



On-market share buy-back following conclusion of second Business Interruption test case

IAG today announced that it will undertake an on-market share buy-back of up to \$350 million, funded by a reduction in its Business Interruption (BI) provision. The company has reduced its net BI provision from \$975 million to \$615 million, after the High Court on Friday 14 October denied special leave to appeal the decision of the Full Court of the Federal Court of Australia in the second test case in February 2022.

Subject to market conditions, IAG intends to buy back up to \$350 million of its ordinary shares on-market from early November 2022.

In previous statements to the market, IAG foreshadowed that it would refine its BI provision as the legal position becomes more certain. The revised BI provision is based on IAG's actuarial modelling and includes a significant risk margin. As further information becomes available, IAG will review the provision and make adjustments accordingly. This may occur in phases over a period of time.

IAG will continue to provide updates in relation to the second test case to customers who have lodged BI claims. The company will also contact customers who held policies with applicable BI cover to advise of the final outcome and how to lodge a claim.

Capital impact

On a pro-forma basis, taking into account the reduction in the BI provision, the \$350 million buy-back, payment of the final FY22 dividend and completion of sale of the Malaysian business, the 30 June 2022 CET1 ratio would be 0.99, comfortably within the target range of 0.9 to 1.1 times the Prescribed Capital Amount.

The timing and actual number of shares purchased under the buy-back will depend on market conditions, the prevailing share price and other considerations.

This release has been authorised by the Board of Insurance Australia Group Limited.

About IAG

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

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