

# Disclosure of Prudential Information

For the Quarter Ended 31 March 2018

## Risk Exposures and Assessment

Based on Level 2 – Reporting Consolidated Group unaudited figures

Capital Adequacy		
Capital Requirements:	Risk-Weighted Assets	
	31/03/2018	31/12/2017
<b>A) Credit Risk (excluding securitisation)</b>		
Class I – Cash Items	\$280,035	-
Class II – Claims on Australian & foreign governments	-	-
Class III – Claims on central banks, international banking agencies, regional development banks, ADIs & overseas banks	\$330,623,103	\$362,809,704
Class IV – Claims secured against eligible residential mortgages	\$3,150,214,633	\$3,139,897,576
Class V – Unsettled and failed transactions	-	-
Class VI – Past due claims	\$4,956,744	\$5,419,009
Class VII – Other assets & claims	\$215,356,832	\$218,614,467
Non-market-related off-balance sheet credit exposures	\$107,411,392	\$121,878,021
Market-related off-balance sheet credit exposures	\$3,539,822	\$2,788,439
<b>Total Credit Risk (excluding securitisation)</b>	<b>\$3,812,382,561</b>	<b>\$3,851,407,216</b>
<b>B) Credit Risk (securitisation)</b>	-	-
<b>C) Market Risk</b>	-	-
<b>D) Operational Risk</b>	\$561,784,929	\$561,784,929
<b>Capital Ratio:</b>		
Common Equity Tier 1 Ratio	19.40%	18.96%
Total Capital Adequacy Ratio	19.91%	19.46%
Tier 1 Capital Adequacy Ratio	19.40%	18.96%

## Credit Risk

Total gross credit risk exposures, plus average gross exposure over the period.

### A) By major types of credit exposure

On-Balance Sheet credit risk-weighted assets:		Exposure at 31/03/2018	Average Exposure at 31/03/2018*	Exposure at 31/12/2017	Average Exposure at 31/12/2017*
Class I	Cash Items	\$61,148,964	\$66,688,230	\$54,553,699	\$68,488,822
Class II	Claims on Australian and foreign governments	\$435,419,593	\$397,714,554	\$385,797,805	\$394,206,495
Class III	Claims on central banks, international banking agencies, regional development banks, ADIs & overseas banks	\$1,155,343,394	\$1,177,671,728	\$1,264,708,700	\$1,359,662,666
Class IV	Claims secured against eligible residential mortgages	\$8,801,619,880	\$8,789,301,147	\$8,737,907,989	\$8,664,019,459
Class V	Unsettled and failed transactions	-	-	-	-
Class VI	Past due items	\$12,486,337	\$12,554,037	\$12,587,887	\$15,750,751
Class VII	Other assets and claims	\$215,356,832	\$216,373,882	\$218,614,467	\$219,094,909
<b>Off-balance sheet exposures Non-market-related</b>					
	Guarantees	\$2,281,970	\$2,295,511	\$2,348,574	\$2,295,309
	Commitments with certain drawdowns	\$302,602,529	\$295,893,124	\$344,447,413	\$375,994,246
	Commitments that can be unconditionally cancelled at any time without notice	\$266,687,460	\$267,648,949	\$268,053,578	\$268,934,497
<b>Off-balance sheet exposures Market-related</b>					
	Interest rate contracts	\$283,034	\$390,526	\$359,808	\$137,903
	Foreign exchange and gold contracts	\$7,975,008	\$6,945,271	\$7,017,000	\$22,867,553

\*Average exposure is calculated by using closing monthly balances during the period.

### B) By portfolio

Impaired Facilities	Balance Outstanding 31/03/18	Balance Outstanding 31/12/2017
<b>Residents</b>		
Households	\$14,518,888	\$14,366,362
<i>of which: Owner-occupied housing</i>	\$11,943,377	\$11,120,929
<i>of which: Investor housing</i>	\$1,270,153	\$924,232
<i>of which: Credit Cards</i>	\$740,596	\$885,957
<i>of which: Other personal</i>	\$564,762	\$1,435,244
Non-financial corporations	\$301,626	\$1,025,611
<i>of which: private trading corporations</i>	\$161,640	\$487,853
<i>of which: private unincorporated businesses</i>	\$139,986	\$537,758
<b>TOTAL</b>	<b>\$14,820,514</b>	<b>\$15,391,973</b>

Past Due Items	Balance Outstanding 31/03/18	Balance Outstanding 31/12/2017
<b>Residents</b>		
Households	\$9,473,132	\$9,394,808
<i>of which: Owner-occupied housing</i>	\$6,228,640	\$6,051,810
<i>of which: Investor housing</i>	\$1,212,058	\$959,840
<i>of which: Credit Cards</i>	\$740,596	\$885,957
<i>of which: Other personal</i>	\$1,291,839	\$1,497,201
Non-financial corporations	\$163,810	\$490,072
<i>of which: Private Trading Corporations</i>	\$161,640	\$487,853
<i>of which: Private unincorporated businesses</i>	\$2,170	\$2,219
<b>TOTAL</b>	<b>\$9,636,941</b>	<b>\$9,884,880</b>

Collective Provision	Outstanding balances 31/03/2018	Provision required 31/03/2018	Outstanding balances 31/12/2017	Provision required 31/12/2017
Category One facilities	\$53,836,515	-	\$69,795,033	-
Category Two facilities	\$2,711,579	\$83,884	\$2,167,467	\$81,191
Category Three facilities	\$2,485,970	\$670,199	\$3,522,211	\$1,320,199
Category Four facilities	\$1,651,313	\$356,218	\$1,792,331	\$406,503
<b>TOTALS</b>	<b>\$60,685,376</b>	<b>\$1,110,301</b>	<b>\$77,277,042</b>	<b>\$1,807,893</b>

Charges and Write-offs during the period	31/03/2018	31/12/2017
	Australia	Australia
Specific provisions	\$1,961,367	\$1,986,010
Charges for specific provisions	\$44,020	\$133,361
Bad debts written off to profit and loss	\$37,390	\$40,663

#### C) The general reserve for credit losses

	31/03/2018	31/12/2017
<b>Balance</b>	\$21,957,710	\$22,067,729

#### D) Securitisation exposures\*\*

Current period securitisation activity	Balance 31/08/2018		Balance 31/12/2017
<b>Mortgage securitisations (on-balance sheet)</b>			
Opening balance of securitised loans at beginning of quarter		\$286,916,265	\$313,586,745
Add: New loans securitised during the quarter		-	-
Add: Interest charged for the quarter		\$2,933,133	\$3,210,120
Less: Repayments/amortisation/loan buy backs for the quarter		\$21,762,601	\$29,880,601
Closing balance of securitised loans at end of quarter		\$268,086,797	\$286,916,265
<b>Investment securitisation exposures</b>			
	<b>Residential Mortgage Backed Securities</b>	<b>Asset Backed Commercial Paper</b>	<b>Total</b>
Opening balance at beginning of quarter	\$3,461,628	-	\$3,461,628
Add: New purchases for the quarter	-	-	-
Less: Redemptions/Amortisation	\$128,319	-	\$128,319
Closing Balance at end of quarter	\$3,333,310	-	\$3,333,310

\*Newcastle Permanent has no off-balance sheet securitisation exposures as at 31 March 2018.

\*\*There are no recognised gains or losses on sale of securitisation exposures.