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## ASIC settlement on Australian Markets and Retail matters, agreement with regulators on remediation steps

ANZ today announced it has entered into an agreement with the Australian Securities and Investments Commission (ASIC) to resolve five matters within its Australian Markets and Australia Retail businesses that were the subject of separate regulatory investigations.

Under the agreement, which requires Federal Court approval, ANZ is subject to the following penalties:

- \$85 million for ANZ's role as duration manager in the execution of a 2023 issuance of 10-year Treasury Bonds by the Australian Office of Financial Management (AOFM);
- \$40 million for submitting inaccurate monthly secondary bond turnover data to the AOFM over almost a two-year period, making a false or misleading annual attestation to the AOFM in relation to that data and failing to lodge a report with ASIC in respect of those inaccuracies;
- \$40 million for its failure to pay acquisition bonus interest on certain Online Saver accounts and displaying inaccurate rates;
- \$40 million for breaching its obligations in relation to its handling of customer hardship notices; and
- \$35 million relating to breaches of its obligations concerning deceased estates.

ANZ Chairman Paul O'Sullivan said: "While we have worked hard to get regulatory certainty on these matters, the reality is we made mistakes that have had a significant impact on customers. On behalf of ANZ, I apologise and assure our customers we have taken the necessary action, including holding relevant executives accountable."

ANZ Chief Executive Officer Nuno Matos said: "The failings outlined are simply not good enough and they reinforce the case for change. It is my expectation that we see measurable improvements across the bank to better protect and care for our customers and to create a more sustainable business."

In relation to ANZ's role as duration manager, ASIC has not alleged ANZ engaged in market manipulation or over-hedging. All trading undertaken by ANZ as duration manager was to hedge the risk borne by it in connection with that role on this transaction.

It is ANZ's view that no loss was caused to the Commonwealth from its trading as duration manager. However, given ANZ could have executed its role as duration manager with better communication, ANZ has offered to pay the AOFM the revenue it earned as duration manager as a goodwill gesture.

Mr O'Sullivan continued: "While ASIC has not alleged that ANZ engaged in market manipulation, it's clear we have not met the standards expected of us. We have apologised to the AOFM for the inadequate communication on this transaction and offered to pay the AOFM the revenue ANZ earned as duration manager."

"The Board has driven comprehensive accountability reviews in relation to the Markets issues, which have resulted in significant reductions in remuneration for certain current and former executives. More than 50 accountability reviews have been completed, with the outcomes of the remaining few reviews expected to be determined in coming weeks. We will also ensure that there is further accountability for the Markets and Australia Retail matters as part of this year's executive remuneration review process."

Commenting on the Australia Retail business matters, Mr Matos added: "Unfortunately, some of our failings occurred when our customers were at their most vulnerable. For this we are deeply sorry, and we are making changes to better support our customers when they need us most. We have in place customer remediation programs for the issues announced today."

"It's clear we have issues within Australia Retail, particularly around our management of non-financial risk (NFR). This is why we are making changes to this business to improve its focus on core priorities and to make it safer for customers."

"We have fast-tracked work to significantly improve our management of non-financial risk across the ANZ Group. My team is heavily engaged in this work, while Les Vance's recent appointment to lead our NFR program has strengthened our leadership in this space," Mr Matos concluded.

### ASIC Matters Resolution Program

ANZ has established an ASIC Matters Resolution Program within Australia Retail to meet commitments to ASIC to deliver improvements across a number of areas, through a centralised governance, oversight, and delivery framework.

The Program will deliver improvements across a range of areas, including three which are also the subject of enforcement matters covered by today's agreement: ANZ's Online Saver product, hardship processes, and treatment of deceased estates. Other areas covered by the program are breach reporting, event management, customer remediation and complaints.

As part of this work, ANZ has appointed Promontory as an independent expert to review and report on the adequacy of the program and assess whether ANZ has delivered its commitments.

### Root Cause Remediation Plan

ANZ also confirmed today it will submit its Root Cause Remediation Plan (RCRP) to the Australian Prudential Regulation Authority (APRA) on 30 September 2025 as required by the Court Enforceable Undertaking. ANZ further confirmed it is expected to spend approximately \$150 million on implementing the plan required under the RCRP in FY26. This will be funded by de-prioritising other initiatives.

The RCRP follows an enterprise-wide independent review to identify the root causes and behavioural drivers of shortcomings in ANZ's NFR management practices and NFR risk culture.

The review identified persistent weaknesses relating to NFR management across six key areas: *Culture, Capabilities & Consequences, Accountability, NFR Governance & Reporting, NFR Policies & Practices and Prioritisation & Execution*. A summary of the root causes will be published once the RCRP has been approved by APRA.

ANZ also confirmed it will appoint Promontory to provide independent assurance of its progress against the RCRP, with updates to be available on anz.com.

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