Glossary

Definitions

Additional Tier 1 Capital (table 3) is as defined i*n Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital* (LPS 112).

Capital adequacy statistics in Table 3 is as per LPS 110 Capital adequacy under the revised capital framework effective from 1 January 2013.

Capital base is comprised of Tier 1 Capital and Tier 2 Capital as defined in LPS 112.

Capital base (net of Tier 2 Capital) ratio is Capital base net of Tier 2 Capital divided by Prescribed Capital Amount.

Capital in excess of prescribed capital amount is the surplus or deficit of a fund's capital base over its prescribed capital amount.

Common Equity Tier 1 Capital comprises the highest quality components of capital and consists of the sum of paid-up ordinary shares issued by a life company, retained earnings, undistributed current year earnings, accumulated other comprehensive income and other disclosed reserves, and regulatory adjustments as defined in LPS 112.

Common Equity Tier 1 Capital ratio is Common Equity Tier 1 Capital divided by prescribed capital amount.

Effective movement in net policy liabilities is calculated as movement in net policy liabilities less deposits received, plus withdrawals of deposits, plus non-premium related fees for management services, plus movements in the liability for deferred fee revenue, less movements in the liability for deferred acquisition costs.

General fund means the shareholders' fund for a life company other than a friendly society as per LPS 001 Definitions.

Net policy expenses is policy expenses net of outward reinsurance claims.

Net policy revenue is policy revenue net of outward reinsurance premiums.

Other (table 2) comprises reserves, shareholder retained profits and foreign currency translations.

Prescribed capital amount is as defined in LPS 110.

Prescribed capital amount coverage is capital base divided by prescribed capital amount.

Tax *comprises taxes that a life insurance company is liable to pay on behalf of its policy owners and taxes it is liable to pay on behalf of its shareholders.*

Tier 1 Capital ratio is Tier 1 Capital divided by prescribed capital amount.

Tier 2 Capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 Capital but nonetheless contribute to the overall strength of a life company and its capacity to absorb losses. It is net of regulatory adjustments as defined in LPS 112.