

ASX Announcement

Sale of equity interest in BoComm Life

Wednesday, 23 May 2018: Commonwealth Bank announces the sale of its 37.5% equity interest in BoComm Life Insurance Company Limited (“BoComm Life”) to Mitsui Sumitomo Insurance Co., Ltd (“MSI”) for RMB 3.2 billion (\$668 million) (the “Transaction”).

The Transaction is expected to result in an indicative after tax gain on sale of approximately \$450 million. The carrying value of Commonwealth Bank’s equity interest in BoComm Life was \$150 million as at 31 December 2017.

Chief Executive Officer Matt Comyn said: “This Transaction represents a further step in simplifying and focusing our portfolio and follows the announcement of the proposed sale of the Group’s life insurance businesses in Australia and New Zealand to AIA Group, and the strategic review of the Group’s life insurance business in Indonesia.”

Prior to completion of the Transaction, BoComm Life is intending to undertake a capital increase, for which Commonwealth Bank’s pro rata contribution will be RMB 1.125 billion (\$235 million). This amount will be separately reimbursed in full by MSI on completion of the Transaction.

The expected impact to the Common Equity Tier 1 (“CET1”) ratio from the transactions is a net increase of 13 basis points, comprising an initial 5 basis point reduction at the time of the capital contribution and an 18 basis point increase upon completion of the sale of the BoComm Life equity interest.

Completion of the sale of the BoComm Life equity interest is subject to the China Banking and Insurance Regulatory Commission’s regulatory approval process, Chinese merger clearance and completion of the BoComm Life capital increase.

The completion of the Transaction will satisfy a condition to the sale of Commonwealth Bank’s life insurance businesses in Australia and New Zealand to AIA Group, which also remain subject to regulatory approvals in Australia and New Zealand.

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