

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

Insurance Australia Group Limited (IAG)

ABN

60 090 739 923

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 | Subordinated medium term notes due 15 June 2045 issued by IAG (Subordinated MTNs). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 45,000 |

+ See chapter 19 for defined terms.

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- 3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)
- A term of 26 years (matures 15 June 2045), unless earlier converted or redeemed as summarised below;
 - Interest is payable quarterly at a floating rate equal to the 3 months bank bill swap rate (BBSW) plus a margin of 2.35% per annum;
 - IAG may redeem the Subordinated MTNs at face value between years 6 and 7 and at any time for certain tax and regulatory events (in each case subject to APRA's prior written approval);
 - The Subordinated MTNs are convertible into fully paid ordinary shares in IAG (**Ordinary Shares**) at the option of the holders on certain dates from year 9;
 - If APRA determines IAG to be non-viable, the Subordinated MTNs may, and in most cases must, convert into Ordinary Shares or, if conversion does not occur when required, the Subordinated MTNs will be written off;
 - The number of Ordinary Shares received on conversion will be based on a volume-weighted average price (VWAP) over a certain period, less a discount of 1%. The number of Ordinary Shares will be capped at a maximum number set by reference to the VWAP of Ordinary Shares at the issue date (50% of that VWAP for conversion at the holder's option and 20% of that VWAP for conversion on non-viability);
 - IAG has an option to defer payment of interest in certain circumstances; and
 - The Subordinated MTNs qualify as Tier 2 Capital under APRA's capital adequacy framework for general insurers.

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>No. Prior to conversion, Subordinated MTNs carry no right to participate in dividends payable in respect of other securities of IAG.</p> <p>Subordinated MTNs are intended to rank behind all claims of senior creditors and all liabilities mandatorily preferred by law, equally among themselves and with the claims of holders of equal ranking securities, and ahead of the claims of holders of junior ranking creditors.</p> <p>Broadly:</p> <ul style="list-style-type: none"> • junior ranking creditors include creditors whose claims arise under or are in respect of any class of IAG’s share capital and any other securities of IAG which are issued on terms that are eligible for inclusion as Tier 1 Capital (as defined by APRA) of the IAG Level 2 Insurance Group; • equal ranking creditors are creditors whose claims arise under or are in respect of a share, note or other security or instrument constituting Tier 2 Capital (as defined by APRA) of the IAG Level 2 Insurance Group that, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written-off if a non-viability trigger event occurs; and • senior creditors are all other present and future creditors of IAG.
<p>5 Issue price or consideration</p>	<p>\$10,000 per Subordinated MTN</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The issue proceeds will be used for general corporate and capital management purposes.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h</p>	<p>No</p>

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	<i>in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</i>	
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +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 +securities issued under an exception in rule 7.2	Not applicable
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 <small>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.</small>	28 March 2019

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8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		2,311,046,583	Fully paid ordinary (ASX: IAG)
		4,041,265	Capital Notes (ASX IAGPD)

9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		45,000	Unsecured subordinated convertible medium term notes due 15 June 2045
		35,000	Unsecured subordinated convertible medium term notes due 15 June 2044
		350,000,000	Unsecured subordinated convertible notes due 15 June 2043 (NZX: IAGFB)

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10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Interest is payable quarterly at a floating rate equal to the three month bank bill swap rate (BBSW) plus a margin of 2.35% per annum.

Interest payments on the Subordinated MTNs are deferrable in the absolute discretion of IAG in certain circumstances. If deferred, interest is cumulative and will become due and payable upon the occurrence of certain events, including:

- the date on which any interest payment or payment in respect of interest is made on certain junior or equal ranking securities or on which a dividend or other distribution on any class of IAG's share capital is paid or becomes payable;
- the date on which no regulatory intervention that has occurred is or will be continuing, unless the Issuer is otherwise entitled to defer at such time under these Conditions;
- subject to certain exceptions, the date on which the Issuer commences and does not abandon a public offer to redeem, purchase or acquire any junior ranking securities or equal ranking securities;
- subject to certain exceptions, the date on which a winding up of IAG occurs; or
- the date fixed for any redemption or purchase of Subordinated MTNs.

+ See chapter 19 for defined terms.

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 |
| 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

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |

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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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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 ⁺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 ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺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 ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺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 ⁺securities

⁺ See chapter 19 for defined terms.

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Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

Not applicable

39 +Class of +securities for which quotation is sought

Not applicable

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +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

Not applicable

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

Not applicable

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Not applicable	Not applicable

+ 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: 
Company secretary

Date: 28 March 2019

Print name: Sejl Mistry-Moodley

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