

## 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](http://www.iag.com.au).

### Media

Amanda Wallace  
Telephone. +61 (0)2 9292 9441  
Mobile. +61 (0)422 379 964  
Email. [amanda.wallace@iag.com.au](mailto:amanda.wallace@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](mailto:simon.phibbs@iag.com.au)

### Insurance Australia Group Limited

ABN 60 090 739 923  
388 George Street  
Sydney NSW 2000 Australia  
Telephone. +61 (0)2 9292 9222  
[www.iag.com](http://www.iag.com)



1 November 2016

**Notice of Redemption: Insurance Australia Group Limited (*Australian Company Number 090 739 923*) 7.50% Fixed Rate Subordinated Bonds**

Insurance Australia Group Limited (**IAG**) gives notice that on 15 December 2016 it will redeem all bonds with NZDX ticker code "IAGFA" that are outstanding on that date ("**Bonds**").

The Bonds are issued under a master trust deed dated 4 November 2011 (as amended and restated by a deed dated 8 June 2016) between IAG as issuer and The New Zealand Guardian Trust Company Limited as supervisor and the supplemental trust deed (which include the terms and conditions of the Bonds) dated 4 November 2011 for the Bonds.

On redemption each holder of Bonds will receive \$1.00 for each Bond redeemed plus accrued but unpaid interest on the Bond to that date.

Investors are advised that the repayment will be made in accordance with the interest payment instructions already provided to Computershare.

A handwritten signature in black ink, appearing to read 'Chris Bertuch', is positioned above a horizontal line.

Chris Bertuch  
Group General Counsel & Company Secretary

## Early Redemption Notice

**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF ANY NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTIONS THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS AUTHORISED UNDER APPLICABLE LAWS IMMEDIATELY.**

### **INSURANCE AUSTRALIA GROUP LIMITED**

*(Australian Company Number 090 739 923)*

**£250,000,000 Fixed/Floating Rate Subordinated Notes due 2026 (the "Notes")**

### **Early Redemption of the Notes**

**ISIN: XS0279568231**

**Common Code: 027956823**

**From: Insurance Australia Group Limited (the "Issuer")**

**1 November 2016**

**REFERENCE IS MADE TO THE AGENCY AGREEMENT (THE "AGENCY AGREEMENT") DATED 21 DECEMBER 2006 AND MADE BETWEEN INSURANCE AUSTRALIA GROUP LIMITED (THE "ISSUER") AND CITIBANK N.A. (THE "FISCAL AGENT") CONSTITUTING THE NOTES.**

1. Capitalised terms used in this Notice and not otherwise defined herein shall have the meanings set out in the Conditions. References in this Notice to the Conditions (or to any particular numbered Condition) shall be to the conditions of the Notes appended as Part 2 to Schedule 2 of the Agency Agreement.
2. **NOTICE IS HEREBY GIVEN** that the Issuer, having obtained the prior written consent of the Australian Prudential Regulation Authority (APRA), will redeem all (and not part only) of the outstanding Notes on 21 December 2016, being the First Call Date (the "**Early Redemption Date**"), at their Early Redemption Amount pursuant to the early redemption option granted to the Issuer by Condition 5.5(a) (*Early redemption at the option of the Issuer*).
3. As at 31 October 2016, being the latest practicable date prior to the publication of this Notice, the aggregate principal amount of the Notes outstanding is £100,340,000.
4. The Early Redemption Amount is £52,812.50 per Note of £50,000 nominal amount, being the principal amount of such Note together with accrued but unpaid interest to the Early Redemption Date of £2,812.50 per Note, including Deferred Interest Amount and Additional Interest Amounts payable in accordance with Condition 4.6 (without double counting).
5. Payment of principal and interest will be made in accordance with the Conditions of the Notes.
6. Following the Early Redemption Date, the Permanent Global Note will be cancelled and the listing of the Notes on the Official List of the Financial Conduct Authority (the "**Official List**") will also be cancelled. Absent default by the Issuer in making payment in respect of the redemption of the Notes on the Early Redemption Date or the Paying Agent being

prohibited from making such payment pursuant to the terms of the Agency Agreement, all interest and Additional Interest Amounts on the Notes shall cease to accrue on and after the Early Redemption Date.

7. This Notice constitutes:
  - (a) the notice required to be given to Noteholders under Condition 5.5(b) not less than 30 days nor more than 60 days prior to the Early Redemption Date and this Notice is irrevocable in accordance with the terms of Condition 5.5(c); and
  - (b) the notice required to be given under Listing Rule 5.2.8 of the Issuer's intention to cancel the listing of the Notes on the Official List.
8. This Notice shall be governed by and construed in accordance with English Law.
9. No person is authorised to give any information or to make any representation except as contained in this Notice and such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer. The delivery of this Notice at any time does not imply that the information in it is correct as at any time subsequent to its date.

Enquiries about this Notice should be directed to the Issuer as set out below:

Insurance Australia Group Limited  
Level 26, 388 George Street, Sydney, New South Wales, 2000, Australia  
Attention: Head of Investor Relations  
E-mail: [simon.phibbs@iag.com.au](mailto:simon.phibbs@iag.com.au)

No representation is made as to the correctness or accuracy of the ISIN and Common Code numbers listed in this Notice or printed on the Notes.

**IN ACCORDANCE WITH NORMAL PRACTICE, IT IS RECOMMENDED THAT INVESTORS SEEK THEIR OWN LEGAL, FINANCIAL OR OTHER ADVICE AS TO THE IMPACT OF THE EARLY REDEMPTION.**

This Notice is issued by Citibank N.A. as Fiscal Agent for and on behalf of Insurance Australia Group Limited on 1 November 2016.