

BASEL III PILLAR 3

Capital Adequacy and Risk

Disclosures as at 31 December 2022



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Table 1: Capital Disclosure Template (APS 330: Attachment A)

This table provides the Basel III capital disclosure requirements for APS 330 (Attachment A). Regulatory adjustments under Basel III are disclosed in full as implemented by APRA. The information contained within the table below should be read in conjunction with the Regulatory Balance Sheet.

	As at 31 December 2022	Regulatory Balance Sheet Reference
	\$m	
Common Equity Tier 1 capital: instruments and reserves		
1	394	(a)
2	756	(b)
3	125	(c)
4	-	
5	-	
6	1,275	
Common Equity Tier 1 capital : regulatory adjustments		
7	-	
8	-	
9	3	(k)
10	-	
11	96	(j)
12	-	
13	-	
14	-	
15	-	
16	-	
17	-	
18	-	
19	-	
20	-	
21	-	
22	-	
23	-	
24	-	
25	-	
26	149	
26a	-	
26b	-	
26c	-	
26d	-	
26e	-	(d)
26f	139	(e) + (f) + (l)
26g	-	
26h	-	
26i	-	
26j	10	(m)
27	-	
28	248	
29	1,027	

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Table 1: Capital Disclosure Template (APS 330: Attachment A) (continued)

	As at 31 December 2022	Regulatory Balance Sheet Reference
	\$m	
Additional Tier 1 Capital: instruments		
30	225	(g)
31	225	
32	-	
33	-	
34	-	
35	-	
36	225	
Additional Tier 1 Capital: regulatory adjustments		
37	-	
38	-	
39	-	
40	-	
41	-	
41a	-	
41b	-	
41c	-	
42	-	
43	-	
44	225	
45	1,252	
Tier 2 Capital: instruments and provisions		
46	450	(h)
47	-	
48	-	
49	-	
50	29	(i)
51	479	
Tier 2 Capital: regulatory adjustments		
52	-	
53	-	
54	-	
55	-	
56	-	
56a	-	
56b	-	
56c	-	
57	-	
58	479	
59	1,731	
60	9,696	

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Table 1: Capital Disclosure Template (APS 330: Attachment A) (continued)

	As at 31 December 2022	Regulatory Balance Sheet Reference
	\$m	
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of risk-weighted assets)	10.6%	
62 Tier 1 (as a percentage of risk-weighted assets)	12.9%	
63 Total capital (as a percentage of risk-weighted assets)	17.9%	
64 Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	7.0%	
65 of which: capital conservation buffer requirement	2.5%	
66 of which: ADI-specific countercyclical buffer requirements	-	
67 of which: G-SIB buffer requirement (not applicable)	-	
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	6.1%	
National minima (if different from Basel III)		
69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
70 National Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
71 National total capital minimum ratio (if different from Basel III minimum)	n/a	
Amount below thresholds for deductions (not risk-weighted)		
72 Non-significant investments in the capital of other financial entities	-	
73 Significant investments in the ordinary shares of financial entities	-	
74 Mortgage servicing rights (net of related tax liability)	-	
75 Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Applicable caps on the inclusion of provisions in Tier 2		
76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	29	(i)
77 Cap on inclusion of provisions in Tier 2 under standardised approach	103	
78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80 Current cap on CET1 instruments subject to phase out arrangements	-	
81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82 Current cap on AT1 instruments subject to phase out arrangements	-	
83 Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	
84 Current cap on T2 instruments subject to phase out arrangements	-	
85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

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Regulatory Balance Sheet

AMP Financial Investment Group Holdings Limited is the head of the Level 2 Group, as defined in Prudential Standard APS 001: Definitions. The transfer of funds or Regulatory Capital within the Level 2 Group requires approvals from Management and /or the Board and has been disclosed in accordance with Prudential Standard APS 330: Public Disclosure Paragraph 14. The following table discloses AMP Bank Limited's Balance Sheet on a consolidated basis as published in its audited financial statements and the Regulatory Balance Sheet on a level 2 basis as at 31 December 2022. The components of capital reported in *Table 1: Capital disclosure template* can be reconciled to the balance sheet below using the reference letters included.

	Consolidated Balance Sheet	Adjustments	Level 2 Regulatory Balance Sheet	Reference
	Dec-22 \$m	Dec-22 \$m	Dec-22 \$m	
Assets				
Cash and cash equivalents	142	-	142	
Due from banks	766	(163)	603	
Derivative financial assets	364	68	432	
Debt securities	4,150	(29)	4,121	
Loans and advances	24,080	(3,698)	20,382	
<i>of which: GRCL included in Tier 2 capital</i>			29	(i)
Intangibles	12	(9)	3	(k)
Other Assets	66	231	297	
<i>of which: loan origination fees and commissions paid to mortgage originators and brokers in CET1 regulatory</i>			117	(e)
<i>of which: costs associated with issuing capital instrument in CET1 regulatory adjustments</i>			3	(l)
<i>of which: other Common Equity Tier 1 Specific Adjustments including securitisation start up costs</i>			19	(f)
<i>of which: other national specific regulatory adjustments related to securitisation excluding start up costs</i>			10	(m)
Deferred tax assets			-	
<i>of which: arising from temporary differences included in CET1 regulatory adjustments</i>			-	(d)
Total assets	29,580	(3,600)	25,980	
Liabilities				
Due to banks	1,622	-	1,622	
Derivative financial liabilities	32	59	91	
Deposits and other borrowings	21,011	8	21,019	
Intercompany tax payable to head entity	13	-	13	
Debt securities on issue	4,880	(3,774)	1,106	
Employee provisions	15	-	15	
Subordinated debt	452	(2)	450	(h)
Other liabilities	27	112	139	
Deferred tax liabilities	25	-	25	
Total liabilities	28,077	(3,597)	24,480	
Net assets	1,503	(3)	1,500	
Equity				
Contributed equity	619	-	619	
<i>of which: amount included in eligible CET1</i>	394	-	394	(a)
<i>of which: amount included in Additional Tier 1 Capital</i>	225	-	225	(g)
Reserves	125	-	125	(c)
<i>of which: cashflow hedge reserve regulatory adjustment applied to CET1 capital</i>	-	-	96	(j)
Retained earnings	759	(3)	756	(b)
Total equity	1,503	(3)	1,500	

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Entities excluded from Level 2 Regulatory Consolidation Group

The following table provides details of entities included within the accounting scope of consolidation but excluded from regulatory consolidation

Entity	Total Assets	Total liabilities	Principal Activity
	\$m	\$m	
Progress 2011-1 Trust	3	-	Securitisation
Progress 2014-1 Trust	106	106	Securitisation
Progress 2014-2 Trust	132	131	Securitisation
Progress 2016-1 Trust	141	141	Securitisation
Progress 2017-1 Trust	318	318	Securitisation
Progress 2017-2 Trust	276	276	Securitisation
Progress 2018-1 Trust	286	286	Securitisation
Progress 2019-1 Trust	374	374	Securitisation
Progress 2020-1 Trust	428	428	Securitisation
Progress 2021-1 Trust	618	618	Securitisation
Progress 2022-1 Trust	417	417	Securitisation
Progress 2022-2 Trust	706	706	Securitisation

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

	31 December 2022	30 September 2022
	\$m	\$m
Risk Weighted Assets (RWA)		
Subject to Standardised Approach		
Residential Mortgages	7,446	7,144
Other Retail	160	187
Bank	346	462
Corporate	253	229
Other	3	2
Securitisation	10	11
Total Risk Weighted Assets for Credit Risk Exposures	8,218	8,035
Market Risk RWA	9	14
Operational Risk RWA	1,470	1,380
Total Risk Weighted Assets	9,697	9,429
Capital Ratios (%)	%	%
Common Equity Tier 1 Ratio	10.6%	10.4%
Tier 1 Capital Ratio	12.9%	12.8%
Total Capital Ratio	17.9%	15.7%

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

Table 4 (A)	31 December 2022		30 September 2022 ¹	
	As At	Average	As at	Average
	\$m	\$m	\$m	\$m
Credit Exposure by Types				
Cash and balances with central bank	142	167	291	235
Loans and advances to banks	603	581	864	746
Debt securities	4,121	4,380	3,868	3,960
Loans and advances to customers	20,382	19,931	19,337	19,467
Other assets	90	87	81	82
Total Gross Credit Risk	25,338	25,146	24,441	24,490
Non-market related off-balance sheet credit exposures	550	567	668	653
Market related off-balance sheet credit exposures	391	420	456	410
Total Exposures	26,279	26,133	25,565	25,553
Credit Exposure by Portfolios				
Residential mortgages	20,597	20,152	19,655	19,759
Other retail claims	155	171	188	196
Bank	1,421	1,541	1,723	1,507
Government	3,851	4,024	3,768	3,854
Corporate	253	243	229	235
Other assets	2	2	2	2
Total Exposures	26,279	26,133	25,565	25,553
Table 4 (B)				
		31 December 2022		30 September 2022
		As At		As At
By Portfolios		\$m		\$m
Amount of Impaired Facilities				
Residential Mortgages		88		67
Corporate/ Specialised Lending		148		175
Past Due Facilities >=90 days				
Residential Mortgages		60		60
Corporate/ Specialised Lending		28		45
Specific Provisions		66		80
Charges for specific provisions during the period		(12)		(8)
Write-offs during the period		7		1
Table 4 (C)				
General Reserve for Credit Losses		34		26

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 December 2022		30 September 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				
Loans sold into securitisation SPVs	-	-	728	-
RMBS investments	-	-	-	-
Total securitisation activity for the reporting period	-	-	728	-
Table 5 (B) - Total securitisation exposures retained or purchased				
Securitisation Facility Type				
On-balance sheet securitisation exposures				
RMBS investments	29		32	
Other	20		19	
Total securitisation exposures	49		51	
Off-balance sheet securitisation exposures				
Funding facilities	19		20	
Liquidity facilities	-		-	
Total securitisation exposures	19		20	

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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 December 2022 quarter was 152% which is 12% higher than the September 2022 quarter. The Bank continued to build its HQLA balance to maintain LCR in preparation for the reduction of the CLF to zero on 1 January 2023. Average net cash outflows reduced over the quarter primarily due to increased inflows related to wholesale funding and capital instruments.

	31 December 2022		30 September 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)		3,975		3,647
2 Alternate liquid assets (ALA)		298		495
3 Reserve Bank of New Zealand (RNBZ) securities		-		-
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	13,174	2,004	13,352	2,073
5 stable deposits	2,475	124	2,372	119
6 less stable deposits	10,699	1,880	10,980	1,954
7 Unsecured wholesale funding, of which;	1,235	659	1,347	682
8 operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-	-	-
9 non-operational deposits (all counterparties)	1,136	560	1,288	623
10 unsecured debt	99	99	59	59
11 Secured wholesale funding		-		-
12 Additional requirements, of which:	3,052	392	3,048	371
13 outflows related to derivatives exposures and other collateral requirements	176	176	162	162
14 outflows related to loss of funding on debt products	50	50	43	43
15 credit and liquidity facilities	2,826	166	2,844	166
16 Other contractual funding obligations	143	143	-	-
17 Other contingent funding obligations	1,330	148	1,127	130
18 Total cash outflows		3,346		3,256
Cash inflows				
19 Secured lending	-	-	-	-
20 Inflows from fully performing exposures	275	176	183	97
21 Other cash inflows	351	351	206	206
22 Total cash inflows	626	527	389	303
		Total Adjusted Value \$m		Total Adjusted Value \$m
23 Total liquid assets		4,273		4,142
24 Total net cash outflows		2,819		2,953
25 Liquidity coverage ratio (%)		152%		140%
Number of data points used (Business Days)		62		64

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Table 21 : NSFR disclosure (APS 330: Attachment F)

The objective of the Net Stable Funding Ratio (NSFR) is to reduce the funding risk of an ADI over a one year time horizon by requiring an ADI to fund its activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. The NSFR represents the ratio of Available Stable Funding to the amount of Required Stable Funding. APRA requires that the ratio is maintained at a minimum of 100%. AMP Bank calculates its NSFR daily and maintains a buffer above the regulatory minimum and in line with the Bank's Risk Management Framework.

AMP Bank's NSFR as at 31 December 2022 was 138% which was 2% lower than 30 September 2022. This decrease was driven by growth in loans and other assets, partially offset by issuance of wholesale funding and capital instruments.

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Table 21 : NSFR disclosure (APS 330: Attachment F) (continued)

Available Stable Funding (ASF) Item	31 December 2022				
	Unweighted value by residual maturity				Weighted Value \$m
	No Maturity \$m	< 6 months \$m	6 months to < 1 year \$m	>= 1 year \$m	
1 Capital	-	250	-	1,729	1,729
2 Regulatory capital	-	-	-	1,529	1,529
3 Other capital instruments	-	250	-	200	200
4 Retail deposits and deposits from small business customers	-	16,445	-	-	14,950
5 Stable deposits	-	3,004	-	-	2,854
6 Less stable deposits	-	13,441	-	-	12,097
7 Wholesale funding	-	4,778	652	1,523	3,318
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	4,778	652	1,523	3,318
10 Liabilities with matching interdependent assets	-	-	-	-	-
11 Other liabilities	-	70	-	-	-
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and equity not included in the above categories	-	70	-	-	-
14 Total ASF	-	21,543	652	3,252	19,998
Required Stable Funding (RSF) Item					
15 (a) Total NSFR (HQLA)	-	682	66	3,028	182
15 (b) ALA	-	166	25	1,141	133
15 (c) RBNZ securities	-	-	-	-	-
16 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17 Performing loans and securities	-	592	591	18,261	13,202
18 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	-	71	64	1,599	1,428
21 With a risk weight of less than or equal to 35% under APS 112	-	-	-	-	-
22 Performing residential mortgages, of which:	-	516	522	16,400	11,503
23 With a risk weight equal to 35% under APS 112	-	516	522	16,400	11,503
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	5	5	261	271
25 Assets with matching interdependent liabilities	-	-	-	-	-
26 Other assets:	-	311	-	1,030	845
27 Physical traded commodities, including gold	-	143	-	-	71
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	-	-	-	-
29 NSFR derivative assets	-	-	-	311	311
30 NSFR derivative liabilities before deduction of variation margin poste	-	-	-	447	23
31 All other assets not included in the above categories	-	168	-	272	439
32 Off-balance sheet items	-	-	-	-	139
33 Total RSF	-	1,750	682	23,460	14,501
34 Net Stable Funding Ratio (%)					138%

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Table 21 : NSFR disclosure (APS 330: Attachment F) (continued)

Available Stable Funding (ASF) Item	30 September 2022				Weighted Value \$m
	Unweighted value by residual maturity				
	No Maturity \$m	< 6 months \$m	6 months to < 1 year \$m	>= 1 year \$m	
1 Capital	-	250	-	1,500	1,500
2 Regulatory capital	-	-	-	1,500	1,500
3 Other capital instruments	-	250	-	-	-
4 Retail deposits and deposits from small business customers	-	16,201	-	-	14,726
5 Stable deposits	-	2,872	-	-	2,729
6 Less stable deposits	-	13,329	-	-	11,997
7 Wholesale funding	-	4,621	584	1,202	2,977
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	4,621	584	1,202	2,977
10 Liabilities with matching interdependent assets					
11 Other liabilities	-	154	-	-	-
12 NSFR derivative liabilities	-	-	-	-	-
13 All other liabilities and equity not included in the above categories	-	154	-	-	-
14 Total ASF	-	21,226	584	2,702	19,203
Required Stable Funding (RSF) Item					
15 (a) Total NSFR (HQLA)	-	1,004	11	2,742	173
15 (b) ALA	-	132	42	1,158	133
15 (c) RBNZ securities	-	-	-	-	-
16 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17 Performing loans and securities	-	553	525	17,333	12,368
18 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	-	90	62	1,288	1,171
21 With a risk weight of less than or equal to 35% under APS 112	-	-	-	-	-
22 Performing residential mortgages, of which:	-	457	458	15,717	10,858
23 With a risk weight equal to 35% under APS 112	-	457	458	15,717	10,858
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	6	5	328	339
25 Assets with matching interdependent liabilities	-	-	-	-	-
26 Other assets:	-	381	-	1,133	924
27 Physical traded commodities, including gold	-	225	-	-	113
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	-	-	-	-
29 NSFR derivative assets	-	-	-	335	335
30 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	507	29
31 All other assets not included in the above categories	-	156	-	291	447
32 Off-balance sheet items	-	-	-	-	145
33 Total RSF	-	2,070	578	22,366	13,743
34 Net Stable Funding Ratio (%)					140%