

CBA announces sale of general insurance business

CBA sells Commlnsure General Insurance to the Hollard Group and establishes an exclusive 15-year strategic alliance

Monday, 21 June 2021 SYDNEY: Commonwealth Bank of Australia (**CBA**) today announced it has entered into an agreement to sell its Australian general insurance business (**Commlnsure General Insurance**) to the Hollard Group (**Hollard**), and establish an exclusive 15-year strategic alliance with Hollard for the distribution of home and motor vehicle insurance products to CBA's retail customers in Australia (the **Transaction**).

The transaction consideration includes \$625 million of upfront consideration, together with deferred payments (payable upon achieving certain business milestones) and additional investment from Hollard throughout the 15-year strategic alliance to drive innovation and enhance the customer experience. CBA will also continue to earn income on the distribution of home and motor insurance products.

A pre-completion dividend is also expected to be received by CBA (amount subject to the timing of completion, business performance and regulatory approvals).

Chief Executive Officer, Matt Comyn, said: "The transaction is consistent with CBA's strategy to deliver differentiated customer propositions and the best integrated digital experiences. CBA and Hollard will co-invest in innovative, market-leading products and services that anticipate and meet the changing needs of our customers."

Group Executive Retail Banking Services, Angus Sullivan, said: "This long-term strategic alliance will bring together CBA's number one mobile banking app and Australia's largest branch network with Hollard's innovative insurance products and enhanced claims technology, to deliver excellent experiences for our customers."

Managing Director for Hollard Holdings Australia, Richard Enthoven, said: "We are incredibly excited by today's announcement. The synergies between CBA and Hollard extend well beyond strategy and market segmentation. We have a shared vision for the future of home insurance, the potential for better customer outcomes, and an exciting role for digital innovation along our entire value chain."

CBA financial impacts

Upon completion, the transaction is expected to deliver an increase of approximately \$400m of Common Equity Tier 1 (**CET1**) capital, resulting in a pro forma uplift to the Group's CET1 ratio of approximately 9 basis points, on an Australian Prudential Regulation Authority (**APRA**) basis, as at 31 March 2021. The Transaction is estimated to result in a post-tax gain on sale of approximately \$90m, which includes estimated post-tax separation and transaction costs of approximately \$130m.

Timing and conditions

Completion of the Transaction remains subject to APRA approval and is currently expected to occur in mid-calendar year 2022.

About Commlnsure General Insurance

Commlnsure General Insurance is a provider of home and contents and motor vehicle insurance products, with over 800,000 policies protecting CBA customers.

About Hollard

Established in 1999, the Hollard Insurance Company Pty Ltd is part of the Hollard International Group of companies and is an award-winning general insurer in Australia and New Zealand.

In Australia, the Hollard Group serves over 1.2 million customers and has 800 employees. Hollard underwrites a wide range of innovative insurance products including motor, home, contents, pet, and commercial insurance solutions through deep partnerships with leading Australian brands.

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

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