

Definitions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

Connection means the relationship between two counterparties in a ***group of connected counterparties***. A connection can be any of the following:

- a ***control relationship***;
- an ***economic interdependence*** relationship;
- both ***control*** and ***economic interdependence***;
- ***other connections or relationships***; or
- a ***third party additional risk factor***.

A ***control*** relationship has the meaning given by paragraphs 22, 23 and 25 of APS 221.

Counterparty means either the individual counterparty or a ***group of connected counterparties*** to an ***exposure***.² In the case of a ***group of connected counterparties***, the ADI's aggregate exposure to the group of connected counterparties is considered one exposure.

Counterparty country means the country where the counterparty of the ***exposure*** is domiciled. ADIs are to report the English name of the relevant country as assigned by the ISO 3166 Maintenance Agency to a country code defined under the International Organization for Standardization's *International Standard ISO 3166*. The ISO 3166 Maintenance Agency maintains a free online browsing platform setting out the names of countries and their corresponding codes, available at <https://www.iso.org/obp/ui/#search/code/>.

Counterparty name means the legal name of the ***counterparty***.

Counterparty sector means the type of sector of the ***counterparty*** of the ***exposure***. There are 12 counterparty sectors which can be reported:

- ***banking***;
- ***insurance***;
- ***superannuation***;
- central or Commonwealth government;
- State or Territory government;
- local government;
- central banks;
- ***central counterparties***;
- SPVs;
- ***International banking agencies and multilateral regional development banks***;
- ***other financial institutions***; and

² For the avoidance of doubt, a reference to a counterparty includes a structured vehicle.

	Column 10 is derived as the ratio of column 9 to <i>Tier 1 Capital</i> reported in item 7.
Item 3.1	<p>Item 3.1 is derived as the total of the twenty largest <i>exposures</i> for <i>government-related entities</i> and all <i>exposures</i> for <i>government-related entities</i> which exceed or are equal to five per cent of <i>Tier 1 Capital</i>.</p> <p>Columns 5, 6, 7, 8 and 9 of item 3.1 are derived as the sum of columns 5, 6, 7, 8 and 9 of item 3 respectively.</p> <p>Column 10 of item 3.1 is derived as the ratio of column 9 of item 3.1 to <i>Tier 1 Capital</i> reported in item 7.</p>

Section B: Large exposures (without credit risk mitigation effects)

Item 4	<p>Report the twenty largest <i>exposures</i> and all <i>large exposures</i> as at the end of the reporting period, measured before the impact of <i>CRM</i>. That is, report the twenty largest <i>exposures</i> regardless of their size in proportion to <i>Tier 1 Capital</i> and also report all <i>exposures</i> which exceed or are equal to ten per cent of <i>Tier 1 Capital</i>, before <i>CRM</i>.</p> <p>The removal of the impact of <i>CRM</i> may mean the exposures listed in item 4 might not be the same as those in item 1.</p> <p>In column 1, report the <i>counterparty name</i> of the <i>counterparty</i> or the <i>group counterparty name</i> for each <i>exposure</i>.</p> <p>In column 2, report the <i>Legal Entity Identifier</i> of the <i>counterparty</i> for each <i>exposure</i> or the <i>Legal Entity Identifier</i> of the principal counterparty if the <i>exposure</i> is to a <i>group of connected counterparties</i>. Otherwise, report N/A if the <i>counterparty</i> or principal counterparty has no <i>Legal Entity Identifier</i>.</p> <p>In column 3, report the <i>counterparty sector</i> of the <i>counterparty</i> or the principal counterparty of a <i>group of connected counterparties</i> for each <i>exposure</i>.</p> <p>In column 4, report the <i>on-balance sheet exposures</i> relating to the book value of all loans and advances to the <i>counterparty</i> for each <i>exposure</i>, including any accrued income associated with the <i>exposure</i> (e.g. interest, dividends), before <i>CRM</i>.</p> <p>In column 5, report the <i>on-balance sheet exposures</i> not relating to loans and advances to the <i>counterparty</i> for each <i>exposure</i>, before <i>CRM</i>.</p> <p>In column 6, report the <i>non-market related, off-balance sheet exposures</i> for the <i>counterparty</i> for each <i>exposure</i>, before <i>CRM</i>.</p> <p>In column 7, report the <i>market related, off-balance sheet exposures</i> for the <i>counterparty</i> for each <i>exposure</i>, before <i>CRM</i>.</p> <p>Column 8 is derived as the total of columns 4, 5, 6 and 7, being the total <i>exposure</i> for the <i>counterparty</i>, before <i>CRM</i>.</p>
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	Column 9 is derived as the ratio of column 8 to <i>Tier 1 Capital</i> reported in item 7.
Item 4.1	<p>Item 4.1 is derived as the total of the twenty largest <i>exposures</i> and all <i>large exposures</i>, before <i>CRM</i>.</p> <p>Columns 4, 5, 6, 7 and 8 of item 4.1 are derived as the sum of columns 4, 5, 6, 7 and 8 of item 4 respectively.</p> <p>Column 9 of item 4.1 is derived as the ratio of column 8 of item 4.1 to <i>Tier 1 Capital</i> reported in item 7.</p>
Item 5	<p>Report in item 5 details of each <i>group of connected counterparties</i> reported in Item 4 that were not reported in item 1. Each <i>counterparty</i> within each <i>group of connected counterparties</i> reported in item 4 should be reported on a separate row in item 5, unless it was already reported in item 1.</p> <p>In column 1, report the <i>group counterparty name</i> for each <i>counterparty</i> within each <i>group of connected counterparties</i> reported in item 4.</p> <p>In column 2, report the <i>connection</i> between the <i>counterparty</i> and the <i>group of connected counterparties</i>.</p> <p>In column 3, report the <i>counterparty name</i> of each <i>counterparty</i> within each <i>group of connected counterparties</i> reported in item 4.</p>

Section C: Excluded exposures

Item 6	<p>Report all <i>excluded exposures</i> exceeding or equal to ten per cent of <i>Tier 1 Capital</i> that are <i>sovereigns held as HQLA</i>, to <i>QCCPs</i> relating to clearing activities, and <i>settlement exposures</i> as at the end of the reporting period. If the <i>excluded exposure</i> to a <i>counterparty</i> relates to more than one <i>exclusion category</i>, report the <i>excluded exposure</i> under a separate row in item 6 with the relevant <i>counterparty</i> and all relevant <i>exclusion categories</i>.</p> <p>Do not group exposures into <i>groups of connected counterparties</i>. Do not include any other type of <i>excluded exposure</i>.</p> <p>In column 1, report the <i>counterparty name</i> of the <i>counterparty</i> for each <i>excluded exposure</i>.</p> <p>In column 2, report the <i>Legal Entity Identifier</i> of the <i>counterparty</i> for each <i>excluded exposure</i> if the <i>counterparty</i> has one. Otherwise, report N/A if the counterparty has no <i>Legal Entity Identifier</i>.</p> <p>In column 3, report the <i>counterparty sector</i> of the <i>counterparty</i> for each <i>excluded exposure</i>.</p> <p>In column 4, report the <i>exclusion category</i> for each <i>excluded exposure</i>.</p> <p>In column 5, report the <i>on-balance sheet exposures</i> relating to the book value of all loans and advances to the <i>counterparty</i> for each</p>
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	<p><i>excluded exposure</i>, including any accrued income associated with the <i>excluded exposure</i> (e.g. interest, dividends).</p> <p>In column 6, report the <i>on-balance sheet exposures</i> not relating to loans and advances to the <i>counterparty</i> for each <i>excluded exposure</i>.</p> <p>In column 7, report the <i>non-market related, off-balance sheet exposures</i> for the <i>counterparty</i> for each <i>excluded exposure</i>.</p> <p>In column 8, report the <i>market related, off-balance sheet exposures</i> for the <i>counterparty</i> for each <i>excluded exposure</i>.</p> <p>Column 9 is derived as the total of columns 5, 6, 7 and 8, being the total <i>exposure</i> for the <i>counterparty</i>.</p> <p>Column 10 is derived as the ratio of column 9 to <i>Tier 1 Capital</i> reported in item 7.</p>
Item 6.1	<p>Item 6.1 is derived as the total of the <i>excluded exposures</i> exceeding or equal to ten per cent of <i>Tier 1 Capital</i> that are <i>sovereigns held as HQLA</i>, to <i>QCCPs</i> relating to clearing activities, and <i>settlement exposures</i>.</p> <p>Columns 5, 6, 7, 8 and 9 of item 6.1 are derived as the sum of columns 5, 6, 7, 8 and 9 of item 6 respectively.</p> <p>Column 10 of item 6.1 is derived as the ratio of column 9 of item 6.1 to <i>Tier 1 Capital</i> reported in item 7.</p>

Memorandum Items: Tier 1 Capital

Item 7	Report in item 7 the <i>Tier 1 Capital</i> as at the end of the period.
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Reporting Form ARF 221.1

Large Exposures – Foreign ADI

Instruction Guide

This instruction guide is designed to assist in the completion of *Reporting Form ARF 221.1* (ARF 221.1). This form collects information on a foreign authorised deposit-taking institution's (foreign ADI's) largest exposures to an individual counterparty or a group of connected counterparties.

In completing this form, foreign ADIs must refer to *Prudential Standard APS 221 Large Exposures* (APS 221).

Note: Do not include an ADI's exposures to related entities (defined in accordance with *Prudential Standard APS 222 Associations with Related Entities* (APS 222)) in this form. Such exposures are to be reported in *ARF 222.0 Exposures to Related Entities*.

General directions and notes

Reporting entity

ARF 221.1 must be completed by a foreign ADI for the domestic books of the foreign ADI.

Domestic books means an unconsolidated report of positions, transactions and other information recorded on the Australian books of the body corporate authorised by APRA to carry on banking business as per the *Banking Act 1959*. Domestic books include transactions and positions with both residents and non-residents that are recorded on the Australian books of these entities.

Do not consolidate positions, transactions and other information recorded on the books of Extended Licensed Entities (ELEs), of any other entity not consolidated at Level 1 (e.g. related parties such as subsidiaries, SPVs or parent entities) and of overseas-based entities (e.g. overseas-based branches and offshore banking units (within the meaning of section 128AE of the *Income Tax Assessment Act 1936*)).

Reporting period

This form is to be completed as at the last calendar day of each quarter based on the financial year (within the meaning of the *Corporations Act 2001*) of the foreign ADI.

Unit of measurement

This form should be completed in Australian dollars (AUD), in millions of dollars rounded to one decimal place.

Amounts denominated in foreign currency must be converted to AUD in accordance with *Accounting Standard AASB 121 The Effects of Changes in Foreign Exchange Rates* (AASB 121), as in force from time to time.

Basis of preparation

For the purposes of this form, foreign ADIs must report all *exposures*. In completing this form, foreign ADIs are to apply the requirements for netting specified in Attachment A of APS 221.

A foreign ADI may report using the requirements and definitions that it applies in reporting exposures under the requirements of its home jurisdiction, unless otherwise notified by APRA.

Definitions

Terms highlighted in *bold italics* indicate that the definition is provided in these instructions.

Connection means the relationship between two counterparties in a *group of connected counterparties*. A connection can be any of the following:

- a *control* relationship;
- an *economic interdependence* relationship;
- both *control* and *economic interdependence*;
- *other connections or relationships*; or
- a *third party additional risk factor*.

A *control* relationship has the meaning given by paragraphs 22, 23 and 25 of APS 221.

Counterparty means either the individual counterparty or a *group of connected counterparties* to an *exposure*.¹ In the case of a *group of connected counterparties*, the foreign ADI's aggregate exposure to the group of connected counterparties is considered one exposure.

Counterparty name means the legal name of the *counterparty*.

Counterparty sector means the type of sector of the *counterparty* of the *exposure*. There are 12 counterparty sectors which can be reported:

- *banking*;
- *insurance*;
- *superannuation*;
- central or Commonwealth government;
- State or Territory government;
- local government;
- central banks;
- *central counterparties*;
- SPVs;
- *International banking agencies and multilateral regional development banks*;
- *other financial institutions*; and

¹ For the avoidance of doubt, a reference to a counterparty includes a structured vehicle.

- *other counterparties.*

An *economic interdependence* relationship has the meaning given by paragraph 24 of APS 221.

Exposure is defined in paragraph 15 of APS 221.

Group counterparty name means a name for a group of connected counterparties that includes the legal name of the principal counterparty in that group. An example of this could be ‘ABC Ltd master group’ if ‘ABC Ltd’ is the principal counterparty in that group of connected counterparties.

Group of connected counterparties has the meaning given in APS 221.

Legal Entity Identifier is a 20-digit, alpha-numeric code issued by a Local Operating Unit in accordance with the International Organization for Standardization’s *International Standard ISO 17442*. The Global Legal Entity Identifier Foundation maintains a free online searchable database of Legal Entity Identifiers, available at <https://search.gleif.org/#/search/>.

Market related means *off-balance sheet exposures* arising from market related contracts. Refer to APS 180 for examples of these contracts.

Non-market related means *off-balance sheet exposures* that are not *market related*. Refer to APS 112 for examples of these commitments.

Off-balance sheet exposures means the off-balance sheet portion of any *exposure*, measured in accordance with Attachment A of APS 221.

On-balance sheet exposures means the on-balance sheet portion of any *exposure*, measured in accordance with Attachment A of APS 221.

Other connections or relationships has the meaning given by paragraph 21(a)(iii) of APS 221.

Qualifying central counterparties (QCCPs) has the meaning given in APS 180.

A *third party additional risk factor* has the meaning given by paragraphs 27 to 30 of Attachment A of APS 221.

Counterparty sectors

Banking institution means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*, as well as banking institutions in offshore jurisdictions.

Central counterparties (CCP) means clearing houses that interpose themselves between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer. A CCP becomes counterparty to trades with market participants through novation, an open offer system, or another legally binding arrangement. Includes *QCCPs*.

Insurance corporations means:

- life insurance corporations registered under the *Life Insurance Act 1995*;

- general insurance corporations registered under the *Insurance Act 1973* (or by virtue of determinations made by APRA under the *General Insurance Reform Act 2001*);
- private health insurance corporations registered under the *Private Health Insurance (Prudential Supervision) Act 2015*;
- the Export Finance Insurance Corporation;
- private sector and government-owned general and health insurance enterprises, both proprietary and mutual; and
- any insurance corporation overseas.

International banking agencies and multilateral regional development banks means those entities listed in footnote 6 of APS 112.

Other counterparties includes any counterparty that is not a ***banking*** institution, ***insurance*** corporation, ***superannuation fund***, Central or Commonwealth Government, State or Territory Government, Local Government, a central bank, a ***central counterparty***, an SPV, ***international banking agencies and multilateral development banks*** or ***other financial institutions***.

Other financial institutions means all entities mainly engaged in financial intermediation and the provision of auxiliary financial services, other than ***banking*** institutions, ***insurance*** corporations, ***superannuation*** funds, central banks, ***international banking agencies and multilateral development banks***, ***central counterparties*** and SPVs. Holding companies with mainly financial corporations as their subsidiaries are also included, as are market not-for-profit institutions that mainly engage in financial intermediation or the production of auxiliary financial services.

Superannuation funds means complying funds for the purposes of the *Superannuation Industry (Supervision) Act 1993*, other autonomous funds established for the benefit of public sector employees and any overseas funds designed specifically for the purpose of providing a pension or other income stream on retirement.

Specific instructions

Item 1	<p>Report the twenty largest <i>exposures</i> as at the end of the reporting period.</p> <p>In column 1, report the <i>counterparty name</i> of the <i>counterparty</i> for each exposure or the <i>group counterparty name</i> if the <i>exposure</i> is to a group of connected counterparties.</p> <p>In column 2, report the <i>Legal Entity Identifier</i> of the <i>counterparty</i> for each <i>exposure</i> or the <i>Legal Entity Identifier</i> of the principal counterparty if the <i>exposure</i> is to a <i>group of connected counterparties</i>. Otherwise, report N/A if the <i>counterparty</i> or principal counterparty has no <i>Legal Entity Identifier</i>.</p> <p>In column 3, report the <i>counterparty sector</i> of the <i>counterparty</i> or the principal counterparty of a <i>group of connected counterparties</i> for each <i>exposure</i>.</p> <p>In column 4, report the <i>on-balance sheet exposures</i> relating to the book value of all loans and advances to the <i>counterparty</i> for each</p>
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	<p>exposure, including any accrued income associated with the exposure (e.g. interest, dividends).</p> <p>In column 5, report the on-balance sheet exposures not relating to loans and advances to the counterparty for each exposure.</p> <p>In column 6, report the non-market related, off-balance sheet exposures for the counterparty for each exposure.</p> <p>In column 7, report the market related, off-balance sheet exposures for the counterparty for each exposure.</p> <p>Column 8 is derived as the total of columns 4, 5, 6 and 7, being the total exposure for the counterparty.</p>
Item 1.1	<p>Item 1.1 is derived as the total of the twenty largest exposures.</p> <p>Columns 4, 5, 6, 7 and 8 of item 1.1 are derived as the sum of columns 4, 5, 6, 7 and 8 of item 1 respectively.</p>
Item 2	<p>Report in item 2 details of each group of connected counterparties reported in Item 1. Each counterparty within each group of connected counterparties reported in item 1 should be reported on a separate row in item 2.</p> <p>In column 1, report the group counterparty name for each counterparty within each group of connected counterparties reported in item 1.</p> <p>In column 2, report the connection between the counterparty and the group of connected counterparties.</p> <p>In column 3, report the counterparty name of each counterparty within each group of connected counterparties reported in item 1.</p>