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ANZ confirms Enforceable Undertaking with APRA, releases Oliver Wyman report

ANZ confirmed today that it has entered into a court enforceable undertaking (EU) with the Australian Prudential Regulation Authority (APRA) for matters relating to non-financial risk management practices and risk culture across the Group, which includes an additional operational risk capital overlay of \$250 million (equivalent to 5 basis points of Common Equity Tier 1 capital).

The EU follows ongoing conversations between the bank and APRA regarding their concerns about ANZ's non-financial risk practices and risk culture. It also follows the emergence of issues in ANZ's Global Markets business which led to APRA in August 2024 expressing its concerns about ANZ's non-financial risk uplift program of work.

ANZ Chairman Paul O'Sullivan said: "We are disappointed that we have not met APRA's expectations about how the bank manages non-financial risk and its non-financial risk culture. A strong non-financial risk regime is critical to protecting our bank and our customers.

"While APRA has recognised the bank has a significant agenda of non-financial risk work underway and has made some progress with improving our practices, we recognise we have more work to do to uplift our management of non-financial risk and to improve risk culture across the bank.

"The EU entered into today provides us with a clear roadmap for addressing APRA's concerns. Both the Board and management will bring a clear-eyed focus to completing this work, seeking to have the capital overlay removed as quickly as possible," Mr O'Sullivan said.

ANZ Chief Executive Officer Shayne Elliott said: "While the bank remains in a strong financial position with strong capital and liquidity levels, we know we have more work to do in the coming two to three years to boost our uplift of non-financial risk practices."

As part of the EU agreed with APRA, an independent reviewer will soon be appointed to identify root causes and behavioural drivers of shortcomings in ANZ's non-financial risk management practices and risk culture. ANZ has committed to developing a remediation plan based on the independent reviewer's findings that will be Board approved and independently assessed and reported on a three-monthly basis.

Many elements of our program of work are already underway and while additional resources will be required, it is not expected to have a material impact on the Group's cost outlook.

Oliver Wyman report

ANZ today also announced it has accepted all recommendations of an independent culture and risk governance review into its Global Markets business, commissioned by the ANZ Group Board. The appointment of Oliver Wyman and the scope of the review followed consultation with, and approval by APRA.

The review was in response to concerns around conduct, workplace behaviour and non-financial risk governance within ANZ's Global Markets business. Key findings include:

- A positive culture and risk culture within Institutional and Markets with staff broadly willing to speak up and raise conduct issues;
- No evidence found of widespread or systemic misconduct within Markets and that behavioural issues that led to the review were isolated incidents;
- The way staff within Markets experience the culture is variable and the culture was not always strong enough to constrain inappropriate behaviour;
- A three Lines of Defence model existed within Markets that was well designed and formed an effective foundation, but inconsistent execution of first and second line non-financial risk management activities was observed; and
- Markets leadership shortcomings with regard to the importance and ownership of non-financial risk management.

Mr O'Sullivan said: "The Board accepts all the recommendations of the Oliver Wyman review and will hold management accountable for implementing these in a systematic and permanent manner. This will be integrated with the work we are doing across the Group to comply with the EU agreed with APRA.

“While numerous staff reported to Oliver Wyman that culture and risk culture within our Institutional and Markets businesses have improved significantly over the past decade, it’s clear there is more work to be done to ensure conduct and behaviour issues do not go unaddressed in the future.”

The independent review by Oliver Wyman took place over a five-month period, from October 2024 to March 2025 and included a review of more than 1,400 documents, a survey of 3,400 employees and more than 110 staff interviews. As agreed with APRA, the review excluded the Markets matters currently subject to regulatory investigation.

Taking action

ANZ is taking a number of immediate actions in response to the Oliver Wyman report and EU, including the appointment of senior executives to strengthen non-financial risk management practices and risk culture across the Group. These actions include:

- The creation of a new Executive role Group Head, Non-Financial Risk Program Delivery reporting to the Chief Executive Officer. Current Head of Singapore and Head of South-East Asia, India and Middle East, Mark Evans, has been appointed to the role. Mr Evans is a former ANZ Chief Compliance Officer and Head of Strategic Planning and Execution for Institutional. This role will be responsible for leading ANZ’s response to the EU in order to strengthen non-financial risk management practices and risk culture in a consistent and sustainable way across the bank;
- The appointment of Dan Wong to Group General Manager Operational Risk, reporting to Chief Risk Officer Kevin Corbally. Joining from IAG where he was responsible for enterprise risk, Mr Wong will be accountable for ensuring operational risk is integrated into strategic decision-making processes, allowing for a more holistic approach to risk management across the organisation; and
- The Board will require Group Executive Institutional, Mark Whelan, to oversee the implementation of the 19 recommendations and 53 sub recommendations of the Oliver Wyman review. He will be supported by a dedicated working group and secretariat to drive ANZ’s response, and will report to the Board on progress.

These actions build on earlier work including recent appointments in the Markets Sydney dealing room of the Head of Markets Australia, Deputy Head of Markets Australia, Head of Markets Risk, Senior Business Partner, Talent & Culture, and Head of Corporate and Commercial Sales.

A copy of the Oliver Wyman review is available at newsroom.anz.com and attached.

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