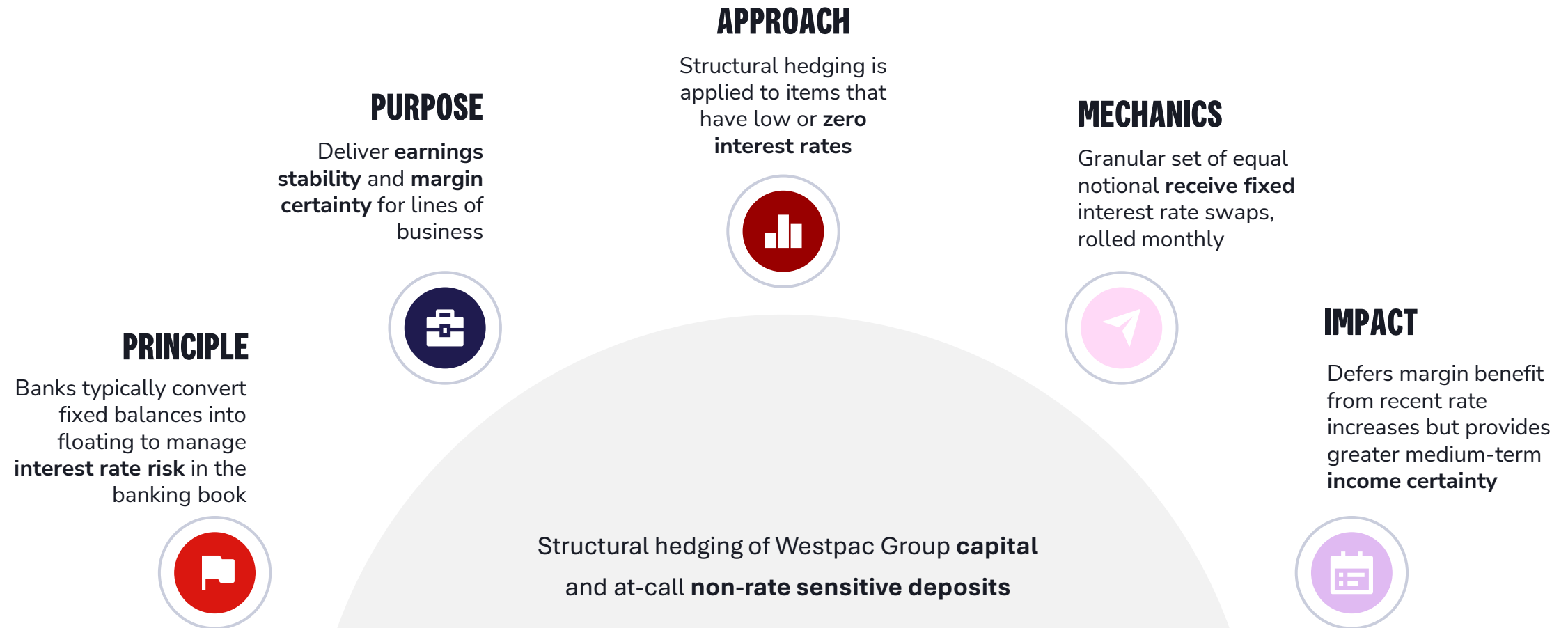




# STRUCTURAL HEDGE FOCUS SESSION

APRIL 2026

# OVERVIEW AND BACKGROUND



# PURPOSE IS TO DELIVER EARNINGS STABILITY



The structural hedges are intended to provide the Group with:

- ❑ Earnings stability through the economic cycle
- ❑ Balanced against the IRRBB capital impact and potential volatility

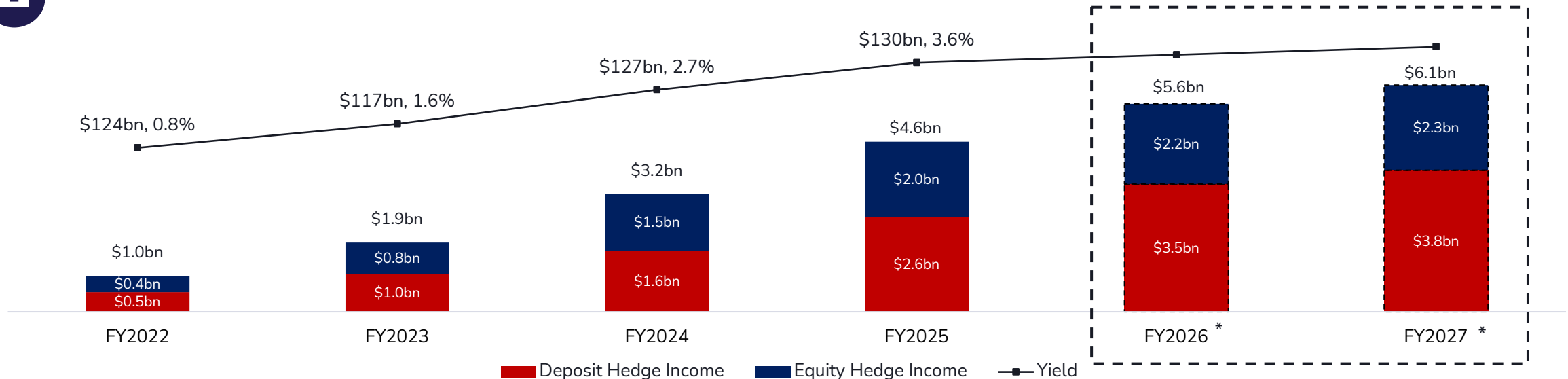
The strategy is actively managed within the Board's risk appetite

## Replicating portfolio (spot Dec 2025)

	Balance (Australia only)	Investment Term
Capital	\$56bn	3 years
Deposit	\$92bn	5 years



## Replicating Portfolio impact on annual income through to FY 2025 and scenario through to FY2027



Indicative outcomes based on current balance and 30 March 2026 market pricing forward rates

# SIZE AND DURATION



## Capital hedge

**Size:** The balance is determined by Equity, excluding intangible items, such as goodwill, and other temporary components

**Duration:** Benchmarked against a 3-year business planning cycle

**Capital:** Capital held for duration offset against a regulatory defined 1-year period



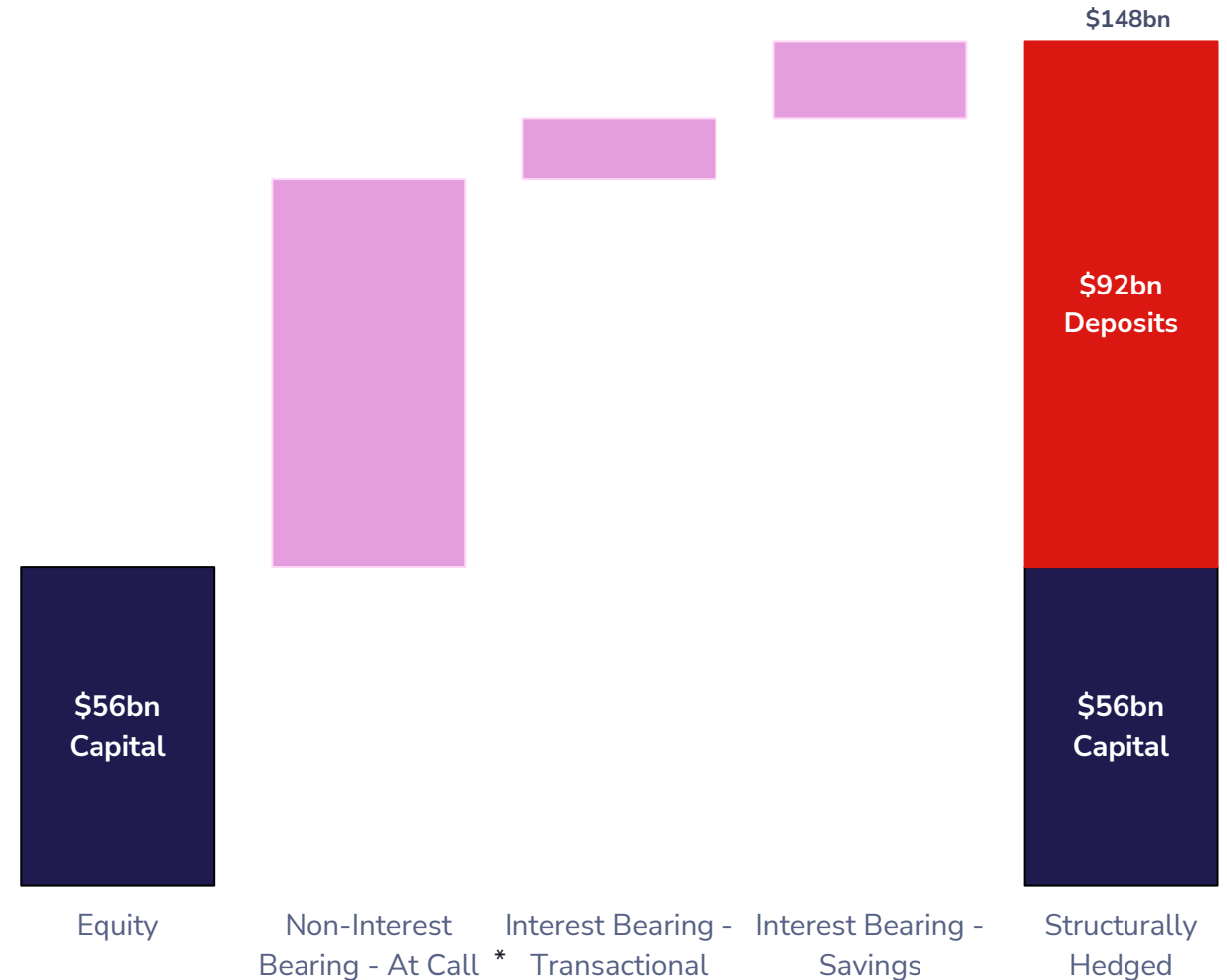
## Deposit hedge

**Size:** Behaviourally modelled outcome to determine stable, non-rate sensitive deposits (NRS)

**Duration:** Statistical model to estimate profile over time, akin to survival analysis. The maximum regulatory term allowed is 5 years

**Capital:** Hedging above the regulatory framework requires additional capital through IRRBB RWA

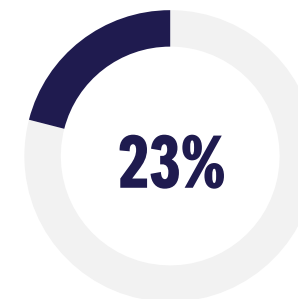
Hedge balances (Dec 2025)



# DEPOSIT HEDGE REVISIONS



	Deposit Hedge Adjustment	Balance	Duration
<b>Pre-Mar 2022</b>	No significant adjustments to hedge profile outside monthly re-balancing	\$64bn	3 years
<b>Mar 2022</b>	Lengthened from 3 – 4 years based on uplifted deposit duration analysis	\$65bn	4 years
<b>Aug 2024</b>	Increased by +\$9bn following product review identifying additional non-rate sensitive balances	\$72bn	4 years
<b>Oct 2024</b>	50% of balance lengthened from 4 to 5 years to align to modeled behaviour	\$72bn	4.5 years
<b>Feb 2025</b>	Remaining 50% of deposit hedge lengthened from 4 to 5 years	\$73bn	5 years
<b>Oct 2025</b>	Increased by +\$7bn, aligning to full modelled outcome	\$84bn	5 years
<b>Dec 2025</b>	Further increase of +\$7bn in line with improved deposit modelling capabilities	\$92bn	5 years



## At-call deposits hedged

Deposit hedge strategy now broadly in line with industry peers, delivering the Group with greater earnings stability over the medium term

The decisions to update the hedge profile have been based on:

- ❑ Improved **deposit analysis** achieved through advanced internal behavioural modeling
- ❑ A **strategic shift** aimed at proactively repositioning the hedge strategy to align with the Group's underlying earnings and economic risks.
- ❑ Balanced consideration of impact on **IRRBB capital** and forward volatility

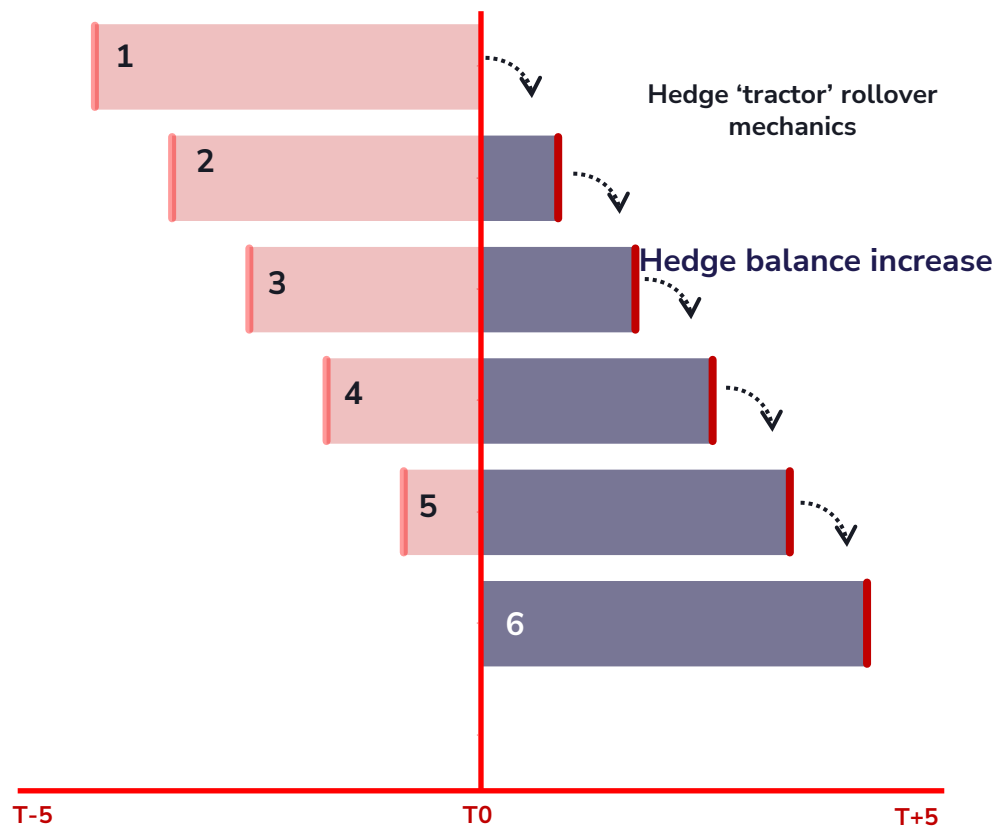
# MECHANICS



## Deposit hedge 'tractor'

Equal notional equally weighted series of received fixed interest rate swaps. Each month, one month matures and is replaced by a new swap.

Achieves a blended 'tractor' rate over time, analogous to monthly **dollar cost averaging**



## Deposit hedge swaps executed over time

- ❑ A portfolio of fixed rate swaps with rolling monthly repricing dates across 60 months
- ❑ Using the FY average balance of \$73bn for example, this would equate to monthly swap cashflows of ~\$1.2b
- ❑ As each month matures, one month comes off and one comes on at the prevailing market rate
- ❑ Resulting in a weighted average moving average rate over the period. The spot rate in our disclosures is the final blended rate we have achieved for that period

## Hedge extension

- ❑ Using FY25 average balance of \$73bn, swap cashflows are recalculated across the new term, reducing hedging proportionality in years 1 – 4
- ❑ Cashflows and balances shifted to longer maturities with execution of new swaps in years 4 – 5 to achieve a revised blended 'tractor' rate

Before					Total hedge
	\$18.3bn	\$18.3bn	\$18.3bn	\$18.3bn	\$73bn
Hedge tenor	1	2	3	4	
After					Total hedge
	\$14.6bn	\$14.6bn	\$14.6bn	\$14.6bn	\$73bn
Hedge tenor	1	2	3	4	5

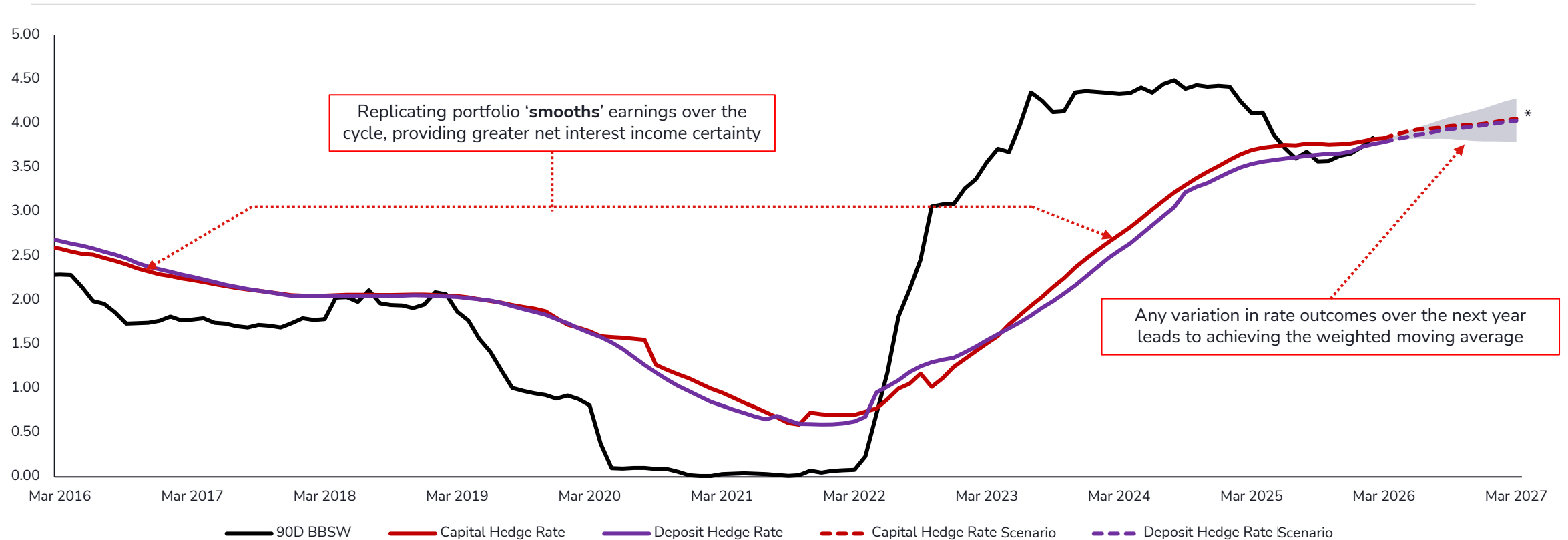
## Hedge balance increase

- ❑ If the balance increased by \$6b at the current maturity structure of 5 years, each monthly tractor would increase by \$100m (\$6b/60)

# EARNINGS IMPACT AND STRATEGY EVOLUTION



- ❑ A **net interest margin contribution** of 1bps is anticipated in the first half of 2026, with hedge rates continuing to increase
- ❑ Strategies monitored in line with prevailing business conditions, balance sheet changes and internal risk and governance policies
- ❑ Closer **convergence** to peers expected into FY2027 as durations more aligned



# TRANSLATION TO NET INTEREST MARGIN (NIM)



FY25	Equity	Deposits	Total
<b>Ave balance \$bn</b>			
FY24	54.7	62.7	117.4
FY25	55.4	73.1	128.5
<b>Balance change</b>	<b>0.6</b>	<b>10.4</b>	<b>11.1</b>

Tractor Yield %			
FY24	2.79	2.62	2.70
FY25	3.65	3.51	3.57
<b>Rate Change</b>	<b>0.86</b>	<b>0.89</b>	<b>0.87</b>

YoY NIM impacts (\$m)			
Rate impact	471	558	1,029
Hedge balance change impact	23	366	389
<b>Gross hedge impact (\$m)</b>	<b>494</b>	<b>924</b>	<b>1,418</b>

Impact to unhedged balances (average 3mth BBSW of 4.02%)	(25)	(420)	(445)
<b>Net hedge impact (\$m)</b>	<b>468</b>	<b>505</b>	<b>973</b>
<b>Net hedge impact (bps)</b>	<b>5</b>	<b>5</b>	<b>10</b>

AIEA 1,002bn

## NIM contribution

- ❑ A net interest margin contribution of ~10bp achieved through FY25 as market rates increased
- ❑ As flagged at Q1 update, expect ~1bp for 1H26

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1H26 Scenario	Equity	Deposits	Total
<b>Ave balance \$bn</b>			
2H25	55.6	73.6	129.2
1H26 scenario	56.1	87.4	143.5
<b>Balance change</b>	<b>0.5</b>	<b>13.8</b>	<b>14.3</b>

Tractor Yield %			
2H25	3.75	3.61	3.67
1H26 scenario*	3.79	3.72	3.75
<b>Rate Change</b>	<b>0.04</b>	<b>0.11</b>	<b>0.08</b>

HoH NIM impacts (\$m)			
Rate impact	11	40	51
Hedge balance change impact	10	256	266
<b>Gross hedge impact (\$m)</b>	<b>21</b>	<b>296</b>	<b>317</b>

Impact to unhedged balances (at average 3mth BBSW of 3.79%)	(10)	(261)	(271)
<b>Net hedge impact (\$m)</b>	<b>11</b>	<b>35</b>	<b>46</b>
<b>Net hedge impact (bps)</b>	<b>0</b>	<b>1</b>	<b>1</b>

AIEA 1,029bn

## NIM calculation

NIM impact is a function of **rate change** and **balance change**:

- ❑ Apply rate change based on prior period balance
- ❑ Calculate return on new balance and adjust for impact of unhedged balances moved to hedged

\* Indicative outcomes based on 30 March 2026 market pricing forward rate

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