

MEDIA RELEASE
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CBL CORPORATION TO MAKE NZ\$151m STRATEGIC ACQUISITION OF ITS LARGEST PRODUCER IN FRANCE

International credit and financial risk insurer, CBL Corporation Limited (**CBL**), announced today that it is planning to acquire Securities and Financial Solutions Europe SA (**SFS**), France's largest specialist producer of construction-sector insurance and CBL's largest single client. The price is expected to be **€94m** (A\$143m; NZ\$151m). The acquisition would also include IMS Expert Europe SA (**IMS**), SFS' claims management operation. Approximately **€11.4m** of the purchase price would be paid over the two years following completion, subject to adjustment depending on the financial performance of SFS and IMS. CBL has been granted exclusivity to progress this deal to completion.

The contemplated acquisition is subject to usual regulatory processes and consents, including change in control from the Luxembourg Insurance Commission, and is expected to complete before the end of October 2016. CBL will continue to keep the market fully informed.

CBL began working with SFS in 2005 and the strong relationship built over the last 11 years and entrepreneurial business skills of its principal owner Mr Patrice Gilles has resulted in SFS becoming the largest building risk specialist in France and writing the largest proportion of CBL's French construction-sector insurance products, mainly Dommages Ouvrage and Decennial Liability.

"I am delighted that the long established partnership between SFS and CBL would continue on into the future under this planned transaction," said Mr Gilles, "and I expect that it would continue to new levels under CBL's ownership."

CBL Managing Director Peter Harris said the strategic acquisition would assist in removing the distribution concentration risk that SFS represented to CBL in being such a large client, and would further vertically integrate and consolidate CBL's market position in Europe, particularly in France.

The acquisition would also be expected to bring additional strategic opportunities for CBL. "SFS is complementary to our existing Managing General Agent (MGA) based in the UK, European Insurance Services Limited, (EISL), which also distributes construction-sector insurance products in France. SFS and IMS would add significant specialist skills and resources that would enable CBL to grow both businesses" said Mr Harris.

The recent upgrade in CBL Insurance Limited's AM Best rating to A- (Excellent) presents an opportunity to make SFS and EISL into even more significant players in the French construction insurance market.

SFS is a leading MGA, writing specialist construction-sector insurance products on behalf of insurers in France and has recently opened branches in Spain and Luxembourg. As an MGA, SFS does not bear any insurance risk and earns revenue from brokerage and fees. IMS is a claims management business that manages the claims for SFS and other third party clients, and earns revenue from claims management fees.

SFS has achieved significant growth over the past few years, which CBL has benefited from, and growth would be expected to continue under CBL ownership.

SFS and IMS together had net revenue of €41m in 2015 and operating earnings of €8.2m on a normalised basis. The acquisition would be expected to be earnings accretive in the first full year of CBL ownership.

CBL would maintain continuity in SFS and IMS with the executive management expected to be retained on existing terms. Mr Antoine Guiguet, the Executive Chairman of SFS and current shareholder of SFS and IMS, would retain his position and reinvest a portion of the purchase price in a significant minority shareholding of approximately 26% in the CBL subsidiary that would acquire SFS and IMS.

Mr Gérard Marichy would remain Managing Director of IMS upon acquisition, and would also reinvest a portion of the purchase price into the CBL acquiring subsidiary of approximately 3%.

Mr Gilles would be paid out, and would not retain a shareholding, but would be appointed as an Advisory Chairman for SFS.

Each of Messrs Guiguet and Marichy would be given an option to convert their shareholding in the CBL subsidiary owner of SMS and IMS to ordinary shares in CBL after the expiration of three years, based on the weighted average price of CBL shares on or about the time of conversion and subject to certain terms and conditions. If unexercised, the options would lapse on the fourth anniversary of the execution of definitive documentation.

The acquisition would be funded by a combination of cash, bank and vendor funding.

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CBL Corporation Limited (CBL) is a specialist insurer and reinsurer group focused on credit and financial risk. CBL has eight offices spread across 25 countries and over 180 employees. The company is listed on ASX and NZX. CBL's main operating subsidiary is CBL Insurance Limited, which is a New Zealand licenced non-life insurer supervised and regulated by the Reserve Bank of New Zealand and has been operating for over 42 years. CBL also has a number of wholly owned subsidiary companies including CBL Insurance Europe Limited, which is a regulated insurer in Ireland, and Assetinsure Pty Ltd a regulated Surety & Bonding insurer in Australia. CBL specialises in writing property liability and construction related credit and financial surety insurance, bonding and reinsurance. CBL has a Financial Strength Rating of A- (Excellent) and an issuer rating of a-, with both outlooks 'Stable', from A.M. Best Ratings Agency. www.cblcorporation.co.nz

SFS was established in 2002 and is a leading MGA writing specialist construction-sector insurance products on behalf of insurers. SFS has 37 wholly-owned branches across France, 360 employees, and has a presence in 13 markets including France, Luxembourg, Belgium, Spain and French Overseas Departments and Territories. The company is domiciled in Luxembourg. www.sfs-groupe.com

IMS was established in 2010 to undertake claims management on behalf of SFS and third party clients. IMS is also headquartered in Luxembourg with offices in Paris, Montauban and Toulouse. www.ims-expert.com

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