



Reporting Standard GRS 112.0.G

Determination of Capital Base

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to the determination of a Level 2 insurance group's capital base.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard GRS 001 Reporting Requirements* (GRS 001), including the general instruction guide *Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital* (GPS 112).

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision, including assessing compliance with the capital standards.

Application and commencement

3. This Reporting Standard applies to a parent entity of a Level 2 insurance group as defined in *Prudential Standard GPS 001 Definitions* (GPS 001). This Reporting Standard applies for reporting periods ending on or after 1 July 2023. The parent entity of a Level 2 group is required to ensure that each requirement in this Reporting Standard is complied with.

Information required

4. The parent entity of a Level 2 insurance group must provide APRA with the information required by this Reporting Standard in respect of the Level 2 insurance group for each reporting period.

Method of submission

5. The information required by this Reporting Standard must be given to APRA:
 - (a) in electronic format using an electronic method available on APRA's website; or

(b) by a method notified by APRA prior to submission.

Reporting periods and due dates

6. Subject to paragraph 7, the parent entity of a Level 2 insurance group must provide the information required by this Reporting Standard:
 - (a) in respect of the first half year based on the financial year of the Level 2 insurance group on an unaudited basis; and
 - (b) in respect of each financial year of the Level 2 insurance group on an audited basis.

Note: The annual information required by paragraphs 4, 5 and 6(b), together with certain annual information required by other reporting standards, will form part of the Level 2 insurance group's annual accounts within the meaning of GPS 001. *Prudential Standard GPS 310 Audit and Related Matters* contains the relevant provisions governing audits.

7. If, having regard to the particular circumstances of a Level 2 insurance group, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by subparagraph 6(a) or 6(b), APRA may, by notice in writing to the parent entity, change the reporting periods, or specify reporting periods, for the particular Level 2 insurance group.
8. The information required by this Reporting Standard in respect of a Level 2 insurance group must be provided to APRA:
 - (a) in the case of half yearly information, within three months after the end of the reporting period to which the information relates;
 - (b) in the case of annual information, within three months after the end of the reporting period to which the information relates; or
 - (c) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: GPS 310 requires a Level 2 insurance group to ensure that its Group Auditor conducts a limited assurance review of the group's annual accounts. Accordingly, the Group Auditor's report(s) as required by GPS 310 (relating to the information required by paragraph 4) must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

9. APRA may, in writing, grant the parent entity of a Level 2 insurance group an extension of a due date in paragraph 8, in which case the new due date will be the date on the notice of extension.

Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, the parent entity of a Level 2 insurance group is nonetheless required to submit the information required no later than the due date.

10. On the written application of the parent entity of a Level 2 insurance group, APRA may by notice in writing to the parent entity exclude the requirement under subparagraph 6(a) to provide half yearly information.

Quality control

11. The information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Group Auditor of the Level 2 insurance group. This will require the Group Auditor to review and test the Level 2 insurance group's systems, processes and controls designed to enable the group to report reliable financial information to APRA. This review and testing must be done on:
 - (a) an annual basis or more frequently if necessary to enable the Group Auditor to form an opinion on the reliability and accuracy of data; and
 - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard GPS 310 Audit and Related Matters* (GPS 310).
12. All information provided by the parent entity of a Level 2 insurance group under this Reporting Standard must be subject to systems, processes and controls developed by the Level 2 insurance group for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the parent entity of the Level 2 insurance group to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

13. When an officer, or agent, of a parent entity of a Level 2 insurance group provides the information required by this Reporting Standard using an electronic format the officer, or agent, must digitally sign the relevant information using a digital certificate acceptable to APRA.
14. If the information required by this Reporting Standard is provided by an agent who submits the information on the parent entity of a Level 2 insurance group's behalf, the parent entity of a Level 2 insurance group must:
 - (a) obtain from the agent a copy of the completed information provided to APRA; and
 - (b) retain the completed copy.
15. An officer, or agent, of a parent entity of a Level 2 insurance group who submits the information under this Reporting Standard for, or on behalf of, the parent entity of a Level 2 insurance group must be authorised by either:
 - (a) the Principal Executive Officer of the parent entity of the Level 2 insurance group;
or
 - (b) the Chief Financial Officer of the parent entity of the Level 2 insurance group.

Variations

16. APRA may, by written notice to the parent entity of a Level 2 insurance group, vary the reporting requirements of this Reporting Standard in relation to that Level 2 insurance group.

Transition

17. A parent entity of a Level 2 insurance group must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this Reporting Standard (being the reporting standard which this Reporting Standard replaces); and

transitional reporting period means a reporting period under the old reporting standard:

- (a) which ended before 1 July 2023; and
- (b) in relation to which the parent entity of a Level 2 insurance group was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if a parent entity of a Level 2 insurance group was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the parent entity of a Level 2 insurance group is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

18. In this Reporting Standard:

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in GPS 001; and
- (b) the following definitions are applicable:

APRA-authorised reinsurer means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business;

capital standards means the prudential standards which relate to capital adequacy as defined in GPS 001;

Chief Financial Officer means the chief financial officer of the parent entity of the Level 2 insurance group, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the parent entity of the Level 2 insurance group;

foreign insurer means a foreign general insurer within the meaning of the Insurance Act;

Note: A reference to a ‘branch’ or ‘branch operation’ is a reference to the Australian operations of a foreign insurer.

general instruction guide refers to the general instruction guide set out in Attachment A of GRS 001;

Group Auditor has the meaning given in GPS 310;

Insurance Act means the *Insurance Act 1973*;

insurer means a general insurer within the meaning of section 11 of the Insurance Act;

Note: In this Reporting Standard, a reference to an ‘authorised insurer’, ‘authorised insurance entity’ or ‘licensed insurer’ is a reference to an insurer, and a reference to an ‘authorised reinsurance entity’ is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

non-APRA authorised reinsurer means any reinsurer that is not an APRA-authorised reinsurer;

Principal Executive Officer means the current principal executive officer of the entity, by whatever name called, and whether or not he or she is a member of the governing board of the entity; and

reporting period means a period mentioned in subparagraph 6(a) or 6(b) or, if applicable, paragraph 7.

19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

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General instructions

Reporting tables

Tables described in this reporting standard list each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set. Constraints on the data that can be reported for each field have also been provided.

Definitions

Terms in *bold italics* are defined in this Definitions section of these instructions.

A

<i>Accumulated other comprehensive income and other disclosed reserves</i>	<p>This is the sum of all other comprehensive income and disclosed reserves and is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>unrealised gains or losses recognised on balance sheet;</i> • <i>reserves from equity-settled share-based payments;</i> • <i>foreign currency translation reserve;</i> • <i>general reserve;</i> • <i>cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital;</i> and • <i>other gains and losses in accumulated comprehensive income and other disclosed reserves.</i>
<i>Additional Tier 1 Capital</i>	<p>This is the value of instruments issued by the reporting Level 2 insurance group that meet the criteria for inclusion in <i>Additional Tier 1 Capital</i> in accordance with GPS 112, and which are not included in <i>Common Equity Tier 1 Capital</i>. This is net of regulatory adjustments specified in GPS 112. <i>Additional Tier 1 Capital</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Additional Tier 1 Capital instruments;</i> • <i>adjustments and exclusions to Additional Tier 1 Capital;</i> and • <i>transitional Additional Tier 1 Capital;</i> <p>less:</p> <ul style="list-style-type: none"> • <i>holdings of own Additional Tier 1 Capital instruments;</i> and • <i>adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 capital.</i>
<i>Additional Tier 1 Capital instruments</i>	<p>This is the value of capital instruments issued by the reporting Level 2 insurance group that meet the eligibility criteria for <i>Additional Tier 1 Capital</i> but not the criteria for the higher quality capital, i.e. <i>Common Equity Tier 1 Capital</i>.</p>

<i>Adjustments and exclusions to Additional Tier 1 Capital</i>	This is the amount of adjustments applied to <i>Additional Tier 1 Capital</i> that is specific to the application of the requirements in GPS 112.
<i>Adjustments and exclusions to Common Equity Tier 1 Capital</i>	This is the amount of adjustments applied to the <i>Common Equity Tier 1 Capital</i> that are specific to the application of the requirements in GPS 112.
<i>Adjustments and exclusions to Tier 2 Capital</i>	This is the amount of adjustments applied to the <i>Tier 2 Capital</i> that are specific to the application of the requirements in GPS 112.
<i>Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital</i>	This is the value of any deductions (refer to GPS 112) from <i>Additional Tier 1 Capital</i> due to a shortfall in <i>Tier 2 Capital</i> to absorb required deductions from this category of capital.
<i>Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital</i>	This is the value, as at the relevant date, of any deductions (refer to GPS 112) from <i>Common Equity Tier 1 Capital</i> due to a shortfall in <i>Additional Tier 1 Capital</i> to absorb required deductions from this category of capital.
<i>Adjustments to retained earnings due to changes in accounting policies / standards</i>	This is the value of aggregate adjustments to retained earnings due to changes in accounting policies or accounting treatment.
<i>Amounts transferred to / from reserves</i>	<p>This is the value, for the relevant period, of funds that have been transferred to (from) retained earnings from (to) reserves.</p> <p>Amounts transferred to retained earnings are to be reported as a positive amount.</p>
<i>Assets under a fixed or floating charge</i>	<p>This is the value of assets of the reporting Level 2 insurance group that are under a fixed or floating charge, mortgage or other security to the extent of the indebtedness secured on those assets. This deduction may be reduced by the amount of any liability for the charge that is recognised on the reporting Level 2 insurance group's balance sheet.</p> <p>Where the security exclusively supports a reporting Level 2 insurance group's insurance liabilities (valued in accordance with <i>Prudential Standard GPS 340 Insurance Liability Valuation</i> (GPS 340)), the</p>

	deduction only applies to the amount by which the fair value of the charged assets exceeds the reporting Level 2 insurance group's supported insurance liabilities.
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C

Capital base	<p>The capital base relates to the amount of capital eligible for the purpose of meeting the <i>Prudential Capital Requirement as set out in Prudential Standard GPS 110 Capital Adequacy</i> (GPS 110).</p> <p>Capital base is calculated as the sum of:</p> <ul style="list-style-type: none"> • Tier 1 Capital; and • Tier 2 Capital.
Cash flow hedge reserves relating to hedging of items not recorded at fair value	This is the value of cash flow hedge reserves that relate to the hedging items that are not recorded at fair value on the balance sheet (including projected cash flows).
Claims payable	Claims payable reflects claims due but not paid, which is netted against insurance assets or added to insurance contract liability under <i>AASB 17 Insurance Contracts</i> (AASB 17).
Common Equity Tier 1 Capital	<p>This is the highest quality component of capital held by the reporting Level 2 insurance group as determined under the eligibility characteristics set out in GPS 112, net of all regulatory adjustments.</p> <p>Common Equity Tier 1 Capital is calculated as the sum of:</p> <ul style="list-style-type: none"> • paid-up ordinary shares; • retained earnings; • undistributed current year earnings; • accumulated other comprehensive income and other disclosed reserves; • minority interests; • net surplus / (deficit) relating to insurance liabilities; • regulatory adjustments to CET1 capital for account receivables; and • adjustments and exclusions to Common Equity Tier 1 Capital <p>less:</p> <ul style="list-style-type: none"> • regulatory adjustments to CET1 capital for account payables; and • regulatory adjustments to Common Equity Tier 1 Capital.
Cumulative unrealised gains or losses on hedges offsetting gains or losses in	<p>This is the cumulative unrealised gains or losses on hedges offsetting the gains or losses of components of Common Equity Tier 1 Capital.</p> <p>This includes cumulative unrealised gains or losses on effective cash flow hedges as defined in the Australian Accounting Standards and any fair</p>

<i>Common Equity Tier 1 Capital</i>	value gains or losses on derivatives representing effective economic hedges of assets.
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D

<i>Deficit in defined benefit superannuation fund</i>	This is the amount of deficit (if any) in a defined benefit superannuation fund where the reporting Level 2 insurance group is an employer-sponsor.
<i>Dividends declared or paid</i>	Report dividends which are declared or paid by the Level 2 insurance group. A dividend is the amount paid out of a company's profits to its shareholders (interim and final dividend). The annual dividend equals the final dividend plus the interim dividend if declared. <i>Dividends declared or paid</i> are to be reported as a positive amount.

E

<i>Eligible Tier 2 Capital instruments</i>	This is the value of capital instruments issued by the reporting Level 2 insurance group that meet the eligibility criteria for <i>Tier 2 Capital</i> in GPS 112.
<i>Excess of deferred tax assets over deferred tax liabilities</i>	This is the amount of deferred tax assets (DTA) in excess of deferred tax liabilities (DTL) of the reporting Level 2 insurance group as per the requirements of GPS 112 The DTA and DTL must include any tax effect arising from the accounts receivables and accounts payables adjustments and the technical provisions in surplus / (deficit) of GPS 340 liabilities. For example, the DTA must be increased by any tax benefit arising from these adjustments whereas, the DTL must be increased by any tax liability arising from the adjustments.

F

<i>Fair value adjustments</i>	A regulated institution must deduct the difference between fair value and the reported value of each asset as per the requirements of GPS 112.
<i>Fair value gains and losses from changes in own creditworthiness</i>	This is the net unrealised gains (or losses) from changes in the fair values of the liabilities that arise due to changes in creditworthiness of the reporting Level 2 insurance group.
<i>Foreign currency</i>	This is the value of the reserve relating to exchange rate differences arising on translation of assets and liabilities to the presentation currency in accordance with Australian Accounting Standards.

<i>translation reserve</i>	
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G

<i>General reserve</i>	<i>General reserves</i> are created from the appropriation of profits by the reporting Level 2 insurance group after the payment of all dividends and tax.
<i>Goodwill</i>	<p>This is the value of <i>goodwill</i>, as per GPS 112, net of adjustments to profit or loss reflecting changes arising from any impairment.</p> <p>This item also includes the <i>goodwill</i> attributable to certain categories of subsidiaries, associates and joint ventures of the reporting Level 2 insurance group as per GPS 112.</p>

H

<i>Holdings of own Additional Tier 1 Capital instruments</i>	This is the total effective own holdings of <i>Additional Tier 1 Capital</i> instruments issued by the reporting Level 2 insurance group unless exempted by APRA or eliminated under Australian Accounting Standards.
<i>Holdings of own Common Equity Tier 1 Capital instruments</i>	<p>This is the value, as at the relevant date, of the reporting Level 2 insurance group's holdings of its own <i>Common Equity Tier 1 Capital</i> instruments unless exempted by APRA or eliminated under Australian Accounting Standards.</p> <p>This item must also include:</p> <ul style="list-style-type: none"> capital instruments the reporting Level 2 insurance group could be contractually obliged to purchase; and unused portion of the limits agreed with APRA as per the requirements of GPS 112.
<i>Holdings of own Tier 2 Capital instruments</i>	This is the total effective holdings of own <i>eligible Tier 2 Capital instruments</i> that were issued by the reporting Level 2 insurance group unless exempted by APRA or eliminated under Australian Accounting Standards.

I

<i>Investment in non-consolidated subsidiaries or controlled entities</i>	This is the value of equity exposures and other capital investments in non-consolidated subsidiaries or controlled entities, whether regulated or unregulated, subject to the materiality of the controlled entity, as determined in accordance GPS 112.
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M

Minority interests	This is the value of minority interests arising from the issue of ordinary shares to third parties by a fully consolidated subsidiary included in the Level 2 insurance group, calculated in accordance with GPS 112.
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N

Net surplus / (deficit) relating to insurance liabilities	<p>This is the total technical provisions in surplus or deficit of those required by GPS 340. Technical provisions refer to the accounting insurance and reinsurance liabilities and assets.</p> <p>Net surplus / (deficit) relating to insurance liabilities is calculated as the sum of:</p> <ul style="list-style-type: none"> • OCL surplus / (deficit); and • PL surplus / (deficit); <p>less:</p> <ul style="list-style-type: none"> • tax effect of net OCL and PL surplus / (deficit).
Non-reinsurance recoveries receivable	Non-reinsurance recoveries receivable amount reflects non-reinsurance recoveries due but not received, which is added to insurance contract assets or netted against insurance contract liabilities under AASB 17.

O

OCL surplus / (deficit)	For incurred claims, this is the insurance and reinsurance contract liabilities after deducting insurance and reinsurance contract assets determined under Australian Accounting Standards in surplus (positive figure) or deficit (negative figure) to the net outstanding claims liabilities determined under GPS 340.
Other accounts payable	Other accounts payable amount reflects other accounts due but not paid, which is netted against insurance and reinsurance contract assets or added to insurance and reinsurance contract liabilities under AASB 17. This may include (but is not limited to) levies, taxes, rebates, fees and commissions.
Other accounts receivable	Other accounts receivable amounts reflect other accounts due but not yet received, which is added to insurance contract assets or netted against insurance contract liabilities under AASB 17. This may include (but is not limited to) levies, taxes, rebates, fees and commissions.
Other Common Equity Tier 1 Capital adjustments	This is the value of deductions from Common Equity Tier 1 Capital that the reporting Level 2 insurance group must make as required under any prudential standards other than GPS 112.

<i>Other gains and losses in accumulated comprehensive income and other disclosed reserves</i>	This is the value of any <i>other gains and losses in accumulated comprehensive income and other disclosed reserves</i> that may be specified in writing by APRA as per GPS 112.
<i>Other intangible assets</i>	<p>This is the value of intangible assets, other than <i>goodwill</i>, as per GPS 112, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. The amounts reported must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.</p> <p>This item also includes the intangible assets attributable to certain categories of subsidiaries, associates and joint ventures of the reporting Level 2 insurance group as per GPS 112.</p>

P

<i>Paid-up ordinary shares</i>	This represents <i>paid-up ordinary shares</i> issued by the reporting Level 2 insurance group that meet the criteria for classification as ordinary shares for regulatory purposes in accordance with GPS 112.
<i>PL surplus / (deficit)</i>	For remaining coverage, this is the insurance and reinsurance contract liabilities after deducting insurance and reinsurance contract assets determined under Australian Accounting Standards in surplus (positive figure) or deficit (negative figure) to the net premiums liabilities determined under GPS 340.
<i>Premiums receivable</i>	<i>Premiums receivable</i> amount reflects premiums due but not yet received, which is netted against insurance contract liabilities or added to insurance contract assets under AASB 17. Premiums should be gross of reinsurance and commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts.
<i>Premiums receivable due in 6 months or less</i>	This represents <i>premiums receivable</i> amounts that are due as at the reporting date in 6 months or less.
<i>Premiums receivable due in more than 6 months</i>	<p>This represents <i>premiums receivable</i> amounts that are due as at the reporting date in more than 6 months.</p> <p>Where a Level 2 insurance group does not have this data available, an approach needs to be agreed with APRA on how premiums receivable are apportioned between <i>premiums receivable due in 6 months or less</i> and <i>premiums receivable due in more than 6 months</i>.</p>

<i>Premiums receivable on unclosed business</i>	This represents <i>premiums receivable</i> amounts for business written close to the balance date where acceptance of the risk is prior to the balance date, but there is insufficient information to accurately identify this business.
<i>Profit (loss) from continuing and discontinued operations attributable to owners of the parent</i>	Report this item in accordance with AASB 101.81B (a) (ii).

R

<i>Reduction in retained earnings on share buy back</i>	<p>This is the value of the reduction in the Level 2 insurance group's retained earnings due to the buy back, or repurchase, of shares on issue during the relevant period. This represents the portion of the consideration used for share buy backs that is allocated to retained earnings.</p> <p>Any reduction to retained earnings due to a buy back is to be reported as a negative amount.</p>
<i>Regulatory adjustments to CET1 capital for accounts payables</i>	<p>These are adjustments to be deducted from <i>Common Equity Tier 1 Capital</i> relating to accounts payables, net of tax effects and are calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>claims payable;</i> • <i>reinsurance premiums payable;</i> • <i>reinsurance recoveries and non-reinsurance recoveries payable;</i> • <i>other accounts payable;</i> and <p>less:</p> <ul style="list-style-type: none"> • <i>reversal of tax impact of payables.</i>
<i>Regulatory adjustments to CET1 capital for accounts receivables</i>	<p>These are adjustments to be added to <i>Common Equity Tier 1 Capital</i> relating to accounts receivables, net of tax effects.</p> <p><i>Regulatory adjustments to CET1 capital for account receivables</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>premiums receivable;</i> • <i>reinsurance recoveries receivable;</i> • <i>non-reinsurance recoveries receivable;</i> • <i>other accounts receivable;</i> and <p>less:</p>

	<ul style="list-style-type: none"> • <i>reversal of tax impact of receivables.</i>
<i>Regulatory adjustments to Common Equity Tier 1 Capital</i>	<p>This is the total of all regulatory adjustments applied to <i>Common Equity Tier 1 Capital</i> specified in GPS 112.</p> <p><i>Regulatory adjustments to Common Equity Tier 1 Capital</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>holdings of own Common Equity Tier 1 Capital instruments;</i> • <i>cash flow hedge reserves relating to hedging of items not recorded at fair value;</i> • <i>excess of deferred tax assets over deferred tax liabilities;</i> • <i>fair value gains and losses from changes in own creditworthiness;</i> • <i>goodwill;</i> • <i>other intangible assets;</i> • <i>surplus in defined benefit superannuation fund;</i> • <i>deficit in defined benefit superannuation fund;</i> • <i>reinsurance assets related to reinsurance contracts that do not meet the reinsurance documentation test;</i> • <i>reinsurance assets receivable under reinsurance contracts that do not meet governing law requirements;</i> • <i>regulatory capital requirement of investments in subsidiaries, JVs and associates;</i> • <i>investment in non-consolidated subsidiaries or controlled entities;</i> • <i>undercapitalisation of non-consolidated subsidiaries</i> • <i>assets under a fixed or floating charge;</i> • <i>fair value adjustments;</i> • <i>adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital;</i> • <i>other Common Equity Tier 1 Capital adjustments; and</i> • <i>adjustments and exclusions to Common Equity Tier 1 Capital.</i>
<i>Regulatory capital requirement of investments in subsidiaries, JVs and associates</i>	<p>This is the deduction for investments in subsidiaries, joint ventures and associates that are subject to regulatory capital requirements as detailed in GPS 112.</p>
<i>Reinsurance assets receivable under reinsurance contracts that do not meet governing law requirements</i>	<p>This is the value of all reinsurance assets reported in relation to each reinsurance contract entered into by the reporting Level 2 insurance group incepting on or after 31 December 2008 that does not meet the governing law requirements as per <i>Prudential Standard GPS 230 Reinsurance Management</i> (GPS 230).</p>

<i>Reinsurance assets related to reinsurance contracts that do not meet the reinsurance documentation test</i>	This is the value of the reinsurance assets in relation to each reinsurance arrangement that does not meet the reinsurance document test as per GPS 230.
<i>Reinsurance premiums payable</i>	<i>Reinsurance premiums payable</i> amount reflects reinsurance premiums due but not paid, which is netted against reinsurance assets or added to reinsurance contract liabilities under AASB 17. Premiums should be gross of commissions, before profit share rebates, and inclusive of stamp duty, policy fees, loadings and discounts.
<i>Reinsurance recoveries and non-reinsurance recoveries payable</i>	<i>Reinsurance recoveries and non-reinsurance recoveries payable</i> amount reflects reinsurance recoveries and non-reinsurance recoveries due but not yet paid, which is netted against reinsurance assets or added to reinsurance contract liability under AASB 17.
<i>Reinsurance recoveries receivable</i>	<i>Reinsurance recoveries receivable</i> amount reflects reinsurance recoveries due but not received, which is added to reinsurance contract assets or netted against reinsurance contract liabilities under AASB 17.
<i>Reserves from equity-settled share-based payments</i>	This is the value of <i>reserves from equity-settled share-based payments</i> granted to employees as part of their remuneration package that meets the requirements of GPS 112.
<i>Retained earnings</i>	This is the value, as at the end of the reporting period, of <i>retained earnings</i> . Do not include the amount of <i>undistributed current year earnings</i> .
<i>Retained earnings at the beginning of the reporting period</i>	This is the value, as at the relevant date, of retained earnings at the beginning of the reporting period.
<i>Retained earnings at the end of the reporting period</i>	This is calculated as <i>total available for appropriation</i> less <i>dividends declared or paid</i> .
<i>Reversal of tax impact of payables</i>	This is the amount related to the reversal of tax effect of the payables items: <ul style="list-style-type: none"> • <i>claims payable</i>; • <i>reinsurance premiums payable</i>;

	<ul style="list-style-type: none"> • <i>reinsurance recoveries and non-reinsurance recoveries payable</i>; and • <i>other accounts payable</i>. <p>Full tax benefits and liabilities must be assumed for the purposes of reporting this item but they must be included when assessing the adjustment for <i>excess of deferred tax assets over deferred tax liabilities</i>.</p>
<i>Reversal of tax impact of receivables</i>	<p>This is the amount related to the reversal of tax effect of the receivable items:</p> <ul style="list-style-type: none"> • <i>premiums receivable</i>; • <i>reinsurance recoveries receivable</i>; • <i>non-reinsurance recoveries receivable</i>; and • <i>other accounts receivable</i>. <p>Full tax benefits and liabilities must be assumed for the purposes of reporting this item but they must be included when assessing the adjustment for <i>excess of deferred tax assets over deferred tax liabilities</i>.</p>

S

<i>Surplus in defined benefit superannuation fund</i>	<p>This is the amount of surplus (if any) in defined benefit superannuation funds where the reporting Level 2 insurance group is an employer-sponsor, net of any associated deferred tax liabilities that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards. Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, report this value as zero.</p> <p>Representations may be made to APRA to include the surplus in the <i>capital base</i> provided the criteria are met as per GPS 112.</p>
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T

<i>Tax effect of net OCL and PL surplus / (deficit)</i>	<p>This is the tax effect of the technical provisions in surplus (positive figure) or deficit (negative figure) of those required under GPS 340.</p> <p>Full tax benefits and liabilities must be assumed for the purposes of reporting this item and they must be included when assessing the adjustment for <i>excess of deferred tax assets over deferred tax liabilities</i>.</p>
<i>Tier 1 Capital</i>	<p><i>Tier 1 Capital</i> is calculated as the sum of:</p> <ul style="list-style-type: none"> • <i>Common Equity Tier 1 Capital</i>; and • <i>Additional Tier 1 Capital</i>.
<i>Tier 2 Capital</i>	<p><i>Tier 2 Capital</i> includes components of capital that, to varying degrees, fall short of the quality of <i>Tier 1 Capital</i> but nonetheless contribute to the overall strength of the Level 2 insurance group and its capacity to absorb losses.</p> <p><i>Tier 2 Capital</i> is calculated as the sum of:</p>

	<ul style="list-style-type: none"> • <i>eligible Tier 2 Capital instruments;</i> • <i>adjustments and exclusions to Tier 2 Capital;</i> • <i>transitional Tier 2 Capital;</i> and <p>less:</p> <ul style="list-style-type: none"> • <i>holdings of own Tier 2 Capital instruments.</i>
<i>Total available for appropriation</i>	<p>This is calculated the sum of:</p> <ul style="list-style-type: none"> • <i>profit (loss) from continuing and discontinued operations attributable to owners of the parent;</i> • <i>retained earnings at the beginning of the reporting period;</i> • <i>adjustments to retained earnings due to changes in accounting policies / standards;</i> • <i>reduction in retained earnings on share buy back;</i> and • <i>amounts transferred to / from reserves.</i>
<i>Transitional Additional Tier 1 Capital</i>	This is the value of capital instruments that have been temporarily recognised and approved as <i>Additional Tier 1 Capital</i> for transition purposes.
<i>Transitional Tier 2 Capital</i>	This is the value of capital instruments that have been temporarily recognised and approved as <i>Tier 2 Capital</i> for transition purposes.

U

<i>Undercapitalisation of non-consolidated subsidiaries</i>	This is the value that APRA may require a Level 2 insurance group to deduct from Common Equity Tier 1 Capital to cover undercapitalisation of a non-consolidated subsidiary (or subsidiaries).
<i>Undistributed current year earnings</i>	<p><i>Undistributed current year earnings</i> should be consistent with the profit/(loss) amounts reported in the income statement.</p> <p>This item must account for (where applicable) negative <i>goodwill</i>, expected tax expenses, and dividends when declared in accordance with the Australian Accounting Standards. The declared dividends reported may be reduced by the expected proceeds, as agreed in writing by APRA, of a Dividend Reinvestment Plan to the extent that dividends are used to purchase new ordinary shares issued by the reporting Level 2 insurance group.</p>
<i>Unrealised gains or losses recognised on balance sheet</i>	This is the total value of unrealised gains or losses that have been recognised on the balance sheet.

Specific Instructions

Table 1: Determination of Capital Base

Reporting basis

Report information for the Level 2 insurance group *capital base* as per the requirements of GPS 112.

Units of measurement

Report the values in this table in whole Australian dollars (no decimal place).

Column 1	Report the value for each of the items listed below.
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1. Tier 1 Capital

Item 1	<p><i>Tier 1 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.1; and • item 1.2.
Item 1.1	<p><i>Common Equity Tier 1 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.1.1; • item 1.1.2; • item 1.1.3; • item 1.1.4; • item 1.1.5; • item 1.1.6; • item 1.1.7; and • item 1.1.10 <p>less:</p> <ul style="list-style-type: none"> • item 1.1.8; and • item 1.1.9.
Item 1.1.1	Report the <i>paid-up ordinary shares</i> amount.
Item 1.1.2	Report the <i>retained earnings</i> amount.
Item 1.1.3	Report the <i>undistributed current year earnings</i> amount.
Item 1.1.4	<p><i>Accumulated other comprehensive income and other disclosed reserves</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.1.4.1; • item 1.1.4.2; • item 1.1.4.3; • item 1.1.4.4; • item 1.1.4.5; and

	<ul style="list-style-type: none"> item 1.1.4.6.
Item 1.1.4.1	Report the <i>unrealised gains or losses recognised on balance sheet</i> amount.
Item 1.1.4.2	<p>Report the <i>reserves from equity-settled share-based payments</i> amount.</p> <p>Only the reserves relating to the issue of new shares should be reported.</p>
Item 1.1.4.3	Report the <i>foreign currency translation reserve</i> amount.
Item 1.1.4.4	Report the <i>general reserve</i> amount.
Item 1.1.4.5	Report the <i>cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital</i> amount.
Item 1.1.4.6	Report the <i>other gains and losses in accumulated comprehensive income and other disclosed reserves</i> amount.
Item 1.1.5	Report <i>minority interests</i> .
Item 1.1.6	<p><i>Net surplus / (deficit) relating to insurance liabilities</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> item 1.1.6.1; and item 1.1.6.2 <p>less:</p> <ul style="list-style-type: none"> item 1.1.6.3.
Item 1.1.6.1	Report the <i>OCL surplus / (deficit)</i> amount.
Item 1.1.6.2	Report the <i>PL surplus / (deficit)</i> amount.
Item 1.1.6.3	<p>Report the <i>tax effect of net OCL and PL surplus / (deficit)</i> amount.</p> <p>Report any surpluses as a positive figure and any deficits as a negative figure. Do not deduct the tax effect if a deferred tax asset has been recognised in relation to the net surplus / (deficit).</p>
Item 1.1.7	<p><i>Regulatory adjustments to CET1 capital for accounts receivables</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> item 1.1.7.1; item 1.1.7.2; item 1.1.7.3; and item 1.1.7.4 <p>less:</p> <ul style="list-style-type: none"> item 1.1.7.5.

Item 1.1.7.1	Report the <i>premiums receivable</i> amount. This item is to be reported as a positive number and is an addition to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.7.1.1	Report the <i>premiums receivable due in 6 months or less</i> amount.
Item 1.1.7.1.2	Report the <i>premiums receivable due in more than 6 months</i> amount.
Item 1.1.7.1.3	Report the <i>premiums receivable on unclosed business</i> amount.
Item 1.1.7.2	Report the <i>reinsurance recoveries receivable</i> amount. This item is to be reported as a positive number and is an addition to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.7.3	Report the <i>non-reinsurance recoveries receivable</i> amount. This item is to be reported as a positive number and is an addition to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.7.4	Report the <i>other accounts receivable</i> amount. This item is to be reported as a positive number and is an addition to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.7.5	Report the <i>reversal of tax impact of receivables</i> amount. This item is to be reported as a positive number and is a deduction to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.8	<i>Regulatory adjustments to CET1 capital for accounts payables</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> • item 1.1.8.1; • item 1.1.8.2; • item 1.1.8.3; and • item 1.1.8.4 less: <ul style="list-style-type: none"> • item 1.1.8.5.
Item 1.1.8.1	Report the <i>claims payable</i> amount. This item is to be reported as a positive number and is a deduction to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.8.2	Report the <i>reinsurance premiums payable</i> amount. This item is to be reported as a positive number and is a deduction to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.8.3	Report the <i>reinsurance recoveries and non-reinsurance recoveries payable</i> amount.

	This item is to be reported as a positive number and is a deduction to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.8.4	Report the <i>other accounts payable</i> amount. This item is to be reported as a positive number and is a deduction to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.8.5	Report the <i>reversal of tax impact of payables</i> amount. This item is to be reported as a positive number and is an addition to <i>Common Equity Tier 1 Capital</i> .
Item 1.1.9	<i>Regulatory adjustments to Common Equity Tier 1 Capital</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none"> • items 1.1.9.1 to 1.1.9.17 inclusive.
Item 1.1.9.1	Report the <i>holdings of own Common Equity Tier 1 Capital instruments</i> amount.
Item 1.1.9.2	Report the <i>cash flow hedge reserves relating to hedging of items not recorded at fair value</i> amount.
Item 1.1.9.3	Report the <i>excess of deferred tax assets over deferred tax liabilities</i> amount. Where the deferred tax liabilities exceed the deferred tax assets, this value should be reported as zero. Note that the netting of deferred tax assets and deferred tax liabilities must only be applied where the reporting Level 2 insurance group has a legally enforceable right to set-off deferred tax assets against deferred tax liabilities.
Item 1.1.9.4	Report the <i>fair value gains and losses from changes in own creditworthiness</i> amount. This amount is to be reported as a positive value where there are unrealised gains or a negative value for unrealised losses.
Item 1.1.9.5	Report the <i>goodwill</i> amount. Amounts reported in this item must be net of any associated deferred tax liability that would be extinguished if the assets involved become impaired or derecognised under Australian Accounting Standards.
Item 1.1.9.6	Report the <i>other intangible assets</i> amount.
Item 1.1.9.7	Report the <i>surplus in defined benefit superannuation fund</i> amount. Any excluded surplus must reverse any associated deferred tax liability from <i>Common Equity Tier 1 Capital</i> . Where the extinguished deferred tax liability of the defined benefit superannuation fund exceeds the reported surplus, this value should be reported as zero.
Item 1.1.9.8	Report the <i>deficit in defined benefit superannuation fund</i> amount.

	<p>This item only needs to be reported where the deficit is not already reflected in <i>Common Equity Tier 1 Capital</i>.</p> <p>Report the deficit (if any) as a positive number.</p>
Item 1.1.9.9	Report the <i>reinsurance assets related to reinsurance contracts that do not meet the reinsurance documentation test</i> amount.
Item 1.1.9.10	Report the <i>reinsurance assets receivable under reinsurance contracts that do not meet governing law requirements</i> amount.
Item 1.1.9.11	<p>Report the <i>regulatory capital requirement of investments in subsidiaries, JVs and associates</i> amount.</p> <p>The amount of the deduction is the lesser of the reporting Level 2 insurance group's share of the regulatory capital requirements and the value of the investment that is recorded on the reporting Level 2 insurance group's balance sheet after adjustment for any intangibles reported in:</p> <ul style="list-style-type: none"> • <i>Goodwill</i>; and • <i>Other intangible assets</i>. <p>If the investment subject to this deduction is a non-operating holding company, a look-through approach must be applied.</p>
Item 1.1.9.12	Report the <i>investment in non-consolidated subsidiaries or controlled entities</i> amount.
Item 1.1.9.13	Report the <i>undercapitalisation of non-controlled subsidiaries</i> amount.
Item 1.1.9.14	Report the <i>assets under a fixed or floating charge</i> amount.
Item 1.1.9.15	<p>Report the <i>fair value adjustments</i> amount.</p> <p>This deduction can be a negative amount (that is, an addition <i>to Common Equity Tier 1 Capital</i>) if fair value exceeds reported value.</p> <p>Where the asset fair value is less than the reported value in the balance sheet, report a positive value. Otherwise, report this as a negative value.</p>
Item 1.1.9.16	<p>Report the <i>adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital</i> amount.</p> <p>Report any shortfall in <i>Additional Tier 1 Capital</i> as a positive value.</p>
Item 1.1.9.17	Report the <i>other Common Equity Tier 1 Capital adjustments</i> amount.
Item 1.1.10	<p>Report the <i>adjustments and exclusions to Common Equity Tier 1 Capital</i> amount.</p> <p>Report adjustments that would result in an increase to <i>Common Equity Tier 1 Capital</i> as a positive value.</p>

Item 1.2	<p><i>Additional Tier 1 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 1.2.1; • item 1.2.4; and • item 1.2.5 <p>less:</p> <ul style="list-style-type: none"> • item 1.2.2; and • item 1.2.3.
Item 1.2.1	Report the <i>additional Tier 1 Capital instruments</i> amount.
Item 1.2.2	<p>Report the <i>holdings of own Additional Tier 1 Capital instruments</i> amount.</p> <p>This amount is to be reported as a positive value where it would result in a reduction to <i>Additional Tier 1 capital</i>.</p>
Item 1.2.3	<p>Report the <i>adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital</i> amount.</p> <p>This amount is to be reported as a positive value where it would result in a reduction to <i>Additional Tier 1 capital</i>.</p>
Item 1.2.4	<p>Report the <i>adjustments and exclusions to Additional Tier 1 Capital</i> amount.</p> <p>Report adjustments that would increase the amount of <i>Additional Tier 1 Capital</i> as a positive value.</p>
Item 1.2.5	Report the <i>transitional Additional Tier 1 Capital</i> amount.

2. Tier 2 Capital

Item 2	<p><i>Tier 2 Capital</i> is a derived item and is calculated as the sum of:</p> <ul style="list-style-type: none"> • item 2.1; • item 2.3; and • item 2.4 <p>less:</p> <ul style="list-style-type: none"> • item 2.2.
Item 2.1	<p>Report the <i>eligible Tier 2 Capital instruments</i> amount.</p> <p>It should be reported net of any amortisation required under GPS 112.</p>
Item 2.2	<p>Report the <i>holdings of own Tier 2 Capital instruments</i> amount.</p> <p>This item is to be reported as a positive amount where the Level 2 insurance group has holdings of its own issued Tier 2 instruments and is a deduction to <i>Tier 2 Capital</i></p>

Item 2.3	Report the <i>adjustments and exclusions to Tier 2 Capital</i> amount. Report adjustments that would increase the amount of <i>Tier 2 Capital</i> recognised as a positive value.
Item 2.4	Report the <i>transitional Tier 2 Capital</i> amount.

3. Capital base

Item 3	<i>Capital base</i> is a derived item and is calculated as the sum of: <ul style="list-style-type: none">• item 1; and• item 2.
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Specific Instructions

Table 2: Movement in retained earnings

Reporting basis

Report information for the Level 2 insurance group.

Units of measurement

Report the values in this table in whole Australian dollars (no decimal place).

Column 1	Report the value for each of the items listed below.
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Movement in retained earnings

Item 1.1	Report <i>profit (loss) after income tax attributable to members of the company</i> amount.
Item 1.2	Report <i>retained earnings at the beginning of the reporting period</i> .
Item 1.3	Report <i>adjustments to retained earnings due to changes in accounting policies / standards</i> amount. Any adjustment that increases retained earnings is to be reported as a positive amount.
Item 1.4	Report <i>reduction in retained earnings on share buy back</i> amount. Any reduction to retained earnings due to a buy back is to be reported as a negative amount.
Item 1.5	Report <i>amounts transferred to / from reserves</i> amount. Amounts transferred to retained earnings are to be reported as a positive amount.
Item 1.6	<i>Total available for appropriation</i> is a derived item calculated as the sum of: <ul style="list-style-type: none"> • item 1.1; • item 1.2; • item 1.3; • item 1.4; and • item 1.5.
Item 1.7	Report <i>dividends declared or paid</i> amount.
Item 1.8	<i>Retained earnings at the end of the reporting period</i> is a derived item calculated as: <ul style="list-style-type: none"> • item 1.6; less <ul style="list-style-type: none"> • item 1.7.

