



Reporting Standard LRS 114.3

Off-balance Sheet Business

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA in relation to a life company's off-balance sheet business.

It includes associated specific instructions and must be read in conjunction with *Reporting Standard LRS 001 Reporting Requirements (LRS 001)*, the *Life Insurance General Instruction Guide* and *Prudential Standard LPS 114 Capital Adequacy: Asset Risk Charge. Form LRF 114.3 Off-balance Sheet Business* and associated specific instructions and must be read in conjunction with the general instruction guide.

Authority

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

Purpose

2. The information reported to APRA under this Reporting Standard ~~Information collected in Form LRF 114.3 Off-balance Sheet Business (LRF 114.3)~~ is used by APRA for the purpose of prudential supervision including assessing compliance with capital adequacy standards.

Application and commencement

3. This Reporting Standard applies to all life insurance companies including friendly societies (together referred to as 'life companies') registered under the *Life Insurance Act 1995* (Life ~~Insurance~~ Act). This Reporting Standard applies for reporting periods ending on or after 1 April 2023 ~~1 December 2026~~.

Information required

4. A life company must provide APRA with the information required by this Reporting Standard ~~Form LRF 114.3~~ for each reporting period.

5. The information reported to APRA under this Reporting Standard is not required to be given to policy owners pursuant to section 124 of the Life ~~Insurance~~ Act. It does not constitute a reporting document for the purposes of section 124.

Method of submission

6. 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

- ~~7.~~ Subject to paragraph ~~8~~ 8, a life company must provide the information required by this Reporting Standard ~~;~~
- ~~8.~~ ~~in respect of each quarter based on the financial year of the life company on an unaudited basis; and~~
- ~~9.7.~~ in respect of each financial year of the life company on an audited basis.

Note 1: This means that ~~information provided under this Reporting Standard this form~~ will be submitted ~~five times~~once for a full financial year.

Note 2: The annual audited ~~information provided under this Reporting Standard form~~ must be submitted in conjunction with the annual auditor's report, as required under *Prudential Standard LPS 310 Audit and Related Matters* (LPS 310).

- ~~10.8.~~ If, having regard to the particular circumstances of a life company, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by ~~subparagraph or 7(a) or 7(b)~~paragraph 7, APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular life company.
- ~~11.9.~~ The information required by this Reporting Standard in respect of a life company must be provided to APRA:
- ~~in the case of quarterly information, within 20 business days after the end of the reporting period to which the information relates;~~
 - (a) ~~in the case of annual information, within three months after the end of the reporting period to which the information relates; or within the time stated in Reporting Standard LRS 001 Reporting Requirements (LRS 001); or~~
 - (a) _____
 - (b) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.
- ~~10.~~ APRA may, in writing, grant a life company an extension of a due date, in which case the new due date will be the date on the notice of extension.

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

Quality control

~~12.11.~~ The information provided by a life company under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Auditor of the life company. This will require the Auditor to review and test the life company's systems, processes and controls supporting the reporting of the information to enable the life company to provide reliable financial information to APRA. This review and testing must be done on:

- (a) an annual basis or more frequently if necessary to enable the Auditor to form an opinion on the reliability and accuracy of data; and
- (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of LPS 310.

~~13.12.~~ All information provided by a life company under this Reporting Standard must be subject to systems, processes and controls developed by the life company for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the life company to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

~~14.13.~~ Actuarial valuations and calculations included in or used in the preparation of the information provided to APRA must be in accordance with the prudential standards in force for the reporting period. However, life companies may use reasonable estimates when preparing information that will not be audited (i.e. for the first four submissions of information for a full financial year).

Authorisation

~~15.14.~~ When an officer of a life company provides the information required by this Reporting Standard using an electronic format, ~~it will be necessary for~~ the officer or agent must digitally sign the relevant information using a digital certificate acceptable to APRA.

~~16.15.~~ An officer of a life company submitting information under this Reporting Standard must be authorised by either:

- (a) the Principal Executive Officer of the life company; or
- (b) the Chief Financial Officer of the life company.

Variations

16. APRA may, by written notice to the life company, vary the reporting requirements of this Reporting Standard ~~the Form LRF 114.3~~ in relation to that life company.

Transition

17. A life company must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this Reporting Standard; and

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

- (a) which ended before 31 December 2026; and
- (b) in relation to which the life company was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

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

Interpretation

17.18. In this Reporting Standard ~~(including the attachments):~~

- (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard LPS-CPS 001 Definitions-Defined Terms* (LPS-CPS 001); and
- (b) the following definitions are applicable:

Auditor means an auditor appointed under section 83 of the Life Act.

capital adequacy standards means the prudential standards which relate to capital adequacy as defined in LPS-CPS 001;

Chief Financial Officer means the chief financial officer of the life company, by whatever name called;

financial year has the meaning in the *Corporations Act 2001*;

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

Life Act means the *Life Insurance Act 1995*.

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

reporting period means a reporting period under ~~subparagraph 7(a)7(a) or 7(b)7(b) paragraph 7~~ or, if applicable, ~~paragraph 8 8~~.

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

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Reporting Standard LRS 114.3

Off-balance Sheet Business

General instructions

Reporting tables

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

Definitions

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

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| <u>All other non-market-related off-balance sheet items</u> | <p><u>Any non-market-related off-balance sheet transactions that give rise to credit risk and have not been identified elsewhere.</u></p> <p><u>For these items, a life company should consult APRA on the appropriate counterparty grade to be used as a component of assets to be stressed under <i>Prudential Standard LPS 114 Capital Adequacy: Asset Risk Charge</i>.</u></p> |
| <u>Any other irrevocable commitments</u> | <p><u>This means any consists of undrawn formal standby facilities and credit lines, and other irrevocable commitments.</u></p> <p><u>The amount of undrawn commitment to be included in calculating life companies' off-balance sheet non-market related credit exposures is the maximum unused portion of the commitment that could be drawn during the remaining period to maturity. The drawn portion of a commitment forms part of a life company's on-balance sheet credit exposure.</u></p> |
| <u>Approved Balance Available</u> | <u>Approved balance available means relates to the total approved balance of the facility at the reporting date.</u> |
| <u>Assets sold with recourse</u> | <u>This means relates to any asset sales (to the extent that such assets are not included on-balance sheet) by a life company where the holder of the asset is entitled to 'put' the asset back to the life company within an agreed period or under certain prescribed circumstances, e.g. deterioration in the value or credit quality of the asset concerned.</u> |
| <u>Associates / joint ventures</u> | <p><u>Associate means an <i>associate</i> as defined under Australian Accounting Standard <i>AASB 128 Investments in Associates and Joint Ventures</i>.</u></p> <p><u>A <i>joint venture</i> is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.</u></p> |

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| <u>Benefit fund</u> | <u>Means an approved benefit fund as defined in CPS 001.</u> |
| <u>Bill acceptance / discount facilities</u> | <u>This refers to another form of liquidity/funding. The funding is provided to the life company by a facility that discounts bills (e.g. bank accepted bills). Principal and interest (discount) owing on the bill is repaid or 'rolled over' by the life company on maturity of the bill.</u> |
| <u>Bill endorsements</u> | <u>This refers relates to the bills endorsed under bill endorsement lines (but are not accepted by, or have the prior endorsement of, an authorised deposit-taking institution (ADI)).</u> |

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| <u>Commitments that can be unconditionally revoked at any time without notice</u> | <u>This refers to non-market related off-balance sheet contingent liabilities relating to commitments that can be unconditionally revoked at any time without notice.</u> |
| <u>Credit derivatives - sold protection</u> | <u>This is the credit derivative exposures where protection is sold.</u> |

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| <u>Direct Credit Substitutes</u> | <u>Any irrevocable off-balance sheet obligations that carry the same credit risk as a direct extension of credit, such as an undertaking to make a payment to a third party in the event that a counterparty fails to meet a financial obligation, or an undertaking to a counterparty to acquire a potential claim on another party in the event of default by that party, constitutes a direct credit substitute (i.e. the risk of loss depends on the creditworthiness of the counterparty or the party on whom a potential claim is acquired).</u> |
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| <u>Extent of Indebtedness Secured by Assets</u> | <u>This is the minimum of the <i>value of the assets subject to the charge</i> and the <i>outstanding value of the charge granted</i>.</u> |
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| <u>Facilities with greater than 5 day draw down</u> | <u>This refers to those standby facilities that can be drawn down (funds accessed) more than five days after notice is given by the life company of its intention to draw down on the standby facility (i.e. a five day waiting period).</u> |
| <u>Facilities with same day draw down</u> | <u>This refers to those standby facilities that can be drawn down (funds accessed) on the same day that notice is given by the life company of its intention to draw down on the standby facility.</u> |
| <u>Facilities with 2 - 5 day draw down</u> | <u>This refers to those standby facilities that can be drawn down (funds accessed) within two to five days after notice is given by the life company of its intention to draw down on the standby facility (i.e. a two-five day waiting period).</u> |
| <u>Forward asset purchases</u> | <u>This refers to:</u> |

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| | <ul style="list-style-type: none"> • <u>commitments to purchase at a future date and on pre-arranged terms; and</u> • <u>a loan, security or other asset from another party, including written put options on specified assets with the character of a credit enhancement.</u> <p><u>Where a life company purchasing the asset has an unequivocal right to substitute cash settlement in place of accepting delivery of the asset, and the price on settlement is calculated with reference to a general market price indicator (and not to the financial condition of any specific entity), the purchase may be treated as a market-related off-balance sheet transaction.</u></p> <p><u>Written put options expressed in terms of market rates for currencies or financial instruments bearing no credit risk should not be included.</u></p> |
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| <u>Guarantees</u> | <u>This is the potential credit exposures arising from the issue of guarantees.</u> |
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| <u>Letter of credit facilities</u> | <u>This is an irrevocable and unconditional undertaking covering a life company to repay principal and interest on a loan in the event of default by the life company.</u> |
| <u>Life company fund</u> | <u>This means the type of <i>life company fund</i>. Possible types are:</u> <ul style="list-style-type: none"> • <u>statutory fund;</u> • <u><i>benefit fund</i>.</u> |
| <u>Loans approved but Not Yet Advanced</u> | <u>This means loans that are approved but not yet drawn.</u> |

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| <u>Note issuance and revolving underwriting facilities</u> | <u>This refers to arrangements whereby a borrower may draw down funds up to a prescribed limit over a predefined period by making repeated note issues to the market, and where, should the issue prove unable to be placed in the market, the unplaced amount is to be taken up or funds made available by a life company being committed as an underwriter of the facility.</u> |
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| <u>Other Commitments</u> | <u>This consists of:</u> <ul style="list-style-type: none"> • <u><i>Loans approved but Not Yet Advanced;</i></u> • <u><i>Any other irrevocable commitments;</i> and</u> |
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| | <ul style="list-style-type: none"> • <u>Commitments that can be unconditionally revoked at any time without notice.</u> |
| <u>Other credit substitutes</u> | <u>This is the value of all other credit substitutes that does not appropriately fall under the categories: Guarantees; Credit derivatives - sold protection; Standby letters of credit; or Bill endorsements.</u> |
| <u>Other irrevocable commitments</u> | <u>This refers to all other irrevocable commitments that are not Undrawn formal standby facilities and credit lines.</u> |
| <u>Other liquidity support facilities</u> | <u>This refers to all other off-balance sheet liquidity support facilities contracted for the life company's use that are not identified elsewhere.</u> |
| <u>Other related parties</u> | <u>This means any counterparty that is deemed a related party in accordance with AASB 124 Related Party Disclosures, which do not fall under the categories: Parent; Subsidiaries; Associates / Joint ventures.</u> |
| <u>Outstanding Value of the charge</u> | <u>This refers to the outstanding value of the charge or encumbrance (as at the reporting date) given over assets of the life company.</u> |
| <u>Overdrafts</u> | <u>These are accounts that may be overdrawn up to limits agreed to with an ADI.</u> |

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| <u>Parent</u> | <u>This means an entity that controls one or more entities.</u> |
| <u>Partly paid shares and securities</u> | <u>This refers to:</u> <ul style="list-style-type: none"> • <u>any amounts owing on the uncalled portion of partly paid shares;</u> <u>and</u> • <u>securities that represent commitments with certain draw down by the issuer at a future date.</u> |
| <u>Performance-related contingencies</u> | <u>Contingent liabilities that involve an irrevocable obligation to pay a third party in the event that a counterparty fails to fulfil or perform a contractual non-monetary obligation, such as delivery of goods by a specified date, etc (i.e. the risk of loss depends on a future event that is not directly related to the creditworthiness of the counterparty involved). Include:</u> <ul style="list-style-type: none"> • <u>issue of performance bond;</u> • <u>bid bonds;</u> • <u>warranties;</u> • <u>indemnities; and</u> • <u>standby letters of credit in relation to a non-monetary obligation of a counterparty under a particular transaction.</u> |

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| <u>Placements of forward deposits</u> | <u>This refers to any agreement between a life company and another party whereby the life company will place a deposit at an agreed rate of interest with that party at a predetermined future date.</u> |
| <u>Principal Value of the charge</u> | <u>This refers to the principal or face value or amount of the charge or encumbrance given over assets of the life company.</u> |
| <u>Purpose of Charge / Encumbrance</u> | <p><u>The permitted purposes are set out in sections 38 and 40 of the Life Act.</u></p> <p><u>The enumerated values are:</u></p> <ul style="list-style-type: none"> • <u>Derivatives</u> • <u>Major Development Project</u> • <u>Overdraft; and</u> • <u>Other.</u> |

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| <u>Sale and repurchase agreements</u> | <u>This refers to arrangements whereby a life company sells a loan, security or other asset to another party with a commitment to repurchase the asset at an agreed price on an agreed future date.</u> |
| <u>Standby Facilities</u> | <u>This means an arrangement in which a party has the right but not the obligation to draw down funds to a specified limit. Generally, the drawing party is required to provide written notice to trigger draw down (access to the funds) on these facilities.</u> |
| <u>Standby letters of credit</u> | <u>This refers to the confirmation of letters of credit and issue of standby letters of credit serving as financial guarantees for loans, securities and any other financial liabilities.</u> |
| <u>Subsidiaries</u> | <u>This means a subsidiary as defined in the <i>Corporations Act 2001</i>.</u> |

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| <u>Total Direct Credit Substitutes</u> | <u>This is the total of direct credit substitutes provided by the life company.</u> |
| <u>Total non-market-related off-balance sheet items</u> | <u>This is the value of all off-balance sheet items that are not transacted in financial markets.</u> |
| <u>Total off-balance sheet liquidity support facilities</u> | <u>This is the total of liquidity support facilities contracted to the life company to supplement its liquidity requirements.</u> |

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| <u>Trade-related contingencies</u> | <p>Contingent liabilities arising from trade-related obligations that are secured against an underlying shipment of goods. Include:</p> <ul style="list-style-type: none"> • <u>documentary letters of credit issued;</u> • <u>acceptances on trade bills;</u> • <u>shipping guarantees issued; and</u> • <u>any other trade-related contingencies.</u> |
| <u>Type of Charge / Encumbrance</u> | <p>The following is not an exhaustive list but is provided as an example:</p> <p><u>Fixed charge - A fixed charge is generally given in relation to a specific asset or assets and it will generally limit the ability or right of the life company to deal with those assets.</u></p> <p><u>Floating charge - A floating charge may be given over specific assets or all assets of the life company and may generally only crystallise and become a fixed charge on the occurrence of a specific event that is agreed between the parties (i.e. default on payment, or not maintaining specified interest coverage ratios).</u></p> |

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| <u>Undrawn Balance Available</u> | <u>Undrawn balance available refers to the balance of the facility that has not been used or drawn down by the life company at the reporting date.</u> |
| <u>Undrawn formal standby facilities and credit lines</u> | <u>This refers to irrevocable commitments relating to undrawn formal standby facilities and credit lines.</u> |

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| <u>Value of assets subject to the charge</u> | <u>For each separate charge listed, this is the value of the assets that are subject to the charge or encumbrance.</u> |
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Specific Instructions

Table 1: Non-Market Related Off-Balance Sheet Items

Reporting basis

This table applies to life companies including friendly societies. This table applies to statutory and benefit funds.

Units of measurement

This values in this table must be completed in whole Australian dollars.

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| <u>Column 1</u> | <u>Report the principal amount.</u> |
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Report transactions or commitments that entail the following items listed below.

1. Direct Credit Substitutes

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| <u>Item 1.1</u> | <u>Report <i>guarantees</i>.</u> |
| <u>Item 1.2</u> | <u>Report <i>credit derivatives - sold protection</i>.</u> |
| <u>Item 1.3</u> | <u>Report <i>standby letters of credit</i>.</u> |
| <u>Item 1.4</u> | <u>Report <i>bill endorsements</i>.</u> |
| <u>Item 1.5</u> | <u><i>Other credit substitutes</i> is a derived item and is calculated as item 1.6 less the sum of items 1.1 to 1.4.</u> |
| <u>Item 1.6</u> | <u>Report <i>total direct credit substitutes</i>.</u> |

2. Performance-related contingencies

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| <u>Item 2</u> | <u>Report <i>performance-related contingencies</i>.</u> |
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3. Trade-related contingencies

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| <u>Item 3</u> | <u>Report <i>trade-related contingencies</i>.</u> |
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4. Sale and repurchase agreements

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| <u>Item 4</u> | <u>Report <i>sale and repurchase agreements</i>.</u> |
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5. Assets sold with recourse

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| <u>Item 5</u> | <u>Report <i>assets sold with recourse</i>.</u> |
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6. Forward asset purchases

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| <u>Item 6</u> | <u>Report <i>forward asset purchases</i>.</u> |
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7. Partly paid shares and securities

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| <u>Item 7</u> | <u>Report <i>partly paid shares and securities</i>.</u> |
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8. Placements of forward deposits

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| <u>Item 8</u> | <u>Report <i>placements of forward deposits</i>.</u> |
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9. Note issuance and revolving underwriting facilities

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| <u>Item 9</u> | <u>Report <i>note issuance and revolving underwriting facilities</i>.</u> |
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10. Other Commitments

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| <u>Item 10.1</u> | <u>Report <i>loans approved but not yet advanced</i>.</u> |
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| <u>Item 10.2</u> | <u><i>Any other irrevocable commitments</i></u> |
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| <u>Item 10.2.1</u> | <u>Report <i>undrawn formal standby facilities and credit lines</i>.</u> |
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| <u>Item 10.2.2</u> | <u>Report <i>other irrevocable commitments</i>.</u> |
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| <u>Item 10.3</u> | <u>Report <i>commitments that can be unconditionally revoked at any time without notice</i>.</u> |
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11. All other non-market-related off-balance sheet items

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| <u>Item 11</u> | <u><i>All other non-market-related off-balance sheet items</i> is a derived item and is calculated as item 12 less the sum of items 1.6 to 10.</u> |
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12. Total non-market-related off-balance sheet business

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| <u>Item 12</u> | <u>Report <i>total non-market-related off-balance sheet business</i>.</u> |
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| <u>Item 12.1</u> | <u>Report the total value of non-market related off-balance sheet items that are with the <i>parent</i>.</u> |
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| <u>Item 12.2</u> | <u>Report the total value of non-market related off-balance sheet items that are with <i>subsidiaries</i>.</u> |
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| <u>Item 12.3</u> | <u>Report the total value of non-market related off-balance sheet items where the counterparties are <i>associates / joint ventures</i>.</u> |
| <u>Item 12.4</u> | <u>Report the total value of non-market related off-balance sheet items that are with <i>other related parties</i>.</u> |

Table 2: Other Off-Balance Sheet Transactions - Off-Balance Sheet Liquidity Support Facilities Contracted for Reporting Entity's Use

Reporting basis

This table applies to life companies including friendly societies. This table applies to statutory and benefit funds.

Units of measurement

This values in this table must be completed in whole Australian dollars.

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| <u>Column 1</u> | <u>Report the <i>approved balance available</i>.</u> |
| <u>Column 2</u> | <u>Report the <i>undrawn balance available</i>.</u> |

1. Standby Facilities

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| <u>Item 1.1</u> | <u>Report <i>facilities with same day draw down</i>.</u> |
| <u>Item 1.2</u> | <u>Report <i>facilities with 2 - 5 day draw down</i>.</u> |
| <u>Item 1.3</u> | <u>Report <i>facilities with greater than 5 day draw down</i>.</u> |

2. Bill acceptance / discount facilities

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| <u>Item 2</u> | <u>Report <i>bill acceptance / discount facilities</i>.</u> |
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3. Letter of credit facilities

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| <u>Item 3</u> | <u>Report <i>letter of credit facilities</i>.</u> |
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4. Overdrafts

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| <u>Item 4</u> | <u>Report <i>overdrafts</i>.</u> |
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5. Other liquidity support facilities

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| <u>Item 5</u> | <u><i>Other liquidity support facilities</i> is a derived item and is calculated as item 6 less the sum of items 1.1, 1.2, 1.3, 2, 3 and 4.</u> |
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6. Total off-balance sheet liquidity support facilities

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| <u>Item 6</u> | <u>Report <i>total off-balance sheet liquidity support facilities</i>.</u> |
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| <u>Item 6.1</u> | <u>Report the total value of off-balance sheet liquidity support facilities that are with the <i>parent</i>.</u> |
| <u>Item 6.2</u> | <u>Report the total value of off-balance sheet liquidity support facilities that are with <i>subsidiaries</i>.</u> |
| <u>Item 6.3</u> | <u>Report the total value of off-balance sheet liquidity support facilities where the counterparties are <i>associates / joint ventures</i>.</u> |
| <u>Item 6.4</u> | <u>Report the total value of off-balance sheet liquidity support facilities that are with <i>other related parties</i>.</u> |

Table 3: Other Off-Balance Sheet Transactions - Charges and Encumbrances

Reporting basis

This table applies to life companies including friendly societies. This table applies to statutory and benefit funds.

Units of measurement

This values in this table must be completed in whole Australian dollars.

| | <u>Name</u> | <u>Valid values</u> | <u>Description</u> |
|----------|--|--|--|
| <u>1</u> | <u>Life Company Fund Type</u> | <ul style="list-style-type: none"> • <u>Statutory fund</u> • <u>Benefit fund</u> | <u>Report the life company fund.</u> |
| <u>2</u> | <u>Life Company Fund Name</u> | <u>Free text</u> | <u>Report the name of the life company fund.</u> |
| <u>3</u> | <u>Purpose of Charge / Encumbrance</u> | <ul style="list-style-type: none"> • <u>Overdraft</u> • <u>Derivatives</u> • <u>Major development project</u> • <u>Other</u> | <u>Report the purpose of charge / encumbrance.</u> |
| <u>4</u> | <u>Type of Charge / Encumbrance</u> | <u>Free text</u> | <u>Report the name of the type of charge / encumbrance.</u> |
| <u>5</u> | <u>Principal Value of the Charge</u> | <u>Whole dollars</u> | <u>Report the principal value of the charge.</u> |

| | <u>Name</u> | <u>Valid values</u> | <u>Description</u> |
|----------|---|----------------------|---|
| <u>6</u> | <u>Outstanding Value of the Charge</u> | <u>Whole dollars</u> | <u>Report the <i>outstanding value of the charge</i>.</u> |
| <u>7</u> | <u>Value of Assets Subject to the Charge</u> | <u>Whole dollars</u> | <u>Report the <i>value of assets subject to the charge</i>.</u> |
| <u>8</u> | <u>Extent of Indebtedness Secured by Assets</u> | <u>Whole dollars</u> | <u><i>Extent of indebtedness secured by assets</i> is a derived item and is calculated as the minimum of the value of the assets subject to the charge (column 7) and the outstanding value of the charge granted (column 6).</u> |

DRAFT

~~LRF_114_3: Off balance Sheet Business~~

~~Australian Business Number~~

~~Institution Name~~

| | |
|--|---|
| | Life Insurers and Friendly Societies |
|--|---|

~~Reporting Period~~

~~Scale Factor~~

| | |
|-------------------------------|----------------------|
| Quarterly / Annual | Thousands |
|-------------------------------|----------------------|

~~Reporting Consolidation~~

| |
|---------------------------|
| Statutory fund |
|---------------------------|

~~Section 1: Non-Market Related Off-Balance Sheet Items~~

1.6. Forward asset purchases

| |
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1.7. Partly paid shares and securities

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1.8. Placements of forward deposits

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1.9. Note issuance and revolving underwriting facilities

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1.10. Other Commitments

1.10.1. Loans Approved but Not Yet Advanced

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| |
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1.10.2. Any other irrevocable commitments

1.10.2.1. Undrawn formal standby facilities and credit lines

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1.10.2.2. Other irrevocable commitments

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1.10.3. Commitments that can be unconditionally revoked at any time without notice

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1.11. All other non market related off balance sheet items

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1.12. Total non market related off balance sheet business

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|--|

Of which the amounts with:

1.12.1. Parent entity

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1.12.2. Controlled entities

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1.12.3. Associates / joint ventures

1.12.4. Other related parties

| |
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| |
| |

~~Section 2: Other Off-Balance Sheet Transactions~~

2.6.2. *Controlled entities*

2.6.3. *Associates / joint ventures*

2.6.4. *Other related parties*

| |
|--|
| |
| |
| |

3. Charges and Encumbrances

| Purpose of Charge / Encumbrance (1) | Type of Charge / Encumbrance (2) | Principal Value of the charge (3) | Outstanding Value of the charge (4) | Value of assets subject to the charge (5) | Extent of Indebtedness Secured By Assets (6) |
|--|---|--|--|--|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

~~LRF_114_3 Off-balance Sheet Business~~

~~These instructions must be read in conjunction with the general instruction guide.~~

~~Instructions for specific items~~

~~Section 1: Non-Market Related Off-Balance Sheet Items~~

~~1.1. Direct Credit Substitutes~~

~~Any irrevocable off-balance sheet obligations that carry the same credit risk as a direct extension of credit, such as an undertaking to make a payment to a third party in the event that a counterparty fails to meet a financial obligation, or an undertaking to a counterparty to acquire a~~

~~potential claim on another party in the event of default by that party, constitutes a direct credit substitute (i.e. the risk of loss depends on the creditworthiness of the counterparty or the party on whom a potential claim is acquired).~~

~~1.1.1. Guarantees~~

~~This is the potential credit exposures arising from the issue of guarantees.~~

~~1.1.2. Credit derivatives – sold protection~~

~~This is the credit derivative exposures where protection is sold.~~

~~1.1.3. Standby letters of credit~~

~~This relates to the confirmation of letters of credit and issue of standby letters of credit serving as financial guarantees for loans, securities and any other financial liabilities.~~

~~1.1.4. Bill endorsements~~

~~This relates to the bills endorsed under bill endorsement lines (but are not accepted by, or have the prior endorsement of, an authorised deposit-taking institution (ADI)).~~

~~1.1.5. Other credit substitutes~~

~~This is the value of all other credit substitutes that does not appropriately fall under the above categories.~~

~~It is calculated automatically as item 1.1.6 less the sum of items 1.1.1 to 1.1.5.~~

~~1.1.6. Total Direct Credit Substitutes~~

~~This is the total of direct credit substitutes provided by the life company.~~

1.2. — Performance-related contingencies

~~Contingent liabilities that involve an irrevocable obligation to pay a third party in the event that a counterparty fails to fulfil or perform a contractual non-monetary obligation, such as delivery of goods by a specified date, etc (i.e. the risk of loss depends on a future event that is not directly related to the creditworthiness of the counterparty involved). Include:~~

- ~~• issue of performance bond;~~
- ~~• bid bonds;~~
- ~~• warranties;~~
- ~~• indemnities; and~~
- ~~• standby letters of credit in relation to a non-monetary obligation of a counterparty under a particular transaction.~~

1.3. — Trade-related contingencies

~~Contingent liabilities arising from trade-related obligations that are secured against an underlying shipment of goods. Include:~~

- ~~• documentary letters of credit issued;~~
- ~~• acceptances on trade bills;~~
- ~~• shipping guarantees issued; and~~

- ~~• any other trade related contingencies.~~

~~1.4. Sale and repurchase agreements~~

~~This relates to arrangements whereby a life company sells a loan, security or other asset to another party with a commitment to repurchase the asset at an agreed price on an agreed future date.~~

~~1.5. Assets sold with recourse~~

~~This relates to any asset sales (to the extent that such assets are not included on balance sheet) by a life company where the holder of the asset is entitled to 'put' the asset back to the life company within an agreed period or under certain prescribed circumstances, e.g. deterioration in the value or credit quality of the asset concerned.~~

~~1.6. Forward asset purchases~~

~~This relates to:~~

- ~~• commitments to purchase at a future date and on pre-arranged terms; and~~
- ~~• a loan, security or other asset from another party, including written put options on specified assets with the character of a credit enhancement.~~

~~Where a life company purchasing the asset has an unequivocal right to substitute cash settlement in place of accepting delivery of the asset, and the price on settlement is calculated with reference to a general market price indicator (and not to the financial condition of any specific entity), the purchase may be treated as a market related off balance sheet transaction.~~

~~Written put options expressed in terms of market rates for currencies or financial instruments bearing no credit risk should not be included.~~

~~1.7. Partly paid shares and securities~~

This relates to:

- ~~any amounts owing on the uncalled portion of partly paid shares; and~~
- ~~securities that represent commitments with certain draw down by the issuer at a future date.~~

~~1.8. Placements of forward deposits~~

~~This relates to any agreement between a life company and another party whereby the life company will place a deposit at an agreed rate of interest with that party at a predetermined future date.~~

~~1.9. Note issuance and revolving underwriting facilities~~

~~This involves arrangements whereby a borrower may draw down funds up to a prescribed limit over a predefined period by making repeated note issues to the market, and where, should the issue prove unable to be placed in the market, the unplaced amount is to be taken up or funds made available by a life company being committed as an underwriter of the facility.~~

~~1.10. Other Commitments~~

~~1.10.1. Loans approved but Not Yet Advanced~~

~~This relates to loans that are approved but not yet drawn.~~

~~1.10.2. Any other irrevocable commitments~~

~~The amount of undrawn commitment to be included in calculating life companies' off balance sheet non-market related credit exposures is the maximum unused portion of the commitment that could be drawn during the remaining period to maturity. The drawn portion of a commitment forms part of a life company's on-balance sheet credit exposure.~~

~~1.10.3. — Commitments that can be unconditionally revoked at any time without notice~~

~~Report the principal amount of the non-market related off-balance sheet contingent liabilities relating to commitments that can be unconditionally revoked at any time without notice.~~

~~1.11. — All other non-market related off-balance sheet items~~

~~For any non-market related off-balance sheet transactions that give rise to credit risk but are not specifically identified above, a life company should consult APRA on the appropriate counterparty grade to be used as a component of assets to be stressed under *Prudential Standard LPS 114 Capital Adequacy: Asset Risk Charge*.~~

~~It is calculated automatically by the form.~~

~~1.12. — Total non-market related off-balance sheet items~~

~~This is the value of all off-balance sheet items that are not transacted in financial markets.~~

~~1.12.1. — Parent entity~~

~~This is the total value of non-market related off-balance sheet items that are with the parent entity of the life company.~~

~~1.12.2. — Controlled entities~~

~~This is the total value of non-market related off-balance sheet items that are with a controlled entity of the life company.~~

~~1.12.3. — Associates / joint ventures~~

~~This is the total value of non-market related off-balance sheet items where the counterparty is an associate or joint-venture.~~

~~1.12.4. Other related entities~~

~~This is the total value of non-market related off-balance sheet items that are with a related entity of the life company and has not been included in 1.12.1 to 1.12.3 above.~~

~~Section 2: Other Off-Balance Sheet Transactions~~

~~2(1). Approved Balance Available~~

~~Approved balance available relates to the total approved balance of the facility at the reporting date.~~

~~2(2). Undrawn Balance Available~~

~~Undrawn balance available relates to the balance of the facility that has not been used or drawn down by the life company at the reporting date.~~

~~2.1. Standby Facilities~~

~~A standby facility is an arrangement in which a party has the right but not the obligation to draw down funds to a specified limit. Generally, the drawing party is required to provide written notice to trigger draw down (access to the funds) on these facilities.~~

~~2.1.1. Facilities with same day draw down~~

~~This relates to those standby facilities that can be drawn down (funds accessed) on the same day that notice is given by the life company of its intention to draw down on the standby facility.~~

~~2.1.2. Facilities with 2 – 5 day draw down~~

~~This relates to those standby facilities that can be drawn down (funds accessed) within two to five days after notice is given by the life company of its intention to draw down on the standby facility (i.e. a two-five day waiting period).~~

~~2.1.3. Facilities with greater than 5 day draw down~~

~~This relates to those standby facilities that can be drawn down (funds accessed) more than five days after notice is given by the life company of its intention to draw down on the standby facility (i.e. a five day waiting period).~~

~~2.2. Bill acceptance / discount facilities~~

~~This relates to another form of liquidity/funding. The funding is provided to the life company by a facility that discounts bills (e.g. bank accepted bills). Principal and interest (discount) owing on the bill is repaid or 'rolled over' by the life company on maturity of the bill.~~

~~2.3. Letter of credit facilities~~

~~This is an irrevocable and unconditional undertaking covering a life company to repay principal and interest on a loan in the event of default by the life company.~~

~~2.4. Overdrafts~~

~~These are accounts that may be overdrawn up to limits agreed to with an ADI.~~

~~2.5. Other liquidity support facilities~~

~~This relates to all other off balance sheet liquidity support facilities contracted for the life company's use that are not included in the categories above.~~

~~It is calculated automatically as item 2.6 less the sum of items 2.1.1, 2.1.2, 2.1.3, 2.2, 2.3 and 2.4.~~

~~2.6. Total off-balance sheet liquidity support facilities~~

~~This is the total of liquidity support facilities contracted to the life company to supplement its liquidity requirements.~~

~~2.6.1. Parent entity~~

~~This is the total value of off-balance sheet liquidity support facilities that are with the parent entity of the life company.~~

~~2.6.2. Controlled entities~~

~~This is the total value of off-balance sheet liquidity support facilities that are with a controlled entity of the life company.~~

~~2.6.3. Associates / joint ventures~~

~~This is the total value of off-balance sheet liquidity support facilities where the counterparty is an associate or joint venture.~~

~~2.6.4. Other related entities~~

~~This is the total value of off-balance sheet liquidity support facilities that are with a related entity of the life company and has not been included in 2.6.1. to 2.6.3 above.~~

~~3(1). Purpose of Charge / Encumbrance~~

~~The purposes are set out in sections 38 and 40 of the *Life Insurance Act 1995*.~~

~~The appropriate description should be selected from the drop-down box.~~

~~3(2). Type of Charge / Encumbrance~~

~~The following is not an exhaustive list but is provided as an example:~~

~~Fixed charge—A fixed charge is generally given in relation to a specific asset or assets and it will generally limit the ability or right of the life company to deal with those assets.~~

~~Floating charge—A floating charge may be given over specific assets or all assets of the life company and may generally only crystallise and become a fixed charge on the occurrence of a specific event that is agreed between the parties (i.e. default on payment, or not maintaining specified interest coverage ratios).~~

~~**3(3).—Principal Value of the charge**~~

~~This refers to the principal or face value or amount of the charge or encumbrance given over assets of the life company.~~

~~**3(4).—Outstanding Value of the charge**~~

~~This refers to the outstanding value of the charge or encumbrance (as at the reporting date) given over assets of the life company.~~

~~**3(5).—Value of assets subject to the charge**~~

~~For each separate charge listed, report in this column the value of the assets that are subject to the charge or encumbrance.~~

~~**3(6).—Extent of Indebtedness Secured by Assets**~~

~~This field is automatically calculated. For each separate charge listed, the form will calculate the dollar value to which the assets are charged. It equals the minimum of the value of the assets subject to the charge (column 5) and the outstanding value of the charge granted (column 4).~~