

# Capital Reconciliation

For the Year Ended 30 June 2020

Newcastle Permanent Building Society Limited is the head of the Level 2 consolidated group to which this Prudential Standard applies.

|   | Balance sheet per published<br>audited financial statements <sup>1</sup><br>As at 30 June 2020<br>\$'000 | Balance sheet under regulatory<br>scope of consolidation<br>As at 30 June 2020<br>\$'000 | Reference to<br>Common Disclosure<br>Template |
|---|--|--|---|
| <b>Assets</b>   |  |  |   |
| Cash and cash equivalents                                       | 800,002  | 799,051  |   |
| Prepayments and other receivables                               | 10,538   | 9,687  |   |
| <i>of which: capitalised expenses</i>                           |  | 6,845  | 26f   |
| Derivative financial instruments                                | 5,595  | 5,595  |   |
| Financial assets at amortised cost                              | 1,318,481  | 1,316,167  |   |
| Financial assets at fair value through profit or loss (FVTPL)   | 25,943   | 2,718  |   |
| <i>of which: equity investments in financial institutions</i>   |  | 539  | 26d   |
| <i>of which: other national specific regulatory adjustments</i> |  | 2,179  | 26j   |
| Loans and advances to members                                   | 8,847,195  | 8,847,195  |   |
| <i>of which: capitalised expenses</i>                           |  | 13,104   | 26f   |
| <i>of which: other national specific regulatory adjustments</i> |  | (5,365)  | 26j   |
| Net deferred tax assets   | 6,071  | 6,071  | 26e   |
| Intangible assets   | 12,802   | 12,802   | 26f   |
| Property, plant and equipment                                   | 73,015   | 73,015   |   |
| Investment properties   | 1,702  | 1,702  |   |
| <b>Total assets</b>   | <b>11,101,344</b>  | <b>11,074,003</b>  |   |
| <b>Liabilities</b>  |  |  |   |
| Payables  | 10,923   | 10,920   |   |
| Deposits  | 8,773,603  | 8,773,693  |   |
| Borrowings  | 1,253,648  | 1,253,648  |   |
| <i>of which: capitalised expenses</i>                           |  | 1,082  | 26f   |
| Lease liability   | 27,969   | 27,969   |   |
| Current tax liabilities   | 1,583  | 1,583  |   |
| Provisions  | 15,232   | 15,232   |   |
| <b>Total liabilities</b>  | <b>10,082,958</b>  | <b>10,083,045</b>  |   |
| <b>NET ASSETS</b>   | <b>1,018,386</b>   | <b>990,958</b>   |   |
| <b>Equity</b>   |  |  |   |
| Reserves  | 35,681   | 35,681   |   |
| <i>of which: asset revaluation reserve</i>                      |  | 13,277   | 3   |
| <i>of which: cash flow hedge reserve</i>                        |  | (42)   | 3,11  |
| <i>of which: general reserve for credit losses</i>              |  | 22,446   | 50  |
| Retained profits  | 955,277  | 955,277  | 2   |
| Non-controlling interest  | 27,428   | -  | 2   |
| <b>Total equity</b>   | <b>1,018,386</b>   | <b>990,958</b>   |   |

<sup>1</sup> Listing of legal entities that are included within the accounting scope of consolidation but excluded from the regulatory scope of consolidation are as follows:

| <b>Newcastle Friendly Society Limited</b> |  | <b>\$'000</b> |
|---|--|---------------|
| Total Balance sheet assets                |  | 90            |
| Total Balance sheet liabilities           |  | 43            |
| Total equity                              |  | 47            |

The principal activity of the Newcastle Friendly Society Limited during the financial year was continuing to operate three benefit funds, namely the insurance bond fund, saving bond fund and pre-arranged funeral bond fund. During 2019, the Board of Newcastle Friendly Society approved a plan to wind up its operations, and following a detailed engagement process with all affected stakeholders, the benefit funds were formally terminated on 31 March 2020. All assets of the benefit funds were distributed to the members of those funds in accordance with calculations performed by the Appointed Actuary.

On 20 July 2020, APRA approved amendments to the benefit fund rules of Newcastle Friendly Society pursuant to paragraph 86 of LPS 700 *Friendly Society Benefit Funds* and as a result the benefit funds cease to exist. On 8 September 2020, APRA approved an application to deregister Newcastle Friendly Society as a life insurance entity. It is anticipated that the deregistration of the entity as a company will occur within 12 months from the end of the 30 June 2020 financial year. The wind up of the entity will not have a material impact on the net assets or net earnings of the consolidated Newcastle Permanent group.

| <b>Newcastle Permanent Charitable Foundation</b> |  | <b>\$'000</b> |
|--|--|---------------|
| Total Balance sheet assets                       |  | 27,384        |
| Total Balance sheet liabilities                  |  | 3             |
| Total equity                                     |  | 27,381        |

Newcastle Permanent Charitable Foundation is a discretionary trust established and domiciled in Australia and is a registered charitable entity whose activities are to provide donations for community oriented benevolent purposes.