

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

QBE Insurance Group Limited

ABN

28 008 485 014

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | USD Tier 2 subordinated fixed rate notes due 2043 ( <b>Subordinated Notes</b> )   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | The aggregate principal amount of the Subordinated Notes is US \$399,954,000 and the maximum number of securities is 1,999. |

+ See chapter 19 for defined terms.

<p>3 Principal terms of the <sup>+</sup>securities (e.g. if options, exercise price and expiry date; if partly paid <sup>+</sup>securities, the amount outstanding and due dates for payment; if <sup>+</sup>convertible securities, the conversion price and dates for conversion)</p>	<p>The Subordinated Notes will constitute direct, subordinated and unsecured obligations of the Issuer, issued in registered form.</p> <p>The main features of the Subordinated Notes include:</p> <ul style="list-style-type: none"> <li>• A term of 27 years (maturing on 24 November 2043);</li> <li>• Subordinated Notes will bear interest at a fixed rate of 7.50% for the first interest period, which will be reset for subsequent interest periods at a 10-year U.S. dollar swap rate plus a margin of 6.03%;</li> <li>• Interest is payable semi-annually in arrears;</li> <li>• QBE has the option to defer payment of interest in certain circumstances (which will not constitute an event of default);</li> <li>• QBE has an option to redeem the Subordinated Notes at their face value on 24 November 2023 and 24 November 2033 and at any time for certain tax and regulatory events (in each case, subject to the prior written approval of the Australian Prudential Regulation Authority (APRA));</li> <li>• If APRA determines QBE to be non-viable, all the Subordinated Notes (or in certain circumstances some of them) will be converted into ordinary shares, unless prevented by law or governmental authority or if conversion does not occur for any other reason within a specified time period, in which case they will be written off.</li> <li>• The number of QBE ordinary shares issued on conversion will be based on a volume-weighted average price (VWAP) converted from AUD to USD over a certain period around the time APRA determines QBE to be non-viable, less a discount of 1%. The number of QBE ordinary shares issued on conversion will be capped at a maximum of 20% of the VWAP of the QBE ordinary shares at the issue date.</li> <li>• On a winding-up of QBE (with certain exceptions) all Subordinated Notes are repayable subject to the prior repayment of all Senior Ranking Debt as described below.</li> </ul>
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<sup>+</sup> See chapter 19 for defined terms.

4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?

If the additional <sup>+</sup>securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

No. Prior to conversion, Subordinated Notes carry no right to participate in dividends payable in respect of other securities of QBE.

The Subordinated Notes constitute direct and unsecured, subordinated obligations of the QBE, ranking in a winding-up of QBE:

- Ahead of the obligations of QBE in respect of instruments of QBE issued as Tier 1 Capital (as defined by APRA from time to time) (whether or not constituting Tier 1 Capital at the issue date or commencement of the winding-up of QBE) and any shares (including ordinary shares) in the capital of QBE (**Junior Ranking Instruments**);
- Equally among themselves and with the obligations of QBE in respect of any instrument that ranks in a winding-up of QBE as the most junior claim ranking senior to Junior Ranking Instruments (including other instruments issued after 1 January 2013 as Tier 2 Capital (as defined by APRA from time to time)) (**Equal Ranking Instruments**);
- Behind the obligations of QBE in respect of the claims of all creditors of QBE which would be entitled to be admitted to the winding-up of QBE other than claims in respect of Equal Ranking Instruments or Junior Ranking Instruments (**Senior Ranking Debt**).

In a winding-up of QBE, claims of amounts owing by QBE in connection with Subordinated Notes are subordinated to claims in respect of Senior Ranking Debt, in that:

- All claims in respect of Senior Ranking Debt must be paid in full before any claim in respect of the Subordinated Notes is paid; and
- Until the claims in respect of Senior Ranking Debt have been paid in full, holders of Subordinated Notes must not claim in the winding-up of QBE in competition with the creditors under Senior Ranking Debt.

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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		If conversion of the Subordinates Notes occurs in accordance with the terms, the QBE ordinary shares issued on conversion will rank equally in all respects with all other QBE ordinary shares.
5	Issue price or consideration	See (6) below.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	US\$371,954,000 of the Subordinated Notes will be issued in exchange for the corresponding amount of the outstanding US\$538,608,000 7.25% Fixed Rate Reset Guaranteed Exchangeable Subordinated Callable Notes due 2041 issued by QBE Capital Funding III Limited and guaranteed by QBE. An additional US\$28,000,000 of Subordinated Notes are being issued for general corporate purposes at an issue price of 111.501% of the aggregate principal amount of such additional notes.
6a	Is the entity an <sup>+</sup> eligible entity that has obtained security holder approval under rule 7.1A?  If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i> , and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of <sup>+</sup> securities issued without security holder approval under rule 7.1	Not applicable
6d	Number of <sup>+</sup> securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	Not applicable

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<sup>+</sup> See chapter 19 for defined terms.

6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	21 November 2016	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,371,590,366	Ordinary shares

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	1,999	Subordinated, unsecured notes due 2043
	2,620	Subordinated, unsecured notes due 2046
	3,271	Subordinated, unsecured notes due 2042
	1,500	Subordinated, unsecured notes due 2045
	20,000	Subordinated Notes - unsecured notes due 2040
	3,500	Subordinated Notes - unsecured notes due 2044
	31,051	Unexercised employee options
	15,004,654	Unexercised employee conditional rights
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable	

**Part 2 - Pro rata issue**

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable
15 +Record date to determine entitlements	Not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable

+ See chapter 19 for defined terms.

- |    |  |                |
|----|--|----------------|
| 17 | Policy for deciding entitlements in relation to fractions  | Not applicable |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations   | Not applicable |

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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+ See chapter 19 for defined terms.



- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 <sup>+</sup>Issue date Not applicable

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☐ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of <sup>+</sup> securities for which <sup>+</sup> quotation is sought	Not applicable				
39	<sup>+</sup> Class of <sup>+</sup> securities for which quotation is sought	Not applicable				
40	<p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	Not applicable				
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another <sup>+</sup>security, clearly identify that other <sup>+</sup>security)</p>	Not applicable				
42	<p>Number and <sup>+</sup>class of all <sup>+</sup>securities <sup>+</sup>quoted on ASX (including the <sup>+</sup>securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;"><sup>+</sup>Class</th> </tr> <tr> <td style="height: 100px; vertical-align: top; padding: 5px;">Not applicable</td> <td style="height: 100px; vertical-align: top; padding: 5px;">Not applicable</td> </tr> </table>	Number	<sup>+</sup> Class	Not applicable	Not applicable
Number	<sup>+</sup> Class					
Not applicable	Not applicable					

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<sup>+</sup> See chapter 19 for defined terms.

### Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

.....  ..... Date: 24/11/2016  
(Director/Company secretary)

Print name:

..... CAROLYN SCOBIE .....

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