate or strategic goals due to:

- poor business decisions regarding future business plans and strategies; and/or
- lack of responsiveness to changes in the business environment.

Strategic risk is managed by the IAG Group Leadership Team with Board oversight. Key elements in the management of strategy and strategic risk include a rigorous strategic planning program and associated oversight arrangements, with progress against strategic priorities regularly considered.

C. FINANCIAL RISK

Financial risk is defined as the risk of:

- adverse movements in market prices (foreign exchange, interest rates etc);
- a counterparty failing to meet its obligations (credit risk); and
- inadequate liquidity.

Key aspects of the processes established by IAG to monitor and mitigate financial risks include:

- the Board Risk and Audit Committees with Non-Executive Directors as members;
- an Asset and Liability Committee (ALCo) comprising key Executives with relevant oversight responsibilities;
- value at risk analysis is performed, position limits are in place and monitored and monthly stress testing is undertaken to determine the impact of adverse market movements;
- maintenance of an approved Group Credit Risk Policy, Group Liquidity Policy, Group Foreign Exchange Policy and Group Investment Policy; and
- Board approved Strategic Asset Allocation and Investment Management Agreements.

I. Market risk

a. FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss arising from an unfavourable movement in market exchange rates. The Company is exposed to insignificant foreign exchange risk arising from translation of operational costs denominated in New Zealand dollars.

b. INTEREST RATE RISK

Interest rate risk is the risk of loss arising from an unfavourable movement in market interest rates. The Company's exposure to interest rate risk arises primarily from the RES and the loan to a related body corporate. Both the financial asset and financial liability are denominated in Australian dollars and bear a variable rate of interest, which is reset and paid quarterly.

The interest rate on the loan to a related body corporate is calculated at the interest rate payable on the RES plus a margin. Net interest income will not be materially affected by either an increase or a decrease in the interest rate.

II. Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The credit risk exposures of the Company are in respect of the non-repayment of receivables and loans with related parties and the amounts are as indicated by the carrying amount of the financial assets. Credit risk is mitigated as all significant transactions are undertaken with IAG Group entities. The Company complies with the credit risk management policies of the IAG Group. The policies outline the framework and procedures in place to ensure an adequate and appropriate level of monitoring and management of credit quality.

III. Liquidity risk

Liquidity risk is concerned with the risk that sufficient cash resources will not be available to meet payment obligations as they become due (without incurring significant additional costs). The liquidity position is derived from operating cash flows and access to liquidity through related bodies corporate. The Company complies with the liquidity risk management policies of the IAG Group. The policies outline the framework and procedures in place to ensure an adequate and appropriate level of monitoring and management of liquidity.

The Company's exposure to liquidity risk arises primarily from the RES. The Company manages this risk by matching the quarterly interest payments to the RES holders with the quarterly interest income from the loan to a related body corporate. In the event a future distribution to RES holders is less than fully franked and the distribution rate is increased as a consequence, interest received by the Company on its loan to a related body corporate would be increased accordingly. Other financial liabilities of the Company are normally due within 12 months and they will in general be covered by the quarterly interest income received which is set with a margin over the interest payment to the RES holders.

The RES has a reset date of 16 December 2019 which is the same as the reset date of the loan to a related body corporate. The following table provides information about the residual maturity periods of RES based on the contractual maturity dates of undiscounted cash flows.

	MATURITY DATES OF CONTRACTUAL UNDISCOUNTED CASH FLOWS			
	Within 1 year	1 - 2 years	2 - 5 years	Total
	\$000	\$000	\$000	\$000
2018				
Contractual undiscounted interest payments*	<u>23,525</u>	<u>23,525</u>	<u>70,576</u>	<u>117,626</u>
2017				
Contractual undiscounted interest payments	<u>22,022</u>	<u>22,022</u>	<u>66,066</u>	<u>110,110</u>

* Contractual undiscounted interest payments are calculated based on prevailing market floating rates as applicable at the reporting date. Interest payments have not been included beyond five years.

IV. Capital management risk

The capital management strategy plays a central role in managing risk to create shareholder value. The funds raised through the issue of the RES are in effect the capital of the Company. This capital is managed in consultation with the Company's ultimate parent entity, IAG.

D. OPERATIONAL RISK

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and controls, people, systems or from external events. This includes legal risk but excludes strategic and reputational risk.

When controls fail, an operational risk incident may give rise to personal injury, damage to reputation, customer redress, have legal or regulatory implications, or can lead to substantial financial losses.

The Company does not aim to eliminate all operational risks, but manages these through an appropriate control framework and monitoring and managing potential risks. The Board is responsible for oversight of the Operational Risk Framework and approval of the Operational Risk Management Policy. The Board and Management believe an effective, documented and structured approach to operational risk is a key part of the broader RMF that is outlined in IAG's RMS.

IAG's Operational Risk Framework, inclusive of the Group Operational Risk Policy, operates within IAG's RMF. The Operational Risk Framework and supporting Operational Risk Policy and procedures aim to ensure that consistent governance mechanisms and practices are in place, and that activities undertaken which involve operational risk are continually assessed and managed with appropriate regard to the Group's RAS and the achievement of IAG's objectives. The Operational Risk Framework is supported by aligned frameworks, policies and procedures for key aspects of operational risk. For example, Fraud and Business Continuity Frameworks and policies are in place as are various other operational risk policies.

Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities. The Group's Internal Audit function also independently reviews the effectiveness of controls and processes surrounding operational risk.

E. REGULATORY RISK AND COMPLIANCE

Regulatory Risk and Compliance is defined as failure or inability to comply with applicable laws, regulations or codes excluding failure of staff to adhere to internal policies/procedures and meeting contractual obligations. The Company works closely with regulators and regularly monitors developments in its New Zealand operations to assess potential impacts on its ongoing ability to meet the various regulatory requirements.

IAG acknowledges that a Royal Commission is the highest level of public inquiry in Australia. The Board, together with Management, is committed to cooperating fully with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission). IAG has provided submissions to the Royal Commission, and resources and expertise have been allocated to ensure any request arising from the Royal Commission is addressed with the appropriate consideration and importance. While it is likely the Royal Commission will make recommendations that could impact the broader financial services landscape in Australia, it remains too early to predict the nature and extent of these changes and any consequential impact these may have for IAG's businesses.

4. CAPITAL STRUCTURE

NOTE 4.1 CAPITAL MANAGEMENT STRATEGY

The funds raised through the issue of the RES are in effect the capital of the Company. This capital is managed in consultation with the Company's ultimate parent entity, IAG. Refer to Note 2.2 for further details.

NOTE 4.2 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

As at reporting date, the Company had 1 ordinary share on issue (2017: 1).

NATURE AND PURPOSE OF EQUITY

Ordinary shares

All ordinary shares on issue are fully paid and have no par value. Ordinary shares entitle the holder to a vote at a general meeting of the Company and to participate in the dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on the shares held. Dividends, if declared, are subject to there being distributable profits available.

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Transaction costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

NOTE 4.3 DIVIDENDS

	2018	2017
	\$000	\$000
A. ORDINARY SHARES		
2018 interim dividend: \$275,000 per ordinary share (2017: \$500,000)	275	500
2017 final dividend: \$375,000 per ordinary share (2017: \$350,000)	375	350
	650	850
B. DIVIDEND NOT RECOGNISED AT REPORTING DATE		
2018 final dividend: \$200,000 per ordinary share (2017: \$375,000)	200	375

C. RECOGNITION AND MEASUREMENT

Provision for dividends is made in respect of ordinary shares where the dividends are declared on or before the reporting date, but have not yet been distributed at that date.

D. RESTRICTIONS THAT MAY LIMIT THE PAYMENT OF DIVIDENDS

There are currently no restrictions on the payment of dividends by the Company other than:

- the payment of dividends is subject to the provisions of the *Corporations Act 2001* and constitutional provisions; and
- no dividends can be paid and no returns of capital can be made on ordinary shares if distributions are not paid on the reset exchangeable securities, unless certain actions are taken by IAG. For further details refer to Note 2.2.

5. UNRECOGNISED ITEMS

NOTE 5.1 EVENTS SUBSEQUENT TO REPORTING DATE

As the following transaction occurred after reporting date and did not relate to conditions existing at reporting date, no account has been taken of this in the financial statements for the current reporting year ended 30 June 2018.

- On 15 August 2018, a dividend of \$200,000 per share was determined by the Board. The dividend will be paid on 15 August 2018.

6. OTHER DISCLOSURES

NOTE 6.1 INCOME TAX

	2018	2017
	\$000	\$000
A. INCOME TAX EXPENSE		
Current tax expense	201	193
Income tax expense	201	193

	2018	2017
	\$000	\$000
B. RECONCILIATION OF PRIMA FACIE TAX TO INCOME TAX EXPENSE		
Profit for the year before income tax	<u>703</u>	<u>677</u>
Income tax calculated at 30% (2017: 30%)	<u>211</u>	203
Amounts which are not deductible/(taxable) in calculating taxable income		
Foreign exchange losses/(gains) deductible/(taxable) on settlement of loan with a related body corporate	<u>2</u>	3
Difference in tax rate	<u>(12)</u>	<u>(13)</u>
Income tax expense applicable to current year	<u>201</u>	<u>193</u>
Income tax expense attributable to profit for the year before and after impact of tax consolidation	<u>201</u>	<u>193</u>

C. RECOGNITION AND MEASUREMENT

I. Income tax

Income tax expense for a reporting year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in either equity or other comprehensive income.

II. Current tax

Current tax assets and liabilities are the expected tax recoverable or payable on the taxable income for the year, using tax rates for each jurisdiction, and any adjustment to tax payable in respect of previous financial periods. These include any rates or laws enacted or substantially enacted as at the balance sheet date.

III. Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount and tax bases. Deferred tax assets (deductible temporary differences, carried forward unused tax assets and unused tax losses) are recognised to the extent it is probable that future taxable profit will be available to utilise them before the unused tax losses or credits expire. In making this assessment, IAG considers historical trends of profit generation.

IV. Tax consolidation

IAG and its Australian resident wholly-owned subsidiaries adopted the tax consolidation legislation with effect from 1 July 2002 and are therefore taxed as a single entity from that date. IAG is the head entity within the tax-consolidated group.

V. New Zealand Branch

The New Zealand Branch of the Company is a resident in New Zealand for tax purposes and is liable for all taxes on income generated in New Zealand. These liabilities or refunds are recognised by the New Zealand Branch and disclosed as current tax liabilities or assets in the Company's balance sheet.

NOTE 6.2 NOTES TO THE CASH FLOW STATEMENT

	2018	2017
	\$000	\$000
A. COMPOSITION OF CASH AND CASH EQUIVALENTS		
Cash held for operational purposes	<u>459</u>	<u>592</u>
B. RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	502	484
I. Non-cash items		
Net foreign exchange (gains)/losses	8	20
II. Movement in operating assets and liabilities		
Interest payable on reset exchangeable securities	58	(51)
Interest receivable	(60)	51
Net movement in related body corporate assets and liabilities	(7)	16
Net movement in tax assets and liabilities	24	281
Net movement in other operating assets and liabilities	<u>-</u>	<u>(7)</u>
Net cash flows from operating activities	<u>525</u>	<u>794</u>

C. SIGNIFICANT NON-CASH TRANSACTIONS RELATING TO FINANCING AND INVESTING TRANSACTIONS

There were no financing or investing transactions during the year which have had a material effect on the assets and liabilities that did not involve cash flows.

D. RECOGNITION AND MEASUREMENT

Cash and cash equivalents represent cash at bank and on hand, deposits at call and short-term money held in investments, net of any bank overdraft. Money held in investments is readily convertible to cash within two working days and subject to insignificant risk of change in value. The majority of the amounts bear variable rates of interest based on daily bank deposit rates. Those balances bearing a fixed rate of interest mature in three months or less.

NOTE 6.3 KEY MANAGEMENT PERSONNEL

DETAILS OF COMPENSATION

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity. It is important to note that the Company's Non-Executive Directors are specifically required to be included as KMP in accordance with AASB 124 *Related Party Disclosures*. However, the Non-Executive Directors do not consider that they are part of 'management'. The aggregate compensation disclosed in the table below represents the KMP's estimated compensation received from the Group in relation to their involvement in the activities of the Company.

	2018	2017
	\$	\$
Short-term employee benefits	90,714	78,294
Post-employment benefits	1,409	1,421
Other long-term benefits	678	674
Share-based payments	49,834	40,373
	<u>142,635</u>	<u>120,762</u>

Refer to the remuneration report on page 9 for further details.

NOTE 6.4 REMUNERATION OF AUDITORS

	2018	2017
	\$	\$
KPMG AUSTRALIA		
Audit of the financial statements prepared	31,927	31,012
Total remuneration of auditors	<u>31,927</u>	<u>31,012</u>

NOTE 6.5 NET TANGIBLE ASSETS

	2018	2017
	\$000	\$000
Net tangible assets per ordinary share	<u>274</u>	<u>422</u>

NOTE 6.6 IMPACT OF NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED

A. ISSUED AND EFFECTIVE

The new Australian Accounting Standards and Interpretations applicable for the current reporting year are given below. The adoption of these standards did not have a material financial impact:

TITLE	DESCRIPTION
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses (AASB 112)
AASB 2016-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
AASB 1048	Interpretation of Standards

B. ISSUED BUT NOT YET EFFECTIVE

As at the date of this financial report, there are a number of new and revised accounting standards published by the Australian Accounting Standards Board for which the mandatory application dates fall after the end of this current reporting year.

None of these standards have been early adopted and applied in the current reporting year.

TITLE	DESCRIPTION	OPERATIVE DATE	NOTE
AASB 9	Financial Instruments	1 January 2018	A
AASB 15	Revenue from Contracts with Customers	1 January 2018	A
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2018	A
AASB 2014-1 (Part E)	Amendments to Australian Accounting Standards – Financial Instruments	1 January 2018	A
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	A
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	A
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	A
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	A
Interpretation 23	Uncertainty over Income Tax Treatments, and relevant amending standards	1 January 2019	A
Conceptual Framework	Amendments to standards to apply the new definition and recognition criteria in the Conceptual Framework for Financial Reporting	1 January 2020	A

TABLE NOTE

A These changes are not expected to have a significant, if any, financial and disclosure impact.

The Australian Accounting Standards and amendments detailed in the table above are not mandatory for the Company until the operative dates stated; however, early adoption is permitted. The Company currently plans to apply the standards and amendments detailed above for the reporting periods beginning on or after the operative dates set out above.

AASB 9 was issued during 2014 and will replace existing accounting requirements for financial instruments. Changes to the accounting for the Company's financial instruments arising from the application of AASB 9 are expected to be minimal.

AASB 15 introduces a single model for the recognition of revenue based on when control of goods and services transfers to a customer. It does not apply to financial instruments. Hence, we expect that the impact on the Company's revenue to be minimal.


DIRECTORS' DECLARATION

In the opinion of the Directors of IAG Finance (New Zealand) Limited:

- the financial statements and notes 1.1 to 6.6, including the remuneration disclosures that are contained in the Remuneration Report of the Directors' Report, are in accordance with the *Corporations Act 2001* including:
 - giving a true and fair view of the financial position of the Company as at 30 June 2018 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date;
 - complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.2.B; and
- the Remuneration Report of the Directors' Report complies with the *Corporations Act 2001* and Australian Accounting Standards; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2018.

Signed at Sydney this 15th day of August 2018 in accordance with a resolution of the Directors.



Nicholas Hawkins
Director

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF IAG FINANCE (NEW ZEALAND) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the Financial Report of IAG Finance (New Zealand) Limited (Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The Key Audit Matter we identified is:

- Recoverability of loans to related bodies corporate

The Financial Report comprises:

- Balance sheet as at 30 June 2018;
- Statement of comprehensive income, Statement of changes in equity, and Cash flow statement for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' declaration.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loans to related bodies corporate (\$551,095,738)

Refer to Note 2.3 to the Financial Report

The key audit matter

Recoverability of loans to related bodies corporate and ongoing receipt of interest payments is a key audit matter as:

- recoverability of loans and receipt of interest payments is key to the entity's ability to make principal and interest payments on the Reset Exchangeable Securities; and
- judgement is required by us to assess recoverability.

In assessing this key audit matter, we involved senior audit team members who understand the IAG internal financing structure.

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- assessing the recoverability of the loan amounts and the ability of IAG (NZ) Holdings Limited (the related body corporate) to make interest payments by considering its cash flow projections and net asset position; and
- assessing capital support agreements available to IAG (NZ) Holdings Limited from other members of the IAG Group including assessing their independent ability to make payment on these agreements.

Other Information

Other Information is financial and non-financial information in IAG Finance (New Zealand) Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

24 IAG FINANCE (NEW ZEALAND) LIMITED

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

Opinion

In our opinion, the Remuneration Report of IAG Finance (New Zealand) Limited for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 10 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Andrew Yates

Partner

Sydney
15 August 2018

RES HOLDER INFORMATION

Information about the RES, including company announcements and reports can be accessed at www.iag.com.au/shareholder-centre/reset-exchangeable-securities.

ASX CODE

The RES are listed on the Australian Securities Exchange under the code IANG.

RES HOLDER REGISTRY

All registry functions are performed by Computershare Investor Services Pty Limited who can be contacted on:

Telephone: +61 1300 360 688
Email: iag@computershare.com.au
Fax: +61 (0)3 9473 2470
Postal address: Computershare Investor Services Pty Limited
GPO Box 4709
Melbourne VIC 3001

INTEREST PAYMENTS

PERIOD END	AMOUNT PER SECURITY	EX DATE	RECORD DATE	PAYMENT DATE	FRANKING LEVEL	FRANKING CREDIT
14/09/17	\$1.0092	06/09/17	07/09/17	15/09/17	100 %	30 %
14/12/17	\$0.9983	06/12/17	07/12/17	15/12/17	100 %	30 %
14/03/18	\$0.9959	06/03/18	07/03/18	15/03/18	100 %	30 %
14/06/18	\$1.0507	06/06/18	07/06/18	15/06/18	100 %	30 %

Until the next reset date of 16 December 2019, RES holders are entitled, subject to the RES terms, to receive quarterly interest payments based on a margin of 4.0% per annum above the three-month bank bill swap rate (BBSW) and adjusted for the value of attached franking credits. The interest for the current interest period, from 15 June 2018 to 16 September 2018 is \$1.0923 and is expected to be fully franked.

ANNUAL REPORT

Under the *Corporations Act 2001* regarding the provision of annual reports to shareholders, the default option for receiving the RES Annual Report is an electronic copy via IAG's website at www.iag.com.au/shareholder-centre/reset-exchangeable-securities. RES holders can elect to receive an email notification when the Annual Report is available online by logging on to www.iag.com.au/news-events/email-alerts following the prompts and providing your email address.

ANNUAL GENERAL MEETING

The Company is not required, and does not intend, to hold an annual general meeting.

VOTING

RES holders have no rights in the Company and no voting rights in IAG.

INFORMATION ON RES HOLDINGS

TWENTY LARGEST RES HOLDERS AS AT 12 JULY 2018	NUMBER OF RES	% OF RES ISSUED
J P MORGAN NOMINEES AUSTRALIA LIMITED	570,308	10.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	403,760	7.34
CITICORP NOMINEES PTY LIMITED	168,010	3.05
NATIONAL NOMINEES LIMITED	124,490	2.26
MUTUAL TRUST PTY LTD	97,403	1.77
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	75,598	1.37
BNP PARIBAS NOMS PTY LTD <DRP>	67,241	1.22
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	63,937	1.16
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	61,414	1.12
NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	47,437	0.86
MR GRAEME THOMAS WOOD	25,592	0.47
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	22,324	0.41
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	14,803	0.27
CRYTON INVESTMENTS NO 9 PTY LTD <GARNER NUMBER 1 A/C>	14,664	0.27
AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	12,762	0.23
KITTELTY GROUP PTY LTD	12,450	0.23
INVIA CUSTODIAN PTY LIMITED <RAWSON PROPERTY A/C>	11,000	0.20
ST HEDWIG VILLAGE	11,000	0.20
INVIA CUSTODIAN PTY LIMITED <PATRIMONY FUND 2 A/C>	10,600	0.19
THE WYATT BENEVOLENT INSTITUTION INC	10,250	0.19
Total for top 20	1,825,043	33.18

RANGE OF RES HOLDERS AS AT 12 JULY 2018	NUMBER OF HOLDERS	NUMBER OF RES	% OF RES ISSUED
1-1,000	7,274	2,355,665	42.84
1,001-5,000	563	1,093,007	19.87
5,001-10,000	32	226,285	4.11
10,001-100,000	16	558,475	10.15
100,001 and over	4	1,266,568	23.03
Total	7,889	5,500,000	100.00
RES holders with less than a marketable parcel of 5 RES as at 12 July 2018	1	1	

CORPORATE DIRECTORY

COMPANY AND REGISTERED OFFICE

IAG FINANCE (NEW ZEALAND) LIMITED

ABN 97 111 268 243
Level 13, Tower Two
Darling Park
201 Sussex Street
Sydney NSW 2000
Australia

Telephone

+61 (0)2 9292 9222

Fax

+61 (0)2 9292 8072

Website

www.iag.com.au/shareholder-centre/reset-exchangeable-securities

NEW ZEALAND BRANCH AND ISSUER

IAG FINANCE (NEW ZEALAND) LIMITED

Level 1, NZI Centre
1 Fanshawe Street
Auckland
New Zealand

COMPANY SECRETARY

Chris Bertuch BA, LL.M (on 10 July 2018, IAG announced that Chris has decided to leave IAG effective 30 September 2018.)
Rebecca Farrell LL.B (Hons), BA
Sejil Mistry-Moodley BProc, LL.M, FGIA, FCIS

Cover image: Aerial view of Huia Beach, Auckland, New Zealand.



Printed on Revive Laser Recycled Paper.

Revive Laser is Certified Carbon Neutral by the DCC&EE under the National Carbon Offset Standard (NCOS), Revive Laser also supports Landcare Australia. Made in Australia by an ISO 14001 certified mill. No chlorine bleaching occurs in the recycling process.