Appendix 4E (ASX Listing Rule 4.3A)

Insurance Australia Group Limited
ABN 60 090 739 923

Preliminary final report for the year ended 30 June 2024

Results for announcement to the market

	2024	Restated 2023	Change		
	$m	$m		**$m**	%[1]
Revenue from ordinary activities	**17,243**	16,165	Up	1,078	6.7%
Net profit/(loss) after tax from ordinary activities attributable to shareholders of the Parent	**898**	825	Up	73	8.8%
Net profit/(loss) attributable to shareholders of the Parent	**898**	825	Up	73	8.8%

1 The percentage change is calculated by dividing the movement between the current and prior periods with the prior period amount and multiplying the result by 100.

Dividends – ordinary shares	Amount per security	Franked amount per security
2024 Final dividend	17.0 cents	8.5 cents
2024 Interim dividend	10.0 cents	4.0 cents

Final dividend date	
Record date	30 August 2024
Payment date	26 September 2024

Insurance Australia Group Limited's (Company or Parent) Dividend Reinvestment Plan (DRP) will operate likely by acquiring shares on-market with no discount applied. The last date for the receipt of an election notice for participation in the Company's DRP is 2 September 2024. The DRP Issue Price will be based on a volume-weighted average price for a 13-day trading window from 3 September 2024 to 19 September 2024 inclusive.

Eligible shareholders may now lodge their DRP elections electronically by logging on to IAG's share registry, Computershare, on their website at www.computershare.com.au.

This Appendix 4E for the financial year ended 30 June 2024 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A. Additional Appendix 4E disclosure requirements can be found in the Annual Report of Insurance Australia Group Limited for the year ended 30 June 2024 (Attachment A). This report is also to be read in conjunction with any public announcements made by Insurance Australia Group Limited during the reporting year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules. Information presented for the previous corresponding period is for the financial year ended 30 June 2023 (unless otherwise stated). This report is based on the consolidated financial statements which have been audited by KPMG.

Attachment A

Insurance Australia Group Limited
ABN 60 090 739 923

Insurance Australia Group Limited and Subsidiaries
Annual Report 30 June 2024

ANNUAL REPORT 2024

Insurance Australia Group Limited

This release has been authorised by the Board of Insurance Australia Group Limited
21 August 2024 · ABN 60 090 739 923

Acknowledgement of Indigenous Peoples
Mihi ki ngā Iwi Taketake o te Ao

We acknowledge the Traditional Owners and Elders of the different Countries across Australia and Torres Strait Islands and how Country plays a significant role in the continuation of culture and connection to land, water, and sky.

In Aotearoa New Zealand, this means we also acknowledge Tangata Whenua, their customary authority to whenua (land), and recognise the importance of te reo Māori (the Māori language), tikanga Māori (Māori customs and protocols), and te ao Māori (Māori culture and the Māori worldview).

About this report

The 2024 annual report of Insurance Australia Group Limited includes IAG's full statutory accounts, along with the Directors' Report and Remuneration Report for the financial year ended 30 June 2024. This year's corporate governance statement is available in the About Us area of our website (www.iag.com.au).

The financial statements are structured to provide prominence to the disclosures that are considered most relevant to the user's understanding of the operations, results and financial position of the Group.

This year's report continues to reflect our work to integrate our reporting into one comprehensive document. It includes the Chair's and CEO's reviews; information about how we create value for our key stakeholders and the outcomes we have achieved for them; our sustainability approach and the material topics we are addressing.

In previous years, we have produced a separate Investor Report with discussion and analysis of IAG's results for the financial year. As part of our approach to integrated reporting, we have now provided content that was previously included in the Investor Report in an expanded Operating and Financial Review, within the Directors' Report. Additionally, financial data relating to the Group's results is available in a Excel file which can be downloaded in the Results & Reports area of our website.

Similarly, we have not produced a separate Group Climate-related Disclosure document. This content, informed by the recommendations of the Task Force for Climate-related Financial Disclosures, is now incorporated into this report.

If you would like to have a copy of the annual report mailed to you, contact IAG's Share Registry using the contact details on page 174.

Unless otherwise indicated, references to the Company or Parent refer to Insurance Australia Group Limited and references to IAG or Group refer to the consolidated group consisting of Insurance Australia Group Limited and its subsidiaries.

Further, unless otherwise indicated, references to FY24 and 2024 and FY23 and 2023 in graphs and copy throughout this report refer to IAG's financial years ending 30 June 2024 and 2023 respectively. All figures are in Australian dollars unless otherwise stated.

Contents

2024 Annual General Meeting

The 2024 annual general meeting (AGM) of Insurance Australia Group Limited will commence at 9.30am Sydney time on Thursday, 24 October 2024.

Disclaimer

This report contains forward-looking statements, opinions and estimates. Such statements involve risks, uncertainties and assumptions, many of which are beyond IAG's control. This may cause actual results to differ materially from those expressed or implied in those statements and, consequently, undue reliance should not be placed on those statements. Please refer to page 175 for IAG's full disclaimer in relation to forward-looking statements and other representations.

FY24 Overview

Customers

6.2M+

Direct customers in Australia and New Zealand at 30 June 2024

$10,747M

Claims paid
(up from $10,203m in FY23)

AU: +46.8

NZ: +50.0

Customer Experience[1]
(AU: +49.5 in FY23)
(NZ: +50.3 in FY23)

Shareholders

17.0cps

Final dividend
Full year dividend of 27.0 cps
(up 80% from FY23)

571,841

Shareholders at 30 June 2024

$550M

Capital returned via on-market share buybacks over the past two years

29.4%

Total shareholder return

People

72%

Engagement score reported in our FY24 annual culture survey[4]
(down from 74% in FY23)

44%

Women in senior management[5]
(down from 45% in FY23)

1.4

Rolling lost time injury frequency rate[6]

Communities

$9.8M

Invested in community initiatives
(down 3% from FY23)

6,452 hrs

Volunteered by our people
(down 30.5% from FY23)[2]

$1.3M

Spent with Indigenous suppliers
(up 24% from FY23)

Environment

9%

Total scope 1 and 2 emissions increase since FY21
(baseline year for our emissions reduction target)[3]

$309M

Invested in green bonds
(up 30% from FY23)

RENEWABLE ENERGY

In FY24, we entered into contracts to procure renewable energy for IAG sites

1 Customer Experience is measured by transactional net promoter score (tNPS). tNPS correlates to complaints, attrition and gross written premium. The result is based on average tNPS scores across the financial year. For further information, refer to the Customer Experience description and definition on page 83 of this Annual Report.

2 Reduction on FY23 reflects the absence of the FY23 company-wide Resilience Day volunteering activities, as well as a reduction in volunteering opportunities while a new technology platform is being implemented.

3 Increased due to an expanded entity emissions reporting boundary. See the Metrics and Targets section of the Group Climate-related Disclosure on pages 40–42 of this report for further detail on our reported emissions.

4 Based on September 2023 annual culture survey.

5 IAG defines senior management roles as our Group Executives, Executive General Managers and the people who report directly to them.

6 From FY24, we have moved to a single Group figure to show the number of lost time injuries per million hours worked; our target is 1.2.

FY24 Performance

$16,400M
Gross written premium
(up 11.3% from FY23)

$898M
Net profit after tax
(up 7.9% from FY23)

15.6%
Reported insurance margin
(above 13.5–15.5% guidance range)

1.27 CET1 ratio
Strong capital position

Chair review

The financial and operational results that our company achieved in FY24 reflect the success of our CEO Nick Hawkins, and his Group Leadership Team, in delivering IAG's strategic priorities for the long-term benefit of our customers and investors.

This year, we faced a complex external environment, dominated by an unusual combination of factors including higher prices for the reinsurance we buy; higher prices across the board to cover our claims and internal costs; and higher interest rates impacting our customers. Despite this complexity, we delivered a good outcome.

FY24 results

The Group's net profit after tax for the full year was $898 million (FY23: $832 million). This result was driven by:

- a $635 million increase in pre-tax insurance profit to $1,438 million (FY23: $803 million), following an 11% increase in net earned premiums, a 190bps improvement in the underlying insurance margin and a $223 million reduction in natural perils costs, year on year;
- an absence of a release from the provision for business interruption claims recorded under net corporate expense, compared with a release in FY23 ($560 million pre tax); and
- a higher investment income on shareholders' funds of $286 million (FY23: $212 million).

The insurance profit was $1,438 million (FY23: $803 million) which equates to a reported insurance margin of 15.6% (FY23: 9.6%). The reported insurance profit included net natural perils experience $115 million below allowance, a net strengthening of prior year reserves of $58 million and a $44 million positive impact from the narrowing of credit spreads.

The underlying insurance margin of 14.5% was 190bps higher than FY23. This reflects a combination of influences including the 11% increase in net earned premiums, a reduced underlying claims ratio and a higher investment yield on technical reserves, partially offset by an increase in the natural peril allowance.

The Group's reported FY24 gross written premium of $16,400 million increased by 11.3% on the prior corresponding period (FY23: $14,729 million).

The FY24 results are explained in more detail in the Operating and Financial Review, on pages 53–62 of this Annual Report.

Returns to shareholders

Dividend

The strength of the company's capital position has enabled the Board to declare a final dividend of 17.0 cents per share, franked to 50%. The final dividend will be paid on 26 September 2024 to shareholders registered as at 5pm Australian Eastern Standard Time (AEST) on 30 August 2024. The dividend reinvestment plan (DRP) will operate for the final dividend for DRP-registered shareholders as at 5pm AEST on 2 September 2024.

This brings the full year dividend to 27.0 cents per share, which equates to a payout ratio of approximately 72% of reported net profit after tax.

Earnings per share (EPS)

IAG's net profit after tax of $898 million represents an increase to both the basic EPS of 37.31 cents (33.92 cents in FY23) and diluted EPS of 36.24 cents (32.20 cents in FY23).

Cash EPS, which excludes the benefit of the FY23 business interruption provision release, increased significantly to 37.62 cents from 18.41 cents in FY23. Diluted cash EPS in FY24 was 36.52 cents (FY23: 18.40 cents).

Return on equity (ROE)

In June 2024, IAG increased its target to achieve a reported ROE of 14% to 15%, from 13% to 14%, on a through-the-cycle basis[1]. In FY24, we delivered an improved ROE of 13.5%, compared to 13.0% in FY23. The Cash ROE, which excludes the benefit of the FY23 business interruption provision release, improved to 13.6% from 7.0% in FY23.

1 Refer to page 63 for more details on IAG's targets and page 175 for further information on forward-looking statements and other representations.

Capital position

IAG remains strongly capitalised, with Common Equity Tier 1 (CET1) capital of $3,364 million (FY23: $2,955 million) and total regulatory capital of $5,879 million (FY23: $5,073 million) at 30 June 2024. As a result of the strong capital position, we are announcing a further on-market share buyback of up to $350 million. This is in addition to the $550 million of capital that has already been returned to shareholders via on-market share buybacks during the past two years.

The strength of our capital position helps to ensure that we will be there for our customers.

Customer focus

Helping our customers

In Australia and New Zealand, our customers faced cost of living challenges, exacerbated by higher inflation.

Inflation also affected our claims and supply chain and – combined with higher reinsurance costs – resulted in premium increases that were necessary to ensure we could continue to be there for customers when they need us most.

In this environment, our businesses have established a number of customer support processes. Specialised customer care teams can help find solutions during times of financial hardship and provide additional support when needed. And we have frontline teams trained to identify and support customers experiencing vulnerability.

For our own part, we are focused on managing administration costs while pursuing product innovation, simplification, automation and supply chain initiatives to improve customer experience, reduce costs, and counteract claims inflation.

"This year, we faced a complex external environment ... Despite this complexity, we delivered a good outcome."

17.0cps

Final dividend
Full year dividend of 27.0 cps
(up 80% from FY23)

29.4%

Total shareholder return of 29.4% in FY24

Chair review (continued)

Managing customers' claims

Following significant weather events in both Australia and New Zealand in recent years, there has been considerable – and appropriate – attention focused on claims processes and outcomes associated with these large events. In Australia, this has included a Federal Government Inquiry. In his review on the following pages, our CEO Nick Hawkins talks more about this Inquiry and the steps we have taken to improve our claims processes and services, and the care we provide to vulnerable customers.

Here, I want to acknowledge the skilled and compassionate services our people deliver to help ensure that most customers' claims continue to be resolved in a timely manner.

Over the last 12 months, our businesses have paid around $10.7 billion in claims, and accepted 98% of claims received in Australia and New Zealand, reflecting our commitment to helping our customers recover from unexpected loss.

Improving customers' experience

This year, the Company has taken several steps to improve the journey that customers have with us today – and into the future.

The move to a single technology platform has improved customer experience, including by accelerating claims settlements by up to two weeks. Claims finalisation has also been assisted by the application of digital and artificial intelligence solutions. These use a customer's responses when they complete a claim to identify if a vehicle is a total loss with more than 90% accuracy.

Geospatial mapping enables us to identify potential customer and community impacts as quickly as possible, and contact customers to check they are safe, and to offer claims support such as temporary accommodation and emergency financial assistance.

NRMA Insurance announced in March 2024 that customers using the Bushfire Resilience Rating Home Self-Assessment app (which was developed by the Resilient Building Council (RBC)) have the potential to receive pricing benefits towards their household insurance premiums if they receive a RBC Bushfire Resilience Rating Certification of 3 stars or above.[1]

On the road, our ROLLiN' Safe 'n Save mobile app incentivises safe driving behaviour by offering potential discounts on monthly premiums based on how customers and their listed drivers score on safe driving.

1 Refer to page 38 for further details.

Sustainability

Climate and disaster resilience

Our Company-wide approach to Sustainability continued to focus on building climate and disaster resilience and supporting the climate transition.

FY24 progress included refreshing our approach to using climate scenario analysis to test our strategy; entering into contracts to procure renewable energy for IAG sites; and achieving our target of supporting one million Australians and New Zealanders to take action to reduce their risk from natural hazards by FY25.

More information on how we are managing climate risks and opportunities is set out in our Group Climate-related Disclosure on pages 33–44 of this Annual Report.

Diversity targets

We have maintained our focus on our two diversity targets: to have women occupy 50% of senior management roles by the end of FY24, and to have Aboriginal and Torres Strait Islanders represent 3% of our Australian workforce by the end of FY25. Our results against these targets at the end of FY24 were 44% and 1.14% respectively. Work is underway to assist us to meet these targets as described in more detail in the People section on pages 24–27 of this Annual Report.

Modern slavery

In December 2023, we submitted our fourth Modern Slavery Statement, continuing our efforts to respect human rights and mitigate all forms of modern slavery in our operations, investments and supply chain. Further actions included updating IAG's Group Procurement Standard to include ESG considerations; continued engagement with suppliers; and promotion of our modern slavery toolkit to small and medium enterprises. We also continued to upskill procurement and supplier managers, and grow awareness of modern slavery risk among key stakeholders across the organisation.

"Together, we remain committed to our customers, to delivering against our targets, and to maintaining a strong balance sheet."

Board renewal

As part of the Board's ongoing focus to improve gender diversity in Board leadership roles, the Board has appointed Wendy Thorpe as Chair of the PARC effective from 1 September 2024. I would like to take this opportunity to thank the current PARC Chair George Savvides for his valuable guidance during his time as Chair, and look forward to working with him on the Board, and in his continuing role as a member of PARC.

Jon Nicholson has indicated his intention to retire at the conclusion of this year's Annual General Meeting. Jon has made a significant contribution to the Board since his appointment in September 2015. During his tenure, Jon has served on a number of Board Committees, including as Chair of the Board Risk Committee and the People and Remuneration Committee.

Conclusion

I thank my fellow Directors for their continued support, and acknowledge the hard work and commitment of all of IAG's people. Together, we remain committed to our customers, to delivering against our targets, and to maintaining a strong balance sheet. In this way, we aim to continue to deliver favourable outcomes for our customers and you, our shareholders, as we fulfil your Company's purpose to make your world a safer place.

Tom Pockett
Chair and Independent
Non-Executive Director

CEO review

Realising a stronger, more resilient IAG.

I am very proud of our company's performance over the last 12 months, as we deliver on the plans and strategies that we have pursued over the last couple of years:

- We have simplified the Australian business, adopted a clear retail brand strategy and taken NRMA Insurance national (excluding Victoria).
- We have invested in and improved our claims management capability to ensure we are there for our customers when they need us most.
- We have delivered on our target of $250 million insurance profit from our Intermediated Insurance Australia business in FY24.
- We have materially improved our technology platform that enables the products and services we provide to our retail customers.
- And we have continued to develop and uplift our risk management systems and risk culture.

Operating environment

The operating environment in Australia and New Zealand continued to be challenging through FY24, although the high inflationary pressure, which increased our claims cost over the last couple of years and added pressure to our customers, has began to ease.

In Australia, the cost of major weather events was in line with our expectation and we benefited from fewer events in New Zealand. Against that, we continued to work with our stakeholders to consider the insurance industry's performance during the 2022 floods in Australia, and 2023 cyclone and storm event in New Zealand.

In Australia, the Government set up a House of Representatives Standing Committee on Economics Inquiry to examine how the industry responded to the 2022 floods. I appeared before the Inquiry in February 2024, and took that opportunity to apologise to customers who did not receive the service or outcomes they were due.

"I am very proud of our company's performance over the last 12 months."

$550M

Capital returned via on-market share buybacks over the past two years

CEO review (continued)

We received 64,000 claims from that event, and over 98% of these have now been finalised. Notwithstanding contributing factors at the time of the floods, such as an unprecedented number of weather events, and COVID impacts to supply chain, skills, and labour shortages, we welcomed any feedback that would help us improve, and deliver better customer experiences and outcomes.

We are already acting on what we learned. We have reviewed the way we prepare for and respond to large events and we have made improvements to claims handling, how we manage vulnerable customers, dispute resolution and how we communicate with our customers. We have invested in 150 additional people to manage our customer claims and achieved a 20% reduction in open claim numbers over FY24.

Our industry also commissioned a self-assessment into its own performance, and found that claims processes were tested at a scale never seen before. It identified seven areas for action to improve responses to future events, covering disaster preparedness, customer experience, resourcing capability, operational response, governance and transparency, co-ordination with government, and code review in the context of catastrophes.

We also have continued to work hard to manage the business and our own costs to help minimise premium increases, but there are some factors we cannot control. That is why we work with government, businesses and communities to increase community resilience and help reduce risks. Our efforts are described in more detail in the Communities section on 28–31 of this Annual Report.

Our commitment to our customers

We are a purpose-led organisation that has the opportunity to make your world a safer place for people who live in Australia and New Zealand, and the commitment to be there for our customers.

We know that our customers are feeling pressures from premium increases, and we are responding. We have specialised customer care teams who work with customers to find solutions during times of financial hardship and provide additional support when needed.

Our frontline teams are trained to identify and support customers experiencing vulnerability. We offer access to support services including those capable of addressing mental health, stress and crisis support, sexual assault, family and domestic violence, financial hardship, and legal aid recommendations. More information about the support we have provided to our customers is described on pages 16–21 of this Annual Report.

Paying claims is core to what we do

We offer a promise to our customers to protect them in times of need and we need to be financially strong to deliver on this promise. This year, we settled more than $10.7 billion in claims in Australia and New Zealand.

FY24 results

Our FY24 results reflect our operational improvements and the trust that our customers see in our brands and products. Our net profit after tax of $898 million was up 7.9% and our pre-tax insurance profit of $1,438 million was up 79.1%.

We delivered our FY24 guidance of 'low double digits' gross written premium growth, achieving an increase of 11.3% compared to FY23, to $16.4 billion. Additionally, our reported insurance margin of 15.6% was slightly above the top end of our FY24 guidance range of 13.5% to 15.5%.

Each of our business divisions achieved a strong outcome:

- Direct Insurance Australia delivered an insurance profit of $654 million, up 19%, with gross written premiums of $7,490 million increasing by 12.8%.
- Intermediated Insurance Australia delivered an insurance profit of $328 million, up 57%, and exceeding the target of at least $250 million insurance profit in FY24 that we set three years ago.
- New Zealand delivered an excellent turnaround following the major weather events in FY23. It achieved an insurance profit of $457 million, with gross written premium of $3,796 million up by 15.6%.

Strategic achievements

This year's results reflect our unwavering focus on our strategy and the four pillars that support it.

Our ambition to **grow with our customers** was affected by the impact of premium increases to address inflation, reinsurance costs and extreme weather events. We are heartened by the strong renewal rates we are seeing in our direct businesses in Australia and New Zealand, and by our customer engagement scores. These speak to the value and trust our customers have for our brands.

In the context of supporting customers, I am excited by NRMA Insurance's new positioning, establishing itself as A Help Company™. This builds on NRMA Insurance's almost 100-year heritage of help and sets a bold ambition for the insurance company's intentions for the next century.

In New Zealand, AMI launched Insurance Hubs in Auckland and Christchurch to provide customers with a dedicated physical space to seek expert insurance advice, tailored solutions and face-to-face service.

The performance of Australia Direct, Australia Intermediated and New Zealand businesses all support the success of our work to **Build better businesses**, by aligning each division with the insurance needs of specific customers, and the way they want to engage with us.

Focusing on underwriting discipline and cost efficiency, our Australia intermediated business has exceeded its target of an FY24 insurance profit of $250 million.

Our work to **Create value through digital** has delivered our Enterprise Platform, which is improving the customer experience, and our ability to better price and manage risk.

We are now working on our Commercial Enablement program to deliver an efficient technology platform for our CGU, NZI and WFI businesses.

We continue to **Manage our risks** and were pleased to have Standard and Poor's upgrade our credit ratings in December 2023. This took the long-term financial strength and issuer credit rating on IAG's core operating entities from 'AA-' to 'AA' based on Standard & Poor's revised criteria for analysing insurers' risk-based capital.

"We have done a lot of heavy lifting over the last couple of years ... Now it is time to focus on the next phase of growth and opportunity as we seek to deliver on our purpose."

Significantly, in June 2024 we signed two strategic, innovative reinsurance agreements with global reinsurers that will improve future financial stability by providing protection for future earnings volatility against extreme weather events and weather patterns, and adverse development cover to protect our long-tail reserves.

Group Leadership Team

I welcomed two new members to my Group Leadership Team this year. In December 2023, William McDonnell joined us in the important role of Chief Financial Officer. William has more than 25 years' global experience across insurance, finance, capital markets, risk, governance, and regulation, including 15 years at general insurer Royal & Sun Alliance Insurance Group. His expertise in capital strategy and identifying trends and managing climate risk in a global context is already contributing to us becoming a stronger and more resilient company.

In April 2024, Robert Cutler joined us as Group General Counsel, after a 33-year career with Clayton Utz. In addition to his legal career, Robert has extensive governance experience as a member of various boards, and has advised on regulatory and risk management matters for private and public organisations.

Future focus

We have done a lot of heavy lifting over the last couple of years, simplifying and streamlining our business to set us up to provide better outcomes for our customers, our shareholders and our people. Now it is time to focus on the next phase of growth and opportunity as we seek to deliver on our purpose for Australians and New Zealanders. We have three areas of focus.

First is our retail business, with strong customer relationships, built through our insurance and partner brands in the market. Their products and services will be enabled and supported by our Enterprise Platform, the common claims, policy administration and pricing technology platform that sits right across the retail business.

Second, we have our broker-intermediated business with brands that have been in Australia and New Zealand for up to 165 years. After returning this business to profitability, we are now investing in a Commercial Enablement technology platform to support our broker networks.

And finally, we will continue to look at innovative solutions to manage the long-term supply of reinsurance capital, to optimise our capital structure, reduce volatility for our shareholders and continue to provide a strong balance sheet to support the commitment we make to our customers.

Nick Hawkins
Managing Director and
Chief Executive Officer

How IAG creates value

OUR PURPOSE, VALUES AND MINDSET

Our purpose

We make your world a safer place

Our values

- *Honest & upfront*
- *Easier together*
- *Act & own it*
- *Reimagine today*
- *Treat everyone fairly*

Our mindset

Ready for anything

OUR INPUTS

People and capabilities

- Diverse employees with a range of experience
- Collaborative industry associations
- Skills development programs

Natural and built environment

- Energy consumption
- Office buildings
- Fleet

Financial

- Shareholder equity
- Debt
- Reinsurance
- Investments

Brand and reputation

- Australia and New Zealand's largest general insurer
- Long-standing operations since 1920
- Trusted brands
- Social licence to operate

Regulators and communities

- General insurance code of practice
- Access and affordability
- Recognising vulnerability in our business
- Risk management

Suppliers and partners

- Collaborative relationships with partners and intermediaries

OUR KEY BUSINESS ACTIVITIES

What we do

- Risk Management
- Product design and pricing excellence
- Underwriting expertise
- Portfolio management
- Service and claims management
- Sales and relationship management
- Customer experience
- Capital management

Through our business units

- Direct Insurance Australia
- Intermediated Insurance Australia
- New Zealand

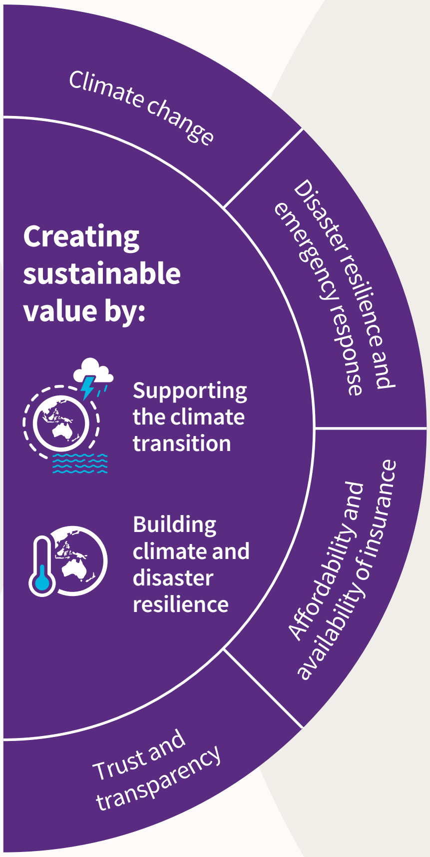
OUR STRATEGY — **OUR SUSTAINABILITY APPROACH AND MATERIAL TOPICS** — **OUR OUTCOMES**

Our strategy
(page 12)

We are creating a stronger, more resilient IAG

Focus

- Grow with our customers
- Build better businesses
- Create value through digital
- Manage our risks



Customers (page 16)

- Supporting our customers
- Making our customers' worlds safer
- Connecting with customers
- Customer-centred innovation
- Helping customers and building resilience

Shareholders (page 22)

- Dividend and capital returns
- S&P upgrade
- FY24 results
- Earnings per share
- Return on equity

People (page 24)

- Exceptional experiences
- Wellbeing, inclusion and belonging
- Indigenous engagement
- Inclusion and accessibility
- Health, safety and wellbeing
- Future readiness

Communities (page 28)

- Supporting more resilient communities
- Building risk understanding to drive action
- Safer farmers
- Advocacy and collaboration
- Help our Highway
- First Nations media partnership
- Responsible supply management

Environment (page 32)

- Resources and nature
- Renewable energy

FY24 Strategy

Strategy

Our strategy creates a common vision and direction for the whole organisation.

IAG's trusted brands, established supply chain, deep data assets and financial strength are key attributes, providing competitive advantage.

Our long-term objective remains the delivery of top quartile Total Shareholder Return, with a sustainable growth profile. To achieve this, we have set our strategy to 'create a stronger, more resilient IAG'.

The strategy is underpinned by four strategic pillars that provide focus, and inform our operating model: grow with our customers, build better businesses, create value through digital, and manage our risks.

Grow with our customers

- Grow as Australians and New Zealanders grow by delivering outstanding personalised service when customers need it most.
- Focus the strength of our brands to meet the evolving needs of consumers and enable the next wave of growth in small businesses across Australia and New Zealand.
- Increase our customer reach to make the world safer for more Australians and New Zealanders.

Purpose

We make your world a safer place.

Strategy

Create a stronger, more resilient IAG.

People

Our people are the difference: bringing our purpose to life and delivering our strategy.

Focus	Approach[1]	Ambitions[1]
Grow with our customers	Deliver outstanding personalised service when our customers need us the most	• 1m additional direct customers
Build better businesses	Focus on underwriting expertise, active portfolio management and pricing excellence	• $250m IIA insurance profit in FY24 • Reducing expense ratio
Create value through digital	Create connected experiences that seamlessly assist and reward our customers as they unlock the value of our network	• $400m value from DIA claims and supply chain cost reductions on a run-rate basis • Common core insurance platform for personal lines across Australia and NZ
Manage our risks	Actively manage risk and capital in our business so we can continue to manage the risks in our customers' lives	• Accelerate risk maturity to integrated[2]

1 These ambitions are subject to assumptions and dependencies, including that there are no material adverse developments in macro-economic conditions and disruptions or events beyond IAG's control (for example, natural peril events in excess of IAG's allowances). Refer to the forward-looking statements and other representations section on page 175 for further information.

2 For more information on integrated risk maturity, please see Section 3 Risk on page 124.

Build better business

- Help Australian and New Zealand businesses by continuing to focus on underwriting expertise, active portfolio management and pricing excellence.
- Evolve by investing in core competencies, delivering consistent high quality returns to shareholders and enhancing competitive advantage.

Create value through digital

- Create connected customer experiences that seamlessly assist and reward customers.
- Transform customer experience while modernising core platforms and using intelligent automation to capture value.

Manage our risks

- Manage the risks in IAG's own business so that we can continue to manage the risks in our customers' lives, by building a strong, active risk culture and meeting our obligations to the communities we serve.
- Invest in process, capability, infrastructure and operational excellence to create a stable, scalable and efficient business.
- Continue to have a strong capital platform, ensuring our customers are appropriately supported by our financial strength.

Progress

Customer growth remains a focus with refreshed customer value propositions across Australia and New Zealand, although we expect delivering this ambition will take longer to achieve than anticipated

NRMA Insurance Australia's 2nd strongest brand '24 (Brand Finance), AMI Canstar's NZ Car Insurer of the Year '23

NRMA launched Help Nation, an initiative that helps unite people, communities, and organisations to prepare for extreme weather and know their local risks

Intermediated Insurance Australia delivered >$250m FY24 Insurance profit target

Simplification of our operations with clear accountabilities

~5 million policies now on or renewing onto the Enterprise Platform technology, providing improved digital opportunities

Commercial Enablement commenced addressing underinvestment in intermediated technology

Continuous improvement and integration of non-financial risk management

Established reinsurance protections to mitigate the impact of natural peril volatility for the next five years

Entered into agreements to procure renewable energy for IAG sites

FY24 Strategy (continued)

IAG's sustainability approach

In line with our purpose to 'make your world a safer place', we recognise that how we address sustainability is important to our long-term business performance and to how we protect the communities and customers we serve.

We have identified climate action as an area in which we can have an impact. This year we updated our sustainability strategy to reflect how IAG supports our business and customers to be ready for extreme weather events and help them transition towards a low-carbon economy.

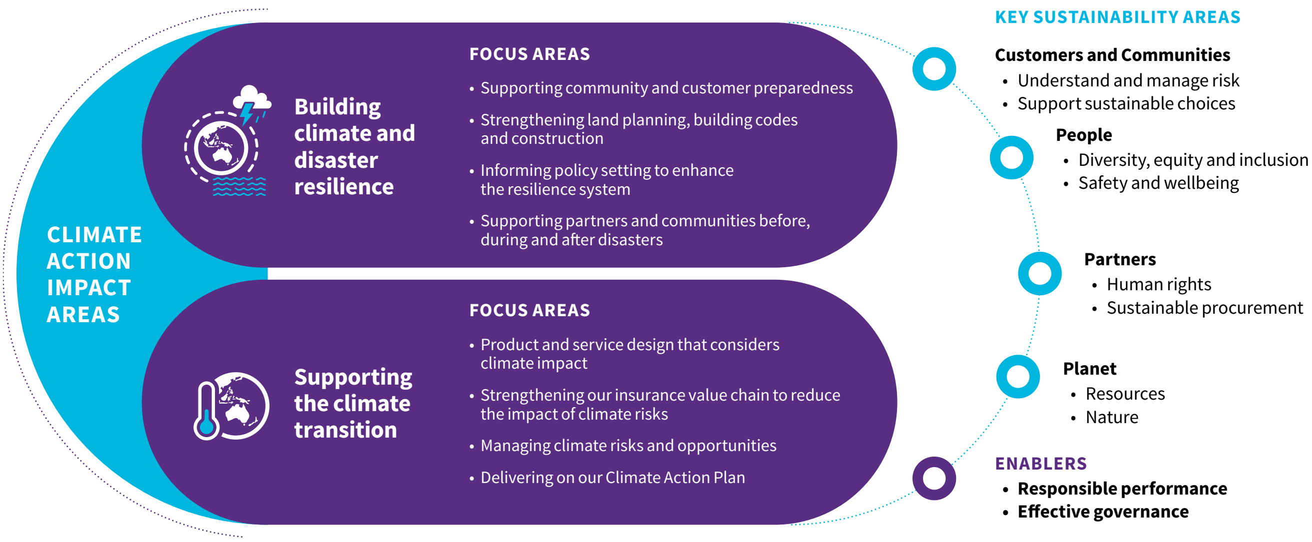
We do this by prioritising two areas:

- Building climate and disaster resilience by encouraging customers, communities, and governments to prepare for extreme weather events.
- Supporting climate transition in our products and operations, and through partners and suppliers, to protect customers and communities.

Our foundational key sustainability areas align with our strategic ambitions to create a stronger and more resilient IAG. Our Sustainability Strategy is depicted below.

Our *FY24 ESG Data Summary* includes a breakdown of reported ESG and climate-related metrics. This document, and more information about our sustainability strategy, are available in the Sustainability section of our website www.iag.com.au.

Figure 1: IAG's sustainability strategy



Material topics

We conduct an annual materiality assessment to inform our enterprise-wide sustainability priorities, strategy setting and risk management processes.

Our approach is guided by the Global Reporting Initiative (GRI) standards and informed by IAG's Strategic Risk Profile (SRP) and strategic trends analysis. We also review our material topics against international frameworks including the United Nations Environment Programme Finance Initiative's Principles for Sustainable Insurance (PSI), the World Economic Forum Global Risks Report and United Nations Sustainable Development Goals (SDGs).

This financial year we reviewed our material topics through the refresh of IAG's Sustainability Strategy, completed an operating environment analysis, and tested our FY23 prioritised topics with internal and external stakeholders including our partners and investors.

This process of analysis and stakeholder engagement validated that our four material topics remain consistent with the FY23 assessment: climate change, disaster resilience and emergency response, affordability and availability of insurance, and trust and transparency.

Details of our current assessment process can be found in the Sustainability section of our website at www.iag.com.au.

UN Sustainable Development Goals (SDGs)

08 – Decent work and economic growth

09 – Industry, innovation, and infrastructure

11 – Sustainable cities and communities

13 – Climate action

Addressing our material topics

Material topic	Our response in FY24
Climate change Risks and opportunities of a changing climate, and the social and financial impacts of natural disasters. **Alignment with SDGs:**	• Entered into a five-year strategic reinsurance arrangement to provide volatility protection for natural perils losses. • Reduced scope 1 and 2 emissions by 19.7%, as measured against the original FY21 baseline entity emissions reporting boundary.[1] • Entered into contracts to procure renewable energy for IAG sites in Australia and New Zealand. • Group Leadership Team Climate Advisory Committee established to drive increased accountability for climate-related activity.
Disaster resilience and emergency response Community preparation, adaptation and response to the impacts of natural disasters and climate change. **Alignment with SDGs:**	• Announced that NRMA Insurance customers with properties at risk of bushfire and who receive a Resilient Building Council Bushfire Resilience Rating certification of three stars or above may receive pricing benefits towards their household insurance premiums. Refer to page 38 for further details. • Launched the NRMA Insurance Help Nation campaign with Australian Red Cross, South Australian State Emergency Service and Lifeline Australia, a national education program to help people know their risks and prepare for extreme weather, with the aim of delivering more than 2,000 Australian Red Cross EmergencyRedi™ Workshops over three years. • Continued publishing the seasonal Wild Weather Tracker, using claims data and community research to build awareness for disaster resilience action in Australia and New Zealand. • Launched *Addressing Resilience in Land Use Planning report* (prepared by AECOM) to encourage land planning reform and to support National Cabinet's consideration of this issue.
Affordability and availability of insurance Inadequate insurance cover due to affordability issues or a lack of suitable insurance products. **Alignment with SDGs:**	• Updated the NRMA Insurance product architecture to support customers with more choices, including varying levels of coverage for motor and home insurance. • Launched the ROLLiN' Safe 'n Save mobile app which incentivises safe driving behaviour by offering potential discounts on monthly premiums based on how customers and their listed drivers score on safe driving.
Trust and transparency Erosion of confidence or trust in institutions due to fraud, corruption or other dishonest behaviour. **Alignment with SDGs:**	• Trained over 500 staff in sustainability-related topics. We also conducted targeted ESG-related training for our Underwriting, Finance and Risk teams. • Provided Modern Slavery training to key business functions to raise awareness and lower risk, which over 560 employees had completed as at 30 June 2024. • Continued offering training to build Indigenous and Māori cultural awareness across IAG.

1 In FY24 a change was made to our emissions reporting boundary. For information regarding the change see page 43 in the Group Climate-related Disclosure.

Customers

Helping customers manage risk is at the centre of our purpose, to make your world a safer place

6.2M+

Direct customers in Australia and New Zealand at 30 June 2024

$10,747M

Claims paid
(up from $10,203m in FY23)

AU: +46.8

NZ: +50.0

Customer Experience[1]
(AU: +49.5 in FY23)
(NZ: +50.3 in FY23)

We continue to simplify the range of products we offer our customers and increase the ways they can engage with us about their polices and claims. By leveraging digital solutions, we are better positioned to deliver superior experiences and meet future customer needs.

Inflation and premium increases add to external pressures

In Australia and New Zealand, our customers face ongoing challenges in managing increasingly constrained household budgets and absorbing price increases across essential goods and services.

Across our businesses, inflation continued to impact our claims and supply chain, and we faced higher reinsurance costs driven in part by the significant number of extreme weather events in recent years. These pressures resulted in premium increases that were necessary to ensure we could continue to be there for customers when they need us most.

Addressing affordability and supporting our customers is front of mind. Throughout the year our specialised customer care teams engaged with thousands of customers each month, working with them to find solutions during times of financial hardship and providing additional support when needed.

Our frontline teams are trained to identify and support customers experiencing vulnerability. Besides free access to interpreter services for people requiring language support and the Relay service for customers with hearing and speech impairments, we offer access to support services including those capable of addressing mental health, stress and crisis support, sexual assault, family and domestic violence, financial hardship, and legal aid recommendations.

We are focused on managing administration costs while pursuing product innovation, simplification, automation and supply chain initiatives to improve customer affordability and experience, reduce costs, and counteract claims inflation.

This is in addition to our ongoing work on building resilience and mitigating the effects of extreme weather events, with the aim of ultimately reducing insurance costs and improving access to insurance.

Direct Insurance Australia

Our work to simplify products and increase the ways customers can engage with our Direct Insurance Australia division has been assisted by the expansion of our company-wide technology Enterprise Platform. In FY24, we achieved a significant milestone by using the Enterprise Platform to expand the NRMA Insurance brand nationwide (excluding Victoria). This will play a key role in our journey to continually improve our customers' experience.

A year of being there for our customers and communities

During the summer of 2023–2024, nearly half of all Australians encountered extreme weather conditions, including record-breaking heatwaves, intense storms and cyclones that affected communities across the country. We supported customers throughout the year, assisting those impacted by east coast storms, Far North Queensland residents affected by Ex-Tropical Cyclone Jasper, and individuals in Southeast Queensland and Victoria. IAG mobilised national resources, including claims teams, assessors, and builders, to offer eligible customers aid such as emergency financial assistance and temporary accommodation.

We also dispatched our NRMA Insurance mobile claims HELP response vehicles to help customers conveniently lodge claims and receive emergency assistance.

We take a leadership role on risk mitigation and the use of data to inform sustainable decision making. We are committed to partnering with communities, industry and government to help ensure responding to climate change remains a shared focus.

This includes sharing our expertise and working together across topics such as building codes, land planning and planned relocation to mitigate the impact of extreme weather events.

1 Customer Experience is measured by transactional net promoter score (tNPS). tNPS correlates to complaints, attrition and gross written premium. The result is based on average tNPS scores across the financial year. For further information, refer to the Customer Experience description and definition on page 83 of this Annual Report.

Initiatives such as our NRMA Insurance Help Nation workshops and programs in association with the Australian Red Cross showcase our collaborative approach. These are described in more detail in the Communities section of this Annual Report on pages 28–31.

Further information about our performance in responding to climate change during FY24 is set out in our Group Climate-related Disclosure on pages 33–44 of this Annual Report.

Making our customers' world safer

As we pursue our purpose of making our customers' world a safer place, we remain committed to improvement and innovation. In March 2024, NRMA Insurance introduced potential household insurance premium pricing benefits for customers using the Bushfire Resilience Rating Home Self-Assessment app. The world-first Bushfire Resilience Rating system and free self-assessment app was developed by the Resilient Building Council through Commonwealth Government disaster risk reduction funding. The app enables Australians to assess their site-specific risk and take action to improve their bushfire resilience.

Since launching in October 2023, more than 19,000 households have accessed the app from across 274 Local Government Areas. Around 6,600 households have taken at least four actions recommended by the app, investing an estimated $44 million in resilient home improvements. Further information about this app is set out in the Group Climate-related Disclosure section of this Annual Report on page 38.

Our ROLLiN' Safe 'n Save mobile app incentivises safe driving behaviour by offering potential discounts on monthly premiums based on how customers and their listed drivers score on safe driving. Since its inception in 2021, ROLLiN' has changed the car insurance market by providing innovative month-to-month policies without lock-in contracts or cancellation fees.

The app collects and analyses driving data, rewarding customers with a discount of up to 15% on their next month's premium based on the aggregate score from all drivers listed on their policy.

The ROLLiN' Safe 'n Save mobile app incentivises safe driving behaviour by offering potential discounts on monthly premiums based on how customers and their listed drivers score on safe driving.

Connecting with our customers

We continued to enhance connections with our customers during FY24. We further evolved our NRMA Insurance Help Hub customer rewards program. The program includes partner offers and opportunities to earn Help Points which are redeemable for gift cards from selected retailers.

We continuously adapt our insurance policies across our Direct Insurance Australia brands and products to provide cover that is clear to customers. We also pledged our support to the Australian 'Respect and Protect' campaign aimed at combating the rise of financial abuse.

Our customer-focused approach continued to be recognised, with NRMA Insurance named 'Australia's Most Trusted Insurance Brand' for 2023 at the Roy Morgan Most Trusted Brands awards in November 2023. Our ROLLiN' brand received the Canstar 2024 'Outstanding Value Award – Car Insurance' for Australia, Queensland and Western Australia.

In January 2024, the Brand Finance Australia 100 2024 report ranked NRMA Insurance Australia's 2nd strongest brand.

Customer-centred innovation

While we continuously seek to improve our customers' experience, and respond to feedback, we are also are developing new products that appeal to new customers in new markets. In October 2023, NRMA Insurance entered the home lending sector with NRMA Home Loans, a residential home loan product with access to competitive rates and an online application process.[2]

We are currently researching the advantages of artificial intelligence (AI) for our NRMA Insurance business – actively investigating and testing the application to assess how AI can assist and benefit customer interactions.

2 The credit provider for NRMA Home Loans is Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL and Australian Credit Licence 237879). Credit services are provided by Tiimely Pty Ltd (ABN 41 605 696 544 and Australian Credit Licence 496431). Insurance Australia Limited (ABN 11 000 016 722) does not hold an ACL.

Customers (continued)

Intermediated Insurance Australia

A year of supporting our customers

Intermediated Insurance Australia customers were also affected by Australia's extreme weather events. When Ex-Tropical Cyclone Jasper struck Far North Queensland, our CGU teams shared flood mapping and policy details with brokers so they could proactively assist customers in the affected region. We also emphasised brokers' ability to lodge and manage claims through the CGU Broker Portal.

Our Intermediated Insurance Australia division has implemented initiatives to help ensure accessibility and effective communication for customers. The business offers language services through Language Loop to help customers who speak languages other than English better understand our claims process, and makes the National Relay Service available to assist customers with hearing or speech impairments.

Making our customers' world safer

The CGU Workers' Compensation team worked proactively with brokers and their customers to optimise claim outcomes and help prevent physical and mental injuries. The benefits offered by this project are demonstrated by our work with customer GenusPlus Group, where management consultation and onsite and offsite training reduced injury frequency, claims costs and premium rate.

During FY24, WFI Insurance improved the delivery of its crop insurance, which aims to protect farmers from the risk of a single weather event wiping out an entire year's income. An online portal has transformed the previous paper-based manual process for both our customers and the WFI team.

This year, 2,500 farmers signed up for protection and over 85% of their declarations (estimates of their future yields) were submitted through WFI's Early Bird Crop Online portal, saving both time and money.

Connecting with our customers

We continued to build relationships with our broker communities during FY24. CGU's STRIVE program held a series of broker education forums in Launceston, Hobart, Canberra and Darwin to promote the value of our relationships. The program highlighted key macro-economic, social, political and environmental trends affecting insurance to support the important advice that brokers provide to their customers.

These forums were supplemented by the STRIVE report to offer our broker partners value beyond products and price. The latest edition, STRIVE 2.0, was released in March 2024 and includes extensive research and input from industry experts to help people adapt and protect livelihoods into the future. The report was shared with our 14,000+ broker contacts via email and more widely via social channels and the National Insurance Brokers Association (NIBA) for CPD Point accreditation. Feedback from brokers was favourable, with praise for insights and statistics they could share with their clients, particularly to help explain premium increases.

WFI's Early Bird Crop Online portal has transformed the previous paper-based manual process for customers and the WFI team.

Customer-centred improvements

We continued to pursue improved customer experiences that deliver greater efficiency, reduced cost and more accessible products.

Our Intermediated Insurance Australia business is implementing a digital transformation program, called Commercial Enablement, which will deliver benefits for our customers, partners, brokers and people.

The CGU Workers' Compensation end-to-end operating model has significantly improved the portfolio's performance by bringing together business development, underwriting and claims functions to create a simpler experience for brokers and our insured parties. Improvements reflect the combination of advanced portfolio analytics, targeted pricing initiatives, underwriting discipline and efficiency gains, a suite of claims cost initiatives, and improved broker engagement and feedback.

Enhancing the claims experience

Our Intermediated Insurance Australia division's Broker Portal has streamlined its claims process. Brokers can allocate IAG partner property repairers or emergency make-safe repairers when domestic home claims are lodged, increasing efficiency and accelerating home assessments and repairs. Our established panel of IAG partner builders and repairers handles end-to-end repairs for customers, with work backed by a guaranteed lifetime warranty to ensure quality and peace of mind.

To support our commercial and fleet vehicle repairs, we introduced expert Intermediated Insurance Australia Partner Motor Repairers. In October 2023, we launched Commercial Motor Assessing teams in Victoria and South Australia to provide a faster, improved experience for commercial and fleet customers. This service will expand to all other states by the first quarter of FY25.

To further improve the efficiency of claims handling, our intermediated business introduced a rapid claims triaging service. This segments property claims based on their complexity and transfers customers to the appropriate team when they lodge a claim – leading to faster decisions and more accurate repairer allocation.

Another initiative improving our commercial customers' experience is CASI (Claims Assistant Supporting Intermediated). This AI chatbot assists our people to identify policy documents and determine accurate policy coverage, supporting them to serve our customers more efficiently.

We have also established a Rapid Claims Team to expedite simple claims, speeding up processing and improving customer interactions. Around 34% of claims under $10,000 that meet the rapid criteria are now finalised within seven days. For motor claims, an additional AI application provides Total Loss Prediction, cutting the process to three steps and reducing claim duration by eight to nine days.

A separate initiative is our prioritised direct-to-glazier phone line for customers with a vehicle glass claim. Straight-through glass processing enables motor customers to lodge, validate and have their windscreen repaired directly with our suppliers, IAG Glass Repairers.

Customers experience a streamlined repair process and our teams can focus on more complex claims.

Innovating to attract new customers

In July 2023, our Intermediated Insurance Australia business began a new partnership with ANZ, offering CGU home, landlord and motor insurance products to ANZ retail banking customers. Since then we have migrated 120,000 ANZ customers onto IAG's new Enterprise Platform, providing them with an end-to-end digital self-service that includes policy servicing and claims lodgement tracking.

In May 2024, IAG launched its specialist cyber underwriting agency, 'Cylo backed by CGU' to help small businesses protect themselves against the increasing risk of cyber incidents. Cybercrime is estimated to cost the Australian economy around $42 billion[1] a year, with 43% of cyber-attacks targeting small businesses.[2]

The results in the initial sales period (February to April 2024) show that having a specialised cyber product uplifts new business growth, with a 61% increase in activity and more than two-fold increase in quotes accepted and bound new business, compared to our standard product sales for the same period last year.

FY24 also saw the launch of CGU's stand-alone Manufacturer's Liability policy – a new product focused exclusively on the manufacturing industry. CGU Manufacturer's Liability targets a gap in the market that represents a significant growth opportunity: there are roughly 110,000 manufacturing businesses in Australia, contributing $118 billion to the economy; at present, CGU holds 3.32% of the total premium for the category.

New Zealand

Helping our customers and building resilience

In New Zealand, we began FY24 on the ground alongside our customers when they needed us most, focused on settling the remaining claims from the devastating North Island Floods and Cyclone Gabrielle that occurred in January and February 2023. By 30 June 2024, we had closed approximately 97% of the more than 50,000 claims received, including settling 99% of home, contents and motor claims. We continue to support customers over the longer term as we help them recover from these events.

As New Zealand's largest general insurer, we see first-hand the impact of climate change through changing weather patterns in our communities. We recognise our responsibility to take a leadership role on risk mitigation and the use of data to inform sustainable decisions. We have worked to raise public awareness of climate change impacts via the media and initiatives such as the Wild Weather Tracker. We hope that by regularly publishing the Wild Weather Tracker, customers and communities will see the impact climate change is having and be better able to prepare. In tandem, we are committed to partnering with communities, industry and government to help ensure a response to climate change; and reduction in natural hazard risk remains a focus.

1 University of New South Wales.

2 June 2021 – June 2022 Annual Cyber Threat Report, Australian Government, Australian Signals Directorate: Australian Cyber Security Centre.

Customers (continued)

AMI HomeHub provides a one-stop shop for home repair claims, streamlining the customer experience from claim to completion.

Connecting with our customers

We reinvigorated our New Zealand retail presence in February 2024 with the launch of AMI Insurance Hubs in Auckland and Christchurch alongside partner Motor Trade Finance (MTF). Aligning with customer feedback, the AMI Insurance Hubs provide customers with a dedicated physical space to seek expert insurance advice, tailored solutions and face-to-face service.

The success of our customer-focused approach was again recognised in FY24, with AMI named Canstar's Car Insurer of the Year 2023 (New Zealand).

New Zealand's Hub model expanded throughout FY24, providing customers with further flexibility and complementing our network of high-quality repairers at claim time.

AMI RepairHub opened its seventh and eighth sites in Avondale and Hobsonville, Auckland, and our ninth and largest site in Ngauranga – our first in the Wellington region.

Our new one-stop shop for home repair claims, AMI HomeHub, also launched in Auckland, Hamilton and Christchurch during FY24. Built around customer needs and refined through their feedback, HomeHub provides a streamlined customer experience from claim to completion. It sits alongside our trusted repairer partners, giving customers multiple reinstatement options at claim time.

In May 2024, NZI celebrated 165 years of being there for New Zealand businesses. Today, NZI offers services beyond traditional insurance to help its 365,000 customers who are proactively preventing unwanted events.

This includes NZI's Electrical Inspectors, a free service for commercial property customers, which has identified and rectified 2,700 electrical defects that could have caused considerable fire damage.

NZI's Fleet Fit program, which provides safety education and helps businesses manage fleet risk, entered its fourth year. In FY24 the team rolled out the well-attended Truckie Rest Zones across the motu (country), with drivers able to take up free on-the-spot health assessments through Hato Hone St John alongside accessing education, food and a hot drink.

NZI's customer focus included education forums to support broker partners in their relationships with their own customers. These well-attended events gave our teams and brokers the opportunity to build stronger relationships and share insights.

In May 2024, NZI celebrated 165 years of being there for New Zealand businesses.

Building better digital experiences for our customers

A focus on innovation and technology allows us to enhance our strategic capabilities and improve the services we offer to our customers.

In FY24 the adoption of the Enterprise Platform in New Zealand enabled us to attract new customers and provide existing customers with streamlined products tailored to their needs, a simplified pricing experience and enriched online account functionality.

Innovation and automation have also shortened the time to resolve a claim, enhancing our customers' overall experience.

Our refreshed AMI and State apps launched in February 2024, offering greater functionality and enabling customers to interact with us in their channel of choice, at the time that suits them best. Customers can lodge any claim and manage some of these end-to-end via the apps. They can also make policy payments, and order and track an AMI Roadside Rescue service in real time.

Broader claims innovation and automation included digital initiatives with partners to bring a one-touch experience to claims lodgement and settlement. We have automated communication to help customers take the next best action on their claim, and enhanced digital functionality to link customers more directly to our third-party suppliers.

In FY24 we began implementation of our new telephony platform, CXOne, which provides an enhanced customer and people experience. IAG New Zealand are early adopters of this platform within the Group, leveraging technology that enables us to better understand and meet our customers' needs.

The Intermediated Insurance Australia and NZI digital transformation programs referred to as Commercial Enablement and Ngaruru are well underway. Ngaruru will simplify our processes, harmonise our policies and improve ease of interaction for our broker partners and customers.

Our customers engage with us through three distinct business divisions, each of which has different market segments and unique customer propositions.

Direct Insurance Australia

NRMA INSURANCE ROLLiN' RACV[1]

Direct Insurance Australia is IAG's largest business division, with several well-known Australian consumer brands. In the past year, we continued to streamline our brand portfolio, to consolidate our primary go-to market brands from eight to three: NRMA Insurance, RACV Insurance (via our distribution relationship and underwriting joint venture with RACV), and ROLLiN', our digital brand aimed at younger customers.

Intermediated Insurance Australia

CGU wfi

Intermediated Insurance Australia serves both businesses and individuals across Australia, offering commercial insurance under the CGU and WFI brands. It holds a significant share in the small-to-medium enterprise market and maintains a strong presence in rural areas. The division's distribution channels include partners (financial institutions, retail distributors), underwriting agencies, regional sales representatives, authorised representatives and brokers.

IAG New Zealand

ami STATE NZI

IAG is New Zealand's largest general insurer, serving over two million customers across:

- New Zealand's first and third largest consumer direct brands, AMI and State;
- Intermediated brands NZI, New Zealand's largest commercial insurer, and Lumley, in partnership with brokers; and
- IAG partner brands, which provides products to ASB, Bank of New Zealand, The Co-Operative Bank and Westpac customers.

1 IAG's short tail personal insurance products are distributed in Victoria under the RACV brand, via a distribution relationship and underwriting joint venture with RACV. These products are distributed by RACV and manufactured by Insurance Manufacturers of Australia Pty Limited (IMA), which is 70% owned by IAG and 30% owned by RACV.

Shareholders

We aspire to deliver sustainable top quartile total shareholder returns

17.0cps
Final dividend
Full year dividend of 27.0 cps
(up 80% from FY23)

571,841
Shareholders at 30 June 2024

$550M
Capital returned via on-market share buybacks over the past two years

29.4%
Total shareholder return

IAG created value for shareholders during FY24 with progress in strategic priorities resulting in an improved financial performance, higher dividends and another year of share price outperformance.

Share price

Another year of share price outperformance

On 30 June 2024, IAG's share price closed at $7.14, an increase of over 25% since 30 June 2023. The ASX200 index was up 7.8%, meaning IAG outperformed the index by over 17%.

Over the past three years to 30 June 2024, IAG's share price has increased 38%, outperforming the ASX200 index by 32%.

Dividend

FY24 final dividend of 17.0 cps

The Board has declared a final dividend of 17.0 cents per share (cps), franked to 50%. This brings the total FY24 dividends to 27.0 cps, an 80% increase on the total dividends for FY23 of 15.0 cps.

The final dividend will be paid on 26 September 2024 to shareholders registered at 5pm Australian Eastern Standard Time (AEST) on 30 August 2024.

Returning capital to shareholders

This year, we completed two on-market share buyback projects which, in total, returned $550 million of capital to shareholders over the past two years.

The first on-market share buyback returning $350 million was announced on 17 October 2022. This was completed in December 2023 with 63.5 million shares being bought back at an average price per share of $5.51.

The second on-market share buy-back of $200 million was announced on 16 February 2024 and was completed in May 2024. This resulted in 31.3 million shares being bought back at an average price per share was $6.39.

A strong capital position

IAG remains strongly capitalised at 30 June 2024 with total Common Equity Tier 1 Capital of around $3.4 billion. This is 1.27 times the Prescribed Capital Amount, well above the target of 0.9 to 1.1 times. Given the strength of IAG's capital position, IAG announced a further on-market share buy-back of up to $350 million on 21 August 2024.

S&P upgrade

In December 2023, credit rating agency Standard & Poor's raised its long-term financial strength and issuer credit ratings on IAG's core entities from 'AA-' to 'AA'. It also raised the long-term issuer credit rating on the Parent from 'A' to 'A+'. The outlook on the ratings is stable.

The upgrade to IAG's credit ratings followed Standard & Poor's application of its revised risk-based capital criteria and acknowledged a range of factors, including IAG's strong capital buffers and enhanced reinsurance cover. They said this positive outcome reflects *'IAG's prudent approach to capital, balance sheet management and diverse reinsurance structures.'*

FY24 results

The Group's net profit after tax for the full year was $898 million, up from $832 million in FY23. This result included:

- a $635 million increase in pre-tax insurance profit to $1,438 million, compared to FY23, driven by an 11% increase in net earned premiums and a 190bps improvement in the underlying insurance margin;
- an absence of a release from the provision for business interruption claims recorded under net corporate expense, compared with a pre-tax release of $560 million in FY23; and
- higher investment income on shareholders' funds of $286 million (compared to $212 million in FY23).

Premiums

The Group reported FY24 gross written premium of $16.4 billion, an 11.3% increase on the prior corresponding period. Premium growth was achieved in all three divisions.

Divisional performance

Direct Insurance Australia

Direct Insurance Australia reported gross written premium growth of $7,490 million, an increase of 12.8% compared to FY23. This included personal short tail premium growth of 14.4% to $6,501 million with average rate increases of around 15% in Motor and 17% in Home partly offset by slightly lower volumes.

The business' insurance profit of $654 million was up from $551 million in FY23 with the reported insurance margin increasing to 15.2% from 14.5%, and the underlying insurance margin improving to 16.6% from 15.7%.

Intermediated Insurance Australia

Intermediated Insurance Australia reported gross written premium of $5,114 million, growth of 6.4%. This included 4.6% growth in the $2.5 billion commercial short-tail portfolio premium and a 6.8% reduction in the $1.1 billion commercial long-tail portfolio premium. When normalising for workers' compensation multi-year policies, the growth in commercial long tail was flat. Personal lines premium grew by 23.7% to around $1.5 billion, primarily due to the new distribution partnership between CGU and ANZ.

The insurance profit of $328 million was well above the $250 million target in FY24.

New Zealand

New Zealand reported premium growth of $3,796 million, an increase of 15.6%. In underlying local currency terms, growth of 15.0% to NZ$4,126 million was achieved, with growth of 18.4% in the Direct channel, 20.3% in Bank partner channel and 10.8% in NZI.

New Zealand's insurance profit of $457 million was a strong rebound following the Auckland floods and Cyclone Gabrielle in FY23 which impacted the insurance profit of $44 million in FY23.

Insurance profit

IAG's FY24 reported insurance profit of $1,438 million (FY23: $803 million) was at the upper end of the $1.2 billion to $1.45 billion FY24 guidance range. This equated to a 15.6% reported insurance margin (FY23: 9.6%) which benefited from natural perils costs being $115 million below our expectation. On an underlying basis, which removes the impact of prior year reserve movements, credit spread gains or losses and adjusts for natural perils claim costs above or below related allowances, the insurance profit was $1,337 million (FY23: $1,052 million) with an underlying insurance margin of 14.5% (FY23: 12.6%).

Earnings per share (EPS)

The net profit after tax of $898 million represents a basic EPS of 37.31 cents (33.92 cents in FY23) and diluted EPS of 36.24 cents (32.20 cents in FY23).

Cash EPS, which excludes the benefit of the FY23 business interruption provision release, increased significantly to 37.62 cents from 18.41 cents in FY23. Diluted cash EPS in FY24 was 36.52 cents (FY23: 18.40 cents).

Return on equity (ROE)

IAG has a target to achieve a reported ROE of 14% to 15% on a through-the-cycle basis.[1]

In FY24, we delivered an improved ROE of 13.5%, compared to 13.0% in FY23. The Cash ROE, which excludes the benefit of the FY23 business interruption provision release, improved to 13.6%, from 7.0% in FY23.

Figure 2: Gross written premium over the past 10 years

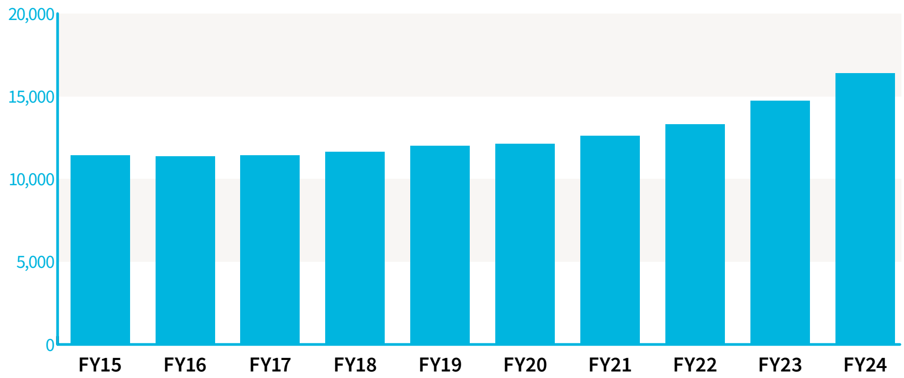
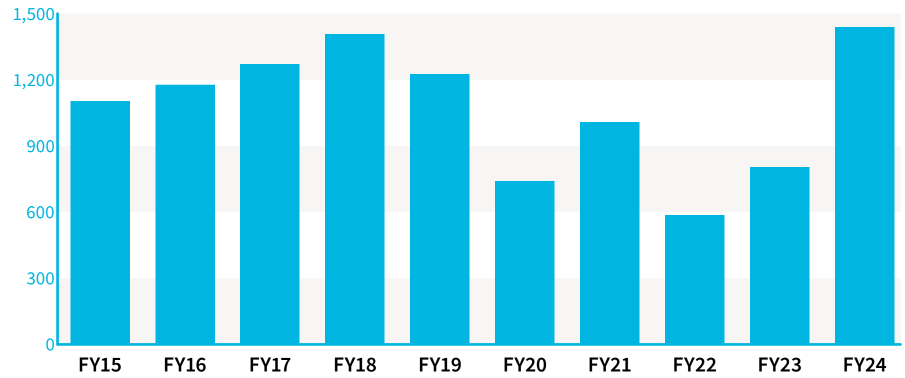


Figure 3: Insurance profit over the past 10 years



More details about our FY24 financial performance are set out in the Operating and Financial Review on pages 53–62 of this report.

1 Refer to page 63 for more details on IAG's targets and page 175 for further information on forward-looking statements and other representations.

People

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

72%

Engagement score reported in our FY24 annual culture survey[1] (down from 74% in FY23)

44%

Women in senior management[2] (down from 45% in FY23)

1.4

Rolling lost time injury frequency rate[3]

1 Based on September 2023 annual culture survey.

2 IAG defines senior management roles as our Group Executives, Executive General Managers and the people who report directly to them.

3 From FY24, we have moved to a single Group figure to show the number of lost time injuries per million hours worked; our target is 1.2.

We continued to engage and develop our people, focusing on:

- **Exceptional experience:** supporting how we attract and retain our people, and continue to provide a compelling employee value proposition.
- **Wellbeing, inclusion and belonging:** covering diversity, inclusion and health and safety priorities that are increasingly important to employees.
- **Future readiness:** attracting and retaining talented people and building the capability we need for the future.

Our People Strategy supports our cultural aspiration to be purpose led, customer centric and risk intelligent. The values and expected behaviours that define our culture are set out in The IAG Way on the facing page.

Exceptional experience

Our goal is to provide a compelling employee value proposition and overall experience for all our people.

We regularly assess our culture through surveys and in-depth listening workshops. Feedback from our people at various stages of the employee journey allows us to drive continuous improvement.

Our annual culture survey was conducted in September 2023 and completed by 87% of our people, compared to 83% the previous year.

IAG's engagement score for FY24 was 72%, down from the FY23 score of 74%. This year's results showed that women are slightly more engaged, with a score of 75%, compared to men at 71%.

Key strengths of our culture include our people feeling a strong connection to our purpose and strategy; high levels of connection between our people and their direct leaders; and a strong focus on flexibility and wellbeing. We also identified opportunities for improvement, including making IAG a simpler place to work; strengthening how we drive effective communication and build trust; and continuing to amplify and embed our values.

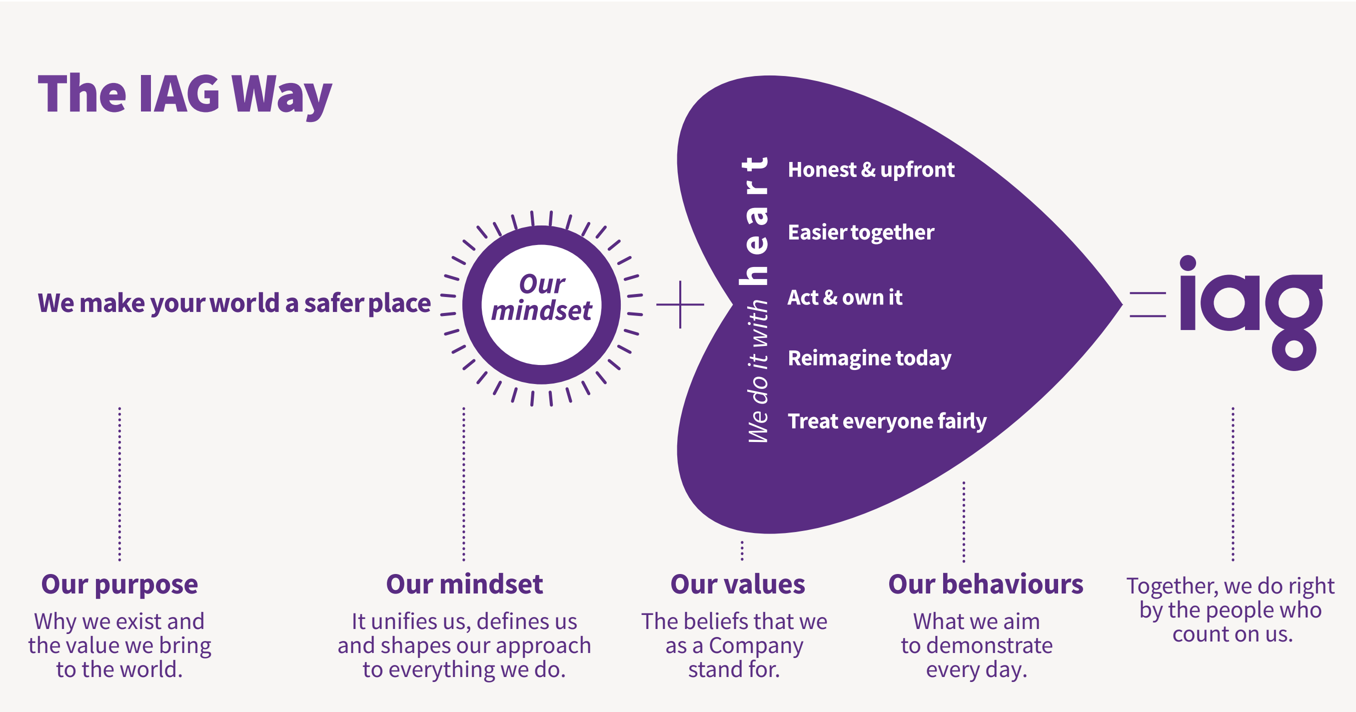
Our recognition program is a core element of our people experience. A culture of appreciation helps to create connection between our people, lower employee attrition rates, and instil a sense of inclusion and belonging. Since we launched our Shout Outs | He toa takatini recognition program in 2020, our people have received more than 514,270 acts of appreciation from colleagues.

Wellbeing, inclusion and belonging

We believe in embracing difference and building an inclusive culture. Our Diversity, Inclusion and Belonging Strategy has three pillars that support us to deliver fair and equitable outcomes for our people, customers and communities:

- **Diversity** – build a diverse workforce that reflects our customers and communities.
- **Inclusion** – maintain an inclusive culture that values and celebrates difference.
- **Belonging** – enable a safe and well environment so we can bring our whole selves to work.

Our Culture Amplifiers promote IAG's Values Week in May 2024.



This strategy is supported by our Diversity, Equity and Inclusion Policy which is available in the Corporate Governance section of our website at www.iag.com.au.

In FY24 our diversity and inclusion achievements included:

- Certification as a Family Inclusive Workplace by Family Friendly Workplace in Australia.
- Introducing new gender options, salutations and personal pronouns into our internal people and customer systems.
- Ranking in the top 100 globally in the Equileap Gender Equality Global Report 2024, placing 78th overall, 22nd in the Financial Services sector, and 22nd in Australia.
- Simplifying and relaunching our Employee Network Groups to reset their purpose and drive greater impact. Our five network groups support Aboriginal and Torres Strait Islander peoples; accessibility and wellbeing; cultural diversity; gender equity; and pride.
- Recognition of our LGBTQ+ initiatives, receiving the Australian Workplace Equality Index 2023–2026 Bronze Accreditation for the fifth year in a row and the Rainbow Tick Accreditation for IAG New Zealand for the sixth consecutive year.
- Development of a new Indigenous Engagement Strategy and governance approach.
- Continued progress in delivering our Stretch Reconciliation Action Plan 2022-2025 across its four areas.

Gender equity and pay parity

We focus on promoting and improving gender equity and outcomes for both women and men in our workplaces.

IAG continues to conduct a gender pay analysis, including gender pay equity analysis and a gender pay gap analysis. We also provide data to the Workforce Gender Equality Agency (WGEA) in Australia.

Further information on IAG's Gender Diversity, including IAG's 'Gender Equality Indicators' (as defined under the Workplace Gender Equality Act 2012 (Cth)), is available in IAG's 2023–2024 Workplace Gender Equality Report which is available on the Diversity, Equity and Inclusion page of our website (www.iag.com.au).

Our current publicly available gender pay gap detail is available in our IAG WGEA Employer Statement (for Australia) in our Gender Pay Disclosure (for New Zealand).

IAG will publish an updated employer statement in 2025 in alignment with the Workforce Gender Equality Agency (WGEA) publishing timeframes.

Diversity targets

We have two diversity targets:

- To have women occupy 50% of senior management roles by the end of FY24.
- To have Aboriginal and Torres Strait Islanders represent 3% of our Australian employees by the end of FY25 (which aligns with the release of our Reconciliation Action Plan).

Our FY24 performance against these targets is detailed in the following sections.

Women in senior management

Women occupied 27% of the positions on the IAG Board of Directors, and 44% of senior management roles at the end of FY24 (compared to 45% in FY23). We define senior management roles as our Group Executives, Executive General Managers and the people who report directly to them. While this progress did not meet our target, we continue to focus on increasing representation of women in senior roles through established programs and initiatives such as the Game Changers female future leaders program, internships and recruitment and onboarding processes that deliver fair, equitable and inclusive experiences.

More broadly, women are 60% of our total workforce.

Further information on gender diversity and our progress towards our diversity targets is available in our FY24 Corporate Governance Statement (in the Results and Reports section of our website), and in our Workplace Gender Equality Report (available in the Careers section of our website, www.iag.com.au).

People (continued)

Recently upgraded worksites including this one at Burwood East in Melbourne reflect a universal design and accessibility standard.

Indigenous engagement

IAG's Indigenous Engagement Strategy is a collective approach to how we will support Aboriginal and Torres Strait Islander people of Australia and Māori of Aotearoa New Zealand. Key updates against this strategy are set out below.

Aboriginal and Torres Strait Islander employment

We have a target to increase Aboriginal and Torres Strait Islander employment to 3% of our Australian employees by the end of FY25. As at the end of FY24, 1.14% of our people in Australia (or 97 employees) identify as Aboriginal or Torres Strait Islander.

In FY24 we established six projects to support the delivery of our Reconciliation Action Plan (RAP). These cover Indigenous procurement (how we increase our Indigenous spend across products and services); coaching and development for 30 of our Aboriginal and Torres Strait Islander people; a cultural safety and learning framework; a tool to support transparent reporting; and the incorporation of Indigenous knowledge into our natural perils approach.

We also sponsored a senior employee to attend the Executive Indigenous Leaders program run by the University of NSW Business School. The program aims to support retention and career progression into senior leadership roles.

We continue to partner with Career Trackers through its internship program as we look to attract and build talent pipelines and development pathways.

Cultural inclusion for Māori employees

IAG New Zealand continues to focus on cultural inclusion for Māori employees through our Māori Strategy, He Rautaki Māori. We have taken the insights from Te ara ki tua (The pathway forward cultural competency survey) to identify opportunities that will improve our people's experience. Through the Workplace Experience program and our partnership with TupuToa, we have established pathways to increase Māori and multi-ethnic representation in our workforce.

Inclusion and accessibility

We are focused on increasing the diversity of our workforce and promoting a culture of inclusion.

We continue to partner with the Australian Disability Network (ADN) to identify ways to measure and improve disability inclusion and reduce accessibility barriers. Through ADN, we have been actively involved in the Positive Action towards Career Engagement (PACE) and Stepping Into internship programs. The PACE mentoring program develops leadership skills, tackles unconscious bias, and builds disability confidence by supporting the employees of ADN member companies to mentor a jobseeker with disability.

IAG has supported 26 mentees over five PACE cohorts; three mentees completed the program last year. In FY24, we hosted six interns through the Stepping Into program, taking to 43 the total number of interns we have hosted since our partnership with ADN began.

Accessibility awareness

As our ways of working evolve and we continue to plan for a more dynamic workplace, we have introduced a universal design and accessibility standard for our offices to treat everyone fairly.

The standard has informed key design elements across all our recently upgraded worksites including Perth, Adelaide, Brisbane and Burwood East and 181 William Street in Melbourne.

We are also introducing accessible features across our workspaces. These include Braille signage outside meeting rooms and on staircase handrails; infra-red hearing loops in meeting rooms at certain worksites; wheelchair-accessible power outlets on every desk; accessible storage and low-height sinks in kitchen and bathroom areas; and ergonomic and adjustable seating choices and sit-to-stand desks. All internal design features – from patterns and texture to lighting and acoustics – are carefully selected to support neurodiverse and visual accessibility needs and assist with mental wellbeing.

Worksites are also equipped with carers' and contemplation rooms to support individual needs, different faiths, and personal comfort.

Health, safety and wellbeing

To maintain a safe work environment, we set clear expectations of the standards we expect and use measures to drive the right behaviours and contribute to a positive safety culture.

In FY24, we advanced our Good Work Design Project, integrating mental health and wellbeing principles into our business practices. We added Psychosocial Safety modules to the training provided to our Executive Managers to increase their knowledge and confidence to nurture their teams and contribute to establishing psychologically safe workplace environments. We also provided vicarious trauma training to support team members who deal with vulnerable customers.

In addition, we marked the first anniversary of our engagement with Sonder as our Employee Assistance Program partner. The program has seen impressive engagement since its launch and underscores our commitment to a holistic approach to wellbeing. Sonder has delivered around-the-clock access to confidential health services — including physical, medical, and mental care — provided by a team of registered nurses, wellbeing specialists, psychologists, and emergency responders, available to our people, their families and friends.

At IAG, we champion a dynamic, hybrid work model that is driven by our business deliverables and results. This approach facilitates connection, collaboration, and personal flexibility. Based on feedback from our Annual Culture Survey, 87% of our workforce is satisfied with the level of flexibility they have to manage work and personal commitments.

Future readiness

Future readiness is about attracting and retaining talented people, and building the capability we need for the future.

IAG is investing in helping to ensure our people have the skills they need to thrive in an increasingly complex landscape. In FY24, we increased our investment in leadership development and capability uplift through the IAG Academy and further strengthened our talent management approach.

We have three flagship leadership programs. These are *Leading with Purpose*, for our Executive General Managers; *Leading for Impact*, for Executive Managers; and *Leading with Empowerment*, for Managers. All our Executive General Managers and Executive Managers have completed the relevant programs and we continue to roll out the Manager program.

Analysis of the Leading with Purpose and Leading with Impact programs indicates the positive impact these programs have on team performance.

Across our broader workforce, the online IAG Academy continues to provide multi-channel development and learning opportunities across the key areas of customer, digital and data, insurance, leadership and risk. The IAG Academy focuses on building risk acuity, uplifting core insurance capability, supporting a digitally enabled mindset and skilling and reskilling pathways. Since we launched the IAG Academy in 2021, it has had 320,000 site visits and over 43,000 course completions.

To further support the career development of our people, we ran Brilliant Me Careers Month in November 2023. This event showcased the different ways our people can develop at IAG, including unlimited access for all employees to the online LinkedIn learning programs.

In FY24, employee turnover was 10.5% in Australia (down from 15.3% in FY23), while in New Zealand, it was 9.4% (down from 13.3%). To support the retention of our people, we have strengthened our approach to talent management with formal reviews of succession, identifying potential talent and creating targeted development plans.

Supporting early career recruitment, our Graduate Strategy focuses on attracting, developing and retaining the required technical skills to deliver for today and into the future. A marketing campaign and simplified digital recruitment approach resulted in 2,688 applications for the 2025 program; these were converted to 47 graduate hires across the Group. Our tailored rotation development program resulted in 93% retention of the 2022 graduates and 100% retention of graduates in 2023. We have also continued our internship programs through CareerTrackers and CareerSeekers, and our partnership with Google, recognising Google Career Certificates.

The IAG team at The Big Meet Graduate and Undergraduate careers fair held in Sydney in March 2024.

Communities

We help to build more resilient communities

$9.8M

Invested in community initiatives
(down 3% from FY23)

6,452 hrs

Volunteered by our people
(down 30.5% from FY23)[1]

1.3M

Spent with Indigenous suppliers
(up 24% from FY23)

Supporting more resilient communities

As an insurer, we see first-hand the impact that the more frequent and intense extreme weather resulting from climate change is having on our customers and communities. By supporting our customers to be more resilient to extreme weather, we can help reduce the impacts of physical climate risks on them and on our business.

Through the Australian House of Representatives' Flood Inquiry[2], we listened carefully to the feedback of customers, parliamentarians, regulators and community groups. We heard that customers are looking to us as their insurer to help them improve their risk understanding. We also know that the compounding nature of severe weather events highlights our continuing role in supporting communities in their long-term recovery. These insights inform our approach and our work with government, businesses and communities to improve community resilience and reduce risk.

Building risk understanding to drive action

In FY24, NRMA Insurance launched Help Nation – a national education program to help people know risks and prepare for extreme weather. Through Help Nation, NRMA Insurance is partnering with Australian Red Cross to expand the delivery of Australian Red Cross EmergencyRedi™ Workshops, with the aim of delivering more than 2,000 free workshops over the next three years. Workshop participants learn about their local risks and the practical steps they can take to prepare for extreme weather.

With the support of NRMA Insurance, Australian Red Cross can scale the number of workshops held each year, with a focus on communities in New South Wales, Queensland and South Australia.

We also share our claims data and weather insights to help communities prepare for local weather risks, including the quarterly Wild Weather Tracker in Australia and New Zealand.

Our NRMA Insurance Wild Weather Tracker in Australia received a 2024 International Association of Business Communicators Gold Quill Award of Merit.

Through Help Nation, NRMA Insurance is partnering with Australian Red Cross to expand the delivery of Australian Red Cross EmergencyRedi™ Workshops, with the aim of delivering more than 2,000 free workshops over the next three years.

1 Reduction on FY23 reflects the absence of the FY23 company-wide Resilience Day volunteering activities, as well as a reduction in volunteering opportunities while a new technology platform is being implemented.

2 House of Representatives Standing Committee on Economics Inquiry into insurers' responses to 2022 major floods claims.

South Australian IAG employees working on the ground with our partner the South Australian State Emergency Service to help educate communities on their risk and how to prepare for extreme weather.

Supporting recovery

As part of NRMA Insurance's Help Nation Initiative, we partnered with Lifeline Australia to create online resilience resources to help people manage the mental health effects of extreme weather events.

This initiative follows NRMA Insurance research[3] that highlighted the mental health impacts of Australia's changing climate, with 80% of surveyed Australians stating they feel anxious about the impact of extreme weather. Concern is heightened among people who live in areas at high risk of extreme weather events (86%) and among younger people, with 90% of those aged 18 to 24 anxious about the impact of extreme weather.

The resilience resources provide actions people can take to manage their mental health before, during and after an extreme weather event or natural disaster, including:

- ways you might feel before, during and after a natural disaster;
- practical strategies to manage stress and cope with uncertainty;
- what to do if things are becoming too much; and
- where to find tools, apps, and support services to help you move forward.

Tracking our progress

This year, we achieved our target to support one million Australians and New Zealanders taking action to reduce their risk from natural hazards by 2025, aided by preparedness initiatives such as our Wild Weather Tracker and the launch of Help Nation.

As of June 2024, we had enabled around 1.1 million people to take action across Australia and New Zealand.

An action is counted when an individual takes a step to understand their disaster risk or emissions, or understand options to reduce their risk or emissions, or implement or maintain an initiative to reduce their risk or emissions. Beyond the number of individuals who have taken action, we remain focused on understanding and measuring the impact of those actions.

Partnering with emergency services and community organisations

Partnerships help us to support our customers and communities to understand and take action to reduce risk. We have a long history of partnering with experts including Australian Red Cross, South Australia State Emergency Service, NSW Rural Fire Service, Resilient Building Council, Lifeline Australia, GIVIT, and Habitat for Humanity in New Zealand.

This year, as part of NRMA Insurance's Help Nation initiative, we partnered with the South Australian State Emergency Service to launch our first joint storm season campaign to raise awareness of severe weather risks and help South Australians get prepared. In addition, throughout the bushfire season the NRMA Insurance helicopter was on hand to support the NSW Rural Fire Service. Our community partnerships are profiled in the Sustainability section of our website at www.iag.com.au.

Championing and protecting our wider community

AMI Driver Reviver events took place throughout FY24, encouraging drivers over long holiday weekends to stop, take a rest, enjoy food and drinks, and learn about how to manage driver fatigue.

Over the past year, the AMI Community Events team has conducted 37 events in local communities across New Zealand, bringing our purpose to life by providing insurance education, risk reduction and safety information.

The team was present at AMI Driver Reviver events (below), New Zealand Community Patrol events, Auckland Pride Parade, Chinese New Year Market Day, Habitat for Humanity BBQs, Tradie breakfasts, Fieldays, Home Shows, and joint events through our MTF partnership – which collectively had an estimated 35,000 attendees.

3 NRMA Insurance Wild Weather Tracker, June 2024.

Communities (continued)

Safer farmers

As one of Australia's leading rural insurers, WFI Insurance sees the devastating outcomes when care and caution aren't exercised on farms. That's why WFI Insurance partnered with Farmsafe Australia to deliver vital safety information to customers firsthand when our representatives visit farms. WFI Insurance is ambassador for Farmsafe Australia and sponsored the *Safer Farms Report: In Safe Hands* to help protect the safety and wellbeing of Australia's farmers and their farms. To further support agricultural communities, WFI launched the second season of its successful 'Good People to Know' podcast. The podcast features experts, specialists, and individuals in the know discussing topics of interest to regional Australians.

Advocacy and collaboration

We continue to publish research to advance the conversation on risk management in Australia and advocate for ongoing investment in disaster mitigation efforts. We have launched:

- *Addressing Resilience in Land Use Planning* report prepared by AECOM Australia and continued to encourage land planning reform.
- *Planned Relocation: Protecting our communities* with Rhelm to help governments and communities assess when planned relocation is a viable option.
- *National Flood Hazard Mitigation Priorities* with Rhelm to set priorities through identifying areas with high flood risk, where there are potential flood mitigation measures that could be implemented to reduce this risk.

These reports are available on the Research page on our website at www.iag.com.au.

In New Zealand, IAG participated in the Government's Expert Working Group providing advice on the development of public policy for managed retreat. In addition, IAG New Zealand's Chief Executive chaired the Insurance Subgroup of the Government's Cyclone Recovery Taskforce. This subgroup co-ordinated the industry's input into the disaster response, enabled risk and recovery decisions alongside central and local government, and informed long-term thinking on reducing natural hazard risk. In parallel, we continued to work with the Environmental Defence Society alongside other businesses and local councils in the development of their report series on proposed legislation to support climate adaptation.

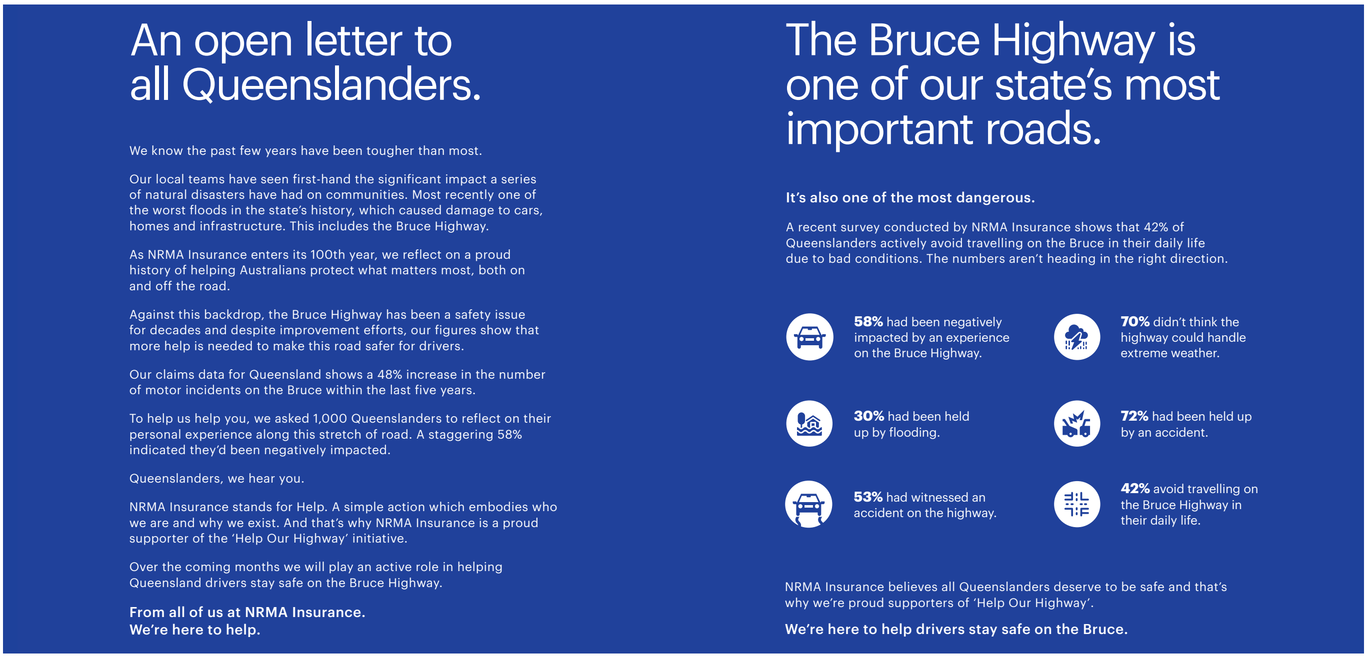
Help Our Highway

In FY24, NRMA Insurance launched a major advocacy campaign with News Corp Australia. Help Our Highway is calling for urgent action to fix the Bruce Highway, one of the country's most important and notoriously dangerous roads.

Our claims data shows a 48% increase in the number of incidents on the Bruce Highway between 2019 and 2023. Our research also showed 70% of users don't feel the Highway can withstand extreme weather. Building on NRMA Insurance's long history of helping Australians protect what matters most both on and off the road, we are using our own insights and expertise to help Queenslanders stay safe on the Bruce Highway.

The campaign includes editorials and advertorials in print and online.

After the campaign launch, we welcomed a $21 million commitment to release the national road safety data hub, which was followed by a Federal and State Government commitment to almost $500 million in funding to improve safety on the Bruce Highway.



In FY24, NRMA Insurance and News Corp Australia launched a major advocacy campaign calling for urgent action to fix the Bruce Highway, one of the country's most important and notoriously dangerous roads.

First Nations media partnership

In August 2023, NRMA Insurance entered a partnership with National Indigenous Television (NITV), part of the SBS network, committing 3% of its broadcast media spend to First Nations media over the next year. The partnership addresses the gap in media that exists to serve Aboriginal and Torres Strait Islander peoples, and is the largest advertising investment by a single commercial brand in the First Nations broadcaster.

It includes the creation of a short-form series 'Connecting with Country' to profile the First Nations artists behind NRMA Insurance's existing billboard campaign.

NRMA Insurance is using the painting *Gascoyne Waterholes & Wildflowers* by Sonya Edney for its Drive Respectfully campaign. Sonya Edney is an Ingarrda-Wadjarri artist born in Carnarvon. She has been a prolific painter of the Gascoyne locale, as she closely identifies with the country and its iconic landscapes. This billboard is located at 986 North West Coastal Highway in Western Australia.

Responsible supply chain management

Modern slavery

In December 2023, we submitted our fourth Board-approved Modern Slavery Statement. We remain committed to respecting human rights and mitigating all forms of modern slavery in our operations, investments and supply chain.

Key activities supporting this commitment during FY24 include: an update to IAG's Group Procurement Standard to include ESG considerations; continuing to engage our supplier base through sourcing events and supplier management; promoting our modern slavery toolkit for small and medium enterprises; and the ongoing upskilling of our people in procurement and supplier management roles as well as growing awareness of modern slavery among key stakeholders across the organisation. Further information is available in our latest Modern Slavery Statement, available on our website at www.iag.com.au.

First Nations supplier

Our Stretch RAP includes an action to work with First Nations suppliers. We continue to work with Supply Nation to increase our spend with Indigenous-owned and run businesses, and to increase the number of First Nations businesses in our supply chain. We increased our spend from $1.1 million in FY23 to $1.6 million in FY24. In FY24, we increased the number of First Nations suppliers we procure from to 27, up from 23 in FY23. Our targets are to:

- increase spend by 25% annually over three years from June 2022; and
- procure goods and services from a minimum of 65 businesses over the course of our Stretch RAP by June 2025.

To help deliver and exceed these targets, we are engaging a specialist First Nations procurement partner and continue to work with state-based Indigenous Chambers of Commerce to access a broader range of Indigenous-owned businesses.

Environment

IAG continues to manage our environmental impacts by reducing our footprint and improving our energy and waste efficiency

In Australia, IAG entered into a Power Purchase Agreement with CleanPeak Energy with direct linkages to the Grong Grong Solar Farm.

Resources and nature

Overall waste generation has increased, primarily driven by the opening of additional RepairHub sites. We are working with RepairHub to identify and implement waste efficiency measures to reduce general waste creation. In New Zealand, we are continuing to reduce environmental impacts including through new plastic waste reduction practices and using recycled water for car washes.

This year, IAG joined the PSI Nature-Positive Insurance Working Group, contributing to the development of guidance for insurers on nature.

Renewable energy

IAG has formed renewable energy agreements across our Australian and New Zealand operations.

In Australia, IAG entered into a Power Purchase Agreement with CleanPeak Energy with direct linkages to the Grong Grong Solar Farm (GGSF) (via large-scale renewable energy certificates) which will supply the equivalent of 20% of IAG's energy demand in Australia over the next six years.

In New Zealand, we have begun procuring renewable energy from Ecotricity, New Zealand's Toitū climate positive certified electricity provider. This partnership also aims to promote the uptake of renewable energy with our people in New Zealand. In addition, AMI RepairHub Onehunga installed 135 rooftop solar panels which is estimated to reduce the site's annual grid energy requirements by over 20%.

Cogo pilot collaboration

The Insurance Council of New Zealand and participating insurers including IAG New Zealand have collaborated on the Cogo pilot project, which allows industry motor repairers to securely calculate their carbon emissions using Cogo's Business Carbon Manager App.

The Cogo App enables businesses to measure their emissions and will help IAG New Zealand and participating insurers to improve measurement of scope 3 supply chain emissions. It also gives participating motor repairers the opportunity to understand their climate impact and, over time, work on opportunities to reduce their carbon footprint.

Group Climate-related Disclosure

This section contains IAG's sixth voluntary Group Climate-related Disclosure informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Previously a stand-alone document, this disclosure is included within the IAG Annual Report in anticipation of the proposed mandatory Australian Sustainability Reporting Standards (ASRS) and related Treasury legislation for climate-related financial disclosures.

This Group Climate-related Disclosure is supported by the *FY24 ESG Data Summary*, which summarises the Group's reported ESG metrics and is available in the Sustainability section of the IAG website.

Governance

The Board and the Group Leadership Team (GLT) have oversight of climate-related risks and opportunities within our governance framework. Key responsibilities are detailed in Figure 4.

Figure 4: IAG Board, GLT and supporting committee responsibilities for climate-related risks and opportunities

IAG Board Charter

IAG Board Accountabilities

Approve the Group Social and Environmental Framework.	Receive sustainability and climate-related updates (including six-monthly reporting).	Consider and approve material external reporting on sustainability and climate strategies and initiatives.

Board Risk Committee Accountabilities	Board Audit Committee Accountabilities
Oversee that IAG's current and emerging material financial and non-financial risks are appropriately identified, assessed and mitigated.	Reviews and makes recommendations to the Board in relation to the Group's Annual Report, which incorporates IAG's Group Climate-related Disclosure.

IAG Group Leadership Team Accountabilities

CEO has accountability for overseeing the integration of ESG and climate-related risk and opportunity management into organisational strategy.	**Group Executives** are accountable for delivery of our Climate Action Plan and meeting our sustainability goals and targets.	**CFO** has accountability for Group climate-related scenarios analysis, natural perils allowance, and investments. Responsible for the Group Climate-related Disclosure and preparation for the proposed mandatory ASRS.	**Group Executive People Performance and Reputation (GE PP&R)** has accountability for developing enterprise-wide sustainability and climate-related strategy, including our Climate Action Plan.

IAG Group Leadership Team Committee

GLT Climate Advisory Committee: meets regularly to oversee IAG's approach to and integration of climate-related risks and opportunities across the business

Supporting Climate-related Governance Committees

Group Insurance Risk Committee: provides guidance and governance of insurance risk, including emerging ESG and climate-related risks, which are reported every six months.	**Sustainability Steering Committee:** meets quarterly to shape, guide and monitor IAG's enterprise-wide approach to implementing and managing our sustainability commitments.	**Climate Steering Committee:** meets a minimum of four times a year to enable strategic decision making, prioritisation, and support delivery of climate-related activities, goals and targets.

Governance (continued)

Board oversight

Figure 4 outlines the Board's accountabilities, which include providing oversight of the Group's sustainability approach, and consideration of ESG and climate-related risks and opportunities as part of IAG's core strategy, business model and financial planning processes. In FY24, this oversight was demonstrated in the Board's consideration of the potential impact of climate trends on the frequency of natural peril events in making the decision to enter into a strategic reinsurance arrangement to provide volatility protection for natural peril losses.

The Board Risk Committee (BRC) and Board Audit Committee (BAC) assist the Board in discharging its responsibilities in accordance with the scope of their respective Committee Charters. The BRC oversees that IAG's current and emerging material financial and non-financial risks are appropriately identified, assessed and mitigated. The Chief Underwriting Officer updates the BRC on assessment activities undertaken at the Group and divisional levels in the management of insurance risk, which includes climate-related risk. The Group Chief Risk Officer updates the BRC on risk assessment activities across all Risk classes undertaken at the Group and divisional levels, which includes climate-related risk. The BAC reviews and makes recommendations to the Board in relation to the Group's Annual Report, which incorporates IAG's Group Climate-related Disclosure and is approved by the Board and lodged with the ASX.

The performance of the Board, its Committees and individual Directors is reviewed annually. The Board Skills Matrix (Skills Matrix) sets out the skills and experience considered essential for the effectiveness of the Board and its Committees. An 'Environmental and Social' skill was incorporated into the Skills Matrix during FY23. Refer to the IAG Corporate Governance Statement for further information in relation to the FY24 Board and Committee performance review and Skills Matrix.

GLT oversight

The GLT considers sustainability and climate-related risks and opportunities through ongoing governance forums. This includes determining that the appropriate skills and capabilities are available to and developed by IAG to respond to climate-related risks and opportunities. In FY24, we established the GLT Climate Advisory Committee to enhance oversight, and support the delivery of climate initiatives, goals and targets.

The GLT will continue to assess the knowledge and skills required to drive enterprise-wide sustainability and climate capability.

Regulatory developments

In FY24 we participated in the consultation processes for the proposed mandatory ASRS and related Treasury legislation for climate-related financial disclosures in Australia through the Insurance Council of Australia (ICA). In anticipation of these requirements, internal preparations are underway including the expected process changes and educational uplift. Our planning and actions will be further reviewed once the ASRS and associated legislation is finalised.

New Zealand Financial Markets Conduct Exemption Notice

The Company is a climate reporting entity for the purposes of New Zealand's climate-related disclosure requirements under the Financial Markets Conduct Act 2013 (NZ) (FMCA). The Company relies on the exemptions in clauses 8 and 10 of the Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 (NZ) (Exemption Notice) in respect of the financial year ended 30 June 2024. On this basis, the Company is exempt from the requirements to prepare and lodge a group climate statement in New Zealand under Part 7A of the FMCA in respect of that financial year for both its New Zealand and other businesses.

The Company's New Zealand subsidiary, IAG New Zealand Limited, is required under New Zealand law to prepare a group climate statement in respect of its business.

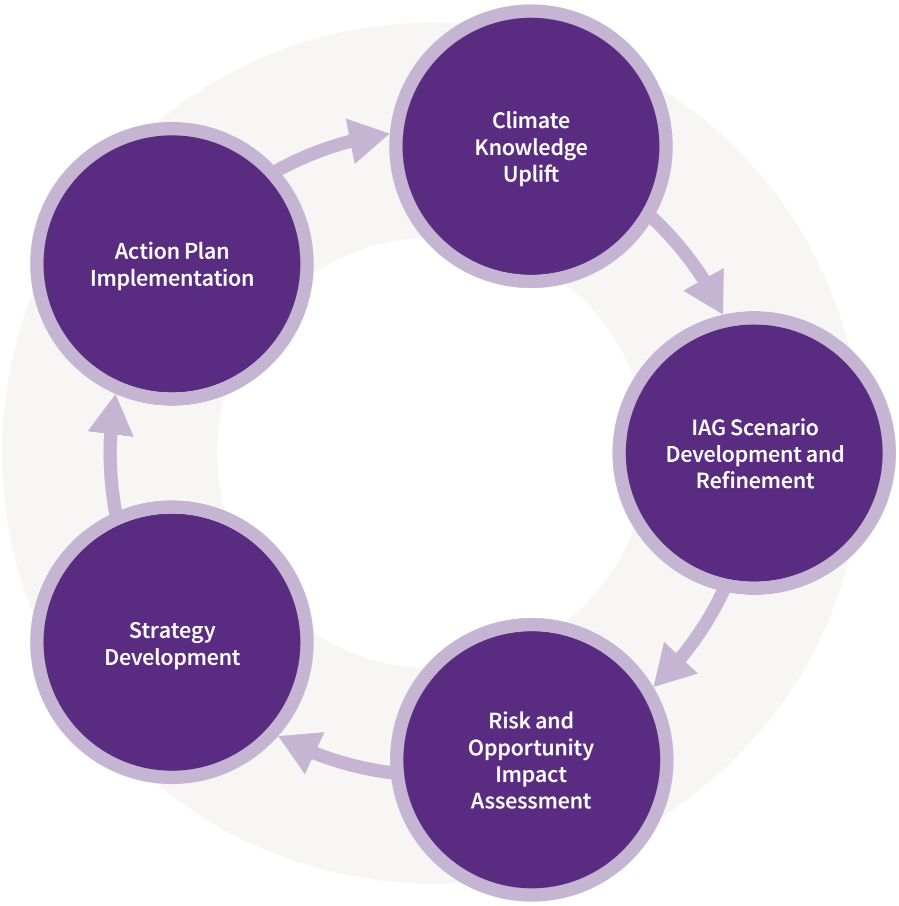
IAG's Group Climate-related Disclosure for the financial year ended 30 June 2024 in this Annual Report is available on our website at www.iag.com.au. IAG New Zealand Limited's climate-related disclosure will be published in August 2024 and is available in the Sustainability section of the IAG New Zealand website at www.iag.co.nz.

Strategy

Managing climate-related risks and fostering climate resilience is central to our business. We recognise that the evolving climate will have a significant and growing impact on both the Australian and New Zealand operating environments.

We are establishing a climate risk and opportunity assessment process that will help to enhance our strategic planning processes and consider potential innovation opportunities to better serve our customers, stakeholders and wider economies. See Figure 5 below. The assessment process was initiated during FY24.

Figure 5: Our climate assessment process



Climate scenario analysis

In FY24 we refreshed our approach to using climate scenario analysis in relation to testing our strategy against three different future scenarios that may eventuate. IAG New Zealand adapted the Insurance Council of New Zealand (ICNZ) sector scenarios, aligning with guidance from the FMA. These scenarios were used to test the resilience of the IAG New Zealand business model across three different warming trajectories (1.5°, <2.0°, 3°+) and three different time horizons (short term 2024–2027, medium term 2028–2035, long term 2036–2050).

Three Australian scenarios are being developed to assist in identifying potential impacts on IAG's Australian business. In FY25, we propose to undertake an impact assessment to validate previously identified opportunities and risks from climate change, test previous assumptions, and identify new emerging opportunities and risks for IAG.

In FY24, we participated in the co-design of the structure for APRA's Insurance Climate Vulnerability Assessment (ICVA) – an industry-wide climate scenario assessment intended to highlight potential impacts of future climate scenarios on Australian home insurance affordability. IAG is currently undertaking this assessment, with results due to APRA by September 2024.

Future climate-related impacts

Climate-related impacts could manifest under three interconnected risk categories:

- **Physical** – the acute (e.g. natural disasters) and chronic (e.g. rising sea levels) economic and social impacts of worsening climate change.
- **Transition** – the shifts (e.g. financial and resource) in existing processes and activities that accompany global decarbonisation.
- **Liability** – includes the risk that climate-related commitments are not met or updated when circumstances change, or that climate-related reporting does not accurately reflect our practices. These could lead to allegations of greenwashing, regulatory action, climate-related litigation, financial loss and/or reputational damage.

Strategy (continued)

Anticipated physical risks and opportunities

IAG's exposure to extreme weather events in Australia and New Zealand has the potential for material financial impact on Group performance. Over time, extreme weather events are expected to become more frequent and severe in a warming climate, and may lead to greater property, personal and economic damage.

Table 1 sets out the anticipated physical risks and opportunities and their potential impact on IAG.

Physical climate risk modelling

Our previous climate risk modelling (see the FY22 Group Climate-related Disclosure available at www.iag.com.au) showed an increase in the number of 'high-risk' properties across Australia and New Zealand in more aggressive warming scenarios. Lower warming scenarios resulted in a more modest increase in expected risk for most properties. This granular physical risk modelling forms a basis for identifying and sizing risks and opportunities.

Our physical risk modelling approach is evolving in line with emerging climate science by:

1. Updating physical risk modelling methodologies to align with the Intergovernmental Panel on Climate Change's Sixth Assessment Report released in August 2021.
2. Developing additional datasets to meet APRA's Insurance Climate Vulnerability Assessment requirements.

Table 1: Physical risks and opportunities and potential consequences to IAG

Physical Risks	Business Impact
Failure to adapt risk ratings	Insufficient risk rating capability underlying our pricing and underwriting could result in higher risk losses and concentration, resulting in reduced revenue and market share, increased claims cost, poorer capital adequacy and potential margin reductions.
Government intervention	If the private insurance market fails in some locations, government intervention is likely. This could reduce the size of the private insurance market and insurance margins while increasing operational costs. Certain interventions could disincentivise risk reduction activities.
Cost and availability of reinsurance	Changes in the reinsurance market could result in potential affordability issues for customers and reputational issues for us. Greater retention of risk by IAG could result in higher earnings volatility or reduced ability to provide insurance cover.
Customer affordability	Reduced insurance affordability could lead to an increase in underinsurance, self-insurance, or government intervention, reducing overall potential insurance market revenue and resulting in associated reputational impacts.

Physical Risk Opportunities	Business Impact
New risk mitigation propositions	Reducing perils exposure will help mitigate insurance affordability in high peril risk areas. Underwriting capabilities can support recognition and reward of customer risk reduction efforts and improve risk selection and risk pricing.
Mitigation/adaptation partnering	Sharing perils and insurance premium modelling expertise with government and industry to drive large scale risk reduction to protect current and future Australian and New Zealand communities. Improved resilience ultimately reduces profit volatility and could improve the affordability and availability of insurance.

Anticipated transitional risks and opportunities

Transitioning to a low-carbon, climate-resilient future presents medium and long-term risks and opportunities for our value chain. Table 2 summarises the key themes considered in our transition analysis.

Anticipated liability risks

We recognise that climate-related liability risks are likely to increase as stakeholder expectations and reporting requirements shift. Below are some examples of how we are managing these risks:

- Providing governance over climate-related risks and opportunities as detailed in the Governance section of this Group Climate-related Disclosure on pages 33–34.
- Identifying the expected process changes and educational uplift to satisfy the requirements of the proposed mandatory ASRS and associated legislation in Australia.

Our transition plan

The IAG Climate Action Plan (CAP), released in August 2024, outlines how we will continue to support adaptation and the transition towards net zero.[1] The CAP follows the conclusion of the FY22-24 Climate & Disaster Resilience Action Plan (FY22–24 Action Plan). We will report our progress against the goals and interim targets in the CAP from FY25.

Table 2: Types of climate-related transition risks and opportunities included in our risk assessment

Transition Themes	Examples of Risks and Opportunities
Technological	Emerging technologies to support the transition to a low-carbon economy, including electric vehicles, charging and energy storage infrastructure, and renewable energy generation.
Customer	Changes in consumer behaviour to support climate action, enabled by government policy, e.g. the Australian *New Vehicle Emissions Standards*, and new insurance propositions to insure the transition.
Reputational	Increasing availability and affordability challenges due to climate-related hazards could be seen as a market failure and prompt government intervention.
Economic	Climate change disrupts global supply chains, leading to repair delays and claims inflation pressures.

1 The CAP prioritises the key actions we can take to understand and manage the changing risk environment, reduce emissions, build climate resilience and navigate the transition to a low-carbon, climate-resilient economy.

Strategy (continued)

Responsible underwriting

Integrating climate considerations into how we underwrite is an element of managing the transition to net zero. Our approach involves identifying, assessing and integrating climate resilience, decarbonisation, and other sustainability criteria into underwriting decisions, guided by our commitment to the UN Principles for Sustainable Insurance. We are seeking to balance commercial value from sustainable business with positive societal outcomes. We are building an internal roadmap to advance our approach, including updates to our policy documentation.

IAG aims to promote sustainable business practices by involving our customers, brokers and partners in discussions about climate change, resilience and adaptation, on the basis that education and targeted engagement can yield improved results relative to the exclusion of insurance coverage for specific sectors. This approach informs our long-term risk selection.

The implementation of responsible underwriting is supported by the following initiatives:

Theme	Initiative
Governance	• Further embed responsible underwriting into the business through Group policies in FY25.
Commercial customers	• Develop capability to understand our customers' ESG factors and science-based transition plans, starting with selected large customer groups in FY25. • Support customers through constructive engagement where significant ESG-related factors are identified.
Opportunities	• Support the transition through developing new propositions for targeted customer groups.
Insurance-associated emissions	• Continue to refine our insurance associated emissions baseline.

Advocacy and collaboration

In addition to leveraging our in-house natural perils expertise, we continue to collaborate with partners such as the National Science Foundation National Center for Atmospheric Research (NSF NCAR) in the United States. IAG is an active participant in industry discussions on natural perils management and resilience through our roles in industry forums including the Climate Change and Resilience Committee of the ICA, Climate Change Committee of the ICNZ, and the Australian Government's Hazards Insurance Partnership.

To further encourage and reward customers who take resilience action, NRMA Insurance announced in March 2024 that customers using the Bushfire Resilience Rating Home Self-Assessment app[1] have the potential to receive pricing benefits towards their household insurance premiums.[2]

Targeted research underpins our advocacy for policy reform. In late 2023, IAG published the *Addressing Resilience in Land Use Planning* report (prepared by AECOM), which identifies public policy actions to limit the growth of peril risk into the future through reforms to Australian land planning. This report completes a series of three publications on flood resilience, encompassing land planning, mitigation, and planned relocation.

IAG also partnered with AECOM, Resilient Sydney and the Committee for Sydney on a 2023 thought leadership paper, *Defending Sydney, Adaptive planning for today's flooding and tomorrow's climate risks*. The report emphasises the need for a long-term adaptive approach to strategic land use planning and development that considers climate risk.

In New Zealand, IAG participated in the Government's Expert Working Group providing advice on the development of public policy for planned relocation. In parallel, we continued to work with the Environmental Defence Society alongside other business and Local Councils in the development of their series of reports on proposed legislation to support climate adaptation.

1 The Bushfire Resilience Rating Home Self-Assessment app was developed by the Resilient Building Council (RBC).

2 Eligible customers must have a Home Buildings policy with NRMA Insurance. Eligible premium benefits require an RBC Bushfire Resilience Rating Certification of 3 stars or above. Certification by the RBC is valid for a period of three years from the date of certification and has an associated cost. For information on the certification visit rbcouncil.org/certify-my-rating. The extent of the premium benefits applied is subject to factors including the risk exposure and the certification rating and may not exceed the cost of the certification. No premium benefit is available where NRMA Insurance has assessed that there is no bushfire risk associated with the property.

Risk management

IAG identifies, assesses and reports on ESG and climate-related risks to support the delivery of our strategy. Further details of our overarching risk management process can be found in the 'Strategy and risk management' section of the Directors' Report on page pages 64–68, and the 'Managing risk at IAG' section of our website.

Identifying and assessing ESG and climate-related risks

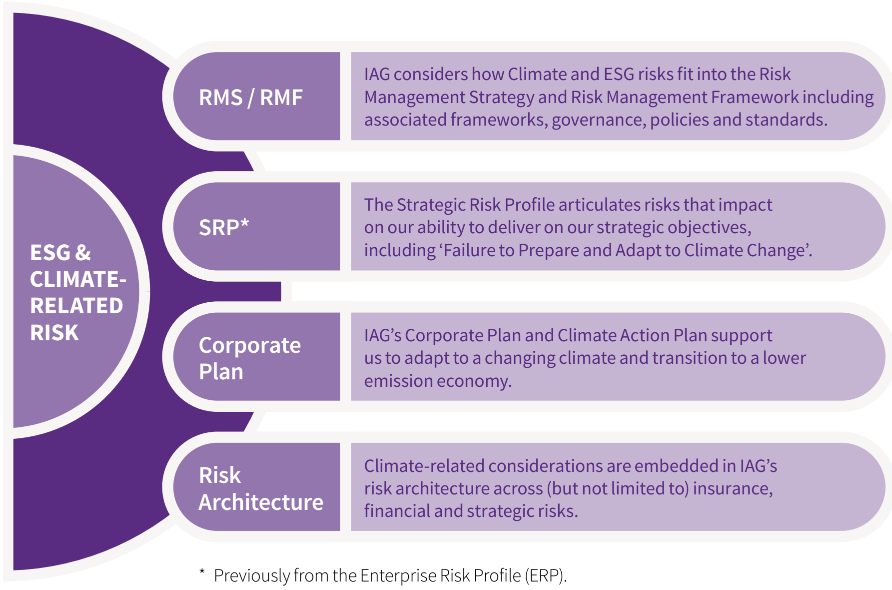
We identify and assess our ESG and climate-related risks through various risk management approaches including the Strategic Risk Profile (SRP). The SRP articulates risks that may impact our ability to deliver on our strategic objectives, outlines controls to mitigate those risks and supports the implementation of our strategy. This includes 'Failure to Prepare and Adapt to Climate Change', which focuses on the failure to prepare and adapt IAG's strategies and business model to the shifting physical, transition and liability risks of climate change and escalating natural disasters. This may lead to increased climate-related impacts for our customers, communities, people and business, and missed opportunities in line with the transition to net zero. The SRP is reviewed half yearly and reported to the Board annually. It is assessed for severity, likelihood, velocity and connectedness, as well as clarity in how we consider and prioritise action to manage key enterprise risks, including ESG and climate-related risks.

ESG and climate-related risks are taken into consideration in the Risk Management Strategy (RMS), Risk Management Framework (RMF) and Risk Architecture. Climate risk management identifies and measures material risks and opportunities across IAG's Risk Architecture. This includes (but is not limited to) insurance, financial and strategic risks and applies across the insurance value chain.

Ongoing and emerging regulations, including mandatory climate-related disclosure requirements, are also monitored, identified and managed as part of our broader risk management processes.

Climate-related considerations are embedded in IAG's risk architecture with key elements reflected in Figure 6 below.

Figure 6: Identifying and managing ESG and climate-related risks



* Previously from the Enterprise Risk Profile (ERP).

Managing climate-related risks

Climate-related risk management at IAG leverages the 'three lines of accountability' model, as outlined below:

- **The First Line** identifies and manages climate-related risks in day-to-day operations. This includes upcoming training for relevant IAG employees on climate-related risks.
- **The Second Line** (Group Risk) identifies climate-related risks across IAG's Risk Architecture.
- **The Third Line** (Group Internal Audit) performs quality reviews and assurance on and how ESG and climate-related governance is being managed across the Group.

Climate-related risks are also identified and managed through divisional and corporate strategy planning. Additionally, climate-related scenarios have been used in the Group's Internal Capital Adequacy Assessment Process (ICAAP) framework to better identify and understand climate-related physical risks.

We use a variety of models to identify, price and manage climate-related risks. Stress testing undertaken through the Group's ICAAP framework is a tool for exploring the potential implications of climate-related risks. This provides input into risk appetite, capital target setting and contingency planning. We also undertake a detailed assessment of climate-related risk as part of our modelling of natural perils, which is an input into our customer pricing and our business planning process.

Management of climate-related physical risk

Monitoring and responding to natural perils risk, including quantification of observed changes to the frequency and severity of peril events, is a key consideration in our reinsurance strategy and program design. In addition to our long-term quota share reinsurance cover, in June 2024 we entered into a further five-year strategic reinsurance arrangement to provide over $4 billion (pre quota-share) of volatility protection for natural perils losses. This agreement provides greater certainty over the cost of natural perils cover for our customers, and greater earnings stability for IAG. This agreement builds on our comprehensive reinsurance strategy and demonstrates action in our management of climate-related physical risk.

Metrics and Targets

The following section reports on our progress against our previous key climate-related commitments, goals and targets, as set out in the FY22–FY24 Climate and Disaster Resilience Action Plan (FY22–FY24 Action Plan), unless stated otherwise.

Metrics to monitor progress

The key metrics used to monitor progress against our FY22-FY24 Action Plan, ending FY24, relate to:

- Greenhouse gas (GHG) emissions – scope 1 and 2.
- Renewable energy procurement.
- Greenhouse gas (GHG) emissions – limited upstream operational scope 3.[1]
- Building customer and community resilience.
- Fossil fuel exposure in commercial underwriting.
- Carbon footprint and intensity of investments.
- GHG emissions linked to executive remuneration.

A climate-related metric outside our FY22–FY24 Action Plan relates to GHG emissions linked to executive remuneration.

Progress against the targets associated with these metrics is set out below.

Progress: *GHG emissions – scope 1 and 2*[2]

Our target was for a 37.8% reduction in our scope 1 and 2 emissions by 2030[3], using a baseline year of FY21.

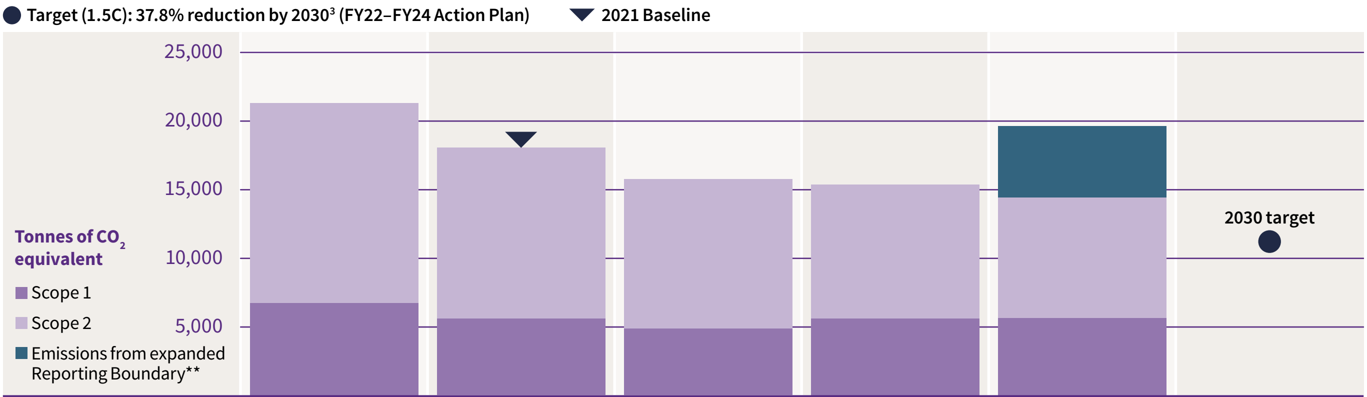
To June 2024, we have achieved a reduction of 19.7%, as measured against the original FY21 baseline entity emissions reporting boundary.[4]

Figure 7 below provides an overview of our GHG emissions footprint (tCO_2e) and progress towards our scope 1 and scope 2 2030 emissions reduction target since FY21, including a summary of our targeted emissions reduction activities.

Highlights of our scope 1 and scope 2 emission reduction initiatives include:

- An increase in the ratio of hybrid and electric vehicles within the fleet, and a reduction in the number of tool of trade vehicles leading to a Scope 1 fleet emissions reduction of 5% year-on-year.
- Over the past two years we have expanded our Hub Service operations in New Zealand through AMI RepairHub, AMI HomeHub and AMI Roadside Rescue. AMI RepairHub sites reduce emissions through the operation of robotic paint booths, which are 50% more efficient than regular bake ovens.

Figure 7: Scope 1 and 2 emissions performance and progress against our previous target



YoY	FY20	FY21	FY22	FY23*	FY24**	
Scope 1 and 2 year-on-year emissions reduction / increase	-19%	-15%	-13%	-3%	-5% (excludes emissions boundary change)	
Key activities and initiatives	Introduction of solar panels on IAG's data centre	Reduction in fleet size and introduction of fuel-efficient vehicles	Property refurbishments, energy efficiency measures, and fleet initiatives	IAG Sydney office achieved 5.5-star NABERS rating LED lighting introduced at Victoria sites	Reduction in Australian corporate fleet, and increase in hybrids in the New Zealand fleet	

* Note: due to the ongoing shift to renewable electricity generation in Australia, the emissions intensity of electricity transmission, distribution and consumption is decreasing. This contributed to the decrease in our reported scope 2 emissions in FY23.

** Emissions reporting boundary updated in FY24 – see further information regarding this change on page 43. The contribution of the reporting boundary change to total emissions in FY24 is illustrated above. The FY21 Baseline has not been adjusted for the emissions boundary change due to unavailability of prior period data.

1 Limited upstream operational scope 3 emissions comprise emissions from: business travel (including employee air travel, taxi travel, rental cars, staff mileage), waste from operations, employees working from home, employee commuting, print paper, fuel and energy-related activities (including transmission and distribution losses).

2 Refer to Table 3 on page 43 for the list of all scope 1 and 2 emissions.

3 Achievement of this target in our FY22–FY24 Action Plan was based on the assumption of certain technological developments and decarbonisation of the grid.

4 In FY24 a change was made to our emissions reporting boundary. For information on the change see page 43.

Progress: *Renewable energy procurement*

Supporting our scope 1 and scope 2 emissions target, the FY22–FY24 Action Plan included a specific target of 100% renewable energy procured for our Australian sites by FY25. To progress against this target, we entered into contracts to procure renewable energy during FY24. The contracts are expected to provide for electricity consumption for IAG sites to be met by renewable energy sources from May 2024 in New Zealand and January 2025 in Australia, and will be a key contributor to reducing scope 2 emissions. Renewal of these contracts is dependent on the national grid providing sufficient green energy.

Progress: *GHG emissions – limited upstream operational scope 3*[1]

Our FY22–FY24 Action Plan did not include a specific scope 3 emission target.

The progress of our reported limited upstream operational scope 3 emissions in FY24 was an increase of 15% compared to FY23, excluding the additional emissions that resulted from the expansion of our reporting boundary in FY24.

Our FY24 performance was impacted by the continued resumption of business travel. Relative to FY23, business travel increased 54% in FY24, led by air travel. However, it remains materially lower than pre pandemic levels, with air travel in FY24 62% lower than in FY19.

Excluding business travel, our limited upstream operational scope 3 emissions decreased by 12% in FY24.

In FY24 we extended the coverage of our limited upstream operational scope 3 emissions reporting through the measurement of employee commuting. There is no record of progress for this measure in FY24 as we do not have an FY23 record. The emission total for Employee Commuting in FY24 was 5,040 tCO_2e.

Progress: *Building customer and community resilience*

Our target[2] was to support 1 million Australians and New Zealanders to take action to reduce their risk from natural hazards by FY25.

In our progress to June 2024, IAG has prompted over 1 million Australians and New Zealanders to take action to reduce their risk from natural hazards.

Further details can be found in the 'Communities' section of 'Creating value' on pages 28–31.

Progress: *Fossil fuel exposure in commercial underwriting*

Our target was to cease underwriting entities predominantly in the business of extracting fossil fuels and power generation from fossil fuels by FY23.

We continue to phase out underwriting for entities predominantly in the business of either: extracting fossil fuels and/or generating power from fossil fuels. This does not include:

- Policies and/or portfolios that IAG has divested from where the liability for future claims will exist until expiry of the policy.
- Workers' compensation, irrespective of the climate intensity/fossil fuel exposure of the industry they work in.
- Supporting businesses that supply, transport or provide distribution services to these entities.

To FY24, within the above parameters, we have less than $0.1 million in GWP in outstanding exposure to underwriting of entities predominantly in the business of extracting fossil fuels and/or generating power from fossil fuels as of 30 June 2024. Our exposure remains below 0.01% of total GWP.

Progress: *Carbon footprint and intensity of investments*

For information regarding progress against this measure see page 42.

Progress: *GHG emissions linked to executive remuneration*

In FY24 we linked our GHG emissions performance for certain entities to Executive remuneration by introducing an emissions management measure with a 5% weighting in our Group Balanced Scorecard (BSC).

Details on the performance against this measure can be found in the Remuneration Report on page 78.

1 Refer to Table 3 on page 43 for the list of all measured Scope 3 emissions.

2 This target is measured through actions that encourage either disaster risk mitigation or emissions reduction. An action is counted when an individual takes a step to understand their disaster risk or emissions, or understand options to reduce their risk or emissions, or implement or maintain an initiative to reduce their risk or emissions. An example of an Australian action counted to date was the number of downloads of our co-created Get Prepared App with the Australian Red Cross.

Metrics and Targets (continued)

Progress: *Carbon footprint and intensity of investments*

We established targets to reduce the emissions within our investment portfolio, consistent with the 1.5°C objective of the Paris Agreement. Across our equity portfolio, which covers 6% of the Group's total investments at 30 June 2024, we set intermediate targets to reduce the normalised scope 1 and 2 carbon footprint and weighted average carbon intensity for Australian and Global listed equity mandates, including:

- Minimum reduction of 25% versus 2020 relevant index level baselines until 2025.
- Minimum reduction of 50% versus 2020 relevant index level baselines by 2030.

The relevant baselines refer to the following equity indices: the ASX 200 (excluding IAG) for Australian equities; and the MSCI World for Global Listed equities, as of June 2020.

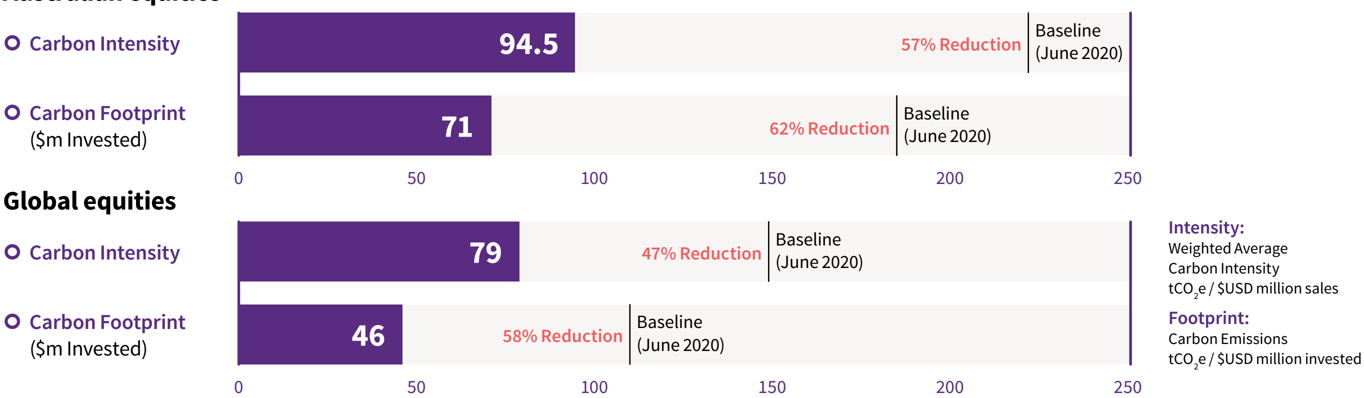
Our responsible investment approach has achieved an aggregate reduction in normalised carbon footprint and weighted average carbon intensity for our Australian and Global listed equity mandates, as shown below in Figure 8 – Carbon Intensity and Carbon Footprint of IAG's listed equity investment portfolios, and Figure 9 – Normalised Carbon Footprint of Listed Equity Portfolio.

We continue to favour equity investments in companies that have lower exposure to climate-related risks or a strategy to manage these risks.

Beyond our equity portfolios, we have assessed the carbon intensity of directly held corporate issuers in fixed interest and cash portfolios, which represent 43% of our total investment portfolio. The assessment concluded that intensity was Very Low (based on MSCI Carbon Risk categorisation[1]) at less than 15 tonnes of CO_2 emissions per USD million sales.

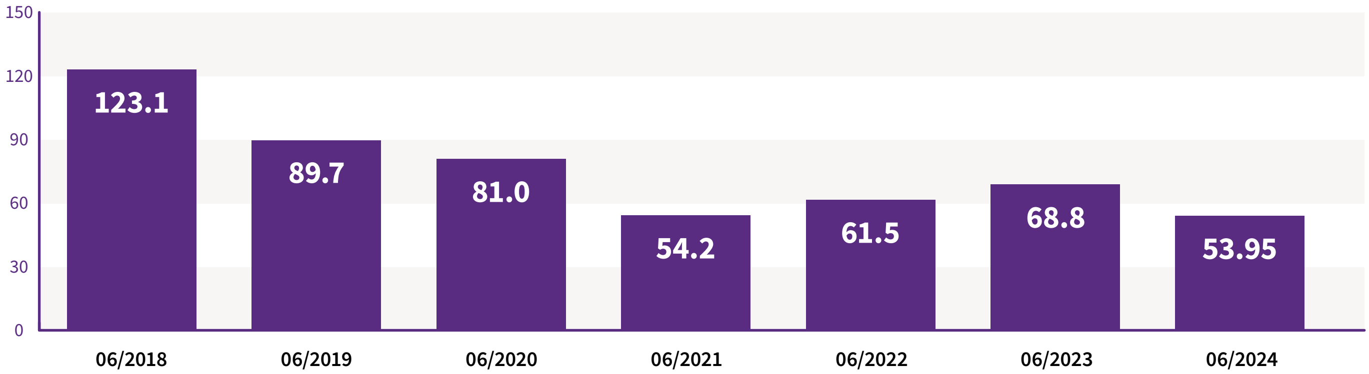
In FY24 we experienced a 15 tCO_2e decrease in the normalised carbon footprint for the combined listed equity portfolio when compared to FY23. Where carbon emissions data is not publicly available, the scope 1 and 2 carbon emissions of the investee are estimated using MSCI's proprietary carbon estimation model.

Figure 8: Carbon Intensity and Carbon Footprint of IAG's Listed Equity Investment Portfolios[2] – FY24



Note: These measures include scope 1 and scope 2 emissions only.

Figure 9: Normalised Carbon Footprint of Listed Equity Portfolio (tCO_2e / $USD million invested)



Note: The normalised carbon footprint is a measure of a portfolio's emissions that enables comparisons with a benchmark, between multiple portfolios, and over time.

1 MSCI Carbon Risk measures exposure to carbon intensive companies. At the issuer level, Carbon Intensity is the ratio of annual scope 1 and 2 carbon emissions to annual revenue. Carbon Risk is categorised as Very Low (0 to <15), Low (15 to <70), Moderate (70 to <250), High (250 to <525), and Very High (>=525).

2 Although IAG information providers, including without limitation, MSCI ESG Research Inc. and its affiliates (the 'ESG Parties'), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. ©2024 MSCI ESG Research Inc. Reproduced by permission.

Notes to our climate-related measures

Details on our metrics and performance, including the definition, assumptions, limitations, and calculation methodology for our reported measures can be found in the *FY24 ESG Data Summary* available in the Sustainability section of our website.

GHG emissions reporting status

Table 3 to the right provides an overview of the current status of our measurement of scope 1, scope 2, and scope 3 emissions.

Emissions reporting boundary update in FY24

As part of our preparation for mandatory climate reporting in Australia, a review of our GHG emissions reporting boundary was undertaken. This has led to a change to our emissions boundary, such that our GHG emissions reporting now captures all operating entities that are financially consolidated in our Group financial reporting, subject to a materiality assessment[1] and subject to the availability of data.[2] As a result of this change additional entities have been included within our emissions reporting from FY24, increasing our total reported emissions.

Emissions have been quantified in line with our basis of preparation, which is informed by the Greenhouse Gas (GHG) Protocol using relevant Australian, New Zealand and international emission factors.

Table 3: GHG emissions reporting status – FY24

Emissions source	Detail	Reporting status
Scope 1	Company vehicles (corporate fleet)	Yes
	Natural gas	Yes
	Stationary LPG	Yes
	Refrigerant gases	Yes
Scope 2	Electricity – Market-based	Yes
	Electricity – Location-based	Yes
Scope 3 – upstream	Business travel (including air travel, taxi travel, rental cars, staff mileage)	Yes
	Waste from operations	Yes
	Employees working from home	Yes
	Employee commuting	Yes
	Print paper	Yes
	Fuel and energy-related activities (including transmission and distribution losses)	Yes
Scope 3 – downstream	Supply chain	No
	Financed emissions:	
	• Absolute investments	No – partial portfolio coverage
	• Insurance-associated emissions	No

1 Of these entities, we are including only those whose GHG emissions impact is greater than 5% of Group scope 1 and 2 emissions. This materiality assessment is informed by the guidance of the GHG Protocol.

2 We have not yet collected data for all limited upstream operational scope 3 emissions sources for all entities within our emissions reporting boundary.

Notes to our climate-related measures (continued)

Employee commuting measure

As noted, in FY24 we extended the coverage of our limited upstream operational scope 3 emissions reporting through the measurement of employee commuting. We utilise information from the Leesman IAG employee survey to calculate the emissions associated with employees' travel between their homes and workplaces.

Further information regarding this measures can be found in the *FY24 ESG Data Summary* available in the Sustainability section of our website.

Absolute investment emissions

In FY24, we only have partial coverage of absolute investment emissions. The equity and corporate bond asset classes where Partnership for Carbon Accounting Financials (PCAF) methodologies exist represent 51.5% of our total investment portfolio in FY24. We aim to report on this subset of our absolute investment emissions from FY25 with asset class coverage to be expanded consistent with available methodologies.

Other notes

We are investigating the impact of applying an internal carbon price. As an interim carbon pricing mechanism, we offset measured scope 1 and 2 emissions as well as limited upstream operational scope 3 emissions by purchasing carbon offsets. We continue to prioritise Australian Carbon Credit Units (ACCUs) with a focus on Indigenous-led projects in Australia.

Assurance

KPMG's FY24 limited assurance report is available in the Sustainability section of our website. This limited assurance report outlines the information subject to assurance within Appendix 1 of this limited assurance report.

Management

Group Leadership Team

Nick Hawkins
Managing Director and Chief Executive Officer
Started in role 2 November 2020

Julie Batch
Group Executive, Direct Insurance Australia
Started in role 10 March 2021

Jarrod Hill
Group Executive Intermediated Insurance Australia
Started in role 13 September 2021

Robert Cutler
Group General Counsel
Started in role 4 April 2024

William McDonnell
Chief Financial Officer
Started in role 11 December 2023

Neil Morgan
Chief Operating Officer
Started in role 10 March 2021

Christine Stasi
Group Executive People, Performance and Reputation
Started in role 4 November 2019

Peter Taylor
Group Chief Risk Officer
Started in role 18 May 2022

Amanda Whiting
Chief Executive IAG New Zealand
Started in role 1 July 2021

For detailed information about our Group Leadership Team, visit www.iag.com.au.

Directors' report

The Directors present their report together with the Financial Report of Insurance Australia Group Limited and its subsidiaries and the Auditor's Report for the year ended 30 June 2024 (FY24). This report covers the reporting period 1 July 2023 to 30 June 2024 and where appropriate, references events that have occurred since the end of this period, but before publication.

The following terminology is used throughout this report:

- Company or Parent – Insurance Australia Group Limited; and
- IAG or Group – the consolidated group consists of Insurance Australia Group Limited and its subsidiaries.

Directors of Insurance Australia Group 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 set out below. Directors were in office for the entire period unless otherwise stated.

Chair

Thomas (Tom) W Pockett

BCom, CA – Chair and Independent Non-Executive Director

Insurance industry experience

Tom Pockett was appointed as a Director of the Company on 1 January 2015 and became Chair on 22 October 2021. He has been the Chair of our Nomination Committee since 22 October 2021 and attends all other Board Committee Meetings in an ex-officio capacity. Tom is also Chair of Insurance Manufacturers of Australia Pty Limited.

Other business and market experience

Tom was previously Chief Financial Officer and then Finance Director with Woolworths Limited, retiring in July 2014. He has also held senior finance roles at Commonwealth Bank, Lendlease Corporation and Deloitte. Tom is the Chair and a Non-Executive Director of Stockland Corporation Limited and a Non-Executive Director of O'Connell Street Associates.

Directorships of other listed companies held in the past three years

- Stockland Corporation Limited (since September 2014); and
- Autosports Group Limited (August 2016 – November 2021).

Managing Director

Nicholas (Nick) B Hawkins

BCom, FCA – Managing Director and Chief Executive Officer, Executive Director

Insurance industry experience

Nick Hawkins was appointed Managing Director and Chief Executive Officer of the Company on 2 November 2020.

Nick previously held the role of Deputy Chief Executive Officer, accountable for the management and performance of IAG's day-to-day operations. He previously spent 12 years as IAG's Chief Financial Officer, responsible for the financial affairs of the Group. Prior to this, Nick was Chief Executive Officer of IAG New Zealand and has also held a number of roles within finance and asset management since joining the Group in 2001.

Nick was appointed to the position of President of the Insurance Council of Australia (ICA) in December 2021 and commenced as President on 1 January 2022.

Other business and market experience

Before joining IAG, Nick was a Partner at KPMG.

Nick is a graduate of the Harvard Advanced Management Program.

Simon C Allen

BCom, BSc, CFInstD – Independent Non-Executive Director

Insurance industry experience

Simon Allen was appointed as a Director of the Company on 12 November 2019. He is a member of our People and Remuneration Committee and our Risk Committee.

Simon has been a Non-Executive Director of IAG New Zealand Limited since 1 September 2015 and was appointed as its Chair on 22 November 2019. Simon is Chair of its Nomination Committee and is a member of its People and Remuneration Committee and Risk Committee.

Other business and market experience

Simon is currently a Non-Executive Director of Ampol Limited. He has over 40 years' commercial and governance experience in the New Zealand and Australian capital markets and was Chief Executive of investment bank BZW/ABN AMRO in New Zealand for 21 years.

Simon is a former Trustee of the New Zealand Antarctic Heritage Trust, a former Chair of Z Energy Limited, and was Chair of Channel Infrastructure NZ Limited (previously known as The New Zealand Refining Company Limited).

He was also the inaugural Chair of NZX Limited, Financial Markets Authority, Auckland Council Investments Limited, and Crown Infrastructure Partners Limited (previously known as Crown Fibre Holdings Limited).

Simon is a Chartered Fellow of the New Zealand Institute of Directors.

Directorships of other listed companies held in the past three years

- Ampol Limited (since September 2022);
- Z Energy Limited (September 2022 – December 2023); and
- Channel Infrastructure NZ Limited (previously known as The New Zealand Refining Company Limited) (December 2014 – June 2022).

David H Armstrong

BBus, FCA, MAICD – Independent Non-Executive Director

Insurance industry experience

David Armstrong was appointed as a Director of the Company on 1 September 2021 and became Chair of our Audit Committee on 22 October 2021. He is also a member of our Risk Committee.

Directors' report (continued)

Other business and market experience

David is a former Partner of PricewaterhouseCoopers, with more than 40 years' experience in professional services. He has a deep knowledge and understanding of banking and capital markets, real estate and infrastructure, and is well versed in reporting, regulatory and risk challenges faced by the industry.

David is the Chair of The George Institute for Global Health and Chair of the Opera Australia Capital Fund Limited. He was previously a Non-Executive Director of the National Australia Bank, where he chaired the Audit Committee, and was a member of its Risk & Compliance Committee.

David is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Australian Institute of Company Directors.

Directorships of other listed companies held in the past three years

- National Australia Bank (August 2014 – December 2023).

Jonathan (Jon) B Nicholson

BA – Independent Non-Executive Director

Insurance industry experience

Jon Nicholson was appointed as a Director of the Company on 1 September 2015. He is a member of our People and Remuneration Committee, Nomination Committee and Risk Committee.

Other business and market experience

Jon is Non-Executive Chair of QuintessenceLabs, a Director of Westpac Bicentennial Foundation and a Non-Executive Director of Cape York Partnerships.

Jon previously spent eight years with Westpac Banking Corporation, first as Chief Strategy Officer and later as Enterprise Executive. He retired from Westpac in 2014.

Jon's executive career has included senior roles with a variety of financial and corporate institutions, including the Boston Consulting Group. He also held various roles with the Australian Government, including Senior Private Secretary to the Prime Minister of Australia (Bob Hawke) and senior positions in the Department of the Prime Minister and Cabinet.

Helen M Nugent AC

BA (Hons), PhD, MBA (Dist), HonDBus, HonDUniv – Independent Non-Executive Director

Insurance industry experience

Helen Nugent was appointed as a Director of the Company on 23 December 2016. She is a member of our Audit Committee, Nomination Committee and Risk Committee.

Previously, Helen was Chairman of Swiss Re (Australia) and Swiss Re (Life and Health) Australia, and a Non-Executive Director of Mercantile Mutual.

Other business and market experience

Helen has extensive financial services experience, having been Chairman of Funds SA and Veda Group and a Non-Executive Director of Macquarie Group and the State Bank of New South Wales. She also served on Westpac Banking Corporation's executive team as Director of Strategy, and prior to that specialised in the financial services sector as a Partner at McKinsey & Company.

Helen's experience as a Non-Executive Director extends to the energy sector and telecommunications. Currently, she is Chairman of Ausgrid, and previously was a Non-Executive Director of Origin Energy. She is also the Senior Independent Director at TPG Telecom.

Helen has given back extensively to the community in the arts, education and health and disability. In the arts, she has been Chairman of the National Portrait Gallery of Australia, the National Opera Review, the Major Performing Arts Inquiry, and the Major Performing Arts Board of the Australia Council. In education, she was Chancellor of Bond University and President of Cranbrook School. In disability and health, she was Chairman of the National Disability Insurance Agency, and a former Non-Executive Director of the Garvan Institute for Medical Research.

She was made a Companion of the Order of Australia (AC) in January 2022, having previously received an AO and a Centenary Medal. Helen has been appointed as Chairman of the Order of Australia Association Foundation Limited effective August 2022. She has also been awarded Honorary Doctorates from the University of Queensland and Bond University. She has also been awarded an Order of Merit by the Australian Olympic Committee.

Directorships of other listed companies held in the past three years

- TPG Telecom (since July 2020).

Scott J Pickering

ANZIIF – Independent Non-Executive Director

Insurance industry experience

Scott Pickering was appointed as a Director of the Company on 1 November 2021 and is a member of our Audit Committee.

Scott was appointed as a Non-Executive Director of IAG New Zealand Limited and IAG (NZ) Holdings Limited on 8 February 2024.

Scott has been a Chief Executive and is a senior leader in the global insurance industry with over 35 years of experience in the sector. He is a Non-Executive Director of Fidelity Life Assurance Company Limited and a former Non-Executive Director for Chubb Insurance in Australia and New Zealand.

Scott was formerly regional Chief Executive Officer for one of the world's largest insurance brokers, Willis Towers Watson, for Central and Eastern Europe, the Middle East and Africa. Prior to Willis Towers Watson, Scott worked for Royal & Sun Alliance Insurance as Regional Chief Executive Officer for Asia and the Middle East. He has also held senior regional leadership and Chief Executive roles at ACE Insurance and CIGNA in the Asia Pacific region and South Africa.

Scott previously held the position of Chief Executive of the Accident Compensation Corporation, which provides comprehensive, no fault personal injury cover for all New Zealanders. He stepped down from the role at the end of June 2021.

Scott is a member of the Australian and New Zealand Institute of Insurance and Finance.

Other business and market experience

Scott is the Chair of Evolution Healthcare and a Non-Executive Director of state-owned Kiwibank and Bowls New Zealand Aotearoa.

Scott is currently an advisor for Bain International Inc., Health Now Limited and Tampi Pty Ltd and a Director in Engage Consulting Limited.

George D Sartorel

MBA from Heriot-Watt University – Independent Non-Executive Director

Insurance industry experience

George Sartorel was appointed as a Director of the Company on 1 September 2021. He is a member of our People and Remuneration Committee and Risk Committee.

George is a globally proven insurance Chief Executive Officer, with extensive operational, business and technology experience spanning property, casualty, health, life insurance and asset management. In an extensive career at Allianz, George worked across a large variety of roles and within those roles has led countries and regions of scale and formed strategic alliances.

George began his career as Chief General Manager of Allianz Australia. Before becoming the Asia Pacific Chief Executive Officer of Allianz, George was Chief Executive Officer of Allianz Italy and Allianz Turkey. He is the former Chair of Allianz Asia Advisory Council and member of the Allianz Australia Group. He was also a member of the Allianz International Executive Committee and the founding member of Allianz X, the corporate venture capital company that invested in innovative digital start-ups. George was considered one of Allianz's most technologically oriented and innovatively minded leaders.

George is also a Non-Executive Director of Prudential plc and previously served as a Director of BIMA.

Other business and market experience

George has served as a member of the Financial Centre Advisory Panel (Monetary Authority of Singapore).

Directorships of other listed companies held in the past three years

- Prudential plc (since January 2022).

George Savvides AM

BEng (Hons), MBA, FAICD – Independent Non-Executive Director

Insurance industry experience

George Savvides was appointed as a Director of the Company on 12 June 2019. He is Chair of our People and Remuneration Committee and a member of our Risk Committee and Nomination Committee.

George has extensive executive experience, serving as Chief Executive Officer of leading health insurer Medibank for 14 years (2002 – 2016), and Chief Executive Officer of Sigma Company (now Sigma Healthcare) (1996 – 2000).

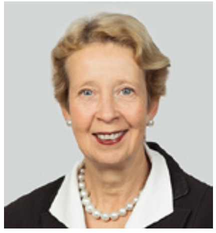
Other business and market experience

George has been a Non-Executive Director of BuildXACT Software Limited (since July 2021). He was Non-Executive Chair of the Australian Securities Exchange (ASX) listed biotech company Next Science (2018 – 2021) and Non-Executive Director of New Zealand's Exchange (NZX) listed entity, Ryman Healthcare (2013 – 2023). He is Chair of the Special Broadcasting Service Corporation (SBS) and Chair of the I-MED Radiology Network.

He is a former Non-Executive Chairman of Kings Transport and Non-Executive Chair of Macquarie University Hospital and served for 18 years on the Board of World Vision Australia, including six years as the Chair, retiring in 2018.

Directorships of other listed companies held in the past three years

- Ryman Healthcare (May 2013 – June 2023).



Wendy Thorpe

BA, BBus, Grad Dip Applied Finance & Investment, FFin, Harvard AMP 172, GAICD – Independent Non-Executive Director

Insurance industry experience

Wendy Thorpe was appointed as a Director of the Company on 1 July 2023. She is a member of our Audit Committee and People and Remuneration Committee.

Wendy served as an Independent Non-Executive Director of Tower Limited (2018 – 2023), where she was more recently the Risk Committee Chair. Wendy was previously a senior executive at AXA and AMP, leading technology and operations in Chief Information Officer and Chief Operations Officer roles.

Other business and market experience

Wendy is Chair of Epworth Healthcare and Online Education Services, and a Non-Executive Director of People First Bank, auDA and Data Action.

Wendy is a former Non-Executive Director of AMP Bank, Ausgrid and Very Special Kids and is a former member of the Council of Swinburne University of Technology.

Wendy has over 30 years' experience in Financial Services across Insurance, Investment Management, Banking and Wealth management at AXA, ANZ and AMP.

Wendy is also a member of Chief Executive Women.

Directorships of other listed companies held in the past three years

- Tower Limited (March 2018 – March 2023).

Directors' report (continued)

Michelle K Tredenick
BSc, FAICD, F Fin – Independent Non-Executive Director

Insurance industry experience

Michelle Tredenick was appointed as a Director of the Company on 13 March 2018. She is Chair of our Risk Committee (since 1 September 2023) and a member of our People and Remuneration Committee.

Michelle has held a number of senior executive roles in major Australian companies, including National Australia Bank, MLC and Suncorp. She has over 25 years' experience in financial services with roles spanning Chief Information Officer, Head of Strategy and Corporate Development and senior leadership roles in corporate superannuation, insurance and wealth management businesses.

Other business and market experience

Michelle was appointed as Non-Executive Director of First Sentier Investors in 2020 and Lead Independent Director in 2024, and chairs the Audit and Risk Committee. Michelle is a Non-Executive Director of IDP Education, Urbis Pty Ltd and Hub24 Limited.

She is a former Chair of the IAG & NRMA Superannuation Fund (2012 – 2018) and former Director of Cricket Australia (2015 – 2022), as well as the Ethics Centre (2013 – 2022) and Bank of Queensland (2011 – 2020). Michelle is a former Non-Executive Director of Zafin Labs Americas Incorporated, where she chaired the Human Resources and Governance Committee (2021 – 2024). She was also previously a member of the Senate of the University of Queensland (2014 – 2021).

Directorships of other listed companies held in the past three years

- Hub24 Limited (since June 2024); and
- IDP Education Limited (since September 2022).

Directors who ceased during the financial year

- None.

Company Secretaries of Insurance Australia Group Limited

Jane M Bowd
FGIA, FCIS, GAICD, GradDip, LLM, LLB, BA

Jane Bowd was appointed Group Company Secretary in June 2020.

Jane was previously Group Company Secretary and Corporate Counsel at Coca-Cola Amatil, and prior to that was Head of Secretariat of the Global Wealth Division at ANZ Bank. She started her legal and governance career as a private practice lawyer at Clayton Utz.

Jane holds a Master of Laws, Graduate Diploma of Applied Corporate Governance, Graduate Diploma of Legal Practice, Bachelor of Laws, Bachelor of Arts, is a graduate of the Royal Military College, Duntroon and a member of the Governance Institute of Australia's Legislative Review Committee. Jane was awarded the inaugural Company Secretary of the Year Award at the Australian Law Awards in 2019, and again in 2020.

Andrew S Collings
BComm, LLB (Hons), GAICD, FGIA

Andrew Collings joined IAG as Deputy Group General Counsel in December 2018 and now leads IAG's Corporate & Commercial Legal team. He was appointed Company Secretary in November 2023.

Prior to joining IAG, Andrew was a senior lawyer with King & Wood Mallesons, led a legal team at Macquarie Group for a number of years, before establishing his own legal consulting practice, Collings Legal, with clients including IAG.

Andrew holds an Honours degree in Law, a Bachelor of Commerce, is a Graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Meetings of Directors

The Board of IAG met nine times during the year ended 30 June 2024. In addition, the Directors attended Board Strategy sessions and Special Purpose Committee Meetings during the year.

The following table includes:

- Names of the Directors who held office at any time during, or since the end of, the financial year.
- The number of Board and Board Committee meetings held during the financial year for which each Director was a member of the Board or Board Committee and eligible to attend, and the number of meetings attended by each Director.

All Directors may attend all Board Committee Meetings even if they are not a member of the relevant Committee. The table excludes the attendance of those Directors who attended meetings of Board Committees of which they are not a member.

	Board of Directors[1]		Board Sub Committee[2]		Audit Committee		Nomination Committee		People and Remuneration Committee		Risk Committee	
Total number of Meetings held	9		13		7		2		5		5	
	Required to attend	Attended	Required to attend	Attended	Required to attend	Attended	Required to attend	Attended	Required to attend	Attended	Required to attend	Attended
Current Directors												
Tom Pockett	9	9	8	8	-	-	2	2	-	-	-	-
Nick Hawkins	9	9	11	11	-	-	-	-	-	-	-	-
Simon Allen	9	9	-	-	-	-	-	-	5	4	5	5
David Armstrong	9	9	11	11	7	7	-	-	-	-	5	5
Jon Nicholson[3]	9	9	-	-	-	-	2	2	5	5	5	5
Helen Nugent[4]	9	9	2	2	7	7	2	2	-	-	4	4
Scott Pickering	9	8	-	-	7	7	-	-	-	-	-	-
George Sartorel	9	9	-	-	-	-	-	-	5	5	5	5
George Savvides	9	9	-	-	-	-	2	2	5	5	5	5
Wendy Thorpe[5]	9	9	-	-	7	7	-	-	5	5	-	-
Michelle Tredenick[6]	9	9	5	5	-	-	-	-	5	5	5	5

1 There were nine scheduled Board Meetings and no additional out-of-cycle Board Meetings during FY24.
2 This includes eight Board Sub-Committee and five Due Diligence Committee Meetings during FY24.
3 Jon Nicholson retired as Chair of the Risk Committee on 1 September 2023 and remains a member of the Risk Committee.
4 Helen Nugent was appointed as member of the Risk Committee on 1 September 2023.
5 Wendy Thorpe was appointed as member of the Audit Committee and People and Remuneration Committee on 20 July 2023.
6 Michelle Tredenick was appointed as Chair of the Risk Committee on 1 September 2023.

Principal activity

The principal continuing activity of IAG is the underwriting of general insurance risks and investment management.

IAG is the largest general insurance company in Australia and New Zealand, selling insurance through a suite of brands. In Australia, IAG is a leading personal lines insurer, offering short-tail products across the country, as well as long-tail offerings. IAG also sells a range of commercial insurance products across Australia, with an emphasis on small to medium sized enterprises and a leading market share in rural areas. In Australia, IAG's operations are separated into two distinct divisions, being Direct Insurance Australia (DIA) and Intermediated Insurance Australia (IIA). In New Zealand, IAG is the leading general insurance provider across both the direct and intermediated insurance channels. All of these divisions benefit from access to a variety of distribution channels and an array of leading and well established brands.

The Group reports its financial information under the following business division headings:

Division	Overview	Products
Direct Insurance Australia 46% of Group insurance revenue	Personal lines general insurance products, and some commercial lines, are sold directly to customers through a range of distribution channels, such as branches, call centres and online, including under the following brands: • NRMA Insurance, Australia wide (excluding VIC); • RACV in Victoria, via a distribution relationship and underwriting joint venture with RACV; and • ROLLiN' Insurance. The division also includes travel insurance and income protection products which are underwritten by third parties.	Short-tail insurance: • Motor vehicle • Home and contents • Lifestyle and leisure, such as boat, veteran and classic car and caravan • Business packages • Farm • Commercial motor Long-tail insurance: • Professional indemnity • Compulsory Third Party (motor injury liability)
Intermediated Insurance Australia 31% of Group insurance revenue	Commercial lines general insurance products, and some personal lines, are provided through a network of intermediaries, such as brokers, agents, and authorised representatives, including under the brands of CGU Insurance and WFI Insurance. General insurance products are also distributed under third party brands by IAG's corporate partners, including financial institutions.	Short-tail insurance: • Motor vehicle • Home and contents • Lifestyle and leisure, such as boat • Travel • Business packages • Farm and crop • Commercial property • Construction and engineering • Commercial motor and fleet motor Long-tail insurance: • Workers' compensation • Professional indemnity • Directors' and officers' • Public and products liability
New Zealand 23% of Group insurance revenue	Personal lines and commercial lines general insurance products are provided directly to customers, primarily under the State and AMI brands, and indirectly through insurance brokers and agents, under the NZI and Lumley Insurance brands. General insurance products are also distributed under third party brands by IAG's corporate partners, including financial institutions.	Short-tail insurance: • Motor vehicle • Home and contents • Commercial property, motor and fleet motor • Construction and engineering • Niche insurance such as pleasure craft, boat and caravan • Rural • Marine Long-tail insurance: • Professional indemnity • Commercial liability
Corporate and other	Corporate and other comprises other activities, including corporate services, capital management activity, shareholders' funds investment activities, inward reinsurance from associates, investment in associates, and other businesses that offer products and services that are adjacent to IAG's insurance business.	

Operating and financial review

The operating and financial review section includes the information below as well as the information in the FY25 Guidance and outlook section on page 63, Review of financial condition section on pages 63 to 64, and Strategy and risk management section on pages 64 to 68.

The discussion of operating performance in the operating and financial review section of this report is presented on a management reported basis unless otherwise stated.

IAG's FY24 reported profit and insurance profit are the same under the statutory and management basis. Similarly, the segment insurance profit for DIA, IIA and NZ in Note 1.3 prepared on a statutory basis is the same for management reporting purposes. However, the management reported results differ in some respects from the statutory results. Notably, IAG adopted *AASB 17 Insurance Contracts (AASB 17)* from 1 July 2023, which has resulted in both the re-presentation and remeasurement of components of its statement of comprehensive income (statutory result). The impacts of the adoption of *AASB 17* are detailed in Note 8.4.

To assist in the transition to *AASB 17*, IAG has presented its management results using financial concepts such as Net Earned Premium and Insurance Margin that have been previously used and are well understood. IAG intends to transition its management view to an *AASB 17* presentation format in future reporting periods as internal and external users become more familiar with *AASB 17* concepts.

Reconciliations between the management and statutory reporting formats are provided in this section. The management reporting format is non-IFRS financial information, and the guidance provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 230 'Disclosing non-IFRS financial information' has been followed. Non-IFRS financial information has not been reviewed by the external auditor but has been sourced from the Financial Reports.

Reconciliation between the FY24 statutory result (IFRS) to FY24 management result (non-IFRS)

The FY24 statutory result has been re-presented as a management view in a format that has been previously disclosed and is well understood by users of IAG's financial information. The management result of profit before income tax (PBT) of $1,491 million is unchanged from the statutory result.

The re-presentation of the line items is outlined in a further reconciliation on page 55 and includes an adjustment for reinsurance cash flows not contingent on claims.

Cash flows that are not contingent on claims exist within all of IAG's quota share arrangements by way of profit, exchange and override reinsurance commission clauses. These represent the amount that IAG expects to receive in all circumstances, regardless of whether an insured event occurs, and in respect of the quota share arrangements has been calculated as the total commission that would be received if no claims were incurred, spread over the life of the contract (given this will be the minimum amount IAG will receive in all circumstances, either by way of a commission or by claims recoveries).

Any claims in excess of this total commission point are considered contingent on claims as they would only be received back depending on the claims experience, i.e. not in all circumstances. These amounts are now presented in the 'reinsurance held expense' line item in the statement of comprehensive income.

30 June 2024	Statutory result IFRS $m	Reclassification $m	Reinsurance cashflows $m	Management result Non-IFRS[1] $m
Insurance revenue	15,425	(15,425)	-	-
Insurance service expense	(12,776)	12,785	(9)	-
Reinsurance held expense	(2,196)	6,181	(3,985)	-
Reinsurance held income	702	(3,354)	2,652	-
Insurance service result	**1,155**	**187**	**(1,342)**	**-**
Insurance finance income/(expense)	(345)	345	-	-
Reinsurance finance income/(expense)	172	(172)	-	-
Insurance operating result	**982**	**360**	**(1,342)**	**-**
Analysed as:				
Gross written premium	**-**	**16,400**	**-**	**16,400**
Gross earned premium	-	15,425	-	15,425
Reinsurance expense	-	(6,181)	-	(6,181)
Net earned premium	**-**	**9,244**	**-**	**9,244**
Net claims expense	-	(6,095)	-	(6,095)
Commission expense	-	(1,284)	423	(861)
Administration expense	-	(2,225)	919	(1,306)
Underwriting profit/(loss)	**-**	**(360)**	**1,342**	**982**
Investment income on assets backing insurance liabilities, net of expenses	456	-	-	456
Insurance profit	**1,438**	**-**	**-**	**1,438**
Net corporate expense	(7)	-	-	(7)
Net other operating income	60	-	-	60
Profit before income tax	**1,491**	**-**	**-**	**1,491**
Income tax expense for the year	(458)	-	-	(458)
Profit for the year	**1,033**	**-**	**-**	**1,033**
Non-controlling interests	(135)	-	-	(135)
Profit attributable to shareholders of the Parent	**898**	**-**	**-**	**898**

1 Re-presents the AASB17 results reclassified to be consistent with the management presentational basis.

Directors' report (continued)

Reconciliation between the FY23 statutory result (IFRS) to FY23 management result (non-IFRS)

The comparative period for the full year ended 30 June 2023 (FY23) statutory result has been restated to reflect the adoption of *AASB 17* and reconciled back to the reported FY23 management result. The FY23 management result has not been restated to reflect *AASB 17* adjustments as these do not reflect management decision making at the time. Additionally, the *AASB 17* adjustments were relatively immaterial with the FY23 statutory net profit after tax (NPAT) of $825 million increasing by only $7 million to derive the non-restated management result of $832 million. The statutory result has been re-presented as a management view, and fully reconciled back to the non-restated FY23 management view by removing *AASB 17* measurement impacts and including management adjustments to reflect the fact that some items concerned are not expected to be a feature of IAG's future earnings profile. The re-presentation of the line items is outlined below and includes an adjustment for reinsurance cash flows not contingent on claims.

As previously disclosed, IAG's FY23 management result was impacted by the provision for business interruption claims. IAG's results for the comparative period contained $560 million pre-tax in releases from the provision for business interruption related claims which are not expected to be a feature of the Group's sustainable earnings profile. To ensure consistency of key insurance reporting metrics, the $560 million provision reduction was shown in the 'Net corporate expense' line. This view is consistent with the approach adopted in IAG's Investor Report for the full year ended 30 June 2023.

30 June 2023	Statutory result (re-stated) IFRS $m	Reclass-ification $m	Reinsurance cashflows $m	Statutory result (re-presented)[1] Non-IFRS $m	Remove AASB 17 re-measurement $m	Statutory result (non re-stated) Non-IFRS $m	BI provision reclass-ification $m	Management result Non-IFRS $m
Insurance revenue	13,838	(13,838)	-	-	-	-	-	-
Insurance service expense	(12,040)	12,047	(7)	-	-	-	-	-
Reinsurance held expense	(2,241)	5,512	(3,271)	-	-	-	-	-
Reinsurance held income	1,608	(3,665)	2,057	-	-	-	-	-
Insurance service result	**1,165**	**56**	**(1,221)**	-	-	-	-	-
Insurance finance income/(expense)	(136)	136	-	-	-	-	-	-
Reinsurance finance income/(expense)	54	(54)	-	-	-	-	-	-
Insurance operating result	**1,083**	**138**	**(1,221)**	-	-	-	-	-
Analysed as:								
Gross written premium	-	**14,729**	-	**14,729**	-	**14,729**	-	**14,729**
Gross earned premium	-	13,838	-	13,838	-	13,838	-	13,838
Reinsurance expense	-	(5,512)	-	(5,512)	-	(5,512)	-	(5,512)
Net earned premium	-	**8,326**	-	**8,326**	-	**8,326**	-	**8,326**
Net claims expense	-	(5,315)	-	(5,315)	9	(5,306)	(560)	(5,866)
Commission expense	-	(1,141)	381	(760)	-	(760)	-	(760)
Administration expense	-	(2,008)	840	(1,168)	-	(1,168)	-	(1,168)
Underwriting profit/(loss)	-	**(138)**	**1,221**	**1,083**	**9**	**1,092**	**(560)**	**532**
Investment income on assets backing insurance liabilities, net of expenses	271	-	-	271	-	271	-	271
Insurance profit	**1,354**	-	-	**1,354**	**9**	**1,363**	**(560)**	**803**
Net corporate expense	(23)	-	-	(23)	-	(23)	560	537
Net other operating income	14	-	-	14	-	14	-	14
Profit before income tax	**1,345**	-	-	**1,345**	**9**	**1,354**	-	**1,354**
Income tax expense for the year	(426)	-	-	(426)	(3)	(429)	-	(429)
Profit for the year	**919**	-	-	**919**	**6**	**925**	-	**925**
Non-controlling interests	(94)	-	-	(94)	1	(93)	-	(93)
Profit attributable to shareholders of the Parent	**825**	-	-	**825**	**7**	**832**	-	**832**

1 Re-presents the AASB17 results reclassified to be consistent with the management presentational basis.

Reconciliation of the Statutory to Management re-presentation

Additionally, a reconciliation of the re-presentation from Management to Statutory view has been provided below to assist the users of the financial statements in understanding the remapping impact of *AASB 17* adoption.

	Net earned premium		Net claims expense		Commission expense		Administration expense		Investment income[1]		Statutory Total	
For the year ended 30 June	2024 $m	2023 $m	2024 $m	2023 $m	2024 $m	2023 $m	2024 $m	2023 $m	2024 $m	2023 $m	2024 $m	2023 $m
Insurance revenue	15,425	13,838	-	-	-	-	-	-	-	-	15,425	13,838
Insurance service expense	-	-	(9,267)	(8,891)	(1,284)	(1,141)	(2,225)	(2,008)	-	-	(12,776)	(12,040)
Reinsurance held expense	(6,181)	(5,512)	3,985	3,271	-	-	-	-	-	-	(2,196)	(2,241)
Reinsurance held income	-	-	(640)	387	423	381	919	840	-	-	702	1,608
Insurance service result	**9,244**	**8,326**	**(5,922)**	**(5,233)**	**(861)**	**(760)**	**(1,306)**	**(1,168)**	**-**	**-**	**1,155**	**1,165**
Net insurance finance income/(expense)	-	-	(173)	(82)	-	-	-	-	-	-	(173)	(82)
Insurance operating result	**9,244**	**8,326**	**(6,095)**	**(5,315)**	**(861)**	**(760)**	**(1,306)**	**(1,168)**	**-**	**-**	**982**	**1,083**
Investment income[1]	-	-	-	-	-	-	-	-	456	271	456	271
Insurance profit	**9,244**	**8,326**	**(6,095)**	**(5,315)**	**(861)**	**(760)**	**(1,306)**	**(1,168)**	**456**	**271**	**1,438**	**1,354**

1 On assets backing insurance liabilities, net of expenses.

Key Metrics

Key results	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**	FY24 vs FY23 $m
Net profit/(loss) after tax	468	364	407	**491**	832	**898**	+7.9%
Insurance profit	350	453	614	**824**	803	**1,438**	+79.1%
Gross written premium (GWP)	7,061	7,668	7,947	**8,453**	14,729	**16,400**	+11.3%
Net earned premium (NEP)	4,113	4,213	4,496	**4,748**	8,326	**9,244**	+11.0%
Reported insurance margin	8.5%	10.8%	13.7%	**17.4%**	9.6%	**15.6%**	+600bps
Underlying insurance margin	10.7%	14.6%	13.7%	**15.3%**	12.6%	**14.5%**	+190bps
Earnings per share (cents per share)	19.02	14.86	16.77	**20.57**	33.92	**37.31**	+10.0%
Diluted earnings per share (cents per share)	17.62	14.03	16.21	**20.09**	32.20	**36.24**	+12.5%
Return on equity (ROE)	14.7%	11.0%	12.2%	**14.6%**	13.0%	**13.5%**	+50bps
Cash earnings	223	229	415	**490**	452	**905**	+100.2%
Cash earnings per share (cents per share)	9.07	9.35	17.10	**20.55**	18.41	**37.62**	+104.3%
Diluted cash earnings per share (cents per share)	8.92	9.34	16.50	**20.07**	18.40	**36.52**	+98.5%
Cash return on equity (ROE)	7.0%	6.9%	12.4%	**14.6%**	7.0%	**13.6%**	+660bps
Dividend (cents per share)	6.00	9.00	10.00	**17.00**	15.00	**27.00**	+80%
Prescribed Capital Amount (PCA) multiple	2.01	1.92	2.07	**2.23**	1.92	**2.23**	+31pts
Common Equity Tier 1 Capital (CET 1) multiple	1.11	1.12	1.16	**1.27**	1.12	**1.27**	+15pts
Net tangible assets per ordinary share	1.20	1.24	1.21	**1.22**	1.24	**1.22**	-1.6%

The Group's profit after tax for the full year was $898 million (FY23: $832 million). This result was driven by:

- a $635 million increase in pre-tax insurance profit to $1,438 million (FY23: $803 million), driven by an 11% increase in net earned premiums and a 190bps improvement in the underlying insurance margin;
- an absence of a release from the provision for business interruption claims recorded under net corporate expense, compared with a release in FY23 ($560 million pre-tax); and
- a higher investment income on shareholders' funds of $286 million (FY23: $212 million).

Directors' report (continued)

The insurance profit was $1,438 million (FY23: $803 million) which equates to a reported insurance margin of 15.6% (FY23: 9.6%). The reported insurance profit included net natural perils experience $115 million below allowance, a net strengthening of prior year reserves of $58 million and a $44 million positive impact from the narrowing of credit spreads.

The underlying insurance margin of 14.5% was 190bps higher than FY23. This reflects a combination of influences including the 11% increase in net earned premiums, a reduced underlying claims ratio and a higher investment yield on technical reserves, partially offset by an increase in the natural peril allowance. The underlying insurance margin in 2H24 of 15.3% was an improvement compared to both the two prior halves (1H24: 13.7%, 2H23: 14.6%).

Detailed Management Profit & Loss and Ratios

Group Results	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Gross written premium	7,061	7,668	7,947	**8,453**	14,729	**16,400**
Gross earned premium	6,853	6,985	7,550	**7,875**	13,838	**15,425**
Reinsurance expense	(2,740)	(2,772)	(3,054)	**(3,127)**	(5,512)	**(6,181)**
Net earned premium	4,113	4,213	4,496	**4,748**	8,326	**9,244**
Net claims expense	(2,911)	(2,955)	(3,108)	**(2,987)**	(5,866)	**(6,095)**
Commission expense	(366)	(394)	(418)	**(443)**	(760)	**(861)**
Administration expense	(575)	(593)	(646)	**(660)**	(1,168)	**(1,306)**
Underwriting profit/(loss)	261	271	324	**658**	532	**982**
Investment income on technical reserves	89	182	290	**166**	271	**456**
Insurance profit/(loss)	350	453	614	**824**	803	**1,438**
Net corporate expense	353	184	(7)	**-**	537	**(7)**
Interest	(64)	(81)	(85)	**(100)**	(145)	**(185)**
Profit/(loss) from fee-based business	(14)	(23)	(12)	**(24)**	(37)	**(36)**
Share of profit/(loss) from associates	(8)	(5)	-	**-**	(13)	**-**
Investment income on shareholders' funds	72	140	147	**139**	212	**286**
Profit/(loss) before income tax and amortisation	689	668	657	**839**	1,357	**1,496**
Income tax expense	(213)	(216)	(201)	**(257)**	(429)	**(458)**
Profit/(loss) after income tax (before amortisation)	476	452	456	**582**	928	**1,038**
Non-controlling interests	(6)	(87)	(46)	**(89)**	(93)	**(135)**
Profit/(loss) after income tax and non-controlling interests (before amortisation)	470	365	410	**493**	835	**903**
Amortisation and impairment	(2)	(1)	(3)	**(2)**	(3)	**(5)**
Profit/(loss) attributable to IAG shareholders	468	364	407	**491**	832	**898**
Insurance Ratios	1H23	2H23	1H24	**2H24**	FY23	**FY24**
Loss ratio	70.8%	70.1%	69.1%	**62.9%**	70.5%	**65.9%**
Immunised loss ratio	72.1%	71.2%	68.5%	**63.7%**	71.6%	**66.0%**
Expense ratio	22.9%	23.5%	23.7%	**23.2%**	23.1%	**23.4%**
Commission ratio	8.9%	9.4%	9.3%	**9.3%**	9.1%	**9.3%**
Administration ratio	14.0%	14.1%	14.4%	**13.9%**	14.0%	**14.1%**
Combined ratio	93.7%	93.6%	92.8%	**86.1%**	93.6%	**89.3%**
Immunised combined ratio	95.0%	94.7%	92.2%	**86.9%**	94.7%	**89.4%**
Reported insurance margin	8.5%	10.8%	13.7%	**17.4%**	9.6%	**15.6%**
Underlying insurance margin	10.7%	14.6%	13.7%	**15.3%**	12.6%	**14.5%**

Premiums

The Group's reported FY24 GWP of $16,400 million increased by 11.3% on the prior corresponding period (FY23: $14,729 million). Divisional premium trends are as follows:

Direct Insurance Australia (DIA)

Growth of 12.8% to $7,490 million (FY23: $6,640 million) was achieved in DIA:

- Personal short tail GWP grew 14.4% to $6,501 million, driven by rate increases to address claims inflation and higher natural perils and reinsurance costs. Renewal rates were marginally lower compared to FY23, at slightly below 90% for motor and above 90% for home.
  - Motor GWP increased by 13.2% to $3,711 million, with ~15% rate increases being partly offset by slightly lower volumes.
  - Home GWP rose by 16.2% to $2,627 million, with strong rate increases of ~17% also partly offset by slightly lower volumes.
- IAG's pricing engine, Earnix was deployed in the Eastern states for NRMA Insurance new business from April 2024. It has been in place for both NRMA Insurance & RACV renewal pricing in motor and property products in the Eastern states since September 2023. Results have already shown benefits from improved mix due to better targeted risk selection.
- Long tail (CTP) GWP increased by 1.0% to $743 million mainly driven by higher average premium in NSW and higher volume growth in ACT. These were partially offset by lower volumes in South Australia.
- The focus for Direct SME remains on ensuring propositions are simple and relevant for targeted industries. Investment in the NRMA Insurance brand continues to deliver volume growth through digital channels with overall GWP increasing 10.8% to $246 million.

Intermediated Insurance Australia (IIA)

Growth of 6.4% to $5,114 million (FY23: $4,805 million) was achieved in IIA:

- Commercial short-tail GWP increased 4.6% to $2,527 million, with growth in commercial motor and property being offset by a reduction in crop premiums.
- Commercial long-tail GWP declined by 6.8% to $1,130 million with FY23 including the impact of workers' compensation multi-year policies ($86 million). Normalising for this, underlying GWP growth was flat with strong wage and volume growth in workers' compensation offset by a decline in liability following underwriting actions.
- Personal lines GWP grew by 23.7% to $1,457 million, including ~$210 million of premium associated with the new distribution partnership between CGU and ANZ for home, landlord and motor insurance products for ANZ's retail banking customers.

New Zealand

Growth of 15.6% to $3,796 million (FY23: $3,284 million) was achieved in New Zealand. In local currency terms, underlying growth (excluding the impact of premium processing changes and customer remediation) of 15.0% to NZ$4,126 million was achieved:

- NZI, the broker intermediated channel, grew underlying local currency GWP by 10.8% to NZ$1,856 million.
  - Solid rate-driven premium growth of around 10% across commercial property and commercial motor was partially offset by lower volumes as the business continues to exercise disciplined underwriting and pricing strategies.
  - Personal lines delivered strong premium growth driven by higher rates across all portfolios, partially offset by lower volumes following a small drop in renewal rates.
- Direct underlying local currency GWP saw growth of 18.4% to NZ$1,704 million.
  - The key personal lines portfolios experienced strong growth with average premium increases over 20% across the private motor and home portfolios, partially offset by slightly lower volumes.
  - Renewal rates have reduced slightly but remain over 90% in home and motor portfolios.
  - New business has improved in both home and motor portfolios.
- The bank partner distribution channel underlying local currency GWP grew by 20.3% to NZ$566 million.
  - The key personal lines portfolios delivered strong growth with average premium increases over 20%, partly offset by lower volumes.
  - Renewal rates in the home owner and private motor portfolios have modestly declined, while the home contents portfolio has remained flat.
  - New business growth has improved compared to FY23.

Directors' report (continued)

Insurance margin

The underlying insurance margin is the reported insurance margin adjusted for prior year reserve releases or strengthening, natural perils claim costs above or below related allowances and credit spread gains or losses.

Insurance margin impacts – Group	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Reported insurance profit	350	453	614	**824**	803	**1,438**
Reserve releases/(strengthening)	(48)	11	(59)	**1**	(37)	**(58)**
Natural perils	(524)	(682)	(521)	**(462)**	(1,206)	**(983)**
Natural peril allowance	454	455	549	**549**	909	**1,098**
Credit spreads	29	56	31	**13**	85	**44**
Underlying insurance profit	439	613	614	**723**	1,052	**1,337**
Reported insurance margin	8.5%	10.8%	13.7%	**17.4%**	9.6%	**15.6%**
Reserve releases/(strengthening)	(1.2%)	0.3%	(1.3%)	**0.0%**	(0.4%)	**(0.6%)**
Natural perils	(12.7%)	(16.2%)	(11.6%)	**(9.7%)**	(14.5%)	**(10.6%)**
Natural peril allowance	11.0%	10.8%	12.2%	**11.6%**	10.9%	**11.9%**
Credit spreads	0.7%	1.3%	0.7%	**0.3%**	1.0%	**0.5%**
Underlying insurance margin	10.7%	14.6%	13.7%	**15.3%**	12.6%	**14.5%**

The increase in underlying margin from 12.6% in FY23 to 14.5% in FY24 reflects a combination of influences. On the positive side, this included:

- a 200bps decrease in the underlying claims ratio due to the 11% increase in net earned premiums and efficient claims management initiatives; and
- an increase in the underlying investment yield on technical reserves to ~5.7% (FY23: ~4.3%).

These positive factors were partially offset by:

- a ~20% increase in the natural perils allowance from $909 million to $1,098 million. The original FY24 natural perils allowance of $1,147 million was revised to $1,098 million reflecting IAG entering the Cyclone Reinsurance Pool and additional reinsurance coverage. The revised natural perils allowance had no impact on the FY24 underlying margin as there is a corresponding increase in reinsurance costs.
- an increase in the expense ratio of 30bps reflecting a mix-driven increase in commission and levies.

The FY24 reported insurance profit of $1,438 million, equated to a 15.6% reported insurance margin (FY23: 9.6%). In addition to the underlying margin influences outlined above, this included:

- positive natural perils experience $115 million below the allowance, compared to unfavourable experience of nearly $300 million in FY23;
- a $58 million impact from strengthening prior year reserves, compared to a strengthening of $37 million in FY23; and
- a favourable impact from the narrowing of credit spreads of $44 million (FY23: $85 million).

Divisional insurance margins

Divisional insurance margins	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Direct Insurance Australia						
Insurance profit / (loss)	167	384	248	**406**	551	**654**
Underlying insurance profit	247	351	333	**381**	598	**714**
Reported insurance margin	8.9%	20.0%	11.9%	**18.4%**	14.5%	**15.2%**
Underlying insurance margin	13.2%	18.2%	15.9%	**17.3%**	15.7%	**16.6%**
Intermediated Insurance Australia						
Insurance profit / (loss)	49	160	162	**166**	209	**328**
Underlying insurance profit	76	133	135	**146**	209	**281**
Reported insurance margin	3.6%	11.8%	11.4%	**11.1%**	7.7%	**11.2%**
Underlying insurance margin	5.7%	9.8%	9.5%	**9.8%**	7.7%	**9.6%**
New Zealand						
Insurance profit / (loss)	136	(92)	204	**253**	44	**457**
Underlying insurance profit	118	128	146	**197**	246	**343**
Reported insurance margin	15.2%	(9.9%)	20.8%	**24.0%**	2.4%	**22.5%**
Underlying insurance margin	13.2%	13.8%	14.9%	**18.7%**	13.5%	**16.9%**

DIA reported an insurance profit of $654 million in FY24 (FY23: $551 million) and a reported insurance margin of 15.2% (FY23: 14.5%). This included an improvement in the underlying insurance margin to 16.6% (FY23: 15.7%) supported by higher net earned premium and an improved underlying loss ratio, partly offset by prior year perils as disclosed in 1H24 and lower credit spread gains.

IIA delivered an insurance profit of $328 million in FY24 (FY23: $209 million), exceeding the target of at least $250 million in FY24. This was underpinned by a significant improvement in underlying insurance margin to 9.6% (FY23: 7.7%) as a result of earned premium growth, a lower underlying loss ratio due to portfolio and claims actions, and higher investment income. The reported result also featured prior year net reserve releases and a benefit from credit spreads narrowing. Achievement of IIA's $250 million insurance profit target reflected a focus on underwriting discipline and operational efficiency. This positions the division well to now focus on targeted growth in profitable segments, while continuing to improve margin in underperforming portfolios.

New Zealand delivered an insurance profit of $457 million in FY24, well above the $44 million in FY23 which was impacted by Auckland floods and Cyclone Gabrielle . The reported insurance margin of 22.5% (FY23: 2.4%) reflected the significantly lower perils experience and the higher underlying insurance margin of 16.9% (FY23: 13.5%), due to a combination of higher earned premium income, benefits of claims and supply chain initiatives delivering a lower underlying loss ratio and higher investment income.

Reinsurance expense

The total reinsurance expense includes the cost of all covers purchased, including catastrophe, casualty, facultative and proportional protection.

Reinsurance Expense	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Quota-share reinsurance expense	2,325	2,362	2,553	**2,652**	4,687	**5,205**
Non quota-share reinsurance expense	415	410	501	**475**	825	**976**
Total reinsurance expense	2,740	2,772	3,054	**3,127**	5,512	**6,181**

Quota share-related reinsurance expense of $5,205 million (FY23: $4,687 million) increased 11%, broadly in line with gross earned premium growth.

Non-quota share reinsurance expense increased by 18% to $976 million (FY23: $825 million) reflecting an increased cost for the main catastrophe reinsurance program, costs associated with entering into the Cyclone Reinsurance Pool and the adverse development cover, announced in June 2024, protecting long-tail reserves. In addition, in the first half of FY24, reinsurance reinstatement costs of $65 million were incurred following the New Zealand events earlier in the 2023 calendar year.

Claims

IAG's immunised underlying loss ratio, which reflects trends in underlying or working claims, was 54.7% in FY24, a 200bps decrease on the 56.7% in FY23. This ratio excludes all prior year reserve releases or strengthening, natural perils costs and discount rate adjustments.

Immunised loss ratio – Group	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Reported net claims expense	2,911	2,955	3,108	**2,987**	5,866	**6,095**
Discount rate adjustment	53	45	(28)	**37**	98	**9**
Reserving and perils effects	(572)	(671)	(580)	**(461)**	(1,243)	**(1,041)**
Immunised underlying net claims expense	2,392	2,329	2,500	**2,563**	4,721	**5,063**
Reported loss ratio	70.8%	70.1%	69.1%	**62.9%**	70.5%	**65.9%**
Discount rate adjustment	1.3%	1.1%	(0.6%)	**0.8%**	1.1%	**0.1%**
Reserving and peril effects	(13.9%)	(15.9%)	(12.9%)	**(9.7%)**	(14.9%)	**(11.3%)**
Immunised underlying loss ratio	58.2%	55.3%	55.6%	**54.0%**	56.7%	**54.7%**

Divisional underlying claims trends

Immunised loss ratio – Direct Insurance Australia	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Reported net claims expense	1,443	1,300	1,605	**1,500**	2,743	**3,105**
Discount rate adjustment	18	15	(9)	**12**	33	**3**
Reserving and perils effects	(311)	(217)	(374)	**(259)**	(528)	**(633)**
Immunised underlying net claims expense	1,150	1,098	1,222	**1,253**	2,248	**2,475**
Reported loss ratio	77.0%	67.6%	76.8%	**68.1%**	72.2%	**72.3%**
Discount rate adjustment	1.0%	0.7%	(0.4%)	**0.5%**	0.9%	**0.1%**
Reserving and peril effects	(16.6%)	(11.2%)	(17.9%)	**(11.8%)**	(13.9%)	**(14.7%)**
Immunised underlying loss ratio	61.4%	57.1%	58.5%	**56.9%**	59.2%	**57.6%**

Directors' report (continued)

DIA's immunised underlying loss ratio was 57.6% in FY24 compared to 59.2% in FY23, which reflects the net effect of a few key factors:

- Over 12% increase in Gross Earned Premium following double-digit premium increases;
- Softening motor inflation, falling to a mid-to-high single digit increase. With agreed values lagging, total loss claims and high third-party costs continue to remain elevated, mitigated by improving supply chain network and repair capacity;
- Motor collision claims frequency below FY23 benefiting from claims initiatives, higher excess levels and pricing actions; and
- Low double digit inflation in home claim costs driven by greater severity of water and large fire claims.

Immunised loss ratio – Intermediated Insurance Australia	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Reported net claims expense	916	834	933	**919**	1,750	**1,852**
Discount rate adjustment	29	29	(17)	**25**	58	**8**
Reserving and perils effects	(205)	(162)	(173)	**(173)**	(367)	**(346)**
Immunised underlying net claims expense	740	701	743	**771**	1,441	**1,514**
Reported loss ratio	68.0%	61.4%	65.5%	**61.6%**	64.7%	**63.5%**
Discount rate adjustment	2.2%	2.1%	(1.2%)	**1.7%**	2.1%	**0.3%**
Reserving and peril effects	(15.3%)	(11.9%)	(12.1%)	**(11.6%)**	(13.6%)	**(11.9%)**
Immunised underlying loss ratio	54.9%	51.6%	52.2%	**51.7%**	53.2%	**51.9%**

IIA's immunised underlying loss ratio was 51.9%, a 130bps improvement compared to 53.2% recorded in FY23. The underlying claims performance included the net effect of various factors:

- Over 8% increase in Gross Earned Premium from earn-through of rate increases;
- Improvement across long-tail classes through a combination of active portfolio management and reduced claim frequency;
- Delivery of claims initiative benefits including improved closure rates and recoveries, and reduced leakage and fraud; partially offset by
- Adverse large loss experience predominantly in 1H24.

Immunised loss ratio – New Zealand	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**
Reported net claims expense	551	822	570	**567**	1,373	**1,137**
Discount rate adjustment	6	1	(2)	**-**	7	**(2)**
Reserving and perils effects	(56)	(292)	(33)	**(29)**	(348)	**(62)**
Immunised underlying net claims expense	501	531	535	**538**	1,032	**1,073**
Reported loss ratio	61.7%	88.3%	58.1%	**53.8%**	75.3%	**55.9%**
Discount rate adjustment	0.7%	0.1%	(0.2%)	**0.0%**	0.4%	**(0.1%)**
Reserving and peril effects	(6.3%)	(31.4%)	(3.4%)	**(2.8%)**	(19.1%)	**(3.0%)**
Immunised underlying loss ratio	56.1%	57.0%	54.5%	**51.0%**	56.6%	**52.8%**

New Zealand experienced a lower immunised underlying loss ratio of 52.8% in FY24 (FY23: 56.6%), comprising:

- Nearly 15% increase in Gross Earned Premium following double-digit premium increases;
- Lower motor frequency levels compared to prior year;
- Benefits from claims and supply chain initiatives, including expansion of the Repairhub network, supply chain efficiencies and improved closure rates; partially offset by
- High-single digit home claims inflation driven by higher labour and materials costs;
- Mid-single digit motor claims inflation driven by higher parts costs; and
- Increased severity of large (greater than NZ$100,000) home fire claims.

Reserve releases/strengthening

Prior period reserve strengthening of $58 million occurred in FY24, an increase from $37 million in FY23. This was largely confined to 1H24 where adverse claim development in short-tail classes resulted from inflation-driven increases in claims settlement costs, particularly for prior period natural peril events. This was partially offset by a reduction in the onerous contract liability. 2H24 saw a modest prior period reserve release of $1 million.

The net prior period reserve strengthening of $58 million in FY24 comprised $78 million in DIA and releases of $11 million in IIA and $9 million in New Zealand.

Natural perils

Net natural perils claims costs in FY24 were $983 million (FY23: $1,206 million). This was below the $1,098 million allowance for the period, with the major events listed in the table below. Generally favourable conditions in 2H24 saw net perils costs for the period of $462 million, significantly lower than the related allowance of $549 million, with the largest event being the QLD/NSW and South Island (New Zealand) rain event in April 2024.

FY24 Net natural perils costs by event	$m
Gympie/Maryborough giant hail, SA/NSW heavy rain (November 2023)	51
NSW/QLD/VIC Christmas hail and thunderstorms (December 2023)	162
Canberra hail and NSW/QLD thunderstorms (December 2023)	41
Active trough South East Australia (Brisbane) (December 2023)	30
Tropical cyclone Jasper (December 2023)	26
Central Australia heat low and Victorian floods (January 2024)	23
South Eastern Australia severe thunderstorms (January 2024)	22
Melbourne thunderstorms wind and hail (February 2024)	67
QLD/NSW and South Island (New Zealand) rain (April 2024)	81
Eastern North Island (Wairoa) rain and flooding (New Zealand) (June 2024)	16
Other events (<$15m)	464
Total	**983**

Expenses

Administration expenses of $1,306 million increased 11.8% predominantly due to additional investments in digital and technology and an increase in levies. The levies increase of 16.9% reflects a significant increase in the NSW gazetted Emergency Services Levy contribution target. The administration ratio increased from 14.0% in FY23 to 14.1% in FY24. On an ex-levies basis, the ratio was flat at 11.9% in FY24 (FY23: 11.9%).

Commission expenses of $861 million increased 13.3% due to the top-line growth and business mix changes, including the addition of the ANZ portfolio in IIA as part of the new CGU Insurance and ANZ distribution partnership. The increase in the commission ratio to 9.3% in FY24 (FY23: 9.1%) reflects the business mix change.

Expenses	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**	FY24 vs FY23 Mvt
Administration expense	575	593	646	**660**	1,168	**1,306**	11.8%
Commission expense	366	394	418	**443**	760	**861**	13.3%
Total net expenses	941	987	1,064	**1,103**	1,928	**2,167**	12.4%

Administration Expenses	1H23 $m	2H23 $m	1H24 $m	**2H24 $m**	FY23 $m	**FY24 $m**	FY24 vs FY23 Mvt
Administration expense	575	593	646	**660**	1,168	**1,306**	11.8%
Levies	77	92	99	**108**	177	**207**	16.9%
Administration expense ex levies	498	501	547	**552**	991	**1,099**	10.9%
Administration expense ex levies ratio	12.1%	11.9%	12.2%	**11.6%**	11.9%	**11.9%**	0.0%

The 10.9% increase in administration expense ex levies in FY24 was a function of the broader inflationary environment. It also included higher amortisation of technology and system investment across IAG's Enterprise Platform as part of an ongoing program to transform IAG's capacity to meet the needs of customers. This includes investments in automation and artificial intelligence to increase operational efficiency. Other additional project impacts include the Commercial Enablement program, entry into the Cyclone Reinsurance Pool and additional costs relating to cyber and data security.

Net investment income/loss on assets backing insurance liabilities

Net investment income on technical reserves contributed $456 million in FY24 (FY23: $271 million). Key components of the investment return in FY24 were:

- an underlying yield of $421 million representing an annualised return of approximately 5.7%;
- $44 million in gains from a net narrowing in credit spreads; and
- a modest negative impact of $9 million from the movement in risk free rates.

The portfolio is aligned with the average weighted duration of IAG's claims liability, of around two years.

Directors' report (continued)

Net corporate expense

Net corporate expense was $7 million in FY24, compared to a $537 million benefit in FY23 which included the $560 million pre-tax reduction in the provision for business interruption related claims and a $20 million charge for lease impairment.

The $7 million in FY24 relates to a New Zealand lease impairment charge resulting from property optimisation in 1H24, with no additional impact in 2H24.

Fee-based business

Fee-based business costs of $36 million in FY24 (FY23: $37 million) largely reflects Motorserve's car servicing loss ($20 million) and the loss from Carbar ($6 million) prior to its sale. In addition it included investment in new businesses aligned with IAG's strategy, focusing on advanced technologies, data asset capabilities, innovation and mobility initiatives, including development costs for Cylo, a specialist underwriting agency dedicated to providing cyber solutions, of approximately $6 million.

Net investment income on shareholders' funds

Net investment income on shareholders' funds was a profit of $286 million in FY24, compared to a profit of $212 million in FY23, reflecting:

- a return of $219 million from fixed interest and cash (FY23: $109 million);
- a return of $88 million from equities (FY23: $54 million);
- a return of $53 million from alternatives (FY23: $46 million); and
- a decline of $74 million largely attributable to the loss on sale of IAG's investment in Carbar ($33 million), the fair value movement of the ventures fund ($22 million) and the write down of Motorserve ($10 million).

At 30 June 2024, the weighting to defensive assets (fixed interest and cash) in the shareholders' funds was 75%, compared to 76% at 31 December 2023.

IAG's investment processes for its equity portfolios aim to restrict exposure to companies with poor environmental management and high levels of negative environmental impact (which the companies are not acting to improve) as well as encourage investment in companies that are providing solutions to sustainability challenges (within certain parameters).

Tax expense

IAG reported a tax expense of $458 million in FY24, a modest increase on the $429 million in FY23. IAG's effective tax rate (pre-amortisation and impairment) was approximately 31%. The difference between the effective tax rate and the Australian corporate rate of 30% is predominantly due to the non-deductible impact of capital note payments.

Non-controlling interests

Profit after tax attributable to non-controlling interests in FY24 was $135 million (FY23: $93 million).

Non-controlling interests are principally represented by RACV's 30% interest in Insurance Manufacturers of Australia Pty Limited (IMA), whose short-tail business lines in NSW, Victoria and the ACT form a significant part of DIA. IMA posted a higher profit in FY24 owing to higher underlying profitability, which contributed to DIA's reported insurance margin increasing to 15.2% in FY24 from 14.5% in FY23.

Acquired intangible amortisation and impairment

Amortisation and impairment expense of $5 million was recorded in FY24 compared to $3 million in FY23.

Net profit/(loss) after tax and earnings per share (EPS)

Net profit after tax of $898 million (FY23: $832 million) represents a basic EPS of 37.31 cents (FY23: 33.92 cents) and diluted EPS of 36.24 cents (FY23: 32.20 cents).

Diluted EPS calculations were based on 2,784 million shares, which includes the potential equity issuance from hybrid and debt conversion.

During the year, IAG completed an on-market share buy-back of $350 million originally announced in October 2022, and completed a further on-market share buy-back of $200 million announced in February 2024. These resulted in over 70 million shares being bought back over FY24.

Cash earnings

Cash earnings of $905 million are up 100% (FY23: $452 million). Cash earnings reflect the net profit after tax adjusted for acquired intangible assets and unusual items. Unusual items in FY24 primarily relates to the New Zealand lease impairment charge.

Cash earnings	FY24 $m
Net profit after tax	**898**
Acquired intangible amortisation and impairment	5
Net corporate expense	7
Tax effect on corporate expenses	(5)
Cash earnings	**905**

Cash EPS in FY24 was 37.62 cents (FY23: 18.41 cents). Diluted cash EPS in FY24 was 36.52 cents (FY23: 18.40 cents).

Dividends

The Board has determined to pay a final dividend of 17.0 cents per share, franked to 50% (2023 final dividend: 9.0 cents per share, franked to 30%). The final dividend is payable on 26 September 2024 to shareholders registered as at 5pm Australian Eastern Standard Time (AEST) on 30 August 2024.

This brings the full year dividend to 27.0 cents per share, which equates to a payout ratio of approximately 72% of reported net profit after tax (NPAT) excluding the after-tax impact from releases from the business interruption claim provision. IAG's dividend policy is to pay out 60% to 80% of NPAT excluding the after-tax impact from releases from the business interruption claim provision.

As at 30 June 2024, IAG had approximately $388 million franking balance on a consolidated basis. The Company currently has approximately $35 million franking credits available for distribution.

The dividend reinvestment plan (DRP) will operate for the final dividend for DRP-registered shareholders as at 5pm AEST on 2 September 2024. The issue price per share will be the Average Market Price as defined in the DRP terms, with no discount for participants. Shares allocated under the DRP are likely to be purchased on-market. Information about IAG's DRP is available on our website at www.iag.com.au in the Shareholder Centre section.

FY25 Guidance and outlook

IAG's confidence in the underlying business is reflected in guidance for FY25 which includes:

- GWP growth of 'mid-to-high single digit'. This assumes premium increases to cover ongoing claims inflation and the increased natural perils allowance combined with direct customer and volume growth.
- Reported insurance profit guidance of $1,400 million to $1,600 million, equating to a reported insurance margin of 13.5% to 15.5% and assumes:
  - continued momentum in the underlying performance of IAG's businesses;
  - a natural peril allowance of $1,283 million;
  - no material prior period reserve releases or strengthening; and
  - no material movement in macro-economic conditions including foreign exchange rates or investment markets.

This FY25 guidance aligns to IAG's targets to deliver a 15% reported insurance margin and a reported ROE of 14% to 15% on a 'through the cycle' basis.

These targets are subject to assumptions and dependencies, including that there are no material adverse developments in macro-economic conditions and disruptions or events beyond IAG's control. As they span a number of years, these assumptions and dependencies have a greater level of uncertainty than the FY25 guidance. Refer to the forward looking statements and other representations disclaimer on page 175 of this report.

Review of financial condition

A. Financial position

Total assets of the Group as at 30 June 2024 were $25,617 million compared to $25,087 million as at 30 June 2023. Movements within the net increase of $530 million include:

- $1,083 million increase in investments, driven by increases in cash and cash equivalents, corporate bonds and notes, and subordinated securities;
- $891 million decrease in reinsurance contract held assets (refer to Note 2.2.3), as a result of lower reinsurance recoveries, with no new catastrophe events eligible for recoveries from the Group catastrophe program;
- $303 million increase in trade and other receivables, driven by an increase in investment-related receivables; and
- $209 million decrease in deferred tax assets, driven by the utilisation of all prior year tax losses within IAG New Zealand and utilisation of Group tax losses.

The total liabilities of the Group as at 30 June 2024 were $18,500 million compared with $18,030 million as at 30 June 2023. Movements within the net increase in liabilities of $470 million include:

- $271 million increase in trade and other payables, driven by an increase in trust distributions payable, and an increase in investment creditors related to timing differences of unsettled trades at the end of the reporting period;
- $315 million decrease in insurance contract liabilities (refer to Note 2.2.1), split across both the liability for incurred claims, and liability for remaining coverage;
- $360 million net increase in interest-bearing liabilities predominantly attributable to the issuance of $400 million of subordinated notes in November 2023 and $350 million of capital notes in March 2024, and redemption of $350 million of subordinated term notes in June 2024; and
- $83 million increase in provisions, predominantly driven by an increase in employee benefits related to short term incentives.

IAG shareholders' equity (excluding non-controlling interests) increased from $6,653 million as at 30 June 2023 to $6,660 million as at 30 June 2024, mainly reflecting the combined effect of:

- current year net profit attributable to shareholders of $898 million;
- $460 million payments in respect of the 2023 final dividend and 2024 interim dividend; and
- the on-market share buy-back of $228 million completed in 1H24 and the on-market share buy-back of $200 million completed in 2H24 (including transaction costs).

B. Cash from operations

The net cash inflows from operating activities for the year ended 30 June 2024 were $1,800 million compared with $452 million for the prior corresponding year. The movement is mainly attributable to the net effect of:

- $1,349 million increase in premiums received, largely reflecting the period-on period premium growth;
- $788 million increase in reinsurance held recoveries received primarily due to the significant recoveries on prior period events; partially offset by
- $341 million increase in reinsurance held premium paid driven by the increased amount ceded to whole-of account quota share partners in line with GWP growth; and
- $466 million increase in claims and other expenses paid largely attributable to the settlement of claims of prior period events (Auckland Flooding and Cyclone Gabrielle).

C. Investments

The Group's investments at 30 June 2024 totalled $12,905 million compared to $11,822 million at 30 June 2023. The increase reflected the combined effect of:

- investment earnings in the period;
- net proceeds from the issuance of $350 million Capital notes;
- payment of dividends and the on-market share buy-backs; and
- operational changes in the period.

IAG's overall investment allocation is defensively positioned, with nearly 90% of total investments in fixed interest and cash as at 30 June 2024. IAG applies distinct investment strategies to its two pools of investment assets:

- technical reserves, which back insurance liabilities, are wholly invested in fixed interest and cash; and
- a more diversified approach is taken to shareholders' funds, comprising a mix of fixed interest and cash, and growth assets (equities and alternatives).

IAG's allocation to growth assets (equities and alternatives) was approximately 25% of shareholders' funds at 30 June 2024 (28% as at 30 June 2023).

D. Capital mix and position

Under the Australian Prudential Regulation Authority's (APRA) Prudential Standards, IAG's Common Equity Tier 1 (CET1) capital was $3,364 million (FY23: $2,955 million) and total regulatory capital was $5,879 million (FY23: $5,073 million) at 30 June 2024. IAG has set the following related targeted benchmarks:

- a CET1 target range of 0.9 to 1.1 times the PCA, compared to a regulatory requirement of a minimum of 0.6 times; and
- a total capital position equivalent to 1.6 to 1.8 times the PCA, compared to a regulatory requirement of a minimum of 1.0 times.

At 30 June 2024, IAG had a CET1 multiple of 1.27 (FY23: 1.12) and a PCA multiple of 2.23 (FY23: 1.92).

Given the strength of IAG's capital position, IAG has announced an additional on-market share buy-back of up to $350 million on 21 August 2024.

In December 2023, Standard & Poor's (S&P) upgraded the long-term financial strength and issuer credit ratings on IAG's core entities to 'AA' from 'AA-' based on its revised criteria for analysing insurers' risk-based capital. The issuer credit rating on the non-operating holding company, Insurance Australia Group Limited was upgraded to 'A+' from 'A'. The outlook on all entities is stable.

Strategy and risk management

A. Strategy

Helping customers manage risk has been IAG's business for over 160 years, forming the heart of IAG's purpose, to make your world a safer place.

IAG's trusted brands, established supply chain, deep data assets and financial strength are key attributes, providing competitive advantage.

IAG's long term objective remains: the delivery of top quartile Total Shareholder Return, with a sustainable growth profile. To realise this, IAG has set its strategy to 'create a stronger, more resilient IAG'.

Four strategic pillars provide focus, inform IAG's operating model and underpin IAG's strategy:

- Grow with our customers
- Build better businesses
- Create value through digital
- Manage our risks

IAG's strategy balances strengthening the fundamentals of insurance while evolving to be a digital leader and creating an organisation that is stronger, more resilient with increased customer reach. For further information refer to the FY24 strategy section on pages 12 and 13 of this report.

B. Business risk and risk management

IAG acknowledges that it has to take risk in an informed manner in pursuit of its strategic objectives and to meet expectations of its stakeholders, including customers, industry and regulators. IAG clearly articulates the levels, boundaries and nature of risk it is willing to accept, actively manage or avoid in pursuit of the Group's strategic objectives.

IAG uses an enterprise-wide approach to risk management and its Risk Management Framework (RMF) is a core part of the governance structure, which includes internal policies, key management processes and culture. The Group Risk Management Strategy (RMS) articulates the strategy to manage risks at IAG and describes the key elements of the RMF to implement this strategy.

The RMS is reviewed annually, or more frequently as required, by the Board Risk Committee before being recommended for approval by the Board.

IAG's Group Risk function provides regular reports to the Board Risk Committee on the operation of, and any changes to, IAG's RMF, the status of material risks, the control environment, risk and compliance events and issues, risk trends and IAG's risk profile.

Roles and responsibilities of the Board and its standing committees, the Risk Committee, the Audit Committee, the People and Remuneration Committee and the Nomination Committee, are set out in the Corporate Governance section of our website at www.iag.com.au.

IAG also uses the Three Lines of Accountability model to structure risk management responsibilities across the organisation:

- The First Line owns the risks arising from its business activities and must manage them within the risk appetite. It also owns, develops and maintains certain frameworks, policies, and standards that support IAG's RMF.
- The Second Line is the risk management function (Group Risk) which develops and maintains the frameworks, policies, and standards for managing risk at IAG; develops and maintains IAG's Risk Architecture and risk systems; oversees and gives assurance over how the First Line manages risk, challenging and advising as needed; reports to the Group Leadership Team and IAG risk committees on how IAG is managing risk as a Group.
- The Third Line is Group Internal Audit (GIA) which gives independent assurance over First and Second Line control effectiveness and reports on significant audit findings and other audit related matters to the Audit Committee.

Material risks

IAG is exposed to multiple risks relating to its businesses and pursuit of its strategic objectives. The risks noted in the table below are not exhaustive, but outline the material risks faced by the Group as identified in the RMS.

Risk category	Risk description	Key actions
Financial	The risk of adverse financial outcomes arising from several types of risks including Capital, Credit, Reinsurance coverage, Market, and Liquidity (see below for further information on these risks).	IAG has policies and procedures in place to manage Financial risk (see below for further information on Capital, Credit, Reinsurance coverage, Market, and Liquidity).
Capital	The risk of IAG having insufficient capital to support business plans, inadequate capital allocation to support business activity, inaccessible capital sources (debt, equity and reinsurance markets) and/or these capital sources acting as a drag on strategy. This risk may arise due to inadequate understanding of underlying potential amount and volatility of loss, misalignment of capital with underlying risks and inability to source new borrowings or refinance leading to higher cost of capital, inability to meet its obligations to its stakeholders and curtailed business strategy.	IAG has a capital management strategy that manages risks to create shareholder value whilst meeting the objective of maintaining an appropriate level of capital to protect stakeholders' interests and meet the relevant requirements. IAG also has a documented description of its capital management process and reports annually on its operation to the Board.
Credit	The risk of IAG having excessive concentration to an individual debt issuer or counterparty, counterparty defaults on payments, terms of a specific exposure are misunderstood and/or credit quality is misaligned with credit policy. This risk may arise due to failure to monitor exposure, catastrophes, unclear contractual provisions and a counterparty holding a lower credit rating than IAG's benchmark leading to financial loss and increased potential for non-recovery. This could also give rise to Liquidity Risk or Market Risk (see below).	IAG maintains sufficiently diverse credit exposures, where its key exposure arises from investment activities and reinsurance recoveries, which assists in avoiding a concentration charge being added to the regulatory capital requirement.
Reinsurance coverage	The risk of not meeting regulatory requirements around contract certainty, not being able to obtain adequate reinsurance coverage, purchasing insufficient reinsurance coverage relative to exposure, and inability to fully recover reinsurance claims. This risk may arise due to an insufficient assessment of required coverage, lack of availability of market capacity, misaligned portfolio strategy, poor data/models, reinsurer issue or contractual non-compliance, leading to breach of IAG's Reinsurance Management Strategy (ReMS). This may potentially be reportable to the Board and/or APRA, cause volatility in IAG's customer pricing and/or profitability, create risk to operating capacity, and/or financial loss.	IAG has a comprehensive reinsurance program that is used to limit exposure to large single claims as well as an accumulation of claims that arise from the same or similar events to stabilise earnings and protect capital resources. IAG utilises a mix of annual and multi-year arrangements and, in addition to the existing multi-year whole of account quota share covers, IAG recently announced two new significant reinsurance arrangements which further protect the Group's capital position over the medium term. This includes a five year natural perils volatility protection and an adverse development cover for Australian long-tail reserves covering losses incurred on or prior to 30 June 2023. IAG uses a centralised reinsurance operating structure, via IAG Reinsurance, to facilitate the reinsurance process, provide reinsurance underwriting expertise, manage counterparty exposure and create economies of scale. To manage reinsurance credit risk, IAG monitors reinsurers' credit ratings and controls total exposures to limit counterparty default risk.
Market	The risk of incurring losses on imperfect hedging, debt instruments, unhedged currency exposure, equity-like securities or interest rate mismatch. This risk may arise due to adverse market movements (e.g. equities, credit, derivatives, interest rates and foreign exchange) leading to financial losses, losses in investment portfolio,	IAG manages market risk through a range of policies, procedures and activities, including policies that describe the requirements governing the management of investments at IAG, IAG's approach to managing foreign exchange risk and IAG's Strategic Asset Allocation.

Directors' report (continued)

Risk category	Risk description	Key actions
	and/or impact on IAG's financial performance, position and creditworthiness.	
Liquidity	The risk of IAG not meeting its financial commitments in a timely manner. This risk may arise due to inadequate liquid funds, loss of access to funding, or illiquid asset portfolio (including investments, reinsurance and trade assets) leading to potential liquidity implications, financial loss through penalties and/or, reputational damage.	IAG manages liquidity risk through its Group policy that sets out IAG's approach to managing liquidity risk. IAG also has a framework and procedures in place to ensure an appropriate level of monitoring and management of liquidity.
Insurance	This risk includes the way IAG underwrites and manages its concentrations, designs and prices its products as well as manages and reserves for its claims. It is the risk of unintended financial loss as a result of: • inadequate or inappropriate underwriting, • inadequate or inappropriate product design and pricing, • unforeseen, unknown, or unintended liabilities that may eventuate, • inadequate or inappropriate claims management including reserving, or • insurance concentration risk (i.e. by locality, segment factor, or distribution).	Insurance is IAG's core business. Managing insurance risk effectively is critical to realising its purpose and delivering its strategy. If the management of insurance risk is not effective, IAG may not be able to meet its obligations to customers or the expectations of its shareholders. The level of insurance risk accepted by IAG is formally documented in its Business Division Licences, which are issued to each operating division. A Business Division Licence is prepared annually by the Group Chief Underwriting Officer in consultation with the customer facing divisions and is approved by the Group CEO.
Organisational conduct & customer	The risk that our conduct, behaviours and decisions affect our ability to achieve IAG's strategic and commercial objectives. Includes risks arising from remuneration arrangements and structures, as well as those throughout the product, pricing, distribution, complaints and claims lifecycle.	IAG has policies and procedures in place to manage Organisational Conduct & Customer risk. These include, but are not limited to, our Group Code of Ethics & Conduct; Group Customer Equity Framework; Group Risk Culture Standard; and other policies related to product, pricing, underwriting, and claims management.
Operational	The failure to achieve objectives due to inadequate or failed internal processes, people and systems or from external events. This can include failures in third party suppliers, services providers and/or partners as well as operational impacts arising from extreme natural disasters.	IAG's focus on operational resilience involves a process view of risk across critical operations and a corresponding understanding of process level controls. Supporting this are material risk types referenced below (Cyber, technology, data & business disruption; Models; Fraud, corruption and financial crime; and Suppliers & service providers).
Cyber, technology, data & business disruption	The risk of loss of confidentiality, integrity or availability of IAG information assets as well as ineffective management of data and systems. This also includes the risk of software, database, hardware and network infrastructure failure which can lead to disruptions in business operations and potential inability to recover or maintain critical functions within acceptable timeframes. This risk may arise from information security and controls deficiencies, omissions or errors in data handling, lack of governance, and unavailable/unsuitable data. This risk may also arise from inadequate operational resilience and disaster recovery planning leading to loss of stakeholder's trust (including regulators), legal and compliance issues, financial loss as well as negative impacts on critical operations, IAG's reputation, customer satisfaction, decision making, resource allocation and the ability to deliver essential products or services.	IAG has governance and risk management frameworks designed to manage these risks, which apply to each business division. These frameworks are supported by underlying policies, standards, procedures, guidelines, training and periodic security awareness campaigns. IAG continues to evolve its related governance and risk management framework, perform controls self-assurance for assessing overall effectiveness and conduct remedial actions for managing identified risk exposures. IAG also conducts annual Business Continuity Plan and Disaster Recovery testing to ensure its plan remains suitable and continues to serve its purpose.
Models	The risk of making decisions based on or supported by incorrect, misapplied or misused Model outputs and reports, including automated decisions based on model output. This risk may arise due to a model being inadequately developed, implemented and/or maintained, users misunderstanding model outputs, reports or purposes, or	Models at IAG must comply with internal Group policies which set out how IAG manages and mitigates model risk that arises from the use of models across its business.

Risk category	Risk description	Key actions
	inconsistent application of models with IAG's Values or Code of Ethics & Conduct leading to financial loss, adverse customer outcomes, poor decision making, reputational damage or regulatory sanctions and fines.	
Fraud, corruption and financial crime	The risk of bribery or corruption, fraudulent activity by internal or external parties or risk of IAG conducting business with a sanctioned country, individual or entity, including the risk of IAG's products, services or channels being used to facilitate money laundering and other financial crimes. This risk may arise due to poor governance and oversight leading to financial loss, regulatory or legal consequences, reputational damage, or other harm to IAG customers, community and people as well as impacting access to international capital markets. There are a number of factors that may heighten the risk of bribery, fraud and corruption, including: • economic conditions/affordability pressures increasing motivation to commit fraud; and • evolution of technology creating more opportunities for fraud to be committed.	IAG policies set out the expectations for managing fraud, bribery and corruption, conflicts of interest, money laundering and terrorism financing risks at IAG including requirements for managing economic and trade sanctions obligations. The policies are supported by underlying standards, standard operating procedures/guidelines, fraud awareness campaigns, and training and educational material across various platforms. IAG has dedicated teams (covering external and internal fraud and financial crime risk) and controls in place to mitigate these risks including an industry standard automated sanctions screening process.
Suppliers & service providers	The risk of third parties (i.e. suppliers, service providers, related bodies corporate or distributors) not meeting IAG or its customer's needs, ineffective engagement with or over-reliance on third parties, misaligned partnership and inappropriate sponsorship arrangements. This risk may arise due to third parties failing to meet their obligations, lack of governance and oversight, inability to manage relationships, poor planning/engagement/documentation and/or inability to identify and attract suitable sponsors (through poor data collection), leading to process/business disruption, increased risk of error, unsatisfactory performance, undesirable customer experience, reputational damage, financial loss, missed growth opportunities or loss of market share, negative media exposure and breach of contract.	Suppliers and service providers to IAG must comply with the policies that set out IAG's approach to outsourcing, principles and minimum requirements for undertaking procurement activities on behalf of IAG and IAG's approach to governing third party distribution risks. IAG also has to comply with the associated standards, procedures and guidelines.
Regulatory & compliance	The risk of adverse legal outcomes, regulatory or reputational impacts arising from failure to manage compliance obligations, or failure to anticipate and prepare for changes in the regulatory environment.	IAG engages with regulators and regularly monitors developments in regulatory requirements to support ongoing compliance. IAG has policies and standards in place, supported by appropriate training, which set out the requirements for complying with laws, regulations and expectations.
Strategic	A variety of internal and external factors that influence the risk level that IAG is facing at the enterprise level, ranging from moderate to major impact, possible and likely. Risks are summarised within the Strategic Risk Profile (SRP) which is refreshed annually with Board review and approval, with material updates provided throughout the year. Causes and impacts are determined via desktop research, engagement with senior leaders, a risk survey and review by GLT and Board respectively.	The required response to strategic risk is determined by Group Risk, GLT and Board review and is recorded on the SRP Risk Radar. All identified strategic enterprise risks are categorised into Respond, Prepare, Assess or Watch. Risks identified as priority are added to Divisional Business Plans (approved by GLT members and shared with APRA) for formal response to ensure adequate consideration during the strategy and planning process, and to provide a mechanism for Group Risk support, oversight and challenge. IAG also has response plan for each type of strategic risk which is outlined below under each level 2 risk (sub-category).

Directors' report (continued)

IAG aims to have a disciplined approach to risk management and believes this approach will help to provide the greatest long-term likelihood of being able to meet the objectives of stakeholders.

Details of IAG's overall RMF, which is outlined in the RMS, is set out in Note 3.1 within the financial statements and in the Corporate Governance Statement, which is available on our website at www.iag.com.au/about-us/corporate-governance.

Climate and ESG risks and risk management

We have an important role, and responsibility, in helping to communicate, manage, and mitigate the evolving risks that individuals and communities face across Australia and New Zealand under the changing climate. Climate and broader environment, social and governance (ESG) considerations are aligned with our strategic ambitions, which helps to guide our decision-making and aims to create value for our shareholders, customers and communities.

Our ESG performance is supported by public goals and targets and our Social & Environmental Framework, Climate Action Plan, Responsible Investment Policy, and Reconciliation Action Plan. These can be found on our website at www.iag.com.au. For more details regarding IAG's climate-related risks, risk management and performance, see our Group Climate-related Disclosure on page 33 of this Annual Report and the IAG New Zealand Climate-related Disclosure in the Sustainability section of the IAG New Zealand website at www.iag.co.nz.

Corporate governance

At IAG we believe that corporate governance is the framework of systems, policies and processes that allows IAG to operate its business and deliver on its purpose and strategy.

We aim to continuously improve our governance practices and align them with our business and stakeholders' needs.

For the financial year ended 30 June 2024, IAG complied with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th Edition), as detailed in IAG's 2024 Corporate Governance Statement and ASX Appendix 4G. The 2024 Corporate Governance Statement is current as at 21 August 2024 and has been approved by the Board.

IAG's 2024 Corporate Governance Statement is available on our website at www.iag.com.au/about-us/corporate-governance.

Significant changes in state of affairs

During the financial year, the following changes became effective:

- On 8 November 2023, the Company issued $400 million of subordinated debt. The subordinated debt qualifies as Tier 2 Capital under the Australian Prudential Regulation Authority's capital adequacy framework for general insurers.
- On 18 December 2023, IAG announced completion of its on-market share buy-back which commenced in November 2022 for a total consideration of $350 million (including transaction cost).
- On 26 March 2024, the Company issued $350 million of Capital Notes 3. The Capital Notes 3 qualify as Additional Tier 1 Capital under APRA's Prudential Framework for General Insurers.
- On 10 May 2024, IAG announced completion of its on-market share buy-back which commenced in March 2024 for a total consideration of $200 million (including transaction cost).
- On 17 June 2024, the Company redeemed $350 million of subordinated term notes.

Events subsequent to reporting date

Details of matters subsequent to the end of the financial year are set out below and in Note 7.2.

These include:

- On 21 August 2024, the Board determined to pay a 50% franked final dividend of 17.0 cents per share. The dividend will be paid on 26 September 2024. The DRP will operate likely by acquiring shares on-market for participants with no discount applied.
- On 21 August 2024, IAG announced an additional on-market share buy-back of up to $350 million.

Non-audit services

During the financial year, KPMG performed certain other services for IAG in addition to its statutory duties.

The Directors have considered the non-audit services provided during the financial year by KPMG and, in accordance with written advice provided by resolution of the Audit Committee, are satisfied that the provision of those non-audit services by IAG's auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit assignments were approved in accordance with the process set out in the IAG framework for engaging auditors for non-audit services; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* of the Chartered Accountants Australia and New Zealand and CPA Australia, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The level of fees for total non-audit services amounted to approximately $1,266,000 in FY24 (refer to Note 8.3 for further details of costs incurred on non-audit assignments).

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 subsidiary 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 every liability incurred by the person in the relevant capacity (except a liability for legal costs). In respect of legal costs, the indemnity applies to all legal costs incurred in defending or resisting (or otherwise in connection with) certain legal proceedings in which the person becomes involved because of that capacity.

The indemnity does not apply where the Company is forbidden by statute to indemnify the person against the liability or legal costs or, if given, would be made void by statute.

In addition, the Company has entered into deeds of indemnity in favour of certain current and former Directors and Secretaries and members of senior management of the Company and its subsidiaries.

Under these deeds, the Company:

- indemnifies, to the maximum extent permitted by law, the relevant person against liabilities incurred by that person in the relevant capacity; and
- is also required to maintain and pay the premiums on a contract of insurance covering the relevant person against liabilities incurred in respect of the relevant office to the maximum extent permitted by law. The insurance is maintained until the seventh anniversary after the date when the relevant person ceases to hold office (or until proceedings commenced before that date are finally resolved).

The Company has purchased Directors' and Officers' liability insurance, which insures against certain liabilities (subject to exclusions) in respect of current and former Directors and Secretaries and other officers of the Company and its subsidiaries. Under the contract of insurance all reasonable steps must be taken by the insured and the Company not to disclose the insurance premium and the nature of liabilities covered by such insurance.

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 97 and forms part of the Directors' Report for the year ended 30 June 2024.

Rounding of amounts

The Company is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by ASIC. Amounts in the Financial Report and Directors' Report have been rounded to the nearest million dollars unless otherwise stated, in accordance with that instrument.

Remuneration report

Aligning remuneration to create a stronger, more resilient IAG.

George Savvides
Chair, People and Remuneration Committee

Dear Shareholders,

On behalf of the People and Remuneration Committee (PARC) and the Board, I am pleased to present the 2024 Remuneration Report.

As foreshadowed in the report last year, we have made a number of changes to the executive remuneration framework to meet APRA Prudential Standard CPS 511 Remuneration (CPS 511). The PARC continues to actively monitor the implementation of the remuneration framework to ensure it is effective and continues to comply with CPS 511.

The following changes apply from FY24:

- Introducing a non-financial measure, Customer Experience (as measured by transactional Net Promoter Score (tNPS)), in the Long Term Incentive (LTI) plan (equally weighted with the existing financial measures, Return on Equity (ROE) and Total Shareholder Return (TSR))
- Extending maximum LTI deferral from four to six years for the Group CEO and from four to five years for the other Executives
- Putting a material weight of 40% on non-financial performance (relating to customer, people, digital, risk and climate) in the Group Balanced Scorecard (Group BSC), the primary determinant of the size of the Short Term Incentive (STI) pool
- Introducing clawback for all performance based variable remuneration for Executives.

Alignment of FY24 remuneration outcomes with business results

The Board has determined STI outcomes for all Executives through a balanced scorecard assessment that includes financial and non-financial measures. The Executives' performance review also included an assessment of their values and behaviours, and risk management.

IAG delivered solid financial and non-financial performance for FY24, with the following key outcomes:

- Growth in Gross Written Premium (GWP).
- Reported insurance margin above FY24 guidance and the prior year.
- All three business divisions delivered improved financial performance, with Intermediated Insurance Australia exceeding its insurance profit target of $250 million in FY24.
- Retail brands in both Australia and New Zealand were successfully rationalised and repositioned, and partner alignment improved.
- Successful progress on the Enterprise Platform implementation: the trans-Tasman policy, administration and pricing technology across the retail business.
- The businesses continued to focus on improving customer outcomes and their work is reflected in the high renewal rates in our Australian retail insurance business, and strong tNPS of +46.8 in Australia and +50.0 in New Zealand.
- Delivered two key initiatives that will support IAG's long-term sustainability:
  - Entered into a power purchase agreement with Clean Peak Energy to procure renewable energy for IAG sites in Australia from January 2025
  - Entered into two strategic agreements with global reinsurers, one to provide volatility protection for natural perils losses and one to provide long-tail adverse development protection.

STI – FY24 outcomes

The Board approved an Executive STI pool for FY24 of 80% of maximum opportunity.

- In determining the FY24 Executive STI pool, the Board considered IAG's financial and non-financial performance, as assessed by the Group BSC.
- The Board also considered the STI pool calculation principles approved in FY22. In line with these principles, no adjustments were made in evaluating the financial measures in the Group BSC, Net Profit After Tax (NPAT) and underlying insurance profit.
- The Group CEO's performance was determined based on the Group BSC. Group BSC performance reflected progress towards IAG's strategy and improvements in company-wide risk management processes and systems, establishing a solid foundation for the future.
- For other Executives, performance was determined based on an assessment against their Divisional scorecard as well as their contribution to Group performance.
- The performance of each Executive (including the Group CEO) also considered their demonstration of values and behaviours, and their overall risk management performance.
- The Group CEO's STI outcome was 80% of maximum in line with the Group BSC result and the FY24 Executive STI pool. The STI outcome for other eligible current Executives ranged from 80% to 82% of maximum opportunity.

LTI – FY24 outcomes

The FY21 LTI awards with ROE and TSR performance measures were assessed at the end of the 30 June 2024 performance period. Neither measure met the required threshold reflecting business performance over the four-year performance period, resulting in nil vesting of the award for participating Executives, including the Group CEO.

Consideration of material risk and conduct events

In addition to considering Executives' overall risk management performance, the Board considers conduct and material risk issues across IAG when it determines Executive remuneration.

During FY24, employment for one Executive was terminated for not meeting behavioural expectations in IAG's Code of Ethics and Conduct. Consistent with policy, all unvested deferred awards held by the Executive were forfeited.

No other risk or conduct events requiring a remuneration consequence were identified through the Board's FY24 review.

FY25 Executive and Non-Executive Director remuneration

Executives

The Board regularly reviews the remuneration paid to Executives to assist us to continue to attract and retain high quality talent.

As part of this year's annual review of Executive remuneration, the Board approved:

- An increase for the Group CEO of 5% fixed pay, noting the Group CEO's last pay increase was in September 2021.
- An average fixed pay increase of 5.3% for the six other Executives who started prior to FY24.

In determining the increases, the Board considered:

- That no fixed pay increases had been provided to the Group CEO or other Executives since the later of 2021 or commencement
- Changes in responsibilities for some Executives
- Relativities against two external market comparative groups: a primary group of financial services companies in the S&P/ASX 100 Index (i.e. Banking and Insurance) and a secondary group of ASX 100 financial services companies excluding the large banks.

STI and LTI opportunities for Executives are unchanged for FY25. The Board has approved FY25 LTI awards for the Group CEO and other Executives. The Group CEO's FY25 LTI award of $2.835 million will be submitted to shareholders as a resolution at the 2024 Annual General Meeting.

Non-Executive Directors

The Board reviewed the Company's Board and Committee fees to ensure fees remain competitive and approved an increase of 5% effective 9 September 2024.

In setting the new fees, the Board considered:

- That the last increase to the Company's Board fees was in July 2016 and to Committee fees was in July 2015
- Benchmarking of board and committee fees paid to comparable companies as detailed in the report.
- The $4 million per annum aggregate limit of Non-Executive Director fees (fee pool) approved by shareholders at the 2023 Annual General Meeting.

After four years, this will be the last Remuneration Report I present to you. My fellow Independent Non-Executive Director, Wendy Thorpe, will assume the role of Chair of the PARC from 1 September 2024.

It has been a privilege to have held this role, and I am pleased to recommend this report to you. As in past years, we welcome your feedback.

George Savvides
Chair, People and Remuneration Committee

Remuneration report (continued)

Contents

Abbreviations used in the Remuneration Report are outlined in the table below.

Abbreviations

CPS 511	APRA Prudential Standard CPS 511 Remuneration
CRO	Chief Risk Officer
DARs	Deferred award rights
EPRs	Executive performance rights
Group BSC	Group balanced scorecard
Group CEO	Managing Director and Chief Executive Officer
GWP	Gross written premium
KMP	Key management personnel
LTI	Long term incentive
MSR	Mandatory shareholding requirement
NARs	Non-Executive Director award rights
NPAT	Net profit after tax
PARC	People and Remuneration Committee
ROE	Return on equity
STI	Short term incentive
tNPS	Transactional net promoter score
Trading window	Periods during which KMP may trade in IAG securities
TSR	Total shareholder return
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

A. KMP covered by this report

This Remuneration Report sets out the remuneration details for IAG's Key Management Personnel (KMP). KMP is defined as persons having authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly, including any director (whether Executive or otherwise) of that entity. For the purposes of this report, the term Executive is used to refer to KMP who are Executives. Although the Non-Executive Directors are disclosed in this report, they do not have management responsibility. IAG's KMP for FY24 are shown in the table below.

If an individual did not serve in a KMP role for the full financial year, all remuneration is disclosed for the period they served in a KMP role.

Name	Position	Term as KMP
Executives		
Nick Hawkins	Managing Director and Chief Executive Officer (Group CEO)	Full year
Julie Batch[1]	CEO, NRMA Insurance	Full year
Robert Cutler	Group General Counsel	Commenced 4 April 2024
Jarrod Hill[1]	CEO, CGU & WFI	Full year
William McDonnell	Chief Financial Officer	Commenced 11 December 2023
Neil Morgan	Chief Operating Officer	Full year
Christine Stasi	Group Executive, People, Performance & Reputation	Full year
Peter Taylor	Chief Risk Officer (CRO)	Full year
Amanda Whiting	Chief Executive, New Zealand	Full year
Former Executives		
Peter Horton	Group General Counsel & Company Secretary	Ceased 5 December 2023
Karen Ingram[2]	Interim Group General Counsel	Commenced 8 January 2024 Ceased 3 April 2024
Michelle McPherson[3]	Chief Financial Officer	Ceased 10 December 2023
Non-Executive Directors		
Tom Pockett	Chair, Independent Non-Executive Director	Full year
Simon Allen	Independent Non-Executive Director	Full year
David Armstrong	Independent Non-Executive Director	Full year
Jon Nicholson	Independent Non-Executive Director	Full year
Helen Nugent	Independent Non-Executive Director	Full year
Scott Pickering	Independent Non-Executive Director	Full year
George Sartorel	Independent Non-Executive Director	Full year
George Savvides	Independent Non-Executive Director	Full year
Wendy Thorpe	Independent Non-Executive Director	Commenced 1 July 2023
Michelle Tredenick	Independent Non-Executive Director	Full year

1 Julie Batch's role title was previously Group Executive, Direct Insurance Australia and Jarrod Hill's role title was previously Group Executive, Intermediated Insurance Australia. Their current role titles, effective 4 October 2023, reflect broadening of their roles to include additional accountabilities.
2 Karen Ingram ceased employment with IAG effective 26 April 2024. Her last day in a KMP role was 3 April 2024.
3 Michelle McPherson retired from IAG effective 22 December 2023. Her last day in a KMP role was 10 December 2023.

Remuneration report (continued)

B. Executive remuneration structure and overview of FY24 outcomes

I. Alignment of Executive reward to IAG's purpose and strategy in FY24

The diagram below provides an overview of the FY24 Executive remuneration framework

Our purpose: We make your world a safer place

Our business strategy: Create a stronger, more resilient IAG

- Grow with our customers
- Build better businesses
- Create value through digital
- Manage our risks

Our purpose, along with our strategy, guides our remuneration

Our remuneration principles

- Support IAG's purpose and alignment to shareholder outcomes
- Promote accountability and effective risk management
- Be simple, fair and equitable
- Support attraction and retention of talent
- Reduce non-financial risk
- Provide flexibility

<table>
<tr><th>Objective</th><th colspan="6">Delivery</th></tr>
<tr><th></th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th><th>Year 6</th></tr>
<tr><td>Fixed pay
To attract high quality talent and remunerate Executives for performing their ongoing work.
Refer to Section D.I. for further information.</td><td>Cash and superannuation paid over the year</td><td colspan="5"></td></tr>
<tr><td rowspan="2">STI
To reward annual performance across a range of financial and non-financial measures to support the delivery of IAG's strategy.
• Maximum opportunity of 100 – 150% of fixed pay
• Based on performance against Group and Divisional balanced scorecards (as applicable) using financial and non-financial measures.
Refer to Section D.II. for further information.</td><td rowspan="2">Cash 50%</td><td>Group CEO DARs 50%</td><td colspan="4">Portion may be deferred out to year six to meet CPS 511</td></tr>
<tr><td>Other Executives DARs 25%</td><td>Other Executives DARs 25%</td><td colspan="3"></td></tr>
<tr><td rowspan="2">LTI
To create a direct link between Executive reward and the return experienced by shareholders through performance hurdles aligned to IAG's strategic targets.
• Maximum opportunity of 100 – 150% of fixed pay
• Assessed on ROE, TSR and Customer Experience (tNPS), measured over a four-year performance period.
Refer to Section D.III. for further information.</td><td colspan="4">Group CEO EPRs 33.3%</td><td>Group CEO EPRs 33.3%</td><td>Group CEO EPRs 33.3%</td></tr>
<tr><td colspan="4">Other Executives EPRs 50%</td><td>Other Executives EPRs 50%</td><td></td></tr>
</table>

Consideration of material risk and conduct events

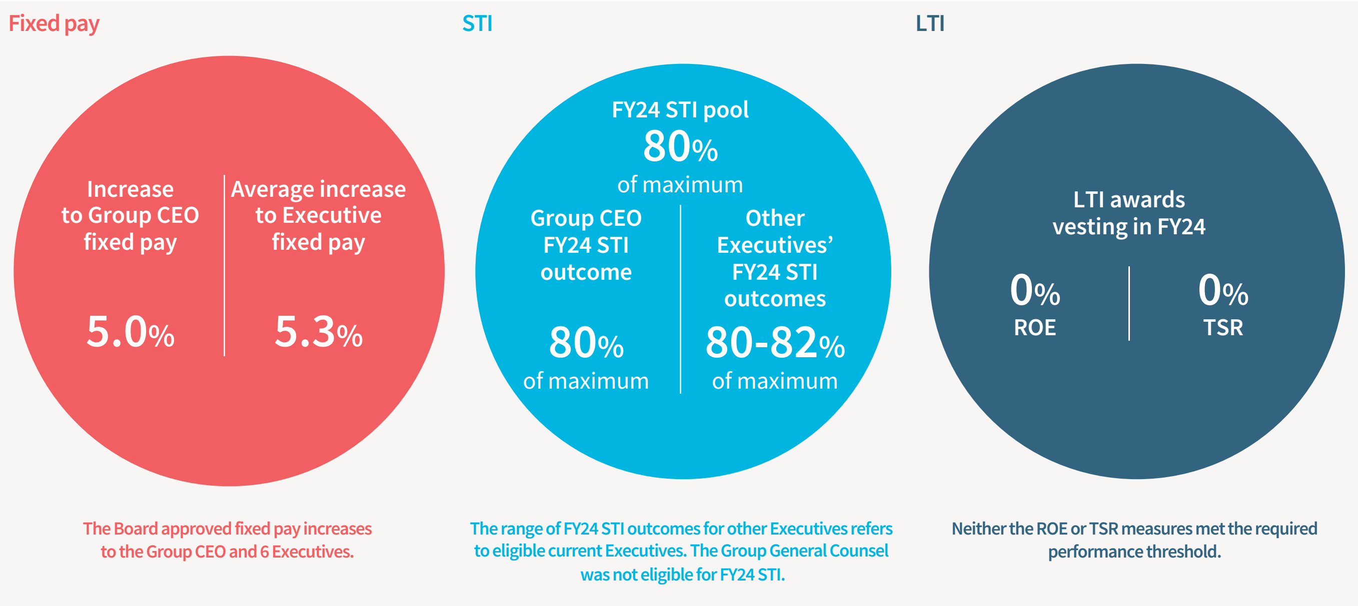
All variable remuneration may be subject to risk adjustment to ensure alignment between risk and remuneration outcomes. The Board retains the discretion to adjust downwards in-year STI awards as well as the unvested portion of any deferred STI or LTI awards, including to zero. The Board has the discretion to clawback any performance based variable remuneration earned for performance periods starting from 1 July 2023.

Mandatory shareholding requirement (MSR)

The Group CEO is expected to accumulate and hold shares or vested rights equal to 200% of base pay over a four-year accumulation period. Other Executives are expected to accumulate and hold shares or vested rights equal to 100% of base pay over a four-year accumulation period, except for the CRO who has a five-year accumulation period.

II. Overview of FY24 performance and remuneration review outcomes

The following diagram shows the outcomes of the FY24 performance and remuneration review. Further detail regarding these outcomes is available in Section C for FY24 STI and LTI outcomes and Section D.I for fixed pay increases.

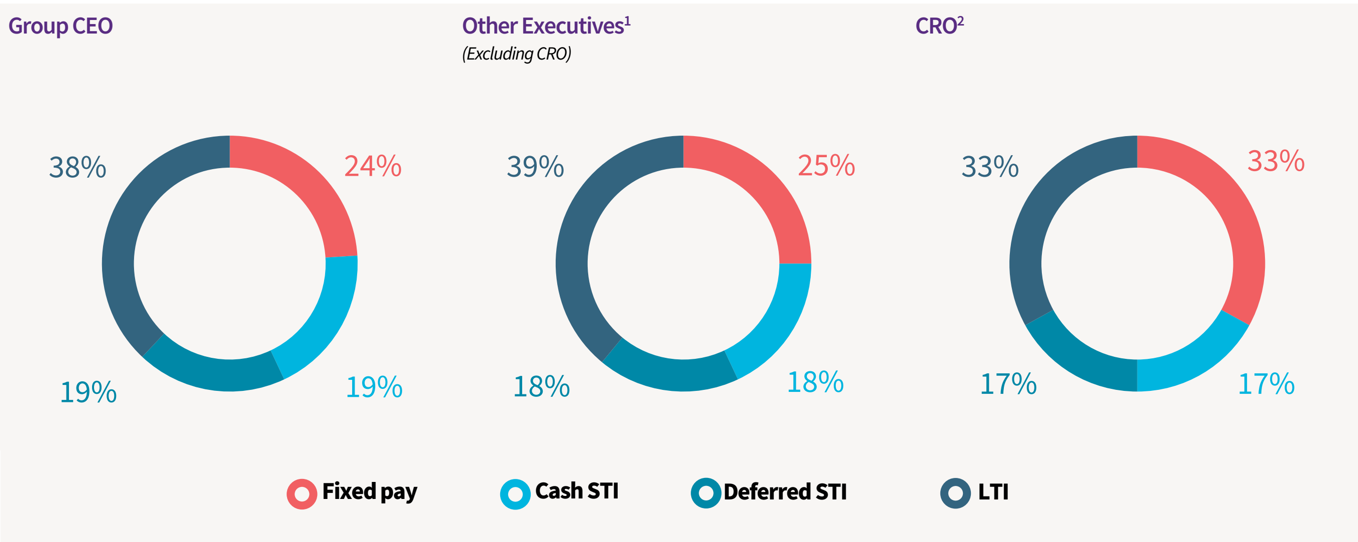


III. Maximum potential remuneration mix for FY24

The following diagram illustrates the FY24 maximum potential remuneration mix for Executives across the elements of fixed pay, STI and LTI.

The maximum opportunity is based on fixed pay, and STI and LTI maximum opportunity as at 30 June 2024.

Information on actual remuneration received by the Executives for FY24 is provided in Section C.IV.



1 The current Group General Counsel has the same FY24 maximum potential remuneration mix as the other Executives.
2 The former Group General Counsel & Company Secretary had the same FY24 maximum potential remuneration mix as the CRO.

C. Aligning IAG's performance and Executive reward with shareholder experience

Executives are rewarded for IAG's short-term and long-term performance. STI outcomes for FY24 are described in Sections C.I and C.II while FY24 LTI outcomes are described in Section C.III. Section C.IV sets out the actual remuneration received by each Executive in FY24 and FY23.

I. Linking IAG's short-term performance and Executive short-term reward

3.8/5

FY24 Group BSC outcome

80%

FY24 Executive STI pool outcome % of maximum

80%

FY24 Group CEO STI outcome % of maximum

80–82%

FY24 STI outcomes for other eligible current Executives % of maximum

IAG's performance

The Board approved Group BSC FY24 objectives and targets are designed to deliver on IAG's strategic objectives. The Group BSC consists of a balance of financial and non-financial objectives. The financial objectives present a holistic view of earnings and underlying profitability and reflect how effectively IAG uses its capital. The non-financial objectives assess performance relating to customer, people, digital, risk and climate.

The Group BSC result was 3.8/5, against a target outcome of 3.0/5.

Details of the Group BSC result are set out on the following page.

Executive STI pool

The Executive STI pool is the total amount of funding available to reward Executives for FY24 outcomes.

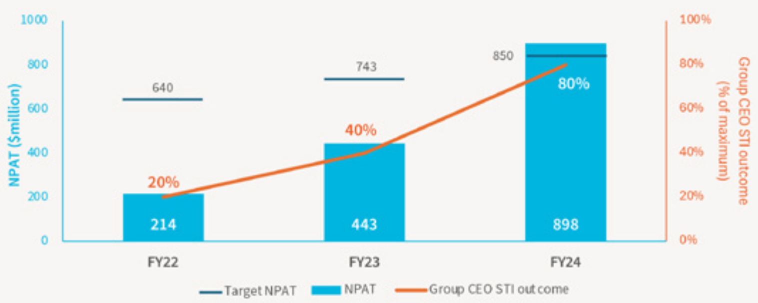
The Group BSC result is the primary determinant in setting the size of the Executive STI pool. The Board also considers the quality of the Group BSC outcomes and any other relevant factors when determining the STI pool. Considering performance for FY24, the Board approved an Executive STI pool of 80% of maximum. This was above the target pool of 67% of maximum, reflecting the above target Group BSC outcome, including outperformance on the NPAT measure (30% weighting).

Executive outcomes

The Executive STI pool is allocated to Executives based on the assessment of each Executive's FY24 performance.

The Group CEO's performance is assessed against the Group BSC as well as an assessment of values and behaviours and risk management. The Board determined to reward the Group CEO an FY24 STI outcome of 80% of maximum reflecting the Group BSC result and overall business performance.

The Group CEO's STI outcomes over the last three years have been strongly tied to IAG



Note: For FY22 and FY23, NPAT represents adjusted NPAT, which has been adjusted for amortisation of acquired intangibles and business interruption provision releases. For FY24, NPAT represents reported NPAT.

Performance for Executives (other than the Group CEO) is measured against their Divisional scorecard which contains objectives relevant to the individual Executive's role that support the delivery of IAG's strategy. Executive contribution to Group performance is also a consideration as well as an assessment of values and behaviours and risk management.

In line with performance outcomes, the Board determined FY24 STI outcomes for the other eligible current Executives that range from 80% to 82% of maximum (see Section C.II). The average STI for eligible current Executives was 80.6% of maximum STI opportunity. The total STI awarded to eligible Executives was within the approved Executive STI pool.

FY24 Group balanced scorecard results

The overall Group BSC result is calculated on the weighted performance result for each of the objectives approved by the Board as shown below.

		Overall Result			
		Low	Target	High	Performance highlights
Group BSC outcome	The Board determined a Group BSC outcome of 3.8/5 which was above the target performance of 3.0/5.		3.8		The outcome reflects solid financial performance, with an above target NPAT result (30% weighting) as well as progress on strategic objectives: transforming IAG through delivery of the Enterprise Platform, as well as accelerating the risk maturity uplift.

This following table shows the weighting, target and result for each of the individual Group BSC objectives.

			Result			
Objective	Weight	Target / Target range	Low	Target	High	Performance highlights
Financial objectives	**60%**					
NPAT NPAT is a measure of profit that is strongly aligned to shareholder outcomes.	30%	$850 million			$898 million	IAG's NPAT was above target by $48 million or 5.6% for FY24. The result was supported by perils experience being below expectations, a gain on narrowing credit spreads, and favourable investment income.
Underlying insurance profit Underlying insurance profit presents a normalised view of the performance of IAG's underwriting businesses.	30%	$1,369 million		$1,337 million		IAG's underlying insurance profit of $1,337 million was $32 million or 2.3% below target impacted by the placement of an adverse development cover providing reinsurance protection on our long-tail reserves across the Australian portfolios. The FY24 result is a 20% increase on FY23 and reflects an underlying insurance margin of 14.5%. This outcome was achieved through disciplined underwriting, claims cost initiatives and favourable underlying investment income on technical provisions.
Non-financial objectives	**40%**					
Direct brands customer number growth Customer number growth assesses IAG's ability to attract new customers with compelling product and service offerings.	10%	91,000 additional customers	-9,981			IAG's customer growth was below target, with volumes adversely impacted by rising premiums, competitive pressures and a challenging economic environment for customers.
Digital channel share (claims lodgement) Digital channel share (% of claims lodged via digital channels) assesses digital transformation progress.	5%	36% claims lodged via digital channels		31.9%		IAG's digital channel share (claims lodgements) result was below target affected by relatively low claims volumes during FY24 and sustained customer preference for assisted channels.
Enterprise Platform delivery Enterprise Platform delivery measures IAG's progress toward a simpler and more modern technology platform.	5%	≥53% GWP enabled on Enterprise Platform (of in scope brands)			>53% GWP enabled and maintained customer experience	IAG made good progress on delivery of the Enterprise Platform program with the FY24 roadmap delivered and 53% of in scope GWP enabled on the platform, while maintaining customer experience. At FY24 end, there were >1 million policies and >1.2 million risks supported on Enterprise Platform.
Employee engagement Employee engagement measures IAG employees' levels of enthusiasm and commitment towards IAG.	5%	65% to 79% employee engagement		72%		IAG achieved its employee engagement score target range with a score of 72%. The result indicates that our people are feeling engaged and committed to IAG.

Remuneration report (continued)

Objective	Weight	Target / Target range	Result: Low	Result: Target	Result: High	Performance highlights
Non-financial objectives (continued)						
Risk maturity acceleration The risk maturity acceleration program improves risk management practices and processes at IAG while delivering on strategy and achieving long-term sustainability.	10%	All scheduled and agreed risk maturity acceleration commitments delivered to expectations			High	IAG met all scheduled risk maturity acceleration program commitments in FY24, improving risk maturity by uplifting risk management practices and processes across IAG. Good progress was made toward APRA Prudential Standard CPS 230 Operational Risk Management readiness, ahead of planned milestones.
Carbon emissions management Aligns to IAG's FY22-FY24 Climate & Disaster Resilience Action Plan.	5%	Hold flat against the FY23 baseline of 26,107 tCO2e	26,705 tCO2e			IAG's greenhouse gas emissions were 26,705 tCO2e[1]. This represents a 2% increase on the FY23 baseline and was driven by an increase in scope 3 emissions, offset partially by a decrease in both scope 1 and scope 2 emissions.

1 Refer to the Climate-related Disclosure on pages 33 to 44 for further information about the emissions entity reporting boundary, noting that this figure also excludes emissions from Vehicle Repairhub Pty Limited, Motorserve Pty Limited and Homehub Limited as well as scope 3 emissions associated with employee commuting.

II. FY24 STI outcomes

Based on consideration of the FY24 Group BSC outcome and available STI pool, the Board determined to award the Group CEO's STI in line with the STI pool at 80% of maximum, with the outcome for other eligible current Executives ranging from 80% to 82% of maximum. The following table outlines the FY24 STI outcomes awarded to each Executive.

	FY24 Maximum STI	FY24 STI Awarded	FY24 STI awarded (% of maximum STI)	FY24 STI forgone (% of maximum STI)	FY24 Cash STI[1]	FY24 Deferred STI[2]
Executives[3]						
Nick Hawkins	$2,700,000	$2,160,000	80%	20%	$1,080,000	$1,080,000
Julie Batch	$1,215,000	$972,000	80%	20%	$486,000	$486,000
Jarrod Hill	$1,215,000	$972,000	80%	20%	$486,000	$486,000
William McDonnell[4]	$636,455	$509,164	80%	20%	$254,582	$254,582
Neil Morgan	$1,188,000	$950,400	80%	20%	$475,200	$475,200
Christine Stasi	$1,080,000	$864,000	80%	20%	$432,000	$432,000
Peter Taylor	$875,000	$717,500	82%	18%	$358,750	$358,750
Amanda Whiting	$1,094,850	$897,777	82%	18%	$448,888	$448,889
Former Executive						
Michelle McPherson[4]	$511,045	$357,732	70%	30%	$178,866	$178,866

1 FY24 cash STI will be paid to Executives in October 2024. The minimum amount is nil if forfeited before payment and the maximum amount is the amount shown.
2 FY24 deferred STI will be allocated in DARs to Executives in November 2024 and will be deferred up to five years for the Group CEO, up to two years for the other Executives, and for Michelle McPherson the deferred STI will be paid in cash and deferred up to four years. Refer Section D.II.
3 Robert Cutler joined IAG in April 2024 and will be eligible to participate in the FY25 STI. Peter Horton and Karen Ingram were not eligible for FY24 STI.
4 William McDonnell and Michelle McPherson received a pro rata FY24 STI for the period they were employed during FY24.

III. FY24 LTI outcomes – linking IAG's long-term performance and long-term reward

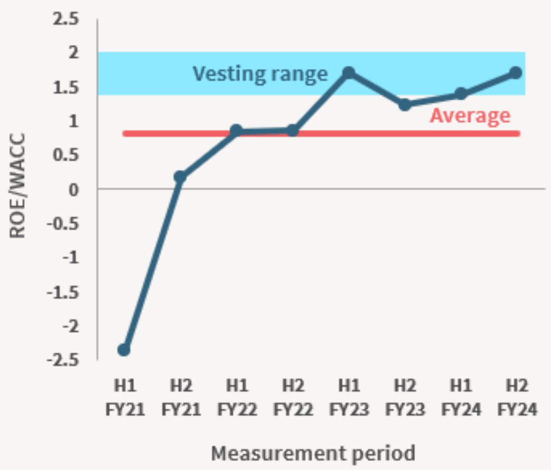
On 30 June 2024, the FY21 LTI awards with ROE and TSR performance hurdles reached the end of their four-year performance period and were subject to testing. The following section summarises the LTI testing and vesting outcomes for these awards.

ROE

0% vesting

For the FY21 LTI with a performance period ended 30 June 2024, the average ROE/WACC was 0.82 times over the four- year performance period. ROE/WACC must be at or above 1.4 times to achieve vesting. Based on performance against the ROE vesting scale, the Board determined that 0% of the award would vest.

The Board used the LTI calculation principles established by the Board in FY22 and included all one-off items. The following graph illustrates IAG's ROE/WACC performance over the performance period.

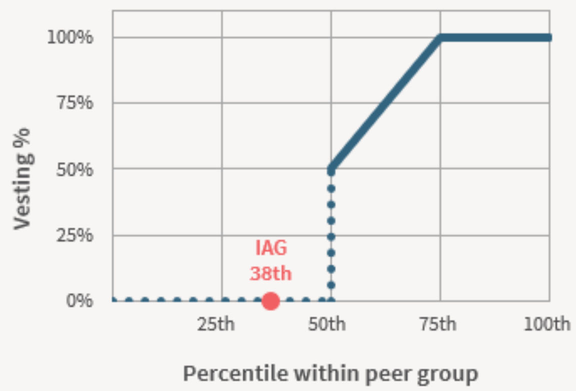


Relative TSR

0% vesting

The FY21 relative TSR LTI awards were tested as at 30 June 2024. The Company's TSR must be ranked at or above the 50th percentile of the peer group to achieve vesting. The Company's TSR for the FY21 awards was ranked at the 38th percentile of the peer group, resulting in 0% vesting.

The following graph illustrates the Company's relative TSR against that of the top 50 industrial companies in the S&P/ASX 100 Index for the FY21 LTI awards.



Total vesting outcome for the FY21 LTI award **0%**

The following table presents the performance IAG delivered to shareholders for the last five financial years on a range of measures. Reported ROE has been included in the table for reference given it has replaced cash ROE as the performance hurdle for LTI awards granted after FY22. tNPS was introduced as a performance hurdle for LTI awards granted after FY23.

	Year Ended 30 June 2020	Year Ended 30 June 2021	Year Ended 30 June 2022	Year Ended 30 June 2023	**Year Ended 30 June 2024**
Closing share price[1] ($)	5.77	5.16	4.36	5.70	**7.14**
NPAT[2] ($m)	435	(427)	347	832	**898**
Dividends per ordinary share (cents)	10.00	20.00	11.00	15.00	**27.00**
Basic earnings per share (cents)	18.87	(17.82)	14.09	33.92	**37.31**
Reported ROE (%)	7.0	(6.9)	5.6	13.0	**13.5**
Cash ROE (%)	4.5	12.0	3.4	7.0	**13.6**
Average ROE to WACC for LTI vesting	0.63	(1.11)	0.86	1.46	**1.54**
tNPS	N/A	50.9	53.9	49.7	**47.8**
Cash earnings ($m)	279	747	213	452	**905**
Underlying insurance profit ($m)	1,172	1,095	1,157	1,119[3]	**1,337**

1 The closing share price on 30 June 2019 was $8.26.
2 NPAT attributable to shareholders of the Parent.
3 Underlying insurance profit for the year ended 30 June 2023 has been adjusted to exclude reinsurance reinstatement costs of $67million.

Remuneration report (continued)

IV. Actual remuneration received by Executives

The table below presents remuneration paid or vested for Executives in relation to FY24 which includes:

- fixed pay and other benefits paid during the financial year;
- the value of cash STI awards earned in relation to the financial year;
- the value of STI deferred from previous years that vested during the financial year; and
- the value of LTI awards with a performance period ending 30 June 2024.

The LTI values presented exclude the value of LTI awards granted during FY24.

For remuneration details provided in accordance with the Australian Accounting Standards, refer to Section G.

	Financial year	Fixed pay $000[1]	Other benefits and leave accruals $000[2]	Termination benefits $000[3]	Cash STI $000[4]	Deferred STI $000[5]	LTI $000[6]	Total actual remuneration received $000
Executives								
Nick Hawkins	**2024**	**1,800**	**2**	**-**	**1,080**	**541**	**-**	**3,423**
	2023	1,800	51	-	540	286	-	2,677
Julie Batch	**2024**	**900**	**(7)**	**-**	**486**	**267**	**-**	**1,646**
	2023	900	(10)	-	216	147	-	1,253
Robert Cutler[7]	**2024**	**201**	**(1)**	**-**	**-**	**-**	**-**	**200**
Jarrod Hill	**2024**	**879**	**12**	**-**	**486**	**306**	**-**	**1,683**
	2023	900	(24)	-	205	322	-	1,403
William McDonnell[7]	**2024**	**474**	**173**	**-**	**255**	**-**	**-**	**902**
Neil Morgan	**2024**	**880**	**(2)**	**-**	**475**	**263**	**-**	**1,616**
	2023	880	25	-	211	146	-	1,262
Christine Stasi	**2024**	**800**	**7**	**-**	**432**	**231**	**-**	**1,470**
	2023	800	30	-	202	127	-	1,159
Peter Taylor	**2024**	**875**	**(11)**	**-**	**359**	**145**	**-**	**1,368**
	2023	875	231	-	140	-	-	1,246
Amanda Whiting[8]	**2024**	**805**	**97**	**-**	**449**	**152**	**-**	**1,503**
	2023	783	93	-	179	70	-	1,125
Former Executives[7]								
Peter Horton	**2024**	**387**	**(33)**	**-**	**-**	**185**	**-**	**539**
	2023	900	59	-	151	104	-	1,214
Karen Ingram	**2024**	**189**	**13**	**-**	**-**	**-**	**-**	**202**
Michelle McPherson	**2024**	**382**	**14**	**419**	**179**	**400**	**-**	**1,394**
	2023	844	(13)	-	203	272	-	1,306

1 Fixed pay includes amounts paid in cash, superannuation contributions plus the portion of IAG's superannuation contribution that was paid as cash instead of superannuation. Fixed pay also includes salary sacrifice items such as cars and parking as determined in accordance with AASB 119 Employee Benefits. Amanda Whiting received a fixed pay increase during FY24 due to market considerations.
2 FY24 includes annual leave and long service leave accruals, including a reversal of prior year accrual for Peter Horton, and relocation support for William McDonnell and Amanda Whiting. (In FY23, a cash payment was provided to Peter Taylor as compensation for incentives forgone from his previous employer which is detailed in the FY23 Remuneration Report.)
3 Payment in lieu of notice incorporates statutory notice and severance entitlements.
4 Cash STI earned for the year ended 30 June 2024, to be paid in October 2024 (representing 50% of the STI award made for the financial year).
5 The following awards vested on 23 August 2023 (100% vested), valued using the five-day VWAP of $5.80: deferred rights granted as compensation for incentives forgone from their previous employer to Jarrod Hill, Michelle McPherson and Peter Taylor and deferred STI granted on 4 November 2021 and 3 November 2022 to other eligible Executives. The amount shown for Peter Horton relates to deferred STI that vested on 23 August 2023 prior to his termination on 5 December 2023.
6 LTI for FY24 includes the FY21 TSR and ROE-hurdled tranches of LTI, which reached the end of their performance period on 30 June 2024. No LTI vested in FY24.
7 Remuneration reflects part year service for Robert Cutler (from 4 April 2024), William McDonnell (from 11 December 2023), Peter Horton (until 5 December 2023), Karen Ingram (8 January 2024 to 3 April 2024) and Michelle McPherson (until 10 December 2023).
8 Remuneration for Amanda Whiting was determined in New Zealand dollars (NZD) and reported in Australian dollars (AUD) using the average exchange rate for the year ended 30 June 2024 of 1 NZD = 0.92513 AUD.

D. Overview of remuneration elements

I. Fixed pay

Overview	Fixed pay comprises cash salary and superannuation (KiwiSaver is available for the Chief Executive, New Zealand).
Benchmarking approach	Fixed pay is set with reference to the median pay for comparable roles in the external market, the size and complexity of the role, and the skills and experience of the individual, and to ensure it is sufficient to attract and retain talent. The Board considers two market comparative groups - a primary group of the financial services (ie Banking and Insurance) companies in the S&P/ASX 100 Index and a secondary group of ASX 100 financial services companies excluding the large banks. In reviewing the benchmarking data, the Board takes into account the significant market capitalisation and complexity of the large banks and positioning of IAG's direct insurance peers.
Review outcomes	Based on a review of Executive remuneration in 2024, the Board determined to apply a fixed pay increase for the Group CEO of 5% and fixed pay increases for six Executives who started prior to FY24 with an average increase of 5.3%. One Executive's fixed pay increase was effective 1 May 2024 while the fixed pay increases for the CEO and five other Executives will be 9 September 2024.

II. STI

The table below outlines key features of the FY24 STI plan for Executives.

Design feature	Approach
Objective	STI is a performance based, at risk component of remuneration, which is designed to motivate and reward Executives for financial and non-financial performance in the financial year.
Participants	All Executives who meet minimum service requirements.
STI maximum	**Role** / **FY24 maximum STI (% of fixed pay)** / **FY24 maximum STI (% of total remuneration)**: Group CEO: 150% / 38% Other Executives (excluding CRO): 135% / 35% CRO: 100% / 33% The minimum STI outcome for an Executive may be nil. The FY25 STI opportunities are unchanged from FY24.
Gateways	To be eligible for an STI, Executives must meet conduct and compliance gateways. These gateways assess adherence to IAG's Code of Ethics and Conduct and individual conduct in managing the business and completion of mandatory training.
Funding	Funding for the STI pool is guided by the Group BSC outcome, subject to a financial performance review. The Executive STI pool target is set at 67% of maximum for Group BSC target outcome.
Performance measures and assessment	Performance was measured against the Group BSC for the Group CEO. For other Executives, performance was measured against Divisional scorecards and overall contribution to Group. Performance measures comprised financial and non-financial objectives aligned to IAG's strategic objectives. Further information regarding the FY24 Group BSC outcomes is set out in Section C of this report. The Board assessed the risk management performance, behaviours and conduct of each Executive and considered whether to apply any adjustment to individual STI outcomes to ensure outcomes appropriately reflected performance (including any events from prior years that may have come to light in the current year). No adjustment was applied for FY24 STI outcomes.

Remuneration report (continued)

Design feature	Approach
Delivery	Half the STI award will be paid in cash in October 2024 (following the end of the financial year). For the Group CEO, half the STI award will be deferred for at least one year based on continued service, with extended deferral up to a maximum of five years applied as required to meet CPS 511 requirements. For other Executives, the other half of the STI award is deferred for up to two years based on continued service unless longer deferral is required to meet CPS 511 requirements. Deferred STI is typically paid in the form of DARs. DARs are rights that entitle participants to receive one share in the Company, granted at no cost to the Executives. No dividend is paid on any unvested, or vested and unexercised DARs. DARs are scheduled to be granted in November 2024. The number of DARs issued is calculated based on the VWAP of the Company's ordinary shares over the 30 days up to and including 30 June 2024. DARs will vest at the end of the relevant deferral period, subject to continued service and minimum performance criteria. Any vested DARs may be exercised up until the Expiry date.
Forfeiture	Unvested DARs will generally lapse if an Executive resigns prior to the vesting date, except in special circumstances (redundancy, retirement, death, or total and permanent disablement). When an Executive ceases employment in special circumstances, any unvested DARs may be retained, subject to Board discretion. Any DARs retained will remain subject to the existing terms and conditions of the award. Vested and unexercised DARs will be automatically exercised at the next trading window at least 60 days after the Executive ceases employment (unless exercised earlier). In cases where an Executive ceases employment for serious misconduct, all DARs will lapse whether exercisable or not.
Clawback	May be applied to any paid or vested STI for up to two years after payment or vesting.
Expiry date	DARs expire seven years from the grant date, or on any other expiry date determined by the Board. DARs that are not exercised before the expiry date will be automatically exercised on the expiry date.

III. LTI

The table below outlines key features of the FY24 LTI plan that was granted to eligible Executives during the year ended 30 June 2024.

Design feature	Approach
Objective	LTI is a performance based, long term value dependent, and at-risk component of remuneration. It links Executive reward to shareholder outcomes through performance hurdles aligned to IAG's strategic objectives.
Participants	Eligible Executives where there is a reasonable expectation of ongoing employment through the performance period.
LTI maximum	All eligible Executives were granted FY24 LTI awards on 7 November 2023, except the Chief Financial Officer whose LTI award was granted on 28 June 2024. These awards were based on the percentages in the table above and the Executive's fixed pay at the time of the award. For details of the number of EPRs granted to each Executive refer to Section G.IV.

Role	FY24 maximum LTI (% of fixed pay)	FY24 maximum LTI (% of total remuneration)
Group CEO	150%	38%
Other Executives (excluding CRO)	150%	39%
CRO	100%	33%

FY25 LTI will be determined using the same maximum LTI opportunities as set out above, calculated using each Executive's Fixed Pay at the time of the award.

Design feature	Approach
Instrument	LTI awards are determined annually by the Board and granted in the form of EPRs at no cost to the Executive. EPRs are rights that entitle participants to receive one share in the Company (or cash equivalent, where determined by the Board), subject to achieving performance hurdles.
Allocation methodology	The number of EPRs issued is calculated by dividing the Executive's maximum LTI by the Company's share price (30-day VWAP up to and including 30 June 2023).
Dividend entitlements	No dividend is paid or payable on any unvested, or vested and unexercised, EPRs.
Performance period	Four years. The FY24 LTI award will reach the end of its performance period on 30 June 2027.

Design feature	Approach			
Performance measures	There are three equally weighted performance measures which are tested separately.			
		ROE	**Relative TSR**	**Customer Experience (tNPS)**
	Description	Reported ROE focuses on the return delivered on shareholders' funds and is a direct reflection of IAG's performance, without being impacted by the performance of other companies.	Relative TSR provides a measure of the return the Company delivers to shareholders relative to a peer group. Relative TSR is measured against the TSR of the top 50 industrial companies in the S&P/ASX 100 Index. Industrial companies include all companies excluding those in the energy sector and the metals & mining industry.	tNPS provides a measure of customer experience across IAG's key brands (NRMA Insurance, SGIO, SGIC, RACV (via our distribution relationship and underwriting joint venture with RACV), CGU (excluding partners), WFI, AMI and State) that correlates to complaints, attrition and GWP. tNPS is measured by an independent external company. tNPS is determined by a question that asks customers their "Likelihood to Recommend" following an assisted or digital interaction with one of our brands.
		ROE	**Relative TSR**	**Customer Experience (tNPS)**
	Definition	Reported ROE is calculated by dividing NPAT by average equity attributable to shareholders of the Company.	TSR measures the return a shareholder would obtain from holding a company's share over a period, taking into account factors such as changes in the market value of shares and dividends paid over that period.	The tNPS score is calculated by subtracting the % of detractors from the % of promoters, equally weighted by survey volumes across the tNPS brand scope.
	Testing	The ROE vesting outcome is based on the average Reported ROE across the performance period (the four 12-month periods). The Board will also consider other factors when determining vesting outcomes.	Relative TSR performance is measured between 30 June of the base year and 30 June of the test year. The opening and closing share price for the TSR calculation for the Company and peer group companies uses a three-month VWAP up to and including 30 June.	The tNPS vesting outcome is based on an average tNPS score across the performance period (the four 12-month financial year periods).
Vesting	The performance targets and level of vesting is:			

Performance hurdle	Weighting	Performance targets		Vesting outcome	
		Threshold	**Stretch**	**Threshold**	**Stretch**
Reported ROE	33.3%	11%	15%	20%	100%
Relative TSR	33.3%	50.1th percentile	75th percentile	50%	100%
tNPS	33.3%	47	55	20%	100%

Straight line vesting applies between threshold and stretch for each performance hurdle.

Vesting schedule

If a performance hurdle is fully or partially met at the end of the four-year performance period, the vesting schedule for the portion of each performance hurdle that vests is:

Role	End year 4	End year 5	End year 6
Group CEO	33.3%	33.3%	33.3%
Other Executives	50%	50%	-

Remuneration report (continued)

Design feature	Approach
Exercising	Any EPRs that vest (and are not cash settled where determined by the Board) will become exercisable. On exercise, Executives will receive one ordinary share in the Company per vested EPR at no cost to them. Any vested EPRs may be exercised up until the Expiry date.
Retesting	No retesting. If the performance hurdles are not met, the awards are forfeited.
Forfeiture	Unvested EPRs will generally lapse if an Executive resigns prior to the vesting date, except in special circumstances (redundancy, retirement, death, or total and permanent disablement). When an Executive ceases employment in special circumstances, any unvested EPRs may be retained, subject to Board discretion. Any EPRs retained will remain subject to the original performance conditions and existing terms and conditions of the award. Vested and unexercised EPRs will be automatically exercised at the next trading window at least 60 days after the Executive ceases employment (unless exercised earlier). In cases where an Executive ceases employment for serious misconduct, all EPRs will lapse whether exercisable or not.
Clawback	May be applied to any vested LTI (including any cash settled amount) for up to two years after vesting.
Expiry date	EPRs expire seven years from the grant date, or on any other expiry date determined by the Board. EPRs that are not exercised before the expiry date will lapse.

E. Non-Executive Director arrangements

I. Remuneration policy

The principles that underpin IAG's approach to fees for Non-Executive Directors are that fees should:

- be sufficiently competitive to attract and retain a high calibre of Non-Executive Director; and
- create alignment between the interests of Non-Executive Directors and shareholders through the mandatory shareholding requirement.

II. Fee structure

Non-Executive Director remuneration comprises:

- Company Board fees (paid as cash, superannuation and/or Non-Executive Director Award Rights);
- Company Committee fees; and
- subsidiary board and committee fees.

Directors can elect the portion of fees contributed into their nominated superannuation fund, provided minimum legislated contribution levels are met. Non-Executive Directors do not receive any performance-related remuneration or termination payments.

III. Fee pool and Company Board and Committee fees

The Board regularly reviews the fees paid to Non-Executive Directors. As part of this year's fee review the Board approved an increase of 5% to the Company's Board and Committee fees effective 9 September 2024.

In setting the Company's Board and Committee fees, the Board considered:

- That the last increase to Board fees was in July 2016 and to Committee fees was in July 2015
- The responsibilities and the time commitment required of the role
- Fees paid to comparable companies including the ASX 100 financial services, companies of similar market capitalisation and major peers.

The current aggregate Non-Executive Director fee pool of $4 million per annum was approved by shareholders at the 2023 Annual General Meeting. The new annual total of Non-Executive Directors fees, including superannuation and subsidiary board and committee fees, is within the approved limit.

A summary of FY24 and FY25 fees for the Company's Board and Committees is set out in the table below. The Company's Board and Committee fees are inclusive of superannuation.

	FY24		FY25	
Board/Committee	Chair	Director/Member	Chair	Director/Member
Board	$577,116	$192,372	$605,950	$202,000
Audit Committee	$50,000	$25,000	$52,500	$26,250
Risk Committee	$50,000	$25,000	$52,500	$26,250
People and Remuneration Committee	$50,000	$25,000	$52,500	$26,250
Nomination Committee	N/A	N/A	N/A	N/A

IV. Mandatory shareholding requirement for Non-Executive Directors

Non-Executive Directors are required to accumulate and hold ordinary shares in the Company with a value equal to their annual base Board fee. The Non-Executive Directors have three years from the date of their appointment to the Board to meet their required holding.

The mandatory shareholding requirement for Non-Executive Directors is based on either the value of shares or vested rights at acquisition or the market value at the testing date, whichever is higher. This allows Non-Executive Directors to build a long-term shareholding in the Company without being impacted by short term share price volatility. Compliance with this requirement is assessed at the end of each financial year, using the 30-day VWAP leading up to and including 30 June, the value of shares at acquisition, and the Non-Executive Director's base Board fee from the start of the accumulation period.

All Non-Executive Directors with a testing date of 30 June 2024 have met the applicable mandatory shareholding requirement.

V. Non-Executive Director Award Rights Plan (NARs Plan)

Non-Executive Directors may agree with IAG to receive some of their Company Board fees in rights over shares in the Company (NARs). Structuring Non-Executive Director fees in this manner supports Non-Executive Directors to build their shareholdings in the Company. This enhances the alignment of interest between Non-Executive Directors and shareholders as well as facilitating the achievement of mandatory shareholding requirements.

Design feature	Approach
Participation	Each Non-Executive Director may agree with IAG to have a proportion of their base Board fee provided as NARs. Participation in the NARs Plan is voluntary.
Vesting conditions	A service condition is attached to the vesting of the NARs. NARs are divided into twelve equal tranches. Vesting of each tranche is subject to minimum continuous engagement as a director from the allocation date until the applicable vesting for that tranche. The full annual allocation of unvested NARs is issued at the grant date, with tranches vesting each month to align the vesting of NARs with the payment of Non-Executive Director fees. There are no performance conditions attached to the NARs plan.
Instrument	Grants under the NARs Plan are in the form of rights over ordinary shares in the Company. Each NAR entitles the Non-Executive Director to receive on exercise of each right one ordinary share in the Company at no cost to the Non-Executive Director.
Allocation methodology	The number of NARs offered during FY24 was determined by dividing the amount of the base Board fee nominated by the five-day VWAP over the five trading days from 7 November 2023, rounded up to the nearest NAR.
Voting rights	NARs do not carry voting rights until they are exercised, and the Non-Executive Director holds shares in the Company.
Expiry date	NARs expire 15 years from the grant date, or on any other expiry date determined by the Board. NARs that are not exercised before the expiry date will lapse.
Forfeiture conditions	In the event a Non-Executive Director ceases service with the Board, any vested NARs may be exercised for shares in the Company in the subsequent trading window. Any unvested NARs will lapse. Under certain circumstances (eg change of control), the Board also has sole and absolute discretion to deal with the NARs, including waiving any applicable vesting conditions and/or exercise conditions by giving notice or allowing a Non-Executive Director affected by the relevant event to transfer their NARs.

F. Executive remuneration governance

I. IAG's approach to remuneration governance

A robust governance framework is in place to carefully manage remuneration and any associated risks. The diagram below illustrates the key stakeholders involved in supporting our remuneration governance framework. The responsibilities of the People and Remuneration Committee are set out in its Charter. The Charter is available on our website in the Board and Committees section at www.iag.com.au.

Board

Approves:

- the Group remuneration policy having regard to the short and long-term interests of IAG and its shareholders.

Reviews:

- the effectiveness of the Group's remuneration framework.

Considers:

- recommendations made by PARC before making remuneration decisions.

People and Remuneration Committee

Ensures the Group's remuneration policies and practices support the delivery of IAG's strategic goals and effective risk management.

Advises the Board on:

- The Group remuneration framework and its effectiveness
- Executive remuneration arrangements and outcomes
- Group equity and incentive plans
- Statutory remuneration disclosures
- Non-Executive Director remuneration

Risk Committee, Chief Risk Officer and Group Internal Audit

Provide input into remuneration recommendations, including variable remuneration outcomes.

External remuneration advisors

PARC engages remuneration consultants to provide information that assists the Board in making remuneration decisions.

Management

The Group CEO makes remuneration recommendations to the PARC, which then makes recommendations to the Board.

Potential conflicts of interest are appropriately managed or avoided.

II. Risk management and governance mechanisms

The following outlines key mechanisms within IAG's risk management and remuneration governance frameworks.

Board discretion	Variable remuneration reinforces behaviours and supports outcomes aligned to IAG's purpose and strategic objectives. It encourages both prudent risk taking and risk mitigation that protects the long-term sustainability, financial soundness, and reputation of the Group and is aligned with shareholder outcomes. The Board has overriding discretion to adjust all forms of variable remuneration (upwards, downwards and to nil if appropriate) for any employee or group of employees in response to material risk events or conduct (subject to any legal constraints and applicable regulatory requirements), including: • misconduct leading to material adverse outcomes; • a material failure of financial or non-financial risk management; • a material failure or breach of accountability, fitness and propriety, or compliance obligations; • a material error or a material misstatement of criteria on which the variable remuneration was based; • material adverse outcomes for customers, beneficiaries or counterparties; and • any other circumstances the Board determines are relevant.

STI pool and LTI calculation principles – introduced from FY22

The Board has the discretion to adjust upwards and downwards:

- the size of the Group STI pool under the STI plan, and to award different STI allocations to different segments of employees; and
- LTI vesting outcomes

to ensure the performance of the Group and individuals are aligned to shareholder outcomes and expectations.

As an overarching principle, all one-off, unusual items, or financial statement adjustments during the financial year will be included when measuring financial performance. Performance adjustments may be made in limited circumstances for items that meet the Group materiality threshold, either individually or collectively, during the performance period.

When considering whether an adjustment is to be made, the following calculation principles will be used to guide decision making to ensure stakeholder interests are fairly balanced and to support consistent application of Board discretion year on year. Any adjustment decisions will consider:

- alignment with shareholder, market, regulator and community expectations;
- shareholder outcomes;
- the impact on IAG's reputation;
- the purpose and integrity of the STI or LTI plan;
- the circumstances surrounding the item;
- whether the item was within the Executive team's control or influence;
- whether the item resulted from conduct contrary to the Group's risk appetite;
- actions taken (or not taken) by management to mitigate risk or reduce the impact of the one-off item;
- the extent to which the matter has been reflected in outcomes for other incentive schemes and/or risk adjustment decisions;
- whether the performance assessment and/or outcomes reflect the impact of unforeseen events on the business and shareholder value; and
- the level of performance expected when the original targets were set.

Where possible, adjustments to LTI will be made at the time of vesting.

Risk adjustment

In order to support the Board in making a risk adjustment, the CRO and the Executive General Manager, Group Internal Audit conduct an annual risk review to identify any material risk matters that may have emerged during the year (relating to either the current or prior financial years). The Board's assessment of identified risk matters and determination of risk related adjustments to variable remuneration is outlined below.

1. Assessment of risk matters	2. Determination of adjustment	3. Application of adjustment
The Risk Committee assesses the severity of the impact of a matter and the level of accountability or responsibility of the individuals involved.	The PARC supports the Board in determining the quantum of adjustments with reference to the Risk Committee's assessment and applying judgment to ensure the adjustment is appropriate and reasonable.	The Board approved adjustments may be applied using the following levers: a. Reductions to in-year STI awards; b. Adjustments to unvested, vested or exercised LTI awards and/or deferred STI; and/or c. Clawback of variable remuneration already paid or vested for certain executive roles.

The Risk Committee considered risk matters during the year. It determined that there were no material matters requiring risk adjustments to be made. During FY24, employment for one Executive was terminated for not meeting behavioural expectations in IAG's Code of Ethics and Conduct. Consistent with policy, all unvested deferred awards held by the Executive were forfeited.

Clawback

Clawback applies to performance based variable remuneration earned for performance periods starting from 1 July 2023.

The Board may:

- determine that vested DARs and EPRs and/or Shares allocated on exercise of DARs or EPRs lapse or are forfeited (as appropriate); or
- require payment or repayment to the Company as a debt, any variable cash payment, cash payments received in connection with the DARs and EPRs (including cash sale proceeds received upon the sale of Shares that have arisen from Vested DARs and EPRs, dividends received in respect of Shares that have arisen from Vested DARs and EPRs or any cash equivalent payment made instead of an allocation of Shares),

for a period of up to 2 years from the date on which the cash is paid, or DARs and EPRs vest (as applicable). The relevant Executive must take any action required to comply with the Board's determination.

Clawback applies to Executives and some other specified roles as required by CPS 511.

Remuneration report (continued)

<table>
<tr><td>Hedging</td><td colspan="3">Executives may not enter into transactions or arrangements that operate to limit the economic risk of unvested entitlements to securities in the Company.</td></tr>
<tr><td rowspan="5">Mandatory shareholding requirement for Executives</td><td colspan="3">The mandatory shareholding requirement allows Executives to build a long-term shareholding in the Company. The mandatory shareholding requirement for Executives is based on either the value of shares and vested rights at acquisition or the market value at the testing date, whichever is higher. This allows Executives to build a long-term shareholding in the Company without being impacted by short term share price volatility. Compliance with this requirement is assessed at the end of each financial year, using the 30-day VWAP leading up to and including 30 June, the value of shares at acquisition, and the Executive’s base pay from the start of the accumulation period.

All Executives with a testing date of 30 June 2024 have met the applicable mandatory shareholding requirement.</td></tr>
<tr><td></td><td>Ordinary shares to accumulate and hold</td><td>Period to accumulate (from date of appointment)</td></tr>
<tr><td>Group CEO</td><td>2 x base pay</td><td>Four years</td></tr>
<tr><td>Executives (other than CRO)</td><td>1 x base pay</td><td>Four years</td></tr>
<tr><td>CRO</td><td>1 x base pay</td><td>Five years</td></tr>
</table>

III. Use of remuneration advisors

During the year external remuneration advisors were engaged to provide Executive and Non-executive Director remuneration benchmarking, market insights and assistance with the remuneration framework. The remuneration data provided was used as an input to remuneration decisions by the Board only. The Board considered the data provided together with other factors, in setting the level and structure of Executives’ remuneration. No remuneration recommendations, as defined in the Corporations Act 2001, were provided by the remuneration advisors.

G. Other statutory disclosures

I. Executive statutory remuneration

Statutory remuneration details for Executives as required by Australian Accounting Standards are set out in the table below.

	Short-term employment benefits				Post-employment benefits	Other long-term employment benefits	Termination benefit	Share-based payment		Total reward	At-risk remuneration
	Base pay $000[1]	Cash STI $000[2]	Non-monetary benefits[3]	Other benefits $000[4]	Super-annuation $000	Long service leave accruals $000[5]	$000[6]	Value of deferred STI $000[7]	Value of LTI $000[8]	$000	As a % of total reward %[9]
Executives											
Nick Hawkins											
2024	**1,772**	**1,080**	**-**	**(25)**	**28**	**27**	**-**	**935**	**1,415**	**5,232**	**66**
2023	1,772	540	-	24	28	27	-	372	171	2,934	37
Julie Batch											
2024	**872**	**486**	**-**	**(20)**	**28**	**13**	**-**	**404**	**640**	**2,423**	**63**
2023	872	216	-	(23)	28	13	-	185	8	1,299	31
Robert Cutler[10]											
2024	**180**	**-**	**-**	**(4)**	**21**	**3**	**-**	**-**	**-**	**200**	**-**
Jarrod Hill[11]											
2024	**851**	**486**	**-**	**(1)**	**28**	**13**	**-**	**370**	**587**	**2,334**	**62**
2023	872	205	-	(37)	28	13	-	225	334	1,640	47
William McDonnell[10]											
2024	**458**	**255**	**120**	**46**	**16**	**7**	**-**	**63**	**166**	**1,131**	**43**
Neil Morgan											
2024	**852**	**475**	**-**	**(15)**	**28**	**13**	**-**	**395**	**626**	**2,374**	**63**
2023	852	211	-	12	28	13	-	183	10	1,309	31
Christine Stasi											
2024	**772**	**432**	**-**	**(5)**	**28**	**12**	**-**	**362**	**580**	**2,181**	**63**
2023	772	202	-	18	28	12	-	160	36	1,228	32
Peter Taylor[12]											
2024	**847**	**359**	**-**	**(24)**	**28**	**13**	**-**	**479**	**261**	**1,963**	**56**
2023	847	140	-	172	28	13	-	232	99	1,531	31
Amanda Whiting[13]											
2024	**805**	**449**	**9**	**88**	**-**	**-**	**-**	**332**	**530**	**2,213**	**59**
2023	783	179	6	87	-	-	-	102	239	1,396	37
Former Executives											
Peter Horton[14]											
2024	**375**	**-**	**-**	**14**	**12**	**(47)**	**-**	**50**	**(433)**	**(29)**	**N/A**
2023	872	151	-	46	28	13	-	129	14	1,253	23
Karen Ingram[10]											
2024	**167**	**-**	**-**	**13**	**22**	**-**	**-**	**-**	**-**	**202**	**-**
Michelle McPherson[15]											
2024	**364**	**358**	**-**	**14**	**18**	**-**	**-**	**364**	**605**	**1,723**	**77**
2023	816	203	-	12	28	(25)	425	370	831	2,660	53

Remuneration report (continued)

Explanatory notes:

1 Base pay includes amounts paid in cash, the portion of IAG's superannuation contribution that is paid as cash instead of superannuation, and salary sacrifice items such as cars and parking, as determined in accordance with AASB 119 Employee Benefits.

2 Cash STI earned for the year ended 30 June 2024, to be paid in October 2024 (representing half of the STI award made for the financial year). The amount for Michelle McPherson includes the deferred portion of her STI which will be paid in cash, 10% in each of August 2025 and August 2026, and 40% in each of August 2027 and August 2028 (to meet CPS 511) subject to the terms of the plan. The deferred STI expense has been brought forward and disclosed in FY24 in accordance with the Australian Accounting Standards.

3 Non-monetary benefits include costs met by IAG for relocation.

4 Annual leave accruals and other short term employment benefits as agreed and provided under specific conditions. (FY23 includes a cash payment provided as compensation for incentives forgone from previous employers for Peter Taylor (the portion relating to FY23 service)).

5 Long service leave accruals as determined in accordance with AASB 119 Employee Benefits including a reversal of prior year accrual for Peter Horton. (FY23 includes a reversal of prior year accrual for Michelle McPherson who retired during FY24.)

6 Payment in lieu of notice incorporates statutory notice and severance entitlements. (FY23 includes the estimated termination benefit for Michelle McPherson in accordance with AASB 119 Employee Benefits.)

7 The deferred STI is granted as DARs and is valued using the Black Scholes valuation model. The amount includes a portion of the DARs granted in November 2021 (half vested in August 2023), DARs granted in November 2022 (half vested in August 2023 and half scheduled to vest in August 2024), DARs granted in November 2023 (half scheduled to vest in August 2024 and half scheduled to vest in August 2025) and DARs to be granted in November 2024 (for the CEO, 79% scheduled to vest in August 2025 and 7% in each of August 2027, August 2028 and August 2029, while for other eligible Executives, half scheduled to vest in August 2025 and half scheduled to vest in August 2026). Vesting is subject to continued service and minimum performance criteria. DARs are equity settled and are exercisable on vesting. For Jarrod Hill, Michelle McPherson and Peter Taylor DARs granted as compensation for incentives forgone from their previous employers are included. See footnotes 11, 12 and 15 for further details.

8 This value represents the allocated portion of EPRs (the FY24 value includes a portion of LTI granted from FY21 to FY24). The reported amounts are an accounting valuation and do not reflect what the Executive actually received during the year, or what they will receive in future years. To determine the value of EPRs, a Monte Carlo simulation (for the relative TSR performance hurdle) and Black Scholes valuation (for the ROE and tNPS performance hurdles) have been applied. The valuations take into account the exercise price of the EPRs, the life of the EPRs, the price of ordinary shares in the Company as at the grant date, expected volatility in the Company's share price, expected dividends, the risk-free interest rate, performance of shares in IAG's peer group of companies, early exercise and non-transferability and turnover which is assumed to be zero. EPRs are considered a hybrid share based payment as the Board determines whether they are settled in equity or cash.

9 At risk remuneration is dependent on a combination of the financial performance of IAG, the Executive's performance against individual measures (financial and non-financial) and continuing employment. At risk remuneration typically includes STI (cash and deferred remuneration) and LTI.

10 Remuneration reflects part year service for Robert Cutler (from 4 April 2024), William McDonnell (from 11 December 2023) and Karen Ingram (8 January 2024 to 3 April 2024).

11 Jarrod Hill received 135,500 DARs on 4 November 2021 as compensation for incentives forgone from his previous employer, subject to continued service and minimum performance criteria. 15% of the DARs are scheduled to vest in August 2024. Of the remaining DARs, 52% vested in August 2022 and 33% in August 2023.

12 Peter Taylor received 142,700 DARs on 3 November 2022 as compensation for incentives forgone from his previous employer, subject to continued service and minimum performance criteria. 43% of the DARs are scheduled to vest in August 2024 and 39% in August 2025. The remaining 18% vested in August 2023.

13 Remuneration for Amanda Whiting was determined in NZD and reported in AUD using the average exchange rate for the year ended 30 June 2024 of 1 NZD = 0.92513 AUD.

14 Peter Horton's employment was terminated on 5 December 2023. The value of deferred STI and LTI includes a reversal in accordance with the Australian Accounting Standards for the forfeiture of all unvested DARs and EPRs.

15 Michelle McPherson received 129,500 DARs on 5 November 2020 as compensation for incentives forgone from her previous employer, subject to continued service and minimum performance criteria. 47% of the DARs vested in August 2021, 28% in August 2022 and 25% in August 2023. The value of deferred STI and LTI awards reflects accrual for a portion of previously granted deferred STI awards and LTI awards that will remain unvested following cessation of employment. This means more than three years of unvested award expense has been brought forward and disclosed in FY24 ($0.582 million) and FY23 ($0.168 million), including those amounts which would otherwise have been included in future year disclosures and that may not vest.

II. Non-Executive Director statutory remuneration

Statutory remuneration details for Non-Executive Directors as required by Australian Accounting Standards are set out in the table below. Performance-based payments and termination benefits are not provided to Non-Executive Directors. No non-monetary benefits have been provided in 2023 or 2024.

	Short-term employment benefits		Post-employment benefits	Share-based payments[1]	Total
	Board fees received as cash $000	Other Board and Committee fees $000	Superannuation $000	$000	$000
Non-Executive Directors					
Tom Pockett[2]					
2024	**572**	**183**	**7**	**-**	**762**
2023	572	183	6	-	761
Simon Allen[3]					
2024	**173**	**184**	**24**	**-**	**381**
2023	174	183	23	-	380
David Armstrong					
2024	**173**	**68**	**26**	**-**	**267**
2023	174	68	25	-	267
Jon Nicholson					
2024	**173**	**49**	**24**	**-**	**246**
2023	174	68	25	-	267
Helen Nugent					
2024	**173**	**41**	**24**	**-**	**238**
2023	174	23	21	-	218
Scott Pickering[4]					
2024	**173**	**77**	**22**	**-**	**272**
2023	157	23	21	17	218
George Sartorel					
2024	**173**	**45**	**24**	**-**	**242**
2023	174	45	23	-	242
George Savvides					
2024	**173**	**68**	**26**	**-**	**267**
2023	186	68	13	-	267
Wendy Thorpe[5]					
2024	**123**	**47**	**-**	**68**	**238**
Michelle Tredenick					
2024	**192**	**71**	**-**	**-**	**263**
2023	191	45	6	-	242

1 NARs are equity settled. The NARs granted to Wendy Thorpe in FY24 100% vested during FY24.

2 Fees for Tom Pockett include fees received in his capacity as the Chair of the Insurance Manufacturers of Australia Pty Limited Board ($184,800). The fee for the Chair of the Insurance Manufacturers of Australia Pty Limited Board will increase to $194,050 from 9 September 2024. The last increase was in FY15.

3 Fees for Simon Allen include fees received in his capacity as the Chair of the IAG New Zealand Limited Board (NZD150,000). This amount was paid in NZD and reported in AUD using the exchange rate for the year ended 30 June 2024 of 1 NZD = 0.92513 AUD. The fee for the Chair of the IAG New Zealand Limited Board will increase to NZD210,000 from 9 September 2024. The increase is based on available benchmarking data and reflects the time since the last increase in FY14.

4 Fees for Scott Pickering include fees received in his capacity as a non-executive director of the IAG New Zealand Limited Board and Committees (NZD59,341), commencing from 8 February 2024. This amount was paid in NZD and reported in AUD using the exchange rate for the year ended 30 June 2024 of 1 NZD = 0.92513 AUD. (In FY23, cash fees paid to Scott Pickering reflect Board fees sacrificed in respect of NARs awarded and 100% vested during FY23.)

5 Wendy Thorpe commenced 1 July 2023. Cash fees paid to Wendy Thorpe reflect Board fees sacrificed in respect of NARs awarded.

Remuneration report (continued)

III. Executive employment agreements

The table below provides details of the contractual arrangements for permanent Executives (excluding Karen Ingram, the Interim Group General Counsel, whose details of contractual arrangements are provided below the table).

Item	Details
Contract type and term	Ongoing, permanent contract
Termination of employment with notice or payment in lieu of notice	The Group may terminate employment of an Executive at any time by providing 12 months' notice or payment in lieu of notice. Executives are required to provide six months' notice of resignation, with the exception of Nick Hawkins who is required to provide 12 months' notice. Subject to relevant legislation in the various jurisdictions, termination provisions may include the payment of annual leave and/or long service leave.
Termination of employment without notice and without payment in lieu of notice	An Executive's employment may be terminated without notice and without payment in lieu of notice in some circumstances. Generally, this would occur where the Executive: • is charged with a criminal offence that could bring the organisation into disrepute; • is declared bankrupt; • breaches a provision of their employment agreement; • is guilty of serious and wilful misconduct; or • unreasonably fails to comply with any material and lawful direction given by the relevant company.
Redundancy arrangements	Executives are entitled to a redundancy payment of up to 12 months' fixed pay. Legacy arrangements apply for Nick Hawkins, who had existing redundancy entitlement of 66 weeks of fixed pay, and Julie Batch, who had existing redundancy entitlements of 54 weeks of fixed pay.

Interim Group General Counsel contractual arrangements

Karen Ingram, the Interim Group General Counsel, was employed on a fixed term contract commencing 8 January 2024 with an end date of 20 December 2024. Employment could be terminated by the Company giving one month's notice or payment in lieu of notice. The Executive was required to provide one month's notice of termination. Under the terms of the fixed term contract, termination of employment without notice and without payment in lieu of notice could have occurred on some of the circumstances described above for the other Executives.

IV. Movement in equity plans within the financial year

Changes in each Executive's holding of DARs and EPRs and each Non-Executive Director's holdings of NARs during the year ended 30 June 2024 are set out in the table below. The DARs granted during the year ended 30 June 2024 were in relation to the STI plan. The EPRs granted during the year ended 30 June 2024 were in relation to the LTI plan. The NARs granted during the year ended 30 June 2024 represent the total number of rights each Non-Executive Director has agreed to receive as part of the payment of their base Board fees. The minimum possible value of unvested awards is nil if the award is fully forfeited or lapsed. The maximum possible value of unvested awards is subject to meeting service and performance conditions and the Company's share price on the day any vested rights are exercised.

		Rights on issue at 1 July 2023	Rights granted		Rights exercised		Rights lapsed		Rights on issue at 30 June 2024	Rights vested during the year	Rights vested and exercisable at 30 June 2024
		Number[1]	Number	Value $000[2]	Number	Value $000[3]	Number	Value $000[3]	Number	Number	Number[4]
Executives											
Nick Hawkins	DAR	124,000	101,320	555	(93,200)	540	-	-	132,120	93,200	-
	EPR	1,739,700	506,520	2,285	-	-	(213,900)	1,287	2,032,320	-	-
Julie Batch	DAR	59,850	40,540	222	(46,000)	265	-	-	54,390	46,000	-
	EPR	775,000	253,260	1,154	-	-	(117,000)	704	911,260	-	-
Jarrod Hill	DAR	82,511	38,500	211	(52,773)	306	-	-	68,238	52,773	-
	EPR	483,600	253,260	1,154	-	-	-	-	736,860	-	-
William McDonnell[5]	EPR	-	239,190	1,249	-	-	-	-	239,190	-	-
Neil Morgan	DAR	58,950	39,620	217	(45,400)	263	-	-	53,170	45,400	-
	EPR	758,700	247,650	1,128	-	-	(111,400)	670	894,950	-	-
Christine Stasi	DAR	52,000	37,820	207	(39,800)	231	-	-	50,020	39,800	-
	EPR	707,900	225,120	1,025	-	-	(119,400)	719	813,620	-	-
Peter Taylor	DAR	142,700	26,280	144	(24,972)	145	-	-	144,008	24,972	-
	EPR	163,200	164,160	748	-	-	-	-	327,360	-	-
Amanda Whiting	DAR	52,500	33,680	185	(41,500)	241	-	-	44,680	26,250	-
	EPR	483,300	221,490	1,009	-	-	(22,200)	134	682,590	-	-
Former Executives											
Peter Horton[6]	DAR	41,200	28,380	155	(31,950)	184	(37,630)	226	-	31,950	-
	EPR	523,000	168,840	769	-	-	(691,840)	4,164	-	-	-
Michelle McPherson[7]	DAR	80,441	38,060	209	(68,891)	399	-	-	49,610	68,891	-
	EPR	588,900	-	-	-	-	-	-	588,900	-	-
Non-Executive Directors											
Scott Pickering	NAR	3,607	-	-	(3,607)	21	-	-	-	-	-
Wendy Thorpe	NAR	-	12,096	68	-	-	-	-	12,096	12,096	12,096

1 Opening number of rights on issue represents the balance as at the date of appointment to a KMP role or 1 July 2023 (whichever was the later).

2 The fair value of the DARs granted on 7 November 2023 in respect of deferred STI and deferred for 1 year was $5.550 per right and deferred for 2 years was $5.407 per right. This amount is allocated to remuneration over the years ending 30 June 2024 to 30 June 2026. The fair value of the ROE and tNPS portions of the EPRs granted on 7 November 2023 was $5.155 for EPRs which may vest after four years, $5.022 for EPRs which may vest after five years and $4.893 (Group CEO only) for EPRs which may vest after six years. The fair value of the relative TSR portion of the EPRs granted on 7 November 2023 was $3.487. The EPRs are first exercisable after the performance period concludes on 30 June 2027 if any of the performance hurdles are met. The amount is allocated to remuneration over the years ending 30 June 2024 to 30 June 2030. The fair values for William McDonnell's EPRs are shown in footnote 5 below. The fair value of the NARs granted on 7 November 2023 was $5.642. This amount was allocated to remuneration over the year ended 30 June 2024.

3 Rights exercised and lapsed during the financial year. The value of the rights lapsed is based on the annual VWAP for the year ended 30 June 2024, which was $6.018. The value of the rights exercised is based on the five-day VWAP up to and including the exercise date. The EPRs that lapsed during the financial year are in respect of the LTI awarded in FY20 that was fully forfeited in August 2023. The EPRs value for Peter Horton also includes other LTI award forfeitures as explained in footnote 6.

4 All rights that vested during FY24 have been exercised, except for Wendy Thorpe.

5 William McDonnell commenced 11 December 2023 and was granted a FY24 LTI award on 28 June 2024. The fair value of the ROE and tNPS portions of the EPRs was $5.891 for EPRs which may vest after four years and $5.722 for EPRs which may vest after five years. The fair value of the relative TSR portion of the EPRs granted was $4.053.

6 Peter Horton's employment was terminated on 5 December 2023. All unvested DARs and EPRs were forfeited on termination. This includes STI DARs granted in FY23 and FY24, and EPRs granted in FY21, FY22, FY23 and FY24.

7 Michelle McPherson ceased to be KMP on 10 December 2023. Her rights on issue at 30 June 2024 represents her rights on issue at the date she ceased to be KMP.

Remuneration report (continued)

V. LTI awards outstanding during the year ended 30 June 2024

Details of LTI awards made to Executives that were outstanding during the year ended 30 June 2024 are shown in the table below.

Award[1]	Measure	Grant date	Base date	Test date	Performance hurdle achievement[2]	Last exercise date
FY24	TSR	28/06/2024	01/07/2023	30/06/2027	N/A	28/06/2031
FY24	ROE	28/06/2024	01/07/2023	30/06/2027	N/A	28/06/2031
FY24	tNPS	28/06/2024	01/07/2023	30/06/2027	N/A	28/06/2031
FY24	TSR	07/11/2023	01/07/2023	30/06/2027	N/A	07/11/2030
FY24	ROE	07/11/2023	01/07/2023	30/06/2027	N/A	07/11/2030
FY24	tNPS	07/11/2023	01/07/2023	30/06/2027	N/A	07/11/2030
FY23	TSR	03/11/2022	01/07/2022	30/06/2026	N/A	03/11/2029
FY23	ROE	03/11/2022	01/07/2022	30/06/2026	N/A	03/11/2029
FY22	TSR	09/06/2022	01/07/2021	30/06/2025	N/A	09/06/2029
FY22	ROE	09/06/2022	01/07/2021	30/06/2025	N/A	09/06/2029
FY22	TSR	04/11/2021	01/07/2021	30/06/2025	N/A	04/11/2028
FY22	ROE	04/11/2021	01/07/2021	30/06/2025	N/A	04/11/2028
FY21	TSR	20/05/2021	01/07/2020	30/06/2024	0%	20/05/2028
FY21	ROE	20/05/2021	01/07/2020	30/06/2024	0%	20/05/2028
FY21	TSR	05/11/2020	01/07/2020	30/06/2024	0%	05/11/2027
FY21	ROE	05/11/2020	01/07/2020	30/06/2024	0%	05/11/2027

1 Terms and conditions for LTI plans for FY21 and FY22 relating to relative TSR and ROE are the same. In FY21 and FY22 for the ROE hurdle, vesting commences when ROE is 1.4 times WACC with maximum vesting when ROE is 1.9 times WACC or greater. For FY23, the hurdle is Reported ROE, and vesting commences when Reported ROE is 10% with maximum vesting when Reported ROE is 14% or greater. In FY21 and FY22 for the TSR hurdle, vesting commences when IAG's relative TSR ranking is at the 50th percentile. For FY23, vesting commences when IAG's relative TSR ranking is at the 50.1th percentile. For FY24 LTI plans see Section D.III for the applicable performance hurdles and vesting schedules.

2 The performance hurdles for the FY21 TSR and ROE LTI tranches were not achieved and 0% of the FY21 LTI rights will vest and 100% will lapse.

VI. Related party interests

In accordance with the Corporations Act Regulation 2M.3.03, the Remuneration Report includes disclosure of related parties' interests.

I. Movements in total number of ordinary shares held

The table below discloses the relevant interests of each KMP and their related parties in ordinary shares in the Company for FY24.

	Shares held at 1 July 2023[1]	Shares received on exercise of DARS	Shares received on exercise of EPRS	Shares received on exercise of NARS	Net movement of shares due to other changes[2]	Total shares held at 30 June 2024[3,4]	Shares held nominally at 30 June 2024[4,5]
	Number	Number	Number	Number	Number	Number	Number
Non-Executive Directors							
Tom Pockett	106,092	-	-	-	3,373	109,465	-
Simon Allen	50,000	-	-	-	-	50,000	50,000
David Armstrong	45,650	-	-	-	-	45,650	-
Jon Nicholson	35,961	-	-	-	-	35,961	25,184
Helen Nugent	38,167	-	-	-	-	38,167	38,167
Scott Pickering	29,615	-	-	3,607	-	33,222	33,222
George Sartorel	20,000	-	-	-	-	20,000	-
George Savvides	46,917	-	-	-	-	46,917	46,917
Wendy Thorpe	-	-	-	-	2,540	2,540	-
Michelle Tredenick	37,815	-	-	-	-	37,815	24,294
Executives							
Nick Hawkins	415,534	93,200	-	-	-	508,734	-
Julie Batch	370,121	46,000	-	-	(270,000)	146,121	-
Robert Cutler	-	-	-	-	-	-	-
Jarrod Hill	70,189	52,773	-	-	844	123,806	53,617
William McDonnell	-	-	-	-	-	-	-
Neil Morgan	194,123	45,400	-	-	7,609	247,132	246,958
Christine Stasi	79,269	39,800	-	-	-	119,069	40,232
Peter Taylor	-	24,972	-	-	(24,972)	-	-
Amanda Whiting	38,540	41,500	-	-	1,243	81,283	81,283
Former Executives							
Peter Horton	108,999	31,950	-	-	(25,974)	114,975	56,950
Karen Ingram	-	-	-	-	-	-	-
Michelle McPherson	120,452	68,891	-	-	7	189,350	69,591

1 Amounts for Wendy Thorpe, Robert Cutler, William McDonnell and Karen Ingram reflect their holdings at the date they became KMP.
2 Net movement of shares relates to acquisition and disposal transactions by the KMP and their related parties during the year. Related parties include (i) a close member of the family of a KMP; or (ii) an entity over which the KMP or the family member has, either directly or indirectly, control, joint control or significant influence.
3 This represents the relevant interest of each Director in ordinary shares issued by the Company, as notified by the Directors to the ASX in accordance with section 205G of the Corporations Act 2001 until the date the financial report was signed. Trading in ordinary shares in the Company is covered by the restrictions that limit the ability of a Director and other Executives to trade in the securities of the Group where they are in a position to be aware of, or are aware of, price sensitive information.
4 For former executives Peter Horton, Karen Ingram and Michelle McPherson the amounts represent their holdings at the date they ceased to be KMP.
5 Shares nominally held are included in the column headed total shares held at 30 June 2024 and include those held directly, indirectly or beneficially by the KMP's related parties or held on behalf of the KMP in a custodial arrangement.

II. Movements in total number of Capital Notes 2 and 3 held

No KMP had any interest directly or nominally in Capital Notes 2 or 3 during the financial year (2023: nil). Capital Notes 1 was redeemed on 7 June 2023. No KMP held Capital Notes 1.

III. Related Party Transactions

No KMP or their related parties had any "non arm's length" transactions with IAG.

This report meets the remuneration reporting requirements of the Corporations Act 2001 and Accounting Standard AASB 124 Related Party Disclosures. The term remuneration used in this report has the same meaning as compensation as prescribed in AASB 124.

Director's signature to the Directors' report

The Directors' Report is signed at Sydney this 21st day of August 2024 in accordance with a resolution of the Directors.

Nick Hawkins
Director

Lead Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Insurance Australia Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Insurance Australia Group Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Brendan Twining

Partner

Sydney

21 August 2024

Financial report

Contents

Consolidated statement of comprehensive income

For the financial year ended 30 June 2024

	Note	2024 $m	Restated 2023 $m
Insurance revenue	2.2.2	**15,425**	13,838
Insurance service expense	2.2.2	**(12,776)**	(12,040)
Reinsurance held expense	2.2.3	**(2,196)**	(2,241)
Reinsurance held income	2.2.3	**702**	1,608
Insurance service result		**1,155**	1,165
Insurance finance expense	2.2.2, 2.5	**(345)**	(136)
Reinsurance finance income	2.2.3, 2.5	**172**	54
Investment income on assets backing insurance liabilities, net of expenses	2.5	**456**	271
Insurance profit		**1,438**	1,354
Investment income on shareholders' funds, net of expenses	2.5	**286**	212
Fee and other income		**158**	159
Share of net profit/(loss) of associates		**-**	(13)
Finance costs		**(185)**	(145)
Fee-based, corporate and other expenses		**(206)**	(222)
Profit before income tax		**1,491**	1,345
Income tax expense for the year	5.2	**(458)**	(426)
Profit for the year		**1,033**	919
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Net movement in foreign currency translation reserve, net of tax		**(15)**	31
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans, net of tax		**4**	6
Other comprehensive income, net of tax		**(11)**	37
Total comprehensive income for the year, net of tax		**1,022**	956
Profit for the year attributable to			
Shareholders of the Parent		**898**	825
Non-controlling interests		**135**	94
Profit for the year		**1,033**	919
Total comprehensive income for the year attributable to			
Shareholders of the Parent		**887**	862
Non-controlling interests		**135**	94
Total comprehensive income for the year, net of tax		**1,022**	956
Earnings per share			
Basic earnings per ordinary share (cents)	4.3	**37.31**	33.63
Diluted earnings per ordinary share (cents)	4.3	**36.24**	31.95

The above consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements. The Group adopted *AASB 17 Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption of *AASB 17* are detailed in Note 8.4.

Consolidated balance sheet

As at 30 June 2024

			Restated	
				1 July
		2024	2023	2022
	Note	**$m**	$m	$m
Assets				
Cash held for operational purposes	8.1	**631**	474	350
Investments	2.4	**12,905**	11,822	11,813
Reinsurance contract held assets	2.2	**6,373**	7,264	6,943
Trade and other receivables		**822**	519	300
Current tax assets		**52**	31	31
Deferred tax assets	5.2	**448**	657	947
Right-of-use assets	5.4	**312**	365	412
Property and equipment		**208**	226	180
Other assets		**108**	97	169
Assets held for sale		**-**	-	342
Goodwill and intangible assets	5.1	**3,758**	3,632	3,411
Total assets		**25,617**	25,087	24,898
Liabilities				
Trade and other payables		**983**	712	518
Current tax liabilities		**118**	33	13
Deferred tax liabilities	5.2	**46**	-	-
Insurance contract liabilities	2.2	**13,919**	14,234	14,576
Lease liabilities	5.4	**438**	497	529
Provisions	5.3	**476**	393	671
Other liabilities		**21**	22	22
Interest-bearing liabilities	4.1	**2,499**	2,139	2,055
Total liabilities		**18,500**	18,030	18,384
Net assets		**7,117**	7,057	6,514
Equity				
Share capital	4.2	**6,836**	7,264	7,386
Treasury shares held in trust		**(21)**	(21)	(24)
Reserves		**40**	45	3
Retained earnings		**(195)**	(635)	(1,191)
Parent interest		**6,660**	6,653	6,174
Non-controlling interests		**457**	404	340
Total equity		**7,117**	7,057	6,514

The above consolidated balance sheet should be read in conjunction with the notes to the financial statements. The Group adopted *AASB 17 Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption of *AASB 17* are detailed in Note 8.4.

Consolidated statement of changes in equity

For the financial year ended 30 June 2024

	Share capital $m	Treasury shares held in Trust $m	Foreign currency translation reserve $m	Share-based remuneration reserve $m	Retained earnings $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2023 (restated)	**7,264**	**(21)**	**4**	**41**	**(635)**	**404**	**7,057**
Profit for the year	**-**	**-**	**-**	**-**	**898**	**135**	**1,033**
Other comprehensive income/(expense)	**-**	**-**	**(15)**	**-**	**4**	**-**	**(11)**
Total comprehensive income/(loss) for the year	**-**	**-**	**(15)**	**-**	**902**	**135**	**1,022**
Transactions with owners in their capacity as owners							
On-market share buy-back, including transaction costs	**(428)**	**(15)**	**-**	**-**	**-**	**-**	**(443)**
Shares vested and expensed	**-**	**15**	**-**	**10**	**(2)**	**-**	**23**
Dividends paid	**-**	**-**	**-**	**-**	**(460)**	**(77)**	**(537)**
Additional investment in subsidiary	**-**	**-**	**-**	**-**	**-**	**4**	**4**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Balance at 30 June 2024	**6,836**	**(21)**	**(11)**	**51**	**(195)**	**457**	**7,117**
Balance at 1 July 2022	7,386	(24)	(27)	30	(1,202)	337	6,500
Adjustment on initial application of *AASB 17*, net of tax	-	-	-	-	10	4	14
Balance at 1 July 2022 (restated)	7,386	(24)	(27)	30	(1,192)	341	6,514
Profit for the year (restated)	-	-	-	-	825	94	919
Other comprehensive income/(expense) (restated)	-	-	31	-	6	-	37
Total comprehensive income/(loss) for the year (restated)	-	-	31	-	831	94	956
Transactions with owners in their capacity as owners							
On-market share buy-back, including transaction cost	(122)	-	-	-	-	-	(122)
Shares vested and expensed	-	3	-	11	(4)	-	10
Dividends paid	-	-	-	-	(270)	(40)	(310)
Additional investment in subsidiaries	-	-	-	-	-	9	9
Balance at 30 June 2023 (restated)	7,264	(21)	4	41	(635)	404	7,057

The above consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements. The Group adopted *AASB 17 Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption of *AASB 17* are detailed in Note 8.4.

Consolidated cash flow statement

For the financial year ended 30 June 2024

	Note	2024 $m	Restated 2023 $m
Cash flows from operating activities			
Premium received	2.2.2	**15,397**	14,048
Reinsurance held recoveries received	2.2.3	**4,265**	3,477
Claims and other expenses paid	2.2.2	**(11,730)**	(11,264)
Insurance acquisition cash flows	2.2.2	**(1,671)**	(1,497)
Reinsurance held premium paid net of ceding commission	2.2.3	**(4,704)**	(4,363)
Dividends, interest and trust distributions received		**578**	381
Finance costs paid		**(179)**	(128)
Income taxes paid		**(152)**	(112)
Other operating receipts		**1,100**	978
Other operating payments		**(1,104)**	(1,068)
Net cash flows from operating activities	8.1	**1,800**	452
Cash flows from investing activities			
Net cash flows on disposal/(acquisition) of subsidiaries and associates		**9**	367
Net cash flows from (purchase)/sale of investments and plant and equipment		**(637)**	27
Net cash flows from investing activities		**(628)**	394
Cash flows from financing activities			
On-market share buy-back, net of transaction costs		**(443)**	(122)
Proceeds from borrowings, net of transaction costs		**748**	308
Repayment of borrowings		**(375)**	(234)
Principal element of lease payments		**(75)**	(79)
Dividends paid to shareholders of the Parent		**(460)**	(270)
Dividends paid to non-controlling interests		**(77)**	(40)
Net cash flows from financing activities		**(682)**	(437)
Net movement in cash held		**490**	409
Effects of exchange rate changes on balances of cash held in foreign currencies		**(2)**	6
Cash and cash equivalents at the beginning of the financial year		**1,353**	938
Cash and cash equivalents at the end of the financial year	8.1	**1,841**	1,353

The above consolidated cash flow statement should be read in conjunction with the notes to the financial statements. The Group adopted *AASB 17 Insurance Contracts* from 1 July 2023 and has restated the comparative period. The impacts of adoption of *AASB 17* are detailed in Note 8.4.

Notes to the financial statements

1. Overview

Note 1.1 Introduction

The Financial Report is structured to provide prominence to the disclosures that are considered most relevant to the users' understanding of the operations, results and financial position of IAG.

The Financial Report has been organised into the following sections:

1. **Overview –** Contains information that affects the Financial Report as a whole, as well as segment reporting disclosures.
2. **Insurance disclosures –** Financial statement disclosures considered most relevant to the core insurance activities.
3. **Risk –** Discusses IAG's exposure to various risks, explains how these affect IAG's financial position and performance and how IAG seeks to manage and mitigate these risks.
4. **Capital structure –** Provides information about the capital management practices of IAG and related shareholder returns.
5. **Other balance sheet disclosures –** Discusses other balance sheet items such as goodwill and intangible assets, as well as disclosures in relation to IAG's tax balances.
6. **Group structure –** Provides details of non-controlling interests and parent entity disclosure.
7. **Unrecognised items –** Disclosure of items not recognised in the financial statements at reporting date but which could potentially have a significant impact on IAG's financial position and performance going forward.
8. **Additional disclosure –** Other disclosures required to comply with Australian Accounting Standards.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

Note 1.2 About this report

A. Corporate information

Insurance Australia Group Limited (Company or Parent), the ultimate parent entity in the Group, is a for-profit company, incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange (ASX). Its registered office and principal place of business is Level 13, Tower Two, Darling Park, 201 Sussex Street, Sydney, NSW 2000, Australia. This Financial Report covers the consolidated financial statements for the Company and its subsidiaries (IAG or Group) for the financial year ended 30 June 2024.

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

B. Statement of compliance

This general purpose financial report was authorised by the Board of Directors for issue on 21 August 2024 and complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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, the most significant being the measurement of all investments and derivatives at fair value and the measurement of reinsurance contract held assets and insurance contract liabilities based on present value of fulfilment cash flows. All values are rounded to the nearest million dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) 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. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2024. A list of the entities that were part of the consolidated group as at 30 June 2024 is set out in the consolidated entity disclosure statement. IAG controls an investee if it has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of those returns. Where an entity either began or ceased to be controlled during a financial year, the results are included from the date control commenced or up to the date control ceased. The financial information of all subsidiaries is prepared for consolidation for the same reporting year as the Parent. In preparing the consolidated financial statements, all intercompany balances and transactions, including income, expenses, and profits and losses resulting from intra-group transactions, have been eliminated.

Where a subsidiary is less than wholly owned, the non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity. The Group recognises non-controlling interests in an acquired entity at the non-controlling interest's proportionate share of the acquired entity's net assets. A change in ownership of a controlled entity that results in no gain or loss of control is accounted for as an equity transaction.

II. 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. The groups of insurance and reinsurance held contracts that generate cash flows in a foreign currency, are treated as monetary items.

The assets and liabilities of foreign operations are translated to Australian dollars using reporting date exchange rates while equity items are translated using historical rates. The consolidated statement of comprehensive income and consolidated cash flow statement are translated using annual average rates for the reporting year. Exchange rate differences arising on translation are recorded directly in equity in the foreign currency translation reserve (FCTR). On the disposal of a foreign operation, the cumulative amount of exchange differences deferred in the FCTR relating to that foreign operation is recognised in profit or loss.

III. Reclassification of comparatives

Comparatives are adjusted from time to time for changes in accounting policies or for disclosures to improve comparability of information. The implementation of *AASB 17 in* the current year has brought significant changes to the accounting for insurance and reinsurance contracts, as discussed below. As a result, IAG has changed the disclosures as required under the standard and restated comparative amounts. The impact of adopting *AASB 17* is also disclosed in the Statement of changes in Equity and Note 8.4.

D. Material accounting policies adopted

The accounting policies adopted in the preparation of this Financial Report have been applied consistently by all entities in IAG and are the same as those applied for the previous reporting period, unless otherwise stated. This is the first set of the Group's annual financial statements in which *AASB 17* has been applied. Refer to Note 8.4 for further details.

The financial statements of entities operating outside Australia that maintain accounting records in accordance with overseas accounting principles are adjusted where necessary to comply with the material accounting policies of IAG. The material accounting policies adopted in the preparation of this Financial Report are set out within the relevant note. New and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are now effective are detailed in Note 8.4.

The Group adopted *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* from 1 July 2023. These amendments did not result in any changes to the measurement, recognition or presentation of any items in the Group's financial statements, however, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies which is disclosed in these financial statements considering their relevance for the users of these financial statements.

E. Critical accounting estimates and judgements

In the process of applying the material accounting policies, certain critical accounting estimates and assumptions are applied and judgements are made by management, the results of which affect the amounts recognised in the financial statements. The estimates and related assumptions are based on experience and other factors that are considered to be reasonable and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which they are revised, and future periods if relevant. Details of the material estimates and judgements are set out within the relevant note, as outlined below:

Areas of critical accounting estimates and judgements	Note
Valuation of insurance contracts issued and reinsurance contracts held	2.2.2, 2.2.3, 2.3
Intangible assets and goodwill impairment testing, initial measurement and useful life	5.1
Income tax and related assets and liabilities	5.2

Note 1.3 Segment reporting

IAG has identified its operating segments based on the internal reports which were prepared under AASB, and that are reviewed and used by the Chief Executive Officer (being the chief operating decision maker) in assessing performance and determining the allocation of resources.

A. Reportable segments

IAG has general insurance operations in Australia and New Zealand, with the reportable segments for the financial year ended 30 June 2024 comprising the business divisions outlined below.

IAG's reinsurance operation acts as the interface between the external providers of reinsurance capital and the operating business divisions. IAG does not manage, or view, the reinsurance operations as a separate business. Consequently, the operating results of the reinsurance operations are systematically allocated to the operating business segments.

I. Direct Insurance Australia

This segment predominantly provides personal lines, and some commercial lines, general insurance products sold directly to customers primarily under the NRMA Insurance brand Australia wide (excluding VIC), the RACV brand in Victoria (via a distribution relationship and underwriting joint venture with RACV), and ROLLiN' Insurance brand.

II. Intermediated Insurance Australia

This segment predominantly provides commercial lines, and some personal lines, general insurance products sold to customers through intermediaries including brokers, agents, authorised representatives, primarily under the CGU Insurance and WFI Insurance brands. General insurance products are also distributed under third party brands by IAG's corporate partners, including financial institutions.

III. New Zealand

This segment provides general insurance products underwritten in New Zealand. Insurance products are sold directly to customers predominantly under the State and AMI brands, and through intermediaries (insurance brokers and agents) primarily using the NZI and Lumley Insurance brands. General insurance products are also distributed under third party brands by IAG's corporate partners, including financial institutions.

IV. Corporate and other

This segment comprises other activities, including corporate services, capital management activity, shareholders' funds investment activities, inward reinsurance from associates, investment in associates, and other businesses that offer products and services that are adjacent to IAG's insurance business.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

B. Financial information

	Direct Insurance Australia $m	Intermediated Insurance Australia $m	New Zealand $m	Corporate and other $m	Total $m
2024					
Insurance revenue	**7,057**	**4,863**	**3,505**	**-**	**15,425**
Insurance service expense	**(6,109)**	**(4,037)**	**(2,629)**	**(1)**	**(12,776)**
Reinsurance held expense	**(950)**	**(677)**	**(569)**	**-**	**(2,196)**
Reinsurance held income	**482**	**98**	**122**	**-**	**702**
Insurance service result	**480**	**247**	**429**	**(1)**	**1,155**
Insurance finance income/(expenses)	**(123)**	**(163)**	**(59)**	**-**	**(345)**
Reinsurance held finance income/(expense)	**65**	**61**	**46**	**-**	**172**
Investment income/(expense) on assets backing insurance liabilities, net of expenses	**232**	**183**	**41**	**-**	**456**
Insurance profit	**654**	**328**	**457**	**(1)**	**1,438**
Investment income/(expense) on shareholders' funds, net of expenses	**-**	**-**	**-**	**286**	**286**
Finance costs	**-**	**-**	**-**	**(185)**	**(185)**
Other net operating result	**(21)**	**(6)**	**(1)**	**(20)**	**(48)**
Profit/(loss) before income tax	**633**	**322**	**456**	**80**	**1,491**
Income tax expense					**(458)**
Profit/(loss) after income tax					**1,033**
Other segment information					
Capital expenditure[1]	**-**	**-**	**-**	**297**	**297**
Depreciation, amortisation and impairment expense	**101**	**67**	**25**	**3**	**196**
Restated 2023					
Insurance revenue	6,287	4,491	3,060	-	13,838
Insurance service expense	(5,594)	(2,871)	(3,571)	(4)	(12,040)
Reinsurance held expense	(877)	(879)	(486)	1	(2,241)
Reinsurance held income	594	(21)	1,038	(3)	1,608
Insurance service result	410	720	41	(6)	1,165
Insurance finance income/(expenses)	(49)	(72)	(15)	-	(136)
Reinsurance held finance income/(expense)	23	22	9	-	54
Investment income/(expense) on assets backing insurance liabilities, net of expenses	161	86	24	-	271
Insurance profit	545	756	59	(6)	1,354
Investment income/(expense) on shareholders' funds, net of expenses	-	-	-	212	212
Share of net loss of associates	(13)	-	-	-	(13)
Finance costs	-	-	-	(145)	(145)
Other net operating result	(10)	(9)	-	(44)	(63)
Profit/(loss) before income tax	522	747	59	17	1,345
Income tax expense					(426)
Profit/(loss) after income tax					919
Other segment information					
Capital expenditure[1]	-	-	-	328	328
Depreciation, amortisation and impairment expense	84	81	19	1	185

1 Capital expenditure includes acquisitions of property and equipment, intangibles and other non-current segment assets.

2. Insurance disclosures

Section introduction

This section provides an overview of IAG's general insurance operations, which are the main driver of IAG's overall performance and financial position.

The adoption of *AASB 17* has changed the way the Group's insurance and reinsurance business is measured and disclosed in the financial statements.

Note 2.1 Material accounting policies

The adoption of *AASB 17* establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held.

Insurance contract liabilities consist of:

- the liability for remaining coverage, which includes fulfilment cash flows related to future services under the contracts; and
- the liability for incurred claims, which includes fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Reinsurance contract assets consist of:

- the asset for remaining coverage, which includes fulfilment cash flows related to future insured claims that have not yet been incurred; and
- the asset for incurred claims, which includes fulfilment cash flows that are expected to be received on claims that have already incurred on the underlying contract.

The Group applies the same accounting policies to measure groups of insurance contracts issued and groups of reinsurance contracts held. These policies are adapted where necessary to reflect the distinct features of reinsurance contracts held that differ from those of contracts issued.

A. Recognition, derecognition and modification

I. Recognition of contracts

Groups of **insurance contracts issued** are recognised from the earliest of:

- the beginning of the coverage period of the group;
- the date when the first payment from a policyholder in the group is due; or
- if facts and circumstances indicate that the group is onerous, from the time they are identified as onerous.

Groups of **reinsurance contracts held** are recognised from the earliest of:

- the beginning of the coverage period of the group, except that when reinsurance contracts held provide proportionate coverage, recognition is delayed until the date any underlying insurance contract is initially recognised; and
- the date the Group recognises an onerous group of underlying insurance contracts, if the Group entered into the related reinsurance contract held before that date.

New contracts are added to a group in the reporting period in which that contract meets one of the criteria noted above, provided they meet the criteria of having been issued within a period of 12-months.

II. Derecognition and modification of contracts

The Group derecognises insurance contracts when:

- the rights and obligations relating to the contract are extinguished;
- the contract is modified to the extent that the premium allocation approach was no longer an applicable measurement model, there is a change in the applicable standard for measuring a component of the contract, there are substantial changes to the contract boundary, there is reclassification into a different group, or they are modified to the extent that it would have been excluded from the scope of *AASB 17*;
- the group is separated into different components; or
- the contracts no longer meeting the definition of an insurance contract.

III. Level of aggregation

AASB 17 applies recognition and measurement requirements at the 'group of contracts' level. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group. Portfolios of insurance contracts issued and reinsurance contracts held that are assets in position are presented separately from those that are liabilities on the balance sheet.

To establish groups of contracts, the Group first identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. Each portfolio is then first sub-divided into groups of contracts that were issued within a 12-month period and then further disaggregated as follows.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

Insurance contracts issued, are further disaggregated into two groups of contracts:

- contracts that are onerous on initial recognition; and
- any remaining contracts in the portfolio.

Reinsurance contracts held are assessed separately from underlying insurance contracts issued. Reinsurance contracts held are further disaggregated into three groups of contracts:

- contracts that have a net gain on initial recognition;
- contracts that relate to future coverage that have a net cost on initial recognition; and
- contracts relating to adverse development that on initial recognition have a net cost that is immediately recognised in profit or loss.

IV. Contract boundaries

The measurement of a group of contracts includes all future cash flows within the boundary of each contract in the group. In determining which cash flows fall within the contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract as well as from applicable laws, regulation and business practices.

V. Measurement models

Insurance contracts issued and reinsurance contracts held must be measured using the general measurement model (GMM) unless they meet certain eligibility criteria for the premium allocation approach (PAA). The Group applies the PAA to its insurance contracts issued and reinsurance contracts held whenever eligible. This excludes the Group's adverse development covers (ADCs) held.

The majority of the Group's insurance contracts issued and reinsurance contracts held are automatically eligible for the PAA, as they have a coverage period of one year or less. For the remaining groups of insurance contracts issued and reinsurance contracts held, an assessment was performed on initial recognition. This assessment aimed to confirm that the measurement of the liability for remaining coverage (or asset for remaining coverage in the case of reinsurance contracts held) would not differ materially if calculated applying the GMM or the PAA. The assessment included modelling both the reasonably expected outcomes and volatility as key assumptions under both the PAA and GMM.

B. Initial recognition

I. Adverse development covers

The Group purchases ADC reinsurance contracts to get protection against the adverse development on the underlying claims on specified components of the IAG business. When accounting for ADCs in accordance with *AASB 17*, the insured event is deemed to be the determination of the ultimate cost of those claims, which is normally concurrent with the full or partial settlement of an underlying claim triggering a recovery from the reinsurer. Therefore the coverage period extends through the claims settlement period. Due to the specific nature of existing ADCs held and the length of coverage period, ADC reinsurance contracts held are measured using the GMM.

II. Insurance contracts issued

When applying the PAA, the liability for remaining coverage is calculated as the amount of premium received at initial recognition, less any unamortised insurance acquisition cash flows and amounts recognised as insurance revenue for coverage that has been provided.

When measuring the liability for incurred claims, the Group discounts all future cash flows and includes an explicit risk adjustment for non-financial risk. The risk adjustment represents the compensation the Group requires to bear uncertainty about the amount and timing of cash flows arising from insurance contracts.

III. Reinsurance contracts held

At initial recognition, the Group applies the same principles to accounting for reinsurance contracts held under PAA method which are applied to the underlying contracts. Reinsurance contracts held asset is the sum of asset for remaining coverage (ARC), risk adjustment and asset for incurred claim (AIC). These are measured as the discounted present value of expected future receipts due from reinsurers net of any allowance for the risk of non-performance. The premiums paid on reinsurance held contracts are initially recognised under ARC and represents the services receivable under the contract in the future. Reinsurance recoveries represent the amounts ultimately expected to be received from the reinsurer considering contractual terms and counterparty credit risk and is presented under AIC.

All ADC reinsurance contracts held which are measured under GMM are assessed to be in a net cost position at inception, with the loss recognised immediately in the profit or loss.

C. Subsequent measurement

I. Insurance contracts issued

For PAA, at the end of each reporting period, the carrying amount of the liability for remaining coverage is adjusted for any premiums received, amortisation of acquisition costs and insurance revenue recognised for service provided in the period.

a. Insurance revenue

Insurance revenue from contracts accounted for applying the PAA is recognised as income on a straight-line basis, based on the passage of time, for the majority of the Group's insurance contracts. However, in those circumstances when the expected pattern of release of risk during the coverage period differs significantly from the passage of time, income is recognised on the basis of the expected timing of incurred insurance service expenses.

b. Insurance service expense

Insurance service expense includes incurred claims, maintenance and claims handling costs and settlement costs and an allocation of acquisition cost cash flows. Incurred claims represents claims payments and movements between the liabilities for incurred claims and loss component at the beginning and end of the period.

c. Finance (income)/expenses from insurance contracts issued

Insurance finance income/expense includes amounts related to the effects of the time value of money and financial risks on the issued contracts. The Group has opted to recognise all movements to fulfilment cash flows on account of changes in discount rates to profit and loss.

d. Acquisition cash flows

Acquisition cash flows are those arising from the costs of selling, underwriting, and starting a group of insurance contracts. Acquisition cash flows are deferred and recognised as an expense over time in line with the recognition of related insurance revenue. Acquisition cash flows associated with issued contracts are included in the related liability for remaining coverage.

Insurance and reinsurance acquisition cash flows are allocated to groups of insurance contracts issued and reinsurance contracts held using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance or reinsurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals is based on the manner in which the Group expects to recover those cash flows. The Group has chosen not to recognise acquisition cash flows as expenses when incurred, and instead includes costs related to contracts in force in the liability for remaining coverage or asset for remaining coverage.

There are no insurance acquisition cash flows arising before the recognition of the related group of contracts. If this occurred, it would be recognised as an asset and presented as a part of the portfolio of insurance contracts in the balance sheet to which it relates. This asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

II. Reinsurance contracts held

Subsequent to initial recognition, the carrying amount of the ARC is adjusted for any reinsurance held income recognised for the services received, reinsurance premiums paid, and reinsurance finance income or expenses for the specific period.

An AIC is only recognised when an insured event occurs, that is when the ultimate amount of the underlying claim is determined, which is normally concurrent with the full or partial settlement of an underlying claim triggering a recovery from the reinsurer.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations.

a. Net reinsurance held income/(expense)

Income or expense from reinsurance contracts held includes amounts recoverable from reinsurers and an allocation of reinsurance premiums paid. In Note 2.2.3.A, the Group discloses that cash flows that are not contingent on claims of the underlying contract will be offset against premiums to be ceded to the reinsurer within reinsurance held expense, i.e., recorded as part of reinsurance held expense.

The Group has chosen to present income and expenses from reinsurance contracts held as separate line items within the statement of comprehensive income.

b. Reinsurance finance income/(expense)

Reinsurance finance income/expense includes amounts related to the effects of the time value of money and financial risks.

D. Onerous contracts

The Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the Group recognises a loss in the insurance service expense in profit or loss and recognises a loss component within the liability for remaining coverage. When underlying onerous contracts are covered by reinsurance contracts held, the Group recognises reinsurance income in the profit of loss and recognises a corresponding loss recovery component in the asset for remaining coverage.

The loss component and loss recovery component are remeasured over the coverage period. By the end of the coverage period, these components are reduced to nil.

E. Cash flows not contingent on claims

Amounts owing to reinsurers and offsetting amounts owed by reinsurers to the Group, which are not contingent on claims, are excluded from reinsurance held income and reinsurance held expense.

The Group considers that amounts that would be received either as commissions, or as claims recoveries within the Group's whole-of-account quota share reinsurance contracts held are not contingent on claims. Therefore, these amounts will be offset against premiums to be ceded within reinsurance held expense.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

Note 2.2 Insurance and reinsurance contracts

		2024			2023		
As at 30 June	Note	Premium allocation approach $m	General Model $m	Total $m	Premium allocation approach $m	General Model $m	Total $m
Insurance contract liabilities	2.2.2	**13,919**	**-**	**13,919**	14,234	-	14,234
Reinsurance contract assets	2.2.3	**(5,762)**	**(611)**	**(6,373)**	(6,559)	(705)	(7,264)
Net insurance contract liabilities / (assets)		**8,157**	**(611)**	**7,546**	7,675	(705)	6,970

2.2.1 Changes during the year

A. Business interruption

The provision for business interruption claims associated with COVID-19 was $380 million at 30 June 2024 (30 June 2023: $397 million – restated on *AASB 17* basis reflecting a $3 million reduction from the *AASB 1023* basis). The $17 million reduction in the provision since 30 June 2023 is primarily due to claims payments made during the year together with risk adjustment releases. As further information becomes available, IAG will review the provision and make adjustments accordingly.

Insurance Australia Limited (IAL) continues to process existing and new business interruption claims and defend a class action that has been filed in the Federal Court of Australia relating to policyholders with business interruption policies.

B. Trade credit insurance

BCC Trade Credit Pty Ltd (BCC) is an underwriting agency that was authorised to underwrite trade credit insurance, in accordance with specific underwriting guidelines, through IAL. In April 2019, IAG sold its interest in BCC to Tokio Marine Management (Australasia) Pty Ltd with effect from 9 April 2019. As part of the sale, IAL put in place transitional arrangements for BCC to continue to underwrite risks on behalf of IAL to 30 June 2019, with Tokio Marine & Nichido Fire Insurance Co., Ltd (TMNF) becoming the licensee responsible for BCC effective 1 July 2019. IAL also put in place protections in respect of any potential exposure to trade credit insurance policies written by BCC on behalf of IAL, both through reinsurance in place in respect of those policies and also through arrangements with TMNF for it to cover any remaining exposure to trade credit insurance written by BCC on behalf of IAL.

Since 2020, a significant number of claims have been received by IAL under policies purportedly issued by BCC on behalf of IAL to Greensill entities. The collapse of the Greensill entities has been the subject of widespread media interest, ongoing foreign regulatory inquiries and litigation overseas. IAL denies that it is liable in respect of the claims made against it under purported Greensill policies. A number of those claims are now the subject of complex litigation proceedings currently before the Federal Court of Australia and IAL is defending all of those proceedings.

IAL's position in respect of the claims made under purported Greensill policies is that, first, IAL is not bound by the policies (including because they were issued outside the terms of BCC's underwriting authority) and, secondly, even if IAL is bound by the policies, they do not provide cover for the alleged losses claimed and IAL is entitled to avoid the policies and has no liability under them due to misrepresentations and non-disclosures by Greensill entities.

There is complexity around the matters that will need to be determined by the court in the current Federal Court proceedings. There are a number of parties involved in those proceedings, including BCC, one of its former trade credit underwriters, as well as Greensill parties. Allegations have been raised against various parties involved in the proceedings, including allegations against BCC and one of its former trade credit underwriters regarding misleading or deceptive conduct and breaches of warranties of authority, and allegations against Greensill parties alleging fraudulent non-disclosure and misrepresentations and misleading or deceptive representations. Given the complexity and number of parties involved in the litigation, IAG expects that the litigation proceedings will take a number of years.

IAL is also managing trade credit claims relating to policies purportedly issued by BCC on behalf of IAL to other entities unrelated to Greensill. A number of those claims are now the subject of litigation proceedings currently before the courts, and IAL has denied those claims and is defending the proceedings.

IAL will continue to defend all of the claims and the litigation. As with any litigation, the potential outcomes are inherently uncertain and there are risks that a court may make a finding contrary to IAL's position and that any finding may become the subject of appeals. If IAL is determined by a court to be liable for any of the claims currently the subject of litigation, IAL will seek, concurrently or subsequently, to rely on agreements that it had put in place at the time of the sale in respect of any potential exposure to trade credit insurance policies written by BCC on behalf of IAL (as described above). As previously stated, there is a risk that a reinsurer or other party under those agreements will challenge its obligations under those agreements. There may also be timing differences between any court determination against IAL and enforcement of IAL's rights under those agreements.

As outlined above, IAG expects that these matters will not be resolved for a significant period of time and it is currently not known what the outcome of the proceedings or the actual value of any potential exposure to IAL will be if any claims are successful.

IAG does not consider that the face value of the claimed amounts in the proceedings provide a meaningful indication of any potential exposure of IAL. If aggregated, these would amount to approximately A$7 billion plus interest (applying exchange rates as at 30 June 2024). The reasons this is not considered a meaningful indication of any potential exposure of IAL, include:

- pleaded claims state that the claimed amounts will be reduced by sums recovered by the claimants from third-parties through other means, the value of which are not yet known. Such third-party recoveries include refinancing and repayments;
- IAL's multiple defences in the proceedings – including that IAL is not bound by the policies, and even if IAL is bound by the policies, they do not provide cover for the alleged losses claimed and IAL is entitled to avoid the policies and has no liability under them due to misrepresentations and non-disclosures by Greensill entities;
- IAL's recovery rights under reinsurance arrangements; and
- IAL's recovery rights from TMNF under the arrangements outlined above.

Based on the above, and the current status of the proceedings, IAG maintains that, through the protections it has put in place, it has no net insurance exposure to trade credit policies sold through BCC.

The trade credit liability for incurred claims at 30 June 2024 is $454 million (30 June 2023: $466 million - restated on *AASB 17* basis reflecting a $1 million reduction from the *AASB 1023* basis). The movement since 30 June 2023 is mainly due to the continued payment of legal costs relating to the defence of the litigation. This liability for incurred claims has been determined in accordance with IAG's usual claims reserving practices. IAG has also recognised an equivalent amount of $454 million (30 June 2023: $466 million - restated on *AASB 17* basis reflecting a $1 million reduction from the *AASB 1023* basis) of reinsurance contracts held asset for incurred claims in respect of trade credit related claims.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

2.2.2 Insurance contract assets and liabilities

The following reconciliations separately analyse movements in the liability for remaining coverage and liability for incurred claims in the period arising from insurance contracts issued and asset for remaining coverage and asset for incurred claims arising from reinsurance contracts held. These movements are reconciled to line items in the statement of comprehensive income.

A. Composition – reconciliation of insurance contracts issued that are liabilities

The table below analyses the movement in the liability for remaining coverage and liabilities for incurred claims.

	Liability for remaining coverage			Liability for incurred claims			
As at 30 June 2024	Excluding loss component $m	Loss component $m	Total $m	Estimated present value (PV) of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Total $m	Insurance contract liability total $m
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	2,117	69	2,186	10,665	1,383	12,048	14,234
Net insurance contract (assets)/liabilities at 1 July 2023	**2,117**	**69**	**2,186**	**10,665**	**1,383**	**12,048**	**14,234**
Changes in the statement of comprehensive income:							
Insurance revenue	(15,425)	-	(15,425)	-	-	-	(15,425)
Insurance service expense:							
Incurred claims and other expenses	-	(82)	(82)	10,967	256	11,223	11,141
Amortisation of insurance acquisition cash flows	1,542	-	1,542	-	-	-	1,542
Changes that relate to past service	-	-	-	383	(310)	73	73
Losses and reversal of losses on onerous contracts	-	20	20	-	-	-	20
Total insurance service expense	1,542	(62)	1,480	11,350	(54)	11,296	12,776
Insurance service result	**(13,883)**	**(62)**	**(13,945)**	**11,350**	**(54)**	**11,296**	**(2,649)**
Insurance finance (income)/expense	-	13	13	294	38	332	345
Effect of movement in exchange rates	38	-	38	(45)	-	(45)	(7)
Amounts recognised in profit or loss	**(13,845)**	**(49)**	**(13,894)**	**11,599**	**(16)**	**11,583**	**(2,311)**
Cash flows:							
Premiums received (including premium refunds)	15,397	-	15,397	-	-	-	15,397
Insurance acquisition cash flows	(1,671)	-	(1,671)	-	-	-	(1,671)
Claims and other expenses paid	-	-	-	(11,730)	-	(11,730)	(11,730)
Total cash flows	**13,726**	**-**	**13,726**	**(11,730)**	**-**	**(11,730)**	**1,996**
Net balance at end of year	**1,998**	**20**	**2,018**	**10,534**	**1,367**	**11,901**	**13,919**
Closing insurance contract liabilities	1,998	20	2,018	10,534	1,367	11,901	13,919
Closing insurance contract assets	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities at 30 June 2024	**1,998**	**20**	**2,018**	**10,534**	**1,367**	**11,901**	**13,919**

	Liability for remaining coverage			Liability for incurred claims			
As at 30 June 2023	Excluding loss component $m	Loss component $m	Total $m	Estimated PV of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Total $m	Insurance contract liability total $m
Opening insurance contract assets	-	-	-	-	-	-	-
Opening insurance contract liabilities	2,032	92	2,124	10,807	1,645	12,452	14,576
Net insurance contract (assets)/liabilities at 1 July 2022	2,032	92	2,124	10,807	1,645	12,452	14,576
Changes in the statement of comprehensive income:							
Insurance revenue	(13,838)	-	(13,838)	-	-	-	(13,838)
Insurance service expense:							
Incurred claims and other expenses	-	(98)	(98)	11,517	260	11,777	11,679
Amortisation of insurance acquisition cash flows	1,377	-	1,377	-	-	-	1,377
Changes that relate to past service	-	-	-	(550)	(535)	(1,085)	(1,085)
Losses and reversal of losses on onerous contracts	-	69	69	-	-	-	69
Total insurance service expense	1,377	(29)	1,348	10,967	(275)	10,692	12,040
Insurance service result	(12,461)	(29)	(12,490)	10,967	(275)	10,692	(1,798)
Insurance finance (income)/expense	-	6	6	118	12	130	136
Effect of movement in exchange rates	(5)	-	(5)	37	1	38	33
Amounts recognised in profit or loss	(12,466)	(23)	(12,489)	11,122	(262)	10,860	(1,629)
Cash flows:							
Premiums received (including premium refunds)	14,048	-	14,048	-	-	-	14,048
Insurance acquisition cash flows	(1,497)	-	(1,497)	-	-	-	(1,497)
Claims and other expenses paid	-	-	-	(11,264)	-	(11,264)	(11,264)
Total cash flows	12,551	-	12,551	(11,264)	-	(11,264)	1,287
Net balance at end of year	2,117	69	2,186	10,665	1,383	12,048	14,234
Closing insurance contract liabilities	2,117	69	2,186	10,665	1,383	12,048	14,234
Closing insurance contract assets	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities at 30 June 2023	2,117	69	2,186	10,665	1,383	12,048	14,234

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

2.2.3 Reinsurance contract assets and liabilities

A. Composition – reconciliation of reinsurance contract held assets

The table below analyses the movement in the reinsurance contract held assets for remaining coverage and reinsurance contract held assets for incurred claims.

	Reinsurance contract held assets for remaining coverage (ARC)			Reinsurance contract held assets for incurred claims (AIC)				
					Contracts under PAA			
As at 30 June 2024	Excluding loss recovery component $m	Loss recovery component $m	Total $m	Contracts not under PAA $m	Estimated PV of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Total $m	Reinsurance contract held asset total $m
Opening reinsurance contract held assets	**905**	**23**	**928**	**-**	**5,948**	**388**	**6,336**	**7,264**
Opening reinsurance contract held liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net reinsurance contract held assets/(liabilities) at 1 July 2023	**905**	**23**	**928**	**-**	**5,948**	**388**	**6,336**	**7,264**
Changes in the statement of comprehensive income:								
Reinsurance held expense	**(2,196)**	**-**	**(2,196)**	**-**	**-**	**-**	**-**	**(2,196)**
Amounts recoverable from reinsurers				**-**	**-**	**-**	**-**	
Recoveries of incurred claims including other insurance expenses	**-**	**(24)**	**(24)**	**67**	**407**	**88**	**562**	**538**
Changes that relate to past service	**-**	**-**	**-**	**-**	**273**	**(117)**	**156**	**156**
Recoveries and reversals of recoveries of losses on onerous underlying contracts	**-**	**8**	**8**	**-**	**-**	**-**	**-**	**8**
Reinsurance cashflows not contingent on claims	**(2,712)**	**-**	**(2,712)**	**-**	**2,712**	**-**	**2,712**	**-**
Total reinsurance held income	**(2,712)**	**(16)**	**(2,728)**	**67**	**3,392**	**(29)**	**3,430**	**702**
Net reinsurance held income/(expense)	**(4,908)**	**(16)**	**(4,924)**	**67**	**3,392**	**(29)**	**3,430**	**(1,494)**
Reinsurance finance income/(expense)	**9**	**1**	**10**	**-**	**147**	**15**	**162**	**172**
Effects of movements in exchange rates	**9**	**-**	**9**	**-**	**(17)**	**-**	**(17)**	**(8)**
Amounts recognised in profit or loss	**(4,890)**	**(15)**	**(4,905)**	**67**	**3,522**	**(14)**	**3,575**	**(1,330)**
Cash flows:								
Reinsurance premiums paid net of any ceding commissions and including any other directly attributable reinsurance expenses paid	**4,704**	**-**	**4,704**	**-**	**-**	**-**	**-**	**4,704**
Recoveries from reinsurers	**-**	**-**	**-**	**(67)**	**(4,198)**	**-**	**(4,265)**	**(4,265)**
Total cash flows	**4,704**	**-**	**4,704**	**(67)**	**(4,198)**	**-**	**(4,265)**	**439**
Net balance at end of year	**719**	**8**	**727**	**-**	**5,272**	**374**	**5,646**	**6,373**
Closing reinsurance contract held assets	**719**	**8**	**727**	**-**	**5,272**	**374**	**5,646**	**6,373**
Closing reinsurance contract held liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net reinsurance contract held assets/(liabilities) at 30 June 2024	**719**	**8**	**727**	**-**	**5,272**	**374**	**5,646**	**6,373**

As at 30 June 2023	Reinsurance contract held assets for remaining coverage (ARC)			Reinsurance contract held assets for incurred claims (AIC)				
					Contracts under PAA			
	Excluding loss recovery component $m	Loss recovery component $m	Total $m	Contracts not under PAA $m	Estimated PV of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Total $m	Reinsurance contract held asset total $m
Opening reinsurance contract held assets	1,109	31	1,140	-	5,410	393	5,803	6,943
Opening reinsurance contract held liabilities	-	-	-	-	-	-	-	-
Net reinsurance contract held assets/(liabilities) at 1 July 2022	1,109	31	1,140	-	5,410	393	5,803	6,943
Changes in the statement of comprehensive income:								
Reinsurance held expense	(2,241)	-	(2,241)	-	-	-	-	(2,241)
Amounts recoverable from reinsurers				-	-	-	-	
Recoveries of incurred claims including other insurance expenses	-	(32)	(32)	74	1,577	109	1,760	1,728
Changes that relate to past service	-	-	-	-	(23)	(120)	(143)	(143)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	23	23	-	-	-	-	23
Reinsurance cashflows not contingent on claims	(2,321)	-	(2,321)	-	2,321	-	2,321	-
Total reinsurance held income	(2,321)	(9)	(2,330)	74	3,875	(11)	3,938	1,608
Net reinsurance held income/(expense)	(4,562)	(9)	(4,571)	74	3,875	(11)	3,938	(633)
Reinsurance finance income/(expense)	(2)	1	(1)	-	49	6	55	54
Effects of movements in exchange rates	(3)	-	(3)	-	17	-	17	14
Amounts recognised in profit or loss	(4,567)	(8)	(4,575)	74	3,941	(5)	4,010	(565)
Cash flows:								
Reinsurance premiums paid net of any ceding commissions and including any other directly attributable reinsurance expenses paid	4,363	-	4,363	-	-	-	-	4,363
Recoveries from reinsurers	-	-	-	(74)	(3,403)	-	(3,477)	(3,477)
Total cash flows	4,363	-	4,363	(74)	(3,403)	-	(3,477)	886
Net balance at end of year	905	23	928	-	5,948	388	6,336	7,264
Closing reinsurance contract held assets	905	23	928	-	5,948	388	6,336	7,264
Closing reinsurance contract held liabilities	-	-	-	-	-	-	-	-
Net reinsurance contract held assets/(liabilities) at 30 June 2023	905	23	928	-	5,948	388	6,336	7,264

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

B. Movements in reinsurance contract balances – analysis by measurement component for contracts measured applying the general measurement model

The table below analyses the movement in the reinsurance contract held assets accounted for using GMM.

	Reinsurance contract held asset for remaining coverage (ARC) and asset for incurred claims (AIC)			
As at 30 June 2024	Estimated present value (PV) of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Contractual service margin (CSM) $m	Total $m
Net reinsurance contract held assets/(liabilities) at 1 July 2023	**471**	**234**	**-**	**705**
Changes relating to current service:				
CSM recognised for services received in the year	-	-	-	-
Risk adjustment changes in estimates	-	-	-	-
Experience adjustments	**(47)**	**(14)**	-	**(61)**
Recoveries of incurred claims	**67**	-	-	**67**
Total changes relating to current service	**20**	**(14)**	**-**	**6**
Changes relating to future service:				
Contracts initially recognised in the period	**(175)**	**132**	-	**(43)**
Changes in estimates that adjust CSM	-	-	-	-
Changes in loss recoveries on onerous contracts	-	-	-	-
Changes in estimates that do not adjust CSM	-	-	-	-
Total changes relating to future service	**(175)**	**132**	**-**	**(43)**
Changes relating to past service:	-	-	-	-
Changes relating to incurred claims	-	-	-	
Total changes relating to past service	**-**	**-**		**-**
Effect of changes in the risk of reinsurer non-performance relating to past service	-	-	-	-
Investment components and premium refunds	-	-	-	-
Insurance service result (net income/expense from reinsurance held)	**(155)**	**118**	**-**	**(37)**
Finance income/(expense) from reinsurance contract held	**8**	**2**	-	**10**
Effect of movement in exchange rates	-	-	-	-
Amounts recognised in profit or loss and other comprehensive income	**(147)**	**120**	**-**	**(27)**
Cash flows:				
Reinsurance premiums paid	-	-	-	-
Reinsurance acquisition cash flows paid	-	-	-	-
Recoveries from reinsurers	**(67)**	-	-	**(67)**
Total cash flows	**(67)**	**-**	**-**	**(67)**
Net balance at end of year	**257**	**354**	**-**	**611**
Closing reinsurance contract held assets	**257**	**354**	-	**611**
Closing reinsurance contract held liabilities	-	-	-	-
Net reinsurance contract held assets/(liabilities) at 30 June 2024	**257**	**354**	**-**	**611**

As at 30 June 2023 (Restated)	Reinsurance contract held asset for remaining coverage (ARC) and asset for incurred claims (AIC)			
	Estimated present value (PV) of future cash flows (excludes risk adjustment) $m	Risk adjustment $m	Contractual service margin (CSM) $m	Total $m
Net reinsurance contract held assets/(liabilities) at 1 July 2022	632	340	-	972
Changes relating to current service:				
CSM recognised for services received in the year	-	-	-	-
Risk adjustment changes in estimates	-	-	-	-
Experience adjustments	(163)	(102)	-	(265)
Recoveries of incurred claims	74	-	-	74
Total changes relating to current service	(89)	(102)	-	(191)
Changes relating to future service:				
Contracts initially recognised in the period	-	-	-	-
Changes in estimates that adjust CSM	-	-	-	-
Changes in loss recoveries on onerous contracts	-	-	-	-
Changes in estimates that do not adjust CSM	-	-	-	-
Total changes relating to future service	-	-	-	-
Changes relating to past service:				
Changes relating to incurred claims	-	-	-	-
Total changes relating to past service	-	-	-	-
Effect of changes in the risk of reinsurer non-performance relating to past service	-	-	-	-
Investment components and premium refunds	-	-	-	-
Insurance service result (net income/expense from reinsurance held)	(89)	(102)	-	(191)
Finance income/(expense) from reinsurance contract held	2	(4)	-	(2)
Effect of movement in exchange rates	-	-	-	-
Amounts recognised in profit or loss and other comprehensive income	(87)	(106)	-	(193)
Cash flows:				
Reinsurance premiums paid	-	-	-	-
Reinsurance acquisition cash flows paid	-	-	-	-
Recoveries from reinsurers	(74)			(74)
Total cash flows	(74)	-	-	(74)
Net balance at end of year	471	234	-	705
Closing reinsurance contract held assets	471	234		705
Closing reinsurance contract held liabilities	-	-	-	-
Net reinsurance contract held assets/(liabilities) at 30 June 2023	471	234	**-**	705

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C. Analysis of contracts initially recognised during the year applying the general measurement model

The table below shows the effect on the measurement components arising from the recognition of reinsurance contracts held that were initially recognised during the year. There is no CSM as the contract initially recognised is in a net cost position at inception.

	Purchased reinsurance contract held		
As at 30 June 2024	Net loss position $m	Net gain position $m	Total $m
Estimates of the present value of future cash outflows, not including insurance acquisition cash outflows	(303)	-	(303)
Estimates of the present value of future cash inflows	128	-	128
Risk adjustment	132	-	132
CSM	-	-	-
Net reinsurance contract held assets/(liabilities) that were initially recognised during the year	**(43)**	**-**	**(43)**

2.2.4 Claims development table

Claims Development Tables (CDTs) are presented on a net basis, providing clearer insight into the Group's exposure and the effectiveness of its reinsurance strategy.

Claims will often take a number of years to be settled from the date the original loss occurred. The following table shows the development of the net liability for incurred claims for the ten most recent accident years and a reconciliation to the net liability for incurred claims. This table provides the user with an overview of how IAG's estimates of total claim amounts payable in relation to a given year have evolved over time. If the estimate of ultimate claims in relation to a given accident year declines over time, this suggests claims have developed more favourably than was anticipated at the time the original reserving assumptions were set.

Where an entity or business includes a liability for incurred claims that has been acquired, the claims for the acquired businesses are included in the CDT from and including the year of acquisition. The liability for incurred claims includes international operations. For ease of comparison within the CDT, all payments not denominated in Australian dollars have been converted to Australian dollars using the applicable exchange rates at the reporting dates. Therefore, the CDT disclosed each reporting year cannot be reconciled directly to the equivalent tables presented in previous years' financial statements.

	2014 and prior $m	2015 $m	2016 $m	2017 $m	2018 $m	2019 $m	2020 $m	2021 $m	2022 $m	2023 $m	2024 $m	Total $m
Net ultimate claim payments												
Development												
At end of accident year		6,290	4,962	5,263	4,491	3,952	4,221	4,322	4,472	5,262	5,233	
One year later		6,216	4,914	5,208	4,406	4,015	4,763	4,304	4,506	5,375		
Two years later		6,153	4,855	5,174	4,395	4,037	4,664	4,168	4,476			
Three years later		6,037	4,795	5,181	4,411	4,098	4,320	4,161				
Four years later		6,034	4,801	5,217	4,427	4,088	4,324					
Five years later		6,022	4,812	5,244	4,404	4,081						
Six years later		6,025	4,810	5,264	4,413							
Seven years later		6,039	4,812	5,258								
Eight years later		6,055	4,804									
Nine years later		6,047										
Current estimate of net ultimate claim payments		6,047	4,804	5,258	4,413	4,081	4,324	4,161	4,476	5,375	5,233	
Cumulative payments made to date		5,987	4,747	5,158	4,307	3,932	3,973	3,772	4,044	4,607	2,896	
Net undiscounted liability for incurred claims	122	60	57	100	106	149	351	389	432	768	2,337	4,871
Discount to present value	(5)	(6)	(6)	(14)	(10)	(18)	(28)	(33)	(36)	(74)	(131)	(361)
Net discounted liability for incurred claims	117	54	51	86	96	131	323	356	396	694	2,206	4,510
Reconciliation												
Claims handling costs												472
Risk adjustment												639
Reinsurance held receivables												(1,098)
Asset for remaining coverage related to adverse development covers held												912
Contracts issued payables												820
Net liability for incurred claims												**6,255**

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Note 2.3 Material accounting estimates and judgements

A. Fulfilment cash flows

Fulfilment cash flows comprise estimates of discounted future cash flows and a risk adjustment for non-financial risk. In estimating the fulfilment cash flows, the Group considers the range of possible outcomes in an unbiased way considering the amount and timing of cash flows and applying a probability weighting to each scenario. In determining possible scenarios, the Group uses all reasonable and supportable information available without undue cost or effort – including information about past events, current conditions and forecasts.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, acquisition cash flows and other costs incurred in fulfilling contracts (including claims handling costs and certain administration costs). Insurance acquisition cash flows and other costs incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

B. Risk adjustment

The risk adjustment for non-financial risk on the issued insurance contract is the compensation the Group requires for bearing uncertainty about the amount and timing of cash flows arising from insurance risk and other non-financial risks, including expense risk. It measures the degree of variability of expected future cash flows and the Group-specific price for bearing that risk. With regards to reinsurance contracts held, the risk adjustment reflects the compensation the reinsurer requires for the uncertainty of the cash flows transferred from the Group.

The risk adjustment required to provide a given confidence level for two or more classes of business or for two or more geographic locations combined is less than the sum of risk adjustments for the individual classes. This reflects the benefit of diversification, which is taken into account when calculating the risk adjustment to the extent the benefit of diversification is included when determining the compensation that is required for bearing that risk. The level of diversification assumed between classes considers industry analysis, historical experience and the judgement of experienced and qualified actuaries.

The Group determines the risk adjustment for non-financial risk at the Group level and allocates it to groups of insurance and reinsurance contracts in a systematic and rational way. In estimating the risk adjustment, the Group uses the cost of capital method. The method estimates the additional amount of capital required for the amount of uncertainty and estimates the expected cost of that capital over the period at risk.

The risk adjustment for IAG's active portfolios has a confidence level of about 75%. We have provisioned a higher risk adjustment rate with respect to our run-off portfolios and other emerging risks such that the total risk adjustment has a confidence level of approximately 85%.

The net risk adjustment for insurance contracts issued and reinsurance contracts held corresponds to the following confidence levels as set out below:

Risk adjustment on liability for incurred claims	**2024 %**	2023 %
Net risk adjustment applied (all portfolios including run-off and emerging risks)	**12.8%**	15.7%
Confidence level of the net risk adjustment (active portfolios)	**~75%**	~75%
Confidence level of the net risk adjustments (all portfolios including run-off and emerging risks)	**~85%**	~85%

C. Estimate of future cashflows for insurance contracts issues and reinsurance contracts held

The following ranges of key actuarial assumptions were used in the measurement of the liability for incurred claims and asset for incurred claims. Consistent assumptions are adopted in the measurement of onerous contracts.

	Liability for incurred claims		Asset for incurred claims	
	2024	2023	**2024**	2023
Discounted average term to settlement	**1.95 years**	1.92 years	**2.17 years**	2.05 years
Inflation rate	**0.0% - 9.0%**	0.0% - 8.0%	**0.0% - 9.0%**	0.0% - 8.0%
Superimposed inflation rate	**0.0% - 7.5%**	0.0% - 7.5%	**0.0% - 7.5%**	0.0% - 7.5%
Discount rate	**4.4% - 5.8%**	4.2% - 5.8%	**4.4% - 5.8%**	4.2% - 5.8%
Claims handling costs ratio	**4.4%**	4.1%	**N/A**	N/A

Discounted average term to settlement

The discounted average term to settlement provides a summary indication of the expected future cash flow pattern for claims (inflated and discounted). It is calculated by class of business and is generally based on historical settlement patterns. A decrease in the discounted average term to settlement would reflect claims being paid sooner than anticipated and so would increase the claims expense. Note that this sensitivity test only extends or shortens the term of the payments assumed in the valuation, without changing the total nominal amount of the payments.

Inflation rate and superimposed inflation

Payments of claims outstanding at the reporting date are to be made in the future and so need to take account of expected increases in the underlying cost of final claims settlements due to inflationary pressures. Under *AASB 17*, when assumptions about inflation are based on an index of prices or rates or on prices of assets with inflation-linked returns, they are considered to relate to financial risk and any changes are recognised in profit or loss as insurance finance income or expense. When assumptions about inflation are based on an entity's expectation of specific price changes, they are considered to relate to non-financial risk. This distinction can impact how amounts linked to inflation are recognised in profit or loss. The Group sets economic inflation assumptions by reference to current economic indicators and therefore considers them to relate to non-financial risk. Superimposed inflation tends to occur due to wider societal trends such as the cost of court settlements increasing at a faster rate than the economic inflation rate.

Discount rate

An increase or decrease in the assumed discount rate will have a corresponding decrease or increase (respectively) on the claims expense recognised in the profit or loss.

In determining discount rates for each group of contracts under *AASB 17*, the Group applies a bottom-up approach. Under this approach, the Group estimates discount rates as points on a liquid, risk-free rate curve for the same currency and duration as the cash flows of the relevant insurance contracts. The Group adjusts the risk-free rate for an illiquidity premium, 25 basis points, as yield curves derived from observable market prices reflect liquid assets rather than insurance contracts, which are relatively less liquid. The Group applies judgement in determining the liquidity characteristics of the group of insurance contracts.

Projected future claim payments, both insurance and reinsurance, and other recoveries and associated claims handling costs, are discounted to a present value using discount rates derived applying the bottom-up approach.

Claims handling costs ratio

This reflects the cost to administer future claims. The ratio is generally calculated with reference to the historical experience of claims handling costs as a percentage of past payments, together with budgeted future costs.

D. Sensitivity analysis

The table below analyses how profit or loss would have increased or decreased if changes in key actuarial assumptions that were reasonably possible at the reporting date had occurred. Each change within the fulfilment cash flows and risk adjustment has been calculated in isolation of the other changes, and without regard to other balance sheet changes that may occur simultaneously. The movements are stated in absolute terms where the base assumption is a rate or ratio. For example, if the base inflation rate assumption was 5.0%, a 1% increase would mean assuming a 6.0% inflation rate. With respect to the discounted average term assumption, the movements are stated in relative terms. For example, if the base discounted average term to settlement was 2.0 years, a 10% increase would mean assuming 2.2 years.

	Movement in assumption	Profit or loss	
		Gross of Reinsurance $m	Net of Reinsurance $m
2024			
Discounted average term to settlement	**+10%**	**118**	**52**
	-10%	**(118)**	**(52)**
Inflation rate	**+1%**	**(209)**	**(99)**
	-1%	**200**	**96**
Discount rate	**+1%**	**201**	**96**
	-1%	**(214)**	**(102)**
Claims handling costs ratio	**+1%**	**(121)**	**(83)**
	-1%	**121**	**83**
2023			
Discounted average term to settlement	+10%	117	49
	-10%	(116)	(49)
Inflation rate	+1%	(212)	(96)
	-1%	202	93
Discount rate	+1%	203	93
	-1%	(217)	(98)
Claims handling costs ratio	+1%	(123)	(85)
	-1%	123	85

E. Expected CSM recognition in profit or loss

Contracts measured under GMM relate only to adverse development covers (ADC's) held. All of these were determined to be in a net cost position at inception and not likely to become profitable in the future. Therefore, no CSM is expected to be recognised as an expense in the future years.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

Note 2.4 Investments

	2024 $m	2023 $m
A. Investment composition		
I. Interest-bearing investments		
Cash and cash equivalents	**1,210**	879
Government and semi-government bonds	**2,091**	2,016
Corporate bonds and notes	**6,280**	5,958
Subordinated securities	**1,415**	1,267
Other	**570**	497
Total interest-bearing investments	**11,566**	10,617
II. Growth investments		
Equity investments	**1,325**	1,202
III. Other investment		
Derivatives	**14**	3
Total investments	**12,905**	11,822

B. Recognition and measurement

Investments comprise assets held to back insurance liabilities (policyholder funds that represent assets backing the future settlement of outstanding claims) and assets that represent shareholders' funds. The investment funds themselves are predominantly generated from the collection of insurance premiums. The allocation of investments between policyholder funds and shareholders' funds is regularly monitored and the portfolio rebalanced accordingly. To determine the allocation, IAG's investment funds under management are compared to the technical provisions of IAG, which represents net insurance liabilities. The policyholder funds are allocated to back the technical reserves, with the excess representing shareholders' funds.

All investments are designated at fair value through profit or loss. Investments are recorded and subsequently remeasured to fair value at each reporting date. Changes in the fair value are recognised as realised or unrealised investment gains or losses in profit or loss. IAG recognises transfers into and transfers out of fair value hierarchy levels (described below) at the end of the reporting period. Purchases and sales of investments are recognised on a trade date basis, being the date on which a commitment is made to purchase or sell the asset. Transaction costs for purchases of investments are expensed as incurred. Investments are derecognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and substantially all the risks and rewards of ownership have transferred. The inputs used to determine the fair value for securities recognised under each level of the fair value hierarchy are set out below.

I. Level 1 quoted prices

Fair value is determined by reference to quoted prices (mid-market) in active markets for identical assets and liabilities. For IAG, this category includes cash and short-term discount securities, government securities and listed equities.

II. Level 2 other observable inputs

Fair value is determined by reference to quoted prices in active markets for similar assets or liabilities or by reference to other significant inputs that are not quoted prices but are based on observable market data, for example interest rate yield curves observable at commonly quoted intervals. The valuation techniques may include the use of discounted cash flow analysis, option pricing models and other market accepted valuation models. For IAG, this category primarily includes corporate and other fixed interest securities where the market is considered to be lacking sufficient depth to be considered active. There have been no significant transfers between Level 1 and Level 2 during the current and prior financial periods.

III. Level 3 includes unobservable inputs

Fair value is determined using valuation techniques in which a number of the significant inputs are not based on observable market data. Level 3 investments are primarily invested in interest-bearing instruments and unlisted equity, held via unlisted trusts.

Fair value of these unlisted trusts is based on the net asset value as advised by the external investment manager of these funds who has responsibility for the valuation of the underlying securities. The investment manager may use various valuation techniques in the determination of fair value based on a range of internal, external and third party inputs where available. The fair value of the directly held unlisted equity is based on a methodology leveraging inputs relating to the latest capital transactions executed by the respective companies.

During the current financial period, in addition to changes in fair value of $7 million, other movements in Level 3 investments include purchases of $374 million (2023: $130 million) and sales of $417 million (2023: $95 million). There have been no significant transfers between Level 2 and Level 3 during the current and prior financial periods.

The table below separates the total investment balance by hierarchy category:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
30 June 2024				
Interest-bearing investments	**3,267**	**7,729**	**570**	**11,566**
Growth investments	**815**	**237**	**273**	**1,325**
Other investments	**-**	**14**	**-**	**14**
	4,082	**7,980**	**843**	**12,905**
30 June 2023				
Interest-bearing investments	2,706	7,431	480	10,617
Growth investments	594	209	399	1,202
Other investments	-	3	-	3
	3,300	7,643	879	11,822

Note 2.5 Net investment income and finance expense

The following table presents the total amount of finance income or expenses, including the relationship between insurance finance income or expense and the investment return on assets.

	2024 $m	2023 $m
A. Investment income		
Net income/(expense) from financial instruments measured at fair value through profit or loss	**241**	77
Interest revenue	**552**	409
Net loss from disposal of subsidiary	**(33)**	-
Other income/(expense)	**(18)**	(3)
Total net investment income	**742**	483
Represented by:		
Investment income/(loss) on assets backing insurance liabilities	**472**	286
Investment expenses on assets backing insurance liabilities	**(16)**	(15)
Net investment income on assets backing insurance liabilities	**456**	271
Investment income/(loss) on shareholders' funds	**314**	220
Investment expenses on shareholders' funds	**(28)**	(8)
Net investment income/(loss) on shareholders' funds	**286**	212
Total net investment income	**742**	483
B. Insurance finance income/(expense) recognised in profit or loss		
Discount unwind on claims liabilities	**(378)**	(273)
Market rate adjustments on claims liabilities	**33**	137
Total insurance finance expenses	**(345)**	(136)
C. Reinsurance finance income/(expense) recognised in profit or loss		
Discount unwind on claims recoveries	**194**	126
Market rate adjustments on claims recoveries	**(22)**	(72)
Total reinsurance finance income	**172**	54
Total finance expense	**(173)**	(82)
Total net investment income and finance expense	**569**	401

D. Recognition and measurement

Investment income is brought to account on an accrual basis. Revenue on investments in equity securities and property trusts is deemed to accrue on the date the dividends/distributions are declared, which for listed equity securities is deemed to be the ex-dividend date.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

3. Risk

Section introduction

This section provides an overview of IAG's approach to risk and capital management.

IAG is exposed to multiple risks relating to the conduct of its business. IAG does not seek to avoid all risks, but rather to assess them in a systematic, structured and timely manner against IAG's Risk Appetite Statement, delegations, authorities and limits, and seeks to manage them appropriately in alignment with IAG's strategy. Risk management arrangements are designed to reflect the scope, scale and complexity of IAG'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 classes:

- Strategic (including Climate change and Geopolitical and economic uncertainty)
- Organisational conduct and customer
- Insurance
- Financial (including Reinsurance, Market, Credit, Liquidity and Capital)
- Operational (including Cyber and Model)
- Regulatory and compliance

The risk classes, their definition and structured arrangements for their management are included in IAG's Risk Management Strategy (RMS). Risks rarely exist, nor should be considered, in isolation. The interconnectivity of IAG's material risks is understood and managed. Key risks and their potential impact, likelihood, interconnectedness and velocity are considered in IAG's Strategic Risk Profile (SRP).

IAG uses an internally developed Risk Maturity Model to measure progress in maturing its risk management practices. IAG's current "Implemented" maturity level is consistent with the significant investment in recent years designing and implementing enhanced risk management tools and practices appropriate to IAG's nature, scale and complexity of business. IAG's strategic pillar "Manage our Risks" sets out an ambition of "Integrated" risk maturity and IAG is accelerating efforts to achieve this next level of maturity. Integrated risk maturity reflects risk management practices that are consistently and proactively integrated into the management of the business and leveraged for risk informed decision-making.

Note 3.1 Risk and capital management

A. Risk management overview

The Board has responsibility for setting the risk appetite, within which it expects management to operate, and approves IAG's Group Risk Appetite Statement (RAS) and RMS. The Board Risk Committee assists the Board to discharge its risk management and compliance responsibilities, oversight of risk management, oversight of the implementation and operation of the Group's risk management and governance frameworks and provides advice to the Executives and Board. The Board Risk Committee also monitors the effectiveness of IAG's Group Risk function. The Group Chief Risk Officer (CRO) oversees risk management practices across IAG, supported by the Group Risk function and by other subject matter experts including the Chief Actuary, and EGM Capital Markets. The Group CRO provides regular reports to the Board Risk Committee on the operation of IAG's Risk Management Framework (RMF), the status of material risks, the control environment, risk and compliance events and issues and risk framework changes.

The RMF is in place to assist the Board and Executives in managing risk. The RMF is the totality of systems, structures, policies, processes and people within IAG that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk. The RMF supports management by:

- providing a consistent, structured approach to identifying and managing risk across the Group;
- having appropriate policies, procedures and controls in place to effectively manage risks;
- providing meaningful reporting to the Board to make informed business decisions;
- ensuring adequate oversight of the risk profile; and
- facilitating a strong risk culture.

IAG's documented RMS describes the RMF and how it is implemented across the Group, including risk appetite (i.e. the levels, boundaries and nature of risk the organisation is willing to accept), the risk classes used, the major risk management processes, and the roles and responsibilities for managing risk. The RMS is a Board-approved document which directly supports the Group's strategic intent, purpose, values, and business sustainability activities. IAG uses Group policies and other supporting documents to help ensure the risk management requirements are clear across IAG. 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 IAG include:

- Reinsurance Management Strategy (ReMS), which describes the systems, structures and processes which collectively ensure IAG's reinsurance arrangements and operations are prudently managed;
- RAS, which articulates the levels, boundaries, and nature of risk IAG is willing to accept in pursuit of its strategic objectives;
- Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement, which summarises IAG's risk assessment processes for capital management and describes the strategy for maintaining adequate capital over time;
- Group Crisis Management Plan, which aims to minimise business impact and loss in the event of a significant incident by providing a clear and organised response strategy supported by pre-defined response procedures; and

- Recovery Plan, which provides guidance on how IAG might be restored to a sound financial condition following severe financial stress.

The definitions of the risk classes and related management strategies are set out in the subsequent sections.

B. Strategic risk

Strategic risk is defined as the risk that internal or external factors disrupt the assumptions underpinning IAG's strategy or compromise our ability to set and execute an appropriate strategy.

Strategic risk is managed by the Group Leadership Team with Board oversight. Key elements that support the management of strategic risk include a rigorous approach to identifying and evaluating key strategic risks and having this process integrated with the Group's strategic planning program, with management and Board reporting forming part of our ongoing monitoring mechanisms. IAG implements active portfolio management of its insurance operations. This involves robust and regular review of the portfolios that leads to informed decisions on the allocation of assets in the most efficient and value-accretive way in order to achieve IAG's strategic objectives. Consideration of both current and future value is critical in the process. Portfolio management can involve the acquisition or divestment of other entities, for which IAG has implemented a merger and acquisitions framework to help ensure the associated risks are appropriately managed. Strategic risk management is enhanced by the Group's strategic and underwriting functions which access data driven customer insights to inform IAG's products and services response.

IAG acknowledges the significance of climate-related risks, and other environmental, social and governance (ESG) risks and the impact this may have on IAG's ability to execute its strategy. Key programs of work, coupled with day-to-day business activities seek to manage climate related and ESG risks and responses.

I. Climate change

IAG, through its operations, is exposed to the impacts of natural peril events including cyclones, wind, hail, floods, and fire which are inherently unpredictable with regards to frequency and severity. There is a risk that the frequency and/or the severity of such events may continue to increase over time due to climate change. Claims arising out of such natural peril events can be substantial and can adversely affect the Group's financial performance. Reinsurance and underwriting standards are used by the Group to mitigate the potential claims cost arising from natural peril events.

II. Geopolitical and economic uncertainty

IAG monitors a range of factors such as geopolitical uncertainty, inflationary pressures and interest rate rises. IAG recognises that these factors have the potential to significantly affect IAG and its stakeholders. IAG acknowledges that these present significant risks, including higher claims costs, decreased profits, and reduced demand for insurance products. IAG is monitoring these risks and is committed to aligning strategies to mitigate the impacts of these risks.

IAG continues to actively manage global sanctions including those arising from the Russia/Ukraine conflict.

C. Organisational conduct and customer risk

Organisational conduct and customer risk (OCCR) relates to the risk that IAG's conduct, behaviours and decisions negatively impact IAG's ability to achieve its strategic and commercial objectives. IAG stakeholders that can be negatively impacted include, but are not limited to; shareholders, customers, employees, communities, and industries and markets in which IAG operates. Potential consequences for IAG include loss of reputation or trust, regulatory action, and weaker growth and/or financial performance.

Whilst customer risks may arise from extraneous sources such as macro-economic factors or climate influences, customer risk may also arise from factors internal to IAG. These internal sources of customer risks relate to, amongst other factors; employees incentive structures; product development and pricing; distribution of products including sales, marketing and disclosure; as well as complaints and claims processes that do not meet the reasonable needs and expectations of policyholders.

IAG is committed to managing these risks whilst balancing business objectives with the reasonable needs of customers and achieving its purpose to 'make your world a safer place'. Management and staff across IAG are responsible for identifying, assessing, and managing these risks in accordance with IAG's three lines of accountability model. The OCCR Standard sets the relevant governance mechanism and relies upon risk practices embedded in IAG's risk frameworks, policies, standards and procedures including; remuneration policies and practices aligned to the Group Code of Ethics and Conduct, the Group Customer Equity Framework; and risk mitigants integrated into product, pricing, underwriting, and claims processes and lifecycle management.

D. Insurance risk

Insurance risk includes how IAG underwrites and manages its concentrations, designs, manages and prices for its products, and manages reserves for its claims.

A fundamental part of IAG's overall risk management approach is the effective governance and management of the risks that affect the amount, timing and certainty of cash flows arising from insurance contracts. The level of insurance risk accepted by IAG is formally documented in its Business Division Licences, which are issued to each operating division. A Business Division Licence is prepared annually by the Group Chief Underwriting Officer in consultation with the customer facing divisions and is approved by the Group CEO. In addition to Business Division Licences, insurance risk is also managed through the implementation of the Group Insurance Risk Framework and supporting Group insurance risk policies (Underwriting, Pricing, Product and Claims Management).

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

I. Acceptance and pricing of risk

IAG focuses on the sustainability of its underwriting risk profile, rather than a premium volume or market share oriented approach. IAG believes this approach provides the greatest long-term likelihood of being able to meet the objectives of all stakeholders, including policyholders, regulators and shareholders. Underwriting and pricing expertise, coupled with data and analytics capability, allow IAG to underwrite policies in the context of its risk appetite.

The underwriting by IAG of large numbers of less than fully correlated individual risks, predominantly short-tail business, across a range of classes of insurance business in different regions reduces the variability in overall claims experience over time. A risk still remains that the actual amount of claims paid is different to the amount estimated at the time an insurance product was designed and priced. IAG's claims management and provisioning, reinsurance and capital management further mitigate the impact of this risk.

As referenced above, the operating business divisions are required to underwrite within set criteria as outlined in the Business Division Licence. Maximum limits are set for the acceptance of risk both on an individual insurance contract basis and for classes of business and specific risk groupings.

Management information systems are maintained to provide up to date, reliable data on the risks to which the business is exposed. Statistical models that combine historical and projected data (pricing, claims and market conditions) are used to calculate premiums and monitor claim patterns for each class of business.

II. Claims management and provisioning

Once an incident has occurred, initial claim estimates are managed by claims officers with the requisite degree of experience and competence with the assistance, where appropriate, of a loss adjustor or other party with specialist knowledge of specific incidents. These case estimates are used to form part of the basis of the claim provisions. It is IAG's intention to respond to and settle all valid claims quickly whenever possible and to pay claims fairly, based on policyholders' full entitlements.

Claim provisions are established using actuarial valuation models, including a risk margin to cover inherent uncertainty in the ultimate cost of claims, aimed at ensuring adequate capital is allocated to settle claims that have occurred. Refer to Note 2.2 for further details.

III. Concentrations of insurance risk

Each year IAG sets its tolerance for concentration risk through the use of various models to estimate its maximum exposure to potential natural disasters and other catastrophes. IAG mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account the cost of reinsurance and capital efficiency. The catastrophe reinsurance cover protects IAG's capital by limiting its financial exposure to a single severe event as well as frequency of medium sized events. The catastrophe reinsurance cover purchased affects the Insurance Concentration Risk Charge (ICRC) in the APRA capital calculation.

Concentration risk is particularly relevant in the case of catastrophes, usually natural disasters including earthquakes, bushfires, hailstorms, tropical cyclones, storms and floods, which generally result in a concentration of policyholders being impacted by the same event. This aggregation of multiple claims arising from a single event creates the most material insurance loss potential in the Group. IAG is also exposed to certain large man-made catastrophic events such as industrial accidents and building fires. Catastrophe losses are an inherent risk of the general insurance industry that contribute to potentially material year-to-year fluctuations in the results of operations and financial position. The nature and level of catastrophes in any period cannot be predicted accurately but can be estimated through the utilisation of predictive models. IAG actively monitors its aggregate exposure to catastrophe losses in all regions and limits exposure in regions that are subject to high levels of natural perils. Specific processes for monitoring identified key concentrations are set out below:

Risk	Source of concentration	Risk management measures
An accumulation of risks arising from a natural peril/catastrophe	Insured property concentrations	Accumulation risk modelling and reinsurance protection
A large property loss	Fire or accident affecting one building or a group of adjacent buildings	Maximum per risk acceptance limits, property risk grading and reinsurance protection
Multiple liability retentions being involved in the same event	Response by a multitude of policies to the one event	Purchase of reinsurance clash protection

By generating insurance revenue from operations across both Australia and New Zealand (Note 1.3), and across a range of insurance products, IAG has diversity within its operations and relatively limited exposure to additional risks associated with long-tail classes of business (where there is increased uncertainty of the ultimate cost of claims due to the additional period of time to settlement).

E. Financial risk

I. Reinsurance risk

Reinsurance risk includes the adequacy or availability of reinsurance capacity, reinsurance regulatory compliance and reinsurance claims recoveries.

IAG's reinsurance program is an important part of its overall approach to risk and capital management. It is used to limit exposure to large single claims as well as an accumulation of claims that arise from the same or similar events in order to stabilise earnings and protect capital resources. The Reinsurance Management Strategy (ReMS) outlines IAG's strategic approach to reinsurance, including reinsurance risk management and monitoring. The Group Reinsurance Management Framework (ReMF) is executed through the ReMS. The existence and approval of a ReMF and ReMS is a requirement under the APRA Prudential Standard *GPS230: Reinsurance Management*.

The Group reinsurance risk appetite is that the reinsurance catastrophe program will be sufficient to meet our needs, with the limit exceeding the modelled exposure on a whole of portfolio basis (specific country individually). Modelled exposure is to be the greater of:

- APRA's prescribed minimum approach of 1:200-year return period for Australia all perils; or
- RBNZ's prescribed minimum approach of a 1:1,000-year return period for New Zealand earthquake.

Catastrophe model output is not the sole determinant of the amount of reinsurance purchased. Other factors such as loss experience, anticipated portfolio changes and the market availability and pricing of reinsurance are also considered, in conjunction with regulatory capital requirements, when setting the structure of the catastrophe program. Dynamic financial analysis modelling is used to determine the optimal level at which reinsurance should be purchased for capital efficiency, compared with the cost and benefits of covers available in the reinsurance market. The amount of reinsurance purchased is determined by reference to the modelled Probable Maximum Loss (PML). Natural perils are inherently uncertain, which presents model risk. As a result, the loss from an actual event could exceed the modelled PML.

To facilitate the reinsurance process, manage counterparty exposure and create economies of scale, IAG has established a centralised reinsurance operating structure. IAG Reinsurance acts as the interface between the external providers of reinsurance capital and the operating business divisions. Additionally, when operating as a captive on behalf of IAL, IAG Reinsurance may provide reinsurance protection for the business divisions, where appropriate, in accordance with their respective risk appetites.

The use of reinsurance introduces credit risk. The management of credit risk includes the monitoring of reinsurers' credit ratings and controlling total exposures to limit counterparty default risk which is further explained in the credit risk section. IAG adopts a sound underwriting approach to the reinsurance program through the expertise provided by IAG Reinsurance. Retained exposures sit within the Board risk appetite and appropriate capital is maintained.

a. Current reinsurance program

The external reinsurance program includes the following treaty reinsurance arrangements:

- 32.5% whole-of-account quota share arrangements;
- a Group catastrophe reinsurance program that operates on an excess of loss basis and for calendar year 2024 provides a main catastrophe cover for two events up to $10.5 billion, with an attachment at $500 million;
- long-term natural perils volatility covers all natural perils losses up to the catastrophe insurance attachment;
- excess of loss reinsurances which provide 'per risk' protection for the commercial property and engineering businesses;
- excess of loss reinsurance for all casualty portfolios including Compulsory Third Party (CTP), public liability, professional indemnity, directors and officers, workers' compensation and homeowners warranty products;
- quota share reinsurance protection for cyber;
- excess of loss reinsurance for all marine portfolios;
- quota share and stop loss reinsurance for crop;
- adverse development cover (ADC) and quota share protection for the CTP portfolio;
- ADC for the New Zealand February 2011 earthquake;
- ADC for policies issued prior to 31 December 2015 covering IAG's exposure to claims arising from legacy general liability and/or workers' compensation/employer's liability policies, primarily related to asbestos; and
- ADC for Australian long-tail reserves, including liability, CTP, professional risks and workers' compensation incurred on or prior to 30 June 2023.

II. Market, credit, liquidity and capital risk

Key aspects of the processes established by IAG to monitor and mitigate market, credit, liquidity and capital risks include:

- reporting to the Board Risk and Audit Committees with Non-Executive Directors as members;
- the Group Leadership Team Risk Committee comprising of all Group Executives;
- the Asset and Liability Committee (ALCo) comprising key Executives with relevant oversight responsibilities;
- value-at-risk analysis and position limits which are regularly monitored;
- monthly stress testing which is undertaken to estimate the impact of adverse market movements;
- maintenance of an approved Group Credit Risk Policy, Group Liquidity Risk Management Policy, Group Foreign Exchange Risk Policy and Group Investment Policy;
- Board-approved Strategic Asset Allocation setting out the overall structure of the investment strategy – asset classes, ranges on asset class exposures and broad limits on active management such as duration limits;
- capital management activities – for further details refer to the capital risk section (V) of this note; and
- implementation of a Derivatives Risk Management Statement that considers the controls in the use of derivatives and sets out the permissible use of derivatives in relation to investment strategies.

a. Market risk

Market risk is defined as the risk of adverse movements in market prices (equities, derivatives, interest rates, foreign exchange, etc) or inappropriate concentration within the investment funds.

i. Foreign exchange risk

IAG operates internationally and is exposed to foreign exchange risk from various activities conducted in the normal course of business. Foreign exchange exposure is managed by the IAG Capital Markets function.

The key foreign exchange risk exposures arise from the fluctuation in spot exchange rates between the items denominated in currency other than the Group's functional currency (Australian dollar), which causes the amount of the items to vary. Management strategies are set out below:

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

Exposure	Risk management measures
Net investment in foreign operations that have a functional currency other than the Australian dollar (translation of financial position recognised directly in equity and translation of financial performance recognised in profit or loss).	Designated hedging instruments – forward foreign exchange contracts (derivatives).
Interest-bearing liabilities denominated in currencies other than the Australian dollar.	Some are designated as hedging instruments where the currency matches the functional currency of investments in foreign operations.
Insurance liabilities denominated in currencies other than the Australian dollar (directly recognised in profit or loss).	Some assets backing these insurance liabilities are held in the same currency as the related insurance liabilities, mitigating any net foreign exchange exposure.
Investments denominated in currencies other than the Australian dollar (directly recognised in profit or loss).	Designated economic hedging instruments – forward foreign exchange contracts (derivatives).

When all relevant criteria are met, the designated hedging instruments noted above will effectively reduce the impact of foreign exchange gains and losses recorded in the foreign currency translation reserve during the period. For the foreign exchange risk on its investment portfolio, the Group adopts a policy to target a 100% economic hedge.

The table below provides information regarding the impact on the measurement of net investments in foreign operations held at reporting date of an instantaneous 10% depreciation of the Australian dollar compared with selected currencies on equity, net of related derivatives. An appreciation of the Australian dollar would broadly have the opposite impact.

Impact of 10% depreciation of Australian dollar against	**2024 $m Impact directly to equity**	2023 $m Impact directly to equity
Net investments in foreign operations and related hedge arrangements		
New Zealand dollar	**158**	116
	158	116

The sensitivity analysis demonstrates the effect of a change in one key assumption while other assumptions remain unchanged (isolated exchange rate movements).

ii. Equity price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market.

IAG is exposed to equity price risk on its investments in listed equities (both directly and indirectly through certain trusts), debt/equity hybrids and may use derivative contracts to manage this exposure. These investments are measured at fair value through profit or loss.

The impact of 10% increase or decrease in the value of IAG's investments at reporting date on profit before tax, net of related derivatives, is shown in the table below:

Impact of change in equity value		**2024 $m Impact to profit**	2023 $m Impact to profit
Investments in equity, debt/equity hybrids and trust securities and related equity derivatives	+10%	**78**	57
	-10%	**(76)**	(55)

Investments in equities, debt/equity hybrids, trust securities and related equity derivatives are all measured at fair value through profit or loss. There is no direct impact of a change in market prices on equity.

iii. Interest rate risk

IAG's interest rate risk arises primarily from fluctuations in the valuation of fixed interest rate investments which are measured at fair value and from the measurement of its insurance liabilities (present value of the insurance liabilities are discounted with reference to the government yields).

Fixed interest rate instruments expose IAG to changes in fair value derived from mark-to-market revaluations while floating interest rate instruments expose IAG to cash flow variability.

IAG's risk management approach is to minimise interest rate risk by actively managing the investment portfolio to achieve a balance between cash flow interest rate risk and fair value interest rate risk. IAG predominantly invests in high quality, liquid interest-bearing securities and may use derivative financial instruments to manage the interest rate risk of the investment portfolio and other financial instruments. All investments in financial assets are measured at fair value through profit or loss.

Movements in interest rates usually have a small impact on the insurance profit or loss due to IAG's policy of investing in assets backing insurance liabilities principally in similar interest profiles that are closely matched to the duration of the insurance liabilities (period to settlement). Therefore, movements in the insurance liabilities from change in interest rates is broadly offset by the fair value measurement of the financial assets backing these insurance contract liabilities.

The impact of change in fair value of investments in fixed interest-bearing securities held at reporting date due to change in fixed interest rates by +1% or -1% on profit before tax, net of related derivatives, is shown in the following table. The sensitivity analysis provided demonstrates the effect of a change in interest rate only, whilst other assumptions remain unchanged. As investments in fixed interest-bearing securities are measured at fair value through profit or loss, there is no direct impact from an interest rate change on equity.

Impact of change in interest rates		2024 $m Impact to profit	2023 $m Impact to profit
Investments in fixed interest-bearing securities and related interest rate derivatives	+1%	**(177)**	(165)
	-1%	**183**	171

Refer to Note 2.3.D for sensitivity analysis relating to interest rate (discount rate) risk on insurance liabilities.

b. Credit risk

Credit risk is defined as the risk arising from a counterparty's failure to meet its obligations in accordance with agreed terms. These counterparties include investment and derivative counterparties, reinsurers and premium debtors.

Concentrations of credit risk exist where a number of counterparties have similar economic characteristics. IAG's credit risk arises predominantly from investment activities, reinsurance activities, premium debtors, over-the-counter derivatives (currency forwards) and dealings with other intermediaries. IAG maintains a credit risk appetite, which is approved by the Board, and a Group Credit Risk Policy that is consistent with the Board's risk appetite. The policy outlines the framework and procedures in place to ensure an adequate and appropriate level of monitoring and management of credit quality throughout IAG. IAG maintains sufficiently diverse credit exposures which also assists in avoiding a concentration charge being added to the regulatory capital requirement. The maximum credit exposure that relates to these assets is considered on initial measurement of the asset, where lifetime expected credit losses are taken into account and provided for where required.

i. Investments

IAG is exposed to credit risk from investments in third parties, for example debt or similar securities issued by those companies. The maximum exposure to credit risk loss as at reporting date is the carrying amount of the investments on the balance sheet as they are measured at fair value. At the reporting date, there are material concentrations of credit risk to the banking sector, in particular the four major Australian banks. The credit risk relating to investments is regularly monitored and assessed, with maximum exposures limited by reference to credit rating and counterparty. Sovereign securities denominated in the functional currency are considered risk-free and are unconstrained. The assets backing insurance liabilities of $7,421 million (2023: $7,354 million) include predominantly high credit quality investments, such as government securities and other investment grade securities, which reduce the risk of default.

The following table provides information regarding the credit risk relating to the interest-bearing investments based on rating agency counterparty credit ratings, which demonstrates the very strong overall credit quality of IAG's investment book:

Credit rating of interest-bearing investments[1]	2024 $m	2023 $m
AAA	**5,442**	4,713
AA	**3,672**	3,810
A	**1,634**	338
BBB	**70**	1,140
Below BBB or unrated	**748**	616
	11,566	10,617

1 Cash and securities issued with a short-term rating are included in the rating category with the equivalent APRA counterparty grade.

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For the financial year ended 30 June 2024

ii. Reinsurance contract held assets

Reinsurance arrangements mitigate insurance risk but expose IAG to credit risk. Reinsurance is placed with counterparties (primarily reinsurance companies) based on an evaluation of their financial strength, terms of coverage and price. At the reporting date, there are material concentrations of credit risk in relation to reinsurance recoverable, in particular to large global reinsurers. IAG has clearly defined policies for the approval and management of credit risk in relation to reinsurers. IAG monitors the financial condition of its reinsurers on an ongoing basis and periodically reviews the reinsurers' ability to fulfil their obligations under respective existing and future reinsurance contracts. Some of the reinsurers are domiciled outside the jurisdictions in which IAG operates, so there is the potential for additional risk such as country risk and transfer risk.

It is IAG policy to only place cover with reinsurers with credit ratings of at least Standard & Poor's A- (or other rating agency equivalent), other than a mandatory placement to meet local regulatory requirements. Where the credit rating of a reinsurer falls below the required quality during the period of risk a contractual right to replace the counterparty exists.

The following table provides IAG's exposure on asset for incurred claims (including assets related to adverse development covers) by counterparty credit rating (Standard & Poor's) and the secured collateral:

Credit rating of reinsurance contract held assets for incurred claims[1]	2024		2023	
	$m	% of total	$m	% of total
AAA	**4**	**0.1%**	277	3.9%
AA	**5,840**	**89.0%**	6,066	86.2%
A	**714**	**10.9%**	680	9.7%
Below BBB or unrated	**2**	**0.0%**	18	0.2%
Total	**6,560**	**100.0%**	7,041	100.0%

1 Total reinsurance contract held assets for incurred claims of $6,560 million (2023: $7,041 million) includes the assets for remaining coverage related to adverse development covers of $914 million (2023: $705 million) for the purposes of the above credit rating analysis.

Of these, approximately $1,746 million (2023: $1,813 million) is secured directly as follows, reducing the credit risk:

- deposits held in trust: $17 million (2023: $39 million); and
- letters of credit: $1,729 million (2023: $1,774 million).

iii. Premium and investment-related receivable

The premium receivables related to the issued insurance contracts are now classified as part of the liability for remaining coverage, which is collected on a monthly instalment basis. The late payment of amounts due under such arrangements allows for the cancellation of the related insurance contract eliminating both the credit risk and insurance risk for the unpaid amounts.

Trade and other receivables mainly comprise of investment-related receivables which are normally settled within 12 months from the reporting date. IAG is exposed to the credit risk associated with the brokers and other intermediaries during the course of its business and the maximum exposure to credit risk on these balances is limited to the extent of their carrying values. IAG manages its credit risk exposure through regular monitoring by ALCo with reference to the aggregated exposure, credit rating, internal credit limits and ageing of the receivables by counterparty.

c. Liquidity risk

Liquidity risk arises where liabilities cannot be met as they fall due as a result of insufficient funds and/or illiquid asset portfolios. IAG's liquidity position is derived from operating cash flows, access to liquidity through related bodies corporate and interest-bearing liabilities (with some denominated in different currencies and with different maturities). IAG is exposed to liquidity risk on its insurance contract liabilities and interest-bearing liabilities which arises during the course of its business. IAG is also exposed to liquidity risk on investment-related payables and other creditors which are normally settled within 12 months from the reporting date. IAG manages its liquidity risk exposure through its liquidity risk management practices, which include a Group Liquidity Risk Management Policy, and has the framework and procedures in place to ensure an appropriate level of monitoring and management of liquidity.

i. Insurance contract liabilities and reinsurance contract held assets

Underwriting insurance contracts exposes IAG to liquidity risk through the obligation to make payment for claims of unknown amounts on unknown dates. The assets backing insurance liabilities can generally be readily sold or exchanged for cash to settle claims and are managed in accordance with the policy of broadly matching the overall maturity profile to the estimated pattern of claim payments.

A maturity analysis (discounted basis) is provided below of the estimated insurance contract liabilities for incurred claims and expected recoveries under the reinsurance arrangements. The timing of future claim payments is inherently uncertain. Actual maturities may differ from expected maturities because certain counterparties have the right to call or prepay certain obligations with or without penalties.

Maturity analysis	Insurance contract liabilities – liability for incurred claims		Reinsurance contract held assets – asset for incurred claims[1]	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Within 1 year or less	**(5,937)**	(6,088)	**3,428**	3,927
Within 1 to 2 years	**(2,036)**	(2,042)	**978**	1,147
Within 2 to 5 years	**(2,560)**	(2,533)	**1,261**	1,170
Over 5 years	**(1,368)**	(1,385)	**893**	797
Total	**(11,901)**	(12,048)	**6,560**	7,041

1 Total reinsurance contract held assets for incurred claims of $6,560 million (2023: $7,041 million) includes the assets for remaining coverage related to adverse development covers of $914 million (2023: $705 million) for the purposes of the above maturity analysis.

ii. Interest-bearing liabilities

The following table provides information about the residual maturity periods of the interest-bearing liabilities, excluding Tier 1 instruments which have no contractual maturity:

	Carrying value	Maturity dates of contractual undiscounted cash flows				
		Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	$m	$m	$m	$m	$m	$m
2024						
Principal repayments[1]	**1,665**	**-**	**-**	**-**	**1,665**	**1,665**
Contractual interest payments[1]		**161**	**132**	**281**	**-**	**574**
Total contractual undiscounted payments		**161**	**132**	**281**	**1,665**	**2,239**
2023						
Principal repayments[1]	1,618	-	-	-	1,618	1,618
Contractual interest payments[1]		135	112	205	-	452
Total contractual undiscounted payments		135	112	205	1,618	2,070

1 All of the liabilities have call, reset or conversion dates which occur prior to any contractual maturity. Detailed descriptions of the instruments are provided in Note 4.1. The contractual interest payments are undiscounted and calculated based on underlying fixed interest rates or prevailing market floating rates as applicable at the reporting date. Interest payments have not been included beyond five years.

d. Capital risk

Capital risk is defined as the risk that capital is insufficient or excessive given the nature, strategies and objectives of IAG, or comprised of a mix of equity, debt, reinsurance, including IAG's 32.5% whole-of-account quota share arrangements, or other expiring sources of capital that is unsuitable or unsustainable due to its cost, structure, flexibility, or our ability to renew or replace on acceptable terms. IAG's capital management strategy plays a central role in managing risk to create shareholder value whilst meeting the objective of maintaining an appropriate level of capital to protect policyholders' and lenders' interests, and meet regulatory requirements.

IAG has a documented description of the capital management process (Internal Capital Adequacy Assessment Process (ICAAP)) and reports annually on its operation to the Board, together with a forward-looking estimate of expected capital utilisation (as represented in IAG's Capital Plan) and capital resilience (ICAAP Annual Report). The adequacy of IAG's capital position is judged relative to the Board's Capital RAS, with an Internal Capital Model (ICM) used to assess the risks of breaching the minimum levels established in the Capital RAS. Scenario analysis and stress testing are important adjuncts to the ICM. The amount of capital required varies according to a range of factors including the business underwritten, extent of reinsurance and investment asset allocation.

The target level of capitalisation (risk appetite) for IAG is assessed by consideration of factors including:

- the probability of insolvency over the next three years;
- the probability of falling below the APRA Prescribed Capital Amount (PCA) over the next three years;
- other stakeholder perspectives on capitalisation, including rating agency capital models and associated ratings; and
- domestic and international levels of capitalisation.

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

i. Regulatory capital

All insurers within IAG that carry on an insurance business in Australia are registered with APRA and are subject to APRA's Prudential Standards. It is IAG's policy to ensure that each of the licenced insurers in the Group maintains an adequate capital position.

IAG's long-term target capital ranges are set out below:

- a Common Equity Tier 1 capital of 0.9 to 1.1 times the PCA, compared to a regulatory requirement of a minimum of 0.6 times; and
- a total regulatory capital position equivalent to 1.6 to 1.8 times the PCA, compared to a regulatory requirement of a minimum of 1.0 times.

Internal policies are in place to ensure any significant deviations from the benchmarks are considered by the Board as to how any shortfall should be made good, or any surplus utilised or maintained.

IAG uses the standardised framework detailed in the relevant prudential standards (APRA Level 2 Insurance Group requirements) to calculate regulatory capital. The PCA multiple as at 30 June 2024 has been calculated in accordance with APRA Prudential Standards that came into effect on 1 July 2023.

Regulatory capital position	2024 $m	2023 $m
Common Equity Tier 1 capital (CET1 capital)	**3,364**	2,955
Additional Tier 1 capital	**850**	500
Total Tier 1 capital	**4,214**	3,455
Tier 2 capital	**1,665**	1,618
Total regulatory capital	**5,879**	5,073
Total PCA	**2,641**	2,637
PCA multiple	**2.23**	1.92
CET1 multiple	**1.27**	1.12

Consideration is given to the operational capital needs of the business. Targeting a capital multiple above the minimum regulatory requirement aims to ensure the ongoing strength and security of IAG, while suitably protecting policyholders and lenders.

IAG's capital objectives are achieved through dynamic management of the balance sheet and capital mix, the use of a risk based capital adequacy framework that relies on explicit quantification of uncertainty or risk and the use of modelling techniques that provide the capacity to understand the risk/return trade-off as well as valuable inputs to the capital management process. The influences on capital, such as product mix, reinsurance program design, catastrophe exposure, investment strategy, profit margins and capital structure, are all assessed using dynamic financial analysis modelling.

F. Operational risk

Operational risk is defined as the failure to achieve objectives due to inadequate or failed internal processes, people and systems, or from external events. Risks are managed through the implementation of controls. When controls are inadequate or fail, an operational risk event can take place, which can cause injury, damage to reputation, have legal or regulatory implications or can lead to financial loss.

IAG mandates the management of operational risk through the Risk Management Lifecycle as described in the RMS. This sets out the requirements for the business for managing risks and controls, risks events and issues and actions to address risk control inadequacies. The Board Risk Committee is responsible for oversight of the management of risks. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities.

The operational risk standards aim to ensure that consistent governance mechanisms and practices are in place, and that activities undertaken which involve operational risk are assessed and managed with appropriate regard to the RAS and the achievement of IAG's objectives. The Risk Management Lifecycle is supported by aligned frameworks, policies, standards and guidelines for key aspects of operational risk.

During the reporting period, APRA released prudential standard *CPS 230 Operational Risk Management* along with an associated prudential practice guide. The cross-industry standard sets out minimum requirements for managing operational risk, including updated requirements for business continuity and service provider management, and will replace and supersede a number of existing standards and guidance. IAG has initiated a program of work to prepare for compliance with the standard by the effective date of 1 July 2025.

IAG continues to focus on uplifting operational risk management capability as part of its efforts to accelerate improvements in its risk maturity.

I. Cyber

IAG collects, uses and retains large volumes of data, including personal and sensitive information. IAG is also heavily reliant on information technology, including information technology provided by suppliers.

IAG recognises that cyber security threats are evolving and becoming more frequent, severe and sophisticated. IAG, its customers, staff, shareholders, and others could suffer losses where IAG or any of its suppliers experiences a cyberattack, data breach or technology failure, especially where this involves a compromise to the confidentiality, integrity or availability of any IAG information assets or disruption to its services. These incidents can impact customer, staff, shareholder and regulator confidence in IAG and lead to litigation, regulatory enforcement action, significant financial penalties and/or reputational damage.

These risks may be heightened where a cyber incident, data breach, technology failure or other circumstance reveals regulatory non-compliance or other deficiencies in cyber resilience, cybersecurity or data handling practices, inadequate incident response practices, or that IAG has made misleading statements about its information security or data handling practices.

IAG is committed to protecting the information of its customers and stakeholders. IAG seeks to manage cyber and data breach risks by continuing to evolve its data governance and cyber risk management framework which is designed to protect its customers and stakeholders' personal information and other confidential information, reviewing its data retention and destruction practices, taking steps to de-identify and destroy data that is no longer required by the business, and improving its operational resilience in the face of any cyber incident.

However, while IAG has measures and protocols which are designed to safeguard against cyber threats, data breaches and technology failures, these may not be successful in all circumstances. There are also limitations to IAG's ability to monitor and control its service providers' security practices.

II. Model

Model risk is the potential for adverse consequences from decisions based on incorrect, misapplied, or misused model outputs and reports, including automated decisions based on model output.

Model risk is important because it can lead to financial loss, adverse customer outcomes, poor business and strategic decision making, damage to IAG's reputation and/or regulatory enforcement. At IAG, models are used for a broad range of activities across the business, including underwriting, valuing exposures, pricing, measuring risk, claims responses, determining capital, reserving adequacy and increasingly automating processes aligned with IAG's digital strategy.

IAG's Group Model Governance Policy sets out the requirements that all models at IAG must adhere to. The requirements in this policy vary depending on the materiality of the model. An annual attestation from the model owner to a governing committee is required for each material model. The model owner needs to attest that the models under their remit are fit for purpose, up to date and comply with the policy and associated standards.

G. Regulatory and compliance risk

Regulatory and Compliance Risk is defined as the risk of adverse legal outcomes, regulatory or reputational impacts arising from failure to manage compliance obligations, or failure to anticipate and prepare for changes in the regulatory environment. IAG engages with regulators and regularly monitors developments in regulatory requirements to support ongoing compliance.

The Australian and New Zealand regulatory and compliance environment reflects the ongoing strengthening of regulatory expectations and the focus on enforcement, which has been observed through the increased frequency and scale of regulatory review activities. ASIC remains focused on consumer protection, targeting poor product design and distribution, insurance claims and complaints handling and technology risks, as well as conduct that unfairly impacts small businesses. From time to time, the Group is the subject of various investigations and reviews, including where regulators are investigating whether there has been a breach of any laws or regulatory obligations. Where a breach has occurred, regulators may impose or apply to a court for penalties and/or other sanctions.

Refer to Note 7.1 in relation to the civil penalty proceedings commenced by ASIC in the Federal Court of Australia against Insurance Australia Limited and Insurance Manufacturers of Australia Pty Limited on 24 August 2023.

APRA continues to emphasise the need for transparency in the insurance industry and resilience of the general insurance sector. This emphasis extends to addressing the growing protection gap, especially the risks associated with natural catastrophes.

On 5 April 2024, IAG entered into an Enforceable Undertaking (EU) with the Fair Work Ombudsman (FWO) in relation to the underpayment of certain employee entitlements that was discovered during a proactive review of its payroll processes in February 2020. IAG's focus was to remediate impacted current and former employees as quickly as possible, with payments (including interest) being made in 2022 and 2023. To help prevent these issues happening in the future, IAG has introduced new controls and payroll processes, and invested in a time and attendance system that will automatically calculate employees' entitlements.

The regulatory change agenda is expected to continue unabated, with IAG remaining focused on implementing required legislative changes in a timely and efficient manner.

4. Capital structure

Section introduction

This section provides disclosures on the capital structure of IAG, which demonstrates how IAG finances its overall operations and growth through the use of different sources of funds, including ordinary equity and debt and hybrid instruments. Reinsurance is also an important source of long-term capital for IAG – reinsurance specific disclosures are included in Note 2.

The capital that IAG maintains provides financial security to its policyholders, whilst ensuring adherence to the capital adequacy requirements of industry regulators. IAG also seeks to maintain, and where possible enhance, the overall diversity and efficiency of its capital structure to support the delivery of targeted returns to shareholders. IAG's capital composition is substantially in the form of securities eligible for inclusion in regulatory capital, therefore IAG's capital mix is primarily determined by its regulatory capital targets.

Note 4.1 Interest-bearing liabilities

				2024		2023	
Final maturity date	Issue date	Principal amount	Section	**Carrying value $m**	**Fair value $m**	Carrying value $m	Fair value $m
A. Composition							
I. Capital nature							
Tier 1 regulatory capital							
Capital notes							
No fixed date	26 Mar 2024	$350 million	C.I	**350**	**354**	-	-
No fixed date	22 Dec 2022	$500 million	C.II	**500**	**517**	500	506
				850	**871**	500	506
Tier 2 regulatory capital							
AUD subordinated term notes							
15 December 2038	8 Nov 2023	$400 million	C.III	**400**	**411**	-	-
15 December 2036	24 Aug 2020	$450 million	C.IV	**450**	**458**	450	450
15 June 2044	29 Mar 2018	$350 million[1]		**-**	**-**	350	350
15 June 2045	28 Mar 2019	$450 million	C.V	**450**	**453**	450	450
				1,300	**1,322**	1,250	1,250
NZD subordinate term notes[2]							
15 June 2038	5 Apr 2022	NZ$400 million	C.VI	**365**	**344**	368	338
II. Operational nature							
Other interest-bearing liabilities				**1**	**1**	36	36
Less: capitalised transaction costs				**(17)**		(15)	
				2,499	**2,538**	2,139	2,130

1 On 17 June 2024, the Company redeemed the $350 million of subordinated term notes due 15 June 2044.
2 At the reporting date, the Company recognised accrued interest of $1 million (30 June 2023: $1 million) which is presented within trade and other payables.

B. Recognition and measurement

Interest-bearing liabilities are initially measured at fair value (net of transaction costs) and subsequently measured at amortised cost using the effective interest method. 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.

Fair value for all interest-bearing liabilities is calculated using their quoted market price in active markets (fair value hierarchy level 1), except for the AUD subordinated term notes where their fair value is calculated using their quoted market price in a market that is considered to be lacking sufficient depth to be considered active (fair value hierarchy level 2).

C. Significant terms and conditions

I. Capital Notes 3 issued on 26 March 2024

- distribution rate equals the sum of the three-month bank bill swap rate (BBSW) plus a margin of 3.20% per annum, adjusted for franking credits;
- payments of quarterly distributions are non-cumulative and 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 ordinary shares until the next distribution payment date, subject to certain exceptions;
- IAG may convert, redeem or resell the Capital Notes 3 on 15 December 2030, or upon occurrence of certain events, subject to APRA approval; and
- the Capital Notes 3 are scheduled for mandatory conversion into a variable number of ordinary shares of the Company (subject to a maximum number of 112.2 million shares) on 15 September 2033 or each subsequent distribution payment date on which the mandatory conversion conditions are satisfied, subject to certain conditions.

II. Capital Notes 2 issued on 22 December 2022

- distribution rate equals the sum of the three-month BBSW plus a margin of 3.50% per annum, adjusted for franking credits;
- payments of quarterly distributions are non-cumulative and 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 ordinary shares until the next distribution payment date, subject to certain exceptions;
- IAG may convert, redeem or resell the Capital Notes 2 on 15 June 2029, or upon occurrence of certain events, subject to APRA approval; and
- the Capital Notes 2 are scheduled for mandatory conversion into a variable number of ordinary shares of the Company (subject to a maximum number of 210 million shares) on 15 March 2032 or each subsequent distribution payment date on which the mandatory conversion conditions are satisfied, subject to certain conditions.

III. AUD subordinated convertible term notes due 2038

- floating interest rate equal to the three-month market rate (currently BBSW) plus a margin of 2.50% per annum is payable quarterly;
- IAG has an option to redeem or resell the notes at face value on each interest payment date between 15 December 2028 and 15 June 2029 and on each interest payment date on or after 15 September 2031 and for certain tax and regulatory events (in each case subject to APRA's prior written approval); and
- if the notes are not redeemed, converted or written-off beforehand, the notes can be converted into a variable number of ordinary shares of the Company (subject to a maximum of 140.4 million shares) at the option of holders on the interest payment date falling on 15 June 2031 (subject to the note terms).

IV. AUD subordinated term notes due 2036

- floating interest rate equal to the three-month BBSW plus a margin of 2.45% per annum is payable quarterly; and
- IAG has an option to redeem the notes at face value on 15 December 2026 and on any interest payment date following the first call date and for certain tax and regulatory events (in each case subject to APRA's prior written approval).

V. AUD subordinated convertible term notes due 2045

- floating interest rate equal to the three-month BBSW plus a margin of 2.35% per annum is payable quarterly;
- IAG has an option to redeem the notes at face value between 15 June 2025 and 15 June 2026 and for certain tax and regulatory events (in each case subject to APRA's prior written approval); and
- the notes can be converted into a variable number of ordinary shares of the Company (subject to a maximum of 116.7 million shares) at the option of holders from and including 15 June 2028 and at each subsequent interest payment date.

VI. NZD subordinated term notes due 2038

- fixed interest rate of 5.32% per annum, payable quarterly;
- IAG has an option to redeem the notes at face value on 15 June 2028 and on any interest payment date following the first call date and for certain tax and regulatory events (in each case subject to APRA's prior written approval); and
- if the notes are not redeemed on 15 June 2028, the interest rate will become the applicable three-month bank bill rate plus a margin of 1.90% per annum.

D. Non-viability trigger event

If APRA determines that a non-viability trigger event has occurred in relation to the Company, all (or in some circumstances, some) notes must be converted into variable number of ordinary shares of the Company, or, if conversion does not occur when required, written off.

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For the financial year ended 30 June 2024

Note 4.2 Equity

	2024 Number of shares in millions	2023 Number of shares in millions	2024 $m	2023 $m
A. Share capital				
Ordinary shares				
Balance at the beginning of the financial period	**2,441**	2,465	**7,264**	7,386
On-market share buy-back, including transaction costs	**(71)**	(24)	**(428)**	(122)
Balance at the end of the financial period	**2,370**	2,441	**6,836**	7,264

B. Changes during the period

I. On-Market share buy-back

On 18 December 2023, IAG announced completion of its on-market share buy-back for a total consideration of $350 million (including transaction cost). From commencement of the buy-back in November 2022, the Company acquired approximately 63.5 million shares for a consideration of $350 million at an average price per share of $5.51.

On 10 May 2024, IAG announced completion of its on-market share buy-back for a total consideration of $200 million (including transaction cost). From commencement of the buy-back in March 2024, the Company acquired approximately 31.3 million shares for a consideration of $200 million at an average price per share of $6.39.

C. Nature and purpose of equity

I. 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. 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.

II. Treasury shares held in trust

To satisfy obligations under the various share-based remuneration plans, shares are generally bought on-market at or near grant date of the relevant arrangement and are managed using in-house trusts, which are controlled by IAG. The shares are measured at cost and are presented as a deduction from equity. No gain or loss is recognised in profit or loss on their purchase, cancellation or reissue of the shares. The shares are derecognised as treasury shares held in trust when the shares vest or are released to the participant. The total number of treasury shares acquired on-market during the financial year was 2.3 million (2023: 1.8 million) at an average price per share of $6.37 (2023: $5.19).

III. Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences and related net investment hedge arising from the translation of the financial position and performance of subsidiaries and investments in associates that have a functional currency other than Australian dollars.

IV. Share-based remuneration reserve

The share-based remuneration reserve is used to recognise the fair value of equity-settled share-based remuneration obligations issued to employees. The total amount expensed over the vesting period through the consolidated statement of comprehensive income is calculated by reference to the fair value of the rights at grant date. The fair value of the rights is calculated at the grant date using a Black Scholes valuation model and Monte Carlo simulation. The volatility assumption has been set considering the Company's historical share price. Some of the assumptions are based on historical data which is not necessarily indicative of future trends. Reasonable changes in these assumptions would not have a material impact on the amounts recognised in the financial statements.

The Company provides benefits to employees (including senior management and Executives) through share-based incentives to create a link between shareholder value creation and rewarding employees, and assist with retention of key personnel. The senior management and Executive share plan arrangements consist of two separate arrangements working together. These two arrangements are the Deferred Award Rights Plan (DARs Plan) and Executive Performance Rights Plan (EPRs Plan).

The obligations under share-based payment arrangements are covered by the on-market purchase of ordinary shares of the Company which are held in trust. The number of shares purchased to cover each allocation of rights is determined by the trustee based on independent actuarial advice.

Note 4.3 Earnings per share

	2024 cents	Restated 2023 cents
A. Reporting period values		
Basic earnings per ordinary share[1]	**37.31**	33.63
Diluted earnings per ordinary share[2]	**36.24**	31.95

1 Basic earnings per ordinary share is determined by dividing the profit or loss attributable to shareholders of the Parent by the weighted average number of shares of the Parent on issue during the reporting period. Treasury shares held in trust are deducted, but earnings attributable to those shares are included.
2 Diluted earnings per ordinary share is determined by dividing the profit or loss attributable to shareholders of the Parent, adjusted for the finance costs of dilutive convertible instruments, by the weighted average number of ordinary shares and dilutive potential ordinary shares, primarily as a result of debt instruments that possess a conversion feature.

	2024 $m	Restated 2023 $m
B. Reconciliation of earnings used in calculating earnings per share		
Profit attributable to shareholders of the Parent which is used in calculating basic and diluted earnings per share	**898**	825
Finance costs of dilutive convertible securities, net of tax	**111**	84
Profit attributable to shareholders of the Parent which is used in calculating diluted earnings per share	**1,009**	909

	2024 Number of shares in millions	2023 Number of shares in millions
C. Reconciliation of weighted average number of ordinary shares used in calculating earnings per share		
Weighted average number of ordinary shares on issue (adjusted for treasury shares held in trust) used in the calculation of basic earnings per share	**2,407**	2,453
Weighted average number of dilutive potential ordinary shares relating to:		
Convertible securities	**375**	390
Unvested share-based remuneration rights supported by treasury shares held in trust	**2**	2
	2,784	2,845

Note 4.4 Dividends

	2024		2023	
	Cents per share	$m	Cents per share	$m
A. Ordinary shares				
2024 40% franked interim dividend paid on 27 March 2024 (2023: 30 % franked interim dividend)	**10.0**	**240**	6.0	147
2023 30% franked final dividend paid on 28 September 2023	**9.0**	**220**	5.0	123
		460		270
B. Dividend not recognised at reporting date				
2024 50% franked final dividend (2023: 30% franked final dividend) to be paid on 26 September 2024	**17.0**	**403**	9.0	220
C. Dividend franking amount				
Franking credits available for subsequent financial periods based on a tax rate of 30%		**302**		291

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For the financial year ended 30 June 2024

D. 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.

The consolidated amounts above are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the settlement, after the end of the reporting date, of tax-related balances and the franking credits that will be utilised for dividends determined but not recognised at the reporting date.

The Company, immediately after payment of the 2024 final dividend (50% franked), will have no franking credits available for distribution.

The unfranked part of the dividend is declared to be conduit foreign income. For shareholders not resident in Australia, the dividend will not be subject to Australian withholding tax.

E. Dividend reinvestment
The Company has a Dividend Reinvestment Plan (DRP) which allows eligible shareholders with ordinary shares to elect to receive their dividend entitlement in the form of ordinary shares of the Company. The price of DRP shares is the volume-weighted average price (VWAP), less a discount if determined by the Directors, calculated over the pricing period (which is at least five trading days) as determined by the Directors for each dividend payment date. A copy of the terms and conditions for the DRP is available on our website at www.iag.com.au in the shareholder centre section.

The DRP for the 2024 interim dividend paid on 27 March 2024 was settled with the on-market purchase of approximately 6 million shares priced at $6.2470 per share (based on a VWAP for 7 trading days from 7 March 2024 to 15 March 2024 inclusive, with no discount applied).

F. Restrictions that may limit the payment of dividends
There are currently no restrictions on the payment of dividends by the Parent other than:

- the payment of dividends is subject to the provisions of the *Corporations Act 2001* and IAG's constitution;
- the payment of dividends generally being limited to profits, subject to ongoing solvency obligations, and under the APRA Level 2 Insurance Group supervision requirements, IAG is required to obtain approval from APRA before payment of dividends on ordinary shares that exceed the Group's after-tax earnings as defined by APRA; and
- no dividends can be paid, and no returns of capital can be made on ordinary shares if distributions are not paid on the Capital Notes 2 and Capital Notes 3, subject to certain exceptions. For further details, refer to Note 4.1.

Note 4.5 Derivatives
A. Reporting date positions

	2024			2023		
	Notional contract amount $m	**Fair value asset $m**	**Fair value liability $m**	Notional contract amount $m	Fair value asset $m	Fair value liability $m
Derivatives						
Bond futures	**4,447**	**-**	**(21)**	3,722	-	(14)
Share price index futures	**10**	**-**	**-**	(3)	-	-
Forward foreign exchange contracts	**4,433**	**21**	**(5)**	3,453	6	(21)

B. Recognition and measurement
Derivatives are initially recognised at fair value, which is determined by reference to current market quotes or generally accepted valuation principles. Where derivatives are investment-related, they are presented together with the underlying investments or as payables when the fair value is negative. Any other derivatives are presented as receivables when the fair value is positive or as payables when the fair value is negative.

All derivative contracts are expected to be settled within 12 months.

The fair value of bond futures and share price index futures are measured using a quoted price in an active market (level 1 in the fair value hierarchy), whilst the fair value of forward foreign exchange contracts is determined using observable inputs (level 2 in the fair value hierarchy).

5. Other balance sheet disclosures

Section introduction

This section provides disclosures on other components of IAG's financial position, including:

- Goodwill and intangible assets – these balances primarily relate to the difference between the total consideration paid and the net tangible assets acquired in relation to past business acquisitions as well as internally developed capitalised software. These assets support the generation of future earnings and are subject to impairment testing, with finite useful life intangible assets also subject to amortisation.
- Income tax – the note summarises both the comprehensive income (profit or loss and other comprehensive income) and balance sheet items related to income tax. The profit or loss disclosure includes a reconciliation between the income tax expense reported and the prima facie amount when applying the Australian company tax rate (30%). The balance sheet disclosure focuses on deferred tax balances, which arise due to timing differences between the accounting treatment of taxable income or expenses and the treatment adopted by the relevant tax authority.
- Provisions – these balances primarily include employee-related costs, for example an annual leave entitlement representing amounts owing to employees at the reporting date based on past service.
- Leases – the note provides information on the effect that leases have on the financial position, financial performance and cash flows of IAG.

Note 5.1 Goodwill and intangible assets

	Goodwill $m	Software development expenditure $m	Customer relationships $m	Brands and other $m	Total $m
2024					
A. Composition					
Cost	**2,821**	**1,651**	**194**	**111**	**4,777**
Accumulated amortisation and impairment	**(10)**	**(797)**	**(187)**	**(25)**	**(1,019)**
Balance at the end of the financial year	**2,811**	**854**	**7**	**86**	**3,758**
B. Reconciliation of movements					
Balance at the beginning of the financial year	**2,830**	**705**	**10**	**87**	**3,632**
Additions acquired and developed	**6**	**209**	**-**	**-**	**215**
Disposal through sale of businesses	**(10)**	**-**	**-**	**-**	**(10)**
Amortisation and impairment	**(10)**	**(60)**	**(3)**	**-**	**(73)**
Net foreign exchange movements	**(5)**	**-**	**-**	**(1)**	**(6)**
Balance at the end of the financial year	**2,811**	**854**	**7**	**86**	**3,758**
2023					
A. Composition					
Cost	2,830	1,442	194	112	4,578
Accumulated amortisation and impairment	-	(737)	(184)	(25)	(946)
Balance at the end of the financial year	2,830	705	10	87	3,632
B. Reconciliation of movements					
Balance at the beginning of the financial year	2,823	489	13	86	3,411
Additions acquired and developed	2	267	-	1	270
Disposal through sale of businesses	(7)	-	-	-	(7)
Amortisation	-	(50)	(3)	(1)	(54)
Net foreign exchange movements	12	(1)	-	1	12
Balance at the end of the financial year	2,830	705	10	87	3,632

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For the financial year ended 30 June 2024

C. Recognition and measurement

All of the goodwill and intangible assets, other than components of capitalised software development expenditure (internally generated), have been recognised at the time of business acquisitions.

Intangible assets are initially recorded at cost at the date of acquisition, being the fair value of the consideration. Internally generated intangible assets comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Goodwill is generated as a result of business acquisition and is initially measured as the excess of the purchase consideration over the fair value of the net identifiable assets and liabilities acquired. At the date of disposal of a business, attributed goodwill is derecognised to calculate the gain or loss on disposal.

Intangible assets with an indefinite useful life, including goodwill and certain brands, are not subject to amortisation but to impairment testing. Intangible assets with finite useful lives are amortised on a straight-line basis over the period in which the related economic benefits are expected to be realised. Amortisation rates and residual values are reviewed annually, and any changes are accounted for prospectively. Amortisation is recognised within fee-based, corporate and other expenses in the consolidated statement of comprehensive income, whilst the amortisation of capitalised software is recognised within the insurance profit. The useful lives for each category of intangible assets are as follows:

- capitalised software: up to 3 years, with major core software infrastructure amortised over a period up to 13 years;
- customer relationships: 5 to 10 years; and
- brands and other: up to 20 years, except for certain brands with an indefinite useful life.

D. Impairment

An impairment charge is recognised in profit or loss when the carrying value of the asset, or Cash Generating Unit (CGUnit), exceeds the calculated recoverable amount. The impairment charge for goodwill cannot be subsequently reversed, whereas for identified intangibles the charge can be reversed where estimates used to determine the recoverable amount have changed. For assets with indefinite useful lives, which include goodwill, the recoverability of the carrying value of the assets is reviewed for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying amounts of intangible assets with finite useful lives are reviewed at each reporting date by determining whether there is an indication that the carrying values may be impaired. If any such indication exists, the asset is tested for impairment.

I. Impairment testing of goodwill

For the purpose of impairment testing goodwill is allocated to CGUnits. The recoverable amount of the CGUnit is determined by value-in-use calculations, which estimate the present value of future cash flows by using a discount rate that reflects current market assessment of the risks specific to the CGUnits. Where an impairment is determined, impairment losses relating to CGUnits are allocated first to reduce goodwill and then to other CGUnit assets on a pro-rata basis.

The following table describes the key assumptions for each CGUnit on which management based its cash flow projections to undertake the impairment testing:

- Cash flow forecasts are based on the latest three-year management business plans and then trend to the long-term assumptions to cover a ten-year valuation forecast for growth and profitability.
- Terminal value is calculated using a perpetuity growth formula based on the cash flow forecast at the end of the relevant valuation forecast period, terminal growth rate in profit or premium and, where appropriate, terminal insurance margin. Terminal growth rates and insurance margins are based on past performance and management's expectations for future performance in each segment and country.
- Discount rates reflect a beta and equity risk premium appropriate to IAG, adjusted with risk adjustments for individual businesses of each CGUnit and countries where applicable. The pre-tax discount rates used for significant CGUnits are set out in the table below.

	2024			2023		
	Goodwill $m	**Discount Rate %**	**Growth Rate %**	Goodwill $m	Discount Rate %	Growth Rate %
Direct Insurance Australia	**605**	**12.2%**	**3.7%**	624	11.8%	3.7%
Intermediated Insurance Australia	**1,551**	**12.6%**	**3.3%**	1,551	12.2%	3.3%
New Zealand	**655**	**13.1%**	**3.3%**	655	12.6%	3.5%
Total	**2,811**			2,830		

II. Impairment testing of identified intangible assets

Where the recoverable amount is determined by a value-in-use calculation, it involves the use of accounting estimates and assumptions to determine the projected net cash flows, which are discounted using an appropriate discount rate to reflect current market assessment of the risks associated with the assets or CGUnits.

An impairment charge for capitalised software is incurred if there is evidence of obsolescence or significant changes impacting the manner in which an asset is used or expected to be used or there is evidence indicating the economic performance of the asset is not as intended by management.

Note 5.2 Income tax

	2024 $m	Restated 2023 $m
A. Income tax expense		
Current tax	**230**	132
Deferred tax	**224**	292
Under/(over) provided in prior year	**4**	2
Income tax expense	**458**	426
B. Reconciliation of prima facie tax to income tax expense		
Profit for the year before income tax (A)	**1,491**	1,345
Income tax calculated at 30% (2023: 30%)	**447**	403
Amounts which are not deductible/(taxable) in calculating taxable income		
Disposal of associate	**9**	(2)
Difference in tax rate	**(10)**	3
Rebatable dividends	**(3)**	(3)
Interest on capital notes	**12**	10
Other	**(1)**	13
Income tax expense applicable to current year	**454**	424
Adjustment relating to prior year	**4**	2
Income tax expense attributable to profit for the year from continuing operations after impact of tax consolidation (B)	**458**	426
Effective tax rate (B) / (A)	**30.7%**	31.7%
C. Deferred tax assets		
I. Composition		
Tax losses	**237**	436
Insurance provisions	**162**	152
Provisions	**21**	14
Property and equipment	**182**	175
Employee benefits	**118**	100
Investments	**-**	26
Defined benefit superannuation plans	**(1)**	2
Lease liabilities	**121**	142
Other	**41**	10
	881	1,057
Amounts set-off against deferred tax liabilities	**(433)**	(400)
	448	657
II. Reconciliation of movements		
Balance at the beginning of the financial year	**1,057**	1,179
Adjustment on initial application of *AASB 17*	**-**	(7)
Restated balance at the beginning of the financial year	**1,057**	1,172
(Charged)/credited to profit or loss	**(138)**	(116)
(Charged)/credited to other comprehensive income[1]	**(2)**	(3)
Adjustments relating to prior year	**(13)**	1
Others	**(23)**	(1)
Foreign exchange differences	**-**	4
Balance at the end of the financial year prior to set-off	**881**	1,057

1 Amounts charged/credited to other comprehensive income relate to the tax effect on remeasurements of defined benefit plans.

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For the financial year ended 30 June 2024

III. Tax losses

Tax losses can be carried forward for an indefinite life and remain available to offset against future income tax liabilities, provided the continuity of shareholding requirement is met at the listed holding company level and no change in tax legislation adversely affects the Group in realising the benefit from the deduction of the tax losses.

	2024 $m	Restated 2023 $m
D. Deferred tax liabilities		
I. Composition		
Investments	**42**	-
Right-of-use assets	**84**	105
Other	**353**	295
	479	400
Amounts set-off against deferred tax assets	**(433)**	(400)
	46	-
II. Reconciliation of movements		
Balance at the beginning of the financial year	**400**	224
Charged to profit or loss	**86**	176
Charged to other comprehensive income[1]	**1**	1
Adjustments relating to prior year	**(8)**	(1)
Balance at the end of the financial year prior to set-off	**479**	400

1 Amounts charged/credited to other comprehensive income relate to the tax effect on hedge of net investments in foreign operations.

E. 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 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.

The following demonstrates other circumstances when no deferred tax asset or liability is recognised:

- temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss;
- temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is probable that the differences will not reverse in the foreseeable future; and
- temporary differences relating to the initial recognition of goodwill.

Current tax and deferred tax assets and liabilities are offset only if certain criteria are met.

IV. Tax consolidation

The Company 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. The Company is the head entity within the tax-consolidated group.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts receivable/(payable) from/(to) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by IAG as an equity contribution or distribution.

All entities in the tax-consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity. The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the Company for any current tax payable assumed.

V. Implementation of the Pillar Two model rules

The Group has applied the mandatory temporary exception in accordance with *AASB 112 Income Taxes* as amended by *AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rule*, to accounting for deferred taxes, related to the implementation of the Pillar Two rules.

As at the reporting date, Pillar Two legislation has not been enacted or substantively enacted in Australia.

The quantitative impact of Pillar Two legislation is not yet reasonably estimable, but the Group's exposure to Pillar Two income taxes is not expected to be material based on the Group's assessment to date. The actual impacts are subject to the finalisation of tax laws and guidance relating to the application of Pillar Two rules which continue to be developed and established.

Note 5.3 Provisions

	2024 $m	2023 $m
A. Provisions		
Employee benefits	**390**	339
Other provisions	**86**	54
Total provisions	**476**	393

B. Recognition and measurement

The Group recognises provisions when there is a present obligation arising from a past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the timing and amount of the obligation.

I. Annual leave

Liability for annual leave is recognised at the nominal amounts unpaid at the reporting date using remuneration rates that are expected to be paid when the liability is settled, including on costs.

II. Long service leave

A liability for long service leave is recognised as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The estimated future cash outflows are discounted using corporate bond yields which have terms to maturity that match, as closely as possible, the estimated future cash outflows. Factors which affect the estimated future cash outflows such as expected future salary increases, experience of employee departures and period of service, are incorporated in the measurement.

III. Short-term incentive plan

The short-term incentive plan continued in operation during the current reporting year. Under this plan, eligible employees may earn an incentive, calculated as a proportion of their base salary or fixed remuneration, which is typically paid in cash each year. The incentive opportunity is set depending on an employee's role and responsibilities. The incentive payments are determined based on an assessment of individual performance, values and behaviours, risk management and achievement of overall Group objectives. Under this plan, senior managers generally receive a portion of their incentive as Deferred Award Rights (DARs) which are considered equity-settled awards.

The fair value of the employee services received in exchange for these DARs is recognised as an expense with a corresponding adjustment to the share-based payment reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted. These awards are not subject to any market or non-market performance conditions.

IV. Superannuation

For defined benefit superannuation plans, the net financial position of the plans is recognised on the consolidated balance sheet and the movement in the net financial position is recognised in profit or loss, except for remeasurements of defined benefit plans (experience adjustments and changes in actuarial assumptions), which are recognised directly in retained earnings. For defined contribution superannuation plans, obligations for contributions are recognised in profit or loss as they become payable.

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V. Executive performance rights

Executive performance rights (EPRs) issued after July 2013 are indeterminate rights in that they can be cash-settled or equity-settled. The choice of settlement is with the Board. The EPRs are measured over the service period and are subject to the achievement of the associated performance hurdles attached to them. The total cost of EPRs to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions. The impacts of non-market vesting conditions are included in assumptions about the number of instruments that are expected to become exercisable. The fair value of each EPR instrument is recognised evenly over the service period until the vesting date.

The cost of equity-settled EPRs is accounted for as an employee benefit expense, with a corresponding adjustment made to the share-based payment reserve. On the other hand, the cost of cash-settled EPRs are also recognised as an employee benefit expense, but with a corresponding adjustment to the employee benefit obligation in the balance sheet.

	2024 $m	2023 $m
C. Employee benefits		
I. Expense recognised in the consolidated statement of comprehensive income		
Defined contribution superannuation plans	**145**	139
Defined benefit superannuation plans	**4**	4
Share-based remuneration	**20**	9
Salaries and other employee benefits expense	**1,949**	1,862
	2,118	2,014
II. Provision recognised on the consolidated balance sheet		
Short-term and other benefits[1]	**261**	210
Long service leave	**131**	126
(Deficit)/surplus in defined benefit superannuation plans	**(2)**	3
	390	339

1 Short-term and other benefits include annual leave entitlements and cash-based incentive arrangements.

The employee benefits provision includes $67 million (2023: $72 million) which is expected to be settled after more than 12 months from reporting date.

Note 5.4 Leases

A. Amounts recognised in the balance sheet

I. Right-of-use assets

	Properties $m	Equipment $m	Motor vehicles $m	Total $m
2024				
Balance at the beginning of the financial year	**361**	**1**	**3**	**365**
Additions to right-of-use assets	**57**	**-**	**3**	**60**
Depreciation and impairment	**(69)**	**(1)**	**(2)**	**(72)**
Derecognition of right-of-use assets	**(40)**	**-**	**-**	**(40)**
Net foreign exchange movements	**(1)**	**-**	**-**	**(1)**
Balance at the end of the financial year	**308**	**-**	**4**	**312**
2023				
Balance at the beginning of the financial year	403	6	3	412
Additions to right-of-use assets	50	-	1	51
Depreciation and impairment	(90)	(5)	(1)	(96)
Derecognition of right-of-use assets	(1)	-	-	(1)
Net foreign exchange movements	(1)	-	-	(1)
Balance at the end of the financial year	361	1	3	365

II. Lease liabilities

The below table shows the current and non-current portion of lease liability along with the undiscounted maturity analysis.

	2024 $m	2023 $m
Current	**70**	74
Non-current	**368**	423
Carrying value of lease liabilities	**438**	497
Due within 1 year	**82**	84
Due within 1 to 2 years	**77**	74
Due within 2 to 5 years	**207**	179
Due after 5 years	**112**	200
Total undiscounted lease liabilities	**478**	537

III. Net investment in sub-lease

The Group has leased out certain portions of its leased properties, which it has classified as a finance sub-lease. At the reporting date, the Group recognised net investment in sub-lease of $24 million (2023: $33 million) which is presented within trade and other receivables in the consolidated balance sheet.

B. Recognition and measurement

Properties, motor vehicles and equipment of the Group are leased under non-cancellable lease agreements, which are measured under *AASB 16 Leases*. Most leases are subject to annual review and, where appropriate, a right of renewal has been incorporated into the lease agreements. There are no options to purchase the relevant assets on expiry of the lease.

Assets and liabilities arising from a lease are initially measured as the present value of lease payments over the term of the agreement that are not paid at that date. Lease liabilities include the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease term is determined as the non-cancellable period of a lease, considering any options to extend or early terminate the lease that the entity reasonably expects to exercise.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost representing the time value of money is charged to the profit or loss over the lease period. The discount rate applied is unchanged from that applied at the initial recognition of the lease, unless there are material changes to the lease.

Right-of-use assets are measured at cost comprising the following:

- the initial measurement of lease liability; adjusted for
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs;
- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any remeasurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of property, motor vehicles and equipment are recognised on a straight-line basis as an expense in profit or loss. Short-term leases have a lease term of 12 months or less.

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C. Amounts recognised in the statement of comprehensive income

	2024 $m	2023 $m
Depreciation and impairment (included in underwriting expense and fee-based, corporate and other expenses)	**(72)**	(96)
Interest expense (included in finance costs)	**(15)**	(15)
Expense relating to short-term leases (included in underwriting expense and fee-based, corporate and other expenses)	**(3)**	(5)
Interest income from sub-leasing right-of-use assets (included in fee and other income)	**1**	1

During the 2024 financial year, IAG considered further options to reduce its property portfolio footprint in New Zealand. Options included consolidating office footprint and sub-leasing. The change in use of the right-of-use assets provides evidence of an indicator of impairment. In determining the impairment amount, the carrying amount has been compared with the recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. The current financial assessment incorporating minimum acceptable commercial terms have resulted in a $3 million (2023: $20 million) impairment of IAG's right-of-use assets as at 30 June 2024.

D. Amounts recognised in the cash flow statement

The below table shows total cash outflow for lease including finance cost.

	2024 $m	2023 $m
Total cash outflow for leases	**93**	99

6. Group structure

Section introduction

This section provides disclosures on the Parent entity, details of material subsidiaries and non-controlling interests. For disclosure on the entities that were part of the consolidated group as at 30 June 2024, refer to the consolidated entity disclosure statement.

Note 6.1 Parent entity disclosures

The ultimate Parent entity in the Group is Insurance Australia Group Limited, which is incorporated in Australia. The following information of the Parent entity is disclosed as required by the current regulatory requirements in Australia.

	2024 $m	2023 $m
A. Financial results		
Profit/(loss) for the year	**329**	(65)
Total comprehensive income/(expense) for the year, net of tax	**329**	(65)
B. Financial position		
Current assets	**227**	322
Total assets	**12,419**	13,889
Current liabilities	**91**	182
Total liabilities	**3,307**	4,219
C. Shareholders' equity		
Share capital	**6,836**	7,264
Retained earnings	**2,276**	2,406
Total shareholders' equity	**9,112**	9,670

D. Recognition and measurement

Contingent liabilities are not recognised on the balance sheet but are disclosed where the possibility of settlement is less than probable but more than remote. Provisions are not required with respect to these matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not reliably measurable. If settlement becomes probable, a provision is recognised. The best estimate of the settlement amount is used in measuring a contingent liability for disclosure.

E. Contingent liabilities

There are no known material exposures to the Parent or events that would require it to satisfy any guarantees or take action under a support agreement other than the shareholder representative proceeding filed in the Supreme Court of Victoria (refer to Note 7.1 for further details on contingent liabilities).

F. Commitments

The Parent has no material commitments (2023: nil).

Note 6.2 Details of material subsidiaries

The following table details IAG's material subsidiaries:

	Country of incorporation/ formation	Ownership interest held by Group if not 100%	
		2024 **%**	2023 %
A. Ultimate Parent			
Insurance Australia Group Limited	Australia		
B. Subsidiaries			
I. Australian general insurance operations			
Insurance Australia Limited	Australia		
Insurance Manufacturers of Australia Pty Limited	Australia	**70.00**	70.00
II. New Zealand general insurance operations			
IAG New Zealand Limited	New Zealand		

Note 6.3 Non-controlling interests

A. Summarised financial information

Set out below is summarised financial information (before intercompany eliminations) of controlled entities of the Parent where significant non-controlling interests exist, being Insurance Manufacturers of Australia Pty Limited (IMA), of which IAG's beneficial interest is 70%. IMA's principal place of business is in Australia and 30% of its voting rights are held by RACV.

	Insurance Manufacturers of Australia Pty Limited	
		Restated
	2024	2023
	$m	$m
I. Summarised statement of comprehensive income		
Insurance profit	**534**	424
Profit after tax attributable to the Parent entity	**307**	224
Profit after tax attributable to non-controlling interest	**132**	96
Other comprehensive income	**1**	1
Total comprehensive income	**440**	321
II. Summarised balance sheet		
Total assets	**4,314**	4,014
Total liabilities	**(2,824)**	(2,708)
Net assets	**1,490**	1,306
Carrying amount of non-controlling interest	**447**	392
III. Summarised cash flow		
Net cash flows from operating and investing activities	**264**	413
Dividends paid to other IAG entities	**(179)**	(93)
Dividends paid to non-controlling interest	**(77)**	(40)
Total net cash flows	**8**	280

7. Unrecognised items

Section introduction

This section provides an overview of those items that are not required to be recognised in the financial statements, but may have informative content in relation to IAG's performance or financial position and are required to be disclosed under the accounting standards. These include:

- contingencies – these primarily relate to contingent liabilities that are only recognised in the financial statements when recognition criteria required under accounting standards is met; and
- events subsequent to the reporting date – information is included on non-adjusting events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Note 7.1 Contingencies

As at 30 June 2024, the Group had the following specific contingent liabilities to report. The matters listed below at this point in time are highly complex and uncertain and, it is not practicable to estimate the ultimate financial impact on IAG.

- On 1 August 2022, IAG announced it had been served with a shareholder representative proceeding filed in the Supreme Court of Victoria on behalf of persons who acquired shares in IAG during the period 11 March 2020 and 20 November 2020 (inclusive), in relation to IAG's disclosure of the potential impact of COVID-19 related business interruption claims. IAG continues to defend the proceeding.
- On 25 August 2023, IAG acknowledged the civil penalty proceedings commenced by the Australian Securities and Investments Commission (ASIC) in the Federal Court of Australia against Insurance Australia Limited (IAL) and Insurance Manufacturers of Australia Pty Limited (IMA) on 24 August 2023. The proceedings allege contraventions of the *ASIC Act 2001* and the *Corporations Act 2001* concerning the pricing of, and certain disclosures about how premiums were priced, for renewing customers of SGIO, SGIC and RACV home insurance products. IAL and IMA maintain they have delivered on loyalty promises made to customers, do not agree that they have misled customers about the extent of the discounts they would receive, and are defending the proceedings.
- On 28 May 2024, IAG announced it had been served with a statement of claim for a policyholder class action in the Supreme Court of Victoria, against IAG's subsidiaries IAL and IMA. This class action relates to allegations which are the subject of the proceedings commenced by ASIC against IAL and IMA noted above. IAL and IMA are defending the proceedings.

From time to time the Group is exposed to contingent risks and liabilities arising from the conduct of its business including:

- actual and potential disputes, claims and legal proceedings, including litigation arising out of insurance policies and regulatory matters;
- investigations into conduct, including actual and potential regulatory breaches, carried out by regulatory authorities on either an industry-wide or Group-specific basis;
- internal investigations and reviews into conduct, including actual and potential regulatory breaches, carried out by or on behalf of the Group; and
- contracts that involve giving contingent commitments such as warranties, indemnities or guarantees.

The insurance industry, including IAG, is highly regulated and has been the subject of increasing scrutiny by regulators. In recent years, there has been an increase in the number of matters in respect of which the Group engages with its regulators, including in relation to pricing issues and which is the subject of ongoing inquiries and investigations.

The Directors are of the opinion that provisions are not required in respect of such matters.

Note 7.2 Events subsequent to reporting date

As the following events occurred after reporting date and did not relate to conditions existing at reporting date, no account has been taken of them in the financial statements for the current reporting period ended 30 June 2024.

- On 21 August 2024, the Board determined to pay a 50% franked final dividend of 17.0 cents per share. The dividend will be paid on 26 September 2024. The dividend reinvestment plan will operate likely by acquiring shares on-market for participants with no discount applied.
- On 21 August 2024, IAG announced an additional on-market share buy-back of up to $350 million.

8. Additional disclosures

Section introduction

This section includes other information that must be disclosed to comply with the Australia Accounting Standards, *Corporations Act 2001* and ASX Listing Rules, and which is considered relevant to understanding IAG's performance or financial position.

Note 8.1 Notes to the consolidated cash flow statement

	2024 $m	Restated 2023 $m
A. Composition of cash and cash equivalents		
Cash held for operational purposes	**631**	474
Cash and cash equivalents held in investments	**1,210**	879
Cash and cash equivalents	**1,841**	1,353
B. Reconciliation of profit for the year to net cash flows from operating activities		
Profit/(loss) for the year	**1,033**	919
I. Non-cash items		
Net losses/(gains) on disposal of subsidiaries excluding transaction costs	**-**	25
Net (gains)/losses on investments	**(207)**	(51)
Amortisation of intangible assets and impairment	**73**	51
Depreciation of right-of-use assets and property and equipment and impairment	**127**	134
Other non-cash items	**(197)**	34
II. Movement in operating assets and liabilities		
Reinsurance contract held assets	**891**	(321)
Insurance contract liabilities	**(315)**	(342)
Net movement in other operating assets and liabilities	**(7)**	(29)
Net movement in tax assets and liabilities	**319**	310
Provisions	**83**	(278)
Net cash flows from operating activities	**1,800**	452

C. Recognition and measurement

Cash and cash equivalents represent cash at bank and on hand and deposits at call 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 less than one year.

Note 8.2 Related party disclosures

A. Key management personnel

I. 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 IAG in relation to their involvement in the activities within the Group.

	2024 $000	2023 $000
Short-term employee benefits	**15,836**	14,594
Post-employment benefits	**434**	426
Other long-term benefits	**54**	74
Termination benefits	**-**	1,089
Share-based payments	**8,799**	6,504
	25,123	22,687

II. Other benefits

Remuneration does not include premiums paid by IAG for an insurance contract covering current and former Non-Executive Directors' and Executives' liabilities and legal expenses incurred in respect of the relevant office. Insurance products provided by IAG are available to all Non-Executive Directors and Executives on the same terms and conditions available to other employees.

Note 8.3 Remuneration of auditors

	2024 $000	2023 $000
KPMG		
Audit services for the statutory financial reports of the Parent and controlled entities	**9,307**	8,990
Assurance services that are required by legislation to be provided by the external auditor	**667**	648
Other assurance and agreed upon procedures under other legislation or contractual arrangements	**288**	303
Other services	**978**	536
Total remuneration of auditors	**11,240**	10,477

In accordance with advice received from the Audit Committee, the Directors are satisfied that the provision of non-audit services provided by KPMG during the reporting period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied because the Audit Committee or its delegate, in accordance with the pre-approved policies and procedures, has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of KPMG.

Other assurance services principally include reviews of internal controls systems and assurance and attestation relating to sustainability reporting.

Other services primarily relate to taxation services (but not advice in relation to tax structuring) regarding Australian/foreign tax legislation and tax returns, as well as reviews of risk assessment processes.

Note 8.4 Impact of new Australian Accounting Standards issued

A. Issued and effective

The following new and amended Australian Accounting Standards and Interpretations are applicable for the current reporting year.

Title	Description
AASB 17	Insurance Contracts
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-5	Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
AASB 2021-7b	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [AASB 17 editorials]
AASB 2022-1	Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
AASB 2022-7	Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
AASB 2023-2	Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

The most significant of these is the first-time adoption of *AASB 17* whose effect on the financial statements are discussed below. The other amendments do not have material impact on the Group's financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

I. Impact of the adoption of *AASB 17 Insurance Contracts*

This is the first set of the Group's annual financial statements in which *AASB 17* has been applied. As a result of the adoption of *AASB 17*, the opening balance sheet (1 July 2022) and prior year comparatives (FY23) have been restated under *AASB 17*, applying the transitional provisions in Appendix C to *AASB 17*.

The adoption of *AASB 17* did not change the classification of the Group's insurance contracts. However, it has brought significant change to the measurement and disclosure of insurance contracts issued and reinsurance contracts held as described below. Material accounting policies related to the adoption of *AASB 17*, including the introduction of new measurement models, the concept of level of aggregation, and determination of onerous contracts are set out in Note 2.1. Material accounting estimates and judgements related to the adoption of *AASB 17*, including the calculation of risk adjustment and discount rates are set out in Note 2.3.

AASB 17 also introduces substantial changes in the presentation of both the statement of comprehensive income and balance sheet of IAG's consolidated financial statements, as well as introducing more granular disclosure requirements.

In the statement of comprehensive income, *AASB 17* requires the presentation of the insurance revenue and insurance service expenses gross of reinsurance. For IAG, insurance revenue replaces gross earned premium and insurance service expenses largely reflects the combination of claims expense, non-reinsurance related recoveries, commission expense and underwriting expenses.

In the balance sheet, as all cash flows resulting from the rights and obligations under insurance and reinsurance contracts are included in the measurement of each group of contracts, existing balance sheet items are no longer presented separately. *AASB 17* requires these associated balances to be combined into single line items for portfolios of insurance contracts issued or reinsurance contracts held that are either in an asset or liability position.

a. Transitional impact

IAG applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Under the full retrospective approach, at 1 July 2022 the Group:

- identified, recognised and measured each group of (re)insurance contracts as if *AASB 17* had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if *AASB 17* had always been applied;
- derecognised balances that would not have existed if *AASB 17* had always been applied; and
- recognised all transitional adjustments through retained earnings.

The impact of *AASB 17* adoption on the Group's reported equity of $6,500 million as at 1 July 2022 was an increase of $14 million. The opening equity impact is mainly driven by increases to net assets from the measurement of the *AASB 17* risk adjustment and higher discount rates reflecting the inclusion of an illiquidity premium, partially offset by decreases to net assets as a result of the recognition of a loss component, and loss recovery component, related to recognition of onerous contracts. *AASB 17* has not changed the underlying economics or cash flows of IAG's business or its strategic direction. The accounting policies adopted as a result of *AASB 17* have been disclosed at Note 2.1.

The Group has applied the transition requirements in *AASB 17* and has disclosed the impact of the adoption of *AASB 17* on each financial statement line item in the below reconciliation.

Impact of adoption on Equity:

	1 July 2022 $m
Brought forward equity (under *AASB 1023*)	6,500
Risk adjustment for non-financial risk	99
Onerous contracts	(61)
Illiquidity premium	20
Other adjustments	(37)
Deferred tax or income taxes	(7)
Brought forward equity (following adoption of *AASB 17*)	**6,514**

Restatement of Insurance contact liabilities and reinsurance contract assets:

	1 July 2022 $m
Insurance contracts liabilities as previously stated:	
Unearned premium liabilities	6,831
Premiums receivables	(4,103)
Commissions and other insurance contract payables	1,030
Deferred insurance expenses	(1,030)
Deferred levies and charges	(112)
Outstanding claims liabilities	13,964
Other recoveries on outstanding claims	(1,286)
Total insurance contract liabilities as measured under *AASB 1023*	**15,294**
Add impact of adopting AASB 17:	
Reversal of risk margin and inclusion of a risk adjustment for non-financial risk	(767)
Onerous contracts	92
Illiquidity premium	(43)
Total insurance contract liabilities as measured under *AASB 17*	**14,576**
Reinsurance contract assets as previously stated:	
Deferred reinsurance expenses	2,804
Reinsurance held recoveries	7,444
Reinsurance held payables	(1,987)
Other reinsurance held liabilities	(621)
Total reinsurance contract held assets as measured under *AASB 1023*	**7,640**
Add impact of adopting AASB 17:	
Reversal of risk margin and inclusion of a risk adjustment for non-financial risk	(668)
Onerous contracts	31
Illiquidity premium	(23)
Other adjustments	(37)
Total reinsurance contract held assets as measured under *AASB 17*	**6,943**

Notes to the financial statements (continued)
For the financial year ended 30 June 2024

B. Issued but not yet effective

As at the date of this Financial Report, there are a number of new accounting standards, amendments to or interpretations of accounting standards issued by the Australian Accounting Standards Board for which the mandatory application dates fall after the end of this current reporting year. None of these have been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods.

Title	Description	Operative date
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 July 2024
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	1 July 2024
AASB 2022-6	Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 July 2024
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 July 2024
AASB 2024-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures	1 July 2024
AASB 2021-7c	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 July 2025
AASB 2023-5	Amendments to Australian Accounting Standards – Lack of Exchangeability	1 July 2025
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 July 2025
AASB 2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 July 2026
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027

Consolidated entity disclosure statement

The following table details all the entities that were part of the consolidated group as at 30 June 2024:

		Body corporates		Tax residency	
Entity name	Entity type	Place formed or incorporated	% of issued share capital held directly or indirectly by the Parent	Australian or foreign	Foreign jurisdiction
A. Ultimate Parent					
Insurance Australia Group Limited	Body Corporate	Australia		Australian	N/A
B. Australian general insurance operations					
CGU Australia Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGU Workers Compensation (VIC) Proprietary Limited	Body Corporate	Australia	100	Australian	N/A
IAG Agencies Pty Ltd (formerly Allied Global Underwriting Pty Ltd)	Body Corporate	Australia	100	Australian	N/A
IAL Life Pty Limited	Body Corporate	Australia	100	Australian	N/A
Insurance Australia Limited	Body Corporate	Australia	100	Australian	N/A
Insurance Manufacturers of Australia Pty Limited	Body Corporate	Australia	70	Australian	N/A
NRMA Personal Lines Holdings Pty Limited	Body Corporate	Australia	100	Australian	N/A
Swann Insurance (Aust) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Cylo Australia Pty Limited	Body Corporate	Australia	100	Australian	N/A
C. New Zealand operations					
151 Insurance Limited (formerly New Zealand Insurance Limited)	Body Corporate	New Zealand	100	Foreign	New Zealand
AMI Insurance Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Belves Investments Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Direct Insurance Services Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
First Rescue New Zealand Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
IAG New Zealand Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
IAG NZ Repairhub Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
IAG (NZ) Holdings Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Lumley General Insurance (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
New Zealand Insurance Limited (formerly NZI-State Finance Limited)	Body Corporate	New Zealand	100	Foreign	New Zealand
State Insurance Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Homehub Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
LoyaltyHub Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
D. Other international operations					
Cylo New Zealand Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
E. Investment operations					
Fixed Interest Shareholders Fund[1]	Trust	Australia	N/A	Australian	N/A
Fixed Interest Technical Provisions Fund[1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Global Equity Trust[1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Technical Provisions Credit Strategies Fund [1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Alternative Investments Trust [1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Cash Management Trust[1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Equity Trust[1]	Trust	Australia	N/A	Australian	N/A
IAG Asset Management Limited	Body Corporate	Australia	100	Australian	N/A
IAG Asset Management Private Equity Trust[1]	Trust	Australia	N/A	Australian	N/A

Consolidated entity disclosure statement (continued)

		Body corporates		Tax residency	
Entity name	Entity type	Place formed or incorporated	% of issued share capital held directly or indirectly by the Parent	Australian or foreign	Foreign jurisdiction
IAG Asset Management Sustainable Investment Trust[1]	Trust	Australia	N/A	Australian	N/A
IAG Bonus Equity & NED Share and PAR Plan[2]	Trust	Australia	N/A	Australian	N/A
IAG Employee Share Trust[2]	Trust	Australia	N/A	Australian	N/A
IAG New Zealand Employee Share Plan[2]	Trust	Australia	N/A	Australian	N/A
F. Corporate operations					
Ambiata Holdings Pty Limited	Body Corporate	Australia	100	Australian	N/A
Ambiata Pty Limited	Body Corporate	Australia	100	Australian	N/A
AssureMe Pty Ltd	Body Corporate	Australia	70	Australian	N/A
Motorserve Pty Limited	Body Corporate	Australia	100	Australian	N/A
Empire Equity Australia Pty Limited	Body Corporate	Australia	100	Australian	N/A
IAG General Holdings Pty Limited	Body Corporate	Australia	100	Australian	N/A
IAG International Pty Limited	Body Corporate	Australia	100	Australian	N/A
IAG & NRMA Superannuation Pty Limited	Body Corporate	Australia	100	Australian	N/A
IAG Share Plan Nominee Pty Limited	Body Corporate	Australia	100	Australian	N/A
IAG Ventures Pty Limited	Body Corporate	Australia	100	Australian	N/A
Insurance Australia Group Services Pty Limited	Body Corporate	Australia	100	Australian	N/A
Vehicle Repairhub Pty Limited	Body Corporate	Australia	63.98	Australian	N/A
Bantty Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
Rapid 8 Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
Rapid Castle Hill Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
Rapid Underwood Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
SmashTec Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
The Smash Repairs Solutions Group Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
Woodridge Repairs Pty Ltd	Body Corporate	Australia	63.98	Australian	N/A
HSC Home Security Pty Ltd	Body Corporate	Australia	100	Australian	N/A
G. Entities under liquidation					
IAG Re Singapore Pte Ltd	Body Corporate	Singapore	100	Foreign	Singapore
IAG Insurtech Innovation Hub Pte Ltd	Body Corporate	Singapore	100	Foreign	Singapore
IAG Re Labuan (L) Berhad	Body Corporate	Malaysia	100	Foreign	Malaysia
Cylo Pte Ltd	Body Corporate	Singapore	100	Foreign	Singapore

1 The body corporate IAG Asset Management Limited is a trustee for these trusts.
2 The body corporate IAG Share Plan Nominee Pty Limited is a trustee for these trusts.

Consolidated entity disclosure statement – basis of preparation

Basis of preparation

The consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes the information required for each entity that was part of the consolidated entity as at the end of the financial year. The list of entities in the consolidated entity is in accordance with *AASB 10 Consolidated Financial Statements*.

Determination of tax residency

The CEDS must specify whether, at the end of the financial year, each entity that was part of the consolidated entity was an Australian resident or a foreign resident (within the meaning of the *Income Tax Assessment Act 1997*). The determination of Australian or foreign tax residency involves judgement, is highly fact dependent and there are currently several different interpretations that could be adopted which could give rise to different conclusions on residency.

In determining the tax residency for each body corporate in the CEDS, the following interpretations have been applied:

- Australian tax residency – IAG has applied current legislation and judicial precedent, and has had regard to the Commissioner of Taxation's public guidance in Taxation Ruling TR 2018/5 and Practical Compliance Guideline PCG 2018/9.
- Foreign tax residency – IAG has applied current legislation and where available judicial precedent.

Australian tax law does not contain specific tax residency tests for trusts. Generally, trusts are taxed on a flow-through basis so there is no need for a tax residency test. There are some provisions in Australian tax law which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax. The residency of each trust has been determined in accordance with the residency of the trustee company of the trust.

Directors' declaration

For the financial year ended 30 June 2024

1. In the opinion of the Directors of Insurance Australia Group Limited:
   a. the financial statements and Notes 1 to 8.4 are in accordance with the *Corporations Act 2001* including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   b. the consolidated entity disclosure statement as at 30 June 2024 required by Section 295(3A) of the *Corporations Act 2001* is true and correct; and

   c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2024.
3. The Directors draw attention to Note 1.2.B, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 21st day of August 2024 in accordance with a resolution of the Directors.

Nick Hawkins

Nick Hawkins
Director

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the shareholders of Insurance Australia Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Insurance Australia Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group's*** financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated balance sheet as at 30 June 2024;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated cash flow statement for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report (continued)

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- The initial adoption of AASB 17 *Insurance Contracts*;
- Valuation of the liability for incurred claims;
- Valuation of reinsurance contract assets;
- Valuation of Goodwill; and
- Information Technology (IT) systems and controls.

Key Audit Matters are those matters that, in our professional judgement, were of the 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.

The initial adoption of AASB 17 *Insurance Contracts*

Refer to Note 8.4 of the Financial Report

The key audit matter	How the matter was addressed in our audit
Accounting for AASB 17 Insurance Contracts ("AASB 17") is a key audit matter due to the: • First time adoption – the Group was required to determine interpretations for new and complex AASB 17 accounting requirements for the first time, including new accounting policies and the transition approach to be applied retrospectively to the Group's insurance and reinsurance contracts as at 1 July 2022. Interpreting an accounting standard is more challenging in its first year of existence. This necessitated the involvement of our actuarial specialists. The Group also had to establish new processes and controls to apply the requirements, which had not previously been tested. • High volume of insurance contracts – the Group has a high volume of insurance contracts. A focus for us was the completeness of the contract population and the accuracy of inputs and assumptions which may drive different accounting outcomes, including discounting, risk adjustment and onerous contract methodologies.	Working with our actuarial specialists, our procedures included: • consideration of the Group's new accounting policies. This included evaluating the Group's judgements in relation to the optionality provided in the accounting standards and methodology application specifically in relation to the measurement models adopted, risk adjustment, granularity of the level of onerous contracts identified and discount rates used against the requirements of the accounting standard and our understanding of business and industry practice; • obtaining an understanding of the Group's new processes used to measure insurance contract liabilities, reinsurance contracts held and the opening retained earnings adjustment at transition; • checking a sample of insurance contracts across the Group's publicly available product disclosure statements to the transition model for confirmation of inclusion; • testing the key controls designed and implemented by the Group in relation to the transition approach;

• Complex modelling process - the Group's judgement in determining which AASB 17 measurement model (General Model (GMM) or Premium Allocation Approach (PAA)) to apply under the standard is a focus for us.
• Relative magnitude – the size of the balances in question has a significant financial impact on the Group's financial position and performance.
The most significant areas of judgement we focused on were in assessing the Group's:
• selection of new accounting policies, and the implementation of new processes and controls in response to the AASB 17 requirements;
• application of a transition approach, to be applied retrospectively to the Group's insurance and reinsurance contracts as at 1 July 2022;
• determination of which measurement model to apply under the standard and associated assumptions;
• application of risk adjustment and onerous contract methodologies on transition; and
• determination of the discount rate (adjusted for an illiquidity premium to reflect the liquidity characteristics of insurance contracts).
We involved our senior audit team members in assessing this key audit matter, along with actuarial specialists.
	• assessing the transition approach against the criteria in the accounting standard and specifically, for the long term reinsurance contracts, checking the Group's key assumptions applied in the approach have reference to matters at the time of contract inception without bias from events since;
	• reconciling the transition adjustments and restatements in the financial statements to the Group's actuarial models;
	• challenging the Group's measurement Premium Allocation Approach (PAA), model. This included:
	  • assessing the Group's eligibility analysis for insurance and reinsurance contracts with coverage periods greater than one year against the requirements of the accounting standards;
	  • evaluating the significant assumptions used and scenario analysis applied in the PAA model to the terms of a representative sample of contracts;
	  • testing the mathematical accuracy of models used by the Group;
	  • considering the sensitivity of the Group's analysis by varying key assumptions, within a reasonably possible range. We did this to identify the risk of bias or inconsistency in application, and to focus our subsequent procedures;
	• assessing the scope, competence and objectivity of the Group's Appointed Actuary, who is engaged to develop the actuarial model used in the Group's measurement model;
	• evaluating the Group's actuarial model by:
	  • evaluating the methodology and consistency of assumptions used to measure the risk adjustment for non-financial risk on transition to our understanding of business and industry practice;
	  • assessing, where onerous contracts were identified, the significant assumptions, for consistency with the assumptions used by the Group and tested by us for the valuation of the liability for incurred claims at the date of transition, and independently recalculating the relevant loss component and loss

Independent Auditor's Report (continued)

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	recovery components and comparing to the amounts recorded by the Group; • assessing discounting methodology, including the determination of the illiquidity premium, against the requirements of the standard, industry practice and comparing to external market data where available; and • assessing the disclosures, including the transition adjustment restatement in the financial report for consistency with the understanding obtained from our testing and compliance with the requirements of Australian Accounting Standards.

Valuation of the liability for incurred claims ($11,901 million)	
Refer to Note 2.2.2 of the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of the liability for incurred claims is a key audit matter as it is highly judgemental and requires assumptions to be made with inherent estimation uncertainty. Judgement is required by us to consider the central estimate of the liability for incurred claims. This is a significant estimate as the eventual outcomes of incurred, but unsettled, claims at the balance sheet date are inherently uncertain. These assumptions can have significant impacts on the valuation due to the following factors: • there is limited information available and a greater level of uncertainty inherent in assessing the Group's estimation of claims which have been incurred by the balance sheet date but have not yet been reported; • judgement is required to determine the degree to which the Group's historical claims experience influences current estimates. This is particularly judgemental for long-tail classes of business, for which variability often exists between the original estimation and the ultimate settlement of claims;	Working with our actuarial specialists, our procedures included: • understanding the Group's process for valuing the liability for incurred claims and testing the design, implementation and operating effectiveness of key controls; • comparing the Group's actuarial methodologies with the methodologies applied across the industry and in prior periods, and the requirements of the accounting standards; • evaluating the assumptions including loss ratios, claim frequencies, average claim sizes, ultimate claims costs and allowance for future claims inflation, by comparing these to our expectations based on the Group's historical actual experience, our industry knowledge and externally observable trends (e.g., APRA and regulatory statistics); • comparing the prior year estimate of the liability for incurred claims to actual experience in the current year. We used this information to assess the actuarial assumptions applied in current year valuation;

• judgements in the Group modelling process, which involves complex and subjective actuarial methodologies, as well as judgements and assumptions about future events and developments, both within, and external to, the Group. Actuarial assumptions include loss ratios, claim frequencies and average claim sizes, ultimate claims costs and allowance for future claims inflation. Changes in methodologies, judgements and assumptions can significantly change the quantification of the liability for incurred claims, as outlined in Note 2.3. It is challenging to estimate the impact of elevated inflationary pressures on the liability for incurred claims, and judgement is needed to determine the extent to which recent experience influences the valuation at balance date; • judgement is required to assess the Group's estimation of the time periods the claims are expected to be settled in; and • judgement is required by the Group to reflect the compensation an entity requires for bearing the uncertainty of the amount and timing of insurance contract cash flows that arise from non-financial risks. This complexity requires us to exercise judgement when evaluating the methodology and assumptions adopted by the Group. We involved actuarial specialists to supplement our senior audit team members in assessing this key audit matter.	• evaluating scenario analyses prepared by the Group for the estimation of the liability for incurred claims associated with Business Interruption claims. This includes stress testing claim frequency and probability of success assumptions; • considering judgements by the Group to estimate the period in which the claims will be settled, by analysing historical payment patterns; • for certain classes of business, we independently estimated the liability for incurred claims by applying our own actuarial assumptions. We compared our results to the Group's estimates and investigated significant differences; • evaluating the cost of capital and fair value assumptions used in the calculation of the risk adjustment for non-financial risks to our understanding of business and industry practice; and • assessing the disclosures in the financial report for consistency with the understanding obtained from our testing and compliance with the requirements of Australian Accounting Standards.

Valuation of reinsurance contract assets ($6,373 million)	
Refer to Note 2.2.3 of the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Valuation of reinsurance contract assets is a key audit matter due to the following factors: • the Group has a complex range of significant reinsurance contracts which are designed to protect its aggregate exposure to catastrophic claim events. These reinsurance contracts comprise the whole-of-account quota share arrangements, the catastrophe excess of loss program,	In addition to the procedures undertaken to address the valuation of the liability for incurred claims key audit matter above, our procedures included: • testing the design, implementation and operating effectiveness of a sample of key controls over the approval of new reinsurance arrangements;

Independent Auditor's Report (continued)

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adverse development covers in the form of excess of loss contracts, other quota share arrangements and other agreements covering specific exposures; • the significant judgement applied by the Group in valuing the associated liability for incurred claims that have been reinsured; • the judgement involved in assessing the recoverability of balances owed by reinsurers due to the risk of non-performance by the reinsurers; and • the reinsurance arrangements represent a significant portion of assets. The consideration of the accounting treatment across multiple contracts, assessment of recoverability in line with the reinsurance agreements, reinsurer counterparty credit worthiness and capital strength require significant effort by our senior audit team members.	• testing the existence of reinsurance cover and the recognition of a reinsurance recovery asset by checking the scope and terms of a sample of underlying contracts. We did this with reference to accounting standards and our expectations based on past experience; • evaluating a sample of reinsurance recoveries for whole-of-account quota share contracts. We recalculated the reinsurance and other recoveries due based on the key terms of the reinsurance contracts, and applied them to the Group's underlying claims estimates and paid claims data; • assessing the recoverability of balances owed by reinsurer counterparties by considering their credit worthiness and capital strength, payment history and evaluation of any indicators of disputes with counterparties; and • assessing the disclosures in the financial report for consistency with the understanding obtained from our testing and compliance with the requirements of Australian Accounting Standards.

Valuation of Goodwill ($2,811 million)

Refer to Note 5.1 of the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's annual testing of goodwill for impairment is a key audit matter, given the size of the balance (being 11% of total assets) and the judgement involved. We focused on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast growth rates and terminal growth rates – the Group's models are sensitive to changes in these assumptions. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy; and • discount rates - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to. We involve our valuation specialists with the assessment.	Working with our valuation specialists, our procedures included: • considering the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • comparing the forecast cash flows contained in the value in use models to Board approved forecasts; • assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models; • assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas;

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The Group uses complex models to perform their annual testing of goodwill for impairment. The models are largely manually developed, and use a range of internal and external sources as inputs to the assumptions. Complex modelling using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• challenging the Group's forecast cash flow and growth assumptions. We compared key forecast assumptions to the Board approved budgets. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance and our industry experience; • checking the consistency of the growth rates to the Group's Board approved budgets, past performance of the Group, and our experience regarding the feasibility of these in the economic environment in which they operate; • independently developing a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in; • considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures; and • assessing the disclosures in the financial report for consistency with the understanding obtained from our testing and compliance with the requirements of Australian Accounting Standards.

Independent Auditor's Report (continued)

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Information Technology (IT) systems and controls	
The key audit matter	**How the matter was addressed in our audit**
Information Technology (IT) systems and controls is a key audit matter due to the Group's utilisation of many complex, interdependent IT systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of a financial report which provides a true and fair view of the Group's financial position and performance. Our audit approach could significantly differ depending on the effective operation of the IT controls. We work with our IT specialists as a core part of our audit team.	Working with our IT specialists, we obtained an understanding of the Group's IT environment and risk assessment processes, including cyber security matters, as they relate to the Group's use of IT for financial reporting. We evaluated the risks of material misstatement to the Group's financial report resulting from, among other things, unauthorised access to financial reporting systems, including IT applications, databases and operating systems. We tested key systems, automated controls and the control environments underlying the relevant financial preparation processes. Our procedures included: • testing the design, implementation and operating effectiveness of key controls over user access, including how users are on-boarded, assigned specific roles and privileges, and removed on a timely basis from key IT applications and supporting infrastructure. This included the examination of privileged roles and functions across relevant IT application and the supporting infrastructure, and testing controls related to monitoring of access rights; • testing the design, implementation and operating effectiveness of key controls used to request, document, develop, test and authorise changes to the functionality and configuration of core systems relevant to in-scope automated controls. This included controls related to the appropriateness of users with access to request, authorise and release changes into the production environment of core systems relevant to financial reporting; and • testing the design, implementation and operating effectiveness of automated controls key to system calculations, the generation of reports, and operation of system enforced access controls. Where our testing identified design, implementation or operating effectiveness matters relating to IT system or application controls relevant to our audit, we performed alternative audit procedures, including consideration of mitigating controls, and raised these matters with the Group.

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Other Information

Other Information is financial and non-financial information in Insurance Australia Group Limited's annual report 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 and our related assurance opinion.

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.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group's and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 Group and 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 the 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report (continued)

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Insurance Australia Group Limited for the year ended 30 June 2024, 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 70 to 95 of the Directors' report for the year ended 30 June 2024.

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

KPMG

Brendan Twining
Partner

Andrew Reeves
Partner

Sydney
21 August 2024

Shareholder information

Information about Insurance Australia Group Limited (Company or Parent) including its announcements, presentations and reports can be accessed on our website at www.iag.com.au.

Stock exchange listings

The Company's ordinary shares are listed on the ASX under IAG, its Capital Notes 2 and Capital Notes 3 are listed on the ASX under IAGPE and IAGPF, respectively.

In addition to the ASX, the Company has securities listed on the NZX Debt Market under IAGFC. As such the Company is subject to the NZX Listing Rules as a primary listed debt-only issuer, subject to certain waivers. The Company has been granted waivers from NZX Listing Rules 3.1.1(b), 3.6, and 3.14.1.

Annual report

Under the *Corporations Act 2001* regarding the provision of Annual Reports to shareholders, the default option for receiving Annual Reports is an electronic copy via IAG's website at www.iag.com.au.

Annual general meeting

The 2024 Annual General Meeting (AGM) of the Company will commence at 9:30am on Thursday, 24 October 2024.

Online voting

Shareholders can lodge voting instructions electronically either as a direct vote or by appointing a proxy for the 2024 AGM on our website at www.iag.com.au. The information required to log on and use online voting is shown on the Notice and Access Letter.

Shareholder questions

If shareholders would like to submit a written question to the Company or the Company's auditor with regard to the AGM or any of the resolutions to be discussed, shareholders should send their questions to the Share Registry, Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, Australia or by fax to +61 (0)3 9473 2555. Questions for the auditor must be received by 5pm on 16 October 2024.

Shareholders may also submit a question after completing their voting instructions online via our website at www.iag.com.au. Shareholders will also be given a reasonable opportunity to ask questions of the Company and the auditor at the AGM.

During the course of the AGM, IAG intends to answer as many of the frequently asked questions as practicable but will not be responding to individual written questions. Responses to the most commonly asked questions will be added to the website at www.iag.com.au in the Shareholder Centre section.

Dividend payment methods

The Company does not issue dividend payments by cheque to shareholders resident in Australia. Shareholders should provide the share registry with their alternative instructions as detailed below.

IAG ordinary shares

- Paid directly into a New Zealand bank account or to an Australian bank, credit union, building society or nominated account; or
- Eligible shareholders can choose to participate in the Company's Dividend Reinvestment Plan (DRP), if available, providing the option to increase their shareholding without incurring brokerage or GST.

Management of holding

Using their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode of their registered address, shareholders can view their holding online through IAG's share registry, Computershare, by following the easy prompts on their website at www.investorcentre.com where shareholders will be able to:

- view holding balance;
- review dividend payment history;
- access shareholder forms; and
- retrieve holding statements, including recent dividend payment advices.

The share registry investor centre site also allows shareholders to update or add details to their shareholding. If shareholders wish to amend or update any of the current details, they will be asked to register by choosing a User ID and Password.

Shareholders will also be asked to enter answers to three personal questions for verification purposes should they forget their password in the future.

If shareholders have previously used the Investor Centre site, they will be asked to key in their password only.

Once shareholders have completed these steps, they are then able to update their details and submit their changes to the share register including:

- change or amend their address if they are registered with an SRN;
- nominate or amend their direct credit payment instructions;
- set up or amend their DRP instructions;
- sign up for electronic shareholder communications, including the annual report via email; and
- add/change tax file number (TFN)/Australian business number (ABN) details.

A confirmation/receipt number will be shown on screen for the online transaction which should be recorded should shareholders have a question in the future.

Shareholders are strongly advised to lodge their TFN, ABN or exemption. If they choose not to lodge these details with the share registry, then IAG is obliged to deduct tax at the highest marginal tax rate (plus the Medicare levy) from the unfranked portion of any dividend or interest payment.

Shareholders may also complete a number of transactions or request a form over the phone by contacting the share registry on: 1300 360 688.

Shareholder information (continued)

Email alert service

Shareholders can register to receive an email alert advising of new IAG media releases, financial announcements or presentations. Shareholders simply need to visit IAG's website at www.iag.com.au, click on the email alert button in the right hand margin and register their email address.

IAG's email alert service allows shareholders to choose to receive email alerts about specific subjects (annual meetings, annual reports, careers information, company announcements, government submissions, results and sustainability information).

Email enquiries

If shareholders have a question, they can email their enquiry directly to IAG's share registry at iag@computershare.com.au. If their question relates to an IAG company matter and the answer is not on IAG's website, they can email their question to investor.relations@iag.com.au.

Ordinary shares information

Twenty largest ordinary shareholders as at 10 July 2024	Number of shares	% of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	696,740,721	29.42
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	317,652,495	13.40
CITICORP NOMINEES PTY LIMITED	234,474,056	9.89
NATIONAL INDEMNITY COMPANY	97,513,199	4.11
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	74,973,673	3.16
NATIONAL NOMINEES LIMITED	51,018,419	2.15
BNP PARIBAS NOMS PTY LTD	31,308,554	1.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	17,209,518	0.73
ONE MANAGED INVESTMENT FUNDS LTD <NRMA TREASURY LTD A/C>	10,001,357	0.42
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	8,754,942	0.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	8,126,311	0.34
UBS NOMINEES PTY LTD	6,391,355	0.27
BNP PARIBAS NOMS (NZ) LTD	5,059,043	0.21
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	4,730,114	0.20
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,457,762	0.19
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,133,485	0.13
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	2,915,704	0.12
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	2,168,299	0.09
CITICORP NOMINEES PTY LIMITED <CITIBANK NY ADR DEP A/C>	2,057,122	0.09
IAG SHARE PLAN NOMINEE PTY LIMITED <IAG DAP UNALLOCATED ACCOUNT>	1,942,465	0.08
Total for top 20	**1,580,628,594**	**66.69**

Range of ordinary shareholders as at 10 July 2024	Number of holders	Number of shares	% of issued shares
1-1,000	339,329	174,222,604	7.35
1,001-5,000	214,799	414,935,503	17.51
5,001-10,000	12,096	82,955,536	3.5
10,001-100,000	4,524	83,374,019	3.52
100,001 and over	106	1,614,751,834	68.12
Total	**570,854**	**2,370,239,496**	**100.00**
Shareholders with less than a marketable parcel of 71 shares as at 10 July 2024	8,111	209,172	

Holders of fully paid ordinary shares are entitled to vote at any meeting of members of the Company:

- on show of hands, one vote for each shareholder present and each other person present as a proxy, attorney or corporate representative of a shareholder; and
- on a poll, one vote for each fully paid ordinary share that each shareholder present and each other person present as a proxy, attorney or corporate representative of a shareholder holds or represents.

Dividend details

Share class	Dividend	Franking	Amount per share	DRP issue price	Payment date
Ordinary	Interim	40% franked	10.0 cents	6.247	27 March 2024
Ordinary	Final	50% franked	17.0 cents	*	26 September 2024

*The DRP issue price for the final dividend is scheduled to be announced on 19 September 2024.

Substantial shareholding information

Substantial shareholders as at 10 July 2024	Number of shares	% of issued shares
Ordinary shares		
State Street Corporation	168,380,152	6.83
Blackrock Group	141,377,642	6.11
Vanguard Group	123,256,745	5.00

IAGPE Capital Notes 2 information

Twenty largest Capital Notes 2 holders as at 10 July 2024	Number of notes	% of issued notes
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	347,837	6.94
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	227,339	4.55
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	225,333	4.51
CITICORP NOMINEES PTY LIMITED	195,337	3.91
MUTUAL TRUST PTY LTD	97,075	1.94
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	95,832	1.92
NATIONAL NOMINEES LIMITED	70,450	1.41
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	55,221	1.10
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	42,761	0.86
JOHN E GILL TRADING PTY LTD	38,565	0.77
IOOF INVESTMENT SERVICES LIMITED <IISL NAL ISMA 2 A/C>	37,353	0.75
IOOF INVESTMENT SERVICES LIMITED <IOOF IDPS A/C>	31,705	0.63
MR BRADLEY VINCENT HELLEN + MR SEAN PATRICK MCMAHON <THE LES AYNSLEY A/C>	31,098	0.62
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	29,097	0.58
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	28,052	0.56
REGION HALL PTY LTD	26,091	0.52
INVIA CUSTODIAN PTY LIMITED <WEHI – INVESTMENT POOL A/C>	24,925	0.50
IOOF INVESTMENT SERVICES LIMITED <IISL NAL ISMA 1 A/C>	22,411	0.45
TRUSTEES OF CHURCH PROPERTY FOR THE DIOCESE OF NEWCASTLE <SAVINGS & DEVELOPMENT A/C>	16,870	0.34
SPECIALIST NOMINEES PTY LIMITED	12,770	0.26
Total for top 20	**1,656,122**	**33.12**

Shareholder information (continued)

Range of Capital Notes 2 holders at 10 July 2024	Number of holders	Number of notes	% of issued notes
1-1,000	5,638	1,930,538	38.60
1,001-5,000	564	1,145,052	22.90
5,001-10,000	35	245,288	4.91
10,001-100,000	18	683,276	13.67
100,001 and over	4	995,846	19.92
Total	**6,259**	**5,000,000**	**100.00**
Capital Notes 2 holders with less than a marketable parcel of 5 notes as at 10 July 2024	2	2	

Capital Notes 2 holders have no voting rights in respect of meetings of the Company unless and until ordinary shares are issued to them.

IAGPF Capital Notes 3 information

Twenty largest Capital Notes 3 holders as at 10 July 2024	Number of notes	% of issued notes
CITICORP NOMINEES PTY LIMITED	185,257	5.30
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	159,034	4.54
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	134,271	3.84
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	130,764	3.74
MUTUAL TRUST PTY LTD	116,948	3.34
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	101,738	2.91
BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS>	64,555	1.84
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	47,601	1.36
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	31,142	0.89
NATIONAL NOMINEES LIMITED	26,634	0.76
THE TRUST COMPANY (AUSTRALIA) LIMITED <WCCTFI A/C>	17,300	0.49
FARREN-PRICE FAMILY PTY LTD	16,460	0.47
FARRAR SUPERANNUATION PTY LTD <FARRAR SUPER FUND A/C>	16,056	0.46
MR LEONARD FREDERICK WHITNEY <WHITNEY FAMILY A/C>	13,000	0.37
AMITY MANAGEMENT PTY LTD <AMITY A/C>	12,700	0.36
IOOF INVESTMENT SERVICES LIMITED <IISL NAL ISMA 2 A/C>	11,220	0.32
IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	10,201	0.29
SPECIALIST NOMINEES PTY LIMITED	10,000	0.29
MR BRETT HUTCHINSON + MRS GLENDA CHERYL HUTCHINSON <HUTCHINSON FAMILY A/C>	9,900	0.28
INVIA CUSTODIAN PTY LIMITED <MR MARK COLIN BISHOP A/C>	9,875	0.28
Total for top 20	**1,124,656**	**32.13**

Range of Capital Notes 3 holders at 10 July 2024	Number of holders	Number of notes	% of issued notes
1-1,000	4,281	1,112,117	31.78
1,001-5,000	455	991,979	28.34
5,001-10,000	43	301,023	8.60
10,001-100,000	11	266,869	7.62
100,001 and over	6	828,012	23.66
Total	**4,796**	**3,500,000**	**100.00**
Capital Notes 3 holders with less than a marketable parcel of 5 notes as at 10 July 2024	2	8	

Capital Notes 3 holders have no voting rights in respect of meetings of the Company unless and until ordinary shares are issued to them.

Share rights

As at 10 July 2024, there were 3,824,752 Deferred Award Rights held by 462 participants, 15,704,180 Executive Performance Rights held by 78 participants, and 12,096 Non-Executive Director Award Rights are held by 1 participant. The holders of these share rights have no voting rights in respect of meetings of the Company unless and until their share rights are exercised and they hold shares in the Company. Details of the employee share rights plans are set out in the Remuneration Report.

Financial calendar and key payment dates

The upcoming key dates are set out below and may be subject to change. Please refer to our website www.iag.com.au for the most up-to-date details. Payment of any dividend or distribution set out below is subject to the applicable payment conditions, and the key dates relating to such payments will be notified to the ASX in accordance with the ASX Listing Rules.

Insurance Australia Group Limited	
2024 financial year end	30 June 2024
Full year results and final dividend announcement	21 August 2024
Final dividend for ordinary shares	
Ex-date	29 August 2024
Record date	30 August 2024
Payment date	26 September 2024
Annual General Meeting information	
Written questions for the auditor close	16 October 2024
Proxy return close	22 October 2024
Annual General Meeting	24 October 2024
2025 Half year end	31 December 2024
Half year results and interim dividend announcement	13 February 2025
Interim dividend for ordinary shares	
Ex-date	18 February 2025
Record date	19 February 2025
Payment date	26 March 2025
Quarterly distributions for Capital Notes 2 (IAGPE)[1]	
Ex-date	3 September 2024
Record date	4 September 2024
Payment date	16 September 2024[2]
Ex-date	3 December 2024
Record date	4 December 2024
Payment date	16 December 2024[2]
Quarterly distributions for Capital Notes 3 (IAGPF)[1]	
Ex-date	3 September 2024
Record date	4 September 2024
Payment date	16 September 2024[2]
Ex-date	3 December 2024
Record date	4 December 2024
Payment date	16 December 2024[2]

1 Dates for 2024 calendar year.
2 Adjusted to the next business day as the distribution payment date falls on a day that is not a business day under the applicable capital notes terms.

Corporate directory

Contact details

Share registry

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Forward-looking statements and other representations

This report contains forward-looking statements including statements regarding IAG's strategy, targets, goals, ambitions, intent, belief, objectives, commitments and current expectations regarding, but not limited to, IAG's business, results, financial condition, capital adequacy, risk management practices and market conditions. Forward-looking statements may generally be identified by the use of words such as 'should', 'would', 'could', 'will', 'may', 'expect', 'intend', 'plan', 'forecast', 'aim', 'anticipate', 'believe', 'outlook', 'estimate', 'project', 'target', 'goal', 'ambition', 'continue', 'guidance', 'aspiration', 'commit' or other similar words. Guidance on future earnings or performance are also forward-looking statements.

These forward-looking statements reflect our current views and expectations of future events and are based on assumptions and contingencies which are subject to change. Such statements involve risks (both known and unknown) and assumptions, many of which are beyond IAG's control. This may cause actual results to differ materially from those expressed or implied in such statements. You are cautioned not to place undue reliance upon such forward looking statements. IAG assumes no obligation to update such forward-looking statements (except as required by law).

Some of the key risks which could cause actual results to differ materially from those expressed or implied are detailed in Note 3.1 of the financial statements.

In addition, there are particular risks and uncertainties associated with implementation of IAG's strategy and related targets, ambitions and goals. As the strategy and related targets, ambitions and goals span a number of years, they are subject to assumptions and dependencies which have greater levels of uncertainty than guidance given for FY25. IAG's ability to execute its strategy and realise its targets, ambitions and goals will depend upon its ability to respond and adjust its business plans (as and when developed) to any changes in such assumptions and dependencies, including disruptions or events that are beyond IAG's control.

There are also particular risks and uncertainties associated with forward-looking statements and other representations relating to environment, social and governance (ESG) issues, including but not limited to climate change, climate and disaster resilience and other sustainability related statements, commitments, goals, targets, projections, scenarios, assessments, forecasts and expectations. These are subject to risks (both known and unknown), and there are significant uncertainties, limitations and assumptions in the metrics and modelling on which these statements rely. In particular, the metrics, methodologies and data relating to climate and sustainability are rapidly evolving and maturing, including the methodologies to capture and record emissions, and there is uncertainty around future climate and sustainability related policy and legislation. There are also limitations with respect to the scenario analysis which is discussed in this report, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Glossary

Term	Definition
APRA	Is the Australian Prudential Regulation Authority.
Confidence level	A statistical measure of the level of confidence that the insurance contract liabilities will be sufficient to pay claims as and when they fall due. This was previously referred to as probability of adequacy under AASB 1023.
Contractual service Margin	A component of the asset or liability for remaining coverage of contracts measured under the general model, which represents profit that has not yet been recognised in profit or loss as it relates to future services to be provided over the remaining coverage of the insurance contracts.
Credit spread	Is the difference between the average yield to maturity of the portfolio of non-government securities and the average yield to maturity of the liability profile, valued using Commonwealth Government of Australia yields.
Failure to adapt risk ratings	Insufficient risk rating capability underlying our pricing and underwriting could result in higher risk losses and concentration, resulting in reduced revenue and market share, increased claims cost, poorer capital adequacy and potential margin reductions.
Gross written premium (GWP)	Is the total amount of insurance premiums that we receive from customers.
Illiquidity premium	A component within discount rates applied in the measurement of net insurance contract liabilities which reflects the liquidity characteristics of the insurance contracts.
Insurance margin	Represents our insurance profit as a percentage of our net earned premium.
Insurance profit	Is our underwriting result plus the investment income on assets backing our technical reserves.
Insurance revenue	The proportion of gross written premium recognised as revenue in the current accounting period, reflecting insurance coverage provided during the period.
Liability for incurred claims	The liability established for claims and attributable expenses that have occurred but have not been paid.
Liability for remaining coverage	The liability that represents insurance coverage to be provided by the Group after the balance date.
Life and General Insurance Capital (LAGIC)	Is APRA's revised regulatory capital regime, which came into effect from 1 January 2013.
Long tail	Classes of insurance are those such as Compulsory Third Party (CTP) and workers' compensation where the average period is generally greater than 12 months between the time when earned premiums are collected and final settlement of claims occurs.
Loss component	A component of the liability for remaining coverage within the insurance contract liabilities that relates to losses recognised on onerous contracts.
Loss recovery component	A component of the asset for remaining coverage within the reinsurance contract assets that represents recoveries on reinsurance contracts held that correspond to losses recognised on onerous contracts.
Net earned premium (NEP)	Net earned premium is gross earned premium less reinsurance expense.
Net profit after tax	Is our net result, after allowing for income taxes and the share of profit owing to non-controlling interests.
Prescribed Capital Amount (PCA)	Is as defined by Australian Prudential Regulation Authority under its Life and General Insurance Capital regime.
Reinsurance agreement	An agreement to indemnify an insurer by a reinsurer in consideration of a premium with respect to agreed risks insured by the insurer. The entity accepting the risk is the reinsurer and is said to accept inward reinsurance (or referred to as a reinsurance contract issued). The entity ceding the risks is the cedant or ceding company and is said to place outward reinsurance (or referred to as a reinsurance contract held).
Reinsurance contract held assets for incurred claims	The asset established for claims and attributable expenses that have occurred but have not been recovered from the reinsurers.
Reinsurance contract held assets for remaining coverage	The asset that represents insurance coverage which will be provided by the reinsurers under the reinsurance agreement after the reporting date.
Shareholders' funds	Is the investment portfolio of assets we hold in excess of the amount backing technical reserves; it represents shareholders' equity not used in day-to-day operations.

Term	Definition
Short tail	Classes of insurance (such as motor, home and small-to-medium enterprise commercial) are those with an average period generally less than 12 months between the time when premiums are earned and final settlement of claims occurs.
Technical reserves	Are the investments we hold to back the outstanding claims liability and unearned premium, net of recoveries and premium debtors.
Underlying margin	Is defined by IAG as the reported insurance margin adjusted for net natural peril claim costs less related allowance for the period; reserve releases in excess of 1% of net earned premium; and credit spread movements.
Volume weighted average price (VWAP)	A measure of the average trading price during a period, adjusted for the volume of transactions. This is often used for determining the share price applicable to dividend and other share-related transactions.

Climate-related glossary

Term	Definition
Carbon footprint	The total amount of greenhouse gases (GHGs) emitted directly or indirectly by an individual, organisation, event, or product, usually expressed in equivalent tonnes of carbon dioxide (tCO_2e).
Climate change	Climate change is the long-term shift in global temperatures and weather patterns, mainly due to human activities.
Climate resilience	Ability to withstand and recover from climate-related impacts, while effectively managing vulnerabilities.
Decarbonisation	The process of reducing carbon dioxide (CO_2) emissions through the implementation of initiatives such as energy efficiency, fleet transition, and using low-carbon or renewable power sources.
ESG (environment, social, and governance)	Refers to a set of criteria used to measure an organisation's impact on environmental and social issues as well as governance practices.
Greenhouse gases (GHGs)	Gases in Earth's atmosphere that trap heat. They include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated gases.
Scope 1, 2 and 3 emissions	Scope 1 covers direct emissions from owned or controlled sources of a company. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by a company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

www.iag.com.au

Australia

New Zealand

1 IAG's short tail personal insurance products are distributed in Victoria under the RACV brand, via a distribution relationship and underwriting joint venture with RACV. These products are distributed by RACV and manufactured by Insurance Manufacturers of Australia Pty Limited (IMA), which is 70% owned by IAG and 30% owned by RACV.