



## IAG Capital Notes 1 Terms amendments

Insurance Australia Group Limited (**IAG**) today announces that it has published an Exchange Notice in respect of certain of the capital notes issued by IAG in 2016 (**Capital Notes 1**) via its website. A copy of that Exchange Notice and related correspondence to Capital Note 1 Holders is attached to this announcement.

IAG today also announced a Reinvestment Offer under which Eligible Capital Note 1 Holders may apply to reinvest some or all of their Capital Notes 1 in IAG Capital Notes 2 (**Capital Notes 2**). To facilitate the Reinvestment Offer, IAG has amended the terms of the Capital Notes 1.

The Capital Notes 1 Distribution scheduled to be paid on 15 March 2023 has been split into two distributions – the First Pro Rata Distribution and the Second Pro Rata Distribution. Under the proposed timetable for the Offer:

- the First Pro Rata Distribution is scheduled to be paid on all Capital Notes 1 on the Issue Date for the Capital Notes 2 (which is expected to be 22 December 2022). It will be calculated in accordance with the Capital Notes 1 Terms using the bank bill rate on 15 December 2022 and the franking percentage applicable on the Issue Date for the Capital Notes 2. It will be paid in respect of the period from (and including) 15 December 2022 to (but excluding) the Issue Date for the Capital Notes 2; and
- the Second Pro Rata Distribution is scheduled to be paid on 15 March 2023 on all Capital Notes 1 outstanding (that is Capital Notes 1 which have not been resold as part of the Reinvestment Offer). It will be calculated using the same bank bill rate as that used to calculate the First Pro Rata Distribution and using the franking percentage applicable on 15 March 2023. It will be paid in respect of the period from (and including) the Issue Date of the Capital Notes 2 to (but excluding) 15 March 2023.

Payments are subject to the payment conditions in the Capital Notes 1 Terms and IAG's absolute discretion.

Full details of the Capital Notes 2 Offer (including the Reinvestment Offer) are set out in the Prospectus that was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange today.

The key amendments to the Capital Notes 1 Terms are highlighted in the attachment and take effect from today.

The amendments to the Capital Notes 1 Terms have been approved by the Australian Prudential Regulation Authority.

Defined terms referred to in this announcement have the meaning given to them in the Prospectus.

This release has been authorised by the Chief Financial Officer.

## About IAG

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$13 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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### Insurance Australia Group Limited

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**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF CAPITAL NOTE HOLDERS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK ADVICE FROM YOUR FINANCIAL ADVISER OR OTHER PROFESSIONAL ADVISOR.**

**Insurance Australia Group Limited (ABN 60 090 739 923)**

(the “**Issuer**”)

**Exchange Notice**

given in respect of the Reinvestment Capital Notes (as defined below)

21 November 2022

**A. Reinvestment Offer**

The Issuer issued the Capital Notes on 22 December 2016 (with ASX Code “IAGPD”) (the “**IAG Capital Notes**”) on the terms and conditions of the IAG Capital Notes set out in Appendix A to the prospectus in relation to the IAG Capital Notes dated 29 November 2016 (the “**Original Terms**”). The Issuer has today amended and restated the Original Terms, with key extracts of those amendments set out in Attachment 2 to this notice (the Original Terms as so amended and restated, the “**Terms**”).

The Issuer has today lodged a prospectus with the Australian Securities and Investments Commission (the “**Capital Notes 2 Prospectus**”) for the issue of capital notes (the “**Capital Notes 2**”). The Capital Notes 2 Prospectus includes an offer by the Issuer to eligible holders of IAG Capital Notes to reinvest all or some of their IAG Capital Notes in Capital Notes 2 (the “**Reinvestment Offer**”).

Any IAG Capital Note which is to be reinvested in the Capital Notes 2 under the Reinvestment Offer is a “**Reinvestment Capital Note**”. If you hold IAG Capital Notes but do not elect to participate in the Reinvestment Offer, your IAG Capital Notes will **not** be Resold in accordance with this notice and you are not required to take any action.

If, and to the extent that the Issuer determines not to issue Capital Notes 2 to a holder of IAG Capital Notes, this Exchange Notice shall be taken to have been revoked to that extent and no Resale of that holder’s Reinvestment Capital Notes will occur.

**B. Resale of Reinvestment Capital Notes to Purchaser**

This notice is an “Exchange Notice” given in respect of Reinvestment Capital Notes in accordance with clause 5.6 (“Resale of Reinvestment Capital Notes on the Reinvestment Date”) of the Terms.

Terms used and not otherwise defined in this Exchange Notice have the meaning given to them in the Terms.

The Issuer hereby gives notice to each holder of Reinvestment Capital Notes (a “**Reinvestment Capital Note Holder**”) that in accordance with the Terms it has:

- made an election to Resell all Reinvestment Capital Notes on the Reinvestment Date (the “**Resale Date**”), which is expected to be 22 December 2022; and
- appointed UBS AG, Australia Branch (ABN 47 088 129 613) (not being a Related Entity of the Issuer) and any Permitted Successor as the purchaser for that Resale (the “**Purchaser**”),

and accordingly, all Reinvestment Capital Notes will be transferred to the Purchaser at a purchase price per Reinvestment Capital Note equal to \$100, being the Issue Price of each Reinvestment Capital Note.

The Purchaser on the date of this Exchange Notice has undertaken for the benefit of each Reinvestment Capital Note Holder that it will acquire each Reinvestment Capital Note from the Reinvestment Capital Note Holder at the Issue Price in accordance with the Deed of Undertaking made on or before the date of this Exchange Notice, a copy of which is attached as Attachment 1 to

this notice. The Issuer has the approvals required from the Australian Prudential Regulation Authority (“APRA”) under the Terms in respect of (1) the Resale and (2) the subsequent Redemption of Reinvestment Capital Notes in the hands of the Purchaser.

In accordance with clause 11.1 (“Power of attorney”) of the Terms, each Reinvestment Capital Note Holder has appointed the Issuer as its attorney to, among other things, sign all documents and transfers necessary or desirable to effect the Resale.

**C. Conditions to completion of Resale**

The acquisition of Reinvestment Capital Notes by the Purchaser is subject to and will be performed in accordance with the Terms. This Exchange Notice is irrevocable, except as provided by the Terms.

Resale may not occur for a number of reasons, including: if the Capital Notes 2 Prospectus is withdrawn; if IAG determines not to issue Capital Notes 2; if a Non-Viability Trigger Event occurs; if the Purchaser does not for any reason pay the Issue Price in full on the Resale Date; if APRA revokes its approval of the Resale; or if the Reinvestment Capital Notes cannot for any reason be transferred.

If Resale does not occur, except where a Non-Viability Trigger Event occurs, Reinvestment Capital Note Holders will continue to hold IAG Capital Notes.

**D. Payments and completion of Resale**

Pursuant to the amendments to the Terms extracted in Attachment 2 to this notice the Capital Notes distribution scheduled to be paid on 15 March 2023 has effectively been split into two distributions to facilitate the Reinvestment Offer – the **First Pro Rata Distribution** and the **Second Pro Rata Distribution**. The First Pro Rata Distribution will be calculated in accordance with the Terms using the bank bill rate on 15 December 2022 and the franking percentage applicable on the Reinvested Capital Notes 1 Reinvestment Date. It will be paid on all Capital Notes on the Resale Date. The Second Pro Rata Distribution will be calculated in accordance with the Terms using the same bank bill rate as that used to calculate the First Pro Rata Distribution and the franking percentage applicable on 15 March 2023. It will be paid on all Capital Notes outstanding on 15 March 2023. As the Reinvestment Capital Notes will no longer be outstanding on 15 March 2023, Reinvestment Capital Note Holders will not receive the Second Pro Rata Distribution.

Payment of the aggregate Issue Price of all Reinvestment Capital Notes will be made by or on behalf of the Purchaser to the Reinvestment Capital Note Holders in exchange for the transfer of the Reinvestment Capital Notes to the Purchaser and under the terms of the Reinvestment Offer the Reinvestment Capital Note Holders direct that the Issue Price of their Reinvestment Capital Notes be applied in satisfaction of the issue price of the Capital Notes 2 for which they are subscribing under the Reinvestment Offer. The Issuer on behalf of the Reinvestment Capital Note Holders will execute and deliver an instrument of transfer of the Reinvestment Capital Notes to the Purchaser. In their applications for Capital Notes 2, Reinvestment Capital Note Holders have directed the Issuer and Purchaser to apply the Issue Price in payment of Capital Notes 2.

The payment of the First Pro Rata Distribution and the Second Pro Rata Distribution will be on the same terms and conditions as a payment of a Distribution by the Issuer under clauses 3 (“Distributions”) and 16 (“Payments, withholding and other matters”) of the Terms. The payment of the Issue Price will be on the terms set out in clauses 10 (“Resale mechanics”) and 16 (“Payments, withholding and other matters”) of the Terms.

**E. Terms defined in this Exchange Notice**

“**Permitted Successor**” means an entity (not being a Related Entity of the Issuer) selected by the Issuer and satisfying the conditions for appointment as a Nominated Purchaser in accordance with clause 10.3 of the Terms and which the Issuer has announced on ASX as having succeeded to and assumed the obligations of the person named in this notice as Purchaser in connection with the Resale of the Reinvestment Capital Notes in place of that person.

**Insurance Australia Group Limited (ABN 60 090 739 923)**

# Deed of Undertaking

relating to the resale of the IAG Capital Notes (ASX code: “IAGPD”) issued by Insurance Australia Group Limited (ABN 60 090 739 923) in respect of which UBS AG, Australia Branch (ABN 47 088 129 613) was appointed as the Purchaser

Dated 21 November 2022

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# Deed of Undertaking

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# Deed of Undertaking

## Details

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<b>Parties</b>	<b>Purchaser</b>	
<b>Purchaser</b>	Name	UBS AG, Australia Branch
	ABN	47 088 129 613
<b>In favour of</b>	The Reinvestment Capital Note Holders	
<b>Date of Deed</b>	21 November 2022	

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# Deed of Undertaking

## General terms

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### 1 Interpretation

#### 1.1 Definitions

All terms and expressions which have defined meanings in the Terms (as defined below) have the same meanings in this Deed except where the context requires otherwise or unless otherwise stated. In addition, the following words have these meanings:

**Appointment Agreement** means the agreement entered into between the Issuer and the Purchaser on or about the date of this Deed.

**Exchange Notice** means the “Exchange Notice” given on or after the date of this Deed in accordance with clause 5.6 (“Resale of Reinvestment Capital Notes on the Reinvestment Date”) of the Terms.

**Funding Amount** has the meaning given in the Appointment Agreement.

**Issuer** means Insurance Australia Group Limited (ABN 60 090 739 923).

**Purchaser** has the meaning given in the Details.

**Reinvestment Capital Note Holder** means a person for the time being registered as the holder of a Reinvestment Capital Note.

**Terms** means the terms and conditions of the IAG Capital Notes as set out in Appendix A to the prospectus in relation to the IAG Capital Notes dated 29 November 2016, as amended and restated on or about the date of this Deed.

#### 1.2 Interpretation

Unless otherwise specified or the contrary intention appears:

- (a) headings (including those in brackets at the beginning of paragraphs) are inserted for convenience and do not affect the interpretation of this Deed;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a statute, ordinance, directive, code or law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them and references to law includes statutes, ordinances, codes, directives or common law and principles of equity having general application;
- (d) a reference to a party to an agreement, deed, authority or other instrument includes a reference to any successor, replacement, assignee, substitute or addition of the party according to that agreement, deed, authority or instrument; and
- (e) a reference to an agreement, deed or other instrument includes a reference to that agreement, deed or instrument as amended, modified, added to or restated from time to time.



### **1.3 Reference to successor**

A reference to the Purchaser includes any successor appointed as contemplated by the Exchange Notice which accedes to this deed on terms that it assumes all obligations (present and future) of the Purchaser.

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## **2 Undertaking to acquire Reinvestment Capital Notes**

### **2.1 Undertaking to acquire Reinvestment Capital Notes**

Subject to clause 2.3, the Purchaser undertakes for the purpose of clause 5.6 (“Resale of Reinvestment Capital Notes on the Reinvestment Date”) of the Terms that all of the Reinvestment Capital Notes which the Issuer has elected to Resell (and in respect of which the Exchange Notice has not been taken to be revoked) will be acquired in accordance with the Terms by the Purchaser (or its nominee) on the Reinvestment Date for the Issue Price.

### **2.2 Payment against delivery**

- (a) Subject to paragraphs (b) and (c) below, payment of the Issue Price will be made in accordance with the Exchange Notice.
- (b) The Purchaser’s obligations under paragraph (a) will be satisfied by the by applying the Funding Amount as directed in accordance with the Appointment Agreement.
- (c) The Purchaser has no liability under this Deed to distribute funds directly to Reinvestment Capital Note Holders, and the Issuer will be solely responsible for the payment of funds to and on behalf of each Reinvestment Capital Note Holder in accordance with clause 2.4 of the Appointment Agreement.

### **2.3 Condition precedent to obligations**

The obligations of the Purchaser provided for in clause 2 of this Deed are conditional upon the Issuer:

- (a) giving the Exchange Notice; and
- (b) making available the Funding Amount to the Purchaser in accordance with the Appointment Agreement.

### **2.4 Termination**

The obligations of the Purchaser terminate if:

- (a) the Exchange Notice is revoked under clause 5.6(c) of the Terms; or
- (b) Reinvestment Capital Notes are required to be Converted or Written Off as a result of a Non-Viability Trigger Event.

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## **3 Benefit of Deed**

### **3.1 Deed poll**

This Deed takes effect as a deed poll for the benefit of the Reinvestment Capital Note Holders from time to time.

### **3.2 Assignment**

No Reinvestment Capital Note Holder is entitled to assign or transfer all or any of its rights, benefits and obligations under this Deed separate from its Reinvestment Capital Notes.

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## **4 Governing law and submission to jurisdiction**

### **4.1 Governing law**

This Deed is governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

### **4.2 Submission to jurisdiction**

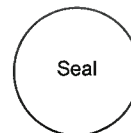
Clause 20.2 (“Jurisdiction”) of the Terms applies as though set out in full in this Deed and as though each reference in that clause to “IAG” were a reference to the “Purchaser”.

**EXECUTED** as a deed poll

# Deed of Undertaking

## Signing page

**SIGNED, SEALED AND DELIVERED** for )  
and on behalf of **UBS AG, AUSTRALIA** )  
**BRANCH** by its duly authorised )  
signatories in the presence of: )



*Alison MA*  
.....

Signature of witness

*ALISON MA*  
.....

Name of witness (block letters)

*Paul Neumann*  
.....

Signature of authorised signatory

*PAUL NEUMANN*  
.....

Name of authorised signatory (block letters)

*D. Krslovic*  
.....

Signature of authorised signatory

*DOM. KRŠLOVIC*  
.....

Name of authorised signatory (block letters)

## Attachment 2 – extracts of key amendments to the Original Terms

Effective Date : 21 November 2022

### 3 Distributions

#### 3.1 Distributions

**Bank Bill Rate** (expressed as a percentage per annum) means, for a Distribution Period, the rate for prime bank eligible securities having a tenor of 3 months, which is designated as the “AVG MID” on the Reuters Screen BBSW Page (or any page which replaces that page) at approximately 10:15am, Sydney time (or such other time at which such rate customarily appears on that page) on the relevant day (**Publication Time**), on the first Business Day of the Distribution Period. However, if such rate does not appear on the Reuters Screen BBSW Page (or any page which replaces that page) by 10.30am, Sydney time, on that day (or such other time that is 15 minutes after the then prevailing Publication Time), or if it does appear but IAG determines that there is an obvious error in that rate, “Bank Bill Rate” means the rate determined by IAG having regard to comparable indices then available, provided that, in the case of the Distribution Period that commences on the Reinvestment Date, the Bank Bill Rate is the Bank Bill Rate that applied to the Distribution Period commencing on the Distribution Payment Date immediately preceding the Reinvestment Date;

#### 3.5 Distribution Payment Dates

Subject to this clause 3, Distributions in respect of a Capital Note will be payable in arrears on the following dates (each a **Distribution Payment Date**):

- (a) each 15 March, 15 June, 15 September and 15 December commencing on 15 March 2017 until (but not including) the date on which a Redemption or Conversion of that Capital Note occurs in accordance with these Capital Notes Terms; and
- (b) each date on which an Exchange of that Capital Note occurs, other than a Conversion on a Trigger Event Date, in each case in accordance with these Capital Notes Terms; and
- (c) the Reinvestment Date, provided that the Capital Notes 2 Prospectus has not been withdrawn.

### 5 Optional Exchange by IAG

#### 5.6 Resale of Reinvestment Capital Notes on the Reinvestment Date

- (a) IAG may, by giving an Exchange Notice to Capital Note Holders, elect to Resell all or some of the Reinvestment Capital Notes on the Reinvestment Date, subject to APRA’s prior written approval.
- (b) An Exchange Notice given under this clause 5.6 shall specify the Reinvestment Date as the “Exchange Date” and clause 5.2(b)(ii) shall not apply to such notice.
- (c) Notwithstanding clause 5.6(a):
  - (i) if, for any reason, the Capital Notes 2 Prospectus is withdrawn, any Exchange Notice given under clause 5.6(a) shall be taken to have been revoked in full and no Resale of Reinvestment Capital Notes shall occur; and
  - (ii) if, and to the extent that, IAG determines not to issue Capital Notes 2 to a Capital Note Holder on the Reinvestment Date, any Exchange Notice given under clause 5.6(a) shall be taken to have been revoked to that extent and no Resale of that Capital Note Holder’s Reinvestment Capital Note shall occur to the extent of such revocation.

#### 5.7 Redemption of Reinvestment Capital Notes following Resale on the Reinvestment Date

- (a) IAG may elect to Redeem all or some of the Capital Notes acquired by a Nominated Purchaser on completion of a Resale under clause 5.6, subject to APRA’s prior written approval.
- (b) Clauses 5.1, 5.2 and 5.3 do not apply to a Redemption under this clause 5.7.

## 21 Interpretations and definitions

### 21.2 Definitions for Capital Notes Terms

**Capital Notes 2** means the capital notes to be issued by IAG on the terms and conditions set out in the Capital Notes 2 Prospectus.

**Capital Notes 2 Prospectus** means the prospectus lodged by IAG with the Australian Securities and Investments Commission on or about 21 November 2022 and any replacement or supplementary prospectus.

**Exchange Date** has the meaning given in clause 5.2(b) and includes the date specified as an “Exchange Date” in an Exchange Notice given under clause 5.6.

**Reinvestment Date** means the issue date of the Capital Notes 2, as specified in the Capital Notes 2 Prospectus.

**Reinvestment Capital Notes** means any Capital Note for which the Resale proceeds are to be reinvested in the Capital Notes 2 under the Reinvestment Offer.

**Reinvestment Offer** means any offer made by IAG to eligible Capital Note Holders to reinvest some or all of their Capital Notes on the terms and conditions set out in the Capital Notes 2 Prospectus.



**All Registrar communications to:**

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Email: iag@computershare.com.au

21 November 2022

## **IAG amends the terms of Capital Notes 1**

Dear IAG Capital Notes holder

Insurance Australia Group Limited (**IAG**) today announces that it has published an Exchange Notice in respect of certain of the capital notes issued by IAG in 2016 (**Capital Notes 1**) on its website at [www.iag.com.au](http://www.iag.com.au). A copy of that Exchange Notice is attached to this announcement.

IAG today also announced a Reinvestment Offer under which Eligible Capital Note 1 Holders may apply to reinvest some or all of their Capital Notes 1 in IAG Capital Notes 2 (**Capital Notes 2**). To facilitate the Reinvestment Offer, IAG has amended the terms of the Capital Notes 1.

The Capital Notes 1 Distribution scheduled to be paid on 15 March 2023 has been split into two distributions – the First Pro Rata Distribution and the Second Pro Rata Distribution. Under the proposed timetable for the Offer:

- the First Pro Rata Distribution is scheduled to be paid on all Capital Notes 1 on the Issue Date for the Capital Notes 2 (which is expected to be 22 December 2022). It will be calculated in accordance with the Capital Notes 1 Terms using the bank bill rate on 15 December 2022 and the franking percentage applicable on the Issue Date for the Capital Notes 2. It will be paid in respect of the period from (and including) 15 December 2022 to (but excluding) the Issue Date for the Capital Notes 2; and
- the Second Pro Rata Distribution is scheduled to be paid on 15 March 2023 on all Capital Notes 1 outstanding (that is Capital Notes 1 which have not been resold as part of the Reinvestment Offer). It will be calculated using the same bank bill rate as that used to calculate the First Pro Rata Distribution and the franking percentage applicable on 15 March 2023. It will be paid in respect of the period from (and including) the Issue Date of the Capital Notes 2 to (but excluding) 15 March 2023.

Payments are subject to the payment conditions in the Capital Notes 1 Terms and IAG's absolute discretion.

Full details of the Capital Notes 2 Offer (including the Reinvestment Offer) are set out in the Prospectus that was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange today.

The key amendments to the Capital Notes 1 Terms are highlighted in the attachment and take effect from today.

The amendments to the Capital Notes 1 Terms have been approved by the Australian Prudential Regulation Authority.

Defined terms referred to in this announcement have the meaning given to them in the Prospectus.

Thank you for your investment and support.