

BASEL III PILLAR 3

Capital Adequacy and Risk

Disclosures as at 31 March 2023



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AMP Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2023

ABN 15 081 596 009

Australian Prudential Regulatory Authority (APRA) revised prudential standard

From 1 January 2023 the Bank adopted APRA's revised APS 330 Public Disclosure requirements. The revised standard reflects changes effective from 1 January 2022 under APS 220 Credit Risk Management. In addition, the revised capital framework which came into effect on 1 January 2023 including changes to APS 110 Capital Adequacy, APS 112 Capital Adequacy: Standardised Approach to Credit Risk and APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk have been reflected in the requirements.

The revisions to the prudential standards will result in changes to capital treatments, calculations, and the format of the disclosures from the 31 March 2023 period. Prior period disclosures have not been restated except where indicated.

Table 3 : Capital Adequacy (APS 330: Attachment C)

	31 March 2023	31 December 2022 ¹
	\$m	\$m
Risk Weighted Assets (RWA)		
Subject to Standardised Approach		
Residential Mortgages	8,358	7,596
Bank	172	346
Corporate	246	263
Other	-	3
Securitisation	13	10
Total Risk Weighted Assets for Credit Risk Exposures	8,789	8,218
Market Risk RWA	8	9
Operational Risk RWA	556	1,470
Total Risk Weighted Assets	9,353	9,697
Capital Ratios (%)	%	%
Common Equity Tier 1 Ratio	11.0%	10.6%
Tier 1 Capital Ratio	13.4%	12.9%
Total Capital Ratio	18.5%	17.9%

1. Comparative information has been restated to conform to presentation in the current period.

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Table 4 : Credit Risk (APS 330: Attachment C)

Table 4 (A)	31 March 2023		31 December 2022 ¹	
	As At \$m	Average \$m	As at \$m	Average \$m
Credit Exposure by Types				
Cash and balances with central bank	355	186	142	167
Loans and advances to banks	466	516	603	581
Debt securities	3,554	3,952	4,121	4,380
Loans and advances to customers	20,197	20,414	20,382	19,931
Other assets	56	111	90	87
Total Gross Credit Risk	24,628	25,179	25,338	25,146
Non-market related off-balance sheet credit exposures	1,688	1,561	550	567
Market related off-balance sheet credit exposures	312	361	391	420
Total Exposures	26,628	27,101	26,279	26,133

Credit Exposure by Portfolios				
Residential Mortgages	21,700	21,786	20,745	20,308
Sovereign	3,839	3,748	3,851	4,024
Bank	778	1,174	1,421	1,541
Corporate	311	339	260	258
Other	-	54	2	2
Total Exposures	26,628	27,101	26,279	26,133

Table 4 (B)	31 March 2023		31 December 2022	
	As At \$m	As At \$m	As At \$m	As At \$m
By Portfolios				
Amount of non-performing Facilities				
Residential Mortgages	320		236	
Corporate/ Specialised Lending	169		88	
	151		148	
Past Due Facilities >=90 days				
Residential Mortgages	121		88	
Corporate/ Specialised Lending	95		60	
	26		28	
Specific Provisions				
Residential Mortgages	72		66	
Corporate/ Specialised Lending	7		1	
	65		65	
Charges for specific provisions during the period				
Residential Mortgages	2		(12)	
Corporate/ Specialised Lending	2		-	
	-		(12)	
Write-offs during the period				
Residential Mortgages	-		7	
Corporate/ Specialised Lending	-		-	
	-		7	

Table 4 (C)		
Provisions held against performing exposures that represent a purely forward looking amount for future losses that are presently unidentified	31	34

1. Comparative information has been restated to conform to presentation in the current period.

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Table 5 : Securitisation exposures (APS 330: Attachment C)

	31 March 2023		31 December 2022	
	Total amount of exposure securitised \$m	Recognised gain or loss on sale \$m	Total amount of exposure securitised \$m	Recognised gain or loss on sale \$m
Table 5 (A) - Total securitisation activity				
Residential Mortgages	717	-	-	-
Total securitisation activity for the reporting period	717	-	-	-
Table 5 (B) - Total securitisation exposures retained or purchased				
Securitisation Facility Type				
On-balance sheet securitisation exposures				
RMBS investments	27		29	
Other	20		20	
Total securitisation exposures	47		49	
Off-balance sheet securitisation exposures				
Funding facilities	21		19	
Liquidity facilities	-		-	
Total securitisation exposures	21		19	

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Table 20 : Liquidity Coverage Ratio disclosure (APS 330: Attachment F)

In accordance with APS 210 Liquidity, AMP Bank has been required to maintain a minimum Liquidity Coverage Ratio (LCR) of 100%. The LCR requires banks to hold sufficient High Quality Liquid Assets (HQLA) to meet expected net cash outflows under an APRA-prescribed 30 calendar day stress scenario.

AMP Bank manages its daily LCR requirement to board and management level buffers consistent with the Bank's risk appetite. The LCR changes on a daily basis in the ordinary course of business due to changes in the Bank's expected net cash outflows and its composition of liquid assets.

Cash inflows and outflows are calculated in accordance with APS 210. APRA-prescribed run-off factors are applied to AMP Bank's liabilities based on the nature, stability and source of the funding. AMP Bank maintains a diversified deposit and funding mix without undue concentration.

AMP Bank holds a diversified portfolio of liquid assets consisting of HQLA, cash and repo-eligible securities with the Reserve Bank of Australia (RBA). HQLA includes Commonwealth Government Securities, Australian Semi-Government Securities and deposits with the RBA.

AMP Bank's average Level 2 LCR over the March 2023 quarter was 136% which is 16% lower than the December 2022 quarter. The Bank's ALA balance was reduced to zero over the quarter following the removal of the CLF. The Bank's average HQLA balance and average net cash outflows reduced following the settlement of a loan portfolio purchase transaction in the prior quarter. Average cash inflows reduced slightly related to wholesale lending maturities.

	31 March 2023		31 December 2022	
	Total unweighted value (average) \$m	Total weighted value (average) \$m	Total unweighted value (average) \$m	Total weighted value (average) \$m
Liquid assets, of which:				
1 High-quality liquid assets (HQLA)		3,663		3,975
2 Alternate liquid assets (ALA)		-		298
3 Reserve Bank of New Zealand (RNBZ) securities		-		-
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	12,762	1,894	13,174	2,004
5 stable deposits	2,574	129	2,475	124
6 less stable deposits	10,188	1,765	10,699	1,880
7 Unsecured wholesale funding, of which;	1,191	678	1,235	659
8 operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-
9 non-operational deposits (all counterparties)	1,059	526	1,136	560
10 unsecured debt	132	152	99	99
11 Secured wholesale funding		-		-
12 Additional requirements, of which:	2,730	420	3,052	392
13 outflows related to derivatives exposures and other collateral requirements	173	195	176	176
14 outflows related to loss of funding on debt products	55	61	50	50
15 credit and liquidity facilities	2,502	164	2,826	166
16 Other contractual funding obligations	-	-	143	143
17 Other contingent funding obligations	1,232	122	1,330	148
18 Total cash outflows		3,114		3,346
Cash inflows				
19 Secured lending	-	-	-	-
20 Inflows from fully performing exposures	194	111	275	176
21 Other cash inflows	262	302	351	351
22 Total cash inflows	456	413	626	527
		Total Adjusted Value \$m		Total Adjusted Value \$m
23 Total liquid assets		3,663		4,273
24 Total net cash outflows		2,701		2,819
25 Liquidity coverage ratio (%)		136%		152%
Number of data points used (Business Days)		60		62