




# 2024 Annual Report

Macquarie Bank  
Year ended 31 March 2024



Macquarie Bank Limited  
ACN 008 583 542



**Macquarie Bank offers  
transaction accounts,  
home loans, credit cards,  
online banking, business  
banking and more.**

Macquarie Bank Limited is a subsidiary of Macquarie Group Limited ACN 122 169 279 and is regulated by the Australian Prudential Regulation Authority (APRA) as an authorised deposit-taking institution (ADI). Macquarie Group Limited is regulated by APRA as a Non-Operating Holding Company of an ADI.

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# 01

## About

### **1 Elizabeth, Sydney**

Macquarie's new global headquarters at 1 Elizabeth Street is a landmark, state-of-the-art office tower in the heart of the city's civic, cultural and financial district. Connected to our existing heritage 50 Martin Place building, it will bring our Sydney teams together in one campus for the first time in 25 years when it opens mid-2024 above a major public transport interchange.





**Against the less certain economic backdrop, Macquarie Bank's businesses collectively delivered a solid net profit contribution that benefitted from longstanding client relationships, the diversity of our operations, Macquarie Group's proven risk management framework and culture, and long-term investment in technology and operational efficiency."**

Letter from the

# Managing Director and CEO

Over the past year, the global economy has experienced a period of weaker growth as central banks around the world held interest rates at elevated levels to temper rising inflation. While major economies have proven more resilient than many anticipated, consumer and business sentiment suffered as higher borrowing costs, greater uncertainty and cost-of-living pressures had an impact.

Despite a tougher environment, we've seen clients continue to manage their businesses and finances responsibly, with our own relationship-driven approach consistently centred on regular client contact and proactively providing tailored support where required.

Against the less certain economic backdrop, Macquarie Bank's businesses collectively delivered a solid net profit contribution that benefitted from longstanding client relationships, the diversity of our operations, Macquarie Group's proven risk management framework and culture, and long-term investment in technology and operational efficiency.

Macquarie Bank's consolidated net profit attributable to the ordinary equity holder of \$A2,912 million for the year ended 31 March 2024 decreased 25% from \$A3,905 million in the prior year.

Banking and Financial Services (BFS), Macquarie Group's Australian retail banking business, delivered a record net profit contribution as it benefitted from continued growth in its loan portfolio and BFS deposits, and credit and other impairment reversals primarily reflecting an improvement in the macroeconomic outlook. This was partially offset by margin compression, higher employment expenses and technology investment to support portfolio growth, compliance and regulatory requirements.

Commodities and Global Markets (CGM), Macquarie Group's global capital and financing, risk management, market access, physical execution and logistics solutions provider, delivered a net profit contribution that was down on the prior year's record high, mainly due to lower contribution from Commodities as volatility in global commodity markets eased and from Asset Finance, partially offset by stronger performance in Financial Markets.

CGM's result was at a similar level to the strong performance of FY2022, demonstrating ongoing growth in the client franchise and the benefits of the franchise's diversification, even in more subdued markets.

With global economic conditions stabilising and inflation gradually moving back towards central bank target ranges, market sentiment has begun to improve.

The diversity of Macquarie Bank's business mix, strong capitalisation, well-funded balance sheet and a conservative approach to risk management continue to position the Bank well to adapt to ongoing changes in market conditions and support our clients and other key stakeholders.

## CGM management changes

I would like to thank Nicholas O'Kane, who stepped down as Head of CGM during the year, after almost 30 years with the Macquarie Group and five as CGM Group Head, for his contribution to Macquarie Bank. Nick has overseen considerable growth of CGM and the expansion of its end-to-end client offering globally.

Simon Wright, who was Global Head of CGM's Financial Markets division and has been with the Macquarie Group for 35 years, became Group Head. I have had the pleasure of working with Simon - who is highly respected across Macquarie - for many years and he is the right choice to drive the next phase of growth for the business.

## Innovating and investing for a better future

In line with Macquarie Group's purpose of 'Empowering people to innovate and invest for a better future', which is embedded across our business activities and our conduct and culture, significant investment is underway to position ourselves for future growth opportunities.

Technology investment in BFS has more than tripled over the last 10 years allowing the business to scale at pace, meet increased regulatory requirements, improve productivity and deliver cost efficiencies. Together with an unerring focus on delivering great client experiences, it's contributed to BFS' net promoter score - a measurement of customer loyalty - being significantly better than our competitors.

Investing in technology is also a longstanding feature of CGM's strategy as the business continues its digitalisation journey by investing in technology and data to capture opportunities to innovate and drive commercial outcomes. Technology is also a key sector of focus for CGM teams investing in established and emerging technologies to support increased activity in a range of markets.

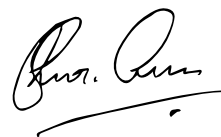
We continue to deliver on the broader remediation plan agreed with APRA, undertaking work to strengthen Macquarie Bank Limited's (MBL) governance, culture, corporate structure and remuneration to ensure full and ongoing compliance with prudential standards. During the year, we have closed out a number of workstreams that strengthen the Bank's systems, frameworks, processes and risk culture, and this will continue in FY2025.

## Board changes

To continue strengthening the governance structure of MBL, in consultation with APRA, we completed the appointment of further Bank-only Non-Executive Directors (BONDs) to the MBL Board. David Whiteing joined the MBL Board in September 2023, and Wayne Byres joined in February 2024, both bringing highly valued skills and experience. Ahead of Michael Coleman's planned retirement, expected by mid-2024, there are currently four BONDs, providing additional safeguards to protect the interests of MBL within the Macquarie Group.

Finally, I would like to thank our employees for their ongoing dedication to our clients and communities, especially during these more challenging times. As a relationship business, Macquarie Bank's success is driven by our people, who bring expertise, commitment and ideas together to create and realise opportunities that deliver shared value for our clients, shareholders and communities.

I look forward to the opening of Macquarie Group's new global headquarters in Sydney in FY2025, which will bring together all of Macquarie Group's Sydney teams in the one campus for the first time in 25 years, providing further ways of collaborating, ideating and innovating.



**Stuart Green**  
Managing Director and Chief Executive Officer

Sydney  
3 May 2024

## Financial highlights

### FY2024 net profit

**\$A2,912m**

↓ 25% on prior year

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### FY2024 net operating income

**\$A11,566m**

↓ 10% on prior year

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### FY2024 operating expenses

**\$A7,491m**

↑ 2% on prior year

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### BFS clients

**~ 1.85m**

### CGM celebrates

**40+ years**

of client partnerships

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### BFS deposits

**\$A142.7b**

↑ 10% on prior year

### BFS home loan portfolio

**\$A119.3b**

↑ 10% on prior year

### CGM traded

**8.5bcf**

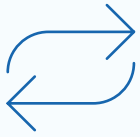
of natural gas volume across  
North America daily



## Operating and financial review

Our business

Macquarie Bank offers transaction accounts, home loans, credit cards, online banking, business banking and more.



**Lending**

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**Banking**

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**Capital solutions**

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**Asset finance**

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# Operating and financial review

Our business continued

For internal reporting and risk management purposes, Macquarie Bank is divided into two Operating Groups, which are supported by four Central Service Groups.

## Operating Groups

### **Banking and Financial Services (BFS)**

BFS provides a diverse range of personal banking, wealth management, and business banking products and services to retail clients, advisers, brokers and business clients.

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### **Commodities and Global Markets (CGM)**

CGM is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions to its diverse client base across Commodities, Financial Markets and Asset Finance.

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## Central Service Groups

The Central Service Groups provide a range of functions supporting the Operating Groups, ensuring they have the appropriate workplace support and systems to operate effectively and the necessary resources to meet their regulatory, compliance, financial, legal and risk management requirements.

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### **Risk Management Group (RMG)**

An independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie Bank's material risks. RMG designs and oversees the implementation of the risk management framework.

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### **Legal and Governance Group (LGG)**

Provides a full range of legal and corporate governance services, including strategic legal and governance advice and risk assessment on corporate transactions, treasury and funding, insurance, regulatory enquiries and litigation.

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### **Financial Management Group (FMG)**

Responsible for capital, funding, liquidity, tax and strategic analysis and advice to support the growth of the business. It ensures Macquarie Bank meets its financial, regulatory and tax reporting compliance obligations, as well as maintaining relationships with a range of significant external stakeholders.

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### **Corporate Operations Group (COG)**

Provides specialist services in technology, operations, human resources, workplace, data, digital, strategy, operational risk management, business resilience and global security, and the Macquarie Group Foundation.

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## Risk management

A sound risk culture has been integral to Macquarie Bank's risk management framework.

### Risk culture

Macquarie Bank sets, promotes, monitors and reflects on the effectiveness of our risk culture. Macquarie Bank's approach to maintaining a sound risk culture is based on:

- **setting behavioural expectations:** Senior Management, with oversight from the Board, set behavioural expectations. The way we fulfil Macquarie Bank's purpose is defined by our principles of *What We Stand For*: Opportunity, Accountability and Integrity. Staff are made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are specified in the Board-approved *Code of Conduct*, which is actively promoted by Management and cascaded through the organisation
- **leading and executing:** Management implements behavioural expectations through leadership actions and communication, organisational governance, incentives and consequence management, and organisational and individual capability
- **monitoring, measuring and reporting:** Macquarie Bank monitors and measures its risk culture to gauge its effectiveness while promoting continuous improvement.

### Risk management framework

Macquarie Group's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie Group that identify, measure, evaluate, monitor, report and control or mitigate all internal or external sources of material risk. Macquarie Group maintains a single risk management framework that is applied appropriately throughout Macquarie Group, including the Bank Group. Where appropriate, Macquarie Group's risk management framework is expanded to achieve effective separation between the Bank Group and the Non-Bank Group to mitigate contagion risk.

The framework is supported by a company-wide approach to policies and procedures, and RMG adopts the same level of rigour in relation to risk acceptance, monitoring and reporting for all Macquarie Group entities consistently. Macquarie Bank adopts policies, procedures and risk limits in accordance with the risk profile of the Bank Group.

Macquarie Group's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance:

- primary responsibility for day-to-day risk management lies with the business. The risk owner is the first line of defence. All staff throughout Macquarie Group are expected to manage risks in accordance with the risk management framework
- RMG forms the second line of defence and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie Group's material risks
- Internal Audit, as the third line, provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie Group's financial and risk management framework.



Refer to the Risk Management section in the MGL Annual Report for details on Macquarie Group's risk management framework, risk culture and conduct risk management, which apply to all Macquarie Group businesses including the Bank Group entities

## Macroeconomic and other factors

The key macroeconomic and other factors that impact Macquarie Bank are:

### Market conditions

The general condition of markets, driven by both macroeconomic, climate and geopolitical factors may have a bearing on Macquarie Bank's businesses. Changing market conditions influence the volume and timing of client and principal transactions across businesses and the value of various equity, credit and market risk exposures held by Macquarie Bank on its balance sheet.

### The value of the Australian dollar

A significant proportion of Macquarie Bank's net income is denominated in foreign currency. Therefore, net income will be lower in Australian dollar terms if the Australian dollar appreciates against other foreign currencies, and net income will be higher in Australian dollar terms if the Australian dollar depreciates against other foreign currencies.

### Potential regulatory changes

Macquarie Bank is affected by changes in regulation. Regulatory change continues to increase at both the global and Australian levels and has the potential to affect the regulatory capital and funding requirements and profitability of Macquarie Bank's businesses.

### Funding and liquidity

Macquarie Bank uses deposits and debt markets, among other funding sources, to fund its assets. Macquarie Bank is therefore exposed to the risk of an increase in the cost of funding, or of reduced access to funding sources.

### Technology

Macquarie Bank recognises that with the use of systems, technology, and platforms to support its business activities, it is exposed to risk of loss resulting from failure, inadequacy or misuse of technology and technology resources.

In determining those risks that are material to Macquarie Group, we assess the potential for a risk to affect our earnings resilience and financial strength across market cycles; our ability to meet regulatory obligations; our stakeholders; and our reputation. Macquarie Group's material risks include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational, regulatory and compliance, strategic, tax, technology and cyber, and work health and safety risks.

# Operating and financial review

Our business continued

Macquarie Bank's approach to risk management is based on stable and robust core risk management principles.

## Ownership of risk at the business level

Group Heads are responsible for ownership of material risks that arise in, or because of, their business' operations, including identification, measurement, evaluation, monitoring, control and mitigation of these risks. Before making decisions, clear analysis of the risks is sought to ensure those decisions are consistent with the risk appetite and strategy of Macquarie Bank.

## Understanding worst-case outcomes

Macquarie Bank's risk management approach is based on examining the consequences of worst-case outcomes and determining whether these are acceptable and within Macquarie Bank's risk appetite. This approach is adopted for all material risk types and is often achieved by stress testing. Macquarie Bank operates a number of sophisticated quantitative risk management processes, but the foundation of the approach is the informed consideration of both quantitative and qualitative inputs by experienced professionals.

## Requirement for an independent sign-off by RMG

Macquarie Bank places significant importance on having a strong, independent risk management function to review, challenge and sign-off all material risk acceptance decisions. It is essential that RMG has the capability to do this effectively. RMG has invested in recruiting skilled professionals from a range of industries, including those with trading or advisory and capital markets experience. For all material proposals, RMG's opinion must be sought at an early stage in the decision-making process. The approval document submitted to Senior Management must include independent input from RMG on risk and return.

## Operating and financial review

for the year ended 31 March 2024

### Review of performance and financial position

#### Overview

Macquarie Bank's consolidated profit attributable to the ordinary equity holder of \$A2,912 million for the year ended 31 March 2024 decreased 25% from \$A3,905 million in the prior year.

	FULL YEAR TO		
	31 Mar 24 \$Am	31 Mar 23 \$Am	Movement %
Net operating income	<b>11,566</b>	12,791	(10)
Operating expenses	<b>(7,491)</b>	(7,380)	2
Income tax expense	<b>(1,163)</b>	(1,506)	(23)
Profit attributable to ordinary equity holder of Macquarie Bank Limited	<b>2,912</b>	3,905	(25)

# Operating and financial review

Review of performance and financial position

## FY2024 net profit contribution<sup>(1)</sup> by Operating Group

Summary of the Operating Groups' performance for the year ended 31 March 2024.

### Banking and Financial Services

# \$A1,241m

↑ 3% on prior year due to

- higher net interest and trading income driven by growth in the loan portfolio and BFS deposits, and the full year benefit of the rising rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs
- higher fee and commission income driven by growth in average funds on platform, as well as higher lending and transaction volumes
- credit impairment reversals largely driven by improvement in the macroeconomic outlook, particularly in the home loans portfolio, partially offset by changes in the composition of portfolio growth.

Partially offset by:

- higher operating expenses driven by higher employment expenses and increased technology investment to support portfolio growth, compliance and regulatory requirements.

### Commodities and Global Markets

# \$A3,116m

↓ 46% on prior year due to

- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts
- decreased risk management revenue, primarily in EMEA Gas and Power, and Resources due to decreased client hedging as volatility and price movements stabilised across commodity markets following record highs in the prior year. The decrease was partially offset by an increased contribution from Agricultural markets
- higher operating expenses driven by higher expenditure on technology platform and infrastructure, compliance and regulatory spend and higher employment expenses.

Partially offset by:

- increased foreign exchange, interest rate and credit products income driven by increased client hedging activity in foreign exchange and interest rate products and an increased contribution from the Futures business
- increased operating lease income driven by increased volumes in technology and energy sectors.

### Corporate

Net expenses of

# \$A1,445m

↓ 54% on prior year due to

- increased net interest and trading income, primarily driven by increased earnings on capital reflecting higher central bank interest rates, improved returns on Group Treasury's liquid asset portfolio, and the deployment of the Banking Group's previously elevated centrally held liquidity and funding surpluses by the Operating Groups
- reduced operating expenses driven by lower performance-related profit share expense as a result of the performance of the Consolidated Entity and lower expenses on certain legacy and other transaction-related charges
- increase in fee and commission income, reflecting higher recoveries from the Non-Bank of the Central Service Groups' cost base.

(1) Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

## Net operating income

Net operating income of \$A11,566 million for the year ended 31 March 2024 decreased 10% from \$A12,791 million in the prior year. This decrease was mainly driven by lower net interest and trading income, partially offset by higher fee and commission income and credit and other impairment reversals in the current year.

### Net interest and trading income

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
8,401	10,027

↓ **16%**  
on prior year

This movement was largely driven by:

- substantially lower inventory management and trading income driven by a reduction in trading activity, primarily in North American Gas and Power, partially offset by timing of income recognition on Gas and Power transport and storage contracts, in CGM
- decreased risk management income, primarily in EMEA Gas and Power, and Resources due to decreased client hedging in CGM.

Partially offset by:

- higher earnings on capital reflecting higher central bank interest rates
- growth in the loan portfolio and BFS deposits, and the full year benefit of the rising interest rate environment, partially offset by margin compression due to changes in portfolio mix, lending competition and higher funding costs
- improved returns on Group Treasury's liquid asset portfolio.

### Credit and other impairment charges

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
49	(114)

↑ **significantly**  
on prior year

This movement was largely driven by:

- release of credit provisions due to improvement in the macroeconomic outlook.

Partially offset by:

- changes in composition of portfolio growth, in BFS.

### Fee and commission income

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
2,591	2,318

↑ **12%**  
on prior year

This movement was largely driven by:

- higher income due to fees received from the Non-Bank Group for services provided by the Central Service Groups reflecting a higher underlying Central Service Groups cost base
- increased client activity in the Futures business, in CGM
- higher average wealth management and banking and lending fee income driven by growth in average funds on platform and higher lending and transaction volumes, in BFS.

### Net other operating income

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
525	560

↓ **6%**  
on prior year

This movement was largely driven by:

- unfavourable fair value movements on a small number of unlisted equity investments in CGM.

# Operating and financial review

Review of performance and financial position continued

## Operating expenses

Total operating expenses of \$A7,491 million for the year ended 31 March 2024 increased 2% from \$A7,380 million in the prior year.

### Employment expenses

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
4,911	4,758

↑ **3%**  
on prior year

This movement was largely driven by:

- higher salary and related expenses from higher average headcount and wage inflation
- unfavourable foreign exchange movements
- higher share-based payments expense mainly driven by the prior year's performance of the Consolidated Entity
- higher one-off staff costs.

Partially offset by:

- lower performance-related profit share expenses as a result of the performance of the Consolidated Entity.

### Brokerage, commission and fee expenses

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
594	520

↑ **14%**  
on prior year

This movement was largely driven by:

- unfavourable foreign exchange movements
- increased trading and brokerage activities in CGM
- increased transaction volumes in BFS.

### Non-salary technology expenses

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
942	890

↑ **6%**  
on prior year

This movement was largely driven by:

- increased investment in technology initiatives, with a focus on data and digitalisation, to support business growth and compliance.

### Other operating expenses

#### FULL YEAR TO

31 Mar 24 \$Am	31 Mar 23 \$Am
1,044	1,212

↓ **14%**  
on prior year

This movement was largely driven by:

- lower expenses on certain legacy and other transaction-related charges
- lower professional fees.

Partially offset by:

- higher occupancy expenses
- increased indirect and other taxes.

## Income tax expense

Income tax expense of \$A1,163 million for the year ended 31 March 2024 decreased 23% from \$A1,506 million in the prior year. The effective tax rate for the year ended 31 March 2024 was 28.5%, up from 27.8% in the prior year.

The higher effective tax rate compared to the prior year was mainly driven by the geographic composition and nature of earnings.



## Statement of financial position

The Consolidated Entity's Statement of financial position was impacted by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

### Total assets

AS AT	
31 Mar 24 \$Am	31 Mar 23 \$Am
340,163	330,823

↑ **3%**  
on 31 March 2023

Total assets of \$A340.2 billion as at 31 March 2024 increased 3% from \$A330.8 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- loan assets of \$A156.7 billion as at 31 March 2024 increased 11% from \$A141.8 billion as at 31 March 2023, driven by loan volume growth in BFS home and business lending portfolios
- trading assets of \$A26.6 billion as at 31 March 2024 increased 69% from \$A15.8 billion as at 31 March 2023, driven by an increase in holdings of listed equity securities in CGM
- cash collateralised lending and reverse repurchase agreements of \$A49.6 billion as at 31 March 2024 increased 15% from \$A43.2 billion as at 31 March 2023, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management
- financial investments of \$A19.0 billion as at 31 March 2024 increased 12% from \$A16.9 billion as at 31 March 2023, driven by an increase in holdings of debt securities as part of Group Treasury's liquid asset portfolio management.

These increases were partially offset by:

- cash and bank balances of \$A28.1 billion as at 31 March 2024 decreased 33% from \$A41.6 billion as at 31 March 2023, driven by a reduction in the overnight deposit held with the Reserve Bank of Australia (RBA) as part of Group Treasury's liquid asset portfolio management
- derivative assets of \$A23.8 billion as at 31 March 2024 decreased 34% from \$A35.8 billion as at 31 March 2023, driven by volatility and price movements having stabilised across commodity markets, as well as the maturity of prior year positions. After taking into account related financial instruments, cash and other collateral, the residual derivative asset was \$A7.2 billion (31 March 2023: \$A9.6 billion). The majority of the residual derivative exposure is short-term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with a substantial portion of the exposure with investment grade counterparties
- margin money and settlement assets of \$A16.6 billion as at 31 March 2024 decreased 14% from \$A19.4 billion as at 31 March 2023, due to a reduction in commodity settlement assets in CGM.

### Total liabilities

AS AT	
31 Mar 24 \$Am	31 Mar 23 \$Am
318,782	310,471

↑ **3%**  
on 31 March 2023

Total liabilities of \$A318.8 billion as at 31 March 2024 increased 3% from \$A310.5 billion as at 31 March 2023.

The principal drivers for the increase were as follows:

- deposits of \$A148.3 billion as at 31 March 2024 increased 10% from \$A134.6 billion as at 31 March 2023, driven by volume growth in retail and business banking deposits in BFS
- issued debt securities of \$A71.9 billion as at 31 March 2024 increased 9% from \$A66.1 billion as at 31 March 2023, driven by the issuance of short-term commercial paper and long-term bonds by Group Treasury
- other liabilities of \$A10.3 billion as at 31 March 2024 increased 35% from \$A7.6 billion as at 31 March 2023, driven by higher commodity-related payables from increased volumes in CGM
- loan capital of \$A10.8 billion as at 31 March 2024 increased 14% from \$A9.5 billion as at 31 March 2023, driven by the issuance of Tier 2 loan capital.

These increases were partially offset by:

- derivative liabilities of \$A25.3 billion as at 31 March 2024 decreased 22% from \$A32.5 billion as at 31 March 2023, commensurate with the movement in derivative assets. After taking into account related financial instruments, cash and other collateral, the residual derivative liability was \$A6.7 billion (31 March 2023: \$A6.5 billion)
- cash collateralised borrowing and repurchase agreements of \$A12.6 billion as at 31 March 2024 decreased 33% from \$A18.7 billion as at 31 March 2023, due to a reduction in trading activity in CGM and partial maturity of the RBA Term-Funding Facility.

### Total equity

AS AT	
31 Mar 24 \$Am	31 Mar 23 \$Am
21,381	20,352

↑ **5%**  
on 31 March 2023

Total equity of \$A21.4 billion as at 31 March 2024 increased 5% from \$A20.4 billion as at 31 March 2023.

The increase in the Consolidated Entity's equity is on account of \$A2.9 billion of earnings generated during the current period and a \$A0.2 billion increase in foreign currency translation, largely driven by the depreciation of the Australian Dollar to the United States Dollar. These increases were partially offset by \$A2.1 billion of dividend payments.

# Operating and financial review

Review of performance and financial position continued

## Funding

Macquarie Bank's liquidity risk management framework is designed to ensure that it is able to meet its obligations as they fall due under a range of market conditions.

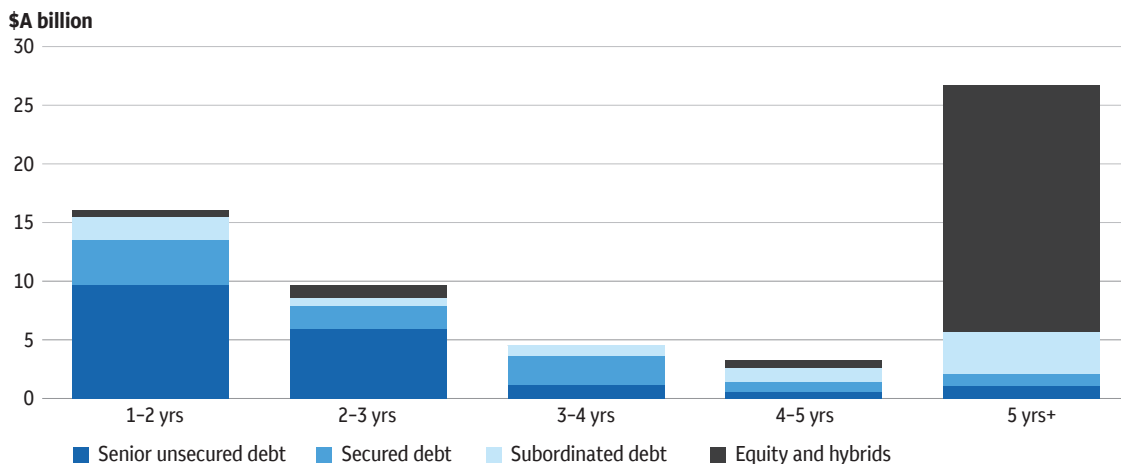
Macquarie Bank has diversity of funding across a range of tenors, currencies and products. The weighted average term to maturity of term funding maturing beyond one year (excluding equity and securitisations) was 3.1 years as at 31 March 2024.

**3.1**  
years

Weighted  
average  
maturity

## Term funding profile

### Detail of drawn funding maturing beyond one year



Macquarie Bank has a liability driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Since 1 April 2023, Macquarie Bank has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2023 and 31 March 2024:

		Total \$Ab
Issued paper	- Senior and subordinated	8.7
Secured funding	- Term securitisation and other secured finance	5.0
Loan facilities	- Unsecured loan facilities	1.5
<b>Total<sup>(1)</sup></b>		<b>15.2</b>

Macquarie Bank has continued to develop its major funding markets and products during the year ended 31 March 2024.

(1) Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on FX rates at the time of issuance. Includes refinancing of loan facilities.

## Capital

The Bank Group's Level 2 minimum Common Equity Tier 1 (CET1) capital ratio in accordance with Prudential Standard APS 110 Capital Adequacy is 9%. This includes the industry minimum CET1 requirement of 4.5%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB)<sup>(1)</sup> of 0.75%. The corresponding requirement for Tier 1 capital is 10.5%, inclusive of the CCB and CCyB.<sup>(1)</sup> APRA also requires ADIs to maintain a minimum leverage ratio of 3.5%. In addition, APRA may impose ADI-specific minimum ratios which may be higher than these levels.

Macquarie Bank is well capitalised, with the following capital adequacy ratios as at 31 March 2024.

Bank Group Level 2 Basel III ratios	APRA Basel III	Harmonised Basel III <sup>(2)</sup>
Common Equity Tier 1 Capital Ratio	13.6%	18.7%
Tier 1 Capital Ratio	15.5%	20.9%
Leverage Ratio	5.2%	5.9%

(1) The CCyB of the Bank Group at 31 March 2024 is 0.71%, this is rounded to 0.75% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

(2) Harmonised Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS therefore the ratios are indicative only.



# 02

## Directors' Report

### **240 St Georges Terrace, Perth**

In 2019, Macquarie relocated to our new Perth office which provides teams with a connected workplace in a landmark commercial building in the city's CBD and supports our businesses as they deliver further growth in the Western Australia market.



# Directors' Report

For the financial year ended 31 March 2024

The Directors of MBL submit their report with the financial report of the Consolidated Entity and the Company for the year ended 31 March 2024.

## Principal activities

The principal activity of MBL during the financial year ended 31 March 2024 was to act as a full-service financial services provider offering a range of commercial banking and retail financial services in Australia and selected financial services offshore. MBL is a subsidiary of MGL and is regulated by APRA as an authorised deposit-taking institution (ADI). In the opinion of the Directors, there were no significant changes to the principal activities of the Consolidated Entity during the financial year under review that are not otherwise disclosed in this report.

## Result

The financial report for the financial year ended 31 March 2024 has been prepared in accordance with Australian Accounting Standards.

The consolidated profit after income tax attributable to the ordinary equity holder for the financial year ended 31 March 2024 was \$A2,912 million (2023: \$A3,905 million).

## Dividends and distributions

On 28 March 2024, 29 September 2023 and 30 June 2023, the Company paid an ordinary dividend of \$A337 million, \$A623 million and \$A1,119 million, respectively.

No other ordinary share dividends or distributions were declared or paid during the financial year by the Company.

## State of affairs

There were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review that are not otherwise disclosed in this report.

## Events subsequent to balance date

At the date of this report the Directors are not aware of any matter or circumstance, other than transactions disclosed in the financial statements, that has arisen and has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the financial years subsequent to 31 March 2024.

## Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and Financial Report have been rounded off to the nearest million Australian dollars unless otherwise indicated.

## Operating and financial review

Please refer to section 1 of this Annual Report for the following in respect of the Consolidated Entity, which includes:

- a review of the operations during the year and the results of those operations
- comments on the financial position
- comments on business strategies and prospects for future financial years.

In respect of likely developments, business strategies and prospects for future financial years, material which if included would be likely to result in unreasonable prejudice to the Consolidated Entity, has been omitted.

## Environmental regulations

MBL and its subsidiaries have policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, those obligations are identified, appropriately addressed and material breaches notified.

The Directors have determined that there has not been any material breach of those obligations during the financial year.

## Directors

At the date of this report, the Directors of MBL are:

### Independent Directors

G.R. Stevens AC, Chair  
 J.R. Broadbent AC  
 W.S. Byres  
 P.M. Coffey  
 M.J. Coleman  
 M.A. Hinchliffe  
 S.J. Lloyd-Hurwitz  
 R.J. McGrath  
 M. Roche  
 I.M. Saines  
 D.J.K. Whiteing

### Executive Voting Directors

S.D. Green, Managing Director and Chief Executive Officer (CEO)  
 S.R. Wikramanayake

Other than Mr Byres, Ms Lloyd-Hurwitz and Mr Whiteing, the Directors listed above each held office as a Director of MBL throughout the financial year ended 31 March 2024.

Ms N.M. Wakefield Evans AM retired from her role as an Independent Director on 27 July 2023. Ms Lloyd-Hurwitz was appointed as an Independent Director on 28 July 2023. Mr Whiteing was appointed as an Independent Director on 27 September 2023. Mr Byres was appointed as an Independent Director on 1 February 2024. Mr Coleman intends to retire as an Independent Director by mid-2024.

Those Directors listed as Independent Directors have been independent throughout the period of their appointment.

 Details of the qualifications, experience and special responsibilities of the Directors and qualifications and experience of the Company Secretaries at the date of this report are set out on pages 28 to 35.

## Directors' and officers' indemnification and insurance

Under MBL's Constitution, MBL indemnifies all past and present directors and secretaries of MBL and its wholly-owned subsidiaries (including at this time the Directors named in this report and the Secretaries) certain liabilities and costs incurred by them in their respective capacities.

The indemnity covers the following liabilities and legal costs (subject to the exclusions described as follows):

- every liability incurred by the person in their respective capacity
- all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of their respective capacity
- legal costs incurred by the person in good faith in obtaining legal advice on issues relevant to the performance and discharge of their duties as an officer of MBL or its wholly-owned subsidiaries, if that has been approved in accordance with MBL policy.

The indemnity does not apply to the extent that:

- MBL is forbidden by law to indemnify the person against the liability or legal costs, or
- an indemnity by MBL of the person against the liability or legal costs would, if given, be made void by law.

MBL has also entered into a Deed of Access, Indemnity, Insurance and Disclosure (as amended from time to time) (Deed) with each of the Directors.

Under the Deed, MBL agrees to, among other things:

- indemnify the Director upon terms broadly consistent with the indemnity contained in MBL's Constitution
- take out and maintain an insurance policy (or procure that an insurance policy is taken out and maintained) against liabilities incurred by the Director acting as an officer of MBL or its wholly owned subsidiaries. The insurance policy must be for an amount and on terms and conditions appropriate for a reasonably prudent company in MBL's position. Insurance must be maintained for seven years after the Director ceases to be a Director or until any proceedings commenced during that period have been finally resolved (including any appeal proceedings)
- grant access to Directors to all relevant company papers (including Board papers and other documents) for seven years after the Director ceases to be a Director or until any proceedings commenced during that period have been finally resolved (including any appeal proceedings)
- in addition, MGL made an Indemnity and Insurance Deed Poll on 12 September 2007 (Deed Poll). The benefit of the undertakings made by MGL under the Deed Poll have been given to each of the directors, secretaries, persons involved in the management and certain other persons, of MGL and its wholly-owned subsidiaries (which includes MBL) and other companies where the person is acting as such at the specific request of MGL and its wholly-owned subsidiaries. The Deed Poll provides for broadly the same indemnity and insurance arrangements for those persons with the benefit of the Deed Poll as for the Deed described above.

However, the Deed Poll does not provide for access to company documents. The Deed Poll largely supersedes previous deed polls which were provided by MBL which were on similar terms. Certain directors and secretaries still have the benefit of the previous deed polls.

A Directors' and Officers' insurance policy, taken out by Macquarie Group, is in place that provides cover for each person in favour of whom such insurance is required to be taken out under the Deed and the Deed Poll and for MBL in indemnifying such persons pursuant to the Deed and the Deed Poll. Relevant individuals pay the premium attributable to the direct coverage under the policy and Macquarie Group pays the premium attributable to the reimbursement coverage under the policy. The Directors' and Officers' insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

To the extent permitted by law, MBL has agreed to reimburse its auditor, PricewaterhouseCoopers (PwC), for any liability (including reasonable legal costs) PwC incurs in connection with any claim by a third party arising from MBL's breach of the letter of engagement dated 5 July 2023.

# Directors' Report

For the financial year ended 31 March 2024 Continued

## Directors' relevant interests

At the date of this report, none of the Directors held a relevant interest, as required to be notified by the Directors to the Australian Securities Exchange (ASX) in accordance with the *Corporations Act 2001* (Cth), in ordinary shares or share options of MBL. The relevant interests of Directors in MGL securities, managed investment schemes made available by related companies of MGL and other disclosable relevant interests are listed in the table below:

Name and position	Direct and indirect interests	Number held
<b>Executive Voting Director</b>		
S.D. Green	Macquarie ordinary shares (MQG)	166
	Macquarie Group Employee Retained Equity Plan (MEREPA) Restricted Share Units (RSUs) <sup>(1)</sup>	34,022
	MEREPA Performance Share Units (PSUs) <sup>(1)</sup>	31,428
	Macquarie Private Infrastructure Fund units	90,000
S.R. Wikramanayake	MQG	1,175,897
	MEREPA RSUs <sup>(1)</sup>	509,300
	MEREPA PSUs <sup>(1)</sup>	97,751
	MAFCA Investments Pty Ltd ordinary shares	2,000,000
<b>Independent Directors</b>		
J.R. Broadbent AC	MQG	16,062
	Macquarie Group Capital Notes 3 (MCN3)	7,177
	Macquarie Group Capital Notes 4 (MCN4)	4,000
	Macquarie Bank Capital Notes 2 (BCN2)	1,500
W.S. Byres	MQG	1,001
P.M. Coffey	MQG	8,895
	Walter Scott Global Equity Fund units	408,699.89
M.J. Coleman	MQG	7,480
M.A. Hinchliffe	MQG	2,800
S.J. Lloyd-Hurwitz	MQG	880
R.J. McGrath	MQG	3,817
M. Roche	MQG	7,000
I.M. Saines	MQG	1,500
	Macquarie Core Australian Fixed Interest Fund units	787,224.4758
G.R. Stevens AC	MQG	5,847
D.J.K. Whiteing	MQG	-

(1) These RSUs and PSUs were issued pursuant to the MEREPA and are subject to the vesting, forfeiture and other conditions applied to grants of awards to Executive Directors, as described in Note 29 *Employee equity participation* to the financial statements in the Financial Report.



## Board and Board Committee meetings and attendance

The number of meetings of the MBL Board of Directors (the Board) and of the Committees of the Board and the individual attendance by Directors at those meetings which they were eligible to attend as members, during the financial year, is summarised in the table below. The table excludes the attendance of those Directors who attended the Board Committee meetings of which they were not a member:

	Committee membership	Regular Board meetings <sup>(1)</sup>	BAC meetings <sup>(1),(2)</sup>	BCC meetings <sup>(1)</sup>	BGCC meetings <sup>(1),(2)</sup>	BRC meetings <sup>(1),(2)</sup>	BRiC meetings <sup>(1),(2)</sup>	Special Board meetings <sup>(1)</sup>
<b>Number of meetings</b>		10	7	10	5	7	6	1
<b>Chair and Executive Directors</b>								
G.R. Stevens AC	●	10/10		10/10				1/1
S.D. Green	●	10/10		9/10				1/1
S.R. Wikramanayake		10/10						1/1
<b>Non-Executive Directors</b>								
J.R. Broadbent AC <sup>(3)</sup>	ⓐ ●	10/10				7/7	4/4	1/1
W.S. Byres <sup>(4)</sup>	●	2/2		2/2				
P.M. Coffey	● ⓐ	10/10			5/5		6/6	1/1
M.J. Coleman <sup>(5)</sup>	● ● ● ● ●	10/10	7/7	10/10	5/5	3/3	3/3	1/1
M.A. Hinchliffe	ⓐ ●	10/10	7/7		5/5			1/1
S.J. Lloyd-Hurwitz <sup>(6)</sup>	● ●	6/6	4/4			3/3		1/1
R.J. McGrath <sup>(7)</sup>	ⓐ ● ●	10/10			5/5	4/4	6/6	1/1
M. Roche	● ● ●	10/10	7/7			7/7	6/6	1/1
I.M. Saines	ⓐ ● ●	10/10		10/10		7/7	6/6	1/1
D.J.K Whiteing <sup>(8)</sup>	● ● ● ●	6/6	4/4	6/6	2/3		3/3	1/1
<b>Former Non-Executive Director</b>								
N.M. Wakefield Evans AM <sup>(9)</sup>	● ● ●	4/4	3/3		2/2		2/2	

### Key

ⓐ Committee Chair	● Board Audit Committee	● Board Conflicts Committee
● Board Governance & Compliance Committee	● Board Remuneration Committee	● Board Risk Committee

The Chair of the Board, the MBL CEO and the MGL CEO receive a standing invitation for all Board Committee meetings and attend as they consider appropriate. All Board members are sent Board Committee meeting agendas and may attend any meeting.

There was one Board sub-committee convened during the period, with two meetings held. Both meetings were attended by all eligible sub-committee members, being Mr Stevens, Mr Green, Ms Wikramanayake, Ms Hinchliffe and the Chief Financial Officer (CFO), Mr Harvey.

(1) Number of meetings attended by the member/total number of meetings eligible to attend as a member.

(2) There was one meeting of the relevant committee that was a joint meeting during the year.

(3) Ms Broadbent became a member of the Board Risk Committee on 28 July 2023.

(4) Mr Byres was appointed to the Board as an Independent Voting Director and became a member of the Board Conflicts Committee on 1 February 2024.

(5) Mr Coleman ceased to be a member of the Board Risk Committee and became a member of the Board Remuneration Committee on 27 September 2023.

(6) Ms Lloyd-Hurwitz was appointed to the MBL Board as an Independent Voting Director and became a member of the Board Audit Committee and Board Remuneration Committee on 28 July 2023.

(7) Ms McGrath ceased to be a member of the Board Remuneration Committee and became Chair of the Board Governance and Compliance Committee on 28 July 2023.

(8) Mr Whiteing was appointed to the Board as an Independent Voting Director and became a member of the Board Audit Committee, Board Conflicts Committee, Board Governance and Compliance Committee and Board Risk Committee on 27 September 2023.

(9) Ms Wakefield Evans retired from her role as an Independent Voting Director of the MBL Board on 27 July 2023.

## Directors' experience and special responsibilities



### Glenn R Stevens AC

BEC (Hons) (Sydney),  
MA (Econ) (UWO)

**Resides:** New South Wales  
Independent Chair of MBL  
and MGL since May 2022  
Independent Voting Director  
of MBL and MGL since  
November 2017  
Mr Stevens is a member of  
the BCC

#### Experience

Glenn Stevens worked at the highest levels of the Reserve Bank of Australia (RBA) for 20 years and, as well as developing Australia's successful inflation targeting framework for monetary policy, played a significant role in central banking internationally. Most recently, he was Governor of the Reserve Bank of Australia between 2006 and 2016.

Mr Stevens has also made key contributions to a number of Australian and international boards and committees, including as chair of the Australian Council of Financial Regulators between 2006 and 2016, as a member of the Financial Stability Board and on a range of G20 committees.

#### Other current directorships/appointments

- Board member, NSW Treasury Corporation
- Director, Anika Foundation
- Director, Lowy Institute
- Deputy Chair, Temora Aviation Museum



### Stuart D Green

BA (Hons) (UCL), MBA (CUL  
Business School), FCA, FCT

**Resides:** New South Wales  
Managing Director and Chief  
Executive Officer of MBL  
since July 2021  
Executive Voting Director of  
MBL since July 2021  
Mr Green is a member of  
the BCC

#### Experience

Stuart has been Managing Director and CEO of Macquarie Bank Limited since July 2021.

Stuart joined Macquarie Group in 2001 and worked in the Corporate and Asset Finance group, responsible for originating asset financing transactions for Macquarie Group. In 2002, he assumed responsibility for investor relations for Macquarie Group's listed airport fund, Macquarie Airports, before moving to become Global Head of Investor Relations for Macquarie Group's portfolio of listed funds. In 2008 he was appointed Macquarie Group's Head of Corporate Communications and Investor Relations, responsible for managing Macquarie Group's relationships with investors and analysts, government and media.

Stuart was appointed Group Treasurer in August 2013, a role he held until July 2021, when he became Managing Director and Chief Executive Officer of Macquarie Bank Limited.

Prior to joining Macquarie Group, Stuart worked in the UK as a Chartered Accountant in public practice for BDO Binder, where he obtained his professional qualifications, and later in a number of corporate roles as head of finance and corporate strategy.

From 2010 to 2020, Stuart served on the Board of the Juvenile Diabetes Research Foundation (JDRF) where he was Treasurer and Chair of the Finance and Audit Committee.

#### Other current directorships/appointments

- Member, Australian Banking Association Council
- Director, Financial Markets Foundation for Children
- Member, Macquarie Group Foundation Committee



**Shemara R Wikramanayake**

BCom LLB (UNSW)

**Resides:** New South Wales  
 Managing Director and Chief Executive Officer of MGL since December 2018  
 Executive Voting Director of MBL and MGL since August 2018

**Experience**

Shemara Wikramanayake has been Macquarie Group's Managing Director and CEO since late 2018. Shemara joined Macquarie Group in 1987 in Macquarie Capital in Sydney. In her time at Macquarie Group, Shemara has worked in six countries and across several business lines, establishing and leading Macquarie Group's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada. Shemara has also served as Chair of the Macquarie Group Foundation.

As Head of Macquarie Asset Management for 10 years before her appointment as CEO, Shemara led a team of 1,600 staff in 24 markets. Macquarie Asset Management grew to become a world-leading manager of infrastructure and real assets and a top 50 global public securities manager.

Before joining Macquarie Group, Shemara worked as a corporate lawyer at Blake Dawson Waldron in Sydney. She holds Bachelor of Commerce and Bachelor of Laws degrees from UNSW and completed the Advanced Management Program at Harvard Business School in 1996.

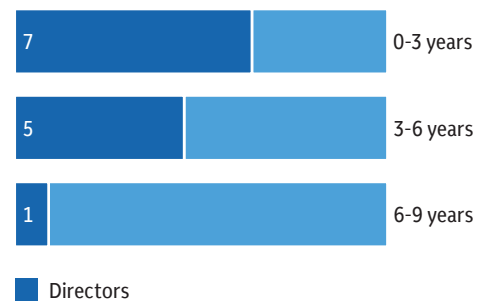
**Other current directorships/appointments**

- Founding Member, Glasgow Financial Alliance for Net Zero (GFANZ)
- Founding Member, Climate Finance Leadership Initiative; Co-Chair, CFLI India
- Founding Commissioner, Global Commission on Adaptation
- Member, UK Investment Council
- Member, International Advisory Panel, Monetary Authority of Singapore
- Member, World Bank Private Sector Investment Lab
- Member, Global Investors for Sustainable Development Alliance

**Gender diversity**



**Board tenure**



**Board independence**

**85%** of Board members are independent directors



# Directors' experience and special responsibilities

Continued



## Jillian R Broadbent AC

BA (Maths & Economics) (Sydney)

**Resides:** New South Wales  
Independent Voting Director of MBL and MGL since November 2018

Ms Broadbent is Chair of the BRC and a member of the BRiC

### Experience

Jillian Broadbent has extensive investment banking industry knowledge and markets expertise, including a deep knowledge of risk management and regulation in these areas. She also has considerable executive management and listed company board experience. Ms Broadbent spent 22 years at Bankers Trust Australia until 1998, initially as an economic strategist and then as executive director responsible for risk management and derivatives in foreign exchange, interest rates and commodities.

Ms Broadbent was also a Member of the Reserve Bank of Australia Board between 1998 and 2013 and has previously served as Chair of the Board of Clean Energy Finance Corporation (CEFC), and as a director of ASX Limited, SBS, Coca Cola Amatil Limited, Woodside Petroleum Limited, Qantas Airways Limited, Westfield Management Limited, Woolworths Group Limited and the National Portrait Gallery of Australia.

### Other current directorships/appointments

- Director, Lowy Institute
- Director, National Portrait Gallery Board Foundation
- Director, Seaborn, Broughton & Walford Pty. Limited
- Director, Sydney Dance Company



## Wayne S Byres

BEC (Hons) (MQ), MAppFin (MQ), GAICD, SFFin

**Resides:** New South Wales  
Independent Voting Director of MBL since February 2024

Mr Byres is a member of the BCC

### Experience

Mr Byres has significant experience in domestic and international bank regulation, risk management, governance and public policy as a former Chair of the Australian Prudential Regulation Authority (APRA) and Secretary General of the Basel Committee on Banking Supervision. He was also a member of the Australian Council of Financial Regulators, and served as APRA's representative on the Reserve Bank of Australia's Payments System Board.

### Other current directorships/appointments

- Advisor on banking and financial matters, International Monetary Fund



### Philip M Coffey

BEC (Hons) (Adelaide),  
GAICD, SF Finsia

**Resides:** New South Wales  
Independent Voting Director of MBL and MGL since August 2018  
Mr Coffey is Chair of the BRiC and a member of the BGCC

#### Experience

Phil Coffey served as the Deputy Chief Executive Officer (CEO) of Westpac Banking Corporation, from April 2014 until his retirement in May 2017. As the Deputy CEO, Mr Coffey had the responsibility for overseeing and supporting relationships with key stakeholders of Westpac including industry groups, regulators, customers and government. He was also responsible for the Group's Mergers & Acquisitions function. Prior to this role, Mr Coffey held a number of executive positions at Westpac including Chief Financial Officer and Group Executive, Westpac Institutional Bank.

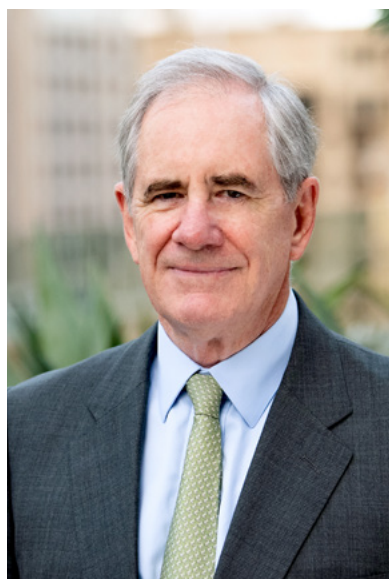
He has successfully led operations based in Australia, New Zealand, the United States, the United Kingdom and Asia and has extensive experience in financial markets, funds management, balance sheet management and risk management. He began his career at the Reserve Bank of Australia and has also held executive positions at AIDC Limited and Citigroup. Mr Coffey previously served as a director of Clean Energy Finance Corporation.

#### Listed company directorships (last three years)

- Director, Lendlease Group (Lendlease Corporation Limited and Lendlease Responsible Entity Limited) (since January 2017)

#### Other current directorships/appointments

- Director, Goodstart Early Learning Ltd



### Michael J Coleman

MCom (UNSW), FCA,  
FCPA, FAICD Life

**Resides:** New South Wales  
Independent Voting Director of MBL since November 2012  
Mr Coleman is a member of the BAC, BCC, BGCC and BRC

#### Experience

Mr Coleman retired as a partner of KPMG in 2011, following a 40-year career, 30 of which were as partner. As partner, Mr Coleman was lead signing partner on major audit clients and a member of the National Executive.

Mr Coleman's former roles have included his role as non-executive director and Chair of the Audit Committee of Macquarie Group Limited from 2012 to 2022 and Chair of the Audit Committee of Macquarie Bank Limited from 2012 to 2022. He has made a significant contribution to the Australian Institute of Company Directors as a former National Board Member, Chair of the Audit, Finance & Investment Committee, NSW Councillor and Chair of the Reporting Committee. Mr Coleman has been the Chair of Bingo Industries Limited and was a member of the Audit Committee of the Reserve Bank of Australia.

#### Listed company directorships (last three years)

- Chair, Bingo Industries Limited (March 2017–August 2021)
- Director, Macquarie Group Limited (November 2012–July 2022)

#### Other current directorships/appointments

- Director and Chair of the Audit and Risk Committee, Legal Aid NSW
- Deputy Chair, Planet Ark Environmental Foundation
- Governor and Chair of the Audit and Risk Committee, Centenary Institute of Cancer Medicine & Cell Biology
- Member, Nominations and Governance Committee, Chartered Accountants Australia and New Zealand
- Member, Reporting Committee, Australian Institute of Company Directors
- Chair, Advisory Council, Foundation for National Parks and Wildlife
- Member, Advisory Council, Climate Governance Initiative Australia

# Directors' experience and special responsibilities

Continued



## Michelle A Hinchliffe

BCom (UQ), FCA, ACA

**Resides:** United Kingdom  
Independent Voting Director of MBL and MGL since March 2022  
Ms Hinchliffe is Chair of the BAC and a member of the BGCC

### Experience

Michelle Hinchliffe has more than 35 years' professional experience within the financial services sector in the United Kingdom and Australia, with extensive experience in leading large global teams in the provision of external audit, internal audit and advisory services to clients across financial services.

Michelle was the Global Lead Audit Partner for a number of global banking institutions as well as the Head of Audit, KPMG UK from September 2017 to April 2019 and then Chair of Audit, KPMG UK from May 2019 to September 2021. During the period from May 2019 to February 2022 she was a board member of KPMG UK. Prior to this she was the Head of Financial Services for KPMG Australia, where she was also a member of the board.

### Listed company directorships (last three years)

- Director, BHP Group Limited (since March 2022)

### Other current directorships/appointments

- Director, Santander UK plc
- Director, Santander UK Group Holdings plc



## Susan J Lloyd-Hurwitz

BA (Hons) (USYD),  
MBA (Distinction), INSEAD

**Resides:** New South Wales  
Independent Voting Director of MGL since June 2023 and MBL since July 2023  
Ms Lloyd-Hurwitz is a member of the BAC and BRC

### Experience

Susan Lloyd-Hurwitz has significant expertise in the global investment and real estate sectors. She served as the CEO of Mirvac for more than a decade and prior to that was the Managing Director of Europe for LaSalle Investment Management.

Susan was the National President for the Property Council of Australia, a director of the Business Council of Australia, and Chair of the Green Building Council of Australia.

### Listed company directorships (last three years)

- Chief Executive Officer and Managing Director, Mirvac Group (November 2012–June 2023)
- Director, Rio Tinto Limited (since June 2023)

### Other current directorships/appointments

- Director, Rio Tinto plc
- Director, Spacecube Pty Ltd
- Director and President, Chief Executive Women
- Chair, Advisory Board, Gender Equality and Inclusion @ Work
- Chair, Australian National Housing Supply & Affordability Council
- Global Board member, INSEAD
- Member, Sydney Opera House Trust



### Rebecca J McGrath

BTP (Hons) (UNSW), MAppSc (ProjMgt) (RMIT), FAICD

#### Resides: Victoria

Independent Voting Director of MBL and MGL since January 2021

Ms McGrath is Chair of the BGCC and a member of the BRiC

#### Experience

Rebecca McGrath is an experienced professional company director and Chair, with substantial international business experience. She spent 25 years at BP plc where she held various executive positions, including Chief Financial Officer Australasia and served as a member of BP's Executive Management Board for Australia and New Zealand.

Ms McGrath has served as a director of Goodman Group, CSR Limited, Big Sky Credit Union and Incitec Pivot Ltd, and as Chair of Oz Minerals Limited, Scania Australia Pty Limited and Kilfinan Australia. She is a former member of the JP Morgan Advisory Council. She has attended executive management programmes at Harvard Business School, Cambridge University and MIT in Boston.

#### Listed company directorships (last three years)

- Chair, OZ Minerals Limited (May 2017–May 2023); Director (November 2010–May 2023)
- Director, Goodman Group (April 2012–February 2023)
- Director, Djerriwarrh Investments Limited (since January 2024)

#### Other current directorships/appointments

- Chair, Investa Commercial Property Fund (ICPF)
- Chair, Investa Office Management Holdings Pty Limited
- Chair, Investa Wholesale Funds Management Limited
- Director, Melbourne Business School Limited
- Member, National Board, Australian Institute of Company Directors
- Member, The Australian British Chamber of Commerce Advisory Council
- Member, ASIC Corporate Governance Consultative Panel



### Mike Roche

BSc (UQ), GAICD, FIA (London), FIAA

#### Resides: New South Wales

Independent Voting Director of MBL and MGL since January 2021

Mr Roche is a member of the BAC, BRC and BRiC

#### Experience

Mike Roche has over 40 years' experience in the finance sector as a highly skilled and experienced provider of strategic, financial, mergers and acquisitions, and capital advice to major corporate, private equity and government clients. He held senior positions with AXA Australia as a qualified actuary and Capel Court/ANZ Capel Court.

Mr Roche spent more than 20 years at Deutsche Bank and was Head of Mergers and Acquisitions (Australia and New Zealand) for 10 years where he advised on major takeovers, acquisitions, privatisations, and divestments. He stepped down as Deutsche Bank's Chair of Mergers and Acquisitions (Australia and New Zealand) in 2016. He was a member of the Takeovers Panel for two terms from 2008 to 2014.

#### Listed company directorships (last three years)

- Director, Wesfarmers Limited (since February 2019)

#### Other current directorships/appointments

- Director, MaxCap Group Pty Ltd
- Director, Te Pahau Management Ltd
- Managing Director, M R Advisory Pty Ltd
- Co-founder and Director, Sally Foundation

# Directors' experience and special responsibilities

Continued



## Ian M Saines

BCom (Economics)  
(UNSW), FAICD

**Resides:** New South Wales  
Independent Voting Director  
of MBL since June 2022

Mr Saines is Chair of the  
BCC and a member of the  
BRC and BRiC

### Experience

Ian Saines is an experienced leader in commercial and investment banking and asset management, having held senior roles at Commonwealth Bank of Australia, Challenger, Zurich Financial Services and Bankers Trust Australia. He began his career at the Reserve Bank of Australia and has a strong background in financial markets and highly regulated environments combined with audit, risk and investment committee experience.

Mr Saines was formerly a director of Father Chris Riley's Youth off the Streets, a not-for-profit organisation providing support to chronically homeless and abused youth in our society and a director of the Australian Financial Markets Association (AFMA) from 2008 until 2013.

### Other current directorships/appointments

- Director, Air Lease Corporation
- Director, NSW Treasury Corporation
- Deputy Chair, United States Studies Centre
- Member, Sydney Corporate and Philanthropic Council, The Salvation Army Australia
- Member, Advisory Council, Catholic Schools of Broken Bay



## David JK Whiteing

BBusSci (UCT)

**Resides:** New South Wales  
Independent Voting  
Director of MBL since  
September 2023

Mr Whiteing is a member  
of the BAC, BCC,  
BGCC and BRiC

### Experience

Mr Whiteing has over 30 years of experience leading business and technology strategies across multiple sectors through periods of significant change. He has worked globally, including four years as Global Chief Operating Officer for Standard Chartered based in Singapore, various senior consulting roles in London and five years as a Group Executive at the Commonwealth Bank of Australia. Mr Whiteing was previously the Managing Director of Data and Cyber Transformation at Singtel Optus Pty Limited.

### Other current directorships/appointments

- Director, Silicon Quantum Computing Pty Ltd



## Company secretaries' qualifications and experience

### Simone Kovacic

BBus LLB (Hons) (UTS), LLM (Sydney), FGIA

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Company Secretary since December 2022

#### Experience

Simone Kovacic is a Division Director of Macquarie Group, having joined in 2009. Simone has responsibility for Macquarie Group's, including MBL's, company secretarial requirements and provides advice on governance and certain corporate matters, including aspects of Macquarie Group's employee equity plans. She has over 20 years' experience as a corporate lawyer with Macquarie Group and, prior to Macquarie Group, worked in private practice at Skadden, Arps, Slate, Meagher & Flom LLP in the US and Freehills, now Herbert Smith Freehills.

### Olivia Shepherd

BCM (UoW), BCom (UoW), MSc (LSBU), FGIA

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Assistant Company Secretary since December 2022

#### Experience

Olivia Shepherd is a Division Director of Macquarie Group. Olivia has company secretarial responsibilities and provides corporate governance advice. She has over 15 years' company secretarial and governance experience with Macquarie Group and Investec Bank plc in the UK.

## Executive Committee



### Stuart Green

Managing Director  
Chief Executive Officer of MBL

Chief Executive Officer of MBL since July 2021

Member of Executive Committee since 1 July 2021

#### Experience

Stuart has been Managing Director and CEO of Macquarie Bank Ltd since July 2021.

Stuart joined Macquarie Group in 2001 and worked in the Corporate & Asset Finance group, responsible for originating asset financing transactions for Macquarie Group. In 2002, he assumed responsibility for investor relations for Macquarie Group's listed airport fund, Macquarie Airports, before moving to become Global Head of Investor Relations for Macquarie Group's portfolio of listed funds. In 2008, he was appointed Macquarie Group's Head of Corporate Communications and Investor Relations, responsible for managing Macquarie Group's relationships with investors and analysts, government and media.

Stuart was appointed Group Treasurer in August 2013, a role he held until July 2021, when he became Managing Director and CEO of Macquarie Bank Limited.

Prior to joining Macquarie Group, Stuart worked in the UK as a Chartered Accountant in public practice for BDO Binder, where he obtained his professional qualifications, and later in a number of corporate roles as head of finance and corporate strategy.

From 2010 to 2020, Stuart served on the Board of the Juvenile Diabetes Research Foundation where he was Treasurer and Chair of the Finance & Audit Committee.



### Shemara Wikramanayake

Managing Director  
Chief Executive Officer of MGL

Chief Executive Officer of MGL since August 2018

Member of Executive Committee since 1 August 2008

#### Experience

Shemara has been Macquarie Group's Managing Director and CEO since late 2018. Shemara joined Macquarie Group in 1987 in Macquarie Capital in Sydney. In her time at Macquarie Group, Shemara has worked in six countries and across several business lines, establishing and leading Macquarie Group's corporate advisory offices in New Zealand, Hong Kong and Malaysia, and the infrastructure funds management business in the US and Canada. Shemara has also served as Chair of the Macquarie Group Foundation.

As Head of Macquarie Asset Management for 10 years before her appointment as CEO, Shemara led a team of 1,600 staff in 24 markets. Macquarie Asset Management grew to become a world-leading manager of infrastructure and real assets and a top 50 global public securities manager.

Shemara sits on the World Bank's Global Commission on Adaptation and was a founding CEO of the United Nations Climate Finance Leadership Initiative (CFLI). She currently leads emerging markets workstreams for CFLI and the Glasgow Financial Alliance for Net Zero (GFANZ).



### Evie Bruce

Group General Counsel  
Head of Legal and Governance Group

Member of Executive Committee since 2 March 2022

#### Experience

Evie has been the Group General Counsel and Head of the Legal and Governance Group since March 2022.

Evie is a lawyer with nearly 30 years' practice and management experience, across ANZ, Asia and the US, specialising in mergers and acquisitions, capital markets, and the financial services sector.

Prior to joining Macquarie Group, Evie worked for King & Wood Mallesons where she led the law firm's extensive global engagement with Macquarie Group's businesses for a number of years.

Evie is a member of Corporations Committee of the Law Council of Australia, Law Society of New South Wales, and State Bar of New York. Evie is also a member of the Macquarie Group Foundation Committee.



**Andrew Cassidy**

Chief Risk Officer  
Head of Risk Management Group

Member of Executive Committee since 1 January 2022

**Experience**

Andrew was appointed Chief Risk Officer in early 2022.

After joining Macquarie Group in 2004, Andrew spent over 15 years working in Macquarie Capital, across various roles including leadership of Macquarie Group's principal investment activity in Asia Pacific. He joined the Risk Management Group in 2019 and has overseen the continued strengthening of Macquarie Group's risk framework.

Andrew also manages the Internal Audit function jointly with the Board Audit Committee.



**Alex Harvey**

Chief Financial Officer  
Head of Financial Management Group

Chair of the Macquarie Group Foundation  
Member of Executive Committee since 1 January 2018

**Experience**

Alex has been Head of Financial Management Group and the Chief Financial Officer of Macquarie Group since 2018.

Alex joined Macquarie Group in 1998 and was the CEO of Macquarie Group Asia from 2011 to 2014 and Executive Chair of the region until this year.

Before being appointed CFO, Alex was the Global Head of the Principal Transaction Group in Macquarie Capital and a member of Macquarie Capital's Management Committee.

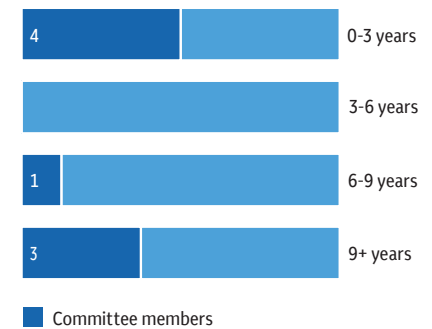
Alex has more than 30 years' experience in the financial services industry across Australia, Asia, Europe and the US.

In January 2022, Alex became Chair of the Macquarie Group Foundation.

**Gender diversity**



**Committee tenure**



# Executive Committee

Continued



## Nicole Sorbara

Chief Operating Officer  
Head of Corporate Operations Group

Member of Executive Committee since  
1 January 2013

### Experience

Nicole is Head of Corporate Operations Group and has been Global Chief Operating Officer since 2013.

Nicole leads a global team across 25 countries covering Digital Transformation & Data, Technology, Operations, Human Resources, Business Services, Corporate Strategy & Solutions, and the Macquarie Group Foundation.

During her time at Macquarie Group, she has worked across various roles in finance, Macquarie Capital and was previously the Head of Human Resources.

Nicole is a Chartered Accountant with more than 30 years' experience in accounting and financial services. She joined Macquarie Group in 1996.

Nicole is Chair of the Board of PCYC NSW.



## Greg Ward

Head of Banking and Financial  
Services Group

Member of Executive Committee since  
3 March 2005

### Experience

Greg has been Head of Banking and Financial Services Group since July 2013 and Deputy Managing Director of Macquarie Group Limited since 2011.

Greg joined Macquarie Group in 1996, the year the organisation became publicly listed, and during his tenure has driven the growth of Macquarie Group's retail financial services business. He has over 30 years' experience in finance and financial services.

Chief Financial Officer for 14 years before being appointed Deputy Managing Director of Macquarie Group, Greg was also Chief Executive Officer of the Group's banking subsidiary, Macquarie Bank, from 2011 to 2013.



## Simon Wright

Head of Commodities and  
Global Markets Group

Member of Executive Committee since  
1 April 2024

### Experience

Simon was appointed Head of Commodities and Global Markets in February 2024 and is responsible for its global business offering capital and financing, risk management, market access, and physical execution and logistics solutions across Commodities, Financial Markets and Asset Finance.

He is also Head of the Financial Markets division within Commodities and Global Markets, which provides Fixed Income, Currencies and Credit Market services to corporate and institutional listed derivatives.

Since joining Macquarie Group in 1989, Simon has held a number of senior roles within Commodities and Global Markets, while leading the build and oversight of Macquarie Group's global Financial Markets platform. He was appointed Head of CGM Australia in 2012.

Simon holds a Bachelor of Economics from Sydney University.

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# Remuneration Report



## Introduction

Macquarie Bank Limited is a subsidiary of Macquarie Group Limited (MGL). Whilst the Macquarie Group remuneration framework applies to all staff including those within the Bank Group, the Board oversees the remuneration policies applicable to Macquarie Bank staff and approves remuneration outcomes relating to the senior executives of Macquarie Bank. To support the Board on these processes, the Board has a Remuneration Committee (BRC), with two Bank-only Non-Executive Directors (BONDS) among its members.

As noted in the MBL CEO's letter, Macquarie Bank's businesses collectively delivered a solid net profit contribution, against a less certain economic backdrop.

In less supportive markets, financial results in FY2024 are down from a record FY2023. Consistent with our established remuneration framework that rewards performance across a range of financial and non-financial measures, total profit share awarded to staff is substantially down on the prior year.

The Board believes its longstanding and consistent approach to remuneration has served us well and has been a key driver of our ongoing success as an international organisation. Nevertheless, the BRC continues to review and adjust our approach to ensure the remuneration framework remains fit for purpose and balances the evolving expectations of all our stakeholders.<sup>(1)</sup>

(1) Stakeholders include MBL's ultimate parent, MGL and its shareholders.

Changes to our remuneration framework, including those previously announced in the 2022 and 2023 Remuneration Reports, have been implemented for FY2024 to meet the requirements of APRA Prudential Standard CPS 511 *Remuneration* (CPS 511). These changes are referenced throughout the relevant sections of this report and include:

- fixed remuneration increases, effective 1 April 2023, the first since 2010, other than adjustments made at the time of a new appointment to the Executive Committee
- a reduction in retention rates and vesting periods (to reflect that awards from FY2024 will no longer be accelerated over two years in the case of retirement or redundancy and will instead vest on their original vesting schedule).

These changes are reflected in the remuneration outcomes for Executive KMP.

We engaged with APRA during the year in regard to our implementation of CPS 511 and remain committed to ensuring the MBL remuneration framework complies with, and considers the spirit and intent of, CPS 511 and remains fit for purpose.

In addition, there were further enhancements to MBL's remuneration governance arrangements, with the appointment of a second BOND to the BRC. This has enhanced the focus on MBL in the oversight, design and determination of remuneration outcomes for MBL staff.

## Remuneration framework

This section explains the link between our purpose, our remuneration objectives and principles, and how these are reflected in the remuneration framework.

Macquarie Group's purpose statement, 'Empowering people to innovate and invest for a better future,' articulates why Macquarie exists and what we do. It supports the *What We Stand For* principles of Opportunity, Accountability and Integrity, which express how we do business. Macquarie Bank's longstanding and consistent approach to remuneration continues to support this purpose and aligns with the *What We Stand For* principles.

Macquarie Bank's remuneration framework has been a key driver of our sustained success as an international organisation. Staff are motivated to grow businesses over the medium to long-term, taking accountability for all decisions and their accompanying risk management, customer, economic and reputational outcomes.

This framework has been fundamental in ensuring we can continue to attract, motivate and retain exceptional and entrepreneurial people with deep industry expertise across the 19 markets in which we operate. These people come from organisations that broadly operate in the same markets and compete for the same people as Macquarie in various industry sectors (including global investment banks, commodity houses and other banks, as well as industries that are not specific to banking or financial services, for example, technology, accounting, and engineering) across many jurisdictions.

This broad approach has been in place since Macquarie Bank's inception and is reviewed regularly to ensure the framework continues to meet our remuneration objectives and aligns with our remuneration principles and the expectations of our stakeholders.

The table below shows the link between our purpose, *What We Stand For* principles and our remuneration objectives and principles.

Our purpose: <b>Empowering people to innovate and invest for a better future</b>		
 <b>Opportunity</b>	 <b>Accountability</b>	 <b>Integrity</b>
 Remuneration objectives	 Remuneration principles	
Macquarie Bank's remuneration framework is designed to: <ul style="list-style-type: none"> <li>attract, motivate and retain exceptional people with deep industry expertise</li> <li>deliver strong company performance over the short and long-term whilst prudently managing risk</li> <li>promote effective management of financial and non-financial risks, and Macquarie Bank's long-term soundness</li> <li>align the interests of staff and MBL's stakeholders to deliver sustained results for our customers, clients and community</li> <li>promote innovation and the building of sustainable businesses</li> <li>drive behaviours that reflect the best interests of Macquarie Bank, its culture, and the principles of <i>What We Stand For</i> and support the prevention and mitigation of conduct risk</li> <li>foster a diverse, equitable and inclusive work environment.</li> </ul>	These objectives are achieved by: <ul style="list-style-type: none"> <li>emphasising performance-based remuneration</li> <li>determining an individual's variable remuneration based on a range of financial and non-financial factors</li> <li>having the ability to adjust performance-based remuneration to reflect risk outcomes, where appropriate</li> <li>retaining a significant proportion of performance-based remuneration to enable risk outcomes to be considered over a longer period</li> <li>delivering retained profit share in MGL equity to ensure the interests of staff and MBL's stakeholders are aligned over the long-term</li> <li>remunerating high-performing staff appropriately, relative to global peers</li> <li>providing consistent arrangements over time to give staff the confidence to pursue multi-year initiatives.</li> </ul>	






# Remuneration Report

Continued

## Remuneration framework for FY2024

The remuneration framework operates as an integrated whole. An individual's remuneration comprises fixed remuneration, profit share and, for Executive Committee members (our Executive KMP), Performance Share Units (PSUs).

The table below and diagram opposite summarise the framework for FY2024.

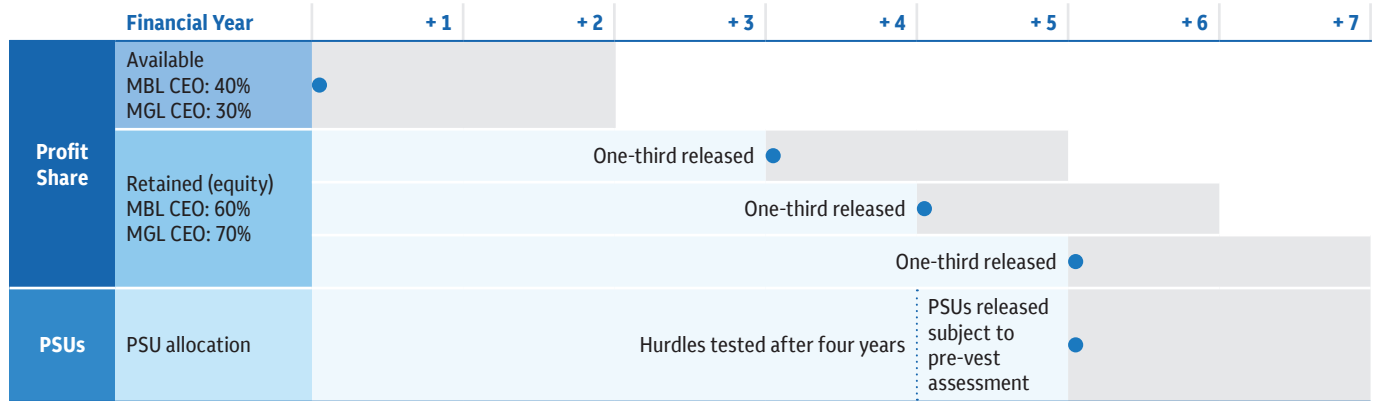
FY2024 remuneration framework		
Fixed remuneration		
<ul style="list-style-type: none"> <li>primarily comprises base salary, as well as superannuation contributions and standard country-specific benefits in line with local market practice</li> <li>for Executive KMP, is set at a comparatively low level, relative to the industry, and is a low proportion of total remuneration but sufficient to avoid inappropriate risk-taking</li> <li>is reviewed annually and reflects technical and functional expertise, role scope, market practice and regulatory requirements</li> <li>for risk and financial control staff, is generally a higher proportion of total remuneration than for revenue-generating staff.</li> </ul>		
Performance-based remuneration		
Criteria	Profit share	Performance Share Units
 <b>Eligibility</b>	<ul style="list-style-type: none"> <li>all permanent employees</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee members</li> </ul>
 <b>Determination</b>	<ul style="list-style-type: none"> <li>allocations reflect an individual's performance, which is assessed against a range of financial and non-financial factors including:                             <ul style="list-style-type: none"> <li>financial/business results</li> <li>risk management and compliance</li> <li>business leadership including outcomes for customers and the community</li> <li>people leadership and professional conduct</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>individual allocations reflect their role as members of the Executive Committee and their contribution to driving the collective performance of MBL and the Macquarie Group</li> <li>allocations are based on the face value of shares on the grant date</li> <li>allocations are subject to Board discretion</li> </ul>
 <b>Structure</b>	<ul style="list-style-type: none"> <li>significant proportion is retained (60% for the MBL CEO, 70% for the MGL CEO and 50% for other Executive KMP)</li> <li>long deferral periods (three to five years for the MBL CEO, MGL CEO and other Executive KMP)</li> <li>retained profit share is invested in a combination of MGL equity and Macquarie-managed fund equity</li> </ul>	<ul style="list-style-type: none"> <li>PSUs are structured as Deferred Share Units (DSUs) with no exercise price<sup>(2)</sup></li> <li>PSUs vest after five years for the MBL CEO and MGL CEO and four years for other Executive KMP, subject to the achievement of two performance hurdles (no retesting of hurdles) and, new from FY2024, a pre-vest assessment (see page 49)</li> <li>PSU holders have no right to dividend equivalent payments</li> </ul>
 <b>Malus and Clawback</b>	<ul style="list-style-type: none"> <li>malus applies to all awards</li> <li>clawback applies to all Executive KMP and certain employees identified under CPS 511 or UK and European remuneration regulations</li> </ul>	<ul style="list-style-type: none"> <li>malus and clawback apply to all awards</li> </ul>
 <b>Forfeiture</b>	<ul style="list-style-type: none"> <li>retained profit share is subject to forfeiture upon leaving the Macquarie Group except in certain circumstances</li> </ul>	<ul style="list-style-type: none"> <li>unvested PSUs are subject to forfeiture upon leaving the Macquarie Group except in certain circumstances</li> </ul>

(2) A DSU is a Deferred Share Unit and is an award type under the Macquarie Group Employee Retained Equity Plan (MEREPE). For further details, refer to Note 29 *Employee equity participation* to the financial statements in the Financial Report.

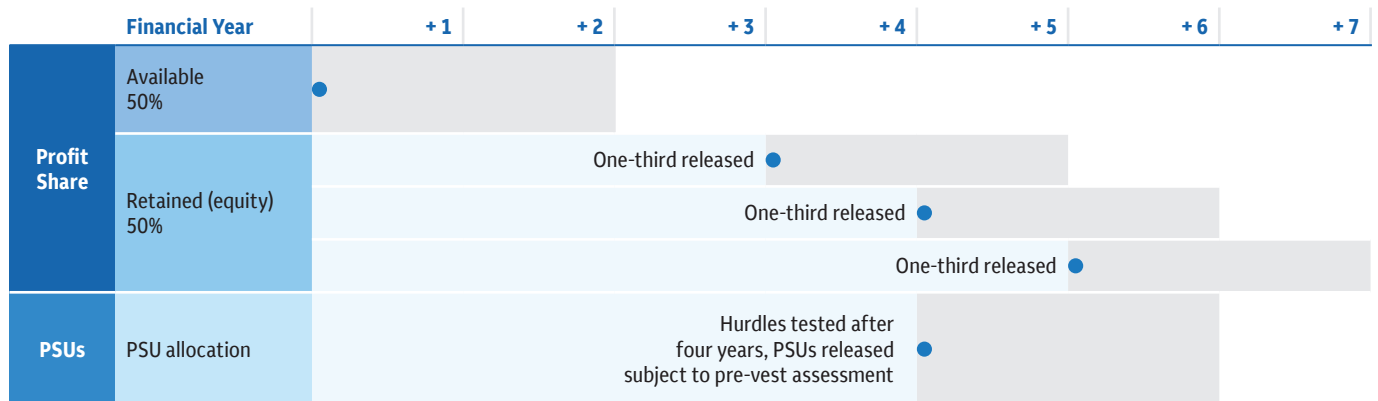


The diagram below illustrates the long time horizons over which performance-based remuneration for Executive KMP is determined, delivered and subject to risk adjustments.

**For the MBL CEO and MGL CEO**



**For other Executive KMP**



**Key**

● Payment or vesting (shortly after the end of the relevant year)

Period subject to malus

Period subject to clawback

# Remuneration Report

Continued

## Profit share

This section describes the way in which profit share is determined, structured and delivered.

### Annual process to determine profit share outcomes

Profit share allocations are determined through a principles-based approach, which considers individual, business group and company-wide performance. At all levels, profit share determinations take into account risk management, compliance and conduct.

### Individual profit share allocations

Individual profit share allocations reflect an employee's performance against their objectives, which are formally assessed annually. At the beginning of the performance cycle, employees set performance objectives based on four factors (three non-financial and one financial), as relevant to their role. At the end of the year, permanent employees are required to have a formal Year in Review conversation with their manager. The Year in Review comprises two core components:

- **What** was achieved over the past 12 months, measured against their objectives under the four factors
- **How** the objectives were achieved, measured against Macquarie's cultural/behavioural standards.

The below table outlines the areas considered under each factor when assessing performance and determining remuneration outcomes.

Areas considered	
<b>Financial/ business results</b>	<ul style="list-style-type: none"><li>• for revenue-generating staff, based on individual contribution to business profitability (including consideration of capital and risk-adjusted returns)</li><li>• for risk and financial control staff, primarily based on delivery of or contribution to high-quality risk and control functions, services and outcomes</li><li>• for other Central Service Group staff, delivery of or contribution to high quality services to support the businesses</li><li>• for all staff, the management of costs and investment in people and technology to ensure the ongoing robustness of the risk management framework.</li></ul>
<b>Risk management and compliance</b>	<ul style="list-style-type: none"><li>• demonstrating and applying a strong understanding of relevant regulatory obligations</li><li>• the identification, escalation, ownership and successful management of MBL-specific financial and non-financial risks including compliance with Banking licence requirements and obligations, prudential standards, the Banking Executive Accountability Regime (BEAR) and the Financial Accountability Regime (FAR)</li><li>• motivating a culture of disciplined risk management, and regulatory, policy and business compliance</li><li>• the management of MBL's funding and capital management strategy and the MBL liquidity and stress testing frameworks</li><li>• fostering an environment where staff feel comfortable to admit mistakes and raise issues or concerns.</li></ul>
<b>Business leadership</b>	<ul style="list-style-type: none"><li>• focuses on sustainable business growth and innovation by prioritising long term and scalable solutions over tactical fixes</li><li>• delivering appropriate solutions and services to our customers and the communities in which we operate</li><li>• maintaining and leveraging relationships with external and internal stakeholders (includes regulators, customers, clients, communities and suppliers)</li><li>• seeking out and valuing collaboration and diverse perspectives (internally and externally), including collaborating with others to solve issues and challenges across Operating and Central Service Groups.</li></ul>
<b>People leadership and professional conduct</b>	<ul style="list-style-type: none"><li>• upholding Macquarie's <i>What We Stand For</i> values and complying with all operational requirements, regulatory obligations, relevant laws, policies and procedures, including the <i>Code of Conduct</i></li><li>• promoting institutional knowledge-sharing talent development and succession planning</li><li>• fostering a diverse, equitable and inclusive work environment, including alignment with Macquarie's DEI strategy</li><li>• for all people managers, performance against a people management objective aligned to our purpose and culture.</li></ul>

Three of these four factors are non-financial, with considerations given to each in varying proportions to reflect an individual's role and responsibilities. Individual profit share allocations also consider relativities in the markets in which each business competes for talent.

When determining individual profit share allocations, consideration is given to any matters raised in the independent reports provided to the BRC by the Chief Risk Officer (CRO) and the Head of Internal Audit, or matters raised through the consequence management process, which may result in downward adjustments to profit share allocations for relevant individuals (see page 55). Significant judgement is applied in determining remuneration outcomes to ensure all factors that may potentially impact the quantum of profit share allocations are considered.

## Profit share pools

The initial business group profit share pools are determined through a combination of a top-down and bottom-up approach. The company-wide profit share pool is an aggregate of the assessments conducted at both the business group and individual level.

The profit share pools reflect consideration of the factors below:

Operating/Central Service Group level			
<p><b>Financial performance</b></p> <p>For Operating Groups:</p> <ul style="list-style-type: none"> <li>contribution to company-wide profits</li> <li>returns on economic and regulatory capital</li> <li>funding requirements and usage.</li> </ul> <p>For Central Service Groups, based on the quality and integrity of control functions and support services and not primarily determined with reference to profitability.</p>	<p><b>Risk management</b></p> <ul style="list-style-type: none"> <li>risk profile of the business (e.g. capital usage)</li> <li>extent and nature of financial and non-financial risks including any significant reputational, cultural or compliance matters</li> <li>regulatory environment and regulatory risk considerations.</li> </ul>	<p><b>Business-specific considerations</b></p> <ul style="list-style-type: none"> <li>innovation, new business development (including acquisitions) and maturity of the business</li> <li>reliance on intellectual versus financial capital</li> <li>customer, client and community outcomes</li> <li>impact of one-time gains/losses.</li> </ul>	<p><b>Market position and trends</b></p> <ul style="list-style-type: none"> <li>overall remuneration levels in the market in which each business operates</li> <li>staff retention considerations.</li> </ul>
Macquarie Group/Macquarie Bank level			
<p>Additional considerations at a Macquarie Group and Macquarie Bank level include:</p> <ul style="list-style-type: none"> <li>profitability, including the balance of profit distribution between employees and shareholders</li> <li>capital metrics (including prudential ratios) and liquidity considerations</li> <li>impact of the profit share pool on Macquarie Bank's capital position and the ability to strengthen its capital base, as confirmed by the Chief Financial Officer (CFO)</li> <li>reasonableness of the resultant estimated compensation expense to income ratio and how it compares to that of external comparators</li> <li>regulatory considerations, including any company-wide risk and conduct matters</li> <li>factors that impact the macro environment in which Macquarie Bank operates, including those that may affect its ability to attract and retain high-performing staff</li> <li>CRO and Head of Internal Audit confirmation as to whether there have been any matters of systemic concern during the year.</li> </ul>			

The Board retains discretion to amend the profit share pool as determined in accordance with the above process to ensure all relevant factors, including risk and conduct matters, have been appropriately taken into consideration.

# Remuneration Report

Continued

## Retained profit share: retention and vesting

A percentage of each individual's annual profit share allocation is retained (retained profit share) above certain thresholds. While they are employed, an individual's retained profit share vests and is released over a period that reflects the scope and nature of their role and responsibilities.<sup>(3)</sup> These arrangements ensure that Macquarie Bank continues to retain high-performing staff, provide significant long-term alignment to shareholders and customers, as well as enable risk outcomes to be considered over a longer period.

Retention and vesting arrangements are determined by the BRC according to prevailing market conditions, remuneration trends, and regulatory requirements (including CPS 511, the Banking Executive Accountability Regime (BEAR) and the Financial Accountability Regime (FAR)). For each year's allocation, once the vesting period has been determined it remains fixed for that allocation.

As previously announced, there have been changes to the retention rates and vesting periods for certain senior employees (including the MBL CEO, MGL CEO, Executive KMP and other roles specified under CPS 511) for profit share allocations made in respect of FY2024 onwards.

The table below summarises the standard retention and vesting arrangements applicable for FY2024. These vesting periods do not include the performance year but begin following the date remuneration is awarded.

## Standard profit share retention and vesting arrangements for FY2024

Role	Profit share retention (%)	Vesting and release of profit share
MBL CEO	60	
MGL CEO	70	
Executive Committee members	50	One-third in each of years 3-5
Other Executive Directors <sup>(4),(5)</sup>	40	
Staff other than Executive Directors <sup>(5),(6)</sup>	25-40	One-third in each of years 2-4

The Board's discretion to change remuneration arrangements, as noted above, includes changes to profit share retention levels provided that at least 30% of profit share is retained for all Executive Directors.

(3) Profit share that is not retained (available profit share) is delivered in cash except for certain staff subject to requirements under UK or European remuneration regulations, where 50% of available profit share is delivered in Macquarie equity and is subject to either a 6-month or 12-month hold period, as applicable.

(4) Other Executive Directors include staff other than the CEOs and Executive KMP who are specified under CPS 511 as Senior Managers or Material Risk Takers.

(5) For certain staff subject to UK or European remuneration regulations, up to 60% may be retained. Retained profit share invested in Macquarie equity may be subject to a further 6-month or 12-month hold post the vesting period.

(6) Above certain monetary thresholds.

## Investment of retained profit share

An individual's retained profit share is invested in a combination of MGL ordinary shares under the Macquarie Group Employee Retained Equity Plan (MEREP) and Macquarie-managed fund equity notionally invested under the Directors' Profit Share (DPS) Plan.<sup>(7)</sup> The allocation reflects the nature of their role and responsibilities as set out in the table below.

### Standard investment of retained profit share for FY2024

Role	Retained profit share investment	
	MEREP (MGL ordinary shares) %	DPS Plan (Macquarie-managed fund equity) %
MBL CEO and MGL CEO	90	10
Executive Committee members	80-90	10-20
Other Executive Directors <sup>(8)</sup>	80-100	0-20
Staff other than Executive Directors	100	0

In addition to the arrangements set out in the tables above, different arrangements may apply in certain circumstances:

- retention rates and vesting and release schedules may vary for certain groups of staff who have become employees as a result of an acquisition, or for staff in certain jurisdictions, for example in the UK or European Union (EU), to ensure compliance with local regulatory requirements
- in limited circumstances, and only with the approval of the BRC, retained profit share may be allocated under arrangements other than the MEREP or the DPS Plan. For example, this may include investment in funds or products of a specific business group where there is a need to directly align the interests of staff with those of their clients.

### Forfeiture – malus and clawback

The Board has the ability to reduce or eliminate unvested retained profit share in certain circumstances (malus). In FY2024, the population subject to malus was expanded to include all staff (previously malus applied to senior employees). For certain employees identified under CPS 511 or UK and European remuneration regulations, the Board also has the ability to recover (in whole or in part) vested profit share in certain circumstances (clawback). For more details on Macquarie Bank's malus and clawback framework, see page 54.

### Vesting and release of retained profit share upon departure from the Macquarie Group

The standard policy is that staff who cease employment with the Macquarie Group will forfeit their unvested retained profit share. The Board may exercise discretion for the vesting and release of a departing employee's retained profit share after their employment has ended including, for example, in the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, or serious ill-health. Where such discretion is exercised, the release of any profit share may be subject to malus and/or clawback, as applicable, and the Board may impose such other conditions as it considers appropriate. For Executive Directors, the Board's discretion for the vesting and release of retained profit share under these circumstances is subject to the conditions of release as set out below.

Discretion may be exercised in certain other limited exceptional circumstances on the grounds of business efficacy, in relation to strategic business objectives, including in connection with the divestment or internalisation of Macquarie Bank businesses, or when an employee resigns to fulfil a public service role in a governmental organisation or agency. This year there were no executives for whom such discretion was exercised.

(7) Both the MEREP and DPS Plan are fundamental tools in Macquarie Bank's retention, alignment and risk management strategies, encompassing both long-term retention arrangements and equity holding requirements. The MEREP has a flexible plan structure that offers different types of equity grants depending on the jurisdiction in which the participating employees are based. In most cases, the equity grants are in the form of units comprising a beneficial interest in MGL ordinary shares held in a trust for the staff member (Restricted Share Units or RSUs). For further details on the MEREP, refer to Note 29 *Employee equity participation* to the financial statements in the Financial Report. The DPS Plan comprises exposure to a notional portfolio of Macquarie-managed funds. Retained amounts are notionally invested over the retention period. This investment is described as 'notional' because Executive Directors do not directly hold securities in relation to this investment.

(8) For certain Executive Directors subject to UK or European remuneration regulations, retained profit share is invested 60% in Macquarie equity and 40% in the DPS Plan.

# Remuneration Report

Continued

## Conditions of release to departing Executive Directors – Post Employment Events

Where discretion has been exercised for the vesting and release of retained profit share to a departing Executive Director, the Board may reduce or eliminate their retained profit share if it is determined that, at any time during their employment or the relevant release periods after their employment, a Malus Event has occurred (as set out on page 54) or they have:

- (a) taken staff to a competitor of the Macquarie Group or been instrumental in causing staff to go to a competitor, or
- (b) joined a competitor of the Macquarie Group or otherwise participated in a business that competes with the Macquarie Group.

Each of the above is a Post Employment Event.

For retained profit share awarded in respect of FY2023 and subsequent years, where the release relates to relevant circumstances other than death or serious disability, the release will occur over the period from 12 months to 24 months after the Executive Director leaves, in accordance with the table below.<sup>(9),(10)</sup>

For profit share allocations made to Executive KMP and other Executive Directors specified in CPS 511 (including those in risk and financial control functions) in respect of FY2024 onwards, the release of unvested retained profit share will be kept in line with its original vesting schedule (where it relates to relevant circumstances other than death or serious disability). This may result in final vesting being up to five years from the end of employment. There is no change in the timeframe for application of the Post Employment Events set out below.

	First Period	Second Period
<b>Time post-departure</b>	12 months	12 months to 24 months
<b>Unvested retained profit share released</b>	From all but the last 24 months of employment	From the last 24 months of employment
<b>Subject to malus</b>	No Malus Event during employment or the First Period	No Malus Event during employment, the First Period or the Second Period
<b>Subject to Post Employment Events</b>	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment	No Post Employment Event during employment or during the period expiring 6 months following the end of employment, and No Post Employment Event (a) during the period from 6 months to 12 months following the end of employment
<b>Where the release is by reason of retirement from the Macquarie Group</b>	As above and in addition, the release is subject to no Post Employment Event (b) during the First Period	As above and in addition, the release is subject to no Post Employment Event (b) during the First or Second Period

In addition to the above, for Accountable Persons under the FAR (Accountable Persons), the exercise of discretion for any release of retained profit share following the end of employment will be subject to minimum deferral periods. Where an Executive Director has a tax liability on termination of employment in respect of any unvested retained profit share, the Board has discretion to release unvested retained profit share up to an amount equal to the Executive Director's tax liability at an earlier time than noted above subject to any legal or regulatory requirements.

(9) In the case of death or serious incapacitation, the Board will typically accelerate the vesting of retained profit share and immediately release it.

(10) Awards in respect of FY2022 and earlier will remain subject to their original conditions of release to a departing Executive Director, as previously disclosed.

## Performance Share Units

This section describes the way in which PSUs are determined, structured and delivered

### Allocation and structure

Executive Committee members are the only staff eligible to receive PSUs, which are determined with reference to Macquarie Group's and Macquarie Bank's performance as a whole. As such they provide an additional incentive to Executive Committee members to drive company-wide performance over the long-term and beyond their Operating and Central Service Group responsibilities. PSU awards are a meaningful incentive but are generally not the major element of an Executive Committee member's total remuneration.

As previously announced, for awards in respect of FY2024 onwards the vesting period for PSUs granted to the MBL CEO and the MGL CEO has been extended by a year, to five years. In addition, prior to the vesting of PSUs, the Board will conduct a pre-vest assessment of the Executive Committee's collective performance over the vesting period. The table below summarises the approach to PSU allocations in respect of FY2024.

#### 1. Pre-grant period (Financial Year (FY))

- Individual PSU allocations are based on performance over the financial year prior to grant (taking into consideration both financial and non-financial factors). Considerations include their role as members of the Executive Committee and their contribution to driving the collective performance of Macquarie Bank, including their collaboration across businesses, progress on company-wide programs and maintaining Macquarie Bank's risk culture
- The face value of PSUs awarded to each Executive Committee member is approved by the Board as part of the annual remuneration review process. Shareholder approval is also sought at MGL's Annual General Meeting (AGM) to allocate PSU awards to the MGL CEO, who is an Executive Voting Director of MGL
- PSUs are granted in August each year, after MGL's AGM, in respect of the previous financial year. The number of PSUs allocated is calculated by dividing the face value of the award by the price of MGL ordinary shares on or around the date of grant
- PSUs are structured as DSUs with no exercise price. Holders have no right to dividend equivalent payments.

#### 2. Performance period (FY+1 to FY+4)

- PSUs will only become exercisable to the extent that two equally weighted ROE and EPS performance hurdles are achieved over a four-year performance period. Details of, and the rationale for, the ROE and EPS hurdles are set out below
- The ROE and EPS performance hurdles attached to PSUs are tested at the end of the performance period and the results are reported to the BRC(s).

#### 3. Additional vesting period (FY+5)

- For the MBL CEO and MGL CEO, an additional one-year period applies before PSUs may vest following the end of the four-year performance period
- For other Executive KMP, PSUs may vest on 1 July following the end of the four-year performance period.

#### 4. Pre-vest assessment (At end of vesting period)

- Prior to vesting of PSU awards, the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie Bank over the vesting period, based on the extent to which the Executive Committee has:
  - promoted behaviour that is consistent with and reflects Macquarie Bank's risk culture, *Code of Conduct* and the principles of *What We Stand For*
  - overseen the effectiveness of Macquarie's risk management framework, regulatory compliance, policies and practices in managing key financial and non-financial risks, and
  - overseen funding, liquidity and capital management to ensure Macquarie's financial soundness.
- Where the Board forms a negative overall assessment of the relevant Executive Committee's collective performance, it will consider whether an adjustment is appropriate, taking into account any mitigating and aggravating factors
- To assist the Board with their determination of an adjustment to the PSU vesting outcome, and to ensure that the determination encompasses all relevant considerations, the BRC will receive regular reporting over the vesting period.

# Remuneration Report

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## Performance hurdles

PSUs will only become exercisable to the extent that the following performance hurdles are achieved:

	EPS CAGR hurdle	ROE hurdle
<b>Application</b>	50% of PSU award	50% of PSU award
<b>Performance measure</b>	Compound annual growth rate (CAGR) in EPS over the four-year performance period	Relative average annual ROE over the four-year performance period compared to a reference group of international financial institutions  The reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG <sup>(11),(12)</sup>
<b>Hurdle</b>	Sliding scale applies: <ul style="list-style-type: none"> <li>• 50% becoming exercisable at EPS CAGR of 7.5%</li> <li>• 100% at EPS CAGR of 12%</li> </ul> <p>For example, if EPS CAGR was 9.75%, 75% of the relevant awards would become exercisable</p>	Sliding scale applies: <ul style="list-style-type: none"> <li>• 50% becoming exercisable above the 50th percentile</li> <li>• 100% at the 75th percentile</li> </ul> <p>For example, if ROE achievement was at the 60th percentile, 70% of the relevant awards would become exercisable</p>

## Rationale for hurdles

The PSU hurdles are periodically reviewed by the BRC to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC's review includes consideration of the most relevant performance metrics to be used as hurdles as well as the levels at which the hurdles are achieved. The international reference group used for the ROE hurdle is also reviewed to determine whether our comparators remain suitable for Macquarie Group's diversified business interests and global footprint. The BRC also considers historical and forecast market data, the views of corporate governance groups, shareholders and regulators, as well as market practice.

In the FY2024 annual review, both the absolute EPS and relative ROE hurdles were considered to still be appropriate for the following reasons:

- EPS and ROE growth drive long-term shareholder value and are appropriate as the Executive Committee can affect outcomes on both measures. In contrast, Total Shareholder Return (TSR) is influenced by many external factors over which executives have limited control

- EPS and ROE can be substantiated using information that is disclosed in MGL's annual reports
- a sliding scale diversifies the risk of not achieving the hurdles and provides rewards proportionate to performance for shareholders and is preferable to an all-or-nothing test, which some have argued could promote excessive risk-taking
- the hurdles are designed to reward sustained strong performance and are relatively well-insulated from short-term fluctuations
- the EPS targets are confirmed as rigorous when market performance is considered, with the EPS threshold hurdle exceeding the performance of most of the ASX20, the international reference group and relevant indices over time
- for the EPS element to fully vest, MGL needs to achieve at least 12% CAGR over the vesting period. Supporting the rigour of the hurdle, cumulative EPS growth of 57% over four years is required to achieve full vesting
- the ROE vesting thresholds and sliding scale are in line with the domestic market and are particularly challenging when compared to international practice.

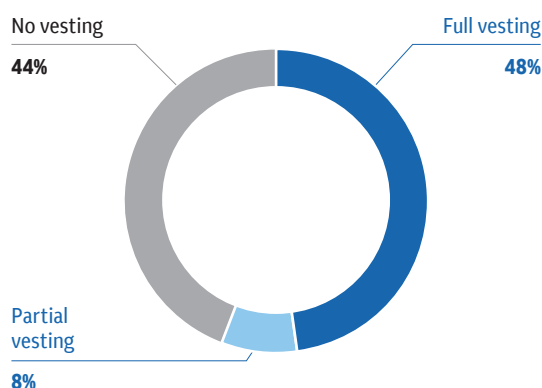
(11) Company comparator information is presented in the same order throughout the Remuneration Report.

(12) For unvested PSU awards made prior to FY2023, the reference group included Bank of America Corporation, Barclays PLC, Credit Suisse, Deutsche Bank AG, Goldman Sachs Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.

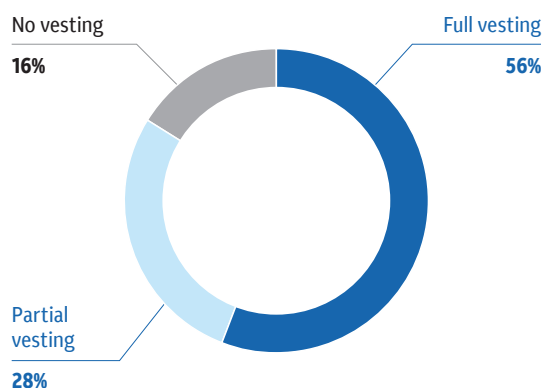


The charts below display MGL's historical EPS and ROE PSU outcomes, highlighting that since their introduction in 2009, only 48% of the EPS tranches and 56% of the ROE tranches have resulted in full vesting.

#### Historical EPS tranche outcomes



#### Historical ROE tranche outcomes



### Use of an international reference group

The BRC has given careful consideration to the appropriate reference group to use for the relative ROE measure, recognising that Macquarie Group's combination of business activities, size and global footprint means that there are few direct comparators. The BRC's view is that simplistic comparator groups based on a company's country of listing, broad industry categorisation and/or market capitalisation do not accurately reflect the businesses and competitive markets for talent in which we operate.

When assessing and determining the appropriate reference group, the BRC considers the overall size of the reference group, the degree of internationalisation (including the degree to which they compete for shareholder capital, clients and talent in each market), each comparator's overlap with Macquarie Group's revenue mix and the resulting business mix when considered in aggregate. Taking into account these factors, the BRC has selected an international reference group that recognises the extent of Macquarie Group's diversification and internationalisation.

The BRC is mindful that some of Macquarie Group's businesses compete with other types of financial institutions, including asset managers, retail banks, hedge funds and commodity trading houses. However, given differences in business mix, regulatory environment, or the unavailability of public financial information, it does not consider these institutions appropriate for inclusion in the PSU reference group.

The BRC considers the international reference group to be appropriate on the basis that:

- total international income represented approximately 66% of Macquarie Group's total income as at 31 March 2024, with approximately 51% of Macquarie Group's staff located outside Australia<sup>(13)</sup>
- the international reference group is currently most representative of Macquarie Group's business operations and talent pool. These firms broadly operate in the same markets and in similar business segments and compete for the same people as Macquarie Group

- the international reference group members share broadly comparable risk, compliance and regulatory profiles
- Macquarie Group has no directly comparable Australian-listed peers.

While the BRC considers it important not to intervene reactively to remove under-performers or over-performers in order to provide relative stability and transparency across market cycles, it reviews and adapts the reference group as companies, markets and other situations evolve.

### Risk adjustment, malus and clawback

The Board may determine that a downward adjustment to PSU allocations prior to grant may be appropriate, including a collective adjustment where there has been an adverse outcome for MBL, MGL or their stakeholders. Risk considerations also form part of the pre-vest assessment, as set out above.

In addition, Macquarie's malus and (from FY2024) clawback provisions, apply to all PSUs granted, as set out on page 54.

### Departure from Macquarie or change in control

The standard policy is that unvested PSUs will be forfeited upon termination of employment. In the case of retirement from Macquarie, redundancy, death, serious incapacitation, disability, serious ill-health or other limited exceptional circumstances, the Board or the BRC has the ability to accelerate the vesting of PSUs (to the extent permitted by law or regulation, for example in the case of death or serious incapacitation) or to take other action, for example to permit the PSUs to continue to vest in accordance with the original award schedule and remain subject to the same performance hurdles.

Should a change of control occur the Board or the BRC has discretion to determine how unvested PSUs should be treated, having regard to factors such as the length of time elapsed in the performance and vesting periods, the level of performance to date, the circumstances of the change in control and any relevant legal or regulatory requirements.

(13) Headcount includes staff employed in certain operationally segregated subsidiaries (OSS).

# Remuneration Report

Continued

## Executive KMP – PSUs vesting during FY2024

The PSUs that completed their performance period on 30 June 2023 comprised the second tranche of those awards granted in 2019.<sup>(14)</sup> The performance hurdle tests were performed using data sourced from Bloomberg for all companies in the international reference group (as well as Macquarie) and the calculations were reviewed independently.

The results showed that the performance hurdles:

- based on the EPS CAGR in MGL's reported financial year was partially met, and
- based on MGL's relative average annual ROE compared to the international reference group was fully met.

As a result, 96% of the awards became exercisable on 1 July 2023 as shown below:

PSU tranche	EPS CAGR Hurdle			ROE Hurdle		
	MGL result (for vesting period)	Hurdle	Outcome	MGL result (for vesting period)	Hurdle	Outcome
<b>2019 Tranche 2</b>	11.26%	50% at 7.5% CAGR 100% at 12% CAGR	92% exercisable	15.34% (88th percentile)	50% above the 50th percentile <sup>(15)</sup> 100% at the 75th percentile <sup>(15)</sup>	100% exercisable

(14) PSUs awarded prior to FY2020 vested in two equal tranches after three and four years.

(15) International reference group ROE at 50th percentile 12.73% and international reference group ROE at 75th percentile 14.56%.

## Culture, accountability and remuneration

This section describes how risk and conduct are considered throughout the remuneration approach

### Risk culture

Our purpose of 'Empowering people to innovate and invest for a better future' and *What We Stand For* principles of Opportunity, Accountability and Integrity remain pivotal to our culture. Our purpose and principles effectively guide our staff in balancing risk and reward and making decisions that realise opportunity for the benefit of our clients, shareholders, partners and the communities in which we operate. Staff are continually made aware that these principles must form the basis of all behaviours and actions. These behavioural expectations are outlined in the Board approved *Code of Conduct*, which is actively promoted by management and cascaded through the organisation through multiple mechanisms. We invest significant time and effort in communicating and reinforcing our culture through communications from senior management, policy reminders, training, and learning and development activities. The Board is able to assess Macquarie Bank's culture in a number of ways including through staff survey results, human capital reporting, strategy presentations, risk culture reports, consequence management reports as well as through personal observation of management, and staff behaviour and actions.

Prudent risk management is a fundamental part of everyone's role at Macquarie Bank. Staff understand they are rewarded not just for their contribution to financial results, but also for how those results are achieved. This includes an assessment of an individual's approach to managing risk, and adherence with the *What We Stand For* principles. Staff are aware of the consequences for non-compliance with the risk management framework and the *Code of Conduct*. Staff training and communications emphasise the link between risk, conduct, policy breaches and consequence management outcomes, including, where appropriate, adjustments to performance-based remuneration.

### Alignment of remuneration with risk outcomes

The Board considers that the effective alignment of remuneration with prudent risk-taking is fundamental to Macquarie Bank's remuneration approach. To ensure there is appropriate focus on MBL, MBL-specific risk considerations are embedded throughout the remuneration process including through the determination of individual profit share allocations, business group and company-wide profit share pools as well as through the way in which remuneration is structured and delivered.

The Board is aware of the increasing focus of regulators and shareholders on ensuring risk-related matters that come to light subsequent to remuneration being awarded are appropriately factored into remuneration decisions. Macquarie Bank's retention and vesting arrangements provide a mechanism for the Board to consider risk outcomes over a longer period. Furthermore, where an investigation has commenced into a risk or conduct-related matter that may result in forfeiture, malus or clawback (where applicable - see page 55), Macquarie Bank may further defer the payment, vesting and/or release of profit share to allow for the investigation to be completed.

# Remuneration Report

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## Culture, accountability and remuneration continued

The following mechanisms exist to adjust FY2024 remuneration outcomes for risk and conduct outcomes:

<b>In-year adjustments</b>	<b>Applies to all staff</b>
<ul style="list-style-type: none"><li>• for profit share, determined as part of assessing an individual's performance each year, which includes consideration of compliance with the risk management framework and with the behavioural expectations outlined in the <i>Code of Conduct</i></li><li>• for PSUs, determined as part of the assessment of Executive Committee members' roles and their contribution to driving the collective performance of MBL and the Macquarie Group</li><li>• in addition, any outcomes from the consequence management process (such as a formal warning) or the independent reporting from the CRO, Head of Internal Audit, and Group General Counsel (GGC) are also considered for both profit share and PSUs.</li></ul>	
<b>Forfeiture</b>	<b>Applies to all staff</b>
<ul style="list-style-type: none"><li>• where an individual's employment is terminated due to a compliance or conduct concern (or they resign), unvested remuneration is forfeited, as per our standard policy.</li></ul>	
<b>Malus</b>	<b>Applies to all staff</b>
<p>Malus provisions provide the Board with the ability to reduce or eliminate in full unvested remuneration (including retained profit share and for Executive Committee members, unvested PSUs) where it is determined:</p> <ul style="list-style-type: none"><li>• there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based, or</li><li>• the employee has at any time:<ul style="list-style-type: none"><li>– engaged in misconduct leading to significant adverse outcomes</li><li>– acted dishonestly (including, but not limited to, misappropriating funds or deliberately concealing a transaction)</li><li>– significantly failed in or breached their compliance, accountability or fitness and propriety requirements, or</li><li>– acted or failed to act in a way that contributed to, and/or by virtue of their role or seniority is accountable for:<ul style="list-style-type: none"><li>– a breach of a significant legal or significant regulatory requirement relevant to Macquarie Bank</li><li>– MGL or MBL making a material financial restatement</li><li>– MGL, MBL or any Group within Macquarie Group incurring significant reputational harm<sup>(16)</sup></li><li>– MGL, MBL or any Group within Macquarie Group incurring a significant unexpected financial loss, impairment charge, cost or provision</li><li>– a significant failure of financial or non-financial risk management, or</li><li>– a significant adverse outcome for customers, beneficiaries or other stakeholders.</li></ul></li></ul></li></ul>	
<b>Clawback</b>	<b>Applies to certain senior employees</b>
<p>Clawback provisions provide the Board with the ability to recover in exceptional circumstances (in part or whole) variable remuneration that has already been paid or vested for up to two years from the point of payment or vesting, if it is determined that:</p> <ul style="list-style-type: none"><li>• there was a significant error in or a significant misstatement of criteria on which the remuneration determination was based</li><li>• the employee has at any time engaged in misconduct leading to significant adverse outcomes</li><li>• the employee has at any time significantly failed in or breached their compliance, accountability or fitness and propriety requirements, or</li><li>• the employee has at any time acted or failed to act in a way that contributed to:<ul style="list-style-type: none"><li>– a significant failure of financial or non-financial risk management, or</li><li>– a significant adverse outcome for customers, beneficiaries or other stakeholders.</li></ul></li></ul>	

Additional provisions may apply to staff in certain jurisdictions to ensure compliance with local regulations. This includes UK and European staff who are subject to additional malus and clawback provisions under local regulatory requirements.

The BRC considers whether, and the extent to which, to apply malus or clawback, taking into account local employment laws, the nature and circumstances of the event and any other redress that has been or may be applied.

(16) A "Group within Macquarie Group" is a reference to any Operating Group or Central Service Group within MGL or MBL.

## Risk adjustment processes

There are robust processes in place to ensure that all risk, reputation, and conduct-related matters are specifically considered when determining remuneration outcomes. These processes may result in a downward adjustment to group and/or individual profit share allocations where appropriate. A wide range of risks that could have a financial or non-financial impact on Macquarie Bank are considered, including any detriment to customers or impact on prudential standing.

To assist the Board and BRC when determining remuneration outcomes, independent control functions provide input as follows:

### Independent control function input when determining remuneration outcomes

Risk Management Group	Internal Audit	Legal
The CRO provides the BRC with an independent report detailing significant risk matters (financial and non-financial) including those relating to incidents, issues, and regulatory and litigation matters.	The Head of Internal Audit provides the BRC with an independent report detailing notable internal audit issues and any trends at company-wide or business group level.	The GGC provides a further source of independent input and, in conjunction with HR, considers whether there are any incidents (including any breach of the BEAR or FAR obligations) that should be reviewed that might lead to a malus or clawback determination.

### Human Resources

The Global Head of HR discusses the reports from RMG and Internal Audit with the Group Heads to ensure any matters listed in the reports are appropriately reflected in remuneration outcomes for relevant staff and provides a report to the joint committee meeting of the BRC, Board Risk Committee (BRIC), Board Audit Committee (BAC) and Board Governance and Compliance Committee (BGCC) on how this has been achieved.

The Global Head of HR also annually reports to the BRC on the outcomes from the consequence management process and confirms that these matters have been considered in determining remuneration and promotion outcomes where appropriate.

### Consequence management process

Incidents, breaches of policy and misconduct issues are regularly reported to senior management. There are a number of processes in place to ensure consistency (across business groups and staff levels) in the application of consequences and the determination of remuneration outcomes, including the review and challenge by senior management of consequence management outcomes at year end.

Where an investigation has commenced into a risk or conduct-related matter, vesting, payment and/or release of profit share (including available and/or retained amounts) to an employee may be deferred to allow for the investigation to be completed.

## Consequence management outcomes

Macquarie Group's Consequence Management Guideline applies wherever a breach of internal policy or regulatory requirement is identified, including where there has been a breach of FAR (or prior to 15 March 2024, BEAR) accountability obligations. Consequences may include further training, removal of delegated authorities or permissions, adjustments to performance-based remuneration, impact on promotion, formal warnings or termination.

Where an employee has received a formal warning, their performance-based remuneration will likely be impacted and in some cases, reduced to zero. Promotion decisions may also be impacted. Impacts may also be applied where a formal warning has not been issued. In each case, judgement is exercised as to the appropriate consequence(s) based on all the relevant circumstances.

In FY2024, for Macquarie Bank, there were 103 (FY2023: 101) matters involving conduct or policy breaches that resulted in formal consequences. These included 69 (FY2023: 56) *Code of Conduct* or appropriate workplace behaviour related matters and 34 (FY2023: 45) other policy matters including risk management and technology breaches. Of the 103:

- for 38 matters, termination of employment was the outcome (FY2023: 43)
- for 65 matters, a formal warning was issued (FY2023: 58). Additional consequences were applied as appropriate including additional training, adjustments to profit share and/or proposed fixed remuneration increases and/or impact to promotion (19 individuals who received a formal warning subsequently left Macquarie Bank before year-end outcomes were applied and 45 individuals had their profit share reduced by an average of 41%).

The 103 matters were considered isolated incidents and there was no evidence of broader systemic conduct issues.

# Remuneration Report

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## Further details on the remuneration framework

This section describes other key features of the remuneration framework and of the employment contracts for Executive Committee members.

### Other features of the remuneration framework

<b>Role-based allowances</b>	<ul style="list-style-type: none"><li>Role-based allowances are a component of fixed remuneration that may be awarded to certain employees, including those identified as Material Risk Takers under UK or European regulatory requirements. These allowances are determined based on the role and organisational responsibility of the individuals.</li></ul>
<b>Minimum shareholding requirement</b>	<ul style="list-style-type: none"><li>Executive Directors are required to hold a relevant interest in MGL ordinary shares that have a value equal to 5% of an Executive Director's aggregate profit share allocations for each of the past five years (10 years for Executive Committee members), which can be satisfied by the profit share retention requirements</li><li>For Executive Committee members with a minimum of 10 years of service at the Executive Director level, compliance with this policy equates to a minimum shareholding requirement of between 70% to 620% of fixed remuneration based on share values unadjusted for market price changes.</li></ul>
<b>Promotion and New Hire Awards</b>	<ul style="list-style-type: none"><li>Staff who are promoted to or hired at Associate Director, Division Director or Executive Director level receive an allocation of MEREP awards set with reference to an Australian dollar value. Currently these awards range from the equivalent of \$A25,000 to \$A175,000 depending on the Director level.</li></ul>
<b>Hedging</b>	<ul style="list-style-type: none"><li>Macquarie Group prohibits staff from hedging shares held to meet the minimum shareholding requirement and unvested equity held in the MEREP.</li></ul>

## Employment contracts

The following table summarises key features of the employment contracts for Executive Committee members including the MBL CEO.

<b>Length of contract</b>	Permanent open-ended.
<b>Remuneration review period</b>	1 April to 31 March annually.
<b>Profit share participation</b>	Executive Committee members are eligible to be considered for a profit share allocation that ensures a large part of their remuneration is 'at risk'. Refer to pages 44-48 for details.
<b>PSU participation</b>	Executive Committee members are eligible to receive PSUs. Refer to pages 49-52 for details.
<b>Termination of employment</b>	Requires no more than three months' notice by Macquarie Bank or the Executive Committee member (post employment restrictions apply).
<b>Post employment restrictions</b>	Restrictions include non-solicitation provisions applicable for six months, and paid non-competition provisions applicable, at Macquarie Bank's election, for up to three months post-termination.

## Macquarie Bank's performance

### Macquarie Bank's results

Net profit after tax (NPAT) has decreased 25% compared to the prior year.

	2020 <sup>(17)</sup>	2021	2022	2023	2024
NPAT attributable to the ordinary equity holder (\$Am)	1,297	1,676	2,717	3,905	2,912

(17) NPAT attributable to the ordinary equity holder reported above relates to continuing operations only. Additional profit of \$A164 million in FY2020 is attributable to discontinued operations.

## Executive KMP remuneration outcomes for FY2024

This section details the process for determining Executive KMP remuneration outcomes for FY2024 and demonstrates the link between pay and performance.

### Process to determine Executive KMP remuneration outcomes

There is a consistent and comprehensive process for the Board and the BRC to assess the performance of the MBL CEO and each Executive KMP during the year to enable them to determine remuneration outcomes at the end of the year. The Board is always mindful of the external focus on overall remuneration levels and has spent considerable time determining remuneration outcomes. The BRC recognises the range of expectations and has made decisions that take into consideration the perspectives of all key stakeholders. Significant judgement is applied to ensure that remuneration outcomes are aligned both with individual and company-wide performance and with outcomes delivered to our stakeholders, our clients and the communities in which we operate.

As part of the Board's annual review of the MBL CEO's performance, the MBL CEO meets with the Board towards the end of the financial year to consider formal documentation that outlines his views of Macquarie Bank's and his own performance. The presentation includes a broad range of Macquarie Bank's activities covering the following main areas:

- financial/business results
- risk management and compliance
- business leadership including customer and community outcomes
- people leadership and professional conduct consistent with the *Code of Conduct* and the principles of *What We Stand For*.

Over the course of the year the Board receives regular reports and updates on many of these areas. These are summarised in the MBL CEO's presentation, together with additional information on matters the Board has identified for further discussion as a part of the review process. The Non-Executive Directors (NEDs) of the Board, in conjunction with the MGL CEO's input, considers the MBL CEO's performance and progress against all of these topics in determining his remuneration for the year.

The MGL CEO annually evaluates the performance of the other Executive KMP and considers the same factors set out above. The Board and the BRC review formal performance assessment documentation for each Executive KMP.

For the CRO and CFO, the Board and the BRC seek to ensure that their performance and remuneration outcomes reflect the independence and purpose of their functions and have not been unduly influenced by the performance of wider business activities.

The BRC also considers risk-related matters raised in the independent reports from the CRO and the Head of Internal Audit.

To ensure all matters are appropriately brought to the BRC's attention and to achieve an integrated approach to remuneration that reflects prudent and appropriate risk management, there is a joint meeting of the BRC, BRIC, BAC and the BGCC.

Finally, the BRC considers remuneration levels for organisations that broadly operate in the same markets and compete for the same people as Macquarie Bank.

Annual remuneration outcomes reflect:

- achievements against a range of financial and non-financial factors
- the recognition that our people are our greatest asset, and the importance of retaining key people to encourage innovation and pursue growth opportunities
- alignment to the outcomes delivered to MBL's stakeholders
- risk management, compliance and conduct outcomes.

Details on specific factors for FY2024 are discussed below.

### Executive KMP fixed remuneration outcomes

In line with our pay for performance approach to remuneration, fixed remuneration for our Executive KMP in FY2024 comprised approximately 14% of total awarded remuneration, with the balance at risk and explicitly linked to performance.

As noted in the 2023 Remuneration Report, fixed remuneration for Executive KMP in FY2024 increased for the first time since 2010, other than adjustments made when they were first appointed to the Executive Committee. The fixed remuneration levels in the table below include salary and, for Australia-based Executive KMP, superannuation.

Role	FY2023 (\$Am)	FY2024 (\$Am)
MBL CEO	0.7	1.3
MGL CEO	0.8	1.5
Executive KMP	0.7-0.75	1.1

Fixed remuneration remains set at a comparatively low level, relative to the industry, and at a lower proportion of total remuneration, but sufficient to avoid inappropriate risk-taking. No increases are planned for FY2025.

# Remuneration Report

Continued

## FY2024 Executive KMP profit share outcomes

The Board's determination of remuneration outcomes for FY2024 for the MBL CEO and Executive KMP reflect the following factors:

- lower overall financial results compared to the record FY2023, reflective of the challenging market conditions during the year
- the financial performance of each Operating Group
- the strong leadership of the MBL and MGL Executive Committee, led by the MBL CEO and MGL CEO, to effectively role model our purpose and principles and to embed a strong risk culture
- Executive Committee collaboration to solve challenges and maximise opportunities across Operating and Central Service Groups
- the continued evolution of our businesses to remain well positioned to deliver long-term sustainable value, including alignment with areas of structural growth globally (e.g. energy transition, infrastructure for digital and demographic shifts)
- the continued focus on non-financial risks, including in areas such as climate, sustainability and technology, while also uplifting our risk management frameworks across trading, technology, cyber and data
- a focus on streamlining investment programs and driving greater returns on investment, following a period of significant investment in our platform
- investment in renewable energy solutions at scale, supporting the next wave of climate technologies
- maintaining strong engagement and focus on meeting regulator expectations including progress against the remediation program with APRA to ensure there is appropriate focus on Macquarie Bank
- the refresh of our global employee value proposition to evolve in line with shifts in talent expectations and ensure we accurately reflect the career experience and distinct culture that Macquarie offers.

Executive KMP remuneration outcomes have also been considered in the context of the wider workforce. The BRC receives extensive reporting on remuneration outcomes and individually reviews and approves the remuneration of staff who hold regulated roles and other senior staff, and has reviewed overall total remuneration levels across each business to ensure appropriate distribution of remuneration across the organisation.

## Link between ESG considerations and remuneration outcomes

The Board and management recognise the importance of sound ESG practices as part of their responsibility to clients, shareholders, employees and the communities in which Macquarie operates. The Board's and the BRC's assessment of each Executive KMP's performance against the three non-financial performance factors when determining profit share outcomes includes progress on relevant ESG initiatives.

In addition to the process for Executive KMP, ESG considerations are assessed as part of other employees' individual performance and remuneration determinations where relevant to the responsibilities of their role.



## Remuneration governance

Effective governance is central to Macquarie Bank's remuneration strategy and approach. The key elements of Macquarie Bank's remuneration governance framework are described below.

BOARD	
<b>Board Remuneration Committee</b>	<b>Board Risk Committee, Board Audit Committee &amp; Board Governance and Compliance Committee</b>
Oversees remuneration policies and practices, and makes recommendations to the Board	Discusses any relevant matters that may impact remuneration in a joint meeting with the Board Remuneration Committee

### Strong Board oversight

The Board oversees Macquarie Bank's remuneration framework and its effective application. The MBL BRC, established in 2022, works closely with the MGL BRC to assist the Board with its oversight of remuneration policies and practices applying to staff of Macquarie Bank.

The BRC currently comprises five independent NEDs including two independent BONDS, as set out earlier in the Directors' Report.

The BRC members have the required experience and expertise in human resources, remuneration and risk to enable them to achieve effective governance of the remuneration framework. The BRC has a regular meeting cycle and met seven times during FY2024. Attendance at meetings by the BRC members is set out on page 27. Strict processes are in place to ensure conflicts of interest are appropriately managed.

### BRC responsibilities

The BRC pays close attention to the design and operation of remuneration practices for all Macquarie Bank staff, not just for the most senior executives. The responsibilities of the BRC are outlined in its Charter, which is reviewed and approved annually by the Board.

Some of the responsibilities include:

- overseeing the process for the annual review by the Board of the CEOs' and other Executive KMPs' performance
- recommending to the Board the remuneration outcomes for all Executive KMP, other roles specified under CPS 511 and other senior executives of Macquarie Bank
- assessing the effectiveness of the *Remuneration Policy* to ensure compliance with legal and regulatory requirements, as well as its alignment with Macquarie Bank's strategy to promote its sustainable performance in a manner that supports its long-term soundness
- recommending the *Remuneration Policy* to the Board for approval.

### Alignment to risk

The BRC liaises with the BRIC, BAC and BGCC to ensure there is effective co-ordination between the Committees to assist in producing an integrated approach to remuneration that reflects prudent and appropriate risk management.

As set out on page 55, the CRO and the Head of Internal Audit provide the BRC with independent reports detailing significant risk and internal audit matters (financial and non-financial) including

those relating to incidents, issues, and regulatory and litigation matters. A joint meeting of the BRC, BRIC, BAC and BGCC is held to discuss these matters, with the CRO and the Head of Internal Audit in attendance. The GGC attends as required to provide a further source of independent input, including on matters that might lead to a malus or clawback determination.

### Engagement with external stakeholders

The Chair of the Board and the BRC Chair undertook a series of meetings with investors and proxy advisors during the year to communicate our remuneration approach and to hear any concerns raised by the investor community.

They also engaged with APRA during the year regarding the implementation of CPS 511.

### Independent remuneration review

The MGL and MBL BRCs (the BRCs) have retained Pay Governance as their independent remuneration consultant, for the use of the MGL and MBL Boards to obtain advice on the appropriateness of Macquarie Group's remuneration framework.

The only service that Pay Governance provides to Macquarie Group is executive compensation consulting to the BRCs. Pay Governance has not made any remuneration recommendations, as defined by the *Corporations Act 2001* (Cth) (the Act). The BRC is responsible for making decisions within the terms of its Charter. Pay Governance's terms of engagement set out their independence from members of Macquarie Group's management. This year, Pay Governance:

- provided information on global remuneration and regulatory trends
- considered alignment with MGL shareholder interests
- compared individual remuneration for Executive KMP where relevant comparator company information was available
- considered Macquarie Group's overall remuneration approach compared to comparator company organisations.

Pay Governance's findings included that:

- the objectives of Macquarie Group's remuneration framework are similar to those cited by other leading global investment banks
- Macquarie Group's remuneration components support its remuneration objectives and principles and are largely consistent with practices at other leading global investment banks, including that performance-based remuneration takes risk management into account.

# Remuneration Report

Continued

## Non-Executive Director remuneration

The Board seeks to appoint and appropriately remunerate high calibre NEDs. Reflecting the Board's role, the remuneration arrangements applicable to NEDs, as outlined in this section, differ significantly from the arrangements applicable to executives.

### Non-Executive Director remuneration

Non-Executive Director fees are set acknowledging the level required to appropriately remunerate highly qualified NEDs who have the relevant skills and experience to govern as a member of the Board.

The NED remuneration framework seeks to remunerate high calibre directors by:

- setting an overall fee that reflects the scale and complexity of the Bank Group (being MBL and its subsidiaries) including additional risk management and regulatory responsibilities and the global financial nature of the Bank Group's activities
- setting MBL Board and Board Committee fees to reflect the time commitment to meet the responsibilities involved in the annual scheduled calendar, taking into account market rates for relevant organisations and market trends
- paying separate fees for additional responsibilities that may arise on an ad hoc basis
- delivering these fees in a form that is not contingent on the Bank Group's performance.

An internal review of NED fees was completed during the year and the Board determined, following this review, that the MBL Board and Board Committee fees would remain unchanged.

The MBL and MGL CEOs are not remunerated separately for acting as Executive Voting Directors.

Unlike MBL's executives, NEDs are not granted equity, nor are they eligible to receive profit share payments. There are no termination payments to NEDs on their retirement from office other than payments relating to their accrued superannuation contributions comprising part of their remuneration, if any.

NEDs may elect to receive their remuneration, in part, in the form of superannuation contributions over and above the minimum level of contribution required under applicable legislation.

The Boards resolved during FY2023, that the NEDs of MGL who are also members of the MBL Board (Common NEDs) will receive their Board and Board Committee fees for services provided to MGL and MBL from MGL. The fees paid to Common NEDs in respect of their services to MBL are paid as an aggregate fee by MGL.

The annual Board and Board Committee fees paid to BONDs are received from MBL and set out in the table below.

Annual Director Fees	Chair \$A <sup>(18)</sup>	Member \$A <sup>(19)</sup>
Board	-	245,000
Board Audit Committee (BAC)	-	37,000
Board Conflicts Committee (BCC)	80,000	37,000
Board Governance and Compliance Committee (BGCC)	-	37,000
Board Remuneration Committee (BRC)	-	37,000
Board Risk Committee (BRiC)	-	37,000

(18) As the Chairs of the Board, BAC, BGCC, BRC and BRiC are each Common NEDs, this amount is received from MGL as part of the relevant Director's aggregate fee.

(19) This is the aggregate annual fee paid to BONDs, including fees in respect of their attendance at MGL Board and Board Committee meetings.

## Appendix 1: Key Management Personnel (KMP) for FY2024

All the individuals listed below have been determined to be KMP for FY2024 for the purposes of the Act and as defined by AASB 124 *Related Party Disclosures*. KMP include Executive Voting Directors and executives with authority and responsibility for planning, directing and controlling the activities of MBL and its controlled entities (together making Executive KMP) and NEDs. MBL's NEDs are required by the Act to be included as KMP for the purposes of disclosures in the Remuneration Report. However, the NEDs do not consider themselves part of management.

Name	Position	Term as KMP for FY2024
<b>Executive Voting Directors</b>		
S.D. Green	MBL CEO	Full year
S.R. Wikramanayake	MGL CEO	Full year
<b>Common Non-Executive Directors</b>		
J.R. Broadbent AC	Independent Director	Full year
P.M. Coffey	Independent Director	Full year
M.A. Hinchliffe	Independent Director	Full year
S.J. Lloyd-Hurwitz	Independent Director	Appointed to the Board effective from 28 July 2023
R.J. McGrath	Independent Director	Full year
M. Roche	Independent Director	Full year
G.R. Stevens AC	Independent Chair	Full year
N.M. Wakefield Evans AM	Independent Director	Ceased to be a member of the Board on 27 July 2023
<b>Bank-only Non-Executive Directors</b>		
W.S. Byres	Independent Director	Appointed to the Board effective from 1 February 2024
M.J. Coleman	Independent Director	Full year
I.M. Saines	Independent Director	Full year
D.J.K. Whiteing	Independent Director	Appointed to the Board effective from 27 September 2023
<b>Executives<sup>(20)</sup></b>		
G.N. Bruce	GGC, Head of LGG	Full year
A. Cassidy	CRO, Head of RMG	Full year
A.H. Harvey	CFO, Head of FMG	Full year
N. O'Kane	Former Head of CGM	Ceased to be a member of the Executive Committee on 27 February 2024
N. Sorbara	COO, Head of COG	Full year
G.C. Ward	Head of BFS	Full year

(20) Except where otherwise indicated, all executives and Executive Voting Directors were members of the Executive Committee as of 3 May 2024. Simon Wright, Head of CGM, was appointed to the Executive Committee on 1 April 2024.

# Remuneration Report

Continued

## Appendix 2: Executive KMP remuneration disclosure (in accordance with Australian Accounting Standards)

				SHORT-TERM EMPLOYEE BENEFITS		
Name	Position	Year	Salary (including superannuation) \$A	Performance related remuneration \$A	Total short-term employee benefits \$A	
<b>Executive Voting Directors</b>						
S.D. Green	Macquarie Bank CEO	2024	1,323,893	1,500,000	2,823,893	
		2023	771,741	1,400,000	2,171,741	
S.R. Wikramanayake	Macquarie Group CEO	2024	737,075	3,438,697	4,175,772	
		2023	398,748	3,108,078	3,506,826	
<b>Executives</b>						
G.N. Bruce <sup>(21)</sup>	GGC, Head of LGG	2024	594,426	795,708	1,390,134	
		2023	506,803	761,774	1,268,577	
A. Cassidy	CRO, Head of RMG	2024	631,114	1,576,993	2,208,107	
		2023	407,949	951,497	1,359,446	
A.H. Harvey	CFO, Head of FMG	2024	521,006	1,580,832	2,101,838	
		2023	345,425	1,432,296	1,777,721	
N. Sorbara	COO, Head of COG	2024	842,931	2,557,615	3,400,546	
		2023	569,807	2,362,685	2,932,492	
G.C. Ward	Head of BFS	2024	1,120,562	5,000,000	6,120,562	
		2023	771,741	4,000,000	4,771,741	
<b>Total Remuneration - Comparable Executive KMP<sup>(22)</sup></b>		2024	5,771,007	16,449,845	22,220,852	
		2023	3,772,214	14,016,330	17,788,544	
<b>Former Executives</b>						
N. O'Kane <sup>(23)</sup>	Former Head of CGM	2024	900,051	-	900,051	
		2023	638,779	15,070,161	15,708,940	
<b>Total Remuneration - Executive KMP (including former Executives)</b>		2024	6,671,058	16,449,845	23,120,903	
		2023	4,410,993	29,086,491	33,497,484	

(21) Ms Bruce was hired by Macquarie on 1 January 2022 and appointed to the Executive Committee on 2 March 2022. To secure Ms Bruce's appointment, the Board determined it was necessary and appropriate to provide competitive remuneration arrangements. This included awarding a minimum profit share allocation of \$A2.619 million for the performance year ending 31 March 2023 (subject to Macquarie's standard remuneration arrangements) and a minimum PSU allocation of face value \$A2.0 million for FY2023 (subject to the performance hurdles and other conditions applicable to the PSU allocations awarded to other Executive Committee members).

(22) Comparable Executive KMP are KMP who are members of the Executive Committee for the full year in both FY2024 and FY2023.

(23) Mr O'Kane ceased to be a member of the Executive Committee on 27 February 2024 and resigned from Macquarie effective 18 March 2024. In compliance with Macquarie's standard remuneration arrangements and as a result of his resignation, Mr O'Kane forfeited his unvested retained profit share and unvested PSUs. In accordance with accounting requirements this resulted in a net reversal of previously recognised remuneration expense consisting of \$A9.1 million for forfeited retention notionally invested in Macquarie-managed fund equity and \$A29.4 million of amortisation for forfeited equity awards during FY2024.

LONG-TERM EMPLOYEE BENEFITS			SHARE BASED PAYMENTS			Total remuneration \$A	Percentage of remuneration that consists of PSUs %
Restricted profit share \$A	Earnings on prior years' restricted profit share \$A	Total long-term employee benefits \$A	Equity awards \$A	PSUs \$A	Total share-based payments \$A		
<b>225,000</b>	<b>69,930</b>	<b>294,930</b>	<b>1,295,980</b>	<b>1,276,407</b>	<b>2,572,387</b>	<b>5,691,210</b>	<b>22%</b>
210,000	71,782	281,782	981,118	936,669	1,917,787	4,371,310	21%
<b>802,363</b>	<b>861,657</b>	<b>1,664,020</b>	<b>7,808,563</b>	<b>526,944</b>	<b>8,335,507</b>	<b>14,175,299</b>	<b>4%</b>
1,243,231	1,283,115	2,526,346	7,285,022	1,447,237	8,732,259	14,765,431	10%
<b>79,571</b>	<b>11,184</b>	<b>90,755</b>	<b>360,867</b>	<b>620,105</b>	<b>980,972</b>	<b>2,461,861</b>	<b>25%</b>
114,266	3,370	117,636	267,874	484,071	751,945	2,138,158	23%
<b>157,699</b>	<b>32,156</b>	<b>189,855</b>	<b>745,568</b>	<b>768,061</b>	<b>1,513,629</b>	<b>3,911,591</b>	<b>20%</b>
142,725	22,524	165,249	460,203	495,132	955,335	2,480,030	20%
<b>158,083</b>	<b>128,164</b>	<b>286,247</b>	<b>1,811,346</b>	<b>511,574</b>	<b>2,322,920</b>	<b>4,711,005</b>	<b>11%</b>
214,844	153,571	368,415	1,721,442	837,354	2,558,796	4,704,932	18%
<b>255,761</b>	<b>208,352</b>	<b>464,113</b>	<b>2,939,337</b>	<b>827,671</b>	<b>3,767,008</b>	<b>7,631,667</b>	<b>11%</b>
354,403	254,161	608,564	2,847,256	1,381,282	4,228,538	7,769,594	18%
<b>1,000,000</b>	<b>741,822</b>	<b>1,741,822</b>	<b>4,684,026</b>	<b>838,734</b>	<b>5,522,760</b>	<b>13,385,144</b>	<b>6%</b>
1,200,000	946,218	2,146,218	4,606,203	2,109,455	6,715,658	13,633,617	15%
<b>2,678,477</b>	<b>2,053,265</b>	<b>4,731,742</b>	<b>19,645,687</b>	<b>5,369,496</b>	<b>25,015,183</b>	<b>51,967,777</b>	
3,479,469	2,734,741	6,214,210	18,169,118	7,691,200	25,860,318	49,863,072	
<b>(9,076,201)</b>	<b>262,941</b>	<b>(8,813,260)</b>	<b>(25,634,623)</b>	<b>(3,810,064)</b>	<b>(29,444,687)</b>	<b>(37,357,896)</b>	<b>10%</b>
3,516,371	1,077,434	4,593,805	15,535,259	1,862,649	17,397,908	37,700,653	5%
<b>(6,397,724)</b>	<b>2,316,206</b>	<b>(4,081,518)</b>	<b>(5,988,936)</b>	<b>1,559,432</b>	<b>(4,429,504)</b>	<b>14,609,881</b>	
6,995,840	3,812,175	10,808,015	33,704,377	9,553,849	43,258,226	87,563,725	

# Remuneration Report

Continued

## Additional information regarding the statutory remuneration disclosures set out in this Appendix

The remuneration disclosures set out in this Appendix have been prepared in accordance with Australian Accounting Standards.

Under the requirements of AASB 124 *Related Party Disclosures*, the remuneration disclosures for the years ended 31 March 2024 and 31 March 2023 only include remuneration relating to the portion of the relevant periods that each person was an Executive KMP.

The following information provides more detail regarding some of the column headings in this Appendix:

1. Short-term employee benefits:
  - (a) Salary: includes salary, superannuation, any accrual for long service leave and other benefits.
  - (b) Performance-related remuneration: this represents the cash portion of each person's profit share allocation for the reporting period as an Executive KMP.
2. Long-term employee benefits:
  - (a) Restricted profit share: this represents the amount of retained profit share awarded for the current period that is deferred to future periods and held as a notional investment in Macquarie-managed fund equity (DPS Plan).
  - (b) Earnings on prior years' restricted profit share: Profit share amounts retained under the DPS Plan are notionally invested in Macquarie-managed funds, providing Executive Directors with an economic exposure to the underlying investments. Executive Directors are each entitled to amounts equivalent to the investment earnings (dividends/distributions and security price appreciation) on the underlying securities. The notional returns are calculated based on Total Shareholder Return. Where these amounts are positive, they may be paid to Executive Directors and are included in these remuneration disclosures as part of 'Earnings on prior years' restricted profit share. If there is a notional loss, this loss will be offset against any future notional income until the loss is completely offset and is reported as a negative amount in the same column. These earnings reflect the investment performance of the assets in which prior years' retained amounts have been notionally invested. Their inclusion in the individual remuneration disclosures on the previous pages may, therefore, cause distortions when year-on-year remuneration trends are examined. They do not reflect remuneration review decisions made about the individual's current year performance.
3. Share-based payments:
  - (a) Equity awards including shares: This represents the current year expense for retained profit share that is invested in MGL ordinary shares under the MEREP as described on page 47. This is recognised as an expense over the respective vesting periods, or service period if shorter, as described on page 46 and includes amounts relating to prior years equity awards that have been previously disclosed. Equity awards in respect of FY2024 performance will be granted during FY2025; however, MGL begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023. The expense is estimated using the price of MGL ordinary shares as at 31 March 2024 and the number of equity awards expected to vest. In the following financial year, MGL will adjust the accumulated expense recognised for the final determination of the accounting fair value for each equity award when granted and will use this validation for recognising the expense over the remaining vesting period.
  - (b) PSUs: This represents the current year expense for PSUs that is recognised over the vesting period as described on page 50. This includes amounts relating to prior years' PSU awards. PSU awards in respect of FY2024 will be granted during FY2025; however, MGL begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023. The expense is estimated using the price of MGL ordinary shares as at 31 March 2024 and the number of PSUs expected to vest. The estimate also incorporates an interest rate to maturity of 3.97% per annum (3.99% for grants to the MBL CEO and MGL CEO), expected vesting date of 1 July 2028 (1 July 2029 for the MBL CEO and MGL CEO), and a dividend yield of 3.76% per annum. In the following financial year, MGL will adjust the accumulated expense recognised for the final determination of the accounting fair value for each PSU when granted and will use this validation for recognising the expense over the remaining vesting period. Performance hurdles attached to the PSUs allow for PSUs to become exercisable upon vesting only when the relevant performance hurdles are met. The current year expense is reduced for previously recognised remuneration expense where performance hurdles have not been met, have been partially met or are not expected to be met.

## Appendix 3: Non-Executive Director remuneration

The remuneration arrangements for all the persons listed below as NEDs are described on page 60 of the Remuneration Report. Common NEDs receive their entire Board and Board Committee fees from MGL. Further information on the total aggregate fee paid to Common NEDs by MGL can be found on page 143 of the Remuneration Report in the MGL Annual Report.

	Year	Fees \$A	Other benefits \$A	Total compensation \$A
<b>Common Non-Executive Directors<sup>(24)</sup></b>				
J.R. Broadbent AC <sup>(25)</sup>	2024	199,282	-	199,282
	2023	189,000	-	189,000
P.M. Coffey <sup>(26)</sup>	2024	205,250	-	205,250
	2023	207,500	-	207,500
M.A. Hinchliffe <sup>(27)</sup>	2024	205,250	-	205,250
	2023	194,489	-	194,489
S.J. Lloyd-Hurwitz <sup>(28)</sup>	2024	147,356	-	147,356
	2023	-	-	-
R.J. McGrath <sup>(29)</sup>	2024	204,282	-	204,282
	2023	198,333	-	198,333
M. Roche <sup>(30)</sup>	2024	202,250	-	202,250
	2023	198,333	-	198,333
G.R. Stevens AC <sup>(31)</sup>	2024	467,500	-	467,500
	2023	436,452	-	436,452
N.M. Wakefield Evans AM <sup>(32)</sup>	2024	69,392	-	69,392
	2023	222,917	-	222,917
P.H. Warne <sup>(33)</sup>	2024	-	-	-
	2023	50,269	-	50,269
<b>Bank-only Non-Executive Directors</b>				
W.S. Byres <sup>(34)</sup>	2024	47,000	-	47,000
	2023	-	-	-
M.J. Coleman <sup>(35)</sup>	2024	393,000	-	393,000
	2023	315,134	-	315,134
I.M. Saines <sup>(36)</sup>	2024	399,000	-	399,000
	2023	316,228	-	316,228
D.J.K. Whiteing <sup>(37)</sup>	2024	200,867	-	200,867
	2023	-	-	-
<b>Total Remuneration - Non-Executive KMP</b>	2024	2,740,429	-	2,740,429
	2023	2,328,655	-	2,328,655

(24) Common NEDs receive their entire Board and Board Committee fees from MGL. For further information on the total aggregate fees paid to each of the Common NEDs, please refer to page 143 of the Remuneration Report in the 2024 MGL Annual Report.

(25) Ms Broadbent ceased to be a member of the MBL and MGL BRICs on 1 June 2022 and was reappointed as a member of the MBL and MGL BRICs on 28 July 2023.

(26) Mr Coffey ceased to be a member of the MBL and MGL BACs and became a member of the MBL and MGL BGCCs on 1 June 2022.

(27) Ms Hinchliffe ceased to be a member of the MBL and MGL BRICs on 1 June 2022. She became a member of the MBL and MGL BGCCs and Chair of the MBL and MGL BACs on 28 July 2022.

(28) Ms Lloyd-Hurwitz was appointed to the MBL and MGL Boards as an Independent Voting Director on 28 July 2023 and 1 June 2023, respectively. She became a member of the MBL and MGL BACs and BRCs on 28 July 2023.

(29) Ms McGrath became a member of the MBL and MGL BRCs on 1 June 2022. She ceased to be a member of the MBL and MGL BRCs and was appointed Chair of the MBL and MGL BGCCs on 28 July 2023.

(30) Mr Roche became a member of the MBL and MGL BACs on 1 June 2022.

(31) Mr Stevens became Chair of the MBL and MGL Boards on 10 May 2022. He ceased to be a member of the MBL and MGL BACs and BRICs on 1 June 2022.

(32) Ms Wakefield Evans ceased to be a member of the MBL and MGL Boards on 27 July 2023 and 29 February 2024, respectively. She ceased to be Chair of the MBL and MGL BGCCs and a member of the MBL and MGL BRICs on 27 July 2023.

(33) Mr Warne retired from his roles as Chair and Independent Voting Director of the MBL and MGL Boards on 9 May 2022.

(34) Mr Byres was appointed to the MBL Board as an Independent Voting Director and became a member of the MBL BCC on 1 February 2024.

(35) Mr Coleman ceased to be a member of the MGL Board, the MBL and MGL BACs and the MGL BRIC, BGCC and BNC on 28 July 2022. He became a member of the MBL BCC on 28 July 2022; and was re-appointed to the MBL BAC on 2 March 2023. He ceased to be a member of the MBL BRIC and became a member of the MBL BRC on 27 September 2023.

(36) Mr Saines was appointed to the MBL Board as an Independent Voting Director and became a member of the MBL BRIC and BRC on 1 June 2022. He became a member of the MBL BCC on 28 July 2022 and was appointed Chair of that Committee on 29 August 2022.

(37) Mr Whiteing was appointed to the MBL Board as an Independent Voting Director and became a member of the MBL BRIC, BCC, BAC and BGCC on 27 September 2023.

# Remuneration Report

Continued

## Appendix 4: Loan disclosures

### Loans to Key Management Personnel and their related parties

Details of loans provided by Macquarie Bank to KMP and their related parties are disclosed in the following table.

Name and Position	Balance as at 1 April 2023 <sup>(38)</sup> \$A'000	Interest charged \$A'000	Write downs \$A'000	Balance as at 31 March 2024 <sup>(39)</sup> \$A'000	Highest balance during the year \$A'000
<b>Non-Executive Directors</b>					
N.M. Wakefield Evans AM (related party)	4,489	36	-	4,439	4,489
D.J.K. Whiteing	-	22	-	2,500	2,500
<b>Executives</b>					
A. Cassidy	3,568	157	-	3,428	3,568
A.H. Harvey	8,000	197	-	7,500	8,000
Aggregate of KMP and related party loans <sup>(40)</sup>	16,111	412	-	17,909	18,612

This Remuneration Report has been prepared in accordance with the Act. The Remuneration Report contains disclosures as required by AASB 124 *Related Party Disclosures* as permitted by Corporations Regulation 2M.3.03 *Prescribed details*.

Throughout this Remuneration Report financial information for Macquarie Group and Macquarie Bank relating to the years ended 31 March 2020 through to 31 March 2024 has been presented in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(38) Or date of appointment if later.

(39) Or date of ceasing to be a KMP if earlier.

(40) The aggregate of KMP and related party loans includes all loans to KMP (including their related parties) and the table above details KMP (including their related parties) with loans above \$A100,000 during FY2024. All loans provided by Macquarie Bank to KMP are made in the ordinary course of business on an arm's length basis and are entered into under normal terms and conditions consistent with other customers and employees. There have been no write-downs or allowances for doubtful debts.





## Non-audit services

Fees paid or payable to PwC, being the auditor of the Consolidated Entity, for non-audit services during the year ended 31 March 2024 total \$A10.3 million (2023: \$22.4 million). Further details of amounts paid or payable to PwC and its related practices are disclosed in Note 38 *Audit and other services provided by PricewaterhouseCoopers* in the Financial Report.

The Voting Directors are satisfied that the provision of non-audit services did not compromise the auditor independence requirements of the Act for the following reasons:

- the operation of the Consolidated Entity's *Audit and Assurance Independence Policy*, restricts the external auditor from providing non-audit services under which the auditor assumes the role of management, becomes an advocate for the Consolidated Entity, audits its own professional expertise, or creates a mutual or conflicting interest between the auditor and the Consolidated Entity. The policy also provides that significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the BAC or the BAC Chair, as appropriate
- the BAC has reviewed a summary of non-audit services provided by PwC, including details of the amount paid or payable, and has provided written advice to the Board of Directors.

Consistent with the advice of the BAC, the Voting Directors are satisfied that the provision of non-audit services during the year by the auditor and its related practices is compatible with the general standard of independence for auditors imposed by the Act.

This report is made in accordance with a resolution of the Directors.

**Glenn Stevens AC**  
Independent Director and Chair

**Stuart Green**  
Managing Director and Chief Executive Officer

Sydney  
3 May 2024

## Auditor's independence declaration

As lead auditor for the audit of Macquarie Bank Limited for the year ended 31 March 2024, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* (Cth) in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Bank Limited and the entities it controlled during the financial year.

**Voula Papageorgiou**  
Partner  
PricewaterhouseCoopers

Sydney  
3 May 2024

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Professional Standards Legislation

# 03

## Financial Report

### **28 Ropemaker, London**

Macquarie's EMEA regional headquarters at Ropemaker Place in the City of London provides a dynamic working environment that connects our diverse businesses and enables our people to work flexibly and collaborate with clients and colleagues, wherever they may be in the world - reinforcing the global nature of our organisation.



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The Financial Report was authorised for issue by the Board of Directors on 3 May 2024.  
The Board of Directors has the power to amend and reissue the Financial Report.

# Income statements

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
Interest and similar income					
Effective interest rate method	2	12,946	7,958	12,756	7,968
Other	2	624	281	576	248
Interest and similar expense	2	(10,439)	(5,599)	(10,242)	(5,819)
<b>Net interest income</b>		<b>3,131</b>	<b>2,640</b>	<b>3,090</b>	<b>2,397</b>
Net trading income	2	5,270	7,387	3,146	3,585
Fee and commission income	2	2,591	2,317	971	892
Net credit impairment reversals/(charges)	2	34	(116)	62	(122)
Net other impairment reversals/(charges)	2	15	2	(32)	(41)
Net other operating income	2	525	561	1,059	2,324
<b>Net operating income</b>		<b>11,566</b>	<b>12,791</b>	<b>8,296</b>	<b>9,035</b>
Employment expenses	2	(4,911)	(4,758)	(1,493)	(1,408)
Brokerage, commission and fee expenses	2	(594)	(520)	(513)	(431)
Non-salary technology expenses	2	(942)	(890)	(189)	(173)
Other operating expenses	2	(1,044)	(1,212)	(2,698)	(2,685)
<b>Total operating expenses</b>		<b>(7,491)</b>	<b>(7,380)</b>	<b>(4,893)</b>	<b>(4,697)</b>
<b>Operating profit before income tax</b>		<b>4,075</b>	<b>5,411</b>	<b>3,403</b>	<b>4,338</b>
Income tax expense	4	(1,163)	(1,506)	(994)	(581)
<b>Profit attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>2,912</b>	<b>3,905</b>	<b>2,409</b>	<b>3,757</b>

The above income statements should be read in conjunction with the accompanying notes.

# Statements of comprehensive income

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Profit after income tax</b>		<b>2,912</b>	3,905	<b>2,409</b>	3,757
Other comprehensive income/(loss): <sup>1</sup>					
Movements in items that may be subsequently reclassified to the income statement:					
Fair value through other comprehensive income (FVOCI) reserve:					
Revaluation movement	25	(24)	(6)	-	(43)
Changes in expected credit losses (ECL) allowance	25	(2)	2	(13)	(3)
Cash flow hedges reserves:					
Revaluation movement	25	22	65	25	92
Transferred to income statement on realisation	25	(33)	19	(39)	2
Cost of hedging reserves:					
Revaluation movement	25	(35)	(33)	(30)	(30)
Transferred to income statement on realisation	25	13	14	13	14
Foreign exchange movement on translation and hedge accounting of foreign operations	25	197	562	196	551
Shares of reserves in associates and Other reserves		43	2	-	-
Movements in item that will not be subsequently reclassified to the income statement:					
Fair value changes attributable to own credit risk on debt designated at fair value through profit or loss (DFVTPL)	25	(9)	1	(8)	2
Others		1	3	(1)	2
<b>Total other comprehensive income</b>		<b>173</b>	629	<b>143</b>	587
<b>Total comprehensive income attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>3,085</b>	4,534	<b>2,552</b>	4,344

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

<sup>1</sup> All items are net of tax, where applicable.

# Statements of financial position

As at 31 March 2024

	Notes	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Assets</b>					
Cash and bank balances		28,055	41,612	22,799	36,176
Cash collateralised lending and reverse repurchase agreements		49,575	43,201	47,637	42,844
Trading assets	6	26,628	15,792	25,507	14,457
Margin money and settlement assets	7	16,627	19,375	13,757	14,518
Derivative assets	8	23,766	35,820	19,566	27,175
Financial investments	9	18,974	16,899	18,595	14,719
Held for sale and other assets	10	8,107	6,278	4,327	4,152
Loan assets	11	156,736	141,760	154,670	140,085
Due from subsidiaries	27	-	-	10,111	18,314
Due from other Macquarie Group entities	27	4,784	4,421	4,058	3,887
Property, plant and equipment and right-of-use assets	13	5,835	4,577	4,125	3,428
Investments in subsidiaries	14	-	-	4,803	4,774
Deferred tax assets	15	1,076	1,088	516	672
<b>Total assets</b>		<b>340,163</b>	<b>330,823</b>	<b>330,471</b>	<b>325,201</b>
<b>Liabilities</b>					
Cash collateralised borrowing and repurchase agreements		12,599	18,737	12,547	17,928
Trading liabilities	16	4,937	4,754	4,937	4,757
Margin money and settlement liabilities	17	22,269	21,913	19,239	17,364
Derivative liabilities	18	25,283	32,522	23,060	27,421
Deposits	19	148,340	134,648	146,500	133,661
Other liabilities	20	10,280	7,627	6,012	3,963
Due to subsidiaries	27	-	-	22,650	28,716
Due to other Macquarie Group entities	27	12,288	14,642	11,878	12,374
Issue debt securities and other borrowings	21	71,939	66,082	51,883	49,010
Deferred tax liabilities	15	22	23	-	25
<b>Total liabilities excluding loan capital</b>		<b>307,957</b>	<b>300,948</b>	<b>298,706</b>	<b>295,219</b>
Loan capital	23	10,825	9,523	10,825	9,523
<b>Total liabilities</b>		<b>318,782</b>	<b>310,471</b>	<b>309,531</b>	<b>304,742</b>
<b>Net assets</b>		<b>21,381</b>	<b>20,352</b>	<b>20,940</b>	<b>20,459</b>
<b>Equity</b>					
Contributed equity	24	10,184	10,161	10,021	10,013
Reserves	25	1,238	1,057	571	419
Retained earnings	25	9,959	9,134	10,348	10,027
<b>Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>21,381</b>	<b>20,352</b>	<b>20,940</b>	<b>20,459</b>
<b>Total equity</b>		<b>21,381</b>	<b>20,352</b>	<b>20,940</b>	<b>20,459</b>

The above statements of financial position should be read in conjunction with the accompanying notes.

# Statements of changes in equity

For the financial year ended 31 March 2024

	Notes	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
<b>CONSOLIDATED</b>					
Balance as at 1 Apr 2022		9,562	432	7,974	17,968
Profit after income tax		-	-	3,905	3,905
Other comprehensive income, net of tax		-	625	4	629
<b>Total comprehensive income</b>		9,562	1,057	11,883	22,502
Dividends paid	5	-	-	(2,749)	(2,749)
Contribution of ordinary equity by the equity holder	24	600	-	-	600
Other equity movements	24	(1)	-	-	(1)
		599	-	(2,749)	(2,150)
<b>Balance as at 31 Mar 2023</b>		10,161	1,057	9,134	20,352
Profit after income tax		-	-	2,912	2,912
Other comprehensive income, net of tax		-	181	(8)	173
<b>Total comprehensive income</b>		-	181	2,904	3,085
Dividends paid	5	-	-	(2,079)	(2,079)
Other equity movements	24	23	-	-	23
		23	-	(2,079)	(2,056)
<b>Balance as at 31 Mar 2024</b>		10,184	1,238	9,959	21,381
<b>COMPANY</b>					
Balance as at 1 Apr 2022		9,416	(164)	9,015	18,267
Profit after income tax		-	-	3,757	3,757
Other comprehensive income, net of tax		-	583	4	587
<b>Total comprehensive income</b>		-	583	3,761	4,344
Dividends paid	5	-	-	(2,749)	(2,749)
Contribution of ordinary equity by the equity holder	24	600	-	-	600
Other equity movements	24	(3)	-	-	(3)
		597	-	(2,749)	(2,152)
<b>Balance as at 31 Mar 2023</b>		10,013	419	10,027	20,459
Profit after income tax		-	-	2,409	2,409
Other comprehensive income, net of tax		-	152	(9)	143
<b>Total comprehensive income</b>		-	152	2,400	2,552
Dividends paid	5	-	-	(2,079)	(2,079)
Other equity movements	24	8	-	-	8
		8	-	(2,079)	(2,071)
<b>Balance as at 31 Mar 2024</b>		10,021	571	10,348	20,940

The above statements of changes in equity should be read in conjunction with the accompanying notes.



# Statements of cash flows

For the financial year ended 31 March 2024

	Notes	CONSOLIDATED		COMPANY	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Cash flows (utilised in)/generated from operating activities</b>					
Interest income and expense:					
Received		13,415	7,988	13,049	7,986
Paid		(10,080)	(4,934)	(9,905)	(5,181)
Fees, commissions and other income and charges:					
Received		2,710	2,565	978	1,313
Paid		(597)	(558)	(506)	(481)
Operating lease income received		743	731	495	512
Dividends and distributions received		37	3	691	1,886
Operating expenses paid:					
Employment expenses		(5,266)	(4,357)	(1,556)	(1,309)
Other operating expenses including brokerage, commission and fee expenses		(1,812)	(1,848)	(2,770)	(2,396)
Income tax paid		(886)	(1,070)	(333)	(147)
Changes in operating assets:					
Loan assets, receivables and related balances with Macquarie Group entities		(17,621)	(16,832)	(17,171)	(21,931)
Assets under operating lease		(643)	(867)	(317)	(534)
Other assets (net of liabilities)		(63)	(417)	674	(74)
Liquid asset holdings		2,768	(4,468)	785	(3,105)
Trading and related assets, and collateralised lending balances, including balances with Macquarie Group entities (net of liabilities)		(4,677)	(4,894)	(4,789)	(3,814)
Changes in operating liabilities:					
Deposits		13,489	32,962	12,691	31,772
Issued debt securities, borrowings and other funding		2,388	(17,476)	1,255	(18,109)
<b>Net cash flows utilised in operating activities</b>	26	<b>(6,095)</b>	<b>(13,472)</b>	<b>(6,729)</b>	<b>(13,612)</b>
<b>Cash flows (utilised in)/generated from investing activities</b>					
Net proceeds/(payments) for financial investments					
		6	(1,074)	(299)	(520)
Associates, joint ventures, subsidiaries and businesses:					
Proceeds from distribution or disposal, net of cash deconsolidated		99	4	32	2,368
Payments for additional contribution or acquisitions, net of cash acquired		(50)	(45)	(46)	(535)
Property, plant and equipment:					
Payments for acquisitions		(979)	(403)	(714)	(305)
Proceeds from disposals		-	25	-	-
<b>Net cash flows (utilised in)/generated from investing activities</b>		<b>(924)</b>	<b>(1,493)</b>	<b>(1,027)</b>	<b>1,008</b>
<b>Cash flows (utilised in)/generated from financing activities</b>					
Receipt from issuance of loan capital					
		1,246	2,338	1,246	2,338
Dividends and distributions paid					
		(2,079)	(2,749)	(2,079)	(2,749)
Issuance of ordinary shares					
		-	600	-	600
<b>Net cash flows (utilised in)/generated from financing activities</b>		<b>(833)</b>	<b>189</b>	<b>(833)</b>	<b>189</b>
<b>Net decrease in cash and cash equivalents</b>					
		<b>(7,852)</b>	<b>(14,776)</b>	<b>(8,589)</b>	<b>(12,415)</b>
Cash and cash equivalents at the beginning of the financial year					
	26	61,182	72,361	56,563	64,678
Effect of exchange rate movements on cash and cash equivalents					
		274	3,597	153	4,300
<b>Cash and cash equivalents at the end of the financial year</b>	26	<b>53,604</b>	<b>61,182</b>	<b>48,127</b>	<b>56,563</b>

The above statements of cash flows should be read in conjunction with the accompanying notes.

# Notes to the financial statements

For the financial year ended 31 March 2024

## Note 1

### Basis of preparation

This Financial Report is a General Purpose Financial Report which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth). Macquarie Bank Limited is a for-profit company for the purposes of preparing this Financial Report.

The principal accounting policies adopted in the preparation of this Financial Report are set out in Note 41 *Material accounting policies*. These policies have been consistently applied to all the financial years presented and are applicable to both the Consolidated Entity (Macquarie Bank Limited and its subsidiaries) as well as the Company (Macquarie Bank Limited), unless otherwise stated.

#### (i) Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that this Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report is compliant with IFRS.

#### (ii) Basis of measurement

This Financial Report has been prepared on a going concern basis using the historical cost convention except for the following items, as disclosed in the respective accounting policy:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL); financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that have been designated as FVTPL (DFVTPL)
- financial assets and liabilities that are otherwise measured on an amortised cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge relationships
- non-current assets and disposal groups that have been classified as held for sale and where a disposal group has been impaired to its fair value less costs to sell
- commodity inventories that are measured at fair value less costs to sell in accordance with the broker-trader exemption.

#### (iii) Critical accounting estimates and significant judgements

The preparation of this Financial Report in compliance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated Financial Report such as:

- determining the appropriate business model for a group of financial assets which includes determining the level at which the business model condition is applied and whether past or expected sales activity is consistent with a held to collect business model (Note 41(vii))

- assessing whether the cash flows generated by a financial asset constitute solely payments of principal and interest (SPPI) may require the application of judgement, particularly for certain subordinated or non-recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable (Note 41(vii))
- choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss, including the determination of significant increase in credit risk (SICR), forecasts of economic conditions and the weightings assigned thereto (Note 41(xii) and Note 12)
- timing and amount of impairment of interests in associates and joint ventures and investment in subsidiaries, including the reversal thereof (Note 41(i), Note 41(xxii) and Note 14)
- determining fair value of assets and liabilities where market-observable inputs are not available including the determination of non-recurring fair values and accounting for day 1 profits or losses for financial instruments (Note 41(vii), Note 41(x) and Note 35)
- determination of significant influence over associates, joint control over arrangements and control over subsidiaries, including the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity as agent or principal, and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (Note 41(ii))
- recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 41(vi), Note 4 and Note 15)
- recognition and measurement of provisions related to actual and potential claims and the determination of contingent liabilities (Note 41(xvii) and Note 30)
- application of hedge accounting principles, including the assessment that a forecast transaction is highly probable (Note 41(x) and Note 32).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes that the estimates used in preparing this Financial Report are reasonable. Notwithstanding, it is possible that outcomes within the next financial year differ from management's assumptions and estimates, which may result in an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

## Note 1

### Basis of preparation continued

#### (iv) New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current financial year

##### (a) AASB 17 Insurance Contracts (AASB 17)

AASB 17 amends the accounting for insurance contracts and replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*.

The adoption of AASB 17, mandatorily effective for the current annual reporting period, did not have a material impact on this Financial Report.

##### (b) AASB 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules (AASB 2023-2)

The Pillar Two Model Rules are part of the Organisation for Economic Co-operation and Development's inclusive framework designed to address the tax challenges arising from the digitalisation of the economy. The Pillar Two Model Rules:

- aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate; and
- would achieve that aim by applying a system of top-up taxes that results in the total amount of taxes payable on Global Anti-Base Erosion Rules (GloBE) income in each jurisdiction representing at least the minimum rate of 15%.

##### The Consolidated Entity's Pillar Two Project

During 2022, the Consolidated Entity initiated a project to manage the impact of the Pillar Two rules globally. The project's scope is to ensure the Consolidated Entity and its subsidiaries can meet their Pillar Two compliance obligations.

As part of the project, the Consolidated Entity is monitoring the progress of the implementation of the model rules into domestic legislation and certain jurisdictions in which the Consolidated Entity has operations and have started to enact the rules generally with operational effect from the Consolidated Entity's 31 March 2025 financial year.

### Impacts on financial reporting

In June 2023, the AASB issued AASB 2023-2 which makes amendments to AASB 112 *Income Taxes* with immediate effect. The standard provides a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development. The Consolidated Entity has applied this exception in preparing its annual Financial Report.

The Consolidated Entity will ultimately be subject to Pillar Two legislation in various jurisdictions. Applicable Pillar Two legislation was not effective at the reporting date and as a result the Consolidated Entity has no related current tax exposure as at 31 March 2024.

Due to the complexities in applying the legislation and calculating GloBE income and covered taxes, the quantitative impact of the enacted or substantively enacted legislation has to date been estimated using historical data over a number of years. Based on this assessment it is not anticipated that there will be a material impact to current tax expense of the Consolidated Entity or the Company on implementation of the changes. The impact of the Pillar Two income taxes legislation on future financial performance will continue to be assessed.

##### (c) Other amendments made to existing standards

The amendments made to other existing standards that were mandatorily effective for the annual reporting period beginning on 1 April 2023 did not result in a material impact on this Financial Report.

#### (v) New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year

##### (i) IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board issued *IFRS 18 Presentation and Disclosure in Financial Statements* (IFRS 18) which sets out requirements for the presentation and disclosure of information in general purpose financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The transition provisions of IFRS 18 require retrospective application. The AASB is expected to issue the Australian equivalent of the standard in June 2024. The Consolidated Entity is continuing to assess the full impact of adopting IFRS 18.

##### (ii) Other amendments made to existing standards

Other amendments to existing standards that are not mandatorily effective for the annual reporting period beginning on 1 April 2023 and have not been early adopted, are not likely to result in a material impact to the Consolidated Entity's financial statements.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 1

### Basis of preparation continued

#### (vi) Other developments

##### (a) ISSB sustainability reporting standards

During the year, the International Sustainability Standards Board (ISSB) published the following sustainability reporting standards:

- IFRS S1 *General Requirements of Sustainability-related Financial Information* (IFRS S1), which sets out the overall requirements for sustainability-related financial disclosures, and
- IFRS S2 *Climate-related Disclosures* (IFRS S2), which will require the disclosure of information that enables the users of financial statements to understand the reporting entity's governance, strategy, risk management, and metrics and targets in relation to climate-related risks and opportunities.

In Australia, the proposed sustainability standards have been issued for exposure and comment while proposed legislation has been tabled in Parliament under the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth). In the present form, these requirements would have the Consolidated Entity commence reporting for its financial year commencing on 1 April 2025. The Consolidated Entity acknowledges the growing importance of sustainability-related disclosures and continues to progress its established project to assess and prepare for future sustainability and climate-related reporting obligations.

##### (b) IBOR reform: Transition from inter-bank offered rates (IBOR) to alternative reference rates (ARRs)

IBOR interest rate benchmarks that are used in a wide variety of financial instruments (such as derivatives and lending arrangements) have undergone, or are undergoing, reform. The nature of such reforms varies by benchmark and jurisdiction.

IBOR including the GBP, JPY, EUR, CHF and USD London Inter-bank Offered Rate ('LIBOR'), as well as IBOR for certain other minor currencies, have ceased publication. The Consolidated Entity's IBOR reform project oversaw the transition of such exposures and the Consolidated Entity ceased the use of LIBOR in new products in accordance with industry and regulatory guidance.

The Consolidated Entity continues to have certain exposures referencing IBOR undergoing reform (including the Canadian Dollar Offer Rate (CDOR) and Mexican Interbank Equilibrium Offer Rate (TIIE)). Information regarding these exposures is disclosed in Note 33.3 *Market Risk*.

## Note 2

### Operating profit before income tax

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Net interest income</b>				
Interest and similar income: <sup>1</sup>				
Effective interest rate method - Amortised cost	10,837	6,975	10,623	6,890
Effective interest rate method - FVOCI	2,109	983	2,133	1,078
Other	624	281	576	248
Interest and similar expense:				
Effective interest rate method - Amortised cost	(10,364)	(5,564)	(10,146)	(5,783)
Other	(75)	(35)	(96)	(36)
<b>Net interest income</b>	<b>3,131</b>	<b>2,640</b>	<b>3,090</b>	<b>2,397</b>
<b>Net trading income<sup>2</sup></b>				
Commodities <sup>3</sup>	3,861	6,154	1,817	2,450
Credit, interest rate and foreign exchange products	813	803	817	856
Equities	596	430	512	279
<b>Net trading income</b>	<b>5,270</b>	<b>7,387</b>	<b>3,146</b>	<b>3,585</b>
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	1,482	1,312	265	144
Brokerage and other trading-related fees	334	285	228	196
Portfolio administration fees	296	272	55	50
Lending fees	150	143	236	280
Other fee and commission income	329	305	187	222
<b>Total fee and commission income</b>	<b>2,591</b>	<b>2,317</b>	<b>971</b>	<b>892</b>

<sup>1</sup> Prior year comparatives for interest income have been re-presented between Effective Interest rate and Other to conform with the presentation in the current year in alignment with the accounting policy.

<sup>2</sup> Includes gains/losses for Trading Assets, Derivatives and Other Financial Assets and Financial Liabilities held at fair value including any ineffectiveness recorded on hedging transactions.

<sup>3</sup> Includes \$640 million (2023: \$529 million) in the Consolidated Entity and \$29 million (2023: \$38 million) in the Company for transportation, storage and certain other trading related costs and \$8 million (2023: \$11 million) in the Consolidated Entity for depreciation on right-of-use (ROU) assets held for trading-related business.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 2

### Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Credit and other impairment reversals/(charges)</b>				
<b>Credit impairment reversals/(charges)</b>				
Loan assets <sup>4</sup>	29	(100)	42	(100)
Margin money and settlement assets	11	33	8	21
Financial investments, other assets and off balance sheet exposures	(6)	(52)	11	(47)
Gross credit impairment reversals/(charges)	34	(119)	61	(126)
Recovery of amounts previously written off	-	3	1	4
<b>Net credit impairment reversals/(charges)</b>	<b>34</b>	<b>(116)</b>	<b>62</b>	<b>(122)</b>
<b>Other impairment reversals/(charges)</b>				
Interests in associates and joint ventures	19	1	(3)	(7)
Intangible and other non-financial assets	(4)	1	-	-
Investment in subsidiaries	-	-	(29)	(34)
<b>Net other impairment reversals/(charges)</b>	<b>15</b>	<b>2</b>	<b>(32)</b>	<b>(41)</b>
<b>Total credit and other impairment reversals/(charges)</b>	<b>49</b>	<b>(114)</b>	<b>30</b>	<b>(163)</b>
<b>Net other operating income</b>				
<b>Investment income</b>				
Net (loss)/gain on sale of interest in subsidiaries and businesses	-	-	(2)	31
Net gain on sale of interests in associates and joint ventures	31	39	30	40
Net (loss)/gain on financial investments and non-financial assets	(12)	8	(7)	(15)
Share of net profits from associates and joint ventures	41	26	-	-
Dividends from subsidiaries (Note 27)	-	-	691	1,883
<b>Net investment income</b>	<b>60</b>	<b>73</b>	<b>712</b>	<b>1,939</b>
<b>Operating lease income</b>				
Rental income	856	724	574	519
Depreciation	(423)	(346)	(252)	(230)
<b>Net operating lease income</b>	<b>433</b>	<b>378</b>	<b>322</b>	<b>289</b>
Other income	32	110	25	96
<b>Total net other operating income</b>	<b>525</b>	<b>561</b>	<b>1,059</b>	<b>2,324</b>
<b>Net operating income</b>	<b>11,566</b>	<b>12,791</b>	<b>8,296</b>	<b>9,035</b>

<sup>4</sup> Includes ECL reversal of \$8 million (2023: \$nil million) on Due from subsidiaries for the Company.

## Note 2

### Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Employment expenses</b>				
Salary and related costs including commissions, superannuation and performance-related profit share	(4,137)	(4,015)	(1,193)	(1,154)
Share-based payments	(446)	(417)	(187)	(152)
Provision for long service leave and annual leave	(34)	(46)	(9)	(13)
Total compensation expenses	(4,617)	(4,478)	(1,389)	(1,319)
Other employment expenses including on-costs, staff procurement and staff training	(294)	(280)	(104)	(89)
<b>Total employment expenses</b>	<b>(4,911)</b>	<b>(4,758)</b>	<b>(1,493)</b>	<b>(1,408)</b>
<b>Brokerage, commission and fee expenses</b>				
Brokerage and other trading-related fee expenses	(486)	(445)	(327)	(290)
Other fee and commission expenses	(108)	(75)	(186)	(141)
<b>Total brokerage, commission and fee expenses</b>	<b>(594)</b>	<b>(520)</b>	<b>(513)</b>	<b>(431)</b>
<b>Non-salary technology expenses</b>				
Information services	(134)	(127)	(62)	(58)
Depreciation on own use assets: equipment	(23)	(19)	(3)	(3)
Service provider and other non-salary technology expenses	(785)	(744)	(124)	(112)
<b>Total non-salary technology expenses</b>	<b>(942)</b>	<b>(890)</b>	<b>(189)</b>	<b>(173)</b>
<b>Other operating expenses</b>				
<b>Occupancy expenses</b>				
Lease and other occupancy expenses	(277)	(233)	(78)	(74)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements	(43)	(35)	-	(2)
<b>Total occupancy expenses</b>	<b>(320)</b>	<b>(268)</b>	<b>(78)</b>	<b>(76)</b>
<b>Other expenses</b>				
Service cost recoveries by Central Services Group	-	-	(2,285)	(2,148)
Professional fees	(224)	(265)	(94)	(121)
Indirect and other taxes	(121)	(96)	(68)	(52)
Travel and entertainment expenses	(73)	(77)	(23)	(23)
Advertising and promotional expenses	(44)	(59)	(38)	(52)
Fees for audit and other services	(36)	(51)	(27)	(40)
Amortisation of intangible assets	(5)	(11)	(5)	(11)
Other	(221)	(385)	(80)	(162)
<b>Total other expenses</b>	<b>(724)</b>	<b>(944)</b>	<b>(2,620)</b>	<b>(2,609)</b>
<b>Total other operating expenses</b>	<b>(1,044)</b>	<b>(1,212)</b>	<b>(2,698)</b>	<b>(2,685)</b>
<b>Total operating expenses</b>	<b>(7,491)</b>	<b>(7,380)</b>	<b>(4,893)</b>	<b>(4,697)</b>
<b>Operating profit before income tax</b>	<b>4,075</b>	<b>5,411</b>	<b>3,403</b>	<b>4,338</b>

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 3

### Segment reporting

#### (i) Operating segments

AASB 8 *Operating Segments* requires the 'management approach' to disclosing information about the Consolidated Entity's reportable segments. The financial information is reported on the same basis as used internally by Senior Management for evaluating Operating Segment performance and for deciding how to allocate resources to Operating Segments. Such information may be produced using different measures to that used in preparing the statutory income statement.

For internal reporting, performance measurement and risk management purposes, the Consolidated Entity is divided into Operating Groups and a Corporate segment (reportable segments).

The financial information disclosed relates to the Consolidated Entity's ordinary activities.

These segments have been set up based on the different core products and services offered. The Operating Groups comprise:

- **BFS** which provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients
- **CGM** which is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions to its diverse client base across Commodities, Financial Markets and Asset Finance.

The Corporate segment, which is not considered an Operating Group, comprises head office and Central Service Groups, and holds certain legacy and strategic investments, assets and businesses that are not allocated to any of the Operating Groups. Any individually immaterial balance not attributable to an Operating Segment is also reported as part of the Corporate segment.

Items of income and expense within the Corporate segment include the net result of managing Macquarie Bank's liquidity and funding requirements, earnings on capital and the residual accounting volatility relating to economically hedged positions where hedge accounting is applied, as well as accounting volatility for other economically hedged positions where hedge accounting is not applicable.

Other items of income and expense within the Corporate segment include earnings from investments, changes in central overlays to credit and other impairments or valuation of assets, provisions for legacy matters, unallocated head office costs and costs of Central Service Groups. The Corporate segment also includes performance-related profit share and share-based payments expense and income tax expense.

Below is a selection of key policies applied in determining the Operating Segment results.

#### Internal funding arrangements

Group Treasury has the responsibility for managing wholesale funding for the Consolidated Entity, and Operating Groups obtain their required funding from Group Treasury. The Operating Groups are assumed to be fully debt funded for the purposes of internal funding charges. The interest rates charged by Group Treasury are determined by the currency and term of the funding.

Generally, with the exception of deposit funding, Operating Groups may only source funding directly from external sources where the funding is secured by the Operating Group's assets. In such cases, Operating Groups bear the funding costs directly and Group Treasury may levy additional charges, where appropriate.

#### Transactions between Operating Segments

Operating Segments that enter into arrangements with other Operating Segments must do so on commercial terms or as agreed by the Consolidated Entity's Chief Executive Officer or Chief Financial Officer.

Internal transactions are recognised in each of the relevant categories of income and expense and eliminated on consolidation as appropriate.

#### Accounting for derivatives that economically hedge interest rate risk

With respect to businesses that predominantly earn income from lending activities, derivatives that hedge interest rate risk are measured at fair value through profit or loss (FVTPL). Changes in the fair value are presented in net trading income and give rise to income statement volatility unless designated in hedge accounting relationships. If designated in fair value hedge accounting relationships, the carrying value of the hedged items are adjusted for changes in fair value attributable to the hedged risks to reduce volatility in the income statement. If designated in cash flow hedge accounting relationships, the effective portion of the derivatives' fair value gains or losses are deferred in the cash flow hedge reserve as part of Other Comprehensive Income (OCI), and subsequently recognised in the income statement at the time at which the hedged items affect the income statement for the hedged risks. For segment reporting, derivatives are accounted for on an accrual basis in the results of the Operating Groups to the extent that the Corporate segment manages the derivative volatility, either through the application of hedge accounting or where the derivative volatility may offset the volatility of other positions managed within the Corporate segment.



## Note 3

### Segment reporting continued

#### (i) Operating segments continued

##### Central Service Groups

The Central Service Groups provide a range of functions supporting MGL's Operating Groups, ensuring they have the appropriate workplace support and systems to operate effectively and the necessary resources to meet their regulatory, compliance, financial, legal and risk management requirements.

Central Service Groups recover their costs from Operating Groups generally on either a time and effort allocation basis or a fee for service basis. Central Service Groups include the Corporate Operations Group (COG), Financial Management Group (FMG), Risk Management Group (RMG), Legal and Governance Group (LGG) and Central Executive.

##### Performance-related profit share and share-based payments expense

Performance-related profit share and share-based payments expense relating to the Macquarie Group Employee Retained Equity Plan (MEREP) are recognised in the Corporate segment and are not allocated to Operating Groups.

##### Income tax

The income tax expense and benefit is recognised in the Corporate segment and are not allocated to the Operating Groups. However, to recognise an Operating Group's contribution to permanent income tax differences, the internal management revenue/charge category is used.

This internal management revenue/charge category, which is primarily used for permanent income tax differences generated by the Operating Groups, is offset by an equal and opposite amount recognised in the Corporate segment such that they are eliminated on consolidation.

##### Presentation of segment income statements

The income statements on the following pages for each of the reported segments are in some cases summarised by grouping non-material balances together. Where appropriate, all material or key balances have been reported separately to provide users with information relevant to the understanding of the Consolidated Entity's financial performance. The financial information disclosed relates to the Consolidated Entity's ordinary activities.

##### Reportable segment assets

Segment assets are the external operating assets that are employed by a segment in its operating activities.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 3

### Segment reporting continued

#### (i) Operating segments continued

The following is an analysis of the Consolidated Entity's revenue and results by reportable segment.

	Banking and Financial Services \$m	Commodities and Global Markets \$m	Corporate \$m	Total \$m
<b>CONSOLIDATED 2024</b>				
Net interest and trading income	2,645	4,853	903	8,401
Fee and commission income	554	573	1,464	2,591
Other operating income and charges				
Net credit and other impairment reversals	15	8	26	49
Net other operating income and charges	(6)	522	9	525
Internal management revenue/(charges)	1	23	(24)	-
Net operating income	3,209	5,979	2,378	11,566
Total operating expenses	(1,968)	(2,863)	(2,660)	(7,491)
Operating profit/(loss) before income tax	1,241	3,116	(282)	4,075
Income tax expense	-	-	(1,163)	(1,163)
<b>Net profit/(loss) contribution</b>	<b>1,241</b>	<b>3,116</b>	<b>(1,445)</b>	<b>2,912</b>
<b>Reportable segment assets</b>	<b>141,982</b>	<b>134,458</b>	<b>63,723</b>	<b>340,163</b>
<b>CONSOLIDATED 2023</b>				
Net interest and trading income	2,520	7,281	226	10,027
Fee and commission income	504	517	1,296	2,317
Other operating income and charges				
Net credit and other impairment charges	(34)	(53)	(27)	(114)
Net other operating income and charges	(20)	535	46	561
Internal management (charges)/revenue	(10)	28	(18)	-
Net operating income	2,960	8,308	1,523	12,791
Total operating expenses	(1,759)	(2,488)	(3,133)	(7,380)
Operating profit/(loss) before income tax	1,201	5,820	(1,610)	5,411
Income tax expense	-	-	(1,506)	(1,506)
<b>Net profit/(loss) contribution</b>	<b>1,201</b>	<b>5,820</b>	<b>(3,116)</b>	<b>3,905</b>
<b>Reportable segment assets</b>	<b>129,049</b>	<b>141,925</b>	<b>59,849</b>	<b>330,823</b>

## Note 3

### Segment reporting continued

#### (ii) Fee and commission income/(expense) relating to contracts with customers

The following is an analysis of the Consolidated Entity's fee and commission income/(expense) by reportable segment.

	Banking and Financial Services \$m	Commodities and Global Markets \$m	Corporate \$m	Total \$m
<b>CONSOLIDATED 2024</b>				
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	-	-	1,482	1,482
Brokerage and other trading-related fees	39	295	-	334
Portfolio administration fees	296	-	-	296
Lending fees	146	4	-	150
Other fee and commission income	73	274	(18)	329
<b>Total fee and commission income</b>	<b>554</b>	<b>573</b>	<b>1,464</b>	<b>2,591</b>
<b>CONSOLIDATED 2023</b>				
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	-	-	1,312	1,312
Brokerage and other trading-related fees	39	246	-	285
Portfolio administration fees	272	-	-	272
Lending fees	140	5	(2)	143
Other fee and commission income	53	266	(14)	305
<b>Total fee and commission income</b>	<b>504</b>	<b>517</b>	<b>1,296</b>	<b>2,317</b>

#### (iii) Products and services

The Consolidated Entity's Operating Segments reflect different core products and services offered by the Group. Refer Note 3(i) *Operating segments* for net operating income contribution by various Operating Segments.

#### (iv) Geographical areas

Geographical segments have been determined based on the tax domicile of the entity where the transactions have been recorded. The operations of the Consolidated Entity are headquartered in Australia.

	CONSOLIDATED 2024		CONSOLIDATED 2023	
	Income <sup>1</sup>	Non-current assets <sup>2</sup>	Income <sup>1</sup>	Non-current assets <sup>2</sup>
	\$m	\$m	\$m	\$m
Australia	5,416	2,083	5,048	1,312
Europe, Middle East and Africa <sup>3</sup>	2,868	2,980	2,890	2,845
Americas <sup>4</sup>	2,613	1,026	4,093	448
Asia Pacific	669	345	760	481
<b>Total</b>	<b>11,566</b>	<b>6,434</b>	<b>12,791</b>	<b>5,086</b>

#### (v) Major customers

The Consolidated Entity does not rely on any major customers.

<sup>1</sup> Income represents net operating income disclosed in the income statement, prior period comparatives have been re-presented to conform to changes in the current period.

<sup>2</sup> Non-current assets consists of intangible assets, interests in associates and joint ventures, property, plant and equipment and right-of-use assets and investment properties.

<sup>3</sup> Includes income from the United Kingdom of \$2,441 million (2023: \$2,436 million).

<sup>4</sup> Includes income from the United States of \$2,303 million (2023: \$4,066 million).

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 4

### Income tax expense

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>(i) Income tax (expense)/benefit</b>				
Current tax expense	(1,106)	(1,693)	(837)	(845)
Deferred tax (expense)/benefit	(57)	187	(157)	264
<b>Total income tax expense</b>	<b>(1,163)</b>	<b>(1,506)</b>	<b>(994)</b>	<b>(581)</b>
<b>(ii) Reconciliation of income tax expense to prima facie tax expense</b>				
Prima facie income tax expense on operating profit @30% (2023: 30%)	(1,223)	(1,623)	(1,021)	(1,301)
Tax effect of amounts which are (non-deductible)/non-assessable in calculating taxable income:				
Rate differential on offshore income	84	146	(149)	216
Intra-group dividends	-	-	207	565
Impairment on subsidiaries	-	-	(9)	(10)
Other items	(24)	(29)	(22)	(51)
<b>Total income tax expense</b>	<b>(1,163)</b>	<b>(1,506)</b>	<b>(994)</b>	<b>(581)</b>
<b>(iii) Tax benefit/(expense) relating to OCI</b>				
FVOCI reserve	11	1	6	19
Own credit risk	4	(6)	3	(6)
Cash flow hedges and cost of hedging	15	1	15	-
Share of other comprehensive expense of associates and joint ventures	(13)	(1)	-	-
<b>Total tax benefit/(expense) relating to OCI</b>	<b>17</b>	<b>(5)</b>	<b>24</b>	<b>13</b>
<b>(iv) Deferred tax (expense)/benefit represents movements in deferred tax assets and liabilities</b>				
Property, plant and equipment	(9)	(6)	(17)	(6)
Intangible assets	42	18	28	11
Financial investments and interests in associates and joint ventures	(16)	6	-	(3)
Tax losses	2	11	(4)	(9)
Operating and finance leases	43	20	21	25
Loan assets and derivatives	(36)	43	(148)	214
Other assets and liabilities	(83)	95	(37)	32
<b>Deferred tax (expense)/benefit</b>	<b>(57)</b>	<b>187</b>	<b>(157)</b>	<b>264</b>

Revenue authorities undertake risk reviews and audits as part of their normal activities. The Consolidated Entity has assessed these and other taxation claims and litigation, including seeking external advice where appropriate, and considers that it holds appropriate provisions.

## Note 5

### Dividends

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Dividends paid to parent entity (Macquarie B.H. Pty Limited)				
on 28 March 2024	337	-	337	-
on 29 September 2023	623	-	623	-
on 30 June 2023	1,119	-	1,119	-
on 30 March 2023	-	1,449	-	1,449
on 29 December 2022	-	1,300	-	1,300
<b>Total dividends paid (Note 25)</b>	<b>2,079</b>	<b>2,749</b>	<b>2,079</b>	<b>2,749</b>

## Note 6

### Trading assets

Equity securities	18,831	7,699	18,706	7,674
Commodity contracts	2,980	3,611	2,557	3,139
Debt securities	2,853	2,863	2,774	2,861
Commodity inventories	1,964	1,619	1,470	783
<b>Total trading assets</b>	<b>26,628</b>	<b>15,792</b>	<b>25,507</b>	<b>14,457</b>

The majority of the above amounts are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity and the Company.

## Note 7

### Margin money and settlement assets

Margin money	12,711	13,969	10,660	10,537
Security settlement assets	2,527	1,876	2,477	1,886
Commodity settlement assets	1,389	3,530	620	2,095
<b>Total margin money and settlement assets</b>	<b>16,627</b>	<b>19,375</b>	<b>13,757</b>	<b>14,518</b>

The majority of the above amounts are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity and the Company.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 8

### Derivative assets

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Held for trading	22,982	34,759	18,894	26,267
Designated in hedge relationships	784	1,061	672	908
<b>Total derivative assets</b>	<b>23,766</b>	<b>35,820</b>	<b>19,566</b>	<b>27,175</b>

The above amounts under held for trading category are expected to be materially recovered within 12 months of the balance date by the Consolidated Entity and the Company.

## Note 9

### Financial investments

Equity securities:				
Listed	71	65	67	62
Unlisted	167	200	115	147
Debt securities:				
Liquid asset holdings	15,978	14,040	15,978	12,511
Bonds, money market and other securities	2,758	2,594	2,435	1,999
<b>Total financial investments</b>	<b>18,974</b>	<b>16,899</b>	<b>18,595</b>	<b>14,719</b>

Of the above amounts, \$1,532 million (2023: \$2,218 million) is expected to be recovered after 12 months of the balance date by the Consolidated Entity and \$1,476 million (2023: \$2,165 million) by the Company.

## Note 10

### Held for sale and other assets

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Held for sale assets</b>				
Assets held for sale	-	6	-	-
<b>Other financial assets</b>				
Commodity-related receivables	4,797	3,247	3,062	2,391
Trade debtors and other receivables	1,685	1,526	864	1,286
Fee and commission receivables	90	113	62	67
<b>Total other financial assets</b>	<b>6,572</b>	<b>4,886</b>	<b>3,988</b>	<b>3,744</b>
<b>Other non-financial assets</b>				
Interest in associates and joint ventures	505	412	138	120
Prepayments	391	283	78	58
Income tax receivables	298	305	89	84
Indirect tax receivables	117	201	10	126
Intangible assets	95	97	8	13
Other	129	88	16	7
<b>Total other non-financial assets</b>	<b>1,535</b>	<b>1,386</b>	<b>339</b>	<b>408</b>
<b>Total held for sale and other assets</b>	<b>8,107</b>	<b>6,278</b>	<b>4,327</b>	<b>4,152</b>

Of the above other financial and non-financial assets, \$756 million (2023: \$1,045 million) is expected to be recovered after 12 months of the balance date by the Consolidated Entity and \$217 million (2023: \$485 million) by the Company.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 11

### Loan assets

	2024			2023		
	Gross \$m	ECL allowance <sup>1</sup> \$m	Net \$m	Gross \$m	ECL allowance <sup>1</sup> \$m	Net \$m
<b>CONSOLIDATED</b>						
Home loans <sup>2</sup>	120,521	(106)	120,415	109,132	(121)	109,011
Corporate, commercial and other lending <sup>2</sup>	28,952	(340)	28,612	23,988	(344)	23,644
Asset financing <sup>2,3</sup>	7,814	(105)	7,709	9,264	(159)	9,105
<b>Total loan assets</b>	<b>157,287</b>	<b>(551)</b>	<b>156,736</b>	<b>142,384</b>	<b>(624)</b>	<b>141,760</b>
<b>COMPANY</b>						
Home loans <sup>2</sup>	120,521	(106)	120,415	109,132	(121)	109,011
Corporate, commercial and other lending <sup>2</sup>	27,840	(296)	27,544	23,195	(304)	22,891
Asset financing <sup>2,3</sup>	6,779	(68)	6,711	8,282	(99)	8,183
<b>Total loan assets</b>	<b>155,140</b>	<b>(470)</b>	<b>154,670</b>	<b>140,609</b>	<b>(524)</b>	<b>140,085</b>

Of the above amounts, \$130,595 million (2023: \$92,421 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and \$129,278 million (2023: \$92,424 million) by the Company.

### Finance lease receivables

Finance lease receivables are included within loan assets. The Consolidated Entity provides finance leases to a broad range of clients to support financing needs in acquiring movable assets such as motor vehicles, small plant and equipment, electronic and IT equipment.

The following table represents the maturity profile of the contractual undiscounted cash flows of the Consolidated Entity and the Company.

	2024			2023		
	Gross investment in finance lease receivables \$m	Unearned income \$m	Present value of minimum lease payments receivable \$m	Gross investment in finance lease receivables \$m	Unearned income \$m	Present value of minimum lease payments receivable \$m
<b>CONSOLIDATED</b>						
Within one year	981	(89)	892	920	(77)	843
Between one to two years	649	(63)	586	598	(54)	544
Between two to three years	462	(51)	411	388	(37)	351
Between three to four years	179	(17)	162	228	(23)	205
Between four to five years	108	(10)	98	181	(11)	170
Later than five years	13	—	13	22	(1)	21
<b>Total</b>	<b>2,392</b>	<b>(230)</b>	<b>2,162</b>	<b>2,337</b>	<b>(203)</b>	<b>2,134</b>
<b>COMPANY</b>						
Within one year	705	(63)	642	681	(48)	633
Between one to two years	419	(40)	379	453	(32)	421
Between two to three years	281	(27)	254	297	(22)	275
Between three to four years	149	(13)	136	161	(12)	149
Between four to five years	88	(8)	80	108	(7)	101
Later than five years	2	—	2	4	(1)	3
<b>Total</b>	<b>1,644</b>	<b>(151)</b>	<b>1,493</b>	<b>1,704</b>	<b>(122)</b>	<b>1,582</b>

<sup>1</sup> The ECL allowance carried against loan assets measured at FVOCI is not presented in the table as the allowance is included in reserves. Refer Note 12 *Expected credit losses*.

<sup>2</sup> Prior period comparatives have been re-presented to conform to changes in the current period.

<sup>3</sup> Includes \$4,534 million (2023: \$5,986 million) of car loan portfolio in the Consolidated Entity and \$4,442 million (2023: \$5,640 million) in the Company, for which in April 2024 it was announced new car lending will cease.



## Note 12

### Expected credit losses

The Consolidated Entity models the Expected Credit Losses (ECL) for on-balance sheet financial assets measured at amortised cost or FVOCI such as loans, debt securities and lease receivables, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantee contracts and letters of credit.

### Model inputs

The Consolidated Entity segments its credit portfolio between retail and wholesale exposures, and further splits these portfolios into representative groupings which are typically based on shared risk characteristics.

The Consolidated Entity has developed several models to predict the ECL. These models incorporate a range of components notably that of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) ('credit inputs') as well as Forward-Looking Information (FLI).

For retail portfolios, behavioural variables are also considered in the determination of inputs for ECL modelling.

The key model inputs used in measuring the ECL include:

- **Exposure at Default (EAD):** The EAD represents the estimated exposure in the event of a default
- **Probability of Default (PD):** The calculation of PDs for retail and wholesale exposures is generally performed at a facility level. Retail exposures are segmented based on product type and shared characteristics that are highly correlated to credit risk such as region, product, counterparty groupings, loan-to-value ratio and other similar criteria. Wholesale portfolio PDs are a function of industry type, internal credit ratings and transition matrices used to determine a point in time PD estimate. PD estimates for both retail and wholesale portfolios are also adjusted for FLI
- **Loss Given Default (LGD):** The LGD associated with the PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios.

### Significant increase in credit risk (SICR)

The Consolidated Entity periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors. Qualitative factors include, but are not limited to material change in internal credit rating or whether an exposure has been identified and placed on CreditWatch, an internal credit monitoring mechanism supervised by senior management to closely monitor exposures showing signs of stress. All exposures on CreditWatch are classified as Stage II or, if defaulted, as Stage III.

SICR thresholds, which require judgement, are used to determine whether an exposure's credit risk has increased significantly. The SICR methodology is based on a relative credit risk approach which considers changes in an underlying exposure's credit risk since origination. This may result in exposures being classified in Stage II that are of a higher credit quality than other similar exposures that are classified as Stage I. Accordingly, while similar increases in the quantum of Stage II exposures will suggest a relative deterioration of credit quality, it should not necessarily be inferred that the assets are of a lower credit quality.

### Retail exposures

Exposures are assigned a behavioural score which considers the exposures' lifetime PD on initial recognition. This behavioural score is periodically assessed and updated to reflect changes in the underlying exposures' credit behaviour. SICR movement thresholds between origination and reporting date of behavioural score movements have been established that, where exceeded, result in the exposure being categorised as Stage II.

### Wholesale exposures

The Consolidated Entity assigns an internal credit rating to each exposure at origination based on information available at that date. These internal ratings are broadly aligned to external credit rating agencies such as Standard & Poor's and Moody's.

Where an exposures' assigned credit rating deteriorates beyond pre-defined thresholds per credit rating at origination, the exposure is categorised as Stage II. The methodology has been calibrated so that a larger change in rating is required for higher quality credit rated exposures than for lower quality credit rated exposures to be classified as Stage II.

For both retail and wholesale portfolios:

- the AASB 9 'low credit risk' exemption is not applied by the Consolidated Entity to material portfolios
- for material retail portfolios, the credit risk for an exposure or portfolio is generally deemed to have increased significantly if the exposure is more than 30 days past due, unless there are product specific characteristics that indicate that this threshold should be rebutted.

### Definition of default

The Consolidated Entity's definition of default determines the reference point for the calculation of the ECL components, and in particular the PD. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Consolidated Entity to actions such as realisation of available security; or the borrower is 90 days or more past due on an obligation to the Consolidated Entity.

The Consolidated Entity periodically monitors its exposures for potential indicators of default such as significant financial difficulty of the borrower including breaches of lending covenants; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 12

### Expected credit losses continued

#### Forward-looking information (FLI)

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR in retail portfolios as well as the LGD (that is relevant to the determination of the recovery rates on collateral). The predicted relationships between these key indicators and the key model components (EAD, PD and LGD) in measuring the ECL have been developed by analysing historical data as part of the development of internal models, and the calibration and validation process.

The Consolidated Entity applies its professional judgement in determining whether there are any inherent risks in the models' predictive outcomes. The overlays primarily reflect management's assessment of the current economic and credit environment relative to the FLI credit cycle model. These overlays account for the risk that underlying credit risk events have occurred, but observable modelled inputs are yet to reflect those events, as well as risks that are specific to regions, counterparties or industries which are difficult to account for within the modelled outcomes. Over time the credit models are recalibrated to enhance the predictive capability. At the reporting date this overlay was approximately \$150 million (2023: \$225 million). These judgements are reviewed by FMG and RMG at each reporting date.

RMG is responsible for the FLI including the development of scenarios and recommending the range of probability weights to apply to those scenarios. For this purpose, four possible economic scenarios have been developed for this period, being an upside, downside, severe downside and baseline scenario. In calculating the ECL, each of the scenarios is probability weighted and then applied to the exposures' PDs and LGDs.

The scenarios have been developed using a combination of publicly available data, internal forecasts and third-party information to form the initial baseline. Internal specialists within the Consolidated Entity are consulted to assist in refining and challenging the baseline and the alternate scenarios. For the current reporting period, the Consolidated Entity has generated three alternate scenarios in addition to the baseline scenario, where the alternate scenarios are anchored to the baseline on a relative basis.

Refinement of the scenarios includes benchmarking to external data from reputable sources. These sources include, forecasts published from a range of market economists and official data sources, including major central banks, where available.

Where there are limited official data sources against which to benchmark key economic indicators on a forward-looking basis, management exercises judgement when determining the duration, severity and impact of the macroeconomic scenarios used by the Consolidated Entity.

Assigning probabilities to these scenarios requires professional judgement. This judgement draws on internal risk and economics specialist input, comparison to general market outlooks and publicly available market commentary.

The scenarios and the associated probabilities are ultimately approved by senior risk and finance executives.

The scenarios for each of the key regions where the Consolidated Entity's ECL is derived have been set out on the following pages. Noting the diversity of possible scenarios and macroeconomic outcomes, and the continuing uncertainty regarding the implications of geo-political events, broader inflationary pressures and the path of monetary policy, these scenarios represent plausible forward-looking views as at the reporting date.

These scenarios impact the modelled ECL provisioning levels through determination of probabilities of default and determination of losses that may be incurred should a default occur. The ability of borrowers to service their obligations through personal or business income is generally estimated using unemployment rates, GDP, commodity prices and interest rates. The losses that the Consolidated Entity may incur should a default occur, and the collateral utilised is generally estimated through property price and share price index outlooks.

Future economic conditions may differ to the scenarios outlined, the impact of which will be accounted for in future reporting periods.

## Note 12

### Expected credit losses continued

#### Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
<p><b>Baseline</b></p> <p>A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~\$725 million<sup>1</sup></p>	Probable	<p><b>Global:</b> The baseline scenario forecasts a 2.6% year-on-year expansion in global GDP in 2024 as global recession fears recede. Interest rates cuts are expected in the second half of 2024, supporting an acceleration in real GDP growth to 3.1% year-on-year in 2025.</p> <p><b>Australia:</b> GDP growth is anticipated to slow to 1.3% year-on-year in 2024 before picking up to 2.4% in 2025. Unemployment rates are forecast to increase moderately, peaking at 4.4% in the first quarter of 2025. The Reserve Bank of Australia (RBA) is expected to start lowering their cash rate in the second half of 2024, cutting by 125 basis points from current levels by end-2025. House prices are projected to continue their upward trend, rising by 9% by end-2025, supported by a policy of monetary loosening.</p> <p><b>United States:</b> Real GDP growth is projected to moderate to 2.1% by December 2024 and remain stable at 2.2% through to December 2025. The unemployment rate is expected to remain at 3.8% in 2025. The first policy rate cut from the Federal Reserve is expected in the second half of 2024.</p> <p><b>Europe:</b> The scenario projects a modest growth of 0.9% until late 2024, followed by a 1.8% year-on-year expansion in 2025. Unemployment is forecast to increase throughout 2024 and peak at 7.0% through the first half of 2025.</p>
<p><b>Downside</b></p> <p>A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~\$875 million<sup>1</sup></p>	Possible	<p><b>Global:</b> The downside scenario projects annual GDP growth that is approximately 1 percentage point lower than the baseline until mid 2025.</p> <p><b>Australia:</b> The scenario forecasts GDP to grow by 0.4% by the first quarter of 2025 and rise to 2.8% by mid 2026. Unemployment will trend upwards peaking at 5.6% in first quarter of 2025. The RBA cash rate is forecast to rise by a further 25 basis points in the first half of 2024, followed by 250 basis points of cuts by mid 2026. House prices are projected to fall 15% by mid 2026.</p> <p><b>United States:</b> The scenario projects a GDP growth of 0.4% by end of 2024 followed by a modest 1.1% growth in mid 2026. High inflation is expected to force the US Federal Reserve to increase interest rates by 50 basis points in 2024, before a cut in Q2 2025 as the economy slows. The unemployment rate is projected to peak at 5.2% in mid 2025.</p> <p><b>Europe:</b> The scenario projects sequential real GDP contraction through to the first quarter of 2025, declining to 0.5% followed by a growth of 1.8% in mid 2026. Unemployment rates are projected to peak at 8.7% in mid-2025.</p>

<sup>1</sup>This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined, but does not reflect changes in the credit rating of the counterparties that may occur if these scenarios were to occur. Changes in credit ratings may have a material impact on these ECL provisions.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 12

### Expected credit losses continued

#### Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
<p><b>Severe Downside</b></p> <p>A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~\$1,075 million<sup>2</sup></p>	Unlikely	<p><b>Global:</b> The scenario projects a sharp slowdown in annual GDP growth, around 3 to 3.5 percentage points lower than the baseline.</p> <p><b>Australia:</b> The scenario forecasts four consecutive quarters of contraction in GDP followed by 1.8% growth in mid 2026. Unemployment rises sharply, peaking at 6.9% in mid 2025 and remaining elevated through the forecast period. RBA cash rate is cut sharply, though house prices still fall 19% in the 2 years to mid 2026.</p> <p><b>United States:</b> The scenario projects three consecutive quarters of contraction in real GDP followed by growth of 0.8% in mid 2026. High inflation drives 100 basis points in rate increases in 2024, followed by significant cuts in 2025 as the US Federal Reserve attempts to stimulate the economy. Unemployment rises sharply to 7.2% in mid 2025 and fall slowly thereafter.</p> <p><b>Europe:</b> The scenario projects GDP to decline by 2.3% in 2024, with quarterly growth not returning until mid-2026. Unemployment peaks at 9.9% in the second quarter of 2025.</p>
<p><b>Upside</b></p> <p>A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~\$675 million<sup>2</sup></p>	Possible	<p><b>Global:</b> The upside scenario projects annual growth in global GDP that is approximately 1 percentage point higher than the baseline in 2024 and into 2025.</p> <p><b>Australia:</b> The scenario forecasts GDP to grow by 1.7% year-on-year in 2024 and 3.2% in mid 2025. Interest rate cuts start in the second quarter of 2024. Unemployment rises only modestly and peaks at 4.3% in late 2024. House prices rise 14% to the end of 2025.</p> <p><b>United States:</b> The scenario projects real GDP growth of 3.7% year-on-year in 2024 and 3.6% in mid 2025. The US Federal Reserve is able to cut interest rates by 50 basis points in 2024, holding the target rate at 4.75-5.00% until 2026. Unemployment drops to 3.2% in the first quarter of 2025.</p> <p><b>Europe:</b> The scenario projects a return to growth in the third quarter of 2024. Annual growth in 2024 remains flat before recovering to 1.9% in mid 2025. Unemployment increases slowly, peaking at around 7.2% by mid 2026.</p>

<sup>2</sup> This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined, but does not reflect changes in the credit rating of the counterparties that may occur if these scenarios were to occur. Changes in credit ratings may have a material impact on these ECL provisions.

## Note 12

### Expected credit losses continued

The table below presents the gross exposure and related ECL allowance for assets measured at amortised cost or FVOCI and off-balance sheet exposures subject to the impairment requirements of AASB 9 *Financial Instruments*.

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT			Gross exposure \$m	ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			Total ECL allowance \$m
	Amortised cost \$m	FVOCI \$m	Other \$m		Amortised cost \$m	FVOCI \$m	Other \$m	
<b>CONSOLIDATED 2024</b>								
Cash and bank balances	28,056	-	-	28,056	1	-	-	1
Cash collateralised lending and reverse repurchase agreements	11,727	26,076	-	37,803	1	-	-	1
Margin money and settlement assets	16,392	-	-	16,392	40	-	-	40
Financial investments	1,919	16,758	-	18,677	-	1	-	1
Held for sale and other assets	2,550	255	-	2,805	114	-	-	114
Loan assets	156,081	-	-	156,081	551	-	-	551
Due from other Macquarie Group entities	562	-	-	562	-	-	-	-
Off balance sheet exposures	-	-	25,157	25,157	-	-	46	46
<b>Total</b>	<b>217,287</b>	<b>43,089</b>	<b>25,157</b>	<b>285,533</b>	<b>707</b>	<b>1</b>	<b>46</b>	<b>754</b>
<b>CONSOLIDATED 2023</b>								
Cash and bank balances	41,613	-	-	41,613	1	-	-	1
Cash collateralised lending and reverse repurchase agreements	15,903	22,341	-	38,244	6	1	-	7
Margin money and settlement assets	18,850	-	-	18,850	51	-	-	51
Financial investments	1,721	14,870	-	16,591	-	3	-	3
Held for sale and other assets	2,619	4	-	2,623	94	-	-	94
Loan assets	142,200	-	-	142,200	624	-	-	624
Due from other Macquarie Group entities	556	-	-	556	-	-	-	-
Off balance sheet exposures	-	-	22,534	22,534	-	-	65	65
<b>Total</b>	<b>223,462</b>	<b>37,215</b>	<b>22,534</b>	<b>283,211</b>	<b>776</b>	<b>4</b>	<b>65</b>	<b>845</b>

Loan assets continue to represent the Consolidated Entity's most significant component of credit exposures on which ECL allowances are carried. The credit quality of the Consolidated Entity's loan assets, is monitored through its credit policies, as set out in Note 33.1 *Credit risk*.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 12

### Expected credit losses continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT			Gross exposure \$m	ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			Total ECL allowance \$m
	Amortised cost	FVOCI	Other		Amortised cost	FVOCI	Other	
	\$m	\$m	\$m		\$m	\$m	\$m	
								COMPANY 2024
Cash and bank balances	22,799	-	-	22,799	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	11,348	24,638	-	35,986	1	-	-	1
Margin money and settlement assets	13,795	-	-	13,795	39	-	-	39
Financial investments	1,614	16,758	-	18,372	-	1	-	1
Held for sale and other assets	1,628	255	-	1,883	39	-	-	39
Loan assets	152,795	1,286	-	154,081	470	24	-	494
Due from other Macquarie Group entities	312	-	-	312	-	-	-	-
Due from subsidiaries	5,637	133	-	5,770	4	-	-	4
Off balance sheet exposures	-	-	24,793	24,793	-	-	41	41
<b>Total</b>	<b>209,928</b>	<b>43,070</b>	<b>24,793</b>	<b>277,791</b>	<b>553</b>	<b>25</b>	<b>41</b>	<b>619</b>
								COMPANY 2023
Cash and bank balances	36,176	-	-	36,176	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	15,692	22,195	-	37,887	6	-	-	6
Margin money and settlement assets	14,513	-	-	14,513	45	-	-	45
Financial investments	1,126	13,334	-	14,460	-	3	-	3
Held for sale and other assets	2,297	-	-	2,297	52	-	-	52
Loan assets	138,448	2,145	-	140,593	524	40	-	564
Due from other Macquarie Group entities	340	-	-	340	-	-	-	-
Due from subsidiaries	9,815	92	-	9,907	12	-	-	12
Off balance sheet exposures	-	-	21,427	21,427	-	-	64	64
<b>Total</b>	<b>218,407</b>	<b>37,766</b>	<b>21,427</b>	<b>277,600</b>	<b>639</b>	<b>43</b>	<b>64</b>	<b>746</b>

## Note 12

### Expected credit losses continued

The table below provides a reconciliation from the opening to closing balance of the ECL allowances.

	Cash and bank balances	Cash collateralised lending and repurchase agreements	Margin money and settlement assets	Financial investments	Held for sale and other assets	Loan assets	Due from other Macquarie Group entities	Off balance sheet exposures	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	<b>CONSOLIDATED</b>								
Balance as at 1 Apr 2022	1	4	81	1	153	590	-	17	847
Credit impairment charges/ (reversals) (Note 2)	-	3	(33)	2	1	100	-	46	119
Amounts written off, previously provided for	-	-	-	-	(63)	(72)	-	-	(135)
Reclassifications, foreign exchange and other movements	-	-	3	-	3	6	-	2	14
<b>Balance as at 31 Mar 2023</b>	<b>1</b>	<b>7</b>	<b>51</b>	<b>3</b>	<b>94</b>	<b>624</b>	<b>-</b>	<b>65</b>	<b>845</b>
Credit impairment charges/ (reversals) (Note 2)	-	(3)	(11)	(3)	33	(29)	-	(21)	(34)
Amounts written off, previously provided for	-	-	-	-	(33)	(29)	-	-	(62)
Reclassifications, foreign exchange and other movements	-	(3)	-	1	20	(15)	-	2	5
<b>Balance as at 31 Mar 2024</b>	<b>1</b>	<b>1</b>	<b>40</b>	<b>1</b>	<b>114</b>	<b>551</b>	<b>-</b>	<b>46</b>	<b>754</b>

	Cash and bank balances	Cash collateralised lending and repurchase agreements	Margin money and settlement assets	Financial investments	Held for sale and other assets	Loan assets	Due from subsidiaries	Off balance sheet exposures	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	<b>COMPANY</b>								
Balance as at 1 Apr 2022	-	4	64	-	109	527	15	17	736
Credit impairment charges/ (reversals) (Note 2)	-	2	(21)	3	(5)	100	-	47	126
Amounts written off, previously provided for	-	-	-	-	(53)	(68)	-	-	(121)
Reclassifications, foreign exchange and other movements	-	-	2	-	1	5	(3)	-	5
<b>Balance as at 31 Mar 2023</b>	<b>-</b>	<b>6</b>	<b>45</b>	<b>3</b>	<b>52</b>	<b>564</b>	<b>12</b>	<b>64</b>	<b>746</b>
Credit impairment charges/ (reversals) (Note 2)	-	(3)	(8)	(3)	20	(34)	(8)	(25)	(61)
Amounts written off, previously provided for	-	-	-	-	(33)	(23)	-	-	(56)
Reclassifications, foreign exchange and other movements	-	(2)	2	1	-	(13)	-	2	(10)
<b>Balance as at 31 Mar 2024</b>	<b>-</b>	<b>1</b>	<b>39</b>	<b>1</b>	<b>39</b>	<b>494</b>	<b>4</b>	<b>41</b>	<b>619</b>

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 12

### Expected credit losses continued

The table below provides a reconciliation of the ECL allowance on loan assets to which the impairment requirements under AASB 9 *Financial Instruments* are applied.

	LIFETIME ECL			Total \$m
	Stage I 12 month ECL \$m	Stage II Not credit impaired \$m	Stage III Credit impaired \$m	
				<b>CONSOLIDATED</b>
Balance as at 1 Apr 2022	214	187	189	590
Transfer during the period	26	(17)	(9)	-
Credit impairment charges (Note 2)	60	-	40	100
Amounts written off, previously provided for	-	-	(72)	(72)
Reclassifications, foreign exchange and other movements	2	(1)	5	6
<b>Balance as at 31 Mar 2023</b>	<b>302</b>	<b>169</b>	<b>153</b>	<b>624</b>
Transfer during the period	<b>26</b>	<b>(18)</b>	<b>(8)</b>	<b>-</b>
Credit impairment charges/(reversals) (Note 2)	<b>(125)</b>	<b>(33)</b>	<b>129</b>	<b>(29)</b>
Amounts written off, previously provided for	-	-	<b>(29)</b>	<b>(29)</b>
Reclassifications, foreign exchange and other movements	-	-	<b>(15)</b>	<b>(15)</b>
<b>Balance as at 31 Mar 2024</b>	<b>203</b>	<b>118</b>	<b>230</b>	<b>551</b>
				<b>COMPANY</b>
Balance as at 1 Apr 2022	193	168	166	527
Transfer during the period	25	(19)	(6)	-
Credit impairment charges (Note 2)	51	8	41	100
Amounts written off, previously provided for	-	-	(68)	(68)
Reclassifications, foreign exchange and other movements	-	-	5	5
<b>Balance as at 31 Mar 2023</b>	<b>269</b>	<b>157</b>	<b>138</b>	<b>564</b>
Transfer during the period	<b>26</b>	<b>(18)</b>	<b>(8)</b>	<b>-</b>
Credit impairment charges/(reversals) (Note 2)	<b>(112)</b>	<b>(33)</b>	<b>111</b>	<b>(34)</b>
Amounts written off, previously provided for	-	-	<b>(23)</b>	<b>(23)</b>
Reclassifications, foreign exchange and other movements	-	-	<b>(13)</b>	<b>(13)</b>
<b>Balance as at 31 Mar 2024</b>	<b>183</b>	<b>106</b>	<b>205</b>	<b>494</b>



## Note 13

### Property, plant and equipment and right-of-use assets

	2024			2023		
	Cost \$m	Accumulated depreciation and impairment \$m	Carrying Value \$m	Cost \$m	Accumulated depreciation and impairment \$m	Carrying Value \$m
<b>CONSOLIDATED</b>						
<b>Assets for own use</b>						
Land and buildings	1,384	(46)	1,338	856	(41)	815
Furniture, fittings and leasehold improvements	978	(446)	532	604	(452)	152
Equipment	158	(102)	56	115	(68)	47
<b>Total assets for own use</b>	<b>2,520</b>	<b>(594)</b>	<b>1,926</b>	1,575	(561)	1,014
<b>Assets under operating lease</b>						
Meters	2,807	(1,260)	1,547	2,558	(1,082)	1,476
Telecommunications	1,619	(698)	921	1,699	(666)	1,033
Equipment and others	1,026	(248)	778	868	(214)	654
<b>Total assets under operating lease</b>	<b>5,452</b>	<b>(2,206)</b>	<b>3,246</b>	5,125	(1,962)	3,163
<b>Right-of-use assets</b>						
Office premises	1,107	(482)	625	713	(370)	343
Others	54	(16)	38	117	(60)	57
<b>Total right-of-use assets</b>	<b>1,161</b>	<b>(498)</b>	<b>663</b>	830	(430)	400
<b>Total property, plant and equipment and right-of-use assets</b>	<b>9,133</b>	<b>(3,298)</b>	<b>5,835</b>	7,530	(2,953)	4,577

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

	2024			2023		
	Cost \$m	Accumulated depreciation and impairment \$m	Carrying Value \$m	Cost \$m	Accumulated depreciation and impairment \$m	Carrying Value \$m
<b>COMPANY</b>						
<b>Assets for own use</b>						
Land and buildings	1,150	-	1,150	617	-	617
Furniture, fittings and leasehold improvements	260	(11)	249	81	(11)	70
Equipment	17	(13)	4	14	(9)	5
<b>Total assets for own use</b>	<b>1,427</b>	<b>(24)</b>	<b>1,403</b>	712	(20)	692
<b>Assets under operating lease</b>						
Meters	2,587	(1,059)	1,528	2,321	(871)	1,450
Telecommunications	1,619	(698)	921	1,696	(665)	1,031
Land and buildings	402	(129)	273	374	(119)	255
<b>Total assets under operating lease</b>	<b>4,608</b>	<b>(1,886)</b>	<b>2,722</b>	4,391	(1,655)	2,736
<b>Total property, plant and equipment</b>	<b>6,035</b>	<b>(1,910)</b>	<b>4,125</b>	5,103	(1,675)	3,428

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

The future minimum lease payments expected to be received under non-cancellable operating leases are as follows.

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>Assets under operating lease</b>				
Within one year	298	304	101	110
Between one to two years	166	222	33	97
Between two to three years	104	74	27	30
Between three to four years	68	20	7	23
Between four to five years	37	11	3	2
Later than five years	7	-	-	-
<b>Total future minimum lease payments receivable</b>	<b>680</b>	631	<b>171</b>	262

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 13

### Property, plant and equipment and right-of-use assets continued

The movement in the carrying value of the Consolidated Entity's property, plant and equipment was as follows.

	Land and buildings \$m	Furniture, fittings and leasehold improvements \$m	Equipment \$m	Total \$m
<b>CONSOLIDATED</b>				
<b>Assets for own use</b>				
Balance as at 1 Apr 2022	590	62	32	684
Acquisitions and additions	230	118	57	405
Disposals	-	-	(23)	(23)
Depreciation expense (Note 2)	(5)	(30)	(19)	(54)
Impairments	-	-	(1)	(1)
Foreign exchange movements	-	2	1	3
<b>Balance as at 31 Mar 2023<sup>1</sup></b>	<b>815</b>	<b>152</b>	<b>47</b>	<b>1,014</b>
Acquisitions and additions	<b>528</b>	<b>416</b>	<b>35</b>	<b>979</b>
Depreciation expense (Note 2)	<b>(5)</b>	<b>(38)</b>	<b>(23)</b>	<b>(66)</b>
Impairments	-	<b>(1)</b>	<b>(4)</b>	<b>(5)</b>
Foreign exchange movements	-	<b>3</b>	<b>1</b>	<b>4</b>
<b>Balance as at 31 Mar 2024<sup>1</sup></b>	<b>1,338</b>	<b>532</b>	<b>56</b>	<b>1,926</b>

	Meters \$m	Telecommunications \$m	Equipment and others \$m	Total \$m
<b>CONSOLIDATED</b>				
<b>Assets under operating lease</b>				
Balance as at 1 Apr 2022	1,364	809	414	2,587
Acquisitions and additions	262	265	362	889
Disposals	-	-	(20)	(20)
Depreciation expense (Note 2)	(190)	(35)	(121)	(346)
Reclassification and other adjustments <sup>2</sup>	(33)	(51)	(10)	(94)
Foreign exchange movements	73	45	29	147
<b>Balance as at 31 Mar 2023</b>	<b>1,476</b>	<b>1,033</b>	<b>654</b>	<b>3,163</b>
Acquisitions and additions	<b>254</b>	<b>33</b>	<b>383</b>	<b>670</b>
Disposals	-	<b>(2)</b>	<b>(28)</b>	<b>(30)</b>
Depreciation expense (Note 2)	<b>(213)</b>	<b>(36)</b>	<b>(174)</b>	<b>(423)</b>
Reclassification and other adjustments <sup>2</sup>	<b>(41)</b>	<b>(148)</b>	<b>(62)</b>	<b>(251)</b>
Foreign exchange movements	<b>71</b>	<b>41</b>	<b>5</b>	<b>117</b>
<b>Balance as at 31 Mar 2024</b>	<b>1,547</b>	<b>921</b>	<b>778</b>	<b>3,246</b>

<sup>1</sup> Includes \$1,618 million (2023: \$712 million) for capital work in progress.

<sup>2</sup> Includes \$70 million loss (2023: \$51 million) on fair value hedge adjustments. Refer Note 32 *Hedge accounting*.

## Note 13

### Property, plant and equipment and right-of-use assets continued

The movement in the carrying value of the Company's property, plant and equipment was as follows.

	Land and buildings \$m	Furniture, fittings and leasehold improvements \$m	Equipment \$m	Total \$m
<b>COMPANY</b>				
<b>Assets for own use</b>				
Balance as at 1 Apr 2022	386	2	4	392
Acquisitions and additions	231	70	4	305
Depreciation expense (Note 2)	-	(2)	(3)	(5)
<b>Balance as at 31 Mar 2023<sup>3</sup></b>	<b>617</b>	<b>70</b>	<b>5</b>	<b>692</b>
Acquisitions and additions	<b>533</b>	<b>179</b>	<b>2</b>	<b>714</b>
Depreciation expense (Note 2)	-	-	<b>(3)</b>	<b>(3)</b>
Reclassification and other adjustments	-	-	-	-
<b>Balance as at 31 Mar 2024<sup>3</sup></b>	<b>1,150</b>	<b>249</b>	<b>4</b>	<b>1,403</b>

	Meters \$m	Telecommunications \$m	Land and buildings \$m	Total \$m
<b>COMPANY</b>				
<b>Assets under operating lease</b>				
Balance as at 1 Apr 2022	1,328	809	272	2,409
Acquisitions and additions	263	263	11	537
Disposals	-	-	(2)	(2)
Depreciation expense (Note 2)	(182)	(35)	(13)	(230)
Reclassification and other adjustments <sup>4</sup>	(31)	(51)	(13)	(95)
Foreign exchange movements	72	45	-	117
<b>Balance as at 31 Mar 2023</b>	<b>1,450</b>	<b>1,031</b>	<b>255</b>	<b>2,736</b>
Acquisitions and additions	<b>254</b>	<b>33</b>	<b>36</b>	<b>323</b>
Disposals	-	-	<b>(8)</b>	<b>(8)</b>
Depreciation expense (Note 2)	<b>(206)</b>	<b>(36)</b>	<b>(10)</b>	<b>(252)</b>
Reclassification and other adjustments <sup>4</sup>	<b>(39)</b>	<b>(148)</b>	-	<b>(187)</b>
Foreign exchange movements	<b>69</b>	<b>41</b>	-	<b>110</b>
<b>Balance as at 31 Mar 2024</b>	<b>1,528</b>	<b>921</b>	<b>273</b>	<b>2,722</b>

<sup>3</sup> Includes \$1,390 million (2023: \$679 million) for capital work in progress.

<sup>4</sup> Includes \$70 million loss (2023: \$51 million) on fair value hedge adjustments. Refer Note 32 *Hedge accounting*.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 13

### Property, plant and equipment and right-of-use assets continued

The movement in the carrying value of the Consolidated Entity's ROU was as follows.

	Office premises \$m	Others \$m	Total \$m
			<b>CONSOLIDATED</b>
<b>Right-of-use assets</b>			
Balance as at 1 Apr 2022	254	11	265
Acquisitions and additions	169	61	230
Disposals	(8)	-	(8)
Depreciation expense <sup>5</sup>	(95)	(16)	(111)
Impairments	1	-	1
Reclassification and other adjustments	6	-	6
Foreign exchange movements	16	1	17
<b>Balance as at 31 Mar 2023</b>	<b>343</b>	<b>57</b>	<b>400</b>
Acquisitions and additions	<b>397</b>	<b>19</b>	<b>416</b>
Disposals	<b>(6)</b>	<b>(23)</b>	<b>(29)</b>
Depreciation expense <sup>5</sup>	<b>(127)</b>	<b>(16)</b>	<b>(143)</b>
Impairments	<b>(1)</b>	<b>-</b>	<b>(1)</b>
Foreign exchange movements	<b>19</b>	<b>1</b>	<b>20</b>
<b>Balance as at 31 Mar 2024</b>	<b>625</b>	<b>38</b>	<b>663</b>

<sup>5</sup> Includes depreciation expense of \$127 million (2023: \$95 million) on office premises leases presented under other operating expenses, \$8 million (2023: \$11 million) on assets held for trading-related business presented under net trading income and \$5 million (2023: \$4 million) on technology leases presented under non-salary technology expenses in Note 2 *Operating profit before income tax*.

## Note 14

### Investment in subsidiaries

	COMPANY	
	2024	2023
	\$m	\$m
Investment at cost with no provisions for impairment	4,731	4,693
Investment at cost with provisions for impairment	144	126
Less: provisions for impairment <sup>1</sup>	(72)	(45)
Investment with provisions for impairment <sup>1</sup>	72	81
Total investment in subsidiaries	4,803	4,774

The above amounts are expected to be recovered after 12 months of the balance date by the Company.

The following are the Company's notable subsidiaries:

Australia	Americas
<ul style="list-style-type: none"> <li>Macquarie Group Services Australia Pty Ltd</li> <li>Macquarie International Finance Limited</li> <li>Macquarie Offshore Services Pty Ltd</li> <li>Macquarie Equities Limited</li> <li>Macquarie Investment Management Ltd</li> <li>Macquarie Investment Services Limited</li> </ul>	<ul style="list-style-type: none"> <li>Macquarie Energy LLC (United States)</li> <li>Macquarie Global Services (USA) LLC (United States)</li> <li>Macquarie Futures USA LLC (United States)</li> </ul>
Asia Pacific	Europe, Middle East and Africa
<ul style="list-style-type: none"> <li>Macquarie Global Services Private Limited (India)</li> <li>Macquarie Group Services (Philippines), Inc. (Philippines)</li> </ul>	<ul style="list-style-type: none"> <li>Macquarie Bank Europe Designated Activity Company (Ireland)</li> </ul>

The subsidiaries included in the notable subsidiaries list above are identified on the basis of their ongoing contribution to the Consolidated Entity's external assets and operating profit. Additionally, these include the major employing entities, entities that are key providers of funding to other subsidiaries and other operating entities considered key for each Operating Group and region.

The list of notable subsidiaries has been categorised based on the geographic region of their incorporation. The country of incorporation has been stated in brackets. For entities in the Australia region, the country of incorporation is Australia. Overseas subsidiaries and their branches conduct business predominantly in place of the incorporation and location of their branches. Notable subsidiaries may conduct business in other geographic regions through branches, the branches have not been included in the list of notable subsidiaries.

All notable subsidiaries have a 31 March reporting date.

#### Significant restrictions

During the year, the Company's subsidiaries did not experience any significant restrictions on paying dividends, accessing or using assets and settling liabilities of the Consolidated Entity. There are no foreseen restrictions envisaged with regard to planned dividends or payments. However, the ability of subsidiaries to pay dividends or advance monies to the Company depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

<sup>1</sup> In accordance with its accounting policies, the Company reviewed its investments in subsidiaries for indicators of impairment and, where applicable, reversal of impairment. Where its investments had indicators of reversal of impairment, the investments' carrying value was compared to its recoverable value which was determined as the higher of value-in-use and fair value less cost to sell (valuation). The valuations, which are classified as Level 3 in the fair value hierarchy as defined in Note 35 *Fair value of assets and liabilities*, have been calculated using a valuation technique with significant unobservable inputs including the subsidiary's maintainable earnings, growth rates and relevant earnings multiples.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 15

### Deferred tax assets/(liabilities)

The balance comprises temporary differences attributable to:

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Other assets and liabilities	872	945	418	450
Tax losses	63	61	-	4
Property, plant and equipment	72	69	1	1
Intangible assets	193	151	132	104
Financial investments and interests in associates and joint ventures	75	50	17	17
Loan assets and derivatives	66	196	56	188
Operating and finance leases	21	17	-	-
Set-off of deferred tax liabilities	(286)	(401)	(108)	(92)
<b>Net deferred tax assets</b>	<b>1,076</b>	<b>1,088</b>	<b>516</b>	<b>672</b>
Operating and finance leases	(132)	(171)	(83)	(104)
Loan assets and derivatives	(17)	(141)	(2)	(9)
Other assets and liabilities	(47)	(66)	(5)	(3)
Financial investments and interests in associates and joint ventures	(87)	(33)	(1)	(1)
Property, plant and equipment	(18)	(6)	(17)	-
Intangible assets	(7)	(7)	-	-
Set-off of deferred tax assets	286	401	108	92
<b>Net deferred tax liabilities</b>	<b>(22)</b>	<b>(23)</b>	<b>-</b>	<b>(25)</b>

The above amounts are expected to be recovered after 12 months of the balance date by the Consolidated Entity and the Company.

Potential tax assets of approximately \$92 million (2023: \$98 million) attributable to tax losses carried forward by subsidiaries and other timing differences have not been brought to account in the Consolidated Entity as Management do not believe that the realisation of the tax assets is probable. Included in this amount are \$nil gross losses (2023: \$nil) that will expire within two years; \$2 million (2023: \$nil million) that will expire in 2-5 years; \$3 million (2023: \$19 million) that will expire in 5-10 years and \$104 million (2023: \$126 million) that will expire in 10-20 years. \$512 million (2023: \$418 million) of gross tax losses do not expire and can be carried forward indefinitely.

## Note 16

### Trading liabilities

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Equity securities	4,884	4,713	4,884	4,717
Debt securities	53	41	53	40
<b>Total trading liabilities</b>	<b>4,937</b>	<b>4,754</b>	<b>4,937</b>	<b>4,757</b>

## Note 17

### Margin money and settlement liabilities

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Margin money	17,789	17,085	15,403	13,536
Commodity settlement liabilities	2,576	2,828	1,962	1,829
Security settlement liabilities	1,904	2,000	1,874	1,999
<b>Total margin money and settlement liabilities</b>	<b>22,269</b>	<b>21,913</b>	<b>19,239</b>	<b>17,364</b>

## Note 18

### Derivative liabilities

Held for trading	24,196	31,423	21,970	26,353
Designated in hedge relationships	1,087	1,099	1,090	1,068
<b>Total derivative liabilities</b>	<b>25,283</b>	<b>32,522</b>	<b>23,060</b>	<b>27,421</b>

## Note 19

### Deposits

Interest bearing deposits:				
Call	102,721	89,876	102,660	89,793
Term	21,893	23,367	20,136	22,479
Non-interest bearing deposits - repayable on demand	23,726	21,405	23,704	21,389
<b>Total deposits</b>	<b>148,340</b>	<b>134,648</b>	<b>146,500</b>	<b>133,661</b>

## Note 20

### Other liabilities

<b>Other financial liabilities</b>				
Commodity-related payables	3,678	1,158	2,746	675
Creditors	1,130	1,064	859	818
Lease liabilities	734	456	1	1
<b>Total other financial liabilities</b>	<b>5,542</b>	<b>2,678</b>	<b>3,606</b>	<b>1,494</b>
<b>Other non-financial liabilities</b>				
Employment-related liabilities	1,595	1,933	600	657
Provisions <sup>1</sup>	1,456	1,383	836	817
Accrued charges and other payables	692	653	429	427
Income tax provision <sup>2</sup>	440	518	149	228
Indirect taxes payables	199	83	123	9
Other	356	379	269	331
<b>Total other non-financial liabilities</b>	<b>4,738</b>	<b>4,949</b>	<b>2,406</b>	<b>2,469</b>
<b>Total other liabilities</b>	<b>10,280</b>	<b>7,627</b>	<b>6,012</b>	<b>3,963</b>

<sup>1</sup> In the ordinary course of its business, the Consolidated Entity and the Company may be subject to actual and potential civil claims and regulatory enforcement actions. During the current year, these include matters in the Commonwealth of Australia, the United States of America, the United Kingdom, and the Federal Republic of Germany. The civil claims may result in settlements or damages awards. The regulatory enforcement actions may result in outcomes such as penalties, fines, disgorgement of profits and non-monetary sanctions. This amount includes provisions for such outcomes. The amount and timing of the outcomes are uncertain and may differ from the provisions recognised. Based on existing information, the range of likely outcomes, the matters did not have and are not currently expected to have a material impact on the Consolidated Entity. The Consolidated Entity and the Company consider the risk of there being a material adverse effect in respect of claims and actions that have not been provided for to be remote.

<sup>2</sup> Revenue authorities undertake risk reviews and audits as part of their normal activities. The Consolidated Entity has assessed these and other taxation claims and litigation, including seeking external advice where appropriate, and considers that it holds appropriate provisions.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 21

### Issued debt securities and other borrowings

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Commercial paper	26,025	23,466	24,468	23,466
Bonds	21,585	19,464	21,600	19,490
Securitised notes <sup>1</sup>	11,621	11,424	-	-
Certificates of deposits	1,333	2,274	1,333	2,274
Structured notes <sup>2,3</sup>	1,081	1,351	1,081	1,351
Total issued debt securities	61,645	57,979	48,482	46,581
Borrowings	10,294	8,103	3,401	2,429
<b>Total issued debt securities and other borrowings</b>	<b>71,939</b>	<b>66,082</b>	<b>51,883</b>	<b>49,010</b>

The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to its issued debt securities and other borrowings during the financial years reported.

#### Reconciliation of issued debt securities and other borrowings by major currency

(In Australian dollar equivalent)

United States dollar	41,628	38,132	34,366	32,791
Australian dollar	19,446	20,252	7,823	8,826
Euro	7,094	3,491	6,615	3,455
Pound sterling	2,669	2,209	2,329	2,209
Other	1,102	1,998	750	1,729
<b>Total issued debt securities and other borrowings</b>	<b>71,939</b>	<b>66,082</b>	<b>51,883</b>	<b>49,010</b>

<sup>1</sup> Represents payable to note holders and debt holders of instruments issued by consolidated Structured Entities (SEs) for which loan assets are available as security. Refer Note 37 *Pledged assets and transfers of financial assets* for the details of assets pledged for the liabilities of the Consolidated Entity.

<sup>2</sup> The amount that would be contractually required to be paid at maturity to the holders of issued debt securities measured at DFVTPL for the Consolidated Entity and the Company is \$1,399 million (2023: \$1,660 million). This amount is based on the final notional amount rather than the fair value. Refer Note 34 *Measurement categories of financial instruments* for the carrying value of issued debt securities measured at DFVTPL.

<sup>3</sup> Includes a cumulative fair value loss recognised in OCI of \$1 million (2023: \$15 million gain) due to changes in own credit risk on DFVTPL debt securities.



## Note 22

### Capital management

#### Capital management strategy

The Consolidated Entity's capital management strategy is to maximise shareholder value through optimising the mix, level and use of capital resources, whilst also providing the flexibility to take advantage of opportunities as they may arise.

The Consolidated Entity's capital management objectives are to maintain sufficient capital resources to:

- support the Consolidated Entity's business and operational requirements;
- safeguard interest of depositors' and the Consolidated Entity's ability to continue as a going concern;
- exceed regulatory capital requirements; and
- support the Consolidated Entity's credit rating.

The Consolidated Entity's capital management strategy uses both internal and external measures of capital. Internally, the Consolidated Entity has developed an Economic Capital Adequacy Model (ECAM) that complements the management of specific risk types such as equity, credit, market and operational risk by providing an aggregate view of the Consolidated Entity's risk profile. Externally, the Consolidated Entity is subject to minimum capital requirements imposed by APRA.

Measures of capital used to support business decision-making include:

- capital adequacy assessment
- risk appetite setting
- risk-adjusted performance measurement

The Consolidated Entity's capital management strategy is evaluated annually through an Internal Capital Adequacy Assessment Process (ICAAP).

#### Regulatory capital framework

Regulatory capital requirements are imposed and measured at two levels of consolidation within the Consolidated Entity:

- **Level 1:** The Company and certain subsidiaries which meet the APRA definition of Extended Licensed Entities.
- **Level 2:** The Company, its subsidiaries and its immediate parent less certain subsidiaries of the Company which are deconsolidated for APRA reporting purposes. These include entities conducting insurance, funds management and non-financial operations.

The Consolidated Entity reports to APRA under APRA's Basel III capital requirements and is accredited by APRA to apply the Basel III Foundation Internal Ratings Based Approach for credit risk, and the Internal Model Approach for market risk and interest rate risk in the banking book (IRRBB).

APRA requires ADIs such as the Consolidated Entity to hold a minimum level of regulatory capital against its risk-weighted assets (RWAs) for each category of capital. APRA classifies an ADI's regulatory capital into three categories:

- **Common Equity Tier 1 (CET1):** Consists of share capital, retained earnings, and certain reserves, less prescribed regulatory adjustments including deductions for intangibles, certain capitalised expenses, deferred tax assets, equity investments and investments in certain subsidiaries.
- **Tier 1 Capital:** The sum of CET1 Capital and Additional Tier 1 (AT1) Capital. AT1 Capital consists of hybrid instruments.
- **Total Capital:** The sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes term subordinated debt, certain reserves and applicable regulatory adjustments.

Under APRA's Basel III prudential requirements, ADIs such as the Consolidated Entity are required to maintain a minimum ratio of regulatory capital to RWAs of 4.5% for CET1, 6.0% for Tier 1 and 11.0% for Total Capital. The requirement applies at both Level 1 and Level 2. APRA may also impose an ADI specific minimum capital ratio that may be higher than these levels.

In addition, APRA requires ADIs to hold a capital conservation buffer (CCB) of up to 3.75% in the form of CET1 Capital. The Consolidated Entity is also required to hold an ADI specific countercyclical capital buffer (CCyB) in the form of CET1 Capital.

Under APRA's Basel III prudential requirements, ADIs such as the Consolidated Entity are also required to hold a minimum level of Tier 1 Capital against its regulatory total exposures (Leverage Ratio). The minimum required Leverage Ratio is 3.5%.

The Consolidated Entity has complied with minimum capital requirements at Level 1 and Level 2 throughout the financial year.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 23

### Loan capital

#### Subordinated debt

Subordinated debt comprises of agreements between the Consolidated Entity and its lenders that provide that, in the event of liquidation, entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of the Consolidated Entity.

The table below highlights key capital instruments with conditional repayment obligations (Tier 1 loan capital under APRA's Capital Standards) issued by the Consolidated Entity and the Company.

Contract feature	Macquarie Additional Capital Securities	Macquarie Bank Capital Notes 2	Macquarie Bank Capital Notes 3
<b>Code</b>	MACS	BCN2	BCN3
<b>Issuer</b>	Macquarie Bank Limited	Macquarie Bank Limited	Macquarie Bank Limited
<b>Par value</b>	n/a	\$100	\$100
<b>Currency</b>	USD	AUD	AUD
<b>Carrying value at reporting date</b>	\$USD 750 million/(\$A1,085 million)	\$641 million	\$655 million
<b>Accounting measurement basis</b>	Financial liability at amortised cost	Financial liability at amortised cost	Financial liability at amortised cost
<b>Issue date</b>	8 March 2017	2 June 2020	27 August 2021
<b>Interest rate</b>	6.125% per annum	90-day BBSW plus a fixed margin of 4.70% per annum, adjusted for franking credits	90-day BBSW plus a fixed margin of 2.90% per annum, adjusted for franking credits
<b>Interest payment frequency</b>	Semi-annually in arrears	Quarterly in arrears	Quarterly in arrears
<b>Interest payment</b>	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
<b>Dividend stopper</b>	MBL only	MBL only	MBL only
<b>Outstanding notes at reporting date</b>	— <sup>1</sup>	6.41 million	6.55 million
<b>Maturity</b>	Perpetual, redeemable subject to APRA's written approval, and at the discretion of MBL in limited circumstances	Perpetual unless redeemed, resold, converted, exchanged or written-off in accordance with the terms of the instrument	Perpetual unless redeemed, resold, converted, exchanged or written-off in accordance with the terms of the instrument
<b>Convertible into ordinary shares</b>	Yes	Yes	Yes
<b>Convertible into issuer shares</b>	MGL	MGL	MGL
<b>Mandatory conversion date</b>	n/a	21 December 2028	8 September 2031
<b>Maximum number of shares on conversion</b>	56,947,286	30,532,190	20,316,704
<b>Optional exchange dates</b>	No optional exchange dates	<ul style="list-style-type: none"> <li>21 December 2025</li> <li>21 June 2026</li> <li>21 December 2026</li> <li>earlier in specified circumstances at the discretion of MBL subject to APRA approval</li> </ul>	<ul style="list-style-type: none"> <li>7 September 2028</li> <li>7 March 2029</li> <li>7 September 2029</li> <li>earlier in specified circumstances at the discretion of MBL subject to APRA approval</li> </ul>
<b>Other exchange events</b>	<ul style="list-style-type: none"> <li>acquisition date (where a party acquires control of MBL or MGL)</li> <li>where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support)</li> <li>where MBL's common equity Tier 1 Capital ratio falls below 5.125%</li> </ul>	<ul style="list-style-type: none"> <li>acquisition date (where a party acquires control of MBL or MGL)</li> <li>where APRA determines MBL would be non-viable without an exchange or conversion or write-off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support)</li> <li>where MBL's common equity Tier 1 Capital ratio falls below 5.125%</li> </ul>	<ul style="list-style-type: none"> <li>acquisition date (where a party acquires control of MBL or MGL)</li> <li>where APRA determines MBL would be non-viable without an exchange or conversion or write-off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support)</li> <li>where MBL's common equity Tier 1 Capital ratio falls below 5.125%</li> </ul>
<b>Capital Treatment</b>	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital

<sup>1</sup> As at 31 March 2024, the US \$750 million of MACS were held by an authorised representative for the Depository Trust Company being the common depository for the MACS global security.

## Note 23

### Loan capital continued

In addition to the subordinated debt with conditional repayment obligations, the Consolidated Entity has also issued certain capital instruments with fixed repayment obligations, denominated in United States dollars and Australian dollars which are eligible Tier 2 capital under APRA's capital standards.

The table below discloses the carrying value of Loan capital at the balance sheet date. Where these instruments are designated in fair value hedge accounting relationships, the carrying value includes the fair value hedge adjustment (refer Note 32 *Hedge accounting*). The contractual undiscounted cash flows are disclosed in Note 33.2 *Liquidity risk*.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Subordinated debt with fixed repayment obligations (Tier 2 loan capital) by contractual maturity dates:				
10 June 2025	1,112	1,075	1,112	1,075
28 May 2030	750	750	750	750
3 June 2030	935	921	935	921
17 June 2031	750	750	750	750
7 June 2032	843	849	843	849
18 January 2033	1,460	1,497	1,460	1,497
1 March 2034	1,256	-	1,256	-
3 March 2036	1,285	1,282	1,285	1,282
Instruments with conditional repayment obligations (Tier 1 loan capital):				
MACS	1,085	1,064	1,085	1,064
BCN2	641	641	641	641
BCN3	655	655	655	655
Accrued interest payable as per terms of instruments:				
Less than 12 months	88	78	88	78
	10,860	9,562	10,860	9,562
Less: directly attributable issuance costs	(35)	(39)	(35)	(39)
<b>Total loan capital</b>	<b>10,825</b>	<b>9,523</b>	<b>10,825</b>	<b>9,523</b>

#### Reconciliation of loan capital by major currency

(In Australian dollar equivalent):

United States dollar	5,938	5,896	5,938	5,896
Australian dollar	4,922	3,666	4,922	3,666
	10,860	9,562	10,860	9,562
Less: directly attributable issuance costs	(35)	(39)	(35)	(39)
<b>Total loan capital</b>	<b>10,825</b>	<b>9,523</b>	<b>10,825</b>	<b>9,523</b>

The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to their loan capital during the financial years reported.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 24

### Contributed equity

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Ordinary share capital	9,879	9,879	9,879	9,879
Other equity	305	282	142	134
<b>Total contributed equity</b>	<b>10,184</b>	<b>10,161</b>	<b>10,021</b>	<b>10,013</b>

	CONSOLIDATED AND COMPANY			
	2024	2023	2024	2023
	Number of shares	Number of shares	\$m	\$m
<b>(i) Ordinary share capital<sup>1</sup></b>				
Opening balance of fully paid ordinary shares	696,603,664	674,817,171	9,879	9,279
Issue of shares to parent entity (Macquarie B.H. Pty Limited) on 30 June 2022 at \$27.54 per share	-	21,786,493	-	600
<b>Closing balance of fully paid ordinary shares</b>	<b>696,603,664</b>	<b>696,603,664</b>	<b>9,879</b>	<b>9,879</b>

### (ii) Other equity

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Equity contribution from ultimate parent entity</b>				
Balance at the beginning of the financial year	282	283	134	137
Change attributable to share-based payment expense including deferred tax <sup>2</sup>	23	(1)	8	(3)
<b>Balance at the end of the financial year</b>	<b>305</b>	<b>282</b>	<b>142</b>	<b>134</b>

<sup>1</sup> Ordinary shares have no par value.

<sup>2</sup> Capital contribution by ultimate parent MGL towards MEREP awards issued to employees of the Consolidated Entity, where MGL is not subsequently reimbursed by the Consolidated Entity.

## Note 25

### Reserves and retained earnings

	CONSOLIDATED		COMPANY	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>(i) Reserves</b>				
<b>Foreign currency translation reserve</b>				
Balance at the beginning of the financial year	1,000	438	349	(202)
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax	197	562	196	551
<b>Balance at the end of the financial year</b>	<b>1,197</b>	<b>1,000</b>	<b>545</b>	<b>349</b>
<b>FVOCI reserve</b>				
Balance at the beginning of the financial year	-	4	(2)	44
Revaluation movement, net of tax	(24)	(6)	-	(43)
Changes in ECL allowance, net of tax	(2)	2	(13)	(3)
<b>Balance at the end of the financial year</b>	<b>(26)</b>	<b>-</b>	<b>(15)</b>	<b>(2)</b>
<b>Cash flow hedge reserve</b>				
Balance at the beginning of the financial year	92	8	104	10
Revaluation movement, net of tax	22	65	25	92
Transferred to income statement on realisation, net of tax	(33)	19	(39)	2
<b>Balance at the end of the financial year</b>	<b>81</b>	<b>92</b>	<b>90</b>	<b>104</b>
<b>Cost of hedging</b>				
Balance at the beginning of the financial year	(37)	(18)	(32)	(16)
Revaluation movement, net of tax	(35)	(33)	(30)	(30)
Transferred to income statement on realisation, net of tax	13	14	13	14
<b>Balance at the end of the financial year</b>	<b>(59)</b>	<b>(37)</b>	<b>(49)</b>	<b>(32)</b>
<b>Shares of reserves in associates and other reserves</b>	<b>45</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Total reserves at the end of the financial year</b>	<b>1,238</b>	<b>1,057</b>	<b>571</b>	<b>419</b>
<b>(ii) Retained earnings</b>				
Balance at the beginning of the financial year	9,134	7,974	10,027	9,015
Profit attributable to the ordinary equity holder of MBL	2,912	3,905	2,409	3,757
Dividends paid on ordinary share capital (Note 5)	(2,079)	(2,749)	(2,079)	(2,749)
Fair value changes attributable to own credit risk on debt classified at DFVTPL, net of tax	(9)	1	(8)	2
Remeasurement of defined benefit plans	1	3	(1)	2
<b>Balance at the end of the financial year</b>	<b>9,959</b>	<b>9,134</b>	<b>10,348</b>	<b>10,027</b>

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 26

### Notes to the statements of cash flows

#### (i) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year are reflected in the relevant items in the Statements of financial position as follows.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Cash and bank balances <sup>1,2</sup>	19,929	35,952	15,370	31,491
Cash collateralised lending and reverse repurchase agreements	24,452	20,027	23,534	20,027
Financial investments	9,223	5,203	9,223	5,045
<b>Cash and cash equivalents at the end of the financial year</b>	<b>53,604</b>	<b>61,182</b>	<b>48,127</b>	<b>56,563</b>

#### (ii) Reconciliation of profit after income tax to net cash flows generated from/(utilised in) operating activities

Profit after income tax	2,912	3,905	2,409	3,757
Adjustments to profit after income tax:				
Depreciation and amortisation	634	523	260	246
Credit and other impairment (reversal)/charges	(49)	115	(30)	162
Investment and other income	(40)	(51)	(25)	(65)
Share of net profits of associates and joint ventures	(41)	(26)	-	-
Changes in assets and liabilities:				
Issued debt securities, borrowings and other funding	2,388	(17,476)	1,256	(18,109)
Trading and related assets, and collateralised lending balances, including balances with Macquarie Group entities (net of liabilities)	(9,949)	(12,203)	(7,921)	(7,320)
Liquid asset holdings	2,768	(4,468)	785	(3,105)
Deposits	13,489	32,962	12,691	31,772
Debtors, prepayments, accrued charges and creditors	(460)	495	(43)	534
Tax balances	277	436	661	434
Interest, fee and commission receivable and payable	267	431	41	620
Assets under operating lease	(643)	(867)	(316)	(534)
Other assets and liabilities	(63)	(417)	674	(73)
Carrying value of associates due to dividends received	36	1	-	-
Loan assets, receivables and related balances with Macquarie Group entities	(17,621)	(16,832)	(17,171)	(21,931)
<b>Net cash flows utilised in operating activities</b>	<b>(6,095)</b>	<b>(13,472)</b>	<b>(6,729)</b>	<b>(13,612)</b>

#### (iii) Reconciliation of loan capital

Balance at the beginning of the financial year	9,523	6,896	9,523	6,896
Cash flows: <sup>3</sup>				
Issuance	1,246	2,338	1,246	2,338
Non-cash changes:				
Foreign currency translation and other movements	56	289	56	289
<b>Balance at the end of the financial year</b>	<b>10,825</b>	<b>9,523</b>	<b>10,825</b>	<b>9,523</b>

<sup>1</sup> Amounts excluded from cash and cash equivalents but presented in the Statements of financial position as Cash and bank balances primarily relates to \$8,015 million (2023: \$5,299 million) in the Consolidated Entity and \$7,351 million (2023: \$1,357 million) in the Company for funds received from clients which are segregated from the own funds and other balances of \$111 million (2023: \$361 million) for the Consolidated Entity and \$78 million (2023: \$240 million) for the Company that are not readily available to meet the short-term cash commitments.

<sup>2</sup> Includes \$918 million (2023: \$714 million) in the Consolidated Entity and \$374 million (2023: \$127 million) in the Company required to be maintained with central banks and other regulatory authorities and balances held in countries where remittance of cash outside the country is subject to certain restrictions and balances held by Consolidated SEs that are restricted from use by the Consolidated Entity.

<sup>3</sup> During the year ended 31 Mar 2024, the Consolidated Entity and the Company raised \$1,246 million (2023: \$2,338 million) net of cost of issuance through the issue of Tier 2 loan capital.

## Note 27

### Related party information

Transactions between the Consolidated Entity's and the Company's ultimate parent entity, immediate parent entity, subsidiaries and with other Macquarie Group entities under common control principally arise from the provision and repayment of funding arrangements which are repayable on demand or may be extended on a term basis and where appropriate may be either subordinated or collateralised, provision of banking and other financial services, provision of management and administration services, the provision of guarantees, restructure of businesses, capital and distributions and trading activities including derivative transactions for managing and hedging market risks, that are governed by standard market practices and arrangements under ISDA Master Agreement, Global Master Repurchase Agreement (GMRA) and other brokerage agreements.

The Master Loan Agreement (MLA) governs the funding and netting arrangements between various subsidiaries and other Macquarie Group entities which are under the common control of MGL and which have acceded to the MLA. The Tripartite Outsourcing Major Services Agreement (TOMSA) governs the provision of intra-group services between subsidiaries and other Macquarie Group entities other than certain excluded entities.

The Consolidated Entity's and the Company's Australian tax liabilities are determined according to tax consolidation legislation. MGL as the ultimate parent entity of the Macquarie Group is the head entity of the Australian tax consolidated group. The terms and conditions of this agreement are set out in Note 41 (vi) *Taxation*.

### Ultimate and immediate parent entities

The Consolidated Entity's and Company's ultimate parent entity is MGL and the immediate parent entity is Macquarie B.H. Pty Limited (MBHPL). Both MGL and MBHPL are incorporated in Australia. MGL produces consolidated financial statements that are available for public use. Balances outstanding with Ultimate and immediate parent entities are presented in Due from other

Macquarie Group entities or Due to other Macquarie Group entities, as appropriate, separately in the Statements of financial position of the Consolidated entity and Company except when the parties have the legal right and intention to offset. The balance includes amounts receivable by the Consolidated Entity, in respect of amounts paid in advance for MEREP awards offered to its employees' net of share-based payment expense (refer to Note 41 (xxiii) *Performance based remuneration*).

### Other Macquarie Group entities

Balances outstanding with other Macquarie Group entities are presented in Due from other Macquarie Group entities or Due to other Macquarie Group entities, as appropriate, separately in the Statements of financial position of the Consolidated entity and Company except when the parties have the legal right and intention to offset.

### Transaction under common control

On 11 April 2024, the Company executed a Restructure and Transition Framework agreement with Macquarie Financial Holdings Pty Limited (MFHPL), to transfer the Equity Derivatives and Trading (EDT) business within Commodities and Global Markets Operating Group.

Under the terms of the agreement, the Consolidated Entity will retain economic risk, reward, and decision-making authority for the EDT business until the transition occurs over the coming years. The transfers of assets or liabilities from the Consolidated Entity to the MFHPL Consolidated Group will be undertaken at fair market value as at the transfer date.

### Subsidiaries

All transactions undertaken with subsidiaries are eliminated in the consolidated financial statements. Balances outstanding with subsidiaries are presented in Due from subsidiaries or Due to subsidiaries, as appropriate, separately in the Statements of financial position of the Company except when the parties have the legal right and intention to offset.

A list of notable subsidiaries is set out in Note 14 *Investment in subsidiaries*.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 27

### Related party information continued

The following transactions occurred with the ultimate parent, immediate parent and other Macquarie Group entities during the financial year:

	CONSOLIDATED			
	2024		2023	
	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000
Interest income	2,824	12,987	1,461	10,223
Interest expense	(15,684)	(675,498)	(9,579)	(333,466)
Fee and commission income	9,199	1,463,015	4,576	1,271,948
Other income	-	541	-	35,992
Fee and commission expenses	-	(18,999)	-	-
Other operating expenses	-	(3,437)	-	(9,572)
Dividend paid	2,079,000	-	2,749,000	-

The following represents outstanding balances and off balance sheet arrangements with the ultimate parent, immediate parent and other Macquarie Group entities were outstanding as at the financial year end for the Consolidated entity:

	CONSOLIDATED			
	2024		2023	
	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000
<b>On Balance Sheet</b>				
Due from other Macquarie Group entities	956,451	3,827,979	717,297	3,703,439
Due to other Macquarie Group entities <sup>1</sup>	(547,539)	(11,740,303)	(489,392)	(14,152,625)
<b>Off Balance Sheet</b>				
<b>Credit risk related exposure:</b>				
Letter of credit	(18,200)	(580)	(18,200)	(90,297)
Guarantees	-	(1,549)	-	(2,236)
<b>Performance related contingents</b>	-	(57,490)	-	(208,283)
<b>Guarantees received<sup>1,2</sup></b>	<b>705,051</b>	<b>7,852,127</b>	<b>748,703</b>	<b>8,036,990</b>

<sup>1</sup> Balances with other Macquarie Group entities includes guarantee received by the Company for its exposures with certain Non Extended Licensed Entity (Non-ELE) subsidiaries and certain external counterparties that are guaranteed by MFHPL, for which MFHPL has placed cash collateral of \$6,357,769 thousand (2023: \$6,286,483 thousand) with the Company as per the terms of the guarantee arrangement, which is included in the Due to other Macquarie Group entities balance above. Similarly Company received guarantee for its exposures with certain Non-ELE Non-Bank Group entities that are guaranteed by a related group entity, Macquarie GT Holdings Pty Limited (MGTH), for which MGTH has placed non-cash collateral of \$919,472 thousand (2023: \$1,172,410 thousand) with the Company as per the terms of the guarantee arrangement.

<sup>2</sup> Balance with Ultimate parent includes Guarantees provided by MGL to counterparties with respect to their exposures to certain subsidiaries.



## Note 27

### Related party information continued

The following transactions occurred with the ultimate parent, immediate parent, subsidiaries and other Macquarie Group entities during the financial year:

	COMPANY					
	2024			2023		
	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Subsidiaries \$'000	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Subsidiaries \$'000
Interest income	2,765	11,697	335,254	1,436	9,791	259,434
Interest expense	(14,472)	(591,099)	(1,085,335)	(8,818)	(266,230)	(867,522)
Fee and commission income	5,089	(30,797)	403,935	544	(61,302)	341,920
Operating lease income	-	-	19,163	-	-	19,163
Investment Income						
Dividend (Note 2)	-	-	691,193	-	-	1,882,685
Net gain on sale of interest in subsidiaries and businesses	-	-	-	-	-	30,696
Other (charges)/income	-	(221)	18,406	-	32,813	49,493
Fee and commission expenses	-	(18,999)	(93,000)	-	-	(81,839)
Other operating expenses	-	-	(2,230,249)	-	-	(2,092,061)
Dividend paid	2,079,000	-	-	2,749,000	-	-

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 27

### Related party information continued

The following represents outstanding balances and off balance sheet arrangements with the ultimate parent, immediate parent, subsidiaries and other Macquarie Group entities were outstanding as at the financial year end for the Company:

	COMPANY					
	2024			2023		
	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Subsidiaries \$'000	Ultimate parent, immediate parent \$'000	Other Macquarie Group entities \$'000	Subsidiaries \$'000
<b>On Balance Sheet</b>						
Due from subsidiaries <sup>3</sup>	-	-	10,110,784	-	-	18,314,168
Due to subsidiaries <sup>4</sup>	-	-	(22,650,203)	-	-	(28,715,915)
Due from other Macquarie Group entities	491,747	3,565,966	-	398,129	3,488,390	-
Due to other Macquarie Group entities <sup>5</sup>	(387,359)	(11,490,650)	-	(342,134)	(12,032,267)	-
<b>Off Balance Sheet</b>						
<b>Credit risk related exposure:</b>						
Letter of credit	(18,200)	(580)	(23,423)	(18,200)	(90,297)	(24,614)
Guarantees <sup>3,6</sup>	-	(1,328)	(440,192)	-	(1,562)	(2,351,506)
Undrawn commitment	-	-	(661,900)	-	-	-
<b>Other contingencies and commitments:</b>						
Performance related contingents	-	(57,490)	(500)	-	(208,283)	(520)
<b>Guarantees received<sup>4,5</sup></b>	-	7,839,943	4,099,493	-	8,010,341	3,747,491

<sup>3</sup> Prior year include \$1,116,231 thousand of guarantees to a subsidiary, Macquarie Bank Europe Limited (MBEL), related to its exposures from certain external counterparties. In support of these guarantees, the Company had deposited a cash collateral of \$2,774,523 thousand included in the Due from subsidiaries balance above.

<sup>4</sup> The Company's exposures with certain Non-ELE subsidiaries included in amounts Due from subsidiaries are guaranteed by a subsidiary-Macquarie International Finance Limited (MIFL), for which it has placed cash collateral of \$801,433 thousand (2023: \$3,749,052 thousand) which is included in the Due to subsidiaries balance above and non-cash collateral \$3,301,859 thousand (2023: \$nil thousand) with the Company as per the terms of the guarantee arrangement.

<sup>5</sup> Balances with other Macquarie Group entities includes guarantee received by the Company for its exposures with certain Non-ELE subsidiaries and certain external counterparties that are guaranteed by MFHPL, for which MFHPL has placed cash collateral of \$6,357,769 thousand (2023: \$6,286,483 thousand) with the Company as per the terms of the guarantee arrangement, which is included in the Due to other Macquarie Group entities balance above. During April 2024 excess cash collateral of \$1,943,592 thousand has been returned by MBL to MFHPL due to reduction in the underlying exposures with Non-ELE subsidiaries. Similarly Company received guarantee for its exposures with certain Non-ELE Non-Bank Group entities that are guaranteed by MGTH, for which MGTH has placed non-cash collateral of \$919,472 thousand (2023: \$1,172,410 thousand) with the Company as per the terms of the guarantee arrangement. During April 2024 MBL has returned non-cash collateral to MGTH.

<sup>6</sup> Balances with subsidiaries includes guarantees to counterparties with respect to their exposures from certain subsidiaries. These guarantees have a notional value of \$8,727,607 thousand (2023: \$10,859,025 thousand) with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date. Guarantee exposures reported in table above are also included under Off balance sheet exposures in Note 12 *Expected credit losses* and Note 33.1 *Credit risk*.

## Note 27

### Related party information continued

#### Associates and joint ventures

The Consolidated Entity provides a range of services to its associates and joint ventures, including the provision of corporate advisory and management services, lending and borrowing activities.

Balances may arise between the Consolidated Entity and its associates and joint ventures from lending and borrowing activities, with loans generally extended on a term basis and, where appropriate, are either subordinated or collateralised.

During the financial year, the following amounts of income/(expense) resulted from transactions with associates and joint ventures.

	CONSOLIDATED		COMPANY	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest income	5,911	7,981	172	3,785
Fee and commission income	6,126	6,268	4,351	4,674
Other income	4,279	4,470	800	2
Dividends and distributions	-	-	4,775	1,036

Dividends and distributions of \$37,383 thousand (2023: \$1,233 thousand) were received from the Consolidated Entity's associates and joint ventures. Under the equity method of accounting, these amounts are not included as income but are recorded as a reduction from the carrying amount of the investment.

The following represents outstanding balances and off balance sheet arrangements with associates and joint ventures were outstanding as at financial year end (these exclude amounts which in substance form part of the Consolidated Entity's net investment in associates and joint ventures).

<b>On Balance Sheet</b>				
Amounts receivable	104,865	57,792	54,355	36,371
Amounts payable	(21,386)	(29,116)	(21,117)	(21,744)
<b>Off Balance Sheet</b>				
Undrawn commitments	(42,610)	(67,553)	(29,144)	(44,149)

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 28

### Key management personnel disclosure

#### Key management personnel (KMP)

The following persons were Directors of the Company during the financial years ended 31 March 2024 and 31 March 2023, unless indicated otherwise.

#### Executive Voting Directors

S.R. Wikramanayake	Macquarie Group CEO
S.D. Green	Macquarie Bank CEO

#### Non-Executive Directors

G.R. Stevens AC	Chair (became Chair on 10 May 2022)
J.R. Broadbent AC	
W.S. Byres <sup>1</sup>	(appointed to the MBL Board effective from 1 February 2024)
P.M. Coffey	
M.J. Coleman <sup>2</sup>	
M.A. Hinchliffe	
S.J. Lloyd-Hurwitz <sup>3</sup>	(appointed to the MBL Board effective from 28 July 2023)
R.J. McGrath	
M. Roche	
I.M. Saines <sup>4</sup>	(appointed to the MBL Board effective from 1 June 2022)
D.J.K. Whiteing <sup>5</sup>	(appointed to the MBL Board effective from 27 Sep 2023)

#### Former Non-Executive Directors

N.M. Wakefield Evans AM <sup>6</sup>	(ceased to be a member of the MBL Board on 27 July 2023)
P.H. Warne <sup>7</sup>	(retired from his role as Chair on 9 May 2022)

In addition to the Executive Voting Directors listed above, the following persons also had authority and responsibility for planning, directing and controlling the activities of MBL during the financial years ended 31 March 2024 and 31 March 2023, unless indicated otherwise.

#### Current Executives<sup>8</sup>

G.N. Bruce	GGC, Head of LGG
A. Cassidy	CRO, Head of RMG
A.H. Harvey	CFO, Head of FMG
N. Sorbara	COO, Head of COG
G.C. Ward	Head of BFS

#### Former Executive Director

N. O'Kane <sup>9</sup>	Former Head of CGM (ceased to be a member of the Executive Committee on 27 February 2024)
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The remuneration arrangements for all of the persons listed above are described on pages 40 to 66 of the Remuneration Report, contained in the Directors' Report.

<sup>1</sup> Mr Byres was appointed to the MBL Board as a Bank-only Non-Executive Director (BOND) on 1 February 2024.

<sup>2</sup> Mr Coleman ceased to be a member of the MGL Board on 28 July 2022 and became a BOND on 29 July 2022.

<sup>3</sup> Ms Lloyd-Hurwitz was appointed to the MBL Board effective 28 July 2023 and MGL Board effective 1 June 2023.

<sup>4</sup> Mr Saines was appointed to the MBL Board as a BOND on 1 June 2022.

<sup>5</sup> Mr Whiteing was appointed to the MBL Board as a BOND on 27 September 2023.

<sup>6</sup> Ms Wakefield Evans ceased to be a member of the MBL Board on 27 July 2023 and the MGL Board on 29 February 2024.

<sup>7</sup> Mr Warne retired from his roles as Independent Voting Director and Chair of the MGL and MBL Boards on 9 May 2022.

<sup>8</sup> Except where indicated otherwise, all of the Executives as well as the CEO were members of the Executive Committee as at 3 May 2024.

<sup>9</sup> Mr O'Kane ceased to be a member of the Executive Committee on 27 February 2024. Mr Wright became Group Head of CGM on 28 February 2024 and joined the Executive Committee on 1 April 2024.

## Note 28

### Key management personnel disclosure continued

#### Key management personnel remuneration

The following table details the aggregate remuneration for KMP.

	SHORT-TERM EMPLOYEE BENEFITS			LONG-TERM	SHARE-BASED PAYMENTS			Total remuneration
	Salary and fees (including superannuation)	Performance related remuneration <sup>10</sup>	Other benefits	EMPLOYEE BENEFITS	Restricted profit share including earnings on restricted profit share <sup>11</sup>	Equity awards <sup>12</sup>	PSUs <sup>13</sup>	
	\$	\$	\$	Total short-term employee benefits	\$	\$	\$	\$
<b>Executive remuneration</b>								
2024 <sup>14</sup>	6,671,058	16,449,845	-	23,120,903	(4,081,518)	(5,988,936)	1,559,432	14,609,881
2023	4,410,993	29,086,491	-	33,497,484	10,808,015	33,704,377	9,553,849	87,563,725
<b>Non-Executive remuneration</b>								
2024	2,740,429	-	-	2,740,429	-	-	-	2,740,429
2023	2,328,655	-	-	2,328,655	-	-	-	2,328,655

#### Loans to KMP and their related parties

Details of loans provided by the Consolidated Entity to KMP and their related parties are disclosed in aggregate in the following table.

	Opening balance as at 1 April	Additions during the year <sup>16</sup>	Interest charged	Repayments during the year <sup>17</sup>	Write-downs	Closing balance as at 31 Mar <sup>18</sup>
Total for key management personnel and their related parties <sup>15</sup>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024	16,111	2,500	412	(5,554)	-	13,469
2023	17,210	61	343	(1,503)	-	16,111

<sup>10</sup> The cash portion of each KMP's profit share allocation for the reporting period when they were a KMP.

<sup>11</sup> The amount of retained profit share held via the DPS plan including earnings on notional investments from retained profit share in prior financial years. This includes reversal of amounts previously accrued for retained DPS forfeited by Mr. O'Kane upon his resignation.

<sup>12</sup> The current year amortisation for equity awards calculated as described in Note 41(xxiii) *Performance based remuneration*. This includes reversal of amounts previously accrued for RSU awards (net of dividends paid during the vesting period) forfeited by Mr. O'Kane upon his resignation.

<sup>13</sup> The current year amortisation for PSUs calculated as described in Note 41(xxiii) *Performance based remuneration*. The current year expense is reduced for previously recognised remuneration expense where performance hurdles have not been met, have been partially met or are not expected to be met. This includes reversal of amounts previously accrued for PSU awards forfeited by Mr. O'Kane upon his resignation.

<sup>14</sup> For further detail on the impact of changes to KMP composition and forfeitures during the period refer to pages 62 and 63 of the Remuneration Report.

<sup>15</sup> All loans provided by Macquarie to KMP are made in the ordinary course of business on an arm's length basis and are entered into under normal terms and conditions consistent with other customers and employees. There have been no write-downs during the financial years reported.

<sup>16</sup> Or loan held as at date of appointment of new KMP.

<sup>17</sup> Or loan held as at date ceased to be a KMP.

<sup>18</sup> The aggregate balance included loans to 4 persons (31 March 2023: 5).

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 29

### Employee equity participation

#### MEREP

MBL participates in its ultimate parent company's, Macquarie Group Limited (MGL), share based compensation plans. For the Macquarie Group Employee Retained Equity Plan (MEREP), awards are granted by MGL to qualifying MBL employees of the Consolidated Entity for delivery of MGL shares.

#### Award types under the MEREP

##### Restricted Share Units (RSUs)

A RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee (Trustee).

The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	NUMBER OF RSU AWARDS	
	2024	2023
RSUs on issue at the beginning of the financial year	6,891,558	6,227,261
Granted during the financial year	3,287,316	2,418,853
Forfeited during the financial year	(749,354)	(54,635)
Vested RSUs withdrawn or sold from the MEREP during the financial year	(1,742,496)	(1,709,322)
Net transfers from other Macquarie Group entities <sup>1</sup>	60,377	9,401
<b>RSUs on issue at the end of the financial year</b>	<b>7,747,401</b>	<b>6,891,558</b>
<b>RSUs vested and not withdrawn from the MEREP at the end of the financial year</b>	<b>53,151</b>	<b>1,262</b>

The weighted average fair value of the RSU awards granted during the financial year was \$180.21 (2023: \$164.99).

##### Deferred Share Units (DSUs)

A DSU represents the right to receive on exercise of the DSU either a MGL share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of RSUs impractical, or where PSUs are structured as DSUs (see PSUs). DSUs have been granted with an expiry period of up to nine years.

	NUMBER OF DSU AWARDS	
	2024	2023
DSUs on issue at the beginning of the financial year	1,424,127	1,211,718
Granted during the financial year	731,716	392,958
Forfeited during the financial year	(37,528)	(7,845)
Exercised during the financial year	(364,728)	(174,200)
Net transfers (to)/from other Macquarie Group entities <sup>1</sup>	(1,065)	1,496
<b>DSUs on issue at the end of the financial year</b>	<b>1,752,522</b>	<b>1,424,127</b>
<b>DSUs exercisable at the end of the financial year</b>	<b>633,363</b>	<b>590,421</b>

The weighted average fair value of the DSU awards granted during the financial year was \$171.03 (2023: \$155.92).

<sup>1</sup> Net transfers (to)/from other Macquarie Group entities during the year includes transfers relating to the transfer of employees within Macquarie group entities.

## Note 29

### Employee equity participation continued

#### Award types under the MEREP continued

##### Performance Share Units (PSUs)

All PSUs currently on issue are structured as DSUs with performance hurdles related to MGL's performance that must be met before the underlying share or cash equivalent (as the case may be) will be delivered. PSU holders have no right to dividend equivalent payments before the PSUs vest.

	NUMBER OF PSU AWARDS	
	2024	2023
PSUs on issue at the beginning of the financial year	439,154	514,318
Granted during the financial year	132,953	124,114
Exercised during the financial year	(77,118)	(199,278)
Expired during the year	(3,214)	-
Forfeited during the financial year	(68,617)	-
<b>PSUs on issue at the end of the financial year</b>	<b>423,158</b>	<b>439,154</b>
<b>PSUs exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>

The weighted average fair value of the PSU awards granted during the financial year was \$151.70 (2023: \$156.54).

Participation in the MEREP is currently provided to the following Eligible Employees:

- Executive Directors with retained Directors' Profit Share (DPS), a proportion of which is allocated in the form of MEREP awards (Retained DPS Awards)
- staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards) and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards)
- Macquarie Bank staff with retained commission (Commission Awards)
- new Macquarie Bank staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value (New Hire Awards)
- members of the MBL Executive Committees who are eligible for PSUs (PSU awards)
- in limited circumstances, Macquarie Bank staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of Macquarie Bank upon the acquisition of their employer by a Macquarie entity or who receive an additional award at the time of joining Macquarie (also referred to above as New Hire Awards).

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 29

### Employee equity participation continued

#### Award types under the MEREP continued

Vesting periods are as follows:

Award type	Level	Vesting
<b>Retained Profit Share Awards and Promotion Awards</b>	Below Executive Director	1/3 <sup>rd</sup> in the 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> year following the year of grant <sup>2</sup>
<b>Retained DPS Awards granted in relation to years 2013 to 2023</b>	Executive Committee members and Designated Executive Directors	1/5 <sup>th</sup> in the 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> and 7 <sup>th</sup> year following the year of grant <sup>3</sup>
<b>Retained DPS Awards granted in relation to years 2013 to 2023</b>	All other Executive Directors	1/3 <sup>rd</sup> in the 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> year following the year of grant <sup>3</sup>
<b>Retained DPS Awards granted in relation to 2024 and following years</b>	Executive Committee members and other Executive Directors	1/3 <sup>rd</sup> in the 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> year following the year of grant <sup>3</sup>
<b>PSU Awards granted in relation to years 2017 to 2019</b>	Executive Committee members (including MGL CEO and MBL CEO)	50% in the 3 <sup>rd</sup> and 4 <sup>th</sup> years following the year of grant <sup>4</sup>
<b>PSU Awards granted in relation to 2020 and following years</b>	Executive Committee members (excluding MGL CEO and MBL CEO)	100% in the 4 <sup>th</sup> year following the year of grant <sup>4</sup>
<b>PSU Awards granted in relation to years 2020 to 2023</b>	MGL CEO and MBL CEO	100% in the 4 <sup>th</sup> year following the year of grant <sup>4</sup>
<b>PSU Awards granted in relation to 2024 and following years</b>	MGL CEO and MBL CEO	100% in the 5 <sup>th</sup> year following the year of grant <sup>4</sup>
<b>Commission Awards</b>	Below Executive Director	1/3 <sup>rd</sup> in the 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> year following the year of grant <sup>2</sup>
<b>New Hire Awards</b>	All Director-level staff	1/3 <sup>rd</sup> in the 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> year following the year of grant <sup>2</sup>

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in certain jurisdictions may have a different vesting period due to local regulatory requirements.

For Retained Profit Share awards representing 2023 retention, the allocation price was the weighted average price of the shares acquired for the 2023 purchase period, which was 15 May 2023 to 21 June 2023. That price was calculated to be \$179.17 (2022 retention: \$168.81).

<sup>2</sup> Vesting will occur during an eligible staff trading window.

<sup>3</sup> Vesting will occur during an eligible staff trading window. If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly.

<sup>4</sup> Subject to achieving certain performance hurdles.



## Note 29

### Employee equity participation continued

#### Performance Share Units (PSUs)

PSUs will only be released or become exercisable upon the achievement of certain pre-vest assessment<sup>5</sup> and performance hurdles related to MGL's performance. Only members of the MBL Executive Committees are eligible to receive PSUs. For the PSUs allocated to Executive Committee Members, two performance hurdles have been determined and each will apply individually to 50% of the total number of PSUs awarded. Hurdles are periodically reviewed by the Board Remuneration Committee (BRC) to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC considers historical and forecast market data, the views of corporate governance groups, shareholders and regulators as well as market practice. No change has been made to the hurdles for this financial year.

The hurdles are outlined below.

#### Performance hurdle 1

Hurdle	Reference group
50% of the PSUs based solely on the relative average annual return on ordinary equity (ROE) over the vesting period compared to a reference group of global financial institutions. A sliding scale applies with 50% becoming exercisable above the 50th percentile and 100% vesting at the 75th percentile.	The current reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JPMorgan Chase & Co., Lazard Limited, Morgan Stanley and UBS AG. <sup>6</sup>

#### Performance hurdle 2

Hurdle	Required result
50% of the PSUs based solely on the compound annual growth rate (CAGR) in earnings per share (EPS) over the vesting period.	A sliding scale applies with 50% becoming exercisable at EPS CAGR of 7.5% and 100% at EPS CAGR of 12%. For example, if EPS CAGR were 9.75%, 75% of the relevant awards would become exercisable.

Under both performance hurdles, the condition is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year-end results available. To the extent that a condition is not met when examined, the PSUs due to vest will not be exercisable upon vesting, resulting in no benefit to Executive Committee members.

#### Pre-vest assessment (At end of vesting period)

Prior to vesting of PSU awards, the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie over the vesting period, based on the extent to which the Executive Committee has:

1. promoted behaviour that is consistent with and reflects Macquarie's risk culture and *Code of Conduct* and the principles of *What We Stand For*
2. overseen the effectiveness of Macquarie's risk management framework, policies and practices in managing key financial and non-financial risks
3. overseen funding, liquidity and capital management to ensure Macquarie's financial soundness.

Where the Board forms a negative overall assessment of the relevant Executive Committee's collective contribution, it may consider whether an adjustment is appropriate, taking into account any mitigating and aggravating factors.

To assist the Board with their determination of an adjustment to the PSU vesting outcome, and to ensure that the determination encompasses all relevant considerations, the BRC will receive reporting over the vesting period.

<sup>5</sup> Pre-vest assessment applicable for awards to be granted in relation to 2024 and following years.

<sup>6</sup> For unvested PSU awards made prior to 2023, the reference group included Bank of America Corporation, Barclays PLC, Credit Suisse, Deutsche Bank AG, Goldman Sachs Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 29

### Employee equity participation continued

#### Award types under the MEREP continued

#### Assumptions used to determine fair value of MEREP awards

RSUs and DSUs are measured at their grant dates based on their fair value<sup>7</sup> and for each PSU, the awards expected to vest are measured on the basis of the assumptions below. This amount is recognised as an expense over the respective vesting periods.

RSUs, DSUs and PSUs relating to the MEREP plan for Executive Committee members have been granted in the current financial year in respect of the 2023 performance. The accounting fair value of each of these grants is estimated using MGL's share price on the date of grant and for each PSU also incorporates a discounted cash flow method using the following key assumptions:

- interest rate to maturity: 4.25% per annum
- expected vesting dates of PSUs: 1 July 2027
- dividend yield: 3.54% per annum.

While RSUs, DSUs and PSUs (for Executive Committee members) for FY2024 will be granted during FY2025, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2023 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2024 and applying the amortisation profile to the retained amount.

For PSU, the estimate also incorporates an interest rate to maturity of 3.97% per annum (3.99% for grants to the MGL CEO and the MBL CEO), expected vesting date of 1 July 2028 (1 July 2029 for the MGL CEO and the MBL CEO), and a dividend yield of 3.76% per annum. In the following financial year, the Consolidated Entity will adjust the accumulated expense recognised for the final determination of fair value for each RSU, DSU and PSU when granted and will use this valuation for recognising the expense over the remaining vesting period. The Consolidated Entity annually reviews its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement.

For the financial year ended 31 March 2024, compensation expense relating to the MEREP totalled \$444,122 thousand (2023: \$414,674 thousand).

### Employee Share Plan

MBL also participates in MGL's Macquarie Group Employee Share Plan (ESP) whereby each financial year eligible employees are offered up to \$1,000 worth of fully paid MGL ordinary shares for no cash consideration.

Shares allocated under the ESP cannot be sold until the earlier of three years after allocation or the time when the participant is no longer employed by MGL or a subsidiary of MGL. In all other respects, shares allocated rank equally with all other fully paid ordinary shares then on issue.

The latest offer under the ESP was made during November 2023. A total of 2,258 (2023: 2,052) staff participated in this offer.

On 1 December 2023, the participants were each allocated 6 (2023: 5) fully paid ordinary shares based on the offer amount of \$1,000 and the average market share price of \$166.34 (2023: \$178.23), resulting in a total of 13,548 (2023: 10,260) shares being allocated. The shares were allocated to staff for no cash consideration. The aggregate value of the shares allocated was deducted from staff profit share and commissions.

For the financial year ended 31 March 2024, compensation expense relating to the ESP totalled \$2,255 thousand (2023: \$1,840 thousand).

### Other plans

MBL operates other local share-based compensation plans, none of which, individually or in aggregate are material.

<sup>7</sup> For employees categorised as Material Risk Takers who are required to comply with the European Banking Authority Guidelines on the CRD IV and CRD V remuneration requirements, the fair value of the awards granted for performance periods after 1 April 2019 has been adjusted to take into account the prohibition of dividends on unvested awards.

## Note 30

### Contingent liabilities and commitments

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>Credit risk related exposures</b>				
Undrawn credit facilities and debt commitments <sup>1</sup>	23,137	20,378	22,366	16,963
Letters of credit and guarantees	2,020	2,156	2,427	4,464
<b>Total credit risk related exposures</b>	<b>25,157</b>	<b>22,534</b>	<b>24,793</b>	<b>21,427</b>
<b>Other contingencies and commitments</b>				
Asset developments and purchase commitments	527	1,476	388	925
Performance-related contingencies <sup>2</sup>	318	677	310	667
<b>Total other contingencies and commitments</b>	<b>845</b>	<b>2,153</b>	<b>698</b>	<b>1,592</b>
<b>Total contingent liabilities and commitments</b>	<b>26,002</b>	<b>24,687</b>	<b>25,491</b>	<b>23,019</b>

## Note 31

### Structured entities

A Structured Entity (SE) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well-defined objectives. SEs are classified as subsidiaries and are consolidated when control exists.

The Consolidated Entity engages with SEs for securitisation, asset-backed financing and structured financing arrangements in order to diversify its sources of funding for asset origination and capital efficiency purposes. The Consolidated Entity also engages with SEs when providing fund administration and other fiduciary activities. The Consolidated Entity's involvement with SEs is primarily of the following nature.

Type	Details
<b>Securitisation</b>	<p>Securitisations involve transferring assets into a vehicle that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor.</p> <p>These vehicles are created for securitising assets, including mortgages, and finance leases.</p> <p>The Consolidated Entity also establishes SEs on behalf of customers to securitise their loans or receivables and may manage these securitisation vehicles or provide liquidity or other support.</p> <p>The Consolidated Entity may serve as a sponsor, servicer, underwriter, liquidity provider, derivative counterparty, purchaser of notes and/or purchaser of residual income units. The Consolidated Entity may also provide redraw facilities or loan commitments to securitisation vehicles.</p>
<b>Asset-backed financing</b>	<p>Asset-backed vehicles are used to provide tailored lending for the purchase or lease of assets transferred by the Consolidated Entity or its clients. The assets are normally pledged as collateral to the lenders. The Consolidated Entity engages in raising finance for assets such as vessels, electronic and IT equipment.</p>
<b>Structured financing and other arrangements</b>	<p>Includes:</p> <ul style="list-style-type: none"> <li>financing for prepaid commodity contracts. The Consolidated Entity has contractually guaranteed the performance obligation under these arrangements.</li> <li>financing through loans and reverse repurchase agreements for short-term term funding requirements of SEs which are sponsored by third parties.</li> </ul>
<b>Funds administration activities</b>	<p>The Consolidated Entity conducts fund administration and other fiduciary activities as responsible entity, trustee, custodian, of funds, trusts including superannuation and approved deposit funds, wholesale and retail trusts.</p> <p>The Consolidated entity's interests in these funds primarily represents fees receivables for the services.</p>

<sup>1</sup> Undrawn credit facilities include fully or partially undrawn Commitments against which clients can borrow money under defined terms and conditions. Balance includes revocable undrawn commitments for certain retail banking products of \$14,839 million (2023: \$13,723 million) for the Consolidated Entity and \$13,955 million (2023: \$10,460 million) for the Company which are considered to be exposed to credit risk.

<sup>2</sup> It is not practicable to ascertain the timing of any outflow and the possibility of any reimbursement related to these contingent liabilities.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 31

### Structured entities continued

The following table presents the carrying value and maximum exposure to loss (before the benefit of collateral and credit enhancements) of the Consolidated Entity's interests in unconsolidated SEs.

	CONSOLIDATED 2024				CONSOLIDATED 2023			
	Securitisations	Asset-backed financing	Structured Financing and other arrangements	Total	Securitisations	Asset-backed financing	Structured Financing and other arrangements	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Maximum exposure to loss</b>								
Carrying value of assets:								
Loan assets	1,317	1,895	5,011	8,223	1,143	1,895	3,869	6,907
Financial investments	2,314	-	-	2,314	2,134	-	-	2,134
Margin money and settlement assets	14	-	-	14	251	-	-	251
Derivative assets	121	-	-	121	229	-	-	229
Trading assets	249	-	-	249	132	-	-	132
Reverse repurchase agreements <sup>1</sup>	-	-	3,212	3,212	-	-	5,015	5,015
Total carrying value of assets <sup>2</sup>	4,015	1,895	8,223	14,133	3,889	1,895	8,884	14,668
Undrawn commitments	70	21	150	241	8	193	156	357
<b>Total maximum exposure to loss</b>	<b>4,085</b>	<b>1,916</b>	<b>8,373</b>	<b>14,374</b>	<b>3,897</b>	<b>2,088</b>	<b>9,040</b>	<b>15,025</b>

The Consolidated Entity's exposure to securitisation entities in the nature of financial investments, margin money, derivatives, trading assets and reverse repurchase agreements are acquired for the purpose of trading and liquidity management. These exposures are typically managed under credit and market risk limits described in Note 33.1 *Credit risk* and Note 33.3 *Market risk*. For these reasons, information on the size and structure for these SEs is not considered meaningful for understanding the related risks, and have not been presented in the table above.

In respect of the Consolidated Entity's loan assets' exposure in securitisation, asset-backed financing entities and structured financing, the total size of the unconsolidated SEs is \$74,580 million (2023: \$44,114 million). Size is based on the latest available information representing either the total assets of the SE (measured either at amortised cost excluding impairments or fair values if readily available), outstanding notional of issued notes or the principal amount of liabilities if there is nominal equity.

For the above exposures, the Consolidated Entity does not sponsor or control the SE, nor is it a significant user of the services of these SEs.

Additionally, as part of its funds administration activities the Consolidated Entity has interests in certain funds primarily in the form of fee receivables representing the Consolidated Entity's maximum exposure to loss which is disclosed in Note 10 *Held for sale and other assets*.

<sup>1</sup> Prior period comparative information has been re-presented, or additional information provided, to conform to changes in the current period

<sup>2</sup> Includes non-investment grade interests of \$829 million (2023: \$540 million) in securitisation activities, \$1,269 million (2023: \$1,262 million) in asset-backed financing activities and \$886 million (2023: \$474 million) in structured financing and other arrangements.

## Note 32

### Hedge accounting

#### Hedging strategy

The use of derivative and non-derivative instruments to economically hedge non-traded positions potentially gives rise to income statement volatility as a result of mismatches in the accounting treatment between the derivative and non-derivative instruments and the related exposure. The Consolidated Entity's objective is to reduce the risk of volatility in earnings, within pre-defined thresholds. This volatility is managed through designation of hedge accounting relationships and the use of naturally offsetting positions in the income statement.

#### Hedging instruments

Detail on hedging instruments, the nature of hedged risks, as well as the notional and the carrying amount of derivative financial instruments and, in the case of hedges of net investment in foreign operations, the notional of foreign currency denominated borrowings and other balance sheet items, for each type of hedge relationship, is shown in the respective sections. The maturity profile for the hedging instruments' notional amounts are reported based on their contractual maturity. Where a cross currency swap has been dual designated in both a cash flow and a fair value hedge, the notional is shown more than once. Increases in notional profiles of hedging instruments are presented as negative figures, with decreases and maturities presented as positive figures.

#### Hedging ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item for the hedged risk. In the case of a cash flow hedge, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item. In the case of hedges of net investment in foreign operations, hedge ineffectiveness is the extent to which the change in the carrying amount of foreign currency denominated borrowings and other balance sheet items attributable to the change in exchange rates exceeds, in absolute terms, that of the hedged item. Sources of hedge ineffectiveness primarily arise from basis and timing differences between the hedged items and hedging instruments and designating existing derivatives with a non-zero fair value as hedging instruments. Hedge ineffectiveness is reported in net trading income in the income statement.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 32

### Hedge accounting continued

#### Cash flow hedges

The cash flow hedge reserve, representing the effective portion of the movements in the hedging instrument, is disclosed in Note 25(i) *Reserves*. Changes in this reserve are reported in the Consolidated Entity's Statements of comprehensive income. The cumulative gains and losses remaining in the cash flow hedge reserve for hedging relationships that have ceased, but for which the hedged cash flows are still expected to occur are \$1 million loss (2023: \$1 million gain) for the Consolidated Entity and \$1 million loss (2023: \$1 million gain) for the Company. These amounts will be reclassified to the income statement as and when the hedged item affects profit and loss.

#### Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
Instrument type	Risk category	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED 2024</b>						
<b>Derivative assets</b>						
Cross currency swaps	Foreign exchange	31	91	1,371	905	2,398
Interest rate swaps	Interest rate	2,680	8,149	1,279	567	12,675
<b>Derivative liabilities</b>						
Cross currency swaps	Foreign exchange	-	141	-	73	214
Interest rate swaps	Interest rate	301	777	3,188	21	4,287
<b>Borrowings</b>						
Foreign currency denominated borrowings	Foreign exchange	11	-	187	-	198
<b>CONSOLIDATED 2023</b>						
<b>Derivative assets</b>						
Cross currency swaps	Foreign exchange	(8)	832	1,388	1,007	3,219
Interest rate swaps	Interest rate	424	384	507	614	1,929
<b>Derivative liabilities</b>						
Cross currency swaps	Foreign exchange	-	-	143	-	143
Interest rate swaps	Interest rate	48	152	42	-	242
<b>Borrowings</b>						
Foreign currency denominated borrowings	Foreign exchange	-	-	254	-	254
		CONSOLIDATED CARRYING AMOUNT				
		2024		2023		
Instrument type	Risk category	Asset	Liability	Asset	Liability	
		\$m	\$m	\$m	\$m	
Cross currency swaps	Foreign exchange	343	30	477	30	
Interest rate swaps <sup>1</sup>	Interest rate	133	10	110	2	
Foreign currency denominated borrowings	Foreign exchange	-	120	-	188	

<sup>1</sup> The carrying amounts of hedging instrument derivative assets includes amount of \$1 million (2023: \$nil) which are disclosed in the Consolidated Entity's Statement of financial position as 'Due from other Macquarie Group entities'.

## Note 32

### Hedge accounting continued

		MATURITY ANALYSIS PER NOTIONAL				
Instrument type	Risk category	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>						
<b>Derivative assets</b>						
Cross currency swaps	Foreign exchange	31	91	378	905	1,405
Interest rate swaps	Interest rate	2,680	8,149	1,279	567	12,675
<b>Derivative liabilities</b>						
Cross currency swaps	Foreign exchange	-	141	-	73	214
Interest rate swaps	Interest rate	301	777	3,188	21	4,287
<b>COMPANY 2023</b>						
<b>Derivative assets</b>						
Cross currency swaps	Foreign exchange	(8)	832	413	1,007	2,244
Interest rate swaps	Interest rate	424	384	507	614	1,929
<b>Derivative liabilities</b>						
Cross currency swaps	Foreign exchange	-	-	143	-	143
Interest rate swaps	Interest rate	-	152	42	-	194
		<b>COMPANY CARRYING AMOUNT</b>				
		<b>2024</b>		<b>2023</b>		
Instrument type	Risk category	Asset	Liability	Asset	Liability	
		\$m	\$m	\$m	\$m	
Cross currency swaps	Foreign exchange	227	30	387	30	
Interest rate swaps <sup>2</sup>	Interest rate	133	10	110	2	

<sup>2</sup> The carrying amounts of hedging instrument derivative assets includes amount of \$1 million (2023: \$nil) which are disclosed in the Company's Statement of financial position as 'Due from other Macquarie Group entities'.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 32

### Hedge accounting continued

#### Hedge ineffectiveness

In the case of cash flow hedge relationships, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item.

Hedging instruments	Risk category	GAIN/(LOSS) ON HEDGING INSTRUMENT		GAIN/(LOSS) ON HEDGED ITEM		HEDGE INEFFECTIVENESS GAIN/(LOSS)	
		2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
<b>CONSOLIDATED</b>							
Cross currency swaps	Foreign exchange	(1)	1	1	1	-	2
Foreign currency denominated borrowings	Foreign exchange	2	(9)	(2)	9	-	-
Interest rate swaps	Interest rate	(11)	110	15	(105)	4	5
<b>Total</b>		<b>(10)</b>	<b>102</b>	<b>14</b>	<b>(95)</b>	<b>4</b>	<b>7</b>
<b>COMPANY</b>							
Cross currency swaps	Foreign exchange	3	9	(3)	(7)	-	2
Interest rate swaps	Interest rate	(11)	108	15	(105)	4	3
<b>Total</b>		<b>(8)</b>	<b>117</b>	<b>12</b>	<b>(112)</b>	<b>4</b>	<b>5</b>

#### Hedge accounting executed rates

The following table shows the executed rates for the most significant hedging instruments designated in cash flow hedges.

Hedging instruments	Currency pair/currency	CONSOLIDATED		COMPANY	
		2024	2023	2024	2023
Cross currency swaps	AUD/EUR	0.68	0.68	0.68	0.68
	USD/GBP	0.66	0.66	0.66	0.66
	AUD/CHF	-	0.72	-	0.72
	GBP/CHF	-	1.46	-	1.46
	AUD/NOK	5.88	5.88	5.88	5.88
Interest rate swaps	AUD	0.56%-5.96%	0.13%-5.58%	0.56%-5.96%	0.13%-5.58%
	GBP	0.97%-4.65%	0.97%-3.48%	0.97%-4.65%	0.97%-3.48%



## Note 32

### Hedge accounting continued

#### Net investment in foreign operation hedges

The Consolidated Entity's net investment in foreign operations (NIFO) changes as a result of earnings, dividends, other capital-related events and changes in the Consolidated Entity's group structure as a result of internal restructures. The risk of changes in the NIFO for movements in foreign exchange rates may be hedged by the Consolidated Entity using a combination of derivatives, foreign currency denominated borrowings and other balance sheet items. Refer to Note 33.3 *Market risk: Non-traded market risk* for further information on the Consolidated Entity's risk management strategy.

In order to reflect the Consolidated Entity's risk management strategy, hedge accounting is applied where changes in the derivatives and foreign denominated borrowings and other balance sheet items are recognised, together with the related foreign currency translation reserve, in the Consolidated Entity's other comprehensive income and is subsequently reclassified to the income statement or re-attributed within equity as defined in Note 44(iii) *Foreign currency translation*: Subsidiaries and other equities. Hedge ineffectiveness, if any is recognised in the income statement. Given that the Consolidated Entity's NIFO frequently changes, the hedge designations are reviewed on a monthly basis or more frequently where required.

Hedging instrument	Risk category	CARRYING AMOUNT			
		ASSET		LIABILITY	
		2024	2023	2024	2023
		\$m	\$m	\$m	\$m
<b>CONSOLIDATED</b>					
Foreign exchange contracts and other foreign currency denominated balance sheet items	Foreign exchange	167	266	78	37
Foreign currency denominated borrowings <sup>3</sup>	Foreign exchange	-	-	11,893	11,630
<b>COMPANY</b>					
Foreign exchange contracts and other foreign currency denominated balance sheet items	Foreign exchange	68	127	81	38
Foreign currency denominated borrowings <sup>3</sup>	Foreign exchange	-	-	5,273	4,415
Hedging instrument	Risk category	NOTIONAL AMOUNT			
		ASSET		LIABILITY	
		2024	2023	2024	2023
		\$m	\$m	\$m	\$m
<b>CONSOLIDATED</b>					
Foreign exchange contracts and other foreign currency denominated balance sheet items <sup>4</sup>	Foreign exchange	2,274	2,364	1,892	886
Foreign currency denominated borrowings	Foreign exchange	-	-	11,812	11,555
<b>COMPANY</b>					
Foreign exchange contracts and other foreign currency denominated balance sheet items <sup>4</sup>	Foreign exchange	1,191	1,548	1,401	747
Foreign currency denominated borrowings	Foreign exchange	-	-	5,121	4,382

In order to hedge the currency exposure of certain net investment in foreign operations, the Consolidated Entity jointly designates hedging instruments from the currency of the underlying foreign operation to USD and then the hedging instruments from USD to AUD. As a result, the notional value of hedging instruments presented in the table above by the Consolidated Entity of \$15,978 million (2023: \$14,805 million) and Company of \$7,713 million (2023: \$6,677 million) represents the notional of Foreign currency denominated borrowings, Foreign exchange contracts and other foreign currency denominated balance sheet items. The notional of the underlying hedged component of the Consolidated Entity's and Company's respective net investment in foreign operation is \$11,805 million (2023: \$11,466 million) and \$5,239 million (2023: \$4,286 million).

Hedge ineffectiveness is the extent to which the absolute change in either the fair value of the derivative or the carrying amount of foreign currency denominated borrowings attributable to the change in exchange rates exceeds that of the hedged item. There was no ineffectiveness recognised in the income statement by the Consolidated Entity or the Company in the current year (2023: \$nil).

<sup>3</sup> The carrying amount of foreign currency denominated borrowings is \$nil (2023: \$80 million) for the Consolidated Entity and the Company which are disclosed in the respective Statements of financial position as Due to other Macquarie Group entities.

<sup>4</sup> Where the fair value of the derivative is positive/(negative), the notional of the derivative has been similarly included in the table as an asset/(liability).

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 32

### Hedge accounting continued

#### Fair value hedges

The fair value attributable to the hedged risk is recognised as a fair value adjustment to the hedged item on the balance sheet. In an effective fair value hedge relationship, movements in this fair value adjustment are largely offset by movements in the fair value of the hedging instrument. Any residual is recognised as ineffectiveness in net trading income in the income statement. Executed rates for fair value hedges of interest rate risk and commodity price risk have not been shown as these would represent the market reference rates at the time of designation.

#### Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
Instrument type	Risk category	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED 2024</b>						
<b>Derivative assets</b>						
Interest rate swaps	Interest rate	584	2,411	6,222	749	9,966
Basis swaps	Interest rate	-	-	993	-	993
Commodity derivatives	Commodity price	-	174	446	-	620
Foreign exchange forwards	Foreign exchange	21	41	361	-	423
<b>Derivative liabilities</b>						
Cross currency swaps	Interest rate	-	141	993	73	1,207
Interest rate swaps	Interest rate	564	6,233	5,157	5,399	17,353
Commodity derivatives	Commodity price	21	131	598	-	750
Foreign exchange forwards	Foreign exchange	-	273	675	-	948
<b>CONSOLIDATED 2023</b>						
<b>Derivative assets</b>						
Interest rate swaps	Interest rate	937	3,585	2,640	2,346	9,508
Commodity derivatives	Commodity price	-	35	688	-	723
Foreign exchange forwards	Foreign exchange	27	41	369	-	437
<b>Derivative liabilities</b>						
Cross currency swaps	Interest rate	-	491	143	75	709
Interest rate swaps	Interest rate	-	2,745	8,658	3,917	15,320
Commodity derivatives	Commodity price	27	42	605	-	674
Foreign exchange forwards	Foreign exchange	-	36	929	-	965
		<b>CONSOLIDATED CARRYING AMOUNT</b>				
Instrument type	Risk category	2024		2023		
		Asset \$m	Liability \$m	Asset \$m	Liability \$m	
Cross currency swaps	Interest rate	-	38	-	18	
Interest rate swaps	Interest rate	200	874	263	904	
Basis swaps	Interest rate	6	-	-	-	
Commodity derivatives	Commodity price	11	38	17	41	
Foreign exchange forwards	Foreign exchange	13	44	10	67	

## Note 32

### Hedge accounting continued

		MATURITY ANALYSIS PER NOTIONAL				
Instrument type	Risk category	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
		\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>						
<b>Derivative assets</b>						
Interest rate swaps	Interest rate	369	2,406	6,298	749	9,822
Basis swaps	Interest rate	-	-	993	-	993
Commodity derivatives	Commodity price	-	174	446	-	620
Foreign exchange forwards	Foreign exchange	21	41	361	-	423
<b>Derivative liabilities</b>						
Cross currency swaps	Interest rate	-	141	-	73	214
Interest rate swaps	Interest rate	627	6,233	5,013	5,399	17,272
Commodity derivatives	Commodity price	21	131	598	-	750
Foreign exchange forwards	Foreign exchange	-	273	675	-	948
<b>COMPANY 2023</b>						
<b>Derivative assets</b>						
Interest rate swaps	Interest rate	-	2,379	2,740	2,226	7,345
Commodity derivatives	Commodity price	-	35	688	-	723
Foreign exchange forwards	Foreign exchange	27	41	369	-	437
<b>Derivative liabilities</b>						
Cross currency swaps	Interest rate	-	491	143	75	709
Interest rate swaps	Interest rate	-	2,506	8,136	3,767	14,409
Commodity derivatives	Commodity price	27	42	605	-	674
Foreign exchange forwards	Foreign exchange	-	36	929	-	965

The Company designates certain equity investments in foreign currency denominated subsidiaries as hedged items in fair value hedges of foreign exchange risk. The notional value of these hedges amounts to \$2,116 million (2023: \$2,077 million). These balances change periodically, which result in periodic rebalancing of the hedge designations.

		COMPANY CARRYING AMOUNT			
		2024		2023	
Instrument type	Risk category	Asset	Liability	Asset	Liability
		\$m	\$m	\$m	\$m
Cross currency swaps	Interest rate	-	11	-	18
Interest rate swaps	Interest rate	212	874	256	871
Basis swaps	Interest rate	6	-	-	-
Commodity derivatives	Commodity price	11	38	17	41
Foreign exchange forwards	Foreign exchange	13	44	10	67
Foreign currency denominated borrowings	Foreign exchange	-	2,192	-	2,077

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 32

### Hedge accounting continued

#### Hedged item

As the hedged item is adjusted only for the hedged risk, the hedged item's carrying value disclosed in the table will not be equivalent to its fair value as disclosed in other notes to these financial statements. The accumulated amount of the fair value hedge adjustments remaining in the Statements of financial positions for hedged items that have ceased to be adjusted for hedging gains and losses is \$22 million loss (2023: \$36 million loss) for the Consolidated Entity and \$4 million gain for the Company (2023: \$2 million gain) and have been included in the fair value hedge adjustment in the table that follows. These amounts will be amortised to the income statement on an effective interest rate basis.

	2024			2023		
	Gross amount	Fair value hedge adjustment	Carrying amount <sup>5</sup>	Gross amount	Fair value hedge adjustment	Carrying amount <sup>5</sup>
	\$m	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED</b>						
<b>Assets</b>						
Financial investments <sup>6</sup>	1,993	-	1,993	2,875	-	2,875
Loan assets	2,945	(25)	2,920	4,730	(101)	4,629
Property, plant and equipment	961	(67)	894	967	3	970
<b>Liabilities</b>						
Issued debt securities	15,511	(297)	15,214	12,568	(403)	12,165
Loan capital	7,619	(642)	6,977	5,364	(523)	4,841
Bank borrowings	767	-	767	-	-	-
<b>COMPANY</b>						
<b>Assets</b>						
Financial investments <sup>6</sup>	1,998	-	1,998	1,600	-	1,600
Loan assets	2,678	(49)	2,629	3,836	(96)	3,740
Property, plant and equipment	961	(67)	894	967	3	970
Investments in subsidiaries	1,963	153	2,116	1,963	114	2,077
<b>Liabilities</b>						
Issued debt securities	14,581	(283)	14,298	11,636	(377)	11,259
Loan capital	7,619	(642)	6,977	5,364	(523)	4,841
Bank borrowings	767	-	767	-	-	-

<sup>5</sup> The carrying amounts in the table above exclude accrued interest and include fair value hedge adjustments.

<sup>6</sup> The carrying amount includes debt instruments classified at fair value through other comprehensive income. Where this applies the fair value hedge adjustment for interest rate risk is recognised in the income statement together with changes in the fair value of the hedging instrument.

## Note 32

### Hedge accounting continued

#### Hedge ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item.

Hedging instruments	Risk category	GAIN/(LOSS) ON HEDGING INSTRUMENT		GAIN/(LOSS) ON HEDGED ITEM		HEDGE INEFFECTIVENESS GAIN/(LOSS)	
		2024	2023	2024	2023	2024	2023
		\$m	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED</b>							
Cross currency swaps	Interest rate	14	(44)	(15)	44	(1)	-
Interest rate swaps	Interest rate	(94)	(538)	95	568	1	30
Basis swaps	Interest rate	-	-	-	-	-	-
Commodity derivatives	Commodity price	48	101	(48)	(101)	-	-
Foreign exchange forwards	Foreign exchange	22	(50)	(22)	50	-	-
<b>Total</b>		<b>(10)</b>	<b>(531)</b>	<b>10</b>	<b>561</b>	<b>-</b>	<b>30</b>
<b>COMPANY</b>							
Cross currency swaps	Interest rate	1	(12)	(2)	12	(1)	-
Interest rate swaps	Interest rate	(78)	(561)	71	561	(7)	-
Basis swaps	Interest rate	-	-	-	-	-	-
Commodity derivatives	Commodity price	48	101	(48)	(101)	-	-
Foreign exchange forwards	Foreign exchange	22	(50)	(22)	50	-	-
Foreign currency denominated borrowings	Foreign exchange	(39)	(232)	39	232	-	-
<b>Total</b>		<b>(46)</b>	<b>(754)</b>	<b>38</b>	<b>754</b>	<b>(8)</b>	<b>-</b>

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management

#### Note 33.1 Credit risk

##### Risk Management and Risk Management Group (RMG)

Risk is an integral part of the Consolidated Entity's businesses. The material risks faced by the Consolidated Entity include aggregate, asset, conduct, credit, environmental and social, equity, financial crime, legal, liquidity, market, operational (including cyber and information security), regulatory and compliance, reputational, strategic, tax, and work health and safety risks.

The primary responsibility for risk management lies with the business. An important part of the role of all staff throughout the Consolidated Entity is to ensure they manage risks appropriately.

RMG is independent of other areas of the Consolidated Entity. RMG approval is required for all material risk acceptance decisions. RMG reviews and assesses risks and sets limits. Where appropriate, these limits are approved by the Executive Committee and the Board.

The Head of RMG, as the Consolidated Entity's CRO, is a member of the Executive Committee of MGL and MBL and reports directly to the Macquarie Group CEO with a secondary reporting line to the Board Risk Committee. Further details on the Risk Management Framework in the Consolidated Entity can be found in the Risk Management Report of this Annual Report.

##### Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequential loss is the amount of the financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

##### Credit risk assessment and approval

Exercise of credit authority within the Consolidated Entity is undertaken under authority delegated by the MGL and MBL Boards directly. Credit risk assessments include comprehensive review of the creditworthiness of the counterparty and related entities, key risk and mitigants, and that the downside risk is properly understood and acceptable.

After this analysis is undertaken, limits are set for an acceptable level of potential exposure. All wholesale limits and ratings are reviewed at least once a year or more frequently if required. Retail credit exposures are monitored by the business units and overseen by RMG Credit on a portfolio basis.

All credit exposures are monitored regularly against limits. For limit monitoring, credit exposures for loan assets are reported at amortised cost. Derivative exposures are measured using high confidence potential future underlying asset prices.

To mitigate credit risk, where appropriate, the Consolidated Entity makes use of margining and other forms of collateral or credit enhancement techniques (including guarantees, letters of credit and the purchase of credit default swaps).

##### Ratings and reviews

Refer to Note 12 *Expected credit losses* for details regarding the manner in which the Consolidated Entity has adopted and applied AASB 9's expected credit loss impairment requirements.

For the purpose of presenting the credit risk associated with assets on the Consolidated Entity's Statements of financial position in accordance with the requirements of AASB 9, the following methodology has been adopted.

##### Wholesale rating

Macquarie wholesale ratings broadly correspond to Standard & Poor's credit ratings as follows.

Credit Profile	Internal Rating	Standard & Poor's Equivalent
Investment grade	MQ1 to MQ8	AAA to BBB-
Non-investment grade	MQ9 to MQ16	BB+ to C
Default	MQ99	Default

##### Retail rating

Retail pools are mapped to the credit quality grades based on their PDs.

Mapping retail portfolios to the credit grades has been done for comparability of the overall portfolio presentation and does not reflect the way that the retail portfolio is segmented for management purposes. Management reviews a range of information, including past due status for the portfolio, to assess the credit quality of these assets.

##### Due from subsidiaries/due from other Macquarie Group entities

Balances with subsidiaries and other Macquarie Group entities are mapped to the rating grades assigned internally to these counterparties for the pricing of internal funding arrangements on an arm's length basis.

##### Portfolio and country risk

A review of the credit portfolio analysing credit concentrations by counterparty, geography, risk type, industry and credit quality is carried out quarterly and reported to the Board semi-annually. Policies are in place to regulate large exposures to single counterparties or groups of counterparties.

The Consolidated Entity has a country risk management framework which covers the assessment of country risk and the approval of country risk limits. Where appropriate the country risk may be mitigated or transferred by parent company guarantees, bank letters of credit, or political risk insurance.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount<sup>1</sup> of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I <sup>2</sup> \$m	Stage II <sup>2</sup> \$m	Stage III <sup>2</sup> \$m	Total \$m
<b>CONSOLIDATED 2024</b>				
<b>Investment grade</b>				
Cash and bank balances	27,898	-	-	27,898
Cash collateralised lending and reverse repurchase agreements	33,792	-	-	33,792
Margin money and settlement assets	14,596	-	-	14,596
Financial investments	18,636	-	-	18,636
Held for sale and other assets	1,449	-	-	1,449
Loan assets	66,315	1,911	-	68,226
Due from other Macquarie Group entities	540	-	-	540
Off balance sheet exposures	13,365	198	-	13,563
<b>Total investment grade</b>	<b>176,591</b>	<b>2,109</b>	<b>-</b>	<b>178,700</b>
<b>Non-investment grade</b>				
Cash and bank balances	158	-	-	158
Cash collateralised lending and reverse repurchase agreements	3,939	-	-	3,939
Margin money and settlement assets	1,759	-	-	1,759
Financial investments	41	-	-	41
Held for sale and other assets	1,125	156	-	1,281
Loan assets	69,065	17,286	-	86,351
Due from other Macquarie Group entities	22	-	-	22
Off balance sheet exposures	11,366	133	-	11,499
<b>Total non-investment grade</b>	<b>87,475</b>	<b>17,575</b>	<b>-</b>	<b>105,050</b>
<b>Default</b>				
Cash collateralised lending and reverse repurchase agreements	-	-	72	72
Margin money and settlement assets	-	-	37	37
Held for sale and other assets	-	-	75	75
Loan assets	-	-	1,504	1,504
Off balance sheet exposures	-	-	95	95
<b>Total default</b>	<b>-</b>	<b>-</b>	<b>1,783</b>	<b>1,783</b>
<b>Total gross credit risk by ECL stage</b>	<b>264,066</b>	<b>19,684</b>	<b>1,783</b>	<b>285,533</b>

Loan assets under investment grade (\$68,226 million) and non-investment grade (\$86,351 million) includes \$1,784 million past due up to 30 days and \$425 million past due between 31 and 90 days.

<sup>1</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

<sup>2</sup> For definitions of Stage I, II and III, refer to Note 12 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount<sup>3</sup> of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Company subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I <sup>4</sup> \$m	Stage II <sup>4</sup> \$m	Stage III <sup>4</sup> \$m	Total \$m
<b>COMPANY 2024</b>				
<b>Investment grade</b>				
Cash and bank balances	22,789	-	-	22,789
Cash collateralised lending and reverse repurchase agreements	32,391	-	-	32,391
Margin money and settlement assets	12,258	-	-	12,258
Financial investments	18,331	-	-	18,331
Held for sale and other assets	1,157	-	-	1,157
Loan assets	65,281	1,911	-	67,192
Due from other Macquarie Group entities	295	-	-	295
Due from subsidiaries	5,770	-	-	5,770
Off balance sheet exposures <sup>5</sup>	13,568	194	-	13,762
<b>Total investment grade</b>	<b>171,840</b>	<b>2,105</b>	<b>-</b>	<b>173,945</b>
<b>Non-investment grade</b>				
Cash and bank balances	10	-	-	10
Cash collateralised lending and reverse repurchase agreements	3,523	-	-	3,523
Margin money and settlement assets	1,500	-	-	1,500
Financial investments	41	-	-	41
Held for sale and other assets	521	154	-	675
Loan assets	68,356	17,126	-	85,482
Due from other Macquarie Group entities	17	-	-	17
Off balance sheet exposures <sup>5</sup>	10,806	130	-	10,936
<b>Total non-investment grade</b>	<b>84,774</b>	<b>17,410</b>	<b>-</b>	<b>102,184</b>
<b>Default</b>				
Cash collateralised lending and reverse repurchase agreements	-	-	72	72
Margin money and settlement assets	-	-	37	37
Held for sale and other assets	-	-	51	51
Loan assets	-	-	1,407	1,407
Off balance sheet exposures <sup>5</sup>	-	-	95	95
<b>Total default</b>	<b>-</b>	<b>-</b>	<b>1,662</b>	<b>1,662</b>
<b>Total gross credit risk by ECL stage</b>	<b>256,614</b>	<b>19,515</b>	<b>1,662</b>	<b>277,791</b>

Loan assets under investment grade (\$67,192 million) and non-investment grade (\$85,482 million) includes \$1,769 million past due up to 30 days and \$421 million past due between 31 and 90 days.

<sup>3</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

<sup>4</sup> For definitions of Stage I, II and III, refer to Note 12 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

<sup>5</sup> The Company includes guarantees to counterparties with respect to their exposures to certain subsidiaries. These guarantees have a maximum value of \$8,727 million with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date.



## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount<sup>6</sup> of assets measured at amortised cost or FVOCI and off balance sheet exposures of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I <sup>7</sup> \$m	Stage II <sup>7</sup> \$m	Stage III <sup>7</sup> \$m	Total \$m
<b>CONSOLIDATED 2023</b>				
<b>Investment grade</b>				
Cash and bank balances	41,455	-	-	41,455
Cash collateralised lending and reverse repurchase agreements	35,335	-	-	35,335
Margin money and settlement assets	16,864	-	-	16,864
Financial investments	16,546	-	-	16,546
Held for sale and other assets	2,140	-	-	2,140
Loan assets	60,084	1,654	-	61,738
Due from other Macquarie Group entities	556	-	-	556
Off balance sheet exposures	9,998	75	-	10,073
<b>Total investment grade</b>	<b>182,978</b>	<b>1,729</b>	<b>-</b>	<b>184,707</b>
<b>Non-investment grade</b>				
Cash and bank balances	158	-	-	158
Cash collateralised lending and reverse repurchase agreements	2,822	-	-	2,822
Margin money and settlement assets	1,946	-	-	1,946
Financial investments	45	-	-	45
Held for sale and other assets	427	6	-	433
Loan assets	63,178	16,110	-	79,288
Off balance sheet exposures	12,057	316	-	12,373
<b>Total non-investment grade</b>	<b>80,633</b>	<b>16,432</b>	<b>-</b>	<b>97,065</b>
<b>Default</b>				
Cash collateralised lending and reverse repurchase agreements	-	-	87	87
Margin money and settlement assets	-	-	40	40
Held for sale and other assets	-	-	50	50
Loan assets	-	-	1,174	1,174
Off balance sheet exposures	-	-	88	88
<b>Total default</b>	<b>-</b>	<b>-</b>	<b>1,439</b>	<b>1,439</b>
<b>Total gross credit risk by ECL stage</b>	<b>263,611</b>	<b>18,161</b>	<b>1,439</b>	<b>283,211</b>

Loan assets under investment grade (\$61,738 million) and non-investment grade (\$79,288 million) includes \$1,077 million past due up to 30 days and \$297 million past due between 31 and 90 days.

<sup>6</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

<sup>7</sup> For definitions of Stage I, II and III, refer to Note 12 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount<sup>8</sup> of assets measured at amortised cost or FVOCI and off balance sheet exposures of company subject to impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I <sup>9</sup> \$m	Stage II <sup>9</sup> \$m	Stage III <sup>9</sup> \$m	Total \$m
COMPANY 2023				
<b>Investment grade</b>				
Cash and bank balances	36,150	-	-	36,150
Cash collateralised lending and reverse repurchase agreements	34,981	-	-	34,981
Margin money and settlement assets	12,958	-	-	12,958
Financial investments	14,415	-	-	14,415
Held for sale and other assets	1,653	-	-	1,653
Loan assets	59,560	1,652	-	61,212
Due from other Macquarie Group entities	340	-	-	340
Due from subsidiaries	9,907	-	-	9,907
Off balance sheet exposures <sup>10</sup>	8,306	58	-	8,364
<b>Total investment grade</b>	<b>178,270</b>	<b>1,710</b>	<b>-</b>	<b>179,980</b>
<b>Non-investment grade</b>				
Cash and bank balances	26	-	-	26
Cash collateralised lending and reverse repurchase agreements	2,819	-	-	2,819
Margin money and settlement assets	1,515	1	-	1,516
Financial investments	45	-	-	45
Held for sale and other assets	592	4	-	596
Loan assets	62,390	16,032	-	78,422
Due from subsidiaries	-	-	-	-
Off balance sheet exposures <sup>10</sup>	12,717	259	-	12,976
<b>Total non-investment grade</b>	<b>80,104</b>	<b>16,296</b>	<b>-</b>	<b>96,400</b>
<b>Default</b>				
Cash collateralised lending and reverse repurchase agreements	-	-	87	87
Margin money and settlement assets	-	-	39	39
Held for sale and other assets	-	-	48	48
Loan assets	-	-	959	959
Off balance sheet exposures <sup>10</sup>	-	-	87	87
<b>Total default</b>	<b>-</b>	<b>-</b>	<b>1,220</b>	<b>1,220</b>
<b>Total gross credit risk by ECL stage</b>	<b>258,374</b>	<b>18,006</b>	<b>1,220</b>	<b>277,600</b>

Loan assets under investment grade (\$61,212 million) and non-investment grade (\$78,422 million) includes \$964 million past due up to 30 days and \$272 million past due between 31 and 90 days.

<sup>8</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

<sup>9</sup> For definitions of Stage I, II and III, refer to Note 12 *Expected credit losses*. Whilst exposures may have migrated to Stage II it should not be inferred that such exposures are of a lower credit quality.

<sup>10</sup> The Company includes guarantees to counterparties with respect to their exposures to certain subsidiaries. These guarantees have a maximum value of \$10,859 million with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments	Financial institutions <sup>11</sup>	Other	Total	Governments	Financial institutions <sup>11</sup>	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED 2024</b>								
<b>Australia</b>								
Cash and bank balances	-	18,827	-	18,827	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,846	-	7,846	-	1,234	-	1,234
Trading assets	-	-	-	-	-	157	-	157
Held for sale and other assets	8	105	685	798	-	54	-	54
Margin money and settlement assets	72	2,220	3	2,295	-	-	-	-
Derivative assets	-	-	-	-	-	1,124	1,414	2,538
Financial investments	8,408	6,543	66	15,017	-	-	4	4
Loan assets <sup>12</sup>	33	2,982	141,998	145,013	-	33	48	81
Due from other Macquarie Group entities	-	214	8	222	-	-	-	-
Off balance sheet exposures	37	928	20,072	21,037	-	-	-	-
<b>Total Australia</b>	<b>8,558</b>	<b>39,665</b>	<b>162,832</b>	<b>211,055</b>	<b>-</b>	<b>2,602</b>	<b>1,466</b>	<b>4,068</b>
<b>Asia Pacific</b>								
Cash and bank balances	-	1,646	-	1,646	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	5,044	-	5,044	-	2,232	-	2,232
Trading assets	-	-	-	-	-	307	147	454
Held for sale and other assets	1	5	48	54	-	-	911	911
Margin money and settlement assets	108	1,202	-	1,310	-	-	-	-
Derivative assets	-	-	-	-	35	1,003	529	1,567
Financial investments	113	234	-	347	-	88	5	93
Loan assets	-	-	585	585	-	-	-	-
Due from other Macquarie Group entities	-	155	7	162	-	-	-	-
Off balance sheet exposures	-	97	265	362	-	-	-	-
<b>Total Asia Pacific</b>	<b>222</b>	<b>8,383</b>	<b>905</b>	<b>9,510</b>	<b>35</b>	<b>3,630</b>	<b>1,592</b>	<b>5,257</b>

<sup>11</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>12</sup> Loan assets in the Australia region includes home loans of \$119,604 million, asset financing of \$6,674 million and Corporate, commercial and other lending of \$18,736 million.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments	Financial institutions <sup>13</sup>	Other	Total	Governments	Financial institutions <sup>13</sup>	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	<b>CONSOLIDATED 2024</b>							
<b>Europe, Middle East and Africa</b>								
Cash and bank balances	-	4,214	-	4,214	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	16,696	-	16,696	-	2,945	-	2,945
Trading assets	-	-	-	-	-	44	1,765	1,809
Held for sale and other assets	84	9	1,417	1,510	-	-	1,471	1,471
Margin money and settlement assets	3	10,648	-	10,651	-	-	-	-
Derivative assets	-	-	-	-	-	4,575	6,579	11,154
Financial investments	-	583	-	583	-	-	-	-
Loan assets	-	1,365	2,538	3,903	-	-	203	203
Due from other Macquarie Group entities	-	42	23	65	-	-	-	-
Off balance sheet exposures	-	364	938	1,302	-	-	-	-
<b>Total Europe, Middle East and Africa</b>	<b>87</b>	<b>33,921</b>	<b>4,916</b>	<b>38,924</b>	<b>-</b>	<b>7,564</b>	<b>10,018</b>	<b>17,582</b>
<b>Americas</b>								
Cash and bank balances	-	3,369	-	3,369	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	8,217	-	8,217	-	5,361	-	5,361
Trading assets	-	-	-	-	2,168	4	1,243	3,415
Held for sale and other assets	1	24	418	443	-	-	1,444	1,444
Margin money and settlement assets	26	2,107	3	2,136	-	-	275	275
Derivative assets	-	-	-	-	115	6,319	2,073	8,507
Financial investments	305	2,425	-	2,730	-	-	17	17
Loan assets	13	4,052	2,515	6,580	-	114	52	166
Due from other Macquarie Group entities	-	104	9	113	-	-	-	-
Off balance sheet exposures	54	72	2,330	2,456	-	-	-	-
<b>Total Americas</b>	<b>399</b>	<b>20,370</b>	<b>5,275</b>	<b>26,044</b>	<b>2,283</b>	<b>11,798</b>	<b>5,104</b>	<b>19,185</b>
<b>Total gross credit risk<sup>14</sup></b>	<b>9,266</b>	<b>102,339</b>	<b>173,928</b>	<b>285,533</b>	<b>2,318</b>	<b>25,594</b>	<b>18,180</b>	<b>46,091</b>

<sup>13</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>14</sup> The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance, for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance and for financial asset measured at FVTPL represents carrying value before fair value adjustments. Accordingly, these exposure values will not equal the amount presented in the Statement of financial position.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Company's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments	Financial institutions <sup>15</sup>	Other	Total	Governments	Financial institutions <sup>15</sup>	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>								
<b>Australia</b>								
Cash and bank balances	-	18,687	-	18,687	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,466	-	7,466	-	1,234	-	1,234
Trading assets	-	-	-	-	-	155	-	155
Held for sale and other assets	2	72	653	728	-	54	-	54
Margin money and settlement assets	72	2,199	1	2,272	-	-	-	-
Derivative assets	-	-	-	-	-	1,111	1,350	2,461
Financial investments	8,408	6,543	66	15,017	-	-	4	4
Loan assets <sup>16</sup>	-	2,958	141,892	144,850	-	38	12	50
Due from other Macquarie Group entities	-	195	-	195	-	-	-	-
Due from subsidiaries	-	2,753	-	2,753	-	-	-	-
Off balance sheet exposures	37	925	19,173	20,135	-	-	-	-
<b>Total Australia</b>	<b>8,519</b>	<b>41,798</b>	<b>161,785</b>	<b>212,103</b>	<b>-</b>	<b>2,592</b>	<b>1,366</b>	<b>3,958</b>
<b>Asia Pacific</b>								
Cash and bank balances	-	1,292	-	1,292	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	5,044	-	5,044	-	2,232	-	2,232
Trading assets	-	-	-	-	-	228	147	375
Held for sale and other assets	1	5	41	47	-	-	911	911
Margin money and settlement assets	108	1,131	-	1,239	-	-	-	-
Derivative assets	-	-	-	-	35	1,003	502	1,540
Financial investments	113	234	-	347	-	88	5	93
Loan assets	-	-	177	177	-	-	-	-
Due from other Macquarie Group entities	-	60	-	60	-	-	-	-
Due from subsidiaries	-	109	10	119	-	-	-	-
Off balance sheet exposures	-	93	264	357	-	-	-	-
<b>Total Asia Pacific</b>	<b>222</b>	<b>7,968</b>	<b>492</b>	<b>8,682</b>	<b>35</b>	<b>3,551</b>	<b>1,565</b>	<b>5,151</b>

<sup>15</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>16</sup> Loan assets in the Australia region includes home loans of \$119,604 million, asset financing of \$6,548 million and Corporate, commercial and other lending of \$18,699 million.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments	Financial institutions <sup>17</sup>	Other	Total	Governments	Financial institutions <sup>17</sup>	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>								
<b>Europe, Middle East and Africa</b>								
Cash and bank balances	-	701	-	701	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	15,675	-	15,675	-	2,824	1	2,825
Trading assets	-	-	-	-	-	44	1,765	1,809
Held for sale and other assets	-	7	695	702	-	1	343	344
Margin money and settlement assets	3	8,083	-	8,086	-	-	-	-
Derivative assets	-	-	-	-	-	4,412	3,819	8,231
Financial investments	-	583	-	583	-	-	-	-
Loan assets	-	1,334	1,758	3,092	-	-	182	182
Due from other Macquarie Group entities	-	27	8	35	-	-	-	-
Due from subsidiaries	-	2,215	296	2,511	-	-	-	-
Off balance sheet exposures	662	375	649	1,686	-	-	-	-
<b>Total Europe, Middle East and Africa</b>	<b>665</b>	<b>29,000</b>	<b>3,406</b>	<b>33,071</b>	<b>-</b>	<b>7,281</b>	<b>6,110</b>	<b>13,391</b>
<b>Americas</b>								
Cash and bank balances	-	2,119	-	2,119	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,801	-	7,801	-	5,361	-	5,361
Trading assets	-	-	-	-	2,167	4	820	2,991
Held for sale and other assets	-	24	382	406	-	-	835	835
Margin money and settlement assets	-	2,198	-	2,198	-	-	-	-
Derivative assets	-	-	-	-	12	6,007	1,315	7,334
Financial investments	-	2,425	-	2,425	-	-	-	-
Loan assets	-	3,963	1,999	5,962	-	113	-	113
Due from other Macquarie Group entities	-	20	2	22	-	-	-	-
Due from subsidiaries	-	386	1	387	-	-	-	-
Off balance sheet exposures	56	520	2,039	2,615	-	-	-	-
<b>Total Americas</b>	<b>56</b>	<b>19,456</b>	<b>4,423</b>	<b>23,935</b>	<b>2,179</b>	<b>11,485</b>	<b>2,970</b>	<b>16,634</b>
<b>Total gross credit risk<sup>18</sup></b>	<b>9,462</b>	<b>98,222</b>	<b>170,106</b>	<b>277,791</b>	<b>2,214</b>	<b>24,909</b>	<b>12,011</b>	<b>39,134</b>

<sup>17</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>18</sup> The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance, for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance and for financial asset measured at FVTPL represents carrying value before fair value adjustments. Accordingly, these exposure values will not equal the amount presented in the Statement of financial position.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments \$m	Financial institutions <sup>19</sup> \$m	Other \$m	Total \$m	Governments \$m	Financial institutions <sup>19</sup> \$m	Other \$m	Total \$m
<b>CONSOLIDATED 2023</b>								
<b>Australia</b>								
Cash and bank balances	-	32,316	2	32,318	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,720	-	7,720	-	462	-	462
Trading assets	-	-	-	-	988	125	2	1,115
Held for sale and other assets	14	105	646	765	-	-	7	7
Margin money and settlement assets	274	2,527	429	3,230	-	-	-	-
Derivative assets	-	-	-	-	2	742	1,657	2,401
Financial investments	5,290	7,743	2	13,035	-	-	-	-
Loan assets <sup>20</sup>	36	2,588	130,280	132,904	-	50	50	100
Due from other Macquarie Group entities	-	169	5	174	-	3,374	-	3,374
Loans to associates and joint ventures	-	-	1	1	-	-	-	-
Off balance sheet exposures	28	312	19,846	20,186	-	-	-	-
<b>Total Australia</b>	<b>5,642</b>	<b>53,480</b>	<b>151,211</b>	<b>210,333</b>	<b>990</b>	<b>4,753</b>	<b>1,716</b>	<b>7,459</b>
<b>Asia Pacific</b>								
Cash and bank balances	-	1,078	-	1,078	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	3,774	-	3,774	-	666	-	666
Trading assets	-	-	-	-	43	14	560	617
Held for sale and other assets	1	-	193	194	-	-	591	591
Margin money and settlement assets	-	950	81	1,031	-	-	2	2
Derivative assets	-	-	-	-	38	1,670	1,025	2,733
Financial investments	-	220	-	220	-	39	6	45
Loan assets	-	110	271	381	-	-	-	-
Due from other Macquarie Group entities	-	150	8	158	-	-	2	2
Off balance sheet exposures	-	-	20	20	-	-	-	-
<b>Total Asia Pacific</b>	<b>1</b>	<b>6,282</b>	<b>573</b>	<b>6,856</b>	<b>81</b>	<b>2,389</b>	<b>2,186</b>	<b>4,656</b>

<sup>19</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>20</sup> Loan assets in the Australia region includes home loans of \$114,503 million, asset financing of \$6,367 million and Corporate, commercial and other lending of \$12,034 million.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments	Financial institutions <sup>21</sup>	Other	Total	Governments	Financial institutions <sup>21</sup>	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
	CONSOLIDATED 2023							
<b>Europe, Middle East and Africa</b>								
Cash and bank balances	-	4,605	-	4,605	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	17,766	-	17,766	-	1,441	-	1,441
Trading assets	-	-	-	-	-	10	2,039	2,049
Held for sale and other assets	161	-	1,085	1,246	-	-	947	947
Margin money and settlement assets	-	8,282	2,637	10,919	-	-	-	-
Derivative assets	-	-	-	-	-	6,726	13,754	20,480
Financial investments	2,306	309	-	2,615	-	-	-	-
Loan assets	-	936	2,223	3,159	-	-	180	180
Due from other Macquarie Group entities	-	39	22	61	-	3	-	3
Off balance sheet exposures	30	29	394	453	-	-	-	-
<b>Total Europe, Middle East and Africa</b>	<b>2,497</b>	<b>31,966</b>	<b>6,361</b>	<b>40,824</b>	<b>-</b>	<b>8,180</b>	<b>16,920</b>	<b>25,100</b>
<b>Americas</b>								
Cash and bank balances	-	3,612	-	3,612	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	8,984	-	8,984	-	2,394	-	2,394
Trading assets	-	-	-	-	1,044	1	1,647	2,692
Held for sale and other assets	-	202	216	418	-	2	808	810
Margin money and settlement assets	33	2,615	1,021	3,669	1	114	687	802
Derivative assets	-	-	-	-	46	7,472	3,180	10,698
Financial investments	6	715	-	721	-	-	-	-
Loan assets	10	3,767	1,979	5,756	-	-	5	5
Due from other Macquarie Group entities	-	156	7	163	-	-	-	-
Off balance sheet exposures	-	203	1,672	1,875	-	-	-	-
<b>Total Americas</b>	<b>49</b>	<b>20,254</b>	<b>4,895</b>	<b>25,198</b>	<b>1,091</b>	<b>9,983</b>	<b>6,327</b>	<b>17,401</b>
<b>Total gross credit risk<sup>22</sup></b>	<b>8,189</b>	<b>111,982</b>	<b>163,040</b>	<b>283,211</b>	<b>2,162</b>	<b>25,305</b>	<b>27,149</b>	<b>54,616</b>

<sup>21</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>22</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposure values will not equal the amount presented in the Statements of financial position.



## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Company's financial assets and off-balance sheet exposures. The geographical location is determined by the country of risk. Counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) as per the Australian Bureau of Statistics. Financial assets that are subject to risks other than credit risk, such as equity investments, commodities, bank notes and coins are excluded from the table below.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments \$m	Financial institutions <sup>23</sup> \$m	Other \$m	Total \$m	Governments \$m	Financial institutions <sup>23</sup> \$m	Other \$m	Total \$m
COMPANY 2023								
<b>Australia</b>								
Cash and bank balances	-	32,077	2	32,079	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,187	-	7,187	-	462	-	462
Trading assets	-	-	-	-	988	124	1	1,113
Held for sale and other assets	7	82	631	720	-	-	7	7
Margin money and settlement assets	274	2,502	297	3,073	-	-	-	-
Derivative assets	-	-	-	-	4	697	1,647	2,348
Financial investments	4,695	7,745	-	12,440	-	-	-	-
Loan assets <sup>24</sup>	-	2,567	129,945	132,512	-	53	10	63
Due from other Macquarie Group entities	-	158	-	158	-	353	1	354
Due from subsidiaries	-	5,691	-	5,691	-	3,374	-	3,374
Off balance sheet exposures	28	305	17,805	18,138	-	-	-	-
<b>Total Australia</b>	<b>5,004</b>	<b>58,314</b>	<b>148,680</b>	<b>211,998</b>	<b>992</b>	<b>5,063</b>	<b>1,666</b>	<b>7,721</b>
<b>Asia Pacific</b>								
Cash and bank balances	-	855	-	855	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	3,746	-	3,746	-	666	-	666
Trading assets	-	-	-	-	43	14	560	617
Held for sale and other assets	1	-	188	189	-	-	591	591
Margin money and settlement assets	-	888	60	948	-	-	2	2
Derivative assets	-	-	-	-	38	1,669	939	2,646
Financial investments	-	220	-	220	-	39	6	45
Loan assets	-	109	168	277	-	-	-	-
Due from other Macquarie Group entities	-	57	1	58	-	92	24	116
Due from subsidiaries	-	142	9	151	-	-	2	2
Off balance sheet exposures	-	-	19	19	-	-	-	-
<b>Total Asia Pacific</b>	<b>1</b>	<b>6,017</b>	<b>445</b>	<b>6,463</b>	<b>81</b>	<b>2,480</b>	<b>2,124</b>	<b>4,685</b>

<sup>23</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>24</sup> Loan assets in the Australia region includes home loans of \$114,499 million, asset financing of \$6,014 million and Corporate, commercial and other lending of \$11,999 million.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				COMPANY 2023
	Governments	Financial institutions <sup>25</sup>	Other	Total	Governments	Financial institutions <sup>25</sup>	Other	Total	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Europe, Middle East and Africa</b>									
Cash and bank balances	-	977	-	977	-	-	-	-	
Cash collateralised lending and reverse repurchase agreements	-	17,594	-	17,594	-	1,441	-	1,441	
Trading assets	-	-	-	-	-	10	2,039	2,049	
Held for sale and other assets	161	8	1,027	1,196	-	-	589	589	
Margin money and settlement assets	-	7,632	394	8,026	-	-	-	-	
Derivative assets	-	-	-	-	-	6,529	7,200	13,729	
Financial investments	772	307	-	1,079	-	-	-	-	
Loan assets	-	923	1,616	2,539	-	-	129	129	
Due from other Macquarie Group entities	-	24	12	36	-	5,216	994	6,210	
Due from subsidiaries	-	3,071	440	3,511	-	3	-	3	
Off balance sheet exposures	30	29	1,523	1,582	-	-	-	-	
<b>Total Europe, Middle East and Africa</b>	<b>963</b>	<b>30,565</b>	<b>5,012</b>	<b>36,540</b>	<b>-</b>	<b>13,199</b>	<b>10,951</b>	<b>24,150</b>	
<b>Americas</b>									
Cash and bank balances	-	2,265	-	2,265	-	-	-	-	
Cash collateralised lending and reverse repurchase agreements	-	9,360	-	9,360	-	2,394	-	2,394	
Trading assets	-	-	-	-	1,038	1	1,182	2,221	
Held for sale and other assets	-	5	187	192	-	2	310	312	
Margin money and settlement assets	-	2,466	-	2,466	-	-	48	48	
Derivative assets	-	-	-	-	11	6,922	1,520	8,453	
Financial investments	6	715	-	721	-	-	-	-	
Loan assets	-	3,722	1,543	5,265	-	-	2	2	
Due from other Macquarie Group entities	-	88	-	88	-	1,728	-	1,728	
Due from subsidiaries	-	551	3	554	-	-	-	-	
Off balance sheet exposures	-	169	1,519	1,688	-	-	-	-	
<b>Total Americas</b>	<b>6</b>	<b>19,341</b>	<b>3,252</b>	<b>22,599</b>	<b>1,049</b>	<b>11,047</b>	<b>3,062</b>	<b>15,158</b>	
<b>Total gross credit risk<sup>26</sup></b>	<b>5,974</b>	<b>114,237</b>	<b>157,389</b>	<b>277,600</b>	<b>2,122</b>	<b>31,789</b>	<b>17,803</b>	<b>51,714</b>	

<sup>25</sup> Financial institutions represents banks, financial intermediaries and auxiliaries.

<sup>26</sup> The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposure values will not equal the amount presented in the Statements of financial position.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet (refer to Note 34 *Measurement categories of financial instruments*). For off balance sheet instruments, the maximum exposure to credit risk is a function of the contractual notional amount except for certain usage-based guarantees in which case the maximum exposure is determined with respect to the fair value of the underlying exposure and is disclosed in Note 12 *Expected credit losses*.

##### Collateral and credit enhancements held

##### Cash collateralised lending and reverse repurchase agreements

The Consolidated Entity enters into securities and commodities borrowing and reverse repurchase transactions with counterparties which require lodgement of collateral. These arrangements include:

- securities and commodities borrowed in return for cash, for which the fair value of the securities and commodities borrowed is equal to or less than the cash deposited with the counterparty
- reverse repurchase agreements (collateralised financing arrangements) for which the fair value of the securities and commodities received as collateral is generally in excess of the principal amount
- securities received as collateral in return for the transfer of other securities
- securities borrowed on an unsecured basis in return for a fee.

The non-cash collateral received is not recognised by the Consolidated Entity in the Statements of financial position, as the risks and rewards of ownership remain with the counterparty. The Consolidated Entity is permitted to sell or repledge the securities and commodities received. In the absence of default by the counterparty, the Consolidated Entity has an obligation to return the non-cash collateral received to counterparty.

For securities and commodities borrowed in return for cash and reverse repurchase arrangements, the fair value of non-cash collateral received by the Consolidated Entity is \$51,226 million (2023: \$44,636 million) and the Company is \$49,420 million (2023: \$48,421 million).

For securities borrowed in return for other securities, the fair value of the securities received by the Consolidated Entity is \$19,012 million (2023: \$11,801 million) and by the Company is \$19,012 million (2023: \$10,626 million).

For securities borrowed on an unsecured basis, the fair value of the securities received by the Consolidated Entity is \$8,449 million (2023: \$7,899 million) and the Company is \$5,148 million (2023: \$3,957 million).

Out of the above, the fair value of securities repledged by the Consolidated Entity is \$22,312 million (2023: \$20,999 million) and by the Company is \$23,105 million (2023: \$21,192 million). Refer to Note 37 *Pledged assets and transfer of financial assets* for securities and commodity which have been repledged.

The fair value attributed to non-cash collateral held is judgemental and measured with reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair value are estimated using pricing models or other recognised valuation techniques that maximise the use of quoted prices and observable market inputs. The fair value of these securities and commodities were determined when last assessed and are determined periodically.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Loan assets

##### Home loans

Macquarie purchases risk protection for its home loans portfolio consistent with the risk appetite. Macquarie has diversified its risk protection coverage to a global panel of reinsurers with diverse lines of business coverage and ratings ranging from AA+ to A- from external rating agencies. The length of risk protection cover is up to 10 years from the year of origination with the type of cover including excess of loss and quota share.

The following table provides information on the loan to collateral value ratio as determined using loan carrying values and the most recent valuation of the home loan collateral.

	Consolidated		Company	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<=25%	4,161	3,611	4,161	3,611
>25% to 50%	25,675	23,089	25,675	23,089
>50% to 70%	48,532	45,359	48,532	45,359
>70% to 80%	38,820	33,756	38,820	33,756
>80% to 90%	2,938	2,810	2,938	2,810
>90% to 100%	271	373	271	373
Partly collateralised	18	13	18	13
<b>Total home loans</b>	<b>120,415</b>	<b>109,011</b>	<b>120,415</b>	<b>109,011</b>

##### Corporate, commercial and other lending

Collateral held against corporate, commercial and other lending consists of secured positions over assets of the counterparty, often in the form of corporate assets. For the Consolidated Entity, of the term lending of \$28,612 million (2023: \$23,644 million), the credit exposure after considering the estimated value of collateral and credit enhancements is \$2,436 million (2023: \$2,030 million). For the Company, of the term lending of \$27,544 million (2023: \$22,891 million), the credit exposure after the estimated value of collateral and credit enhancements is \$2,125 million (2023: \$1,636 million).

##### Asset financing

The Consolidated Entity leases assets and provides asset-related financing, to corporate and retail clients. Titles to the underlying assets are held by the Consolidated Entity as collateral. Of the asset finance portfolio of \$7,709 million (2023: \$9,105 million), the credit exposure after considering the depreciated value of collateral is \$2,659 million (2023: \$3,504 million). For the Company, of the asset finance portfolio of \$6,711 million (2023: \$8,183 million), the credit exposure after considering the depreciated value of collateral is \$2,074 million (2023: \$3,012 million).

##### Derivative instruments

Derivatives may be traded on an exchange (exchange traded) or they may be privately negotiated contracts, which are referred to as Over-the-Counter (OTC) derivatives. The Consolidated Entity's and the Company's OTC derivatives are cleared and settled either through central clearing counterparties (OTC-cleared), or bilateral contracts between two counterparties.

The Consolidated Entity's approach to financial risk management includes entering into margining and collateralisation arrangements and enforceable master netting arrangements (MNA) with counterparties. The MNAs allow for net settlement with counterparties in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's financial position in that circumstance is to settle these contracts as one arrangement.

The Consolidated Entity receives both cash and non-cash collateral in relation to margining arrangements. Refer Note 36 *Offsetting financial assets and financial liabilities* for impact of master netting arrangements and margins and other financial collateral held against the positions as at balance date.

Refer Note 37 *Pledged assets and transfers of financial assets* for non-cash collateral received and repledged as part of derivative margining arrangements.

## Note 33

### Financial risk management continued

#### Note 33.1 Credit risk continued

##### Financial investments

Debt securities held by the Consolidated Entity carrying a credit risk are primarily in nature of bonds, NCD, floating rate notes (FRN), commercial paper and other debt securities for liquidity management purposes and other securities for short-term gains.

##### Settlement assets

Security and commodity settlements of \$2,527 million (2023: \$1,876 million) and \$1,389 million (2023: \$3,530 million) in the Consolidated Entity and \$2,477 million (2023: \$1,886 million) and \$620 million (2023: \$2,095 million) in the Company, presented in Note 7 *Margin money and settlement assets* represent amounts owed by the exchange (or a client) for equities (or bought on behalf of a client), other commodities and securities sold. These assets are secured with the underlying equity securities, commodities or cash held by the Consolidated Entity and the Company until the date of settlement. The period between trade and settlement date varies as per regional regulatory and business norms.

##### Other financial assets

Commodity financing receivables under other financial assets are typically either collateralised with the underlying commodity held by the Consolidated Entity until the date of settlement or short-term receivables with standard credit terms which would be backed by a bank guarantee where required to remain within credit limits.

##### Due from subsidiaries and other Macquarie Group entities and guarantees received

The Consolidated Entity's and Company's certain exposures with its subsidiaries, other Macquarie Group entities and guarantees provided are based on standard terms and are fully or partially collateralised. Refer to Note 27 *Related party information* and Note 36 *Offsetting of financial assets and financial liabilities* for details.

##### Credit commitments

Undrawn facilities and lending commitments of \$25,157 million (2023: \$22,534 million) in the Consolidated Entity and \$24,793 million (2023: \$21,427 million) in the Company are secured through collateral and credit enhancement. The remaining credit exposure after considering the estimated value of collateral is \$3,828 million (2023: \$2,836 million) in the Consolidated Entity and \$4,057 million (2023: \$4,192 million) in the Company.

##### Additional collateral

Apart from the collateral detail disclosed above, the Consolidated Entity and the Company also holds other types of collateral, such as unsupported guarantees.

While such mitigants have value as a credit risk mitigant often providing rights in insolvency, their assignable values are uncertain and therefore are assigned no value for disclosure purposes.

##### Repossessed collateral

In the event of a customer default, the Consolidated Entity may either take possession of the underlying collateral held as security and/or exercise its right to dispose of the customer's asset. At the reporting date the Consolidated Entity did not have any material amounts of such collateral recognised in its Statements of financial position.

#### Note 33.2 Liquidity risk

##### Governance and oversight

Macquarie Bank's liquidity risk management framework is designed to ensure that it is able to meet its obligations as they fall due under a range of market conditions.

Liquidity management is performed centrally by Group Treasury, with oversight from the MBL Asset and Liability Committee (ALCO), the MBL Board and RMG. Macquarie Bank's liquidity policy is approved by the MBL Board after endorsement by the ALCO and liquidity reporting is provided to the Board on a regular basis. The MBL ALCO includes the MGL CEO, MBL CEO, CFO, CRO, COO, Group General Counsel, Co-Heads of Group Treasury and Operating Group Heads.

RMG provides independent oversight of liquidity risk management, including ownership of liquidity policies and key limits and approval of material liquidity scenario assumptions.

##### Liquidity policy and risk appetite

The MBL Liquidity Policy is designed so that the Bank Group maintains sufficient liquidity to meet its obligations as they fall due.

The MBL Liquidity Policy outlines the standalone framework for the Bank Group and its principles are consistent with the MGL Liquidity Policy.

Macquarie Bank's liquidity risk appetite is intended to ensure that Macquarie Bank is able to meet all of its liquidity obligations during a period of liquidity stress: a twelve month period with constrained access to funding markets and with only a limited reduction in Macquarie Bank's franchise businesses. MBL is an authorised deposit-taking institution and is funded mainly with deposits, long-term liabilities and capital.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.2 Liquidity risk continued

##### Liquidity contingency plan

Group Treasury maintains a *Liquidity Contingency Plan* for MBL, which outlines how a liquidity crisis would be managed. The plan defines roles and responsibilities and actions to be taken in a liquidity event, including identifying key information requirements and appropriate communication plans with both internal and external parties.

Specifically, the plan details:

- factors that may constitute a crisis
- the officers responsible for invoking the plan
- a committee of senior executives responsible for managing a crisis
- the information required to effectively manage a crisis
- a communications strategy
- a high level checklist of possible actions to conserve or raise additional liquidity; and
- contact lists to facilitate prompt communication with all key internal and external stakeholders.

In addition, Macquarie Bank monitors a range of early warning indicators on a daily basis that might assist in identifying emerging risks in Macquarie Bank's liquidity position. These indicators are reviewed by Senior Management and are used to inform any decisions regarding invoking the plan.

The *Liquidity Contingency Plan* is subject to regular review by both Group Treasury and RMG. It is submitted annually to the MBL ALCO and MBL Board for approval.

Macquarie Bank is a global financial institution, with branches and subsidiaries in a variety of countries. Regulations in certain countries may require some branches or subsidiaries to have specific local contingency plans. Where that is the case, the *Liquidity Contingency Plan* contains either a supplement or reference to a separate document providing the specific information required for those branches or subsidiaries.

##### Funding strategy

Macquarie Bank prepares a *Funding Strategy* for MBL on an annual basis and monitors progress against the strategy throughout the year.

The *Funding Strategy* aims to maintain Macquarie Bank's diversity of funding sources, ensure ongoing compliance with all liquidity requirements and facilitate forecast asset growth.

The *Funding Strategy* is reviewed by the MBL ALCO and approved by the MBL Board.

##### Scenario analysis

Scenario analysis is central to Macquarie Bank's liquidity risk management framework. In addition to regulatory defined scenarios, Group Treasury models additional liquidity scenarios covering both market-wide and Macquarie Bank name-specific crises.

These scenarios use a range of assumptions, which Macquarie Bank intends to be conservative, regarding the level of access to capital markets, deposit outflows, contingent funding requirements and asset sales.

As an example, one internal scenario projects the expected cash and liquid asset position during a combined market-wide and Macquarie Bank name-specific crisis over a twelve month time frame. This scenario assumes no access to wholesale funding markets, a significant loss of customer deposits and contingent funding outflows resulting from undrawn commitments, market moves impacting derivatives and other margined positions combined with a multiple notch credit rating downgrade. Macquarie Bank's cash and liquid asset portfolio must exceed the minimum requirement as calculated in this scenario at all times.

##### Liquid asset holdings

Group Treasury centrally maintains a portfolio of highly liquid unencumbered assets which are intended to ensure adequate liquidity is available under a range of market conditions. The minimum level of cash and liquid assets is calculated with reference to internal scenario analysis and regulatory requirements.

The cash and liquid asset portfolio contains only unencumbered assets that can be relied on to maintain their liquidity in a crisis scenario. Specifically, cash and liquid assets held to meet minimum internal and regulatory requirements must be cash balances (including central bank reserves and overnight lending to financial institutions), qualifying High Quality Liquid Assets and other Reserve Bank of Australia (RBA) repo eligible securities. Composition constraints are also applied to ensure appropriate diversity and quality of the assets in the portfolio. The cash and liquid asset portfolio is held in a range of currencies consistent with the distribution of liquidity needs by currency, allowing for an acceptable level of currency mismatches.

##### Funds transfer pricing

An internal funds transfer pricing framework is in place that has been designed to produce appropriate incentives for business decision-making by reflecting the funding costs arising from business actions and the separate funding tasks and liquidity requirements of the Bank Group. Under this framework, each business is allocated the appropriate cost of the funding required to support its products and business lines, recognising the actual and contingent funding-related exposures their activities create. The Operating Groups are assumed to be fully debt funded for the purposes of internal funding charges.

## Note 33

### Financial risk management continued

#### Note 33.2 Liquidity risk continued

##### Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Consolidated Entity's financial liabilities as at 31 March based on a contractual undiscounted repayment basis and hence would vary from the carrying value as reported in the Statements of financial position at the balance date. Repayments subject to notice are treated as if notice were given immediately. This does not reflect the behaviour of the expected cash flows as indicated by the Consolidated Entity's deposit retention history since the Consolidated Entity expects that many customers will not request repayment on the earliest date the Consolidated Entity could be required to pay.

	Statements of financial position carrying value	0 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED 2024</b>						
Cash collateralised borrowing and repurchase agreements <sup>1</sup>	12,599	12,655	13	5	—	12,673
Trading liabilities <sup>2</sup>	4,937	4,946	—	—	—	4,946
Margin money and settlement liabilities	22,269	22,308	—	—	—	22,308
Derivative liabilities (trading) <sup>2</sup>	24,196	24,196	—	—	—	24,196
Derivative liabilities (hedge accounting relationships) <sup>3</sup>	1,087	—	—	—	—	—
Contractual amount payable		485	1,625	1,696	202	4,008
Contractual amount receivable		(277)	(1,306)	(1,182)	(82)	(2,847)
Deposits	148,340	138,804	9,367	544	—	148,715
Other liabilities	5,542	2,599	1,903	837	451	5,790
Issued debt securities and other borrowings <sup>4</sup>	71,939	12,611	33,172	28,119	2,438	76,340
Due to other Macquarie Group entities	12,048	5,690	—	6,358	—	12,048
Loan capital <sup>5</sup>	10,825	130	520	8,847	4,792	14,289
<b>Total</b>	<b>313,782</b>	<b>224,147</b>	<b>45,294</b>	<b>45,224</b>	<b>7,801</b>	<b>322,466</b>
<b>Total undiscounted contingent liabilities and commitments<sup>6</sup></b>	<b>—</b>	<b>8,850</b>	<b>936</b>	<b>2,723</b>	<b>13,493</b>	<b>26,002</b>

<sup>1</sup> Includes \$9,556 million of RBA Term Funding Facility due to be repaid by June 2024.

<sup>2</sup> Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently settled in the short-term at fair value.

<sup>3</sup> Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.

<sup>4</sup> Includes \$11,621 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment maturity of the underlying loans that the SE holds.

<sup>5</sup> Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 23 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

<sup>6</sup> Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.2 Liquidity risk continued

	Statements of financial position carrying value	0 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	\$m	\$m	\$m	\$m	\$m	\$m
CONSOLIDATED 2023						
Cash collateralised borrowing and repurchase agreements	18,737	7,345	1,759	9,657	-	18,761
Trading liabilities <sup>7</sup>	4,754	4,754	-	-	-	4,754
Margin money and settlement liabilities	21,913	21,913	-	-	-	21,913
Derivative liabilities (trading) <sup>7</sup>	31,423	31,423	-	-	-	31,423
Derivative liabilities (hedge accounting relationships) <sup>8</sup>	1,099					
Contractual amounts payable		179	10	1,180	271	1,944
Contractual amounts receivable		(31)	(67)	(586)	(121)	(805)
Deposits	134,648	123,712	10,671	722	-	135,105
Other liabilities	2,946	1,949	444	452	149	2,994
Issued debt securities and other borrowings <sup>9</sup>	66,082	18,615	21,469	26,285	4,223	70,592
Due to other Macquarie Group entities	14,405	8,048	71	6,287	-	14,406
Loan capital <sup>10</sup>	9,523	134	404	6,686	5,256	12,480
<b>Total</b>	<b>305,530</b>	<b>218,041</b>	<b>35,065</b>	<b>50,683</b>	<b>9,778</b>	<b>313,567</b>
<b>Total undiscounted contingent liabilities and commitments<sup>11</sup></b>	<b>-</b>	<b>21,538</b>	<b>967</b>	<b>1,497</b>	<b>685</b>	<b>24,687</b>

<sup>7</sup> Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently settled in the short-term at fair value.

<sup>8</sup> Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.

<sup>9</sup> Includes \$11,424 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment of the underlying loans that the SE holds.

<sup>10</sup> Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 23 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

<sup>11</sup> Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.



## Note 33

### Financial risk management continued

#### Note 33.2 Liquidity risk continued

	Statements of financial position carrying value	0 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>						
Cash collateralised borrowing and repurchase agreements <sup>12</sup>	12,547	12,602	13	5	-	12,620
Trading liabilities <sup>13</sup>	4,937	4,946	-	-	-	4,946
Margin money and settlement liabilities	19,239	19,277	-	-	-	19,277
Derivative liabilities (trading) <sup>13</sup>	21,970	21,972	-	-	-	21,972
Derivative liabilities (hedge accounting relationships) <sup>14</sup>	1,090					
Contractual amounts payable		573	1,780	1,073	202	3,628
Contractual amounts receivable		(366)	(1,445)	(563)	(82)	(2,456)
Deposits	146,500	138,294	8,062	470	-	146,826
Other liabilities	3,606	1,735	1,607	281	-	3,623
Issued debt securities and other borrowings	51,883	9,914	28,985	13,914	1,336	54,149
Due to subsidiaries	22,646	10,615	2,519	7,687	1,825	22,646
Due to other Macquarie Group entities	11,809	5,470	-	6,339	-	11,809
Loan capital <sup>15</sup>	10,823	130	520	8,847	4,792	14,289
<b>Total</b>	<b>307,050</b>	<b>225,162</b>	<b>42,041</b>	<b>38,053</b>	<b>8,073</b>	<b>313,329</b>
<b>Total undiscounted contingent liabilities and commitments<sup>16</sup></b>	<b>-</b>	<b>9,180</b>	<b>837</b>	<b>2,954</b>	<b>12,520</b>	<b>25,491</b>

<sup>12</sup> Includes \$9,556 million of RBA Term Funding Facility due to be repaid by June 2024.

<sup>13</sup> Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently settled in the short-term at fair value.

<sup>14</sup> Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.

<sup>15</sup> Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 23 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

<sup>16</sup> Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.2 Liquidity risk continued

	Statements of financial position carrying value \$m	0 to 3 months \$m	3 to 12 months \$m	1 to 5 years \$m	More than 5 years \$m	Total \$m
COMPANY 2023						
Cash collateralised borrowing and repurchase agreements	17,928	6,642	1,760	9,551	-	17,953
Trading liabilities <sup>17</sup>	4,757	4,757	-	-	-	4,757
Margin money and settlement liabilities	17,363	17,363	-	-	-	17,363
Derivative liabilities (trading) <sup>17</sup>	26,353	26,353	-	-	-	26,353
Derivative liabilities (hedge accounting relationships) <sup>18</sup>	1,090					
Contractual amounts payable		141	284	1,438	248	2,111
Contractual amounts receivable		-	(826)	(826)	(87)	(961)
Deposits	133,661	122,795	10,615	704	-	134,114
Other liabilities	1,762	1,414	86	217	46	1,763
Issued debt securities and other borrowings	49,010	16,249	19,327	14,575	1,281	51,432
Due to subsidiaries	28,711	14,325	1,411	10,142	2,874	28,752
Due to other Macquarie Group entities	12,313	6,030	71	6,212	-	12,313
Loan capital <sup>19</sup>	9,523	135	404	6,686	5,256	12,481
<b>Total</b>	<b>302,471</b>	<b>216,204</b>	<b>33,910</b>	<b>48,699</b>	<b>9,618</b>	<b>308,431</b>
<b>Total undiscounted contingent liabilities and commitments<sup>20</sup></b>		<b>20,494</b>	<b>919</b>	<b>1,308</b>	<b>298</b>	<b>23,019</b>

<sup>17</sup> Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently settled in the short-term at fair value.

<sup>18</sup> Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.

<sup>19</sup> Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 23 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.

<sup>20</sup> Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

## Note 33

### Financial risk management continued

#### Note 33.3 Market risk

Macquarie's balance sheet includes a **'trading book'**, which is defined in accordance with APRA's traded market risk prudential statement (APS116), and subject to the traded market risk framework. Any position not deemed to be trading book is considered to be **'banking book'**, and covered by either the non-traded market risk or equity risk frameworks.

#### Traded market risk

Market risk is the risk of adverse changes in the value of the Consolidated Entity's trading positions as a result of changes in market conditions. The Consolidated Entity is exposed to the following risks:

- **price:** The risk of loss due to changes in price of a risk factor (interest rates, foreign exchange, commodities etc.)
- **volatility:** The risk of loss due to changes in the volatility of a risk factor
- **basis:** The risk of imperfect correlation between offsetting investments in a hedging strategy
- **correlation:** The risk that the actual correlation between two assets or variables is different from the assumed correlation
- **illiquid market:** The risk of inability to sell assets or close out positions in thinly-traded markets at close to the last market prices
- **concentration:** The risk of over concentration of trading exposures in certain markets and products
- **valuation adjustments:** The risk of actual valuation adjustments to derivative positions; specifically Credit Valuation Adjustment (CVA), Debit Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA).

It is recognised that all trading activities contain calculated elements of risk taking. The Consolidated Entity is prepared to accept such risks provided they are within agreed limits, independently and correctly identified, calculated and monitored by RMG, and reported to Senior Management on a regular basis.

RMG monitors positions within the Consolidated Entity according to a limit structure which sets limits for all exposures in all markets. Limits are for both individual trading desks and divisions as well as in aggregate.

RMG sets three complementary limit structures:

- **contingent loss limits:** Worst-case scenarios that shock prices and volatilities by more than that which has occurred historically. Multiple scenarios are set for each market to capture the non-linearity and complexity of exposures arising from derivatives. A wide range of assumptions about the correlation between markets is applied
- **position limits:** Volume, maturity and open position limits are set on a large number of market instruments and securities in order to constrain concentration risk and to avoid the accumulation of risky, illiquid positions
- **Value-at-Risk (VaR) limits:** A statistical measure based on a 10-day holding period and a 99% confidence level, as stipulated by the APRA capital adequacy standard. The model is validated daily by back testing a one-day VaR against hypothetical and actual daily trading profit or loss.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.3 Market risk continued

Value-at-Risk figures (1 day, 99% confidence level)

The table below shows the average, maximum and minimum VaR over the financial year for the major markets in which the Consolidated Entity and Company operate. The VaR shown in the table is based on a one-day holding period, being the mark-to-market loss that could be incurred over that period. The aggregated VaR includes the effects of correlation between risk factors.

	2024			2023		
	Average \$m	Maximum \$m	Minimum \$m	Average \$m	Maximum \$m	Minimum \$m
	<b>CONSOLIDATED</b>					
Equities	5.44	7.95	3.19	3.73	7.14	1.36
Interest rates	4.59	7.19	3.13	6.19	11.24	2.11
Foreign exchange	3.16	7.76	1.26	4.06	9.82	0.90
Commodities and commodity contracts	30.15	50.35	17.53	52.95	116.87	33.98
Aggregate	31.40	52.96	19.69	53.51	113.28	34.49
	<b>COMPANY</b>					
Equities	5.43	7.98	3.23	3.71	7.03	1.37
Interest rates	5.39	8.04	3.48	6.95	11.47	2.30
Foreign exchange	4.90	15.02	1.20	5.05	29.32	1.67
Commodities and commodity contracts	17.67	24.95	11.04	27.19	43.25	20.07
Aggregate	20.07	28.44	12.76	28.39	42.93	19.53

## Note 33

### Financial risk management continued

#### Note 33.3 Market risk continued

##### Value-at-Risk

The VaR model uses a Monte Carlo simulation where price and volatility risk factors are derived from multiple normal distributions, based on three years of historical data. The following factors can limit the effectiveness of VaR in predicting future price moves:

- the use of historical data means that the current model parameters may not reflect future market conditions, especially when entering a period of heightened volatility. The model utilises exponential weighting to place emphasis on the most recent market movements to more accurately reflect current conditions
- VaR is calculated at the 99% level of confidence and does not account for losses that could occur beyond this point.

For capital adequacy purposes, debt-specific risk is measured using APRA's standard method, whilst all other exposures are captured by the VaR model. This combined approach has been approved by APRA.

##### Non-traded market risk

The Consolidated Entity and the Company have exposure to non-traded market risks arising from transactions entered into during its normal course of business and as a result of its investments in foreign operations. These risks include:

- **interest rate:** Changes in the level, shape and volatility of yield curves, and/or client behaviour given these changes
- **foreign exchange:** Changes in the spot exchange rates.

The Consolidated Entity has limited appetite for non-traded market risks. Where commercially feasible, these risks are transferred into the trading books of CGM and Group Treasury and governed within the traded market risk framework described above. Responsibility for managing exposures rests with individual businesses, with independent monitoring performed by RMG and FMG.

##### Accounting considerations arising from hedging activities

The use of derivative and other financial instruments to hedge non-traded positions potentially gives rise to income statement volatility due to difference in accounting treatments. The Consolidated entity manages this volatility through hedge accounting and use of naturally offsetting positions in the income statement as set out in Note 41(x) *Derivative instruments and hedging activities* and Note 32 *Hedge accounting*.

##### Interest rate risk in the banking book (IRRBB)

Macquarie measures and monitors interest rate risk on both an economic value and earnings basis, which are modelled as the worst-case contingent loss from a set of six severe interest rate shocks, including both parallel and non-parallel shocks. Aggregate IRRBB exposures for the Consolidated Entity are constrained on both measures:

- **Economic Value Sensitivity (EVS):** The EVS metric measures the change in net present value of the interest-bearing portfolios in the banking book as a result of changes in interest rates
- **Earnings at Risk (EaR):** The EaR model constrains the impact on reported net income over 12 months for a change in interest rates.

A central objective of the Consolidated Entity's *Non-traded Market Risk Policy* is to reduce earnings volatility to interest rate movements. A key component of this arises where shareholders equity invested in interest bearing assets are managed by holding a portfolio of 'receive fixed' interest rate swaps. The duration of this hedging program is governed as part of the capital management strategy, and subject to independent oversight by RMG.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 33

### Financial risk management continued

#### Note 33.3 Market risk continued

##### Foreign exchange risk

The Consolidated Entity is active in various currencies globally. A key objective of the Consolidated Entity's Non-traded Market Risk Policy is to reduce this sensitivity of regulatory capital ratios to foreign currency movements.

This is achieved by leaving specific investments in foreign operations exposed to foreign currency translation movements and captured in the foreign currency translation reserve, a component of regulatory capital, which aligns the foreign exchange sensitivity of capital supply with that of foreign currency capital requirements.

The table below presents the sensitivity of the Consolidated Entity's net investment in foreign operations to the most material currencies. As a result of the policy described above, these movements will not have a material impact on the capital ratios.

	2024		2023	
	Movement in exchange rates %	Sensitivity of other comprehensive income after tax \$m	Movement in exchange rates %	Sensitivity of other comprehensive income after tax \$m
				<b>CONSOLIDATED</b>
United States dollar	+10	(626)	+10	(611)
Pound sterling	+10	(97)	+10	(93)
<b>Total</b>		<b>(723)</b>		<b>(704)</b>
United States dollar	-10	626	-10	611
Pound sterling	-10	97	-10	93
<b>Total</b>		<b>723</b>		<b>704</b>
				<b>COMPANY</b>
United States dollar	+10	(626)	+10	(611)
Pound sterling	+10	(97)	+10	(93)
<b>Total</b>		<b>(723)</b>		<b>(704)</b>
United States dollar	-10	626	-10	611
Pound sterling	-10	97	-10	93
<b>Total</b>		<b>723</b>		<b>704</b>

## Note 33

### Financial risk management continued

#### Note 33.3 Market risk continued

##### Interest rate risk - Interest Rate Benchmark Reform (IBOR)

During 2018, the Consolidated Entity initiated a group-wide project to manage the impacts of IBOR reform, including overseeing the transition from LIBOR to ARR.

The Consolidated Entity's reform project oversaw the successful transition of contracts referencing LIBORs that ceased publication on 30 June 2023 and 31 December 2021 in accordance with industry and regulatory guidance. This included the transition of the Consolidated Entity's exposures in GBP, JPY, EUR, CHF and USD LIBOR, as well as IBOR for other minor currencies.

The remaining transition focus is on the Canadian Dollar Offered Rate (CDOR) which will cease publication on 28 June 2024. The Consolidated Entity has actively begun to engage with clients to support them through the transition from CDOR to the Canadian Overnight Repo Rate Average (CORRA).

The Consolidated Entity also continues to have exposures to the 28-day term Mexican Interbank Equilibrium Interest Rate (TIIE). The transition risk for these contracts is low, given that the TIIE will be calculated synthetically from 1 January 2025 and amendments to existing contracts are not required.

Whilst the transition of contracts referencing CDOR and other minor IBORs continues to expose the Consolidated Entity to inherent risks, the remaining IBOR transition efforts and risk has significantly reduced. The operating groups manage remaining IBOR transition risks within the Consolidated Entity's existing risk management framework.

**Exposure yet to be transitioned to ARRs:** The notional value of the Consolidated Entity's and the Company's financial instruments which are yet to transition to ARRs as at the reporting date includes:

- **derivatives:** The Consolidated Entity and the Company had gross exposures of \$19,342 million in MXN TIIE, \$3,942 million in CDOR and \$884 million in other currencies (2023: \$80,713 million in USD LIBOR, \$14,886 million in MXN TIIE, \$3,573 million in CDOR and \$624 million in other currencies).
- **non-derivative financial assets:** The Consolidated Entity and the Company had \$nil exposure (2023: \$995 million in USD LIBOR).
- **non-derivative financial liabilities:** The Consolidated Entity had \$nil exposure (2023: \$367 million in USD LIBOR). The Company had \$nil exposure (2023: \$314 million in USD LIBOR).

The scope of the above-mentioned exposures has been determined as follows:

- the benchmark will be replaced, and the replacement date is known. Only exposures with contractual maturities extending beyond the replacement date have been included
- the gross notional values for derivatives and both on-balance sheet and off-balance sheet exposures have been included
- for contracts that reference more than one benchmark, such as a cross currency swap, the exposure includes both benchmarks to reflect the absolute exposure to different reference rates
- derivative contracts of \$nil million (2023: \$4,713 million) designated in hedge accounting relationships have synthetically transitioned and have been excluded, primarily relating to the USD LIBOR to SOFR transition.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 34

### Measurement categories of financial instruments

The following table contains information relating to the measurement categories (i.e. Held for trading (HFT), FVTPL, DFVTPL, FVOCI or Amortised cost) of assets and liabilities of the Consolidated Entity. The descriptions of measurement categories are included in Note 41(vii) *Financial instruments*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 35 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT						FAIR VALUE OF ITEMS CARRIED AT		
	FAIR VALUE				Amortised Cost	Non-financial instruments	Statements of financial position total	Fair Value	Amortised Cost
	HFT	DFVTPL	FVTPL	FVOCI					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>CONSOLIDATED 2024</b>									
<b>Assets</b>									
Cash and bank balances	-	-	-	-	28,055	-	28,055	-	28,055
Cash collateralised lending and reverse repurchase agreements	-	-	11,773	26,076	11,726	-	49,575	37,848	11,726
Trading assets <sup>1</sup>	24,664	-	-	-	-	1,964	26,628	26,628	-
Margin money and settlement assets	-	-	275	-	16,352	-	16,627	275	16,352
Derivative assets	22,982	-	784	-	-	-	23,766	23,766	-
Financial investments:									
Equity	-	-	238	-	-	-	238	238	-
Debt <sup>2</sup>	-	-	114	16,703	1,919	-	18,736	16,817	1,919
Held for sale and other assets	-	-	3,881	255	2,436	1,535	8,107	4,135	2,436
Loan assets <sup>2</sup>	-	-	450	-	156,286	-	156,736	450	156,112
Due from other Macquarie Group entities <sup>3</sup>	3,543	-	-	-	562	679	4,784	3,543	562
Property, plant and equipment and right-of-use assets <sup>2</sup>	-	-	-	-	-	5,835	5,835	-	-
Deferred tax assets	-	-	-	-	-	1,076	1,076	-	-
<b>Total assets</b>	<b>51,189</b>	<b>-</b>	<b>17,515</b>	<b>43,034</b>	<b>217,336</b>	<b>11,089</b>	<b>340,163</b>	<b>113,700</b>	<b>217,162</b>
<b>Liabilities</b>									
Cash collateralised borrowing and repurchase agreements	-	83	-	-	12,516	-	12,599	83	12,516
Trading liabilities	4,937	-	-	-	-	-	4,937	4,937	-
Margin money and settlement liabilities	-	-	-	-	22,269	-	22,269	-	22,269
Derivative liabilities	24,196	-	1,087	-	-	-	25,283	25,283	-
Deposits	-	-	-	-	148,340	-	148,340	-	148,299
Other liabilities <sup>4</sup>	-	3,669	-	-	1,873	4,738	10,280	3,669	1,444
Due to other Macquarie Group entities <sup>3</sup>	423	-	-	-	11,625	240	12,288	425	11,625
Issued debt securities and other borrowings <sup>2</sup>	-	1,416	-	-	70,523	-	71,939	1,416	70,603
Deferred tax liabilities	-	-	-	-	-	22	22	-	-
Loan capital <sup>2</sup>	-	-	-	-	10,825	-	10,825	-	11,158
<b>Total liabilities</b>	<b>29,556</b>	<b>5,168</b>	<b>1,087</b>	<b>-</b>	<b>277,971</b>	<b>5,000</b>	<b>318,782</b>	<b>35,813</b>	<b>277,914</b>

<sup>1</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>2</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risks.

<sup>3</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as HFT. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>4</sup> The fair value of other liabilities carried at amortised cost excludes lease liabilities.



## Note 34

### Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT					Amortised Cost \$m	Non-financial instruments \$m	Statements of financial position total \$m	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE				Fair Value \$m				Amortised Cost \$m	
	HFT \$m	DFVTPL \$m	FVTPL \$m	FVOCI \$m						
<b>CONSOLIDATED 2023</b>										
<b>Assets</b>										
Cash and bank balances	-	-	-	-	41,612	-	41,612	-	41,612	
Cash collateralised lending and reverse repurchase agreements	-	-	4,963	22,341	15,897	-	43,201	27,304	15,897	
Trading assets <sup>5</sup>	14,174	-	-	-	-	1,618	15,792	15,792	-	
Margin money and settlement assets	-	-	576	-	18,799	-	19,375	576	18,799	
Derivative assets	34,759	-	1,061	-	-	-	35,820	35,820	-	
Financial investments:										
Equity	-	-	265	-	-	-	265	265	-	
Debt <sup>6</sup>	-	-	45	14,868	1,721	-	16,634	14,913	1,721	
Held for sale and other assets	-	-	2,355	4	2,527	1,392	6,278	2,359	2,527	
Loan assets <sup>6</sup>	-	-	285	-	141,475	-	141,760	285	140,872	
Due from other Macquarie Group entities <sup>7</sup>	3,379	-	-	-	556	486	4,421	3,379	556	
Property, plant and equipment and right-of-use assets <sup>6</sup>	-	-	-	-	-	4,577	4,577	-	-	
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	
Deferred tax assets	-	-	-	-	-	1,088	1,088	-	-	
<b>Total assets</b>	<b>52,312</b>	<b>-</b>	<b>9,550</b>	<b>37,213</b>	<b>222,587</b>	<b>9,161</b>	<b>330,823</b>	<b>100,693</b>	<b>221,984</b>	
<b>Liabilities</b>										
Cash collateralised borrowing and repurchase agreements	-	277	-	-	18,460	-	18,737	277	18,460	
Trading liabilities	4,754	-	-	-	-	-	4,754	4,754	-	
Margin money and settlement liabilities	-	-	-	-	21,913	-	21,913	-	21,913	
Derivative liabilities	31,423	-	1,099	-	-	-	32,522	32,522	-	
Deposits	-	-	-	-	134,648	-	134,648	-	134,532	
Other liabilities <sup>8</sup>	-	1,118	-	-	1,828	4,681	7,627	1,118	1,828	
Due to other Macquarie Group entities <sup>7</sup>	462	-	-	-	13,943	237	14,642	462	13,943	
Issued debt securities and other borrowings <sup>6</sup>	-	1,611	-	-	64,471	-	66,082	1,611	64,374	
Deferred tax liabilities	-	-	-	-	-	23	23	-	-	
Loan capital <sup>6</sup>	-	-	-	-	9,523	-	9,523	-	9,355	
<b>Total liabilities</b>	<b>36,639</b>	<b>3,006</b>	<b>1,099</b>	<b>-</b>	<b>264,786</b>	<b>4,941</b>	<b>310,471</b>	<b>40,744</b>	<b>264,405</b>	

<sup>5</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>6</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.

<sup>7</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as HFT. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>8</sup> The fair value of other liabilities carried at amortised cost excludes lease liabilities.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 34

### Measurement categories of financial instruments continued

The following table contains information relating to the measurement categories of assets and liabilities of the Company. The descriptions of measurement categories are included in Note 41(vii) *Financial instruments*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 35 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT						FAIR VALUE OF ITEMS CARRIED AT		
	FAIR VALUE				Amortised Cost	Non-financial instruments	Statements of financial position total	Fair Value	Amortised Cost
	HFT	DFVTPL	FVTPL	FVOCI					
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>COMPANY 2024</b>									
<b>Assets</b>									
Cash and bank balances	-	-	-	-	22,799	-	22,799	-	22,799
Cash collateralised lending and reverse repurchase agreements	-	-	11,652	24,638	11,347	-	47,637	36,290	11,347
Trading assets <sup>9</sup>	24,037	-	-	-	-	1,470	25,507	25,507	-
Margin money and settlement assets	-	-	-	-	13,757	-	13,757	-	13,757
Derivative assets	18,894	-	672	-	-	-	19,566	19,566	-
Financial investments:									
Equity	-	-	181	-	-	-	181	181	-
Debt	-	-	97	16,703	1,614	-	18,414	16,800	1,614
Held for sale and other assets	-	-	2,144	255	1,589	339	4,327	2,399	1,589
Loan assets <sup>10,11</sup>	-	-	345	1,257	153,068	-	154,670	1,602	152,924
Due from other Macquarie Group entities <sup>12</sup>	3,529	-	-	-	312	217	4,058	3,529	312
Due from subsidiaries	3,980	225	127	133	5,633	13	10,111	4,465	5,633
Property, plant and equipment and right-of-use assets <sup>10</sup>	-	-	-	-	-	4,125	4,125	-	-
Investments in subsidiaries	-	-	-	-	-	4,803	4,803	-	-
Deferred tax assets	-	-	-	-	-	516	516	-	-
<b>Total assets</b>	<b>50,440</b>	<b>225</b>	<b>15,218</b>	<b>42,986</b>	<b>210,119</b>	<b>11,483</b>	<b>330,471</b>	<b>110,339</b>	<b>209,975</b>
<b>Liabilities</b>									
Cash collateralised borrowing and repurchase agreements	-	32	-	-	12,515	-	12,547	32	12,515
Trading liabilities	4,937	-	-	-	-	-	4,937	4,937	-
Margin money and settlement liabilities	-	-	-	-	19,239	-	19,239	-	19,239
Derivative liabilities	21,970	-	1,090	-	-	-	23,060	23,060	-
Deposits	-	-	-	-	146,500	-	146,500	-	146,456
Other liabilities	-	2,736	-	-	870	2,406	6,012	2,736	870
Due to other Macquarie Group entities <sup>12</sup>	417	-	-	-	11,392	69	11,878	419	11,392
Due to subsidiaries	2,829	389	35	-	19,393	4	22,650	3,253	19,665
Issued debt securities and other borrowings <sup>10</sup>	-	1,081	-	-	50,802	-	51,883	1,081	50,876
Loan capital <sup>10</sup>	-	-	-	-	10,825	-	10,825	-	11,158
<b>Total liabilities</b>	<b>30,153</b>	<b>4,238</b>	<b>1,125</b>	<b>-</b>	<b>271,536</b>	<b>2,479</b>	<b>309,531</b>	<b>35,518</b>	<b>272,171</b>

<sup>9</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>10</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.

<sup>11</sup> Loan assets measured at FVOCI represents certain loan portfolio assessed to be managed under a held to collect and sell business model in the Company. In the Consolidated Entity, the portfolio is managed under a held to collect business model and hence measured at amortised cost.

<sup>12</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as HFT. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

## Note 34

### Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT					Amortised Cost	Non-financial instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE				Fair Value				Amortised Cost	
	HFT	DFVTPL	FVTPL	FVOCI						
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>COMPANY 2023</b>										
<b>Assets</b>										
Cash and bank balances	-	-	-	-	36,176	-	36,176	-	36,176	
Cash collateralised lending and reverse repurchase agreements	-	-	4,963	22,195	15,686	-	42,844	27,158	15,686	
Trading assets <sup>13</sup>	13,675	-	-	-	-	782	14,457	14,457	-	
Margin money and settlement assets	-	-	50	-	14,468	-	14,518	50	14,468	
Derivative assets	26,267	-	908	-	-	-	27,175	27,175	-	
Financial investments:										
Equity	-	-	209	-	-	-	209	209	-	
Debt	-	-	45	13,339	1,126	-	14,510	13,384	1,126	
Held for sale and other assets	-	-	1,499	-	2,245	408	4,152	1,499	2,245	
Loan assets <sup>14,15</sup>	-	-	194	2,063	137,828	-	140,085	2,257	137,272	
Due from other Macquarie Group entities <sup>16</sup>	3,379	-	-	-	340	168	3,887	3,379	340	
Due from subsidiaries	8,263	-	145	93	9,802	11	18,314	8,501	9,802	
Property, plant and equipment and right-of-use assets <sup>14</sup>	-	-	-	-	-	3,428	3,428	-	-	
Investments in subsidiaries	-	-	-	-	-	4,774	4,774	-	-	
Deferred tax assets	-	-	-	-	-	672	672	-	-	
<b>Total assets</b>	<b>51,584</b>	<b>-</b>	<b>8,013</b>	<b>37,690</b>	<b>217,671</b>	<b>10,243</b>	<b>325,201</b>	<b>98,069</b>	<b>217,115</b>	
<b>Liabilities</b>										
Cash collateralised borrowing and repurchase agreements	-	171	-	-	17,757	-	17,928	171	17,757	
Trading liabilities	4,757	-	-	-	-	-	4,757	4,757	-	
Margin money and settlement liabilities	-	-	-	-	17,364	-	17,364	-	17,364	
Derivative liabilities	26,353	-	1,068	-	-	-	27,421	27,421	-	
Deposits	-	-	-	-	133,661	-	133,661	-	133,545	
Other liabilities	-	636	-	-	1,126	2,201	3,963	636	1,125	
Due to other Macquarie Group entities <sup>17</sup>	461	-	-	-	11,852	61	12,374	461	11,852	
Due to subsidiaries	5,331	-	39	-	23,341	5	28,716	5,368	23,341	
Issued debt securities and other borrowings <sup>14</sup>	-	1,351	-	-	47,659	-	49,010	1,351	47,596	
Deferred tax liabilities	-	-	-	-	-	25	25	-	-	
Loan capital <sup>14</sup>	-	-	-	-	9,523	-	9,523	-	9,355	
<b>Total liabilities</b>	<b>36,902</b>	<b>2,158</b>	<b>1,107</b>	<b>-</b>	<b>262,283</b>	<b>2,292</b>	<b>304,742</b>	<b>40,165</b>	<b>261,935</b>	

<sup>13</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>14</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.

<sup>15</sup> Loan assets measured at FVOCI represents certain loan portfolio assessed to be managed under a held to collect and sell business model in the Company. In the Consolidated Entity, the portfolio is managed under a held to collect business model and hence measured at amortised cost.

<sup>16</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as HFT. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>17</sup> Due to other Macquarie Group entities and subsidiaries includes derivatives and trading positions classified as HFT. All other financial payables to other Macquarie Group entities are carried at amortised cost.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial and non-financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing at the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding such inputs.

Items measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below.

<b>Level 1</b>	unadjusted quoted prices in active markets for identical assets or liabilities
<b>Level 2</b>	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
<b>Level 3</b>	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate fair value hierarchy level for an item is determined on the basis of the lowest level input that is significant to the fair value measurement.

AASB 13 *Fair Value Measurement* requires the use of the price within the bid-offer spread that is most representative of fair value. Valuation systems will typically generate mid-market prices. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all of the residual net exposure to market risks were closed on a portfolio basis.

The following methods and significant assumptions have been applied in determining the fair values of the following items carried at amortised cost in the Statements of financial position.

<b>Asset or liability</b>	<b>Valuation techniques, inputs and other significant assumptions</b>
<b>Cash and bank balances, Cash collateralised lending and reverse repurchase agreement, Cash collateralised borrowing and repurchase agreement</b>	The fair values of cash and bank balance, cash collateralised lending and reverse repurchase agreement, cash collateral borrowing and repurchase agreement approximates their carrying amounts as these are highly liquid and short-term in nature.
<b>Loan assets and Deposits</b>	The fair values of fixed rate loan assets and term deposits is determined with reference to changes in interest rates and credit spreads. The fair values of variable rate loan assets and deposits approximates their carrying amounts, subject to any adjustment for changes in the credits spreads. The fair values of demand deposits with no fixed maturity approximates their carrying amount as they are short-term in nature or are payable on demand.
<b>Financial investments</b>	The fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. The fair values of fixed rate debt investments carried at amortised cost is estimated by reference to current market rates offered on similar securities and the creditworthiness of the borrower. The fair values of variable rate investments approximate their carrying amounts.
<b>Issued debt securities and other borrowings, and Loan capital</b>	The fair values of issued debt securities, borrowings and loan capital is based on quoted prices in active markets where available. Where quoted prices are not available the fair value is based on discounted cash flows using rates appropriate to the term and incorporates changes in the Consolidated Entity's own credit spread.
<b>Margin money, settlement assets and settlement liabilities Other financial assets and financial liabilities</b>	The fair values of margin money, settlement assets, settlement liabilities, other financial assets and financial liabilities approximate their carrying amounts.

## Note 35

### Fair value of assets and liabilities continued

The following methods and significant assumptions have been applied in determining the fair values of following items carried at fair value in the Statements of financial position.

Asset or liability	Valuation techniques, inputs and other significant assumptions
<b>Trading assets, Trading liabilities and Derivatives</b>	Trading assets, including commodities and commodity contracts, trading liabilities, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, then fair values are estimated on the basis of other recognised valuation techniques. The Consolidated Entity has incorporated the market implied funding costs for uncollateralised derivative positions as a Funding Valuation Adjustment (FVA). FVA is determined by calculating the net expected exposures at a counterparty level and applying the Consolidated Entity's internal Treasury lending rates as an input into the calculation. The approach takes into account the PD of each counterparty, as well as any mandatory break clauses.
<b>Repurchase and reverse repurchase agreements</b>	Repurchase and reverse repurchase agreements, being collateralised financing arrangements, are measured at fair value with reference to the securities which are held or provided as the collateral for the financing agreement.
<b>Financial investments</b>	Financial investments classified as FVTPL or FVOCI are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair values are estimated on the basis of other recognised valuation techniques that maximise the use of quoted prices and observable market inputs.
<b>Loan assets and Issued debt securities and other borrowings</b>	Fair values of loans and issued debt securities are measured by reference to quoted prices in active markets where available. If quoted prices are not available in active markets, the fair values are estimated with reference to current market rates.
<b>Other financial assets and financial liabilities</b>	Fair values of other financial assets and financial liabilities are based upon data or valuation techniques, appropriate to the nature and type of the underlying instruments.

For financial assets carried at fair value, in order to measure counterparty credit risk, an adjustment is incorporated into the valuation. Where exposures are managed on a portfolio basis, the adjustment is calculated on a counterparty basis for those exposures. For financial liabilities carried at fair value, in order to measure the Consolidated Entity's own credit risk, an adjustment is incorporated into the valuations.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. The output of a valuation technique is always an estimate of a fair value that cannot be measured with complete certainty. Models are reviewed and calibrated periodically to test the outputs and reflect the prices from observable current market transactions in same instrument or other available observable market data.

To the extent possible, models use only observable market data (for example OTC derivatives), however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument such as volatility and correlation.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities continued

#### Assets and Liabilities measured at amortised cost

The fair values calculated for financial instruments which are carried in the Statements of financial position at amortised cost are for disclosure purposes only. The methods and assumptions applied to derive these fair values can require significant judgement by management and therefore may not necessarily be comparable to other financial institutions. Where information on the significance of unobservable inputs to the fair value measurement is not readily available, financial assets and financial liabilities measured at amortised cost are presented on the basis that unobservable inputs are significant to the position.

The following table summarises the levels of the fair value hierarchy of financial assets and financial liabilities measured at amortised cost except where the carrying value is approximately equal to the fair value.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>CONSOLIDATED 2024</b>				
<b>Assets</b>				
Loan assets	-	7,131	148,981	156,112
<b>Total assets</b>	-	7,131	148,981	156,112
<b>Liabilities</b>				
Deposits	107,012	21,675	19,612	148,299
Issued debt securities and other borrowings	-	63,143	7,460	70,603
Loan capital	2,449	8,709	-	11,158
<b>Total liabilities</b>	109,461	93,527	27,072	230,060
<b>CONSOLIDATED 2023</b>				
<b>Assets</b>				
Loan assets	-	5,844	134,970	140,814
<b>Total assets</b>	-	5,844	134,970	140,814
<b>Liabilities</b>				
Deposits	94,495	18,398	21,689	134,582
Issued debt securities and other borrowings	476	56,576	7,322	64,374
Loan capital	1,328	8,027	-	9,355
<b>Total liabilities</b>	96,299	83,001	29,011	208,311

## Note 35

### Fair value of assets and liabilities continued

#### Assets and Liabilities measured at amortised cost continued

The following table summarises the levels of the fair value hierarchy of financial assets and financial liabilities measured at amortised cost except where the carrying value is approximately equal to the fair value.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>COMPANY 2024</b>				
<b>Assets</b>				
Loan assets	-	6,168	146,756	152,924
<b>Total assets</b>	-	6,168	146,756	152,924
<b>Liabilities</b>				
Deposits	106,951	19,897	19,608	146,456
Issued debt securities and other borrowings	-	50,876	-	50,876
Loan capital	2,449	8,709	-	11,158
<b>Total liabilities</b>	109,400	79,482	19,608	208,490
<b>COMPANY 2023</b>				
<b>Assets</b>				
Loan assets	-	5,294	131,935	137,229
<b>Total assets</b>	-	5,294	131,935	137,229
<b>Liabilities</b>				
Deposits	94,404	17,502	21,689	133,595
Issued debt securities and other borrowings	476	47,120	-	47,596
Loan capital	1,328	8,027	-	9,355
<b>Total liabilities</b>	96,208	72,649	21,689	190,546

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities continued

#### Assets and Liabilities measured at fair value

The following table summarises the levels of the fair value hierarchy for assets and liabilities that are recognised and measured at fair value in the financial statements.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>CONSOLIDATED 2024</b>				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	37,848	-	37,848
Trading assets	19,583	6,226	819	26,628
Margin money and settlement assets	-	275	-	275
Derivative assets	-	23,403	363	23,766
Financial investments	159	16,649	247	17,055
Held for sale and other assets	-	4,078	57	4,135
Loan assets	-	428	22	450
Due from other Macquarie Group entities	-	3,543	-	3,543
<b>Total assets</b>	<b>19,742</b>	<b>92,450</b>	<b>1,508</b>	<b>113,700</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	83	-	83
Trading liabilities	4,787	150	-	4,937
Derivative liabilities	-	24,728	555	25,283
Other liabilities	-	3,616	53	3,669
Due to other Macquarie Group entities	-	425	-	425
Issued debt securities and other borrowings	-	1,416	-	1,416
<b>Total liabilities</b>	<b>4,787</b>	<b>30,418</b>	<b>608</b>	<b>35,813</b>
<b>CONSOLIDATED 2023</b>				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	27,304	-	27,304
Trading assets	8,207	6,827	758	15,792
Margin money and settlement assets	-	576	-	576
Derivative assets	12	35,056	752	35,820
Financial investments	3,770	11,135	273	15,178
Held for sale and other assets	-	2,311	48	2,359
Loan assets	-	282	3	285
Due from other Macquarie Group entities	-	3,379	-	3,379
<b>Total assets</b>	<b>11,989</b>	<b>86,870</b>	<b>1,834</b>	<b>100,693</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	277	-	277
Trading liabilities	4,641	113	-	4,754
Derivative liabilities	8	31,767	747	32,522
Other liabilities	-	1,118	-	1,118
Due to other Macquarie Group entities	-	462	-	462
Issued debt securities and other borrowings	-	1,611	-	1,611
<b>Total liabilities</b>	<b>4,649</b>	<b>35,348</b>	<b>747</b>	<b>40,744</b>



## Note 35

### Fair value of assets and liabilities continued

#### Assets and liabilities measured at fair value continued

The following table summarises the levels of the fair value hierarchy for assets and liabilities that are recognised and measured at fair value in the financial statements.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>COMPANY 2024</b>				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	36,290	-	36,290
Trading assets	19,546	5,331	630	25,507
Margin money and settlement assets	-	-	-	-
Derivative assets	-	19,384	182	19,566
Financial investments	155	16,649	177	16,981
Held for sale and other assets	-	2,343	56	2,399
Loan assets	-	345	1,257	1,602
Due from subsidiaries	-	4,119	346	4,465
Due from other Macquarie Group entities	-	3,529	-	3,529
<b>Total assets</b>	<b>19,701</b>	<b>87,990</b>	<b>2,648</b>	<b>110,339</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	32	-	32
Trading liabilities	4,787	150	-	4,937
Derivative liabilities	-	22,957	103	23,060
Other liabilities	-	2,685	51	2,736
Due to subsidiaries	-	3,068	185	3,253
Due to other Macquarie Group entities	-	419	-	419
Issued debt securities and other borrowings	-	1,081	-	1,081
<b>Total liabilities</b>	<b>4,787</b>	<b>30,392</b>	<b>339</b>	<b>35,518</b>
<b>COMPANY 2023</b>				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	27,158	-	27,158
Trading assets	8,203	5,964	290	14,457
Margin money and settlement assets	-	50	-	50
Derivative assets	12	26,881	282	27,175
Financial investments	2,237	11,135	221	13,593
Held for sale and other assets	-	1,499	-	1,499
Loan assets	-	192	2,065	2,257
Due from subsidiaries	-	8,324	177	8,501
Due from other Macquarie Group entities	-	3,379	-	3,379
<b>Total assets</b>	<b>10,452</b>	<b>84,582</b>	<b>3,035</b>	<b>98,069</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	171	-	171
Trading liabilities	4,645	112	-	4,757
Derivative liabilities	8	27,254	159	27,421
Other liabilities	-	636	-	636
Due to subsidiaries	-	5,264	104	5,368
Due to other Macquarie Group entities	-	461	-	461
Issued debt securities and other borrowings	-	1,351	-	1,351
<b>Total liabilities</b>	<b>4,653</b>	<b>35,249</b>	<b>263</b>	<b>40,165</b>

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities continued

#### Reconciliation of balances in Level 3 of the fair value hierarchy

The following table summarises the movements in Level 3 of the fair value hierarchy for the assets and liabilities, measured at fair value.

	Trading assets \$m	Financial investments \$m	Held for sale and other assets \$m	Loan assets \$m	Derivative financial instruments (net fair values) <sup>1</sup> \$m	Other liabilities \$m	Total \$m
<b>CONSOLIDATED 2023</b>							
Balance as at 1 Apr 2022	521	915	60	3	(753)	-	746
Purchases, originations, issuances and other additions	249	149	12	8	305	-	723
Sales, settlements and repayments	(23)	(23)	(62)	(9)	232	-	115
Transfers into Level 3 <sup>2</sup>	212	50	39	-	162	-	463
Transfers out of Level 3 <sup>2</sup>	(178)	(836)	(5)	-	84	-	(935)
Fair value movements recognised in the income statement:							
Net trading income/(loss) <sup>3</sup>	(23)	51	1	1	(25)	-	5
Other income/(loss)	-	28	3	-	-	-	31
Fair value movements recognised in OCI	-	(61)	-	-	-	-	(61)
<b>Balance as at 31 March 2023</b>	<b>758</b>	<b>273</b>	<b>48</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>1,087</b>
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year <sup>3</sup>	(17)	70	-	-	(29)	-	24
<b>CONSOLIDATED 2024</b>							
Balance as at 1 Apr 2023	<b>758</b>	<b>273</b>	<b>48</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>1,087</b>
Purchases, originations, issuances and other additions	<b>712</b>	<b>33</b>	<b>58</b>	<b>25</b>	<b>44</b>	<b>(78)</b>	<b>794</b>
Sales, settlements and repayments	<b>(602)</b>	<b>(2)</b>	<b>(46)</b>	<b>(6)</b>	<b>(225)</b>	<b>21</b>	<b>(860)</b>
Transfers into Level 3 <sup>2</sup>	<b>10</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>51</b>
Transfers out of Level 3 <sup>2</sup>	<b>(150)</b>	<b>(81)</b>	<b>(3)</b>	<b>-</b>	<b>(54)</b>	<b>4</b>	<b>(284)</b>
Fair value movements recognised in the income statement:							
Net trading income/(loss) <sup>3</sup>	<b>91</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>141</b>
Other income/(loss)	<b>-</b>	<b>(58)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58)</b>
Fair value movements recognised in OCI	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29</b>
<b>Balance as at 31 March 2024</b>	<b>819</b>	<b>247</b>	<b>57</b>	<b>22</b>	<b>(192)</b>	<b>(53)</b>	<b>900</b>
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year <sup>3</sup>	<b>91</b>	<b>(39)</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>80</b>

<sup>1</sup> The derivative financial instruments in the table above are presented on a net basis. On a gross basis, derivative assets are \$363 million (2023: \$752 million) and derivative liabilities are \$555 million (2023: \$747 million).

<sup>2</sup> Assets and liabilities transferred in or out of Level 3 are presented as if the assets or liabilities had been transferred at the beginning of the financial year.

<sup>3</sup> The Consolidated Entity employs various hedging techniques in order to manage market risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency denominated financial instruments that are measured at amortised cost, that are not presented in the table above.

## Note 35

### Fair value of assets and liabilities continued

#### Reconciliation of balances in Level 3 of the fair value hierarchy continued

The following table summarises the movements in Level 3 of the fair value hierarchy for the assets and liabilities, measured at fair value.

	Trading assets \$m	Financial investments \$m	Loan assets \$m	Due from/ to subsidiaries (net values) <sup>4</sup> \$m	Held for sale and other assets \$m	Derivative financial instruments (net fair values) <sup>5</sup> \$m	Other liabilities \$m	Total \$m
<b>COMPANY 2023</b>								
Balance as at 1 Apr 2022	156	885	3,269	150	2	(176)	-	4,286
Purchases, originations, issuances and other additions	122	149	-	-	-	32	-	303
Sales, settlements and repayments	(18)	(23)	(1,155)	(64)	-	104	-	(1,156)
Transfers into Level 3 <sup>6</sup>	138	50	-	-	-	73	-	261
Transfers out of Level 3 <sup>6</sup>	(90)	(836)	-	-	(2)	19	-	(909)
Fair value movements recognised in the income statement:								
Net trading income/(loss) <sup>7</sup>	(18)	46	-	-	-	71	-	99
Other income/(loss)	-	11	-	(13)	-	-	-	(2)
Fair value movements recognised in OCI	-	(61)	(49)	-	-	-	-	(110)
<b>Balance as at 31 March 2023</b>	<b>290</b>	<b>221</b>	<b>2,065</b>	<b>73</b>	<b>-</b>	<b>123</b>	<b>-</b>	<b>2,772</b>
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year <sup>7</sup>	(14)	29	-	(13)	-	71	-	73
<b>COMPANY 2024</b>								
Balance as at 1 Apr 2023	<b>290</b>	<b>221</b>	<b>2,065</b>	<b>73</b>	<b>-</b>	<b>123</b>	<b>-</b>	<b>2,772</b>
Purchases, originations, issuances and other additions	<b>524</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>47</b>	<b>(68)</b>	<b>570</b>
Sales, settlements and repayments	<b>(213)</b>	<b>(2)</b>	<b>(861)</b>	<b>25</b>	<b>-</b>	<b>(102)</b>	<b>13</b>	<b>(1,140)</b>
Transfers into Level 3 <sup>6</sup>	<b>8</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>45</b>
Transfers out of Level 3 <sup>6</sup>	<b>(70)</b>	<b>(83)</b>	<b>-</b>	<b>18</b>	<b>(2)</b>	<b>(11)</b>	<b>4</b>	<b>(144)</b>
Fair value movements recognised in the income statement:								
Net trading income/(loss) <sup>7</sup>	<b>91</b>	<b>10</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>164</b>
Other income/(loss)	<b>-</b>	<b>(40)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>
Fair value movements recognised in OCI	<b>-</b>	<b>29</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82</b>
<b>Balance as at 31 March 2024</b>	<b>630</b>	<b>177</b>	<b>1,257</b>	<b>161</b>	<b>56</b>	<b>79</b>	<b>(51)</b>	<b>2,309</b>
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year <sup>7</sup>	<b>91</b>	<b>(30)</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>123</b>

<sup>4</sup> The balance Due from/to subsidiaries in the table above is presented on a net basis. On a gross basis, Due from subsidiaries are \$346 million (2023: \$177 million) and Due to subsidiaries are \$185 million (2023: \$104 million).

<sup>5</sup> The derivative financial instruments in the table above are presented on a net basis. On a gross basis, derivative assets are \$182 million (2023: \$282 million) and derivative liabilities are \$103 million (2023: \$159 million).

<sup>6</sup> Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the financial year.

<sup>7</sup> The Company employs various hedging techniques in order to manage market risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, that may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency denominated financial instruments that are measured at amortised cost, are not presented in the table above.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities continued

#### Significant transfers between levels of the fair value hierarchy

During the financial year the Consolidated Entity and the Company did not have significant transfers between Level 1 and Level 2.

Transfers into Level 3 were due to the lack of observable valuation inputs for certain investments and trading balances. Transfers out of Level 3 were principally due to valuation inputs becoming observable during the financial year. Financial assets reclassified into/out of the fair value hierarchy disclosure due to recognition and measurement category changes, or where there have been changes in significant influence or control but some form of interest in the assets are still retained, are also presented as transfers into/out of Level 3.

#### Unrecognised gains or losses

The best evidence of fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets (or when inputs from unobservable markets are insignificant). Where such alternative evidence exists, the Consolidated Entity recognises profit or loss immediately when the asset or liability is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable.

The table below summarises the deferral and recognition of profit or loss where a valuation technique has been applied in which significant unobservable inputs are used.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Balance at the beginning of the financial year	247	53	123	42
Deferred gain on new transactions and other adjustments	191	228	67	105
Foreign exchange movements	(2)	21	1	5
Recognised in net trading income during the year <sup>8</sup>	(166)	(55)	(68)	(29)
<b>Balance at the end of the financial year</b>	<b>270</b>	<b>247</b>	<b>123</b>	<b>123</b>

<sup>8</sup> Includes amortisation, subsequent realisation due to unobservable inputs becoming observable, maturity and termination.

## Note 35

### Fair value of assets and liabilities continued

#### Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations, and the valuation techniques used to measure fair value. The range of values represent the highest and lowest input used in the valuation techniques. The range does not therefore reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets and liabilities.

	Fair value of assets \$m	Fair value of liabilities \$m	Valuation technique(s)	Significant unobservable inputs	RANGE OF INPUTS	
					Minimum value	Maximum value
<b>CONSOLIDATED 2024</b>						
Commodities	1,185	591	Pricing model	Commodity margin curves	(230.9)	958.7
			Pricing model	Correlation	(50.0%)	100.0%
			Pricing model	Volatility and related variables	0.1%	212.1%
Equity and equity-linked products	172	2	Market comparability	Price in % <sup>9</sup>		
Interest rate and other products	151	15	Discounted cash flows	Discount rate - Credit spreads	0.0%	10.0%
<b>Total</b>	<b>1,508</b>	<b>608</b>				
<b>CONSOLIDATED 2023</b>						
Commodities	1,482	747	Pricing model	Commodity margin curves	(242.0)	2,243.0
			Pricing model	Correlation	(72.0%)	100.0%
			Pricing model	Volatility and related variables	6.0%	600.0%
Equity and equity-linked products	199	-	Market comparability	Price in % <sup>9</sup>		
Interest rate and other products	153	-	Discounted cash flows	Discount rate - Credit spreads	0.0%	10.0%
<b>Total</b>	<b>1,834</b>	<b>747</b>				

The following information contains details around the significant unobservable inputs which are utilised to fair value the level 3 assets and liabilities.

#### Commodities

**Commodity margin curves:** Certain commodities are valued using related observable products from the market and a margin is applied to the observable market inputs to mitigate the impact of differences in the products. Judgement is involved in the calculation of these margin curves depending on the quality of the commodity or delivery location and other economic conditions.

**Correlation:** Correlation is a measure of the relationship between the movements of input variables (i.e. how the change in one variable influences a change in the other variable). It is expressed as a percentage between -100% and +100%, where 100% represents perfectly correlated variables and -100% represents inversely correlated. Correlation is a key input into the valuation of derivatives with more than one underlying (e.g., interest rates, credit spreads, foreign exchanges rates, inflation rates or equity prices) and is generally used to value hybrid and exotic instruments.

**Volatility:** Volatility is a measure of the variability or uncertainty in returns for a given underlying input and is generally expressed as a percentage, which represents an estimate of the amount a particular underlying instrument, parameter or index will change in value over time. Volatility is an input in the valuation of derivatives containing optionality. Volatility is impacted by the underlying risk, term and strike price of a derivative.

Correlations and volatilities are derived through the extrapolation of observable volatilities, recent transaction prices, quotes from other market participants and historical data adjusted for current conditions.

<sup>9</sup> The range of inputs related to market comparability has not been disclosed as the diverse nature of the underlying investments results in a wide range of inputs.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 35

### Fair value of assets and liabilities continued

#### Equity and equity-linked products

Unlisted equity securities are generally valued based on earnings or revenue multiples, referencing market transactions which are not directly comparable or quantifiable and are adjusted as appropriate for current economic conditions. Other significant unobservable inputs may include NAV and discount rates determined using inputs specific to the underlying investment and forecast cash flows and earnings/revenues of investee entities.

#### Interest rate and other products

**Discount rate - Credit spreads:** Loans are generally valued using discount rates. Significant unobservable inputs may include interest rates and credit spreads of counterparties and original issue discounts on primary debt issuances. Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality which increase the discount factor applied to future cashflows thereby reducing the value of asset. Credit spreads may be implied from the market prices and may not be observable in more illiquid markets.

**Price in %:** Comparable transactions are leveraged to price the fair value of the assets and liabilities and a percentage is applied to ascertain the proportion of the transaction price that is comparable with the specific asset/liability. This price percentage is unobservable input and judgemental depending on the characteristics of the asset/liability.

#### Sensitivity analysis of valuations using unobservable inputs

The table below shows the sensitivity to reasonably possible alternative assumptions for Level 3 assets and liabilities whose fair values are determined in whole or in part using unobservable inputs. The impact of sensitivity of instruments which hedge the Level 3 positions but are classified as Level 1 or 2 is not included in the table below.

	FAVOURABLE CHANGES		UNFAVOURABLE CHANGES	
	Profit or loss	OCI	Profit or loss	OCI
	\$m	\$m	\$m	\$m
	<b>CONSOLIDATED 2024</b>			
<b>Product type</b>				
Commodities	213	-	(180)	-
Interest rate and other products	13	-	(38)	-
Equity and equity-linked products	18	-	(19)	-
<b>Total</b>	<b>244</b>	<b>-</b>	<b>(237)</b>	<b>-</b>
	<b>CONSOLIDATED 2023</b>			
<b>Product type</b>				
Commodities	116	-	(103)	-
Interest rate and other products	2	-	(2)	-
Equity and equity-linked products	15	-	(15)	-
<b>Total</b>	<b>133</b>	<b>-</b>	<b>(120)</b>	<b>-</b>

The favourable and unfavourable changes from using reasonable possible alternative assumptions for the valuation of above product types have been calculated by recalibrating the valuation model using stressed significant unobservable inputs of the Consolidated Entity's range of reasonably possible estimates.

## Note 35

### Fair value of assets and liabilities continued

	FAVOURABLE CHANGES		UNFAVOURABLE CHANGES	
	Profit or loss \$m	OCI \$m	Profit or loss \$m	OCI \$m
	COMPANY 2024			
<b>Product type</b>				
Commodities	104	-	(89)	-
Interest rate and other products	13	-	(37)	-
Equity and equity-linked products	16	-	(16)	-
<b>Total</b>	<b>133</b>	<b>-</b>	<b>(142)</b>	<b>-</b>
	COMPANY 2023			
<b>Product type</b>				
Commodities	46	-	(40)	-
Interest rate and other products	2	-	(2)	-
Equity and equity-linked products	12	-	(12)	-
<b>Total</b>	<b>60</b>	<b>-</b>	<b>(54)</b>	<b>-</b>

The favourable and unfavourable changes of using reasonable possible alternative assumptions for the valuation of above product types have been calculated by recalibrating the valuation model using stressed significant unobservable inputs of the Company's range of possible estimates.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 36

### Offsetting financial assets and financial liabilities

The Consolidated Entity and the Company present financial assets and financial liabilities on a net basis in the Statements of financial position when they meet the criteria described in the offsetting of financial instruments section of Note 41(vii) *Financial instruments*. The following tables provide information on the impact of offsetting of financial instruments in the Statements of financial position, as well as amounts subject to enforceable netting arrangements that do not meet all the criteria for offsetting and therefore are presented gross in the Statements of financial position. Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's and the Company's financial position in that circumstance is to settle these contracts as one arrangement.

The Consolidated Entity and the Company use a variety of credit risk mitigation strategies in addition to netting and collateral arrangements, therefore amounts presented in this note are not intended to represent the credit risk exposure of the entity. Refer to Note 33.1 *Credit risk* for information on credit risk management.

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS <sup>1</sup>		Other collateral for exposures not subject to enforceable netting arrangements	Net exposure
	Gross amount <sup>2</sup>	Amounts offset on the Statements of financial position	Net amounts reported on the Statements of financial position	Other recognised financial instruments	Cash and other financial collateral		
	\$m	\$m	\$m	\$m	\$m		
<b>CONSOLIDATED 2024</b>							
Cash collateralised lending and reverse repurchase agreements	49,887	(312)	49,575	(16)	(45,572)	(3,951)	36
Settlement assets <sup>3</sup>	6,454	(2,538)	3,916	(810)	-	-	3,106
Derivative assets	29,539	(5,773)	23,766	(12,433)	(4,044)	(60)	7,229
Other assets <sup>4</sup>	5,257	(460)	4,797	(211)	(127)	(29)	4,430
Due from other Macquarie Group entities <sup>5</sup>	4,303	(246)	4,057	(409)	(3,135)	-	513
<b>Total Assets</b>	<b>95,440</b>	<b>(9,329)</b>	<b>86,111</b>	<b>(13,879)</b>	<b>(52,878)</b>	<b>(4,040)</b>	<b>15,314</b>
Cash collateralised borrowing and repurchase agreements	(12,911)	312	(12,599)	16	10,357	59	(2,167)
Settlement liabilities <sup>3</sup>	(7,018)	2,538	(4,480)	817	-	-	(3,663)
Derivative liabilities	(31,056)	5,773	(25,283)	12,428	6,067	62	(6,726)
Other liabilities <sup>4</sup>	(4,138)	460	(3,678)	211	-	-	(3,467)
Due to other Macquarie Group entities <sup>5</sup>	(9,088)	246	(8,842)	409	184	1	(8,248)
<b>Total Liabilities</b>	<b>(64,211)</b>	<b>9,329</b>	<b>(54,882)</b>	<b>13,881</b>	<b>16,608</b>	<b>122</b>	<b>(24,271)</b>

<sup>1</sup> Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation

<sup>2</sup> Gross amounts for assets include \$3,951 million of cash collateralised lending and reverse repurchase agreements, \$2,144 million of settlement assets, \$850 million of derivative assets, \$4,383 million of commodity related receivables and \$294 million of Due from other Macquarie Group entities not subject to enforceable netting arrangements. Gross amounts for liabilities include \$59 million of cash collateralised borrowing and repurchase agreements, \$1,941 million of settlements liabilities, \$1,070 million of derivative liabilities, \$3,094 million of commodity related payables and \$6,616 million of Due to other Macquarie Group entities not subject to enforceable netting arrangements. Amounts not subject to enforceable netting arrangements are where either there are no master netting agreements or enforceability of agreement is uncertain under bankruptcy laws in some countries or industries.

<sup>3</sup> Excludes margin money assets and liabilities presented under Note 7 *Margin money and settlement assets* and Note 17 *Margin money and settlement liabilities* respectively on the statements of financial position.

<sup>4</sup> Other assets and liabilities are comprised of commodity related receivables and payables, respectively.

<sup>5</sup> Excludes margin money and non-financial assets of \$727 million and liabilities of \$3,446 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities respectively on the Statements of financial position.



## Note 36

### Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS <sup>6</sup>		Other collateral for exposures not subject to enforceable netting arrangements	Net exposure
	Gross amount <sup>7</sup>	Amounts offset on the Statements of financial position	Net amounts reported on the Statements of financial position	Other recognised financial instruments	Cash and other financial collateral		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
CONSOLIDATED 2023							
Cash collateralised lending and reverse repurchase agreements	43,510	(309)	43,201	(166)	(37,165)	(5,823)	47
Settlement assets <sup>8</sup>	10,530	(5,124)	5,406	(1,263)	-	-	4,143
Derivative assets	45,004	(9,184)	35,820	(19,730)	(6,379)	(93)	9,618
Other assets <sup>9</sup>	4,394	(1,147)	3,247	(106)	(42)	(50)	3,049
Due from other Macquarie Group entities <sup>10</sup>	4,171	(383)	3,788	(443)	(2,942)	-	403
<b>Total Assets</b>	<b>107,609</b>	<b>(16,147)</b>	<b>91,462</b>	<b>(21,708)</b>	<b>(46,528)</b>	<b>(5,966)</b>	<b>17,260</b>
Cash collateralised borrowing and repurchase agreements	(19,046)	309	(18,737)	166	14,707	250	(3,614)
Settlement liabilities <sup>8</sup>	(9,952)	5,124	(4,828)	1,388	-	-	(3,440)
Derivative liabilities	(41,706)	9,184	(32,522)	19,605	6,322	137	(6,458)
Other liabilities <sup>9</sup>	(2,305)	1,147	(1,158)	106	-	-	(1,052)
Due to other Macquarie Group entities <sup>10</sup>	(11,743)	383	(11,360)	443	137	-	(10,780)
<b>Total Liabilities</b>	<b>(84,752)</b>	<b>16,147</b>	<b>(68,605)</b>	<b>21,708</b>	<b>21,166</b>	<b>387</b>	<b>(25,344)</b>

<sup>6</sup> Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation.

<sup>7</sup> Gross amounts for assets include \$5,830 million of cash collateralised lending and reverse repurchase agreements, \$933 million of settlement assets, \$1,792 million of derivative assets, \$3,037 million of commodity related receivables and \$300 million of Due from other Macquarie Group entities not subject to enforceable netting arrangements. Gross amounts for liabilities include \$250 million of cash collateralised borrowing and repurchase agreements, \$869 million of settlements liabilities, \$1,442 million of derivative liabilities, \$788 million of commodity related payables and \$6,535 million of Due to other Macquarie Group entities not subject to enforceable netting arrangements.

Amounts not subject to enforceable netting arrangements are where there are no master netting agreements or enforceability of agreement is uncertain under bankruptcy laws in some countries or industries.

<sup>8</sup> Excludes margin money assets and liabilities presented under Note 7 *Margin money and settlement assets* and Note 17 *Margin money and settlement liabilities* respectively on the statements of financial position.

<sup>9</sup> Other assets and liabilities are comprised of commodity related receivables and payables, respectively.

<sup>10</sup> Excludes margin money and non-financial assets of \$633 million and liabilities of \$3,282 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities respectively on the Statements of financial position.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 36

### Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS <sup>11</sup>		Other collateral for exposures not subject to enforceable netting arrangements	Net exposure
	Gross amount <sup>12</sup>	Amounts offset on the Statements of financial position	Net amounts reported on the Statements of financial position	Other recognised financial instruments	Cash and other financial collateral		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>COMPANY 2024</b>							
Cash collateralised lending and reverse repurchase agreements	47,949	(312)	47,637	(16)	(44,017)	(3,572)	32
Settlement assets <sup>13</sup>	5,292	(2,195)	3,097	(792)	-	-	2,305
Derivative assets	25,057	(5,491)	19,566	(11,614)	(3,323)	(35)	4,594
Other assets <sup>14</sup>	3,198	(136)	3,062	(14)	(96)	-	2,952
Due from subsidiaries <sup>15</sup>	9,754	(354)	9,400	(2,667)	(1,389)	-	5,344
Due from other Macquarie Group entities <sup>15</sup>	4,049	(229)	3,820	(405)	(3,125)	-	290
<b>Total Assets</b>	<b>95,299</b>	<b>(8,717)</b>	<b>86,582</b>	<b>(15,508)</b>	<b>(51,950)</b>	<b>(3,607)</b>	<b>15,517</b>
Cash collateralised borrowing and repurchase agreements	(12,859)	312	(12,547)	16	10,357	8	(2,166)
Settlement liabilities <sup>13</sup>	(6,031)	2,195	(3,836)	763	-	-	(3,073)
Derivative liabilities	(28,551)	5,491	(23,060)	11,643	5,888	54	(5,475)
Other liabilities <sup>14</sup>	(2,882)	136	(2,746)	14	-	-	(2,732)
Due to subsidiaries <sup>15</sup>	(21,212)	354	(20,858)	2,667	981	-	(17,210)
Due to other Macquarie Group entities <sup>15</sup>	(8,851)	230	(8,621)	405	184	1	(8,031)
<b>Total Liabilities</b>	<b>(80,386)</b>	<b>8,718</b>	<b>(71,668)</b>	<b>15,508</b>	<b>17,410</b>	<b>63</b>	<b>(38,687)</b>

<sup>11</sup> Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation.

<sup>12</sup> Gross amounts for assets include \$3,572 million of cash collateralised lending and reverse repurchase agreements, \$2,097 million of settlement assets, \$64 million of derivative assets, \$2,948 million of commodity related receivables, \$201 million of Due from other Macquarie Group entities and \$4,134 million of Due from subsidiaries not subject to enforceable netting arrangements. Gross amounts for liabilities include \$8 million of cash collateralised borrowing and repurchase agreements, \$1,876 million of settlements liabilities, \$418 million of derivative liabilities, \$2,631 million of commodity related payables, \$6,598 million of Due to other Macquarie Group entities and \$14,526 million of Due to subsidiaries not subject to enforceable netting arrangements.

Amounts not subject to enforceable netting arrangements are where there are no master netting agreements or enforceability of agreement is uncertain under bankruptcy laws in some countries or industries.

<sup>13</sup> Excludes margin money assets and liabilities presented under Note 7 *Margin money and settlement assets* and Note 17 *Margin money and settlement liabilities* respectively on the Statements of financial position.

<sup>14</sup> Other assets and liabilities are comprised of commodity related receivables and payables, respectively.

<sup>15</sup> Excludes margin money and non-financial assets of \$238 million and liabilities of \$3,257 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities, respectively, and margin money and non-financial assets of \$711 million and liabilities of \$1,792 million presented under Due from subsidiaries and Due to subsidiaries, respectively, on the Statements of financial position.

## Note 36

### Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS <sup>16</sup>		Other collateral for exposures not subject to enforceable netting arrangements	Net exposure
	Gross amount <sup>17</sup>	Amounts offset on the Statements of financial position	Net amounts reported on the Statements of financial position	Other recognised financial instruments	Cash and other financial collateral		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
COMPANY 2023							
Cash collateralised lending and reverse repurchase agreements	43,153	(309)	42,844	(166)	(36,874)	(5,765)	39
Settlement assets <sup>18</sup>	8,346	(4,365)	3,981	(1,112)	-	-	2,869
Derivative assets	35,627	(8,452)	27,175	(17,292)	(4,238)	-	5,645
Other assets <sup>19</sup>	3,328	(937)	2,391	(48)	(41)	-	2,302
Due from subsidiaries <sup>20</sup>	18,326	(711)	17,615	(5,159)	(6,577)	-	5,879
Due from other Macquarie Group entities <sup>20</sup>	3,985	(365)	3,620	(443)	(2,941)	-	236
<b>Total Assets</b>	<b>112,765</b>	<b>(15,139)</b>	<b>97,626</b>	<b>(24,220)</b>	<b>(50,671)</b>	<b>(5,765)</b>	<b>16,970</b>
Cash collateralised borrowing and repurchase agreements	(18,237)	309	(17,928)	166	14,148	-	(3,614)
Settlement liabilities <sup>18</sup>	(8,193)	4,365	(3,828)	1,208	-	-	(2,620)
Derivative liabilities	(35,873)	8,452	(27,421)	17,196	5,734	15	(4,476)
Other liabilities <sup>19</sup>	(1,612)	937	(675)	48	-	-	(627)
Due to subsidiaries <sup>20</sup>	(25,916)	711	(25,205)	5,159	616	-	(19,430)
Due to other Macquarie Group entities <sup>20</sup>	(9,656)	365	(9,291)	443	137	-	(8,711)
<b>Total Liabilities</b>	<b>(99,487)</b>	<b>15,139</b>	<b>(84,348)</b>	<b>24,220</b>	<b>20,635</b>	<b>15</b>	<b>(39,478)</b>

<sup>16</sup> Related amounts not offset have been limited to the net amount presented in the Statements of financial position so as not to include the effect of over-collateralisation.

<sup>17</sup> Gross amounts for assets include \$5,765 million of cash collateralised lending and reverse repurchase agreements, \$275 million of settlement assets, \$457 million of derivative assets, \$2,303 million of commodity related receivables, \$206 million of Due from other Macquarie Group entities and \$6,512 million of Due from subsidiaries not subject to enforceable master netting arrangements. Gross amounts for liabilities include \$nil of cash collateralised borrowing and repurchase agreements, \$496 million of settlements liabilities, \$619 million of derivative liabilities, \$617 million of commodity related payables, \$5,139 million of Due to other Macquarie Group entities and \$16,929 million of Due to subsidiaries not subject to enforceable master netting arrangements.

Amounts not subject to enforceable netting arrangements are where there are no master netting agreements or enforceability of agreement is uncertain under bankruptcy laws in some countries or industries.

<sup>18</sup> Excludes margin money assets and liabilities presented under Note 7 *Margin money and settlement assets* and Note 17 *Margin money and settlement liabilities* respectively on the Statements of financial position.

<sup>19</sup> Other assets and liabilities are comprised of commodity related receivables and payables, respectively.

<sup>20</sup> Excludes margin money and non-financial assets of \$267 million and liabilities of \$3,083 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities, respectively, and margin money and non-financial assets of \$699 million and liabilities of \$3,511 million presented under Due from subsidiaries and Due to subsidiaries, respectively, on the Statements of financial position.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 37

### Pledged assets and transfers of financial assets

#### Pledged assets

Assets pledged as security for liabilities include the following:

- securities and commodities included under trading assets and off-balance sheet collateral securities pledged for repurchase transactions, stock lending arrangements, trading liabilities and derivative margining. These transactions are governed by standard industry agreements
- loan assets held by the Consolidated SEs provided as collateral against issued debt and other borrowings or repurchase transactions
- other types of financial and non-financial assets disclosed in the following table provided as collateral for borrowings and issued debt securities.

The table below represents assets that have been pledged as security for liabilities.

	CONSOLIDATED		COMPANY	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>On Balance Sheet assets</b>				
Cash and bank balances	22	203	22	95
Trading assets	9,059	3,516	8,514	2,733
Financial investments	305	947	-	385
Loan assets <sup>1</sup>	27,359	29,679	27,090	29,356
Margin money and settlement assets	93	327	-	-
Due from subsidiaries <sup>2</sup>	-	-	211	2,775
Property, plant and equipment	192	285	-	-
Other assets	1,020	1	-	-
<b>Total On Balance Sheet assets pledged for liabilities</b>	<b>38,050</b>	<b>34,958</b>	<b>35,837</b>	<b>35,344</b>
<b>Off Balance Sheet assets</b>				
Securities and commodities <sup>3</sup>	25,042	23,520	24,567	22,650
<b>Total On and Off Balance Sheet assets pledged for liabilities</b>	<b>63,092</b>	<b>58,478</b>	<b>60,404</b>	<b>57,994</b>

<sup>1</sup> Includes \$15,219 million (2023: \$15,699 million) held by Consolidated SEs, which are available as security to holders of notes issued by the consolidated securitisation vehicles. Additionally, includes \$11,870 million (2023: \$13,972 million) held by Consolidated securitisation vehicles wherein internally held bonds have been pledged against repurchase agreement liabilities.

<sup>2</sup> Prior year includes cash collateral for guarantees provided to subsidiaries with respect to exposures from counterparties.

<sup>3</sup> Represents fair value of securities and commodities repledged by the Consolidated Entity and the Company out of the non-cash collaterals received of \$78,687 million (2023: \$64,336 million) by the Consolidated Entity and \$73,580 million (2023: \$63,004 million) by the Company as part of Cash collateralised lending and reverse repurchase agreements and of \$2,730 million (2023: \$2,521 million) received by the Consolidated Entity and \$1,462 million (2023: \$1,458 million) by the Company as part of derivative margining arrangements. Refer *Cash collateralised lending and reverse repurchase agreements and Derivative instruments* under Note 33.1 *Credit risk - Collateral and credit enhancements held* for further details.

## Note 37

### Pledged assets and transfers of financial assets continued

#### Transfers of financial assets

The Consolidated Entity may enter into transactions in the normal course of business that transfer risks and rewards of financial assets recognised in the Consolidated Entity Statements of financial position to other entities. Depending on the criteria discussed in Note 41(xii) *Financial investments*, the Consolidated Entity may be unable to derecognise the transferred asset, be able to derecognise the transferred assets in full or continue to recognise the asset to the extent of its continuing involvement.

#### Transferred financial assets that are derecognised

When financial assets are derecognised, some continuing involvement may be retained in the assets in the form of liquidity support, financial guarantees, certain derivatives or retention of part of the securitisation interest through interest rate or basis swaps. The Consolidated Entity and the Company has not retained any material continuing involvement in transferred financial assets.

#### Transferred financial assets that are not derecognised

The Consolidated Entity did not derecognise any financial assets to the extent of continuing involvement in the years ended 31 March 2024 and 31 March 2023. The following transactions typically result in the transferred assets continuing to be recognised in full.

#### Repurchase and securities lending agreements

Securities and commodities sold under an agreement to repurchase and securities subject to lending agreements continue to be recognised in the Statements of financial position and an associated liability is recognised for the consideration received.

Where securities are transferred in return for the loan of other securities or on an unsecured basis in return for a fee, the transferred asset continues to be recognised in full. There is no associated liability as the securities received is not recognised on the balance sheet. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these assets.

In certain arrangements, the transferee cannot otherwise sell or pledge the transferred securities, however, the assets may be substituted if the required collateral is maintained.

#### Interest in securitisations

Financial assets (principally home loans and finance lease receivables) are packaged and securities issued to investors. Securitisation vehicles used to achieve this purpose are consolidated when the rights to the residual income of the vehicles, after all payments to investors and costs of the program have been met, is retained. When the Company is entitled to any residual income of a securitisation vehicle, the Company continues to recognise the financial assets. The transferred assets cannot otherwise be pledged or sold, however the securities resulting from the securitisation may be.

#### Other financial transfers not derecognised

Includes loans and leases sold or lent to an external funder where the Consolidated Entity retains full economic exposure. In such instances, the Consolidated Entity has a right to receive cash from the lessee and an obligation to pay those cash flows to the external funder.

Also, includes trading assets and financial investments that have been transferred as margin against future trades. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of open position and remains exposed to interest rate risk and credit risk on these assets.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 37

### Pledged assets and transfers of financial assets continued

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	Carrying amount of transferred assets	Carrying amount of associated liabilities	FOR THOSE LIABILITIES THAT ONLY HAVE RECOURSE TO THE TRANSFERRED ASSETS		
			Fair value of transferred assets	Fair value of associated liabilities	Net fair value
	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED 2024</b>					
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets <sup>4</sup>	7,407	(247)	-	-	-
Loan assets <sup>5</sup>	11,870	(9,556)	-	-	-
Other financial assets not derecognised:					
Trading assets	831	-	-	-	-
Loan assets	256	(256)	256	(256)	-
Financial investments	305	-	-	-	-
<b>Total financial assets not derecognised</b>	<b>20,669</b>	<b>(10,059)</b>	<b>256</b>	<b>(256)</b>	<b>-</b>
<b>CONSOLIDATED 2023</b>					
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets <sup>4</sup>	2,122	(459)	-	-	-
Loan assets <sup>5</sup>	13,972	(11,280)	-	-	-
Financial investments	742	(740)	-	-	-
Financial assets not derecognised due to total return/asset swaps:					
Financial investments	205	(189)	-	-	-
Other financial assets not derecognised:					
Trading assets	308	-	-	-	-
Loan assets	7	(7)	7	(7)	-
<b>Total financial assets not derecognised</b>	<b>17,356</b>	<b>(12,675)</b>	<b>7</b>	<b>(7)</b>	<b>-</b>

<sup>4</sup> Includes \$7,140 million (2023: \$1,622 million) assets transferred in return for the loan of other securities where there is no associated liability on the Consolidated Entity's Statements of financial position. The transferee has the right to sell or re-pledge the entire value of securities received.

<sup>5</sup> Represents the fair value of the SEs securitised bonds internally held by the Company which are pledged against repurchase agreement liabilities.

## Note 37

### Pledged assets and transfers of financial assets continued

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	Carrying amount of transferred assets \$m	Carrying amount of associated liabilities \$m	FOR THOSE LIABILITIES THAT ONLY HAVE RECOURSE TO THE TRANSFERRED ASSETS		Net fair value \$m
			Fair value of transferred assets \$m	Fair value of associated liabilities \$m	
COMPANY 2024					
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets <sup>6</sup>	7,392	(247)	-	-	-
Loan assets <sup>7</sup>	11,870	(9,556)	-	-	-
Financial assets not derecognised due to securitisation:					
Loan assets <sup>8</sup>	15,219	(12,453)	15,223	(11,937)	3,286
Other financial assets not derecognised:					
Trading assets	831	-	-	-	-
<b>Total financial assets not derecognised</b>	<b>35,312</b>	<b>(22,256)</b>	<b>15,223</b>	<b>(11,937)</b>	<b>3,286</b>
COMPANY 2023					
Financial assets not derecognised due to repurchase and securities lending agreements:					
Trading assets <sup>6</sup>	2,117	(459)	-	-	-
Financial Investments	273	(271)	-	-	-
Loan assets <sup>7</sup>	13,972	(11,280)	-	-	-
Financial assets not derecognised due to total return/asset swaps:					
Financial investments	205	(189)	-	-	-
Financial assets not derecognised due to securitisation:					
Loan assets <sup>8</sup>	15,347	(11,281)	15,282	(11,176)	4,106
Other financial assets not derecognised:					
Trading assets	308	-	-	-	-
<b>Total financial assets not derecognised</b>	<b>32,222</b>	<b>(23,480)</b>	<b>15,282</b>	<b>(11,176)</b>	<b>4,106</b>

<sup>6</sup> Includes \$7,125 million (2023: \$1,617 million) assets transferred in return for the loan of other securities where there is no associated liability on the Company's Statements of financial position. The transferee has the right to sell or re-pledge the entire value of securities received.

<sup>7</sup> Represents the fair value of the SEs securitised bonds internally held by the Company which are pledged against repurchase agreement liabilities.

<sup>8</sup> Excludes \$52,022 million (2023: \$51,013 million) of securitised assets where the Company holds all of the instruments issued by the SEs.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 38

### Audit and other services provided by PricewaterhouseCoopers

During the financial year, PricewaterhouseCoopers (PwC) and its network firms, the auditor of the Consolidated Entity and the Company, earned the following remuneration.

	CONSOLIDATED		COMPANY	
	2024 \$'000	2023 <sup>1</sup> \$'000	2024 \$'000	2023 <sup>1</sup> \$'000
Audit of the Group and controlled entities: <sup>2</sup>				
PwC – Australia	19,619	19,565	18,002	17,860
Network firms of PwC Australia	5,696	7,287	363	1,188
<b>Total audit services</b>	<b>25,315</b>	<b>26,852</b>	<b>18,365</b>	<b>19,048</b>
Audit-related services: <sup>3</sup>				
PwC – Australia	9,254	20,964	7,734	18,694
Network firms of PwC Australia	130	154	111	82
<b>Total audit-related services</b>	<b>9,384</b>	<b>21,118</b>	<b>7,845</b>	<b>18,776</b>
<b>Total audit and audit-related services</b>	<b>34,699</b>	<b>47,970</b>	<b>26,210</b>	<b>37,824</b>
Taxation services:				
PwC – Australia	13	152	-	9
Network firms of PwC Australia	305	387	127	155
<b>Total taxation services</b>	<b>318</b>	<b>539</b>	<b>127</b>	<b>164</b>
Other services:				
PwC – Australia	629	536	376	443
Network firms of PwC Australia	5	252	-	223
<b>Total other services</b>	<b>634</b>	<b>788</b>	<b>376</b>	<b>666</b>
<b>Total other non-audit services</b>	<b>952</b>	<b>1,327</b>	<b>503</b>	<b>830</b>
<b>Total remuneration paid to PwC for audit, audit-related and other non-audit services</b>	<b>35,651</b>	<b>49,297</b>	<b>26,713</b>	<b>38,654</b>

Use of PwC's services for engagements other than audit is restricted in accordance with the Consolidated Entity's *Audit and Assurance Independence Policy*.

<sup>1</sup> Comparative information has been restated to conform to the presentation in the current year.

<sup>2</sup> Prior period includes:

- Consolidated Entity: additional fees of \$206 thousand (2022: \$1,704 thousand) for PwC Australia and \$202 thousand (2022: \$nil) for network firms of PwC Australia that related to the year ended 31 March 2023 but were incurred during the 2024 financial year.

- Company: additional fees of \$93 thousand (2022: \$1,354 thousand) for PwC Australia and \$nil (2022: \$nil) for network firms of PwC Australia that related to the year ended 31 March 2023 but were incurred during the 2024 financial year.

<sup>3</sup> Audit related services consist of assurance and related service traditionally performed by the independent external auditor of the Consolidated Entity. While in addition to their statutory audit role, these services are consistent with the role of the external auditor and include statutory assurance and other assurance services such as engagements required under regulatory, prudential, legislative or financing programmes as well as reviews requested by regulators and other agreed upon procedures.



## Note 39

### Acquisitions and disposals of subsidiaries and businesses

#### Acquisitions and Disposal of subsidiaries and businesses

The Consolidated Entity did not acquire or sell any subsidiaries or businesses during the current and previous financial year.

## Note 40

### Events after the reporting date

There were no material events subsequent to 31 March 2024 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in the financial statements.

## Note 41

### Material accounting policies

#### (i) Principles of consolidation

##### Subsidiaries

The consolidated Financial Report reflects the financial performance and financial position of the Consolidated Entity. Subsidiaries are all those entities (including structured entities) which the Consolidated Entity controls. The Consolidated Entity controls an entity where it has:

- power to direct the relevant activities
- exposure, or rights, to variable returns, and
- the ability to utilise power to affect the entity's returns.

The determination of control is based on current facts and circumstances and is continuously assessed. The Consolidated Entity has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. The Consolidated Entity also considers the entity's purpose and design. If the Consolidated Entity determines that it has power over an entity, the Consolidated Entity then evaluates its exposure, or rights, to variable returns by considering the magnitude and variability associated with its economic interests.

All variable returns are considered in making that assessment including, but not limited to, returns from debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts. In certain instances, the Consolidated Entity has determined that it controls entities that it has less than half of the voting rights on the basis of its ability to direct the relevant activities of those entities.

#### Structured entities

Structured Entities (SEs) are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities of the SE are directed by means of contractual arrangements. When assessing whether the Consolidated Entity controls (and therefore consolidates) a SE, judgement is required as to whether the Consolidated Entity has power over the relevant activities as well as exposure, or rights, to variable returns of the SE.

Where the Consolidated Entity has power over the SE's relevant activities, has assessed that its exposure to variable returns (including through the residual risk associated with its involvement in SEs) is sufficient, and is able to affect its returns, the SE is consolidated. Refer to Note 31 *Structured entities* for further information related to both consolidated and unconsolidated SE's.

#### Consolidation

The effects of all transactions between subsidiaries in the Consolidated Entity are eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (NCI) in the results and equity of subsidiaries are shown separately in the consolidated Income statements, consolidated Statements of comprehensive income, consolidated Statements of changes in equity and consolidated Statements of financial position and are determined on the basis of the Consolidated Entity's present ownership interest in the entity.

Where control of an entity was obtained during the financial year, its results are included in the consolidated Income statements from the date on which control was obtained. Where control of an entity ceased during the financial year, its results are included for that part of the financial year during which control existed.

The Consolidated Entity determines the dates of obtaining control (i.e. acquisition date) and losing control (i.e. disposal date) of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to direct the relevant activities and the extent of the Consolidated Entity's exposure to the entity's variable returns. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

Subsidiaries held by the Company are carried in its financial statements at cost less accumulated impairments, adjusted for changes in fair value attributable to the spot foreign exchange risk where such subsidiaries are designated in qualifying fair value hedge relationships.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (i) Principles of consolidation continued

##### Interests in associates and joint ventures

Associates and joint ventures are entities over which the Consolidated Entity has significant influence or joint control. Existing ownership interests (including in-substance ownership interests) in associates and joint ventures are accounted for under the equity method. In-substance ownership interests are interests that are substantially similar to an investee's ordinary shares. Equity accounting of the ownership interests is applied from the date that the Consolidated Entity has significant influence or joint control and ceases when the Consolidated Entity no longer has significant influence or joint control.

The Consolidated Entity determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control the relevant activities of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

The equity method of accounting is applied in the consolidated Financial Report and requires the recognition of the Consolidated Entity's share of its associates' and joint ventures' post-acquisition profits or loss (including impairments of the associates' or joint ventures' assets) in the consolidated income statement, and the share of the post-acquisition movements in other comprehensive income in the consolidated statement of comprehensive income. The Consolidated Entity's share of post acquisition profits or losses of associates and joint ventures are included in net other operating income. Dividends received by the Consolidated Entity from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Transactions reported directly in equity (besides those reflected in other comprehensive income) are accounted for by the Consolidated Entity in accordance with the substance of the transaction and whether the transaction is dilutive to the Consolidated Entity's ownership interest. Where the transaction is dilutive, the impact is recorded as part of the Consolidated Entity's share of profits or losses of associates and joint ventures.

Equity accounting of losses is restricted to the Consolidated Entity's interests in its associate or joint venture, unless the Consolidated Entity has an obligation or has made payment on behalf of the entity.

Long-term interests in an associate or joint venture, to which the equity method is not applied but in-substance form part of the net investment in the associate or joint venture, are accounted for in accordance with the Consolidated Entity's financial instruments' accounting policies, which includes accounting for expected credit losses, where applicable. Subsequently, the loss allocation and impairment requirements in AASB 128 *Investments in Associates and Joint Ventures* are applied to long-term interests.

Where necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with those adopted by the Consolidated Entity.

At the end of each reporting period, management reviews the Consolidated Entity's investments in associates and joint ventures for indicators of impairment. Where there is an indicator of impairment, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying value. Impairment losses and reversals are recognised in other impairment charges/reversals. A reversal of a previously recognised impairment loss is recognised only to the extent that the investment's carrying value does not exceed the carrying amount that would have been determined (including consideration of any equity accounted losses), if no impairment loss had been recognised.

Interests in associates and joint ventures are classified as held for sale when the Consolidated Entity determines that the interest will be recovered principally through a sale transaction rather than through continuing use. Equity accounting is suspended when the interest is classified as held for sale.

On disposal of an investment in an associate or a joint venture, the difference between the sales consideration, any retained interest and the carrying value is recognised as a gain or loss in investment income as part of other operating income and charges together with any gains and losses in OCI that is related to the associate or joint venture.

Investments (including in-substance existing ownership interests) in associates and joint ventures held by the Company are carried in its financial statements at cost less accumulated impairment.

##### Changes in ownership interests

When acquiring additional interests:

- of a financial asset (such that it becomes an associate, joint venture or subsidiary), or
- in an investment in an associate or joint venture (such that it becomes a subsidiary), where the underlying entity constitutes a business,

previously held interests are revalued to their fair value and any gain or loss is recognised in investment income as part other operating income and charges.

Similarly, when selling ownership interests of a subsidiary, where the underlying constitutes a business (such that control is lost), or an investment in an associate or joint venture (such that it becomes a financial asset), retained ownership interests are revalued to their fair value and any gain or loss is recognised in investment income as part of other operating income and charges. Retained ownership interests are not revalued where the sale represents a contribution to an associate or joint venture, nor in certain circumstances where the partial sale of an investment in associate or joint venture, which continues to be equity accounted post the sale, is affected through a holding company subsidiary.

## Note 41

### Material accounting policies continued

#### (i) Principles of consolidation continued

Increases and decreases in the Consolidated Entity's interest in a subsidiary (that do not result in the loss of control) are accounted for directly within equity. Increases in the Consolidated Entity's ownership interest in an associate or joint venture are accounted for as an increase in the carrying value of the interest in associate or joint venture. The difference between the reduction in the Consolidated Entity's interest in an associate or joint venture that remains an associate or joint venture and the fair value of consideration received is accounted for as a gain or loss within investment income as part of other operating income and charges. A proportionate amount of associated OCI is reclassified to profit or loss, or reclassified within equity, as would otherwise be required on disposal of the underlying position.

#### (ii) Business combinations

Distinguishing between whether assets or a business is acquired involves judgement. The Consolidated Entity identifies a business where an acquired integrated set of activities and assets includes an economic resource (input) and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income from ordinary activities (outputs).

On a transaction-by-transaction basis, the Consolidated Entity may use a practical expedient to determine that an acquired set of activities is not a business. Under this assessment, the transaction is accounted for as an asset acquisition if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method. The consideration exchanged is measured as the aggregate of the acquisition-date fair values of assets transferred, equity instruments issued, and liabilities incurred. Transaction costs of a business combination are recognised directly in the consolidated income statement as part of other operating expenses.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. The Consolidated Entity elects, on a transaction-by-transaction basis, to initially measure NCI either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities.

Goodwill is measured as the excess of the consideration exchanged, recognised NCI, and the fair value of previously held equity interests over the fair value of the identifiable net assets of the business acquired and is recognised as part of intangible assets. Goodwill is subsequently measured at cost less accumulated impairment.

If the consideration is less than the Consolidated Entity's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised in investment income as part of other operating income and charges, but only after a reassessment of the identification and measurement of the net assets acquired.

Contingent consideration that is dependent on any subsequent event is measured at fair value with changes in its fair value recognised in investment income as part of other operating income and charges.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the acquisition date. The discount rate used is the Consolidated Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### Combinations between entities or businesses under common control

Common control transactions, which are business combinations involving entities or businesses that are ultimately controlled by the same parent entity, are accounted for at book value.

Where the Consolidated Entity acquires, as part of a common control transaction, assets that meet the definition of a business, the assets and liabilities acquired are recorded using the book values included in the consolidated financial statements of the entity having the highest level within the common control group and, where applicable, are presented gross of any accumulated amortisation, depreciation and impairment. The Consolidated Entity accounts for the difference between the consideration paid and the book value of the assets and liabilities acquired as a restructure reserve in equity, generally in retained earnings.

In the Consolidated Entity's financial statements, to the extent the common control transaction occurred between entities ultimately controlled by Macquarie Bank Limited, the selling entity's gains and losses relating to a common control transaction are eliminated against the amount recorded in the acquirer's equity relating to the common control transaction.

#### (iii) Foreign currency translation

##### Functional and presentation currency

The functional currency of each entity (including branches) in the Consolidated Entity is determined as the currency of the primary economic environment in which the entity operates. The Consolidated Entity and the Company's financial statements are presented in Australian dollars (the presentation currency), which is also the Company's functional currency.

##### Transactions and balances

At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary assets and liabilities are translated using the closing exchange rate
- non-monetary items (including equity) measured in terms of historical cost in a foreign currency remain translated using the spot exchange rate at the date of the transaction, and
- non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (iii) Foreign currency translation continued

Foreign exchange gains and losses arising from the settlement or translation of monetary items, or non-monetary items measured at fair value, are recognised in net trading income with one exception being where such monetary items are designated as hedging instruments in qualifying cash flow hedge or net investment hedge relationships. In such circumstances the foreign exchange gains and losses may be deferred in OCI to the extent the hedge is effective (refer to Note 32 *Hedge accounting* and Note 41(x) *Derivative instruments and hedging activities*).

#### Subsidiaries and other entities

The results and financial position of all entities that have a functional currency other than Australian dollars are translated into Australian dollars as follows:

- assets and liabilities for each Statements of financial position presented are translated at the closing exchange rate at the date of that Statements of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate
- income and expenses for each income statement are translated at actual or average exchange rates at the dates of the transactions
- all resulting exchange differences are recognised in OCI within a separate component of reserves, being the foreign currency translation reserve (FCTR).

Foreign currency gains and losses on intragroup loans are recognised in the income statement except where the loan is in-substance part of the Consolidated Entity's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Consolidated Entity's FCTR.

The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:

- if there is a disposal of a foreign operation, then the accumulated FCTR is reclassified from OCI to investment income within other operating income and charges
- if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated FCTR is reclassified to investment income
- if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated FCTR is reattributed within equity to non-controlling interests.

#### (iv) Revenue and expense recognition

##### Net interest income

Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset which is not measured at fair value) are recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in interest income or interest expense, as applicable, over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the remeasurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of the EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit impaired (POCI). Interest income on these assets is determined using a credit adjusted EIR by discounting the estimated future cash receipts, including credit losses expected at initial recognition, through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest income on financial assets that are subsequently classified as credit-impaired (Stage III), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the impairment loss). Interest income and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis and included in Other Interest Income.

##### Fee and commission income

Revenue earned by the Consolidated Entity from its contracts with customers primarily consists of the following categories of fee and commission income.

##### Brokerage and other trading-related fee income

The Consolidated Entity enters into contracts with customers to act as an agent to buy and sell securities. The brokerage and commission income related to this service is recognised on trade date and is presented net of any rebates.

## Note 41

### Material accounting policies continued

#### (iv) Revenue and expense recognition continued

##### Service fee from other Macquarie Group entities

Service fees for the provision of resources or other ancillary services to other Group entities, when the Company or its subsidiaries performs a service for other entities within the Macquarie Group as per the group shared services agreements, are recognised as and when those services are performed.

##### Other fee and commission income

Other fee and commission income includes fees earned on a range of banking products and services platforms, wealth services, credit cards, structuring fees, portfolio administration, lending services, stock borrow and lending activities and income on structured products which is recognised when the performance obligation is satisfied.

The revenue recognition policies above are applied to internal fee sharing arrangements between the entities within the Macquarie Group. Management fees and other cost recoveries are recognised as and when the Company performs a service to other entities within the Macquarie Group as per the agreed cost or profit sharing arrangements.

##### Net operating lease income

Operating lease income is recognised on a straight-line basis over the lease term and is presented net of the related depreciation expense.

##### Other operating income and charges

Other operating income and charges includes investment income, and other income/charges.

Investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities that are classified as FVTPL and dividends or distributions on these securities which represent the return on such investments.

Gains or losses on the change of control, joint control and/or significant influence and reclassifications to/from held for sale also forms part of investment income. Refer to Note 41(i) *Principles of consolidation* for details on the timing of recognition of such gains or losses.

##### Dividends

Dividends or distributions are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated with the dividend will flow to the Company and/or Consolidated Entity and the dividend can be measured reliably.

Dividends or distributions from HFT assets are recognised in net trading income, as investment income as part of other operating income and charges for other financial assets measured at FVTPL or FVOCI, or as a reduction to the carrying amount of the investment in associates and joint ventures. Where associates and joint ventures are classified as held for sale, dividends or distributions are recognised within other income as part of other operating income and charges.

In the Company's financial statements, judgement may be applied in determining whether distributions from subsidiaries are to be recognised as dividend income or as a return of capital. Distributions that represent a return of capital are accounted for by the Company as a reduction to the cost of its investment and are otherwise recognised by the Company within investment income as part of other operating income and charges when the recognition criteria are met.

##### Expenses

Expenses are recognised in the income statement as and when the provision of services is received.

#### (v) Segment reporting

Operating Segments are identified on the basis of internal reports to Senior Management about components of the Consolidated Entity that are regularly reviewed by Senior Management who have been identified as the chief operating decision makers, in order to allocate resources to the segment and to assess its performance. Information reported to Senior Management for the purposes of resource allocation and assessment of performance is specifically focused on core products and services offered, comprising three reportable segments as disclosed in Note 3 *Segment reporting*.

Information about products and services is based on the financial information used to produce the Consolidated Entity's financial statements. Information about geographical segments is based on the jurisdiction of the respective entities.

#### (vi) Taxation

The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (vi) Taxation continued

Deferred tax assets and deferred tax liabilities that would otherwise arise following the enactment or substantive enactment of Pillar Two legislation are not recognised in the financial statements in accordance with a mandatory exception to the Accounting Standards, as disclosed in Note 1(iv) *New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretation that are effective in the current financial year*.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

The Consolidated Entity exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses within the tax consolidated group in Australia or groups of entities in overseas jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Consolidated Entity undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Consolidated Entity estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities with reference to the nature of the underlying uncertainty.

#### Tax consolidation

The Consolidated Entity's Australian tax liabilities are determined according to tax consolidation legislation.

All eligible Australian resident wholly owned subsidiaries of Macquarie Group Limited (MGL, the Company's ultimate parent entity) comprise a tax consolidated group (TCG) with MGL as the head entity. As a consequence, the Company and the relevant subsidiaries are not liable to make income tax payments and do not recognise any current tax balances or any deferred tax assets arising from unused tax losses or credits.

The TCG recognises its current and deferred taxes using the 'group allocation approach' detailed in AASB UIG Interpretation 1052 *Tax Consolidation Accounting* (AASB Interpretation 1052). Under the terms and conditions of a tax funding agreement, MGL charges each subsidiary for all current tax liabilities incurred in respect of their activities and reimburses each subsidiary for any tax assets arising from unused tax losses. The tax funding agreement also allows for the transfer of tax balances between TCG entities as required. Where the recognition of a deferred tax balance in the transferee is precluded under AASB 112 *Income taxes*, the funding paid or received is accounted for in equity.

MGL's group allocation approach is based on a 'standalone taxpayer' approach as defined in AASB Interpretation 1052 which requires each subsidiary member to record income taxes as though they each continued to be a taxable entity in their own right. Modifications, such as the removal of the standalone tax effect of intra-group dividend income, are then made to this approach wherever it does not appropriately reflect the tax outcome to the TCG.

Should MGL be in default of its tax payment obligations, or a default is probable, the current tax balances of its subsidiaries will be determined in accordance with the terms and conditions of a tax sharing agreement between MGL and entities in the tax consolidated group.

#### Goods and Services tax (GST)

Where an amount of GST (or other value added tax) is not recoverable from global tax authorities, it is either capitalised to the Statements of financial position as part of the cost of the related asset or is recognised as part of other operating expenses.

Where GST (or other value added tax) is recoverable from or payable to global tax authorities, the net amount is recorded as a separate asset or liability in the Statements of financial position.

#### (vii) Financial instruments

##### Recognition of financial instruments

Financial instruments are recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted (in the case of instruments not classified at FVTPL) for transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees paid or received relating to financial instruments carried at FVTPL are recorded in the income statement.

The best evidence of a financial instrument's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only inputs from observable markets (or when inputs from unobservable markets are insignificant). Where such alternative evidence exists, the Consolidated Entity recognises profit or loss immediately when the instrument is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in net trading income over the life of the transaction or when the inputs become observable.

## Note 41

### Material accounting policies continued

#### (vii) Financial instruments continued

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another
- have the same counterparty
- relate to the same risk
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction, or
- whether each of the financial instruments has its own terms and conditions and may be transferred or settled separately.

#### Derecognition of financial instruments

##### Financial assets

Financial assets are derecognised from the Statements of financial position when:

- the contractual rights to cash flows have expired, or
- the Consolidated Entity has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Consolidated Entity:

- transfers the contractual rights to receive the cash flows of the financial asset, or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where the Consolidated Entity is:
  - not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset
  - prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
  - obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay, generally considered to be within 1 to 3 months.

In transactions where the Consolidated Entity neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

In transfers where control over the asset is retained, the Consolidated Entity continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

#### Financial liabilities

Financial liabilities are derecognised from the Statements of financial position when the Consolidated Entity's obligation has been discharged, cancelled or has expired.

#### Gains and losses on the derecognition of debt financial assets and liabilities

Gains and losses arising from the derecognition of debt financial assets or financial liabilities are recognised in:

- net trading income in respect of trading-related balances that are subsequently measured at amortised cost
- other income and charges as part of other operating income and charges for all other financial assets and financial liabilities.

#### Financial guarantee contracts issued

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

#### Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial asset that is renegotiated is derecognised if the rights to receive cash flows from the existing agreement have expired, either through replacement by a new agreement or the existing terms are substantially modified. To determine whether the existing terms are substantially modified, both qualitative and quantitative factors may be considered. Qualitative factors would, for example, include a consideration of whether and to what extent the modification is driven by financial difficulties of the borrower or where the terms are modified such that the instrument no longer meets the SPPI requirements.

A financial liability that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. The assessment on whether the terms are substantially different consider both quantitative and qualitative factors. Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recognised in the income statement in accordance with the nature of the financial instrument as described in the derecognition of financial instruments policy.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when the modification does not result in derecognition, the gross carrying amount of the financial instrument is recalculated and a modification gain or loss is recognised in the income statement. The gain or loss is measured as the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the instrument's original EIR.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (vii) Financial instruments continued

##### Classification and subsequent measurement

##### Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

##### Business model assessment

The Consolidated Entity uses judgement in determining the business model at the level that reflects how groups of financial assets are managed together to achieve a particular business objective. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Consolidated Entity's Senior Management personnel and senior executives
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected), and
- Frequency, value, timing of and reasons for sales of assets in the portfolio and expectations about future sales activity.

##### Solely payment of principal and interest (SPPI)

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding, consistent with a basic lending arrangement. This includes an assessment of whether the cash flows primarily reflect consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs including a reasonable profit margin.

In assessing whether the contractual cash flows are SPPI, the Consolidated Entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet the SPPI criteria. Such an assessment would consider, for example, the impact of any of the following features:

- Contingent events that could change the amount and/or timing of cash flows;
- Leverage features that could change the economic characteristics of principal and interest cash flows introducing volatility inconsistent with a basic lending arrangement;
- Prepayment features, to determine whether the amount due on early repayment substantially represents unpaid amounts of principal and accrued interest which may include reasonable compensation for the early termination of the contract;
- Terms that limit the Consolidated Entity's claim to cash flows from specified assets - for example, through non-recourse or

limited recourse arrangements - in a way that is inconsistent with a basic lending arrangement.

##### Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements, and
- the financial asset has not been classified as DFVTPL.

Interest income is determined in accordance with the EIR method and recognised as part of interest and similar income.

##### Fair value through other comprehensive income

A financial asset is subsequently measured at FVOCI if the following conditions are met:

- the financial asset is held within a business model whose objective is to both collect contractual cash flows and to sell the financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- the financial asset has not been classified as DFVTPL.

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised in credit and other impairment charges/reversal) and foreign exchange gains and losses (which are recognised in net trading income) and is net of any related hedge accounting adjustments. When debt financial assets classified as at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to investment income in respect of debt financial investments and loans to associates, or to other income and charges as part of other operating income and charges for all other financial assets.

##### Fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL. For the purposes of the Consolidated Entity's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading (held for trading (HFT)). This classification includes all derivative financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL)
- financial assets that fail the SPPI test (FVTPL), and
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income and charges.



## Note 41

### Material accounting policies continued

#### (vii) Financial instruments continued

Subsequent changes in the fair value of debt financial assets measured at FVTPL are presented as follows:

- changes in the fair value of financial assets that are classified as HFT and financial assets managed on a fair value basis are recognised in net trading income
- changes in the fair value of debt financial investments and loans to associates and joint ventures that fail SPPI are recognised in investment income as part of other operating income and charges
- changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income and charges within other operating income and charges.

Where applicable, the interest component of these financial assets is recognised as interest and similar income.

#### Reclassification of financial instruments

The Consolidated Entity reclassifies debt financial assets when and only when its business model for managing those assets changes. Financial assets that are reclassified are subsequently measured based on the financial asset's new measurement category.

The Consolidated Entity does not reclassify financial liabilities after initial recognition.

#### Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either HFT, or have been designated to be measured at FVTPL (DFVTPL). A financial liability may be DFVTPL if:

- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen, or
- the liability contains embedded derivatives which must otherwise be separated and carried at fair value.

All derivative financial liabilities are classified as HFT, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL. Refer to Note 41(x) *Derivative instruments and hedging activities* for the detailed hedge accounting policy.

Changes in the fair value of financial liabilities that are not classified as HFT, with the exception of changes relating to the Consolidated Entity's own credit risk, are recognised in net trading income, or other income and charges as part of other operating income and charges, depending on the nature of the underlying transaction. Changes in fair value relating to changes in the Consolidated Entity's own credit risk are presented separately in OCI and are not subsequently reclassified to profit or loss.

Where applicable, the interest component of these financial liabilities is recognised as interest and similar expense.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Statements of financial position, when there is a current legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

#### (viii) Cash collateral on securities borrowed and lent and repurchase and reverse repurchase agreements

As part of its trading, financing and liquidity management activities, the Consolidated Entity borrows and lends securities, commodities and other assets (the underlying) on a collateralised basis. The underlying that is subject to the arrangement is not derecognised from the Statements of financial position of the relevant parties, as the risks and rewards of ownership remain with the initial holder.

These transactions include:

- reverse repurchase transactions, where the Consolidated Entity purchases an underlying under an agreement to resell
- repurchase transactions, where the Consolidated Entity sells an underlying under an agreement to repurchase.

The Consolidated Entity continually reviews the fair values of the underlying on which the above transactions are based and where appropriate, requests or provides additional collateral to support the transactions, in accordance with the terms of the respective agreements.

Reverse repurchase agreements are subsequently measured as follows by the Consolidated Entity:

- agreements that are collateralised with commodities are measured at amortised cost when they are held in a business model to collect contractual cash flows and AASB 9's SPPI criteria are met
- agreements that are held within the Consolidated Entity's cash and liquid assets portfolio are measured at FVOCI as they are held in a business model to both collect contractual cash flows and with the intention to sell
- all other reverse repurchase agreements are measured at FVTPL to reflect the Consolidated Entity's business model to realise fair value gains and losses as opposed to a business model in which the objective is to collect contractual cash flows.

Also refer to Note 34 *Measurement categories of financial instruments*.

#### (viii) Cash collateral on securities borrowed and lent and repurchase and reverse repurchase agreements continued

Repurchase agreements are subsequently measured at amortised cost, except where they are DFVTPL to eliminate an accounting mismatch created by managing the agreements together with the associated reverse repurchase agreements that are measured at FVTPL.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (ix) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Consolidated Entity acquires or incurs principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together with short-term profit or position taking.

The Consolidated Entity uses trade date accounting when recording regular way purchases and sales of financial assets and liabilities that are classified as HFT. At the date a purchase transaction is entered into (trade date), the Consolidated Entity recognises the resulting financial asset or liability and any subsequent unrealised gain or loss arising from revaluing that contract to fair value as part of net trading income, except for interest income on HFT debt financial assets which is recognised in interest income. Refer to Note 41(vii) *Financial instruments*.

Trading assets (long positions) comprise financial instruments such as debt and equity securities, bank bills, treasury notes, and loans, commodity contracts and commodities purchased with the intent of being actively traded either individually or as part of a portfolio.

Trading liabilities comprise obligations to deliver assets (short positions) across the same trading categories and which the Consolidated Entity intends to actively trade.

Commodity inventory is recognised when the Consolidated Entity controls the commodity, the determination of which includes consideration of price risk. Commodity inventory is measured at fair value less costs to sell in accordance with the broker-trader exemption, on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. Commodity contracts reflect agreements for the purchase and sale of commodities where, despite the Consolidated Entity having control over the commodity, the Consolidated Entity has no intention to exercise its control, and where the expected outcome is that the commodity will be sold back to the initial holder or sold on to the intended acquirer (in the case of intermediary trades). Such contracts are measured at FVTPL.

When the Consolidated Entity becomes party to a sale contract, and the derecognition criteria are met (refer to Note 41(vii) *Financial instruments*), it derecognises the trading asset or liability and recognises a trade receivable or trade payable from trade date until settlement date.

#### (x) Derivative instruments and hedging activities

Derivative instruments entered into by the Consolidated Entity include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets. These derivative instruments are principally used by the Consolidated Entity for the purposes of risk management of existing assets and liabilities and forecast transactions and are also entered into for client trading purposes.

Derivatives are recognised in the Statements of financial position as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Derivatives that may have both positive or negative values must meet both the asset and liability derecognition tests before being derecognised from the Statements of financial position.

Fair values are obtained from quoted prices in active markets where available, or valuation techniques including discounted cash flow models and option pricing models, as appropriate. The accounting for derivatives is subject to the application of the day 1 profit or loss policy as described in Note 41(vii) *Financial instruments*.

The Consolidated Entity applies trade date accounting to the recognition and derecognition of derivative financial instruments.

#### Hedge accounting

As part of its ongoing business, the Consolidated Entity is exposed to several financial risks, principally that of interest rate, foreign exchange and commodity price risks (collectively referred to as the hedged risk or exposure). The Consolidated Entity has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Consolidated Entity mitigates these risks through the use of derivative financial instruments, and, in the case of foreign exchange risk, foreign-denominated debt issued (collectively referred to as hedging instruments). The Consolidated Entity applies hedge accounting to manage accounting mismatches arising from the difference in measurement bases or location of the gains and losses recognised between the exposure that is being hedged and the hedging instrument. Refer to details provided in the table on the following page.

## Note 41

### Material accounting policies continued

#### (x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
<b>Nature of hedge</b>	The hedge of the change in fair value of a recognised asset or liability.	The hedge of the change in cash flows of a financial asset or liability or a highly probable forecast transaction.	The hedge of changes in the Consolidated Entity's foreign denominated net assets for changes in foreign currency rates.
<b>Nature of material hedged risks</b>	<ul style="list-style-type: none"> <li>Interest rate risk</li> <li>Commodity price risk</li> <li>Foreign exchange risk.<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Interest rate risk</li> <li>Foreign exchange risk.</li> </ul>	<ul style="list-style-type: none"> <li>Foreign exchange risk.</li> </ul>
<b>Material hedged items</b>	<ul style="list-style-type: none"> <li>Fixed interest rate financial assets and liabilities</li> <li>Property, Plant and Equipment</li> <li>Investment in subsidiaries.<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Floating interest rate financial assets or liabilities</li> <li>Highly probable forecast floating interest rate financial liabilities</li> <li>Highly probable forecast foreign currency payments and receipts</li> <li>Foreign currency denominated interest bearing financial liabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Net investment in foreign operations.</li> </ul>
<b>Material hedging instruments</b>	<ul style="list-style-type: none"> <li>Interest rate swaps</li> <li>Basis swaps</li> <li>Cross currency swaps</li> <li>Commodity derivatives</li> <li>Foreign exchange forwards</li> <li>Foreign currency denominated borrowings.<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Interest rate swaps</li> <li>Cross currency swaps</li> <li>Foreign currency denominated borrowings.</li> </ul>	<ul style="list-style-type: none"> <li>Foreign exchange contracts</li> <li>Foreign currency denominated issued debt.</li> </ul>
<b>Designation and documentation</b>	At inception of the hedge relationship, documentation is required of the risk management objective and strategy for the hedge, the hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.		
<b>Hedge effectiveness method</b>	<p>All hedge relationships are assessed for prospective hedge effectiveness both at the inception of the hedge, at each reporting period and following any significant change in circumstances affecting the hedge, by demonstrating that:</p> <ul style="list-style-type: none"> <li>an economic relationship exists between the hedged item and the hedging instrument</li> <li>credit risk does not dominate the changes in value of either the hedged item or the hedging instrument</li> <li>the hedge ratio is reflective of the Consolidated Entity's risk management approach.</li> </ul> <p>The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the designated quantities of either the hedged item or the hedging instrument.</p>		
<b>Accounting treatment for the hedging instrument</b>	Fair value through the income statement, aligned to the presentation of the hedged item.	Fair value through the cash flow hedge reserve as part of OCI, and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.	Foreign exchange gains and losses are recognised in the Net Investment Hedge Reserve (NIHR), a separate component of FCTR in OCI.
<b>Accounting treatment for the hedged item</b>	Adjustments to the carrying value are recognised in the income statement for changes in fair value attributable to the hedged risk.	Accounted for on an amortised cost basis.	Foreign exchange gains and losses are recognised in the Consolidated Entity's foreign currency translation reserve as part of OCI.

<sup>1</sup>The Company designates selected hedge accounting relationships that only meet the qualifying criteria for hedge accounting in the Company financial statements (but not the Consolidated Entity).

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
<b>Accounting treatment for hedge ineffectiveness</b>	Recognised as part of net trading income in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.	Recognised as part of net trading income in the income statement to the extent to which changes in the fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	
<b>Accounting treatment if the hedge relationship is discontinued</b>	Where the hedged item still exists and is a financial instrument carried at amortised cost, adjustments to the hedged item are amortised to the income statement on an EIR basis. For non-financial items, the adjustment continues as part of the carrying value of the asset up until it is recovered through use or sale, or the item becomes impaired.	The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk. Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.	The exchange gains or losses recognised in the NIHR within FCTR are reclassified to the income statement or reattributed within equity as follows: <ul style="list-style-type: none"> <li>if the hedge is discontinued due to a disposal of the hedged foreign operation, then the accumulated NIHR is reclassified from OCI to investment income within other operating income and charges</li> <li>if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated NIHR is reclassified to investment income</li> <li>if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated NIHR is reattributed within equity to non-controlling interests.</li> </ul>
<b>Other accounting policies</b>	Certain components of the hedging instrument such as the forward element of a forward contract, the time value of an option and the foreign currency basis spread (being the liquidity charge for exchanging different currencies), may be excluded from the hedge designation. These elements are deferred in the cost of hedging reserve and released to the income statement either at the time at which the hedged exposure affects the income statement, or on a systematic basis over the life of the hedge.		

## Note 41

### Material accounting policies continued

#### (xi) Margin money and settlement assets and liabilities

Margin money and settlement assets and liabilities includes trade settlement balances, margin monies and balances with clearing houses. Margin monies primarily represent deposits placed with clearing houses in relation to futures trading and other derivatives transactions. The balance includes both initial and variation margin which varies based on trading activities. The balance also includes client margin calls which are funded by the Consolidated Entity. Settlement balances represent outstanding trade timing balances as at the reporting date due to the timing difference between trade and settlement date. Balances are carried at amortised cost except for certain margin money and certain settlement balances which are carried at FVTPL.

#### (xii) Financial investments

Investment securities in this category include investments in equity or debt securities which are not actively traded by the Consolidated Entity.

Debt investment securities in this category comprise liquid asset holdings, bonds, money markets and other debt securities.

Financial investments are initially recognised on trade date at fair value (adjusted for directly attributable transaction costs for debt investments subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 41(vii) *Financial instruments*.

#### (xiii) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Consolidated Entity's lending activities to its customers.

Loan assets are initially recognised on settlement date at fair value (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 41(vii) *Financial instruments*.

Certain finance lease receivables are also presented as part of asset financing within loan assets. For the detailed policy on financial instruments, including treatment of derecognition, refer to Note 41(vii) *Financial instruments*.

#### (xiv) Property, plant and equipment and right-of-use assets

Property, plant and equipment are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less, accumulated depreciation and, where applicable, accumulated impairment losses.

Right-of-use (ROU) assets are initially measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. Subsequently, it is stated at historical cost less accumulated depreciation and, where applicable, impairment losses, and adjusted for remeasurement of lease liabilities.

Property, plant and equipment and right-of-use assets includes assets leased out under operating leases.

Depreciation is the process to allocate the difference between cost and residual values over the estimated useful life. Where the residual value exceeds the carrying value, no depreciation is charged. Depreciation is calculated on a straight-line basis.

A ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Annual depreciation rates are summarised below:

Property, plant and equipment	Depreciation rates
Buildings	2.5 to 3.3%
Furniture, fittings and leasehold improvements <sup>2</sup>	10 to 20%
Equipment	33%
Meters	5 to 55%
Telecommunications	24%
Equipment and other operating lease assets	10 to 30%

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised in other income as part of other operating income and charges.

The depreciation charge is recognised as part of:

- net operating lease income for assets given on operating lease
- occupancy expenses for corporate buildings, furniture, fittings and leasehold improvements
- non-salary technology expenses for technology assets
- other operating expenses for all other assets.

The Consolidated Entity does not recognise a ROU asset for short-term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses.

<sup>2</sup> Where remaining lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (xv) Other identifiable intangible assets

##### Other acquired identifiable intangible assets

At the time at which the Consolidated Entity determines that it has acquired a business, the Consolidated Entity identifies intangible assets that are required to be initially recognised at fair value. An intangible asset is considered to have an indefinite useful life where it is expected to contribute to the Consolidated Entity's net cash inflows indefinitely.

The following intangible assets are typically identified and recognised by the Consolidated Entity:

- licences and trading rights: generally carried at cost less accumulated impairment loss. Where no contractual or legal limitation exists, these assets are not amortised because they are considered to have an indefinite useful life
- customer and servicing contracts acquired with a finite useful life: carried at cost less accumulated amortisation and accumulated impairment loss. Amortisation is calculated over the period for which the customer relationship is expected to exist
- customer and servicing contracts with an indefinite useful life: carried at cost less accumulated impairment loss.

Certain other intangible assets held for trading, including emission certificates, are measured at fair value less costs to sell in accordance with the broker-trader exemption (on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker traders' margin).

Amortisation of intangible assets held by trading related business is recorded in net trading income and for others is recognised in other operating expenses. Impairments (reversal of impairments) of intangible assets are recognised in other impairment charges/reversal.

##### Software

Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life, usually a period of three to seven years on a straight-line basis. The capitalised software asset is subject to impairment testing on an annual basis.

Costs incurred on the maintenance of software is expensed as incurred and recognised in other operating expenses.

#### (xvi) Deposits

Deposits include customer deposits, business banking and home loan related deposits, deposits from financial institutions and other balances such as client monies. These deposits are initially recognised at fair value less directly attributable transaction costs and are subsequently measured at amortised cost.

#### (xvii) Other assets and liabilities

##### Contract assets, contract liabilities and capitalised expenses

Where the Consolidated Entity provides services to clients and the consideration is unconditional, a receivable is recognised. Where the consideration is conditional on something other than the passage of time, a contract asset is recognised. Both receivables and contract assets are assessed for impairment in accordance with AASB 9. Commodity-related receivables are accounted for in accordance with Note 44 (vii) *Financial Instruments*.

The Consolidated Entity, as permitted by AASB 15, has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months. The Consolidated Entity also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Consolidated Entity is yet to satisfy its performance obligation.

##### Non-current assets and liabilities of disposal groups classified as held for sale

This category includes non-current assets and disposal groups (groups of assets and directly associated liabilities to be disposed in a single transaction) for which the carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use. This line includes assets and liabilities of businesses and subsidiaries, investments in associates and joint ventures, other assets and liabilities, and subsidiaries that are acquired exclusively with a view to sell or distribute.

These assets and disposal groups are classified as held for sale when they are available for immediate sale in their present condition, the sale or distribution is highly probable and is expected to occur within 12 months. Where there is a planned partial disposal of a subsidiary resulting in loss of control, but the Consolidated Entity retains an interest in the disposed subsidiary, the entire disposal group is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Equity accounting, depreciation and amortisation is suspended when the held for sale criteria are met.

## Note 41

### Material accounting policies continued

#### (xvii) Other assets and liabilities continued

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell and is recognised in other impairment charges/reversal. A gain is recognised for any subsequent increase in fair value less costs to sell, limited to the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of sale.

Financial assets and liabilities that are classified as held for sale are measured in accordance with the Consolidated Entity's financial instruments' policies.

#### Provisions, contingent liabilities and commitments

A provision is a liability of uncertain timing or amount. Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Contingent liabilities are either possible obligations whose existence will be confirmed only by uncertain future events not wholly within the control of the Consolidated Entity, or are present obligations where an outflow of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless an outflow of economic resources is remote. Contingent liabilities generally include performance-related contingents and certain types of letters of credit and guarantees.

Credit related commitments are the Consolidated Entity's firm commitments to provide credit facilities under pre-specified terms and conditions. These generally include loan commitments, financial guarantee contracts and certain types of letters of credit. Such contracts are recognised in the Statements of financial position only when drawn upon, and may expire without being called. Credit related commitments are subject to expected credit loss requirements disclosed in Note 13 *Expected Credit Loss*.

Contingent liabilities and commitments are disclosed in Note 30 *Contingent liabilities and commitments*.

#### Employee benefit provisions

Employee benefit provisions are recognised by the Consolidated Entity as and when the service has been rendered after deducting amounts already paid. Liabilities for unpaid salaries, salary-related costs and provisions for annual leave are recorded in the Statements of financial position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds, except where there is no deep market, in which case rates on Government securities are used. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled or is transferred to another entity and the Company and Consolidated Entity are legally released from the obligation and do not retain a constructive obligation.

#### Dividends

Where a dividend is declared by the Company's Board of Directors, the provision for the dividend is recognised in the Statements of financial position as a liability, with a corresponding reduction in retained earnings, on the declaration date. Where the Company's Board of Directors determine or resolve to pay a dividend, the liability and the corresponding reduction in retained earnings is recognised on the payment date.

#### (xviii) Borrowings

Borrowings include loans and other payables to banks and financial and non-financial institutions. These balances are:

- initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, or
- when DFVTPL, initially recognised and subsequently measured at fair value.

#### (xix) Due to/from other Macquarie Group entities and subsidiaries

Transactions between the Consolidated Entity and other Macquarie Group entities under common control of MGL and between the Company and its subsidiaries, principally arise from the provision of banking and other financial services, lending arrangements, acceptance of funds on deposit, the provision of management and administration services, facilities and accommodation and the provision of financial guarantees. The provision of intercompany services and transactions are accounted for in accordance with Note 41(iv) *Revenue and expense recognition* where they are transacted in a principal capacity. Financial assets, financial liabilities and financial guarantee contracts are accounted for in accordance with Note 41(vii) *Financial instruments*. Financial assets and financial liabilities are presented net where the offsetting requirements are met, such that the net amount is reported in the Statements of financial position.

#### (xx) Debt issued

Debt issued includes debt securities issued by the Consolidated Entity. These balances are:

- initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, or
- when DFVTPL, initially recognised and subsequently measured at fair value in accordance with the Consolidated Entity's accounting policy for financial instruments, refer to Note 41(vii) *Financial instruments*.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (xxi) Loan capital

Loan capital represents issued debt with terms and conditions that qualify for inclusion as capital under Australian Prudential Regulation Authority (APRA) Standards.

Capital instruments are first assessed to determine whether the Consolidated Entity is required to deliver cash or another financial asset on the occurrence of a contingent event that is considered genuine and beyond the control of both the issuer and the holder (such as Common Equity Tier 1 Trigger Events or Non-Viability Trigger Events). Where such a contingent event exists, then the Consolidated Entity does not have the unconditional right to avoid delivering cash or another financial asset and the capital instrument is classified as a financial liability.

The financial liability is initially measured at fair value plus directly attributable transaction costs and is subsequently measured at amortised cost.

For compound instruments that have both equity and liability features, the liability component is initially measured at fair value plus directly attributable transaction costs (and is thereafter measured at amortised cost using the EIR method), with the residual being accounted for within the Consolidated Entity's equity.

#### (xxii) Impairment

##### Expected credit losses

The ECL requirements apply to financial assets measured at amortised cost or FVOCI, lease receivables, amounts receivable from contracts with customers, loan commitments, certain letters of credit and financial guarantee contracts issued that are not DFVTPL. The Consolidated Entity applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward looking information (FLI).

ECL is measured as the product of probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 12 *Expected credit losses* for further information. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

##### (i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECL is determined based on the probability of default (PD) over the next 12 months adjusted for FLI. Stage I also includes financial assets where the credit risk has improved and has been reclassified from Stage II.

##### (ii) Stage II – Not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD adjusted for FLI. The Consolidated Entity exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information that includes FLI. Detail on the Consolidated Entity's process to determine whether there has been a SICR is provided in Note 12 *Expected credit losses*.

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, the Consolidated Entity exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage II may include financial assets where the credit risk has improved and has been reclassified from Stage III.

##### (iii) Stage III – Credit-impaired

Financial assets are classified as Stage III where they are determined to be credit impaired, which generally matches the APRA definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure.

##### Presentation of ECL allowances

The ECL allowances are presented in the Statements of financial position as follows:

- loan assets, loans to other Macquarie Group entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount
- loan assets, loans to associates and joint ventures, and debt financial investments measured at FVOCI – as a reduction in the FVOCI reserve within equity. The carrying amount of the asset is not adjusted as it is measured at fair value
- lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount
- undrawn credit commitments and financial guarantees issued (not measured at FVTPL) – as a provision included in other liabilities.



## Note 41

### Material accounting policies continued

#### (xxii) Impairment continued

When the Consolidated Entity concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

#### Impairment of interests in associates and joint ventures

The Consolidated Entity performs an assessment at each reporting date to determine whether there is any objective evidence that its interests in associates or joint ventures are impaired. The main indicators of impairment are significant changes with an adverse effect that have taken place in the technological market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, the Consolidated Entity evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in the associate or joint venture is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value-in-use, with its carrying amount.

Impairment losses recognised in the income statement for investments in associates and joint ventures are subsequently reversed through the income statement if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. The impairment losses (reversal of impairments) on investments in associates and joint ventures are recognised in the income statement as part of other impairment charges/reversal.

Fair value less costs to sell is estimated using market-based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value-in-use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

#### Impairment of investments in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in other impairment charges/reversal for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value-in-use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

#### Impairment of other non-financial assets including cash-generating units

Intangible assets with indefinite lives (goodwill and certain intangible assets) are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For intangible assets that have a finite useful life and property, plant and equipment and ROU assets, an assessment is made at each reporting date for indications of impairment.

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets (other than goodwill) for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years.

#### (xxiii) Performance based remuneration

##### Employee equity participation

The ultimate parent company, MGL operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans. Information relating to these schemes is set out in Note 29 *Employee equity participation*.

# Notes to the financial statements

For the financial year ended 31 March 2024 Continued

## Note 41

### Material accounting policies continued

#### (xxiii) Performance based remuneration continued

The Consolidated Entity accounts for its share-based payments as follows:

**Equity settled awards:** The awards are measured at their grant date fair value and based on the number of equity instruments expected to vest. Expenses are recognised as part of employment expenses with reference to the vesting period of those awards. To the extent that the Consolidated Entity or Company does not compensate the ultimate parent for MEREP awards offered to its employees, a corresponding credit is recognised in contributed equity. To the extent the amount is paid in advance by the Consolidated Entity or Company, a receivable due from the ultimate parent is recognised. The receivable is systematically reduced with reference to the vesting period of those awards, via an adjustment to contributed equity. MEREP receivable amounts are recognised and disclosed in Note 27 *Related party information*.

Performance hurdles attached to Performance Share Units (PSUs) under the MEREP are not taken into account when determining the fair value of the PSUs at the grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest.

**Cash settled awards:** The awards are measured at their grant date fair value and based on the number of instruments expected to vest. Expenses are recognised as part of employment expenses with reference to vesting period of those awards which are settled in cash. The award liability is measured with reference to the number of awards and the fair value of those awards at each reporting date. Changes in the award liability due to movements in the share price at reporting date are recognised in the ultimate parent entity.

#### Profit share remuneration

The Consolidated Entity recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

#### (xxiv) Leases

At the inception of a contract, the Consolidated Entity assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Consolidated Entity allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

##### (i) Accounting where the Consolidated Entity is the lessee

The Consolidated Entity leases office premises, commodity storage facilities, technology and other equipment for which contracts are typically entered into for fixed periods of 12 months to 15 years and may include extension options. Leases are recognised as an ROU asset (as explained in Note 41(xiv) *Property, plant and equipment and right-of-use assets*) and a corresponding liability at the commencement date, being the date the leased asset is available for use by the Consolidated Entity.

##### Lease liability

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the income statement, where the carrying value of the ROU asset has been reduced to zero.

##### Presentation

The Consolidated Entity presents ROU assets in Property, plant and equipment and right-of-use assets (refer to Note 13) and lease liabilities in Other liabilities (refer to Note 20) in the Statements of financial position.

##### (ii) Accounting where the Consolidated Entity is a lessor

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases.

##### Finance lease

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets.

Interest income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return. Finance lease income is presented within interest and similar income in the income statement.

##### Operating lease

Where the Consolidated Entity is the lessor under an operating lease, the underlying asset is carried at cost and depreciated over its useful life in accordance with the rates specified in Note 41(xiv) *Property, plant and equipment and right-of-use assets*. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in property, plant and equipment and right-of-use assets.

When the Consolidated Entity is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The lease classification of the sublease is determined with reference to the ROU asset arising from the head lease.

## Note 41

### Material accounting policies continued

#### (xxv) Contributed equity

Ordinary shares and other similar instruments are classified as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the issue proceeds.

#### (xxvi) Fiduciary assets and client money

The Consolidated Entity engages in trust, fund or other fiduciary activities as well as certain brokerage and other trading-related activities that result in the holding or placing of assets on behalf of third parties. Where such assets are controlled, and future economic benefits are expected to be realised by the Consolidated Entity, such assets and the income thereon are reflected in the Statements of financial position and income statement respectively.

Where this is not the case, these assets and the income thereon are excluded from the Consolidated Entity's financial statements as they are not the assets of the Consolidated Entity. Fee income earned by the Consolidated Entity relating to its responsibilities from fiduciary and brokerage and other trading-related activities is included as part of fee and commission income.

#### (xxvii) Cash and bank balances

Cash and bank balances includes currency on hand, demand deposits and short-term balances with Central and other banks including unallocated precious metal balances. These balances are subsequently measured at amortised cost, except unallocated precious metals which are held at FVTPL.

#### (xxviii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances (except unallocated precious metal balances) as well as certain liquid financial investments and non-trading reverse repurchase agreements that have a contractual maturity of three months or less from the date of acquisition and which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are available to meet the Consolidated Entity's short-term cash commitments. Cash and cash equivalents exclude margin money balances, trading assets and certain client-related balances which are segregated from the Consolidated Entity's own funds and are thus restricted from use.

#### (xxix) Comparatives

Where necessary, comparative information has been re-presented to conform to changes in presentation in the current year.

#### (xxx) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and Financial Report have been rounded off to the nearest million Australian dollars unless otherwise indicated.

# Directors' declaration

Macquarie Bank Limited

In the Directors' opinion:

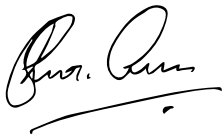
- (a) the financial statements and notes set out on pages 71 to 205 are in accordance with the *Corporations Act 2001* (Cth) including:
  - (i) complying with Australian Accounting Standards, and
  - (ii) giving a true and fair view of the Company's and the Consolidated Entity's financial positions as at 31 March 2024 and their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(i) includes a statement that the Financial Report complies with International Financial Reporting Standards.

The Directors have been given the declarations by the CEO and CFO required by section 295A of the *Corporations Act 2001* (Cth). This declaration is made in accordance with a resolution of the Directors.



**Glenn Stevens AC**  
Independent Director and Chair



**Stuart Green**  
Managing Director and Chief Executive Officer

Sydney  
3 May 2024

# Independent auditor's report

To the member of Macquarie Bank Limited



## Report on the audit of the financial report

### Our opinion

In our opinion:

The accompanying financial report of Macquarie Bank Limited (the Company) and its controlled entities (together the Consolidated Entity) is in accordance with the *Corporations Act 2001* (Cth), including:

- (a) giving a true and fair view of the Company's and Consolidated Entity's financial positions as at 31 March 2024 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth).

### What we have audited

The Consolidated Entity and Company financial report comprises:

- the Consolidated and Company statements of financial position as at 31 March 2024
- the Consolidated and Company statements of comprehensive income for the year then ended
- the Consolidated and Company statements of changes in equity for the year then ended
- the Consolidated and Company statements of cash flows for the year then ended
- the Consolidated and Company income statements for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company and the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* (Cth) and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Our audit approach for the Consolidated Entity

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Consolidated Entity, its accounting processes and controls and the industry in which it operates.

The Consolidated Entity is structured into two Operating Groups and a Corporate segment, which includes Group Treasury. It undertakes operational activities that are important to the financial reporting process in multiple locations overseas, including sites in Gurugram in India, Jacksonville in the United States of America and Manila in the Philippines.

# Independent auditor's report

To the member of Macquarie Bank Limited Continued



## Consolidated Entity Audit scope

Our audit focused on where the Consolidated Entity made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

We aligned our audit to the Consolidated Entity's structure by instructing a component audit team for each of the two Operating Groups, Group Treasury and the remainder of the Corporate segment. These component audit teams, in consultation with the group audit team, established an audit strategy tailored for each Operating Group, Group Treasury and the Corporate segment.

Given the extent of the overseas operations of the Consolidated Entity, the component audit teams instructed a number of other member firms of the PwC global network to perform audit procedures. The group audit team determined the level of supervision and direction needed over the audit work performed by component audit teams, including the component audit teams' review and supervision of the overseas audit teams they, in turn, instructed.

The work performed by the component audit teams, together with additional audit procedures performed by the group audit team, such as procedures over the Consolidated Entity's consolidation and the financial report disclosures, provided us with the evidence we needed for our opinion on the Consolidated Entity's financial report as a whole.

## Key audit matters

Amongst other relevant topics, we communicated the following key audit matters to the Board Audit Committee:

- Provision for expected credit losses on loan assets
- Valuation of complex or illiquid financial instruments carried at fair value through profit and loss which are based on significant unobservable inputs (level 3 financial instruments)
- IT systems and controls over financial reporting
- Estimation of tax payable relating to tax uncertainties

These are further described in the *Key audit matters* section of our report.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to the audit of both the Consolidated Entity and the Company, and references to the Consolidated Entity also apply to the Company.

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on loan assets (Refer to Note 12)	
<p>Under the credit impairment model required by AASB 9: <i>Financial Instruments</i> (AASB 9), losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate forward-looking information, reflecting the Consolidated Entity's view of potential future economic scenarios.</p> <p>The level of estimation uncertainty and judgement has remained high during the year ended 31 March 2024 as a result of uncertainties in the macroeconomic and geopolitical environment and persistently high levels of inflation in some territories, as well as developments in the economy more broadly.</p> <p>In order to meet the ECL requirements of AASB 9, the Consolidated Entity has developed models that involve judgement including determining assumptions such as defining a significant increase in credit risk (SICR). The ECL models of the Consolidated Entity rely on numerous data elements and certain post model overlays are applied based on the Consolidated Entity's judgement.</p> <p>Given the extent of judgement involved, we consider this to be a key audit matter.</p>	<p>Our procedures included assessing the design and testing the operating effectiveness of certain controls supporting the Consolidated Entity's estimate of the ECL including controls relating to:</p> <ul style="list-style-type: none"> <li>• review, challenge and approval of certain forward-looking macroeconomic assumptions and scenario weightings, including specifically the consideration of impacts of rising inflation and interest rates</li> <li>• monitoring of the effectiveness of models used to support ECL estimates, and the validation of new and revised models</li> <li>• assessment of the credit quality of counterparties</li> <li>• accuracy of certain critical data elements used in key ECL models, and</li> <li>• review and challenge forums to assess the ECL output and post model overlays.</li> </ul> <p>In addition to controls testing, we also performed substantive procedures including:</p> <ul style="list-style-type: none"> <li>• together with PwC credit modelling experts, assessing the appropriateness of relevant conclusions reached by the Consolidated Entity from monitoring performed on key models. This included assessing key model components such as SICR and reperforming certain tests carried out as part of the model monitoring</li> <li>• together with PwC credit modelling experts, testing the appropriateness of a selection of changes to key models</li> <li>• together with PwC credit modelling experts, assessing whether the list of critical data elements identified by the Consolidated Entity was appropriate for key models</li> <li>• together with PwC economics experts, assessing the appropriateness of relevant macroeconomic scenarios and certain forward-looking economic data developed by the Consolidated Entity</li> <li>• testing the completeness and accuracy of certain critical data elements used in key ECL models</li> <li>• assessing a selection of post model overlays identified by the Consolidated Entity, including developing an understanding of the methodology used for overlay derivation and testing the underlying datasets used for the calculations, and</li> <li>• considering the impacts on the ECL events occurring subsequent to balance date.</li> </ul> <p>For credit impaired loan (Stage III) provisions, we examined a sample of individual loan exposures to consider the appropriateness of provisions recognised.</p> <p>We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the Australian Accounting Standards.</p>

# Independent auditor's report

To the member of Macquarie Bank Limited Continued



## Key audit matter

## How our audit addressed the key audit matter

Valuation of complex or illiquid financial instruments carried at fair value through profit and loss which are based on significant unobservable inputs (level 3 financial instruments) (Refer to Note 35)

The Consolidated Entity exercises judgement in valuing certain financial assets and liabilities at fair value where there are significant unobservable inputs for the valuation of these assets and liabilities. These assets and liabilities are known as Level 3 financial instruments.

For the Consolidated Entity, these Level 3 financial instruments predominantly consist of derivative financial instruments, trading assets and financial investments. Judgement is required in estimating the fair value of these financial instruments in determining appropriate models, assumptions and inputs.

Given the extent of judgement involved in valuing these Level 3 financial instruments, we considered this to be a key audit matter.

Our procedures included assessing the design and testing the operating effectiveness of certain controls relating to Level 3 financial instruments, including controls over:

- approval and validation of the models adopted
- accuracy of inputs to models
- the price verification process performed by the Consolidated Entity using prices and model inputs sourced from third parties
- calculation and approval of key valuation adjustments, and
- governance, review and challenge forums.

Together with PwC valuation experts, we tested the Consolidated Entity's estimate for a sample of level 3 derivative financial instruments and trading assets. We considered a sample of collateral disputes, gains and losses on disposals and other events to help assess the reasonableness of the valuations. We tested a sample of valuation adjustments at period end, including evaluating the methodology applied and underlying assumptions.

For a sample of level 3 financial investments, we assessed the appropriateness of the valuation methodologies applied, as well as the appropriateness of significant inputs used such as forecasts and comparable market information.

We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of Australian Accounting Standards.





### Key audit matter

### How our audit addressed the key audit matter

#### IT systems and controls over financial reporting

The Consolidated Entity's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions.

A fundamental component of these IT systems and controls is ensuring that risks in relation to inappropriate user access management, unauthorised program changes and IT operating protocols are managed.

Due to this, we consider the operation of IT systems and controls over financial reporting to be a key audit matter.

For material financial statement balances we developed an understanding of the business processes, IT systems used to generate and support those balances and associated IT application controls and IT dependencies in manual controls. Our procedures included evaluating the design and, where relevant, testing the operating effectiveness of certain controls over the continued integrity of the IT systems that are relevant to financial reporting. This involved assessing, where relevant to the audit:

- change management: the processes and controls used to develop, test and authorise changes to the functionality and configurations within systems
- system development: the project disciplines which ensure that significant developments or implementations are appropriately tested before implementation and that data is migrated/converted and transferred completely and accurately
- security: the access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means, and
- IT operations: the controls over operations are used to ensure that any issues that arise are managed appropriately.

Within the scope of our audit where technology services are provided by a third party, we obtained assurance through independent testing or, where available, considered assurance reports from the third party's auditor on the design and operating effectiveness of relevant controls for the reporting period.

We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls.

Where we identified design or operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative or additional audit procedures, which included considering mitigating controls in order to respond to the impact on our overall audit approach.

#### Estimation of tax payable relating to tax uncertainties (Refer to Note 20)

The Consolidated Entity is subject to taxation in a number of jurisdictions. The assessment of the amounts expected to be paid to tax authorities is considered initially by the Consolidated Entity in each local territory, and then reviewed centrally, with consideration given to particular tax positions in certain jurisdictions.

In some cases, the treatment of tax positions requires judgement to estimate the ultimate amounts of tax that will be paid, which resulted in this being considered a key audit matter.

Our procedures included evaluating the analysis conducted by the Consolidated Entity which sets out the basis for judgements made in respect of the ultimate amounts expected to be paid to tax authorities.

Assisted by PwC tax experts, we read a risk focused selection of correspondence with tax authorities and external advice obtained by the Consolidated Entity and used our understanding of the business to assess the completeness and quantum of the provisions for tax. We considered the likelihood of additional tax exposures occurring based on our knowledge of tax legislation, applicable precedent and industry developments, noting the level of judgement involved.

We assessed the reasonableness of the Consolidated Entity's disclosures in the financial report against the requirements of the Australian Accounting Standards.

# Independent auditor's report

To the member of Macquarie Bank Limited Continued



## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the remuneration report

### Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 March 2024.

In our opinion, the remuneration report of Macquarie Bank Limited for the year ended 31 March 2024 complies with section 300A of the *Corporations Act 2001* (Cth).

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001* (Cth). Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Voula Papageorgiou  
Partner

Sydney  
3 May 2024

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Professional Standards Legislation.

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# 04

## Further Information

### **Centropolis, Seoul**

Opened in 2020 to commemorate Macquarie's 20th anniversary in South Korea, our new workplace in Seoul brought together our teams and businesses in one location for the first time. Filled with natural light and featuring a wide range of tailored working spaces, it supports wellbeing, sustainability and enhanced collaboration.



# Additional investor information

## Calendar

### 2024

Date	Event
7 June	Payment date for BCN3 distribution
21 June	Payment date for BCN2 distribution
9 September	Payment date for BCN3 distribution
23 September	Payment date for BCN2 distribution
30 September	Financial half-year end
1 November <sup>(1)</sup>	Half-year result announcement
9 December	Payment date for BCN3 distribution
23 December	Payment date for BCN2 distribution

### 2025

Date	Event
7 March	Payment date for BCN3 distribution
21 March	Payment date for BCN2 distribution
31 March	Financial year end

## Stock exchange listing

Equity or hybrid security	Stock exchange listing	Trading code
Macquarie Additional Capital Securities (MACS)	SGX	6F6B
Macquarie Bank Capital Notes 2 (BCN2)	ASX	MBLPC
Macquarie Bank Capital Notes 3 (BCN3)	ASX	MBLPD

MBL also has debt securities quoted on exchanges that include the ASX, London Stock Exchange, Luxembourg Stock Exchange (LuxSE), SGX, SIX Swiss Exchange Ltd and the Taipei Exchange. Macquarie Bank also has warrants quoted on the LuxSE, SGX, Hong Kong Stock Exchange and certificates listed on the LuxSE.

## Securities on issue

The following information is correct as at 31 March 2024.

### Fully paid ordinary shares

#### Voting rights

At meetings of members or classes of members, each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands, every person present who is a member or a proxy, attorney or corporate representative of a member has one vote and on a poll every member present in person or by proxy, attorney or corporate representative has:

- one vote for each fully paid share held by the member, and
- that proportion of a vote for any partly paid ordinary share held that the amount paid on the partly paid share bears to the total issue price of the share.

### Macquarie Additional Capital Securities (MACS)

#### Voting rights

MACS are unsecured subordinated notes issued by MBL, acting through its London Branch that may be exchanged for MGL ordinary shares in certain limited circumstances. MACS holders have no voting rights in respect of meetings of members of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

#### Single Shareholder

As at 31 March 2024, the \$US750 million of MACS were held by one holder, Cede & Co, as authorised representative for the Depository Trust Company being the common depository for the MACS global security. The Bank of New York Mellon as Registrar keeps the register in respect of MACS.

(1) This date is subject to change.

## Macquarie Bank Capital Notes 2 (BCN2)

### Voting rights

BCN2 are unsecured, subordinated notes issued by MBL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. BCN2 holders have no voting rights in respect of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

### 20 largest holders

Registered Holder	Number of BCN2 held	% of BCN2
HSBC Custody Nominees (Australia) Limited	307,891	4.80
J P Morgan Nominees Australia Pty Limited	232,095	3.62
Netwealth Investments Limited <Wrap Services A/C>	211,000	3.29
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	209,225	3.26
Mutual Trust Pty Ltd	118,532	1.85
Citicorp Nominees Pty Limited	102,831	1.60
HSBC Custody Nominees (Australia) Limited - A/C 2	80,620	1.26
HSBC Custody Nominees (Australia) Limited - GSI EDA	70,000	1.09
Netwealth Investments Limited <Super Services A/C>	37,518	0.59
National Nominees Limited	37,138	0.58
33 Bank Street Nominees Pty Ltd	37,100	0.58
IOOF Investment Services Limited <IOOF IDPS A/C>	31,656	0.49
Herbert St Investments Pty Ltd	31,080	0.48
IOOF Investment Services Limited <IISL NAL ISMA 2 A/C>	26,538	0.41
Dimbulu Pty Ltd	25,000	0.39
Diocese Development Fund - Catholic Diocese of Parramatta	23,930	0.37
Citicorp Nominees Pty Limited <DPSL A/C>	21,383	0.33
Northcape Capital Pty Ltd	20,200	0.32
Sandhurst Trustees Ltd <Endeavor Asset MGMT MDA A/C>	18,594	0.29
Pro Medicus Limited	17,500	0.27
<b>Total</b>	<b>1,659,831</b>	<b>25.89</b>

### Spread of noteholdings

Range	Number of BCN2 holders	Number of BCN2	% of BCN2
1 - 1,000	9,427	2,689,454	41.96
1,001 - 5,000	783	1,544,988	24.10
5,001 - 10,000	51	347,048	5.41
10,001 - 100,000	26	647,206	10.10
100,001 notes and over	6	1,181,574	18.43
<b>Total</b>	<b>10,293</b>	<b>6,410,270</b>	<b>100.00</b>

There were 17 noteholders (representing 26 notes) who held less than a marketable parcel.

# Additional investor information

Continued

## Macquarie Bank Capital Notes 3 (BCN3)

### Voting rights

BCN3 are unsecured, subordinated notes issued by MBL that may be exchanged for MGL ordinary shares in certain limited circumstances. They are non-cumulative and mandatorily convertible. BCN3 holders have no voting rights in respect of MBL and have no voting rights in respect of meetings of members of MGL in the absence of such an exchange.

### 20 largest holders

Registered Holder	Number of BCN3 held	% of BCN3
Citicorp Nominees Pty Limited <143212 NMMT LTD A/C>	351,301	5.36
HSBC Custody Nominees (Australia) Limited	299,904	4.58
BNPP Noms Pty Ltd HUB24 Custodial Serv Ltd	289,813	4.43
Netwealth Investments Limited <Wrap Services A/C>	200,370	3.06
Citicorp Nominees Pty Limited	92,735	1.42
J P Morgan Nominees Australia Pty Limited	75,135	1.15
BNP Paribas Nominees Pty Ltd <Pitcher Partners>	64,741	0.99
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	58,405	0.89
HSBC Custody Nominees (Australia) Limited – A/C 2	53,307	0.81
Mutual Trust Pty Ltd	49,574	0.76
Fishbourne Pty Ltd	44,798	0.68
National Nominees Limited	40,503	0.62
Netwealth Investments Limited <Super Services A/C>	30,467	0.47
Dimbulu Pty Ltd	28,000	0.43
Colchester Pty Ltd	20,172	0.31
Leda Holdings Pty Ltd	20,000	0.31
Invia Custodian Pty Limited <WEHI – Investment Pool A/C>	19,800	0.30
John E Gill Trading Pty Ltd	17,749	0.27
IOOF Investment Services Limited <IOOF IDPS A/C>	17,115	0.26
Jove Pty Ltd	15,950	0.24
<b>Total</b>	<b>1,789,839</b>	<b>27.33</b>

### Spread of noteholdings

Range	Number of BCN3 holders	Number of BCN3	% of BCN3
1 – 1,000	7,347	2,553,075	38.99
1,001 – 5,000	795	1,668,430	25.48
5,001 – 10,000	48	355,605	5.43
10,001 – 100,000	31	829,982	12.67
100,001 notes and over	4	1,141,388	17.43
<b>Total</b>	<b>8,225</b>	<b>6,548,480</b>	<b>100.00</b>

There were 4 noteholders (representing 8 notes) who held less than a marketable parcel.



## Enquiries

### Investor relations

Macquarie Group  
Level 6, 50 Martin Place  
Sydney NSW 2000 Australia

# Glossary

Defined term	Definition
<b>A</b>	
AASB	Australian Accounting Standards Board
Accountable Person	Accountable Person under the Banking Executive Accountability Regime (BEAR)
the Act	<i>Corporations Act 2001</i> (Cth)
ADI	authorised deposit-taking institution
AGM	Annual General Meeting
ALCO	Asset and Liability Committee
Annual Report	MBL's 2024 Annual Report
ANZ	Australia and New Zealand
APRA	Australian Prudential Regulation Authority
ARRs	alternative reference rates
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange or ASX Limited ABN 98 008 624 691 and the market operated by ASX Limited
<b>B</b>	
BAC	Board Audit Committee
Bank Group	MBL and its subsidiaries
BBSW	Australian Financial Markets Association's bank-bill rate published daily on AAP Reuters website. The Australian equivalent of LIBOR, SIBOR, etc.
BCBS	Basel Committee on Banking Supervision
BCC	Board Conflicts Committee
BCN2	Macquarie Bank Capital Notes 2
BCN3	Macquarie Bank Capital Notes 3
BEAR	Banking Executive Accountability Regime
BFS	Banking and Financial Services Group
BGCC	Board Governance and Compliance Committee
the Boards	the Macquarie Bank Board and the Macquarie Board
the Board, Macquarie Bank Board	the Board of Voting Directors of Macquarie Bank Limited
BONDS	Bank-only Non-Executive Directors
BRC	Board Remuneration Committee
BRiC	Board Risk Committee
Businesses	the areas within the Operating Groups carrying out various operations
<b>C</b>	
CAGR	compound annual growth rate
Central Service Groups	the Central Service Groups consist of COG, FMG, LGG and RMG
CEO	Managing Director and Chief Executive Officer
CFLI	Climate Finance Leadership Initiative
CGM	Commodities and Global Markets Group
CFO	Chief Financial Officer

Defined term	Definition
Clawback	the Board's ability to recover (in whole or in part) vested profit share
COG	Corporate Operations Group
the Company, MBL	Macquarie Bank Limited ABN 46 008 583 542
Comparable Executive Key Management Personnel (Comparable Executive KMP)	Executive KMP who were members of the Executive Committee for the full-year in both FY2023 and FY2022
Common NEDs	NEDs of MGL who are also members of the MBL Board
the Consolidated Entity, Macquarie Bank	MBL and its subsidiaries
Corporate	Head office and Central Service Groups including Group Treasury
CPS 511	APRA Prudential Standard CPS 511 <i>Remuneration</i>
CRO	Chief Risk Officer
<b>D</b>	
Deed	Deed of Access, Indemnity, Insurance and Disclosure
Deed Poll	Indemnity and Insurance Deed Poll dated 12 September 2007
DEI	Diversity, Equity and Inclusion
DFVTPL	designated as FVTPL
Directors	the Voting Directors of MBL (unless the context indicates otherwise)
Divisions	named divisions within the Macquarie Group
DPS Plan	Directors' Profit Share Plan
DSU	Deferred Share Unit issued under the MEREP
<b>E</b>	
EAD	exposure at default
ECL	expected credit loss
EIR	effective interest rate
EMEA	Europe, Middle East and Africa
EPS	earnings per share
ESP	Macquarie Group Employee Share Plan
EU	the European Union
EURIBOR	Euro Inter-bank Offered Rate
Executive Committee	the committee typically comprises the CEO, the MGL CEO, and heads of the Operating Groups and Central Service Groups
Executive Director	Macquarie Group's most senior employees including Group Heads, Division Heads and senior business unit managers
Executive Key Management Personnel (Executive KMP)	members of the Executive Committee of MBL
Executive Voting Director	an executive Board member

Defined term	Definition
<b>F-H</b>	
FAR	Financial Accountability Regime
FCTR	foreign currency translation rate
FLI	forward looking information
FMG	Financial Management Group
FRN	floating rate notes
FVA	funding valuation adjustment
FVOCI	fair value through other comprehensive income
FVTPL	fair value through profit or loss
GDP	gross domestic product
GFANZ	Glasgow Financial Alliance for Net Zero
GGC	Group General Counsel
GST	Goods and Services Tax
HFT	held for trading
<b>I-J</b>	
IASB	International Accounting Standards Board
IBOR	Interbank-offered rates
IFRS	International Financial Reporting Standards
<b>K</b>	
Key Management Personnel (KMP)	all Voting Directors and members of the Executive Committee of MBL
<b>L</b>	
LGD	loss given default
LGG	Legal and Governance Group
LMI	lender mortgage insurance
LuxSE	Luxembourg Stock Exchange
<b>M</b>	
Macquarie Bank, the Consolidated Entity	MBL and its subsidiaries
Macquarie Board	the Board of Voting Directors of MGL
Macquarie Group	MGL and its subsidiaries
MACS	Macquarie Additional Capital Securities
Malus	the ability of the MGL Board or its delegate to reduce or eliminate unvested profit share for certain senior employees in certain circumstances
MAM	Macquarie Asset Management Group
Management	Division Directors and Executive Directors who have management or risk responsibility for a Division or business area
MBHPL	Macquarie B.H. Pty Ltd ABN 86 124 071 432
MBL, the Company	Macquarie Bank Limited ABN 46 008 583 542
MCN3	Macquarie Group Capital Notes 3
MCN4	Macquarie Group Capital Notes 4
MCN5	Macquarie Group Capital Notes 5

Defined term	Definition
MCN6	Macquarie Group Capital Notes 6
MEREP	Macquarie Group Employee Retained Equity Plan
MFHPL	Macquarie Financial Holdings Pty Limited ABN 63 124 071 398
MGL	Macquarie Group Limited ABN 94 122 169 279
MGL ordinary shares, MQG	MGL fully paid ordinary shares
MNA	master netting arrangements
<b>N</b>	
NED	Non-Executive Director
NIFO	net investment in foreign operations
Non-Bank Group	MGL, MFHPL and its subsidiaries, MAMHPL and its subsidiaries
NPAT	net profit after tax
<b>O</b>	
OCI	other comprehensive income
Operating Groups	the Operating Groups consist of BFS and CGM
OTC	over-the-counter
<b>P-Q</b>	
PD	probability of default
PSU	Performance Share Unit issued under the MEREP
PwC	PricewaterhouseCoopers
<b>R</b>	
RBA	Reserve Bank of Australia
RMG	Risk Management Group
ROE	return on ordinary equity
ROU	right-of-use
RSU	Restricted Share Unit issued under the MEREP
<b>S</b>	
Senior Management	members of the Executive Committee of MBL
SEs	structured entities
SGX	Singapore Stock Exchange
SICR	significant increase in credit risk
SPPI	solely payment of principal and interest
Statutory Remuneration	statutory remuneration disclosures are prepared in accordance with Australian Accounting Standards and as disclosed throughout the Remuneration Report
<b>T-U</b>	
TFF	Term Funding Facility
TSR	total shareholder return
<b>V-Z</b>	
VaR	Value-at-Risk
Voting Directors	the Voting Directors of MBL as defined in the MBL Constitution

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## **Contact details**

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