

Treasury Update

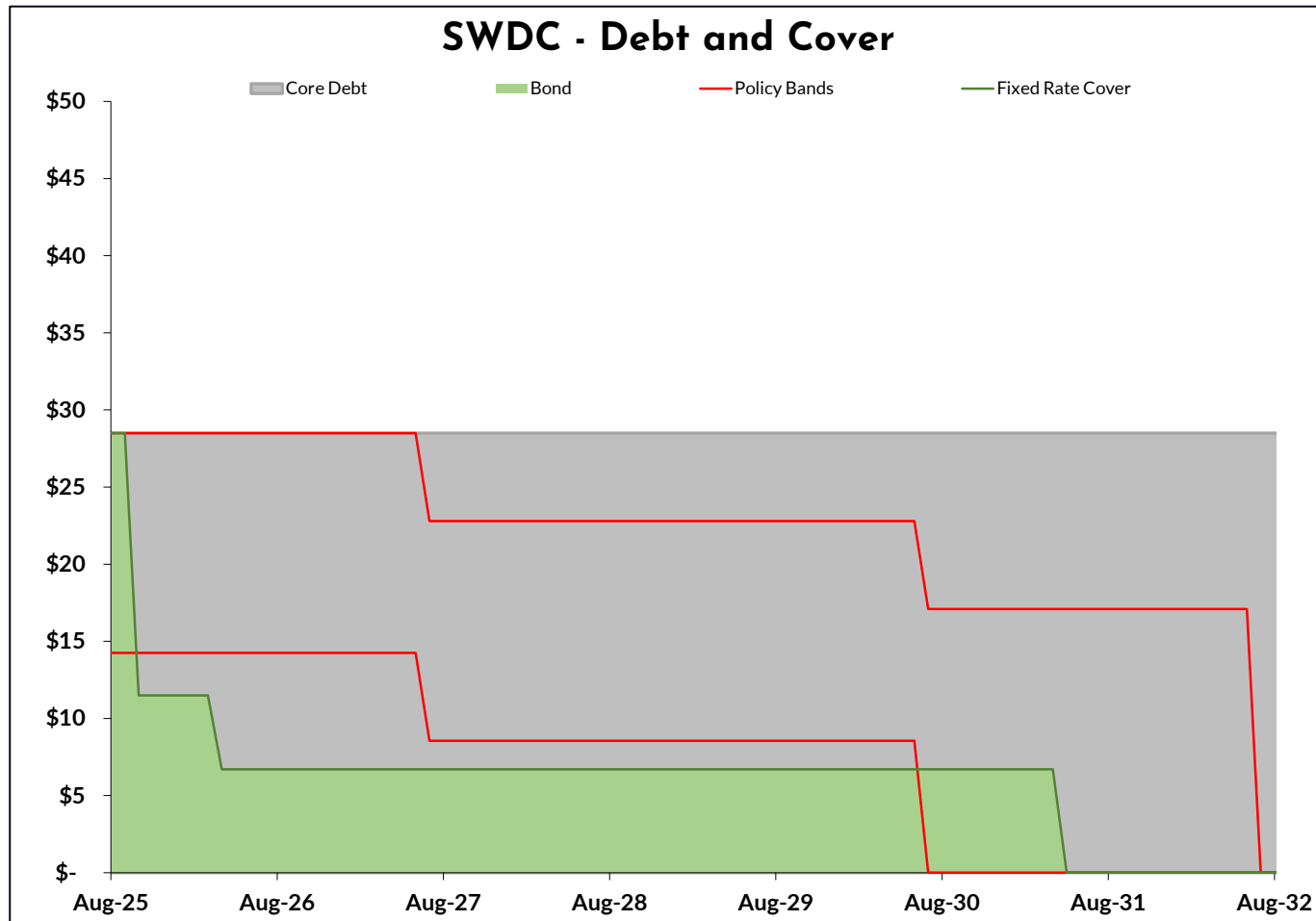
13 August 2025

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Debt position 31 July

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- External debt on 30 April.
- Hedging is within the CEO discretion - *until net debt exceeds \$30.0M (treasury policy section 39) any hedging is at the CEO's discretion.*



Debt position 31 July

Funder	Principal	Orig Term (yrs)	Rate	Start Date	Maturity
LGFA	1,500,000	4.92	1.780%	17-May-21	15-Apr-26
LGFA	3,300,000	3.00	5.230%	17-Apr-23	15-Apr-26
LGFA	6,700,000	10.00	2.720%	17-May-21	15-May-31
LGFA	17,000,000	0.50	3.490%	15-Apr-25	13-Oct-25
	28,500,000		Weighted Ave Debt Cost		3.42%

- Outstanding net debt on 31 July was \$28.5M.
- Working capital cash balances \$6.5M.
- Put in place with BNZ a 'right fit' standby facility and have an interest-bearing call account based on OCR.



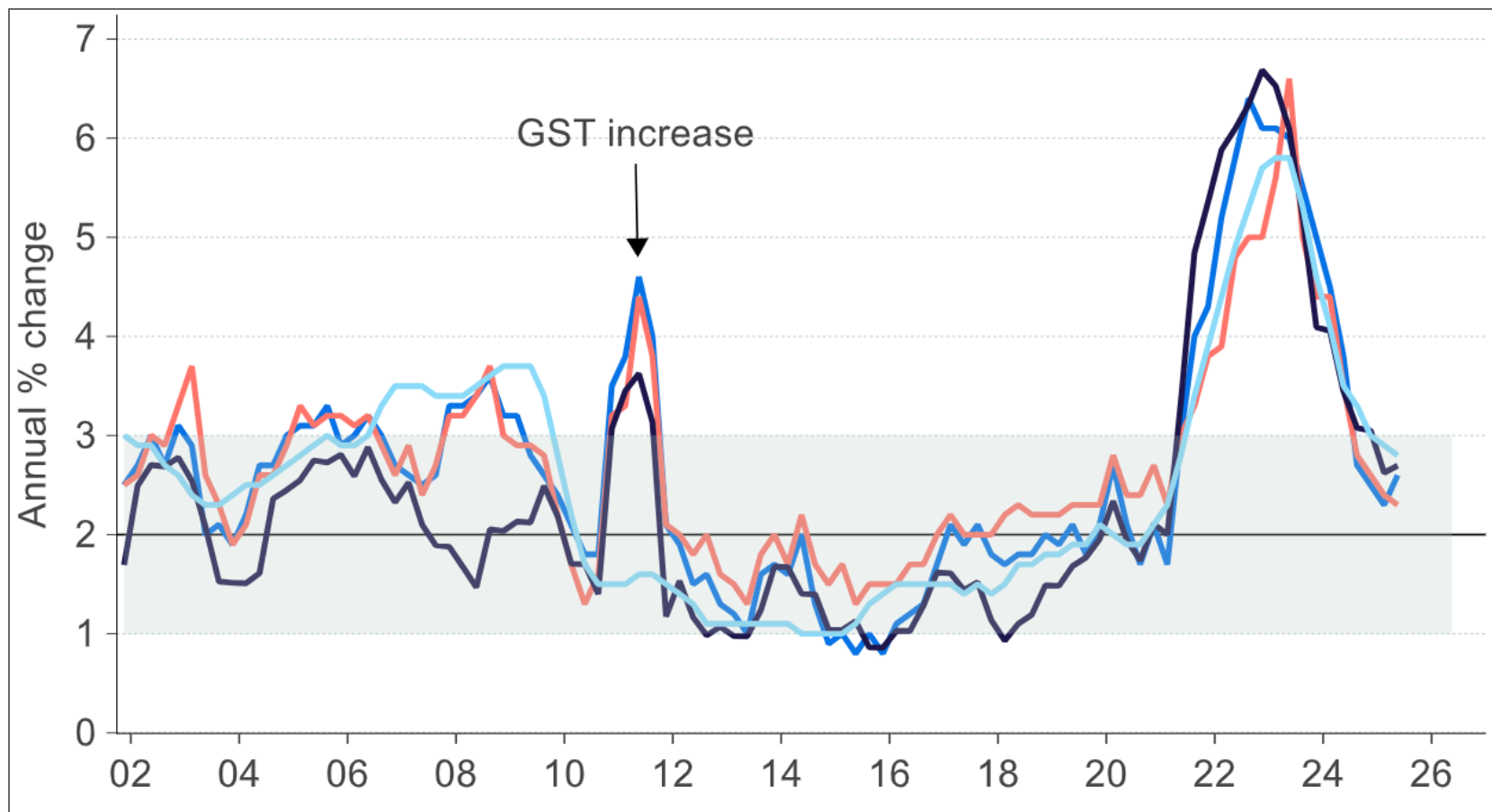
Key developments/Outlook

- Europe and Japan have agreed to 15% tariffs and at the time of writing a 90-day an extension to the 'truce' re in Chinese tariffs is almost certain. New Zealand stuck with 15% whereas Australia at 10%.
- Investors are now more focused on hard data to validate the economic and policy outlook, rather than over-interpreting trade agreements and this helped US bond yields fall over recent weeks, but investor interest declined as 10-year yield approached 4.20%.
- The US Federal Reserve left its cash rate target unchanged at 4.25% to 4.50% in late July with financial markets pricing in 0.50% of cuts (to a 3.75% to 4.00% range) by the end of this year.
- A cut in late August to 3.00% by the RBNZ is fully priced in with the OCR projected to bottom out around 2.75% in Q1 2026.
- While export prices remain strong, households remain under pressure with higher food prices, higher insurance and energy costs and a still weakening housing market, pressurising discretionary spending levels.
- Our base scenario for local economy for 2025 is lackluster, despite OCR declines, with recovery penciled in for second half of 2026.



June quarter CPI supports August OCR cut

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— Trimmed mean inflation (30%) — Weighted median — Ex-food, fuel, & energy
— Sectoral Factor Model ■ CPI target band

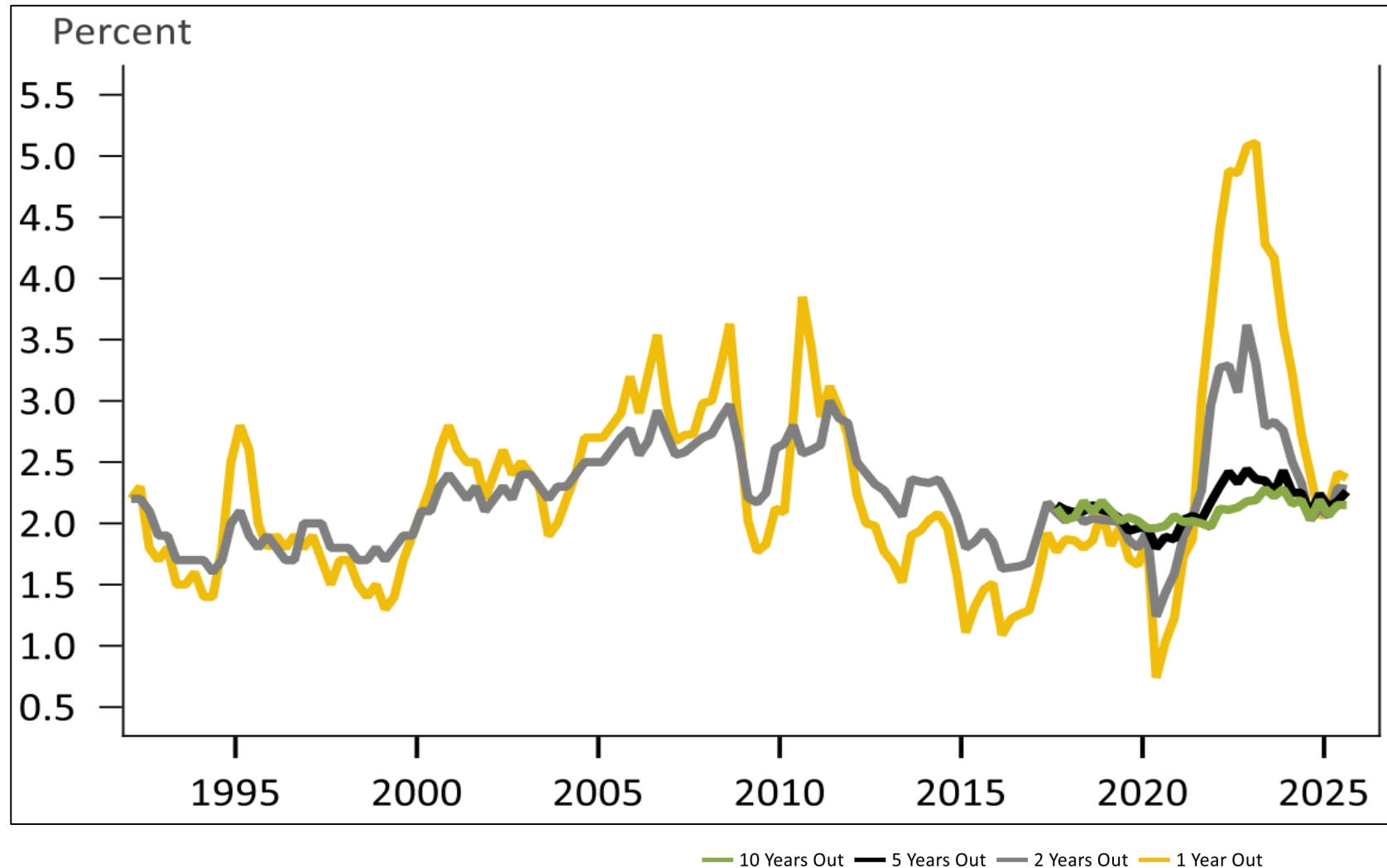
Source: Stats NZ, RBNZ, Macrobond, ANZ Research

- Within RBNZ's target range and in line with its May projections which implied sub-3.00% OCR.



Inflation expectations remain anchored

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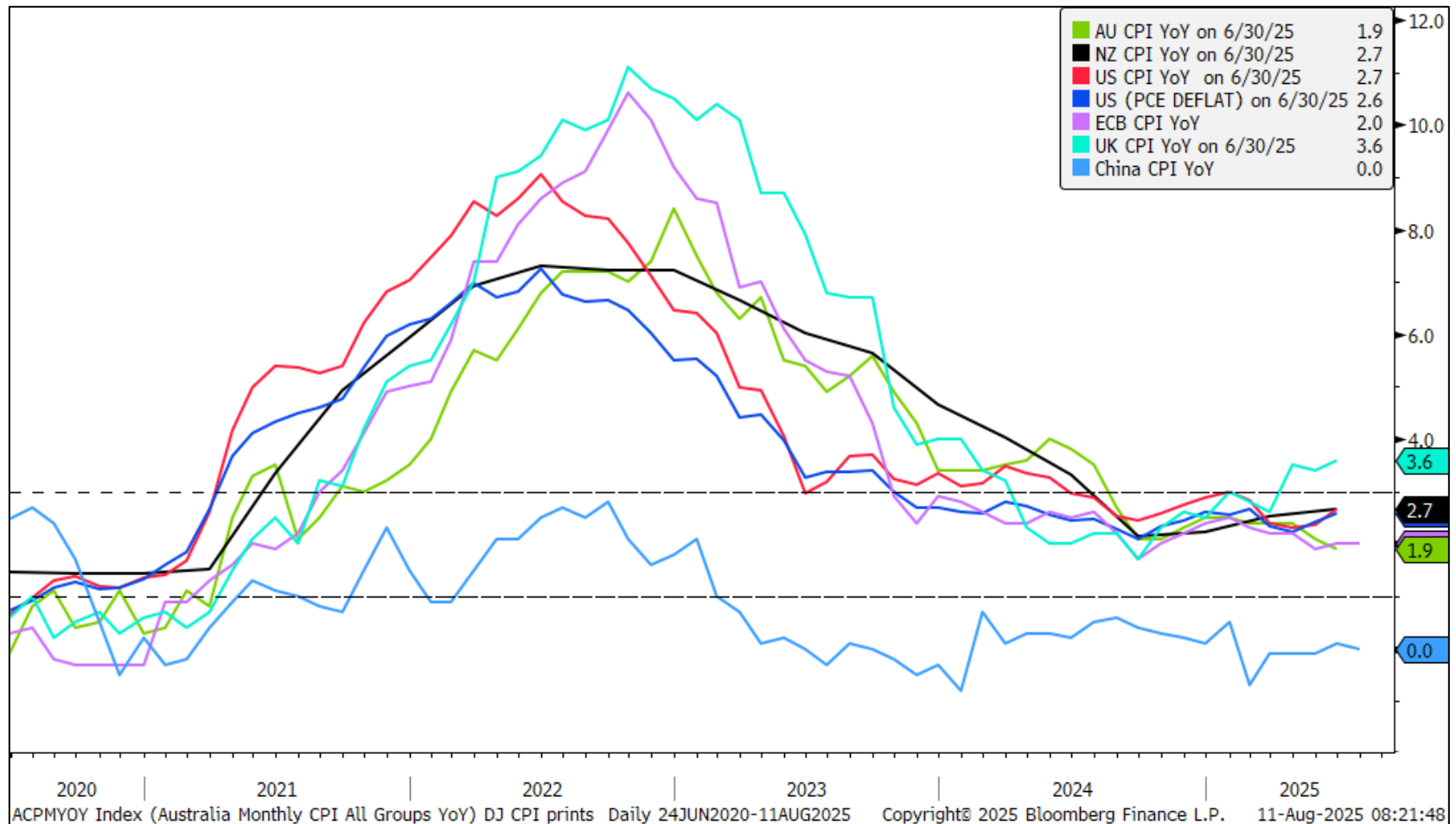
Source: Macrobond, ASB

- Inflation expectations remain well anchored
- 1-year-ahead mean inflation expectations eased to 2.37% (from 2.41% in Q2).
- The mean RBNZ 2-year-ahead measure of inflation expectations was little changed at 2.28% (2.29% in Q2).



Global inflation measures

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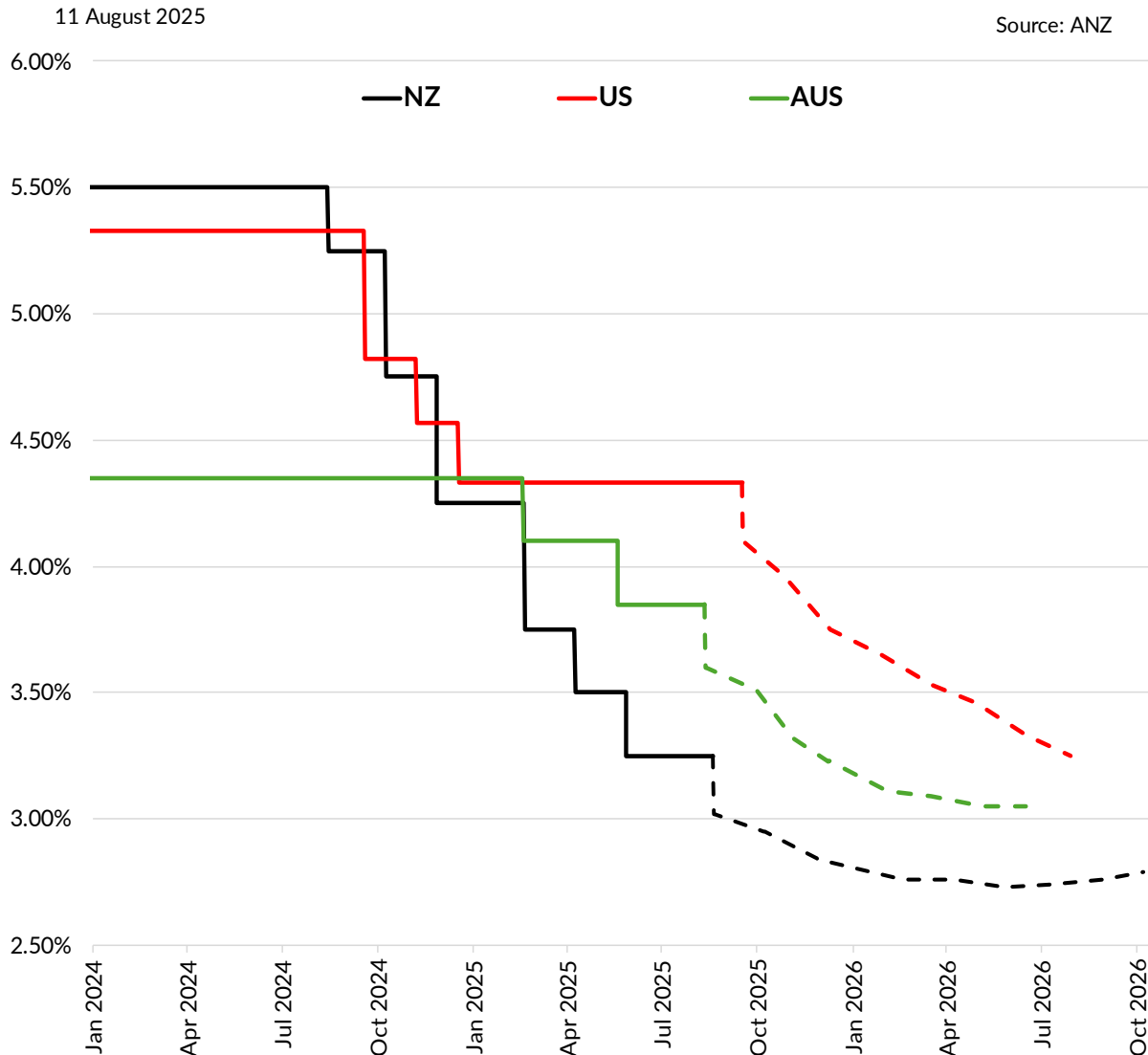


- NZ headline CPI was slightly lower than expected, at 2.7% yoy in the June quarter



Market Monetary Policy expectations

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New Zealand

	Rate	Change from current
<i>Current Rate</i> ¶	3.25	
Wed 20 Aug 25	3.02	-0.23
Wed 8 Oct 25	2.95	-0.30
Wed 26 Nov 25	2.84	-0.41
Wed 18 Feb 26	2.76	-0.49
Wed 8 Apr 26	2.76	-0.49
Wed 27 May 26	2.73	-0.52
Wed 8 Jul 26	2.74	-0.51
Wed 19 Aug 26	2.76	-0.49
Wed 7 Oct 26	2.79	-0.46
Wed 25 Nov 26	2.83	-0.42

Australia

	Rate	Change from current
<i>Current Rate</i> * Δ	3.85	
Tue 12 Aug 25	3.60	-0.25
Tue 30 Sep 25	3.51	-0.34
Tue 4 Nov 25	3.32	-0.53
Tue 9 Dec 25	3.23	-0.61
Tue 3 Feb 26	3.11	-0.74
Tue 17 Mar 26	3.09	-0.76
Tue 5 May 26	3.05	-0.80

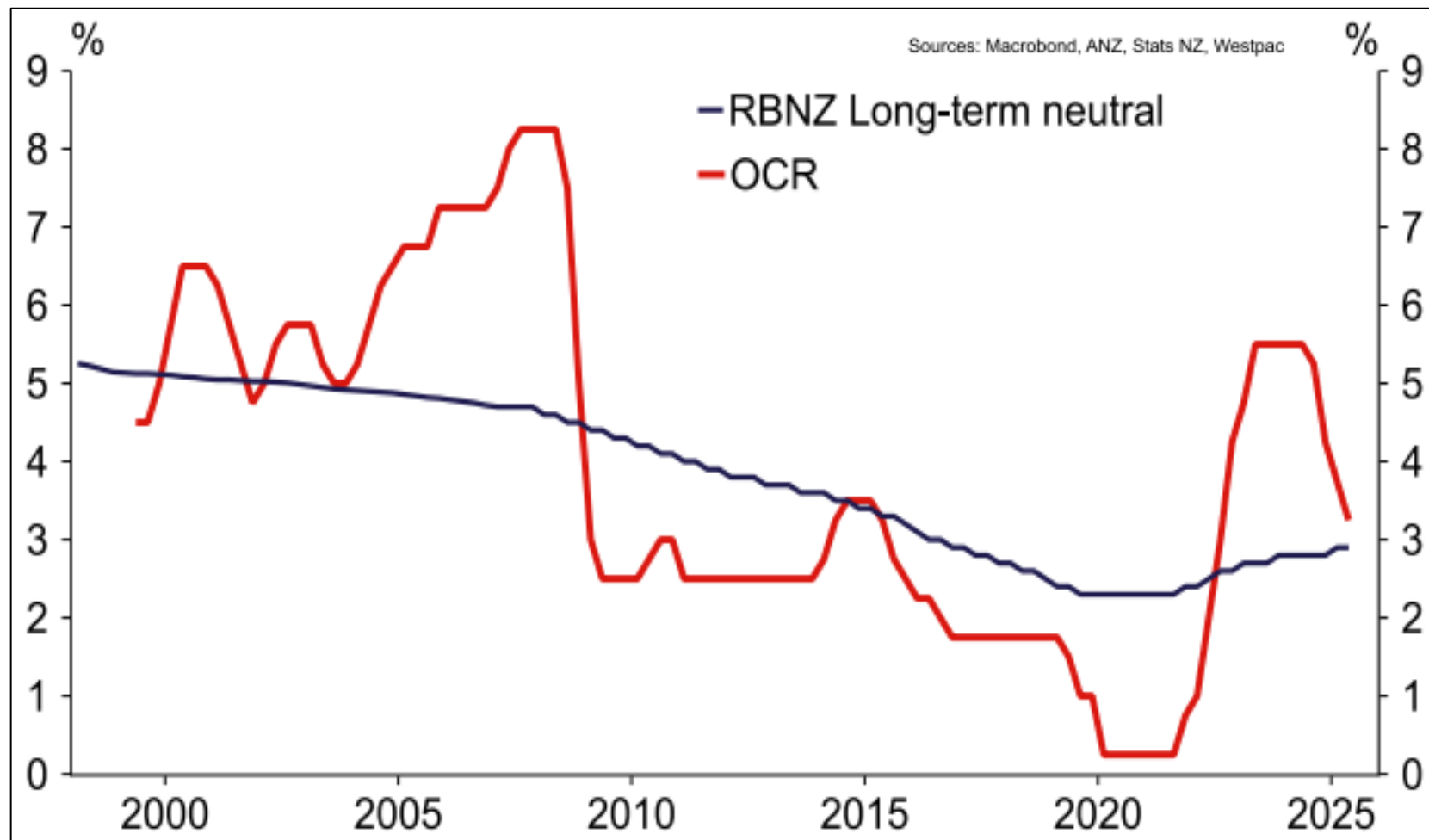
USA

	Rate	Change from current
<i>Effective FFR</i> ^	4.33	
Wed 17 Sep 25	4.10	-0.22
Wed 29 Oct 25	3.95	-0.37
Wed 10 Dec 25	3.75	-0.57
Wed 28 Jan 26	3.65	-0.68
Wed 18 Mar 26	3.53	-0.79
Wed 29 Apr 26	3.46	-0.87
Wed 17 Jun 26	3.33	-1.00
Wed 29 Jul 26	3.25	-1.07

^Effective Rate today 4.33%



History supports OCR below 3.00%



- Monetary policy stimulatory to drive the period of above-trend growth and absorb spare capacity.
- The RBNZ's best unbiased estimate is that the long-run neutral OCR is around 3.0% - compared to the current OCR at 3.25%.
- Historically, outside of crises, the OCR has usually troughed around 50-100bp lower than neutral



2-year swap rate - base at 3.00%.

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- Supports OCR going to 2.75%.



5-year swap rate OCR versus US bond yields

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- Hard to sustain levels below 3.25% when US 10-year bond yield stuck in 4.20% to 4.60% range.



US 10-year bond yield

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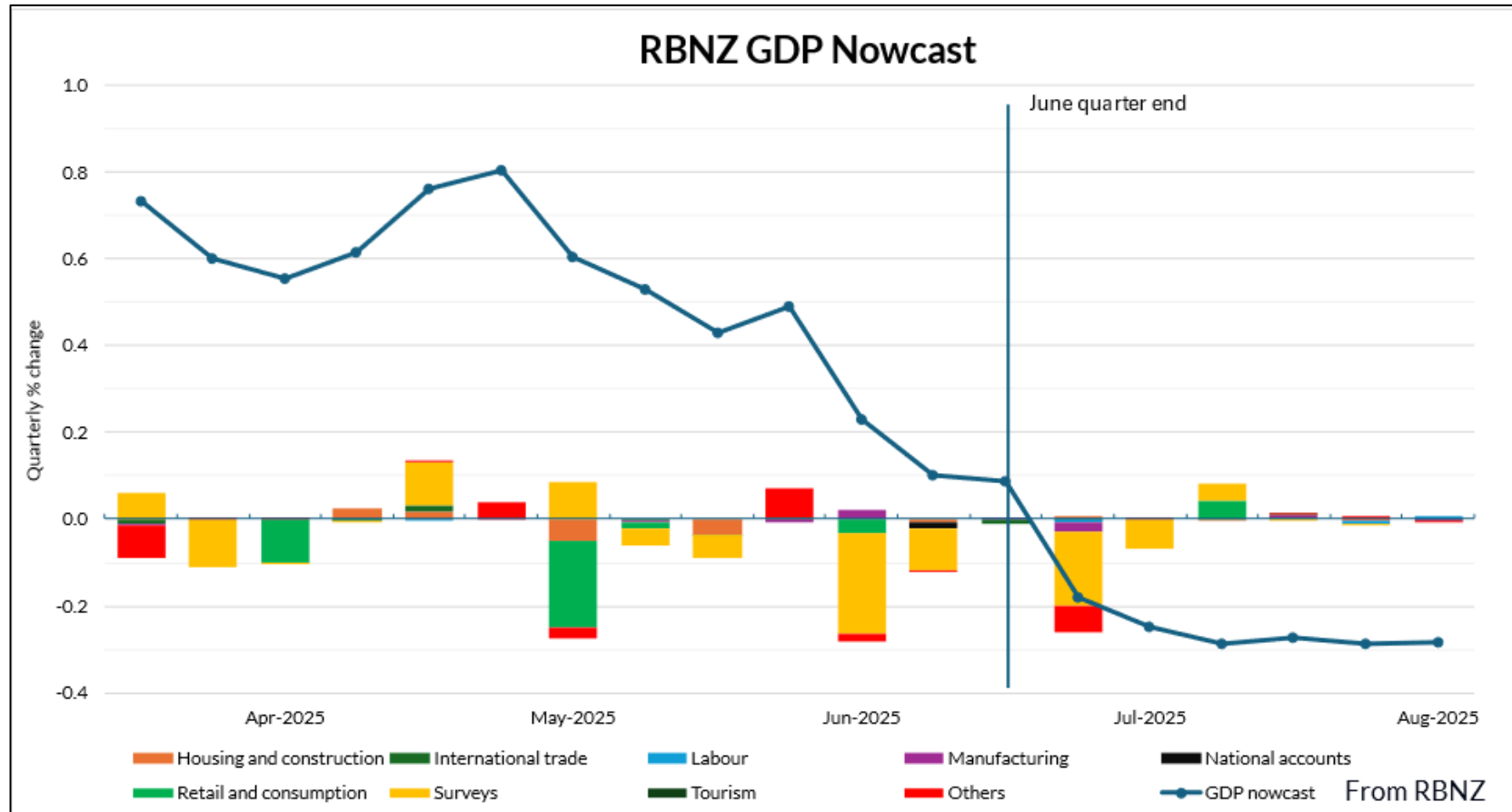


- Gyrating in circa 4.20% to 4.60% range



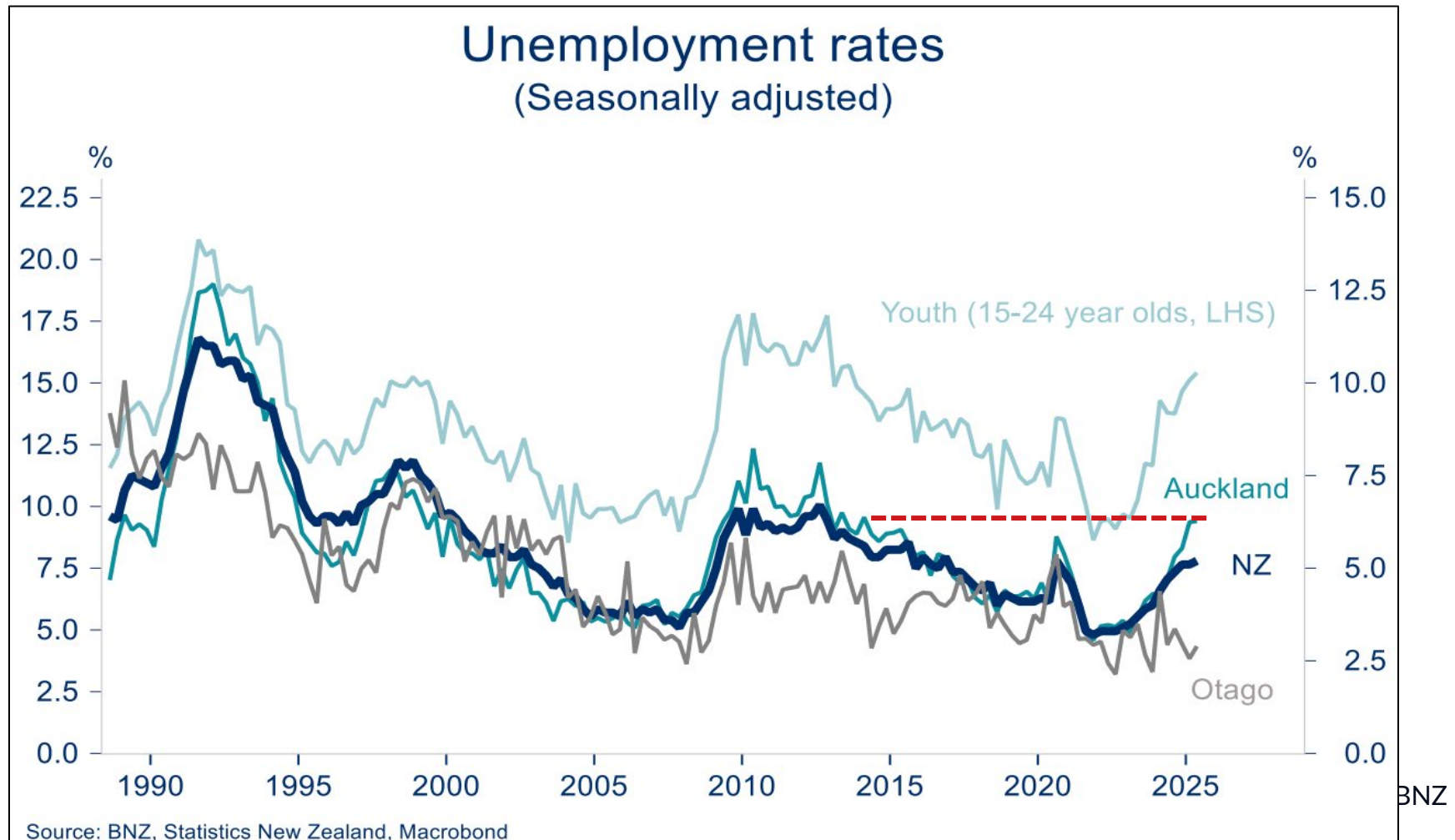
RBNZ nowcast sees GDP contraction Q2

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Banks see weak employment outlook

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- BNZ stating the data is “unequivocally weak”
- Auckland unemployment at 6.1% is highest post GFC

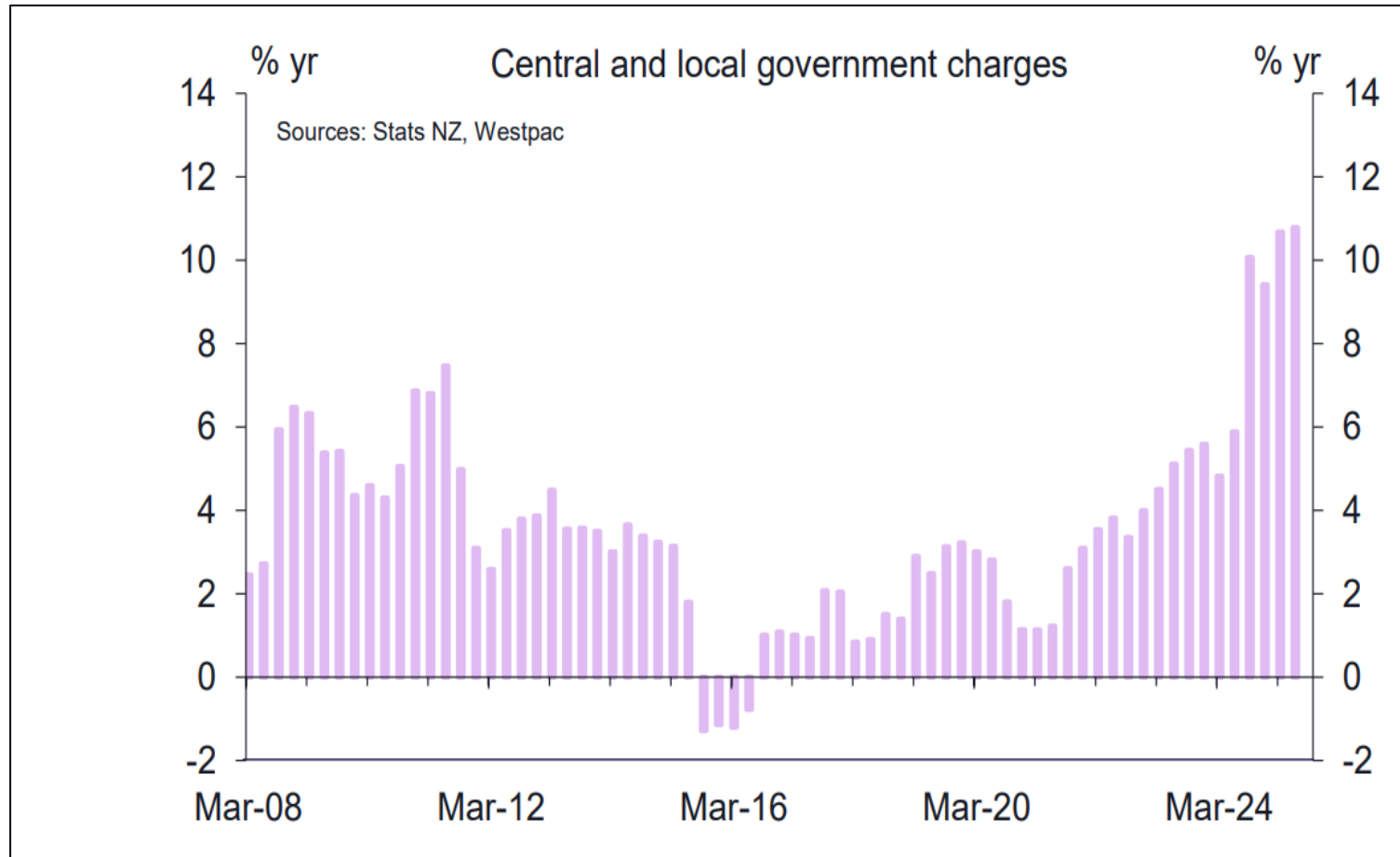


NZ consumer confidence still negative

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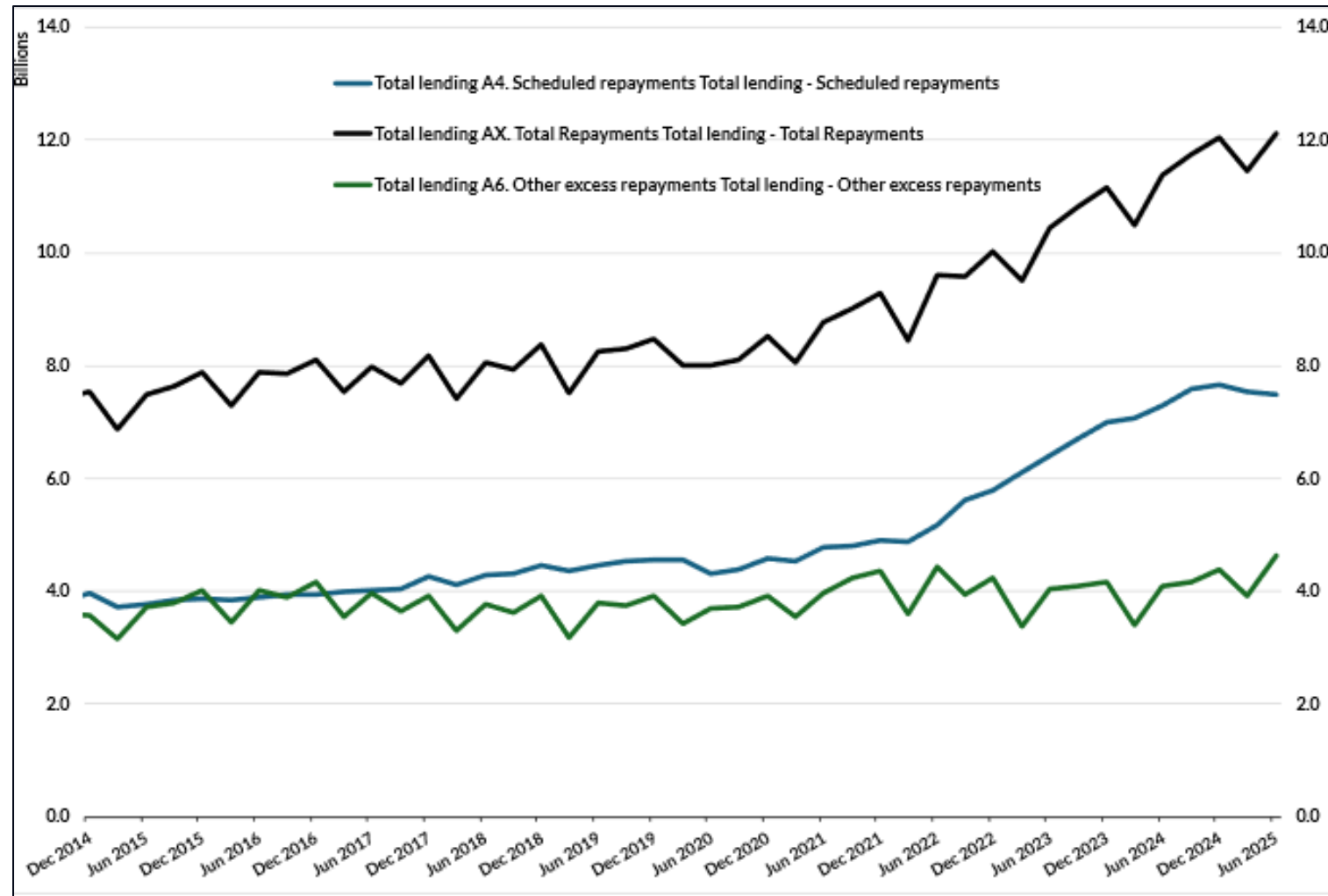


Govt and Council charges hitting households



Lower mortgage rates applied to principal repayments

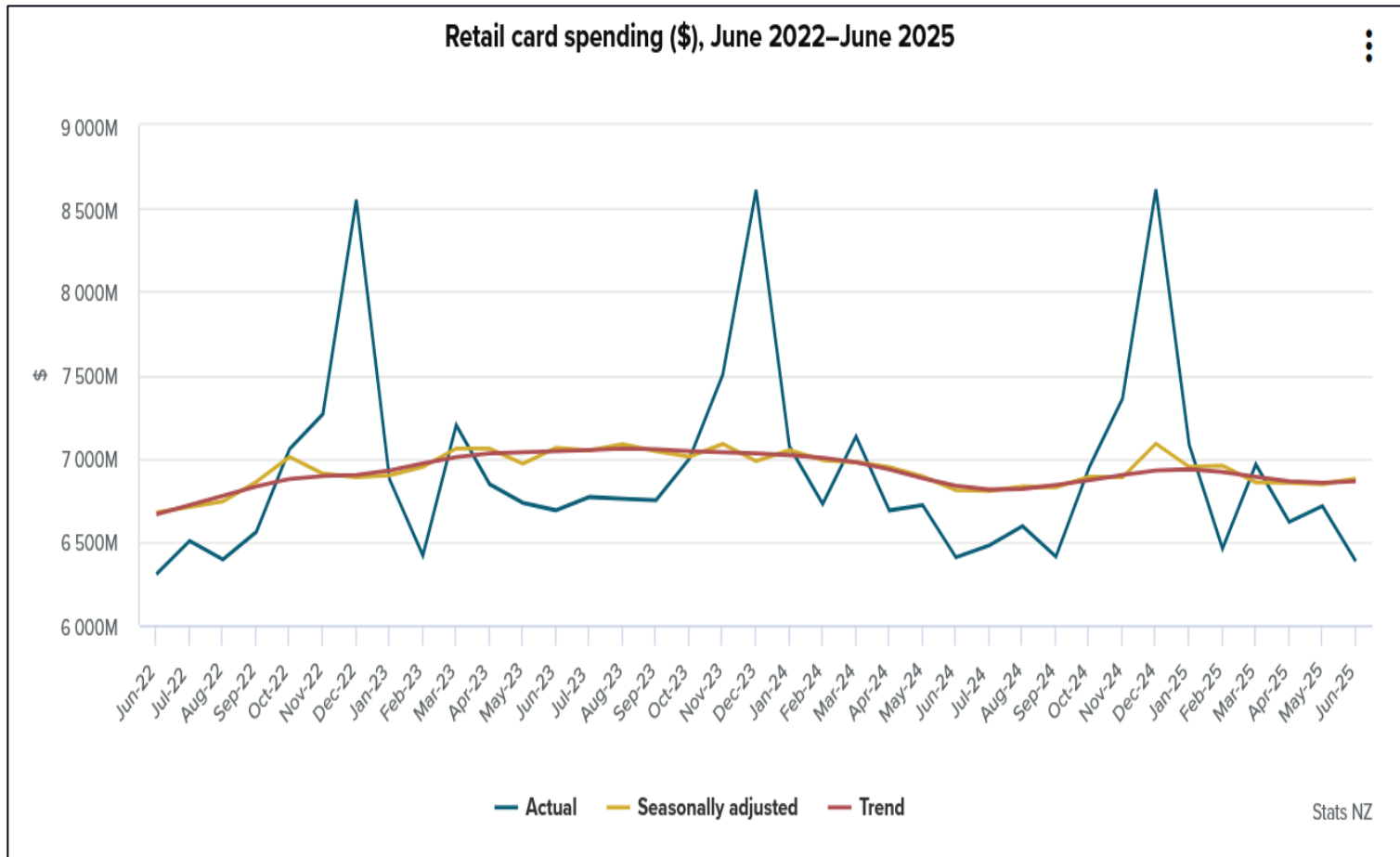
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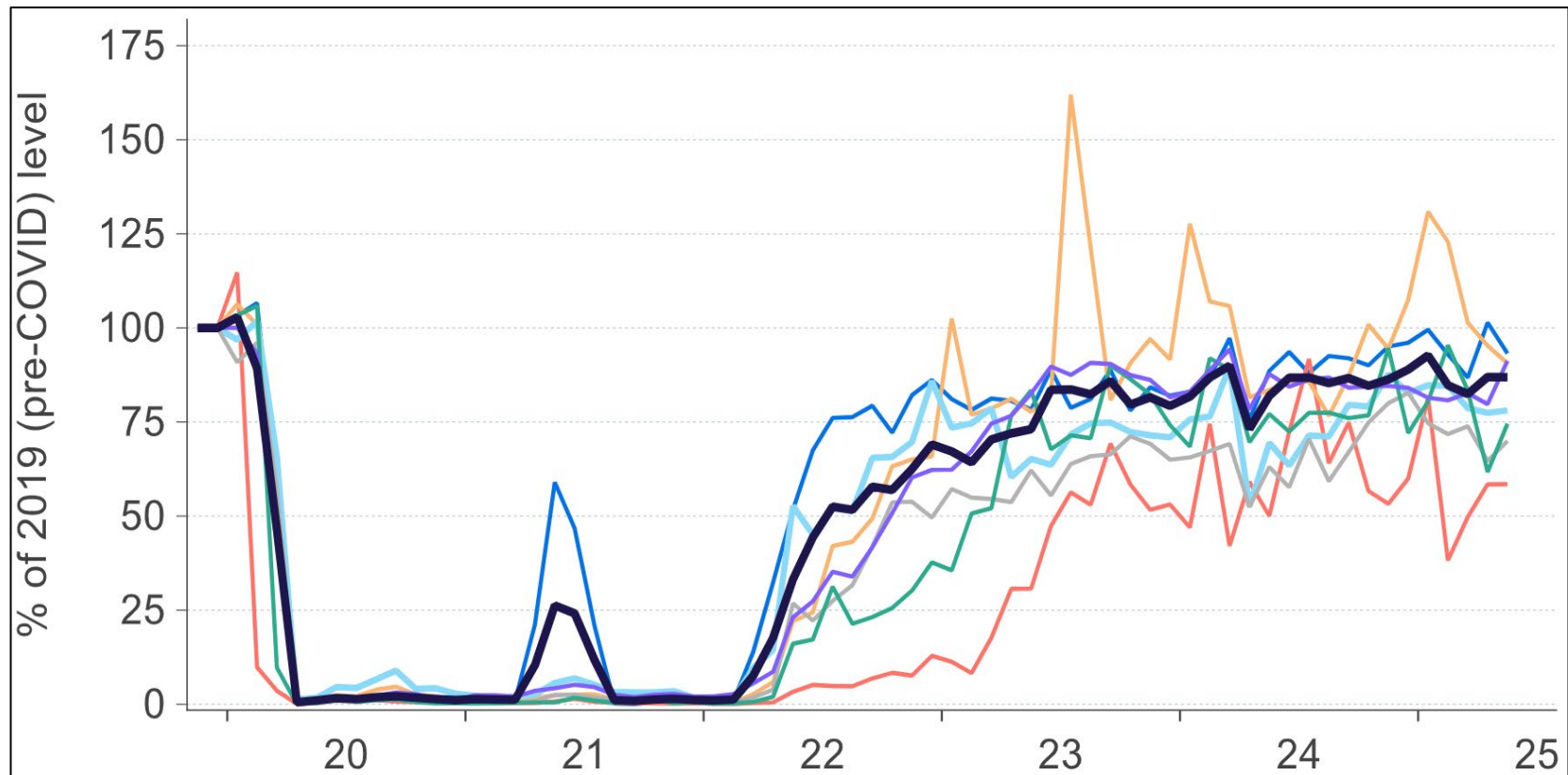
- Household mortgage payments remains high with excess repayment at a record



Card Spending flat despite lower OCR



Tourism recovery stalled?



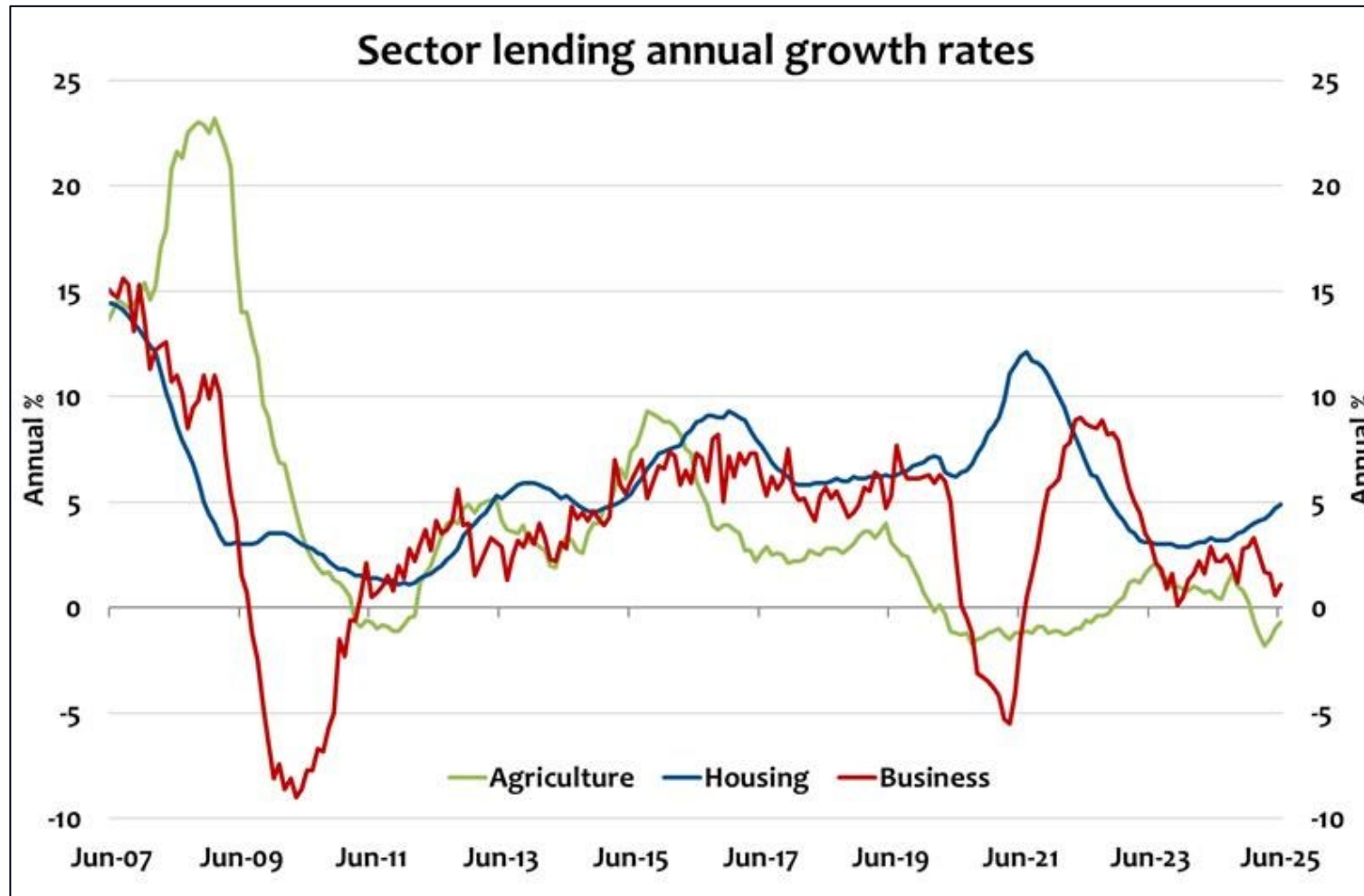
— Australia — China — USA — UK — Germany — South Korea — NZ Other
— All Countries

Source: Stats NZ, ABS, Macrobond, ANZ Research



Lending still biased towards housing

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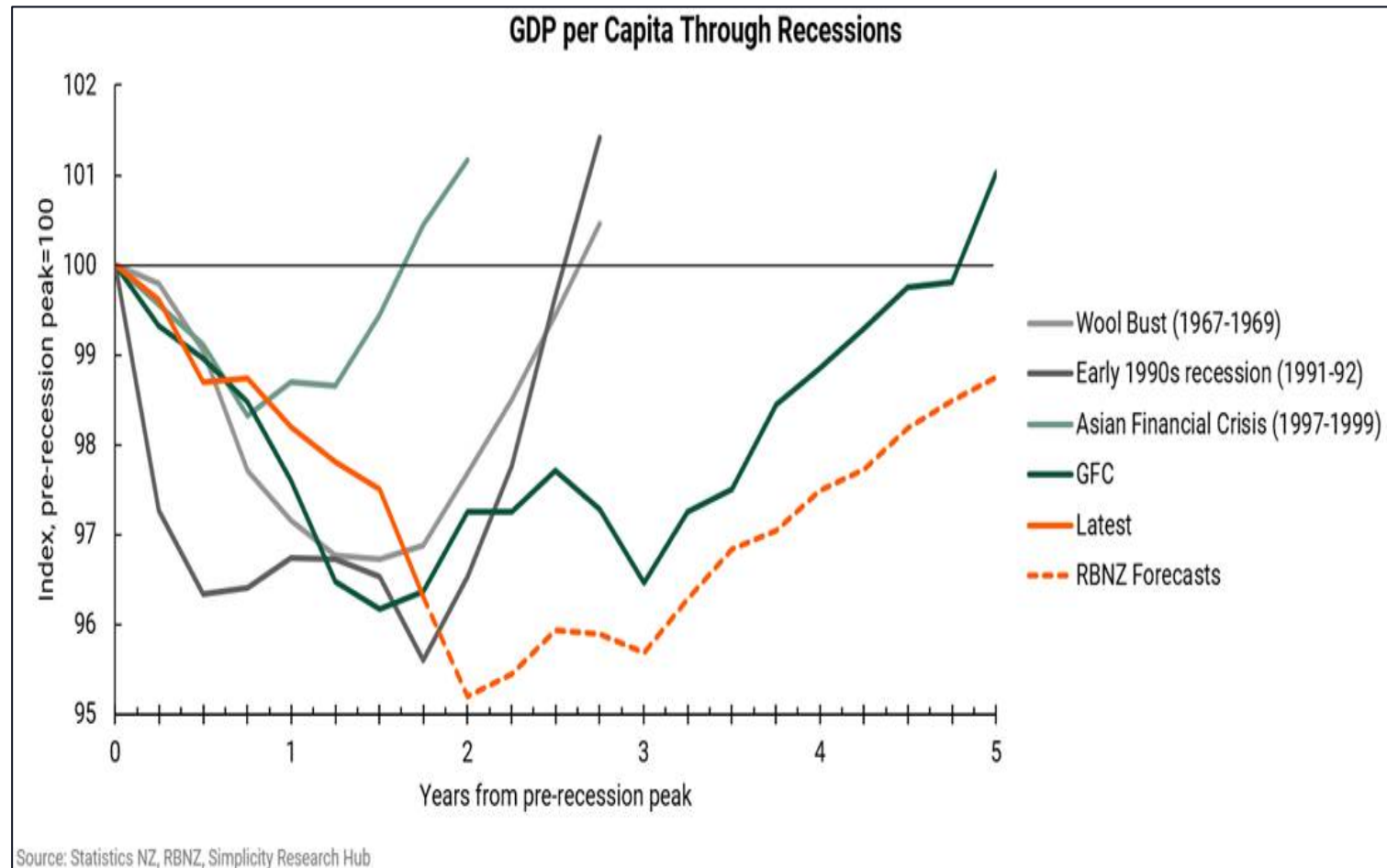
Source: RBNZ

- Lending to productive sector woeful



GDP per capita shows scale of latest downturn

21



- Productivity growth woeful so immigration meant more people and all a little poorer



NZ Commodity Price Index

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