

**QBE Insurance Group Limited** ABN 28 008 485 014  
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9 November 2015

The Manager  
Market Announcements Office  
ASX Limited  
Level 4  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**QBE announces successful pricing of US\$300 million of subordinated debt**

Please find attached an announcement for release to the market.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'P Horton'.

Peter Horton  
**Company Secretary**

Encl.



# QBE

## MARKET RELEASE

9 November 2015

### QBE ANNOUNCES SUCCESSFUL PRICING OF US\$300 MILLION OF SUBORDINATED DEBT

QBE Insurance Group Limited (QBE) announces today that it has successfully priced US\$300 million 30 year non call 10 Tier 2 subordinated debt securities.

The securities will qualify as Tier 2 Capital under the Australian Prudential Regulation Authority's (APRA) capital adequacy framework and will include the following terms:

- a term of 30 years (maturing 12 November 2045);
- securities will bear 6.10% per annum interest, payable semi-annually in arrear;
- interest will be reset on 12 November 2025 and 12 November 2035 to a rate calculated by reference to the then mid market swap rate plus a margin of 3.993% per annum, payable semi-annually in arrear;
- QBE has an option to defer payment of interest in certain circumstances (which will not constitute an event of default);
- QBE has an option to redeem the securities at face value on the tenth and twentieth anniversaries of the date of issue of the securities and for certain tax and regulatory events (in each case subject to APRA's prior written approval);
- if APRA determines QBE to be non-viable, all the securities (or in certain circumstances some of them) will convert into QBE ordinary shares;
- the number of QBE ordinary shares issued on conversion will be based on a volume-weighted average price (VWAP) 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; and
- events of default are limited to:
  - non-payment of principal and interest within a certain period after due; and
  - the occurrence of certain events in connection with the winding-up of QBE, and remedies for defaults are limited.

No shareholder approval is needed for the issue and the securities are not being offered to a particular class of security holders.

The net proceeds from the issue of the securities will be used primarily for general corporate purposes.

Mr Pat Regan, QBE CFO said: *"This benchmark issuance further builds on the success of our recent AU\$200 million trade and we are extremely pleased with the level of pricing achieved, particularly in the context of recent market volatility."*

Settlement and the issue of US\$300 million of the securities at an issue price of US\$200,000 each is scheduled for 12 November 2015.

For further information, please contact:

#### Investor Relations

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## MARKET RELEASE

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QBE Insurance Group Limited is listed on the Australian Securities Exchange, is recognised as one of the top 20 global insurance and reinsurance companies as measured by net earned premium and has operations in 38 countries.

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This market release does not constitute an offer to sell or a solicitation of an offer to buy, any securities in the United States. The securities referenced herein have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities laws.