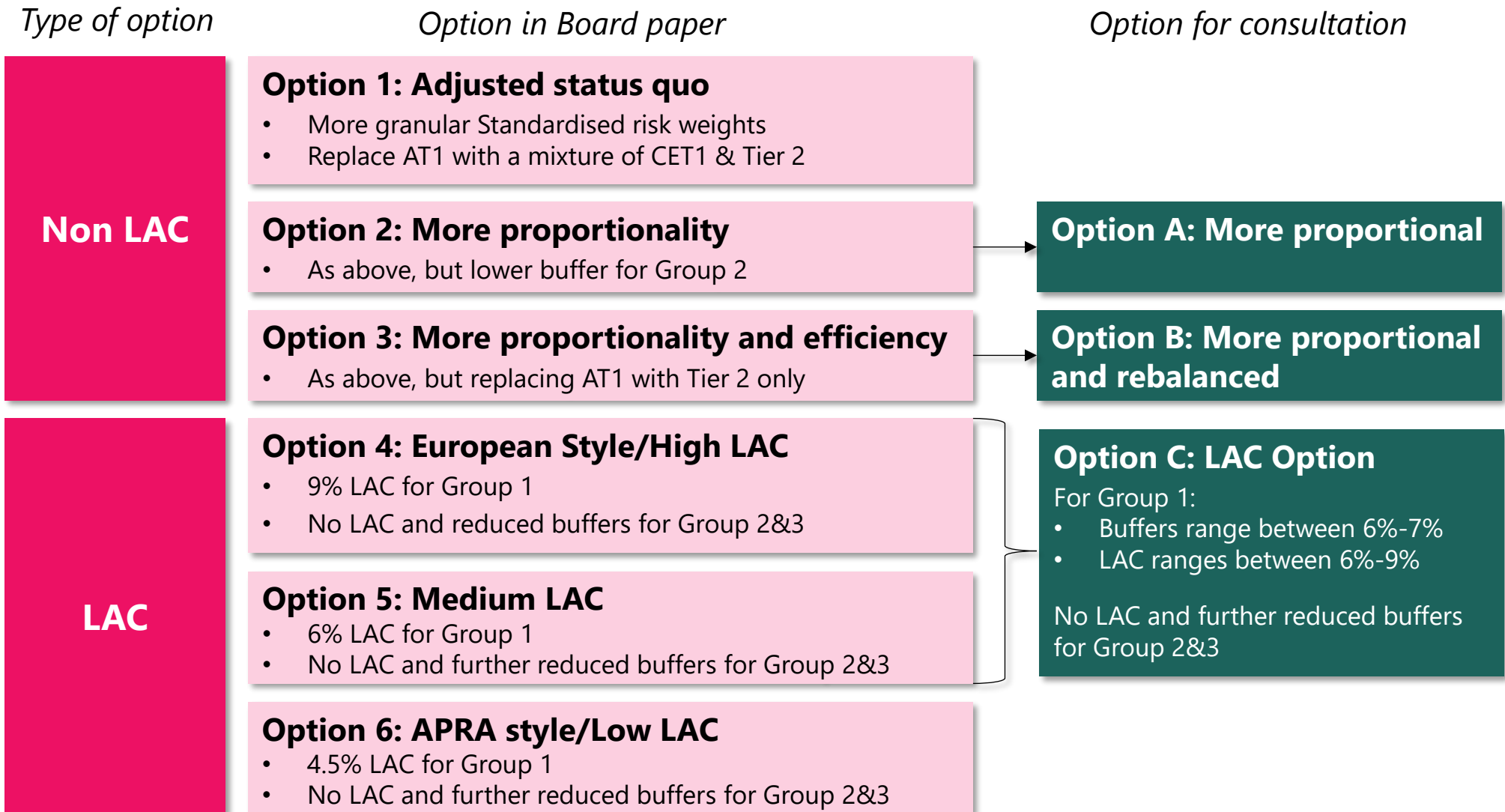


Review of key capital settings

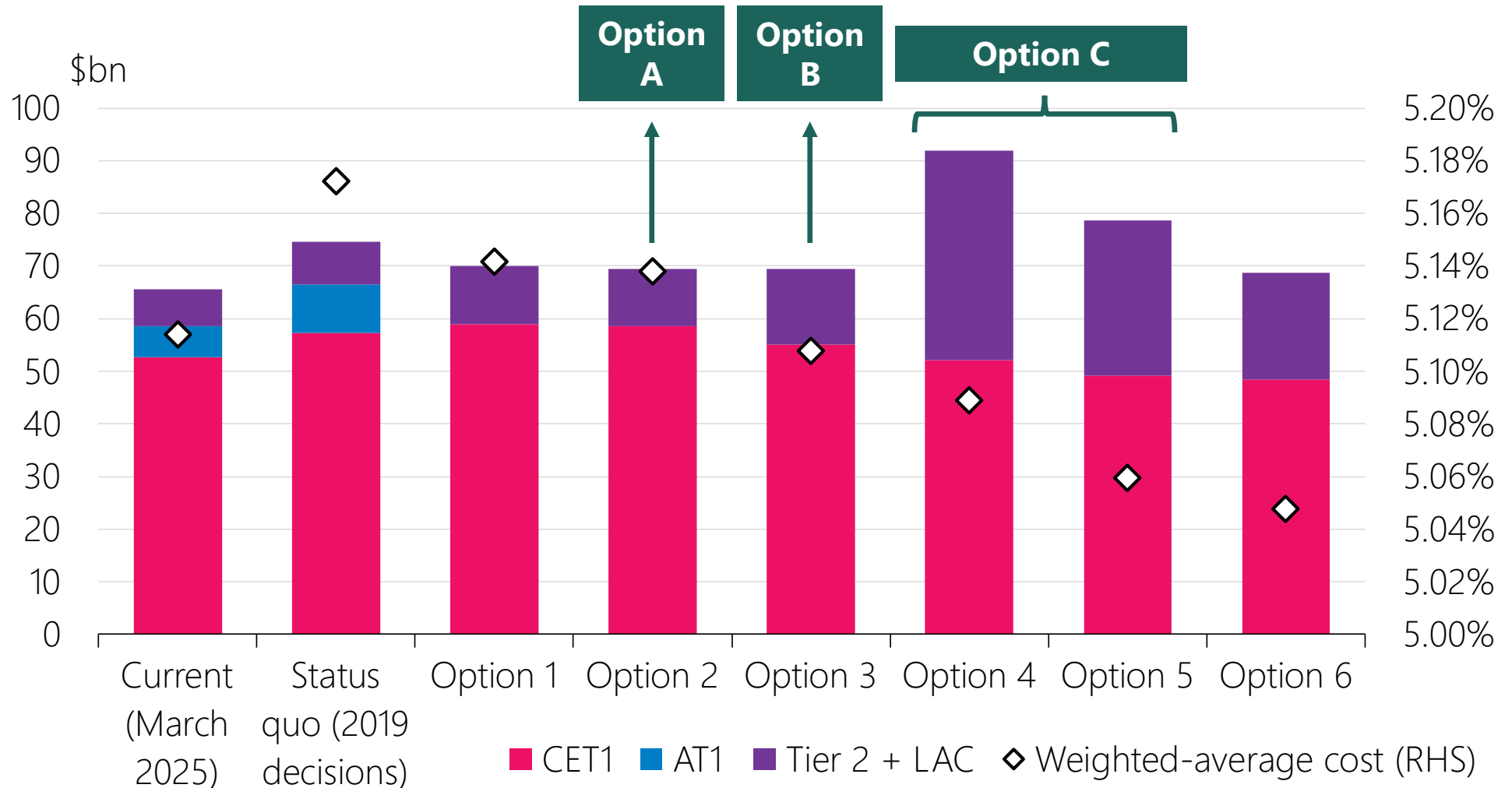
FSOC discussion

16 July 2025

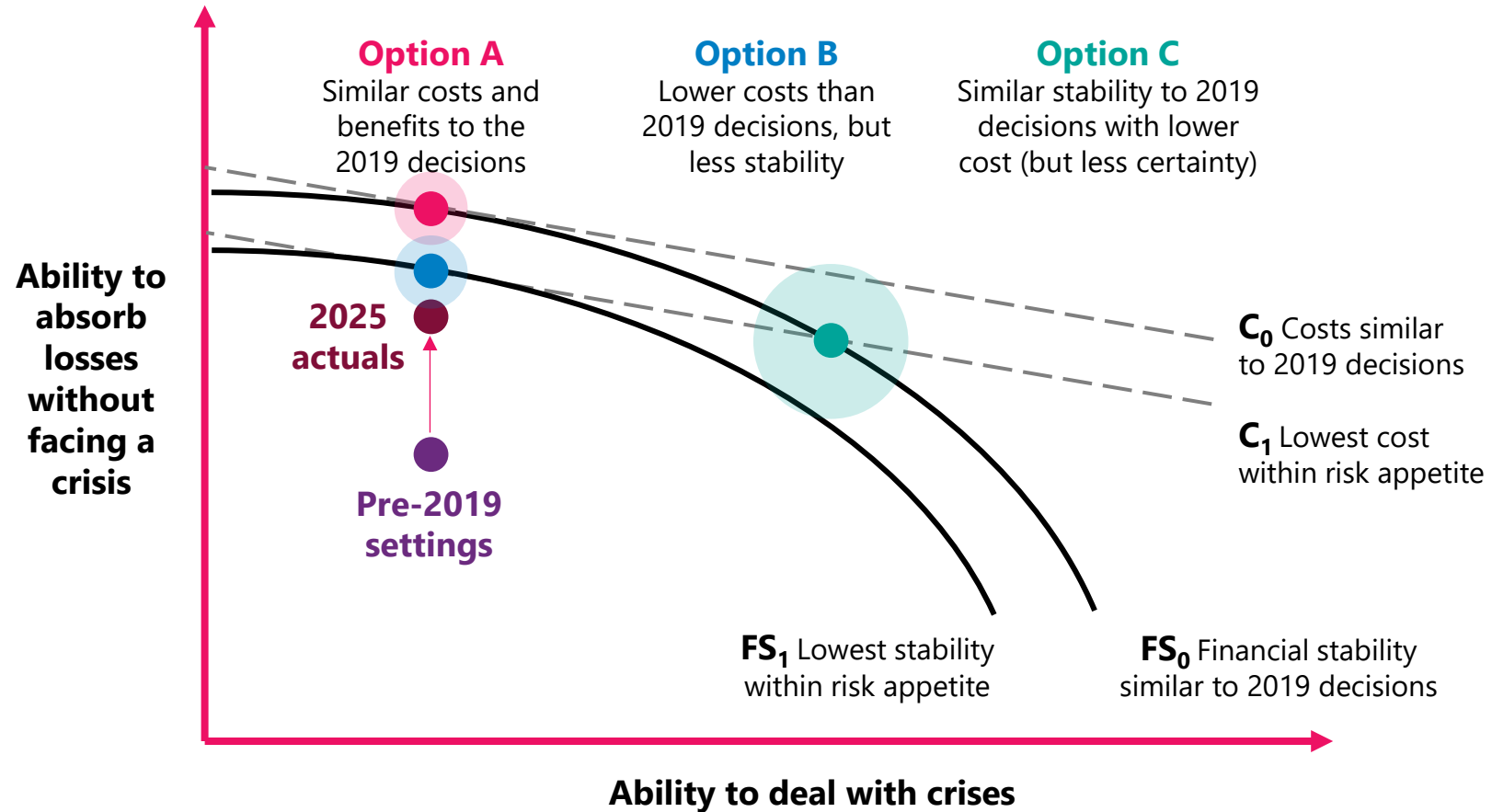
Preferred options for consultation



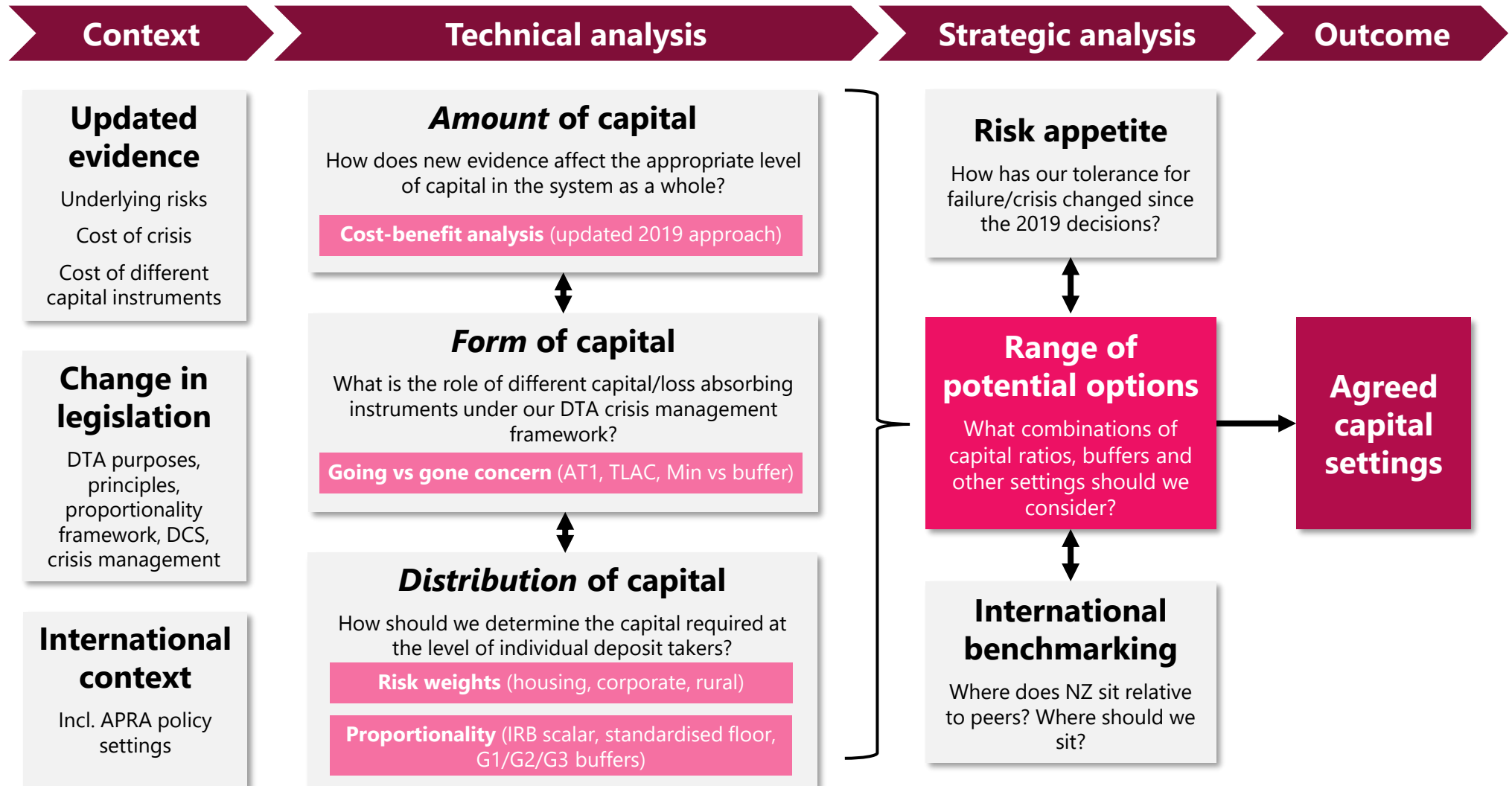
Impacts on capital and WACC



Illustrative overview of options



Overview of analytical approach



Comparison of options against criteria

↑↑ Strongly meets the criteria. ↑ Meets the criteria

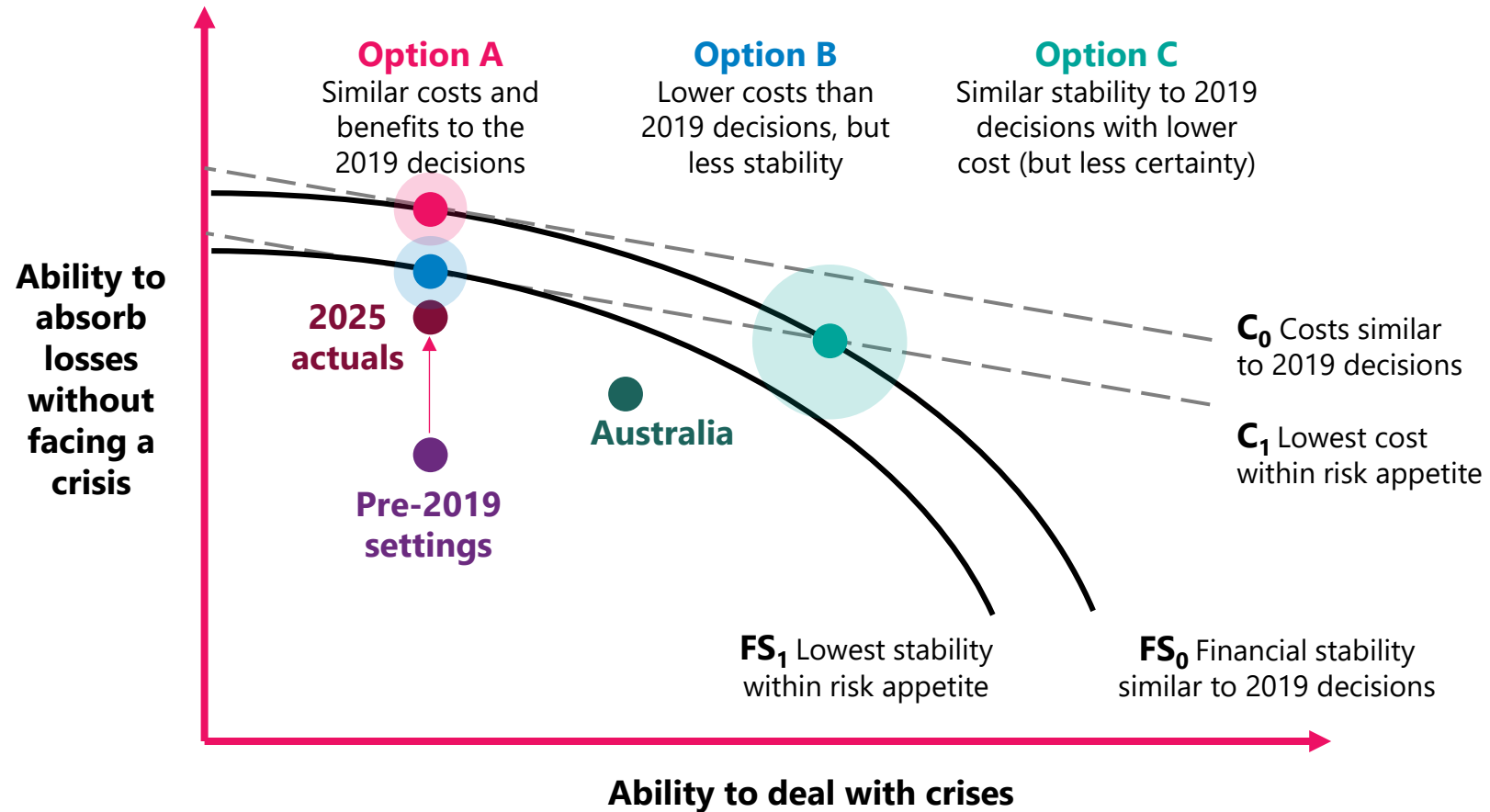
↔ Impact is neutral

↓↓ Strongly does not meet the criteria. ↓ Does not meet the criteria.

		Financial stability criteria			Other criteria		Lending rate impact (bps)	
		BAU loss absorbency	Crisis management	Proportionality	Competition	Simplicity and achievability	International alignment	
Status Quo (2028)		↑↑	↔	↔	↔	↑↑	↔	Baseline
No LAC	1. Adjusted status quo: More granular Standardised risk weights Replace AT1 with mixture of CET1 & Tier 2	↑↑	↔	↔	↔	↑↑	↔	-4.0
	2. More proportionality: As above, but lower buffer for Group 2	↑	↔	↑	↔	↑↑	↔	-4.6
	3. More proportionality and efficiency: As above, but replacing AT1 with Tier 2 only	↓	↔	↑	↑	↑↑	↓	-9.6
LAC	4. European style/High LAC: 9% LAC for Group 1 No LAC and reduced buffers for Group 2&3	↔	↑	↔	↔	↓	↑	-11.3
	5. Medium LAC: 6% LAC for Group 1 No LAC and further reduced buffers for Group 2&3	↓	↑	↔	↔	↓	↔	-17.1
	6. APRA style/Low LAC: 4.5% LAC for Group 1 No LAC and further reduced buffers for Group 2&3	↓	↓	↓	↔	↓	↔	-19.6

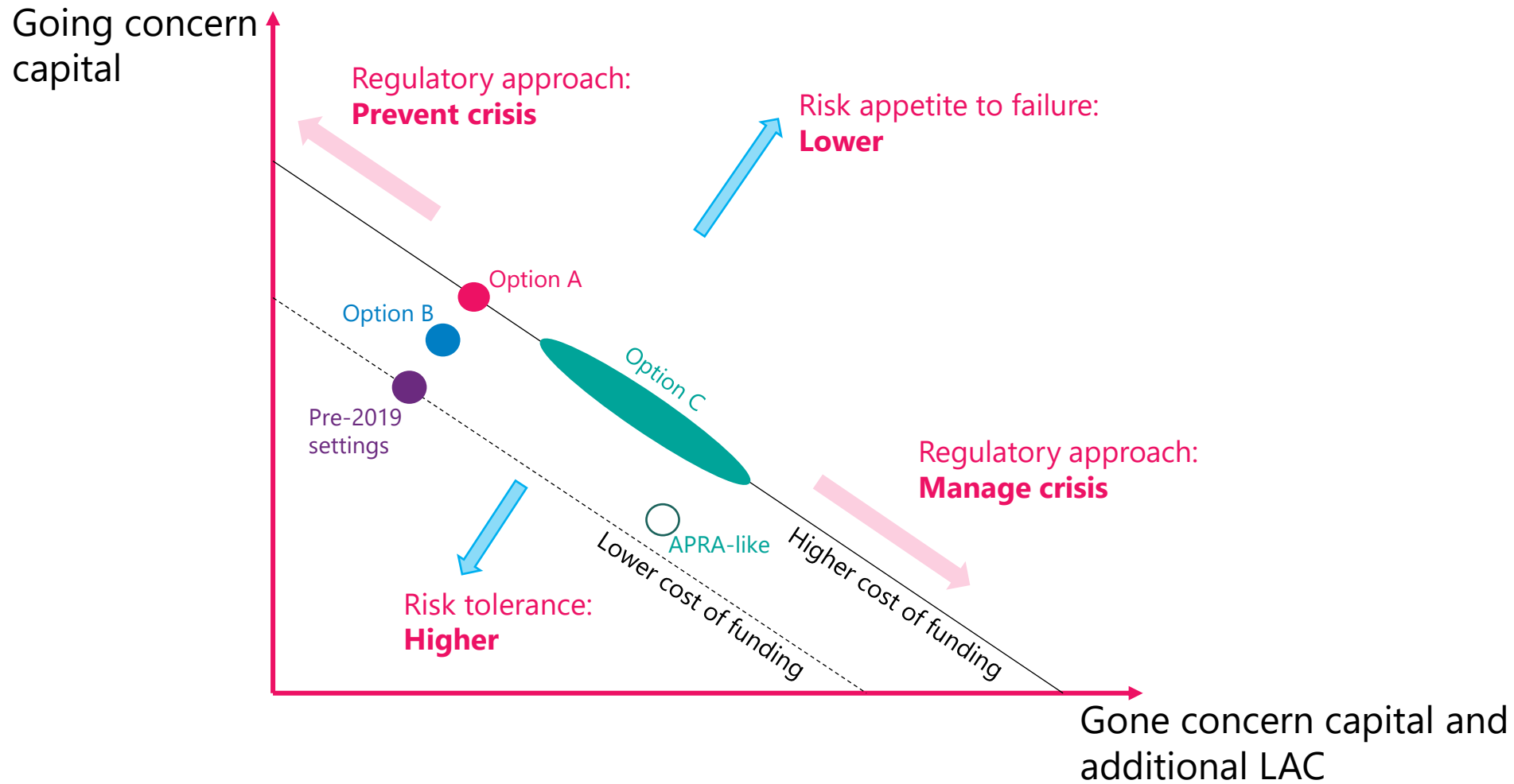


Illustrative overview of options

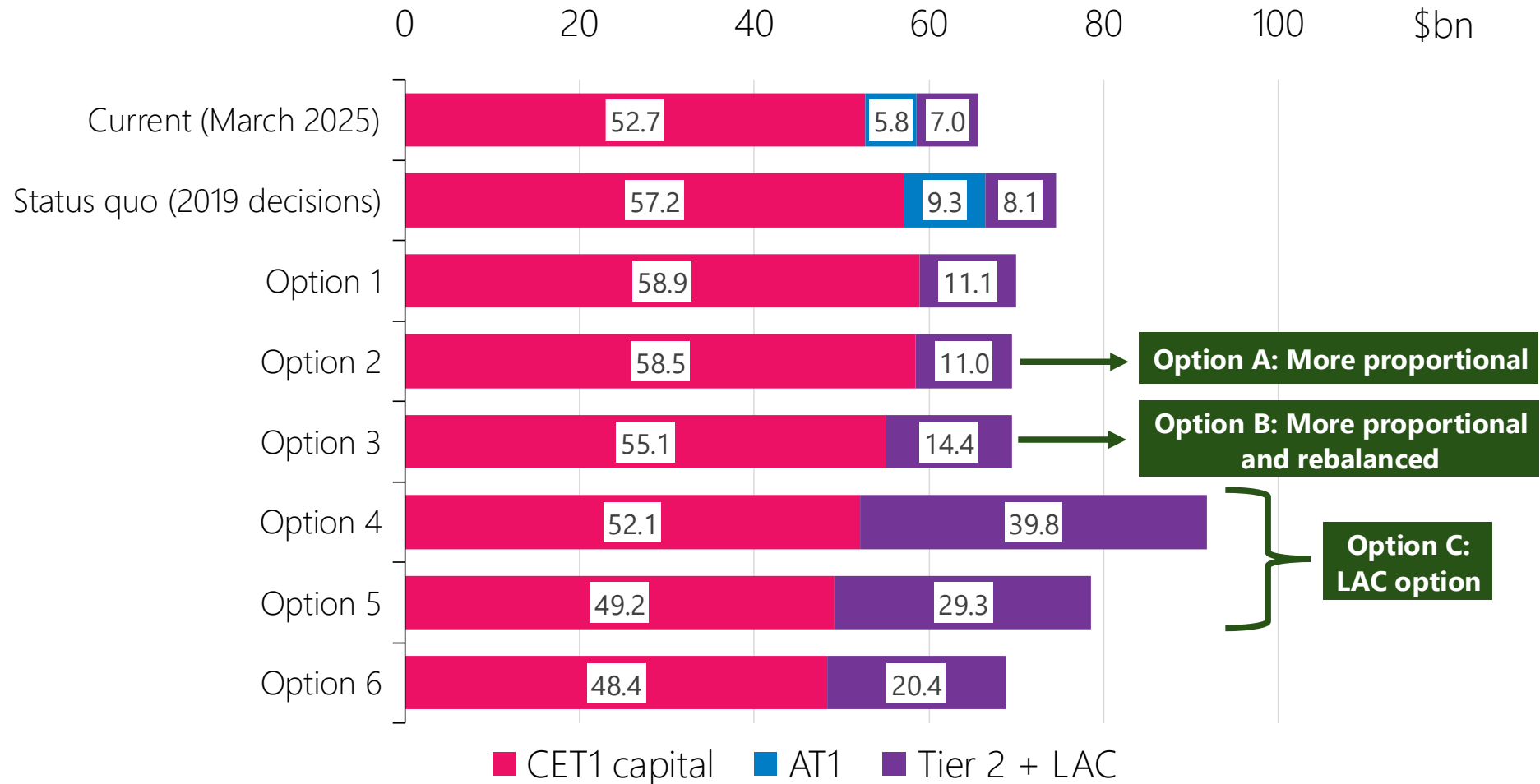




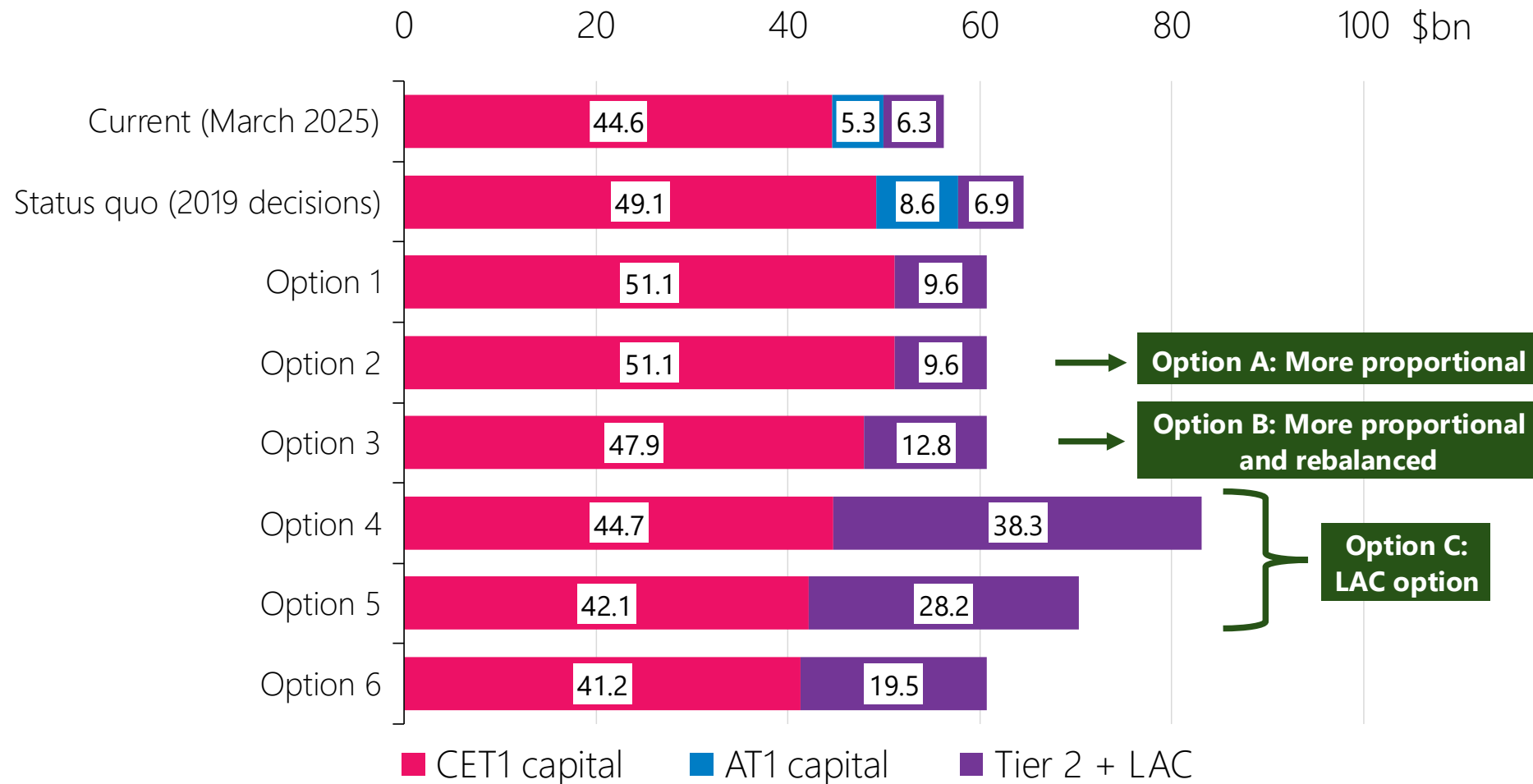
Balancing on risk appetite and regulatory approach



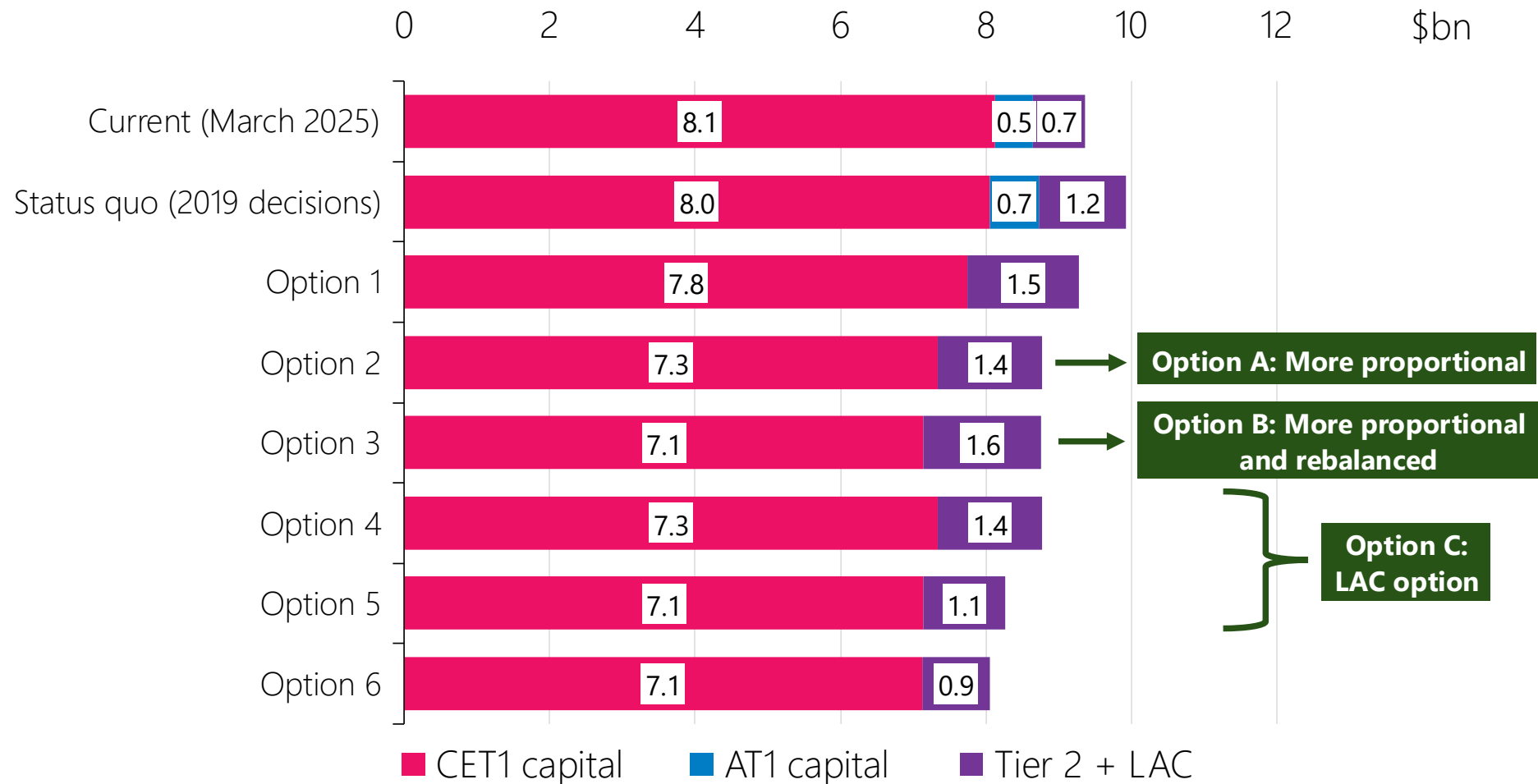
Impacts on capital stack (all banks)



Impacts on capital stack (Group 1)



Impacts on capital stack (Group 2)



Impact on funding costs

Note: Assumes same MM relationships as in 2019 CBA

	Current	2019 decisions	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Weighted average funding cost (%)	5.114	5.172	5.142	5.138	5.108	5.089	5.059	5.048
Change relative to current (basis points)	-	5.8	2.8	2.4	-0.7	-2.5	-5.5	-6.7



Impact on funding costs

Note: Assumes same MM relationships as in 2019 CBA

