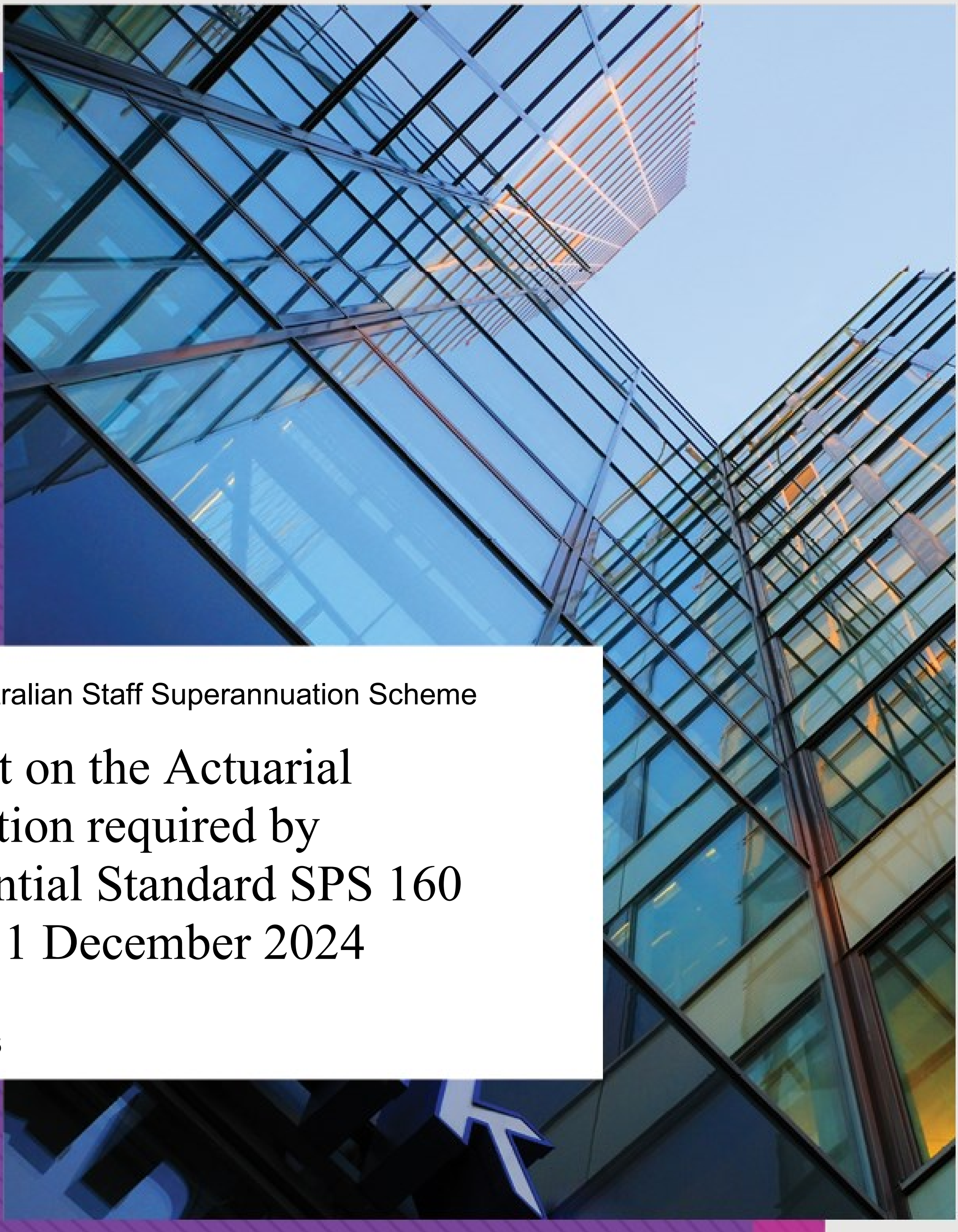

ANZ Australian Staff Superannuation Scheme

Report on the Actuarial Valuation required by Prudential Standard SPS 160 as at 31 December 2024

13 June 2025

Towers Watson Australia Pty Ltd
ABN 45 002 415 349 AFSL 229921

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Reliances and Limitations

This report is provided subject to the terms set out herein, our Statement of Work signed 28 January 2025, and in our contract for actuarial services dated 25 September 2003, as novated, and the accompanying Terms and Conditions of Engagement. This report is provided solely for the Trustee's use and for the specific purposes indicated above. It may not be suitable for use in any other context or for any other purpose.

No responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

In preparing this report we have relied upon information and data provided to us orally and in writing by the Trustee and other persons or organisations designated by the Trustee. We have relied on all the data and information provided, including Scheme provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies may produce materially different results that could require that a revised report be issued.

In our opinion, all calculations are in accordance with applicable legislative requirements, and the procedures followed and the results presented conform with applicable actuarial standards of practice.

Section 1: Executive Summary

1.1 I am pleased to present my report to ANZ Staff Superannuation (Australia) Pty Limited, the Trustee of the ANZ Australian Staff Superannuation Scheme (the Scheme), on the actuarial valuation required by the APRA Prudential Standard SPS 160.

Membership

1.2 As at 31 December 2024 there were 75 current pensioners receiving pensions totalling $1.649 million. This amount includes the Pension Value Maintenance increase of 2.8% in January 2025. A summary of the pensioner membership for the period 1 January 2024 to 31 December 2024 is set out in Appendix B.

Results of the Valuation of the Pension Section

1.3 The financial assumptions adopted for the long-term valuation of the Scheme's pension liabilities were:

i. Rate of Investment Return 7.3% p.a.

ii. Rate of Pension Increases 2.5% p.a.

1.4 It is the difference between the assumed levels of investment return and pension increases (i.e. 4.8% p.a.), rather than their absolute values, which has a greater impact on the valuation of the pension liabilities. This difference has decreased from 5.0% in the 31 December 2023 investigation. All other assumptions remained the same.

The results of the valuation reveal a surplus of $3.635 million as at 31 December 2024 between the balance of the Pension Section Account (PSA) and the value of the pension liabilities. The surplus of $2.921 million as at 31 December 2023 increased because of the actual investment return for the assets backing the pension liabilities (13.2% over the year) being greater than the assumed return at the start of the year (7.9%), high pension mortality experience resulting in a net reduction in headcount from 79 to 75 and the actual pension indexation of 2.8% for the year being slightly lower than the expected indexation of 2.9%.

1.5 As at 14 May 2025 we estimate that the surplus will be lower compared to 31 December 2024 due to investment returns for the year to date being lower than expected.

1.6 I recommend that ANZ make no contributions to the Pension Section Account for the year ending 31 December 2025 given the current surplus position and the risk of overfunding this closed section. This recommendation is unchanged from the previous actuarial investigation as at 31 December 2023.

1.7 As experience – both pensioner mortality experience and investment experience – emerges over time the funding position of the PSA is likely to fluctuate between an overfunded and an underfunded position. This highlights the need to carefully monitor this funding position as the number of pensioners declines. Any contribution requirement for 2026 will be re-assessed as part of the triennial actuarial valuation as at 31 December 2025, to reflect the actual experience of the PSA.

Death and Disablement Reserve

1.8 The Death and Disablement Reserve disclosed in the Scheme's financial statements of $28.270 million as at 31 December 2024, is expected to be significantly larger than required to meet the remaining self-insured claims incurred prior to 2 March 2015 when external insurance commenced.

1.9 The Trustee has previously determined to use the Death and Disablement Reserve to provide a premium rebate, and this rebate has proved to be sustainable since the premium rebate commenced at 30% from 2 March 2015. From 1 January 2019, based on actuarial advice, the premium rebate was increased to 40% and from 1 October 2020 the rebate was increased to 45%. We note that the Trustee reviews the sustainability of the rebate annually and retains the right to re-evaluate (i.e. reduce or discontinue) the level of the rebate if experience is materially worse than expected.

1.10 The Death and Disablement Reserve is invested in the Balanced Growth investment strategy. This investment strategy is among the range of reasonable strategies that could be adopted, noting that it is large enough that it would be expected to remain sufficient even if there was some poor investment experience. As set out below, we recommend that the Trustee review the investment strategy if the amount of the Death and Disablement Reserve reduces to $20 million during the year.

Summary of Recommendations

1.11 We recommend that ANZ make no contributions to the Pension Section Account for the year ending 31 December 2025.

1.12 No change is recommended to the standard employer contributions to the Scheme during 2025, apart from an increase in contributions to meet the legislated increase in the Superannuation Guarantee rate to 12% from 1 July 2025.

1.13 We recommend that the funding position of the Pension Section be reviewed annually, with the next review, which will be a triennial review, to be conducted as at 31 December 2025.

1.14 We recommend that the adequacy of the Death and Disablement Reserve, and whether its amount can continue to support the premium rebate, should be reviewed at least annually by the Trustee, with the next review to be conducted as at 31 December 2025.

1.15 The Death and Disablement Reserve is invested in the Balanced Growth option and therefore is subject to the risk of a fall in value. If there is a significant fall in asset values before the next review of the adequacy of the Death and Disablement Reserve is completed, we recommend the Trustee consider moving some of the assets into a more conservative investment option. We suggest using a trigger amount of $20 million as a level of the Death and Disablement Reserve at which the investment strategy should be reviewed. If the Death and Disablement Reserve reaches this amount, while we suggest the investment strategy be reviewed, whether it is changed would depend on the Trustee's assessment at that time. The Funding and Solvency Certificate should also be reviewed if this occurs.

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Fellow of the Institute of Actuaries of Australia

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13 June 2025

DO: KL | TR: AB | ER/CR: CJP

Section 2: Introduction

Scope

2.1 APRA Prudential Standard SPS 160 requires annual actuarial investigations of superannuation funds which pay lifetime pensions, unless APRA determines an alternative frequency of investigations. The investigation has been prepared for the Trustee of the Scheme, ANZ Staff Superannuation (Australia) Pty Limited.

2.2 These annual actuarial investigations supplement the regular triennial actuarial investigations of the Scheme. Unlike a triennial actuarial investigation, we have not reviewed the experience in setting the assumptions for this investigation and have retained the same demographic assumptions as were determined as part of the last triennial actuarial investigation. This is with the exception of the pensioner mortality rates which have been updated to incorporate the latest Australian Life Tables 2020-22. The actual mortality experience will be reviewed against the assumed rates as part of the next triennial actuarial investigation as at 31 December 2025.

The primary purposes of the annual actuarial investigation is to:

a. Review the funding position of the Pension Section;

b. Review the adequacy of the Death and Disablement Reserve, including its ability to continue to fund the insurance premium rebate currently provided; and

c. Meet legislative requirements.

2.3 The next triennial actuarial investigation is due as at a date no later than 31 December 2025. The most recent triennial actuarial investigation was carried out by Matthew Burgess, FIAA, as at 31 December 2022, with results set out in a report dated 16 June 2023. The most recent annual actuarial investigation was carried out by Chris Porter, FIAA, as at 31 December 2023, with results set out in a report dated 12 June 2024.

2.4 This report satisfies the requirements of the Professional Standards 400, 402, 404 and 410 of the Institute of Actuaries of Australia.

Recommendations from Previous Actuarial Investigation

2.5 In the previous actuarial investigation as at 31 December 2023 we recommended that:

a. ANZ make no contributions to the PSA for the year ending 31 December 2024.

b. No change be made to the standard employer contributions to the Scheme during 2024, apart from an increase in contributions to meet the legislated increase in the Superannuation Guarantee rate.

c. The funding position of the Pension Section be reviewed annually.

d. The adequacy of the Death and Disablement Reserve, and whether its amount can continue to support the 45% premium rebate currently in place, should be reviewed at least annually by the Trustee.

e. If there is a significant fall in asset values before the next review of the adequacy of the Death and Disablement Reserve is completed, we recommended the Trustee consider moving some of the Reserve into a more conservative investment option. We suggested using a trigger amount of $20 million as a level of the Death and Disablement Reserve at which the investment strategy should be reviewed.

2.6 We believe that to the extent action by the Trustee has been required to date, these recommendations have been addressed by the Trustee, although we have not confirmed the employer contributions made to the Scheme because they relate to members' accumulation accounts. The actuarial input into recommendations (a), (c) and (d) is contained in this report.

Significant events since the Valuation Date

2.7 There have been no significant events between 31 December 2024 and the date of signing this report that impact the recommendations.

2.8 The unit price movement of the Pension Section assets from 31 December 2024 to the end of 14 May 2025 is lower than the investment return assumed in this report. As at 14 May 2025, we estimate that the surplus has decreased from 31 December 2024.

Section 3: Overview of Scheme

Scheme Design

3.1 The ANZ Australian Staff Superannuation Scheme (the “Scheme”) commenced on 1 April 1987. The Scheme’s operations are governed by a Trust Deed dated 16 November 1987, as amended from time to time. We have been provided with a consolidated version of the Deed incorporating amendments which were effective up to and including 15 October 2015. There have been no further deed amendments since that time.

3.2 The Scheme is a complying fund under the SIS Act, and is treated as a complying fund for tax purposes.

3.3 There are six sections of the Scheme:

Employee Section (Section A)

- Open section for employed Members;
- Lump sum accumulation benefits on all causes of exit;
- Choice of insured cover levels where a Member dies or becomes totally and permanently disabled (TPD); and
- Voluntary salary continuance insurance.

Employee Section C

- Closed section for employed Members;
- Lump sum accumulation benefits on all causes of exit;
- Optional insured cover where a Member dies or becomes TPD; and
- Voluntary salary continuance insurance.

Personal Section (Retained Benefit Account (RBA) Section)

- Subject to a minimum account balance, a rollover facility for former Employee or Partner Section Members;
- Accepts both lump sum personal contributions and contributions from a new employer; and
- Optional insured cover for certain members when a Member dies or becomes TPD.

Partner Section (Spouse Contribution Account (SCA) Section)

- Accumulation accounts for eligible spouses of Employee and RBA Section Members who remain members of the Scheme;
- Optional death insurance; and
- Opt-out total and permanent disablement insurance for certain Members.

Retirement Section (Account-Based Pension (ABP) Section)

- Subject to a minimum account balance, a tax effective facility which changes lump sum superannuation benefit into a flexible retirement income stream for members over their preservation age who roll in benefits from other Sections of the Scheme.

Pension Section

- Closed section providing lifetime indexed pensions for beneficiaries.

3.4 There are no sub-funds within the Scheme.

Insurance Arrangements

3.5 The "insured" part of death and TPD benefits have been insured with Zurich Australia Limited (Zurich) (formerly OnePath Life Limited) since 2 March 2015. The insurance arrangements are covered in more detail in Section 9 of the report.

3.6 Terminal Medical Condition insurance is provided in conjunction with the death cover. Also, voluntary salary continuance insurance is in place and has always been externally insured. The salary continuance arrangements have no impact on the Death and Disablement Reserve.

3.7 The Trustee determined to use the Death and Disablement Reserve to provide a 30% premium rebate from 2 March 2015 up to 31 December 2018. Subsequently, with actuarial agreement, the Trustee increased the rebate to 40% from 1 January 2019 and to 45% from 1 October 2020. The actuarial investigation as at 31 December 2023 recommended that the appropriateness of continuing this rebate be monitored annually in actuarial investigations. The Trustee has determined to continue this rebate for 2025.

Investment Arrangements

3.8 Under Member Investment Choice, there are four investment options – "Aggressive Growth", "Balanced Growth", "Cautious" and "Cash" – which Members can elect in any combination.

3.9 The Balanced Growth option remains the main investment option of the Scheme and is also the Trustee's investment strategy for the Pension Section and the internal reserve accounts, including the Death and Disablement Reserve and Employer Funding Reserve. It is the default option for Members who do not make an investment choice and is the option for MySuper Members.

3.10 The investment objectives and strategies of the Balanced Growth investment option is summarized below:

Balanced Growth	
Objectives	**Strategy**
• Maximise returns over the long term whilst accepting a moderate to high degree of performance variability; and • Exceed inflation (CPI increases), on average, by at least 3.5% p.a. over rolling ten-year periods.	The investment strategy of the Balanced Growth option typically combines around 67% in growth assets and 33% in defensive assets (diversified fixed income and cash).

3.11 The investment objectives and strategy adopted for the Balanced Growth investment option are within the range of reasonable objectives and strategies for the internal reserve accounts and Pension Section Account given the size of the Scheme, the nature of the relevant liabilities and the financial position of the Scheme.

3.12 The Balanced Growth option is a suitable investment for the Pension Section assets having regard to the liquidity required to meet the expected future pension payments. Because the Balanced Growth investment option is identical for the Pension Section and other Members, as the Pension Section reduces the illiquid alternative assets of the Pension Section are automatically redistributed to other Balanced Growth Members. Please also refer to our comments in Section 9 in respect of the suitability of the Balanced Growth option for the Death and Disablement Reserve.

3.13 The Scheme uses weekly unit prices to credit investment earnings to Members' accounts. We consider this crediting rate policy adopted by the Trustee to be reasonable as it helps to limit cross subsidies between Members invested in different options and between different sections of the Scheme.

Section 4: Membership

Membership Data

4.1 The membership data used in this investigation has been supplied by MUFG, who became the administrator of the Scheme from 1 June 2024.

4.2 Various checks have been applied to the data provided. We are satisfied that the data provided is reasonable and that there are no errors in the data which would have a material effect on the results of this actuarial valuation. We have relied upon the data provided.

Pensioner Data

4.3 As at 31 December 2024 there were 75 current pensioners receiving pensions totalling $1.649 million. This amount includes the Pension Value Maintenance increase of 2.8% as at January 2025. A summary of the pensioner membership for the period 1 January 2024 to 31 December 2024 is set out in Appendix B.

Section 5: Pension Section assumptions and funding method

5.1 This section sets out the assumptions used in the valuation. The benefits provided to pensioners of the Scheme are summarised in Appendix A.

5.2 The financial assumptions used to value the liabilities are based on internal research carried out by WTW's research team. In particular, an investment earning rate of 7.3% p.a. and a rate of future pension increases of 2.5% p.a. were assumed. The assumed investment earning rates has decreased from 7.9% in the previous report and the assumed rate of future pension increases has decreased from 2.9% p.a. as at 31 December 2023.

The actual investment return for the assets backing the pension liabilities was 13.2% over the year, which was 5.3% greater than the assumed return at the start of the year. The actual pension increase for the year was 2.8% was slightly lower than expected.

To determine the expected rate of return on assets, we have considered the expected future investment returns for each major asset class. The estimated returns for each asset class have been used as the basis for calculating the expected rate of return on the assets supporting the Pension Section Account, based on the target asset allocation.

5.3 The pensioner mortality rates have been updated to incorporate the latest Australian Life Tables 2020-22. Consistent with prior actuarial valuations, we have used 95% of the published Australian Life Tables mortality rates as the mortality assumption to value the Scheme's DB pensioners. The actual mortality experience will be reviewed against the assumed rates as part of the next triennial actuarial investigation as at 31 December 2025. Our analysis suggests that the change in underlying life tables does not have a material impact on the liabilities.

The other demographic assumptions including the assumed mortality improvement rate of 1% per annum remain unchanged from those detailed in the triennial report on the actuarial investigation of the Scheme as at 31 December 2022 dated 16 June 2023. They are summarised in Appendix C.

5.4 A projection method has been used to calculate the pension liabilities of the Scheme. The process involves:

- Projecting the benefits expected to be paid to pensioners, allowing in particular for Pension Value Maintenance (PVM) and supplementary pension increases;
- Discounting the projected benefit payments to a present value using the expected future investment earning rate;
- Comparing the present value of the Scheme's pension liabilities with the value of the assets held in the Pension Section Account, and
- If there is a shortfall of assets against liabilities, determining how the shortfall is to be funded.

5.5 The projection method is appropriate for the Pension Section, which is closed, and where benefits are fully accrued. No allowance for administration expenses is required because ANZ meets these separately.

5.6 The factors of major significance in the valuation are the assumed future rates of investment earnings and pension increases, as well as the assumed rates of pensioner mortality.

5.7 ANZ makes contributions to the Pension Section of such amounts as the Trustee determines on the advice of the actuary. The Trust Deed allows the transfer of amounts from the Employer Funding Reserve to the Pension Section, and therefore the amount of the Employer Funding Reserve can be taken into account in assessing the funding of the Pension Section. In years when a deficit has arisen ANZ has made additional contributions.

Section 6: Asset and Liabilities

Assets at 31 December 2024

6.1 A copy of the audited financial statements for the year ended 31 December 2024 was provided for the purposes of these calculations. These financial statements show a net realisable value of assets available to pay benefits of $7,261.636 million as at 31 December 2024. We have relied upon the data provided.

Accumulation Account Liabilities at 31 December 2024

6.2 Most of the Scheme's liabilities are accumulation liabilities covering Section A, Section C, Spouse Contribution Account Section, Retained Benefit Account Section and Account Based Pension Section with account balances totalling approximately $7,146.415 million as at 31 December 2024.

6.3 The remaining net assets of the scheme, $115.221 million, comprise the Pension Section Account, the internal reserves and an unallocated amount. This difference also includes the impact of timing and tax differences between the asset valuations used for unit prices and the financial statements.

6.4 As a result of these impacts, the remaining net assets of the Scheme of $115.221 million are not exactly equal to the assets attributable to the Pension Section Account and the internal reserve accounts set out below. As the timing and tax differences become reflected in the unit prices, and consequently the accumulation account balances, this discrepancy will resolve.

Pension Section Account

6.5 The Pension Section Account is used to manage the funding of the pension benefits.

6.6 As at 31 December 2024, the balance in the Pension Section Account was $14.348 million.

Internal Reserve Accounts

6.7 A brief description of the internal reserve accounts is set out below:

- The Employer Funding Reserve (EFR) is a mechanism for allocating ANZ's contributions. The cost of the ANZ-financed portion of the death and TPD cover and administration costs for Section C members are also sourced from the EFR. The Trustee is able to transfer amounts from the EFR to the Pension Section Account if that ever became necessary.
- The Scheme Operating Reserve (SOR) facilitates the financial management of the Scheme and may be used in certain circumstances to address operational risk events or claims against the Scheme arising from operational risk events. Currently the SOR is the designated reserve for holding assets to meet the Scheme's Operational Risk Financial Requirement, as required under Prudential Standard SPS 114. The target Operational Risk Financial Requirement is 0.28% of net assets, but the SOR held around 0.52% of net assets at 31 December 2024.

- The Death and Disablement Reserve (DDR) operates as an insurance fund within the Scheme for the death and TPD cover provided to members prior to 2 March 2015 and is used to manage cashflows related to the insured arrangements in place from that date. Currently the Reserve is also being used to meet some of the cost of death and disablement cover for members.

6.8 The following table sets out the balances in each of the internal reserve accounts at 31 December 2024:

Reserves	$'000
Employer Funding Reserve	17,529
Scheme Operating Reserve	38,111
Death and Disablement Reserve	28,270
TOTAL	**83,910**

Section 7: Financial Position as at 31 December 2024

7.1 Under the provisions of the Trust Deed, the balance of the Pension Section Account (PSA) is specifically allocated for the funding of the pension liabilities.

7.2 As at 31 December 2024, the estimated liability for future pension payments amounted to $10.713 million based on the assumptions adopted.

7.3 The balance of the PSA was $14.348 million as at 31 December 2024. Comparing this balance with the estimated liability for future pension payments at that date implies a surplus of $3.635 million as at 31 December 2024. The surplus of $2.921 million as at 31 December 2023 increased because of the actual investment return for the assets backing the pension liabilities (13.2% over the year) was greater than the assumed return at the start of the year (7.9%), high pension mortality experience resulting in a net reduction in headcount from 79 to 75 and the actual pension indexation of 2.8% for the year being slightly lower than the expected indexation of 2.9%. These effects were partially offset by the change in assumptions adopted to value the liabilities (as discussed in Section 5).

7.4 I recommend that ANZ make no contributions to the Pension Section Account for the year ending 31 December 2025 because the PSA remains in surplus due to strong investment returns experienced over the year of 2024 and the reducing pensioner headcount. Given the Pension Section is closed and its liability is reducing steadily, there is a risk of overfunding. This recommendation is unchanged from the actuarial investigation as at 31 December 2023.

7.5 As both pensioner mortality experience and investment experience emerge over time, the funding position of the PSA is likely to fluctuate between an overfunded and an underfunded position. This highlights the need to carefully monitor this funding position as the number of pensioners decline. Any contribution requirement for 2026 will be re-assessed as part of the triennial actuarial valuation as at 31 December 2025, to reflect the actual experience of the PSA.

7.6 It is necessary to determine an appropriate amount to set aside from the Death and Disablement Reserve to meet incurred but not reported insurance claims and pending insurance claims relating to the period prior to 2 March 2015 and to exclude these amounts when assessing the coverage of vested benefits. As part of the outsourcing of the Scheme's insurance arrangements, the Trustee has decided to retain the liability for incurred but not reported claims. The Death and Disablement Reserve currently stands at $28.270 million, which is of the order of one and a half times annual premiums. We consider it is likely that this will be significantly more than sufficient to meet the liabilities in respect of pending and IBNR claims, but clearly this cannot be known for certain. Also, at least in the short term the Trustee has reasonably decided to use some of the Death and Disablement Reserve to subsidise members' premiums, and this commitment can be treated as a liability. These current uses for the Death and Disablement Reserve are consistent with the funds being treated as members' assets, and therefore, not available to meet the pension liabilities. Therefore, for the purposes of calculating the Vested Benefit Index I have excluded the full amount of the Death and Disablement Reserve from the net value of assets.

Vested Benefits Index

7.7 The total of all accumulation members' accounts in all sections of the Scheme is $7,146.415 million. Adding the pension liability to this amount gives the total amount of Vested Benefits of $7,157.128 million.

7.8 As at 31 December 2024, the Scheme's Vested Benefit Index, excluding the full SOR from the assets, is 100.5%. If only the ORFR target amount (which the Trustee has set at 0.28% of net assets) is excluded from the assets the Vested Benefits Index is 100.8%. In both cases the overall Scheme is not in an unsatisfactory financial position. The VBI is reasonably stable because the vast majority of the Scheme's Vested Benefits relate to accumulation members' accounts.

Accrued Benefits Index and Minimum Requisite Benefits Index

7.9 Other funding indices, often also calculated for superannuation funds, are identical to the Vested Benefit Index for the Scheme. In particular:

a. The Accrued Benefits Index, the market value of assets (excluding the ORFR) divided by the actuarial value of accrued benefits;

b. The Minimum Requisite Benefits Index, the market value of assets (excluding the ORFR) divided by the SG benefits (Minimum Requisite Benefits) of members. These benefits are not defined for pensioners, but are taken to equal the total pensions so that Minimum Requisite Benefits equal Vested Benefits.

7.10 We also note:

a. If the pension liabilities were to be outsourced to an external insurance company, the amount required to be paid to the insurer would be materially higher than the liability calculated in this report. This is because insurers are required to keep capital reserves and, in practice, invest conservatively;

b. Because the Pension Section is invested in the Balanced Growth option, it shares liquidity with the main accumulation default option. Therefore, it is unlikely that the Scheme would be forced to sell illiquid assets at a discount to meet pension payments; and

c. The situation on wind-up is considered in Section 8.

Shortfall Limit

7.11 Because the Vested Benefit Index is calculated for the entire Scheme (as the Pension Section is not a legal sub-fund as defined in SPS 160), the Pension Section forms only a very small portion of the Vested Benefits with the remainder of the liability being in respect of accumulation members. For this reason, we recommend the Shortfall Limit continue to be 100%.

Section 8: Certification required under SPS 160 in respect of Pension Liabilities

8.1 Paragraph 23(h) of SPS 160 requires the Actuary to form an opinion as to whether there is a high probability that the pensions payable from the Scheme will continue to be paid. A “high degree of probability” is prescribed to be 70% or more.

8.2 In forming this opinion, it is necessary to identify the assets which would be available to finance future pension payments. The principles set out in the relevant Professional Standard issued by the Institute of Actuaries of Australia require the Actuary to consider which assets would be available to meet the current pension liabilities (after allowing for benefit liabilities which rank ahead of or equally with the current pensions) if the Scheme were to be wound up.

8.3 Under the provisions of the Trust Deed and Rules, the balance of the Pension Section Account is specifically allocated for the funding of the pension liabilities. There are facilities for amounts to be transferred by the Trustee from the Employer Funding Reserve to the Pension Section Account to meet the pension liabilities. There are also provisions which would allow further assets from other internal reserves to be used to support the pension liabilities. In addition, pension indexation is not guaranteed on wind up of the Scheme so the value of the pension liabilities would be reduced in those circumstances.

8.4 Taking into account the assets which would be available to meet future pension payments and the value of the pension liabilities on wind up, I have formed the opinion that there is currently a high probability that the pensions payable from the Scheme will be able to be paid.

8.5 In conclusion, this analysis allows us to provide the required certification under SPS 160.

Section 9: Death and Disablement cover

9.1 This section discusses:

a. Insurance arrangements from 2 March 2015;

b. The level of the Death and Disablement Reserve and its adequacy to meet incurred but not reported (IBNR) claims and fund the current premium rebate; and

c. The appropriateness of the remaining self-insurance, in respect of claims incurred prior to 2 March 2015.

9.2 The death and disablement experience affects the solvency of the Scheme. As part of this actuarial investigation it is also appropriate to assess the adequacy of the amount of the Death and Disablement Reserve.

Death and Disablement Cover from 2 March 2015

9.3 In order to comply with Stronger Super legislation the Scheme externally insured the insurance of death and disablement benefits to Zurich Australia Limited (formerly OnePath Life) from 2 March 2015. We have been advised that the Scheme is only required to pay insured claims paid by the external insurer where they are incurred on or after 2 March 2015. Whilst stop loss insurance was initially put in place to cover some of the cost of claims incurred prior to 2 March 2015, the Scheme has retained most of this self-insurance risk. In my view, the insurance arrangements are reasonable.

9.4 In summary, the death and disablement arrangements from 2 March 2015 are:

- All death and disablements incurred from 2 March 2015 are externally insured with Zurich. The Trust Deed was amended so that an insured component of a death or disablement benefit will only be paid to a member if admitted and paid by Zurich. Hence, the payment of a death and disablement benefits requires no additional funding from the Scheme or ANZ.
- Amounts are deducted from the accounts of Section A, RBA and SCA Members monthly equal to the premiums for their chosen level of insured benefit, less (initially) a 30% rebate. Premiums are also paid to Zurich monthly. The premium rebate is funded from the Death and Disablement Reserve. From 1 January 2019, based on actuarial advice, the rebate increased to 40%.
- From 1 October 2020, with actuarial agreement, the rebate was increased to cover an 8% increase in the premiums. This premium increase reflected Scheme experience as well as the *Protecting Your Super* and *Putting Members Interests First* legislation. In practice the rebate was increased from 40% to 45%. Subsequently Zurich reduced premiums from 1 October 2022 and made several small definition changes. As discussed later in the section, we expect the Death and Disablement reserve will be adequate to maintain the 45% rebate until the next triennial investigation at 31 December 2025.

- ANZ subsidises the equivalent of 20% of the cost of death and disablement cover for Section C Members. The relevant subsidy is transferred monthly from the Employer Funding Reserve to the Death and Disablement Reserve. Amounts are deducted from the accounts of Section C Members equivalent to the balance of the cost of death and disablement cover, less (initially) a 10% rebate, making a 30% rebate in total. The rebate is funded from the Death and Disablement Reserve. From 1 January 2019 the total rebate increased to 40% and from 1 October 2020 to 45%.
- The premiums deducted from members' accounts (and the Employer Funding Reserve for 20% of the Section C cost) are paid into the Death and Disablement Reserve. A death and disablement benefit payable from the Scheme, net of the applicable Member's total account balances, is paid from the Death and Disablement Reserve.
- Admitted insurance claims paid by Zurich are paid into the Death and Disablement Reserve.
- Death and disablement claims incurred prior to 2 March 2015 remain self-insured by the Scheme. They are paid from the Death and Disablement Reserve.
- The Scheme had reinsurance cover in place for two years from 2 March 2015. This cover has expired and no other insurance is currently carried by the Scheme in respect of pre 2 March 2015 death and TPD benefits.

Catastrophe Risk

9.5 With external insurance in place to cover claims with effect from 2 March 2015, the catastrophe risk is now very small. The external insurer bears the risk in respect of a catastrophe from that date and external catastrophe insurance is no longer required. It is very unlikely that a self-insured catastrophe event could have occurred prior to 2 March 2015 and not be known to the Trustee almost nine years later.

Adequacy of the Death and Disablement Reserve

9.6 A consequence of the external insurance arrangements is that it is no longer necessary for the Scheme to set self-insurance premium rates. However, actuarial oversight remains necessary and appropriate for considering the adequacy of the Death and Disablement Reserve to:

a. Cover pending and incurred but not reported (IBNR) claims in respect of the period prior to 2 March 2015; and

b. Fund the 45% rebate to the premiums being charged to members' accounts (i.e. only 55% of the premium being charged by Zurich is being passed on to members).

9.7 The Death and Disablement Reserve has decreased from $36.4 million to $28.3 million over the year to 31 December 2024, mainly due to the premium rebate paid from the Death and Disablement Reserve in the 2024 year.

9.8 The value of IBNR claims was estimated as part of 31 December 2022 triennial actuarial investigation, based on claims data to that date. We were also advised by the Trustee that there were no pending self-insured claims as at 31 December 2022. At the valuation date, it had been almost 10 years since the Scheme ceased to be self-insured and the likelihood of further IBNR claims on the reserve continues to diminish. The IBNR will be reviewed as part of the triennial actuarial investigation as at 31 December 2025.

9.9 The estimate of the excess Death and Disablement Reserve at 31 December 2022, was:

Amount of Death and TPD Reserve Excess ($ Million)	
Reserve as at 31 December 2022	34.5
Less Pending	-
Less IBNR	2.0
Expected Excess Reserve	32.5

9.10 It is unlikely that higher than expected IBNR claims will exceed the excess Death and Disablement Reserve available. At this time, it is not necessary to determine how much additional Death and Disablement Reserve should be retained to allow for claims being greater than expected because the Trustee has decided to keep all of the reserve and use the excess gradually to provide members a 45% rebate of premiums.

9.11 The amount of the Death and Disablement Reserve is expected to be significantly larger than required to meet the remaining claims incurred prior to 2 March 2015.

Premium Rebate

9.12 The annual insurance premium is in the order of $17.5 million. The cost of the 45% premium rebate being provided by the Scheme is in the order of $8 million (gross of tax) per annum. We expect this amount to increase over time because the average sums insured are expected to increase and the premium rate guarantee period with Zurich is due to expire in September 2025.

9.13 This amount of rebate is expected to be easily sustainable over the period to 31 December 2025, the date of the next triennial valuation. However, we note that the Trustee retains the right to re-evaluate (i.e. reduce or discontinue) the level of the rebate within this period in case experience is materially worse than expected.

9.14 We recommend that the adequacy of the Death and Disablement Reserve, and whether its amount can continue to support the premium rebate, should be reviewed at least annually by the Trustee. We recommend that the next review be conducted as at 31 December 2025.

Investment of the Death and Disablement Reserve

9.15 The Death and Disablement Reserve is invested in the Balanced Growth option and therefore is subject to the risk of a fall in value. The strong position of the Death and Disablement Reserve means that it should be able to withstand a fall in value and still be expected to be sufficient to cover claims and provide the premium rebates for a few years.

9.16 The Trustee reviews the insurance premium rebate annually and can reduce or cease the rebate. However, it would be more difficult to do this within a current year. Because the subsidy is currently about $8 million annually it would be prudent to ensure this amount of the Death and Disablement Reserve was always available. It would also be prudent to retain about $2.0 million (pending and IBNR at 31 December 2022) for self-insured claims.

9.17 If there is a significant fall in asset values before these amounts are paid we would recommend the Trustee consider moving some of the assets into a more conservative investment option. We suggest using a trigger amount of $20 million as a level of the Death and Disablement Reserve at which time the investment strategy should be reviewed. At this point the existing insurance rebate would be expected to exhaust the reserve within a few years and the time horizon for the investment becomes short term. If the Death and Disablement Reserve reaches this amount, while we suggest the investment strategy be reviewed, whether it is changed would depend on the Trustee's assessment at that time. This trigger amount should also be reduced over time and we would be pleased to do this as part of our annual actuarial tasks and review of the adequacy of the Death and Disablement Reserve.

Salary Continuance Insurance

9.18 Section A and Section C members can apply for salary continuance insurance through the Scheme. This cover is not available for RBA Section, ABP Section or SCA Section members. Salary continuance insurance provides a monthly benefit payment of up to 75% of salary (subject to a maximum of $20,000 per month) for up to two years. The salary continuance benefit is insured with Zurich and should not cause any additional funding strain on the Death and Disablement Reserve.

Section 10: Material Risks

The purpose of this section of this report is to identify the material risks for the Scheme which are associated with the actuarial assumptions or actuarial management of the Scheme, in particular to the Pension Section and self-insurance. We also comment on the way in which the identified financial risks are being managed by the Trustee.

The material risks are:

Underperformance of Scheme's Investments

10.1 The risk faced by the Pension Section, in particular, is that the investment returns earned on the assets will not be as high as expected. This means that the financial position of the Pension Section would deteriorate, and additional funding may be required. The Trustee continues to monitor the position of the Pension Section annually, and it considers the liabilities and the funding position when determining the investment strategy, and this remains appropriate.

10.2 With the Scheme's death and disablement cover now externally insured, the impact of investment risk on the Death and Disablement Reserve is reduced. The Scheme retains the risk for pending and incurred but not reported claims at 2 March 2015. The Death and Disablement Reserve is also currently being used to provide a premium rebate for members. However, the Reserve is in a strong position and should be able to withstand any adverse market movements. It would take a large negative investment return to reduce the Death and Disablement Reserve to the extent that it was expected to be insufficient. In Section 9 we recommend that the investment strategy of the Death and Disablement Reserve be reviewed if its amount reduces to a specified value of $20 million.

10.3 To a lesser extent the Scheme's other reserves are at risk of investment underperformance. However, as these reserves are well funded and/or not set aside to meet significant known liabilities, underperformance of investments is unlikely to require any particular action from the Trustee or Employer to replenish them. The SOR is currently larger than the Scheme's target ORFR amount.

Inflation Risk

10.4 Higher than expected indexation of pensions would increase the Scheme's liability and may require additional funding.

10.5 Pensions are increased annually at a rate equivalent to the lesser of 3% and the rate of increase in the Consumer Price Index – Average of All Groups ("CPI") for the 12 months ending with the September quarter prior to the implementation of the increase. The inflation risk on the annual increases is therefore contained by the 3% cap.

10.6 Every year the Trustee considers a supplementary pension increase. Prior to 2022 this increase had been set so that pensions increase at the CPI rate each year. However, the Trustee is not able to grant a supplementary increase without ANZ consent and, if inflation was to increase, the Trustee could award a lower supplementary increase, or even no supplementary increase.

Increasing Life Expectancy

10.7 The Scheme has a liability for lifetime pensions of $10.713 million at 31 December 2024. The assumptions regarding pensioner mortality that we have used for this valuation explicitly allow for gradual future improvements in mortality.

10.8 There is a risk that a future breakthrough in medical diagnosis or treatment could lead to a significant increase in life expectancies and this would increase Scheme liabilities. However, given the high average age of the pensioners the risk of a large increase in the value of liabilities is low.

Self-Insurance

10.9 The Scheme's self-insurance risk, including catastrophe risk, is now low and limited to claims which occurred prior to 2 March 2015. Claims are met from the Death and Disablement Reserve and the risk to the Trustee is that this currently well-funded reserve will not be sufficient to meet claims which arise.

10.10 The adequacy of the Death and Disablement Reserve is considered in Section 9.

Other

10.11 The Scheme faces a variety of operational, legislative and other risks which may in some circumstances lead to cost increases. We understand that the Trustee monitors and takes action on such risks as part of its risk management framework. There is also the risk that ANZ will not pay contributions recommended to rectify a funding deficiency. We also note that when compared to the size of ANZ's operations, the cost of most risks is likely to be very small.

Section 11: Statements required under SPS 160

This summary provides the information which must be contained in the report of an initial or regular actuarial investigation, in accordance with paragraph 23 of Prudential Standard SPS 160.

a. At 31 December 2024, the value of the assets of the Scheme, excluding the Scheme Operating Reserve that includes the Scheme's Operational Risk Financial Requirement (ORFR) target amount was $7,195.255 million. The amount required to meet the ORFR is held in the Scheme Operating Reserve, which is materially larger than the Scheme's ORFR target amount. If only the target amount is deducted the net value of the assets becomes $7,213.034 million.

b. The projected likely future financial position of the Scheme's pension liabilities during the three years following the valuation date and based on my best estimate assumptions and assuming no ANZ contributions in the three years to 31 December 2027, is as follows.

Date	Assets ($m)	Vested Benefits ($m)	Vested Benefits Index (%)
31 December 2024	14.3	10.7	133.9%
31 December 2025	13.5	9.9	136.4%
31 December 2026	12.9	9.1	142.4%
31 December 2027	12.5	8.4	149.4%

The projected financial position is shown only for the lifetime pensioner members and allows for actual investment return to 14 May 2025. The account balances of all accumulation members are fully funded and expected to remain fully funded during the three-year projection period. The coverage of vested benefits for the whole Scheme is expected to remain above 100%. Part of the Employer Funding Reserve is also available to support the funding of the Pension Section. Allowing for the $17.5 million in the Employer Funding Reserve the Pension Section is well funded.

c. In my opinion, the value of the assets of the Scheme at 31 December 2024, excluding the amount held to meet the ORFR, was adequate to meet the liabilities in respect of the accrued benefits of members of the Scheme (measured as the value of members' accrued entitlements using the valuation assumptions). I consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued benefit liability.

d. At 31 December 2024 the Scheme was in a satisfactory financial position, as defined in SPS 160. In my opinion the Scheme does not need to be treated as being in an unsatisfactory financial position. The shortfall limit (currently 100%) does not need to be reviewed.

e. At 31 December 2024 the value of the liabilities of the Scheme in respect of minimum benefits of the members of the Scheme is $7,157.1 million. This amount of minimum benefits excludes the amount of pending and incurred but not reported death and disablements benefits, which are met from the Death and Disablement Reserve. If estimates of these amounts are added, the minimum benefits are of the order of $7,159.1 million. Minimum benefits are as defined in Regulation 5.04 of the Superannuation Industry (Supervision) Regulations.

f. Funding and Solvency Certificates for the Scheme covering the period from 1 January 2024 to 31 December 2024 have been obtained. The Scheme was solvent, as defined in the Superannuation Industry (Supervision) Regulations, at 31 December 2024. In my opinion, I expect that the solvency of the Scheme will be able to be certified in any other Funding and Solvency Certificate required under the Regulations during the three-year period to 31 December 2027.

g. It is recommended that ANZ makes contributions at the rates set out below for the period to 31 December 2027:

   i. at the rate required under the Superannuation Guarantee legislation, subject to a minimum of 7% of Salary for Section C Members;

   ii. the salary sacrifice contributions payable on behalf of Members.

   ANZ should also cover the administration expenses of the Scheme, which are not covered by deductions from Members' accounts. Fees received and credited to the Employer Funding Reserve may continue to be used to meet ANZ's administration costs by means of short-term employer contribution holidays.

h. In my opinion, as at 31 December 2024 there is a high degree of probability that the Scheme will be able to pay the defined benefit pensions as required under the Scheme's governing rules.

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13 June 2025

Appendix A: Summary of Pension Section Benefits and Conditions and Death and Disablement cover

Given the purpose of this report, specific details regarding the other sections of the Scheme are not provided. Details of Section A, Section C, Spouse Contribution Account Section, and Retained Benefit Account Section can be found in the 31 December 2022 triennial actuarial investigation report dated 16 June 2023. The Trust Deed was last amended 30 July 2024.

Pension Section

Spouse's Pension Option

Where applicable, the standard survivorship pension is 60% of the former member's pension. A former member may give up part of his or her pension to provide an additional survivorship pension to his or her spouse, payable from the date of that former member's death.

Commutation of Spouse Pensions

A spouse who becomes entitled to a spouse's pension may commute 100% of his or her pension, other benefits and contingent benefits.

The Trustee, at its discretion, may permit commutation of other pensions.

Pension Value Maintenance

All pensions are reviewed at least every two years and increased according to the increase in Consumer Price Index, subject to the resulting pension not exceeding the initial pension increased at a rate of 3% per annum compounded over the period since commencement of that pension. Notwithstanding this, the Trustee may, with the agreement of the Principal Company, agree to higher increases to the pension.

In a Scheme termination situation pensions are not subject to pension value maintenance.

Death and Disablement Benefits

The Trust Deed allows the Trustee to reduce all insured benefits to the extent any sum insured is not received from the relevant external insurer.

Sections A and C Death and Disablement Benefits

Death or Total and Permanent Disablement

The benefit payable is:

i. the sum of the Member's account balances; plus
ii. the insured benefit (if any).

The Section A insured benefit is equal to the amount calculated by the following formula:

> Number of blocks of cover taken out by the member x Total Employment Cost or Annual Base Salary if applicable at leaving ANZ employment x (1 – Reduction Factor)

The Reduction Factor is calculated as a factor of zero for members under 56 and increases by 10% for each year between ages 57 and 65 (reaching 90% at age 65).

The maximum number of blocks of cover that a member may take out is seven, and the insured benefit is subject to different maximums for death, disablement and terminal medical condition as agreed with Zurich. The maximum sums insured permitted are currently $5 million for death, and $3 million for disablement and $2.5 million for terminal medical conditions.

For Section A Members, the insured cover on death or disablement ceases at age 66.

Three blocks of cover are provided to new Employees by default, subject to the member being at least age 25, having an account balance of at least $6,000 and having received a contribution in the last 12 months. Unless another exception to automatic cover applies, members who are not eligible for default cover on commencement of employment receive default cover once they satisfy these requirements. Satisfactory health evidence is required to increase the number of blocks of cover or if cover is over $1 million, except by half a block in prescribed circumstances. Members can also elect to reduce their number of blocks of cover.

The insured cover options for Section C Members are as shown in the following table:

Insured Cover Option	Insured Benefit
No Cover	Nil
Multi-level Cover	The greater of: i. 15% of Salary at the date of death or disablement for each year of potential service to the NRD; and ii. 3.5 times Salary at the date of death or disablement less the sum of the Members' account balances.

For Section C Members, the insured cover on disablement ceases at age 60.

Salary Continuance Insurance

Section A and Section C members can apply for salary continuance insurance through the Scheme. This cover is not available for Retained Benefit Account, Account Based Pension or Spouse Contribution Account members. This cover is externally insured.

Spouse Contribution Account Section

Death

SCA Section members may be paid an additional benefit on death. The additional benefit is based on "blocks" of cover of $50,000 each. To conform with MySuper requirements, from 1 January 2014 certain members have age-based minimum death cover at the levels set out in the Superannuation Guarantee (Administration) Regulations 2018.

Members may opt-out of insurance or to increase insurance, subject to satisfactory health and other evidence.

Total and Permanent Disablement

To conform with MySuper requirements certain SCA Section members have age-based total and permanent disablement cover at the levels set out in the Superannuation Guarantee (Administration) Regulations 2018.

To be eligible for this cover:

- The member must have death cover; and
- The member must have had a contribution to his or her account every 12 months.

Members may opt-out of insurance or to increase insurance, subject to satisfactory health and other evidence.

From 1 October 2017, members are eligible for TPD cover up to the amount of death cover, if underwritten.

Retained Benefits Account Section

RBA Section members may be paid an additional benefit on death or Total and Permanent Disablement. To conform with MySuper requirements, certain members have default age-based minimum death cover at the levels set out in the Superannuation Guarantee (Administration) Regulations 2018.

Members may opt-out of insurance or to increase insurance, subject to satisfactory health and other evidence.

From 1 January 2018 ceasing employees who transfer to the RBA Section can have the same level of cover based on what applied prior to transfer.

Appendix B: Summary of Pensioner Data

Movement in pension headcount for the period

	1 January 2024 to 31 December 2024
Number of pensioners as at 1 January 2024	79
Plus	
Reversionary Pensioners	1
Less	
Deceased Pensioners	(5)
Commutations	-
Ceased Child Pensioners	-
Adjustment	
Transfers from Deferred / Contingent to Current	-
Number of pensioners as at 31 December 2024	75

Pensioner Data Summary

	Number	Average Age	Total Annual Pension* ($ million)
Member - Single	20	82.7	0.412
Member - Joint	19	83.5	0.449
Spouse	36	87.6	0.789
Total	**75**	**85.3**	**1.649**

* Including the Pension Value Maintenance increase of 2.8% effective January 2025.

Appendix C: Valuation Basis

Rates of Investment Return and Pension Increases

The following assumptions were used for the long-term projections of the liabilities of the Pension Section:

Rate of Investment Return	7.3% p.a.
Indexation of Pensions	2.5% p.a.

Pensioner Mortality

Of every 10,000 pensioners of each type shown below, the following numbers were assumed to die each year: Mortality improvement of 1% p.a. for each year from 1 July 2021 is assumed at all ages.

Age	Males	Females
40	12	7
50	26	16
60	60	35
70	139	85
80	413	281
90	1,391	1,109
100	3,021	2,870

Age of Pensioners' Spouses

Wives were assumed to be three years younger than their husbands.

Expenses

The rate of investment return referred to above is assumed to be net of investment expenses. It is assumed that ANZ meets the expenses in respect of lifetime pensions.

Taxation

It has been assumed that the current taxation regime will continue and that the Scheme will remain a "complying superannuation fund" for taxation purposes. Concessional tax arrangements apply for lifetime pensioners therefore no tax is levied on investment earnings.

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