

Reporting Form 3RF 111.0

Level 3 Eligible Capital

Instructions

These instructions assist completion of *Reporting Form 3RF 111.0 Level 3 Eligible Capital* (3RF 111.0). 3RF 111.0 collects information relating to Level 3 Eligible Capital (Level 3 EC) of a Level 3 group.

In completing these forms, Level 3 Heads must refer to *Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital*.

General instructions

Reporting entity and reporting level

3RF 111.0 must be completed by all Level 3 Heads for the Level 3 group of which they are the parent entity. The basis of consolidation is the Level 3 group, unless otherwise specified.

Reporting basis and units of measurement

Report all items on 3RF 111.0 in accordance with the Australian Accounting Standards unless otherwise specified.

Items on 3RF 111.0 must be reported as at the end of the reporting period.

Items on 3RF 111.0 are to be reported as millions of Australian dollars (AUD) to one decimal place. Amounts denominated in foreign currency are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

All values must be reported as a positive unless otherwise specified.

Securitisation deconsolidation principle

Where a Level 3 institution in the Level 3 group participates in securitisations that meet APRA's operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation* in accordance with the principles set out in *Prudential Standard 3PS 110 Capital Adequacy* (3PS 110), the securitisation special purpose vehicles (SPVs) holding securitised assets may be treated as non-consolidated independent third parties for the purpose of determining Level 3 EC, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes.

The assets, liabilities, revenues and expenses of the relevant securitisation SPVs may be excluded from the Level 3 group's reported amounts in APRA's regulatory reporting returns.

Where a Level 3 group participates in securitisation SPVs that do not meet APRA's operational requirements for regulatory capital relief, or the Level 3 Head elects to treat the

securitised assets as on-balance sheet assets, such exposures are to be reported as on-balance sheet assets.

Capital treatment of joint arrangements

For capital adequacy purposes, a Level 3 Head must apply equity accounting for all joint arrangements, including joint ventures and joint operations.

Specific instructions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions. Additional definitions are provided at the end of these instructions.

1. Level 3 Eligible Capital

Item 1 calculates Level 3 EC for a Level 3 group.

Where an item refers to one or more specific industry blocks, the item must only be reported for Level 3 institutions located in those blocks. Items referring to one or more specific industry blocks must exclude exposures which are eliminated on consolidation of the Level 3 group, unless noted otherwise.

Reporting basis: report item 1 as at the end of the reporting period.

For the purposes of the superannuation reporting framework, an RSE licensee must provide the Operational Risk Financial Requirement reserves on a yearly basis. This information must be determined on a quarterly basis for the purposes of item 1.7.16 of 3RF 111.0.

Unit of measurement: report items 1.1 to 1.8 inclusive as millions of dollars to one decimal place.

Item 1.1	Report <i>paid-up ordinary shares</i> in item 1.1.
<i>Paid-up ordinary shares</i>	Represents the value of paid-up ordinary shares issued by the <i>Level 3 Head</i> that meet the criteria for classification as ordinary shares for regulatory purposes as determined in accordance with Attachment A of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> .

Item 1.2	Report <i>retained earnings</i> in item 1.2.
<i>Retained earnings</i>	Represents the value of retained earnings of the <i>Level 3 group</i> . For the purposes of this item, exclude the value of all current year earnings.

Item 1.3	Report <i>undistributed current year earnings</i> in item 1.3. Of which: report <i>ADI upfront fee income</i> in item 1.3.1.
<i>Undistributed</i>	Represents the value of current year profits (or losses), as determined in

current year earnings	<p>accordance with <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>. Current year earnings must take into account:</p> <ul style="list-style-type: none"> (a) negative goodwill; (b) the unwinding of any discount on credit loss provisions for ADIs in the Level 3 group (refer to Attachment A to <i>Prudential Standard APS 220 Credit Quality</i>); (c) expected tax expenses; (d) dividends when declared in accordance with <i>Australian Accounting Standards</i>; and (e) the proceeds from any dividend reinvestment plan pending the issuance of ordinary shares, as agreed in writing by APRA. <p>Item (b) must be reported for the ADI Level 2 group or, if there is no ADI Level 2 group, for the Level 1 ADIs¹ and equivalent overseas deposit-taking institutions.</p>
ADI upfront fee income	<p>Represents the full value of current year upfront fee income (e.g. application and loan fees) for ADIs in a Level 3 group, provided that:</p> <ul style="list-style-type: none"> (a) the fee income has either been received in cash or has been debited to a customer's account or otherwise forms part of the upfront fees owed by a customer; (b) outstanding amounts of fee income debited to customer accounts must be claimable in full in the event of default by the customer, or capable of being sold to a third party as part of outstanding debts; (c) the provider of the income has no recourse for repayment in part or full of any prepaid income; (d) the customer cannot cancel any fees debited to the customer's account for which they were otherwise obliged to pay upfront; and (e) there is no requirement for the provision of continuing additional services or products associated with the fee income concerned. <p>This item must be reported for the ADI Level 2 group or, if there is no ADI Level 2 group, for the Level 1 ADIs and equivalent overseas deposit-taking institutions.</p>

Item 1.4	<p>Item 1.4 is a derived item and represents the sum of all values reported under items 1.4.1 through 1.4.7 inclusive.</p> <p>Report <i>unrealised gains or losses recognised on the balance sheet</i> in item 1.4.1.</p> <p>Report <i>reserves from equity-settled share-based payments</i> in item 1.4.2.</p>
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¹ For the purposes of these instructions, in accordance with *Prudential Standard APS 110 Capital Adequacy* reference to a **Level 1 ADI** means either the **ADI** itself or the Extended Licensed Entity (**ELE**).

	<p>Report <i>foreign currency translation reserve</i> in item 1.4.3.</p> <p>Report <i>property revaluation reserve</i> in item 1.4.4. This item does not apply to property holdings held at fair value by <i>life companies</i> in the <i>Level 3 group</i> nor to any property held at fair value, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group.</p> <p>Report <i>general reserves</i> in item 1.4.5. Exclude General Reserves for Credit Losses from this item.</p> <p>Report <i>cumulative unrealised gains or losses on hedges offsetting gains or losses included in Level 3 EC</i> in item 1.4.6.</p> <p>Report <i>other gains and losses in accumulated other comprehensive income and other disclosed reserves specified by APRA</i> in item 1.4.7.</p>
<i>Unrealised gains or losses recognised on the balance sheet</i>	Represents the value of unrealised gains or losses that have been recognised on the balance sheet in accordance with the relevant accounting standards.
<i>Reserves from equity-settled share-based payments</i>	Represents the value of reserves from equity-settled share-based payments granted to employees as part of their remuneration package that meet the requirements of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> . Reserves associated with equity-settled share-based payments to employees involving the purchase of existing shares must be excluded from this item and from other components of capital reported in this form.
<i>Foreign currency translation reserve</i>	Represents the value of the reserve relating to exchange rate differences arising on translation of assets and liabilities to the presentation currency in accordance with <i>Australian Accounting Standards</i> .
<i>Property revaluation reserve</i>	<p>Represents the value of the reserve relating to the revaluation of property holdings. A property revaluation reserve may be included as part of other disclosed reserves only if:</p> <ul style="list-style-type: none"> (a) the property is owned by the <i>Level 3 group</i>; (b) the property represents only land and buildings; (c) the property is readily available to be sold. A property need not be scheduled for sale, nor need a sale be intended. However, such a property must be capable of being readily sold within six months were a decision made to sell the property; (d) the reserves are shown as a component of equity in audited published financial accounts of the <i>Level 3 group</i>; (e) the revaluations are reliable, in accordance with <i>Australian Accounting Standards</i>, and subject to audit or review consistent

	<p>with <i>Australian Auditing and Assurance Standards</i>. An investment property must be measured at fair value in accordance with <i>Australian Accounting Standards</i>; and</p> <p>(f) the amount of reserves incorporates the full effect of any fair value gains or losses and any gains or losses on hedges offsetting revaluations of the property (owner-occupied property and investment property) included in the reserves.</p>
General reserves	Represents the value of general reserves that are created from the appropriation of profits by a Level 3 group after the payment of all dividends and tax.
Cumulative unrealised gains or losses on hedges offsetting gains or losses included in Level 3 EC	<p>Represents the value of cumulative unrealised gains or losses on hedges offsetting the gains or losses of components of Level 3 EC.</p> <p>This includes cumulative unrealised gains or losses on effective cash flow hedges as defined in the <i>Australian Accounting Standards</i> and any fair value gains or losses on derivatives representing effective economic hedges of assets.</p>
Other gains and losses in accumulated other comprehensive income and other disclosed reserves specified by APRA	Represents the value of any other gains and losses in accumulated comprehensive income and other disclosed reserves that may be specified by APRA in writing.

Item 1.5	<p>Item 1.5 is a derived item and represents the sum of all values reported under items 1.5.1 and 1.5.2.</p> <p>Report ADI Level 2 group minority interests in item 1.5.1.</p> <p>Report general insurance Level 2 group minority interests in item 1.5.2.</p>
ADI Level 2 group minority interests	Represents the value of minority interests of the ADI Level 2 group as calculated in accordance with <i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital</i> , except that the reference to third parties must be taken to mean third parties of the Level 3 group , rather than of the ADI Level 2 group .
General insurance Level 2 group minority	Represents the value of minority interests of the general insurance Level 2 group as calculated in accordance with <i>Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital</i> , except that the reference to third parties must be taken to mean third parties of the

<i>interests</i>	<i>Level 3 group</i> , rather than of the <i>general insurance Level 2 group</i> .
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Item 1.6	<p>Item 1.6 is a derived item and equals the values reported under item 1.6.1 less those reported under item 1.6.2.</p> <p>Report <i>technical provisions in surplus or deficit of those required by GPS 320</i> in item 1.6.1.</p> <p>Report <i>Level 3 adjustment where there are multiple standalone general insurers</i> in item 1.6.2. This item must be completed where the <i>Level 3 group</i> contains more than one <i>Level 1 general insurer</i> and/or equivalent overseas general insurer but these institutions do not form a <i>general insurance Level 2 group</i>.</p>
<i>Technical provisions in surplus or deficit of those required by GPS 320</i>	<p>Represents the value of total technical provisions in surplus or deficit of those required by <i>Prudential Standard GPS 320 Actuarial and Related Matters</i> (GPS 320), as determined in accordance with <i>Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital</i>.</p> <p>This item must be reported for the <i>general insurance Level 2 group</i> or, if there is no <i>general insurance Level 2 group</i>, it must reported for the aggregate for all <i>Level 1 general insurers</i> and equivalent overseas general insurers in the <i>Level 3 group</i>, without adjusting for intra-group transactions or diversification. For equivalent overseas general insurers, apply the approach set out for <i>international business of a general insurance Level 2 group</i> in GPS 320.</p>
<i>Level 3 adjustment where there are multiple standalone general insurers</i>	<p>Represents the value of the adjustment to the technical provisions necessary to reflect the impact of consolidating the <i>Level 1 general insurers</i> and equivalent overseas general insurers, notably consolidation adjustments for intra-group transactions and diversification benefits in risk margins.</p> <p>An increase in technical provisions must be reported as a positive value and a decrease as a negative value.</p>

Item 1.7	<p>Item 1.7 is a derived item and equals the sum of all values reported under items 1.7.1 through 1.7.21 inclusive except items 1.7.13 and 1.7.16, which are deducted instead. This item represents regulatory adjustments applied in the calculation of <i>Level 3 EC</i>.</p> <p>Report <i>assets under a fixed or floating charge (GI, LI, Super, FM and OA blocks only)</i> in item 1.7.1. This item must be reported for <i>Level 3 institutions</i> in the GI, LI, Super, FM and OA blocks.</p> <p>Report <i>cash flow hedge reserve</i> in item 1.7.2.</p> <p>Report <i>covered bonds excess assets in cover pools (ADI block only)</i> in item 1.7.3. This item must be reported for <i>Level 3 institutions</i> in the ADI block.</p>
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	<p>Report <i>deferred tax assets and deferred tax liabilities</i> in item 1.7.4.</p> <p>Report <i>difference between the adjusted policy liabilities and the sum of policy liabilities and policy owners' retained profits (LI block only)</i> in item 1.7.5. This item must be reported for <i>Level 3 institutions</i> in the LI block.</p> <p>Item 1.7.6 is a derived item and represents the sum of all values reported under items 1.7.6.1 through 1.7.6.3 inclusive.</p> <p>Report <i>ADI block equity holdings</i> in item 1.7.6.1. This item must be reported for <i>Level 3 institutions</i> in the ADI block.</p> <p>Report <i>FM block equity holdings</i> in item 1.7.6.2. This item must be reported for <i>Level 3 institutions</i> in the FM block.</p> <p>Report <i>OA block equity holdings</i> in item 1.7.6.3. This item must be reported for <i>Level 3 institutions</i> in the OA block.</p> <p>Report <i>equity holdings and other capital support provided to third party commercial (non-financial) institutions (ADI block only)</i> in item 1.7.7. This item must be reported for <i>Level 3 institutions</i> in the ADI block.</p> <p>Report <i>fair value adjustments</i> in item 1.7.8.</p> <p>Report <i>fair value gains and losses arising from changes in own creditworthiness</i> in item 1.7.9.</p> <p>Item 1.7.10 is a derived item and represents the sum of all values reported under items 1.7.10.1 and 1.7.10.2.</p> <p>Report <i>goodwill</i> in item 1.7.10.1.</p> <p>Report <i>other intangible assets</i> in item 1.7.10.2.</p> <p>Report <i>guarantees or credit derivatives that provide for a materiality threshold (ADI block only)</i> in item 1.7.11. This item must be reported for <i>Level 3 institutions</i> in the ADI block.</p> <p>Report <i>holdings of own capital instruments and any unused trading limit agreed with APRA</i> in item 1.7.12.</p> <p>Report <i>holdings of own capital instruments on behalf of third parties</i> in item 1.7.13. This item is deducted from the regulatory adjustments to <i>Level 3 EC</i> (i.e. it is added to <i>Level 3 EC</i>).</p> <p>Report <i>industry support schemes (ADI block only)</i> in item 1.7.14. This item must be reported for <i>Level 3 institutions</i> in the ADI block.</p> <p>Item 1.7.15 is a derived item and represents the sum of all values reported under items 1.7.15.1 and 1.7.15.2.</p> <p>Report <i>GI block investments</i> in item 1.7.15.1. This item must be reported for <i>Level 3 institutions</i> in the GI block.</p> <p>Report <i>LI block investments</i> in item 1.7.15.2. This item must be reported for <i>Level 3 institutions</i> in the LI block.</p> <p>Report <i>Operational Risk Financial Requirement reserves (Super block only)</i> in item 1.7.16. This item must be reported for <i>Level 3 institutions</i> in the Super block. This item is deducted from the regulatory adjustments to</p>
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	<p>Level 3 EC (i.e. it is added to Level 3 EC).</p> <p>Item 1.7.17 is a derived item and represents the sum of all values reported under items 1.7.17.1 and 1.7.17.2.</p> <p>Report reinsurance assets (general insurance) in item 1.7.17.1. This item must be reported for Level 3 institutions in the GI block.</p> <p>Report reinsurance assets (life insurance) in item 1.7.17.2. This item must be reported for Level 3 institutions in the LI block.</p> <p>Report adjustments relating to securitisation in item 1.7.18.</p> <p>Report shortfall in provisions for credit losses (ADI block only) in item 1.7.19. This item must be reported for Level 3 institutions in the ADI block.</p> <p>Item 1.7.20 is a derived item and represents the sum of all values reported under items 1.7.20.1 and 1.7.20.2.</p> <p>Report surplus in any superannuation defined benefit fund sponsored by a Level 3 institution in item 1.7.20.1.</p> <p>Report deficit in any superannuation defined benefit fund sponsored by a Level 3 institution and not already reflected in Level 3 EC in item 1.7.20.2.</p> <p>Report other adjustments in item 1.7.21.</p>
Assets under a fixed or floating charge (GI, LI, Super, FM and OA blocks only)	<p>Represents the value, for Level 3 institutions in the GI, LI, Super, FM and OA blocks, of all assets that are under a fixed or floating charge, mortgage or other security to the extent of the indebtedness secured on those assets. This deduction may be reduced by the amount of any liability for the charge that is recognised on the institution's balance sheet.</p> <p>For Level 3 institutions included in the GI block, where the security referred to in the previous paragraph exclusively supports the institution's insurance liabilities (valued in accordance with <i>Prudential Standard GPS 320 Actuarial and Related Matters</i>), the deduction only applies to the amount by which the fair value of the charged assets exceeds the institution's supported insurance liabilities.</p> <p>This deduction does not apply to the international business of a general insurance Level 2 group or equivalent overseas general insurers included in the GI block on a standalone basis.</p>
Cash flow hedge reserve	<p>Represents the value 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).</p> <p>Any gains on hedges are to be reported as a positive figure and any losses on hedges reported as a negative figure.</p>
Covered bonds excess assets in cover pools (ADI block)	<p>Represents the value, for Level 3 institutions in the ADI block, of excess assets in cover pools as determined in accordance with <i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital</i>, Attachment D.</p>

<i>only)</i>	
<i>Deferred tax assets and deferred tax liabilities</i>	<p>Represents the value of deferred tax assets (DTA) excluding any deferred tax liabilities (DTL) that have already been netted off elsewhere in accordance with <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> (3PS 111). These include DTL associated with:</p> <ul style="list-style-type: none"> (a) goodwill and other intangibles; and (b) any surplus in a defined benefit fund, of which a <i>Level 3 institution</i> in the <i>Level 3 group</i> is an employer-sponsor, unless otherwise approved in writing by APRA. <p>The <i>Level 3 group</i> must net these items on a consistent basis in accordance with the requirements set out in 3PS 111.</p> <p>For the purposes of this item, where the amount of DTL exceeds the amount of DTA, report zero.</p> <p>DTA and DTL amounts are to be determined in accordance with relevant <i>Australian Accounting Standards</i>.</p>
<i>Difference between the adjusted policy liabilities and the sum of policy liabilities and policy owners' retained profits (LI block only)</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the LI block, of the difference between the adjusted policy liabilities and the sum of the policy liabilities (net of reinsurance) and policy owners' retained profits disclosed in the statutory accounts together with any tax effects that would result from these adjustments, as determined in accordance with <i>Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital</i>.</p> <p>The difference can be positive or negative.</p>
<i>ADI block equity holdings</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the ADI block, of direct, indirect and synthetic equity exposures, guarantees and other forms of capital support and holdings of Additional Tier 1 Capital and Tier 2 Capital instruments in financial institutions, as determined in accordance with <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>, Attachment B.</p> <p>Exclude:</p> <ul style="list-style-type: none"> (a) equity exposures in financial institutions held, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group; (b) underwriting positions in equities held for five working days or less; (c) equity exposures held in other <i>Level 3 institutions</i> in the <i>Level 3 group</i>; and (d) any holdings of Additional Tier 1 Capital or Tier 2 Capital already deducted at <i>Level 1</i> or <i>Level 2</i> by that institution from the same tier of capital through the corresponding deduction approach (refer to

	<i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital).</i>
<i>FM block equity holdings</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the FM block, of direct, indirect and synthetic equity exposures, guarantees and other forms of capital support and holdings of Additional Tier 1 Capital and Tier 2 Capital instruments in financial institutions, as determined in accordance with <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>, Attachment B.</p> <p>Exclude:</p> <ul style="list-style-type: none"> (a) equity exposures in financial institutions held, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group; (b) underwriting positions in equities held for five working days or less; and (c) equity exposures held in other <i>Level 3 institutions</i> in the <i>Level 3 group</i>.
<i>OA block equity holdings</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the OA block, of direct, indirect and synthetic equity exposures, guarantees and other forms of capital support and holdings of Additional Tier 1 Capital and Tier 2 Capital instruments in financial institutions, as determined in accordance with <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>, Attachment B.</p> <p>Exclude:</p> <ul style="list-style-type: none"> (a) equity exposures in financial institutions held, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group; (b) underwriting positions in equities held for five working days or less; and (c) equity exposures held in other <i>Level 3 institutions</i> in the <i>Level 3 group</i>.
<i>Equity holdings and other capital support provided to third party commercial (non-financial) institutions (ADI block)</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the ADI block, of <i>third party</i> equity holdings and other capital support provided to commercial (non-financial) institutions in accordance with <i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital</i>, Attachment D. Equity exposures to other <i>Level 3 institutions</i> in the <i>Level 3 group</i> must be excluded for this purpose.</p>

<i>only)</i>	
<i>Fair value adjustments</i>	Represents the value of any amount required by APRA in writing to be deducted where APRA considers that fair values on the balance sheet are not prudent or reliable.
<i>Fair value gains and losses arising from changes in own creditworthiness</i>	<p>Represents the value of any net unrealised fair value gains and losses arising from changes in the creditworthiness of the <i>Level 3 group</i> or of a <i>Level 3 institution</i> in the group. A gain may arise, for example, from a reduction in fair value of the group's outstanding debt due to a change in credit rating.</p> <p>This amount is to be reported as a positive value where there are unrealised gains or a negative value for unrealised losses.</p>
<i>Goodwill</i>	<p>Represents the value of goodwill, as per Attachment B of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>, 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 deferred tax liabilities that would be extinguished if the assets involved become impaired or derecognised under <i>Australian Accounting Standards</i>.</p> <p>Exclude any goodwill attributable to assets held, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group.</p>
<i>Other intangible assets</i>	<p>Represents the value of intangible assets other than goodwill, as per Attachment B of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i>, net of adjustments to profit or loss reflecting changes arising from any impairment and amortisation. The amounts reported must be net of any associated deferred tax liabilities that would be extinguished if the assets involved become impaired or derecognised under <i>Australian Accounting Standards</i>.</p> <p>Exclude any goodwill attributable to assets held, in accordance with written legal agreements, by the <i>Level 3 group</i> on behalf of <i>third parties</i>, even if the assets are held in the name of a <i>Level 3 institution</i> in the group.</p>
<i>Guarantees or credit derivatives that provide for a materiality threshold (ADI block only)</i>	<p>Represents the value, for <i>Level 3 institutions</i> in the ADI block, of any guarantee, or credit derivative covering a credit exposure of the institution, that provides for a materiality threshold below which no payment will be made in the event of a loss (refer to <i>Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk</i> and <i>Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk</i> for limits on the amounts a <i>Level 3 institution</i> in the ADI block is required to deduct).</p> <p>Guarantees or credit derivatives provided to the institution by other <i>Level 3 institutions</i> in the <i>Level 3 group</i> must still be deducted. Any associated intra-group transactions and exposures as determined in</p>

	accordance with <i>Prudential Standard 3PS 110 Capital Adequacy</i> (3PS 110) must not be excluded from the determination of the Level 3 PCR (refer to paragraph 42(a) of 3PS 110).
Holdings of own capital instruments and any unused trading limit agreed with APRA	Represents the value of the Level 3 group's holdings of its own Level 3 EC instruments, unless exempted by APRA or eliminated through the application of <i>Australian Accounting Standards</i> . Include any unused trading limit on these instruments agreed with APRA and own Level 3 EC instruments that the group could be contractually obliged to purchase. This item must be determined in accordance with Attachment B of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> .
Holdings of own capital instruments on behalf of third parties	Represents the value of the Level 3 Head's own ordinary shares which are held, in accordance with written legal agreements, by the Level 3 group on behalf of third parties , even if the assets are held in the name of a Level 3 institution in the group. Exclude from this amount any such own ordinary shares which are already included elsewhere in the determination of Level 3 EC .
Industry support schemes (ADI block only)	Represents the value, for Level 3 institutions in the ADI block, of non-repayable loans advanced by the Level 3 group under APRA's certified industry support arrangements as determined in accordance with <i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital</i> , Attachment D.
GI block investments	Represents the value, for Level 3 institutions in the GI block, of investments in joint ventures and associates as determined in accordance with <i>Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital</i> , Attachment B. Investments in joint ventures and associates which are Level 3 institutions of the Level 3 group must be excluded from this deduction.
LI block investments	Represents the value, for Level 3 institutions in the LI block, of investments in joint ventures and associates as determined in accordance with <i>Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital</i> , Attachment B. Investments in joint ventures and associates which are Level 3 institutions of the Level 3 group must be excluded from this deduction.
Operational Risk Financial Requirement reserves (Super block only)	Represents the value, for RSE licensees , of the ORFR reserves held by each RSE for whom the RSE licensee has been appointed as trustee to meet the ORFR target amount as determined in accordance with <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> . For each RSE licensee , any ORFR reserves in excess of the RSE licensee's ORFR target amount that is included in the determination of required capital for the Super block (as determined in accordance with <i>Prudential Standard 3PS 110 Capital Adequacy</i>) must be excluded from this item.

ORFR reserve	Represents the reserve held within an RSE within the RSE licensee's business operations for the purposes of meeting the operational risk financial requirement. An ORFR reserve must be separately identifiable from member accounts and reserves held in the RSE for other purposes. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
ORFR target amount	Represents the target amount of financial resources to address the operational risks of each RSE within the RSE licensee's business operations. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
Reinsurance assets (general insurance)	<p>Represents the value, for the general insurance Level 2 group, or, if there is no general insurance Level 2 group, the Level 1 general insurers, of all reinsurance assets that do not meet the reinsurance documentation test or the governing law requirements as determined in accordance with <i>Prudential Standard GPS 112 Capital Adequacy: Measurement of Capital</i>, Attachment B.</p> <p>This regulatory adjustment does not apply to the international business of a general insurance Level 2 group or equivalent overseas general insurers included in the GI block on a standalone basis unless the adjustment is required in the relevant jurisdiction.</p>
Reinsurance assets (life insurance)	Represents the value, for Level 3 institutions in the LI block, of all reinsurance assets that are not subjected to an executed and legally binding contract as determined in accordance with <i>Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital</i> , Attachment B.
Adjustments relating to securitisation	<p>Represents the value of the following securitisation-related items:</p> <ul style="list-style-type: none"> (a) gain on sale, including expected future income from a securitisation exposure that the Level 3 group reports as an on-balance sheet asset or profit, until irrevocably received (refer to <i>Prudential Standard APS 120 Securitisation</i> (APS 120)); (b) funds provided by a Level 3 institution in the Level 3 group to establish a spread, reserve or similar account, until the funds are irrevocably paid to the institution; (c) the difference between the book value and the amount received by a Level 3 institution in the Level 3 group, where the originating institution transfers exposures to a special purpose vehicle (SPV) below their book value, unless it is written off in the Level 3 group's profit and loss (and capital) accounts; and (d) any other specific deductions in accordance with APS 120. <p>This item also includes all other adjustments relating to securitisation other than start-up and other establishment costs that have been capitalised.</p> <p>These items are determined in accordance with APS 120. For the purposes of these items, reference to the ADI in APS 120 must be read as</p>

	a reference to the Level 3 group , and reference to Common Equity Tier 1 Capital must be read as a reference to Level 3 EC .
Securitisation	Represents the meaning given in <i>Prudential Standard APS 001 Definitions</i> .
Securitisation exposures	Represents on-balance sheet and off-balance sheet risk positions held by Level 3 institutions in the Level 3 group arising from a securitisation including, but not limited to: <ul style="list-style-type: none"> • investments by a Level 3 institution in the group in securities issued by a securitisation SPV, including retention of a subordinated tranche of securities issued by a securitisation SPV; • other credit enhancements, such as guarantees provided by a Level 3 institution in the group; • drawn and undrawn funding, underwriting, liquidity and other facilities provided by a Level 3 institution in the group to a securitisation SPV; and • exposures arising from swaps and other derivative transactions with a securitisation SPV.
Securitisation SPV	Represents a special purpose vehicle (SPV) as defined in <i>Prudential Standard APS 120 Securitisation</i> .
Shortfall in provisions for credit losses (ADI block only)	Represents the value, for Level 3 institutions in the ADI block, of the shortfall in the stock of eligible provisions under the IRB approach to credit risk as determined in accordance with <i>Prudential Standard APS 111 Capital Adequacy: Measurement of Capital</i> , Attachment D.
Surplus in any superannuation defined benefit fund sponsored by a Level 3 institution	Represents the value of the aggregate surpluses in defined benefit funds of which Level 3 institutions in the Level 3 group are an employer-sponsor, unless otherwise approved in writing by APRA. The surpluses must be net of any associated deferred tax liabilities (DTL) that would be extinguished if the assets involved become impaired or derecognised under <i>Australian Accounting Standards</i> . Where the extinguished DTL of a defined benefit superannuation fund exceeds its reported surplus, this fund's surplus value must be reported as zero. Surpluses and deficits must not be netted across employer-sponsored defined benefit superannuation plans.
Deficit in any superannuation defined benefit fund sponsored by a Level 3 institution and	Represents the value of the aggregate deficits in defined benefit funds of which Level 3 institutions in the Level 3 group are an employer-sponsor, and that are not already reflected in Level 3 EC . Surpluses and deficits must not be netted across employer-sponsored defined benefit superannuation plans.

<i>not already reflected in Level 3 EC</i>	Deficits (if any) must be reported as a positive value.
<i>Other adjustments</i>	Represents the value of deductions from <i>Level 3 EC</i> that the <i>Level 3 group</i> must make as required under any applicable prudential standards insofar as these deductions are not already reflected in <i>Level 3 EC</i> and are not eliminated on consolidation.

Item 1.8	Report any <i>adjustments and exclusions to Level 3 EC</i> in item 1.8.
<i>Adjustments and exclusions to Level 3 EC</i>	Represents the value of adjustments applied to <i>Level 3 EC</i> that are specific to the application of the requirements of paragraph 27 of <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> . Adjustments that would increase the amount of <i>Level 3 EC</i> must be reported as a positive value; adjustments that would decrease the amount of <i>Level 3 EC</i> must be reported as a negative value.

2. Level 3 Eligible Capital

Reporting basis: report item 2 as at the end of the reporting period.

Unit of measurement: Report item 2 as millions of dollars to one decimal place.

Item 2	Item 2 is a derived item and represents the sum of all values reported under items 1.1 through 1.6, less item 1.7 and plus item 1.8.
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3. Balance sheet

Reporting basis: report item 3 as at the end of the reporting period.

Unit of measurement: Report item 3 as millions of dollars to one decimal place.

Item 3	Report in item 3.1 the value of the <i>Level 3 group's total assets</i> and report in item 3.2 the value of the group's <i>total liabilities</i> . Item 3.3 is a derived item and represents the difference between the values reported under items 3.1 and 3.2.
<i>Total assets</i>	Represents the amount of the <i>Level 3 group's</i> total assets, as determined in accordance with <i>Australian Accounting Standards</i> and the general instructions associated with this reporting form.
<i>Total liabilities</i>	Represents the amount of the <i>Level 3 group's</i> total liabilities, as determined in accordance with <i>Australian Accounting Standards</i> and the general instructions associated with this reporting form.

Glossary of additional items

<i>ADI</i>	Represents an authorised deposit-taking institution, meaning a body corporate authorised under section 9 of the <i>Banking Act 1959</i> , to carry on banking business in Australia (e.g. a bank, building society or credit union).
<i>ADI Level 2 group</i>	Represents a consolidation of entities defined as Level 2 in <i>Prudential Standard APS 001 Definitions</i> .
<i>APRA-regulated institution</i>	Represents an <i>ADI</i> , <i>ELE</i> , <i>general insurer</i> , <i>life company</i> , <i>RSE licensee</i> or a non-operating holding company authorised under the <i>Banking Act 1959</i> or the <i>Insurance Act 1973</i> or registered under the <i>Life Insurance Act 1995</i> .
<i>Australian Accounting Standards</i>	Represents a reference to the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) as may be amended from time to time.
<i>Australian Auditing and Assurance Standards</i>	Represents a reference to the Australian Auditing and Assurance Standards issued by the Australian Auditing and Assurance Standards Board (AUASB) as may be amended from time to time.
<i>ELE</i>	Represents an Extended Licensed Entity which is comprised of an <i>ADI</i> and each subsidiary of an <i>ADI</i> as specified in any approval granted by APRA in accordance with <i>Prudential Standard APS 222 Associations with Related Entities</i> .
<i>General insurer</i>	Represents the meaning given in the <i>Insurance Act 1973</i> .
<i>General insurance Level 2 group</i>	Represents a Level 2 insurance group as defined in <i>Prudential Standard GPS 001 Definitions</i> .
<i>International business of a general insurance Level 2 group</i>	Represents insurance business carried on by any institution within the <i>general insurance Level 2 group</i> that is not authorised under the <i>Insurance Act 1973</i> .
<i>Level 1</i>	Represents an individual <i>APRA-regulated institution</i> .
<i>Level 2</i>	Represents an <i>ADI Level 2 group</i> or a <i>general insurance Level 2 group</i> .
<i>Level 3 EC</i>	Represents the meaning given in <i>Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital</i> .

<i>Level 3 group</i>	Represents a group of entities of which a <i>Level 3 Head</i> is the parent entity. APRA may, by notice in writing, adjust the group to include or exclude entities.
<i>Level 3 Head</i>	Represents an <i>APRA-regulated institution</i> in respect of which APRA has made a determination under paragraph 2 of <i>Prudential Standard 3PS 110 Capital Adequacy</i> .
<i>Level 3 institution</i>	Represents an institution that is a member of the <i>Level 3 group</i> .
<i>Level 3 PCR</i>	Represents the meaning given in <i>Prudential Standard 3PS 110 Capital Adequacy</i> .
<i>Life company</i>	Represents the meaning given in the Dictionary to the <i>Life Insurance Act 1995</i> .
<i>RSE</i>	Represents a registrable superannuation entity as defined in the <i>Superannuation Industry (Supervision) Act 1993</i> .
<i>RSE licensee</i>	Represents the meaning given in the <i>Superannuation Industry (Supervision) Act 1993</i> .
<i>Third party</i>	Represents an entity that is not a member of the <i>Level 3 group</i> .

Interpretation

For the purposes of these instructions:

- ***APRA*** means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*; and
- ***Industry block*** has the meaning given in 3PS 110.²

² There are six industry blocks, all of which are defined in 3PS 110: ADI block; GI block; LI block; Super block; FM block; and OA block.