Appendix 4D (ASX Listing Rule 4.2A)

Insurance Australia Group Limited
ABN 60 090 739 923

Half year report for the period ended 31 December 2024

Results for announcement to the market

	31 December 2024 $m	31 December 2023 $m	Change		
				$m	%[1]
Revenue from ordinary activities	**9,036**	8,685	Up	351	4.0%
Net profit/(loss) after tax from ordinary activities attributable to shareholders of the Parent	**778**	407	Up	371	91.2%
Net profit/(loss) attributable to shareholders of the Parent	**778**	407	Up	371	91.2%

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
2025 Interim dividend	12.0 cents	7.2 cents

Interim dividend date	
Record date	19 February 2025
Payment date	7 March 2025

Insurance Australia Group Limited's (Company or Parent) Dividend Reinvestment Plan (DRP) will operate 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 20 February 2025. The DRP Issue Price will be based on a volume-weighted average price for a 5-day trading window from 21 February 2025 to 27 February 2025 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 4D for the half year ended 31 December 2024 is filed with the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A. Additional Appendix 4D disclosure requirements can be found in the half year financial report of Insurance Australia Group Limited for the period ended 31 December 2024 (Attachment A). This report is also to be read in conjunction with the Annual Report of Insurance Australia Group Limited for the year ended 30 June 2024 and any public announcements made by Insurance Australia Group Limited during the reporting period 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 half year ended 31 December 2023 (unless otherwise stated). This report is based on the consolidated half year financial statements which have been reviewed by KPMG.

Attachment A

Insurance Australia Group Limited
ABN 60 090 739 923

Insurance Australia Group Limited
Half year report for the period ended 31 December 2024

Insurance Australia Group Limited
ABN 60 090 739 923

Financial report

For the half year ended 31 December 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 38 for IAG's full disclaimer in relation to forward-looking statements and other representations.

Contents

Directors' report

The Directors present their report together with the consolidated financial report of Insurance Australia Group Limited and its subsidiaries and the Auditor's Report for the half year ended 31 December 2024 (1H25). This report covers the reporting period 1 July 2024 to 31 December 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 half year are set out below. Directors were in office for the entire period unless otherwise stated.

Name	
Independent Non-Executive	
Thomas (Tom) W Pockett	Director since 1 January 2015, Chair since 22 October 2021
Simon C Allen	Director since 12 November 2019
David H Armstrong	Director since 1 September 2021
Jonathan (Jon) B Nicholson	Director since 1 September 2015 - retired on 9 October 2024
Helen M Nugent AC	Director since 23 December 2016
Scott J Pickering	Director since 1 November 2021
George D Sartorel	Director since 1 September 2021
George Savvides AM	Director since 12 June 2019
Wendy Thorpe	Director since 1 July 2023
Michelle K Tredenick	Director since 13 March 2018
Executive	
Nicholas (Nick) B Hawkins	Managing Director and Chief Executive Officer since 2 November 2020

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 15 and Review of financial condition section on pages 15 to 16.

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

The management reported results differ in some respects from the statutory results. IAG's 1H25 reported profit is the same under the statutory and management basis.

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.

Further detailed information on the management result, in Excel format, is available on the IAG website.

Reconciliation between the 1H25 statutory result (IFRS) to 1H25 management result (non-IFRS)

The 1H25 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 $1,277 million is unchanged from the statutory result.

The re-presentation of the line items is outlined in a further reconciliation on page 6 and includes an adjustment for reinsurance cash flows not contingent on claims.

Cash flows that are not contingent on claims exist within 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.

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 presented in the 'reinsurance held expense' line item in the statement of comprehensive income.

IAG's results for the current period also contain the impact from a $200 million pre-tax release in the provision for business interruption related claims as detailed in Note 2.1.1.

This provision release is not expected to be a feature of the Group's future sustainable earnings profile. As a result, and to ensure consistency of the reporting of key insurance measures and metrics, this item has been shown in the 'Net corporate expense' line in the management reported view of the current period's results.

As at 31 December 2024	Statutory result IFRS $m	Reclass-ification $m	Reinsura-nce cashflows $m	Statutory result (re-presented) Non-IFRS[1] $m	BI provision reclassifi-cation $m	Manage-ment result Non-IFRS[1] $m
Insurance revenue	8,366	(8,366)	-	-	-	-
Insurance service expense	(6,111)	6,113	(2)	-	-	-
Reinsurance held expense	(1,260)	3,436	(2,176)	-	-	-
Reinsurance held income	54	(1,496)	1,442	-	-	-
Insurance service result	**1,049**	**(313)**	**(736)**	**-**	**-**	**-**
Insurance finance income/(expense)	(238)	238	-	-	-	-
Reinsurance finance income/(expense)	119	(119)	-	-	-	-
Insurance operating result	**930**	**(194)**	**(736)**	**-**	**-**	**-**
Analysed as:						
Gross written premium	**-**	**8,426**	**-**	**8,426**	-	**8,426**
Gross earned premium	-	8,366	-	8,366	-	8,366
Reinsurance expense	-	(3,436)	-	(3,436)	-	(3,436)
Net earned premium	**-**	**4,930**	**-**	**4,930**	-	**4,930**
Net claims expense	-	(2,839)	-	(2,839)	(200)	(3,039)
Commission expense	-	(677)	224	(453)	-	(453)
Administration expense	-	(1,220)	512	(708)	-	(708)
Underwriting profit/(loss)	**-**	**194**	**736**	**930**	**(200)**	**730**
Investment income on assets backing insurance liabilities, net of expenses	227	-	-	227	-	227
Insurance profit	**1,157**	**-**	**-**	**1,157**	**(200)**	**957**
Net corporate expense	-	-	-	-	200	200
Net other operating income/(expense)	120	-	-	120	-	120
Profit/(loss) before income tax	**1,277**	**-**	**-**	**1,277**	**-**	**1,277**
Income tax expense	(381)	-	-	(381)	-	(381)
Profit/(loss) after income tax	**896**	**-**	**-**	**896**	**-**	**896**
Non-controlling interests	(118)	-	-	(118)	-	(118)
Profit/(loss) attributable to IAG shareholders	**778**	**-**	**-**	**778**	**-**	**778**

1 Represents the AASB 17 results reclassified to be consistent with the management presentational basis.

1H24 statutory result to 1H24 management result reconciliation

As at 31 December 2023	Statutory result IFRS $m	Reclassification $m	Reinsurance cashflows $m	Management result Non-IFRS[1] $m
Insurance revenue	7,552	(7,550)	(2)	-
Insurance service expense	(6,516)	6,514	2	-
Reinsurance held expense	(1,043)	3,054	(2,011)	-
Reinsurance held income	462	(1,809)	1,347	-
Insurance service result	**455**	**209**	**(664)**	**-**
Insurance finance income/(expense)	(269)	269	-	-
Reinsurance finance income/(expense)	138	(138)	-	-
Insurance operating result	**324**	**340**	**(664)**	**-**
Analysed as:				
Gross written premium	**-**	**7,947**	**-**	**7,947**
Gross earned premium	-	7,550	-	7,550
Reinsurance expense	-	(3,054)	-	(3,054)
Net earned premium	**-**	**4,496**	**-**	**4,496**
Net claims expense	-	(3,108)	-	(3,108)
Commission expense	-	(629)	211	(418)
Administration expense	-	(1,099)	453	(646)
Underwriting profit/(loss)	**-**	**(340)**	**664**	**324**
Investment income on assets backing insurance liabilities, net of expenses	290	-	-	290
Insurance profit	**614**	**-**	**-**	**614**
Net corporate expense	(7)	-	-	(7)
Net other operating income/(expense)	47	-	-	47
Profit/(loss) before income tax	**654**	**-**	**-**	**654**
Income tax expense	(201)	-	-	(201)
Profit/(loss) after income tax	**453**	**-**	**-**	**453**
Non-controlling interests	(46)	-	-	(46)
Profit/(loss) attributable to IAG shareholders	**407**	**-**	**-**	**407**

1 Represents the AASB 17 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 half year ended 31 December	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	8,366	7,550	-	2	-	-	-	-	-	-	8,366	7,552
Insurance service expense	-	-	(4,214)	(4,788)	(677)	(629)	(1,220)	(1,099)	-	-	(6,111)	(6,516)
Reinsurance held expense	(3,436)	(3,054)	2,176	2,011	-	-	-	-	-	-	(1,260)	(1,043)
Reinsurance held income	-	-	(682)	(202)	224	211	512	453	-	-	54	462
Insurance service result	**4,930**	**4,496**	**(2,720)**	**(2,977)**	**(453)**	**(418)**	**(708)**	**(646)**	**-**	**-**	**1,049**	**455**
Net insurance finance income/(expense)	-	-	(119)	(131)	-	-	-	-	-	-	(119)	(131)
Insurance operating result	**4,930**	**4,496**	**(2,839)**	**(3,108)**	**(453)**	**(418)**	**(708)**	**(646)**	**-**	**-**	**930**	**324**
Investment income[1]	-	-	-	-	-	-	-	-	227	290	227	290
Insurance profit	**4,930**	**4,496**	**(2,839)**	**(3,108)**	**(453)**	**(418)**	**(708)**	**(646)**	**227**	**290**	**1,157**	**614**

1 On assets backing insurance liabilities, net of expenses.

Key Metrics

Key results	1H24 $m	2H24 $m	1H25 $m	1H25 vs 1H24 Mvt
Net profit/(loss) after tax	407	491	**778**	+91.2%
Insurance profit/(loss)	614	824	**957**	+55.9%
Gross written premium (GWP)	7,947	8,453	**8,426**	+6.0%
Net earned premium (NEP)	4,496	4,748	**4,930**	+9.7%
Reported insurance margin	13.7%	17.4%	**19.4%**	+570bps
Underlying insurance margin	13.7%	15.3%	**15.1%**	+140bps
Earnings per share (cents per share)	16.77	20.57	**32.88**	+96.1%
Diluted earnings per share (cents per share)	16.21	20.09	**31.31**	+93.2%
Return on equity (ROE)	12.2%	14.6%	**22.7%**	+1050bps
Cash earnings	415	490	**640**	+54.2%
Cash earnings per share (cents per share)	17.10	20.55	**27.05**	+58.2%
Diluted cash earnings per share (cents per share)	16.50	20.07	**26.15**	+58.5%
Cash return on equity (ROE)	12.4%	14.6%	**18.7%**	+630bps
Dividend (cents per share)	10.00	17.00	**12.00**	+20.0%
Prescribed Capital Amount (PCA) multiple	2.07	2.23	**2.40**	+33pts
Common Equity Tier 1 Capital (CET 1) multiple	1.16	1.27	**1.42**	+26pts
Net tangible assets per ordinary share	1.21	1.22	**1.35**	+11.6%

The Group's profit after tax for the half year was $778 million (1H24: $407 million). This result included:

- a $343 million increase in pre-tax insurance profit to $957 million (1H24: $614 million), driven by a 9.7% increase in net earned premium, an improvement in the underlying insurance margin and perils experience of $215 million below allowance;
- a higher pre-tax investment income on shareholders' funds of $217 million (1H24: income of $147 million); and
- a $140 million post-tax release from the business interruption provision.

The insurance profit was $957 million (1H24: $614 million) which equates to a reported insurance margin of 19.4% (1H24: 13.7%). The reported insurance profit included the favourable net natural perils experience of $215 million, a net release of prior year reserves of $3 million and a $8 million negative impact from the widening of credit spreads.

The underlying insurance margin of 15.1% was higher than the prior corresponding half year (1H24: 13.7%). This reflects a combination of influences including an improvement in the underlying claims ratio and a lower expense ratio, partially offset by a $125 million increase in non-quota share reinsurance costs and a lower investment yield on technical reserves.

Detailed Management Profit & Loss and Ratios

Group Results	1H24 $m	2H24 $m	1H25 $m
Gross written premium	7,947	8,453	**8,426**
Gross earned premium	7,550	7,875	**8,366**
Reinsurance expense	(3,054)	(3,127)	**(3,436)**
Net earned premium	4,496	4,748	**4,930**
Net claims expense	(3,108)	(2,987)	**(3,039)**
Commission expense	(418)	(443)	**(453)**
Administration expense	(646)	(660)	**(708)**
Underwriting profit/(loss)	324	658	**730**
Investment income on technical reserves	290	166	**227**
Insurance profit/(loss)	614	824	**957**
Net corporate expense	(7)	-	**200**
Interest	(85)	(100)	**(92)**
Profit/(loss) from fee-based business	(12)	(24)	**(3)**
Investment income on shareholders' funds	147	139	**217**
Profit/(loss) before income tax and amortisation	657	839	**1,279**
Income tax expense	(201)	(257)	**(381)**
Profit/(loss) after income tax (before amortisation)	456	582	**898**
Non-controlling interests	(46)	(89)	**(118)**
Profit/(loss) after income tax and non-controlling interests (before amortisation)	410	493	**780**
Amortisation and impairment	(3)	(2)	**(2)**
Profit/(loss) attributable to IAG shareholders	407	491	**778**

Insurance Ratios	1H24	2H24	1H25
Loss ratio	69.1%	62.9%	**61.6%**
Immunised loss ratio	68.5%	63.7%	**61.3%**
Expense ratio	23.7%	23.2%	**23.6%**
Commission ratio	9.3%	9.3%	**9.2%**
Administration ratio	14.4%	13.9%	**14.4%**
Administration ex levies ratio	12.2%	11.6%	**11.9%**
Combined ratio	92.8%	86.1%	**85.2%**
Immunised combined ratio	92.2%	86.9%	**84.8%**
Reported insurance margin	13.7%	17.4%	**19.4%**
Underlying insurance margin	13.7%	15.3%	**15.1%**

Premiums

The Group's reported 1H25 GWP of $8,426 million increased by 6.0% on the prior corresponding period (1H24: $7,947 million). Divisional premium trends are as follows:

Retail Insurance Australia (RIA)

Growth of 6.1% to $4,305 million (1H24: $4,058 million) was achieved in RIA. Normalising for the exit of the Coles portfolio, growth was 8.0%.

- Personal short tail GWP grew 6.0% (~8% normalising for the Coles exit) to $3,790 million, driven by rate increases to cover claims inflation, higher natural perils and reinsurance costs. Renewal rates remain strong at close to 90% in motor and above 90% for home.
  - Motor GWP increased by 6.3% to $2,044 million driven by rate increases, with volume growth broadly flat. Volume trends improved in NSW, with a positive growth trajectory post implementation of the new policy platform and pricing engine, partly offset by a decline in Western Australia, Queensland and Victoria.
  - Home GWP increased by 6.1% to $1,660 million, driven by rate increases, with volume growth relatively flat. NSW and Victoria delivered modest volume growth offsetting small declines in Queensland and Western Australia.
- Long tail (CTP) GWP increased by 8.6% to $392 million mainly driven by higher average premium in NSW and volume growth in ACT and South Australia.
- Direct SME GWP was flat at $123 million. Investment in the NRMA brand continues to deliver volume growth through digital channels which is offset by a lower average premium driven by change in policy mix.

Intermediated Insurance Australia (IIA)

Growth of 10.3% to $2,233 million (1H24: $2,025 million) was achieved in IIA comprising:

- Commercial short-tail GWP growth of 5.2% to $1,267 million principally in commercial motor, where new business volumes were strong. This was partially offset by less favourable crop conditions and reduced volumes in strata and some packaged products due to strong pricing competition.
- Commercial long-tail GWP growth of 24.7% to $636 million included the impact of multi-year policies (~$80 million) in the workers' compensation portfolio. Normalising for this, long tail growth was ~8%, with rate increases in workers' compensation offset by volume decline in professional risks.
- Personal lines GWP grew by 6.1% to $330 million reflecting low double-digit rate increases in home offset by volume declines in motor.

New Zealand

Growth of 1.2% to $1,887 million (1H24: $1,864 million) was achieved in New Zealand. In local currency terms, underlying growth (excluding the impact of prior year premium processing changes) of 4.7% was achieved comprising:

- NZI, the broker intermediated channel, saw underlying local currency GWP growth of 0.6% to NZ$902 million.
  - Commercial lines GWP of NZ$693 million was relatively flat in a softening market with the business exercising disciplined underwriting and leveraging value-added propositions, including risk advisory services to maintain strong retention.
  - Personal lines GWP of NZ$208 million experienced solid premium growth driven by higher rates across the key portfolios, partially offset by lower volumes.
- Direct, comprising AMI and State brands, saw underlying local currency GWP growth of 5.9% to NZ$868 million.
  - The home portfolio experienced high-single digit premium growth, which was largely rate-driven, with a ~1% decline in volume.
  - Private motor achieved low single-digit growth following relatively modest rate increases and broadly flat volumes. New business levels have improved while renewal rates remain strong. Following migration onto the Enterprise platform, improved pricing granularity resulted in State recording volume growth in 1H25.
- The Bank partner channel achieved underlying local currency GWP growth of 14.7% to NZ$306 million. The key personal lines portfolios delivered strong growth with rate increases over 20% in home and over 10% in private motor portfolio partially offset by a decline in volume.

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	1H24 $m	2H24 $m	1H25 $m
Reported insurance profit/(loss)	614	824	**957**
Reserve releases/(strengthening)	(59)	1	**3**
Natural perils	(521)	(462)	**(426)**
Natural peril allowance	549	549	**641**
Credit spreads	31	13	**(8)**
Underlying insurance profit/(loss)	614	723	**747**
Reported insurance margin	13.7%	17.4%	**19.4%**
Reserve releases/(strengthening)	(1.3%)	0.0%	**0.1%**
Natural perils	(11.6%)	(9.7%)	**(8.6%)**
Natural peril allowance	12.2%	11.6%	**13.0%**
Credit spreads	0.7%	0.3%	**(0.2%)**
Underlying insurance margin	13.7%	15.3%	**15.1%**

The increase in underlying margin from 13.7% in 1H24 to 15.1% in 1H25 reflects a combination of influences. On the positive side, this included:

- a 300bps decrease in the immunised underlying claims ratio due to the earn-through of rate increases and claims management initiatives; and
- a 10bps decrease in the expense ratio.

These positive factors were partially offset by:

- an 80bps impact from the increase in the natural perils allowance from $549 million to $641 million; and
- a lower underlying investment return on technical reserves.

The 1H25 reported insurance profit of $957 million, equated to a 19.4% reported insurance margin (1H24: 13.7%). In addition to the underlying margin influences outlined above, this included:

- a net natural perils experience of $426 million, $215 million below the allowance, compared to a favourable experience of $28 million in 1H24;
- a $3 million release from strengthening prior year reserves, compared to a strengthening of $59 million in 1H24; and
- an $8 million unfavourable impact from the widening of credit spreads (1H24: $31 million favourable).

Divisional insurance margins

Divisional insurance margins	1H24 $m	2H24 $m	1H25 $m
Retail Insurance Australia			
Insurance profit /(loss)	229	419	**476**
Underlying insurance profit /(loss)	326	378	**384**
Reported insurance margin	10.0%	17.2%	**19.0%**
Underlying insurance margin	14.3%	15.5%	**15.2%**
Intermediated Insurance Australia			
Insurance profit /(loss)	181	153	**171**
Underlying insurance profit /(loss)	142	149	**152**
Reported insurance margin	14.7%	12.1%	**12.8%**
Underlying insurance margin	11.5%	11.7%	**11.5%**
New Zealand			
Insurance profit /(loss)	204	253	**311**
Underlying insurance profit /(loss)	146	197	**212**
Reported insurance margin	20.8%	24.0%	**28.6%**
Underlying insurance margin	14.9%	18.7%	**19.5%**

RIA reported an insurance profit of $476 million in 1H25 (1H24: $229 million) and a reported insurance margin of 19.0% (1H24: 10.0%). This included an improvement in the 1H25 underlying insurance margin supported by the earn-through of prior period premium increases. Significant progress in addressing supply chain issues resulted in improved customer outcomes and a lower underlying claims ratio. The reported margin was assisted by favourable perils experience of $111 million below allowance, partially offset by a modest $16 million strengthening of prior period reserves.

IIA delivered an insurance profit of $171 million in 1H25 (1H24: $181 million) and a reported insurance margin of 12.8% (1H24: 14.7%). A flat underlying margin of 11.5% included a relatively stable underlying claims ratio and a reduced expense ratio. The result also featured a $9 million prior period reserve release and a modestly favourable perils experience compared to allowance.

New Zealand achieved an insurance profit of $311 million in 1H25, compared to $204 million in 1H24, translating to a reported insurance margin of 28.6% (1H24: 20.8%). This was driven by a higher underlying margin of 19.5% (1H24: 14.9%), largely attributable to a materially lower underlying claims ratio and included the benefit of favourable perils experience of $93 million below allowance.

Reinsurance expense

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

Reinsurance Expense	1H24 $m	2H24 $m	1H25 $m
Quota-share reinsurance expense	2,553	2,652	**2,810**
Non quota-share reinsurance expense	501	475	**626**
Total reinsurance expense	3,054	3,127	**3,436**

Quota share-related reinsurance expense of $2,810 million (1H24: $2,553 million) increased 10%, broadly in line with gross earned premium growth.

Non-quota share reinsurance expense increased by 25% to $626 million (1H24: $501 million) reflecting costs associated with the long-term natural perils volatility and adverse development covers, announced in June 2024, which provide significant protection for natural perils and long-tail reserves.

Claims

IAG's immunised underlying loss ratio, which reflects trends in underlying or working claims, was 52.6% in 1H25, a 300bps decrease on the 55.6% in 1H24. This ratio excludes all prior year reserve releases or strengthening, natural perils costs and discount rate adjustments.

Immunised loss ratio – Group	1H24 $m	2H24 $m	1H25 $m
Reported net claims expense	3,108	2,987	**3,039**
Discount rate adjustment	(28)	37	**(19)**
Reserving and perils effects	(580)	(461)	**(423)**
Immunised underlying net claims expense	2,500	2,563	**2,597**
Reported loss ratio	69.1%	62.9%	**61.6%**
Discount rate adjustment	(0.6%)	0.8%	**(0.4%)**
Reserving and peril effects	(12.9%)	(9.7%)	**(8.6%)**
Immunised underlying loss ratio	55.6%	54.0%	**52.6%**

Divisional underlying claims trends

Immunised loss ratio – Retail Insurance Australia	1H24 $m	2H24 $m	1H25 $m
Reported net claims expense	1,758	1,643	**1,660**
Discount rate adjustment	(10)	13	**(9)**
Reserving and perils effects	(430)	(285)	**(269)**
Immunised underlying net claims expense	1,318	1,371	**1,382**
Reported loss ratio	77.0%	67.6%	**66.0%**
Discount rate adjustment	(0.4%)	0.5%	**(0.4%)**
Reserving and peril effects	(18.8%)	(11.7%)	**(10.7%)**
Immunised underlying loss ratio	57.7%	56.4%	**54.9%**

RIA's immunised underlying loss ratio was 54.9% in 1H25 compared to 57.7% in 1H24, which reflects the net effect of:

- Over 12% increase in Gross Earned Premium following double-digit premium increases over the prior periods;
- Softening motor inflation, falling to mid-single digit, driven by improved supply chain and repair network capacity, combined with lower total loss claims and third-party costs;
- The strategic move to direct allocation of repairs, increasing the utilisation of parallel parts and volume through the preferred repair network to drive cost savings and counter underlying claims inflation;
- High-single digit home inflation, with a lower volume of large fire claims; and
- Reduced claims frequency arising from higher excess levels and enhanced fraud detection capability driving a higher detection rate.

In addition, there was an approximately 17,000 reduction in open claims in 1H25. While this was partly supported by a period of relatively benign perils, changes to the Home and Motor supply chains have improved cycle times for customers and supported an improved customer NPS.

Immunised loss ratio – Intermediated Insurance Australia	1H24 $m	2H24 $m	1H25 $m
Reported net claims expense	780	776	**844**
Discount rate adjustment	(16)	24	**(7)**
Reserving and perils effects	(117)	(147)	**(138)**
Immunised underlying net claims expense	647	653	**699**
Reported loss ratio	63.3%	61.4%	**63.5%**
Discount rate adjustment	(1.3%)	1.9%	**(0.5%)**
Reserving and peril effects	(9.5%)	(11.6%)	**(10.4%)**
Immunised underlying loss ratio	52.5%	51.7%	**52.6%**

IIA's immunised underlying loss ratio was 52.6%, similar to 52.5% recorded in 1H24. The underlying claims performance included the net effect of various factors:

- Over 7% increase in Gross Earned Premium from earn-through of rate increases;
- Delivery of claims initiative benefits including improved closure rates and recoveries, and reduced fraud; and
- Improvement in long-tail experience, with short-tail classes in line with expectation.

Immunised loss ratio – New Zealand	1H24 $m	2H24 $m	1H25 $m
Reported net claims expense	570	567	**533**
Discount rate adjustment	(2)	-	**(3)**
Reserving and perils effects	(33)	(29)	**(16)**
Immunised underlying net claims expense	535	538	**514**
Reported loss ratio	58.1%	53.8%	**49.1%**
Discount rate adjustment	(0.2%)	0.0%	**(0.3%)**
Reserving and peril effects	(3.4%)	(2.8%)	**(1.5%)**
Immunised underlying loss ratio	54.5%	51.0%	**47.4%**

New Zealand experienced a lower immunised underlying loss ratio of 47.4% in 1H25 (1H24: 54.5%), featuring:

- 11% increase in Gross Earned Premium from earn-through of rate increases;
- Lower frequency levels in the motor and contents portfolios;
- Lower large (greater than NZ$100,000) claims; partially offset by
- Higher average claims costs across the key personal lines and commercial motor portfolios driven by underlying inflation, mitigated by benefits from supply chain and claims handling initiatives including the expansion of AMI MotorHub to 10 sites across New Zealand, which cover 30% of driveable repairs.

Reserve releases/strengthening

A prior period reserve release of $3 million occurred in 1H25, compared to a strengthening of $59 million in 1H24, which was impacted by adverse development of prior period peril claims.

The outcome in 1H25 included a $10 million increase in the onerous contract liability as at 31 December 2024.

The 1H25 net prior period reserve release of $3 million comprised a strengthening of $16 million in RIA being offset by releases of $9 million in IIA and $10 million in New Zealand.

Natural perils

Net natural perils claims costs in 1H25 were $426 million (1H24: $521 million) which was $215 million below the allowance for the period. The net natural perils claims costs included $53 million for an Australian storm event in late August.

Expenses

Administration expenses of $708 million increased 9.6% predominantly due to additional technology and growth investments and an increase in levies. The levies increase of 34.3% reflects an increase in the collection of Emergency Services Levy in NSW. The administration ratio held flat at 14.4% in 1H25 (1H24: 14.4%). On an ex-levies basis, the ratio decreased to 11.9% in 1H25 (1H24: 12.2%).

Commission expenses of $453 million increased 8.4% due to the top-line growth and business mix changes. There was a modest decrease in the commission ratio to 9.2% in 1H25 (1H24: 9.3%).

Expenses	1H24 $m	2H24 $m	1H25 $m	1H25 vs 1H24 Mvt
Administration expense	646	660	**708**	9.6%
Commission expense	418	443	**453**	8.4%
Total net expenses	1,064	1,103	**1,161**	9.1%

Administration Expenses	1H24 $m	2H24 $m	1H25 $m	1H25 vs 1H24 Mvt
Administration expense	646	660	**708**	9.6%
Levies	99	108	**133**	34.3%
Administration expense ex levies	547	552	**575**	5.1%
Administration expense ex levies ratio	12.2%	11.6%	**11.9%**	(30bps)

The 5.1% increase in administration expense ex levies in 1H25 was a function of the broader inflationary environment as well as costs related to growth, including 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. The increase in administration expense also included higher amortisation of capitalised software.

Net investment income/loss on assets backing insurance liabilities

Net investment income on technical reserves contributed $227 million in 1H25 (1H24: $290 million). Key components of the investment return in 1H25 were:

- an underlying income of $202 million representing an annualised return of approximately 5.5%;
- a $33 million impact from the movement in the risk free rate; and
- $8 million negative impact from a widening in credit spreads.

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

Net corporate expense

A $200 million benefit was recorded in 1H25 (1H24: $7 million expense) which reflected a release from the business interruption provision. The provision for business interruption claims associated with COVID-19 was $180 million at 31 December 2024.

Fee-based business

Fee-based business costs of $3 million in 1H25 (1H24: $12 million) reflect investment in new businesses aligned with IAG's strategy, focusing on advanced technologies.

Net investment income on shareholders' funds

Net investment income on shareholders' funds was a profit of $217 million in 1H25, compared to a profit of $147 million in 1H24, including:

- a return of $130 million from fixed interest and cash (1H24: $125 million);
- a return of $67 million from equities (1H24: $28 million);
- a return of $24 million from alternatives (1H24: $22 million);
- a $6 million fair value gain in the ventures fund; offset by
- $10 million in management fees.

At 31 December 2024, the weighting to growth assets (equities and alternatives) in the shareholders' funds was 22%, compared to 25% at 30 June 2024.

IAG's growth assets weighting in shareholders' funds has typically been in the range of 40-50%, in line with the strategic asset allocation target. In the near term, IAG expects its growth assets weighting to be below this range.

Tax expense

IAG reported a tax expense of $381 million in 1H25, an increase on the $201 million in 1H24 due to the increase in pre-tax earnings. IAG's effective tax rate (pre-amortisation and impairment) was 29.8%, broadly in line with the Australian corporate tax rate of 30%.

Non-controlling interests

Profit after tax attributable to non-controlling interests in 1H25 was $118 million (1H24: $46 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 RIA. IMA posted a higher profit in 1H25, benefitting from the benign perils experience, which contributed to RIA's reported insurance margin increasing to 19.0% in 1H25 from 10.0% in 1H24.

Acquired intangible amortisation and impairment

Amortisation and impairment expense of $2 million was recorded in 1H25 compared to $3 million in 1H24.

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

Net profit after tax of $778 million (1H24: $407 million) represents a basic EPS of 32.88 cents (1H24: 16.77 cents) and diluted EPS of 31.31 cents (1H24: 16.21 cents).

Cash EPS in 1H25 was 27.05 cents (1H24: 17.10 cents). Diluted cash EPS in 1H25 was 26.15 cents (1H24: 16.50 cents).

Diluted EPS calculations were based on 2,667 million shares, which includes the potential equity issuance from hybrid and debt conversion.

On 21 August 2024, IAG announced that it would undertake an on-market share buy-back of up to $350 million of its ordinary shares. As at 31 December 2024 approximately 5 million shares had been bought back for a total consideration of $37 million.

Cash earnings

Cash earnings of $640 million are up 54.2% (1H24: $415 million). Cash earnings reflect the net profit after tax (NPAT) adjusted for acquired intangible assets and unusual items. Unusual items in 1H25 relates to the partial release of the business interruption provision.

Cash earnings	1H25 $m
Net profit after tax	**778**
Acquired intangible amortisation and impairment	2
Net corporate expense	(200)
Tax effect on corporate expenses	60
Cash earnings	**640**

Dividends

The Board has determined to pay an interim dividend of 12.0 cents per share, franked to 60% (1H24: 10.0 cents per share, franked to 40%). The interim dividend equates to a payout ratio of 45% of 1H25 NPAT excluding the after-tax impact of the business interruption provision release (1H24: 59% of 1H24 NPAT).

IAG's dividend policy on a full year basis is to pay out 60% to 80% of NPAT excluding the after-tax impact from releases from the business interruption claim provision.

As at 31 December 2024, and prior to the payment of the interim dividend, IAG had a $397 million franking balance on a consolidated basis. The Company currently has approximately $77 million franking credits available for distribution.

FY25 Guidance and outlook

IAG's 1H25 results provide confidence in achieving guidance for FY25 which includes:

- Reported insurance profit guidance of $1,400 million to $1,600 million which assumes:
  - FY25 natural peril costs of $1,283 million with 2H25 costs of $857 million (1H25: $426 million);
  - continued positive momentum in the underlying performance of IAG's businesses;
  - no material prior period reserve releases or strengthening; and
  - no material movement in macro-economic conditions including foreign exchange rates or investment markets.
- Reported insurance margin of 13.5% to 15.5% which, based on the factors above, is expected to be towards the top of the range.
- GWP growth of 'mid-to-high single digit' which, based on improving claims trends driving a moderation in premium increases, is expected to be towards the lower end of this range.

IAG's FY25 guidance aligns to its 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 38 of this report.

Review of financial condition

A. Financial position

Total assets of the Group as at 31 December 2024 were $25,169 million compared to $25,617 million as at 30 June 2024. The net decrease of $448 million includes:

- $288 million decrease in investments, driven by decreases in cash and cash equivalents; government and semi-government bonds; subordinated securities; and equity investments. These decreases were partially offset by an increase in corporate bonds and notes;
- $453 million decrease in trade and other receivables, driven by decreases in investment related receivables due to the timing differences on outstanding trades;
- $129 million decrease in deferred tax assets; partially offset by
- $229 million increase in operational cash, due to operational contingency for the end of the calendar year.

The total liabilities of the Group as at 31 December 2024 were $17,713 million (30 June 2024: $18,500 million). The net decrease in liabilities of $787 million includes:

- $238 million decrease in trade and other payables, driven by a decrease in trust distributions payable and timing difference around unsettled trades;
- $496 million decrease in insurance contract liabilities (refer to Note 2.1.2); and
- $116 million decrease in provisions, primarily driven by the decrease in employee benefits provisions which includes items such as employee leave, short term incentives and superannuation.

IAG shareholders' equity (excluding non-controlling interests) increased to $7,014 million (30 June 2024: $6,660 million) mainly reflecting the combined effect of:

- current year net profit attributable to shareholders of $778 million;
- $403 million payments in respect of the 2024 final dividend; and
- the on-market share buy-back of $37 million.

B. Cash from operations

The net cash inflows from operating activities for the half year ended 31 December 2024 were $324 million (31 December 2023: $805 million). The movement is mainly attributable to the net effect of:

- $835 million increase in outwards reinsurance premium expenses paid due to new reinsurance arrangements and an increase in ceded premium to whole-of-account quota share partners;
- $411 million decrease in reinsurance held recoveries received due to the benign recent events and the tapering of catastrophe recoveries from prior period events; partially offset by
- $711 million increase in premiums received, largely reflecting the period-on period premium growth; and
- $233 million decrease in claims and other expenses paid primarily due to a lower prior year payments especially in New Zealand where the settlements of Auckland Flooding and Cyclone Gabrielle this period were lower compared to prior corresponding period as a significant number of claims has been settled by 30 June 2024.

C. Investments

The Group's investments as at 31 December 2024 totalled $12,617 million compared to $12,905 million at 30 June 2024.

IAG's overall investment allocation is defensively positioned, with approximately 90% of total investments in fixed interest and cash as at 31 December 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 22% of shareholders' funds at 31 December 2024 (25% as at 30 June 2024).

D. Capital mix and position

Under Australian Prudential Regulation Authority's (APRA) Prudential Standards, IAG's Common Equity Tier 1 (CET1) capital was $3,652 million (FY24: $3,364 million) and total regulatory capital was $6,164 million (FY24: $5,879 million) at 31 December 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 31 December 2024, IAG had a CET1 multiple of 1.42 (FY24: 1.27) and a PCA multiple of 2.40

(FY24: 2.23), both well above the target benchmarks.

On a pro-forma basis, adjusting for the interim dividend and proposed strategic alliance with RACQ, the CET1 ratio is 1.09, around the top end of the target range of 0.9 to 1.1.

Significant changes in state of affairs

During the half year, the following announcement was made:

- On 28 November 2024, IAG and RACQ entered into a 25-year exclusive strategic alliance to provide RACQ general insurance products and services for RACQ members and Queenslanders for a consideration of $855 million (subject to completion adjustments). The consideration (which comprises net tangible asset value and entry into a 25-year distribution agreement) will be funded from surplus capital. Under the strategic alliance, IAG will acquire 90% of RACQ's existing insurance underwriting business (by way of the acquisition of 90% of the shares in RACQ Insurance), with the option to acquire the remaining 10% in two years on consistent terms. The transaction is subject to regulatory approval and other conditions, and is expected to complete in the third quarter of calendar year 2025.

Events subsequent to reporting date

Detail of matters subsequent to the end of the half year are set out below and in Note 3.10.

- On 13 February 2025, the Board determined to pay a 60% franked interim dividend of 12.0 cents per share. The dividend will be paid on 7 March 2025. The dividend reinvestment plan will operate by acquiring shares on-market for participants with no discount applied.

Further, we have considered the changes in circumstances with respect to the business interruption provision in the subsequent period as disclosed in Note 2.1.1.

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

The lead auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the half year ended 31 December 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.

Signed at Sydney this 13th day of February 2025 in accordance with a resolution of the Directors.

Nick Hawkins

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 review of Insurance Australia Group Limited for the half year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

Brendan Twining
Partner

Sydney
13 February 2025

Consolidated financial statements

Contents

Consolidated statement of comprehensive income

For the half year ended 31 December 2024

	Note	31 December 2024 $m	31 December 2023 $m
Insurance revenue	2.1.2	**8,366**	7,552
Insurance service expense	2.1.2	**(6,111)**	(6,516)
Reinsurance held expense	2.1.3	**(1,260)**	(1,043)
Reinsurance held income	2.1.3	**54**	462
Insurance service result		**1,049**	455
Insurance finance expense	2.1.2, 3.2	**(238)**	(269)
Reinsurance finance income	2.1.3, 3.2	**119**	138
Investment income on assets backing insurance liabilities, net of expenses	3.2	**227**	290
Insurance profit		**1,157**	614
Investment income on shareholders' funds, net of expenses	3.2	**217**	147
Fee-based business results, net		**34**	83
Finance costs		**(92)**	(85)
Corporate and other expenses, net		**(39)**	(105)
Profit before income tax		**1,277**	654
Income tax expense for the period		**(381)**	(201)
Profit for the period		**896**	453
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Net movement in foreign currency translation reserve, net of tax		**(14)**	11
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans, net of tax		**9**	2
Other comprehensive (expense)/income, net of tax		**(5)**	13
Total comprehensive income for the period, net of tax		**891**	466
Profit for the period attributable to			
Shareholders of the Parent		**778**	407
Non-controlling interests		**118**	46
Profit for the period		**896**	453
Total comprehensive income for the period attributable to			
Shareholders of the Parent		**773**	420
Non-controlling interests		**118**	46
Total comprehensive income for the period, net of tax		**891**	466
Earnings per share			
Basic earnings per ordinary share (cents)	3.5	**32.88**	16.77
Diluted earnings per ordinary share (cents)	3.5	**31.31**	16.21

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

Consolidated balance sheet

As at 31 December 2024

	Note	31 December 2024 $m	30 June 2024 $m
Assets			
Cash held for operational purposes		**860**	631
Investments	3.1	**12,617**	12,905
Reinsurance contract held assets	2.1.3	**6,465**	6,373
Trade and other receivables		**369**	822
Current tax assets		**52**	52
Deferred tax assets		**319**	448
Right-of-use assets		**305**	312
Property and equipment		**221**	208
Other assets		**133**	108
Goodwill and intangible assets		**3,828**	3,758
Total assets		**25,169**	25,617
Liabilities			
Trade and other payables		**745**	983
Current tax liabilities		**189**	118
Deferred tax liabilities		**58**	46
Insurance contract liabilities	2.1.2	**13,423**	13,919
Lease liabilities		**422**	438
Provisions		**360**	476
Other liabilities		**19**	21
Interest-bearing liabilities	3.3	**2,497**	2,499
Total liabilities		**17,713**	18,500
Net assets		**7,456**	7,117
Equity			
Share capital	3.4	**6,799**	6,836
Treasury shares held in trust		**(11)**	(21)
Reserves		**42**	40
Retained earnings		**184**	(195)
Parent interest		**7,014**	6,660
Non-controlling interests		**442**	457
Total equity		**7,456**	7,117

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

Consolidated statement of changes in equity

For the half year ended 31 December 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 2024	**6,836**	**(21)**	**(11)**	**51**	**(195)**	**457**	**7,117**
Profit for the period	**-**	**-**	**-**	**-**	**778**	**118**	**896**
Other comprehensive income/(expense)	**-**	**-**	**(14)**	**-**	**9**	**-**	**(5)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(14)**	**-**	**787**	**118**	**891**
Transactions with owners in their capacity as owners							
On-market share buy-back, including transaction costs	**(37)**	**(11)**	**-**	**-**	**-**	**-**	**(48)**
Shares vested and expensed	**-**	**21**	**-**	**16**	**(2)**	**-**	**35**
Dividends paid	**-**	**-**	**-**	**-**	**(403)**	**(132)**	**(535)**
Change in ownership without change in control	**-**	**-**	**-**	**-**	**(3)**	**(1)**	**(4)**
Balance at 31 December 2024	**6,799**	**(11)**	**(25)**	**67**	**184**	**442**	**7,456**
Balance at 1 July 2023	7,264	(21)	4	41	(635)	404	7,057
Profit for the period	-	-	-	-	407	46	453
Other comprehensive income/(expense)	-	-	11	-	2	-	13
Total comprehensive income/(loss) for the period	-	-	11	-	409	46	466
Transactions with owners in their capacity as owners							
On-market share buy-back, including transaction cost	(228)	-	-	-	-	-	(228)
Shares vested and expensed	-	14	-	(4)	(2)	-	8
Dividends paid	-	-	-	-	(220)	(49)	(269)
Balance at 31 December 2023	7,036	(7)	15	37	(448)	401	7,034

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

Consolidated cash flow statement

For the half year ended 31 December 2024

	Note	31 December 2024 $m	31 December 2023 $m
Cash flows from operating activities			
Premium received	2.1.2	**8,389**	7,678
Reinsurance held recoveries received	2.1.3	**1,953**	2,364
Claims and other expenses paid	2.1.2	**(5,962)**	(6,195)
Insurance acquisition cash flows	2.1.2	**(896)**	(828)
Reinsurance held premium paid net of ceding commission	2.1.3	**(3,137)**	(2,302)
Dividends, interest and trust distributions received		**301**	261
Finance costs paid		**(89)**	(80)
Income taxes paid		**(170)**	(94)
Other operating receipts		**602**	581
Other operating payments		**(667)**	(580)
Net cash flows from operating activities		**324**	805
Cash flows from investing activities			
Net cash flows on disposal/(acquisition) of subsidiaries and associates		**4**	9
Net cash flows from sale/(purchase) of investments and plant and equipment		**149**	(348)
Net cash flows from investing activities		**153**	(339)
Cash flows from financing activities			
On-market share buy-back, net of transaction costs		**(41)**	(228)
Proceeds from borrowings, net of transaction costs		**-**	399
Repayment of borrowings		**-**	(3)
Principal element of lease payments		**(35)**	(39)
Dividends paid to shareholders of the Parent		**(403)**	(220)
Dividends paid to non-controlling interests		**(132)**	(49)
Net cash flows from financing activities		**(611)**	(140)
Net movement in cash held		**(134)**	326
Effects of exchange rate changes on balances of cash held in foreign currencies		**(3)**	3
Cash and cash equivalents at the beginning of the financial period		**1,841**	1,353
Cash and cash equivalents at the end of the financial period[1]		**1,704**	1,682

1 Includes $860 million of cash held for operational purposes and $844 million of cash and cash equivalents held in investments (31 December 2023: $570 million of cash held for operational purposes, $1,112 million of cash and cash equivalents held in investments).

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

Notes to the financial statements

1. Overview

Note 1.1 Introduction

The financial report is structured 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.	Interim disclosures – Disclosures required to comply with the Australian Accounting Standard *AASB 134 Interim Financial Reporting*.

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 9, 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 half year period ended 31 December 2024.

This report is also to be read in conjunction with the Annual Report for the year ended 30 June 2024 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

B. Statement of compliance

This general purpose half year financial report was authorised by the Board of Directors for issue on 13 February 2025 and complies with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the recognition and measurement requirements of other applicable Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* 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).

The financial report is presented in Australian dollars, which is the functional currency of the Company.

D. Material accounting policies

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.

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.

I. Changes in accounting policies

The following new and amended Australian Accounting Standards and Interpretations are adopted by the Group for the current reporting period. These amendments do not have a material impact on the Group's financial statements.

Title	Description
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback
AASB 2022-6	Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

II. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements and estimates about the future that affect the application of material accounting policies and the reported amount of assets and liabilities, income and expense. 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.

The significant judgements made by the management in applying the material accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

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 half year ended 31 December 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.

To enhance the alignment of resources, activities, and capabilities of the IAG Group, the internal management reporting to the chief operating decision maker was modified during the current period. Consequently, the Direct Insurance Australia segment has been renamed Retail Insurance Australia, and the results of the Partners & Platform business are now included under the Retail Insurance Australia segment instead of the Intermediated Insurance Australia segment. Comparative information has been restated accordingly.

I. Retail Insurance Australia

This segment predominantly comprises 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. General insurance products are also distributed under third party brands by IAG's corporate partners, including financial institutions.

II. Intermediated Insurance Australia

This segment predominantly comprises 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.

III. New Zealand

This segment comprises 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.

B. Financial information

	Retail Insurance Australia $m	Intermediated Insurance Australia $m	New Zealand $m	Corporate and other $m	Total $m
31 December 2024					
Insurance revenue	**4,242**	**2,225**	**1,898**	**1**	**8,366**
Insurance service expense	**(3,353)**	**(1,553)**	**(1,203)**	**(2)**	**(6,111)**
Reinsurance held expense	**(646)**	**(284)**	**(329)**	**(1)**	**(1,260)**
Reinsurance held income	**196**	**(73)**	**(70)**	**1**	**54**
Insurance service result	**439**	**315**	**296**	**(1)**	**1,049**
Insurance finance expense	**(100)**	**(109)**	**(29)**	**-**	**(238)**
Reinsurance finance income	**52**	**48**	**19**	**-**	**119**
Investment income/(expense) on assets backing insurance liabilities, net of expenses	**111**	**91**	**25**	**-**	**227**
Insurance profit	**502**	**345**	**311**	**(1)**	**1,157**
Investment income/(expense) on shareholders' funds, net of expenses	**-**	**-**	**-**	**217**	**217**
Finance costs	**-**	**-**	**-**	**(92)**	**(92)**
Other net operating result	**(2)**	**(1)**	**-**	**(2)**	**(5)**
Profit/(loss) before income tax	**500**	**344**	**311**	**122**	**1,277**
Income tax expense					**(381)**
Profit/(loss) after income tax					**896**
Other segment information					
Capital expenditure[1]	**-**	**-**	**-**	**159**	**159**
Depreciation, amortisation and impairment expense	**55**	**29**	**9**	**-**	**93**

1 Capital expenditure includes acquisitions of property and equipment, intangibles and other non-current segment assets.

	Retail Insurance Australia (restated)[2] $m	Intermediated Insurance Australia (restated)[2] $m	New Zealand $m	Corporate and other $m	Total $m
31 December 2023					
Insurance revenue	3,769	2,072	1,709	2	7,552
Insurance service expense	(3,448)	(1,651)	(1,415)	(2)	(6,516)
Reinsurance held expense	(491)	(269)	(281)	(2)	(1,043)
Reinsurance held income	295	(9)	174	2	462
Insurance service result	125	143	187	-	455
Insurance finance expense	(97)	(133)	(39)	-	(269)
Reinsurance finance income	51	58	29	-	138
Investment income/(expense) on assets backing insurance liabilities, net of expenses	150	113	27	-	290
Insurance profit	229	181	204	-	614
Investment income/(expense) on shareholders' funds, net of expenses	-	-	-	147	147
Finance costs	-	-	-	(85)	(85)
Other net operating result	(3)	(3)	-	(16)	(22)
Profit/(loss) before income tax	226	178	204	46	654
Income tax expense					(201)
Profit/(loss) after income tax					453
Other segment information					
Capital expenditure[1]	-	-	-	155	155
Depreciation, amortisation and impairment expense	51	26	10	2	89

1 Capital expenditure includes acquisitions of property and equipment, intangibles and other non-current segment assets.
2 The results of the Partners & Platform business have now been included under the Retail Insurance Australia segment instead of the Intermediated Insurance Australia segment.

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.

Note 2.1 Insurance and reinsurance contracts

		31 December 2024			30 June 2024		
	Note	Premium allocation approach (PAA) $m	General measure-ment model $m	Total $m	Premium allocation approach (PAA) $m	General measure-ment model $m	Total $m
Insurance contract liabilities	2.1.2	**13,423**	**-**	**13,423**	13,919	-	13,919
Reinsurance contract assets	2.1.3	**(5,364)**	**(1,101)**	**(6,465)**	(5,762)	(611)	(6,373)
Net insurance contract liabilities/(assets)		**8,059**	**(1,101)**	**6,958**	8,157	(611)	7,546

2.1.1 Significant matters and changes during the period

A. Business interruption

The provision for business interruption claims associated with COVID-19 was $180 million at 31 December 2024 (30 June 2024: $380 million).

On 20 September 2024, the Federal Court delivered a judgment stating an intention to declass the representative proceeding filed against Insurance Australia Limited (IAL). On 5 December 2024, the Federal Court held a further case management hearing and subsequently made orders that:

- the proceeding no longer continues as a class action with effect from 26 March 2025;
- group members will be bound by certain rulings to reflect the findings of the Federal Court in the earlier business interruption test cases unless they "opt-out" of the class action by 24 March 2025; and
- a notice will be distributed and published on the Slater & Gordon and Federal Court websites to inform group members of the declassing, how they can "opt-out" of the class action by 24 March 2025 if they do not wish to be bound by the rulings made by the Federal Court, and how they can make a claim directly with IAL.

The representative applicant in the class action has not sought leave to appeal against these orders and the time period for seeking leave to appeal has now expired.

IAG has reviewed its business interruption provision in the context of the expiry of the appeal period. As a result, based on actuarial assessment, IAG has released $200 million of the liability since 30 June 2024. The remaining provision reflects the potential for further valid business interruption claims to emerge.

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 31 December 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 31 December 2024 is $449 million (30 June 2024: $454 million). The movement since 30 June 2024 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 $449 million (30 June 2024: $454 million) of reinsurance contracts held asset for incurred claims in respect of trade credit related claims.

C. Reinsurance arrangements

IAG has entered into a comprehensive five-year natural perils reinsurance agreement starting from July 2024 with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc and Canada Life Reinsurance, providing up to $680 million of additional protection annually, and up to $2.8 billion over the entire five-year period. This has been measured using the general measurement model (GMM) and is included within the reinsurance contract assets.

This reinsurance contract pertains to future coverage and incurs a net cost upon initial recognition, which is recorded as a Contractual Service Margin (CSM) within the reinsurance contract held asset. This CSM is subsequently released to profit or loss according to the expected pattern of release as the reinsurers provide services. This is further disclosed in Note 2.1.3.B.

2.1.2 Insurance contract assets and liabilities

A. Composition – reconciliation of insurance contracts issued that are liabilities

The table below analyses the movement in the liability for remaining coverage and liability for incurred claims.

	Liability for remaining coverage			Liability for incurred claims			
As at 31 December 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 liabilities at 1 July 2024	**1,998**	**20**	**2,018**	**10,534**	**1,367**	**11,901**	**13,919**
Changes in the statement of comprehensive income:							
Insurance revenue	**(8,366)**	**-**	**(8,366)**	**-**	**-**	**-**	**(8,366)**
Insurance service expense:							
Incurred claims and other expenses	**-**	**(19)**	**(19)**	**5,602**	**147**	**5,749**	**5,730**
Amortisation of insurance acquisition cash flows	**864**	**-**	**864**	**-**	**-**	**-**	**864**
Changes that relate to past service	**-**	**-**	**-**	**(135)**	**(388)**	**(523)**	**(523)**
Losses and reversal of losses on onerous contracts	**-**	**40**	**40**	**-**	**-**	**-**	**40**
Total insurance service expense	**864**	**21**	**885**	**5,467**	**(241)**	**5,226**	**6,111**
Insurance service result	**(7,502)**	**21**	**(7,481)**	**5,467**	**(241)**	**5,226**	**(2,255)**
Insurance finance (income)/expense	**-**	**4**	**4**	**207**	**27**	**234**	**238**
Effect of movement in exchange rates	**8**	**-**	**8**	**(18)**	**-**	**(18)**	**(10)**
Amounts recognised in profit or loss	**(7,494)**	**25**	**(7,469)**	**5,656**	**(214)**	**5,442**	**(2,027)**
Cash flows:							
Premiums received (including premium refunds)	**8,389**	**-**	**8,389**	**-**	**-**	**-**	**8,389**
Insurance acquisition cash flows	**(896)**	**-**	**(896)**	**-**	**-**	**-**	**(896)**
Claims and other expenses paid	**-**	**-**	**-**	**(5,962)**	**-**	**(5,962)**	**(5,962)**
Total cash flows	**7,493**	**-**	**7,493**	**(5,962)**	**-**	**(5,962)**	**1,531**
Closing insurance contract liabilities at 31 December 2024	**1,997**	**45**	**2,042**	**10,228**	**1,153**	**11,381**	**13,423**

As at 30 June 2024	Liability for remaining coverage Excluding loss component $m	 Loss component $m	 Total $m	Liability for incurred claims 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 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
Closing insurance contract liabilities at 30 June 2024	1,998	20	2,018	10,534	1,367	11,901	13,919

2.1.3 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 31 December 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 at 1 July 2024	**719**	**8**	**727**	**-**	**5,272**	**374**	**5,646**	**6,373**
Changes in the statement of comprehensive income:								
Reinsurance held expense	(1,260)	-	(1,260)	-	-	-	-	(1,260)
Amounts recoverable from reinsurers								
Recoveries of incurred claims including other insurance expenses	-	(7)	(7)	37	142	51	230	223
Changes that relate to past service	-	-	-	-	(56)	(135)	(191)	(191)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	22	22	-	-	-	-	22
Reinsurance cashflows not contingent on claims	(1,471)	-	(1,471)	37	1,434	-	1,471	-
Total reinsurance held income	(1,471)	15	(1,456)	74	1,520	(84)	1,510	54
Net reinsurance held income/(expense)	**(2,731)**	**15**	**(2,716)**	**74**	**1,520**	**(84)**	**1,510**	**(1,206)**
Reinsurance finance income/(expense)	16	-	16	-	93	10	103	119
Effects of movements in exchange rates	2	-	2	-	(7)	-	(7)	(5)
Amounts recognised in profit or loss	**(2,713)**	**15**	**(2,698)**	**74**	**1,606**	**(74)**	**1,606**	**(1,092)**
Cash flows:								
Reinsurance premiums paid net of any ceding commissions and including any other directly attributable reinsurance expenses paid	3,137	-	3,137	-	-	-	-	3,137
Recoveries from reinsurers	-	-	-	(37)	(1,916)	-	(1,953)	(1,953)
Total cash flows	**3,137**	**-**	**3,137**	**(37)**	**(1,916)**	**-**	**(1,953)**	**1,184**
Closing reinsurance contract held assets at 31 December 2024	**1,143**	**23**	**1,166**	**37**	**4,962**	**300**	**5,299**	**6,465**

	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 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
Closing reinsurance contract held assets at 30 June 2024	719	8	727	-	5,272	374	5,646	6,373

B. Analysis of contracts initially recognised during the period 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 period.

As at 31 December 2024	Contracts purchased $m	Contracts acquired $m	Total $m
Reinsurance contract held assets/(liabilities)			
Estimates of the present value of future cash inflows	1,016	-	1,016
Estimates of the present value of future cash outflows	(1,980)	-	(1,980)
Risk adjustment	190	-	190
CSM	774	-	774
Net cost of cover on reinsurance contract assets held	-	-	-

3. Interim disclosures

Section introduction

This section includes information that is required to be disclosed in accordance with the Australian Accounting Standard *AASB 134 Interim Financial Reporting*, Corporations Act and ASX Listing Rules, and which are relevant to understanding the changes in IAG's financial position and performance since the end of the last annual reporting period.

Note 3.1 Investments

The fair values were arrived at using consistent valuation processes, valuation techniques and the inputs which were used in the last audited annual financial statements.

The table below separates the total investment balance by hierarchy category:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
31 December 2024				
Interest-bearing investments	**3,097**	**7,615**	**711**	**11,423**
Growth investments	**897**	**32**	**265**	**1,194**
Other investments	**-**	**-**	**-**	**-**
	3,994	**7,647**	**976**	**12,617**
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

During the period, in addition to changes in fair value of $75 million, other movements in Level 3 investments include purchases of $74million (31 December 2023: $36 million) and sales of $16 million (31 December 2023: $78 million). There have been no significant transfers between Level 2 and Level 3 during the current and prior financial periods.

Note 3.2 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.

	31 December 2024 $m	31 December 2023 $m
A. Insurance finance income/(expense) recognised in profit or loss		
Discount unwind on claims liabilities	**(209)**	(214)
Market rate adjustments on claims liabilities	**(29)**	(55)
Total insurance finance expenses	**(238)**	(269)
B. Reinsurance finance income/(expense) recognised in profit or loss		
Discount unwind on claims recoveries	**110**	111
Market rate adjustments on claims recoveries	**9**	27
Total reinsurance finance income	**119**	138
Total finance expense	**(119)**	(131)
C. Investment income		
Net income/(expense) from financial instruments measured at fair value through profit or loss	**162**	173
Interest revenue	**282**	264
Total net investment income	**444**	437
Represented by:		
Investment income/(loss) on assets backing insurance liabilities	**236**	295
Investment expenses on assets backing insurance liabilities	**(9)**	(5)
Net investment income on assets backing insurance liabilities	**227**	290

	31 December 2024 $m	31 December 2023 $m
Investment income/(loss) on shareholders' funds	**227**	155
Investment expenses on shareholders' funds	**(10)**	(8)
Net investment income/(loss) on shareholders' funds	**217**	147
Total net investment income	**444**	437

Note 3.3 Interest-bearing liabilities

			31 December 2024		30 June 2024	
Final maturity date	Issue date	Principal amount	**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	**350**	**362**	350	354
No fixed date	22 Dec 2022	$500 million	**500**	**526**	500	517
			850	**888**	850	871
Tier 2 regulatory capital						
AUD subordinated term notes						
15 December 2038	8 Nov 2023	$400 million	**400**	**412**	400	411
15 December 2036	24 Aug 2020	$450 million	**450**	**458**	450	458
15 June 2045	28 Mar 2019	$450 million	**450**	**453**	450	453
			1,300	**1,323**	1,300	1,322
NZD subordinate term notes[1]						
15 June 2038	5 Apr 2022	NZ$400 million	**362**	**357**	365	344
II. Operational nature						
Other interest-bearing liabilities			**1**	**1**	1	1
Less: capitalised transaction costs			**(16)**		(17)	
Total interest-bearing liability			**2,497**	**2,569**	2,499	2,538

1 At the reporting date, the Company recognised accrued interest of $1 million (30 June 2024: $1 million) which is presented within trade and other payables.

Note 3.4 Equity

	31 December 2024 Number of shares in millions	30 June 2024 Number of shares in millions	31 December 2024 $m	30 June 2024 $m
A. Share capital				
Ordinary shares				
Balance at the beginning of the financial period	**2,370**	2,441	**6,836**	7,264
On-market share buy-back, including transaction costs	**(5)**	(71)	**(37)**	(428)
Balance at the end of the financial period	**2,365**	2,370	**6,799**	6,836

B. Changes during the period

On-Market share buy-back

On 21 August 2024, IAG announced an additional on-market share buy-back of up to $350 million. During the current financial period, the Company has acquired on-market 5 million shares for a consideration of $37 million (including transaction costs) at an average price per share of $7.46.

Note 3.5 Earnings per share

	31 December 2024 cents	31 December 2023 cents
A. Reporting period values		
Basic earnings per ordinary share[1]	**32.88**	16.77
Diluted earnings per ordinary share[2]	**31.31**	16.21

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.

	31 December 2024 $m	31 December 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	**778**	407
Finance costs of dilutive convertible securities, net of tax	**57**	50
Profit attributable to shareholders of the Parent which is used in calculating diluted earnings per share	**835**	457

	31 December 2024 **Number of shares in millions**	31 December 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	**2,366**	2,427
Weighted average number of dilutive potential ordinary shares relating to:		
Convertible securities	**299**	391
Unvested share-based remuneration rights supported by treasury shares held in trust	**2**	2
	2,667	2,820

Note 3.6 Dividends

	31 December 2024		31 December 2023	
	Cents per share	**$m**	Cents per share	$m
A. Ordinary shares				
2024 50% franked final dividend paid on 26 September 2024 (31 December 2023: 2023 30% franked final dividend)	**17.0**	**403**	9.0	220
B. Dividend not recognised at reporting date				
2025 60% franked interim dividend to be paid on 7 March 2025 (31 December 2023: 2024 40% franked interim dividend)	**12.0**	**284**	10.0	240

C. 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 at www.iag.com.au in the shareholder centre section.

The DRP for the 2024 final dividend paid on 26 September 2024 was settled with the on-market purchase of 8.2 million shares priced at $7.7483 per share (based on a daily VWAP for 13-day trading window from 3 September 2024 to 19 September 2024 inclusive, with no discount applied).

Note 3.7 Derivatives

Reporting date positions

	31 December 2024			30 June 2024		
	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	**4,011**	**1**	**(17)**	4,447	-	(21)
Share price index futures	**5**	**-**	**-**	10	-	-
Forward foreign exchange contracts	**5,205**	**-**	**(123)**	4,433	21	(5)

Note 3.8 Contingencies

As at 31 December 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.
- On 10 December 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 subsidiary IAL. This class action follows the class action proceedings noted above and relates to loyalty offers for NRMA Insurance home, contents and home and contents insurance policies. IAL is 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 3.9 Acquisition subject to regulatory approval

On 28 November 2024, IAG and RACQ entered into a 25-year exclusive strategic alliance to provide RACQ general insurance products and services for RACQ members and Queenslanders for a consideration of $855 million (subject to completion adjustments). The consideration (which comprises net tangible asset value and entry into a 25-year distribution agreement) will be funded from surplus capital. Under the strategic alliance, IAG will acquire 90% of RACQ's existing insurance underwriting business (by way of the acquisition of 90% of the shares in RACQ Insurance), with the option to acquire the remaining 10% in two years on consistent terms. The transaction is subject to regulatory approval and other conditions, and is expected to complete in the third quarter of calendar year 2025.

Note 3.10 Events subsequent to reporting date

As the following event occurred after reporting date and did not relate to conditions existing at reporting date, no account has been taken of it in the financial statements for the current reporting period ended 31 December 2024.

- On 13 February 2025, the Board determined to pay a 60% franked interim dividend of 12.0 cents per share. The dividend will be paid on 7 March 2025. The dividend reinvestment plan will operate by acquiring shares on-market for participants with no discount applied.

Further, we have considered the changes in circumstances with respect to the business interruption provision in the subsequent period as disclosed in Note 2.1.1 above.

Directors' declaration

In the opinion of the Directors of Insurance Australia Group Limited:

- the consolidated financial statements and Notes 1 to 3.10 are in accordance with the *Corporations Act 2001* including:
  - giving a true and fair view of the financial position of the Group as at 31 December 2024 and of its performance for the half year ended on that date; and
  - complying with Australian Accounting Standard and the *Corporations Regulations 2001*; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 13th day of February 2025 in accordance with a resolution of the Directors.

Nick Hawkins
Director

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 in IAG's FY24 Annual Report, which is available at www.iag.com.au.

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.

Independent Auditor's Review Report

Independent Auditor's Review Report

To the shareholders of Insurance Australia Group Limited

Conclusion

We have reviewed the accompanying half year financial report of Insurance Australia Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Insurance Australia Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The half year financial report comprises the:

- Consolidated balance sheet as at 31 December 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flow for the half year ended on that date;
- Notes 1 to 3.10 including selected explanatory notes; and
- The Directors' Declaration.

The Group comprises Insurance Australia Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the half year financial report

The Directors of the Company are responsible for:

- the preparation of the half year financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2024 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Brendan Twining
Partner
Sydney
13 February 2025

Andrew Reeves
Partner