



Reporting Standard ARS 110.0

Capital Adequacy

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to an authorised deposit-taking institution's capital adequacy. It includes associated instructions and should be read in conjunction with *Prudential Standard APS 110 Capital Adequacy* and *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

Authority

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

Purpose

2. Information collected ~~in~~ under this Reporting Standard is used by APRA for the purpose of prudential supervision, including assessing compliance with *Prudential Standard APS 110 Capital Adequacy* (APS 110) and *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital* (APS 111). It may also be used by the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS).

Application and commencement

3. This Reporting Standard applies to all authorised deposit-taking institutions (ADIs) and immediate parent non-operating holding companies (NOHCs), with the exception of:
 - (a) foreign ADIs; and
 - (b) providers of purchased payment facilities.
4. This Reporting Standard applies for reporting periods ending on or after ~~30 September 2025~~ 1 January 2027.

Information required

5. An ADI to which this Reporting Standard applies must provide APRA with the information required by *Reporting ~~Standard Form~~ ARFS 110.0 Capital Adequacy* (ARFS 110.0) for an ADI at Level 1 for each reporting period.

6. If an ADI to which this Reporting Standard applies is part of a Level 2 group, the ADI must also provide APRA with the information required by ~~this reporting standard~~ ARF 110.0 for an ADI at Level 2 for each reporting period, unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by that form for each reporting period. In doing so, the immediate parent NOHC must comply with this Reporting Standard (other than paragraphs 5 and 12) as if it were the relevant ADI.

Form and method of submission

7. 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

8. Subject to paragraphs 9 and 10, an ADI to which this Reporting Standard applies must provide the information required by this Reporting Standard in respect of each quarter based on the ADI's financial year (within the meaning of the *Corporations Act 2001*). The due date for doing so is set out in paragraph 10.
9. APRA may, by notice in writing, vary the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:
- (a) the particular circumstances of the ADI;
 - (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; or
 - (c) the requirements of the RBA or the ABS.
10. The information required by this Reporting Standard must be provided to APRA within 35 calendar days after the end of the reporting period to which this information relates.
11. APRA may, by notice in writing, extend the due date by which an ADI must provide the information required by this Reporting Standard, in which case the new due date will be the date specified in 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, an ADI is nonetheless required to submit the information required no later than the due date.

Quality control

12. All information provided by an ADI under this Reporting Standard (except for the information required under paragraph 6) must be the product of systems, processes and controls that have been reviewed and tested by the external auditor of the ADI as set out in *Prudential Standard APS 310 Audit and Related Matters*. Relevant standards and guidance statements issued by the Auditing and Assurance Standards Board provide information on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if

required by the external auditor to enable the external auditor to form an opinion on the accuracy and reliability of the information provided by an ADI under this Reporting Standard.

13. All information provided by an ADI under this Reporting Standard must be subject to systems, processes and controls developed by the ADI for the internal review and authorisation of that information. These systems, processes and controls are to assure the completeness and reliability of the information provided.

Authorisation

14. When an officer of an ADI submits information under this Reporting Standard using the method notified by APRA, it will be necessary for the officer to digitally sign the relevant information using a digital certificate acceptable to APRA.

Transition

15. An ADI 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 by the determination that makes this Reporting Standard (being the reporting standard that this Reporting Standard replaces), as in force immediately before the commencement of this Reporting Standard; and

transitional reporting period means a reporting period under ~~within the meaning given in~~ the old reporting standard:

- (a) that ended before ~~30 September 2025~~ 1 January 2027; and
- (b) in relation to which the ADI would have been required, if the old reporting standard had not been revoked, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if an ADI 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 ADI is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

16. In this Reporting Standard the following definitions are applicable:

AASB has the meaning given in section 9 of the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

~~**APS 001** means *Prudential Standard APS 001 Definitions* or, if that standard is revoked, *Prudential Standard CPS 001 Defined terms* as it applies to an ADI or authorised NOHC.~~

authorised NOHC has the meaning given in the *Banking Act 1959*.

business days means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

CPS 001 means Prudential Standard CPS 001 Defined terms as it applies to an ADI or authorised NOHC.

due date means the last day of the 35 calendar days provided for in paragraph 10 or, if applicable, the date on a notice of extension given under paragraph 11.

foreign ADI has the meaning given in section 5 of the *Banking Act 1959*.

group has the meaning given to that expression in ~~APS-CPS~~ 001.

immediate parent NOHC means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC.

Level 1 has the meaning given to that expression in CPS 001.

Level 2 has the meaning given to that expression in ~~APS-CPS~~ 001.

locally incorporated means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or Territory law.

provider of purchased payment facilities means an ADI that is subject to a condition on its authority under section 9AA of the *Banking Act 1959* confining the banking business that the ADI is authorised to carry on to providing purchased payment facilities.

reporting period means a quarter of a financial year as provided for in paragraph 8 or, if applicable, the period specified on a notice given under paragraph 9.

stake means a stake determined under the *Financial Sector (Shareholdings) Act 1998*, as if the only associates that were taken into account under paragraph (b) of subclause 10(1) of the Schedule to that Act were those set out in paragraphs (h), (j) and (l) of subclause 4(1).

subsidiary has the meaning given in the *Corporations Act 2001*.

17. APRA may determine, in writing, that an individual ADI of one class of ADI is to be treated, for the purposes of this Reporting Standard, as though it were an ADI of another class of ADI.
18. Unless the contrary intention appears, any reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force or existing from time to time.

ARF_110_0: Capital adequacy

Australian Business Number	Institution Name
Reporting Period	
Quarterly	
Reporting Consolidation	

Section A: Regulatory Capital

1. Common Equity Tier 1 capital

1.1. Common Equity Tier 1 Capital

1.2.1.1. Common Equity Tier 1 Capital before regulatory adjustments

- 1.2.1.1.1. Paid-up ordinary share capital
- 1.2.2.1.1.2. Mutual Equity Interests
- 1.2.3.1.1.3. Retained earnings
- 1.2.4.1.1.4. Current year earnings (excluding upfront fee income)
- 1.2.5.1.1.5. Current year earnings - Upfront fee income
- 1.2.6.1.1.6. Accumulated other comprehensive income (and other reserves):
 - 1.2.6.1.1.6.1. Unrealised gains and losses on investment securities
 - 1.2.6.2.1.1.6.2. Gains and losses on cash flow hedges
 - 1.2.6.3.1.1.6.3. Foreign currency translation reserve
 - 1.2.6.4.1.1.6.4. Unrealised gains and losses from a foreign currency hedge of a net investment in a foreign operation
 - 1.2.6.5.1.1.6.5. Property revaluation reserve
 - 1.2.6.6.1.1.6.6. Reserves from equity-settled share-based payments
 - 1.2.6.7.1.1.6.7. General reserve
 - 1.2.6.8.1.1.6.8. Any other accumulated other comprehensive income (including other reserves specified by APRA)
- 1.2.7.1.1.7. Minority interests arising from issue of ordinary equity by fully consolidated ADIs or overseas equivalent held by third parties (Level 2 only)

1.3.1.2. Regulatory Adjustments to Common Equity Tier 1 Capital

- 1.3.1.1.2.1. Deferred tax assets in excess of deferred tax liabilities
- 1.3.2.1.2.2. Net adjustments for ineligible unrealised fair value gains (losses)
 - 1.3.2.1.2.2.1. Banking book
 - 1.3.2.2.1.2.2.2. Trading book
- 1.3.3.1.2.3. Net other fair value adjustments

<u>4.3.3.1.1.2.3.1.</u> Net fair value gains (losses) on effective cash flow hedges	
<u>4.3.3.2.1.2.3.2.</u> Net unrealised fair value gains (losses) from changes in the ADI's own creditworthiness	
<u>4.3.4.1.2.4.</u> Goodwill	
<u>4.3.5.1.2.5.</u> Intangible component of investments in subsidiaries and other entities	
<u>4.3.6.1.2.6.</u> Capitalised expenses	
<u>4.3.6.1.1.2.6.1.</u> Loan and lease origination fees and commissions paid to mortgage originators and brokers	
<u>4.3.6.2.1.2.6.2.</u> Costs associated with debt raisings	
<u>4.3.6.3.1.2.6.3.</u> Costs associated with issuing capital instruments	
<u>4.3.6.4.1.2.6.4.</u> Information technology software costs	
<u>4.3.6.5.1.2.6.5.</u> Securitisation start-up costs	
<u>4.3.6.6.1.2.6.6.</u> Other capitalised expenses	
<u>4.3.7.1.2.7.</u> Any other intangible assets not included above	
<u>4.3.8.1.2.8.</u> Covered bonds - excess assets in cover pool	
<u>4.3.9.1.2.9.</u> Holdings of own Common Equity Tier 1 Capital instruments and any unused trading limit agreed with APRA	
<u>4.3.10.1.2.10.</u> Common Equity Tier 1 specific adjustments relating to securitisation (excluding securitisation start-up costs)	
<u>4.3.11.1.2.11.</u> Surplus in any ADI-sponsored defined benefit superannuation plan	
<u>4.3.12.1.2.12.</u> Deficit in any ADI-sponsored defined benefit superannuation plan not already reflected in Common Equity Tier 1 Capital	
<u>4.3.13.1.2.13.</u> Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital and Tier 2 Capital	
<u>4.3.14.1.2.14.</u> Other Common Equity Tier 1 Capital adjustments	
<u>4.3.15.1.2.15.</u> Equity exposures (non-Additional Tier 1 or Tier 2 Capital instruments) and other capital support provided to:	
<u>4.3.15.1.1.2.15.1.</u> Financial institutions	
<u>4.3.15.1.1.1.2.15.1.1.</u> Other ADIs or overseas equivalents, and their subsidiaries	
<u>4.3.15.1.2.1.2.15.1.2.</u> Holding companies of ADIs and equivalent overseas entities	
<u>4.3.15.1.3.1.2.15.1.3.</u> Insurers, including holding companies of insurers, or other financial institutions other than ADIs, authorised NOHCs or equivalent overseas entities	
<u>4.3.15.2.1.2.15.2.</u> Commercial (non-financial) entities	
<u>4.3.15.3.1.2.15.3.</u> Non-consolidated subsidiaries (Level 2 only)	
<u>4.3.16.1.2.16.</u> Adjustments for equity investments in subsidiaries above threshold (Level 1)	
<u>1.2.17. Capital investments in Additional Tier 1 Capital instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions</u>	
<u>4.3.17.1.2.18.</u> Guarantees or credit derivatives that provide for a materiality threshold	

~~1.3.18.1.2.19.~~ Non-repayable loans advanced by the ADI under APRA's certified industry support arrangements

~~1.3.19.1.2.20.~~ All other adjustments relating to securitisation

~~1.3.20.1.2.21.~~ Shortfall in provisions for credit losses

~~1.3.21.1.2.22.~~ Unrealised losses for securities in liquid asset portfolio that are not measured at fair value

~~1.3.22.1.2.23.~~ Other Common Equity Tier 1 adjustments as advised by APRA

~~1.3.23.1.2.24.~~ Adjustments and exclusions to Common Equity Tier 1 Capital

~~1.4.1.3.~~ Common Equity Tier 1 Capital

~~1.5. Additional Tier 1 Capital~~

~~1.5.1. Additional Tier 1 Capital before regulatory adjustments~~

~~1.5.1.1. Additional Tier 1 Capital instruments~~

~~1.5.1.2. Additional Tier 1 Capital instruments issued by fully consolidated subsidiaries in the Level 2 group held by third parties (Level 2 only)~~

~~1.5.2. Regulatory Adjustments to Additional Tier 1 Capital~~

~~1.5.2.1. Capital investments in Additional Tier 1 Capital instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions~~

~~1.5.2.2. Holdings of own Additional Tier 1 Capital instruments and any unused trading limit agreed with APRA~~

~~1.5.2.3. Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital~~

~~1.5.2.4. Adjustments and exclusions to Additional Tier 1 Capital~~

~~1.5.3. Additional Tier 1 Capital~~

~~1.6. Excess Mutual Equity Interests~~

~~1.7. Tier 1 Capital~~

2. Tier 2 Capital

2.1. Tier 2 Capital before regulatory adjustments

2.1.1. Tier 2 Capital instruments

2.1.2. Tier 2 Capital instruments issued by fully consolidated subsidiaries in the Level 2 group held by third parties (Level 2 only)

2.1.3. Provisions eligible for inclusion in Tier 2 capital

2.1.3.1. Standardised approach (to a maximum of 1.25% of total credit RWA)

2.1.3.2. IRB approach surplus provisions on non-defaulted exposures (to a maximum of 0.6% of credit RWA)

2.2. Regulatory adjustments to Tier 2 Capital

2.2.1. Capital investments in Tier 2 Capital instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions

2.2.2. Holdings of own Tier 2 Capital instruments and any unused trading limit agreed with APRA

2.2.3. Capital investments in Additional Tier 1 Capital instruments in the trading book (to a maximum of 0.25% of Common Equity Tier 1 Capital and not held beyond the 30-day maximum holding period)

2.2.3.2.2.4. Adjustments and exclusions to Tier 2 Capital

Excess Mutual Equity Interests

2.3. Tier 2 Capital

2.4. Transitional Additional Tier 1 Capital instruments

2.5. Excess Mutual Equity Interests

3. Total Capital

Section B: Risk profile

RWA

1. Credit risk (excluding exposures in New Zealand subsidiaries)

1.1. As Per ARS 112.0

1.2. As Per ARS 113.0

1.3. Securitisation (as per ARS 120.1)

1.4. Total RWA for credit risk

2. Operational risk

2.1. Standardised approach

2.2. Calculated for non-SFIs

2.3. Total RWA for operational risk

3. Market risk

3.1. Interest rate risk in the banking book – Internal model approach

3.2. Traded market risk, foreign exchange and commodities – Standard method

3.3. Traded market risk, foreign exchange and commodities - Internal model approach

3.4. Total RWA for market risk

4. Credit risk New Zealand subsidiaries (Level 2 only)

Exposure

RWA

5. Other charges as required by APRA

6. Total for credit risk, operational risk and market risk

Section C: Risk ratios

1. Risk-based capital ratios

2. Countercyclical capital buffer

3. Leverage ratio

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Section D: Memorandum items

	Defaulted exposures (1)	Non-defaulted exposures (2)	Total (3)
1. Eligible provisions			
1.1. Credit-related provisions			
1.2. Partial write-offs			
1.3. Discounts on defaulted assets			
1.4. Total eligible provisions			
1.5. Total expected losses			
2. Provisions held against performing exposures that represent unidentified losses			Total
2.1. Provisions held against performing exposures that represent unidentified losses			
3. Exposure measure for leverage ratio			Total
3.1. On-balance sheet exposures			
3.2. Non-market related off-balance sheet exposures			
3.3. Derivative exposures			
3.4. Securities financing transaction exposures			
3.5. Total exposures			

Reporting Form ARF 110.0

Capital Adequacy

Instruction Guide

This instruction guide is designed to assist in the completion of *Reporting Form ARF 110.0 Capital Adequacy*.

This form sets out the calculation of regulatory capital and associated capital ratios for an ADI at Level 1 and Level 2.¹ In completing these forms, ADIs should refer to *Prudential Standard APS 110 Capital Adequacy* (APS 110) and *Prudential Standard Capital Adequacy: Measurement of Capital* (APS 111).

General directions and notes

Reporting entity

The form is to be completed at Level 1 and Level 2 by all ADIs other than foreign ADIs and providers of purchased payment facilities.

If an ADI is a subsidiary of a NOHC, the report at Level 2 is to be provided by the ADI's immediate parent NOHC.²

Securitisation deconsolidation principle

Except as otherwise specified in these instructions, the following applies:

1. Where an ADI (or a member of its Level 2 consolidated group³) participates in a securitisation that meets APRA's operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation* (APS 120):
 - (a) special purpose vehicles (SPVs) holding securitised assets may be treated as non-consolidated independent third parties for regulatory reporting purposes, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes;
 - (b) the assets, liabilities, revenues and expenses of the relevant SPVs may be excluded from the ADI's reported amounts in APRA's regulatory reporting returns; and
 - (c) the underlying assets (i.e. the pool) under such a securitisation may be excluded from the calculation of regulatory capital (refer to APS 120). However, the ADI must still hold regulatory capital for the securitisation exposures⁴ that it retains or acquires and such exposures are to be reported in *Reporting Form ARF 120.1*

¹ 'Level 1' and 'Level 2' have the respective meanings given to those expressions in [CAPS 001](#).

² Refer to paragraph 6 of *Reporting Standard ARS 110.0 Capital Adequacy*.

³ 'group' has the meaning given to that expression in [CAPS 001](#).

⁴ Securitisation exposures are defined in accordance with APS 120.

Securitisation – Regulatory Capital. The risk-weighted assets (RWA) relating to such securitisation exposures must also be reported in ARFS 110.0.

2. Where an ADI (or a member of its Level 2 consolidated group) participates in a securitisation that does not meet APRA's operational requirements for regulatory capital relief under APS 120, or the ADI undertakes a funding-only securitisation or synthetic securitisation, report such assets as on-balance sheet in APRA's regulatory reporting returns. In addition, these assets must also be reported as a part of the ADI's total securitised assets within *Reporting Form ARF 120.2 Securitisation – Supplementary Items*.

Capital treatment of joint arrangements

For capital adequacy purposes, ADIs must apply equity accounting for all joint arrangements, including joint ventures and joint operations.

Unit of measurement

This form must be completed in Australian dollars (AUD) in whole dollars with no decimal place.

Amounts denominated in foreign currency are to be converted to AUD in accordance with *Australian Accounting Standard AASB 121 The Effects of Changes in Foreign Exchange Rates*.⁵

Percentages are to be reported as an unconverted number to two decimal places or as specified. For example, 12.34 per cent is to be reported as 0.1234.

Specific instructions

The following instructions are applicable at Level 1 and (where relevant) Level 2.

Regulatory adjustments or deductions that would increase regulatory capital should be reported as a negative and adjustments or deductions that would decrease regulatory capital should be reported as a positive.

Section A: Level 1 / Level 2 Regulatory Capital

~~1. Tier 1 Capital~~

~~1.1 Common Equity Tier 1 Capital~~

~~1.1.1 Common Equity Tier 1 before regulatory adjustments~~

Column 1 Report the value.

⁵ Made by the AASB under section 334 of the *Corporations Act 2001*,

Item ~~1.1.1~~ 1 Report ***Paid-up ordinary share capital.***

This is the value, as at the relevant date, of paid-up ordinary share capital.

For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid-up.

Item ~~1.1.2~~ 2 Report ***Mutual Equity Interests.***

This is the value, as at the relevant date, of all mutual equity interests on issue up to a maximum limit of 25 percent of the ADI's total Common Equity Tier 1 Capital before applying regulatory adjustments.

For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid-up.

Item ~~1.1.3~~ 3 Report ***Retained earnings.***

This is the value, as at the relevant date, of retained earnings. For the purposes of this item, exclude the value of all current year earnings

Item ~~1.1.4~~ 4 Report ***Current year earnings (excluding upfront fee income).***

This is the value, as at the relevant date, of current year profits (or losses), as determined in accordance with of APS 111. Current year earnings must take into account:

- (a) negative goodwill;
- (b) the unwinding of any discount on credit loss provisions;
- (c) expected tax expenses;
- (d) dividends when declared in accordance with Australian Accounting Standards; and
- (e) the proceeds from any dividend reinvestment plan pending the issuance of ordinary shares, as agreed with APRA.

Exclude from this any amounts that relate to current year profits from upfront fee income.

Item ~~1.1.5~~ 5 Report ***Current year earnings - Upfront fee income.***

This is the value, as at the relevant date, of current year profits (or losses), that relate to upfront fee income as determined in accordance with APS 111.

Item ~~1.1.6~~ 6 Report ***Accumulated other comprehensive income (and other reserves).***

This is a derived item. It is the sum of the amounts reported in items ~~1.1.1.6.1~~ through ~~1.1.1.6.8~~.

Item ~~1.1.1.6.1~~ Report *Unrealised gains and losses on investment securities*.

This is the value, as at the relevant date, of unrealised gains and losses on debt and equity instruments measured at fair value through other comprehensive income in accordance with Australian Accounting Standards.

Item ~~1.1.1.6.2~~ Report *Gains and losses on cash flow hedges*.

This is the value, as at the relevant date, of the reserve in relation to the effective portion of the gain or loss on the cash flow hedging instrument as determined in accordance with Australian Accounting Standards.

Item ~~1.1.1.6.3~~ Report *Foreign currency translation reserve*.

This is the value, as at the relevant date, 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.

Item ~~1.1.1.6.4~~ Report *Unrealised gains and losses from a foreign currency hedge of a net investment in a foreign operation*.

This is the value, as at the relevant date, of the unrealised fair value gain or loss of a hedging instrument that is determined to be an effective hedge of the net investment in a foreign operation, in accordance with Australian Accounting Standards.

Item ~~1.1.1.6.5~~ Report *Property revaluation reserve*.

This is the value, as at the relevant date, of the balance of the reserve relating to the revaluation of property in accordance with of APS 111.

Item ~~1.1.1.6.6~~ Report *Reserves from equity-settled share-based payments*.

This is the value of reserves associated with equity-settled share-based payments granted to employees as part of their remuneration package. Exclude reserves associated with equity-settled share-based payments to employees involving the purchase of existing shares from this item and from other components of capital reported in this form in accordance with APS 111.

Item ~~1.1.1.6.7~~ Report *General reserve*.

General reserves are created from the appropriation of profits by an ADI (or the group it heads) after the payment of all dividends and tax. Exclude provisions held against performing exposures that represent unidentified losses from this item.

Item ~~1.1.1.6.8~~ Report *Any other accumulated other comprehensive income (including other reserves specified by APRA)*.

This is the value, as at the relevant date, of other reserves, including those specified by APRA.

Item ~~1.1.1.7~~ Report *Minority interests arising from issue of ordinary equity by fully consolidated ADIs or overseas equivalent held by third parties (Level 2 only)*.

This is as defined in APS 111.

Report this value only when reporting at Level 2.

1.1.2. Regulatory Adjustments to Common Equity Tier 1 Capital

Deduct these items in calculating Common Equity Tier 1 Capital in accordance with APS 111.

Column 1 Report the value.

Item ~~1.1.2.1~~ Report *Deferred tax assets in excess of deferred tax liabilities*.

This is the value, as at the relevant date, of deferred tax assets (DTA) excluding any deferred tax liabilities (DTL) that have already been netted off elsewhere in accordance with APS 111. These include DTL associated with:

- goodwill and other intangibles;
- any surplus in a defined benefit fund, of which an ADI is an employer-sponsor, unless otherwise approved in writing by APRA.

The reporting entity must net these items on a consistent basis in accordance with the requirements set out in the relevant prudential standards.

For the purposes of this item, where the amount of DTL exceeds the amount of DTA, report zero.

DTA and DTL amounts are to be determined in accordance with relevant Australian Accounting Standards.

Item ~~1.1.2.2~~ Report *Net adjustments for ineligible unrealised fair value gains (losses)*.

Report below this line item the net amount of any fair value gains and losses in the banking book and trading book, where the values do not meet the requirements for use of fair values specified in APS 111 (including Attachment A). Report a net gain as a positive figure (which will be deducted from Common Equity Tier 1 Capital) and a net loss as a negative figure (which will be added back to Common Equity Tier 1 Capital).

This is a derived item on the reporting form. It is the sum of the amounts reported in items ~~1.1.2.2.1~~ and ~~1.1.2.2.2~~.

Item 1.1.2.2.1 Report *Banking book*.

This is the net value, as at the relevant date, of any fair value gains and losses in the banking book that do not meet the requirements for use of fair values specified in APS 111. This excludes fair value adjustments reported in 1.1.2.3.

Item 1.1.2.2.2 Report *Trading book*.

This is the net value, as at the relevant date, of any fair value gains and losses in the trading book (as defined in Attachment A of *Prudential Standard APS 116 Capital Adequacy: Market Risk* (APS 116)) where the values do not meet the requirements for use of fair values specified in APS 111. This excludes fair value adjustments reported in 1.1.2.3.

Item 1.1.2.3 Report *Net other fair value adjustments*.

Report below this line item the net amount of other required adjustments specified by APRA in accordance with APS 111 for unrealised fair value gains and losses. Report a net gain as a positive figure where the values do not meet the requirements for use of fair values specified in APS 111 (including Attachment A). Report a net gain as a positive figure (which will be deducted from Common Equity Tier 1 Capital) and a net loss as a negative figure (which will be added back to Common Equity Tier 1 Capital).

This is a derived item on the reporting form. It is the sum of the amounts reported in items 1.1.2.3.1 and 1.1.2.3.2.

Item 1.1.2.3.1 Report *Net fair value gains (losses) on effective cash flow hedge*.

This is the value, as at the relevant date, of the cash flow hedge reserve that relates to the hedging of items that are not recorded at fair value on the accounting balance sheet (including projected cash flows). Any gains on hedges are to be reported as a positive figure and any losses on hedges reported as a negative figure.

Item 1.1.2.3.2 Report *Net unrealised fair value gains (losses) from changes in the ADI's own creditworthiness*.

This is the value, as at the relevant date, of any net unrealised fair value gains and losses arising from changes in the reporting entity's creditworthiness. A gain may arise, for example, from a reduction in fair value of the reporting entity's outstanding debt due to a change in credit rating.

Item 1.1.2.4 Report *Goodwill*.

This is the value, as at the relevant date, of goodwill arising from an acquisition, net of adjustments to profit or loss reflecting any changes arising from 'impairment' of goodwill. The amount of goodwill to be deducted is net of any associated DTL that would be extinguished if the

assets involved become impaired or derecognised under Australian Accounting Standards.

Item 1.1.2.5 Report *Intangible component of investments in subsidiaries and other entities.*

This is the value, as at the relevant date, of the intangible component of investments in subsidiaries arising on acquisition, net of amortisation and impairment.

Intangible assets are defined in accordance with the Australian Accounting Standards, but also include any other assets designated as intangible under APS 111. These include capitalised expenses (see line items 1.1.2.6 and 1.1.2.6.1 to 1.1.2.6.6 below) and mortgage servicing rights.

Item 1.1.2.6 Report *Capitalised expenses.*

This is the value, at the relevant date, of total capitalised expenses, in accordance with APS 111 and the Australian Accounting Standards.

This is a derived item. It is the sum of the amounts reported in items 1.1.2.6.1 through to 1.1.2.6.6.

Item 1.1.2.6.1 Report *Loan and lease origination fees and commissions paid to mortgage originators and brokers.*

This is the value, as at the relevant date, of capitalised loan and lease origination fees and commissions paid to mortgage originators and brokers.

Loan/lease origination/broker fees and commissions that are capitalised as an asset are to be set off against the balance of upfront loan/lease fees associated with the lending portfolios that are treated as deferred income and recognised as a liability.

Where the net amount for loan/ lease origination fees and commissions has a:

- (a) positive balance, report this item as a positive figure;
- (b) negative balance, provided the deferred income satisfies the criteria set out in APS 111, report this item as a negative figure. Where the criteria are not satisfied, report this item as zero.

Item 1.1.2.6.2 Report *Costs associated with debt raisings.*

This is the value, as at the relevant date, of costs associated with debt raisings and other similar transaction-related costs that are capitalised as an asset.

Item 1.1.2.6.3 Report *Costs associated with issuing capital instruments.*

This is the value, as at the relevant date, of capitalised costs associated with issuing capital instruments if not already charged to profit and loss.

Item ~~1~~.1.2.6.4 Report *Information technology software costs*.

This is the value, as at the relevant date, of information technology software costs, capitalised in accordance with Australian Accounting Standards.

Item ~~1~~.1.2.6.5 Report *Securitisation start-up costs*.

This is the value, as at the relevant date, of capitalised securitisation start-up costs.

The balance of any securitisation start-up costs and other establishment costs that are capitalised and deferred as an asset must be netted off against the balance of any deferred fee income relating to securitisation schemes deferred as a liability.

Report any positive net balance of capitalised securitisation start-up costs as a positive figure. Any surplus of up-front fee income received over deferred costs may be reported as a negative figure provided the up-front fee income received satisfies the criteria set under APS 111. Otherwise, report this item as zero

Item ~~1~~.1.2.6.6 Report *Other capitalised expenses*.

Report all other capitalised expenses not captured in items ~~1~~.1.2.6.1 to ~~1~~.1.2.6.5.

Item ~~1~~.1.2.7 Report *Any other intangible assets not included above*.

This is the value, as at the relevant date, of other intangible assets, as required to be deducted under APS 111. This item consists of intangible assets other than those included in items above (i.e. items ~~1~~.1.2.4 to ~~1~~.1.2.6 above).

Item ~~1~~.1.2.8 Report *Covered bonds – excess assets in cover pool*.

This is the value, as at the relevant date, of assets in cover pools that do not qualify for treatment as assets of the ADI in accordance with section 31D of the *Banking Act 1959* (refer to *Prudential Standard APS 121 Covered Bonds* (APS 121)).

Item ~~1~~.1.2.9 Report *Holdings of own Common Equity Tier 1 Capital instruments and any unused trading limit agreed with APRA*.

This is the value, as at the relevant date, of the reporting entity's holdings of its own Common Equity Tier 1 Capital instruments, unless exempted by APRA or eliminated through the application of Australian Accounting Standards. Include any unused trading limit on these instruments agreed with APRA and own Common Equity Tier 1 Capital instruments that the ADI could be contractually obliged to purchase, regardless of whether they are held on the banking or trading books. Refer to APS 111.

Item 1.1.2.10 Report *Common Equity Tier 1 specific adjustments relating to securitisation (excluding securitisation start-up costs)*.

This is the value, as at the relevant date, of the following securitisation-related items:

- (a) gain on sale, including expected future income from a securitisation exposure that the reporting entity reports as an on-balance sheet asset or profit, until irrevocably received;
- (b) funds provided by the reporting entity to establish a spread, reserve or similar account, until the funds are irrevocably paid to the ADI;
- (c) the difference between the book value and the amount received by the ADI, where the originating ADI transfers exposures to an SPV below their book value, unless it is written off in the reporting ADI's profit and loss (and capital) accounts;⁶
- (d) any positive mark-to-market value of a basis swap provided to a securitisation, that the ADI has reported as an on-balance sheet asset or profit before it has been irrevocably received;
- (e) any negative mark-to-market value of a basis swap where an originating ADI becomes, or is likely to become, a net payer over the life of the swap;
- (f) any senior-securitisation exposures that are required to be deducted under APS 120;
- (g) any non-senior securitisation exposures that are required to be deducted under APS 120;
- (h) all securitisation exposures that do not meet the due diligence requirements of APS 120;
- (i) all resecuritisation exposures; and
- (j) any other specific deductions in accordance with APS 120.

This item excludes start-up and other establishment costs that have been capitalised.

Item 1.1.2.11 Report *Surplus in any ADI-sponsored defined benefit superannuation plan*.

This is the value, at the relevant date, of any surplus in a defined benefit fund of which an ADI is an employer-sponsor, unless otherwise approved

⁶ An originating ADI is not required to deduct from Common Equity Tier 1 Capital the difference between the book value and the amount received, where the ADI has included the underlying exposures in the pool in the calculation of regulatory capital under *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk* (APS 112) or *Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113).

in writing by APRA. This is the value, as at the relevant date, of the aggregate surpluses in employer-sponsored defined benefit superannuation plans, net of DTL that would be extinguished if the assets involved become impaired or derecognised under the Australian Accounting Standards (refer to APS 111).

Report this item for superannuation funds as follows, where applicable:

- (a) at Level 1, in any of the reporting entity's employer-sponsored defined benefit superannuation funds; or
- (b) at Level 2, in any of the reporting entity's or other Level 2 group member's employer-sponsored defined benefit superannuation funds.

Surpluses and deficits must not be netted across employer-sponsored defined benefit superannuation plans.

Item ~~1.1.2.12~~ Report *Deficit in any ADI-sponsored defined benefit superannuation plan not already reflected in Common Equity Tier 1 Capital*.

This is the value, as at the relevant date, of the aggregate deficits in employer-sponsored defined benefit superannuation plans.

Report this item for superannuation funds as follows, where applicable:

- (a) at Level 1, in any of the reporting entity's employer-sponsored defined benefit superannuation funds; or
- (b) at Level 2, in any of the reporting entity's or other Level 2 group member's employer-sponsored defined benefit superannuation funds.

For the purposes of this item, only include deficits to the extent not already reflected in Common Equity Tier 1 Capital before adjustment. Surpluses and deficits must not be netted across employer-sponsored defined benefit superannuation plans.

Item ~~1.1.2.13~~ Report *Adjustments to Common Equity Tier 1 Capital due to shortfall in ~~Additional Tier 1 Capital and~~ Tier 2 Capital*.

A shortfall will arise where the amount of ~~Additional Tier 1 or~~ Tier 2 Capital is insufficient to cover the amount of adjustments required to be made from these categories of capital.

Item ~~1.1.2.14~~ Report *Other Common Equity Tier 1 Capital adjustments*.

This is the value, as at the relevant date, of any other Common Equity Tier 1 Capital adjustments as required under APS 111.

Item ~~1.1.2.15~~ *Equity exposures (non-Additional Tier 1 or Tier 2 Capital instruments) and other capital support provided to:*

Do not report threshold deductions here. Report amounts above the threshold in ~~1.2.16~~. Amounts below the threshold are to be included in RWA Section B.

Item ~~1.2.15.1~~ *Financial institutions*

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support (other than holdings in Additional Tier 1 Capital and Tier 2 Capital instruments) in financial institutions (as defined in APS 001), held by the reporting entity.

For the purposes of this item, exclude equity where:

- (a) the equity exposure is acquired through underwriting of a new equity instrument and the equity instrument is disposed of within five days of the date of issue. If the equity instrument is not disposed of within five days of issuance, it must be reported; or
- (b) the equity exposure is held under a legal agreement on behalf of:
 - at Level 1 - an external third party, even if held in the name of the reporting entity; or
 - at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item ~~1.2.15.1.1~~

Report *Other ADIs or overseas equivalents, and their subsidiaries*.

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support (other than holdings in Additional Tier 1 Capital and Tier 2 Capital instruments) in other ADIs or overseas equivalents, and their subsidiaries, held by the reporting entity.

For the purposes of this item, exclude equity exposures where:

- (a) the equity exposure is acquired through underwriting of a new equity instrument and the equity instrument is disposed of within five days of the date of issue. If the equity instrument is not disposed of within five days of issuance, it must be reported; or
- (b) the equity exposure is held under a legal agreement on behalf of:
 - at Level 1 - an external third party, even if held in the name of the reporting entity; or
 - at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item ~~1.2.15.1.2~~

Report *Holding companies of ADIs and equivalent overseas entities*.

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support (other than holdings

in Additional Tier 1 Capital and Tier 2 Capital instruments) in holding companies of ADIs or equivalent overseas entities held by the reporting entity.

For the purposes of this item, exclude equity exposures where:

- (a) the equity exposure is acquired through underwriting of a new equity instrument and the equity instrument is disposed of within five days of the date of issue. If the equity instrument is not disposed of within five days of issuance, it must be reported; or
- (b) the equity exposure is held under a legal agreement on behalf of:
 - at Level 1 - an external third party, even if held in the name of the reporting entity; or
 - at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item

~~1~~.1.2.15.1.3

Report *Insurers, including holding companies of insurers, or other financial institutions other than ADIs, authorised NOHCs or equivalent overseas entities*.

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support (other than holdings in Additional Tier 1 Capital and Tier 2 Capital instruments) in insurers, including holding companies of insurers, or other financial institutions other than ADIs, authorised NOHCs or equivalent overseas entities held by the reporting entity.

For the purposes of this item, exclude equity exposures where:

- (a) the equity exposure is acquired through underwriting of a new equity instrument and the equity instrument is disposed of within five days of the date of issue. If the equity instrument is not disposed of within five days of issuance, it must be reported; or
- (b) the equity exposure is held under a legal agreement on behalf of:
 - at Level 1 - an external third party, even if held in the name of the reporting entity; or
 - at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item ~~1~~.1.2.15.2 Report *Commercial (non-financial) entities*.

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support in non-financial

institutions (i.e. entities that do not meet the definition of ‘financial institution’ in CAPS 001) held by the reporting entity.⁷

For the purposes of this item, exclude equity exposures where:

1. the equity exposure is acquired through underwriting of a new equity instrument and the equity instrument is disposed of within five days of the date of issue. If the equity instrument is not disposed of within five days of issuance, it must be reported; or
2. the equity exposure or other capital investment is held under a legal agreement on behalf of:
 - at Level 1 - an external third party, even if held in the name of the reporting entity;
 - at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group); or
3. the equity exposure or other capital investment is held on the ADI’s trading book.

Item ~~1.1.2.15~~ 1.2.15.3 Report *Non-consolidated subsidiaries (Level 2 only)*.

This is the value, as at the relevant date, of direct, indirect and synthetic equity exposures, guarantees and other capital support in non-consolidated subsidiaries, whether regulated or unregulated, as defined in Attachment AB of ACPS 001.

Report this value only when reporting at Level 2.

Item ~~1.1.2.16~~ 1.2.16 Report *Adjustments for equity investments in subsidiaries above threshold* as per APS 111.

Report amounts above the threshold here. Amounts below the threshold are to be included in RWA Section B.

Report this value only when reporting at Level 1.

Item 1.2.17 Report *Capital investments in Additional Tier 1 Capital instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions.*

This is the value, as at the relevant date, of the reporting entity’s direct, indirect and synthetic holdings of Transitional Additional Tier 1 Capital Instruments and similar capital instruments issued by overseas deposit-taking institutions and their subsidiaries, insurance companies and other financial institutions. This includes instruments held in the banking book, and instruments held in the trading book in excess of 0.25 per cent of the

⁷ This excludes holdings of subordinated debt in commercial (non-financial) entities. Refer to paragraph 2529 of Attachment D to APS 111. All other holdings of capital instruments, including preference shares, even if classified as debt, must be deducted from Common Equity Tier 1.

ADI's Common Equity Tier 1 Capital and/or beyond the 30-day maximum holding period.

For the purposes of this item, exclude:

(a) exposures acquired through underwriting of a new Additional Tier 1 Capital instrument and the exposure is disposed of within five days of the date of issue. If the exposure is not disposed of within five days of issuance, it must be reported; or

(b) exposures that are held under a legal agreement on behalf of:

- at Level 1 - an external third party, even if held in the name of the reporting entity; or
- at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item

~~1.1.2.17~~ **18**

Report *Guarantees or credit derivatives that provide for a materiality threshold.*

This is the value, as at the relevant date, of any guarantee, or credit derivative covering a credit exposure of the ADI, that provides for a materiality threshold below which no payment will be made in the event of a loss (refer to APS 112 for limits on the amounts an ADI is required to deduct).

Item

~~1.1.2.18~~ **19**

Report *Non-repayable loans advanced by the ADI under APRA's certified industry support arrangements.*

This is the value, as at the relevant date, of non-repayable loans advanced by the reporting entity under APRA's certified industry support arrangements.

Item

~~1.1.2.19~~ **20**

Report *All other adjustments relating to securitisation.*

Include all other adjustments relating to securitisation that have not been reported at items ~~1.1.2.6.5~~ or ~~1.1.2.10~~.

Item ~~1.1.2.21~~ 10

Report *Shortfall in provisions for credit losses.*

This item only applies to ADIs with IRB approval. It is a derived field based on the amounts reported under Eligible provisions in Section D: Memorandum items of this form.

An ADI using the IRB approach to credit risk must compare:

- the total expected loss (EL) amount (before any tax effects) for non-defaulted IRB exposures to the total eligible provisions (including any associated DTA) for non-defaulted IRB exposures; and

- the total EL amount (before any tax effects) for defaulted IRB exposures to the total eligible provisions (including any associated DTA) for defaulted IRB exposures.

In both cases, where the EL amount is higher than the eligible provisions, the difference must be deducted from Common Equity Tier 1 Capital.

Item ~~1.1.2.2~~²¹ Report *Unrealised losses for securities in liquid asset portfolio that are not measured at fair value*

An ADI must measure and report the amount of the cumulative unrealised fair value losses for liquid assets that are not measured at fair value and deduct this amount from Common Equity Tier 1 Capital. Unrealised fair value gains on liquid assets can offset unrealised fair value losses at a financial instrument level.

ADIs must enter the unrealised loss number as a positive number, and zero for any unrealised gain in liquid asset portfolio or if any unrealised loss is zero.

Item ~~1.1.2.2~~³² Report *Other Common Equity Tier 1 Capital adjustments as advised by APRA.*

This is the value, as at the relevant date, of all other Common Equity Tier 1 Capital adjustments as advised by APRA.

Item ~~1.1.2.2~~⁴³ Report *Adjustments and exclusions to Common Equity Tier 1 Capital.*

This is the amount of adjustments applied to Common Equity Tier 1 Capital that are specific to the application of the requirements of APS 111.

Item ~~1.1.3~~ Report *Common Equity Tier 1 Capital.*

This is a derived field on the form.

~~4.2 Additional Tier 1 Capital~~

~~4.2.1 Additional Tier 1 Capital before regulatory adjustments~~

~~Column 1~~ Report the value.

~~Item 1.2.1.1~~ Report *Additional Tier 1 Capital instruments.*

~~This is as defined in APS 111.~~

~~Item 1.2.1.2~~ Report *Additional Tier 1 Capital instruments issued by fully consolidated subsidiaries in the Level 2 group held by third parties (Level 2 only).*

~~This is as defined in APS 111.~~

Item 1.2.2 Report ~~*Regulatory Adjustments to Additional Tier 1 Capital.*~~

This is a derived field on the form. It is the sum of the amounts reported in items 1.2.2.1 to 1.2.2.3 less item 1.2.2.4.

Item 1.2.2.1 Report ~~*Capital investments in Additional Tier 1 Capital instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions.*~~

This is the value, as at the relevant date, of the reporting entity's direct, indirect and synthetic holdings of Additional Tier 1 Capital instruments of other ADIs, or overseas equivalents and their subsidiaries, insurance companies and other financial institutions.

For the purposes of this item, exclude:

- (a) ~~exposures acquired through underwriting of a new Additional Tier 1 Capital instrument and the exposure is disposed of within five days of the date of issue. If the exposure is not disposed of within five days of issuance, it must be reported; or~~
- (b) ~~exposures that are held under a legal agreement on behalf of:

 - ~~at Level 1 an external third party, even if held in the name of the reporting entity; or~~
 - ~~at Level 2 a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).~~~~

Item 1.2.2.2 Report ~~*Holdings of own Additional Tier 1 Capital instruments and any unused trading limit agreed with APRA.*~~

This is the value, as at the relevant date, of the reporting entity's holdings of its own Additional Tier 1 Capital instruments, unless exempted by APRA or eliminated through the application of Australian Accounting Standards. Include any unused trading limit on these instruments where agreed with APRA and own Additional Tier 1 Capital instruments that the ADI could be contractually obliged to purchase, regardless of whether they are held on the banking or trading book. Refer to APS 111.

Item 1.2.2.3 Report ~~*Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital.*~~

Where the amount of Tier 2 Capital is insufficient to cover the amount of deductions required to be made from this category of capital, deduct the shortfall from Additional Tier 1 Capital. If Additional Tier 1 Capital is insufficient to cover the amount of deductions required, the remaining amount must be deducted from Common Equity Tier 1 Capital.

Item 1.2.2.4 Report ~~*Adjustments and exclusions to Additional Tier 1 Capital.*~~

~~This is the amount of adjustments applied to Additional Tier 1 Capital that are specific to the application of the requirements of APS 111.~~

Item 1.2.3 Report ~~*Additional Tier 1 Capital*~~.

~~This is a derived field on the form. It is the sum of the amounts reported in items 1.2.1.1 (1.2.1.2 for Level 2) less the amount reported in item 1.2.2.~~

Item 1.3 Report ~~*Excess Mutual Equity Interests*~~.

~~This is the value, as at the relevant date, of any mutual equity interests that are above the limit specified in APS 111 (that is, the value of any mutual equity interests on issue that are not eligible for inclusion in Common Equity Tier 1 Capital in item 1.1.2).~~

~~For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid up.~~

~~1.4 Tier 1 Capital~~

Column 1 Report the value.

Item 1.4 ~~*Tier 1 Capital*~~.

~~Derived field calculated as the sum of items 1.1.3 Common Equity Tier 1 Capital and 1.2.3 Additional Tier 1 Capital and 1.3 Excess Mutual Equity Interests.~~

2. Tier 2 Capital

2.1 Tier 2 Capital before regulatory adjustments

Column 1 Report the value.

Item 2.1.1 Report *Tier 2 Capital instruments*.

This is as defined in APS 111.

Item 2.1.2 Report *Tier 2 Capital instruments issued by fully consolidated subsidiaries in the Level 2 group held by third parties (Level 2 only)*.

This is as defined in APS 111.

Item 2.1.3 *Provisions eligible for inclusion in Tier 2 capital*.

The Provisions eligible for inclusion in Tier 2 capital may be included in Tier 2 Capital gross of tax effects, subject to the limits below.

Item 2.1.3.1 Report *Standardised approach (to a maximum of 1.25% of total credit RWA)*.

This is the value, as at the relevant date, of Provisions eligible for inclusion in Tier 2 capital (refer to APS 111) to be included in Tier 2 Capital and is limited to a maximum of 1.25 per cent of the total credit RWA of the ADI calculated under APS 112. This item is applicable to ADIs using the standardised approach to credit risk.

Item 2.1.3.2 Report *IRB approach surplus provisions on non-defaulted exposures (to a maximum of 0.6% of credit RWA).*

This item is only applicable to ADIs using the IRB approach to credit risk. This is a derived field based on the amounts reported under Eligible provisions in Section D: Memorandum items of this form. For non-defaulted exposures, where there is a surplus of total eligible provisions over the total EL amount, the difference may be included as Tier 2 Capital, where:

- the surplus provisions are eligible to be treated as Provisions eligible for inclusion in Tier 2 capital (refer to APS 111); and
- the amount to be included as Tier 2 Capital is limited to a maximum of 0.6 per cent of the total credit RWA of the ADI.

This is a derived field.

Item 2.2 Regulatory adjustments to Tier 2 Capital

Item 2.2.1 Report *Capital investments in Tier 2 instruments of ADIs or overseas equivalents and their subsidiaries, insurance companies and other financial institutions.*

This is the value, as at the relevant date, of the reporting entity's direct, indirect and synthetic holdings of Tier 2 Capital instruments of other ADIs, or overseas equivalents and their subsidiaries, insurance companies and other financial institutions.

For the purposes of this item, exclude:

- exposures acquired through underwriting of a new Tier 2 Capital instrument if the exposure is disposed of within five days of the date of issue. If the exposure is not disposed of within five days of issuance, it must be reported; or
- exposures that are held under a legal agreement on behalf of:
 1. at Level 1 - an external third party, even if held in the name of the reporting entity; or
 2. at Level 2 - a party outside the Level 2 consolidated group, even if held in the name of the reporting entity (or another member of its Level 2 consolidated group).

Item 2.2.2 Report *Holdings of own Tier 2 Capital instruments and any unused trading limit agreed with APRA.*

This is the value, as at the relevant date, of the reporting entity's holdings of its own Tier 2 Capital instruments, unless exempted by APRA or eliminated through the application of Australian Accounting Standards.

Include any unused trading limit on these instruments where agreed with APRA and own Tier 2 Capital instruments that the ADI could be contractually obliged to purchase, regardless of whether they are held on the banking or trading books. Refer to APS 111.

Item 2.2.3 Report *Capital investments in Additional Tier 1 Capital instruments in the trading book (to a maximum of 0.25% of Common Equity Tier 1 Capital and not held beyond the 30-day maximum holding period).*

This is the value, as at the relevant date, of the reporting entity's holdings in the trading book of Transitional Additional Tier 1 Capital instruments and similar capital instruments issued by overseas deposit-taking institutions and their subsidiaries, insurance companies and other financial institutions, up to a maximum of 0.25 per cent of the ADI's Common Equity Tier 1 Capital and not held beyond the 30-day maximum holding period.

Item 2.2.34 Report *Adjustments and exclusions to Tier 2 Capital.*

This is the amount of adjustments applied to Tier 2 Capital that are specific to the application of the requirements of APS 111.

Item 2.3 Report Tier 2 Capital.

This is a derived field on the form. It is the sum of the amounts reported in items 2.1.1 to 2.1.3.1 less the sum of amounts reported in items 2.2.1 to 2.2.2, less the amount reported in item 2.2.3.

Item 2.4 Report *Transitional Additional Tier 1 Capital Instruments.*

This is as defined in APS 111.

Item 2.5 Report *Excess Mutual Equity Interests.*

This is the value, as at the relevant date, of any mutual equity interests that are above the limit specified in APS 111 (that is, the value of any mutual equity interests on issue that are not eligible for inclusion in Common Equity Tier 1 Capital in item 1.1.2).

For the purposes of this item, only include proceeds of issues that have been received by the issuer. Any partly paid issue is reported only to the extent that it has been paid-up.

3. Level 1 / Level 2 Total Capital

Column 1 Report the value.

Item 3 Report Total Capital.

This is a derived item and is calculated as the sum of items 1.34 Common Equity Tier 1 Capital, ~~and~~ 2.3 Tier 2 Capital, 2.4 Transitional Additional Tier 1 Capital Instruments and 2.5 Excess Mutual Equity Interests.

Section B: Risk Profile

This section summarises an ADI's RWA amounts for credit, operational and market risks and any other charges as required by APRA. To convert a capital charge for operational risk, market risk or any other item to a RWA equivalent amount, the amount of the charge must be multiplied by a factor of 12.5. The total RWA amount is used to calculate the capital adequacy ratio.

This form is designed to be used by all ADIs, irrespective of the approaches an individual ADI is applying to credit risk, operational risk and market risk. Consequently, not all line items are relevant to each ADI. An ADI must determine the line items it is required to complete based on the approaches it is applying.

1. Credit risk (excluding exposures in New Zealand subsidiaries)

This section captures the total credit risk-weighted amount of on-balance sheet assets and the risk-weighted credit equivalent amount of off-balance sheet exposures at Level 1/Level 2.

Securitisation exposures, risk-weighted in accordance with APS 120, are excluded from the amounts reported under section B, item 1.1 (refer to section B, item 1.2 below).

Column 1 Report the value.

Item 1.1 ***Credit risk as per ARS 112.0***

This item is automatically calculated based on information entered into the table for ARS 112.0.

Item 1.2 ***Credit risk as per ARS 113.0***

This item is automatically calculated based on information entered into the table for ARS 113.

Item 1.3 Report ***Securitisation (as per ARS 120)***

This item captures the total RWA amount that is attributable to an ADI's securitisation exposures at Level 1 or Level 2, determined in accordance with APS 120.

Report total RWA for securitisation exposures, as reported under ARF 120.1.

Item 1.4 ***Total RWA for credit risk***

Derived field calculating the total credit RWA amount for an ADI, irrespective of the approach (or approaches) it is using to credit risk

2. Operational risk

This section captures the RWA equivalent amount of the operational risk regulatory capital of an ADI at Level 1 or Level 2.

Items in this section are automatically populated

Column 1 The values for this table are automatically calculated.

Item 2.1 *Standardised approach*

This item is automatically calculated based on information entered into the table for ARS 115.0.

Item 2.2 *Calculated for non-SFIs*

This item is automatically calculated as 10 per cent of Item 1.4– Total RWA for credit risk of Section B.

Item 2.3 *Total RWA for operational risk*

This item is automatically calculated.

3. Market risk

This section captures the RWA equivalent amount of the market risk capital requirement of an ADI at Level 1 or Level 2.

Column 1 Report the value.

Item 3.1 Report *Interest rate risk in the banking book – Internal model approach*.

This item only applies to an ADI for which APRA has approved the use of an internal model approach to interest rate risk in the banking book (IRRBB) for determining regulatory capital (refer to *Prudential Standard APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs)* (APS 117)).

Report the RWA equivalent amount of the IRRBB capital requirement, as captured in *Reporting Form ARF 117.1 Interest Rate Risk in the Banking Book* (ARF 117.1).

For reporting periods ending on or after 31 March 2026, this item may be automatically calculated based on information entered into the table for ARF 117.1.

Item 3.2 Report *Traded market risk, foreign exchange and commodities – Standard method.*

Report the RWA equivalent amount of the traded market risk, foreign exchange and commodities (TFC) capital requirement calculated using the standard method (refer to APS 116), as captured in *Reporting Form ARF 116.0 – Market risk* (ARF 116.0).

Item 3.3 Report *Traded market risk, foreign exchange and commodities – Internal model approach.*

Report the RWA equivalent amount of the TFC capital requirement calculated using the internal model approach (refer to APS 116), as captured in ARF 116.0.

Item 3.4 Report *Total RWA for market risk.*

This is a derived field calculating the total RWA amount for an ADI's TFC and IRRBB capital requirement, irrespective of the approach (or approaches) it is using.

4. Credit risk New Zealand Subsidiaries (Level 2 only)

Column 1 Report Exposure, defined as the sum of on-balance sheet and off-balance sheet (after credit conversion) exposures that is multiplied by an appropriate risk-weight. It is calculated after recognising credit risk mitigation benefits.

Column 2 Report the RWA value.
The reported RWA value must include any RWA overlay and the ADI must not report the RWA overlay again in item 5.1.

Item 4.1 Report Sovereign credit risk.

For ADIs with IRB approval, this item captures sovereign exposures, as defined in the Reserve Bank of New Zealand (RBNZ)'s *BPR 133 - IRB Credit Risk RWAs* version 1 July 2024 (BPR 133), of a New Zealand banking subsidiary but are risk-weighted in accordance with the RBNZ's *BPR 131 – Standardised Credit Risk RWAs* version 1 July 2024 (BPR 131).⁸

For ADIs without IRB approval, this item captures claims on sovereigns, central banks and multilateral development banks and other international organisations as defined in the RBNZ's BPR 131.

⁸ Both documents are as existing at the commencement of this Reporting Standard and are available on the RBNZ's website at <https://www.rbnz.govt.nz/regulation-and-supervision/oversight-of-banks/standards-and-requirements-for-banks/capital-and-credit-risk-requirements>

- Item 4.2** Report Bank credit risk.
- For ADIs with IRB approval, this item captures bank exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary but are risk-weighted in accordance with the RBNZ's BPR 131.
- For ADIs without IRB approval, this item captures claims on banks as defined in the RBNZ's BPR 131.
- Item 4.3** Report Corporate – Farm lending credit risk.
- This item only applies to ADIs with IRB approval. This item captures corporate – farm lending exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary.
- Item 4.4** Report Corporate – IPRE credit risk.
- This item only applies to ADIs with IRB approval. This item captures corporate - IPRE exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary.
- Item 4.5** Report Corporate – other credit risk.
- For ADIs with IRB approval, this item captures corporate – other exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary.
- For ADIs without IRB approval, this item captures claims on corporates as defined in the RBNZ's BPR 131.
- Item 4.6** Report Retail – residential mortgage credit risk.
- For ADIs with IRB approval, this item captures retail - residential mortgage exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary.
- For ADIs without IRB approval, this item captures residential mortgage loans (RML) as defined in the RBNZ's BPR 131.
- Item 4.7** Report Retail – other credit risk.
- This item only applies to ADIs with IRB approval. This item captures retail - other exposures, as defined in the RBNZ's BPR 133, of a New Zealand banking subsidiary.
- Item 4.8** Report All other credit risk (including fixed assets, equity, leases, etc).
- This item captures all other credit risk exposures of a New Zealand banking subsidiary within the scope of the RBNZ's BPR 133 and/or BPR 131 and not included in any of the above items.
- Item 4.9** Total RWA for New Zealand subsidiaries.
- This item is automatically populated and is the sum of 4.1 to 4.8.

5. Other charges as required by APRA

Column 1 Report the value.

Item 5.1 Report the RWA equivalent amount of the adjustment to credit risk regulatory capital charge if APRA has required an additional credit risk regulatory capital requirement that is not captured by ARS 112.0 or ARS 113.0.

Unless directed otherwise by APRA, RWA overlays associated with exposures within the scope of ARS 112 must be reported in item 5.1 of ARFS 110.0 only.

Unless directed otherwise by APRA, RWA overlays associated with exposures within the scope of ARS 113 must be reported in ARS 113 only.

Unless directed otherwise by APRA, RWA overlays associated with exposures within the scope of ARFS 110.0 Section B items 4.1 to 4.8 (Credit risk New Zealand subsidiaries) must be reported in ARFS 110.0 Section B items 4.1 to 4.8 only.

Item 5.2 Report the RWA equivalent amount of the adjustment to operational risk regulatory capital charge if APRA has required an additional operational risk regulatory capital requirement that is not captured by ARS 115.0.

Item 5.3 Report the RWA equivalent amount of the adjustment to IRRBB regulatory capital charge if APRA has required an additional IRRBB regulatory capital requirement that is not captured by ARS 117.1.

Item 5.4 Report the RWA equivalent amount of the adjustment to market risk regulatory capital charge if APRA has required an additional market risk regulatory capital requirement that is not captured by ARS 116.0.

Item 5.5 Report the RWA equivalent amount of any other adjustment to the regulatory capital charge as advised by APRA.

Item 5.6 Total other charges as required by APRA.

This is a derived item that is calculated as the sum of items 5.1, 5.2, 5.3, 5.4 and 5.5.

6. Total for credit risk, operational risk and market risk

Column 1 Report the value.

Item 6.1 *For IRB ADIs, capital requirement as per standardised approach, excluding New Zealand subsidiaries.*

This item is for the purpose of the RWA floor calculation, as detailed in APS 110.

This item is automatically populated.

Item 6.2 *Report for IRB ADIs, credit capital requirement as per standardised approach, due to New Zealand subsidiaries.*

Report the credit RWA of a New Zealand subsidiary if fully re-computed under the standardised approach as defined in RBNZ's BPR 131.

This item is for the purpose of the RWA floor calculation, as detailed in APS 110.

Item 6.3 *Adjustment to RWA with respect to the floor.*

This item only applies to an ADI with approval to use the internal-ratings based (IRB) approach to credit risk (refer to APS 113).

This item is automatically populated.

Item 6.4 *Total RWA.*

This is a derived field that sums the RWA amounts for all categories. This figure forms the denominator for calculating the risk-based capital ratios of an ADI.

SECTION C: RISK RATIOS

1. Risk-based capital ratios

Column 1 Report the value.

Item 1.1 *Common Equity Tier 1.*

This is a derived field calculated by dividing item 1.1.3 Common Equity Tier 1 Capital of section A by item 6.4 Total RWA of section B.

~~**Item 1.2** *Tier 1.*~~

~~This is a derived field calculated by dividing item 1.4 Tier 1 Capital of section A by item 6.4 Total RWA of section B.~~

Item 1.23 *Total Capital.*

This is a derived field calculated by dividing item 3 Level 1/ Level 2 Total Capital of section A by item 6.4 Total RWA of section B.

2. Countercyclical capital buffer

Column 1	Report the percentage value.
Column 2	Report dollar risk-weighted amount of an ADI's private sector credit exposures as detailed in APS 110.
Item 2.1	<p><i>ADI-specific countercyclical capital buffer requirement.</i></p> <p>This is a derived field and is automatically calculated from items 2.1.1 to 2.1.3, in accordance with Attachment C of APS 110. For an ADI with exposures in Australia only, the ADI-specific buffer is equal to the Australian jurisdictional countercyclical buffer.</p>
Item 2.1.1	Report Countercyclical capital buffer requirement for assets held in Australia.
Item 2.1.2	Report Countercyclical capital buffer requirement for assets held in New Zealand.
Item 2.1.3	Report Countercyclical capital buffer requirement for assets held elsewhere.

3. Leverage ratio

Column 1	Report the value.
Item 3.1	<p>Leverage ratio. This value is to be reported at the highest consolidation level only: Level 2 if applicable, otherwise, report at Level 1. This is a calculated field, derived from <u>Common Equity</u> Tier 1 capital (Item 1.4.3 of section A) divided by Exposure measure (Item 3.5 of Section D).</p>

SECTION D: MEMORANDUM ITEMS

1. Eligible provisions

The items under Eligible provisions are only applicable to an ADI with IRB approval (refer to APS 113). The ADI must report the amounts, in items 1.1 to 1.3, inclusive of any associated DTA.

Column 1	Report the value of <i>Defaulted exposures.</i>
Column 2	Report the value of <i>Non-defaulted exposures.</i>
Column 3	Report the <i>Total</i> value of exposures.

- Item 1.1** Report *Credit-related provisions*.
This item relates to both defaulted and non-defaulted exposures. Include specific provisions and the amount of provisions held against performing exposures that represent unidentified losses.
- Item 1.2** Report *Partial write-offs*.
Report the amount of any partial write-offs that form part of the ADI's total eligible provisions.
- Item 1.3** Report *Discounts on defaulted assets*.
Report the total amount of discounts on defaulted assets (refer to APS 113).
- Item 1.4** Report *Total eligible provisions*.
This is a derived item which for:
- (a) defaulted exposures – sums credit-related provisions on defaulted exposures, partial write-offs, and discounts on defaulted assets;
 - (b) non-defaulted exposures – equals the amount of credit-related provisions.
- Item 1.5** Report *Total expected losses*.
Report the amount of total expected losses on defaulted and non-defaulted exposures (refer to APS 113).

2. Provisions held against performing exposures that represent unidentified losses

Column 1 Report the value.

- Item 2.1** Report *Provisions held against performing exposures that represent unidentified losses*.
Report the total amount in the provisions held against performing exposures that represent unidentified losses inclusive of any associated DTA for non-defaulted exposures. This amount must be reported irrespective of whether it is included in Tier 2 Capital (refer to APS 220).

Report the total amount in the provisions held against performing exposures that represent unidentified losses without taking into account the limits applicable on the inclusion of this amount in Tier 2 Capital.

3. Exposure measure for leverage ratio

Column 1	<p>Report the value. This value is to be reported at the highest consolidation level only: Level 2 if applicable, Level 1 otherwise.</p> <p>Daily averaging should be used for the calculation of Security Financial Transactions (SFT) exposures. The average of daily values over the quarter may be calculated as a best estimate, provided that this is undertaken on a consistent and prudent basis, with appropriate supporting governance and procedures.</p>
Item 3.1	Report On-balance sheet exposures, as set out in APS 110.
Item 3.2	Report Non-market related off-balance sheet exposures, as set out in APS 110.
Item 3.3	Report Derivative exposures, as set out in APS 110.
Item 3.4	Report Securities financing transaction exposures, as set out in APS 110.
Item 3.5	Total exposures is a derived field calculated as the sum of items 3.1, 3.2, 3.3 and 3.4 above.