

**First American Title Insurance Company of Australia Pty Limited
(A.B.N. 64 075 279 908)
Annual financial report
31 December 2013**

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First American Title Insurance Company of Australia Pty Limited
Directors' Report
31 December 2013

Your Directors present their report together with the financial statements, on the entity consisting of First American Title Insurance Company of Australia Pty Limited (the Company) and the entities it controlled at the end of, or during, the year ended 31 December 2013.

First American Title Insurance Company of Australia Pty Limited (the Company) is a for profit company limited by shares, incorporated in and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 309 George St
Sydney, NSW 2000

This Financial Report covers the operations of First American Title Insurance Company of Australia Pty Limited and its subsidiary First Title New Zealand Limited. The report is presented in Australian dollars, which is the company's functional and presentational currency.

The Directors have the power to amend and reissue the Financial Report.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report unless otherwise stated:

- Kenneth David DeGiorgio
- Eric Richard Dodd
- Richard Gerald Nott
- Anthony Peter Gill
- Patti Evers (appointed 31 July 2013)
- Jonathan Flaws (resigned 12 July 2013)
- Thomas Grifferty (resigned 31 July 2013)
- Christopher Tyler (resigned 31 July 2013)

Principal activities

The Company's principal continuing activity is the underwriting of title insurance risks. The Company is wholly owned by First American Title Insurance Company, Santa Ana, California 92707 USA.

Dividends

The Directors do not recommend a payment of dividend in the current year (2012: \$Nil).

Review of operations

A summary of results is set out below:

	2013	2012
	\$	\$
Underwriting operations	4,888,750	3,960,280
Investment operations	485,597	517,009
Other operations	(4,991,576)	(4,040,746)
Profit	382,771	436,543
Income tax expense	(16,798)	(27,184)
Net Profit	365,973	409,359

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

The Directors are not aware of any matter or circumstance arising subsequent to reporting date, not otherwise dealt with in the financial report, that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Likely developments and expected results of operations

There are no likely developments that have arisen since reporting date which are not disclosed elsewhere in this report.

Environmental Regulations

The Company is not subject to any significant environmental regulations in respect of its activities.

First American Title Insurance Company of Australia Pty Limited
Directors' Report
31 December 2013

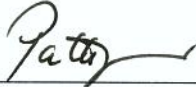
Directors' Benefit

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than remuneration benefit) by reason of the contract made or proposed by the company or a related entity with a Director or with a firm of which the director is a member or with an entity in which the Director has a substantial financial interest.

Insurance of Officers

During the financial year, the parent entity paid a premium to insure the Directors, Secretary and Officers of the Company. In accordance with normal commercial practice, disclosure of the total amount of premium payable under the insurance contract is prohibited by a confidentiality clause in the contract.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Patti', followed by a horizontal line.

Patti Evers
Director
Sydney
16 April 2014

First American Title Insurance Company of Australia Pty Limited
Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2013

	Note	2013 \$	2012 \$
Premium revenue		5,536,107	4,618,244
Outwards reinsurance premium expense		(255,105)	(200,656)
Net premium revenue		5,281,002	4,417,588
Claims expense		1,474,857	2,218,760
Reinsurance and other recoveries		(1,191,999)	(1,852,455)
Net claims incurred	6	282,858	366,305
Acquisition costs		109,394	91,003
Underwriting expenses	8	109,394	91,003
Underwriting result		4,888,750	3,960,280
Investment income	7	485,597	517,009
Other income	8	1,566,426	1,701,106
Administration expenses	8	(6,558,002)	(5,741,852)
		(4,505,979)	(3,523,737)
Profit before tax expense		382,771	436,543
Income tax expense	9	(16,798)	(27,184)
Profit after income tax expense for the year		365,973	409,359
Other comprehensive income			
Exchange difference on translating foreign operations net of tax effects		644,118	168,732
Total comprehensive income for the year attributable to owners of the Company		1,010,091	578,091

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

First American Title Insurance Company of Australia Pty Limited
Statement of Financial Position
As at 31 December 2013

	Notes	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	10	10,618,749	9,301,098
Trade and other receivables	11	2,146,570	1,255,298
Reinsurance and other recoveries	12	1,636,550	1,878,267
Other financial assets	13	206,494	146,960
Other assets	11	185,383	174,435
Total current asset		14,793,746	12,756,058
Non-Current Assets			
Reinsurance and other recoveries	12	2,080,914	3,286,320
Other financial assets	13	1,582,401	1,735,638
Property, plant and equipment	14	53,857	58,928
Intangible assets	15	624,247	769,670
Total non-current assets		4,341,419	5,850,556
Total Assets		19,135,165	18,606,614
Current Liabilities			
Trade and other payables	16	2,888,086	1,425,106
Outstanding claims	17	1,392,784	1,959,285
Provision for taxation		2,614	11,366
Employee benefit provisions	19	188,986	289,648
Total current liabilities		4,472,470	3,685,405
Non-Current Liabilities			
Employee benefit provisions	19	52,075	59,837
Outstanding claims	17	3,504,821	4,765,664
Total non-current liabilities		3,556,896	4,825,501
Total Liabilities		8,029,366	8,510,906
Net Assets		11,105,799	10,095,708
Shareholders' Equity			
Contributed equity	22	15,573,346	15,573,346
Reserves	22	354,103	(290,015)
Accumulated losses		(4,821,650)	(5,187,623)
Total Equity		11,105,799	10,095,708

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

First American Title Insurance Company of Australia Pty Limited
Statement of Changes in Equity
Year Ended 31 December 2013

	Share Capital	Foreign Exchange Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Total equity at 1 January 2012	15,573,346	(458,747)	(5,596,982)	9,517,617
Profit after income tax expense for the year	-	-	409,359	409,359
Other comprehensive income for the year, net of tax	-	168,732	-	168,732
Total comprehensive income for the year attributable to equity holders	-	168,732	409,359	578,091
Total equity at 31 December 2012	15,573,346	(290,015)	(5,187,623)	10,095,708
Profit after income tax expense for the year	-	-	365,973	365,973
Other comprehensive income for the year, net of tax	-	644,118	-	644,118
Total comprehensive income for the year attributable to equity holders	-	644,118	365,973	1,010,091
Total equity at 31 December 2013	15,573,346	354,103	(4,821,650)	11,105,799

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

First American Title Insurance Company of Australia Pty Limited
Statement of Cash Flows
Year Ended 31 December 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Premiums received		4,670,862	4,824,594
Outwards reinsurance paid		(255,105)	(217,809)
Claims paid		(3,302,200)	(2,738,948)
Reinsurance and other recoveries received		2,639,122	2,348,408
Acquisition costs paid		(109,394)	(91,003)
Interest received		484,654	480,694
Management fees and other revenue received		1,540,399	2,324,325
Other expenses paid		(4,714,272)	(5,138,184)
Income taxes paid		(25,550)	(26,702)
Net cash inflow from operating activities	30	928,516	1,765,375
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,853)	(26,090)
Disposal proceeds of property, plant and equipment		-	15,317
Payment for software development		(303,496)	(531,049)
Intercompany loan received/(paid)		146,960	(1,455,000)
Net cash outflow from investing activities		(188,389)	(1,996,822)
Cash flows from financing activities		-	-
Net cash flow from financing activities		-	-
Net increase/(decrease) in cash held		740,127	(231,447)
Cash at the beginning of the financial year		9,301,098	9,527,388
Effects of exchange rate changes on cash	10	577,524	5,157
Cash at the end of the financial year		10,618,749	9,301,098

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. Unless otherwise stated these policies have been consistently applied to all years presented.

New, revised or amending Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 127 Separate Financial Statements (Revised)

AASB 128 Investments in Associates and Joint Ventures (Reissued)

The company has applied the revisions to AASB 127 and AASB 128 from 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The company has applied AASB 2012-2 amendments from 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The company has applied AASB 2012-5 amendments from 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the company.

AASB 12 Disclosure of Interests in Other Entities

The company has applied AASB 12 from 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The company has applied AASB 13 from 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The company has applied AASB 119 amendments from 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

First American Title Insurance Company of Australia Pty Limited
Notes to the financial statements
31 December 2013

Note 1 Summary of significant accounting policies (continued)

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB), other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Standards Board Interpretations as appropriate for profit oriented entities.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of the Company, comprising the financial statements and notes comply with International Financial Reporting Standards (IFRS).

This financial report is prepared in accordance with the historical cost convention of accounting with certain exceptions as described in the accounting policies below.

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed at note 2.

The financial report was authorised for issue in accordance with a resolution of directors on 16 April 2014. The directors have the power to amend and reissue the financial report.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 December 2013. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the company.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of "currently has a legally enforceable right of set-off"; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the company.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

When this standard is first adopted for the year ended 31 December 2014, individual key management personnel disclosures relating to reconciliations of their option and shareholding balances, loans, and other transactions and balances, will no longer be presented in the notes to the financial statements under AASB 124.

Note 1 Summary of significant accounting policies (continued)

The company will apply these standards for the annual reporting period on or after the operative date set out above.

(a) Premium Revenue

Premium revenue comprises amounts charged to the policyholders, excluding stamp duties and GST.

The insurance risk relates to losses arising from title and associated defects existing at the date the policy was accepted by the Company and premium revenue is recognised as fully earned at the date of attachment of the policy.

(b) Outwards reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, in line with premium revenue, no reinsurance premium has been treated as a prepayment at balance date.

(c) Provision for outstanding claims

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the Company, with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims, such as claims administration costs.

The expected future payments are discounted to present value using a risk free rate.

A risk margin is applied to the outstanding claims liability, net of reinsurance and other recoveries, to reflect the inherent uncertainty in the central estimate. A risk margin increases the probability that the net liability is adequately provided. In the policy years where the net liability is expected to exceed the aggregate reinsurance deductible a risk margin is not brought to account (refer Note 17).

Note 1 Summary of significant accounting policies (continued)

(d) Reinsurance and other recoveries

Reinsurance and other recoveries receivable on paid claims, claims reported but not yet paid, IBNR and IBNER are recognised as revenue.

Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

(e) Acquisition costs

Acquisition costs incurred in obtaining insurance contracts are recognised as an expense.

Costs are fully expensed at the date of attachment of the policy.

(f) Income tax

The income tax expense or benefit for the period on the current period's taxable income is based on the national income tax rate for each jurisdiction adjusted by changes to deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to cumulative amounts deductible and assessable temporary differences to measure the deferred tax asset and liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Assets backing general insurance liabilities

As part of its investment strategy the Company actively manages its investment portfolio to ensure that investments mature in accordance with the expected pattern of future cash flows arising from general insurance liabilities.

The Company has determined that all financial assets are held to back general insurance liabilities and on that basis that all financial assets are valued at fair value through profit and loss.

The following policies apply to financial assets held to back and match general insurance liabilities which are measured at the present value of expected future payments – refer Note 1 (c). These assets are:

- Cash and cash equivalents
- Trade and other receivables
- Fixed interest securities

Financial assets are designated at fair value through profit or loss or at amortised cost. Initial recognition is at fair value, being the cost, in the Statement of Financial Position and subsequent measurement is at fair value or at amortised cost with any resultant unrealised profits and losses or unwinding of discount recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Note 1 Summary of significant accounting policies (continued)

Details of fair value for different types of financial assets are listed below:

- Cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amount of cash assets and bank overdrafts approximate their fair value. For the purposes of the statement of cash flow, cash includes cash on hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts;
- Unlisted fixed interest securities are recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at balance date.

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention ("regular way" transactions) are recognised at trade date, being the date on which the Company commits to buy or sell the asset.

In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date. Financial assets are derecognised when the rights to receive future cash flows from the asset have expired, or have been transferred, and the Company has transferred substantially the risks and rewards of ownership.

Amounts due from policyholders and intermediaries are initially recognised at fair value, being the amounts due. They are subsequently measured at fair value which is approximated by taking the initially recognised amount and reducing it for impairment as appropriate.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the net present value of the estimated future cash flows. The discount is calculated using a risk free rate. The impairment charge is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate their cost over their estimated useful lives as follows;

Computer Equipment 3 – 5 years
Furniture and Fittings 5 – 20 years

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and are included in the Statement of Profit or Loss and Other Comprehensive Income.

Note 1 Summary of significant accounting policies (continued)

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid within agreed terms.

(j) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within twelve months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

(k) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

(l) Other financial liabilities

Other financial liabilities are carried at the principal amounts which represent the value of future cash flows associated with servicing debt. Interest is accrued over the period it becomes due and is recorded as part of payables.

(m) Contributed equity

Ordinary shares and irredeemable, non-cumulative preference shares are classified as equity.

(n) Foreign currency transactions

Foreign currency transactions are initially translated into Australian currency at rates of exchange at the dates of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated into Australian currency at rates of exchange at that date. Resulting exchange rate differences are brought to account in the foreign currency translation reserve.

(o) Impairment of assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(p) Intangible assets

Intangible assets are measured at cost. Those with a finite useful life are amortised using the straight line method over the estimated useful life. Estimated useful lives are 2.5 to 3 years. Amortisation is included in administration expenses in the Statement of Profit or Loss and Other Comprehensive Income.

(q) Revenue recognition from software sales

Revenue from the sale of a right to use the intangible asset is recognised as part of other income.

(r) Management fee revenue

The Company receives revenue from a commonly controlled entity which reflects an allocation of agreed operating expenses.

Note 2 Critical accounting judgements and estimates

The Company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates and judgements are applied are described below.

(a) The ultimate liability arising from claims made under insurance contracts

The company operates in a specialised line of business (title insurance) with few competitors, resulting in a lack of comparable data relating to assumptions.

The value of outstanding claims has been adjusted to reflect the uncertainty of the market conditions. Whilst this represents the best estimate of the value at balance date, the market uncertainty means the ultimate value of outstanding claims may be higher or lower than the value recorded in the financial statements.

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Statement of Financial Position date, including the cost of claims incurred but not yet reported.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of the expected value of subrogation rights and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported (IBNR) is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is available. IBNR claims may often not be apparent to the insured until many years after the events which gives rise to the claim. The main difficulty in providing for title insurance IBNR claims is the lack of experience within the Australian market. In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in Company processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses;
- movements in industry benchmarks;
- technological developments.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Company has regard to the claims circumstances as reported, any information available from loss adjustors and information on the cost of settling claims with similar characteristics in previous periods.

Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for possible distortion of the development and incidence of these large claims.

The Company adopts multiple methods to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from the reinsurer based upon the gross provisions.

Details of specific assumptions used in deriving the outstanding claims liability at year end are detailed in note 5.

(b) Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance reflects the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Company may not receive amounts due to it and these amounts can be reliably measured.

Note 3 Insurance contracts – risk management policies and procedures

The financial condition and operation of the Company are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Company's policies and procedures in respect of managing these risks are set out below.

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Company has an objective to control insurance risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, this can lead to significant variability in the loss experience; profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short-term variability is a feature of insurance business.

In accordance with Prudential Standard GPS 220 Risk Management for General Insurers and GPS 230 Reinsurance Arrangements for General Insurers issued by the Australian Prudential Regulation Authority (APRA), the Board and the senior management of the Company have developed, implemented and maintained a sound and prudent Risk Management Strategy (RMS) and a Reinsurance Management Strategy (ReMS).

The RMS and the ReMS identify the Company's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Company. Annually, the Board certifies to APRA that adequate strategies have been put in place to monitor those risks, that the Company has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to the compliance with the RMS and ReMS.

The RMS and ReMS have been approved by the Board and lodged with APRA. Key aspects of the processes established in the RMS to mitigate risks include:

- The maintenance and use of sophisticated management information systems, which provide up-to-date, reliable data on the risks to which the business is exposed at any time.
- Actuarial models, using information from the management information systems, are used to monitor claims patterns. Past experience and statistical methods are used as part of the process.
- Documented procedures are followed for underwriting and accepting insurance risks.
- Reinsurance is used to limit the Company's exposure to large single claims and cap the aggregate exposure of the Company in any one underwriting year.
- The assets in which the Company invests are selected to ensure that the Company can meet its claim paying obligations.

(b) Terms and conditions of insurance business

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Company. The majority of insurance contracts written are entered into on a standard basis. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements. Insurance contracts written in Australia and New Zealand are subject to substantially the same terms and conditions.

(c) Concentration of insurance risk

The company has in place measures to manage its exposure to accumulations of risk. At the outset concentration risk in the Australian and New Zealand context is underpinned by a system of land title which is government guaranteed. As a general insurer operating within the real property market in Australia, the Board understands the nature of the Company's business is such that a catastrophic risk and/or risks resulting from placement concentration is highly unlikely.

(d) Development of claims

There is a possibility that changes may occur in the estimate of the Company's obligations at the end of a contract period. The tables in note 17 show estimates of total claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

With the exception of the discount rate discussed above none of the financial assets or liabilities arising from insurance contracts entered into by the Company are directly exposed to interest rate risk.

Insurance contracts are entered into once, i.e. are not renewed on a periodic basis. At the time of entering into the contract all terms and conditions are negotiable.

Note 4 Financial risk management

The Company's activities expose it to a variety of financial risks; fair value interest rate risk, credit risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rate. The tables in Note 18 show the effect any changes in the interest rate would have on the cash flow.

Note 5 Actuarial assumptions and methods

The Company writes one class of business only. The cost of claims notified to the Company at the Statement of Financial Position date is estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate number of claims is projected based on past reporting patterns. Payment experience is analysed based on averages per claim incurred and averages paid per claim finalised. Historic case estimate development is also used to develop a model of future payments. The resulting average claim sizes from these models are analysed, along with loss ratios and other statistics, in order to determine a final estimate of outstanding claims.

Claims inflation is incorporated into the resulting projected payments, to allow for general economic inflation detected in the modelling of payments experience.

Projected payments are discounted to allow for the time value of money.

Actuarial assumptions

The following assumptions have been made in determining the outstanding claims liabilities.

	2013	2012
Average weighted term to settlement from claim reported date	2.28 years	2.96 years
Expense rate	6%	6%
Discount rate	3.00%	2.80%
Inflation	0%	0%

Process to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Average weighted term to settlement

The estimated average weighted term to settlement is calculated on historic settlement patterns.

IBNR factors

The adopted factors are based on historical cost development patterns.

Prior expected loss ratios

Adopted ratios are based on historical loss ratios.

Inflation

Implicit allowance for inflation is made by using the Bornhuetter-Ferguson valuation method. Inflation is not expected to have a material impact.

Reinsurance and non-reinsurance recoveries

Estimates of recoveries are based on historical recovery rates.

Claims handling expenses

The allowance for claims handling expenses is based on the historical relationship between the claims handling expenses and gross claim costs.

Discount rate

The adopted discount rate is estimated using the expected claim payment profile and the Government bond yield curve at balance date.

Note 5 Actuarial assumptions and methods (continued)

Sensitivity analysis – insurance contracts

i) Summary

The Company conducts sensitivity analyses to quantify the exposure to risk of changes in the key underlying variables. The valuation included in the reported results is calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the Company. The tables below describe how a change in each assumption will affect the insurance liabilities and show an analysis of the sensitivity of the profit/(loss) and equity changes in these assumptions both gross and net of reinsurance.

Variable	Impact of movement in variable
Average weighted term to settlement	A decrease in the average term to settlement would lead to more claims being paid sooner than anticipated. Expected payment patterns are used in determining the outstanding claims liability. An increase or decrease in the average weighted term to settlement would have a corresponding increase or decrease in claims expense.
Average claim frequency	Claims frequencies are used in determining the level of claims incurred but not reported (IBNR). An increase or decrease in the assumed average frequency would have a corresponding impact on claims expense.
Expense rate	An estimate for the internal costs of handling claims is included in the outstanding claims liability. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.
Discount rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on claims expense.
Inflation rate	No explicit allowance for inflation has been made as changes in inflation rates do not materially impact the ultimate settlement of claims which relate to settlement of mortgages. No consideration has been given to the changes in inflation as it is considered not to be a variable.

ii) Impact of changes in key variables

	Movement in Variable	Profit/(Loss) Impact	
		Gross of Reinsurance \$	Net of Reinsurance \$
IBNR Factors	+20%	(566,687)	(138,211)
	-20%	645,802	182,231
Prior Expected Loss Ratios	+10%	(2,298,013)	(385,197)
	-10%	1,789,486	625,007
Discount rate	+1% pa	126,250	45,407
	-1% pa	(134,737)	(47,955)
Claims handling expense rate	+50%	(158,249)	(158,249)
	-50%	158,249	158,249
XOL recoveries rates	+10%	(192)	167,643
	-10%	(118)	(120,410)

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Note 6 Net claims incurred

Current period claims relate to risk borne in the current financial year. Prior period claims relate to a reassessment of the risks borne in all previous financial years.

2013	Current Year \$	Prior Years \$	Total \$
<i>Gross incurred claims and related expenses</i>			
- Undiscounted including prudential margin	1,339,966	36,523	1,376,489
- Discounted	1,199,630	275,227	1,474,857
<i>Reinsurance and other recoveries</i>			
- Undiscounted	(760,767)	(350,178)	(1,110,945)
- Discounted	(526,636)	(665,363)	(1,191,999)
Net incurred claims	672,994	(390,136)	282,858

2012	Current Year \$	Prior Years \$	Total \$
<i>Gross incurred claims and related expenses</i>			
- Undiscounted including prudential margin	1,557,015	546,663	2,103,678
- Discounted	1,402,784	815,976	2,218,760
<i>Reinsurance and other recoveries</i>			
- Undiscounted	(963,228)	(791,615)	(1,754,843)
- Discounted	(766,956)	(1,085,499)	(1,852,455)
Net incurred claims	635,828	(269,523)	366,305

Note 7 Investment income

	2013 \$	2012 \$
Interest	501,550	528,326
Unwinding discount	(15,953)	(11,317)
Total investment income	485,597	517,009

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Note 8 Other income and expenses

	2013	2012
	\$	\$
Income		
(a) Income by function		
Additional services	1,385,887	1,013,851
Other income	180,539	687,255
Total income	1,566,426	1,701,106
 (b) Income by nature		
Additional services	1,385,887	1,013,851
Other income	180,539	687,255
Total income	1,566,426	1,701,106
 Expenses		
(a) Expenses by function		
Underwriting expenses	109,394	91,003
Administration expenses	6,558,002	5,741,852
Total expenses	6,667,396	5,832,855
 (b) Expenses by nature		
Employee benefit expense	2,369,544	2,585,245
Employee termination payments	215,951	44,231
Employee on costs	443,164	436,004
Occupancy costs	242,174	250,754
Depreciation, amortisation and impairment charges	476,995	486,678
Underwriting expenses	109,394	91,003
Professional fees	625,371	350,660
Outside search fees	627,178	559,603
IT related fees	216,759	191,833
Other expenses	1,340,866	836,844
Total expenses	6,667,396	5,832,855

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Note 9 Income tax

	2013 \$	2012 \$
Reconciliation between net loss before tax and tax expense		
Profit before income tax	382,771	436,543
Income tax at standard rate of 30% (2012: 30%)	114,831	130,963
Tax effect of permanent differences	(55,608)	(185,652)
Prima facie tax profit / (loss) adjusted for differences	59,223	(54,689)
Benefit of tax losses not brought to account	147,768	87,184
Tax effect of timing differences not brought to account	(206,991)	(32,495)
New Zealand tax payable	16,798	27,184
Income tax expense	16,798	27,184
Future income tax benefit not brought to account		
– opening balance	4,648,813	4,545,317
Benefit not brought to account current year	147,768	87,184
Prior year overstatement	-	16,312
Future income tax benefit not brought to account	4,796,581	4,648,813

Future income tax benefit not brought to account

Potential future income tax benefits of \$4,796,581 (2012: \$4,648,813) attributable to tax losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future income tax benefits as probable.

These benefits will only be obtained if:

- (i) The Company derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the loss.

Note 10 Cash

Cash at bank	1,288,706	893,902
Short term deposit	9,330,043	8,407,196
	10,618,749	9,301,098

Deposits at call

The deposits are bearing floating interest rates between 2.60% and 5.35% (2012: between 2.7% and 6.27%).

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Note 11 Trade and other receivables and other assets

	2013 \$	2012 \$
Trade and other receivables		
Current		
Premiums receivable	1,420,015	555,782
Less: Provision for doubtful debts	(3,817)	(5,303)
	1,416,198	550,479
Other receivables	-	474
Loans to related entities	730,372	704,345
	2,146,570	1,255,298
 Other Assets		
Current		
Accrued interest	125,630	124,687
Prepayments	59,753	49,748
	185,383	174,435

Trade debtors are required to be settled within agreed terms. Further information can be found in Note 18.

The terms and conditions of loans advanced to related entities during the period are detailed in Note 27.

The Company does not have any significant exposure to any individual customer or counterparty.

Note 12 Reinsurance and other recoveries

Undiscounted expected future recoveries		
- on claims paid	801,678	379,303
- on outstanding claims	3,175,465	5,126,017
	3,977,143	5,505,320
Discount to present value	(259,679)	(340,733)
Reinsurance and other recoveries	3,717,464	5,164,587
Reinsurance and other recoveries - current	1,636,550	1,878,267
Reinsurance and other recoveries - non-current	2,080,914	3,286,320
	3,717,464	5,164,587

Refer to note 17 for a reconciliation of the movement in reinsurance and other recoveries on incurred claims.

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Note 13 Other financial assets

Financial assets	2013	2012
	\$	\$
Current investments		
<i>Non-traded</i>		
Intercompany Loan	206,494	146,960
Non-current investments		
Government bond	480,774	427,517
<i>Non-traded</i>		
Shares in subsidiary	81	81
Intercompany Loan	1,101,546	1,308,040
	1,582,401	1,735,638

The fixed interest rate on the government bond is 6.0% (2012: 6.0%).

The Company owns 100% (2012: 100%) of the shares in First Title New Zealand Limited a company incorporated in New Zealand. As described in Note 1 the subsidiary has not been consolidated on grounds of materiality.

Note 14 Property, plant and equipment

	2013		
Cost or valuation	Leasehold Improvements	Office Furniture & Equipment	Total
	\$	\$	\$
At 1 January 2013	7,280	723,677	730,957
Additions	-	31,853	31,853
Disposals	-	(69,451)	(69,451)
At 31 December 2013	7,280	686,079	693,359
Accumulated depreciation			
At 1 January 2013	(3,776)	(668,253)	(672,029)
Disposals	-	60,601	60,601
Depreciation for the year	-	(28,074)	(28,074)
At 31 December 2013	(3,776)	(635,726)	(639,502)
Carrying amount			
At 1 January 2013	3,504	55,424	58,928
At 31 December 2013	3,504	50,353	53,857

	2012		
Cost or valuation	Leasehold Improvements	Office Furniture & Equipment	Total
	\$	\$	\$
At 1 January 2012	7,280	712,904	720,184
Additions	-	26,090	26,090
Disposals	-	(15,317)	(15,317)
At 31 December 2012	7,280	723,677	730,957
Accumulated depreciation			
At 1 January 2012	(3,776)	(658,646)	(662,422)
Disposals	-	15,294	15,294
Depreciation for the year	-	(24,901)	(24,901)
At 31 December 2012	(3,776)	(668,253)	(672,029)
Carrying amount			
At 1 January 2012	3,504	54,258	57,762
At 31 December 2012	3,504	55,424	58,928

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Note 15 Intangible assets

	2013	2012
	\$	\$
Cost or valuation - software		
At 1 January	3,553,009	3,021,960
Additions	303,496	531,049
At 31 December	<u>3,856,505</u>	<u>3,553,009</u>
Accumulated amortisation		
At 1 January	(2,783,339)	(2,321,561)
Amortisation for the year	(448,919)	(461,778)
At 31 December	<u>(3,232,258)</u>	<u>(2,783,339)</u>
Carrying amount		
At 1 January	<u>769,670</u>	<u>700,399</u>
At 31 December	<u>624,247</u>	<u>769,670</u>

This asset class represents internally developed software. The remaining amortisation period of the intangible assets ranges from 0 – 3 years.

Note 16 Trade and other payables

Current		
Other creditors	989,960	157,553
Salary related accruals	45,303	155,936
Sundry creditors and accruals	878,800	548,929
GST payable	112,212	64,708
Loans from related entities	861,811	497,980
	<u>2,888,086</u>	<u>1,425,106</u>

Note 17 Outstanding claims

	2013 \$	2012 \$
(a) Outstanding claims liability		
Undiscounted expected future claim payments		
Central estimate	4,758,516	6,492,092
Risk margin	197,293	258,071
Handling costs	342,613	467,431
	5,298,422	7,217,594
Discount to present value	(400,817)	(492,645)
Liability for outstanding claims	4,897,605	6,724,949
Current	1,392,784	1,959,285
Non-Current	3,504,821	4,765,664
	4,897,605	6,724,949

(b) Risk margin

Process for determining the risk margin

The selection of the Risk margin is entirely based upon actuarial judgement and the selected risk margin of 40% is not unreasonable for a portfolio of this size, and the sparseness of data. For policy years that are projected to trigger the aggregate XOL treaty there is a zero risk margin as the claims amounts on a net/net basis cannot develop further for FATICA.

Risk margin applied

The discounted risk margin applied for 2013 is \$238,065 (2012: \$312,688).

(c) Reconciliation of discounted outstanding claims liability

	Gross \$	Recoveries \$	Net \$
2013			
Outstanding claims liability brought forward	6,724,949	(4,784,831)	1,940,118
Incurred claims per the Statement of Profit or Loss and Other Comprehensive Income	1,474,857	(1,191,999)	282,858
Less claims (paid)/recovered	(3,302,201)	3,061,044	(241,157)
Total outstanding claims liability carried forward	4,897,605	(2,915,786)	1,981,819
2012			
Outstanding claims liability brought forward	7,249,720	(5,398,591)	1,851,129
Incurred claims per the Statement of Profit or Loss and Other Comprehensive Income	2,218,760	(1,852,455)	366,305
Less claims (paid)/recovered	(2,743,531)	2,466,215	(277,316)
Total outstanding claims liability carried forward	6,724,949	(4,784,831)	1,940,118

Note 17 Outstanding claims

(d) Claims development table

Gross

Policy Year	Prior years	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	Total \$
Estimate of ultimate claims cost:							
At end of policy year		776,090	928,340	1,250,394	1,452,969	1,251,342	
One year later		680,438	713,357	998,499	1,001,783		
Two years later		581,799	590,976	755,444			
Three years later		500,605	373,067				
Four years later		374,964					
Current estimate of cumulative claims costs	25,946,625	374,964	373,067	755,444	1,001,783	1,251,342	29,703,225
Cumulative payments	24,509,230	150,848	27,075	145,382	91,723	20,452	24,944,710
Outstanding claims - undiscounted	1,437,395	224,116	345,992	610,062	910,060	1,230,890	4,758,515
Discount	(64,396)	(13,410)	(23,293)	(46,709)	(84,006)	(130,910)	(362,724)
Outstanding claims - discounted	1,372,999	210,706	322,699	563,353	826,054	1,099,980	4,395,791
Claims handling expense (disc)	82,380	12,642	19,362	33,801	49,563	65,999	263,747
Risk margin (disc)							238,065
Total gross outstanding claims							4,897,603

Net

Accident Year	Prior years	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	Total \$
Estimate of ultimate claims cost:							
At end of accident year		362,073	332,444	482,786	500,000	500,000	
One year later		308,511	271,459	433,195	500,000		
Two years later		265,963	215,465	456,293			
Three years later		230,524	178,624				
Four years later		233,484					
Current estimate of cumulative claims costs	3,508,625	233,484	178,624	456,293	500,000	500,000	5,377,026
Cumulative payments	3,389,641	120,051	27,075	145,032	91,723	20,452	3,793,974
Outstanding claims - undiscounted	118,984	113,433	151,549	311,261	408,277	479,548	1,583,052
Discount	(5,924)	(6,754)	(9,590)	(21,868)	(29,610)	(29,299)	(103,045)
Outstanding claims	113,060	106,679	141,959	289,393	378,667	450,249	1,480,007
Claims handling expense	82,380	12,642	19,362	33,801	49,563	65,999	263,747
Risk margin (disc)							238,065
Total net outstanding claims							1,981,819

Note 18 Financial instruments

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the financial risk management committee under the authority of the board. The board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company's exposure to market risk is primarily through foreign exchange risk on the Company's cash and cash equivalents.

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposure with respect to the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity and cash flow forecasting.

At 31 December 2013, had the Australian dollar weakened/strengthened by 10% against the New Zealand dollar with all other variables held constant, equity and post-tax profit for the year would have been \$483,286 higher/ lower mainly as a result of foreign exchange gains/losses on translations of New Zealand dollar held accounts.

(ii) Interest rate risk

The Company's main interest rate risk arises from cash and cash equivalents. The Company's exposure to interest rate risk is managed primarily through adjustments to existing investment portfolios. There are no interest rate derivatives open at balance date. The Company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. The exposure to each class of financial asset and liability is located under the relevant note. Also refer to Note 3 (e) Insurance Contracts – interest rate risk.

At 31 December 2013, if interest rates had changed by -1%/+1% from the year end rates with all other variables held constant, equity and post-tax profit for the year would have been \$105,487 lower/higher mainly as a result of interest income from cash and cash equivalents.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and foreign exchange risk. A reasonably possible change in risk variable has been determined after taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

Note 18 Financial instruments (continued)

Interest rate risk

31-Dec-13	Carrying amount \$'000	Interest rate risk		Interest rate risk	
		+-1%		+-1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	10,618,749	(106,187)	(106,187)	106,187	106,187
NZ Government Bond	480,774	-	-	-	-
Reinsurance recoveries	3,717,464	-	-	-	-
Total increase/ (decrease)	14,816,987	(106,187)	(106,187)	106,187	106,187

31-Dec-12	Carrying amount \$'000	Interest rate risk		Interest rate risk	
		+-1%		+-1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	9,301,098	(93,011)	(93,011)	93,011	93,011
NZ Government Bond	427,517	-	-	-	-
Reinsurance recoveries	1,644,759	-	-	-	-
Total increase/ (decrease)	11,373,374	(93,011)	(93,011)	93,011	93,011

Foreign exchange risk

31-Dec-13	Carrying amount \$'000	Foreign exchange risk			
		-10%		10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	10,618,749	(460,047)	(460,047)	460,047	460,047
NZ Government Bond	480,774	(48,077)	(48,077)	48,077	48,077
Reinsurance recoveries	3,717,464	(12,292)	(12,292)	12,292	12,292
Total increase/ (decrease)	14,816,987	(520,416)	(520,416)	520,416	520,416

31-Dec-12	Carrying amount \$'000	Foreign exchange risk			
		-10%		10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash and cash equivalents	9,301,098	(366,192)	(366,192)	366,192	366,192
NZ Government Bond	427,517	(42,752)	(42,752)	42,752	42,752
Reinsurance recoveries	1,644,759	(164,476)	(164,476)	164,476	164,476
Total increase/ (decrease)	11,373,374	(573,419)	(573,419)	573,419	573,419

Note 18 Financial instruments (continued)

(b) Credit risk

Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in a financial loss to the Company. Credit risk arises from the financial assets of the Company including cash, receivables and investments. The carrying amount of financial assets in the Company's Statement of Financial Position represents the Company's maximum exposure to risk. The credit risk on financial assets is the carrying amount, net of any provisions for doubtful debts. No collateral is held by the Company. The Company has not granted any financial guarantees.

The Company's investing activities are restricted to government bonds and deposits with banks, i.e. within highly regulated markets which considerably reduces the Company's exposure to credit risk. Also refer to Note 4 Financial Risk Management.

Credit Quality Table	2013 rating	2012 rating	2013 \$	2012 \$
Cash at bank and short term bank deposits	AA-	AA-	10,618,749	9,301,098
Trade & other receivables	Not rated	Not rated	2,146,570	1,255,298
Other financial asset - intercompany loan	Not rated	Not rated	1,308,040	1,455,000
Reinsurance recoveries	BBB+	A-	3,717,464	5,164,587
Government Bond New Zealand	AA+	AA	480,774	427,517
Accrued interest	AA-	AA-	125,630	124,687

Aging Table	Not past Due \$	Past Due but not impaired \$	Impaired \$	2013 \$
Trade & other receivables	2,111,649	31,104	3,817	2,146,570
Other financial asset - intercompany loan	1,308,040	-	-	1,308,040
Reinsurance recoveries	3,717,464	-	-	3,717,464
Government Bond NZ	480,774	-	-	480,774
Accrued interest	125,630	-	-	125,630

Aging Table	Not past Due \$	Past Due but not impaired \$	Impaired \$	2012 \$
Trade & other receivables	1,249,995	-	5,303	1,255,298
Other financial asset - intercompany loan	1,455,000	-	-	1,455,000
Reinsurance recoveries	5,164,587	-	-	5,164,587
Government bond NZ	427,517	-	-	427,517
Accrued interest	124,687	-	-	124,687

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations when they fall due. The Company continuously manages risk through rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

No assets have been pledged as collateral. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The only financial liabilities that exist are trade and sundry payables, outstanding claims and provisions. These liabilities have the following maturity pattern:

Maturity Profile Table	1 year or less \$	1 to 3 years \$	2013 \$
Other payables	2,888,086	-	2,888,086
Outstanding claims	1,392,784	3,504,821	4,897,605
Provisions	188,986	52,075	241,061

Maturity Profile Table	1 year or less \$	1 to 3 years \$	2012 \$
Other payables	1,425,106	-	1,425,106
Outstanding claims	1,959,285	4,765,664	6,724,949
Provisions	289,648	59,837	349,485

Note 18 Financial instruments (continued)

(d) Derivative Instruments

The Company is not party to any derivative financial instruments in the normal course of business.

(e) Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities approximates their carrying amounts. As noted in accounting policy 1(g), investments are measured at fair value at balance date.

2013		Note	Fixed interest maturing in:		Variable rate	Non interest bearing	Total
			1 year or less	Over 1 to 5 years			
			\$	\$	\$	\$	\$
Financial assets							
Cash	10		8,162,579	1,179,065	1,277,105	-	10,618,749
Receivables	11&13		-	1,308,040	-	2,331,953	3,639,993
Investments	13		-	480,774	-	81	480,855
Total			8,162,579	2,967,879	1,277,105	2,332,034	14,739,597
Weighted average interest rate			3.65%	4.89%	Variable		
Financial Liabilities							
Accounts payable	16		-	-	-	2,888,086	2,888,086
Total			-	-	-	2,888,086	2,888,086
Weighted average interest rate							
Net Financial Assets			8,162,579	2,967,879	1,277,105	(556,052)	11,851,511
Non-Financial Assets							4,395,567
Non-Financial Liabilities							5,138,666
Net Assets							11,108,412

2012		Note	Fixed interest maturing in:		Variable rate	Non interest bearing	Total
			1 year or less	Over 1 to 5 years			
			\$	\$	\$	\$	\$
Financial assets							
Cash	10		7,787,452	630,000	883,646	-	9,301,098
Receivables	11&13		-	1,455,000	-	1,429,733	2,884,733
Investments	13		-	427,517	-	81	427,598
Total			7,787,452	2,512,517	883,646	1,429,814	12,613,429
Weighted average interest rate			4.97%	5.38%	Variable		
Financial Liabilities							
Accounts payable	16		-	-	-	1,425,106	1,425,106
Total			-	-	-	1,425,106	1,425,106
Weighted average interest rate			n/a	n/a	n/a		
Net Financial Assets			7,787,452	2,512,517	883,646	4,708	11,188,323
Non-Financial Assets							5,993,185
Non-Financial Liabilities							7,074,434
Net Assets							10,107,074

Note 18 Financial instruments (continued)

(f) Fair value of financial instruments

The following tables detail the company's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Fixed interest securities	480,774	-	-	480,774
Total assets	<u>480,774</u>	<u>-</u>	<u>-</u>	<u>480,774</u>
 2012				
<i>Assets</i>				
Fixed interest securities	427,517	-	-	427,517
Total assets	<u>427,517</u>	<u>-</u>	<u>-</u>	<u>427,517</u>

There were no transfers between levels during the financial year.

Note 19 Employee benefits provisions

	2013 \$	2012 \$
Current		
Employee benefits	188,986	289,648
Non- Current		
Employee benefits	52,075	59,837
	241,061	349,485
Opening balance	349,485	260,536
Movement	(108,424)	88,949
Closing balance	241,061	349,485

Employee numbers

The number of full time employees at the end of the financial year was 20 (2012: 26).

Remuneration commitments

The Company contributes to accumulation superannuation funds to provide retirement and superannuation benefits for employees. Contributions are made by the Company and employees based on various percentages of employees' gross salaries. The Company is under no legal obligation to make up any shortfall in the funds' assets.

Employer contributions payable to the plans at balance date were \$Nil (2012: \$Nil).

Note 20 Dividends

The Directors do not recommend a payment of dividend in the current year (2012: \$Nil).

Note 21 Capital adequacy

Tier 1 Capital

Contributed equity	15,573,346	15,573,346
Foreign exchange translation reserve	354,103	(290,015)
Accumulated losses at beginning of the year	(5,187,623)	(5,596,982)
Gain for the year	365,973	409,359
Less intangibles	(624,247)	(769,670)
Total capital base	10,481,552	9,326,038
Minimum capital requirement	5,000,000	5,000,000
Capital adequacy multiple	2.10	1.87

Note 22 Contributed equity and reserves

(a) Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

At 31 December 2013 there were 15,573,346 \$1 par value ordinary shares issued and fully paid (2012: 15,573,346).

(b) The foreign currency reserve arises from the revaluation of New Zealand balances included in the financial statements.

Note 23 Key Management Personnel remuneration

(a) Directors

The following persons were Directors of First American Title Insurance Company of Australia Pty Limited during the financial year up to the date of this report:

(i) Executive Director

Mr Christopher Tyler (resigned 31 July 2013)
Patti Evers (appointed 31 July 2013)

(ii) Non-executive Directors

Mr Jonathan Flaws (resigned 12 July 2013)
Mr Thomas Grifferty (resigned 31 July 2013)
Mr Kenneth David DeGiorgio

(iii) Independent Directors

Mr Eric Richard Dodd
Mr Anthony Peter Gill
Mr Richard Gerald Nott

(b) Remuneration of KMP's

	2013 \$	2012 \$
Short-term benefits	472,703	428,486
Post-employment benefits	30,084	25,964
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total	502,787	454,450

Note 24 Auditor's remuneration

During the year the auditor of the Company and its related practices earned the following remuneration;

BDO East Coast Partnership

Audit of the financial report and regulatory returns
Total remuneration

74,000	74,000
74,000	74,000

Note 25 Contingent liabilities

Bank guarantees	105,565	184,065
Total contingent liabilities	105,565	184,065

Note 26 Commitments for expenditure

The company has not engaged with any leases under non-cancellable operating leases.

Note 27 Related parties

Controlling entities

The immediate parent entity is FAF International Insurance Holdings BV incorporated in the Netherlands. The ultimate parent entity is the First American Financial Corporation incorporated in the United States of America.

Other related parties

First American Financial Corporation, Delaware, is the ultimate parent entity within the group which includes First American Title Insurance Company, Santa Ana, California and its controlled entities, First American Title Insurance Company of Australia Pty Limited. First American Financial Corporation prepares consolidated accounts which are available for public viewing.

The Company paid commission fees for services utilised to other entities within the group during the period. Additionally, it received funds from the other entities within the group. These transactions were on normal commercial terms.

First American Title Insurance Company of Australia's board approved a \$1,455,000 loan to a related entity FAF International Property Services of Australia Pty Ltd in July 2012. This is an interest bearing 5 year loan facility with principle repayments commencing April 2013.

Amounts receivable from and payable to entities within the group

	2013	2012
	\$	\$
Aggregate amounts receivable at balance date from:		
Current		
First American Title Insurance Company	706,581	362,283
Other commonly controlled entity	730,372	686,873
Intercompany loan – FAF International Property Services	206,494	146,960
Non-current		
Intercompany loan – FAF International Property Services	1,101,546	1,308,040
Aggregate amounts payable at balance date from:		
Current		
Other commonly controlled entity	766,714	480,509
Amounts charged to and received from entities within the group		
Reimbursement of other expenses from ordinary activities by commonly controlled entity	181,257	72,284
Outward reinsurance premium expense paid and payable to First American Title Insurance Company	(255,105)	(200,656)
Outward reinsurance recoveries from First American Title Insurance Company	1,770,231	982,325
IT fee income from related parties within the group	160,317	479,164

Note 28 Events occurring after reporting date

There has not arisen in the interval between the end of the financial year and the date of these financial statements any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

Note 29 Segment information

The Company operates in the general insurance industry, its revenue being derived from underwriting of a single product i.e. title insurance. The Company operates in Australia and New Zealand.

The Company has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision makers in assessing performance and in determining the allocation of resources.

(a) Primary Reporting - Geographical Segments

2013	Australia	New Zealand	Total
	\$	\$	\$
Total segment revenue	5,282,934	253,173	5,536,107
Total segment interest revenue	319,085	166,512	485,597
Total segment staff costs	(3,028,659)	-	(3,028,659)
Segment profit	(32,469)	415,240	382,771
Profit from ordinary activities before tax			382,771
Income tax expense			(16,798)
Net profit			365,973
Total segment assets	13,941,740	5,193,429	19,135,169
Total segment liabilities	(7,789,250)	(240,116)	(8,029,366)
Investment in associates	-	-	-
Acquisition of property plant & equipment, intangibles and other non-current segment assets	335,349	-	335,349
Depreciation and amortisation expense	476,993	-	476,993
Other non-cash expenses	-	-	-
Net cash inflow from operating activities	69,502	859,014	928,516

Note 29 Segment information

2012	Australia	New Zealand	Total
	\$	\$	\$
Total segment revenue	5,358,599	90,623	5,449,222
Total segment interest revenue	350,414	166,595	517,009
Total segment staff costs	(3,065,480)	-	(3,065,480)
Segment profit	74,079	362,464	436,543
Profit from ordinary activities before tax			436,543
Income tax expense			(27,184)
Net profit			409,359
Total segment assets	14,285,978	4,320,636	18,606,614
Total segment liabilities	(8,103,042)	(407,864)	(8,510,906)
Investment in associates	-	-	-
Acquisition of property plant & equipment, intangibles and other non-current segment assets	557,139	-	557,139
Depreciation and amortisation expense	486,679	-	486,679
Other non-cash expenses	-	-	-
Net cash inflow from operating activities	1,218,987	546,388	1,765,375

(b) Secondary Reporting - Business Segments

The company carries on business in single business segment the provision of title insurance.

Note 30 Reconciliation of profit from ordinary activities to net cash inflow from operating activities

	2013 \$	2012 \$
Profit after income tax expense for the year	365,973	409,359
<i>Adjustments</i>		
Depreciation	28,074	24,900
Amortisation	448,919	461,778
Net foreign exchange fluctuation	66,594	(163,576)
Net loss on sale of non-current assets	8,850	23
<i>Change in operating assets and liabilities</i>		
(Decrease)/ increase in receivables	(865,245)	206,349
Decrease in other assets	1,382,918	1,242,783
Increase in related party loans	337,804	-
(Decrease) in tax payable	(8,752)	(26,701)
Increase in payables	1,099,149	46,281
Decrease in provisions	(1,827,344)	(524,770)
(Decrease)/ increase in employee benefits provision	(108,424)	88,949
Net cash flows from operating activities	928,516	1,765,375

First American Title Insurance Company of Australia Pty Limited
Directors Declaration
31 December 2013

In the directors' opinion:

- a) the attached financial statements and notes thereto comply with Accounting Standards, and other mandatory professional reporting requirements;
- b) the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- c) the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the financial year ended on that date; and
- d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors

On behalf of the directors



Patti Eyers
Director
Sydney
16 April 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of First American Title Insurance Company of Australia Pty Limited

REPORT ON THE YEARLY STATUTORY ACCOUNTS

We have audited the accompanying yearly statutory accounts, being a general purpose financial report, of First American Title Insurance Company of Australia Pty Limited for the financial year ended 31 December 2013. The yearly statutory accounts comprise of the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement in changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

The Responsibility of the Directors for the Yearly Statutory Accounts

The Directors of First American Title Insurance Company of Australia Pty Limited are responsible for the preparation and fair presentation of the yearly statutory accounts and the information they contain, in accordance with the requirements of the *Insurance Act 1973* and Australian Prudential Regulation Authority ("APRA") Prudential Standards, the *Financial Sector (Collection of Data) Act 2001* and APRA Reporting Standards, and, to the extent that they do not contain any requirements to the contrary, Australian Accounting Standards (including Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the yearly statutory accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the yearly statutory accounts based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether, in all material respects, the yearly statutory accounts present a true and fair view of the results of First American Title Insurance Company of Australia Pty Limited's operations for the year and financial position at reporting end, in accordance with the provisions of the *Insurance Act 1973* and APRA Prudential Standards, the *Financial Sector (Collection of Data) Act 2001* and APRA Reporting Standards, and, to the extent that they do not contain any requirements to the contrary, Australian Accounting Standards (including Australian Accounting Interpretations).

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the yearly statutory accounts. The procedures selected depend on our judgement, including assessment of the risks of material misstatement of the yearly statutory accounts, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to First American Title Insurance Company of Australia Pty Limited's preparation and fair presentation of the



yearly statutory accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of First American Title Insurance Company of Australia Pty Limited's internal control. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

The yearly statutory accounts have been prepared for the purpose of fulfilling the reporting requirements of First American Title Insurance Company of Australia Pty Limited under the *Insurance Act 1973*, Section 13 of the *Financial Sector (Collection of Data) Act 2001* and the Prudential Standards. We disclaim any assumption of responsibility for any reliance on this report or on the yearly statutory accounts to which it relates to any party other than First American Title Insurance Company of Australia Pty Limited and APRA, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have, to the best of our knowledge and belief, complied with the independence requirements specified by APRA in Prudential Standard GPS 510 Governance.

Auditor's Opinion

In our opinion, the yearly statutory accounts of First American Title Insurance Company of Australia Pty Limited, in respect of the year ended 31 December 2013, present a true and fair view of the results of First American Title Insurance Company of Australia Pty Limited's operations for the year and financial position at year end, in accordance with:

- (a) the provisions of the *Insurance Act 1973* and APRA Prudential Standards, the *Financial Sector (Collection of Data) Act 2001* and APRA Reporting Standards; and
- (b) to the extent that they do not contain any requirements that conflict with the aforementioned, Australian Accounting Standards (including the Australian Accounting Interpretations).

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'AM', is written over the printed name 'Arthur Milner'.

Arthur Milner

Partner

Sydney, 16 April 2014

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)**

**Annual Financial Report
31 December 2013**

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Annual Financial Report
31 December 2013**

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**First American Title Insurance Company of Australia Pty
Limited (New Zealand Branch)
Company Directory
31 December 2013**

Company number	AKOS 1022212
IRD number	76-345-783
Nature of business	Provision of general insurance services
Registered office	First American Title Insurance Company of Australia Pty Limited (New Zealand Branch) Level 13, 99 Albert Street Auckland

Directors' information

The directors present their report together with the financial statements of First American Title Insurance Company of Australia (New Zealand Branch) ("the Branch") for the financial year ended 31 December 2013 and the auditor's report thereon.

Directors

Mr Eric Richard Dodd

- Appointed as an independent director on 26 June 2002;
- Eric is the Chairman of the First American Title Insurance Company of Australia Pty Limited, and has many years of experience in the financial services industry in Australia at senior management level, including the roles of Managing Director of NRMA Insurance Limited and Chief Executive Officer of NRMA Limited.

Mr Anthony Peter Gill

- Appointed as an independent director on 11 September 2006;
- Anthony is Chairman of the Board Remuneration Committee, is a member of the Board Audit Committee, and has many years of experience in the banking industry in Australia in the areas treasury, mortgage banking and securitisation. He is past Chairman of the Australian Securitisation Forum and past President of the Mortgage Industry Association of Australia.

Mr Richard Gerald Nott

- Appointed as an independent director on 26 February 2002;
- Richard is Chairman of the Board Audit Committee, is a member of the Board Remuneration Committee, and has many years of experience in the financial services industry in Australia at senior management level. Richard is currently Managing Director of the Mortgage Guaranty Insurance Corporation.

Mr Kenneth David DeGiorgio

- Appointed as a non-executive director on 17 October 2012;
- Kenneth is currently a member of both the Board Audit Committee and the Board Remuneration Committee, and is executive vice president of the First American Financial Corporation, a New York Stock Exchange listed provider of financial services.

Mrs Patti Evers (appointed 31 July 2013)

- Appointed as an executive director on 31 July 2013;
- Patti is the Chief Executive Officer of the First American Title Insurance Company of Australia Pty Limited, and has many years of experience in senior managerial roles in the financial services industry in both Australia and Europe, including the role of Chief Financial Officer of First Mortgage Services (Australia and New Zealand) prior to being appointed to this current position.

Directors ceased during the year

Mr Jonathan Flaws (resigned 12 July 2013)

Mr Thomas Grifferty (resigned 31 July 2013)

Mr Christopher Tyler (resigned 31 July 2013)

First American Title Insurance Company of Australia Pty Limited (New Zealand Branch)
Annual Report
31 December 2013

The Board of Directors presents its annual report including financial statements of First American Title Insurance Company of Australia Pty Ltd (New Zealand Branch) "the Branch" for the year ended 31 December 2013.

As required by section 211 (1) of the Companies Act 1993 we disclose the following information:

- The business of the Branch is insurance.
- The nature of the Branch's business has not changed during the year under review.
- The business operates as a profit making concern.
- There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.
- There were no transactions entered into by the Directors during the year that require disclosure.
- Donations made by the Branch during the year are as reported in the Statement of Profit or Loss and Other Comprehensive Income.
- The following persons were directors of the Branch at the reporting date:
Mr Eric Richard Dodd
Mr Anthony Peter Gill
Mr Richard Gerald Nott
Mr Kenneth David DeGiorgio
Mrs Patti Evers
- Effective 1 November 2007, First Mortgage Services Limited (FMS) and its subsidiaries First Title Pacific Limited, FMS Administration Services Limited, First Mortgage Services Pty Limited in Australia and Sanderson Weir Pty Limited in Australia, were acquired by the First American Group. Transactions between those companies and the Branch since this date have continued to be based on normal commercial terms and conditions.

The Board has the power to amend and reissue the financial report.

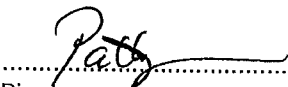
For and behalf of the Board of Directors



Director

6 June 2014

Date



Director

6 June 2014

Date

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Corporate Governance
31 December 2013**

First American Title Insurance Company of Australia Pty Ltd (New Zealand Branch) is incorporated in New South Wales, Australia. The Branch is 100% owned by First American Title Insurance Company of Australia Pty Ltd ("the Company") and its ultimate parent is FAF International Insurance Holdings B.V

The Board operates in accordance with its Board Governance Charter which sets out the key governance principles adopted by the Board. The Board values integrity, teamwork and achievement, and together with management will continue to develop policies and practices consistent with these values, and with prudential and other requirements.

The Charter describes the Board's responsibilities which include ensuring that:

- The Board composition and skill mix is adequate in the context of the range of risks and interests managed;
- New and existing Board members are subject to appropriate checks of fitness and propriety;
- An appropriately qualified, competent and honest Chief Executive Officer is appointed;
- Shareholders' interests are protected;
- Regulatory requirements are met;
- Decisions are ethically and practically based;
- Strategic direction is set and monitored;
- Systems are in place to monitor performance.

Under the Charter, the Board duties include the following:

- Consider and approve appropriate key Committee charters and First Title policies which underpin its governance responsibilities;
- Determine the terms and conditions of, and targets for, appointment and performance of the Chief Executive Officer;
- Annually review First Title's strategic plan;
- Annually approve the budget;
- Review financial results;
- Ensure areas of significant risk are identified and effectively managed;
- Annually review the performance of the Board Audit and Remuneration Committees, and review the charters of these Committees every three years;

The Board also delegates a number of responsibilities to the Chief Executive Officer. There are five directors on the Board of First Title, comprising the following:

- Three independent directors, one of whom is the Chairman;
- One executive director (and Chief Executive Officer);
- One non-executive director.

First Title has two Board Committees in place to assist with the overall governance of the organisation. These are:

- Board Audit Committee; and
- Board Remuneration Committee.

First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2013

	Note	2013 NZD\$	2012 NZD\$
Premium revenue		295,635	303,539
Outwards reinsurance premium expense		(2,120)	(3,511)
Net premium revenue		293,515	300,028
Claims released		106,224	9,575
Reinsurance expense		(62,854)	(8,900)
Net claims incurred		43,370	675
Acquisition costs		(50,269)	(49,143)
Underwriting expenses		(50,269)	(49,143)
Underwriting result		286,616	251,560
Interest income	20	215,400	227,273
Loss on investments		(17,341)	(9,915)
Accountancy fees		(1,726)	(3,015)
Professional consulting expenses		(4,246)	(3,486)
General expenses		(288)	-
Profit before tax expense		478,415	462,417
Income tax expense	6	(20,066)	(34,538)
Total comprehensive income for the year attributable to owners of the Company		458,349	427,879
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners of the Company		458,349	427,879

This statement is to be read in conjunction with the Notes and Statement of Accounting Policies that form part of the financial statements and the Auditors' Report.

First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Statement of Financial Position
as at 31 December 2013

	Notes	2013 NZD\$	2012 NZD\$
Current Assets			
Cash and cash equivalents	5	5,000,682	4,608,243
Trade and other accounts receivable	8	133,067	83,864
Accrued interest		56,650	58,856
Reinsurance and other recoveries	9	58,820	120,755
		5,249,219	4,871,718
Non-Current Assets			
Investments	7	520,658	537,999
Reinsurance and other recoveries	9	74,792	211,280
		595,450	749,279
Total Assets		5,844,669	5,620,997
Current Liabilities			
Trade payables and accruals	19	19,157	21,831
Amount due to related entities	11	185,749	183,804
Outstanding claims	10	64,339	136,660
Provision for tax	6	31,078	22,801
		300,323	365,096
Non-Current Liabilities			
Outstanding claims	10	161,904	331,808
		161,904	331,808
Total Liabilities		462,227	696,904
Net Assets		5,382,442	4,924,093
REPRESENTED BY:			
Reserves			
Retained Earnings		5,382,442	4,924,093
Total Equity		5,382,442	4,924,093

This statement is to be read in conjunction with the Notes to the Financial Statements and Statement of Accounting Policies that form part of the financial statements and the Auditors' Report.

First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Statement of Changes in Equity
for the year ended 31 December 2013

	Retained earnings NZ\$	Total equity NZ\$
Balance at 1 January 2013	4,924,093	4,924,093
Total Comprehensive income for the year		
Profit for the year	458,349	458,349
Total other comprehensive income for the year	-	-
<i>Total comprehensive income for the year</i>	<u>458,349</u>	<u>458,349</u>
Transactions with owners of the Company in their capacity as owners		
<i>Total transactions with owners of the company</i>	-	-
Balance at 31 December 2013	<u>5,382,442</u>	<u>5,382,442</u>

	Retained earnings NZ\$	Total equity NZ\$
Balance at 1 January 2012	4,496,214	4,496,214
Total Comprehensive income for the year		
Profit for the year	427,879	427,879
Total other comprehensive income for the year	-	-
<i>Total comprehensive income for the year</i>	<u>427,879</u>	<u>427,879</u>
Transactions with owners of the Company in their capacity as owners		
<i>Total transactions with owners of the company</i>	-	-
Balance at 31 December 2012	<u>4,924,093</u>	<u>4,924,093</u>

This statement is to be read in conjunction with the Notes to the Financial Statements and Statement of Accounting Policies that form part of the financial statements and the Auditors' Report.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Cash Flow Statement
for the year ending 31 December 2013**

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Premiums received		245,835	370,461
Outwards reinsurance premium expense		(2,120)	(3,511)
Claims paid		(596)	(14,438)
Interest received		217,606	412,276
Other expenses paid		(56,497)	(51,561)
Income taxes paid		(11,790)	(25,638)
Net cash flow from operating activities	18	392,438	687,589
Cash at the beginning of the financial year		4,608,243	3,920,654
Cash at the end of the financial year		5,000,681	4,608,243

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

1) STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

First American Title Insurance Company of Australia Pty Ltd (New Zealand Branch) is incorporated in New South Wales, Australia. The Branch is 100% owned by First American Title Insurance Company of Australia Pty Ltd ("the Company") and its ultimate parent is FAF International Insurance Holdings B.V. First American Title Insurance Company of Australia Pty Ltd is a Company registered under the Companies Act 1993, operating under a Reserve Bank License and Insurance (Prudential Supervision) Act 2012 and is a reporting entity for the purposes of the Financial Reporting Act 1993 due to operating a branch in New Zealand.

BASIS OF PREPARATION

The financial statements were authorised for issue by the Board of Directors on 16 April 2014.

The financial statement have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, appropriate for profit orientated entities.

The financial statements comply with International Financial Reporting Standards.

1.1 Measurement Base

The financial statements are prepared on the historical cost basis except the following assets and liabilities are stated at fair value:

- Cash and cash equivalents;
- Investments;
- Reinsurance and other recoveries; and
- Outstanding claims.

1.2 Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Branch in the preparation of its financial statements.

Premium revenue

Premium revenue comprises amounts charged to the policyholders excluding GST. The Branch underwrites title insurance policies. The insurance risk relates to losses arising from title and associated defects existing at the date the policy was accepted by the Branch and premium revenue is recognised as fully earned at the date of attachment of the policy.

Outwards reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received. Accordingly, in line with premium revenue, no reinsurance premium has been treated as a prepayment at the reporting date.

Payables

Trade payables and other short-term monetary liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

1.2 Significant Accounting Policies (continued)

Provision for outstanding claims

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date under general insurance contracts issued by the Branch with an additional risk margin to allow for the inherent uncertainty in the central estimate.

The expected future payments include those in relation to claims incurred but not yet reported (IBNR), claims incurred but not enough reported (IBNER) and anticipated claims handling costs.

Claims handling costs include costs that can be associated directly with individual claims, such as legal and other professional fees, and costs that can only be indirectly associated with individual claims, such as claims administration costs.

The expected future payments are discounted to present value using a risk free rate.

Gross ultimate costs for each policy year are projected to exceed the aggregate reinsurance deductible of A\$500,000. The aggregate includes claims from the controlling company First American Title Insurance Company of Australia. For each of those years, net ultimate cost is estimated as A\$500,000 and this cannot increase even if the gross ultimate costs exceed current estimates. The maximum exposure for any policy year will be A\$500,000. It is therefore impractical to disclose actual claims with previous estimates for New Zealand claims.

Discount rate

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on claims expense.

Goods and Services Tax

These financial statements have been prepared exclusive of Goods & Services Tax (GST). All items in the Statement of Financial Position are stated net of GST except for accounts receivable and accounts payable which are stated at GST inclusive values.

Reinsurance and Other Recoveries Receivable

Reinsurance and other recoveries receivable on paid claims, claims reported but not yet paid, IBNR and IBNER are recognised as receivables.

Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance reflects the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the branch may not receive amounts due to it and these amounts can be reliably measured.

Cash and cash equivalents

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

1.2 Significant Accounting Policies (continued)

Income taxes

The branch is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the branch recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the branch's belief that its tax return positions are supportable, the branch believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The branch believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Deferred Taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the branch has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- (a) The same taxable branch, or
- (b) Different branch entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

1.2 Particular Accounting Policies (continued)

Investments

Cash assets and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amount of cash assets and bank overdrafts approximate their fair value. For the purposes of the statement of cash flow, cash includes cash on hand and deposits held at call with banks, net of bank overdrafts. Unlisted fixed interest securities are recorded at amounts based on valuations using rates of interest equivalent to the yields obtainable on comparable investments at the reporting date.

As part of its investment strategy the branch actively manages its investment portfolio to ensure that investments mature in accordance with the expected pattern of future cash flows arising from general insurance liabilities. The branch has determined that all financial assets are held to back general insurance liabilities and on that basis that all financial assets are valued at fair value through profit and loss.

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention ("regular way" transactions) are recognised at trade date, being the date on which the Branch commits to buy or sell the asset. In cases where the period between trade and settlement exceeds this time frame, the transaction is recognised at settlement date. Financial assets are derecognised when the rights to receive future cash flows from the asset have expired, or have been transferred, and the Branch has transferred substantially the risks and rewards of ownership. Amounts due from policyholders and intermediaries are initially recognised at fair value, being the amounts due. They are subsequently measured at fair value which is approximated by taking the initially recognised amount and reducing it for impairment as appropriate.

Impairment - receivables

An allowance for impairment of receivables is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the net present value of the estimated future cash flows. The discount is calculated using original effective interest rate. The impairment charge is recognised in the Statement of Profit and Loss and Other Comprehensive Income. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Impairment of assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Presentation Currency

All amounts in the Financial Statements are expressed in New Zealand Dollars (\$), which is the branch's functional and presentation currency.

Foreign currency

Transactions entered in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

1.2 Significant Accounting Policies (continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the branch will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the branch elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the Statement of Profit or Loss and Other Comprehensive Income (operating profit).

The branch's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statement of Financial Position.

1.3 Changes in Accounting Policies

There have been no changes in accounting policies.

New standards, interpretations and amendments not yet effective

None of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2013 and which have not been adopted early, are expected to have a material effect on the branch's future financial statements.

2) CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Branch makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates and judgements are applied are described below.

2.1 The ultimate liability arising from claims made under insurance contracts

The Branch operates in a specialised line of business (title insurance) with few competitors, resulting in a lack of comparable data relating to assumptions. Unemployment levels are expected to rise and this is expected to increase the rates of mortgage default over the next couple of years. This may lead to the emergence of title insurance claims at higher volumes than in recent years. The value of outstanding claims has been adjusted to reflect the uncertainty of current market conditions. Whilst this represents the best estimate of the value at balance date, the current market uncertainty means the ultimate value of outstanding claims may be higher or lower than the value recorded in the financial statements. Provision is made at the year end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported.

The estimated cost of claims includes direct expenses to be incurred in settling claims gross of the expected value of subrogation rights and other recoveries. The Branch takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of claims incurred but not reported (IBNR) is subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Branch, where more information about the claim event is available. IBNR claims may often not be apparent to the insured until many years after the events which gives rise to the claim. The main difficulty in providing for title insurance IBNR claims is the lack of experience within the Australian market.

In calculating the estimated cost of unpaid claims the Branch uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- (i) changes in Branch processes which might accelerate or slow down the development and/or recording of paid or incurred claims, compared with the statistics from previous periods;
- (ii) changes in the legal environment;
- (iii) the effects of inflation;
- (iv) changes in the mix of business;
- (v) the impact of large losses;
- (vi) movements in industry benchmarks; and
- (vii) technological developments.

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Notes to Financial Statements
for the year ended 31 December 2013**

2.1 The ultimate liability arising from claims made under insurance contracts (continued)

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Branch has regard to the claims circumstances as reported, any information available from loss adjustors and information on the cost of settling claims with similar characteristics in previous periods. Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for possible distortion of the development and incidence of these large claims. The Branch adopts multiple methods to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from the reinsurer based upon the gross provisions. Details of specific assumptions used in deriving the outstanding claims liability at year end are detailed in note 3.

2.2 Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance reflects the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Branch may not receive amounts due to it and these amounts can be reliably measured.

3) ACTUARIAL ASSUMPTIONS AND METHODS

The Branch writes one class of business only. The cost of claims notified to the Branch at the reporting date is estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate number of claims is projected based on past reporting patterns. Payment experience is analysed based on averages per claim incurred and averages paid per claim finalised. Historic case estimate development is also used to develop a model of future payments. The resulting average claim sizes from these models are analysed, along with loss ratios and other statistics, in order to determine a final estimate of outstanding claims. Claims inflation is incorporated into the resulting projected payments, to allow for general economic inflation detected in the modelling of payments experience.

Projected payments are discounted to allow for the time value of money.

3.1 Actuarial assumptions

The following assumptions have been made in determining the outstanding claims liabilities;

	2013	2012
Average weighted term to settlement from claim reported date	2.28 years	2.96 years
Expense rate	6%	6%
Discount rate	3.00%	2.80%
Inflation	0%	0%

3.2 Process to determine assumptions

A description of the processes used to determine these assumptions is provided below:

Average weighted term to settlement

The estimated average weighted term to settlement is based on historic settlement patterns.

IBNR factors

The adopted factors are based on historical cost development patterns.

Prior expected loss ratios

Adopted ratios are based on historical loss ratios.

Inflation

Implicit allowance for inflation is made by using the Bornhuetter-Ferguson valuation method. Inflation is not expected to have a material impact.

Reinsurance and non-reinsurance recoveries

Estimates of recoveries are based on historical recovery rates.

Claims handling expenses

The allowance for claims handling expenses is based on the historical relationship between the claims handling expenses and gross claim costs.

Discount rate

The adopted discount rate is estimated using the expected claim payment profile and the New Zealand government bond yield curve at the reporting date.

4) INSURANCE CONTRACTS – RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

The financial condition and operation of the Branch are affected by a number of key risks including insurance risk, interest rate risk, currency risk, credit risk, market risk, liquidity risk, financial risk, compliance risk, fiscal risk and operational risk. Notes on the Branch's policies and procedures in respect of managing these risks are set out below.

4.1 Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Branch has an objective to control insurance risk thus reducing the volatility of operating profits. In addition to the inherent uncertainty of insurance risk, this can lead to significant variability in the loss experience; profits from insurance business are affected by market factors, particularly competition and movements in asset values. Short-term variability is a feature of insurance business.

The Board and the senior management of the Branch have developed, implemented and maintained a Risk Management Strategy (RMS) and a Reinsurance Management Strategy (ReMS). The RMS and the ReMS identify the Branch's policies and procedures, processes and controls that comprise its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Branch. Annually, the Board certifies that adequate strategies have been put in place to monitor those risks, that the Branch has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to the compliance with the RMS and ReMS.

The RMS and ReMS have been approved by the Board. Key aspects of the processes established in the RMS to mitigate risks include:

- (i) The maintenance and use of sophisticated management information systems, which provide up-to-date, reliable data on the risks to which the business is exposed at any time.
- (ii) Actuarial models, using information from the management information systems, are used to monitor claims patterns. Past experience and statistical methods are used as part of the process.
- (iii) Documented procedures are followed for underwriting and accepting insurance risks.
- (iv) Reinsurance is used to limit the Company's exposure to large single claims and cap the aggregate exposure of the Company in any one underwriting year.
- (v) The assets in which the Company invests are selected to ensure that the Company can meet its claim paying obligations.

4) INSURANCE CONTRACTS – RISK MANAGEMENT POLICIES AND PROCEDURES

4.2 Terms and conditions of insurance business

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted by the Branch. The majority of insurance contracts written are entered into on a standard basis. There are no special terms and conditions in any non-standard contracts that have a material impact on the financial statements.

4.3 Concentration of insurance risk

The Branch has in place measures to manage its exposure to accumulations of risk. At the outset concentration risk in the New Zealand context is underpinned by a system of land title which is government guaranteed. As a general insurer operating within the real property market in New Zealand, the Board understands the nature of the Branch's business is such that a catastrophic risk and/or risks resulting from placement concentration are highly unlikely.

4.4 Development of claims

There is a possibility that changes may occur in the estimate of the Branch's obligations at the end of a contract period. It is impractical for the Branch to prepare the information about claims development under NZ IFRS 4.

4.5 Interest rate risk

With the exception of the discount rate discussed above none of the financial assets or liabilities arising from insurance contracts entered into by the Branch are directly exposed to interest rate risk.

Insurance contracts are entered into once, i.e. are not renewed on a periodic basis. At the time of entering into the contract all terms and conditions are negotiable.

5) CASH

	2013 NZ\$	2012 NZ\$
Cash at bank	230,125	202,602
Short term deposit	4,770,557	4,405,641
	<u>5,000,682</u>	<u>4,608,243</u>

Deposits at call

The deposits are bearing floating interest rates between 2.60% and 4.40% (2012: between 1.65% and 4.85%).

Account Type	Maturity date	Term	Interest rate
Term Deposit			
ANZ Bank	28 March 2014	12 months	4.34%
Bank of New Zealand	26 October 2014	12 months	4.35%
Bank of New Zealand	29 July 2014	4 months	4.40%
ANZ Bank	5 May 2014	182 days	3.75%

Cash Management Account

ANZ Bank	N/A	N/A	2.60%
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6) TAXATION

	2013 NZ\$	2012 NZ\$
Income Tax		
Net profit per the Statement of Profit or Loss and Other Comprehensive Income	478,415	462,417
Taxation expense	20,066	34,538
Tax account opening balance	22,801	14,303
Tax expense on premium income	8,277	8,497
Non resident insurance withholding tax	24,166	34,539
	55,244	57,339
Less:		
Withholding tax paid on non resident insurance	(24,166)	(34,538)
	(24,166)	(34,538)
Tax payable as per Statement of Financial Position	31,078	22,801

7) INVESTMENTS

Financial assets at fair value through profit or loss
NZ government security

520,658	537,999
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Investment	Interest rate	Term	Maturity date
NZ Government Bond	6.00%	42 months	15-Apr-15

The New Zealand Government Bond is measured at fair value with interest payments received semi-annually.

8) TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other receivables	133,067	83,864
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Trade receivables amounted to \$133,067 (2012: \$83,864) and includes a portion of receivables that are past due but not impaired – refer to note 12. Trade receivables generally have terms of 45 days and are interest free. Trade receivables of a short-term duration are not discounted.

9) REINSURANCE AND OTHER RECOVERIES

	2013 NZ\$	2012 NZ\$
Undiscounted expected future recoveries	145,472	354,042
Discount to present value	(11,860)	(22,007)
Reinsurance and other recoveries	<u>133,612</u>	<u>332,035</u>
Reinsurance and other recoveries - current	58,820	120,755
Reinsurance and other recoveries – non-current	<u>74,792</u>	<u>211,280</u>
	<u>133,612</u>	<u>332,035</u>

10) OUTSTANDING CLAIMS

Undiscounted expected future claim payments	199,725	428,177
Central estimate	20,338	20,512
Risk margin	12,383	25,693
Handling costs	<u>12,139</u>	<u>25,095</u>
	244,585	499,477
Discount to present value	<u>(18,342)</u>	<u>(31,009)</u>
	<u>226,243</u>	<u>468,468</u>
Current	64,339	136,660
Non-current	<u>161,904</u>	<u>331,808</u>
	<u>226,243</u>	<u>468,468</u>

11) AMOUNT DUE TO RELATED ENTITIES

During the year, the Branch entered into following transactions with related parties:

Amounts owed to related parties

Amounts due to parent entity	185,307	183,428
Amounts due to ultimate parent entity	<u>442</u>	<u>376</u>
	<u>185,749</u>	<u>183,804</u>
Commission paid to related parties	<u>50,236</u>	<u>48,774</u>

The above amounts are due to related parties represent unsecured and interest free intercompany trading accounts.

The balance due to the ultimate parent reflect the intercompany settlement for reinsurance including reinsurance premium and reinsurance recoveries between First American Title Insurance Company of Australia and the ultimate parent company, FAF International Insurance Holdings B.V.

12) FINANCIAL INSTRUMENTS

12.1 Market risk

Interest rate risk

The Branch's main interest rate risk arises from borrowings or trade liability from a commonly controlled entity.

There are no interest rates derivatives open at reporting date.

At 31 December 2013, if interest rates had changed by -1%/+1% from the year end rates with all other variables held constant, equity and post-tax profit for the year would have been \$50,007 lower/ higher mainly as a result of investing.

Summarised Sensitivity Analysis

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and foreign exchange risk. A reasonably possible change in risk variable has been determined after taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The sensitivity analysis is based on risk exposures in existence at the reporting date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

The following table summarises the sensitivity of the Branch's financial assets and financial liabilities to interest rate risk.

31-Dec-13	Carrying amount NZ\$	Interest rate risk			
		-1%		1%	
		Profit NZ\$	Equity NZ\$	Profit NZ\$	Equity NZ\$
Financial assets					
Cash and cash equivalents	5,000,682	(50,007)	(50,007)	50,007	50,007
Total increase/(decrease)		(50,007)	(50,007)	50,007	50,007

31-Dec-12	Carrying amount NZ\$	Interest rate risk			
		-1%		1%	
		Profit NZ\$	Equity NZ\$	Profit NZ\$	Equity NZ\$
Financial assets					
Cash and cash equivalents	4,608,243	(46,082)	(46,082)	46,082	46,082
Total increase/(decrease)		(46,082)	(46,082)	46,082	46,082

12) FINANCIAL INSTRUMENTS (continued)

12.2 Credit risk

Credit risk arises when there is the possibility of the Branch's debtors defaulting on their contractual obligations, resulting in a financial loss to the Branch. Credit risk arises from the financial assets of the Branch including cash, receivables and investments. The carrying amount of financial assets in the Branch's balance sheet represents the Branch's maximum exposure to risk. No collateral is held by the Branch. The Branch has not granted any financial guarantees.

The credit risk on financial assets which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for doubtful debts.

Credit Quality Table	2013 rating	2012 rating	2013 NZ\$	2012 NZ\$
Cash and cash equivalents	AA-	AA-	5,000,682	4,608,243
Trade and other receivables	Not rated	Not rated	133,067	83,864
Reinsurance recoveries	BBB+	A-	133,612	332,035
Accrued interest	AA-	AA-	56,650	58,856
Investments	AA+	AA	520,658	537,999

Aging Table	Not past Due	Past Due but not impaired	Impaired	2013 NZ\$
Trade and other receivables	43,197	89,870	-	133,067
Reinsurance recoveries	133,612	-	-	133,612
Accrued interest	56,650	-	-	56,650
Investments	520,658	-	-	520,658

Aging Table	Not past Due	Past Due but not impaired	Impaired	2012 NZ\$
Trade and other receivables	22,209	61,655	-	83,864
Reinsurance recoveries	332,035	-	-	332,035
Accrued interest	58,856	-	-	58,856
Investments	537,999	-	-	537,999

12) FINANCIAL INSTRUMENTS (continued)

12.3 Liquidity risk

Liquidity risk is the risk that the Branch will be unable to meet its obligations when they fall due. The Branch continuously manages risk through rolling forecasts of the Branch's liquidity reserve on the basis of expected cash flow.

No assets have been pledged as collateral. The Branch's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The only financial liabilities that exist are trade and sundry payables to various entities, outstanding claims and taxes. These liabilities have the following maturity pattern:

Maturity Profile Table	1 year or less	1 to 3 years	2013 NZ\$
Payables	10,284	-	10,284
Outstanding claims	64,339	161,904	226,243

Maturity Profile Table	1 year or less	1 to 3 years	2012 NZ\$
Payables	13,773	-	13,773
Outstanding claims	136,660	331,808	468,468

12.4 Financial instruments by category of financial instruments

2013	Loans and Receivables NZ\$	At Fair Value Through Profit or Loss NZ\$	Available For Sale NZ\$	Liabilities at Amortised Cost NZ\$	Total NZ\$
Other investments	-	520,658	-	-	520,658
Trade and other receivables	133,067	-	-	-	133,067
Cash and cash equivalents	5,000,682	-	-	-	5,000,682
Accrued interest	56,650	-	-	-	56,650
Trade payables and accruals	-	-	-	19,157	19,157
Outstanding Claims	-	-	-	226,243	226,243
Total	5,190,399	520,658	-	245,400	5,956,457

2012	Loans and Receivables NZ\$	At Fair Value Through Profit or Loss NZ\$	Available For Sale NZ\$	Liabilities at Amortised Cost NZ\$	Total NZ\$
Other investments	-	537,999	-	-	537,999
Trade and other receivables	83,864	-	-	-	83,864
Cash and cash equivalents	4,608,243	-	-	-	4,608,243
Accrued interest	58,856	-	-	-	58,856
Trade payables and accruals	-	-	-	21,831	21,831
Outstanding Claims	-	-	-	468,468	468,468
Total	4,750,963	537,999	-	490,299	5,779,261

12) FINANCIAL INSTRUMENTS (continued)

12.5 Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities approximates their carrying amounts. As noted in accounting policy 1.2, investments are measured at fair value at balance date.

Fixed interest maturing in:						
2013		1 year or less	Over 1 to 5 years	Variable rate	Non interest bearing	Total
	Note	\$	\$	\$	\$	\$
Financial assets						
Cash	5	4,770,557	-	230,125	-	5,000,682
Receivables	8				133,067	133,067
Investments	7	-	520,658	-	-	520,658
Total		4,770,557	520,658	230,125	133,067	5,654,407
Weighted average interest rate						
		4.03%	6.00%	Variable		
Financial Liabilities						
Accounts payable	19	-	-	-	10,284	10,284
Total		-	-	-	10,284	10,284
Weighted average interest rate						
Net Financial Assets		4,770,557	520,658	230,125	122,783	5,644,123
Non-Financial Assets						190,261
Non-Financial Liabilities						451,943
Net Assets						5,382,442

Fixed interest maturing in:						
2012		1 year or less	Over 1 to 5 years	Variable rate	Non interest bearing	Total
	Note	\$	\$	\$	\$	\$
Financial assets						
Cash	5	4,405,641	-	202,602	-	4,608,243
Receivables	8	-	-	-	83,864	83,864
Investments	7	-	537,999	-	-	537,999
Total		4,405,641	537,999	202,602	83,864	5,230,106
Weighted average interest rate		4.46%	6.00%	Variable		
Financial Liabilities						
Accounts payable	19	-	-	-	13,773	13,773
Total		-	-	-	13,773	13,773
Weighted average interest rate		n/a	n/a	n/a		
Net Financial Assets		4,405,641	537,999	202,602	70,091	5,216,333
Non-Financial Assets						390,891
Non-Financial Liabilities						683,131
Net Assets						4,924,093

12) FINANCIAL INSTRUMENTS (continued)

12.6 Fair value of financial instruments

The following tables detail the company's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Fixed interest securities	520,658	-	-	520,658
Total assets	<u>520,658</u>	<u>-</u>	<u>-</u>	<u>520,658</u>
2012				
Assets				
Fixed interest securities	537,999	-	-	537,999
Total assets	<u>537,999</u>	<u>-</u>	<u>-</u>	<u>537,999</u>

There were no transfers between levels during the financial year.

13) AUDITOR'S REMUNERATION

Audit fees were paid by a related entity and not recharged to the branch.

14) TAX AGENT'S REMUNERATION

2013	2012
NZ\$	NZ\$

During the year the tax agent of the Branch and its related practices earned the following remuneration

BVO – New Zealand firm

Preparation and review of tax returns and advice

1,726	3,015
-------	-------

15) COMMITMENTS

There were no capitals or any other commitments as at 31 December 2013 (2012: \$Nil).

16) CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2013 (2012: \$Nil).

17) SUBSEQUENT EVENTS

There were no events subsequent to reporting date that would affect the financial statements.

18) RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Profit after income tax expense for the year	458,349	427,879
<i>Change in operating assets and liabilities</i>		
(Increase)/decrease in receivables	(49,800)	66,921
(Increase)/decrease in other assets	217,971	210,742
(Decrease)/ increase in tax payable	8,277	8,498
(Decrease)/ increase in payables	(133)	(11,337)
Decrease in provisions	(242,225)	(15,114)
Net cash flows from operating activities	392,439	687,589

19) TRADE PAYABLES AND ACCRUALS

Sundry creditors and accruals	10,284	13,773
GST payables	8,873	8,058
Total payables	19,157	21,831

20) INTEREST INCOME

Interest earned - cash on hand and term deposits	185,400	194,773
government bond	30,000	32,500
	215,400	227,273

**First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)
Directors Declaration
31 December 2013**

In the opinion of the Director of First American Title Insurance Company of Australia Pty Limited (New Zealand Branch), the financial statements and notes of the New Zealand Branch (the branch), on pages 4 to 25.


- (a) comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Branch as at 31 December 2013 and the result of operation for the year ended on that date:
- (b) have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Branch and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have been taken adequate steps to safeguard of the assets of the Branch, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements. There are reasonable grounds to believe that, as at the time this statement is made, the Branch will be able to pay all debts or claims as and when they are due.

Signed in Sydney on 6 June 2014 in accordance with a resolution of the Directors.

On behalf of the directors


.....
Director

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of First American Title Insurance Company of Australia Pty Limited
(New Zealand Branch)**

Report on the Financial Statements

We have audited the financial statements of First American Title Insurance Company of Australia Pty Limited (New Zealand Branch) on pages 4 to 25, which comprises the statement of financial position of First American Title Insurance Company of Australia Pty Limited (New Zealand Branch) as at 31 December 2013, the statement of changes in equity, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in First American Title Insurance Company of Australia Pty Limited (New Zealand Branch).

Opinion

In our opinion, the financial statements on pages 4 to 25:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of First American Title Insurance Company of Australia Pty Limited (New Zealand Branch) as at 31 December 2013, and its financial performance <and cash flows> for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by First American Title Insurance Company of Australia Pty Limited (New Zealand Branch) as far as appears from our examination of those records.



BDO Wellington
6 June 2014
Wellington
New Zealand

4 April 2014

Patti Evers
Chief Executive Officer
First American Title Insurance Company of Australia Pty Limited
PO Box Q1465
QVB Post Office
SYDNEY NSW 2000

Dear Patti

Review of Actuarial Information in Financial Statements as at 31 December 2013

Finit Consulting Pty Limited (Finit) has been asked by First American Title Insurance Company of Australia Pty Limited (FATICA) to carry out a review of the actuarial information contained in FATICA's 31 December 2013 financial statements, and provide an opinion as to its appropriateness. The review is required under Section 78 of the Insurance (Prudential Supervision) Act 2010. This letter sets out the findings of our review, as required under Section 78 of the Act.

Our Review

Gae Robinson is an employee of Finit and is the Appointed Actuary of FATICA. Gae Robinson and Finit have no relationship with FATICA apart from the Appointed Actuary role.

FATICA sought and adopted the Appointed Actuary's advice in respect of actuarial information contained in its 31 December 2013 financial statements. Our advice was set out in a valuation report "Valuation of Insurance Liabilities as at 31 December 2013" dated 28 March 2014, and included estimates of FATICA's Net Outstanding Claims Liability. We note that FATICA has no unearned premium and no Premium Liabilities. FATICA adopted our estimates in its financial statements without alteration.

We reviewed FATICA's financial statements as at 31 December 2013. In my opinion, and from an actuarial perspective:

- The actuarial information contained in the financial statements has been appropriately included in those statements
- The actuarial information used in the preparation of the financial statements has been used appropriately.

Fri 4 April 2014 3:57 PM

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ABN: 89 111 470 270

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I confirm that FATICA maintains a solvency margin in accordance with the Australian equivalent of the RBNZ's "Solvency Standard for Non-Life Insurance Business".

No limitations were placed on me in performing my review, and all data requested was provided.

This report is being provided for the sole use of FATICA for the purpose stated above. It is not intended, nor necessarily suitable, for any other purpose and should only be relied on the purpose for which it is intended.

Yours sincerely

A handwritten signature in black ink that reads 'Gae Robinson'.

Gae Robinson

Appointed Actuary

Fellow of the New Zealand Society of Actuaries

Fellow of the Institute of Actuaries of Australia



GRF_110_1: Prescribed Capital Amount**Australian Business Number**
64075279908**Institution Name**
First American Title Insurance Company of Australia Pty Limited**Reporting Period**
31-Dec-2013**Scale Factor**
Thousands**Reporting Consolidation**
Licensed Insurer

Section 1: Summary of prescribed capital amount

Category of Insurer.....	Category of Insurer
	B - Subsidiary of Insurance Group

LMI.....	N
1. Insurance Risk Charge.....	218
1.1. GRF_115_0: OCL Insurance Risk Charge.....	218
1.2. GRF_115_1: PL Insurance Risk Charge.....	
2. GRF_116_0: Insurance Concentration Risk Charge.....	500
3. GRF_114_0: Asset Risk Charge.....	1,481
4. GRF_117_0: Asset Concentration Risk Charge.....	
5. GRF_118_0: Operational Risk Charge.....	166
6. Less: Aggregation benefit.....	429
7. Adjustments to prescribed capital amount as approved by APRA.....	0

Description (1)	Transitional? (2)	Amount (3)

8. Prescribed capital amount.....	5,000
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Section 2: Capital Adequacy Assessment

9. Capital base or adjusted net assets in Australia.....	10,481
--	--------

9.1. Of which: Common Equity Tier 1 Capital.....	10,481
--	--------

9.2. Of which: Tier 1 Capital.....	10,481
------------------------------------	--------

10. Capital in excess of prescribed capital amount.....	5,481
---	-------

11. Common Equity Tier 1 Capital ratio.....	2.0962
---	--------

12. Tier 1 Capital ratio.....	2.0962
-------------------------------	--------

13. Prescribed capital amount coverage (%).....	2.0962
---	--------

Section 3: Adjusted net assets in Australia**14. Adjusted net assets in Australia determined from the following:**

14.1. GRF_300_0: Assets in Australia	13,942
14.2. GRF_300_0: Liabilities in Australia.....	7,790
14.3. OCL surplus / (deficit) inside Australia.....	
14.4. Total premiums liabilities surplus / (deficit) inside Australia.....	
14.5. Tax effect of net OCL and PL surplus / (deficit) inside Australia.....	
14.6. Net surplus / (deficit) relating to insurance liabilities inside Australia.....	0
14.7. Liabilities in Australia net of surplus / (deficit) relating to insurance liabilities.....	7,790
14.8. Net assets in Australia (before deductions).....	6,152
14.9. Total deductions for assets specifically excluded from being considered inside Australia.....	0
14.9.1. Cash flow hedge reserves relating to hedging of items not recorded at fair value.....	
14.9.2. Excess of deferred tax assets over deferred tax liabilities.....	
14.9.3. Net unrealised fair value gains / (losses) from changes in own credit worthiness.....	
14.9.4. Goodwill.....	
14.9.5. Other intangible assets.....	
14.9.6. Surplus in defined benefit superannuation fund.....	
14.9.7. Deficit in defined benefit superannuation fund.....	
14.9.8. Reinsurance assets related to reinsurance contracts that do not meet the reinsurance documentation test.....	
14.9.9. Reinsurance assets receivable under reinsurance contracts that do not meet governing law requirements.....	
14.9.10. Regulatory capital requirement component of investments in subsidiaries, JVs and associates.....	
14.9.11. Assets under a fixed or floating charge.....	
14.9.12. Fair value adjustments.....	
14.9.13. Other adjustments.....	
14.10. Adjustments and exclusions to adjusted net assets in Australia.....	
14.11. Adjusted net assets in Australia.....	6,152

GRF_112_0: Determination of Capital Base**Australian Business Number**
64075279908**Institution Name**
First American Title Insurance Company of Australia Pty Limited**Reporting Period**
31-Dec-2013**Scale Factor**
Thousands**Reporting Consolidation**
Licensed Insurer

Section 1: Capital base composition**1. Tier 1 Capital**

1.1. Common Equity Tier 1 Capital.....	10,481
1.1.1. Paid-up ordinary shares.....	15,573
1.1.2. Retained earnings.....	-5,188
1.1.3. Undistributed current year earnings.....	366
1.1.4. Accumulated other comprehensive income and other disclosed reserves.....	354
Of which:	
1.1.4.1. Unrealised gains or losses recognised on balance sheet.....	
1.1.4.2. Reserves from equity-settled share-based payments.....	
1.1.4.3. Cumulative unrealised gains or losses on hedges offsetting gains or losses in Common Equity Tier 1 Capital.....	
1.1.4.4. Foreign currency translation reserve.....	354
1.1.4.5. General reserve.....	
1.1.4.6. Other gains and losses in accumulated comprehensive income and other disclosed reserves.....	
1.1.5. Net surplus / (deficit) relating to insurance liabilities.....	0
1.1.5.1. OCL surplus / (deficit) per GRF 115.0.....	0
1.1.5.2. PL surplus / (deficit) per GRF 115.1.....	
1.1.5.3. Less: Tax effect of net OCL and PL surplus / (deficit).....	
1.1.6. Less: Regulatory adjustments to Common Equity Tier 1 Capital.....	624
1.1.6.1. Holdings of own Common Equity Tier 1 Capital instruments.....	
1.1.6.2. Cash flow hedge reserves relating to hedging of items not recorded at fair value.....	
1.1.6.3. Excess of deferred tax assets over deferred tax liabilities.....	
1.1.6.4. Fair value gains and losses from changes in own credit worthiness.....	
1.1.6.5. Goodwill.....	
1.1.6.6. Other intangible assets.....	624
1.1.6.7. Surplus in defined benefit superannuation fund.....	
1.1.6.8. Deficit in defined benefit superannuation fund.....	
1.1.6.9. Reinsurance assets related to reinsurance contracts that do not meet the reinsurance documentation test.....	
1.1.6.10. Reinsurance assets receivable under reinsurance contracts that do not meet governing law requirements.....	
1.1.6.11. Regulatory capital requirement of investments in subsidiaries, JVs and associates.....	
1.1.6.12. Assets under a fixed or floating charge.....	
1.1.6.13. Fair value adjustments.....	
1.1.6.14. Adjustments to Common Equity Tier 1 Capital due to shortfall in Additional Tier 1 Capital.....	
1.1.6.15. Other Common Equity Tier 1 Capital adjustments.....	
1.1.7. Adjustments and exclusions to Common Equity Tier 1 Capital.....	

1.2. Additional Tier 1 Capital	0
1.2.1. Additional Tier 1 Capital instruments.....	
1.2.2. Less: Holdings of own Additional Tier 1 Capital instruments.....	
1.2.3. Less: Adjustments to Additional Tier 1 Capital due to shortfall in Tier 2 Capital.....	
1.2.4. Adjustments and exclusions to Additional Tier 1 Capital.....	
1.2.5. Transitional Additional Tier 1 Capital.....	
1.3. Tier 1 Capital	10,481
2. Tier 2 Capital	0
2.1. Eligible Tier 2 Capital instruments.....	
2.2. Less: Holdings of own Tier 2 Capital instruments.....	
2.3. Adjustments and exclusions to Tier 2 Capital.....	
2.4. Transitional Tier 2 Capital.....	
3. Capital base	10,481

GRF_112_3: Related Party Exposures (GEN)

Australian Business Number		Institution Name	
64075279908		First American Title Insurance Company of Australia Pty Limited	
Reporting Period		Scale Factor	
31-Dec-2013		Thousands	
		Reporting Consolidation	
		Licensed Insurer	

Section 1: Investments in subsidiaries, joint ventures and associates and contributions to regulatory adjustments

Name (1)	ACN / AB...	Category...	Description...	Country ...	Total ass...	Value of i...	Ownersh...	Goodwill (9)	Other int...	Adjustme...	Nature of...	Regulator...	Adjustme...

GRF_112_3: Related Party Exposures (GEN)				
Total.....	0	0	0	0

Section 2: Other related party exposures

Name (1)	ACN / ABN (2)	Category (3)	Type of exposu...	Fair value of e...

GRF_112_3: Related Party Exposures (GEN)

0

Total.....

GRF_114_0: Asset Risk Charge (GEN)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

Section 1: Asset Risk Charge calculation

	Adjusted pre-stress value - Total amount (1)	Adjusted pre-stress value - Inside Australia amount (2)	Impact on capital base									
			Real interest rates		Expected inflation		Currency		Equity (9)	Property (10)	Credit spreads (11)	Default (12)
			RIR Upwards (3)	RIR Downwards (4)	INF Upwards (5)	INF Downwards (6)	CUR Upwards (7)	CUR Downwards (8)				
1. Items subject to stress												
1.1. Cash and liquid assets.....	1,289	1,007			32	-107	42	-71			8	
1.2. Non-reinsurance receivables.....	2,443	2,558	0	0	0	0	32	-53	0	0	0	60
1.2.1. Non-reinsurance recoveries.....												
1.2.2. Net premiums receivable.....	1,460	1,352					22	-36				60
1.2.3. Current tax assets.....												
1.2.4. Other receivables.....	983	1,206					10	-17				
1.3. Investments.....	11,119	6,249	19	-55	30	-106	979	-1,632	0	0	175	105
1.3.1. Interest rate investments.....	9,811	4,941	19	-55	30	-106	979	-1,632			175	
1.3.2. Equities.....												
1.3.3. Property.....												
1.3.4. Loans and advances.....	1,308	1,308										105
1.3.5. Indirect investments.....												
1.4. Deferred tax assets.....												
1.5. Derivatives.....												
1.6. Investments in related entities.....												
1.7. Other assets.....												
1.8. Net outstanding claims liabilities.....	1,982	1,897	-29	23			-17	28				
1.9. Adjusted net premiums liabilities.....												

7. Asset Risk Charge..... 1,481

Section 2: Additional information

8. Assets fair values subject to credit spreads stress

Grade 1 (Govern- ment) (1)	Grade 1 (Other) (2)	Grade 2 (3)	Grade 3 (4)	Grade 4 (5)	Grade 5 (6)	Grade 6 (7)	Grade 7 (8)	Total fair value by Asset (9)
8.1. Bonds & other non-securitised assets.....	481	9,613			1,006			11,100
8.2. Structured / securitised assets.....								0
8.3. Re-securitised assets.....								0
8.4. Total fair value by grade.....	481	9,613	0	0	1,006	0	0	11,100

9. Stressed asset values post credit spreads stress

Grade 1 (Govern- ment) (1)	Grade 1 (Other) (2)	Grade 2 (3)	Grade 3 (4)	Grade 4 (5)	Grade 5 (6)	Grade 6 (7)	Grade 7 (8)	Total fair value by Asset (9)
9.1. Bonds & other non-securitised assets.....	481	9,490			946			10,917
9.2. Structured / securitised assets.....								0
9.3. Re-securitised assets.....								0
9.4. Total stressed assets by grade.....	481	9,490	0	0	946	0	0	10,917

10. Yields used in stress scenarios

10.1. Dividend yield used in determination of equity stress (%).....	4
10.2. Rental yield used in determination of property stress (%).....	5
10.3. Earnings yield used in determination of property stress (%).....	5

GRF_114_1: Assets by Counterparty Grade

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer
Scale Factor	
Thousands	

	Counterparty grade							Total (9)	
	Grade 1 (Government) (1)	Grade 1 (Other) (2)	Grade 2 (3)	Grade 3 (4)	Grade 4 (5)	Grade 5 (6)	Grade 6 (7)		Grade 7 (8)
1. Direct interest rate investments.....	481		9,330						9,811
2. Net loans and advances.....					1,308				1,308
3. Cash management trusts.....									0
4. Derivatives (positive position).....									0
5. Cash and liquid assets.....			1,289						1,289
6. Investment income receivable.....			126						126
7. Net recoveries other than reinsurance receivable.....									0
8. Other receivables.....			690						690
9. Other assets.....	-481	0	-11,435	0	-5,025	0	0	0	-16,941
10. Net amount recoverable on reinsurance contracts from both outstanding claims and paid claims.....	0	0	0	0	3,717	0	0	0	3,717
10.1. From APRA-authorised reinsurers.....									0
10.2. From non-APRA-authorised reinsurers except for amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables.....					3,717				3,717
10.3. From non-APRA-authorised reinsurers that are amounts outstanding on and from second annual balance date after the event giving rise to the reinsurance recoverables.....									0
10.3.1. Of which supported by security arrangements in Australia.....									0
10.4. From non-APRA-authorised reinsurers that are overdue for more than 6 months.....									0

11. Deferred reinsurance expense.....	0	0	0	0	0	0	0	0	0	0	0	0
11.1. Relating to APRA-authorised reinsurers.....												0
11.2. Relating to non-APRA-authorised reinsurers.....												0
12. Net amount of other reinsurance assets receivable.....	0	0	0	0	0	0	0	0	0	0	0	0
12.1. From APRA-authorised reinsurers.....												0
12.2. From non-APRA-authorised reinsurers.....												0
13. Total.....												0

GRF_114_2: Derivatives Activity (GEN)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

NOTE: Principal amount must always be entered as positive (even for short positions)

Section 1: Direct over the counter derivatives

Contract type (1)	Residual maturity (2)	Counterparty grade (3)	Long position		Short position	
			Principal amount (4)	Fair value (5)	Principal amount (6)	Fair value (7)

Section 2: Total contracts

Interest rate contracts		Foreign exchange contracts (including gold)		Equity contracts		Precious metal contracts (excluding gold)		Other market-related contracts	
Principal amount (1)	Fair value (2)	Principal amount (3)	Fair value (4)	Principal amount (5)	Fair value (6)	Principal amount (7)	Fair value (8)	Principal amount (9)	Fair value (10)

1. Total over the counter derivative financial**instruments classified into:**

1.1. Forwards.....									
1.2. Swaps.....									
1.3. Bought option positions:									
1.3.1. Call options.....									
1.3.2. Put options.....									
1.4. Written (sold) option positions:									
1.4.1. Call options.....									
1.4.2. Put options.....									
1.5. Credit derivatives:									
1.5.1. Credit derivatives in which the reporting insurer is providing credit protection.....									
1.5.2. Credit derivatives in which the reporting insurer is purchasing credit protection.....									
1.6. Other.....	0	0	0	0	0	0	0	0	0
1.7. Total over the counter derivative financial instruments.....									

2. Total exchange traded derivative financial instruments:

2.1. Exchange traded derivatives subject to daily mark-to-market & margin payments.....									
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GRF_114_3: Off-balance Sheet Business (GEN)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

Section 1: Credit substitutes provided

	Counterparty grade of obligation / asset over which the credit substitute has been written								
	Grade 1 (Gover- nment) (1)	Grade 1 (Other) (2)	Grade 2 (3)	Grade 3 (4)	Grade 4 (5)	Grade 5 (6)	Grade 6 (7)	Grade 7 (8)	Total (9)
1. Direct credit substitutes:									0
1.1. Guarantees.....									0
1.2. Credit derivatives.....									0
1.3. Standby letters of credit.....									0
1.4. Bill endorsements.....									0
1.5 Other direct credit substitutes.....	0	0	0	0	0	0	0	0	0
2. Performance related contingencies.....									0
3. Trade-related contingencies.....									0
4. Sale and repurchase agreements.....									0
5. Assets sold with recourse.....									0
6. Forward asset purchases.....									0
7. Partly paid shares and securities.....									0
8. Placements of forward deposits.....									0
9. Surety bonds.....									0
10. All other non-market-related off balance sheet items.....	0	0	0	0	0	0	0	0	0
11. Total non-market-related off balance sheet business.....									0
11.1. Of which: deemed as Inside Australia.....									0

12. Total non-market related off balance sheet business (total of item 11) which are provided to related parties:

12.1. Parent entity.....	
12.1.1. Controlled entities / controlled entities of parent.....	
12.2. Joint ventures / Associates.....	
12.3. Other related parties.....	0

Section 2: Liquidity support facilities obtained

TYPE OF FACILITY	Approved balance available (1)	Undrawn balance available (2)
1. Standby facilities:		
1.1. Facilities with same day draw down.....		
1.2. Facilities with 2 - 5 day draw down.....		
1.3. Facilities with greater than 5 day draw down.....		
2. Bill acceptance and discount facilities.....		
3. Letter of credit facilities.....		
4. Overdrafts.....		
5. Other liquidity support facilities.....	0	0
6. Total liquidity support facilities.....		

7. Total which are with related entities.....		
7.1. Parent entity.....		
7.1.1. Controlled entities / controlled entities of parent.....		
7.2. Joint ventures / Associates.....		
7.3. Other related parties.....	0	0

Section 3: Charges granted

Type of charge / encu...	Principal value of the ...	Outstanding value of ...	Fair value of assets s...	Asset subject to char...	Grade of asset subjec...	Value of insurance lia...

Section 4A: Credit support received - eligible collateral provided to reporting insurer

Name of entity providi...	Relating to reinsurance...	Fair value of eligible col...	Fair value of assets su...	Eligible collateral is fro...	Type of collateral (6)

Section 4B: Credit support received - guarantees or letters of credit provided to reporting insurer

Name of entity providi...	Relating to reinsuranc...	Value of the guarante...	Counterparty rating gr...	Fair value of assets su...	Guarantee / letter of c...

GRF_114_4: Details of Investment Assets

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

Section 1: Direct interest rate holdings**1. Deposits or placements with (i.e. money market type deposits / placements):**

1.1. Authorised Deposit Taking Institutions (ADIs).....	9,330
1.2. Other.....	

2. Short term securities**Bills of exchange:**

2.1. Bank accepted.....	
2.2. Other.....	

Commercial paper and promissory notes issued by:

2.3. ADIs.....	
2.4. General insurance corporations.....	
2.5. Securitisers.....	
2.6. Private trading corporations.....	
2.7. Registered Financial Corporations.....	
2.8. Australian Commonwealth Government corporations.....	
2.9. Australian Commonwealth Government.....	
2.10. Other Australian Government (state, territory & local government).....	

2.11. National government of a foreign country:

2.11.1. Where the security has a Grade 1 rating or the country's long term foreign currency rating is Grade 1.....	
2.11.2. Other.....	
2.12. Other.....	0
2.13. Total commercial paper and promissory notes.....	

3. Long term debt securities

3.1. ADIs.....	
3.2. General insurance corporations.....	
3.3. Securitisers	

GRF_114_4: Details of Investment Assets

3.4. Private trading corporations.....	
3.5. Registered Financial Corporations.....	
3.6. Australian Commonwealth Government corporations.....	
3.7. Australian Commonwealth Government.....	
3.8. Other Australian Government (state, territory & local government).....	
3.9. National government of a foreign country:	
3.9.1. Where the security has a Grade 1 rating or the country's long term foreign currency rating is Grade 1.....	-481
3.9.2. Other.....	962
3.10. Other.....	481
3.11 Total long term debt securities.....	9,811
4. Total direct interest rate investments.....	
4.1. <i>Of which: denominated in a currency other than the Australian currency.....</i>	
4.2. <i>Of which: holdings in own debt instruments.....</i>	

Section 2: Direct equity holdings

1. Australian listed equity

1.1. Banks and ADIs.....	
1.2. General insurance corporations.....	
1.3. Private trading corporations.....	
1.4. Registered Financial Corporations.....	
1.5. Australian Commonwealth Government corporations.....	0
1.6. Other.....	
1.7 Total Australian listed equity.....	

2. Other equity

2.1. Banks and ADIs.....	
2.2. General insurance corporations.....	
2.3. Private trading corporations.....	
2.4. Registered Financial Corporations.....	
2.5. Australian Commonwealth Government corporations.....	
2.6. Other.....	0
2.7. Total other equity.....	

3. Total equity securities.....

0

4. Total direct holdings.....

0

4.1. Listed subordinated debt.....	
4.2. Unlisted subordinated debt.....	
4.3. Listed equities - Direct holdings.....	
4.4. Unlisted equities - Direct holdings.....	

4.5. Of which: denominated in a currency other than the

<i>Australian currency.....</i>	
<i>4.6. Of which: holdings in own equity securities.....</i>	

5. Total direct equity investments of Licensed Insurer which represent exposure to the following sectors:

Sector (1)	AUD (2)	USD (3)	GBP (4)	EUR (5)	JPY (6)	Other Currency (7)	Total Currencies (8)

Sector (1)	AUD (2)	USD (3)	GBP (4)	EUR (5)	JPY (6)	Other Currency (7)	Total Currencies (8)
Property Trusts						0	
Total exposure to all sectors	0	0	0	0	0	0	0

Section 3: Direct property holdings

1. Total direct property investments

1.1. Office.....	
1.2. Retail.....	
1.3. Tourism and leisure.....	
1.4. Infrastructure.....	
1.5. Other.....	0
1.6. Total direct property investments.....	
1.6.1. Of which: <i>denominated in a currency other than the Australian currency</i>	

Section 4: Loans and advances

	Balance outstanding (1)	Value of security (2)	Provision for impairment (3)	Balance outstanding net of provision for impairment (4)
1. Total loans and advances:				
1.1. Households.....				0
1.2. Private unincorporated businesses.....				0
1.3. Private trading corporations.....	1,308			1,308
1.4. Other.....	0		0	0
1.5. Total loans and advances.....	1,308			1,308
2. Total loans and advances which:				
2.1. Are contracted at fixed rates.....				0
2.2. Are contracted on a variable rate basis.....				0
2.3. Are contracted on an unsecured basis.....				0
2.4. Repayment is past due 90 days or more but < 1 year.....				0
2.5. Repayment is past due 1 year or more.....				0
2.6. Constitute premium funding business.....				0
3. Total loans and advances which can be classified into the following:				
3.1. Parent or related party not on commercial terms.....				0
3.2. Directors of the reporting insurer or related bodies corporate (or a director's spouse).....				0
3.3. Insurance brokers.....				0
3.4. General insurance companies.....				0
3.5. Unsecured loans to employees (> \$1,000 individually).....				0

Section 5: Holdings in indirect investment vehicles

1. Total holdings in indirect investment vehicles.....	0
1.1. Listed trusts (excluding CMT).....	
1.2. Unlisted trusts (excluding CMT).....	
1.3. Cash management trusts.....	
Aggregate holdings representing exposure to the following asset classes:	
1.4. Cash.....	
1.5. Fixed interest.....	
1.6. Equities.....	
1.7. Property.....	
1.8. Other.....	0

2. Indirect investment vehicles

Name (1)	ACN / ABN (2)	Related party (3)	Closing value (4)

Section 6: Policyholders' / Shareholders' funds

	Policyholders' funds (1)	Shareholders' funds (2)
1. Total direct interest rate investments.....	1,982	7,829
2. Total direct equity investments.....		
3. Total direct property investments.....		
4. Total net loans and advances.....	264	1,044
4.1. Balance outstanding.....	264	1,044
4.2. Provision for impairment.....		
5. Total holdings in indirect investment vehicles.....		
5.1. Cash.....		
5.2. Fixed interest.....		
5.3. Equities.....		
5.4. Property.....		
5.5. Other.....	0	0

Section 7: Investments with related parties

	Parent entity (1)	Controlled entities / Controlled entities of the parent (2)	Associates (3)	Joint ventures (4)	Other related parties (5)
1. Total direct interest rate investments.....					
2. Total direct equity investments.....					
3. Total direct property investments.....					
4. Total net loans and advances.....			1,308		
4.1. Balance outstanding.....			1,308		
4.2. Value of security.....					
4.3. Provision for impairment.....					
5. Total holdings in indirect investment vehicles.....					

GRF_115_0: Outstanding Claims Liabilities - Insurance Risk Charge

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer

Were actuarial services used to complete this return (Yes / No)

Yes

Section 1: Direct business

Class of ...	Gross OC...	Gross OC...	Gross OC...	Non-rein...	Reinsura...	Net OCL ...	Net OCL ...	Net OCL ...	Net OCL ...	OCL capi...	OCL Insu...	Net OCL ...	OCL surp...
Other direc...	4,660	238	4,898	1	2,915	1,744	238	1,982	238	11	218	1,982	0

Section 2: Reinsurance business

Class of ...	Gross OC...	Gross OC...	Gross OC...	Non-rein...	Reinsura...	Net OCL ...	Net OCL ...	Net OCL ...	OCL capi...	OCL Insu...	Net OCL ...	OCL surp...

Section 3: Total

	Gross OCL - Central estimate (2)	Gross OCL - risk margin (3)	Gross OCL - Total (4)	Non-rein- surance recoveries (5)	Reinsur- ance recoveries (6)	Net OCL - Central estimate (7)	Net OCL - Stand- alone risk margin (8)	Net OCL - Diversified risk margin (9)	Net OCL - Total (10)	OCL Insurance Risk Charge (12)	Net OCL per GRF 300.0 (13)	OCL surplus / (deficit) (14)
Total direct business.....	4,660	238	4,898	1	2,915	1,744	238	238	1,982	218	1,982	0
Total reinsurance business.....	0	0	0	0	0	0	0	0	0	0	0	0
Proportional.....	0	0	0	0	0	0	0	0	0	0	0	0
Non-proportional.....	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments to OCL												
Insurance Risk Charge as												
approved by APRA.....										0		
Total.....	4,660	238	4,898	1	2,915	1,744	238	238	1,982	218	1,982	0

Adjustments and exclusions to prudential requirements for the OCL Insurance Risk Charge		
Description (1)	Transitional? - Y/N (2)	Amount (3)

GRF_115_1: Premiums Liabilities - Insurance Risk Charge

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

Were actuarial services used to complete this return (Yes / No).....

Section 1A: Direct business - GPS 320 premiums liabilities

Class of bu...	Gross PL - ...	Gross PL - ...	Gross PL - T...	Non-reinsur...	Expected r...	Net PL - Ce...	Net PL - Sta...	Net PL - Div...	Net PL - Tot...	PL capital f...	PL Insuranc...

Section 1B: Direct business - AASB 1023 premiums liabilities

Class of business (1)	Unearned premium l...	Deferred acquisition...	Deferred acquisition...	Unexpired risk liabilit...	Deferred reinsurance...	Other items (7)	AASB 1023 net pre...

Section 1C: Direct business - Net written premium for material business that incepts in the next reporting period

Class of business (1)	Net written premium (2)	PL Capital factor % (3)	Additional policies risk charge (4)

Section 2A: Reinsurance business - GPS 320 premiums liabilities

Class of bu...	Gross PL - ...	Gross PL - ...	Gross PL - T...	Non-reinsur...	Expected r...	Net PL - Ce...	Net PL - Sta...	Net PL - Div...	Net PL - Tot...	PL capital f...	PL Insuranc...

Section 2B: Reinsurance business - AASB 1023 premiums liabilities

Class of business (1)	Unearned premium l...	Deferred acquisition...	Deferred acquisition...	Unexpired risk liabilit...	Deferred reinsurance...	Other items (7)	AASB 1023 net pre...

Section 2C: Reinsurance business - Net written premium for material business that incepts in the next reporting period

Class of business (1)	Net written premium (2)	PL capital factor % (3)	Additional policies risk charge (4)

Section 3A: GPS 320 Total

	Gross PL - Central estimate (2)	Gross PL - Risk margin (3)	Gross PL - Total (4)	Non- reinsurance recoveries (5)	Expected reinsurance recoveries (6)	Net PL - Central estimate (7)	Net PL - Stand- alone risk margin (8)	Net PL - Diversified risk margin (9)	Net PL - Total (10)	PL capital factor % (11)	PL Insurance Risk Charge (12)	Additional policies risk charge (13)	Total PL Insurance Risk Charge (14)
Total direct business.....	0	0	0	0	0	0	0	0	0		0	0	0
Total reinsurance business.....	0	0	0	0	0	0	0	0	0		0	0	0
Proportional.....	0	0	0	0	0	0	0	0	0		0	0	0
Non-proportional.....	0	0	0	0	0	0	0	0	0		0	0	0

Adjustments to PL Insurance**Risk Charge as approved**

by APRA.....

Total.....	0	0	0	0	0	0	0	0	0		0	0	0
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Adjustments and exclusions to prudential requirements for the PL Insurance Risk Charge

Description (1)	Transitional? (2)	Amount (3)

Section 3B: AASB 1023 Total

Unearned premium liability (2)	Deferred acquisition costs before LAT write-down (3)	Deferred acquisition costs LAT write-down (4)	Unexpired risk liability (5)	Deferred reinsurance expense (6)	Other items (7)	AASB 1023 net premiums liabilities (8)
Total direct business.....	0	0	0	0	0	0
Total reinsurance business.....	0	0	0	0	0	0
Proportional.....	0	0	0	0	0	0
Non-proportional.....	0	0	0	0	0	0
Total AASB 1023.....	0	0	0	0	0	0

Other items description:

Description (1)	Amount (2)

Section 3C: Total premiums liabilities surplus / deficit

Total direct business - Premiums liabilities surplus / deficit.....	0
Total reinsurance business - Premiums liabilities surplus / deficit.....	0
Total deferred reinsurance expense for future business not yet written.....	
Total premiums liabilities surplus / deficit.....	0

GRF_116_0: Insurance Concentration Risk Charge

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

1. Natural perils vertical requirement (NP VR).....	0
1.1. Basis for determination of NP VR (Gross/Net).....	
1.2. NP PML.....	
1.3. Less: NP reinsurance recoverables.....	
1.4. Net whole-of-portfolio loss.....	
1.5. Less: NP reinstatement premiums.....	
1.6. Add: NP reinstatement cost.....	
1.7. Less: Other adjustments.....	

2. Natural perils horizontal requirement (NP HR).....	0
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2.1. Commencement date of catastrophe reinsurance program.....	
2.2. End date of catastrophe reinsurance program.....	

2.3 H3 requirement.....	0
2.3.1. Basis for determination of H3 requirement (Gross/Net).....	
2.3.2. Single event loss from H3 event.....	

	First event	Second event	Third event	Total
2.3.3. H3 reinsurance recoverables.....				0
2.3.4. H3 aggregate offset.....				0
2.3.5. H3 reinstatement premiums.....				0
2.3.6. H3 reinstatement cost.....				0
2.3.7. H3 loss per event.....	0	0	0	

2.4. H4 requirement.....								0
2.4.1. Basis for determination of H4 requirement (Gross/Net).....								
2.4.2. Single event loss from H4 event.....								
2.4.3. H4 reinsurance recoverables.....								0
2.4.4. H4 aggregate offset.....								0
2.4.5. H4 reinstatement premiums.....								0
2.4.6. H4 reinstatement cost.....								0
2.4.7. H4 loss per event.....	0		0	0	0		0	0
2.5. PL offset.....								
3. Other accumulations vertical requirement (OA VR).....								500
3.1. OA PML.....								10,000
3.2. Less: PL adjustment to OA PML.....								
3.3. Less: OA reinsurance recoverables.....								9,500
3.4. Add: OA reinstatement cost.....								
4. LMI concentration risk charge.....								0
5. Adjustments to Insurance Concentration Risk Charge.....								0

Description	Transitional?	Amount

6. Insurance Concentration Risk Charge.....	500
---	-----

GRF_116_1: Probable Maximum Loss for LMI's - Standard Loans

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer

Section 1: ADI

1.1. 100 per cent and top cover

LVR greater ...	LVR less tha...	Coverage p...	Age				Total sum in...	PD factor(6)	LGD factor ...	LGD factor (...)	PML (9)
			< 3 years (...)	3 < 5 years...	5 < 10 year...	>= 10 year...					

GRF_116_1: Probable Maximum Loss for LMs - Standard Loans

Total	0	0	0	0	0	0
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1.2. Pool cover

Weighted-avera...	Weighted-avera...	Seasoning facto...	Total sum insure...	PD factor (5)	LGD factor (6)	PML (7)

GRF_116_1: Probable Maximum Loss for LMs - Standard Loans

Total	0	0
-------	---	---

Section 2: Non-APRA regulated

2.1. 100 per cent and top cover

LVR greater...	LVR less tha...	Coverage p...	Age				Total sum in...	PD factor (6)	LGD factor ...	LGD factor (...)	PML (9)
			< 3 years (...)	3 < 5 years...	5 < 10 year...	>= 10 year...					

GRF_116_1: Probable Maximum Loss for LMIs - Standard Loans

Total	0	0	0	0	0	0
-------	---	---	---	---	---	---

2.2. Pool cover

Weighted-avera...	Weighted-avera...	Seasoning facto...	Total sum insure...	PD factor (5)	LGD factor (6)	PML (7)

GRF_116_1: Probable Maximum Loss for LMLs - Standard Loans

Total	0	0
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GRF_116_2: Probable Maximum Loss for LMLs - Non-Standard Loans

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

1. ADI

1.1. 100 per cent and top cover

LVR greate...	LVR less th...	Coverage ...	Age				Total sum i...	PD factor(6)	LGD factor ...	LGD factor ...	PML (9)
			< 3 years (...)	3 < 5 year...	5 < 10 yea...	>= 10 yea...					

GRF_116_2: Probable Maximum Loss for LMLs - Non-Standard Loans

Total	0	0	0	0	0	0
-------	---	---	---	---	---	---

0

1.2. Pool cover

Weighted-average LV...	Weighted-average ag...	Seasoning factor (3)	Total sum insured (4)	PD factor(5)	LGD factor (6)	PML (7)

Total	0
-------	---

0

2. Non-APRA regulated

2.1. 100 per cent and top cover

LVR greate...	LVR less th...	Coverage ...	Age				Total sum i...	PD factor(6)	LGD factor ...	LGD factor ...	PML (9)
			< 3 years (...)	3 < 5 year...	5 < 10 yea...	>= 10 yea...					

GRF_116_2: Probable Maximum Loss for LMLs - Non-Standard Loans

Total	0	0	0	0	0	0
-------	---	---	---	---	---	---

0

2.2. Pool cover

Weighted-average LV...	Weighted-average ag...	Seasoning factor (3)	Total sum insured (4)	PD factor(5)	LGD factor (6)	PML (7)

Total	0
-------	---

0

GRF_116_3: Probable Maximum Loss for LMIs - Commercial Loans

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

Factor (1)	ADI (2)	Non-APRA regulated (3)	Total sum insured (4)	PML (5)
			0	0

GRF_116_4: LMI Concentration Risk Charge

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

1. Summary

	Sum insured	PML
1.1. Standard loans.....	0	0
1.1.1. ADI - 100 per cent and top cover.....	0	0
1.1.2. ADI - pool cover.....	0	0
1.1.3. Non-APRA regulated - 100 per cent and top cover.....	0	0
1.1.4. Non-APRA regulated - pool cover.....	0	0
1.2. Non-standard loans.....	0	0
1.2.1. ADI - 100 per cent and top cover.....	0	0
1.2.2. ADI - pool cover.....	0	0
1.2.3. Non-APRA regulated - 100 per cent and top cover.....	0	0
1.2.4. Non-APRA regulated - pool cover.....	0	0
1.3. Commercial loans.....	0	0
1.3.1. ADI.....	0	0
1.3.2. Non-APRA regulated.....	0	0
1.4. Total.....	0	0

2. LMI Concentration Risk Charge (LMICRC) calculation

	Year			Total
	1	2	3	
2.1. PML.....	0	0	0	0
2.2. Adjustment to the PML.....				0
2.3. Adjusted PML.....	0	0	0	0
2.4. Available reinsurance.....				0
2.5. Allowable reinsurance.....				0
2.6. PML net of reinsurance.....				0
2.7. Net premiums liability deduction.....				
2.8. Adjustments to LMICRC as approved by APRA.....				
2.9. LMI Concentration Risk Charge.....				0
2.10. LMI Concentration Risk Charge / PML.....				0

GRF_116_5: Probable Maximum Loss for LMIs - Additional Information

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer

Total.....	0	0	0	0	0	0	0
Of which: non-APRA regulated.....							
Of which: non-standard loans.....							

1.2. Standard and non-standard loans - pool cover

Weighted-av...	Weighted-av...	Total inwards...	Of which non...	Of which non...

Total	0	0	0
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1.3. Commercial loans

Total inwards reinsurance (1)	Of which non-APRA regulated (2)

1.4. Total inwards reinsurance

Total inwards reinsurance (1)	Of which non-APRA regulated (2)	Of which non-standard loans (3)
0	0	0

Section 2: Large liability exposures by originator

Large expos...	Originator (2)	ACN/ABN (3)	Sum insured (4)	Open policy (...)

GRF_117_0: Asset Concentration Risk Charge (GEN)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

1. Capital base.....	10,481
2. Adjusted net assets in Australia.....	6,152

Capital base is calculated in form GRF 112.0 'Determination of Capital Base'

Adjusted net assets in Australia for Category C insurers is calculated in form GRF 110.1 'Prescribed Capital Amount'

Section 1: Large exposures

Name of ...	Counterp...	ACN / AB...	Type of e...	Descripti...	Non-APR...	Related p...	Counterp...	Name of ...	Counterp...	Exposure amount		
										Exposure...	Exposure...	Exposure...
Westpac	Westpac	330074571	Non-reinsur...	TermDeposit			Grade 2	N/A		7		7
Westpac	Westpac	330074571	Non-reinsur...	TermDeposit			Grade 2	N/A		99		99
ANZ Bank ...	ANZ Bank ...	110053575	Non-reinsur...	TermDeposit			Grade 2	N/A		1,080		1,080
ANZ Bank ...	ANZ Bank ...	110053575	Non-reinsur...	TermDeposit			Grade 2	N/A		630		630
National Au...	National Au...	120040449	Non-reinsur...	TermDeposit			Grade 2	N/A		2,119		2,119
Maitland Mu...	Maitland Mu...	940876519	Non-reinsur...	CashMana...			Grade 5	N/A		1,006		1,006
Bank of Ne...	Bank of Ne...		Non-reinsur...	TermDeposit			Grade 2	N/A		1,914		1,914
ANZ Bank NZ	ANZ Bank NZ		Non-reinsur...	CashMana...			Grade 2	N/A		428		428
ANZ Bank NZ	ANZ Bank NZ		Non-reinsur...	TermDeposit			Grade 2	N/A		511		511
ANZ Bank NZ	ANZ Bank NZ		Non-reinsur...	TermDeposit			Grade 2	N/A		1,147		1,147
ANZ Bank NZ	ANZ Bank NZ		Non-reinsur...	TermDeposit			Grade 2	N/A		389		389
First Austra...	First Austra...		Reinsurance	Reinsurance			Grade 4	N/A		3,717		3,717
FAF Interna...	FAF Interna...		Non-reinsur...	Intercompany	Yes		Grade 4	N/A		1,308		1,308

Section 2A: Asset Concentration Risk Charge limits

1. Reinsurance exposures	1.1. Exposures to reinsurers with a counterparty grade of 4	5,241
	1.2. Exposures to reinsurers with a counterparty grade of 5, 6 or 7	2,620
2. Non-reinsurance exposures	2.1. Related parties that are part of an APRA regulated group	20,000
	2.2. Unrelated parties that are part of an APRA regulated group	
	2.2.1. Long-term exposures	10,000
	2.2.2. Total exposure	20,000
	2.3. All other exposures	2,620

Section 2B: Asset Concentration Risk Charge - reinsurance exposures

Counterparty gro...	Eligible credit supp...	Asset exposure c...	Net exposure (4)	Asset Concentrati...	Adjustment for cu...	Exposure subject ...	Asset Concentrati...

Section 2C: Asset Concentration Risk Charge - non-reinsurance exposures

Counterparty gro...	Eligible credit supp...	Asset exposure c...	Net exposure (4)	Of which: Long te...	Asset Concentrati...	Asset Concentrati...	Asset Concentrati...

Section 3: Totals and risk charges

3.1. Reinsurers with counterparty grade 4.....	0
3.2. Reinsurers with counterparty grade 5, 6 or 7.....	0
3.3. Reinsurance Asset Concentration Risk Charge.....	0
3.4. Related parties part of an APRA-regulated group.....	0
3.5. Unrelated parties part of an APRA-regulated group.....	0
3.6. Other.....	0
3.7. Non-reinsurance Asset Concentration Risk Charge.....	0
3.8. Adjustments to Asset Concentration Risk Charge as approved by APRA.....	0

GRF_117_0: Asset Concentration Risk Charge (GEN)

Description (1)	Transitional? (2)	Amount (3)

GRF_117_0: Asset Concentration Risk Charge (GEN)

0

3.9. Asset Concentration Risk Charge.....

GRF_118_0: Operational Risk Charge (GEN)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Reporting Consolidation
31-Dec-2013	Licensed Insurer

1. Operational Risk Charge for inwards reinsurance business (ORCI).....	0
1.1. GWP for the 12 months ending on the reporting date (ORCI).....	
1.2. GWP for the 12 months ending on the date 12 months prior to the reporting date (ORCI).....	
1.3. Central estimate of net insurance liabilities (ORCI).....	

2. Operational Risk Charge for business that is not inwards reinsurance (ORCNI).....	166
2.1. GWP for the 12 months ending on the reporting date (ORCNI).....	5,536
2.2. GWP for the 12 months ending on the date 12 months prior to the reporting date (ORCNI).....	4,618
2.3. Central estimate of net insurance liabilities (ORCNI).....	1,744

3. Adjustments to Operational Risk Charge as approved by APRA.....	0
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Description (1)	Transitional? (2)	Amount (3)

4. Total Operational Risk Charge.....	166
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GRF_300_0_L: Statement of Financial Position (L)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

Category of Insurer
B - Subsidiary of Insurance Group

Probability of sufficiency of outstanding claims liabilities (%)..... 75

Amount - Inside Australia	Total Amount
------------------------------	--------------

Assets

1. Total cash and liquid assets.....	1,077	1,289
1.1 Notes and coins.....		
1.2 Money at short call.....	1,077	1,289
1.3 Securities purchased under agreements to resell.....		
1.4. <i>Cash and liquid assets with related parties of the reporting insurer.....</i>		
2. Receivables		
2.1 Total investment income receivable.....	74	126
2.2 Total net recoveries other than reinsurance receivable.....	0	0
2.2.1 Recoveries other than reinsurance.....		
2.2.2 Provision for doubtful debts - recoveries other than reinsurance.....		

Total net amounts recoverable (other than reinsurance recoveries receivable) that are reported in item 2.2 and that relate to claims recognised in the calculation of insurance liabilities that have not been paid.

2.2.2.1 Outstanding claims liabilities (OCL).....	0	0
2.2.2.1.1 Input tax credits on OCL included in item 2.2.2.1.....	0	0

2.3 Premiums receivables

2.3.1 Due in 6 months or less.....	1,323	1,431
2.3.2 Provision for doubtful debts.....		
2.3.3 Net amount receivable.....	1,323	1,431

2.3.4 Due in more than 6 months.....	29	29
2.3.5 Provision for doubtful debts.....	4	4
2.3.6 Net amount receivable.....	25	25

2.3.7 On unclosed business.....		
2.3.8 Provision for doubtful debts.....		
2.3.9 Net amount receivable.....	0	0

2.3.10 Total net premiums receivables.....	1,348	1,456
2.3.10.1 Total net premiums that are receivable from related parties.....		

2.4 Net amount recoverable from reinsurance contracts on outstanding claims and paid claims	3,595	3,717
2.4.1 Amount recoverable from reinsurance contracts on outstanding claims and paid claims	3,595	3,717
2.4.2 Provision for doubtful debts - reinsurance recoverable on outstanding claims and paid claims		
2.4.3 Total net amount recoverable on reinsurance contracts reported in item 2.4, that relates to claims recognised in the calculation of the OCL (ie other than reinsurance recoveries relating to claims that have been paid)	2,793	2,916
2.4.4 Net reinsurance recoverables on outstanding claims and paid claims under reinsurance contracts that do not meet the reinsurance documentation test		
2.4.5 Net reinsurance recoverables on outstanding claims and paid claims under reinsurance contracts that do not meet governing law requirements		
2.5 Other reinsurance assets		
2.5.1 Net amounts of other reinsurance assets under reinsurance contracts that do not meet the reinsurance documentation test		
2.5.2 Net amounts of other reinsurance assets under reinsurance contracts that do not meet the governing law requirements		
2.6 Current tax assets		
2.7 GST receivable		
2.8 Other receivables	861	690
2.9 Total receivables	5,878	5,989

3. Investments (related to GRF 114.4).....	6,249	11,119
4. Total derivative financial instruments (related to GRF 114.2).....		
5. Total deferred tax assets.....		
5.1 Carried forward unused tax losses.....		
5.2 Attributable to insurance liability provisions.....		
5.3 Other.....	0	0
6. Total other assets.....	60	60
6.1 Prepayments.....	60	60
6.2 Surplus in defined benefit superannuation fund.....		
6.3 Non-current assets and disposal groups classified as held for sale.....		
6.4 Other.....	0	0
7. Deferred levies and charges.....		
8. Deferred reinsurance expense.....		
8.1 Deferred reinsurance expense as reported under AASB 1023.....		
8.2 Deferred reinsurance expense under reinsurance contracts that do not meet the reinsurance documentation test.....		
8.3 Deferred reinsurance expense under reinsurance contracts that do not meet governing law requirements.....		
9. Deferred acquisition costs.....		
9.1 Deferred acquisition costs prior to liability adequacy test write-downs.....		
9.2 Liability adequacy test write-downs.....		

10. Total other investments.....		
10.1 Parent entity.....		
10.1.1 Controlled entities.....		
10.2 Associates.....		
10.3 Joint ventures.....		
10.4 Other.....	0	0
11. Total plant & equipment net of depreciation / impairment.....	54	54
11.1 Plant and equipment	693	693
11.2 Accumulated depreciation / impairment.....	639	639
12. Intangible assets		
12.1 Goodwill.....		
12.2 Accumulated impairment - Goodwill.....		
12.3 Identifiable intangible assets		
12.3.1 Intangible assets with a finite life.....	3,857	3,857
12.3.2 Intangible assets with an indefinite life.....		
12.3.3 Total identifiable intangible assets.....	3,857	3,857
12.4 Accumulated amortisation and impairment - Identifiable intangible assets		
12.4.1 Accumulated amortisation - Intangible assets with a finite life.....	3,233	3,233
12.4.2 Accumulated impairment - Intangible assets with an indefinite life.....		
12.4.3 Total accumulated amortisation and impairment - Identifiable intangible assets.....	3,233	3,233
12.5 Total intangible assets after amortisation and impairment.....	624	624
13. Total assets.....	13,942	19,135

Liabilities

14. Total creditors and accruals.....	2,765	2,791
14.1 GST payable.....	104	112
14.2 Creditors and accruals.....	2,661	2,679
14.3 Total creditors/accruals that are payable to related parties.....	767	767
15. Amounts due on reinsurance contracts.....	95	95
15.1 Amounts due on reinsurance contracts that are payable to related parties.....	95	95
16. Outstanding claims liabilities.....	4,689	4,898
16.1 Total OCL that is associated with claims / settlements in a currency other than the Australian currency).....		209
17. Unearned premium liability.....		
18. Unexpired risk liability.....		
19. Total Borrowings.....	0	0
19.1 Securities sold under agreements to repurchase.....		
19.2 Finance lease liability.....		
19.3 Overdraft.....		
19.4 Securities issued (eg promissory notes / commercial paper).....		
19.5 Term loans:		
19.5.1 Term loans with variable interest rate.....		
19.5.2 Term loans with fixed interest rate.....		

19.6 Total borrowings which are

19.6.1 Payable to parent entity.....		
19.6.1.1 Payable to controlled entities.....		
19.6.2 Payable to other related parties.....		
19.6.3 Secured against assets of the insurer.....		
19.6.4 Denominated in a currency other than Australian currency.....		

20. Total income tax liability.....

20.1 Current tax liability.....	0	3
20.2 Deferred tax liability.....		3

21. Total provisions.....

21.1 Dividends.....	241	241
21.2 Employee entitlements.....	241	241
21.3 Restructuring costs.....		
21.4 Other.....	0	0

22. Total other liabilities.....

22.1 Total derivative financial instruments.....		
22.2 Deficit in defined benefit superannuation fund.....		
22.3 Liabilities included in disposal groups classified as held for sale.....		
22.4 Other liabilities.....	0	0

23. Total loan capital and hybrid securities.....	0	0
23.1 Loan capital.....		
23.2 Hybrid securities.....		
23.3 <i>Total loan capital and hybrid securities which are:</i>		
23.3.1 Payable to parent entity.....		
23.3.1.1 Payable to controlled entities.....		
23.3.2 Payable to other related parties.....		
23.3.3 Secured against assets of the insurer.....		
23.3.4 Denominated in a currency other than Australian currency.....		
24. Total liabilities.....	7,790	8,028
25. Net assets.....	6,152	11,107
Shareholders' equity		
26. Total share capital.....	15,573	15,573
26.1 Ordinary shares.....	15,573	15,573
26.2 Preference shares.....		
26.3 Other.....	0	0

27. Total reserves.....		356
27.1 General reserve.....		
27.2 Capital profits reserve.....		
27.3 Total asset revaluation reserve.....		
27.3.1 Property.....		
27.3.2 Plant and equipment.....		
27.3.3 Intangibles revaluation surplus.....		
27.3.4 Investment in controlled entities.....		
27.3.5 Investments in associates / share of associates ARR.....		
27.3.6 Relating to non-current assets or disposal groups held for sale.....		
27.3.7 Other.....	0	0
27.4 Foreign currency translation reserve.....		356
27.5 Cash flow hedge reserve.....		
27.6 Share-based payments reserve.....		
27.7 Other reserves.....	0	0
28. Retained earnings at the end of the period.....	-9,421	-4,822
29. Total shareholders' equity attributable to shareholders of the company.....	6,152	11,107
30. Additional disclosure required for the adjusted net assets in Australia calculation		
30.1 OCL surplus / (deficit).....		
30.2. Premiums liabilities surplus / (deficit) calculation:		
30.2.1 Premiums liabilities surplus/(deficit).....		
30.2.2 Deferred reinsurance expense for future business not yet written.....		
30.2.3 Total premiums liabilities surplus / (deficit).....	0	0
30.3 Tax effect of net OCL and premiums liabilities surplus / deficit.....		
30.4 Net surplus / deficit relating to insurance liabilities.....	0	0

GRF_310_0_L: Income Statement

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

Category of Insurer
B - Subsidiary of Insurance Group

Premium revenue:

Direct business.....	5,536
Inwards reinsurance.....	
Fire service levy (and other levies imposed by state and territory governments).....	
Total premium revenue.....	5,536

Outwards reinsurance expense relating to current and prior years cover.....

	255
Net premium revenue.....	5,281

Claims expense:

Associated with direct business:

Paid claims.....	2,010
Movement in OCL.....	-535

Associated with inwards reinsurance:

Paid claims.....	
Movement in OCL.....	

Gross claims expense.....

	1,475
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Non-reinsurance recoveries revenue.....

	1,192
--	-------

Reinsurance recoveries revenue relating to current and prior years.....

	1,192
--	-------

Total recoveries.....

	283
--	-----

Net claims expense.....

	500
--	-----

*Net claims expense which is: Current period net claims expense.....**Net claims expense which is: Non-recurring items that are part of total**net claims expense.....*

	-217
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Acquisition costs (excluding the results of the liability adequacy tests).....

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Results of liability adequacy tests (current year).....

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Results of liability adequacy tests (prior years).....

--	--

Levies and charges.....

--	--

Commission revenue.....

--	--

Commission expense.....

--	--

GRF_310_0_L: Income Statement

Other underwriting expenses.....	109
Total underwriting expenses.....	109
Underwriting result.....	4,889
Investment income on assets backing insurance liabilities.....	93
Investment expenses on assets backing insurance liabilities.....	
Insurance result.....	4,982
Investment income on shareholders' funds.....	393
Other operating income.....	1,566
Other operating expenses.....	6,558
Bargain purchase immediately recognised in profit or loss.....	
Profit (loss) from non-current assets and disposal groups classified as held for sale and not qualifying as discontinued operations.....	
Profit (loss) from continuing operations before income tax expense (benefit)....	383
Income tax expense (benefit) from continuing operations.....	17
Profit (loss) from continuing operations after income tax.....	366
Profit (loss) from discontinued operations after income tax.....	
Net profit (loss) after income tax attributable to members of the company.....	366
Opening / closing balance of retained earnings (non Category C insurers only)	
Retained earnings at the beginning of the financial year.....	-5,188
Adjustments to retained earnings due to change in accounting policies / standards.....	
Reduction in retained earnings on share buy back.....	
Amounts transferred to / from reserves.....	
Total available for appropriation.....	-4,822
Dividends declared or paid.....	
Retained earnings at the end of the reporting period.....	-4,822

Opening / closing balance of retained earnings (Category C insurers only)	
Retained earnings at the beginning of the financial year.....	
Adjustments to retained earnings due to change in accounting policies / standards.....	
Aggregate of amounts transferred from / to reserves.....	
Aggregate of amounts transferred from parent entity (i.e. contributions of capital).....	
Aggregate of amounts transferred to parent entity (i.e. dividends).....	
Aggregate of other amounts.....	0
Head office transfers declared or paid.....	
Retained earnings at the end of the reporting period.....	

GRF_310_1_L: Premium Revenue and Reinsurance Expense (L)

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer
<input type="checkbox"/> Nil Form		

Section 1: Direct Business:

Class of ...	Total gro...	Of which...	AASB 10...	AASB 10...	AASB 10...	Fire serv...	AASB 10...	Full cost ...	GRF 300...	GRF 300...	Total Rei...	Net pre...	Total rei...	Number ...
Other dire...	5,536					5,536	5,536	255			255	5,281	255	45,464

Section 2A: Reinsurance business

Class of b...	Total gro...	Of which:...	AASB 102...	AASB 102...	AASB 102...	AASB 102...	Fire servi...	AASB 102...	Full cost ...	GRF 300...	GRF 300...	Total Rei...	Net premi...	Total rein...

Section 3: Total

	Of which: Gross written premium revenue relating to unc- losed business (3)	AASB 1023 Gross UPL at begin- ning of financial year (4)	AASB 1023 Gross earned premium (exclud- ing FSL) (5)	AASB 1023 Gross earned premium (includ- ing FSL) (6)	Fire service levy and other levies imposed by state and territory govern- ments (7)	AASB 1023 Gross earned premium (includ- ing FSL) (8)	Full cost of reinsu- rance entered into in the period (9)	GRF 300.0 DRE at begin- ning of financial year (10)	GRF 300.0 DRE at end of period (11)	Total Reins- urance expense (12)	Net premium revenue (13)	Total reins- urance expense per AASB 1023 (14)	Number of risks written (15)	Premium rec'd on a cashflow basis (16)
Total direct business.....	5,536	0	0	0	5,536	0	5,536	255	0	255	5,281	255	45,464	5,281
Total reinsurance business.....	0	0	0	0	0	0	0	0	0	0	0	0		
Proportional.....	0	0	0	0	0	0	0	0	0	0	0	0		
Non-proportional.....	0	0	0	0	0	0	0	0	0	0	0	0		
Total.....	5,536	0	0	0	5,536	0	5,536	255	0	255	5,281	255	45,464	5,281

Of which is from / with:

Parent entity.....														
Controlled entities /														
Controlled entities of the parent.....														
Associates / Joint ventures....														
Other related entities.....														

GRF_310_2_L: Claims Expense and Reinsurance Recoveries (L)			
Australian Business Number	Institution Name		
64075279908	First American Title Insurance Company of Australia Pty Limited		
Reporting Period	Scale Factor	Reporting Consolidation	
31-Dec-2013	Thousands	Licensed Insurer	
<input type="checkbox"/> Nil Form			

Section 1: Direct business

Class of...	Claim p...	OCL at ...	OCL at ...	Total gr...	Non-rel...	Non-rel...	Non-rel...	Non-rel...	Non-rel...	Reinsur...	Reinsur...	Reinsur...	Reinsur...	Net clai...	Current...	Non-rec...
Other dire...	3,302	6,725	4,898	1,475					0	3,441	5,165	2,916	1,192	283	500	-217

Section 2: Reinsurance business

Class of...	Claim p...	OCL at ...	OCL at ...	Total gr...	Non-rel...	Non-rel...	Non-rel...	Non-rel...	Non-rel...	Reinsur...	Reinsur...	Reinsur...	Reinsur...	Net clai...	Current...	Non-rec...

Section 3: Total

Claim payments made in the current year (2)	OCL at beginning of financial year (3)	OCL at end of period (4)	Total gross claims expense (5)	Non-reinsurance recoveries revenue received in the current year (6)	Non-reinsurance recoveries revenue received at beginning of financial year (7)	Non-reinsurance recoveries revenue received at end of period (8)	Non-reinsurance recoveries revenue relating to current and prior years (9)	Reinsurance recoveries revenue received in the current year (10)	Reinsurance recoveries revenue received at beginning of financial year (11)	Reinsurance recoveries revenue received at end of period (12)	Reinsurance recoveries revenue relating to current and prior years (13)	Net claims expense (14)	Current period net claims expense (15)	Non-reinsuring items that are part of total net claims expense (16)	Reinsurance recoveries received (cash-flow basis) (17)	Claims paid (cash-flow basis) (18)
3,302	6,725	4,898	1,475	0	0	0	0	3,441	5,165	2,916	1,192	283	500	-217	431	2,010
Total direct business.....																
Total reinsurance																
business.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Proportional.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Non-proportional.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL.....	3,302	6,725	4,898	1,475	0	0	0	3,441	5,165	2,916	1,192	283	500	-217	431	2,010

Of which is from / with:

Parent entity.....																
Controlled entities / Controlled entities of the parent.....																
Associates / Joint ventures.....																
Other related entities.....																

GRF_310_3_L: Details of Income and Expenses

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
<input type="checkbox"/> Nil Form	Reporting Consolidation
	Licensed Insurer

1. Investment income	
1.1. Total interest income	486
1.1.1. Parent & controlled entities	
1.1.2. Other related parties	84
1.1.3. Derivatives	
1.1.4. Other	402
1.2. Total dividend income	
1.2.1. Parent & controlled entities	
1.2.2. Other related parties	
1.2.3. Other	0
1.3. Total rental income	
1.3.1. Parent & controlled entities	
1.3.2. Other related parties	
1.3.3. Other	0
1.4. Total trust distributions	
1.4.1. Parent & controlled entities	
1.4.2. Other related parties	
1.4.3. Other	0

1.5. Total other distributions..... 0

Other distributions (please specify)	Amount

1.5.1. Parent & controlled entities.....	
1.5.2. Other related parties.....	

1.6 Total foreign exchange gains / losses relating to investments

(realised and unrealised):	0
1.6.1. Investments (other than derivatives).....	
1.6.2. Derivatives.....	

1.7. Total unrealised gains / losses on investments.....	0
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1.7.1 Direct Investments:

1.7.1.1. Interest rate investments.....	
1.7.1.2. Equity investments.....	
1.7.1.3. Property investments.....	
1.7.1.4. Loans and advances.....	
1.7.1.5. Derivatives (other than foreign exchange).....	

1.7.2 Indirect Investments:

1.7.2.1. Units in trusts / managed investment vehicles.....	
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1.8. Total realised gains / losses on investments.....	0
---	----------

1.8.1 Direct investments:

1.8.1.1. Interest rate investments.....	
1.8.1.2. Equity investments.....	
1.8.1.3. Property investments.....	
1.8.1.4. Loans and advances.....	

GRF_310_3_L: Details of Income and Expenses

1.8.1.5. Derivatives (other than foreign exchange).....

1.8.2. Indirect Investments:

1.8.2.1. Units in trusts / managed investment vehicles.....

1.9. Total other investment income..... 0

Other investment income (please specify)	Amount

1.10. Total Investment Income.....	486
1.10.1. which is attributable to shareholders' funds.....	393
1.10.2. which is attributable to policyholders' funds.....	93

2. Operating income

2.1. Total realised gains / losses.....	
--	--

2.1.1. Insurance portfolios.....	
2.1.2. Investments in controlled entities.....	
2.1.3. Investments in associates / joint ventures.....	
2.1.4. Other assets.....	0

2.2. Total foreign exchange gains / losses (realised and unrealised).....	
--	--

2.2.1. Borrowings	
2.2.1.1. Underlying exposure.....	
2.2.1.2. Derivatives (hedging borrowing exposure).....	
2.2.2. Claims liability	
2.2.2.1. Underlying exposure.....	
2.2.2.2. Derivatives (hedging claims exposure).....	
2.2.3. Other.....	0

2.3. Total net increment / decrement (or write-down) from revaluation.....	
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2.3.1. Investment in controlled entities.....	
2.3.2. Investment in associates / joint ventures.....	
2.3.3. Other assets.....	0

2.4. Share of net profits (losses) of associates and joint ventures accounted for using the equity method of accounting	
2.5. Total fees and commissions	
2.5.1. Funds management	
2.5.2. Underwriting activities	
2.5.3. Scrip lending	
2.5.4. Other	0
2.6. Total income from life insurance business	
2.7. Total other operating income	1,566

Other operating income (please specify)	Amount
Misc IT and Finance Income	180
Fees and Commissions	1,386

2.8. Total operating Income.....	1,566
3. Operating expenses	
3.1. Total interest expense.....	0
3.1.1. Borrowings.....	
3.1.2. Loan capital.....	
3.1.3. Other interest bearing liabilities.....	
3.1.4. Derivatives.....	
3.1.5. <i>Total interest expense paid to:</i>	
3.1.5.1. <i>Parent entity.....</i>	
3.1.5.2. <i>Controlled entities.....</i>	
3.1.5.3. <i>Associates / joint ventures.....</i>	
3.1.5.4. <i>Other related parties.....</i>	
3.2. Total personnel expenses.....	3,029
3.2.1. Wages & salaries.....	2,585
3.2.2. Share-based payment expenses.....	
3.2.3. Other employee related costs.....	444
3.3. Total occupancy and equipment expenses.....	719
3.3.1. Depreciation / impairment.....	28
3.3.1.1. Plant and equipment.....	449
3.3.1.2. Other.....	-421
3.3.2. Operating lease rentals.....	239
3.3.3. Other.....	452

3.4. Total other operating expenses.....	2,810
3.4.1. Impairment of:	
3.4.1.1. Goodwill.....	
3.4.1.2. Intangible assets with an indefinite useful life.....	
3.4.1.3. Other assets.....	
3.4.2. Amortisation of intangible assets with a finite useful life.....	449
3.4.3. Investment management fees.....	
3.4.3.1. Of which: on assets backing insurance liabilities.....	
3.4.4. Other management fees.....	
3.4.5. Fees for:	
3.4.5.1. Audit related services.....	115
3.4.5.2. Non-audit related services provided by audit firm.....	
3.4.6. Consulting fees.....	273
3.4.7. Actuarial fees.....	106
3.4.8. Directors fees.....	141
3.4.9. Bad & doubtful debts.....	
3.4.10. Other.....	1,726
3.5. Total operating expenses.....	6,558

4. Underwriting expenses and Acquisition costs

Section 1: Direct Business

Class of business (1)	Acquisition costs (ex...	Results of LAT (curr...	Levies and charges (4)	Commission revenue...	Commission expens...	Other underwriting ...	Total underwriting e...
Other direct - categor...	0					109	109

Section 2: Reinsurance business

Class of business (1)	Acquisition costs (ex...	Results of LAT (curr...	Levies and charges (4)	Commission revenue...	Commission expens...	Other underwriting ...	Total underwriting e...

Section 3: Total

	Acquisition costs (excluding LAT results) (2)	Results of LAT (current and prior years) (3)	Levies and charges (4)	Commission revenue (5)	Commission expense (6)	Other underwriting expenses (7)	Total underwriting expenses (8)
Total direct business.....	0	0	0	0	0	109	109
Total reinsurance business.....	0	0	0	0	0	0	0
Proportional.....	0	0	0	0	0	0	0
Non-Proportional.....	0	0	0	0	0	0	0
Total.....	0	0	0	0	0	109	109

GRF_400_0_L: Statement of Risk by Country (L)			
Australian Business Number	Institution Name		
64075279908	First American Title Insurance Company of Australia Pty Limited		
Reporting Period	Scale Factor	Reporting Consolidation	
31-Dec-2013	Thousands	Licensed Insurer	
<input type="checkbox"/> Nil Form			

	Total	Australia	New Zealand	USA	UK	Japan	Sth East Asia (excluding Japan)	Continental Europe	Other
1. Premium revenue									
1.1 Direct	5,536	5,283	253						
1.2 Inwards reinsurance.....	0								
2. Reinsurance expense									
2.1 Direct.....	255	253	2						
2.2 Inwards reinsurance.....	0								
3. Claims expense relating to current and prior years									
3.1 Direct.....	1,475	1,573	-98						
3.2 Inwards reinsurance.....	0								
4. Reinsurance recoveries revenue relating to current and prior years...									
	1,192	1,244	-52						

5. Investment Income.....	486	319	167							
Assets										
6. Amounts recoverable on reinsurance contracts & outstanding claims.....	3,717	3,595	122							
7. Deferred acquisition costs.....	0									
8. Deferred reinsurance expense.....	0									
9. Other reinsurance assets.....	0									
10. Investments.....	11,119	6,249	4,870							
11. Other investments.....	0									
12. All other assets.....	4,299	4,098	201	0	0	0	0	0	0	0
13. Total assets.....	19,135	13,942	5,193							
Liabilities										
14. Unearned premium liability.....	0									
15. Outstanding claims liabilities.....	4,898	4,689	209							
16. Borrowings/loan capital.....	0									
17. Other.....	3,130	3,101	29	0	0	0	0	0	0	0
18. Total liabilities.....	8,028	7,790	238							

GRF_410_0_L: Movement in Outstanding Claims Liabilities

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer
<input type="checkbox"/> Nil Form		

Section 3: Total

Total direct business.....	568	1,110	14	0	268	20	0	177	15	0
Total reinsurance business.....	0	0	0	0	0	0	0	0	0	0
Proportional.....	0	0	0	0	0	0	0	0	0	0
Non-proportional.....	0	0	0	0	0	0	0	0	0	0
Total.....	568	1,110	14	0	268	20	0	177	15	0

GRF_420_0_L: Premium Revenue by State and Territory of Australia (L)

Australian Business Number	Institution Name	
64075279908	First American Title Insurance Company of Australia Pty Limited	
Reporting Period	Scale Factor	Reporting Consolidation
31-Dec-2013	Thousands	Licensed Insurer

Class of busin...	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Other direct - c...	1,940		1,410	580	638	491	91	108	25
									5,283

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Total business	1,940	1,410	580	638	491	91	108	25	5,283

GRF_430_0_L: Claims Expense by State and Territory of Australia (L)

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
	Reporting Consolidation
	Licensed Insurer

Class of business	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Other direct - cat...	3,434	-1,088	138	-711	43	-84	-130	-29	1,573

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Total
Total business	3,434	-1,088	138	-711	43	-84	-130	-29	1,573

GRF_440_0_L: Claims Development Table (L)			
Australian Business Number	Institution Name		
64075279908	First American Title Insurance Company of Australia Pty Limited		
Reporting Period	Scale Factor	Reporting Consolidation	
31-Dec-2013	Thousands	Licensed Insurer	
<input type="checkbox"/> Nil Form			

Section 1: Direct Business

Class of ...	Accident ...	Gross ea...	Net earn...	Number ...	Number ...	Gross clai...	Net claim...	Gross cas...	Net case ...	Gross IB...	Net IBNR...	Total gro...	Total net...
Other direc...	Current Ac...	5,536	5,281	7	23	20	20	28	28	1,203	452	1,251	500
Other direc...	Accident Y...	4,618	4,417	19	10	92	92	184	104	726	304	1,002	500
Other direc...	Accident Y...	4,022	3,842	22	4	145	145	93	93	517	218	755	456
Other direc...	Accident Y...	2,999	2,836	11	2	27	27	30	30	316	122	373	179
Other direc...	Accident Y...	2,415	2,258	7	1	151	120	46	46	178	67	375	233
Other direc...	Accident Y...	3,225	3,012	19	1	1,180	313	9	0	163	58	1,352	371
Other direc...	Accident Y...	6,061	5,898	22	10	1,265	500	11	0	112	0	1,388	500
Other direc...	Accident Y...	5,182	5,071	24	0	2,489	500	393	0	34	0	2,916	500
Other direc...	Accident Y...	4,363	4,285	33	0	3,962	408	327	49	52	12	4,341	469
Other direc...	Accident Y...	3,808	3,741	48	0	3,325	500	335	0	2	0	3,662	500
Other direc...	Accident Y...	3,639	3,596	37	0	2,483	500	0	0	0	0	2,483	500
Other direc...	Accident Y...	4,984	4,348	33	0	1,324	668	0	0	0	0	1,324	668

Section 2: Reinsurance Business

Class of ...	Underwri...	Gross wri...	Net wriff...	Number ...	Number ...	Gross clai...	Net claim...	Gross cas...	Net case ...	Gross IB...	Net IBNR...	Total gro...	Total net...

Section 3: Total

	Total gross ultimate cost (IUD) (2)	Total net ultimate cost (IUD) (3)	Gross claim payments (4)	Net claim payments (5)	Gross outstanding claims (IUD) (6)	Net outstanding claims (IUD) (7)	Discount on net outstanding claims (8)	Claims handling expenses on net outstanding claims (9)	APRA risk margin on net outstanding claims (10)	APRA net OCL (11)
Total Direct Business.....	21,222	5,376	16,463	3,793	4,759	1,583	103	264	238	1,982
Total Reinsurance Business.....	0	0	0	0	0	0	0	0	0	0
Proportional.....	0	0	0	0	0	0	0	0	0	0
Non-proportional.....	0	0	0	0	0	0	0	0	0	0
TOTAL.....	21,222	5,376	16,463	3,793	4,759	1,583	103	264	238	1,982

GRF_460_0: Reinsurance Assets by Counterparty

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
Reporting Consolidation Licensed Insurer	

Name of counterparty (reinsurer) (1)	Reinsurer identifier (2)	Counterparty group name (3)	APRA counterparty grade (4)	Major form of collateral / guarantee (5)	Amount of collateral / guarantee (6)	APRA counterparty grade after collateral / guarantee (7)	Counterparty domicile (8)	Group domicile (9)	Central estimate of reinsurance recoverables (10)	Net reinsurance recoverable on paid claims overdue for more than 6 months - central estimate (11)	Reinsurance recoverable outstanding from second annual balance date after the event - central estimate (12)	Deferred reinsurance expense (13)
First Americ...	unassigned						United States	United States	1,456		2,262	

Other.....	0
Total.....	

0	0	0	0
1,456		2,262	

GRF_460_1: Exposure Analysis by Reinsurance Counterparty

Australian Business Number	Institution Name
64075279908	First American Title Insurance Company of Australia Pty Limited
Reporting Period	Scale Factor
31-Dec-2013	Thousands
Reporting Consolidation Licensed Insurer	

Impact on capital base and prescribed capital amount

Name of counterparty (reinsurer) (1)	Reinsurer identifier (2)	Counterparty group name (3)	APRA counterparty grade (4)	Counterparty domicile (5)	Group domicile (6)	Total impact on capital base (7)	Total impact on Insurance Risk Charge (8)	Total impact on Insurance Concentration Risk Charge (9)	Total impact on Asset Risk Charge (after aggregation formula) (10)	Total impact on Asset Concentration Risk Charge (11)	Total impact on Operational Risk Charge (12)	Total impact on prescribed capital amount (13)
First Americ...	unassigned	First Americ...	Grade 3	United States	United States	-3,622	309	9,500	-320			9,049