



# Important information on IAG hybrid security distributions

IAG today provided important information about changes to the timing of frankable hybrid security distribution announcements.

IAG's frankable hybrid securities are:

- \$404 million Capital Notes issued by Insurance Australia Group Limited (ASX: IAGPD); and
- \$550 million Reset Exchangeable Securities issued by IAG Finance (New Zealand) Limited (ASX: IANG).

Distributions are scheduled to be paid on IAG's frankable hybrid securities quarterly in arrears in March, June, September and December each year, subject to the terms of the securities. The amount of a distribution is a function of the prevailing Bank Bill Rate and the franking rate that applies to all IAG frankable securities (which also includes ordinary shares). If an IAG frankable hybrid security distribution is not fully franked, the security terms provide for an increase in the cash amount to compensate the investor for the unfranked component.

### Changes to notification process and timing

Until now, distributions on IAG's frankable hybrid securities have been fully franked with details of the next scheduled frankable distribution payment announced on the day IAG pays the previous quarter's distribution.

Following IAG's announcement in August 2018 that security distributions may not be fully franked from the second half of calendar 2019 onwards, it is no longer possible to confirm the hybrid distribution amount scheduled to be paid in March and September on the previous quarter's distribution payment date.

This is because IAG will not know the franking rate that will apply to those distributions at that time. In future, this will be announced alongside IAG's half-year and full-year results announcements in February and August respectively.

In practice, this means that the following revised distribution notification timetable will apply:

<b>Scheduled distribution date*</b>	<b>Previous notification date*</b>	<b>Revised notification date</b>
<b>15 March</b>	15 December	February – alongside IAG's half-year results announcement
<b>15 June</b>	15 March	unchanged*
<b>15 September</b>	15 June	August – alongside IAG's full-year results announcement
<b>15 December</b>	15 September	unchanged*

\* Or the next Business Day, if not a valid Business Day as specified in the Issue Terms.

#### **Notification process for distribution payable on 16 September 2019**

IAG will announce the franking percentage to apply to the distributions scheduled for 16 September 2019 on 8 August 2019, at the time of its FY19 financial results announcement.

It remains IAG's expectation that, from July 2019, the franking percentage will be in the 70-100% range, as originally indicated in August 2018.

The Bank Bill Rate component of future distributions will not be announced in isolation. In future, this component will only be communicated when the franking percentage is known and the total amount of the distribution is announced.

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

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