

# **BASEL III PILLAR 3**

Capital Adequacy and Risk

Disclosures as at 31 March 2022



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**AMP Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2022**

ABN 15 081 596 009

**Table 3 Capital Adequacy**

|   | 31 March 2022  | 31 December 2021 |
|---|----------------|------------------|
|   | \$M            | \$M              |
| <b>Risk Weighted Assets (RWA)</b>                           |                |                  |
| <b>Subject to Standardised Approach</b>                     |                |                  |
| Residential Mortgages                                       | 7,057.7        | 6,928.4          |
| Other Retail Loans  | 192.4          | 163.7            |
| Bank  | 152.9          | 130.6            |
| Corporate   | 259.5          | 266.2            |
| Other   | 2.6            | 2.4              |
| Securitisation  | 12.2           | 31.9             |
| <b>Total Risk Weighted Assets for Credit Risk Exposures</b> | <b>7,677.3</b> | <b>7,523.2</b>   |
| <b>Market Risk RWA</b>                                      | <b>3.8</b>     | <b>6.1</b>       |
| <b>Operational Risk RWA</b>                                 | <b>1,330.4</b> | <b>1,330.3</b>   |
| <b>Total Risk Weighted Assets</b>                           | <b>9,011.5</b> | <b>8,859.6</b>   |
| <b>Capital Ratios (%)</b>                                   | <b>%</b>       | <b>%</b>         |
| <b>Common Equity Tier 1 Ratio</b>                           | <b>9.8%</b>    | <b>10.4%</b>     |
| <b>Tier 1 Capital Ratio</b>                                 | <b>12.3%</b>   | <b>12.9%</b>     |
| <b>Total Capital Ratio</b>                                  | <b>15.3%</b>   | <b>16.2%</b>     |

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**Table 4 Credit Risk**

| Table 4 (A)   | 31 March 2022   |                 | 31 December 2021 |                |
|---|-----------------|-----------------|------------------|----------------|
|   | As At<br>\$M    | Average<br>\$M  | As at<br>\$M     | Average<br>\$M |
| <b>Credit Exposure by Types</b>                       |                 |                 |                  |                |
| Cash and balances with Central Banks                  | 421.2           | 771.9           | 1,014.3          | 723.9          |
| Loans and advances to banks                           | 70.4            | 211.4           | 259.7            | 218.6          |
| Equity securities                                     | 0.2             | 0.2             | 0.2              | 0.2            |
| Debt securities                                       | 3,438.5         | 2,842.6         | 2,049.7          | 2,173.8        |
| Loans and advances to customers                       | 19,244.5        | 18,955.9        | 18,400.5         | 17,978.8       |
| Other assets  | 189.9           | 179.4           | 164.5            | 163.0          |
| <b>Total Gross Credit Risk</b>                        | <b>23,364.7</b> | <b>22,961.4</b> | 21,888.9         | 21,258.3       |
| Non-market related off-balance sheet credit exposures | 461.3           | 497.7           | 760.3            | 775.3          |
| Market related off-balance sheet credit exposures     | 290.7           | 192.9           | 84.3             | 95.8           |
| <b>Total Exposures</b>                                | <b>24,116.7</b> | <b>23,652.0</b> | 22,733.5         | 22,129.4       |

**Credit Exposure by Portfolios**

|                        |                 |                 |          |          |
|------------------------|-----------------|-----------------|----------|----------|
| Residential mortgages  | 19,327.8        | 19,104.5        | 18,815.6 | 18,401.8 |
| Other retail claims    | 203.1           | 169.6           | 157.4    | 160.4    |
| Bank                   | 564.2           | 543.2           | 487.8    | 631.8    |
| Government             | 3,759.8         | 3,570.2         | 3,004.8  | 2,661.3  |
| Corporate              | 259.6           | 262.7           | 266.2    | 272.6    |
| Other assets           | 2.2             | 1.8             | 1.7      | 1.5      |
| <b>Total Exposures</b> | <b>24,116.7</b> | <b>23,652.0</b> | 22,733.5 | 22,129.4 |

**Table 4 (B)**

| By Portfolios  | 31 March 2022 | 31 December 2021 |
|--|---------------|------------------|
|  | As At<br>\$M  | As At<br>\$M     |
| <b>Amount of Impaired Facilities</b>                     |               |                  |
| Residential Mortgages                                    | 76.4          | 72.2             |
| Corporate/ Specialised Lending                           | 180.9         | 194.2            |
| <b>Past Due Facilities <sup>1</sup></b>                  |               |                  |
| Residential Mortgages                                    | 86.2          | 40.5             |
| Corporate/ Specialised Lending                           | 57.5          | 2.9              |
| <b>Specific Provisions</b>                               | 89.1          | 89.7             |
| <b>Charges for specific provisions during the period</b> | (0.5)         | (7.1)            |
| <b>Write-offs during the period</b>                      | 0.1           | 9.2              |

**Table 4 (C)**

|  |             |      |
|--|-------------|------|
| <b>General Reserve for Credit Losses</b> | <b>25.5</b> | 38.5 |
|--|-------------|------|

<sup>1</sup> With the implementation of the new APS220 (Credit Risk Management) effective 1 January 2022, past due facilities disclosed in March 2022 include all facilities that are 90 days or more past due irrespective of whether they are impaired facilities. December 2021 past due facilities exclude those already reported as impaired facilities.

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**Table 5      Securitisation**

|   | 31 March 2022                        |                                 | 31 December 2021                     |                                 |
|---|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
|   | Total amount of exposure securitised | Recognised gain or loss on sale | Total amount of exposure securitised | Recognised gain or loss on sale |
|   | \$M                                  | \$M                             | \$M                                  | \$M                             |
| <b>Table 5 (A) - Total securitisation activity</b>                        |                                      |                                 |                                      |                                 |
| Loans sold into securitisation SPVs                                       | -                                    | -                               | 549.2                                | -                               |
| RMBS investments  | -                                    | -                               | -                                    | -                               |
| <b>Total securitisation activity for the reporting period</b>             | <b>-</b>                             | <b>-</b>                        | <b>549.2</b>                         | <b>-</b>                        |
| <b>Table 5 (B) - Total securitisation exposures retained or purchased</b> |                                      |                                 |                                      |                                 |
| <b>Securitisation Facility Type</b>                                       |                                      |                                 |                                      |                                 |
| <b>On-balance sheet securitisation exposures</b>                          |                                      |                                 |                                      |                                 |
| RMBS investments  | 38.9                                 |                                 | 137.8                                |                                 |
| Other   | 93.8                                 |                                 | 106.7                                |                                 |
| <b>Total securitisation exposures</b>                                     | <b>132.7</b>                         |                                 | <b>244.6</b>                         |                                 |
| <b>Off-balance sheet securitisation exposures</b>                         |                                      |                                 |                                      |                                 |
| Funding facilities  | 17.0                                 |                                 | 18.7                                 |                                 |
| Liquidity facilities  | -                                    |                                 | -                                    |                                 |
| <b>Total securitisation exposures</b>                                     | <b>17.0</b>                          |                                 | <b>18.7</b>                          |                                 |

## AMP Bank Limited, Basel III Pillar 3 Disclosures, 31 March 2022

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### Liquidity Coverage Ratio Disclosure

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 has been compliant with the LCR prudential requirements at all times. The average LCR for the quarter was 138% (31 December 2021: 130%).

| Table 20 Liquidity Coverage Ratio |  | 31 March 2022                    |                                | 31 December 2021                 |                                |
|-----------------------------------|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                   |  | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
|                                   |  | \$M                              | \$M                            | \$M                              | \$M                            |
| <b>Liquid assets, of which:</b>   |  |                                  |                                |                                  |                                |
| 1                                 | High-quality liquid assets (HQLA)  |                                  | 3,452                          |                                  | 2,579                          |
| 2                                 | Alternate liquid assets (ALA)  |                                  | 893                            |                                  | 1,190                          |
| 3                                 | Reserve Bank of New Zealand (RNBZ) securities  |                                  | -                              |                                  | -                              |
| <b>Cash outflows</b>              |  |                                  |                                |                                  |                                |
| 4                                 | Retail deposits and deposits from small business customers, of which:                    | 12,678                           | 1,999                          | 12,098                           | 1,820                          |
| 5                                 | stable deposits  | 2,215                            | 111                            | 2,170                            | 109                            |
| 6                                 | less stable deposits   | 10,463                           | 1,888                          | 9,928                            | 1,711                          |
| 7                                 | Unsecured wholesale funding  | 1,642                            | 879                            | 1,435                            | 725                            |
| 8                                 | operational deposits (all counterparties) and deposits in networks for cooperative banks | -                                | -                              | -                                | -                              |
| 9                                 | non-operational deposits (all counterparties)  | 1,464                            | 701                            | 1,404                            | 694                            |
| 10                                | unsecured debt   | 178                              | 178                            | 31                               | 31                             |
| 11                                | Secured wholesale funding  |                                  | 48                             |                                  | 69 <sup>2</sup>                |
| 12                                | Additional requirements, of which:   | 2,959                            | 331                            | 3,049                            | 266                            |
| 13                                | outflows related to derivatives exposures and other collateral requirements              | 105                              | 105                            | 59                               | 59                             |
| 14                                | outflows related to loss of funding on debt products                                     | 68                               | 68                             | 39                               | 39                             |
| 15                                | credit and liquidity facilities  | 2,786                            | 158                            | 2,951                            | 168                            |
| 16                                | Other contractual funding obligations  | -                                | -                              | -                                | -                              |
| 17                                | Other contingent funding obligations   | 1,241                            | 164                            | 1,238                            | 169                            |
| 18                                | <b>Total cash outflows</b>   |                                  | <b>3,421</b>                   |                                  | <b>3,049</b>                   |
| <b>Cash inflows</b>               |  |                                  |                                |                                  |                                |
| 19                                | Secured lending  | -                                | -                              | -                                | -                              |
| 20                                | Inflows from fully performing exposures  | 161                              | 86                             | 145                              | 73                             |
| 21                                | Other cash inflows   | 176                              | 176                            | 86                               | 86                             |
| 22                                | <b>Total cash inflows</b>  | <b>337</b>                       | <b>262</b>                     | <b>231</b>                       | <b>159</b>                     |
|                                   |  |                                  | <b>Total Adjusted Value</b>    |                                  | <b>Total Adjusted Value</b>    |
|                                   |  |                                  | <b>\$M</b>                     |                                  | <b>\$M</b>                     |
| 23                                | <b>Total liquid assets</b>   |                                  | <b>4,345</b>                   |                                  | <b>3,769</b>                   |
| 24                                | <b>Total net cash outflows</b>   |                                  | <b>3,159</b>                   |                                  | <b>2,890</b>                   |
| 25                                | <b>Liquidity coverage ratio (%)</b>  |                                  | <b>138%</b>                    |                                  | <b>130%</b> <sup>3</sup>       |
|                                   | Number of data points used (Business Days)   |                                  | <b>62</b>                      |                                  | <b>63</b>                      |

<sup>2</sup> This item represents secured repurchase agreement funding maturing within 30 days. December 2021 comparative data has been updated accordingly.

<sup>3</sup> December 2021 comparative data has been updated as disclosed in footnote 2.