

# OnePath Capital Disclosures

April 2021

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. APRA establish and enforce prudential standards and practices on the institutions it supervises in order to protect the financial interests of the Australian community.

The Capital Adequacy Prudential Standards (LPS 110 and GPS 110) require an insurance company to maintain adequate capital against the risks associated with its activities. A key feature of the standards is also a requirement that the insurer make certain public disclosures about its capital adequacy position.

The following information has been prepared for the purpose of satisfying these requirements and to improve the understanding of policy owners and other market participants of each company's capital adequacy.

## OnePath Life Limited Capital Disclosure at 31 December 2020

### OnePath Life Limited Capital Requirements (\$m) and Capital Adequacy Multiple

Statutory Fund (SF)	SF1	SF2	SF3	SF4	SF5	SHF	OnePath Life Ltd (\$m)
Paid-up Ordinary Shares, Retained Earnings and Reserves (Common Equity Tier 1 Capital)							1,178
Additional Tier 1 Capital							-
<b>Net Assets as per Life Insurance Act</b>	<b>837</b>	<b>20</b>	<b>265</b>	<b>35</b>	<b>17</b>	<b>4</b>	<b>1,178</b>
<b>Regulatory Adjustments</b>							
Excess Deferred Tax	(244)	-	(23)	-	-	-	(267)
Policy Liability Adjustment	(179)	-	32	-	-	-	(147)
<b>Total Regulatory Adjustments to Common Equity Tier 1 Capital</b>	<b>(423)</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(414)</b>
Regulatory Adjustments to Additional Tier 1 Capital	-	-	-	-	-	-	-
<b>Total Regulatory Adjustments to Net Assets</b>	<b>(423)</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(414)</b>
<b>Net Assets after Regulatory Adjustments</b>	<b>414</b>	<b>20</b>	<b>274</b>	<b>35</b>	<b>17</b>	<b>4</b>	<b>764</b>
Common Equity Tier 1 Capital	-	-	-	-	-	-	764
Additional Tier 1 Capital	-	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-	-
Regulatory Adjustments to Tier 2 Capital	-	-	-	-	-	-	-
<b>Capital Base</b>	<b>414</b>	<b>20</b>	<b>274</b>	<b>35</b>	<b>17</b>	<b>4</b>	<b>764</b>

**OnePath Life Limited Capital Requirements (\$m) and Capital Adequacy Multiple (continued)**

Statutory Fund (SF)	SF1	SF2	SF3	SF4	SF5	SHF	OnePath Life Ltd (\$m)
<b>Prescribed Capital Amount</b>							
Insurance risk capital charge	160	-	118	-	-	-	278
Asset risk charge	44	1	78	1	-	-	125
Asset concentration risk charge	-	-	-	-	-	-	-
Operational risk charge	36	1	23	1	-	-	61
Aggregate risk charge for variable annuities	-	-	-	-	10	-	10
Less aggregation benefit	(30)	-	(42)	-	-	-	(72)
Combined stress scenario adjustment	65	2	38	1	-	-	105
<b>Total Prescribed Capital Amount</b>	<b>275</b>	<b>4</b>	<b>215</b>	<b>3</b>	<b>10</b>	<b>-</b>	<b>507</b>
<b>Capital Adequacy Multiple</b>	<b>1.51</b>	<b>4.94</b>	<b>1.27</b>	<b>10.17</b>	<b>1.73</b>	<b>62.69</b>	<b>1.51</b>

**OnePath General Insurance Pty. Limited**  
 Capital Disclosure at 31 December 2020

Capital Requirements and Capital Adequacy Multiple	(\$'000)
<b>Common Equity Tier 1 Capital</b>	<b>37,030</b>
Regulatory Adjustments to Common Equity Tier 1 Capital	-
<b>Additional Tier 1 Capital</b>	<b>-</b>
Regulatory adjustments to Additional Tier 1 Capital	-
<b>Tier 2 Capital</b>	<b>-</b>
Regulatory adjustments to Tier 2 Capital	-
<b>Capital Base</b>	<b>37,030</b>
<b>Prescribed Capital Amount</b>	
Insurance risk capital charge	2,745
Asset risk charge	798
Asset concentration risk charge	-
Insurance concentration risk charge	3,342
Operational risk charge	465
Less aggregation benefit	(590)
<b>Total Prescribed Capital Amount</b>	<b>6,760</b>
<b>Capital Adequacy Multiple</b>	<b>5.48</b>

Common Equity Tier 1 Capital (CET1) – comprises the highest quality components of capital that:

- provide a permanent and unrestricted commitment of funds;
- are freely available to absorb losses;
- do not impose any unavoidable servicing charge against earnings; and
- rank behind the claims of policy owners and other creditors in event of winding-up.

Additional Tier 1 Capital (AT1) – comprises high quality components of capital that meet certain characteristics but do not meet the definition of CET1.

Tier 2 Capital – includes other components of capital that fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of a company and its capacity to absorb losses.

Capital Base – the net assets of the company after all deductions and regulatory adjustments, that are able to meet the capital requirements as prescribed by APRA. It is equal to the sum of all the components of Capital (CET1, AT1 and Tier 2).

Prescribed Capital Amount (PCA) – the APRA required level of capital which is intended to take account of the full range of risks to which a regulated institution is exposed. The Capital Base must be greater than the PCA.

Capital Adequacy Multiple – the ratio of Capital Base divided by Prescribed Capital Amount.

Statutory Fund – OnePath Life Limited's business is divided into individual units. Each policy written by the company is associated with and supported by the assets of one or more of these statutory funds (e.g. SF1 etc) in addition to the Shareholder Fund (SHF). Each individual statutory fund is required to comply with the APRA requirements as is the Life Company as a whole.

This information has been issued by OnePath Life Limited (OnePath Life) ABN 33 009 657 176, AFSL 238341 and OnePath General Insurance Pty Limited (OnePath General) ABN 56 072 892 365, AFSL 288 160 and is current as at 31 March 2021.