

Disclosure of Prudential Information

For the Quarter Ended 31 December 2017

Risk Exposures and Assessment

Based on Level 2 – Reporting Consolidated Group unaudited figures

Capital Adequacy		
Capital Requirements:	Risk-Weighted Assets	
	31/12/2017	30/09/2017
A) Credit Risk (excluding securitisation)		
Class I – Cash Items	-	-
Class II – Claims on Australian & foreign governments	-	-
Class III – Claims on central banks, international banking agencies, regional development banks, ADIs & overseas banks	\$362,809,704	\$451,534,567
Class IV – Claims secured against eligible residential mortgages	\$3,139,897,576	\$3,071,049,853
Class V – Unsettled and failed transactions	-	-
Class VI – Past due claims	\$5,419,009	\$7,640,216
Class VII – Other assets & claims	\$218,614,467	\$222,815,566
Non-market-related off-balance sheet credit exposures	\$121,878,021	\$111,698,670
Market-related off-balance sheet credit exposures	\$2,788,439	\$14,338,506
Total Credit Risk (excluding securitisation)	\$3,851,407,216	\$3,879,077,378
B) Credit Risk (securitisation)	-	-
C) Market Risk	-	-
D) Operational Risk	\$561,784,929	\$543,714,547
Capital Ratio:		
Common Equity Tier 1 Ratio	18.96%	18.75%
Total Capital Adequacy Ratio	19.46%	19.25%
Tier 1 Capital Adequacy Ratio	18.96%	18.75%

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 31/12/2017	Average Exposure at 31/12/2017*	Exposure at 30/09/2017	Average Exposure at 30/09/2017*
Class I	Cash Items	\$54,553,699	\$68,488,822	\$55,165,619	\$62,281,731
Class II	Claims on Australian and foreign governments	\$385,797,805	\$394,206,495	\$496,187,463	\$495,901,940
Class III	Claims on central banks, international banking agencies, regional development banks, ADIs & overseas banks	\$1,264,708,700	\$1,359,662,666	\$1,496,112,687	\$1,518,560,124
Class IV	Claims secured against eligible residential mortgages	\$8,737,907,989	\$8,664,019,459	\$8,538,775,946	\$8,534,041,345
Class V	Unsettled and failed transactions	-	-	-	-
Class VI	Past due items	\$12,587,887	\$15,750,751	\$18,149,067	\$18,406,654
Class VII	Other assets and claims	\$218,614,467	\$219,094,909	\$222,815,566	\$225,071,360
Off-balance sheet exposures Non-market-related					
	Guarantees	\$2,348,574	\$2,295,309	\$2,355,930	\$2,385,528
	Commitments with certain drawdowns	\$344,447,413	\$375,994,246	\$316,466,932	\$297,176,958
	Commitments that can be unconditionally cancelled at any time without notice	\$268,053,578	\$268,934,497	\$271,436,395	\$281,996,623
Off-balance sheet exposures Market-related					
	Interest rate contracts	\$359,808	\$137,903	\$8,474	\$4,727
	Foreign exchange and gold contracts	\$7,017,000	\$22,867,553	\$45,629,551	\$41,472,066

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

B) By portfolio

Impaired Facilities	Balance Outstanding 31/12/2017	Balance Outstanding 30/09/2017
Residents		
Households	\$14,366,362	\$17,784,601
<i>of which: Owner-occupied housing</i>	\$11,120,929	\$14,717,770
<i>of which: Investor housing</i>	\$924,232	\$846,757
<i>of which: Credit Cards</i>	\$885,957	\$706,677
<i>of which: Other personal</i>	\$1,435,244	\$1,513,397
Non-financial corporations	\$1,025,611	\$2,669,509
<i>of which: private trading corporations</i>	\$487,853	\$492,610
<i>of which: private unincorporated businesses</i>	\$537,758	\$2,176,899
TOTAL	\$15,391,973	\$20,454,110

Past Due Items	Balance Outstanding 31/12/2017	Balance Outstanding 30/09/2017
Residents		
Households	\$9,394,808	\$11,804,629
<i>of which: Owner-occupied housing</i>	\$6,051,810	\$6,970,723
<i>of which: Investor housing</i>	\$959,840	\$2,529,051
<i>of which: Credit Cards</i>	\$885,957	\$706,677
<i>of which: Other personal</i>	\$1,497,201	\$1,598,178
Non-financial corporations	\$490,072	\$495,200
<i>of which: Private Trading Corporations</i>	\$487,853	\$492,610
<i>of which: Private unincorporated businesses</i>	\$2,219	\$2,590
TOTAL	\$9,884,880	\$12,299,829

Collective Provision	Outstanding balances 31/12/2017	Provision required 31/12/2017	Outstanding balances 30/09/2017	Provision required 30/09/2017
Category One facilities	\$69,795,033	-	\$52,181,539	-
Category Two facilities	\$2,167,467	\$81,191	\$3,674,929	\$79,830
Category Three facilities	\$3,522,211	\$1,320,199	\$4,565,842	\$2,605,085
Category Four facilities	\$1,792,331	\$406,503	\$1,555,998	\$336,879
TOTALS	\$77,277,042	\$1,807,893	\$61,978,308	\$3,021,794

Charges and Write-offs during the period	31/12/2017	30/09/2017
	Australia	Australia
Specific provisions	\$1,986,010	\$1,938,712
Charges for specific provisions	\$133,361	\$22,388
Bad debts written off to profit and loss	\$40,663	\$88,910

C) The general reserve for credit losses

	31/12/2017	30/09/2017
Balance	\$22,067,729	\$22,215,088

D) Securitisation exposures**

Current period securitisation activity	Balance 31/12/2017		Balance 30/09/2017	
Mortgage securitisations (on-balance sheet)				
Opening balance of securitised loans at beginning of quarter		\$313,586,745		\$341,284,063
Add: New loans securitised during the quarter		-		-
Add: Interest charged for the quarter		\$3,210,120		\$3,516,906
Less: Repayments/amortisation/loan buy backs for the quarter		\$29,880,601		\$31,214,224
Closing balance of securitised loans at end of quarter		\$286,916,265		\$313,586,745
Investment securitisation exposures				
	Residential Mortgage Backed Securities	Asset Backed Commercial Paper	Total	Total
Opening balance at beginning of quarter	\$3,622,576	-	\$3,622,576	\$3,825,158
Add: New purchases for the quarter	-	-	-	-
Less: Redemptions/Amortisation	\$160,947	-	\$160,947	\$202,582
Closing Balance at end of quarter	\$3,461,628	-	\$3,461,628	\$3,622,576

*Newcastle Permanent has no off-balance sheet securitisation exposures as at 31 December 2017.

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