Other material information relating to the initial public offering of ordinary shares in CBL Corporation Limited

Dated 7 September 2015

Contents

Capitalised terms used but not defined in this document have the meaning given to those terms in Section 13 *Glossary* of the Product Disclosure Statement dated 7 September 2015 relating to the initial public offering of ordinary shares in CBL Corporation Limited ("PDS").

1. Risks

These risks are additional to those described in Section 8 *Risks to the CBL Group's business and plans* in the PDS.

You should consider such risk factors together with the other information in the PDS when reading this section.

Risks relating to our business and industry

Third parties, particularly intermediaries fail to pay monies due to the CBL Group as insurance premiums

The non-payment of a significant amount of insurance premiums (eg through insolvency or fraud at a third party broker or MGA) may have a material adverse effect on CBL's financial performance. To date, CBL has not experienced a failure by third parties in paying money due to us as insurance premiums. CBL seeks to operate with parties it has a relationship of trust with. Intermediaries in the chain are regulated entities with requirements to hold insurer premiums in separated regulated bank accounts without any co-mingling. Funds held for CBL Insurance by insurer intermediaries in Europe are held in a bank account in CBL's name. Intermediaries are required to report and pay monthly. In France, insurance regulations mean that an insurer is not on risk until it has received the premium.

Increased competition in the markets in which CBL operates

While we seek to operate in niches in markets where we believe we have a competitive advantage, we do face competition. Further increased competition in the insurance and reinsurance markets could result in a change in the supply and/or demand for CBL's products and affect its ability to price products at risk-adequate rates and retain existing business, or underwrite new business on favourable terms. If this increased competition limits CBL's ability to transact business or to obtain its expected profitability, CBL's financial performance could be adversely affected.

CBL monitors competition (and potential new entrants) in the markets it operates in. If CBL experiences product pricing reducing to unacceptable levels, it seeks to put in place competing strategies such as profit shares, bundling of products or other loyalty strategies. In certain circumstances CBL may need to lower prices or exit into other more profitable replacement markets.

Brokers or MGAs may write policies outside our binders or approved terms without our knowledge

In certain jurisdictions a Broker and/or an MGA may bind the underwriter even if they are acting outside their authority. If this would happen and a claim was to arise, then this could have a detrimental effect on the Group's financial performance. Regular checks on business written and physical audit visits are made on brokers and MGAs. Further, CBL requires all of their brokers and MGAs to have minimum acceptable levels of Errors & Omissions insurance to cover them against any claims made on them for loss arising as a result of breaching their binders.

Cyclicality risk

Historically, insurers and reinsurers have experienced significant fluctuations in operating results due to competition, frequency and severity of claims events, levels of capacity, adverse trends in litigation, regulatory constraints, general economic conditions and other factors. CBL cannot predict with certainty whether market conditions will improve, remain constant or deteriorate. Negative market conditions may impair CBL's ability to underwrite insurance and reinsurance at rates it considers appropriate and commensurate relative to the risk assumed. If CBL cannot underwrite insurance or reinsurance, its performance will be adversely affected.

Key personnel, recruitment and staff retention

CBL's future success also relies on its ability to continue to retain and motivate skilled and qualified personnel beyond its senior management team, particularly those who have detailed experience in insurance. If CBL loses these employees, it could be difficult to replace them and that could have a material adverse effect on CBL.

CBL may require additional qualified personnel to support its growth strategies. Attracting and retaining such qualified personnel may require increased expenditure from CBL and CBL may experience difficulty in attracting and retaining the required personnel.

Credit risk

CBL is subject to credit risk of a counterparty failing to meet their financial obligations. CBL's credit risk arises predominantly from claims recoveries from third parties, dealings with intermediaries and reinsurance activities. To a lesser extent there is also credit risk from failure of investments and deposits with banks.

Concentration of credit risk can exist where a number of counterparties have similar economic characteristics. At the reporting date, there are material concentrations of credit risk to the major banks in New Zealand and the United Kingdom, and to reinsurers in relation to the reinsurance recoverables.

Liquidity risk

Liquidity risk is the risk of there being insufficient cash resources to meet payment obligations, which may affect the daily operations or the financial conditions of the Group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity portion is derived from operating cash flows, investment portfolios and reinsurance arrangements.

Underwriting insurance contracts expose the Group to liquidity risk through the obligation to make payments (and to receive recoveries) of unknown amounts on unknown dates. The assets backing insurance liabilities consist predominantly of cash and cash equivalents held at major banks. As the business grows, the Group may look to extend the instruments it invests in beyond cash and cash equivalents. Any movement from cash and cash equivalents to other instruments, including government stock, comes with additional risk.

ASX Liquidity risk

As CBL expects that a large proportion of its Shareholders will not be residents of Australia, there is a chance that trading activity and liquidity of Shares on ASX will be relatively low. If liquidity in Shares on ASX is relatively low this may increase the volatility of the market price of Shares on ASX (relative to their market price on NZX). It may also affect the prevailing market price at which you will be able to sell your Shares on ASX (relative to NZX).

CBL is not able to definitively quantify the nature, magnitude and impact of any possible low liquidity on ASX. However and as noted across, low liquidity on ASX may impact the market price, and the resultant sale price, of Shares (which, in some cases, may be materially different relative to the equivalent price observable or achievable, respectively) on NZX.

In addition to making the Priority to Offer to holders of Notes in CBL (as detailed in Section 5.1 of the PDS) (which holders are almost entirely Australian residents), CBL and the Joint Lead Managers will have regard to the potential liquidity of Shares on ASX in allocating Offer Shares under the Institutional Offer.

A decline in CBL's financial strength rating may result in a reduction of new or renewal business

If CBL's financial strength rating was to decline it may reduce CBL's attractiveness to (or even ability to write insurance for certain) insureds, other insurers, reinsurers and persons we conduct business with and may have an adverse effect on our financial position and performance.

Most of CBL's business relationships were derived at a time when CBL was not rated. We will continue to work on those relationships so that if our financial rating was downgraded, the impact to our business was limited.

Successfully raising capital under the Offer should assist us to maintain or even increase our rating.

CBL seeks to manage its business so as to minimise the risk of a downgrade in its rating.

A decline in the value of CBL's investment portfolio

We invest monies received from insurance premiums so that when claims are made, cash is on hand to meet those claims. A decline in the value of our investment portfolio may mean that we have to draw on our profits to pay claims. In a worst case scenario, if our investment portfolio was insufficient to meet claims, our business would be jeopardised. As at 31 December 2014 the CBL Group's investment portfolio consisted entirely of cash and fixed interest investments including term deposits and government fixed interest securities. As the business grows, the Group may look to extend the instruments it invests in beyond cash and cash equivalents. If the Group does so, its intention is to continue to invest in conservative instruments but with a better expected return than cash and cash equivalents taking into account the regulatory framework under which the Group operates. Any movement from cash and cash equivalents to other instruments, including government stock, comes with additional risk.

The investment committee has the discretion to invest in equities to help towards matching long tail claims, subject to still maintaining adequate Regulatory Capital.

The value of its investment portfolio is subject to general economic conditions and market risks as well as the non-systematic risks of particular securities. This decrease in value (or even default) could occur at the same time as underwriting losses and, therefore, exacerbate the adverse effect of losses on CBL.

Furthermore, CBL may be forced to exit an investment position to meet liquidity requirements. Such sales could occur at a time which is undesirable to CBL, and result in significant realised losses depending on the conditions of the general market, interest rates and credit issues with individual securities.

CBL's investment committee meets every quarter and considers investments on the basis of risk, Regulatory Capital rules, duration and return.

Furthermore, CBL has some contingency funding in place should there be a liquidity strain.

Risks relating to the broader market

Interest rate risk

CBL is exposed to interest rate risk in respect of the value of future cash flows of the Group's claim provisions, which are relatively long-tailed. A movement in interest rates will not affect the value of assets significantly at present, due to the current investment strategy of investing short-term, but will affect the value of the liabilities. It is important to note that the long-tail claim provisions are driven by ultimate loss ratio assumptions and these have effectively been determined on an undiscounted basis, with the 'discounting effect' artificially added to undiscounted figures. Accordingly, there is a margin implicit in the claim provisions to help mitigate any interest rate risk.

Interest rate risk also arises from interest payable on bank loans and interest receivable on cash and cash equivalents. Where CBL takes out any bank or financial institution loans then the interest risk loans is mitigated by CBL fixing the interest rate reset dates between 3 to 6 months in duration. Where CBL issues a debt note then the interest rate will be fixed for up to 10 years.

Operational risk

CBL is exposed to the risk of loss arising from system failure, human error, fraud or external events. This risk includes, for example, brokers in certain jurisdictions operating outside their authority. It could also include situations where a client has misrepresented facts and given CBL fraudulent information but a bond has been issued (and therefore the fraud committed by the client is not an excuse for CBL not to pay the relevant bond, although we may try to recover this from the client). When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

CBL cannot expect to eliminate all operational risks. CBL has policies and procedures in place to prevent these exposures, but these measures could fail also. Policies and procedures that CBL has in place include requiring brokers to have adequate W&O insurance, effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes. Business risks such as changes in environment, technology and industry are monitored through CBL's strategic planning and budgeting process. Responsibility for these areas resides with management and is also reviewed by the auditors as part of their year-end process.

Economic risk and economic activity

Like any other investment, returns from an investment in the Shares are influenced by the level of economic activity. A contraction in the global economy or construction cycle, particularly in Europe where 74% of GWP is forecast to be derived in FY2015F, may impact upon the performance of CBL by reducing demand for CBL's products and/or affecting CBL's costs. Assetinsure operates in Australia and is subject to the impact of the Australian economy. Assetinsure offers a range of specialty products, including in the mining, infrastructure, agricultural and other rural sectors so is exposed to downturns in those sectors as well as natural and catastrophic risk.

Tax risk

A change to the existing rate of company income tax, or other changes to tax law or practice in New Zealand or in other relevant international jurisdictions which affect CBL, may affect CBL's returns.

There is also the risk of misinterpretation and disputes of tax filings and/or changes in tax regimes. This could be a significant risk for an organisation in many jurisdictions. As well as the local tax regimes to manage, there is a risk of tax on international transfers. Working with local partners helps manage some of the risk, as well as relying on specialist tax advice.

Information technology ("IT") risk

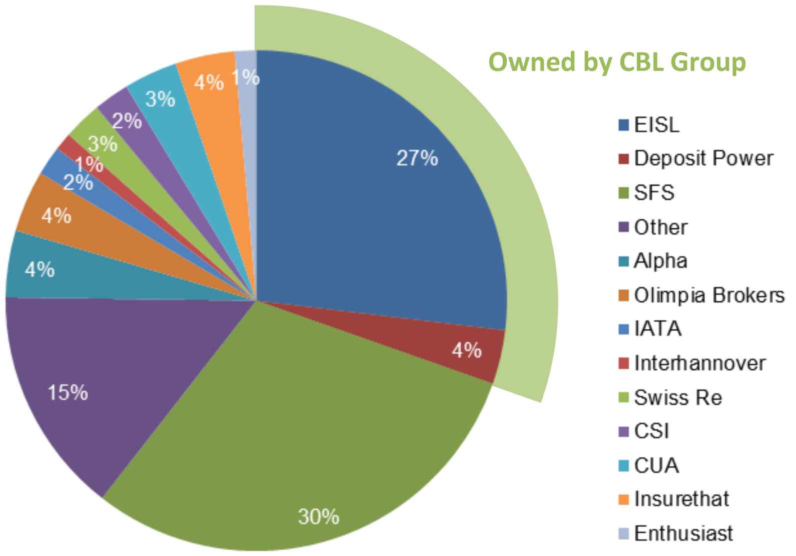
The Group is currently undergoing a process to update its IT systems (including software). Most of CBL businesses are not reliant on a certain IT system (excluding Deposit Power), but CBL believes that a better IT environment would assist developing further products and contribute to accessing other markets efficiently.

2. Further information about CBL's business

The CBL Group has relationships with local insurance partners in the markets it operates in order to facilitate local market access. Local partners rely on CBL to originate and underwrite the business risk and retain a share of the premium and risk.

MGAs

CBL FY2015F (Pro Forma) GWP by business relationship



Source: CBL management

SFS

SFS is an underwriting agent and insurance broker operating through its own network of 37 branches in France and 9 branches in the French overseas departments and territories, with a network of approximately 5,300 brokers.

SFS is focused on construction insurance products. It is the largest independent construction risk insurance broker in France. SFS and CBL Insurance have been doing business together for approximately 10 years, with formal binding authority agreements in place setting out authority limits and underwriting criteria.

Olimpia Agency Spa ("Olimpia")

Olimpia is a specialist bonding and related construction risk broker and underwriting agent in Rome. Olimpia writes direct business and works with a network of sub-brokers through parts of middle and northern Italy.

CBL Insurance is Olimpia's major capacity provider, and during the approximately 5 years that CBL has been doing business with Olimpia through Elite as the ceding insurer, approximately 70% of Olimpia's business has been placed with CBL Insurance as reinsurer.

Regulated insurers

Elite Insurance Company Limited ("Elite")

Elite is a UK based, Gibraltar regulated, insurance company, licensed to underwrite insurance in many jurisdictions including the UK, France, Italy, Spain, Germany and Ireland, for product classes it has applied and been approved for by its regulator.

CBL Insurance has been doing business with Elite for approximately 6 years.

The business the Group does with Elite is currently done via either SFS or EISL as an MGA. No independent business is forecast to be originated by Elite in FY2015.

Alpha Insurance A/S ("Alpha")

Alpha is headquartered in Denmark and is an independent and privately held specialty insurer which focuses on insurance solutions for independent agents and brokers, and specialty insurance program business in the European market. Some business is sourced by Alpha directly as MGA for CBL Insurance.

CBL Insurance has been doing business with Alpha for approximately 11 years.

3. Other terms of the Offer

3.1 Key selling restrictions

Overseas Investors

The Offer includes:

- the Broker Firm Offer, which is only available to New Zealand resident clients of selected NZX Firms who have received a firm allocation from that NZX Firm;
- the Priority Offer, which consists of an offer to:
  - Holders of the Notes in CBL issued through FIIG Securities Limited and close associates of the holders of the Notes; and
  - Employees, close associates of employees, close business associates and significant clients of CBL; and
- the Institutional Offer, which consists of an invitation to bid for Offer Shares made to selected Institutional Investors in New Zealand, Australia and certain other jurisdictions (excluding the US).

The Offer is being made in Australia in reliance on the trans-Tasman mutual recognition scheme in Chapter 8 of the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

The PDS is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register the PDS in any jurisdictions other than New Zealand and Australia or otherwise permit an offering of the Shares outside of New Zealand.

No person may offer, sell (including resell), distribute or deliver any Shares or distribute any documents (including the PDS) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

In particular the PDS does not constitute, or form any part of, an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction in which such an offer would be illegal. In particular, securities may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933, as amended, and any applicable U.S. state securities laws.

Unless otherwise agreed with CBL and CBLNZ Limited, any person or entity subscribing for Offer Shares under the Offer shall, by virtue of such subscription, be deemed to represent that he, she or it is not in a jurisdiction which does not permit the making to him, her or it of an offer or invitation of the kind described in the PDS or the offer register, and is not acting for the account or benefit of a person within such a jurisdiction.

None of CBL, CBLNZ Limited, the Joint Lead Managers nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

Takeovers Code

Once the Shares are quoted on the NZX Main Board (expected to occur on 13 October 2015), CBL will be a “Code Company” under the Takeovers Code. The Takeovers Code prohibits, amongst other things, any person (together with their associates (as defined in the Takeovers Code)) from becoming the holder or controller of 20% or more of the voting rights in CBL other than in compliance with the requirements of the Takeovers Code. You should seek legal advice in relation to any act, omission or circumstance which may result in you breaching any provision of the Takeovers Code.

Overseas Investment Act

Any person who is an "overseas person" for the purposes of the Overseas Investment Act 2005 and who intends to acquire 25% or more of the Offer Shares (or make any other acquisition regulated by that Act) will be required to obtain any necessary consent under the Overseas Investment Act 2005.

3.2 ASX and ASIC

ASX Listing Rule waivers and confirmations

CBL has applied for waivers and confirmations from ASX which are standard for a New Zealand company listed on both the NZX Main Board and ASX (including confirmation that CBL may prepare and publish its financial information in accordance with New Zealand accounting standards).

Australian Securities and Investments Commission Relief

The Australian Securities and Investments Commission has declared the Offer to be a recognised offer within the meaning of subsection 1200B(1) of the Corporations Act 2001 (Cth), notwithstanding that CBL did not give the notice and lodge the documents referred to in section 1200C(5) of the Corporations Act 2001 (Cth) 14 days before the Offer was first made in Australia.

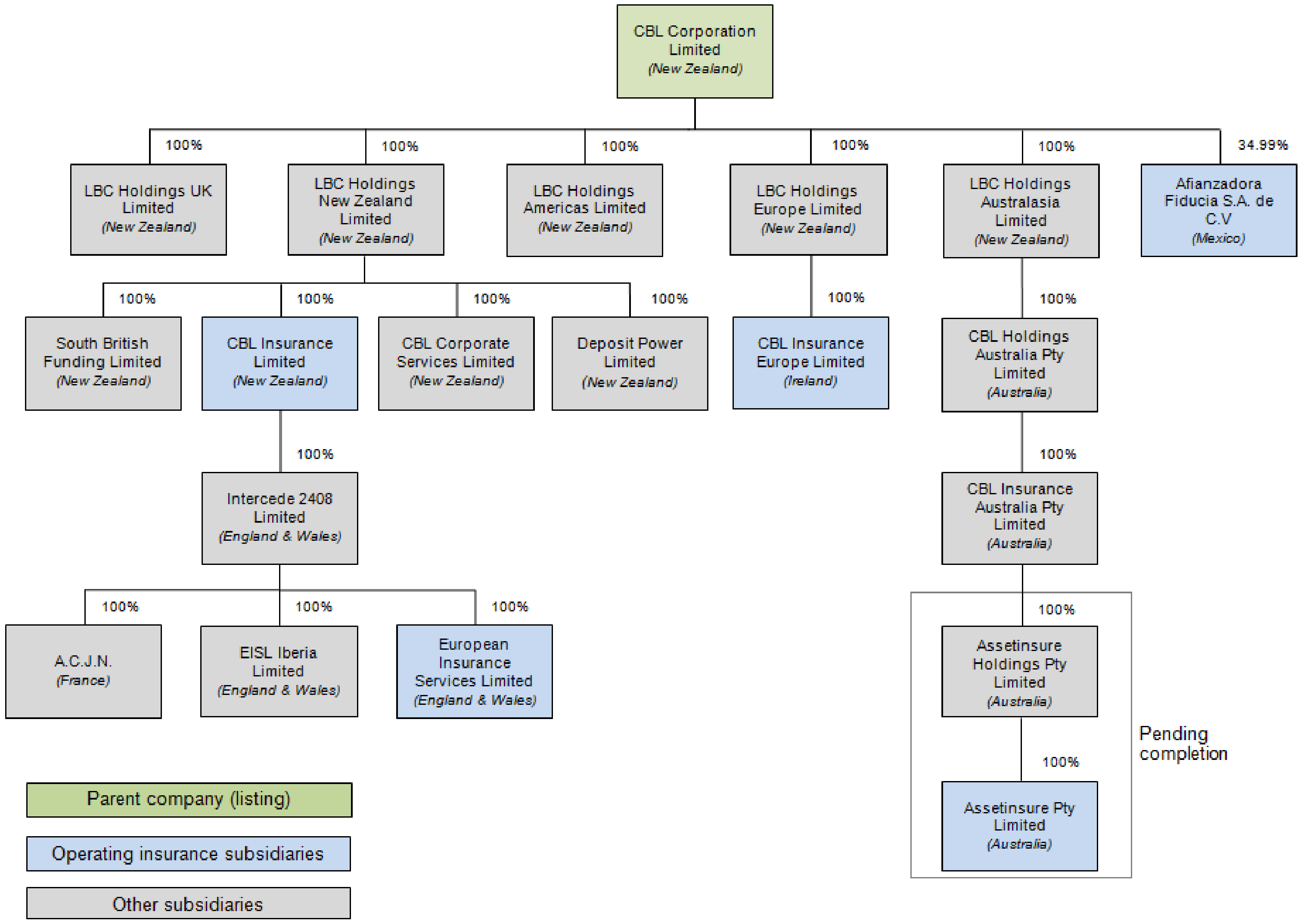
4. Escrow arrangements

Each of the Shareholders of CBL as at the date of the PDS (except Alan Clarke and Harvey Wetherill) and some of the vendors of Assetinsure who are to subscribe for Shares on the completion of the acquisition of Assetinsure, namely Peter Wedgwood, Gregor Pfitzer and Hamish Lilly and entities associated with them, ("Escrowed Shareholders") are subject to an escrow arrangement under which they have agreed not to sell, transfer or otherwise dispose of their Shares which are not sold or transferred prior to or as part of the Offer until at least the first day after the date on which CBL releases to NZX CBL's preliminary announcement of its financial results in respect of the financial year ended 31 December 2016.

These restrictions do not apply (and therefore Shares can be sold) if a partial or full takeover offer is made under the Takeovers Code for Shares or if a scheme of arrangement with respect to the Shares is proposed. Each of the Escrowed Shareholders is also permitted to create a security interest over their shareholding in favour of a recognised bank or other similar recognised lending institution, or to transfer all of their shareholding to associated persons in certain circumstances.

The escrow arrangements are contained in the sale and purchase agreement pursuant to which the Selling Shareholders have agreed to sell certain of their Shares to CBLNZ Limited, a summary of which is contained in the Disclose Register Entries, offer number (OFR10268) in the document entitled "Material Contracts of CBL Corporation Limited" and in the escrow deed contained in the Disclose Register Entries, offer number (OFR10268) in the document entitled "Escrow Deed – Assetinsure".

5. Structure chart of the CBL Group



6. Regulatory restrictions

CHANGE OF SHAREHOLDING IN CBL – MULTI JURISDICTION HIGH LEVEL REGULATORY GUIDANCE

Although CBL's Constitution does not contain restrictions on the transfer of CBL's Shares, you should note that the insurance regulatory requirements to which various subsidiaries of CBL are subject include the requirement for persons who acquire or divest certain amounts of CBL's Shares to notify or obtain the approval of the relevant regulator about these acquisitions/divestments.

The key applicable regulatory requirements that are current as at the date of the PDS are set out below. If the obligations below apply to you, they will need to be managed and addressed by you.

The information in this table is intended as a guide only and it is only current as of the date of lodgement of the PDS for the initial public offering of CBL Shares – you should seek legal advice if you think any of the obligations below apply to you and to confirm whether any other obligations or restrictions may be relevant to you.

Regulator	Approval, consents, restrictions or notifications required
Reserve Bank of New Zealand	A person must **notify** the Reserve Bank of a proposed transaction, **before that transaction takes effect**, if as a result of the proposed transaction that person would become a holding entity, or obtain control, of CBL Insurance. A person ("Person A") will obtain control of CBL Insurance if Person A, whether alone or together with one or more specified persons[1], has the power, directly or indirectly, to exercise, or control the exercise of, 50% or more of the voting rights in CBL. Where the Reserve Bank has been notified of a change of control it must within 20 working days consider whether, if the proposed transaction takes effect, it will remain satisfied that CBL Insurance continues to meet the factors that entitle it to hold a licence. If the Reserve Bank is no longer so satisfied, or where a person fails to provide notification of a change of control, the Reserve Bank may cancel CBL Insurance's licence. Failing to provide a notice of a change of control is an offence punishable, upon conviction, by a fine not exceeding $500,000.

[1] "Specified person" means a person who is acting or will act jointly or in concert with Person A in respect of exercising, or controlling the exercise of, voting rights in CBL, or a person who is accustomed to act in accordance with the wishes of Person A.

Regulator	Approval, consents, restrictions or notifications required
The Treasury (Australia)	If any of the following scenarios occurs without the **prior consent** of the Treasury, then an offence will have been committed and the Treasurer may make appropriate remedial orders: (a) any person (together with their associates) becomes the holder of more than 15% of the voting power of CBL; (b) any two or more persons (together with their respective associates), under an arrangement, acquires more than 15% of the voting power of CBL; (c) any person or two or more persons (together with their respective associates) who presently hold more than 15% of the voting power of CBL increases that voting power; or (d) any person (together with their associates) otherwise becomes able to exercise control over CBL.
Financial Conduct Authority (UK)	The Financial Conduct Authority’s **prior approval** must be obtained before a person or entity: (a) acquires, directly or indirectly: (i) 20% or more of the shares or voting power (either alone or acting in concert with others) in CBL; or (ii) shares or voting power in CBL as a result of which he/she/it is able to exercise significant influence over the management of EISL; or (b) increases its existing control of CBL through the relevant threshold (being 20%). The application for approval must be made in writing as soon as CBL and/or the controller becomes aware that the acquisition or increase is proposed or is likely to take place. It is a criminal offence committed by the new controller if the shares or voting power are acquired/increased without obtaining the required prior approval. **Prior notification** must be given to the Financial Conduct Authority if a person or entity decreases its existing control through the 20% threshold. The application for approval must be made in writing as soon as CBL and/or the controller becomes aware that the decrease is proposed or is likely to take place.

Regulator	Approval, consents, restrictions or notifications required
Central Bank of Ireland	The Central Bank of Ireland's **prior approval** must be obtained before a person or entity: (a) acquires, directly or indirectly: (i) 10% or more of the shares or voting power (either alone or acting in concert with others) in CBL; or (ii) shares or voting power in CBL as a result of which he/she/it is able to exercise significant influence over the management of CBLIE; or (b) increases its existing control through the relevant thresholds (being 20%, 33% or 50%). The application for approval must be made in writing as soon as CBL and/or the controller becomes aware that the acquisition or increase is proposed or is likely to take place. It is a criminal offence committed by the new controller if the shares or voting power are acquired without obtaining the required prior approval and from an Irish law perspective, the exercise of powers based on the purported acquisition is deemed void and the purported acquisition is of no legal effect to pass title to the relevant shares. **Prior notification** must be given to the Central Bank of Ireland if a person or entity decreases its existing control through the 20%, 33% or 50% thresholds, or ceases to have at least 10% control. The application for approval must be made in writing as soon as CBL and/or the controller becomes aware that the decrease is proposed or is likely to take place.

7. Subvention payment

The Annual Reports of CBL Insurance for the financial years ended 31 December 2012 and 31 December 2013 each refer to a “subvention payment”. We explain what a subvention payment is, and how it is applicable to CBL Insurance, below.

A subvention payment is a tax concept that provides for the utilisation of a loss company’s tax losses by a profit company in the same group. It differs from a tax loss offset in that the profit company makes a subvention payment to the loss company that is equal to the amount of the tax loss it uses.

It reduces the profit company's taxable income and the loss company's available tax losses by the amount of the payment.

The subvention payment cannot exceed the amount of the loss company's available tax losses.

In order to make a subvention payment the companies need to have common ownership of at least 66% from the time the losses first started accruing.

For the financial year ended 31 December 2012, CBL Insurance made a subvention payment of $466,315.37 to Dominion 114 Limited (“D114”). For tax purposes, this reduced CBL Insurance’s taxable income and D114’s tax losses by $466,315.37. D114 was owned 33.33% each by Peter Harris, Alistair Hutchison and Carden Mulholland. In 2014 the IRD reviewed the 66% required shareholder commonality position between the two companies to make the subvention payment and did not disagree with the subvention payment.

8. Total estimated costs of offer and issue

The total estimated costs of the offer and issue are approximately $8.4 million. Of this, $6.6 million is an estimate of the total amount to be paid by CBL to UBS New Zealand Limited and Forsyth Barr Limited as Lead Manager, Broker and Financial Advisers fees, and to Bancorp Corporate Finance Limited as Financial Adviser fees. The amounts to be paid to UBS New Zealand Limited and Forsyth Barr Limited and Bancorp Corporate Finance Limited will depend on a number of factors, including the amount raised under the Offer.

9. CBL Insurance Regulatory Capital

CBL Insurance Regulatory Capital Position

Please read this in conjunction with Section 7.11 *Regulatory Capital ratios* of the PDS for complete information

NZD'000s	Dec-14A	Jun-15PF	Jun-15PF (+$20m of IPO proceeds)	Dec-15PF (+$20m of IPO proceeds)
Solvency capital calculated by CBL	68,274	*91,266*	*111,266*	127,705
Minimum solvency capital	49,203	*75,466*	*75,566*	76,908
Solvency margin	19,071	*15,800*	*35,700*	50,797
Solvency margin %	*138.8%*	*120.9%*	*147.2%*	*166.0%*
	• Dec-14 position signed off by CBL's Independent Actuary and included in audited accounts	• Pro forma as if $10m of new regulatory capital from CBL group that was invested in July	• Jun-15F after $20m of IPO proceeds which increases the regulatory capital position of CBL Insurance	• Pro forma after $20m of IPO proceeds and includes full year of retained earnings • Above the solvency margin target

Source: CBL management