

Arab Bank Australia Limited
Disclosure of Prudential Information under APS 330
Attachment C - risk exposure and assessment
As at 30 Jun 2021

Table 3: Capital adequacy			30-Jun-21	31-Mar-21
			\$m	\$m
a.	Capital requirement (in terms of risk weighted assets) for			
	Credit risk (excluding securitisation) by portfolio			
		residential mortgages	161.05	156.28
		other retail and corporates	312.76	309.45
		ADIs	93.87	91.14
		Government	0.00	0.00
	commitment & other off balance sheet exposure		80.97	66.63
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)		0.10	0.08
d.	Capital requirement for operational risk (in terms of risk weighted assets)		66.61	64.99
e.	Capital requirement for IRRBB (IRB/AMA - approved Australian owned ADIs only)		N/A	N/A
f1.	Total capital ratio		21.57%	22.51%
f2.	Tier 1 capital ratio		20.72%	21.62%
f3.	Common Equity Tier 1		20.72%	21.62%

Table 4: Credit Risk				30-Jun-21		31-Mar-21	
				\$m		\$m	
a.	Total Gross credit risk exposure			Gross exposure	Average Gross Exposure	Gross exposure	Average Gross Exposure
		Loans					
			residential mortgages	459.42	457.11	448.55	447.70
			other retail and corporates	316.58	314.07	313.25	307.16
		ADIs		297.98	298.47	302.92	297.70
		Government		12.00	12.00	12.00	12.00
		Commitments & other non-market off balance sheet exposure		129.90	120.93	117.70	119.30
			Direct credit substitutes	3.28	3.01	2.56	2.56
			Trade related contingencies	-	-	-	-
			Performance related contingencies	-	-	-	-
			Other commitments (including loans)	126.62	117.92	115.14	116.74
		over-the-counter derivatives		-	-	-	-
				30-Jun-21	31-Mar-21		
				\$m	\$m		
b1.	Impaired facilities			18.51	19.39		
			residential mortgages	2.13	3.20		
			other retail and corporates	16.38	16.20		
b2.	Past due facilities			1.37	2.78		
			residential mortgages	1.07	2.07		
			other retail and corporates	0.30	0.71		
b3.	Quarterly movement in specific provision account						
	Opening balance			0.87	0.86		
	Add	provision created		0.03	0.05		
	deduct	write back of provision not required		-	0.03		
	deduct	bad debts written off		0.00	0.00		
	deduct	bad debts recovered		0.00	0.00		
	Closing balance			0.90	0.87		
b4.	specific provision - charge for the quarter			0.03	0.05		
b5.	specific provision - write back for the quarter			0.00	0.03		
b6.	Bad debts Written off (against the provision)			0.00	0.00		
c.	The general reserve for credit losses			6.14	6.14		

Arithmetic addition might differ from reported numbers due to rounding.

Table 5: Securitisation exposures			Exposure securitised		Recognised gain or (loss) on sale	
			30-Jun-21	31-Mar-21	30-Jun-21	31-Mar-21
			\$m	\$m	\$m	\$m
5a.	Summary of securitisation activity for the period					
	Residential mortgages		17.0	47.1	-	-
	Other		-	-	-	-
	Total exposures securitised during the period		17.0	47.1	-	-
			30-Jun-21	31-Mar-21		
			\$m	\$m		
5b(i).	Aggregate of on-balance sheet securitisation exposures by exposure type					
	Debt securities		123.40	123.40		
	Total on-balance sheet securitisation exposures		123.40	123.40		
			30-Jun-21	31-Mar-21		
			\$m	\$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 June 2021 is \$116.59m (31 March 2021: \$111.49m). 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.