8 May 2025

DISCLOSURE AND TRANSPARENCY RULES – HALF-YEARLY FINANCIAL REPORT SUBMISSION

Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZBGL") together with its subsidiaries (the "Group") – Half-Yearly Financial Report submission under the Disclosure and Transparency Rules ("DTR") of the United Kingdom Financial Conduct Authority

The following documents constitute ANZBGL's 2025 Half-Yearly Financial Report for the purposes of the disclosure requirements of DTR 4.2:

- The Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements for the half year ended 31 March 2025, Directors' Report (including matters included by reference) and Directors' Declaration (as set out on pages 3 to 49 of ANZBGL's Half Year 31 March 2025 Consolidated Financial Report);

- A description of the principal risks and uncertainties for the remaining six months of the financial year provided in accordance with DTR 4.2.7 R (2); and

- A responsibility statement of the Directors of ANZBGL provided in accordance with DTR 4.2.10 R (3)(b).

ANZBGL’s Half Year 31 March 2025 Consolidated Financial Report

This document was separately lodged by ANZBGL with the applicable stock exchanges, including the London Stock Exchange and the Australian Securities Exchange on 8 May 2025 and is available at https://www.anz.com/shareholder/centre/reporting/results-announcement/

Principal risks and uncertainties faced by Australia and New Zealand Banking Group Limited ABN 11 005 357 522 ("ANZBGL") and its subsidiaries ((ANZBGL together with its subsidiaries, the "Group") (DTR 4.2.7 R (2)) ("Principal Risk and Uncertainties") for the remaining six months of the financial year

Introduction

The Group's activities are subject to risks and uncertainties that can materially and adversely impact its business, business model, operations, results of operations, reputation, prospects, liquidity, capital resources, financial performance and financial condition (together, the "**Group's Position**"). These risks and uncertainties may be financial or non-financial and may result from external factors over which the Group may have little or no control. The risks and uncertainties described below are not the only ones that the Group may face. Additional risks and uncertainties that the Group is unaware of, or that the Group currently does not consider material, may also become important factors that affect it. If any of the specified or unspecified risks and uncertainties actually occur (individually or collectively), the Group's Position may be materially and adversely affected, with the result that the trading price or value of the Group's equity or debt securities could decline and investors could lose all or part of their investment.

Risks related to the Group's business activities and industry

1. Changes in political and economic conditions, particularly in Australia, New Zealand, the Asia Pacific region, the United Kingdom ("UK"), Europe and the United States (the "Relevant Jurisdictions"), may adversely affect the Group's Position

The Group's financial performance is influenced by the political, economic and financial conditions in the countries and regions in which the Group, its customers and its counterparties carry on business. The Group can give no assurances as to the likely future conditions in the economies of the Relevant Jurisdictions where the Group has its main operations or other jurisdictions in which the Group operates or obtains funding.

The political, economic and financial conditions in the Relevant Jurisdictions may be impacted by a range of factors including, but not limited to, domestic and international economic events, the stability of the banking system and any related implications for funding and capital markets, other changes in financial markets, global supply chain developments, political developments, pandemics and natural disasters.

Instability in political conditions may result in uncertainty, declines in market liquidity and increases in volatility in global financial markets and may adversely impact economic activity in the Relevant Jurisdictions, which could in turn adversely affect the Group's Position. Recent examples include the conflict in Ukraine, conflicts in the Middle East – including the possibility of these expanding into a wider regional conflict, the implementation of economic security-related legislation, sanctions and trade restrictions in various markets, and heightened tensions between the United States and other economies, including China. In 2025 the United States has announced a range of tariff measures. The scale of the final tariffs is uncertain, and ongoing changes to these tariffs and international responses have resulted in significant volatility in financial markets and economic uncertainty. Further, the imposition of tariffs is likely to negatively impact general economic conditions including GDP, business and consumer confidence and consumer discretionary spending which in turn, may have a negative impact on the Group.

Although the Group does not operate in and does not currently have any material direct exposure to Israel, Gaza, Iran, Lebanon, Russia or Ukraine, any prolonged market volatility or economic uncertainty could adversely affect the Group's Position. Tensions between the United States and China, including with respect to the status of Taiwan, also have the potential to adversely impact the markets in which the Group operates and the Group's Position. These geopolitical issues have led to the implementation of trade restrictions, including increased tariffs and retaliatory trade restrictions imposed by the

United States and other jurisdictions, and economic security-related legislation in many markets, including enhanced inbound and outbound investment screening mechanisms, anti-coercion instruments, sanctions, export controls and security-related industrial policy.

Inflationary pressure persists in many economies, including in the Relevant Jurisdictions. Demand for goods and services, geopolitical tensions and past and potential future tariffs, and global economic challenges, such as supply chain issues, weather conditions in agricultural regions, high energy prices, high food prices and tight labour markets, have contributed to high inflation, which has increased the cost of living and reduced disposable income for consumers. Persistent inflation may exacerbate market volatility, slow economic growth and increase unemployment, each of which may cause further declines in business and investor confidence and increase the risk of customer defaults, which could adversely affect the Group's Position.

China is one of Australia's and New Zealand's major trading partners and a significant driver of commodity demand and prices in many of the markets in which the Group and its customers operate. Any heightening of geopolitical tensions and the occurrence of events that adversely affect China's economic growth and Australia's and New Zealand's economic relationship with China, including the implementation of additional tariffs and other protectionist or economic security-related trade policies by the United States or other countries, including sanctions, could adversely affect Australian or New Zealand economic activity and, as a result, could adversely affect the Group's Position. Furthermore, in recent periods, the growth of the Chinese economy has slowed and is forecast to continue to slow, reflecting subdued domestic consumption, property sector softening and exports challenged by increasingly protectionist trade policy in the United States and European Union. If there were a broad-based and sustained economic slowdown in China, the health of the Chinese financial system may be adversely impacted, which could have negative effects on the global financial system and economy. This could result in an economic downturn, counterparties defaulting on their obligations, countries introducing capital controls, and could adversely affect the Group's Position. Refer to risk factor 4 "*Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*".

There has been a rise in investor caution across global commercial real estate markets as investors are reallocating to other investment classes or waiting for greater certainty regarding inflation and interest rates, particularly as a result of weakening sentiment in the United States and Europe. A global liquidity constraint could compound the effects of weakening fundamentals on valuations and refinance risk in commercial real estate markets. Negative developments in commercial real estate markets could lead to increased credit losses from business insolvencies, increased financial stress and defaults from higher leveraged borrowers, which could adversely affect the Group's Position. Refer to risk factor 4 "*Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*".

If economic conditions deteriorate in the Relevant Jurisdictions, asset values in housing, commercial or rural property markets could decline, unemployment could rise and corporate and personal incomes could decline. Deterioration in global markets, including equity, property, currency and other asset markets, may impact the Group's customers and the security the Group holds against loans and other credit exposures. This may impact the Group's ability to recover loans and other credit exposures. In addition, the failure of another bank or financial institution, whether as a result of a deterioration in economic conditions or otherwise, could result in instability in the financial banking system, which could result in disruptions to markets or changes to capital and other regulatory requirements applicable to the Group and affect the Group's Position. Should any of these occur, the Group's Position could be adversely affected. Refer to risk factor 10 "*Credit risk may adversely affect the Group's Position*".

2. Competition in the markets in which the Group operates may adversely affect the Group's Position

The markets in which the Group operates are highly competitive. Competition is expected to continue to increase. Competitors include other banks (both traditional and online), foreign/offshore financial service providers who expand in Australia and/or New Zealand, new non-bank entrants and smaller providers. Examples of factors that may affect competition and negatively impact the Group's Position include:

- entities that the Group competes with, including those outside of Australia and New Zealand, could be subject to lower levels of regulation and regulatory activity. This could allow them to offer more competitive products and services, because those lower levels of regulation may give them a lower cost base and/or the ability to attract employees that the Group would otherwise seek to employ;
- digital technologies and business models are changing customer behaviour and the competitive environment. Competitors are increasingly utilising new technologies, including Artificial Intelligence ("**AI**"), and disrupting existing business models in the financial services sector and an inadequate adoption of AI or other new technologies within the Group's business processes or customer offerings could pose a strategic disadvantage to the Group relative to its competitors;
- companies from outside of the financial services sector are directly competing with the Group by offering products and services traditionally provided by banks. This includes new entrants obtaining banking licenses and partnering with existing competitors, private credit funds, insurance companies, mutual funds, hedge funds, securities brokerage firms, financial technology companies, digital platforms and large global technology companies. Some of these competitors may be subject to different, and in some cases, less stringent legal, regulatory and supervisory requirements, whether due to size, jurisdiction, entity type or other factors, which may place the Group at a relative competitive disadvantage;
- consumers and businesses may choose to transact using, or to invest or store value in, new forms of currency (such as cryptocurrencies, which are largely unregulated, or central bank digital currencies) in relation to which the Group may choose not, or may not be able, to provide financial services, competitively. A new form of currency could change how financial intermediation and markets operate and, with that, may adversely impact the competitive and commercial position of the Group; and
- the Australian and New Zealand Governments may consider implementing policies that further increase competition in the banking market. For example:
  - The Australian Government is conducting a review into the challenges faced by small and medium sized banks that will consider the role they play in competition in the market. The outcomes of the review are not yet clear. The Council of Financial Regulators could make recommendations that, if implemented, may have the effect of reducing the regulatory costs of some of the Group's competitors, increasing their ability to compete with the Group.
  - In August 2024, legislation to establish action initiation within the Consumer Data Right ("**CDR**") passed the Australian Parliament. The legislation establishes a framework under which the Minister can declare an action that can be initiated under the CDR. CDR consumers could then direct accredited persons, such as the Group's competitors to instruct a declared action on their behalf. No action has yet been declared in respect of banks. If such an action were declared, competitors could offer services to the Group's customers, such as the initiation of payments using the Group's platforms, that would weaken the relationship between the Group and those customers.
  - In March 2025, the Customer and Product Data Act 2025 ("CPD Act") received Royal Assent. The CPD Act establishes a New Zealand consumer data right ("CDR") that enables customers to securely share data that is held about them with trusted third parties and to improve consumers' ability to compare and switch products. The Ministry of Business, Innovation and Employment has consulted on a proposal to designate the banking industry under the CPD Act to further the development and deployment of open banking. It is proposing that ANZ Bank New Zealand would be subject to the designation from 1 December 2025.

- In August 2024, the New Zealand Commerce Commission (the "**Commerce Commission**") published its recommendation to the Minister of Commerce and Consumer Affairs to designate the interbank payment network under the Retail Payment System Act 2022. If the interbank payment network is designated this will enable the Commerce Commission to use its regulatory powers to promote competition and innovation in the retail payment system. No decision by the Minister on designation has yet been announced.
- In August 2024, the Commerce Commission published its final report on its market study into competition for personal banking services in the New Zealand retail banking sector. The final report includes 14 recommendations that aim to support new entry and expansion, to reduce the regulatory barriers to competition and to empower consumers to get better prices and services. For example, the Commerce Commission has recommended that the New Zealand Government commit to ensuring open banking (which allows banks to share a customer's financial data with third parties only if the customer instructs them to do so) is fully operational by June 2026. The New Zealand Government has agreed to all 14 recommendations and expects that its response will be progressed through a cross-section of work sitting across the New Zealand Government, the RBNZ, the Financial Markets Authority ("**FMA**") and industry. The Commerce Commission expects to implement the recommendations by August 2025, however, some measures will take significantly longer.
- The New Zealand Parliament's Finance and Expenditure Committee and Primary Production Committee are progressing an inquiry into banking competition. The terms of reference include consideration of the state of competition in banking (including profitability), barriers preventing competition in banking, any possible impact of the regulatory environment on competition and efficient access to lending, rural banking and lending to Māori asset-holders, organizations, businesses, and individuals. Written submissions closed in September 2024 and public hearings were held between October and December 2024 and in March and April 2025. The Finance and Expenditure Committee will prepare a report which will inform future policy decisions by the New Zealand Government. The report is expected to be issued by June 2025.

While these recommendations, policy initiatives or regulatory measures may result in the implementation of regulations designed to increase competition in the banking market, the impact of these recommendations, policy initiatives or regulatory measures on the Group remains unclear.

The impact on the Group of an increase in competitive market conditions or a technological change that puts the Group's business platforms at a competitive disadvantage, especially in the Group's main markets and products, could lead to a material reduction in the Group's market share, customers and margins and adversely affect the Group's Position. Increased competition for deposits may increase the Group's cost of funding. If the Group is not able to successfully compete for deposits, the Group may be forced to rely on less stable and/or more expensive forms of funding, or to reduce lending. This may adversely affect the Group's Position. Geopolitical and economic disruptions could have a significant impact on competition and profitability in the financial services sector due to funding cost and credit provision increases, changes in interest rates, insufficient liquidity, implementation of business continuity plans, changes to business strategies and regulatory safe harbours. A low-growth environment may lead to heightened competitive intensity and margin compression.

3. Acquisitions and divestments may adversely affect the Group's Position

The Group regularly examines a range of corporate opportunities, including acquisitions and divestments, to determine whether those opportunities will enhance the Group's strategic position and financial performance. Integration (or separation) of an acquired (or divested) business can be complex and costly. It sometimes includes combining (or separating) accounting and data processing systems, technology platforms and management controls, as well as managing relationships and contracts with employees, customers, regulators, counterparties, suppliers and other business partners. The loss of key relationships and personnel from an acquisition or divestment could have an adverse effect on the Group's Position.

There is no assurance that any due diligence undertaken in respect of an acquisition was conclusive, and that post-acquisition all material issues and risks in respect of any such acquisition have been identified and avoided or mitigated, therefore, there is a risk that issues or risks may arise that may adversely impact the Group post-acquisition. There is also no assurance that any acquisition (or divestment) will have the anticipated positive results around synergies, cost or cost savings, time to integrate (or separate) and overall performance, as the underlying assumptions for the acquisition (or divestment) may not prove to be accurate or achievable. Any acquisition (or divestment) may also impact the Group's credit ratings, cost of funds and access to further funding, which could in turn adversely affect the Group's funding and liquidity positions.

Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. There is a risk of counterparties making claims in respect of completed or uncompleted transactions against the Group that could adversely affect the Group's Position. All or any of these factors could adversely affect the Group's ability to conduct its business successfully and impact the Group's operations or results. There is no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment). Further, there is a risk that completion of an agreed transaction may not occur whether in the form originally agreed between the parties or at all, including due to failure of the Group or the counterparty to satisfy completion conditions or because other completion conditions such as regulatory, shareholder or other approvals are not satisfied. Should any of these integration or separation risks occur, this could adversely affect the Group's Position.

If for any reason any announced acquisition or divestment, is not completed, the Group's ongoing business may be adversely impacted and the Group may be subject to a number of risks. These risks include:

- financial markets may react negatively, resulting in negative impacts on the Group's securities and other adverse impacts;
- the Group may experience negative reactions from its customers, vendors, employees and wider stakeholders;
- the Group may have incurred expenses and may be required to pay certain costs relating to the acquisition or divestment, whether or not it is completed, such as legal, accounting, investment banking, and other professional and administrative fees; and
- matters relating to the acquisition or divestment may require substantial commitments of time and resources by the Group, which could otherwise have been devoted to other beneficial opportunities.

4. Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position

Residential and commercial property lending, together with real estate development and investment property finance, are important businesses of the Group. Major sub-segments within the Group's lending portfolio include:

- residential housing loans (owner occupier and investment); and
- commercial real estate loans (investment and development).

While Australian residential property prices have generally remained resilient to date, the scale and pace of interest rate rises have resulted in commercial property prices declining in Australia and in some segments the full extent of such property price declines may not have yet been evidenced in softening market demand and valuations.

The Australian Prudential Regulation Authority ("**APRA**") included credit-based macroprudential policy measures within its Prudential Standard APS 220 Credit Risk

Management ("**APS 220**") with effect from 1 January 2023. These may be used by APRA to address systemic risks if needed. Future changes to these measures by APRA could restrict the Group's flexibility and impact the profitability of one or more businesses. Refer to risk factor 16 "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position"*.

Despite Australia's recent cash rate reduction in February 2025 (the first reduction since November 2020), higher interest rates since May 2022 and rising costs of living have put pressure on household balance sheets, and this is likely to continue to impact demand for residential and commercial property. These pressures are resulting in an increase in residential property related delinquencies in Australia, which have become more elevated over the year to March 2025. In New Zealand, despite the decrease in interest rates as a result of the RBNZ decreasing the Official Cash Rate, residential mortgage delinquencies have continued to increase over the year to March 2025, due to the higher costs of living and rising unemployment rates.

High interest rates may affect debt serviceability, increase loan defaults by the Group's borrowers, place pressure on loan covenants and reduce demand for commercial and residential property and the Group's associated lending products in Australia. To address inflation levels, interest rates may be maintained at higher levels for an extended period. Any future interest rate rises or persistently high interest rates could also lead to increased credit losses from business insolvencies, increased mortgage stress and defaults, and a potential downturn in the Australian economy. This may in turn impact the ability of tenants to pay rent and in turn decrease the quality of real estate earnings of the Group's borrowers.

For commercial property, interest rate increases, asset price inflation and yield compression may cause declines in interest coverage ratios and asset values. While valuation degradation is not uniform across all commercial real estate sectors, some institutional and private investor clients may see their real estate investment portfolios diminish in value as a result of changes in the real estate market. This could potentially lead to a weakening in their risk profile and a reduction in their willingness and/or ability to repay related loan facilities owed to the Group.

In Australia, valuations are presently lagging market sentiment and therefore valuations across certain asset classes may not have bottomed out. This may result in increased refinance risk and require equity contributions from borrowers towards debt reduction and/or a restructure of facilities. Secondary grade assets may be more susceptible to a decline in prices particularly if investors have overlooked weaker fundamentals during a more favourable economic outlook and interest rate environment.

Refinance risk may also increase if there are liquidity constraints in the banking sector. In Australia, the non-bank debt market remains an available source of funding. Non-bank financiers have supported the pre-development land and property development sector in recent years, so the number of new project starts may decline given higher cost of funding or if non-bank financiers begin to withdraw support from weaker sponsors. There is also potential for contagion risk where the financial stability of a corporate entity or developer could be jeopardised by challenges within the non-bank/private credit sector. If such contagion risk eventuates, this could lead to an increase in loan defaults.

Construction risk issues, including supply chain constraints and a rapid rise in material costs, compounded by labour shortages and increased labour costs, may impact contractor profitability, cash flow, liquidity and financial stability. This in turn may impact delivery risk associated with commercial and larger residential development projects (including the development of land and apartments), the feasibility of such developments and underlying land values in the short to medium term.

In New Zealand, residential and commercial property have seen a period of prolonged weakness since the highs of late 2021 and early 2022. The residential property market has had a recent surge in new listings, with housing inventory being the highest it has been for almost a decade. As a result of the backlog of new stock, the residential housing market is expected to be subdued in the near term, with a slow recovery expected towards the latter half of 2025. Commercial property is showing early signs of recovery, on the back of recent interest rate cuts. The prevailing sentiment suggests that the commercial property market is either at or near the peak of the yield cycle and with further rate cuts anticipated, lower yields are expected in the medium term.

The COVID-19 pandemic triggered an ongoing change in the demand and supply dynamics in the office sector as certain flexible working arrangements have continued, which may impact tenancy demand, reduce rental growth, increase incentives provided by owners to tenants, soften investor demand, yield expectations and value, particularly for secondary grade assets with weaker environmental, social and governance ("**ESG**") (specifically energy efficiency) credentials, given tenants are being more discerning in a less competitive market.

Additionally, weaker real estate markets in Europe, America and China could have a contagion effect on demand for Australian and New Zealand assets from foreign equity and debt capital markets.

Each of the factors outlined above may adversely affect the Group's Position.

5. Sovereign risk events may destabilise global financial markets and may adversely affect the Group's Position

Sovereign risk is the risk that governments will default on their debt obligations and be unable to refinance their debts as and when they fall due, thereby destabilising parts of their economies. Sovereign risk may adversely impact the Group directly, through adversely impacting the value of the Group's assets, or indirectly, through destabilising global financial markets, thereby adversely impacting the Group's Position. Sovereign risk exists in many economies, including the Relevant Jurisdictions. If a sovereign defaults, it could impact other markets and countries, the consequences of which may be similar to or worse than those experienced during the global financial crisis and subsequent sovereign debt crises.

6. Market risk events may adversely affect the Group's Position

Market risk is the risk of loss arising from adverse changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices. For purposes of financial risk management, the Group differentiates between traded and non-traded market risks. Traded market risks principally arise from the Group's trading operations in interest rates, foreign exchange, commodities and securities. The non-traded market risk is predominantly interest rate risk in the banking book. Other non-traded market risks include transactional and structural foreign exchange risk arising from capital investments in offshore operations and non-traded equity risk. Losses arising from the occurrence of such market risk events may adversely affect the Group's Position.

7. Changes in exchange rates may adversely affect the Group's Position

The Group conducts business in several different currencies. Accordingly, its businesses may be affected by movements in currency exchange rates. The Group's annual and interim reports are prepared and stated in Australian dollars. Any change in the value of the Australian dollar against other currencies in which the Group earns revenues (particularly the New Zealand dollar and the U.S. dollar) or holds capital or issues capital instruments, may adversely affect the Group's reported earnings and/or capital ratios. The Group currently hedges to partially mitigate the impact of currency changes. There is no assurance that the Group's hedges will be sufficient or effective, and any change in the value of the Australian dollar against other currencies in which the Group earns its revenue, or holds capital, may have an adverse impact on the Group's Position.

8. Pandemics and other public health crises may adversely affect the Group's Position

The effects of a pandemic or other public health crisis may impact the Group's Position and the domestic and global economy, as was the case with the COVID-19 pandemic. Further, variants with respect to diseases may develop that impact the Group's customers and businesses and could lead to government action, which could adversely impact the Group's Position. Additionally, supply chain disruption and mobility constraints resulting from pandemics or public health crises could result in a decline in the Group's profit margins and could impact customers' cash flows, capital, liquidity and financing needs. Political and economic conditions following such events may cause reduced demand for the Group's products and services, an increase in loan and other credit defaults, bad debts, and impairments and an increase in the cost of the Group's operations. If any of these occur, the Group's Position could be adversely affected.

9. The Restructure of the Group that established a non-operating holding company may adversely affect the Group's Position

In 2023, the Group implemented a restructure ("**Restructure**") that resulted in ANZ Group Holdings Limited ("**ANZGHL**") becoming the listed parent company of the Group in place of ANZBGL. ANZGHL is a non-operating holding company ("**NOHC**") and is authorised as such for the purposes of the Australian Banking Act. There is a risk that APRA's regulatory framework for NOHCs of Authorised Deposit-Taking Institutions ("**ADI**") and the regulation of ANZGHL over time will differ from the existing regulatory framework and increase the regulatory risk of the Group. In addition, the Group may be affected by the actions of ANZGHL entities outside of the Group, which could result in litigation, increased regulation or reputational impacts and affect the Group's Position.

Risks related to the Group's financial situation

10. Credit risk may adversely affect the Group's Position

The Group is exposed to the risks resulting from or associated with extending credit, including incurring credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. Credit losses can and have resulted in financial services organisations realising significant losses and, in some cases, failing altogether.

The risk of credit-related losses continues to be impacted by conditions relating to elevated interest rates, high inflation, global supply chain disruptions and heightened political tensions, particularly those referred to in risk factor 1 "*Changes in political and economic conditions, particularly in Australia, New Zealand, the Asia Pacific region, the United Kingdom ("UK"), Europe and the United States (the "Relevant Jurisdictions"), may adversely affect the Group's Position*". The risk of credit-related losses remains heightened due to the factors described above and may further increase as a result of less favourable conditions, whether generally or in a specific industry sector or geographic region, which could cause customers or counterparties to fail to meet their obligations. These conditions include, but are not limited to, weakened confidence in the stability of the banking system generally or particular financial institutions that may impact the Group, its customers or counterparties, high levels of unemployment, economic slowdown and inflationary conditions, a prolonged period of elevated interest rates, and a reduction in the value of assets the Group holds as collateral or the market value of the counterparty instruments and obligations it holds.

Some of the Group's customers and counterparties with exposures to these sectors may be particularly vulnerable including:

- industries with significant exposure to continued elevated interest rates;
- industries reliant on consumer discretionary spending;
- industries that are exposed to fuel supply shortages and rising costs including aviation, road transport, shipping and agriculture;
- participants in energy or commodity markets that are exposed to rising margin requirements under derivatives that arise due to price volatility;
- mining operations that are exposed to a sustained fall in commodity prices due to supply or demand fluctuation;

- industries at risk of sanctions, tariffs, geopolitical tensions or trade disputes (these include technology, agriculture, resources and extractive industries, communications and financial institutions);
- industries exposed to declining global growth, excessive over-supply and disruption to global supply chains. These include but are not limited to the retail, wholesale, automotive, manufacturing and packaging industries;
- the commercial property sector (including construction and contractors), was exposed to a rapid rise in interest rates, impacting serviceability and placing downward pressure on valuations. Despite recent interest rate reductions in Australia and New Zealand, impacts on valuations are likely to be varied and may take some time to flow through. For more information see risk factor 4 "*Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position*";
- industries facing labour supply shortages and which are reliant on access to both skilled and unskilled migrant workers, including tourism and hospitality, technology, agriculture, retail, health, construction and services;
- customers and industries exposed to disruption from physical climate risk (e.g., bushfires, floods, storms and drought) and transition risk (e.g., carbon reduction requirements and resulting changes in demand for liquidity or goods and services). Losses may be exacerbated if insurance becomes unavailable or unaffordable. For more information on climate-related risks, see risk factor 22 *"Impact of future weather events, nature loss, human rights, geological events, plant, animal and human diseases, and other extrinsic events may adversely affect the Group's Position"*;
- industries exposed to the volatility in exchange rates and foreign exchange markets generally;
- industries with greater exposure to technological disruption, including the increasing adoption and deployment of generative AI and quantum computing; and
- banks and financial services companies, as they may experience pressure on liquidity due to the impacts of economic slowdown, continued elevated interest rates and the flow on impacts to asset values, which could result in the deterioration of credit ratings, the need for restructuring and recapitalisation and loss of confidence in financial institutions.

The Group is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances, which may result in credit losses. Should material credit losses occur to the Group's credit exposures, this may adversely affect the Group's Position.

Credit risk may also arise from certain derivative, clearing and settlement contracts that the Group enters into, and from the Group's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies where the financial conditions of such entities are affected by economic conditions in global financial markets.

In addition, in assessing whether to extend credit or enter into other transactions with customers and/or counterparties, the Group relies on information provided by or on behalf of customers and counterparties, including financial statements and other financial information. The Group may also rely on representations of customers and independent consultants as to the accuracy and completeness of that information. The Group's financial performance could be negatively impacted to the extent that it relies on information that is incomplete, inaccurate or materially misleading.

The Group holds provisions for credit impairment that are determined based on current information and subjective and complex judgements of the impairment within the Group's lending portfolio. If the information upon which the assessment is made is inaccurate or the Group fails to analyse the information correctly, the provisions made for credit impairment may be insufficient, which may adversely affect the Group's Position.

11. Challenges in managing the Group's capital base could give rise to greater volatility in capital ratios, which may adversely affect the Group's Position

The Group's capital base is critical to the management of its businesses and access to funding. Prudential regulators of the Group include, but are not limited to, APRA, the Reserve Bank of New Zealand ("**RBNZ**") and regulators in the United States, the UK and the countries in the Asia Pacific region. The Group is required to maintain adequate regulatory capital by its primary regulator APRA and the RBNZ for ANZ Bank New Zealand Limited and its subsidiaries (the "**ANZ New Zealand Group**").

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These regulatory capital requirements are likely to compound the impact of any reduction in capital resulting from lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require the Group to raise additional capital. There is no certainty that any additional capital required would be available or could be raised on reasonable terms.

The Group's capital ratios may be affected by a number of factors including (i) lower earnings (including lower dividends from its deconsolidated subsidiaries such as those in the insurance business as well as from its investment in associates), (ii) asset growth, (iii) changes in the value of the Australian dollar against other currencies in which the Group operates (particularly the New Zealand dollar and U.S. dollar) that impact Risk Weighted Assets ("**RWA**") or the foreign currency translation reserve, (iv) changes in business strategy (including acquisitions, divestments and investments or an increase in capital intensive businesses) and (v) changes in regulatory requirements.

For more information on recent prudential regulation changes that have impacted, or that may impact the Group, see risk factor 16 *"Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position"*. An inability of the Group to maintain its regulatory capital may adversely affect the Group's Position.

12. The Group's credit ratings could change and adversely affect the Group's ability to raise capital and wholesale funding and constrain the volume of new lending, which may adversely affect the Group's Position

The Group's credit ratings have a significant impact on its access to, and cost of, capital and wholesale funding. The Group's credit ratings may also be important to customers or counterparties evaluating the Group's products and services. Credit ratings and rating outlooks may be withdrawn, qualified, revised or suspended by credit rating agencies at any time. The methodologies used by ratings agencies to determine credit ratings and rating outlooks may be revised in response to legal or regulatory changes, market developments or for any other reason.

The Group's credit ratings or rating outlooks could be negatively affected by a change in the credit ratings or rating outlooks of the Commonwealth of Australia or New Zealand, the occurrence of one or more of the other risks identified in this section, a change in ratings methodologies or other events. As a result, downgrades in the Group's credit ratings or rating outlooks could occur that do not reflect changes in the general economic conditions or the Group's financial condition. The ratings of individual securities (including, but not limited to, certain Tier 1 capital and Tier 2 capital securities and covered bonds) issued by the Group (and other banks globally) could be impacted by changes in the regulatory requirements for those instruments as well as the ratings methodologies used by rating agencies.

Any downgrade or potential downgrade to the Group's credit ratings or ratings outlooks may reduce access to capital and wholesale debt markets and could lead to an increase in funding costs, constrain the volume of new lending able to be extended and affect the willingness of counterparties to transact with the Group, which may adversely affect the Group's Position. Credit ratings are not a recommendation by the relevant rating agency to invest in securities offered by the Group.

13. Liquidity and funding risk events may adversely affect the Group's Position

Liquidity and funding risk is the risk that the Group is unable to meet its payment obligations as they fall due (including repaying depositors and wholesale creditors) or that the Group has insufficient capacity to fund increases in assets. Liquidity and funding risk is inherent in banking operations due to the timing mismatch between cash inflows and cash outflows.

Deterioration and volatility in market conditions and a decline in investor confidence in the Group may materially impact the Group's ability to replace maturing liabilities and access funding in a timely and cost-effective manner, which may adversely impact the Group's Position. Advances in technology allow customers to withdraw funds deposited with the Group faster and may accelerate the risks associated with on-demand liabilities, such as transactional and savings deposits.

The Group raises funding from a variety of sources, including customer deposits and wholesale funding in domestic and offshore markets to meet its funding requirements and to maintain or grow its business. Developments in major markets can adversely affect liquidity in global capital markets. For example, in times of liquidity stress, if there is damage to market confidence in the Group or if funding from domestic or offshore markets is not available or is constrained, the Group's ability to access sources of funding and liquidity may be constrained and the Group will be exposed to liquidity and funding risk.

Reduced liquidity could lead to an increase in the cost of the Group's borrowings, constrain the volume of new lending and adversely affect the Group's ability to fulfill depositor withdrawal demands and its payment obligations, which may adversely affect the Group's Position.

14. Changes in the valuation of some of the Group's assets and liabilities may adversely affect the Group's earnings and equity and the Group's Position

The Group applies accounting standards, which require that various financial instruments, including derivative instruments, assets and liabilities classified as fair value through other comprehensive income, assets and liabilities classified as fair value through profit or loss, and certain other assets and liabilities (as per Note 12 of the condensed consolidated financial statements for the half year ended 31 March 2025 as set out in the Group's half year 31 March 2025 Consolidated Financial Report (**"Condensed Consolidated Financial Statements"**)) are measured at fair value with changes in fair value recognised in earnings or equity.

Generally, to measure the fair value of these instruments, the Group relies on quoted market prices, present value estimates or other valuation techniques that incorporate the impact of factors that a market participant would take into account when pricing the asset or liability. Certain other assets, including some unlisted equity investments, are valued using discounted cash flow techniques. The fair value of these instruments is impacted by changes in market prices or valuation inputs that may adversely affect the Group's earnings and/or equity.

The Group may be exposed to a reduction in the value of non-lending related assets as a result of impairments that are recognised in earnings. The Group must test at least annually the recoverability of goodwill balances and intangible assets with indefinite useful lives or not yet available for use and other non-lending related assets including premises and equipment (including right-of-use assets arising from leases), investment in associates, capitalised software and other intangible assets where there are indicators of impairment.

To assess the recoverability of goodwill balances, the Group uses a multiple of earnings calculation. Changes in the assumptions upon which the calculation is based, together with changes in earnings, may materially impact this assessment, resulting in the potential write-off of a part or all of the goodwill balances.

In respect of other non-lending related assets, if an asset is no longer in use or the cash flows generated by the asset do not support the carrying value, impairment charges may be recorded. This, in conjunction with the other potential changes above, could impact the Group's Position.

15. Changes to accounting policies may adversely affect the Group's Position

The accounting policies that the Group applies are fundamental to how it records and reports its financial position and results of operations. Management exercises judgement in selecting and applying many of these accounting policies. This is so that the Group complies with the applicable accounting standards or interpretations and reflects the most appropriate manner in which to record and report on the Group's financial position and results of operations. These accounting policies may be applied inaccurately, resulting in a misstatement of the Group's financial position. The application of new or revised accounting standards or interpretations may also adversely affect the Group's Position. The Group discloses the impact of new accounting standards that are effective for the first time in any reporting period, in the notes to the consolidated financial statements for that period. In some cases, management must select an accounting policy from two or more alternatives, any of which would comply with the relevant accounting standard or interpretation and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under the alternative.

Legal and regulatory risk

16. Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position

The Group's businesses and operations are highly regulated. The Group is subject to laws, regulations, and policies, including industry self-regulation, in the Relevant Jurisdictions ("**Regulations**"). Regulations may be affected by a variety of factors, including recommendations made by inquiries conducted by the Australian Government or other regulators. Regulations continue to change, including with little or no notice, and are generally increasing in scope, scale, complexity, cost and speed of required compliance. Changes to Regulations and any associated increases in compliance costs may affect the profitability of the Group, change the level of competition that the Group faces or affect the ability of the Group to conduct one or more elements of its business. In addition, regulators are coming under increased pressure to take enforcement actions against entities that are not compliant with Regulations. The increasing complexity of Regulations and increased propensity for sanctions and more severe financial penalties for breaches could adversely affect the Group's results and reputation.

Regulations can and do affect the operating environment of, and impose significant compliance costs on, the Group. A failure by the Group to comply with Regulations or manage regulatory change could result in regulatory investigations, litigation, legal or regulatory sanctions, public criticism, financial or reputational loss, restrictions on the Group's ability to do business, fines or other enforcement or administrative actions or penalties. Any of these may adversely affect the Group's Position.

On 3 April 2025, ANZBGL entered into an APRA Court Enforceable Undertaking ("**CEU**"), which increases the regulatory scrutiny of the Group and introduces heightened risks to the Group in the event of non-compliance, including potential financial or reputational consequences. Failure to meet ANZBGL's obligations under the CEU and any resulting penalties may potentially affect the Group's Position.

Themes of recent Regulations include, but are not limited to, the prudential position of financial institutions, increasing transparency, the protection of customers, regulatory enforcement and the protection and use of information. Set out below are examples of recent or potential regulatory changes that could affect the Group's Position.

Prudential regulation

Changes to prudential regulation can increase the level of regulatory capital that the Group is required to maintain, restrict the Group's flexibility, require it to incur substantial costs and/or impact the profitability of one or more of its business lines, any of which may adversely affect the Group's Position.

Recent prudential regulation changes that have impacted, or that may impact the Group's Position, include:

- Financial resilience: APRA implemented its new bank capital framework for ADIs on 1 January 2023 that seeks to align Australian standards with the international agreed Basel 3 requirements. In December 2024, APRA published final standards for APS 110 Capital adequacy and APS 116 Capital Adequacy Market Risk, both effective 1 January 2025. Other key regulatory changes include: APS 330 Public Disclosures effective 1 January 2025; APS 210 Liquidity, effective 1 July 2025; and APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book, effective 1 October 2025. APRA continues to consult and finalise revisions to APS 210 Liquidity, CPS 220 Risk Management (embedding climate risk), CPS 510 Governance, APS111 Capital Adequacy: Measurement of Capital (regarding Additional Tier 1 ("**AT1**") capital instruments), and CPS 520 Fit and Proper. APRA are also developing the first system wide risk stress test to understand interconnections across the financial system. The stress test is anticipated to take place in the second half of calendar year 2025 and may lead to regulatory changes. Given the number of items that are yet to be finalised by APRA, the aggregate outcome from all changes to APRA's prudential standards relating to their review of ADIs 'unquestionably strong' capital framework remains uncertain.
- Operational resilience: In July 2023, APRA finalised prudential standard CPS 230 Operational Risk Management, which sets out minimum standards for managing operational risk, including updated requirements for business continuity planning and service provider risk management. The effective date of compliance is 1 July 2025. Prudential Practice Guide for Operational Risk Management CPG 230, was released in June 2024 to provide clearer guidance on minimum requirements. The Group is continuing to work through the implementation process, which requires changes to systems, operations and contractual arrangements with third parties.
- Resolution planning: Prudential Standard CPS 900 Resolution Planning ("CPS 900") became effective on 1 January 2024. CPS 900 requires certain entities, including significant financial institutions, to develop a resolution plan in cooperation with APRA, so the entity can be resolved by APRA in an orderly manner where the entity is unable to, or is likely to be unable to, meet its obligations or suspends, or is likely to suspend, payments.
- Loss absorbing capacity: On 2 December 2021, APRA finalised its loss-absorbing capacity requirements for Australian D-SIBs, including ANZBGL, requiring an increase to their minimum total capital requirement by 4.5% of RWA by January 2026. Excluding the capital requirement changes from APRA's approach to AT1 paper (refer below), total Tier 2 ratio will increase to 6.5%. APRA expects the requirement to be satisfied predominantly with additional Tier 2 capital with an equivalent decrease in senior funding. The amount of the additional total capital requirement will be based on the Group's actual RWA as at January 2026.

  In December 2024, APRA confirmed that it will phase out the use of AT1 capital instruments to simplify and improve the effectiveness of bank capital in a crisis. As set out in the APRA announcement, under APRA's approach, large, internationally active banks, such as the Group, which have received APRA approval to use the Internal Ratings-based Approach to credit risk capital requirements ("Advanced" banks) will be able to:

    - Replace the current requirements for 1.5% of AT1 capital with 0.25% of CET1 and 1.25% of Tier 2 capital;
    - Increase the minimum CET1 requirement from 4.5% to 6%, but remove the Advanced portion of the capital conservation buffer of 1.25%;
    - Keep the total capital minimum, inclusive of APRA buffers, unchanged at 18.25% (including total loss-absorbing capacity ("**TLAC**") requirements); and
    - Increase the Tier 2 requirements (inclusive of TLAC requirements) from 6.5% to 7.75%.

APRA has indicated that it will continue to consult industry on consequential amendments to the prudential framework. APRA intends to finalise changes to prudential standards before the end of the 2025 calendar year, with the updated framework to come into effect from 1 January 2027.

It is currently uncertain what impact this change may have on the Group. The impacts could include, but are not limited to, impacts on the Group's cost of funding and/or credit rating impacts on subordinated debt.

- RBNZ revisions to capital adequacy: The RBNZ has revised the capital adequacy requirements that apply to New Zealand locally incorporated registered banks. As a result, ANZ Bank New Zealand is materially increasing the level of capital it holds over the transition period from October 2021 to July 2028. In March 2025, the RBNZ announced that it intends to conduct a reassessment of key capital settings, with any changes expected to be advised ahead of next year's (July 1, 2026) scheduled increase. The net impact on the Group's Level 1 CET1 capital by the end of the transition period in 2028 is dependent on the additional capital required by ANZ Bank New Zealand Limited to comply with the increased capital requirements. Whether the additional capital requirement for ANZ Bank New Zealand Limited results in financial implications for ANZGHL will also depend on whether the Group's Level 1 CET1 ratio is lower than the Group's Level 2 CET1 ratio in 2028. The financial impact of the changes to the RBNZ's capital adequacy requirements on the Group are uncertain at this time.
- NZ contingent capital instrument: ANZ Bank New Zealand Limited has one remaining contingent capital instrument that will no longer be treated as eligible regulatory capital by RBNZ. Contingent capital Additional Tier 1 instruments ("**Contingent AT1 Instruments**") progressively lose eligible RBNZ regulatory capital treatment over the transition period to 1 July 2028. The maximum eligible regulatory capital value of Contingent AT1 Instruments is the total outstanding value at 30 September 2021 ("**Contingent AT1 Base**") reduced by 12.5% of the Contingent AT1 Base on 1 January of each year from 2022 to 2028, with no Contingent AT1 Instruments eligible from 1 July 2028.

Other Australian regulation

Other recent developments relating to Australian regulation that have impacted, or that may impact the Group in the future include:

- Climate-related disclosure: Legislation has been passed in Australia to introduce mandatory reporting requirements for large to medium sized companies which are captured within the thresholds. ANZGHL and its subsidiaries including the Group will be required to prepare climate-related disclosures for each annual reporting period commencing 1 October 2025. The legislation requires entities to disclose climate-related risks and opportunities, scenario analysis, a climate-related transition plan, and scope 1, 2 and 3 emissions amongst other disclosures. Scope 3 emissions are only required for the annual reporting period starting 1 October 2026. Assurance requirements will be phased in. A limited, modified liability framework applies for up to three years. ANZGHL and its subsidiaries, including the Group, could face increased costs associated with reporting and compliance with the legislation as well as potential additional scrutiny concerning its climate-related disclosures.

- Privacy: In November 2024, the Australian Parliament passed the Privacy and Other Legislation Amendment Act 2024. The Act implements the first tranche of reforms proposed in the Privacy Act review final report (including regarding enforcement and increasing automated decision-making transparency) with further substantive reforms to be the subject of further targeted consultation. These changes could impact how the Group uses individuals' information and the mechanisms (including new civil penalties) available to enforce privacy obligations.

- Cyber Security: In November 2024, the Australian Parliament passed legislation to amend cyber security laws and make changes to the Security of Critical Infrastructure Act 2018. The changes include a ransomware reporting obligation for businesses and strengthened consequence management powers for the Minister for Cyber Security. Separately, the Australian Government has passed legislation to establish an accreditation scheme for entities providing digital identity services and is consulting on associated rules and standards. Implementation of the legislation could result in increased costs for the Group and may give rise to regulatory enforcement proceedings, for example, if the Group wishes to become a provider of digital identity services or to use digital identities as a part of its onboarding process for customers, which may, in turn, adversely affect the Group's Position.

- Physical banking: In late 2024, the Australian Government proposed a community service obligation for banks which requires them to meet a baseline minimum level of service in regional areas based on the size of their household deposits. Banks that fail to meet their baseline would be subject to a levy. The Australian Government has further proposed a mandatory bank branch closure code. In February 2025, the Australian Government announced it will continue work to ensure regions have access to fit-for-purpose, sustainable banking services over the long term including continued work on these longer-term options flagged late in 2024. Implementation of these proposals would increase compliance costs for the Group. The Australian Government is also consulting on mandating providers of essential goods and services (excluding small businesses) to accept cash payments where in person payment is offered. Implementation of the mandate will likely require supporting cash-in-transit measures which could result in increased costs to the Group. Separately, the Australian Competition and Consumer Commission has granted interim authorisation to the Australian Banking Association ("**ABA**"), its member banks, and other relevant industry participants to discuss and develop arrangements to maintain the physical distribution of cash throughout the Australian economy and to implement certain business continuity measures. The authorisation applications by the ABA followed concerns expressed by the major supplier of cash-in-transit services in Australia, Armaguard, that the industry is not sustainable in its current form given the declining use of cash. Disruptions to cash-in-transit services could have a material impact on the Group's ability to provide cash to customers. Measures concerning cash-in-transit (which could include business continuity measures) could result in increased costs to the Group.
- Financial Accountability Regime: ANZGHL, ANZBGL and Norfina Limited ("**Suncorp Bank**") are accountable entities regulated by the Financial Accountability Regime (the "**FAR**"). FAR also applies to ANZ Lenders Mortgage Insurance Pty Ltd and ANZ Staff Superannuation (Australia) Pty Ltd as accountable entities from 15 March 2025. Under the FAR, accountable entities, their significant related entities, and certain individuals, including senior executives and directors, are subject to or impacted by new or heightened accountability obligations. Potential risks to the Group include the risk of penalties and the risk to the Group's ability to attract and retain directors and senior executives.
- Payments: In December 2024, the Australian Government released its Cheques Transition Plan, which sets out the Australian Government's expectations of industry for the winding down of Australia's cheques system in 2029. In October 2024, the Australian Government announced that it was prepared to ban surcharging on debit card transactions from 1 January 2026, subject to consultation by the Reserve Bank of Australia and sufficient steps being taken to ensure both small businesses and consumers could benefit from lower costs. Also, in October 2024, the Reserve Bank of Australia commenced a review into merchant card payments costs and surcharging. Potential regulatory actions aimed at putting downward pressure on merchant card payment costs could adversely affect the Group's Position.

Other New Zealand regulation

The New Zealand Government and regulatory authorities have proposed and have implemented significant legislative and regulatory changes for New Zealand financial institutions.

The Deposit Takers Act is expected to be fully implemented in mid-2028. The RBNZ is undertaking a multi-year work program to develop policy, standards and regulations to support the commencement of the Deposit Takers Act. To date this has included:

- the Deposit Compensation Scheme that is expected to go live on 1 July 2025. It will protect up to NZ$100,000 of eligible deposits per depositor,

- per licensed deposit taker, if a pay-out event is triggered.
- consultation on policy proposals on standards applying to among other topics: minimum capital requirements, liquidity, disclosure, outsourcing, lending, related party exposures, restricted activities, governance, risk management, operational resilience and Open Bank Resolution.
- an issues paper on how the RBNZ may look to operationalise its increased crisis management and resolution powers.

The RBNZ has announced that it will undertake a reassessment of the increasing capital requirements that apply to banks in New Zealand in 2025.

Other New Zealand changes include a conduct regime for financial institutions, a climate-related disclosure regime and a consumer data right.

Such changes may adversely affect the ANZ New Zealand Group, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding and profitability, cost structures, and the cost of and access to credit for its customers and the wider economy. This in turn may adversely affect the Group's Position.

17. Litigation and contingent liabilities may adversely affect the Group's Position

From time to time, the Group may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities that may adversely affect the Group's Position.

The Group had contingent liabilities as at 31 March 2025 in respect of the matters outlined in Note 17 of the Condensed Consolidated Financial Statements. Note 17 includes, among other things, the following matters:

- [regulatory and customer exposures;
- South African rate action;
- Esanda dealer car loan litigation;
- OnePath superannuation litigation;
- New Zealand loan information litigation;
- security recovery actions; and
- warranties, indemnities and performance management fees.

The Group regularly engages with its domestic and international regulators and other statutory and supervisory bodies. The nature of these regulatory interactions can be wide ranging and include regulatory investigations, surveillance and reviews, reportable situations, formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group also receives notices and requests for information from its regulators and other bodies from time to time as part of both industry-wide and Group-specific reviews and makes disclosures to its regulators at its own instigation.

There has been a recent increase in the number of matters on which the Group has engaged with its regulators. Recent interactions relate to matters including:

- markets transactions and data reporting. The Australian Securities and Investments Commission is investigating the execution by ANZBGL of a 2023 issuance of 10-year Treasury Bonds by the Australian Office of Financial Management ("**AOFM**") and errors in ANZBGL's reporting of secondary bond market turnover data to the AOFM;

- anti-money laundering and counter-terrorism financing obligations, processes and procedures. For example, in recent periods, Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") has conducted reviews and made inquiries with ANZBGL and Suncorp Bank. A number of potential non-compliance instances identified by AUSTRAC have been subject to ongoing uplift programs with regular reporting to AUSTRAC. The Group continues to self-identify and report AML/CTF compliance issues to AUSTRAC, and provides updates to AUSTRAC on remediation activities on a regular basis; and

- non-financial risk management practices including customer service processes relating to complaints, hardship, deceased estates and remediation, compliance with mandatory reporting obligations, the application of interest and fees on certain products and the financial accountability regime.

The possible exposures associated with the Group's regulatory interactions may include civil enforcement actions, criminal proceedings, fines and penalties, imposition of capital or liquidity requirements, customer remediation, the requirement to conduct independent reviews, sanctions or the exercise of other regulatory powers.

There may also be exposures to customers, third parties and shareholders which are additional to any regulatory exposures. These could include class actions or claims for compensation or other remedies.

The outcomes and total costs associated with these possible regulatory, customer and other exposures remain uncertain.

There is however a risk that contingent liabilities may be larger than anticipated or that additional litigation, regulatory actions, legal or arbitration proceedings or other contingent liabilities may arise.]

18. Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing, sanctions and scams may adversely affect the Group's Position

Laws and regulations relating to anti-money laundering, counter-terrorism financing and sanctions have increased in complexity in recent years. Regulatory reforms relating to anti-money laundering, counter-terrorism financing and other related matters, and extended sanctions and enforcement actions taken domestically and internationally continues to be a focus of the Group.

Anti-money Laundering and Counter-Terrorism Financing ("AML/CTF")

In December 2024, the Australian Parliament passed legislation to extend the AML/CTF regime to Tranche 2 entities such as real estate professionals, dealers in precious stones, metals and products, lawyers, conveyancers, accountants and trust and company service providers. This legislation also amends the regime's requirements including those relating to AML/CTF programs, risk assessments, customer due diligence, reporting of cross border transfers (currently known as International Funds Transfer Instructions) and tipping off. Whilst most of these reforms have a commencement date of 31 March 2026 and 1 July 2026 (for entities that only provide "Tranche 2" designated services), some have already taken effect, such as changes to AUSTRAC's investigation powers which took effect from January 2025 and the amended tipping-off offence, which took effect from 31 March 2025. As a result of these reforms, the Group will need to make changes to its AML/CTF programs and policies to address the updated requirements, including those that take effect from 31 March 2026.

The Australian AML/CTF regulator, AUSTRAC, uses its regulatory tools and powers to ensure reporting entities understand and comply with their obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1). A reporting entity is a legal entity that provides at least one 'designated service' to a customer, such as opening a bank account. To date, AUSTRAC has taken three civil penalty actions resulting in fines against other major banks and has also required these banks to remediate the deficiencies found. Additionally, AUSTRAC has used enforceable undertakings and infringement notices to make sure reporting entities comply with the law.

The New Zealand Government has also undertaken a review of its Anti-Money

Laundering and Countering Financing of Terrorism Act 2009 ("**NZ AML/CFT Act**"). Regulations were introduced in three tranches. The first of the three tranches of regulations was introduced in July 2023 (consisting of largely definitional changes and clarifications). The second tranche of regulations came into force in June 2024, making changes to various existing obligations (including customer due diligence, enhanced due diligence, and ongoing due diligence requirements) and introducing new obligations (including a specific recordkeeping obligation in relation to prescribed transaction reporting). The third tranche of regulations will come into force in June 2025 and will introduce further obligations for customer risk rating. Further reform will be delivered through amendments to the primary NZ AML/CFT Act through three workstreams. The first workstream includes notable changes to enhanced customer due diligence, customer screening and address verification requirements. The second workstream will introduce a levy on reporting entities and consolidate the AML/CFT supervisor model from three supervisors into one. The third workstream will bring additional changes, including bringing proliferation financing into the regime. Although there is no clear view of the outcome of the reforms at this stage, the reform process could lead to new regulatory requirements being imposed on the Group, which may adversely affect the Group's Position.

The RBNZ has also stated that its appetite for taking formal enforcement action for breaches of New Zealand's AML/CFT legislation has increased. The propensity for other regulators (including in Asia and the Pacific) to take action for non-compliance with AML/CTF laws has also increased which may adversely affect the Group's Position.

Sanctions
The external sanctions and export control landscape has and continues to evolve in complexity, with regulatory expectations expanding and enforcement for non-compliance a focus of many regulators. The imposition of sanctions targeting individuals and entities, including those involved in evasion networks operating globally, by regulators since the beginning of the Russia-Ukraine conflict in February 2022 continues. Although, to date, there is an element of co-ordination between Australia, the United States, Europe, and other key partners, with sanctions linked to foreign policy objectives, nuances between the different regimes and specific restrictions are evidenced. Companies continue to assess their risk appetite regarding ongoing direct and indirect business activity involving Russia or Russian-owned or controlled entities, with secondary sanctions risk a consideration. This has heightened the operational and compliance risks in navigating those relationships, transactions and dealings. This situation is expected to continue whilst the conflict persists.

Scams
Scams continue to be pervasive and evolve quickly within financial services and other sectors. The Australian Government has introduced legislation to establish a Scams Prevention Framework ("**SPF**") which sets expectations about how organisations govern, prevent, detect, report, disrupt and respond to scams. The Framework is expected to cover banks, telecommunication providers and digital platforms. ANZBGL is adopting measures to ensure compliance with the SPF.

Close monitoring of the different levels and types of financial crimes continues across the Group. The risk of non-compliance remains high given the scale and complexity of the Group and the multiple reforms underway. Emerging technologies, such as those provided by virtual asset service providers (e.g., digital currency exchanges and wallet providers) as well as increasingly complex remittance arrangements via fintechs and other disruptors, may limit the Group's ability to track the movement of funds, develop relevant transaction monitoring, and meet reporting obligations. The complexity of the Group's technology, and the increasing frequency of changes to systems that play a role in AML/CTF and sanctions compliance puts the Group at risk of failing to identify an impact on the systems and controls in place. A failure to operate a robust program to report the movement of funds, combat money laundering, terrorism financing, scams and other serious crimes may have serious financial, legal and reputational consequences for the Group and its employees.

Consequences can include fines, criminal and civil penalties, civil claims, reputational harm and limitations on doing business in certain jurisdictions. These consequences, individually or collectively, may adversely affect the Group's Position. The Group's foreign operations may place the Group under increased scrutiny from regulatory authorities and subject the Group to increased compliance costs.

19. Changes in monetary policies may adversely affect the Group's Position

Central monetary authorities (including the Reserve Bank of Australia, the RBNZ, the United States Federal Reserve, the European Central Bank, the Bank of England and monetary authorities in the Asian jurisdictions in which the Group operates) set official interest rates or take other measures to affect the demand for money and credit in their relevant jurisdictions. In some jurisdictions, currency policy is used to influence general business conditions and the demand for money and credit. These measures and policies can significantly affect the Group's cost of funds for lending and investing and the return that the Group will earn on those loans and investments. These factors impact the Group's net interest margin and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The measures and policies of the central monetary authorities can also affect the Group's borrowers, potentially increasing the risk that they may fail to repay loans. Changes in interest rates and monetary policy are difficult to predict and may adversely affect the Group's Position. Refer to risk factor 4 *"Changes in the real estate markets in Australia, New Zealand or other markets where the Group does business may adversely affect the Group's Position"* and risk factor 10 "*Credit risk may adversely affect the Group's Position*".

20. Ongoing significant compliance costs with respect to the evolving and extensive Automatic Exchange of Information ("AEoI") obligations imposed by global customer tax transparency regimes may adversely affect the Group's Position

There continues to be mandatory and substantial changes to, and increasing regulatory focus on, compliance by all global Financial Institutions ("**FIs**"), including FIs within the Group, with global customer tax transparency regimes, under the Foreign Account Tax Compliance Act ("**FATCA**"), the Organisation for Economic Co-operation and Development's ("**OECD's**") Common Reporting Standard ("**CRS**") and similar anti-tax avoidance regimes. This includes global regulatory movement to enforcement and penalty activities and increasing regulatory implementation of additional compliance framework requirements, compliance assessment requirements, questionnaires, onsite financial institution audits, evidentiary requirements, detailed rules and frameworks to close down circumventions and deter, detect and penalise non-compliance. The ongoing OECD government level peer reviews and Internal Revenue Service and regulatory FI compliance review/audit requirements increase scrutiny and therefore unplanned workload of FIs globally. Each country of CRS adoption is being pushed by the OECD to ensure its penalty regime is sufficient to deter and penalise non-compliance.

As the Group is an in-scope FI operating in a globally interlinked operating environment, the highly complex and rigid nature of the obligations under each country's varied implementation of these regimes present heightened operational and compliance risks for the Group. As international regulatory compliance frameworks mature and regulators shift focus to enforcement (which may include financial penalties and other more general tax risk framework implications), this may result in significant penalty provision requirements and reputational damage in the event of failures. Accordingly compliance with global customer tax transparency regimes is a key area of focus and major cost for the Group.

Under FATCA and other relevant U.S. Treasury Regulations, the Group could be subject to:

- a 30% withholding tax on certain amounts (including amounts payable to customers), and be required to provide certain information to upstream payers, as well as other adverse consequences, if the ongoing detailed obligations are not adequately met; and
- broader compliance issues, significant withholding exposure, competitive disadvantage and other operational impacts if the FATCA Intergovernmental Agreements between the United States and the applicable jurisdictions in which the Group operates cease to be in effect.

Under the CRS, the Group:

- faces challenges in developing countries where the Group has operations, such as the Pacific region. The local regulators in these countries are generally assisted by a 'partner' country. The introduction of standards and evidentiary requirements continue to be challenging to implement and adhere to;
- must deal with substantial ongoing country specific variations in local law and regulatory implementation, with significant broader 'justified trust' ramifications and penalties for non-collection or failed reporting in respect of prescribed customer information;
- is under increasingly stringent regulatory scrutiny and measures as regulators turn their focus to the effectiveness of FI implementation. This tightening of regulatory focus, at a varying pace in each country, can lead to significant negative experiences for affected customers (including unilateral account blocking and closure, and potential direct customer penalties), which may adversely affect the Group's Position and if not similarly implemented by other FIs, may present a significant competitive disadvantage and loss of business;
- faces poor customer outcomes with customers who may feel aggrieved as a result of blocking and closure impacts including increased potential exposure to legal and third-party liability, particularly where the Group has not communicated the regulatory issue clearly to a customer or has blocked or closed the account incorrectly (for example, due to a data or process error); and
- continues to deal with the substantial implementation challenges associated with the complex requirements relating to intermediaries, which may also increase the risk of regulatory ramifications.

The scale and complexity of the Group means that the risk of non-compliance with FATCA, CRS and other tax reporting regimes is high. The loss of key resources and critical subject matter expertise, combined with the challenge of finding qualified replacements, increases the risk of non-compliance with these obligations. A failure to successfully operate the implemented processes or to identify and implement all obligations could lead to legal, financial and reputational consequences for the Group and its employees. Consequences include fines, criminal and civil penalties, civil claims, reputational harm, competitive disadvantage, loss of business and constraints on doing business.

External factors, such as natural disasters, the continuing effects of ongoing health pandemics and geopolitical events, have resulted in challenges for staff, including unplanned staff absences, access to systems, tools and information, and impacted the delivery of the Group's regulatory obligations on requisite timeframes, including mandatory FATCA and CRS regulatory reporting, customer follow-up strategies, resolution and action of regulatory recommendations, as well as continuous improvement activities required to achieve the zero rate of error expected by regulators. The Group's global taxation obligations in relation to the enterprise's own tax lodgements and payments may similarly be impacted. Initial leniency from global regulators continues to be tightened or withdrawn due to the regulatory expectation for FIs to adapt to the ongoing challenges presented by external factors, thus heightening the risk of regulatory scrutiny, associated penalties and reputational ramifications resulting from any deficiencies or delays in meeting regulatory obligations.

These consequences, individually or collectively, may adversely affect the Group's Position.

21. Unexpected changes to the Group's licence to operate in any jurisdiction may adversely affect the Group's Position

The Group is licensed to operate in various jurisdictions. Unexpected changes in the conditions of the licenses to operate by governments, administrations or regulatory agencies that prohibit or restrict the Group from trading in a manner that was previously permitted may adversely affect the Group's Position.

Environmental, social and governance risks

22. Impact of future weather events, nature loss, human rights, geological events, plant, animal and human diseases, and other extrinsic events may adversely affect the Group's Position

The Group and its customers are exposed to ESG risks, including from weather events (including natural disasters), geological events (such as volcanic or seismic activity or tsunamis), nature loss including as a result of species extinction or decline, or ecosystem degradation and plant, animal and human diseases or pandemics such as COVID-19 and human rights risks. Each of these can cause significant impacts on the Group's operations and its customers.

Climate-related physical risks are increasing, which is observed through increases in the average global temperature and the impacts of more regular extreme weather events. Weather events may include severe storms, bushfires, cyclones and floods. Longer-term changes in climate patterns may include rising sea levels and changes in temperature and precipitation (including drought). The impact of these events may be widespread including through second order impacts. For example, the economic impacts of a drought may extend beyond primary producers to other customers of the Group, including suppliers to the agricultural sector, and to those who reside in, and operate businesses within, affected communities. As a result, the Group may be exposed to weather events directly, and through the impact of these events on its customers (Refer to risk factor 23 "*Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the Group's Position*").

Nature is an emerging risk that the Group is seeking to understand further. Nature risks can arise from lending to customers with material impacts or dependencies on nature. These risks can also arise from legal and regulatory changes, which may impact the Group directly or indirectly through the Group's customers. Failure to manage these risks may lead to financial and non-financial risks and may adversely affect the Group's Position.

Human rights risks relate to the safety and security of the Group's people, labour rights, modern slavery, privacy and consumer protection, corruption and bribery, environmental protection and land access and rights. The Group uses risk-based due diligence to identify human rights risks and impacts associated with its business relationships. Failure to manage these risks may adversely affect the Group's Position.

Laws and regulations relating to climate change, nature, human rights, or other ESG risks, as well as the perspectives of shareholders, employees and stakeholders, may affect whether and on what terms and conditions the Group engages in certain activities or offers certain products. Depending on their frequency and severity, these risks may interrupt or restrict the provision of services such as the Group branch or business centres or other Group services. They may also adversely affect the Group's financial condition or collateral position in relation to credit facilities extended to customers, which in turn may adversely affect the Group's Position.

23. Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the Group's Position

The Group's most material climate risks arise from lending to business and retail customers. Customers may be affected directly by physical and transition risks. These include the effect of extreme weather events on a customer's business or property, including impacts to the cost, availability and adequacy of insurance coverage, changes to the regulatory and policy environment in which the customer operates, disruption from new technology and changes in demand towards lower carbon products and services. Climate risks may indirectly affect a customer by impacting its supply chain.

Climate risks may affect the ability of customers to repay debt, result in an increased probability of default, result in 'stranded assets', and/or impact the amount the Group is able to recover due to the value or liquidity of collateral held as security being impaired. Recent extreme weather events in Australia, such as Tropical Cyclone Alfred in 2025 and flooding in 2023, have affected customers. Similar events have occurred in New Zealand in recent years such as Cyclone Gabrielle in February 2023 and severe flooding in Auckland in January 2023.

In 2024 the Group identified insurability risk as an emerging risk to the Group and seeks to further understand the potential risks and impacts on its customers, including through progressing capability to undertake physical risk assessments for certain priority portfolios and sectors in Australia and advocating for better industry access to data to assess and manage this risk.

Risks associated with climate change are subject to increasing regulatory, political and societal focus.

Further integrating and embedding climate risk into the Group's risk management framework and adapting the Group's operations and business strategy to seek to address the risks and opportunities posed by climate change, could have a significant impact on the Group.

Risk management, internal control, non-financial and reputational risk

24. The Group's risk management framework may fail to manage all existing risks appropriately or detect new and emerging risks fast enough, which could adversely affect the Group's Position

Risk management is an important part of the Group's activities. It includes the identification, measurement, monitoring and mitigation of the Group's risk and reporting on the Group's risk profile and effectiveness of identified controls. Effectiveness of the Group's risk management framework is not fully assured. This includes effectiveness in relation to existing risks and new and emerging risks that the Group may not anticipate or identify in a timely manner and for which its controls may not be effective. Failure to manage risks effectively could adversely impact the Group's reputation or compliance with regulatory obligations.

The Group believes that having the right risk culture supports the Group in building a better organisation that effectively manages risk, safeguards the interests of its customers and delivers on its purpose and strategy. The Group has an explicit approach to the assessment of its risk culture that supports the Board in forming a view of the Group's risk culture maturity and identifying actions to be taken to attain the Boards' target state. Risk culture is regularly measured and monitored with an objective to ensure the target risk culture is sustained. The risk culture maturity/target established by the Board is 'Sound'. The enterprise's risk culture has been assessed as 'Needs Improvement' in 2024. Regulatory concerns around the Group's Markets business and non-financial risk management (refer risk factor 17 *"Litigation and contingent liabilities may adversely affect the Group's Position"*) have contributed to this re-assessment.

The Group seeks to continuously improve its risk management frameworks. It has implemented, and regularly reviews, its risk management policies and allocates additional resources across the Group to manage and mitigate risks. Such efforts may not insulate the Group from exposure to risks or give full assurance that the Group's risk management framework will be effective. A failure in the Group's risk management processes or governance could result in the Group suffering unexpected losses and reputational damage, and failing to comply with regulatory obligations, which could adversely affect the Group's Position.

25. Non-financial risk events may adversely affect the Group's Position

Non-financial risk is the risk of loss and/or non-compliance (including failure to act in accordance with laws, regulations, industry standards and codes, and internal policies) resulting from inadequate or failed internal processes, people, system and/or data, or from external events. This includes operational risk and the risk of reputation loss but excludes strategic risk.

Non-financial risk categories under the Group's risk taxonomy include:

- financial crime (the risk of money laundering, terrorism financing, sanctions violations, or bribery and corruption: including non-compliance with the Group's policies, or regulatory expectations). See risk factor 18 *"Significant fines and sanctions in the event of breaches of law or regulation relating to anti-money laundering, counter-terrorism financing, sanctions and scams may adversely affect the Group's Position"*;
- internal fraud (fraud / theft attempted or perpetrated by an internal party (or parties) (e.g., a Group employee or contingent worker, including instances where an employee is acting in collusion with external parties));
- external fraud (fraud or theft attempted or perpetrated without the deliberate involvement of a Group employee or contingent worker);
- operational resilience (the risk of the Group's failure to comply with regulatory expectations for business continuity, crisis management and business process governance and management);
- physical security (the risk of damage to the Group's physical assets);
- people (the risk of breaching employment legislation, mismanaging employee relations and failing to ensure a safe working environment);
- transaction processing and execution (failure to process, manage and execute transactions and other processes correctly and appropriately);
- technology (the risk associated with the outage of systems, including hardware, software and networks). See risk factor 29 *"Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the Group's business, which may adversely affect the Group's Position"*;
- conduct (the risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of consumers, the integrity of the financial markets and the expectations of the community, in conducting the Group's business activities). See risk factor 28 *"Conduct risk events may adversely affect the Group's Position"*;
- legal (the risk of execution errors in legal procedures and processes);
- regulatory risk (the risk of failure to act in accordance with laws, regulations and regulatory expectations in the jurisdictions in which the Group operates, leading to regulatory censure or penalties). This risk includes matters such as where the Group's prudential regulator imposes requirements including capital overlays for failing to meet regulatory expectations. See risk factor 16 *"Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position"*;
- third party (the risk of failing to manage third party relationships and risks appropriately. For example, not taking reasonable steps to identify and mitigate operational risks introduced into the organisation from the use of third party products/ services);
- information security including cyber (the risk of information security incidents, including the loss and theft of data/information; this covers all types of data, (e.g., customer, employee, and the Group's proprietary data), and includes the failure to comply with rules concerning information security). See risk factor 30 *"Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position"*;
- data (the risk of failing to appropriately collect, use, manage, maintain, and dispose of data, including all types of data, for example, customer data, employee data, and the Group's proprietary data). See risk factor 31 *"Data management risks may adversely affect the Group's Position"*;
- model (the potential for adverse consequences from model errors based on the design, development, use and/or report of a model to inform business decisions). See risk factor 32 *"Modelling risks may adversely affect the Group's Position"*; and
- statutory reporting and tax (the risk of failing to meet statutory reporting and tax

filing/reporting requirements).

Loss from risk events may adversely affect the Group's Position. Such losses can include fines, penalties, imposts (including capital imposts), loss or theft of funds or assets, legal costs, customer compensation, loss of shareholder value, reputation loss, loss of life or injury to people, and loss of property and information.

Pursuant to APRA and RBNZ requirements, the Group and ANZ New Zealand Group must maintain "operational risk capital" reserves in the event future operational events occur.

As the Group increases the adoption of AI, which includes technologies such as machine learning through predictive analytics, process automation and decision generation to support its customers and business processes, the Group may become more exposed to associated AI risks, such as inaccurate decisions or unintended consequences that are inconsistent with the Group's policies or values. These could have adverse financial and non-financial impacts on the Group. See risk factor 33 "*Use of AI may adversely affect the Group's Position*" for further information.

26. Conduct risk events may adversely affect the Group's Position

Conduct risk is the risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of consumers, the integrity of the financial markets, and the expectations of the community in conducting the Group's business activities.

Conduct risks include:

- the provision of unsuitable or inappropriate advice to customers;
- the representation of, or disclosure about, a product or service which is inaccurate, or does not provide adequate information about risks and benefits to customers;
- a failure to deliver product features and benefits in accordance with terms, disclosures, recommendations and advice;
- a failure to identify, manage and where appropriate avoid actual, potential and perceived conflicts of interest. The Group has procedures and controls in place to manage the Group's client interests, any misuse of confidential and inside information to the advantage of the Group, and any conflict between Group employee personal interests and the Group's interests, clients and suppliers;
- inadequate management of complaints or remediation processes;
- a failure to respect and comply with duties to customers in financial hardship; and
- unauthorised trading activities in financial markets, in breach of the Group's policies and standards.

There has been continuing regulatory and community focus on conduct risk, including in Australia and New Zealand. Divergent and uncertain economic conditions mean customers remain under financial pressure, with the higher cost-of-living and reduction in disposable income continuing to influence affordability. This may continue to impact both the ability to lend to customers and/or the extent to which forbearance may need to be offered to those already struggling. In order to effectively manage heightened conduct risk in the current economic climate, the Group will need to continue to monitor the number of customers that may fall into financial difficulty, and therefore require enhanced support. As this occurs, it is likely to have the greatest impact on customers in challenging financial circumstances. This is an evolving situation and remains a priority for regulators. The Group will need to continue to address the demand for forbearance and provide appropriate tailored solutions to address complex customer needs to help mitigate the risk of customer harm. In response to economic challenges, regulators are intensifying their scrutiny of financial institutions to ensure conduct risk is being well managed through adherence to ethical standards and protection of consumers. This regulatory focus includes more prescriptive guidelines and more rigorous enforcement actions. This could lead to increased compliance costs and potential liability in cases of non-compliance, potentially affecting the Group's Position.

The Conduct of Financial Institutions ("**CoFI**") regulations, introduced through the Financial Markets (Conduct of Institutions) Amendment Act 2022 ("**FMCIA Act**"), aim to ensure that financial institutions in New Zealand treat consumers fairly. Effective from 31 March 2025, the CoFI regime mandates that these institutions obtain a market services licence, implement a fair conduct programme, and comply with the fair conduct principle, which emphasises fairness in all consumer interactions. ANZ Bank New Zealand Limited has implemented changes to comply with these requirements, which may result in increased compliance costs, operational changes, and enhanced oversight. Furthermore, in May 2024, the New Zealand Ministry of Business, Innovation and Employment opened a consultation on a review of the CoFI requirements. Any amendments to the FMCIA Act following this consultation are expected to commence in 2026 at the earliest. The impact of the FMCIA Act on ANZ Bank New Zealand Limited remains uncertain, but it could lead to increased compliance costs and potential liability in cases of non-compliance, potentially affecting the Group's Position.

Where a conduct risk event occurs, ANZBGL has a centralised team responsible for customer remediation programs, including addressing conduct issues identified in ANZBGL reviews. Similarly, ANZ Bank New Zealand Limited has a separate centralised customer remediation team. Conduct risk events may not only negatively impact customers and market integrity, but may expose the Group to regulatory actions, restrictions or conditions on banking licenses and reputational consequences that may adversely affect the Group's Position. Remediation programs may not be implemented appropriately or may lead to further remediation work being required, resulting in litigation, regulatory action and increasing cost to the Group, which may adversely affect the Group's Position. For further discussion of the increasing regulatory focus on conduct risk, see risk factor 16 "*Regulatory changes or a failure to comply with laws, regulations or policies may adversely affect the Group's Position*" and risk factor 17 "*Litigation and contingent liabilities may adversely affect the Group's Position*".

27. Human capital risk, which relates to the inability to attract, develop, motivate and retain the Group's people to meet current and future business needs, could result in poor financial and customer outcomes and reduce the ability of the Group to deliver against customer and other stakeholders' expectations

Key executives, employees and directors play an integral role in the operation of the Group's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role or the Group's failure to recruit, develop and retain an appropriately skilled and qualified person into these roles particularly in areas such as digital, technology, risk or compliance, could have an adverse effect on the Group's Position.

28. Reputational risk events as well as operational failures and regulatory compliance failures may give rise to reputational risk, which may undermine the trust of stakeholders, erode the Group's brand and adversely affect the Group's Position

The Group's reputation is a valuable asset and a key contributor to the support that it receives from the community in respect of its business initiatives and its ability to raise funding or capital. Reputational risk may arise as a result of an external event or the Group's actual or perceived actions and practices, which include operational and regulatory compliance failures. The occurrence of such events may adversely affect perceptions about the Group held by the public (including the Group's customers), shareholders, investors, regulators and rating agencies. The impact of a risk event on the Group's reputation may exceed any direct cost of the risk event itself and may adversely impact the Group's Position.

The Group may suffer reputational damage where one of its practices fails to meet community expectations. Community expectations are continually changing and evolving. If expectations exceed the standard required to comply with applicable law, the Group may incur reputational damage even where it has met its legal obligations. A divergence between community expectations and the Group's practices could arise in a number of ways including in relation to its product and services disclosure practices, pricing policies and use of data. The Group's reputation may be adversely affected by community perception of the broader financial services industry, particularly in an environment of elevated interest rates. Reputational damage may arise from the Group's failure to effectively manage risks, enforcement or supervisory action by regulators, adverse findings from regulatory reviews and failure or perceived failure to adequately respond to community, environmental and ethical issues. From time to time the Group may be subjected to heightened public scrutiny and potential reputational damage as a result of the actions of activist shareholders. Areas which have attracted investor activism in Australia primarily relate to environmental and social issues and include concerns about the actions of the Group itself or parties that the Group finances.

Operational and regulatory compliance failures or perceived failures may give rise to reputational risk. Such operational and regulatory compliance failures include, but are not limited to:

- failures related to fulfilment of identification of obligations;
- failures related to new product development;
- failures related to ongoing product monitoring activities;
- failures related to suitability requirements when products are sold outside of the target market;
- failure to comply with disclosure obligations;
- failure to properly manage risk (e.g., credit, market, operational or compliance);
- market manipulation or anti-competitive behaviour;
- inappropriate crisis management/response to a crisis event;
- inappropriate handling of customer complaints;
- inappropriate third party arrangements;
- privacy breaches; and
- unexpected risks.

Damage to the Group's reputation may have wide-ranging impacts, including adverse effects on the Group's profitability, capacity and cost of funding, increased regulatory scrutiny, regulatory enforcement actions, additional legal risks and limiting the availability of new business opportunities. The Group's ability to attract and retain customers could also be adversely affected if the Group's reputation is damaged, which may adversely affect the Group's Position.

29. Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the Group's business, which may adversely affect the Group's Position

The Group's day-to-day operations and its service offerings (including digital banking) are highly dependent on information technology ("**IT**") systems including systems maintained/provided by third parties. In a digital world, customer's expectations of "always on" "24/7" banking services necessitates highly available and resilient IT systems. Disruption of IT systems that support critical operations may result in the Group failing to meet its compliance obligations and customers' banking needs. Disruption of IT systems can be unpredictable and can arise from numerous sources, not all of which are fully within the Group's control. These include, among others, operational or execution failures or deficiencies by third parties and third parties that maintain/provide IT systems to the Group; accidental system or technological failure; electrical or telecommunication outages; and failures of computer servers or infrastructure.

The Group has an ongoing obligation to maintain its IT systems and to identify, assess and respond to risk exposures associated with these systems, including IT asset lifecycle, IT asset project delivery, technology resilience, technology security, use of third parties, data retention and restoration and business rules and automation. Inadequate responses to these risk exposures could lead to unstable or insecure systems, which could adversely impact customers, increase the Group's costs, and result in non-compliance with regulatory requirements, any of which may adversely affect the Group's Position.

The Group has incident response, disaster recovery and business continuity measures in place designed to ensure that critical IT systems will continue to operate during both short-term and prolonged disruption events for all businesses across the Group's network, including ANZ Bank New Zealand Limited and international branches, which rely on the Group to provide a number of IT systems. The ever- changing external threat environment necessitates that these capabilities must cater for profound and complex events. A failure of the Group's systems may affect the Group's network, which may in turn, adversely affect the Group's Position.

The Group must implement and integrate new IT systems and capabilities, most notably cloud, data, AI and automation technologies, into the existing technology landscape to ensure that the Group's technology environment is cost-effective and can support evolving customer requirements. Inadequate implementation and integration of these systems and capabilities, or improper operation and management, including of their vendors and the supply chain, may adversely affect the Group's Position.

This risk factor should be read in conjunction with risk factor 30 "*Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position*" as information security breaches and cyber-attacks have the potential to result in the disruption of IT systems.

30. Risks associated with information security, including cyber-attacks, may adversely affect the Group's Position

The digital world is constantly evolving, with both positive innovation and new threats. As a result, the Group recognises that the risk of a cyber event or data loss remains a significant concern for its businesses. Cyber threats continue to increase in sophistication, persistence, scale, frequency and impact. Threats include but are not limited to: business email compromise, ransomware, distributed denial of service, data breaches, third-party exposures, software vulnerabilities, AI weaponisation, geopolitically motivated cyber espionage and destructive attacks. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services or compromise customer data privacy. As both the scale and complexity of such attacks are increasing, there is always a risk that countermeasures and layers of defence to adequately mitigate risks may not be sufficient and that sensitive information may be inadvertently exposed.

The Group has noted increased external occurrences of ransomware and third-party data breaches, ongoing volatility in the global political landscape and the security implications of wide-spread adoption of AI. Although AI has potential to support significant service advances for customers, it also has potential to assist, enable and enhance existing methods for criminals to perpetrate fraud, scams, and cyber threats against the Group and its customers, and poses increased risks to cybersecurity, including risks of denial of service, the criminal use of deepfakes, and more sophisticated social engineering attacks. Further, inadvertent disclosure or misuse of client data in the datasets or algorithms may lead to reputational risk. See risk factor 33 "*Use of AI may adversely affect the Group's Position*" for further information.

Intense public response to cyber-attacks has led to increased political focus with the potential for future significant increases in penalties for privacy breaches. Should the Group be the target of such an attack, then in addition to the risks discussed above, there is a risk of reputational damage in light of the public response to such an attack and/or penalties imposed by a regulator, which may materially adversely affect the Group's operations. The regulatory landscape is also evolving with additional local and international regulator focus on information security, including the release of the 2023-2030 Australian Cyber Security Strategy and subsequent discussions, consultation and implementation on legislative reforms.

A focus on information security is key to protecting the confidentiality, integrity or availability of systems and data. The Group as part of its global banking operations handles and stores a considerable amount of personal and confidential information about its customers and its own internal processes, across the multiple geographies in which the Group operates. This information is processed and stored on both internal and third-party hosted environments. As such, weaknesses in key security policies or controls operated by the Group or third parties engaged by the Group could result in the loss of data or other personal or sensitive information and adversely affect the Group's business by resulting in financial losses (including costs relating to notifying and compensating customers), regulatory investigations, sanctions or reputational harm, thus affecting the Group's Position.

31. Data management risks may adversely affect the Group's Position

Data management refers to a set of processes and procedures used to manage data, including sensitive data, such as customer data, employee data and the Group's proprietary data. Specifically, the development, execution and oversight of plans, policies and practices that deliver, control, protect and enhance the value of the Group's data and information assets through their lifecycles. Data management risk is the risk of failing to achieve these objectives.

Deficiencies in data management can be attributed to: data captured, produced or processed does not meet data quality requirements, is unavailable or is not fit for purpose; data ownership accountabilities are not adequately executed upon; data integrity is not preserved throughout the data lifecycle; context and meaning of the data are not sufficiently understood, because the data is not clearly articulated, categorised and/or classified; critical data has inadequate controls in place, has not been adequately identified, or does not meet data quality and data lineage requirements; and data quality issues are not detected and responded to in a timely manner.

Deficiencies in data management can result in ineffective risk management practices and inaccurate risk reporting. In addition, failure to comply with data management obligations, including regulatory obligations may cause the Group to incur losses or result in regulatory action, which may adversely impact the Group's Position.

32. Modelling risks may adversely affect the Group's Position

The Group relies on a number of models for material business decision making including but not limited to lending decisions, calculating capital requirements, provision levels, customer compensation payments and stressing exposures. If the models prove to be inadequately designed, implemented, used or maintained or if they are based on incorrect assumptions or inputs, this may adversely impact the Group's Position.

33. Use of AI may adversely affect the Group's Position

AI refers to the development of systems capable of performing tasks that typically require human intelligence, such as learning, reasoning, and decision making. AI is increasingly being used to drive innovation and efficiency in the Group's business processes. Adopting AI is also important in delivering the Group's strategy and maintaining competitiveness.

However, as AI becomes more integrated into the Group and the regulatory landscape relating to AI continues to rapidly evolve, inadequate management and governance of responsible AI use, whether by the Group or by third parties, can lead to significant operational risks, including (but not limited to) the following:

- AI Bias: Systematic and repeatable errors in the way an AI system operates, which could result in unfair outcomes.
- AI Discrimination: AI system treats individuals or groups unfairly or differently based on protected attributes.
- AI Hallucinations: AI model perceives patterns or objects that are nonexistent, creating nonsensical or inaccurate outputs.

- AI Washing: Deceptive promotional practice that exaggerates or outright lies about a product or service’s use of AI.
- Data Poisoning: Deliberate and malicious contamination of data to compromise the performance of AI and machine learning.
- Immature AI Technology: Critical infrastructure failure, poor performance, processing failure.
- Model Drift: Decline in a model's ability to make accurate predictions due to changes in the environment in which it is being used.
- Model Extraction / Stealing: Malicious actor providing inputs to an AI system and using the outputs to create an approximate replica of it.
- Runaway AI: AI system gains the ability to improve itself rapidly and autonomously, potentially leading to outcomes that were not intended or foreseen by its creators.
- Shadow AI: Unsanctioned or ad-hoc generative AI use within an organisation that is not governed.

AI is an emerging risk that the Group seeks to understand further. Failure to appropriately manage these risks in AI adoption and use, may erode customer trust, result in legal or regulatory non-compliance, and damage the Group’s reputation.

Responsibility statement of the Directors of Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZBGL) in accordance with DTR 4.2.10 R (3)(b) of the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority

The Directors of ANZBGL confirm to the best of their knowledge that ANZBGL's 2025 Half-Yearly Financial Report (as defined on page 1 of this DTR Half-Yearly Financial Report submission) includes:

(i) an indication of the important events that have occurred during the first six months of the financial year, and their impact on the Condensed Consolidated Financial Statements; and

(ii) a description of the principal risks and uncertainties for the remaining six months of the financial year.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

7 May 2025