
IAG to redeem Tier 2 debt issues

IAG is giving notice today to holders of two of its Tier 2 subordinated debt instruments that it will proceed with redemption of the instruments at forthcoming issuer call dates in December 2016.

The redemptions are part of IAG's ongoing program to refinance aspects of its debt and hybrid capital. After the respective issuer call dates, both instruments would cease to contribute to IAG's regulatory capital position under the Australian Prudential Regulation Authority's (APRA) transitional capital eligibility criteria applicable to pre-2013 issues.

The two instruments being redeemed are:

- £100 million of subordinated term notes with a fixed interest rate of 5.625% per annum, callable on 21 December 2016; and
- NZ\$187 million of subordinated bonds with a fixed interest rate of 7.5% per annum, callable on 15 December 2016.

On a 30 June 2016 pro forma basis, redemption of the two issues (amounting to approximately \$357 million at that date) would result in IAG's Prescribed Capital Amount (PCA) multiple reducing by approximately 4 basis points. IAG's PCA multiple at 30 June 2016 was 1.72.

In June 2016, IAG completed a NZ\$350 million convertible term note issue which, after allowance for a reinvestment offer applicable to the NZ\$ subordinated bonds, raised a net amount of NZ\$212 million.

About IAG

IAG is the parent company of a general insurance group with controlled operations in Australia, New Zealand, Thailand, Vietnam and Indonesia, employing more than 15,000 people. Its businesses underwrite over \$11 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); NZI, State, AMI and Lumley Insurance (New Zealand); Safety and NZI (Thailand); AAA Assurance (Vietnam); and Asuransi Parolamas (Indonesia). IAG also has interests in general insurance joint ventures in Malaysia and India. For further information please visit www.iag.com.au.

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