

IAG 1H26 Results

12 February 2026

“Today’s result shows the strength of our business, reflecting the work we’ve done to deliver a more stable earnings profile and maintain a strong underlying margin. It demonstrates our ability to absorb the severe seasonal weather we experienced over the half, as we put our purpose into action for our customers.”

IAG Managing Director and CEO Nick Hawkins

Financial highlights

Net profit after tax (NPAT)

\$505m

↓ 35.1% (1H25: \$778m)

Underlying insurance profit

\$804m

↑ 7.6% (1H25: \$747m)

Reported insurance margin guidance maintained

14–16%

Gross written premium (GWP)

\$8,929m

↑ 6.0% (1H25: \$8,426m)

Net earned premium

\$5,348m

↑ 8.5% (1H25: \$4,930m)

Interim dividend and share buy-back

12.0cps

(1H25: 12.0cps)

up to **\$200m**

on marketshare buyback

Delivering for our customers

Claims paid

~\$6.0bn

Policy renewal¹

~90%

Customer experience²

+52 Australia (FY25: +45)

+57 New Zealand (FY25: +54)

Delivering positive financial outcomes

- Positive underlying earnings growth with underlying insurance profit up 7.6% despite RACQ Insurance (RACQI) \$174m perils-related impact, prior to its 1 Jan integration into IAG’s reinsurance program
- Maintained reported margin guidance of 14% to 16%
- Confident of sustainable delivery of 15% return on equity on a ‘through the cycle’ basis
- Announced up to \$200m on-market share buyback reflecting IAG’s strong capital position

Supporting our customers

- Paid over \$6bn in claims, helping customers recover from severe storms and unexpected loss
- Supported more than 12,000 vulnerable customers, including those experiencing financial hardship
- Established the NRMA Insurance Help Fund, a multimillion-dollar initiative to support climate resilience
- Invested over \$4m in community programs, including initiatives that build resilience and preparedness
- Improved customer support framework using AI, data and satellite technology

Growing to serve and protect more communities

- Completed acquisition of 90% of the shares in RACQI³, expanding reach of retail insurance products to 1.7m members
- Commenced Australia first research study to better understand driver interaction with Advanced Driver Assistance Systems technology to help reduce road incidents
- Released *Severe Weather in a Changing Climate* report highlighting increased severity, frequency and reach of extreme weather
- Partnered with Hailoway, specialist in metal roof replacement, helping accelerate hail repairs

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Results overview

IAG today announced its first-half results for FY26, reporting a net profit after tax of \$505m (1H25: \$778m). The result includes a one-off RACQI impact of \$174m from severe seasonal weather immediately following the acquisition, and before the business was integrated into IAG's comprehensive reinsurance program in January 2026. The prior corresponding period benefited from \$250m favourable perils experience and a \$200m BI provision release.

The company declared an interim dividend of 12.0cps and announced an on-market share buyback of up to \$200m, reflecting its strong capital position.

The underlying insurance profit was \$804m (1H25: \$747m), equating to an underlying insurance margin of 15.1%, in line with the prior corresponding period. This reflects an improvement in the underlying claims ratio and expense ratio, partially offset by a lower investment yield on technical reserves.

The reported insurance profit of \$724m (1H25: \$957m) equated to a reported insurance margin of 13.5% (1H25: 19.4%). It included the RACQI perils costs and a \$66m release of prior year reserves.

Excluding the one-off RACQI perils impact, the underlying insurance margin was 16.3% (1H25: 15.1%) and the reported insurance margin was 17.7%.

Reported GWP grew 6% including four months' contribution from RACQI, with retail businesses in Australia and New Zealand delivering around 4% underlying growth and strong margins.

The Australian intermediated business delivered solid underlying growth of 3.5%, supported by the WFI Insurance rural portfolio. There were challenging market conditions and currency headwinds for the company's commercial business in New Zealand, which maintained its underwriting discipline.

Financial and business strength

Commenting on the company's performance, IAG Managing Director and CEO Nick Hawkins said the result demonstrates the strength of the business.

"Today's results show the work we've done to deliver a more stable earnings profile, maintain a strong underlying margin, and ensure Australia and New Zealand are well protected through our comprehensive reinsurance program which now includes RACQI.

"Our reinsurance arrangements are a core component of our capital platform, reducing earnings volatility for customers and shareholders. These arrangements sit alongside an efficient capital structure that supports our businesses and enables us to fund future growth.

"At the same time, we've continued our technology transformation. We've accelerated delivery of the Commercial Enterprise Platform in our Intermediated business, improving how we underwrite and distribute insurance, and we have now migrated over six million policies onto our Retail Enterprise Platform."

Strategic momentum

Mr Hawkins said IAG's business model and strategic investments are building momentum.

"A key achievement was the completion of the RACQI acquisition on 1 September, commencing a valuable long-term alliance.

"Integration of the RACQI portfolio is underway and its members are benefiting from our financial stability, technology and global reinsurance arrangements.

"Between 1 September and 31 December, Queensland was impacted by 17 separate weather events, with a gross cost to RACQI of more than \$800m. The net perils allowance for the period was \$72m.

"From 1 January, RACQI was fully integrated into IAG's global reinsurance arrangements, strengthening our resilience against future extreme weather and delivering the transaction's targeted reinsurance cost synergies."

Mr Hawkins said IAG is committed to forming a strategic alliance with the Royal Automobile Club of Western Australia (RAC)⁴.

"The partnership will preserve the much-loved, local RAC brand and WA-based services. We will continue to invest in the RAC member experience and deliver high-quality, competitive insurance products for Western Australians," he said.

IAG is preparing to lodge an application for assessment under the ACCC's new mandatory merger regime which took effect on 1 January 2026.

Delivering for our customers

Mr Hawkins said operational improvements are delivering better outcomes for customers as they prepare for and recover from adversity.

"Various major hailstorms and severe weather events in October and November across south-east Queensland and northern NSW resulted in significant claims for insurers, including more than 35,000 for IAG as customers were supported through adversity.

"The severe weather was an opportunity to demonstrate the strength of IAG's customer support. Our response was faster and even more targeted as a result of our new, proprietary Situation Awareness Map, powered by AI, data, and satellite technology.

"Our 24/7 Major Event Response team monitored conditions, deploying claims teams and assessors, and proactively contacting customers in areas likely to be affected, to help keep them and their communities safe.

"Pop-up claims centres and Starlink terminals are now standard practice, enabling fast, effective support and claims lodgement during prolonged power outages.

"More broadly, we supported more than 12,000 vulnerable customers and invested over \$4m in programs that promote community resilience and preparedness.

"In November, we established the NRMA Insurance Help Fund, a multimillion dollar initiative supporting climate resilience in Australia. In New Zealand, AMI partnered with Road Safety Education to deliver its RYDA program, equipping school students with the knowledge and skills to make safe choices as drivers and passengers," Mr Hawkins said.

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Shareholder returns

Interim dividend

The IAG Board has declared an interim dividend of 12.0cps, franked to 25% (1H25: 12.0cps, franked to 60%).

The interim dividend equates to a payout ratio of 56% of 1H26 NPAT (1H25: 45% of 1H25 NPAT). IAG's dividend policy is to pay 60% - 80% of NPAT on a full year basis.

The interim dividend is payable on 13 March 2026 to shareholders registered as at 5:00pm Australian Eastern Daylight Time (AEDT) on 18 February 2026.

In addition, IAG is conducting a share buyback of up to \$200m.

Capital position

Under Australian Prudential Regulation Authority's (APRA) Prudential Standards, IAG's Common Equity Tier 1 (CET1) capital was \$3,417m (FY25: \$3,939m) and total regulatory capital was \$6,312m (FY25: \$6,510m) at 31 December 2025.

IAG has set the following related target benchmarks:

- a CET1 target range of 0.9 to 1.1 times the Prescribed Capital Amount (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 2025, IAG had a CET1 multiple of 1.18 (FY25: 1.47) and a PCA multiple of 2.18 (FY25: 2.43), both above the target benchmarks.

FY26 guidance and outlook

IAG expects 'high single-digit' GWP growth in FY26 (previously 'approximately 10%') with double-digit growth in the second half reflecting:

- retail growth in Australia and New Zealand above the 4% underlying 1H26 levels;
- the addition of the RACQI portfolio;
- continued discipline in soft commercial markets; and
- a weaker New Zealand currency.

IAG maintains its FY26 insurance profit guidance range of \$1,550m to \$1,750m which aligns to its targets to deliver a 15% reported insurance margin and a reported ROE of 15% on a 'through the cycle' basis.

Despite absorbing the one-off RACQI impact in 1H26, IAG expects its FY26 reported insurance profit to be around the bottom end of the reported profit range. This assumes FY26 net natural peril costs of \$1,617m and corresponds with a reported insurance margin range of 14% to 16%.

"Maintaining our reported profit and margin ranges reflects the strength and resilience of our businesses, and further demonstrates our momentum," Mr Hawkins said.

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 FY26 guidance. Refer to the forward-looking statements and other representations disclaimer on page 5 of this document.

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IAG financial performance

Group results	1H25 A\$m	2H25 A\$m	FY25 A\$m	1H26 A\$m	1H26 vs 1H25 Mvt
Gross written premium	8,426	8,680	17,106	8,929	+6.0%
Gross earned premium	8,366	8,408	16,774	9,063	
Reinsurance expense	(3,436)	(3,354)	(6,790)	(3,715)	
Net earned premium	4,930	5,054	9,984	5,348	
Net claims expense	(3,039)	(3,287)	(6,326)	(3,506)	
Commission expense	(453)	(456)	(909)	(477)	
Administration expense	(708)	(762)	(1,470)	(731)	
Underwriting profit	730	549	1,279	634	
Investment income on technical reserves	227	237	464	90	
Insurance profit	957	786	1,743	724	(24.3%)
Net corporate expense	200	70	270	-	
Interest	(92)	(100)	(192)	(90)	
Profit/(loss) from fee-based business	(3)	(5)	(8)	(3)	
Investment income on shareholders funds	217	186	403	186	
Profit before income tax and amortisation	1,279	937	2,216	817	(36.1%)
Income tax expense	(381)	(297)	(678)	(252)	
Profit after income tax (before amortisation)	898	640	1,538	565	
Non-controlling interests	(118)	(58)	(176)	(58)	
Profit after income tax and non-controlling interests (before amortisation)	780	582	1,362	507	
Amortisation and impairment	(2)	(1)	(3)	(2)	
Profit/(loss) attributable to IAG shareholders	778	581	1,359	505	(35.1%)

Insurance margin	1H25		1H26	
	A\$m	%	A\$m	%
Reported insurance profit/margin	957	19.4%	724	13.5%
Reserve releases/(strengthening)	3	0.1%	66	1.2%
Net natural peril claim costs relative to allowance	215	4.4%	(152)	(2.9%)
Credit spread movements	(8)	(0.2%)	6	0.1%
Underlying insurance profit/margin	747	15.1%	804	15.1%

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Important information

This announcement contains general information in summary form and should be read in conjunction with IAG's other announcements filed with the Australian Securities Exchange available at: www.asx.com.au.

This announcement contains forward-looking statements, opinions and estimates, including statements regarding IAG's strategy, guidance, targets, goals, ambitions and expectations regarding results. 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. IAG assumes no obligation to update those statements (except as required by law).

To the maximum extent permitted by law, IAG makes no representation, assurance or guarantee in connection with, and disclaims all responsibility for the accuracy, completeness or

likelihood of fulfilment of any forward-looking statement or other representation, any outcome expressed or implied in any forward-looking statement or other representation, and any assumptions on which a forward-looking statement or other representation is based.

Members of IAG's management may also make forward-looking statements in connection with this announcement, whether spoken or written. These statements carry the same qualifications, limitations and assumptions as those included in this announcement. IAG's full disclaimer in relation to forward looking statements and other representations can be found on page 180 of its annual report.

Forward-looking statements on environmental, social and governance matters – including climate change, climate, disaster resilience and other sustainability topics – are subject to known and unknown risks. They rely on evolving data, models and assumptions and may prove inaccurate. Actual results may differ materially.

1. In Australia, direct renewal rates are ~90% motor and ~95% for home; and mid 90s across Motor and Home in NZ.
2. Customer Experience is measured by transactional net promoter score (tNPS) and correlates to complaints, attrition and GWP.
3. IAG acquired 90% of the shares in RACQ Insurance on 1 September 2025, with an option to acquire the remaining 10% in two years on consistent terms.
4. The acquisition of RAC Insurance Pty Limited is subject to satisfaction of all requirements and conditions, including regulatory approvals and completion of the transaction.

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