

Target Market Determination

for IAG Capital Notes 2

About this document

This Target Market Determination (TMD) applies to IAG Capital Notes 2 (Capital Notes 2). It seeks to offer potential investors and distributors an understanding of the class of investors for which this product has been designed, considering the likely needs, objectives and financial situation of investors in the target market.

This document relates to retail investors and does not regulate dealings with wholesale investors.

This document is not intended to provide financial advice, a recommendation or opinion that any person acquire Capital Notes 2 or is within the target market for the product. It does not summarise the terms or risks of the product and is not an offer of, or invitation to apply for, the product to any person in Australia or elsewhere. This document is not a substitute for the IAG Capital Notes 2 Prospectus dated 21 November 2022 (including any replacement or supplementary prospectus) (Prospectus).

Before deciding whether to invest in Capital Notes 2, investors should read the Prospectus in full. Retail investors must obtain personal advice from a qualified financial adviser which takes into account their particular investment objectives, financial situation and needs. Capital Notes 2 are complex, involve increased risks compared to other less risky and less complex bank investments and may not be suitable for all investors.

1. Issuer

Insurance Australia Group Limited (ABN 60 090 739 923) (IAG).

2. Date from which this Target Market Determination is effective

21 November 2022

This Target Market Determination is effective from the date shown above. For historical versions of this document, please refer to our website at www.iag.com.au/tmd.

3. Target market

Capital Notes 2 have been designed for investors who:

- are seeking to acquire an investment product to generate income;
- are able to bear the risks associated with an investment in Capital Notes 2 (in particular, the lack of certainty as to payment of distributions and the potential loss of some or all of the capital investment in Capital Notes 2);
- do not require certainty as to repayment of their capital invested within a specific timeframe; and
- seek the ability to dispose of Capital Notes 2 by sale on a licensed securities exchange at the price available on the exchange.

3.1 Needs, objectives and financial situation

The table below identifies the key attributes of Capital Notes 2 that are likely to be suitable for investors with the likely needs, objectives and financial situation of investors in the target market.

Needs, objectives and financial situation	Key Attributes that make Capital Notes 2 appropriate for the target market
Investment objectives	
Investors who are seeking to acquire an investment product to generate income.	Capital Notes 2 are scheduled to pay cash distributions quarterly. The rate of distributions and the conditions to payment are specified in the Prospectus.
Risk profile and ability to bear loss	
Investors who are able to bear the risks associated with an investment in Capital Notes 2 (in particular, the lack of certainty as to payment of distributions and the potential loss of some or all of the capital investment in Capital Notes 2).	Capital Notes 2 are subject to risks as summarised in the Prospectus. In particular: <ul style="list-style-type: none"> • payment of scheduled distributions on Capital Notes 2 is not guaranteed – distributions are subject to IAG’s absolute discretion and APRA’s required payment conditions; and • IAG does not guarantee the return of capital on Capital Notes 2 – an investor may lose some or all of the capital invested in Capital Notes 2 (including where, as described in the Prospectus, Capital Notes 2 are exchanged for ordinary shares in IAG or written off).
Investment timeframe	
Investors who do not require certainty as to repayment of their capital invested within a specific timeframe.	<ul style="list-style-type: none"> • Capital Notes 2 are a perpetual, subordinated debt obligation of IAG exchangeable for ordinary shares and subject to write off. • Capital Notes 2 do not have any fixed maturity date and could remain on issue indefinitely if they are not exchanged for ordinary shares or redeemed.
Liquidity needs	
Investors who seek the ability to dispose of Capital Notes 2 by sale on a licensed securities exchange at the price available on the exchange.	<ul style="list-style-type: none"> • Capital Notes 2 will be listed on the ASX. • However, there may not be a liquid market for Capital Notes 2, and investors who wish to dispose of the Capital Notes 2 may not be able to do so at an acceptable price, or at all.

3.2 Negative target market statement

Negative target market statement.	Capital Notes 2 are not designed for, and are not suitable for, an investor who: <ul style="list-style-type: none"> • is seeking capital growth; • requires certainty of return of investment within a specific timeframe; • requires certainty of returns and repayment; or • cannot afford to lose some or all of the investment.
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4. How this product can be distributed and distribution conditions

The following distribution conditions apply:

- Capital Notes 2 can only be distributed through “Syndicate Brokers” (as described in the Prospectus), who have been engaged having regard to their credentials and standing in the market for securities of this kind.
- Capital Notes 2 can only be issued to an investor who is a “Retail Investor” (as described in the Prospectus) if:
 - a Syndicate Broker reasonably believes that the investor has received personal advice from a qualified financial adviser in relation to the acquisition of Capital Notes 2; and
 - the investor applies for Capital Notes 2 via a Syndicate Broker during the “Offer Period” (as described in the Prospectus).

IAG considers that:

- providing that Capital Notes 2 are only issued to a Retail Investor if the investor applies through a Syndicate Broker;
- using Syndicate Brokers who are well-credentialed and in good standing to distribute Capital Notes 2; and
- requiring that Syndicate Brokers have formed a reasonable belief that Retail Investors have received personal advice from a qualified financial adviser in relation to the acquisition of Capital Notes 2,

will make it likely that Capital Notes 2 are issued to investors in the target market and that the Capital Notes 2 are suitable for investors in that market.

5. Reviewing this Target Market Determination

We will review this Target Market Determination in accordance with the below.

Initial review	The last day of the period of 5 calendar days commencing on the first day of the Offer Period.
Subsequent review	The date falling 2 business days prior to the Issue Date.
Review triggers or events	<p>Any event or circumstances arise that would suggest the TMD is no longer appropriate. This may include (but not limited to):</p> <ul style="list-style-type: none"> • a material change to the design or distribution of the product; • a material, unexpected increase or change in complaints received about the product; • a change in law or other regulatory environment (including a change in relevant industry code, an AFCA determination or a court decision, or ASIC, APRA or other regulatory guidance) materially affecting the product; • the issue of a regulatory order or direction (including the use by ASIC of its Product Intervention Powers) that expressly states or directly implies that this TMD is no longer appropriate; and • any other event occurs or information is received (for example, a significant dealing in the product) that reasonably suggests the TMD is no longer appropriate.

Where a review trigger has been identified, this Target Market Determination will be reviewed within 2 business days of IAG becoming aware of the event or circumstance.

6. Reporting and monitoring this Target Market Determination

Distributors of Capital Notes 2 (including Syndicate Brokers and other regulated persons) are required to report to IAG on the following information in relation to this TMD:

Reporting Time	By 7:00pm (AEDT) on the last day of the relevant reporting period.
Reporting Periods	<ul style="list-style-type: none"> • Reporting Period 1: The period commencing on the date of lodgment of the initial prospectus with ASIC and concluding 5:00pm (AEDT) on the business day prior to the Initial Review date (specified above); and • Reporting Period 2: the period commencing immediately after the conclusion of Reporting Period 1 and concluding at 5:00pm (AEDT) on the last day of the Offer Period.
Reporting Method	Via email to IAGTreasury2@iagam.com.au
Required Detail for Complaints	<ul style="list-style-type: none"> • Details of any complaints received during the reporting period to the extent the information is not subject to legal professional privilege or confidentiality obligations and is permitted to be disclosed under the Privacy Act 1988 (Cth) and other applicable laws. • If any complaints have been received during the reporting period, this detail will include the substance of the complaint, including the circumstances giving rise to, and the nature of, the complaint and the outcome of the complaint.
Required Detail for Significant Dealings	<ul style="list-style-type: none"> • The date on which or the date range over which the dealing occurred; • a description of the dealing; • an explanation as to why the dealing is considered significant; • an explanation as to why the dealing is considered to be inconsistent with the TMD (e.g., where an allocation of Capital Notes 2 to a Retail Investor would be contrary to the distribution conditions); • how the dealing was identified (e.g., through complaints); and • detail of any steps that have been taken or will be taken in relation to the dealing.