



7 May 2024

Market Announcements Office
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Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZBGL") - Half-Yearly Financial Report submission under the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority ("UK DTR Submission")

The attached UK DTR Submission will be lodged by ANZBGL with the London Stock Exchange ("LSE") today, together with ANZBGL's 2024 Half Year Consolidated Financial Report for the six-month period ended 31 March 2024. This UK DTR Submission has been prepared by ANZBGL in order to comply with the applicable periodic reporting requirements of DTR 4 of the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority in connection with certain debt securities issued by ANZBGL. For completeness, in addition to lodgement with the LSE, ANZBGL is lodging this UK DTR Submission with applicable exchanges, including the Australian Securities Exchange today.

Yours faithfully

Simon Pordage
Company Secretary
Australia and New Zealand Banking Group Limited

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Approved for distribution by ANZ's Board of Directors



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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 attached documents constitute ANZBGL’s 2024 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 2024, Directors’ Report (including matters included by reference) and Directors’ Declaration (as set out on pages 3 to 46 of ANZBGL’s Half Year 31 March 2024 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 2024 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 7 May 2024.

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"))

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, the Israel-Hamas war and recent conflict between Israel, Iran and Iran's proxies and the associated implementation of economic security-related legislation, the possibility of that war expanding into wider regional conflict in the Middle East, sanctions and trade restrictions in various markets, and heightened tensions between the United States and China, including with respect to the status of Taiwan.

Although the Group does not operate in and does not currently have any material direct exposure to Israel, Gaza, Iran, Russia or Ukraine, any prolonged market volatility or economic uncertainty could adversely affect the Group's Position. Tensions between the United States and China 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 economic security-related legislation and trade restrictions in many markets, including enhanced inbound and outbound investment screening mechanisms, anti-coercion instruments, sanctions, export controls and security-related industrial policy.

Inflationary pressure remains relatively high in many economies, including in the

Relevant Jurisdictions. Excessively strong demand for goods and services, geopolitical tensions, 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. Persistently high inflation may exacerbate market volatility, further 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, including sanctions, could adversely affect Australian or New Zealand economic activity and, as a result, could adversely affect the Group's Position. Furthermore, 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 5 "*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*".

The stability of banking systems has come under scrutiny in recent times as a result of the failure of certain banking institutions in the United States and Europe. The risk of contagion from the failure of a bank or other financial institution could materially impact the Group's ability to replace maturing liabilities and access funding in a timely and cost-effective manner, which could adversely affect the Group's Position. Additionally, collapses of certain financial institutions in the United States, Europe or elsewhere could result in changes to capital and other regulatory requirements applicable to the Group, which may affect the Group's Position. Refer to risk factor 13 "*Liquidity and funding risk events 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 5 "*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. 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 foreign/offshore financial service providers who expand in Australia 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;
- 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;
- 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 Competition and Consumer Commission's ("ACCC") inquiry into the market for the supply of retail deposit products, which released its final report in December 2023, made recommendations concerning retail deposits. The Australian Parliament's inquiry into economic dynamism, competition and business formation, which released its final report in March 2024, made recommendations, such as treasury examining mechanisms to increase consumer engagement with mortgages and deposit products, designed to boost competition including in the banking sector specifically. In August 2023, the Australian Government commenced a review of its competition laws and institutions which is expected to last at least two years. In June 2023, the New Zealand Government released an exposure draft of a Customer and Product Data Bill, which contemplates the introduction of a consumer data right that would seek to improve consumers' ability to compare and switch products. The New Zealand Commerce Commission is conducting a market study into competition for personal banking services and has recently released its draft report, which includes sixteen draft recommendations to improve competition for the long-term benefit of consumers. For example, with work already underway on the Customer and Product Data Bill, the Commerce Commission has recommended that the New Zealand Government should set clear deadlines and work with the industry to ensure 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 mid-2026. The Commerce Commission is expected to publish its final report by August 2024. Whilst these recommendations, inquiries, bills and reviews may result in the implementation of regulations designed to increase competition in the banking market, the impact of these recommendations, inquiries, bills and reviews 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, particularly

amongst traditional competitors with strong business models.

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 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.

Transactions that the Group has announced but not completed include an agreement with Suncorp Group Limited ("**SGL**") to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The ACCC declined to grant authorization for this acquisition in August 2023. This decision was reviewed by the Australian Competition Tribunal. On 20 February 2024, the Australian Competition Tribunal delivered its decision to authorise the acquisition. As at the date of this document, no applications for judicial review of the Tribunal's decision have been filed and the ACCC has indicated that it will not seek a judicial review of the Tribunal's decision. Subject to no third party seeking judicial review by the Full Federal Court and the remaining acquisition conditions being satisfied in due course, including Federal Treasurer approval and certain amendments to the State Financial Institutions and Metway Merger Act 1996 (QLD), the acquisition will proceed.

ANZBGL will also have a termination right under the Suncorp Bank Sale Agreement if APRA issues a written communication to ANZBGL under or in connection with APS 222 (Associations with Related Entities) to the effect that ANZBGL must not proceed with completion of the acquisition.

Completion of the acquisition is expected to occur in calendar third quarter of 2024. If the remaining acquisition conditions are not satisfied, a third party seeks judicial review of the Australian Competition Tribunal's decision or APRA issues such a communication, the acquisition may not proceed.

The terms and conditions of the Federal Treasurer's approval that is granted or relevant amendments to the Queensland legislation may impose conditions, limitations, obligations or costs, or place restrictions on the conduct of the Group or its business

following the acquisition or require changes to the terms of the transaction. There can be no assurance that any such conditions, obligations or restrictions (if imposed) will not have the effect of delaying or preventing completion of the transaction, imposing additional material costs on or materially limiting the revenues of the Group following the acquisition or otherwise reducing the anticipated benefits of the acquisition to the Group, any of which might have an adverse effect on the Group.

ANZBGL undertook a due diligence process in relation to the proposed acquisition of Suncorp Bank which relied in part on a review of financial, technology, legal and other information provided in respect of Suncorp Bank or was otherwise provided at meetings with Suncorp Bank management. Despite making reasonable efforts as part of the due diligence investigations, ANZBGL has not been able to verify the accuracy, reliability or completeness of all the information provided to it. If any information provided or relied upon by ANZBGL in its due diligence proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of Suncorp Bank may be different to the expectations. There is also no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the proposed 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. SGL has provided ANZBGL with certain indemnities relating to certain pre-completion matters as well as certain representations and warranties in favour of ANZBGL. There is a risk that these protections may be insufficient to cover liabilities relating to these matters, which may have an adverse impact on the Group's financial performance and position. As is usual, the warranties and indemnities are also subject to certain financial claims thresholds and other limitations.

If for any reason any announced acquisition or divestment, including the acquisition of Suncorp Bank, 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, and employees;
- the Group will have incurred expenses and will be required to pay certain costs relating to the acquisition, whether or not the acquisition is completed, such as legal, accounting, investment banking, and other professional and administrative fees; and
- matters relating to the acquisition may require substantial commitments of time and resources by the Group's management, which could otherwise have been devoted to other opportunities that may have benefited the Group.

4. 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 new 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. The Australian Prudential Regulation Authority's ("**APRA**") prudential framework for NOHCs is expected to become effective from 2025, following a period of industry consultation, which is currently ongoing. There is a risk that APRA's final 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. This may have negative consequences for the Group and require further changes to be made to its structure. The post Restructure operating model may fail to function as expected and/or may fail to realise the anticipated benefits, and further changes may therefore be required to the Group structure. To the extent this occurs, this may adversely affect the Group's Position.

5. 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).

Whilst 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 New Zealand since 2021 and in some segments the full extent of such property price declines may not have yet been evidenced in softening market demand and valuations, despite a more stable interest rate outlook. The extent of property price changes will ultimately depend on any future interest rate rises or persistently high interest rates and their impact on the economy.

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*".

Higher interest rates and rising costs of living have put pressure on household balance sheets, and this has and 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 New Zealand, which, having been at low levels since COVID-19, have become more elevated over the year to March 2024. In Australia, an increase in delinquencies has also been evidenced in the last six months since late 2023.

Increases in interest rates may affect debt serviceability, increase loan defaults experienced 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 both Australia and New Zealand. To address current high inflation levels, interest rates may be maintained at higher levels for a longer 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, a potential adverse impact on markets, and a potential downturn in the Australian and New Zealand economies. 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.

Recent interest rate increases, asset price inflation and yield compression, may cause declines in interest coverage ratios and asset values. Valuations are presently lagging market sentiment. The Group has been observing declining values for existing security and expects further declines in some segments in the next 12 months. Dated valuations benefit from a buffer created following asset price inflation until the middle of 2022. 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. This may be the case if investors have overlooked "fundamentals" in a highly competitive and liquid market (debt and equity). Refinance risk could be increased if there are liquidity constraints in the banking sector. The Group has observed some signs of change in sentiment in non-bank debt markets as investors re-balance portfolios and change expectations in the face of greater uncertainty and volatility. This has resulted in an increased cost of financing rather than reduction in liquidity and the non-bank debt market remains an available source of refinancing. 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.

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 and liquidity and financial stability, which in turn may impact delivery risk associated with commercial and larger residential development projects (including the development of land and apartments) and the feasibility of such

developments and underlying land values in the short to 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 renters, 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.

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.

Whilst the Australian and New Zealand commercial real estate markets have remained relatively robust despite high inflation and a rapid rise in interest rates, 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.

6. 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.

7. 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.

8. 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, may adversely affect the Group’s reported earnings and 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.

9. 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.

Risks related to the Group's financial situation

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

As a financial institution, 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.

The risk of credit-related losses continues to be impacted by conditions relating to increased 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 has increased 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, a sustained high level of unemployment, continued increase in interest rates and inflationary conditions, 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:

- industries exposed to the unwinding of government stimulus packages and increasing 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, particularly given the Ukraine and Middle East conflicts and their impact on oil and gas prices, production and supply;
- 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, geopolitical tensions or trade disputes (these include technology, agriculture, communications and financial institutions);
- industries exposed to declining global growth 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), which has been exposed to a rapid rise in interest rates, impacting serviceability and putting downward pressure on valuations, particularly in the office sector given occupancy levels have not returned to pre-COVID-19 levels. Changes in working patterns with what is seemingly a permanent increase in people working from home has seen a greater distinction between Premium / A Grade Office and B / C Grade Office accommodation (including weaker ESG credentials), with the latter experiencing an increase in vacancies, decline in rents, increase in tenancy incentives and softening of yields and valuation. A weakening in discretionary spending could also impact rental growth and investor demand in the retail sector. In some markets, commercial contractors and sub-contractors may continue to face cash flow and liquidity issues over the next 12 to 24 months as current projects run off and the volume of forward-looking projects are diminished. Whilst supply chain constraints and building material cost increases have somewhat stabilised, labour availability and mobility issues have increased given competing demand from Australian Government infrastructure projects in major capital cities. Following a period of reduced margins or operating losses, contractors need to recapitalise to fund working capital requirements for their forward book, including supporting bonding arrangements;
- 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 goods and services or liquidity). For more information on climate-related risks, see risk factor 22 "*Impact of future climate events, biodiversity 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; and
- banks and financial services companies, as they may experience pressure on liquidity due to impacts of rapidly rising 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, losses of confidence in financial institutions or a financial default.

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 assessing whether to extend credit or enter into other transactions with customers and 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 by other events or factors, including volatility in the banking sector. 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 rating 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 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 inside or outside of domestic markets is not available or 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 meeting deposit withdrawal demands, 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 2024 as set out in the Group's Half Year 31 March 2024 Consolidated Financial Report ("**2024 Interim 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. 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 impact the profitability of one or more 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:

- Prudential framework, financial risks and liquidity: APRA implemented its final requirements in relation to capital adequacy and credit risk for ADIs on 1 January 2023. Minor updates were also made in November 2023 to: APS 180 Capital Adequacy: Counterparty Credit Risk, APS 120 Securitisation and CPS 320 Actuarial and Related Matters became effective on 1 January 2024. APRA continues to consult and finalise revisions to a number of prudential standards including APS 111 Capital Adequacy: Measurement of Capital, APS 117 Interest Rate Risk In the Banking Book, which is expected to be finalised in the middle of 2024 and to come into effect on 1 October 2025, APS 220 Credit Risk Management, Additional Tier 1 capital, APS 330 Public Disclosure and APS and APG 210 Liquidity. 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 risk management: 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. The Group is continuing to work through the implementation process, which requires changes to systems, operations and contractual arrangements with third parties.
- Recovery and exit planning: APRA finalised its Prudential Standard CPS 190 Recovery and Exit Planning ("**CPS 190**") in December 2022. CPS 190 is aimed at reinforcing the resilience of the financial system. Under CPS 190, entities are required to develop and maintain credible plans for managing periods of severe financial stress. The standard became effective on 1 January 2024 for banks and insurers.
- Resolution planning: APRA finalised Prudential Standard CPS 900 Resolution Planning ("**CPS 900**") in May 2023. CPS 900 requires certain entities, including significant financial institutions, to develop a resolution plan in cooperation with APRA, so the entity can be managed 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. The standard became effective on 1 January 2024.
- ADI capital framework: APRA issued a discussion paper in September 2023 to explore options for, and seek feedback from stakeholders on, improving the effectiveness of Additional Tier 1 Capital in Australia. In addition, in December 2023, APRA released for consultation proposed minor amendments to the capital framework for ADIs. One update is related to Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk, which could potentially reduce standardised RWA. ADIs now calculate RWA under both the internal ratings-based ("**IRB**") RWA approach and the standardised RWA approach. When the standardised RWA multiplied by 72.5% is greater than the IRB RWA, the difference is added as an adjustment to the total IRB RWA. Therefore, any reduction in the standardised RWA may reduce (or eliminate) the quantum of the IRB capital floor adjustment. The Group responded to APRA's consultation in March 2024 and APRA is conducting a quantitative impact study with selected ADIs. Given the number of items that are yet to be finalised by APRA, the aggregate final outcome from all changes to APRA's prudential standards relating to their review of ADIs "unquestionably strong" capital framework remains uncertain.
- Loss absorbing capacity: APRA announced its decision on loss-absorbing capacity requiring Australian D-SIBs in July 2019, including ANZBGL, to increase their total capital by 3% of RWA by January 2024. On 2 December 2021, APRA announced that it had finalised its loss-absorbing capacity requirements and stated that it will require Australian D-SIBs to increase their total capital by a further 1.5% of RWA by January 2026. Inclusive of the previously announced interim increase of 3%, this will result in a total increase to the minimum total capital requirement of 4.5% of RWA. APRA expects the requirement to be satisfied predominantly with additional Tier 2 capital with an equivalent decrease in other senior funding. The amount of the additional total capital requirement will be based on the Group's actual RWA as at January 2026.
- RBNZ revisions to capital adequacy: The RBNZ's revised capital adequacy requirements for New Zealand banks, which are set out in the Banking Prudential

Requirements documents, are being implemented in stages during a transition period from October 2021 to July 2028. 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. Given the level of uncertainty of these outcomes, the future financial impact of the RBNZ's revised capital adequacy requirements is not able to be quantified currently.

- NZ contingent capital instruments: ANZ Bank New Zealand Limited's contingent capital instruments will no longer be treated as eligible regulatory capital. The contingent capital Additional Tier 1 instruments ("**Contingent AT1 Instruments**") will progressively lose eligible 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 financial disclosure: The Australian Government has released draft legislation to introduce mandatory requirements for large business and financial institutions, including the Group, to disclose their climate-related risks and opportunities. If the legislation is enacted as drafted, the Group would need to prepare climate-related financial disclosures for the annual reporting period starting after 1 January 2025. The disclosure is proposed to include scenario analysis and climate resilience assessments, climate-related plans, identification and management of climate-related financial risks and opportunities and scope 1 and 2 emissions. As drafted, the legislation would require the Group to report Scope 3 emissions from the annual reporting period starting after 1 January 2026. Assurance requirements and a modified liability framework would apply to the reporting. The Group could face increased reporting costs and scrutiny concerning its climate-related financial disclosures.
- Privacy: The Australian Government has announced the pathway for privacy reform following a review of the Privacy Act. It includes amendments to the Privacy Act to address some proposals and further consultation on broad reform proposals. These changes could impact how the Group uses individuals' information including by requiring it to seek more specific consents and restricting the insights that can be obtained from the information.
- Cyber Security: The Australian Government has consulted on proposed new cyber security legislation and on changes to the Security of Critical Infrastructure Act 2018 to address gaps in current laws and improve security and resilience. These include a ransomware reporting obligation for businesses and strengthened consequence management powers for the Minister for Cyber Security. Separately, the Australian Government has introduced legislation to establish an accreditation scheme for entities providing digital identity services. 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 or to use digital identities as a part of its onboarding process for customers, which may, in turn, adversely affect the Group's Position.
- Scams: The Australian Government has committed to introduce, and commenced consultation on, new mandatory industry codes to outline the responsibilities of the private sector in relation to scam activity, with a focus on banks, digital communications platforms and telecommunications providers. Separately the Australian Banking Association ("**ABA**") and its member banks released a Scams-Safe Accord outlining initiatives to prevent, detect, and disrupt scams affecting

individual and small business customers. It is possible that the Group will need to meet increased standards with respect to the identification, prevention and remediation of scam activity that concerns its customers. This may include standards or expectations concerning when the Group will be liable to reimburse or compensate customers for losses arising from scam activity. The New Zealand Minister of Commerce and Consumer Affairs has written an open letter to the New Zealand banking sector outlining the New Zealand Government's expectations for protection against scams. These expectations include banks prioritising work to commence rolling out a confirmation of payee system by the end of 2024, updating the Code of Banking Practice within the year to provide further measures to protect consumers from scams and fraudulent activity, and investigating, and providing an update to the Minister by the end of September 2024 on a voluntary reimbursement scheme for victims of authorised payment scams. The introduction of additional regulatory obligations arising from these workstreams may adversely affect the Group's Position.

- **Physical banking:** The ACCC has granted interim authorisation to the 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. In addition, the Senate Rural and Regional Affairs and Transport References Committee is conducting an inquiry into branch closures in regional areas, with its final report due in May 2024. The result of such inquiry may include recommendations that the Australian government impose standards on banks concerning their presence in regional and rural areas. Recommendations of the Committee may be relevant to the operation and nature of the Group's branch network, potentially increasing its costs.
- **Executive Accountability:** Since 15 March 2024 ANZGHL and ANZBGL have been accountable entities directly regulated by the Financial Accountability Regime (the "FAR"). Under the FAR each of ANZGHL, ANZBGL and certain senior personnel are subject to or impacted by new or heightened accountability obligations. From 15 March 2025 any insurers or licensed superannuation trustees within the Group will also be accountable entities directly regulated by the FAR and subject to or impacted by those 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.

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. These changes include a conduct regime for financial institutions, a climate related financial risk disclosure regime, a consumer data right and the replacement of the existing prudential supervision regime for banks with a deposit takers regime, including a depositor compensation scheme. 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 2024 in respect of the matters outlined in Note 17 of the 2024 Interim Financial Statements. Note 17 includes, among other things, the following matters:

- regulatory and customer exposures;
- South African rate action;
- capital raising action;
- Esanda dealer car loan litigation;
- OnePath superannuation litigation;
- New Zealand loan information litigation;
- Credit cards litigation;
- the Royal Commission;
- security recovery actions; and
- warranties, indemnities and performance management fees.

The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, may include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers that are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible 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 and sanctions may adversely affect the Group's Position

Anti-money laundering ("AML"), counter-terrorism financing ("CTF") and sanctions compliance have been the subject of significant regulatory change and enforcement in recent years. The increasingly complicated environment in which the Group operates has heightened these operational and compliance risks. Furthermore, increased transparency around the outcomes of compliance issues at financial institutions domestically and globally together with related fines and settlement sums mean that these risks continue to be an area of focus for the Group.

The Australian Government began a consultation process on potential reforms to the AML and CTF regulatory regime in 2023. The consultation has two parts: the simplification and modernisation of the regime; and the implementation of 'Tranche II' reforms to extend the regime to certain 'high-risk' professions, including lawyers, accountants, trust and company service providers, real estate agents and dealers in precious metals and stones. The impact of this development on the Group is not yet clear. The reform process could lead to new regulatory requirements, which may adversely affect the Group's Position.

The New Zealand Government has also undertaken a review of its Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT Act"). The first of three tranches of regulations were introduced in July 2023 (consisting of largely

definitional changes and clarifications). The second and third tranches of regulation are being introduced in June 2024 and June 2025 respectively, and will make changes to various existing obligations (including customer due diligence, enhanced due diligence, and ongoing due diligence requirements) as well as introducing new obligations. It is anticipated that further reform will be made via amendments to the primary AML/CFT Act in due course, following further public consultation on areas identified through the review that have not been introduced via regulations. The timing for any further legislative change is currently unknown. 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.

Due to the Ukraine conflict, there are currently a large number of sanctions applied to Russia, and other countries, by regulators around the globe. Whilst many governments across the United States, Europe, Australia and New Zealand agree in relation to sanctions targets, the nuances and specific restrictions are not fully aligned. Companies are assessing their risk appetite regarding ongoing business activity with or in Russia or with Russian owned entities. This has heightened the operational and compliance risks in navigating those transactions and dealings that are considered lawful, or within other counterparties' risk appetite. This situation is expected to continue whilst the conflict persists.

In Australia, in recent years, there has been an increase in action taken by AML/CTF regulators against 'Reporting Entities'. A 'Reporting Entity' is a legal entity that provides at least one 'designated service' to a customer, such as opening a bank account or providing a loan. Since 2017, the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") has taken three public enforcement actions (resulting in fines and other penalties) against major banks in Australia, as well as actions against a number of other banks, casinos and other Reporting Entities, using its various regulatory powers including appointment of auditors and infringement notices.

In New Zealand, the RBNZ has stated that its appetite for taking formal enforcement action for breaches of the New Zealand AML and CTF 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.

Close monitoring of the different levels and types of financial crimes continues across the Group. Scams continue to be pervasive and evolve quickly and to the extent that new risks emerge, there is a continuing risk that the management of alerts for potential money laundering or terrorism financing activities may be impacted.

The risk of non-compliance with AML/CTF and sanction laws remains high given the scale and complexity of the Group and the lack of clarity around some mandatory reporting requirements. 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, 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 RBA, 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 5 "*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 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 IRS 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 a significant negative experience for affected customers (including unilateral account blocking and closure, underlying client issues resulting from same 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. This may be particularly the case if 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 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 and the continuing effects of the COVID-19 pandemic, 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 climate events, biodiversity 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 climate related events, geological events (such as volcanic or seismic activity or tsunamis), biodiversity loss including as a result of species extinction or decline, ecosystem degradation and nature

loss (“**Biodiversity Loss**”), 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 events may include severe storms, drought, fires, cyclones, hurricanes, floods and rising sea levels. The impact of these events may be widespread 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 climate-related events directly, and through the impact of these events on its customers (Refer to Risk Factor 24 “*Risks associated with lending to customers that could be directly or indirectly impacted by climate risk may adversely affect the Group’s Position*”).

Biodiversity Loss is an emerging risk that the Group is seeking to understand further. Biodiversity risks are closely linked to climate related risks. Biodiversity risks can arise from lending to customers that are dependent on nature or whose actions may have negative impacts on nature. These risks can also arise from legal and regulatory changes, which 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, biodiversity, 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. 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 effectiveness of the Group’s risk management framework is connected to the establishment and maintenance of a sound risk management culture, supported by appropriate remuneration structures. A failure in designing or effectively implementing appropriate remuneration structures, could have an adverse impact on the Group’s risk culture and effectiveness of the Group’s risk management frameworks.

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.

24. 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-related 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 and availability of insurance and insurance exclusions, changes to the regulatory and policy environment in which the customer operates, disruption from new technology and changes in demand towards low carbon products and services. Climate related risks may indirectly affect a customer through impacts to 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 impact the amount the Group is able to recover due to the value or liquidity of collateral held as security being impaired. Examples of climate-related events in Australia that have impacted customer revenue include severe drought conditions, bushfires in 2019 and 2020, and severe flooding in 2021 and 2022, as well as recent flooding events in Queensland during December 2023. Similar events have occurred in New Zealand in recent years such as Cyclone Gabrielle in February 2023 and severe flooding in 2023.

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

Further embedding climate change risk into the Group's risk management framework and adapting the Group's operation and business strategy to address the risks and opportunities posed by climate change and the transition to a low carbon economy, could have a significant impact on the Group.

Internal control, operations and reputational risk

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, sanctions violations, bribery and corruption, and "Know-Your-Customer" failure). 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 and sanctions may adversely affect the Group's Position*";
- internal fraud (fraud attempted or perpetrated by an internal party (or parties) against the organisation);
- external fraud (fraud or theft attempted or perpetrated against the organisation by an external party (that is, a party without a direct relationship to the Group (excluding customers)) without involvement of an employee);
- business continuity (failure of the business continuity management framework);
- physical security (the risk of damage to the Group's physical assets, client assets, or public assets for which the Group is liable, and (criminal) injury to the Group's employees or affiliates);
- 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 (failure to comply with any legal or regulatory obligations that are not captured through other mentioned risks). 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 additional operational risks resulting from the outsourcing of services or functions);
- information security including cyber (the risk of information security incidents, including the loss, theft or misuse of data/information — this covers all types of data, and can include 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 manage and maintain data, including all types of data, for example, client data, employee data and the Group's proprietary data (includes privacy)). 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 payments/filing requirements). Statutory reporting includes all external reporting that the Group is obliged to perform (e.g. regulatory reporting, financial reporting).

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.

All major offices have returned to at least a blended/hybrid working environment, including adapting to remote working arrangements since the COVID-19 pandemic. Reliance on digital channels, including in the Group's operations, continues to remain high, which in turn heightens the risks associated with cyber-attacks and any disruption to system/service availability. Whilst business continuity plans have been tested and refined during the pandemic, and remain subject to ongoing review, impacts to system/service availability still have the ability to impact the Group's Position from a reputational, financial, customer and compliance perspective.

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.

26. 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 given the challenges in the current environment 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.

27. 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 rising 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.

28. 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 appropriately avoid or manage conflicts of interest;
- 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 an increasing regulatory and community focus on conduct risk, including in Australia and New Zealand. Financial pressure has increased for customers with the rising cost-of-living and reduction in disposable income creating pressure on affordability. This may impact both the ability to lend to customers and/or the extent to which forbearance may need to be offered to those already struggling. It is expected to increase the number of customers that may fall into financial difficulty, and therefore increase the need for the Group to provide enhanced support. As this occurs, it is likely to have the greatest impact on customers in challenging financial circumstances. This is an evolving situation. The Group will need to continue to address the increased demand for forbearance and provide appropriate tailored solutions to address complex customer needs to help mitigate the risk of customer harm.

Where a conduct risk event occurs, the Group has a centralised team responsible for customer remediation programs, including addressing conduct issues identified in Group reviews. 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*".

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 activities and its service offerings (including digital banking) are highly dependent on information technology ("IT") systems. Disruption of IT systems, or the services the Group uses or is dependent upon, may result in the Group failing to meet its compliance obligations and customers' banking needs. In a digital world, customer's expectations of "always on" "24/7" banking services necessitates highly available and resilient IT systems.

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. A failure of the Group's systems may affect the Group's network, which may in turn, adversely affect the Group's Position. The COVID-19 pandemic has highlighted that these arrangements must cater for vast and improbable events and ensure critical IT systems can be supported and accessed remotely by a large number of technologists and business users for extended periods. If such measures cannot be effectively implemented, this may adversely affect the Group's Position.

The Group must implement and integrate new IT systems, most notably cloud, data 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, 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 and third-party exposures. 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. 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 and consultation 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, categorized 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.

Responsibility statement of the Directors of 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 2024 Half-Yearly Financial Report (as defined on page 1 of this DTR half-yearly financial report submission) includes a fair review of:

- (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

6 May 2024