

ASX Announcement



Update on BoCommLife and other divestments

Wednesday, 9 December 2020 SYDNEY: Commonwealth Bank of Australia (CBA) today provides an update on the sale of its equity interest in BoCommLife Insurance Company Limited (BoCommLife) and other divestments.

The China Banking and Insurance Regulatory Commission (CBIRC) has granted approval for the divestment of CBA's 37.5% equity interest in BoCommLife to MS&AD Insurance Group Holdings, Inc., the ultimate parent company of Mitsui Sumitomo Insurance Co. The final sale proceeds expected to be received by CBA are \$886 million. The divestment of the equity interest in BoCommLife is expected to complete by 31 December 2020.

The Group has also revised the calculation of non-cash gains and losses on disposal of previously announced divestments including BoCommLife, CFS, CFSGAM, CommInsure Life and Ausiex. The revisions include the finalisation of accounting adjustments for goodwill, foreign currency translation reserve recycling and updated estimates for transaction and separation costs.

The total increase in unaudited post-tax statutory earnings related to the completion of BoCommLife and other divestments is expected to be approximately \$840 million, which will be recognised as a non-cash item in the 1H21 result.

The capital impact of the divestments is a pro-forma uplift to the Group's Common Equity Tier 1 (CET1) ratio of 29 basis points, based on the Group's risk weighted assets as at 30 September 2020. Of this, 17 basis points results from the divestment of the Group's equity interest in BoCommLife, which will be recognised once the sale proceeds have been repatriated from Colonial Mutual Life Assurance Society Limited.

As previously disclosed in CBA's update on the divestment of its Australian life insurance business, the ultimate completion of the divestment of CommInsure Life is now currently expected to occur via a statutory asset transfer in the second half of FY21 rather than on the basis of the original share sale structure. Therefore, the completion of the BoCommLife divestment does not affect the completion timing of the CommInsure Life divestment.

The release of this announcement was authorised by the Continuous Disclosure Committee.

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