



ASX announcement

Update on life insurance divestments

Tuesday, 23 October 2018

Divestment of Indonesian life insurance business

Commonwealth Bank (CBA) today announced the sale of its 80% interest in its Indonesian life insurance business, PT Commonwealth Life (PTCL), to FWD Group (FWD) (the Transaction). As part of the Transaction, CBA's Indonesian banking business, PT Bank Commonwealth (PTBC), will enter into a 15-year life insurance distribution partnership with FWD.

PTCL customers will retain all of the current benefits of their existing policies and the partnership with FWD will allow PTBC's banking customers to retain access to high quality life insurance products.

PTBC President Director and Executive General Manager Indonesia, Lauren Sulistiawati, said: "Providing our Indonesian customers with high quality products and services is core to our purpose to improve the financial wellbeing of our customers and communities. FWD is a leading pan-Asian insurance group and we are excited to work together to further enhance our life insurance product offerings and service to our customers."

The consideration attributable to CBA on completion is expected to be \$426 million, with potential additional payments payable over time, subject to the performance of the distribution partnership. Under the terms of the partnership, PTBC will continue to earn income on the distribution of life insurance products.

The total consideration for the Transaction represents a multiple of 3.0x PTCL's book value at 30 June 2018 and 16.6x PTCL's normalised net profit after tax for the twelve months to 30 June 2018. Upon completion, the Transaction is expected to result in a post-tax gain on sale of approximately \$140 million and an increase of 7 basis points to CBA's Common Equity Tier 1 (CET1) ratio as at 30 June 2018.

The Transaction aligns with CBA's strategy to focus on its core banking businesses and to create a simpler and better bank and is expected to complete in the first half of calendar year 2019, subject to regulatory approvals in Indonesia.

Status of other life insurance divestments

Today's announcement follows the completion of the divestment of Sovereign in New Zealand to AIA Group in July 2018.

The announced divestments of CommInsure Life in Australia to AIA Group and CBA's 37.5% interest in BoComm Life in China to Mitsui Sumitomo Insurance are still pending regulatory approvals. These divestments are now expected to complete in the first half of calendar year 2019.

Further information

Established in 1992, PTCL is the Indonesian life insurance business of CBA. It partners with CBA's Indonesian banking business, PTBC. It has a presence in 20 major cities in Indonesia and serves over 400,000 individual and group policyholders.

FWD is the pan-Asian insurance business of investment group, Pacific Century Group and was established in 2013 through the acquisition of ING Groep N.V.'s Hong Kong and Thailand business. FWD has grown rapidly across Asia, including Indonesia, and is an innovative and dynamic insurer across its key markets.



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