

Arab Bank Australia Limited
Disclosure of Prudential Information under APS 330
Attachment C - risk exposure and assessment
As at 30 Sept 2018

Table 3: Capital adequacy			30-Sep-18	30-Jun-18
			\$m	
a.	Capital requirement (in terms of risk weighted assets) for			
	Credit risk (excluding securitisation) by portfolio			
		residential mortgages	125.4	118.5
		other retail and corporates	272.2	272.1
		ADIs	57.5	67.3
		Government	0.0	0.0
	commitment & other off balance sheet exposure		58.1	64.9
b.	Capital Requirement for equity exposures in the IRB approach		N/A	N/A
c.	Capital Requirement for market risk (in terms of risk weighted assets)		0.1	0.2
d.	Capital requirement for operational risk (in terms of risk weighted assets)		68.7	68.7
e.	Capital requirement for IRRBB (IRB/AMA - approved Australian owned ADIs only)		N/A	N/A
f1.	Total capital ratio		28.04%	27.67%
f2.	Tier 1 capital ratio		22.72%	22.44%
f3.	Common Equity Tier 1		22.72%	22.44%

Table 4: Credit Risk			30-Sep-18		30-Jun-18	
			\$m		\$m	
			Gross exposure	Average Gross Exposure	Gross exposure	Average Gross Exposure
a.	Total Gross credit risk exposure					
		Loans				
		residential mortgages	351.9	348.1	334.3	328.0
		other retail and corporates	275.0	270.5	275.3	282.9
		ADIs	194.8	213.2	210.3	206.1
		Government	70.0	73.3	70.0	70.0
	Commitments & other non-market off balance sheet exposure		107.4	108.9	117.2	112.8
		Direct credit substitutes	2.3	2.4	2.7	2.8
		Trade related contingencies	0.0	0.0	0.0	0.1
		Performance related contingencies	0.9	0.9	0.9	0.9
		Other commitments (including loans)	104.3	105.6	113.6	109.1
		over-the-counter derivatives	0.5	0.2	0.0	0.0
			30-Sep-18	30-Jun-18		
			\$m			
b1.	Impaired facilities		4.5	4.3		
		residential mortgages	3.1	2.7		
		other retail and corporates	1.4	1.6		
b2.	Past due facilities		0.7	0.9		
		residential mortgages	0.7	0.9		
		other retail and corporates	-	-		
b3.	Quarterly movement in specific provision account					
	Opening balance		1.2	1.2		
	Add	provision created	0.0	0.0		
	deduct	write back of provision not required				
	deduct	bad debts written off	0.3	0.0		
	Closing balance		0.9	1.2		
b4.	specific provision - charge for the quarter		0.0	0.0		
b5.	Bad debts Written off (against the provision)		0.3	0.0		
c.	The general reserve for credit losses		6.1	6.1		

Arithmetic addition might differ from reported numbers due to rounding.

Table 5: Securitisation exposures			Exposure securitised		Recognised gain or (loss) on sale	
			30-Sep-18	30-Jun-18	30-Sep-18	30-Jun-18
			\$m		\$m	
5a.	Summary of securitisation activity for the period					
	Residential mortgages		-	-	-	-
	Other		-	-	-	-
	Total exposures securitised during the period		-	-	-	-
			30-Sep-18	30-Jun-18		
			\$m			
5b(i).	Aggregate of on-balance sheet securitisation exposures by exposure type					
	Debt securities		40.4	40.4		
	Total on-balance sheet securitisation exposures		40.4	40.4		
			30-Sep-18	30-Jun-18		
			\$m			
5b(ii).	Aggregate of off-balance sheet securitisation exposures by exposure type					
	Liquidity facilities		-	-		
	Total off-balance sheet securitisation exposures		-	-		

Arab Bank has self-securitised a portfolio of Australian prime loans backed by residential mortgages originated by the Bank. The total amount of mortgages securitised under this transaction as at 30 Sep 2018 is \$35.36m (30 June 2018: \$36.1m). The Bank has established a special purpose entity "The Petra Trust" for this purpose. The Bank holds all the notes issued by this trust.

The self-securitisation transaction of residential mortgages has been completed to allow re-purchase transactions with the Reserve Bank of Australia as a liquidity contingency.