



## IAG announces subordinated debt issue

Insurance Australia Group Limited (IAG) today announced it will offer a new A\$ subordinated debt issue to wholesale investors which is expected to price on or before 18 August 2020, subject to market conditions.

IAG is seeking to raise a minimum of A\$300 million of subordinated debt which is expected to qualify as Tier 2 Capital under the Australia Prudential Regulation Authority's (APRA) capital adequacy framework. The proposed issue includes the following terms:

- a legal maturity in December 2036 (year 16) subject to non-viability conversion and rights of redemption as outlined below;
- IAG has an option to redeem the securities at face value on 15 December 2026 (year 6) and quarterly on payment dates thereafter, as well as at any time for certain tax and regulatory events (in each case subject to APRA's prior written approval). Wholesale investors should not expect that APRA's approval will be given for any early redemption;
- if APRA determines IAG to be non-viable, the securities will convert into a number of IAG Ordinary Shares calculated by reference to a volume-weighted average price prior to conversion or, if conversion does not occur when required, the securities will be written off;
- if not redeemed or converted or written-off beforehand, on a winding up of IAG the securities will be subordinated to senior creditors;
- the securities will pay a floating rate of interest (deferrable at IAG's option in certain circumstances), with the margin to be determined by a bookbuild process; and
- the securities will have a notional face value of \$10,000 per note, with a minimum subscription amount of \$500,000 or otherwise issued in a manner which does not require disclosure in accordance with Part 6D.2 or Part 7 of the Corporations Act.

In its FY20 Investor Report released on 7 August 2020, IAG noted it may seek to issue a new Tier 2 subordinated instrument in FY21 to provide additional liquidity.

No shareholder approval is needed for the issue, and no offer is being made under this announcement. There are risks associated with an investment in the securities and wholesale investors should consider the content of the Information Memorandum in its entirety, including the terms and conditions, before making any investment decision.

On request until the Issue Date, IAG will provide a copy of:

- IAG's latest annual financial report and full year results announcement released to ASX on 7 August 2020; and
- any continuous disclosure notices given by IAG to ASX since 7 August 2020 and before the date of this notice.

These documents are also available from IAG's website at: <https://www.iag.com.au/results-and-reports>.

This release has been authorised by IAG's Disclosure Committee.

## About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia and New Zealand. The Group's businesses underwrite over \$12 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). IAG also has an interest in a general insurance joint venture in Malaysia. For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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