



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 Thursday, 21 March 2019, subject to market conditions.

IAG is seeking to raise a minimum of \$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 June 2045 (year 26) subject to rights of conversion or redemption as outlined below;
- IAG has an option to redeem the securities at face value on payment dates between June 2025 and June 2026 (years 6 and 7) and 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 not redeemed, converted or written-off beforehand, the securities may be converted into IAG fully paid ordinary shares (IAG Ordinary Shares) at the option of holders on certain dates from June 2028 (year 9);
- 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, 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.

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.

Upon request until the Issue Date, IAG will provide, free of charge, a copy of:

- IAG's latest annual financial report and full year results announcement released to ASX on 15 August 2018;
- IAG's latest half year financial report and half year results announcement released to ASX on 6 February 2019; and
- any continuous disclosure notices given by IAG to ASX since 15 August 2018 and before the date of this notice.

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

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 almost \$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 interests in general insurance joint ventures in Malaysia and India. For more information, please visit www.iag.com.au.

Media

Claire Morgan
Mobile. +61 (0)411 012 531
Email. claire.morgan@iag.com.au

Investor Relations

Simon Phibbs
Telephone. +61 (0)2 9292 8796
Mobile. +61 (0)411 011 899
Email. simon.phibbs@iag.com.au

Insurance Australia Group Limited

ABN 60 090 739 923
Level 13 Tower Two Darling Park
201 Sussex Street Sydney NSW 2000 Australia
Telephone. +61 (0)2 9292 9222
www.iag.com.au