

St Andrew's Capital Adequacy Disclosure

31 August 2023



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St Andrew's

St Andrew's has historically issued a variety of consumer credit insurance, simple life insurance and related general insurance contracts.

These policies were issued by St Andrew's Life Insurance Pty Ltd (ABN 98 105 176 243) (**SALI**) and St Andrew's Insurance (Australia) Pty Ltd (ABN 89 075 044 656) (**SAI**).

Purpose of this Report

To protect the interests of policy owners, APRA issues Prudential Standards with which life and general insurance companies must comply.

Life Insurance Prudential Standard 110 applies to life insurance companies such as SALI and General Insurance Prudential Standard 110 applies to general insurance companies such as SAI.

These standards require a life or general insurer to maintain adequate capital against the risks associated with its activities.

The Standards also require St Andrew's to publish certain financial information about its capital position, as contained in this report.

This document is available on St Andrew's website:

<http://www.standrews.com.au/>

St Andrew's Life Insurance Pty Ltd (SALI)

The below items have been calculated as at 31 August 2023.

SALI Disclosures (\$'000)	
Common Equity Tier 1 Capital	20,383
Add / (subtract) regulatory adjustments to Common Equity Tier 1 Capital	(614)
Add Tier 2 Capital eligible instrument	11,500
Total Capital Base	31,269
<i>Prescribed Capital Amount</i>	
Statutory Fund No. 1	6,493
Shareholders' Fund	1
Additional amount to meet company minimum	3,506
Total Prescribed Capital Amount	10,000
Capital Adequacy Multiple	3.1

SALI Statutory Funds and General Fund Disclosures (\$'000)		
	Statutory Fund No. 1	General Fund
Common Equity Tier 1 Capital	20,217	166
Add / (subtract) regulatory adjustments to Common Equity Tier 1 Capital	(614)	-
Add Tier 2 Capital eligible instrument	11,500	-
Total Capital Base	31,103	166
Insurance Risk Charge	3,845	-
Asset Risk Charge	2,806	1
Asset Concentration Risk Charge	-	-
Operational Risk Charge	1,299	-
Aggregation Benefit	(1,457)	-
Combined Stress Scenario Adjustment	-	-
Prescribed Capital Amount	6,493	1
Capital Adequacy Multiple	4.8	166.0

St Andrew's Insurance (Australia) Pty Ltd (SAI)

The below items have been calculated as at 31 August 2023.

SAI Disclosures (\$'000)	
Common Equity Tier 1 Capital	7,997
Add / (subtract) regulatory adjustments to Common Equity Tier 1 Capital	(16)
Add Tier 2 Capital eligible instrument	3,000
Total Capital Base	10,981
Insurance Risk Charge	45
Insurance Concentration Risk Charge	1,124
Asset Risk Charge	854
Asset Concentration Risk Charge	-
Operational Risk Charge	79
Aggregation Benefit	(443)
Additional amount to meet company minimum	3,341
Prescribed Capital Amount	5,000
Capital Adequacy Multiple	2.2

Glossary

Term	Definition
APRA	The Australian Prudential Regulatory Authority (APRA) oversees banks, credit unions, building societies, general insurance and life insurance companies, reinsurance companies, friendly societies and most members of the superannuation industry.
Capital Adequacy Multiple	The Capital Adequacy Multiple is equal to the Capital Base divided by the Prescribed Capital Amount.
Capital Base	The Capital Base consists of paid-up ordinary shares and shareholder retained profits reduced by items which APRA does not deem eligible for inclusion, including Deferred Acquisition Costs and Deferred Tax Assets.
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital is the highest quality capital available, reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves, less prescribed deductions.
Common Equity Tier 2 Capital	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 an insurance company and its capacity to absorb losses.
General Fund	The General Fund is the shareholder's fund of a life insurance company.
Prescribed Capital Amount	The Prescribed Capital Amount is a measure of the capital requirement of an insurance company.
Regulatory Adjustments	Regulatory Adjustments are applied to assets using a prescribed methodology for the purposes of calculating the Capital Base.
Statutory Fund	A Statutory Fund of a life insurance company is a fund that: (a) is established in the records of a life company; and, (b) relates solely to the life insurance business of the company or a particular part of that business.