



# Financial results

Full year ended 30 June 2016

**Peter Harmer**

Managing Director and  
Chief Executive Officer

**Nick Hawkins**

Chief Financial Officer

19 August 2016

# Important information

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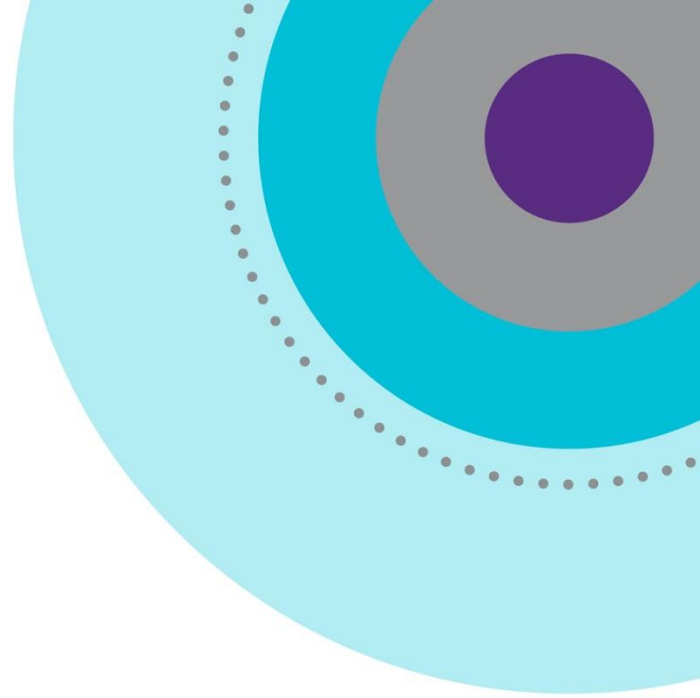
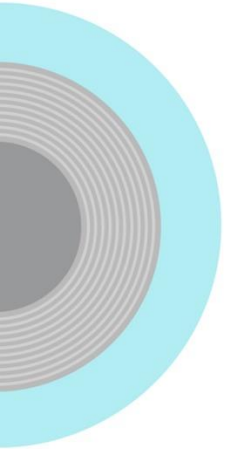
Local currencies have been used where possible. Prevailing exchange rates have been used to convert local currency amounts into Australian dollars, where appropriate.

All references starting with "1H" refer to the six months ended 31 December, being the first half of IAG's financial year. For example, "1H16" refers to the six months ended 31 December 2015. All references starting with "2H" refer to the six months ended 30 June, being the second half of IAG's financial year. For example, "2H16" refers to the six months ended 30 June 2016. All references starting with "FY" refer to the financial year ended 30 June. For example, "FY16" refers to the year ended 30 June 2016.

# Overview

**Peter Harmer**

Managing Director and  
Chief Executive Officer



# FY16 highlights

## Sound result, active capital management

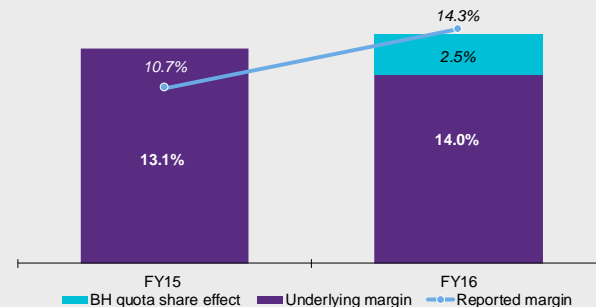
### GWP and reported margin in line with guidance

- Modest GWP contraction, reported margin of 14.3%\*
- Strong underlying margin of 14.0%
- Solid growth and strong profitability from short tail personal lines
- Ongoing pressure on NSW CTP from elevated claims frequency
- Tough commercial markets, further evidence of cyclical bottoming
- Berkshire Hathaway agreement delivering expected benefits

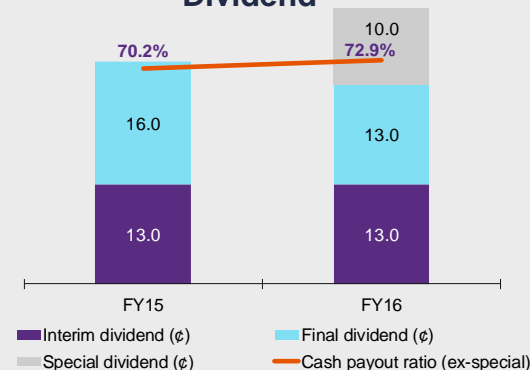
### Active and innovative capital management measures

- Reinsurance package addressing earthquake/asbestos run-off
- Increased dividend payout policy – 60-80% of full year cash earnings
- 10 cent special dividend paid in March 2016
- \$300m off-market buy-back announced – completion in October 2016

### Reported and underlying margin



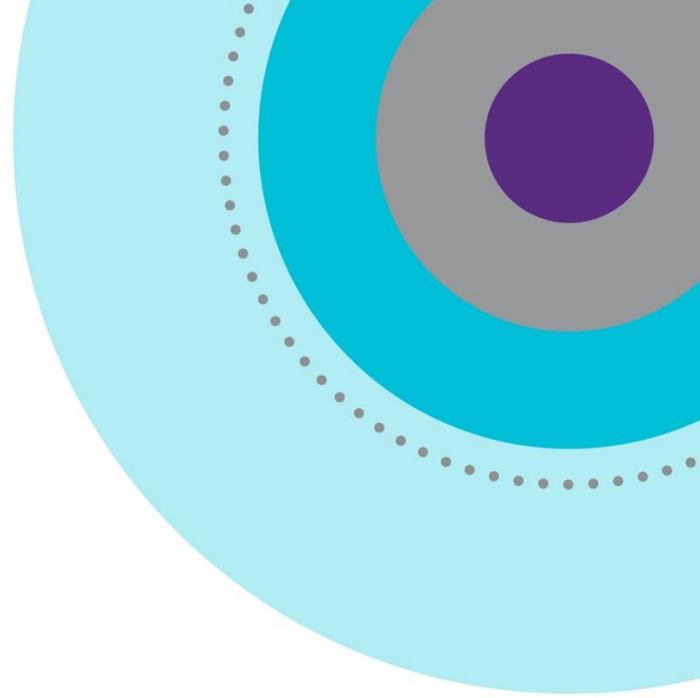
### Dividend



\* The FY16 reported insurance profit and margin in this document are presented on a management reported (non-IFRS) basis which is not directly comparable to the equivalent statutory (IFRS) figure in IAG's FY16 Annual Report. A reconciliation between the two is provided on page 27 of this document and on page 7 of the Annual Report to comply with the Australian Securities and Investments Commission's Regulatory Guide 230. IAG's FY16 net profit after tax is the same in this document and in the Annual Report.

# Financials

**Nick Hawkins**  
Chief Financial Officer



# Financial summary

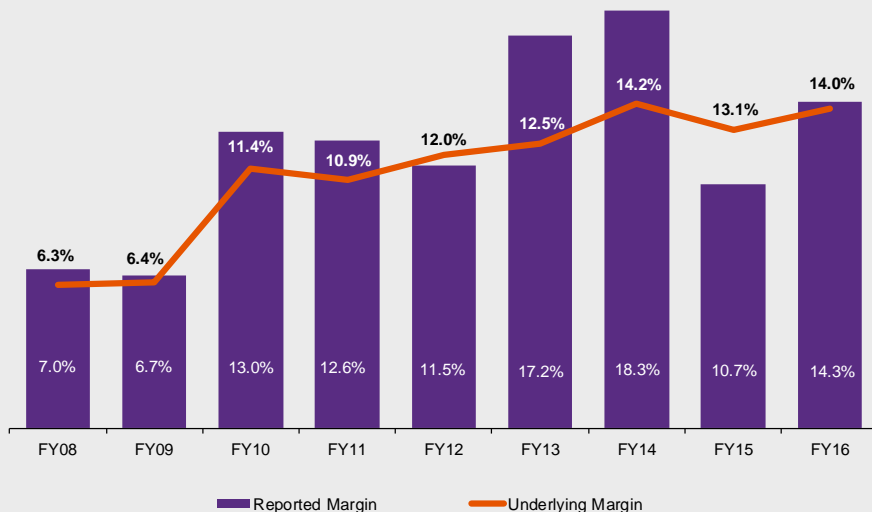
Cash ROE of 13.0%

	FY15	FY16	CHANGE
GWP (\$M)	11,440	11,367	↓ 0.6%
INSURANCE PROFIT (\$M)	1,103	1,178	↑ 6.8%
UNDERLYING MARGIN (%)	13.1	14.0	↑ 90bps
REPORTED MARGIN (%)	10.7	14.3	↑ 360bps
SHAREHOLDERS' FUNDS INCOME (\$M)	223	97	↓ 56.5%
NET PROFIT AFTER TAX (\$M)	728	625	↓ 14.1%
CASH EARNINGS (\$M)	987	867	↓ 12.2%
ORDINARY DIVIDEND (CPS)	29.0	26.0	↓ 10.3%
SPECIAL DIVIDEND (CPS)	n/a	10.0	n/a
TOTAL DIVIDEND (CPS)	29.0	36.0	↑ 24.1%
CASH ROE (%)	15.3	13.0	↓ 230bps
PCA MULTIPLE	1.70	1.72	↑ 2bps

# Underlying insurance margin

Quota share uplift of c.250bps

Insurance margin (reported vs underlying)



- Underlying margin of 14.0% (2H16: 13.7%)
- Favourable Berkshire Hathaway quota share effect of approximately 250bps
- Pressure on commercial lines in soft market environment
- Elevated frequency continues to impact NSW CTP profitability
- Strong returns in short tail personal lines, despite increase in claim frequency
- Lower like-for-like reinsurance costs in soft market conditions
- Reduction in expenses – benefits from Wesfarmers integration and revised operating model

# Berkshire Hathaway quota share

## Reducing earnings volatility and capital requirement

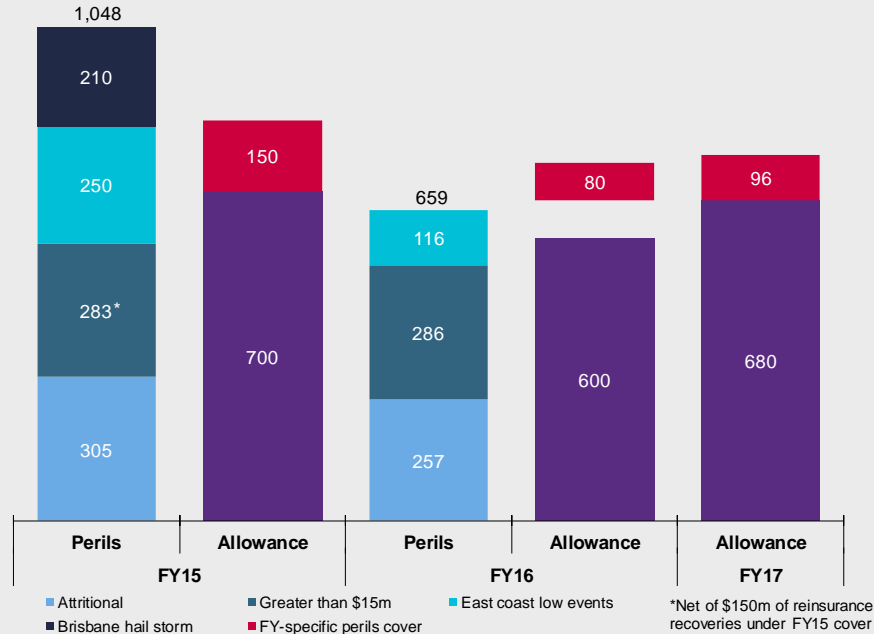
	FY16	CHANGE VS FY15	QUOTA SHARE IMPACT
<b>GWP (\$M)</b>	11,367	↓ 0.6%	None
<b>REINSURANCE EXPENSE (\$M)</b>	3,183	↑ 166.1%	Includes 20% of GEP attributable to BH
<b>NET EARNED PREMIUM (\$M)</b>	8,228	↓ 20.3%	Reflects higher reinsurance expense
<b>NET CLAIMS EXPENSE (\$M)</b>	5,397	↓ 22.2%	20% attributable to BH, excluding reserve releases
<b>COMMISSION EXPENSE (\$M)</b>	809	↓ 21.8%	20% attributable to BH
<b>UNDERWRITING EXPENSE (\$M)</b>	1,307	↓ 27.9%	20% attributable to BH, plus exchange commission
<b>TECHNICAL RESERVES INCOME (\$M)</b>	463	↓ 17.6%	Progressive reduction, ~15% in FY16
<b>INSURANCE PROFIT (\$M)</b>	1,178	↑ 6.8%	Neutral \$ effect
<b>UNDERLYING MARGIN (%)</b>	14.0	↑ 90bps	Margin enhancement of approximately 250bps
<b>PCA MULTIPLE</b>	1.72	↑ 2bps	Positive impact of approximately 13bps in FY16



# Natural perils

## FY16 outcome above allowance following east coast low development

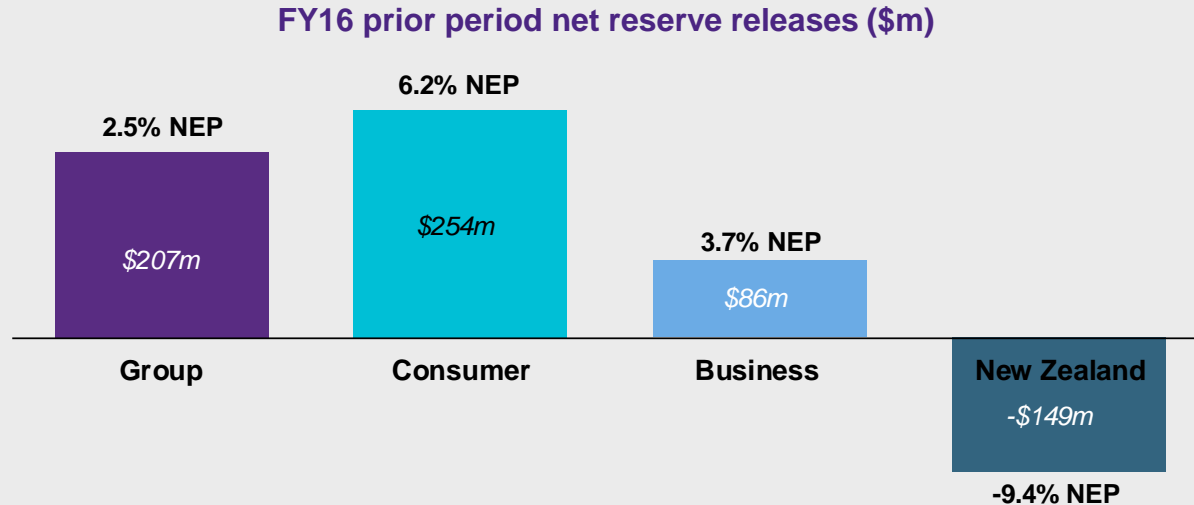
### Natural perils experience vs. allowance (\$m)



- FY16 perils cost \$59m above allowance:
  - ~\$120m benefit from calendar 2015 aggregate cover in 1H16
  - Attritional activity similar to FY15 on a gross (pre-quota share) basis
  - Deterioration of June 2016 east coast low event from original estimate
- Increased FY17 perils allowance of \$680m
  - No allowance for status of aggregate cover – \$170m of deductible remaining at 30 June 2016 (vs. nil at 30 June 2015)
  - FY-specific perils cover of \$96m, running directly from top of allowance

# Reserve releases

## Offsetting CTP and earthquake effects



- Higher than expected releases from Australian long tail classes, notably CTP
- Increased risk margin for February 2011 earthquake event in 1H16 (New Zealand)
- FY17 expectation of at least 1% of NEP

# Capitalised software

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## Accelerated amortisation and impairment following detailed review

### Review prompted by commencement of IT systems simplification

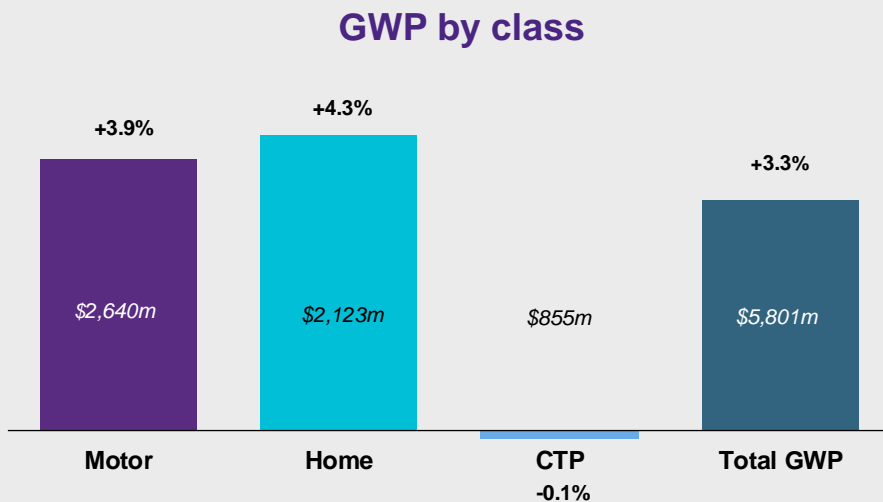
- Detailed review conducted, in light of:
  - Environment of unprecedented digital disruption
  - Commencement of IT systems simplification

### \$198m pre-tax charge in net corporate expenses

- Non-cash charge of \$198m in FY16 net corporate expenses (\$139m post-tax), comprising three elements:
  - Full impairment of assets no longer providing future economic benefit
  - Reassessment of useful lives to no more than three years
  - Increased capitalisation threshold, from \$5m to \$10m
- No impact on FY16 or FY17 insurance profit

# Consumer Division

## Solid growth and strong profitability, despite CTP pressures

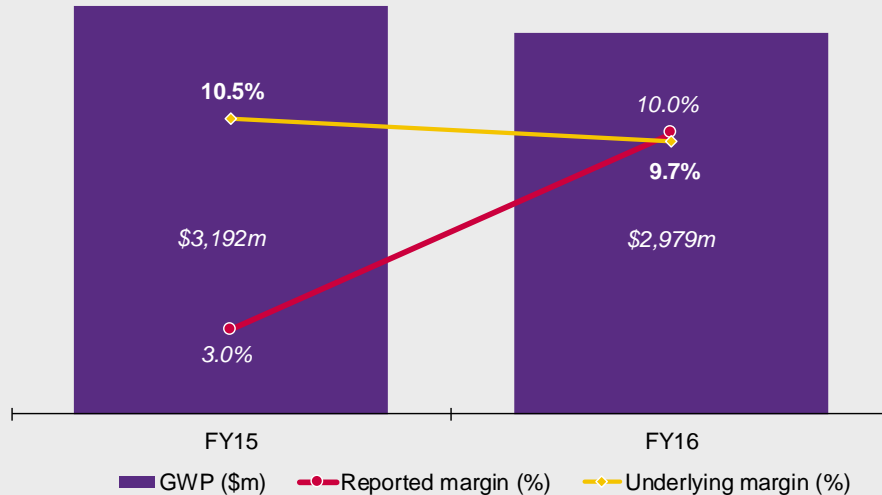


- GWP growth of 3.3% from:
  - Solid growth in short tail motor and home from mix of rate and volume
  - Strong growth from Coles Insurance
  - Flat CTP, as higher rates offset reduced volumes, including lower NSW exposure
- Strong underlying margin of 16.0%
  - Uplift from quota share effect
  - Pressure on NSW CTP profitability from elevated claim frequency
  - Some increase in short tail frequency
- Reported margin of 19.8% driven by higher than expected reserve releases

# Business Division

## Tough operating environment, further signs of cycle bottoming

### GWP/ Insurance margin

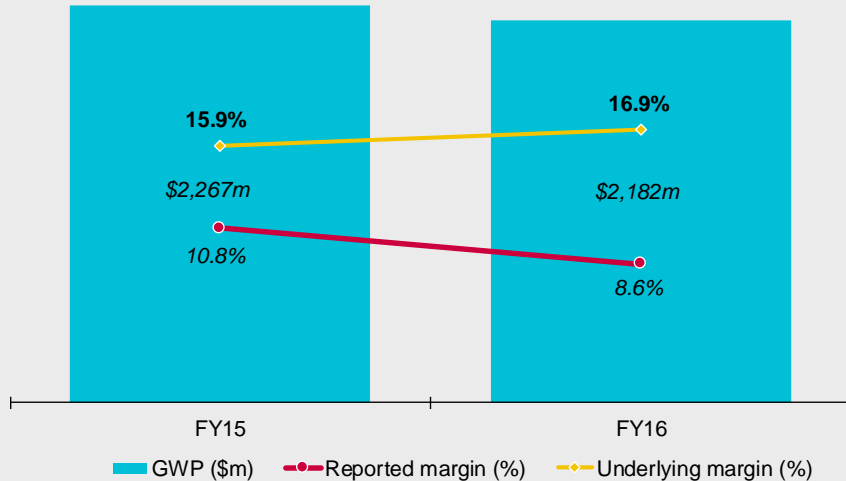


- GWP contraction of 6.7%, reflecting:
  - Lower volumes, as underwriting disciplines maintained
  - Slightly lower average rates - diminishing impact as modest rate rises implemented from end of calendar 2015
- Lower underlying margin of 9.7%:
  - Uplift from quota share effect
  - Pressure from soft market conditions
  - Additional Wesfarmers integration synergies
- Higher reported margin than FY15:
  - Much-improved perils experience, but still above allowance

# New Zealand

## Strong underlying performance, despite soft commercial market

### GWP/ Insurance margin

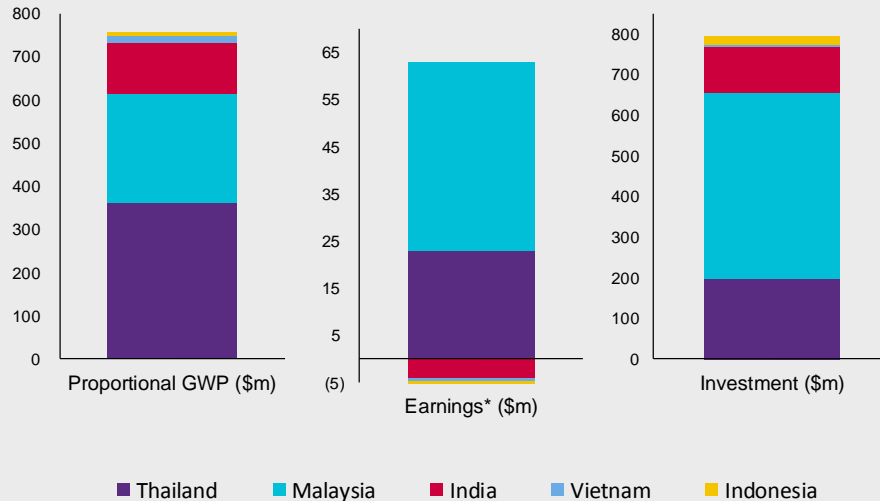


- GWP lower by 3.7% (2.6% in local currency):
  - Sound growth in direct personal lines
  - Lower rates and increased competition in commercial
  - 2H16 local currency reduction restricted to 1.2%
- Strong underlying margin of 16.9%:
  - Uplift from quota share effect
  - Increased commercial pressures
- Lower reported margin reflecting February 2011 earthquake risk margin increase (1H16)
- Good progress with Canterbury rebuild:
  - >NZ\$5.7bn settled by 30 June 2016
  - 93% of claims by number

# Asia

## Improved profit contribution and good growth in proportional GWP

### Financial contribution by country



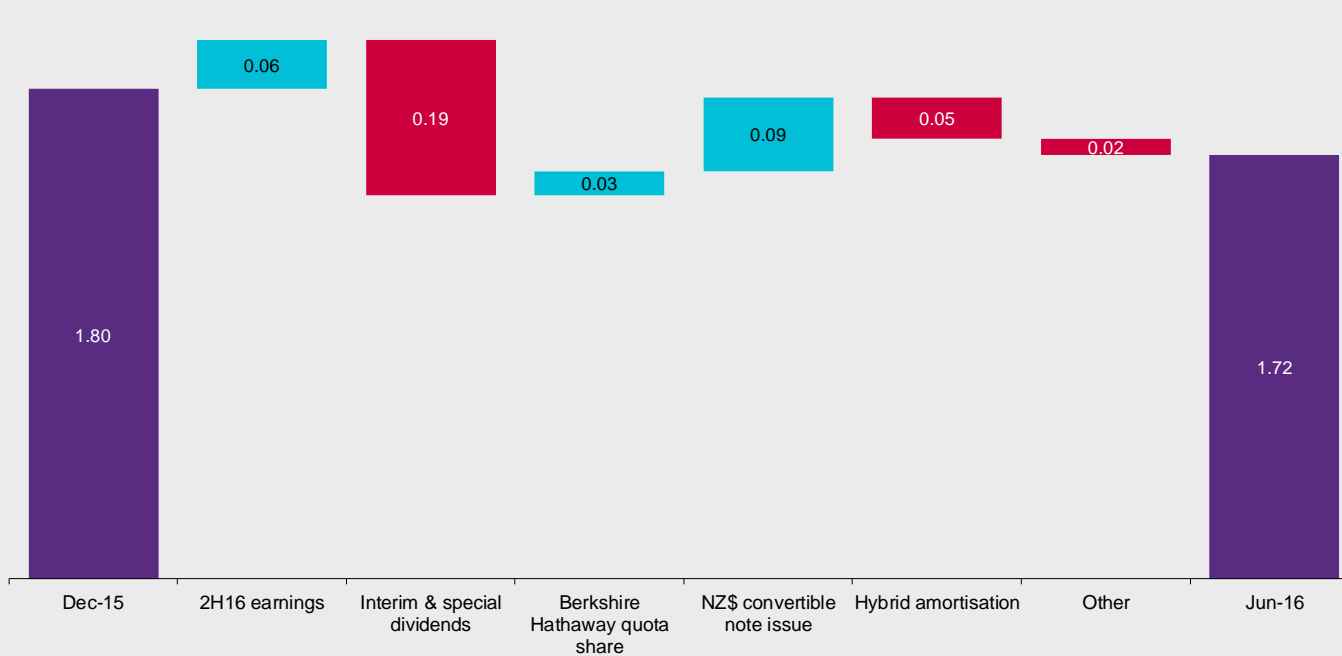
\* Before regional support and development costs

- An important long term growth opportunity focused on our chosen markets:
  - Strong organic growth prospects
  - Participation in industry consolidation
  - Potential ownership dial-up (Malaysia and India)
- Proportional GWP growth of 7.5%
- Higher profit contribution driven by sound performance of established markets of Thailand and Malaysia
- Regional investment of \$797m (FY15: \$893m):
  - Dividends received from Malaysia (\$23m) and Thailand (\$14m)
  - Bohai (China) reclassified to shareholders' funds

# Capital

## Strong capital position

PCA movement since 31 December 2015



- PCA of 1.72 – above benchmark range (1.4-1.6)
- CET1 of 1.06 – upper end of benchmark range (0.9-1.1)
- Full year quota share impact of 13bps (~\$400m)



# Share buy-back

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## \$300m off-market buy-back, via tender process

### Part of IAG's active capital management

- Expected to enhance future EPS and ROE
- Estimated to represent over 2% of outstanding issued capital
- Eligible shareholders with a registered address in Australia or New Zealand
- Nominated discount range of 4% to 14%
- Expected capital component of \$2.99, balance deemed to be fully franked dividend

### Key dates

23 August 2016 – last day that shares can be acquired to be eligible

25 August 2016 – buy-back record date

9 September 2016 – tender period opens

7 October 2016 – tender closing date

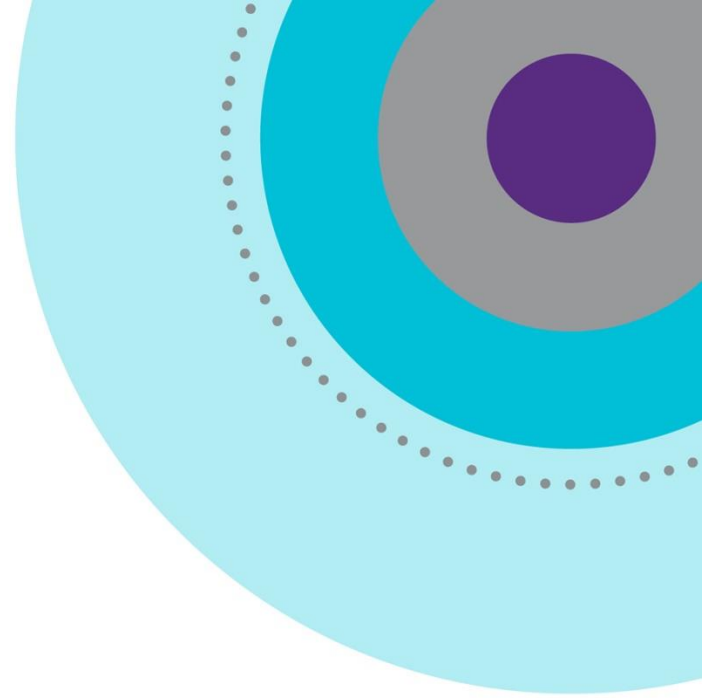
10 October 2016 – announcement of buy-back price and scale back (if any)

17 October 2016 – dispatch of buy-back proceeds to participating shareholders

# Strategy progress and outlook

**Peter Harmer**

Managing Director and  
Chief Executive Officer



# Strategy context

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**We make your world a safer place**



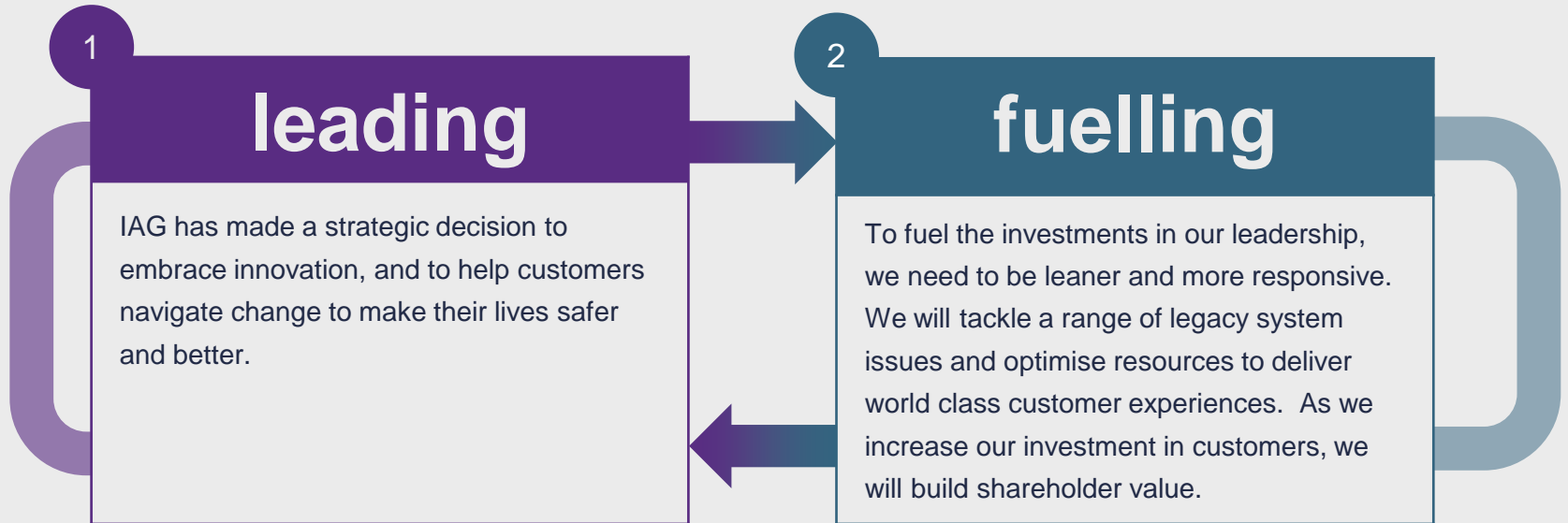
**Embrace innovation**



**World class customer experiences**

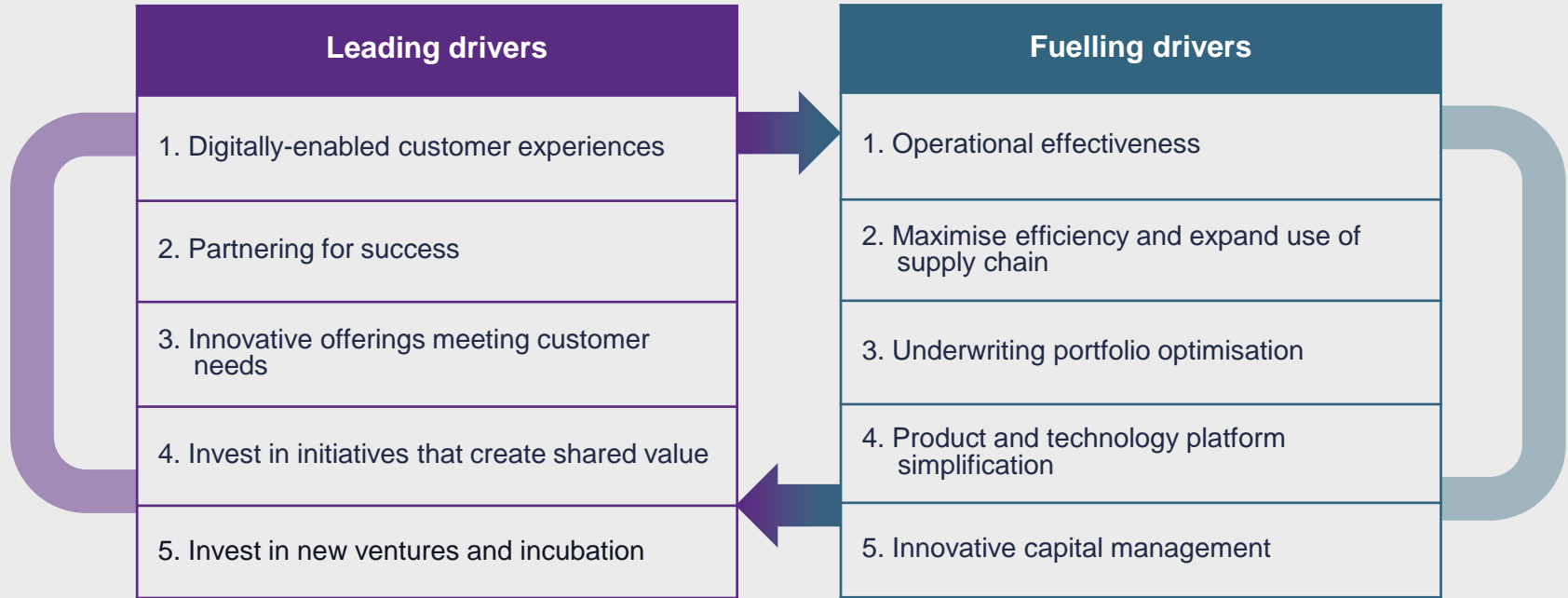
# Our two strategic themes

IAG will deliver on its purpose and objective by focusing on two key strategic themes



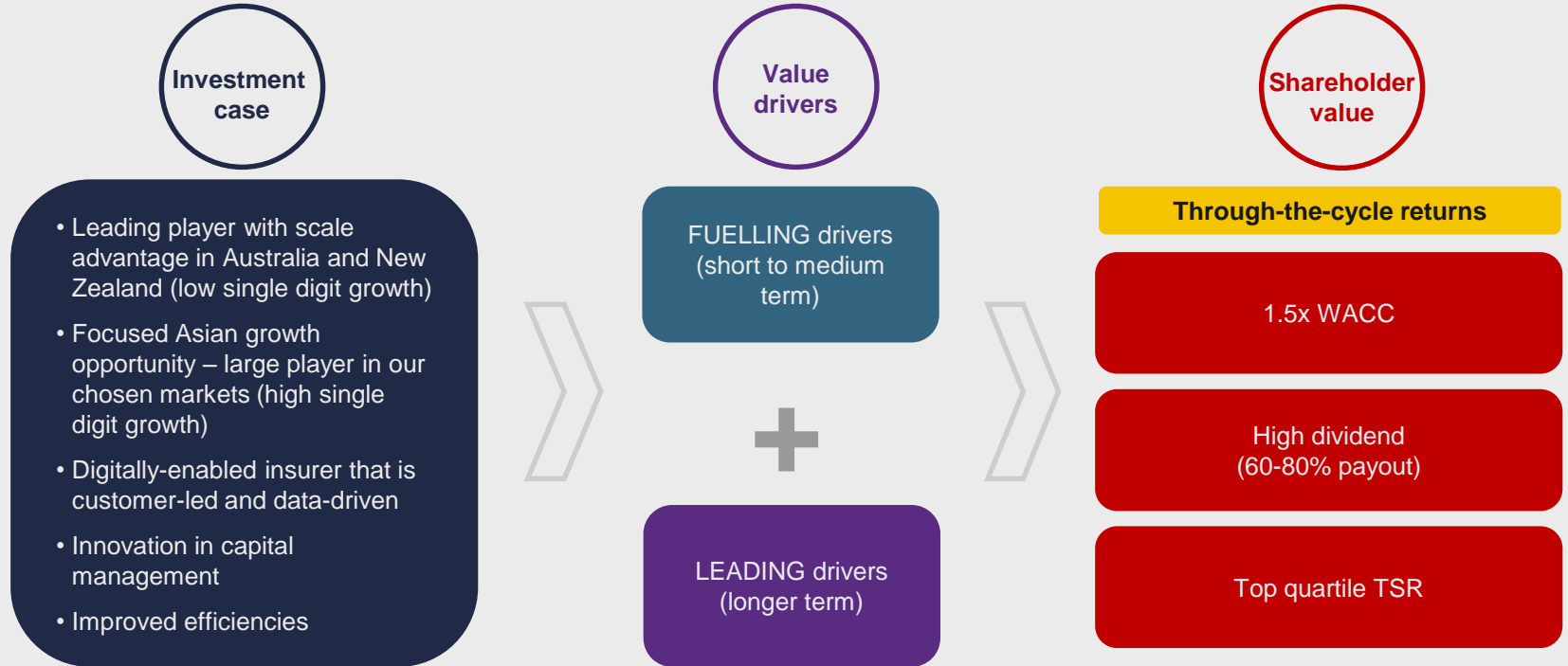
# Driving customer and business benefits

Two strategic themes covering the range of work needed



# Shareholder value proposition

## Delivering strong shareholder returns



# FY17 guidance

## Continuation of sound operating performance

### FY17 guidance

GWP growth	Relatively flat
Reported insurance margin	12.5-14.5%

### Underlying assumptions

- Net losses from natural perils of \$680m
- Reserve releases of at least 1%
- No material movement in foreign exchange rates or investment markets

- Relatively flat **GWP growth** expectations:
  - Sound growth in short tail personal lines
  - Entry into South Australian CTP market
  - Continued tough conditions in commercial markets
  - \$130m reduction from Swann motor dealer divestment
- **Reported insurance margin** guidance of 12.5-14.5%:
  - Underlying profitability broadly consistent with FY16
  - Lower reserve release expectation
  - Small net negative from operational partnering and systems simplification initiatives

# We make your world a safer place





# Appendix – Group Results

	1H15	2H15	1H16	2H16	FY15	FY16
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>GROUP RESULTS</b>						
<b>Gross written premium</b>	<b>5,603</b>	<b>5,837</b>	<b>5,543</b>	<b>5,824</b>	<b>11,440</b>	<b>11,367</b>
Gross earned premium	5,805	5,720	5,734	5,677	11,525	11,411
Reinsurance expense	(651)	(545)	(1,632)	(1,551)	(1,196)	(3,183)
<b>Net earned premium</b>	<b>5,154</b>	<b>5,175</b>	<b>4,102</b>	<b>4,126</b>	<b>10,329</b>	<b>8,228</b>
Net claims expense	(3,481)	(3,460)	(2,589)	(2,808)	(6,941)	(5,397)
Commission expense	(518)	(516)	(423)	(386)	(1,034)	(809)
Underwriting expense	(889)	(924)	(654)	(653)	(1,813)	(1,307)
<b>Underwriting profit</b>	<b>266</b>	<b>275</b>	<b>436</b>	<b>279</b>	<b>541</b>	<b>715</b>
Investment income on technical reserves	427	135	174	289	562	463
<b>Insurance profit</b>	<b>693</b>	<b>410</b>	<b>610</b>	<b>568</b>	<b>1,103</b>	<b>1,178</b>
Net corporate expense	(44)	(111)	(14)	(207)	(155)	(221)
Interest	(52)	(55)	(51)	(48)	(107)	(99)
Profit/(loss) from fee based business	10	9	10	(8)	19	2
Share of profit from associates	9	7	8	12	16	20
Investment income on shareholders' funds	137	86	38	59	223	97
<b>Profit before income tax and amortisation</b>	<b>753</b>	<b>346</b>	<b>601</b>	<b>376</b>	<b>1,099</b>	<b>977</b>
Income tax expense	(68)	(51)	(67)	(151)	(119)	(218)
<b>Profit after income tax (before amortisation)</b>	<b>685</b>	<b>295</b>	<b>534</b>	<b>225</b>	<b>980</b>	<b>759</b>
Non-controlling interests	(63)	(39)	(40)	(37)	(102)	(77)
<b>Profit after income tax and non-controlling interests (before amortisation)</b>	<b>622</b>	<b>256</b>	<b>494</b>	<b>188</b>	<b>878</b>	<b>682</b>
Amortisation and impairment	(43)	(107)	(28)	(29)	(150)	(57)
<b>Profit attributable to IAG shareholders</b>	<b>579</b>	<b>149</b>	<b>466</b>	<b>159</b>	<b>728</b>	<b>625</b>

# Appendix – Group Ratios and Key Metrics

<b>Insurance Ratios</b>	<b>1H15</b>	<b>2H15</b>	<b>1H16</b>	<b>2H16</b>	<b>FY15</b>	<b>FY16</b>
Loss ratio	67.5%	66.9%	63.1%	68.1%	67.2%	65.6%
Immunised loss ratio	63.7%	67.0%	62.7%	65.4%	65.3%	64.0%
Expense ratio	27.3%	27.9%	26.2%	25.2%	27.6%	25.7%
Commission ratio	10.1%	10.0%	10.3%	9.4%	10.0%	9.8%
Administration ratio	17.2%	17.9%	15.9%	15.8%	17.6%	15.9%
Combined ratio	94.8%	94.8%	89.3%	93.3%	94.8%	91.3%
Immunised combined ratio	91.0%	94.9%	88.9%	90.6%	92.9%	89.7%
Reported insurance margin	13.4%	7.9%	14.9%	13.8%	10.7%	14.3%
Underlying insurance margin	13.3%	13.0%	14.2%	13.7%	13.1%	14.0%
<b>Key Financial Metrics</b>	<b>1H15</b>	<b>2H15</b>	<b>1H16</b>	<b>2H16</b>	<b>FY15</b>	<b>FY16</b>
Reported ROE (average equity) (% pa)	17.6%	4.6%	13.6%	4.7%	11.3%	9.3%
Cash ROE (average equity) (% pa)	19.8%	10.3%	14.7%	10.8%	15.3%	13.0%
Basic EPS (cents)	24.87	6.38	19.25	6.55	31.22	25.79
Diluted EPS (cents)	24.08	6.38	18.64	6.55	30.45	25.34
Cash EPS (cents)	28.05	14.30	20.81	14.97	42.33	35.78
DPS (cents)	13.00	16.00	13.00	13.00	29.00	26.00
Special DPS (cents)	n/a	n/a	10.00	n/a	n/a	10.00
Probability of adequacy	90%	90%	90%	90%	90%	90%
NTA backing per ordinary share (\$)	1.28	1.34	1.37	1.30	1.34	1.30
PCA multiple	1.62	1.70	1.80	1.72	1.70	1.72

# Appendix – Insurance Profit Reconciliation

CONSOLIDATED	STATUTORY RESULTS (IFRS) A\$m	RUN-OFF PORTFOLIO REINSURANCE PROTECTION A\$m	CAPITALISED SOFTWARE ACCELERATED AMORTISATION AND IMPAIRMENT A\$m	MANAGEMENT RESULTS (NON IFRS PER INVESTOR REPORT) A\$m
Gross earned premium	11,411	-	-	11,411
Outwards reinsurance premium expense	(3,883)	700	-	(3,183)
<b>Net earned premium</b>	<b>7,528</b>	<b>700</b>	<b>-</b>	<b>8,228</b>
Net claims expense	(4,702)	(695)	-	(5,397)
Net commission and underwriting expense	(2,116)	-	-	(2,116)
<b>Underwriting profit</b>	<b>710</b>	<b>5</b>	<b>-</b>	<b>715</b>
Net investment income on assets backing insurance liabilities	463	-	-	463
<b>Insurance profit before capitalised software accelerated amortisation and impairment</b>	<b>1,173</b>	<b>5</b>	<b>-</b>	<b>1,178</b>
Capitalised software accelerated amortisation and impairment	(198)	-	198	-
<b>Insurance profit</b>	<b>975</b>	<b>5</b>	<b>198</b>	<b>1,178</b>
Net corporate expense	(18)	(5)	(198)	(221)
Net other operating income/(expenses)	(37)	-	-	(37)
<b>Profit before income tax</b>	<b>920</b>	<b>-</b>	<b>-</b>	<b>920</b>

# Appendix – Divisional Performance

DIVISION	FY15				FY16			
	GWP		INSURANCE MARGIN		GWP		INSURANCE MARGIN	
	Reported	Growth	Reported	Underlying	Reported	Growth	Reported	Underlying
	A\$m	%	%	%	A\$m	%	%	%
Consumer Division	5,614	5.2	15.9	13.9	5,801	3.3	19.8	16.0
Business Division	3,192	40.7	3.0	10.5	2,979	(6.7)	10.0	9.7
New Zealand	2,267	22.8	10.8	15.9	2,182	(3.7)	8.6	16.9
Asia	353	11.4	nm	nm	386	9.3	nm	nm
Corporate & Other	14	nm	nm	nm	19	nm	nm	nm
<b>Total Group</b>	<b>11,440</b>	<b>17.0</b>	<b>10.7</b>	<b>13.1</b>	<b>11,367</b>	<b>(0.6)</b>	<b>14.3</b>	<b>14.0</b>

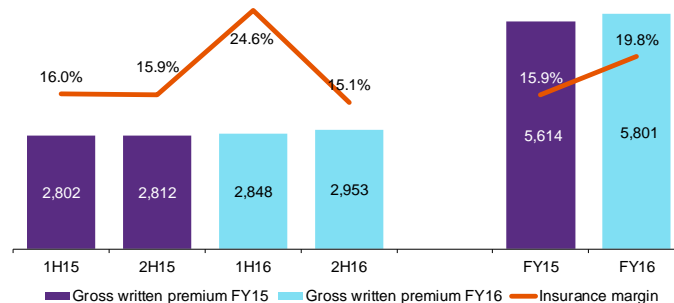
# Appendix – Consumer Division

CONSUMER DIVISION RESULTS	1H15 A\$m	2H15 A\$m	1H16 A\$m	2H16 A\$m	FY15 A\$m	FY16 A\$m
<b>Gross written premium</b>	<b>2,802</b>	<b>2,812</b>	<b>2,848</b>	<b>2,953</b>	<b>5,614</b>	<b>5,801</b>
Gross earned premium	2,814	2,780	2,834	2,852	5,594	5,686
Reinsurance expense	(365)	(279)	(818)	(804)	(644)	(1,622)
<b>Net earned premium</b>	<b>2,449</b>	<b>2,501</b>	<b>2,016</b>	<b>2,048</b>	<b>4,950</b>	<b>4,064</b>
Net claims expense	(1,755)	(1,628)	(1,221)	(1,530)	(3,383)	(2,751)
Commission expense	(129)	(132)	(105)	(106)	(261)	(211)
Underwriting expense	(388)	(413)	(276)	(282)	(801)	(558)
<b>Underwriting profit</b>	<b>177</b>	<b>328</b>	<b>414</b>	<b>130</b>	<b>505</b>	<b>544</b>
Investment income on technical reserves	214	69	81	180	283	261
<b>Insurance profit</b>	<b>391</b>	<b>397</b>	<b>495</b>	<b>310</b>	<b>788</b>	<b>805</b>

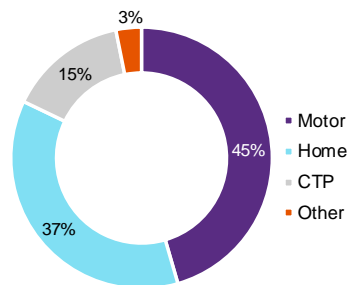
  

Insurance Ratios	1H15	2H15	1H16	2H16	FY15	FY16
Loss ratio	71.7%	65.1%	60.6%	74.7%	68.3%	67.7%
Immunised loss ratio	68.0%	65.3%	60.1%	70.9%	66.6%	65.5%
Expense ratio	21.1%	21.8%	18.9%	19.0%	21.5%	18.9%
Commission ratio	5.3%	5.3%	5.2%	5.2%	5.3%	5.2%
Administration ratio	15.8%	16.5%	13.7%	13.8%	16.2%	13.7%
Combined ratio	92.8%	86.9%	79.5%	93.7%	89.8%	86.6%
Immunised combined ratio	89.1%	87.1%	79.0%	89.9%	88.1%	84.4%
Reported insurance margin	16.0%	15.9%	24.6%	15.1%	15.9%	19.8%
Underlying insurance margin	14.0%	13.9%	15.5%	16.5%	13.9%	16.0%

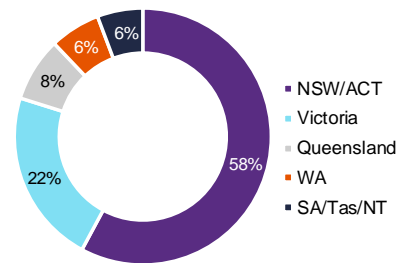
## GWP (\$M) / INSURANCE MARGIN (%)



## FY16 GWP BY CLASS



## FY16 GWP BY STATE

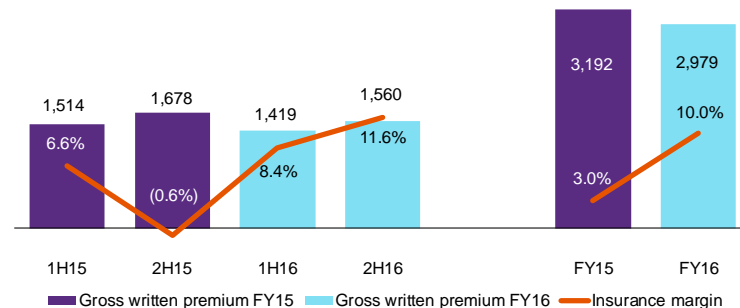


# Appendix – Business Division

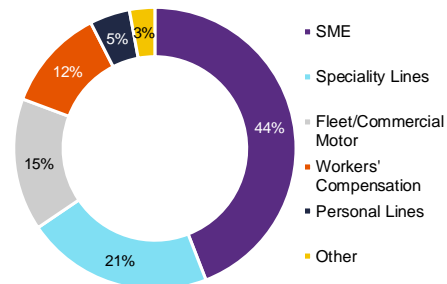
	1H15	2H15	1H16	2H16	FY15	FY16
BUSINESS DIVISION RESULTS	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>Gross written premium</b>	<b>1,514</b>	<b>1,678</b>	<b>1,419</b>	<b>1,560</b>	<b>3,192</b>	<b>2,979</b>
Gross earned premium	1,673	1,594	1,597	1,525	3,267	3,122
Reinsurance expense	(122)	(90)	(413)	(406)	(212)	(819)
<b>Net earned premium</b>	<b>1,551</b>	<b>1,504</b>	<b>1,184</b>	<b>1,119</b>	<b>3,055</b>	<b>2,303</b>
Net claims expense	(1,099)	(1,024)	(748)	(719)	(2,123)	(1,467)
Commission expense	(229)	(221)	(185)	(162)	(450)	(347)
Underwriting expense	(301)	(291)	(226)	(222)	(592)	(448)
<b>Underwriting profit/(loss)</b>	<b>(78)</b>	<b>(32)</b>	<b>25</b>	<b>16</b>	<b>(110)</b>	<b>41</b>
Investment income on technical reserves	180	23	75	114	203	189
<b>Insurance profit/(loss)</b>	<b>102</b>	<b>(9)</b>	<b>100</b>	<b>130</b>	<b>93</b>	<b>230</b>
Profit/(loss) from fee based business	9	7	11	(7)	16	4
Share of profit from associates	-	-	1	-	-	1
<b>Total divisional result</b>	<b>111</b>	<b>(2)</b>	<b>112</b>	<b>123</b>	<b>109</b>	<b>235</b>

Insurance Ratios	1H15	2H15	1H16	2H16	FY15	FY16
Loss ratio	70.9%	68.1%	63.2%	64.3%	69.5%	63.7%
Immunised loss ratio	64.3%	69.8%	61.1%	61.0%	67.0%	61.1%
Expense ratio	34.2%	34.0%	34.7%	34.3%	34.1%	34.6%
Commission ratio	14.8%	14.7%	15.6%	14.5%	14.7%	15.1%
Administration ratio	19.4%	19.3%	19.1%	19.8%	19.4%	19.5%
Combined ratio	105.1%	102.1%	97.9%	98.6%	103.6%	98.3%
Immunised combined ratio	98.5%	103.8%	95.8%	95.3%	101.1%	95.7%
Reported insurance margin	6.6%	(0.6%)	8.4%	11.6%	3.0%	10.0%
Underlying insurance margin	10.7%	10.2%	10.7%	8.6%	10.5%	9.7%

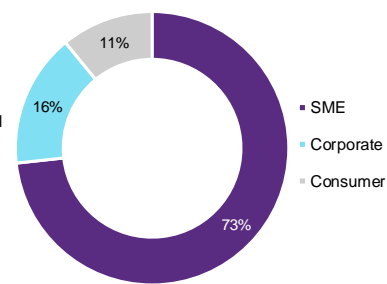
### GWP (\$M) / INSURANCE MARGIN (%)



### FY16 GWP BY CLASS



### FY16 GWP BY SEGMENT

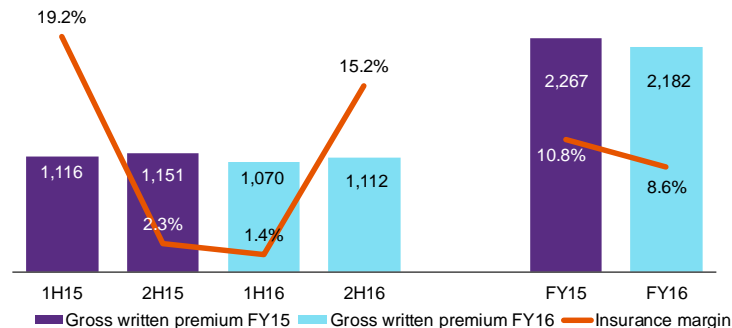


# Appendix – New Zealand

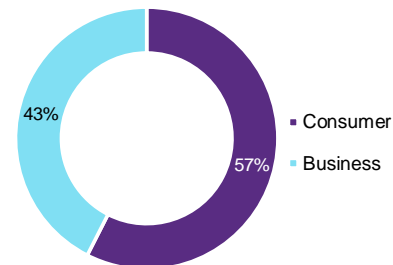
	1H15	2H15	1H16	2H16	FY15	FY16
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>NEW ZEALAND RESULTS</b>						
<b>Gross written premium</b>	<b>1,116</b>	<b>1,151</b>	<b>1,070</b>	<b>1,112</b>	<b>2,267</b>	<b>2,182</b>
Gross earned premium	1,148	1,151	1,101	1,100	2,299	2,201
Reinsurance expense	(143)	(151)	(340)	(283)	(294)	(623)
<b>Net earned premium</b>	<b>1,005</b>	<b>1,000</b>	<b>761</b>	<b>817</b>	<b>2,005</b>	<b>1,578</b>
Net claims expense	(538)	(701)	(545)	(472)	(1,239)	(1,017)
Commission expense	(121)	(121)	(96)	(85)	(242)	(181)
Underwriting expense	(178)	(192)	(126)	(126)	(370)	(252)
<b>Underwriting profit/(loss)</b>	<b>168</b>	<b>(14)</b>	<b>(6)</b>	<b>134</b>	<b>154</b>	<b>128</b>
Investment income on technical reserves	25	37	17	(10)	62	7
<b>Insurance profit</b>	<b>193</b>	<b>23</b>	<b>11</b>	<b>124</b>	<b>216</b>	<b>135</b>
Profit from fee based business	2	2	1	-	4	1
<b>Total divisional result</b>	<b>195</b>	<b>25</b>	<b>12</b>	<b>124</b>	<b>220</b>	<b>136</b>

	1H15	2H15	1H16	2H16	FY15	FY16
<b>Insurance Ratios</b>						
Loss ratio	53.5%	70.1%	71.6%	57.8%	61.8%	64.4%
Immunised loss ratio	53.4%	68.0%	73.6%	58.5%	60.7%	65.8%
Expense ratio	29.7%	31.3%	29.2%	25.8%	30.6%	27.5%
Commission ratio	12.0%	12.1%	12.6%	10.4%	12.1%	11.5%
Administration ratio	17.7%	19.2%	16.6%	15.4%	18.5%	16.0%
Combined ratio	83.2%	101.4%	100.8%	83.6%	92.4%	91.9%
Immunised combined ratio	83.1%	99.3%	102.8%	84.3%	91.3%	93.3%
Reported insurance margin	19.2%	2.3%	1.4%	15.2%	10.8%	8.6%
Underlying insurance margin	15.9%	15.9%	18.4%	15.5%	15.9%	16.9%

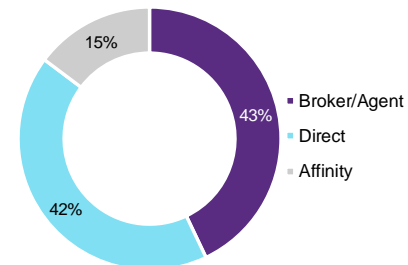
### GWP (\$M) / INSURANCE MARGIN (%)



### FY16 GWP BY CLASS



### FY16 GWP BY CHANNEL



# Appendix – Asia Division

	1H15	2H15	1H16	2H16	FY15	FY16
	A\$m	A\$m	A\$m	A\$m	A\$m	A\$m
<b>ASIA RESULTS</b>						
<b>Gross written premium</b>	<b>164</b>	<b>189</b>	<b>197</b>	<b>189</b>	<b>353</b>	<b>386</b>
Gross earned premium	163	187	193	193	350	386
Reinsurance expense	(19)	(22)	(57)	(54)	(41)	(111)
<b>Net earned premium</b>	<b>144</b>	<b>165</b>	<b>136</b>	<b>139</b>	<b>309</b>	<b>275</b>
Net claims expense	(84)	(106)	(75)	(82)	(190)	(157)
Commission expense	(37)	(41)	(35)	(32)	(78)	(67)
Underwriting expense	(22)	(27)	(25)	(24)	(49)	(49)
<b>Underwriting profit/(loss)</b>	<b>1</b>	<b>(9)</b>	<b>1</b>	<b>1</b>	<b>(8)</b>	<b>2</b>
Investment income on technical reserves	7	6	2	3	13	5
<b>Insurance profit/(loss)</b>	<b>8</b>	<b>(3)</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>7</b>
Share of profit from associates	9	7	7	12	16	19
<b>Total divisional result</b>	<b>17</b>	<b>4</b>	<b>10</b>	<b>16</b>	<b>21</b>	<b>26</b>

IAG ASIA GWP FY16 - PROPORTIONAL BASIS

