MACQUARIE BANK

2025 Management Discussion and Analysis

Macquarie Bank

Half year ended 30 September 2024

Macquarie Bank Limited
ACN 008 583 542

Notice to readers

The purpose of this report is to provide information supplementary to the Macquarie Bank Limited Disclosure Report (U.S. Version) for the half year ended 30 September 2024 and the Financial Report within the Macquarie Bank Limited Interim Financial Report (the Financial Report) for the half year ended 30 September 2024, including further detail in relation to key elements of Macquarie Bank Limited and its subsidiaries' (Macquarie Bank, the Consolidated Entity) financial performance and financial position. The report also outlines the funding and capital profile of the Consolidated Entity.

Certain financial information in this report is prepared on a different basis to that contained in the Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this report does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

Date of this report

This report has been prepared for the half year ended 30 September 2024 and is current as at 1 November 2024.

Cover image

660 Fifth, New York

Situated in the heart of Manhattan, New York, Macquarie's new Americas headquarters at 660 Fifth Avenue represents more than 30 years of growth and innovation in the region. Opened earlier this year, the next-generation, interconnected workplace promotes our globally connected culture and enhances collaboration with colleagues and partners around the world.

Explanatory notes

Comparative information and conventions

Where necessary, comparative figures have been restated to conform to changes in current year financial presentation and group structures.

References to the prior corresponding period (pcp) are to the six months ended 30 September 2023.

References to the prior period are to the six months ended 31 March 2024.

References to the current period and current half year are to the six months ended 30 September 2024.

In the financial tables throughout this document '*' indicates that the absolute percentage change in the balance was greater than 300% or indicates the result was a gain in one period but a loss in another, or vice versa.

Independent Auditor's Review Report

This document should be read in conjunction with the Financial Report for the half year ended 30 September 2024, which was subject to independent review by PricewaterhouseCoopers.

PricewaterhouseCoopers' independent auditor's review report to the members of Macquarie Bank Limited dated 1 November 2024 was unqualified.

Any additional financial information in this document which is not included in the Financial Report was not subject to independent review by PricewaterhouseCoopers.

Disclaimer

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Result Overview

1.1 Executive Summary

1H25 net profit
$A1,166m
↓ 11% on pcp

1H25 net operating income
$A5,489m
↓ 2% on pcp

1H25 operating expenses
$A3,783m
↑ 1% on pcp

1H25 net profit contribution[1] by Operating Group

Summary of the Operating Groups' performance for the half year ended 30 September 2024.

Banking and Financial Services (BFS)

$A650m

↑ 2% on pcp due to

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher fee and commission income mainly due to increased administration and adviser fees from higher average funds on platform.

Partially offset by:

- lower net interest income mainly driven by margin compression reflecting changes in portfolio mix and ongoing lending and deposit competition, partially offset by growth in the loan portfolio and BFS deposits.

Commodities and Global Markets (CGM)

$A1,308m

↓ 4% on pcp due to

- decreased risk management income primarily in Global Gas, Power and Emissions driven by decreased client hedging activity due to subdued volatility across energy markets.

Partially offset by:

- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Corporate

Net expenses of $A792m

↑15% on pcp due to

- the non-recurrence of credit impairment reversals in the prior corresponding period
- increased operating expenses driven by higher provision for uncertainties
- higher income tax expense mainly driven by the geographic composition and nature of earnings.

[1] Net profit contribution is management accounting profit before unallocated corporate items, profit share and income tax.

Profit attributable to the ordinary equity holder

$A1,166m

↓ 11% on pcp

	HALF YEAR TO			*MOVEMENT*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Financial Performance Summary					
Net interest income	**1,570**	1,671	1,460	*(6)*	*8*
Net trading income	**2,388**	2,665	2,605	*(10)*	*(8)*
Fee and commission income	**1,266**	1,349	1,242	*(6)*	*2*
Net credit impairment (charges)/reversals	**(13)**	40	(6)	*	*117*
Net other impairment (charges)/reversals	**(21)**	16	(1)	*	*
Net other operating income	**299**	248	277	*21*	*8*
Net operating income	**5,489**	5,989	5,577	*(8)*	*(2)*
Employment expenses	**(2,451)**	(2,423)	(2,488)	*1*	*(1)*
Brokerage, commission and fee expenses	**(319)**	(316)	(278)	*1*	*15*
Non-salary technology expenses	**(459)**	(467)	(475)	*(2)*	*(3)*
Other operating expenses	**(554)**	(535)	(509)	*4*	*9*
Total operating expenses	**(3,783)**	(3,741)	(3,750)	*1*	*1*
Operating profit before income tax	**1,706**	2,248	1,827	*(24)*	*(7)*
Income tax expense	**(540)**	(653)	(510)	*(17)*	*6*
Profit attributable to ordinary equity holder of Macquarie Bank Limited	**1,166**	1,595	1,317	*(27)*	*(11)*
Key Metrics					
Expense to income ratio (%)	**68.9**	62.5	67.2		
Effective tax rate (%)	**31.7**	29.0	27.9		

Net operating income

Net operating income of $A5,489 million for the half year ended 30 September 2024 decreased 2% from $A5,577 million in the prior corresponding period, mainly driven by lower net interest and trading income.

Net interest and trading income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
3,958	4,336	4,065

↓3% on pcp

This movement was largely driven by:

- decreased risk management income primarily in Global Gas, Power and Emissions driven by decreased client hedging activity, in CGM
- lower net interest income mainly driven by margin compression, partially offset by growth in the loan and deposit portfolios, in BFS.

Partially offset by:

- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts, in CGM.

Fee and commission income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
1,266	1,349	1,242

↑2% on pcp

This movement was largely driven by:

- higher administration and adviser fees from higher average funds on platform, in BFS
- increased client activity in equity markets, in CGM.

Credit and other impairment (charges)/reversals

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
(34)	56	(7)

↑ substantially on pcp

This movement was largely driven by:

- non-recurrence of credit impairment reversals in the prior corresponding period, in Corporate
- an impairment against a specific exposure in Asset Finance, in CGM.

Net other operating income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
299	248	277

↑8% on pcp

This movement was largely driven by:

- increased Asset Finance inventory sales, in CGM.

Operating expenses

Total operating expenses of $A3,783 million for the half year ended 30 September 2024 were broadly in line with $A3,750 million in the prior corresponding period, with increases in other operating expenses and brokerage, commission and fee expenses broadly offset by lower employment expenses and non-salary technology expenses.

Employment expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
2,451	2,423	2,488

↓1% on pcp

This movement was largely driven by:
- lower salary and related expenses from the impact of lower average headcount.

Brokerage, commission and fee expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
319	316	278

↑15% on pcp

This movement was largely driven by:
- increased hedging and trading related expenses across equity and financial markets in CGM.

Non-salary technology expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
459	467	475

↓3% on pcp

This movement was largely driven by:
- lower project-based consultancy spend.

Partially offset by:
- technology investment with focus on data and digitalisation to support business activity.

Other operating expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
554	535	509

↑9% on pcp

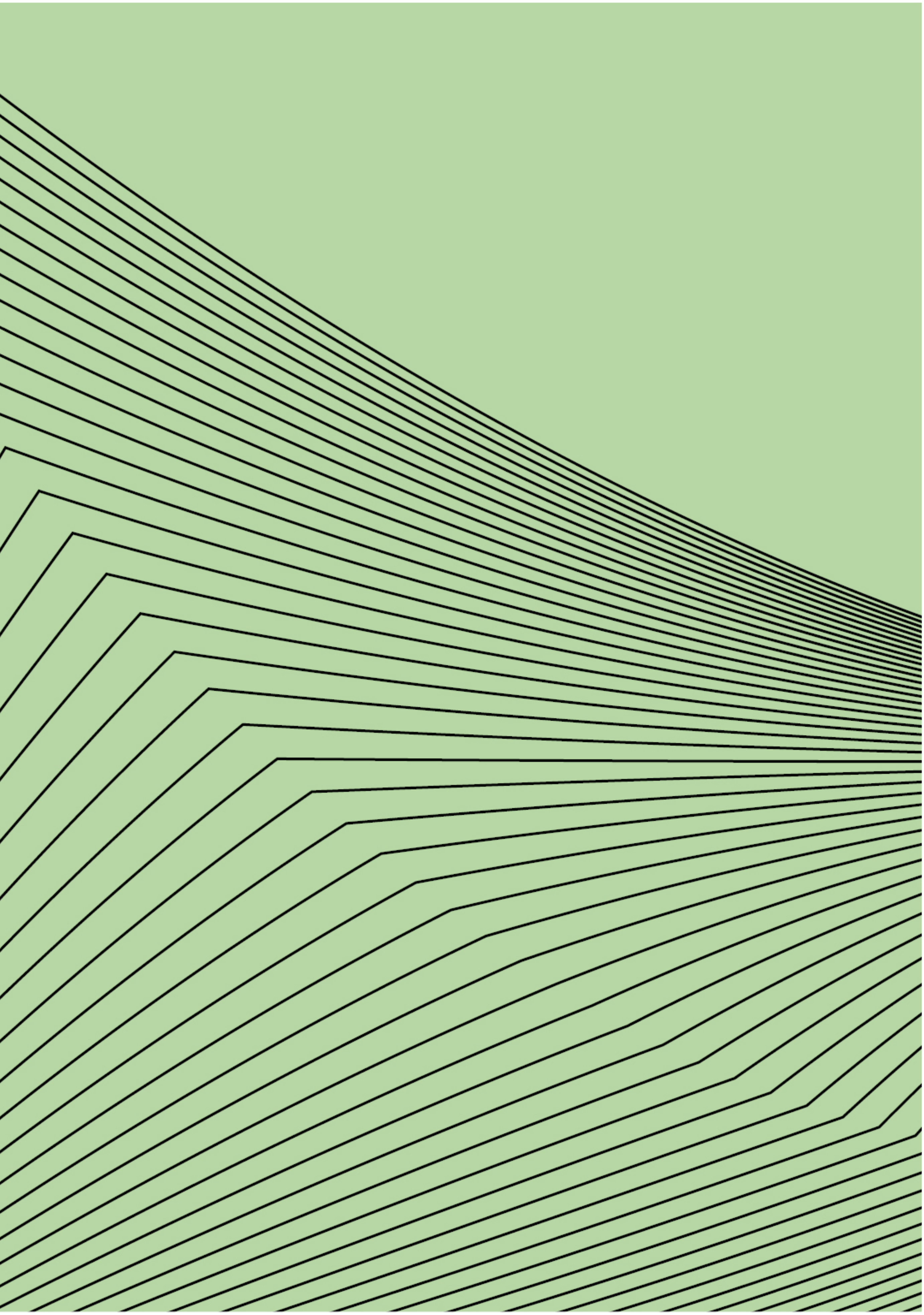
This movement was largely driven by:
- higher occupancy expenses.

Income tax expense

Income tax expense of $A540 million for the half year ended 30 September 2024 increased 6% from $A510 million in the prior corresponding period. The effective tax rate for the half year ended 30 September 2024 was 31.7%, up from 27.9% in the prior corresponding period.

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

02
Financial Performance Analysis



2.1 Net Interest and Trading Income

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest income	**1,570**	1,671	1,460	*(6)*	*8*
Net trading income	**2,388**	2,665	2,605	*(10)*	*(8)*
Net interest and trading income	**3,958**	4,336	4,065	*(9)*	*(3)*

Net interest income and net trading income is recorded in accordance with Australian Accounting Standards, with net interest income brought to account using the effective interest method and net trading income predominantly comprising of gains and losses relating to trading activities.

For CGM, which predominantly earns income from trading-related activities, the relative contribution of net interest income and net trading income from those activities can vary from period to period depending on the underlying trading strategies undertaken by the Consolidated Entity and its clients.

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 the 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.

The presentation of net interest income and net trading income separately can distort the analysis of the underlying activities and drivers. For example, within Asset Finance (a business within CGM), interest rate swaps are entered into to hedge the interest rate risk associated with loan assets. The interest income and associated funding costs are recognised in net interest income, however the related swaps are recognised in net trading income. Accordingly, net interest income and net trading income are presented and discussed below in aggregate for each Operating Group, which management believes presents a more consistent overview of business performance and allows for a better analysis of the underlying activities and drivers.

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
BFS	**1,326**	1,285	1,360	*3*	*(3)*
CGM					
Commodities	**1,366**	1,849	1,458	*(26)*	*(6)*
Foreign exchange, interest rates and credit	**592**	574	574	*3*	*3*
Equities	**199**	140	188	*42*	*6*
Asset Finance	**21**	39	31	*(46)*	*(32)*
Corporate	**454**	449	454	*1*	–
Net interest and trading income	**3,958**	4,336	4,065	*(9)*	*(3)*

Net interest and trading income of $A3,958 million for the half year ended 30 September 2024 decreased 3% from $A4,065 million in the prior corresponding period.

BFS

Net interest and trading income in BFS relates to interest income earned from the loan portfolio that primarily comprises home loans, loans to businesses, car loans and credit cards. BFS also generates income from deposits, which are used as a source of funding for the Bank Group.

Net interest and trading income of $A1,326 million for the half year ended 30 September 2024 decreased 3% from $A1,360 million in the prior corresponding period. This was primarily due to margin compression, reflecting changes in portfolio mix and ongoing lending and deposit competition. This was partially offset by 11% growth in the average loan portfolio and 13% growth in the average deposit portfolio[1].

As at 30 September 2024 the loan and deposit portfolios included:

- home loan volumes of $A129.9 billion[2], up 9% from $A119.3 billion as at 31 March 2024
- business lending volumes of $A16.6 billion, up 5% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A3.6 billion, down 22% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A153.1 billion, up 7% from $A142.7 billion as at 31 March 2024.

CGM

Net interest and trading income of $A2,178 million for the half year ended 30 September 2024 decreased 3% from $A2,251 million in the prior corresponding period.

Commodities

Net interest and trading income from commodity related activities is generated from the provision of hedging and risk management services and loans and working capital finance to clients across a range of commodity sectors including metals, energy and agriculture.

Income from risk management is driven by managing clients' exposure to commodity price volatility, which is supported by our strong internal risk management framework.

Lending and financing activities include interest income from the provision of loans and working capital finance to clients across a range of commodity sectors including metals, energy and agriculture. Commodities lending and financing activities are primarily secured against underlying assets and typically have associated hedging to protect against downside risk.

For inventory management and trading, CGM enters into financial and physical contracts including exchange traded derivatives, OTC derivatives, storage contracts and transportation agreements as part of its commodities platform. These arrangements enable CGM to facilitate client transactions and provide CGM with trading opportunities where there is an imbalance between the supply and demand for commodities. Revenue is dependent on a number of factors including the volume of transactions, the level of risk assumed and the volatility of price movements across commodity markets and products.

Storage and transportation contracts, which are managed on a fair value basis for financial and risk management purposes, are required to be accounted for on an accruals basis for statutory reporting purposes, which may result in some variability in the timing of reported income.

Net interest and trading income from commodities of $A1,366 million for the half year ended 30 September 2024 decreased 6% from $A1,458 million in the prior corresponding period.

Risk management income decreased from the prior corresponding period, primarily in Global Gas, Power and Emissions and Global Oil driven by decreased client hedging activity due to subdued volatility across energy markets. These reductions were partially offset by an increased contribution from Resources primarily from the metals sector.

Lending and financing income was broadly in line with the prior corresponding period.

Inventory management and trading income increased from the prior corresponding period driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Foreign exchange, interest rates and credit

Net interest and trading income from foreign exchange, interest rates and credit related activities are generated from the provision of trading and hedging services to a range of corporate and institutional clients globally, in addition to making secondary markets in corporate debt securities, syndicated bank loans and middle market loans and providing specialty lending.

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A592 million for the half year ended 30 September 2024 increased 3% from $A574 million in the prior corresponding period, due to continued strong client hedging activity in structured foreign exchange products and increased contribution from financing origination.

[1] Calculated based on average volumes net of offset accounts.
[2] Home loan volumes excludes offset accounts.
[3] BFS deposits include home loan offset accounts

2.1 Net Interest and Trading Income

Continued

Equities

Equities net interest and trading income is generated from the issue of derivative products, the provision of equity finance solutions to institutional clients and the conduct of risk management and trading activities.

Equities net interest and trading income of $A199 million for the half year ended 30 September 2024 increased 6% from $A188 million in the prior corresponding period, due to increased contributions from equity trading in Asian markets.

Corporate

Net interest and trading income in the Corporate segment includes the net result of managing Macquarie Bank's liquidity and funding requirements, with the Operating Groups assumed to be fully debt funded for the purposes of the internal funding charges. The Corporate segment also includes earnings on capital, funding costs associated with investments held centrally, and accounting volatility arising from movements in underlying rates relating to economically hedged positions where hedge accounting is not applied.

Net interest and trading income of $A454 million for the half year ended 30 September 2024 was in line with the prior corresponding period.

2.2 Fee and Commission Income

	HALF YEAR TO			*Movement*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Brokerage and other trading-related fees	**178**	182	152	*(2)*	*17*
Portfolio administration fees	**158**	148	148	*7*	*7*
Other fee and commission income	**930**	1,019	942	*(9)*	*(1)*
Total fee and commission income	**1,266**	1,349	1,242	*(6)*	*2*

Fee and commission income comprises Brokerage and other trading-related fee income, Portfolio administration fees and Other fee and commission income.

Brokerage and other trading-related fees primarily include brokerage income from the provision of wealth services in BFS, as well as brokerage income from the Equity Derivatives and Trading and Futures businesses in CGM.

Portfolio administration fees include administration fees earned on the BFS Wrap Platform.

Other fee and commission income includes other fees earned on a range of BFS' products and services including BFS Wrap and Vision platforms, home loans, car loans, credit cards, business loans and deposits. In CGM, this includes income from structured, index and retail products. In addition, other fee and commission income includes fees received from the Non-Bank Group for services provided by the Central Service Groups.

Total fee and commission income of $A1,266 million for the half year ended 30 September 2024 increased 2% from $A1,242 million in the prior corresponding period, mainly driven by increased brokerage income in CGM and higher administration and adviser fees from higher average funds on platform, in BFS. This was partially offset by lower other fee and commission income due to lower recoveries of the Central Service Group's cost base from the Non-Bank, mainly due to lower average headcount.

2.3 Credit and Other Impairment (Charges)/Reversals

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Credit impairment (charges)/reversals					
Loan assets	**(11)**	15	14	*	*
Margin money and settlement assets	**1**	3	8	*(67)*	*(88)*
Financial investments, other assets and off balance sheet exposures	**(3)**	22	(28)	*	*(89)*
Gross credit impairment (charges)/reversals	**(13)**	40	(6)	*	*117*
Recovery of amounts previously written off	**-**	–	–	–	-
Net credit impairment (charges)/reversals	**(13)**	40	(6)	*	*117*
Other impairment (charges)/reversals					
Interests in associates and joint ventures	**(3)**	20	(1)	*	*200*
Intangible and other non-financial assets	**(18)**	(4)	–	*	*
Net other impairment (charges)/reversals	**(21)**	16	(1)	*	*
Total credit and other impairment (charges)/reversals	**(34)**	56	(7)	*	*

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
BFS	**(21)**	38	(23)	*	*(9)*
CGM	**(12)**	9	(1)	*	*
Corporate	**(1)**	9	17	*	*
Total credit and other impairment (charges)/reversals	**(34)**	56	(7)	*	*

Total credit and other impairment charges of $A34 million for the half year ended 30 September 2024 were substantially up from $A7 million in the prior corresponding period.

Net credit impairment charges of $A13 million were substantially up from $A6 million in the prior corresponding period mainly due to the non-recurrence of credit impairment reversals in the prior corresponding period, in Corporate.

Net other impairment charges of $A21 million were substantially up from $A1 million in the prior corresponding period mainly driven by an impairment against a specific exposure in Asset Finance, in CGM.

BFS

Net credit and other impairment charges of $A21 million for the half year ended 30 September 2024 decreased 9% from $A23 million in the prior corresponding period, with slower growth in business lending, partially offset by changes to the recovery outlook in the residual car loan portfolio.

CGM

Net credit and other impairment charges of $A12 million for the half year ended 30 September 2024 were substantially up from $A1 million in the prior corresponding period, due to an impairment against a specific exposure in Asset Finance.

Corporate

Net credit and other impairment charges of $A1 million for the half year ended 30 September 2024 compared to reversals of $A17 million in the prior corresponding period, due to the non-recurrence of credit impairment reversals in the prior corresponding period.

For further information on the Consolidated Entity's determination of its expected credit losses, please refer to Note 11 *Expected credit losses* in the Financial Report.

2.4 Net Other Operating Income

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Investment (losses)/income					
Net gain from interests in associates, joint ventres, subsidiaries and businesses	**8**	–	31	*	*(74)*
Net loss on financial investments and non-financial assets	**(20)**	(7)	(5)	*186*	*300*
Share of net profits from associates and joint ventures	**6**	27	14	*(78)*	(57)
Total investment (losses)/income	**(6)**	20	40	*	*
Rental Income	**427**	440	416	*(3)*	*3*
Depreciation	**(214)**	(220)	(203)	*(3)*	5
Net operating lease income	**213**	220	213	*(3)*	—
Other income	**92**	8	24	*	*283*
Total net other operating income	**299**	248	277	*21*	*8*

Total net other operating income of $A299 million for the half year ended 30 September 2024 increased 8% from $A277 million in the prior corresponding period. The increase was mainly driven by increased Asset Finance inventory sales, in CGM.

Investment (losses)/income

Investment losses of $A6 million for the half year ended 30 September 2024 compared to income of $A40 million in the prior corresponding period. The decrease was primarily due to the non-recurrence of a gain on sale of an unlisted investment in CGM in the prior corresponding period, and the revaluation of an equity investment in the current period, in BFS.

Net operating lease income

Net operating lease income of $A213 million for the half year ended 30 September 2024 was in line with the prior corresponding period.

Other Income

Other income of $A92 million for the half year ended 30 September 2024 was substantially up from $A24 million in the prior corresponding period, mainly driven by increased Asset Finance inventory sales, in CGM.

2.5 Operating Expenses

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Employment expenses					
Salary and related costs including commissions, superannuation and performance-related profit share	**(2,033)**	(2,076)	(2,061)	*(2)*	*(1)*
Share-based payments	**(253)**	(200)	(246)	*27*	*3*
Provision for long service leave and annual leave	**(27)**	(5)	(29)	*	*(7)*
Total compensation expenses	**(2,313)**	(2,281)	(2,336)	*1*	*(1)*
Other employment expenses including on-costs, staff procurement and staff training	**(138)**	(142)	(152)	*(3)*	*(9)*
Total employment expenses	**(2,451)**	(2,423)	(2,488)	*1*	*(1)*
Brokerage, commission and fee expenses	**(319)**	(316)	(278)	*1*	*15*
Non-salary technology expenses	**(459)**	(467)	(475)	*(2)*	*(3)*
Other operating expenses					
Occupancy expenses	**(195)**	(162)	(158)	*20*	*23*
Professional fees	**(91)**	(120)	(104)	*(24)*	*(13)*
Travel and entertainment expenses	**(35)**	(33)	(40)	6	*(13)*
Indirect and other taxes	**(40)**	(54)	(67)	*(26)*	*(40)*
Fees for audit and other services	**(17)**	(19)	(17)	*(11)*	—
Advertising and promotional expenses	**(24)**	(24)	(20)	—	*20*
Other	**(152)**	(123)	(103)	*24*	*48*
Total other operating expenses	**(554)**	(535)	(509)	*4*	*9*
Total operating expenses	**(3,783)**	(3,741)	(3,750)	*1*	*1*

Total operating expenses of $A3,783 million for the half year ended 30 September 2024 were broadly in line with $A3,750 million in the prior corresponding period. An increase in other operating and brokerage, commission and fee expenses was largely offset by decreased employment expenses and lower non-salary technology expenses.

Total employment expenses of $A2,451 million for the half year ended 30 September 2024 decreased 1% from $A2,488 million in the prior corresponding period, primarily driven by lower salary and related expenses mainly from the impact of lower average headcount.

Brokerage, commission and fee expenses of $A319 million for the half year ended 30 September 2024 increased 15% from $A278 million in the prior corresponding period. This was primarily driven by increased hedging and trading-related expenses across equity and financial markets in CGM and increased transaction volumes, in BFS.

Non-salary technology expenses of $A459 million for the half year ended 30 September 2024 decreased 3% from $A475 million in the prior corresponding period, primarily driven by lower project-based consultancy spend. This was partially offset by increased investment in technology initiatives, with a focus on data and digitalisation to support business activity.

Other operating expenses of $A554 million for the half year ended 30 September 2024 increased 9% from $A509 million in the prior corresponding period, largely driven by higher occupancy expenses.

2.6 Headcount

	AS AT			*Movement*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Headcount by Operating Group[1]					
BFS	**3,318**	3,690	4,015	*(10)*	*(17)*
CGM	**2,420**	2,399	2,315	*1*	*5*
Total headcount – Operating Groups	**5,738**	6,089	6,330	*(6)*	*(9)*
Total headcount – Corporate	**9,971**	10,172	10,392	*(2)*	*(4)*
Total headcount	**15,709**	16,261	16,722	*(3)*	*(6)*
Headcount by region					
Australia[2]	**8,771**	9,247	9,561	*(5)*	*(8)*
International:					
Americas	**1,718**	1,749	1,829	*(2)*	*(6)*
Asia	**3,279**	3,339	3,433	*(2)*	*(4)*
Europe, Middle East and Africa	**1,941**	1,926	1,899	*1*	*2*
Total headcount – International	**6,938**	7,014	7,161	*(1)*	*(3)*
Total headcount	**15,709**	16,261	16,722	*(3)*	*(6)*
International headcount ratio (%)	**44**	43	43		

Total headcount decreased 6% to 15,709 as at 30 September 2024 from 16,722 as at 30 September 2023, mainly driven by operational efficiency savings enabled through investment in technology and transformation initiatives.

[1] Headcount numbers in this document include staff employed in certain operationally segregated subsidiaries (OSS).
[2] Includes New Zealand.

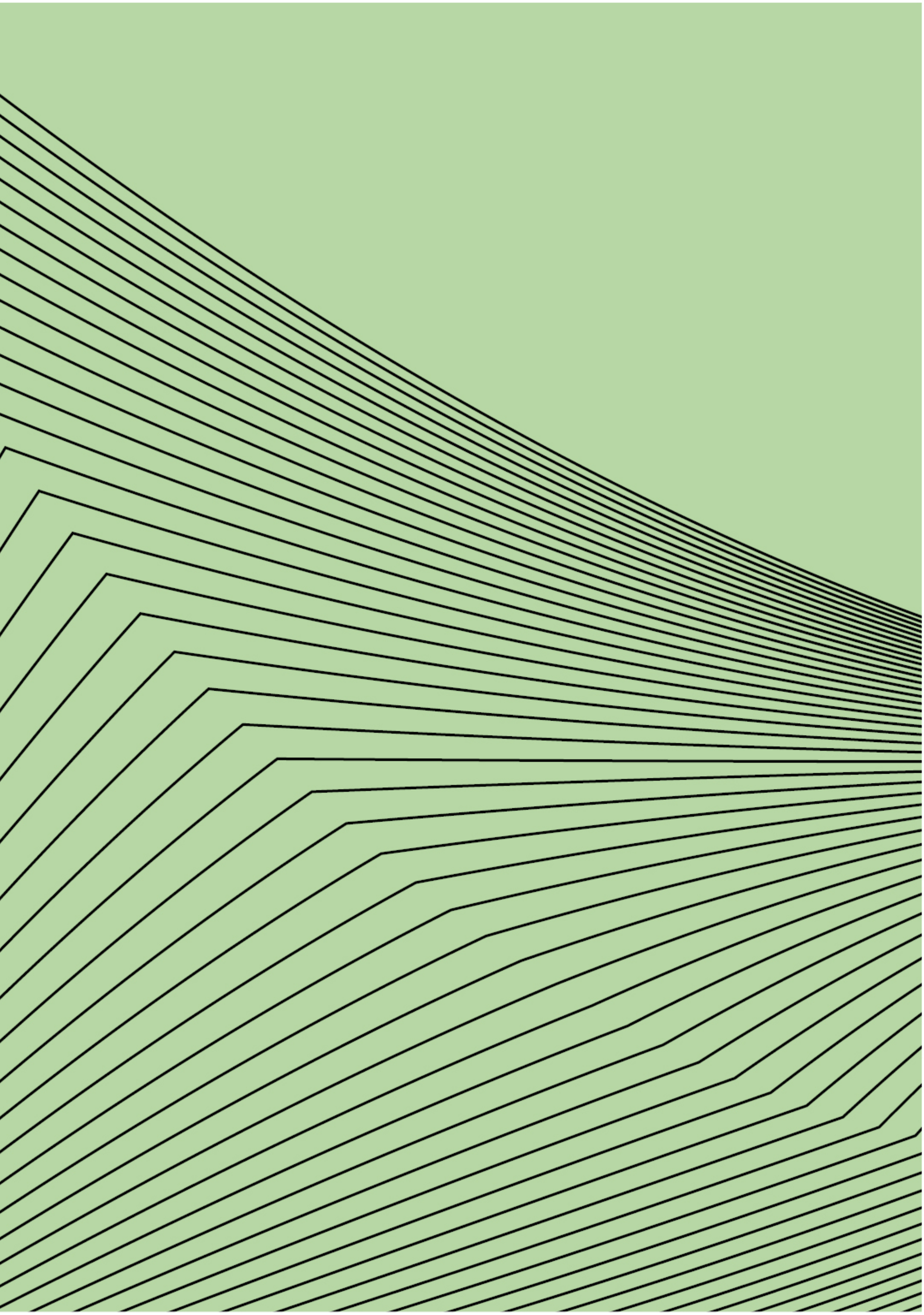
2.7 Income Tax Expense

	HALF YEAR TO		
	Sep 24	Mar 24	Sep 23
	$Am	$Am	$Am
Operating profit before income tax	**1,706**	2,248	1,827
Prima facie tax @ 30%	**512**	674	548
Income tax permanent differences	**28**	(21)	(38)
Income tax expense	**540**	653	510
Effective tax rate	**31.7%**	29.0%	27.9%

Income tax expense of $A540 million for the half year ended 30 September 2024 increased 6% from $A510 million in the prior corresponding period. The effective tax rate for the half year ended 30 September 2024 was 31.7%, up from 27.9% in the prior corresponding period.

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

03
Segment Analysis



3.1 Basis of Preparation

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 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 expenses 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.

Central Service Groups

The Central Service Groups provide a range of functions supporting MGL's Operating Groups, ensuring that 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 expenses 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 is 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.

3.1 Basis of Preparation

Continued

	BFS $Am	CGM $Am	Corporate $Am	**Total** **$Am**
Half year ended 30 September 2024				
Net interest and trading income	1,326	2,178	454	**3,958**
Fee and commission income	304	283	679	**1,266**
Other operating income and charges				
Net credit and other impairment charges	(21)	(12)	(1)	**(34)**
Net other operating income and charges	(19)	316	2	**299**
Internal management (charges)/revenue	(4)	5	(1)	**-**
Net operating income	1,586	2,770	1,133	**5,489**
Total operating expenses	(936)	(1,462)	(1,385)	**(3,783)**
Operating profit/(loss) before income tax	650	1,308	(252)	**1,706**
Income tax expense	–	–	(540)	**(540)**
Net profit/(loss) contribution	**650**	**1,308**	**(792)**	**1,166**
Half year ended 31 March 2024				
Net interest and trading income	1,285	2,602	449	**4,336**
Fee and commission income	281	302	766	**1,349**
Other operating income and charges				
Net credit and other impairment reversals	38	9	9	**56**
Net other operating income and charges	(4)	252	–	**248**
Internal management revenue/(charges)	–	23	(23)	**-**
Net operating income	1,600	3,188	1,201	**5,989**
Total operating expenses	(997)	(1,440)	(1,304)	**(3,741)**
Operating profit/(loss) before income tax	603	1,748	(103)	**2,248**
Income tax expense	–	–	(653)	**(653)**
Net profit/(loss) contribution	**603**	**1,748**	**(756)**	**1,595**
Half year ended 30 September 2023				
Net interest and trading income	1,360	2,251	454	**4,065**
Fee and commission income	273	271	698	**1,242**
Other operating income and charges				
Net credit and other impairment (charges)/reversals	(23)	(1)	17	**(7)**
Net other operating income and charges	(2)	270	9	**277**
Internal management revenue/(charges)	1	–	(1)	**-**
Net operating income	1,609	2,791	1,177	**5,577**
Total operating expenses	(971)	(1,423)	(1,356)	**(3,750)**
Operating profit/(loss) before income tax	638	1,368	(179)	**1,827**
Income tax expense	–	–	(510)	**(510)**
Net profit/(loss) contribution	**638**	**1,368**	**(689)**	**1,317**

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3.2 BFS

	HALF YEAR TO			Movement	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest and trading income	**1,326**	1,285	1,360	*3*	*(3)*
Fee and commission income					
Wealth management fee income	**218**	187	184	*17*	*18*
Banking and lending fee income	**86**	94	89	*(9)*	*(3)*
Total fee and commission income	**304**	281	273	*8*	*11*
Other operating income and charges					
Net credit and other impairment (charges)/reversals	**(21)**	38	(23)	*	*(9)*
Other (expenses)/income	**(19)**	(4)	(2)	*	*
Total other operating income and charges	**(40)**	34	(25)	*	*60*
Internal management (charge)/revenue	**(4)**	–	1	*	*
Net operating income	**1,586**	1,600	1,609	*(1)*	*(1)*
Operating expenses					
Employment expenses	**(294)**	(314)	(321)	*(6)*	*(8)*
Brokerage, commission and fee expenses	**(84)**	(81)	(65)	*4*	*29*
Technology expenses[1]	**(299)**	(305)	(326)	*(2)*	*(8)*
Other operating expenses	**(259)**	(297)	(259)	*(13)*	—
Total operating expenses	**(936)**	(997)	(971)	*(6)*	*(4)*
Net profit contribution	**650**	603	638	*8*	*2*
Non-GAAP metrics					
Funds on platform ($Ab)[2]	**152.4**	141.8	125.1	*7*	*22*
Loan portfolio ($Ab)[3]	**150.4**	140.2	134.4	*7*	*12*
BFS deposits ($Ab)[4]	**153.1**	142.7	131.2	*7*	*17*
Headcount	**3,318**	3,690	4,015	*(10)*	*(17)*

Net profit contribution of $A650 million for the half year ended 30 September 2024 increased 2% from $A638 million in the prior corresponding period due to:

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher fee and commission income mainly due to increased administration and adviser fees from higher average funds on platform.

Partially offset by:

- lower net interest income mainly driven by margin compression reflecting changes in portfolio mix and ongoing lending and deposit competition, partially offset by growth in the loan portfolio and BFS deposits.

[1] Technology expenses include technology staff expenses, depreciation of technology assets, amortisation of capitalised software and maintenance costs.
[2] Funds on platform includes Macquarie Wrap and Vision.
[3] The loan portfolio comprises home loans, loans to businesses, car loans and credit cards.
[4] BFS deposits include home loan offset accounts.

Net interest and trading income

Net interest and trading income in BFS relates to interest income earned from the loan portfolio that primarily comprises home loans, loans to businesses, car loans and credit cards. BFS also generates income from deposits, which are used as a source of funding for the Bank Group.

Net interest and trading income of $A1,326 million for the half year ended 30 September 2024 decreased 3% from $A1,360 million in the prior corresponding period. This was primarily due to margin compression, reflecting changes in portfolio mix and ongoing lending and deposit competition. This was partially offset by 11% growth in the average loan portfolio and 13% growth in the average deposit portfolio.[1]

As at 30 September 2024, the loan and deposit portfolios included:

- home loan volumes of $A129.9 billion[2], up 9% from $A119.3 billion as at 31 March 2024
- business lending volumes of $A16.6 billion, up 5% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A3.6 billion, down 22% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A153.1 billion, up 7% from $A142.7 billion as at 31 March 2024.

Wealth management fee income

Wealth management fee income relates to fees earned on a range of BFS' products and services including the Wrap and Vision platforms, and the provision of wealth services.

Funds on platform closed at $A152.4 billion at 30 September 2024, an increase of 7% from $A141.8 billion at 31 March 2024, with favourable market movements and net flows.

Wealth management fee income of $A218 million for the half year ended 30 September 2024 increased 18% from $A184 million in the prior corresponding period, due to a reclassification of platform related fee expenses to brokerage, commission and fee expenses and higher administration and adviser fees from higher average funds on platform.

Banking and lending fee income

Banking and lending fee income relates to fees earned on a range of BFS' products including home loans, car loans, credit cards, business loans and deposits.

Banking and lending fee income of $A86 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

Net credit and other impairment charges

Net credit and other impairment charges of $A21 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period, with slower growth in business lending, partially offset by changes to recovery outlook in the residual car loan portfolio.

Other (expenses)/income

Other expenses of $A19 million were substantially up from $A2 million in the prior corresponding period, mainly driven by the revaluation of an equity investment.

Operating expenses

Total operating expenses of $A936 million for the half year ended 30 September 2024 decreased 4% from $A971 million in the prior corresponding period.

Employment expenses of $A294 million for the half year ended 30 September 2024 decreased 8% from $A321 million in the prior corresponding period, largely due to lower average headcount driven by digitalisation and operational improvements.

Brokerage, commission and fee expenses of $A84 million for the half year ended 30 September 2024 increased 29% from $A65 million in the prior corresponding period, driven by a reclassification of platform related fee expense from wealth management fee income and increased transaction volumes.

Technology expenses of $A299 million for the half year ended 30 September 2024 decreased 8% from $A326 million in the prior corresponding period, mainly driven by operational improvements and the cessation of car loan originations.

Other operating expenses of $A259 million for the half year ended 30 September 2024 were in line with the prior corresponding period.

[1] Calculations based on average volumes net of offset accounts.
[2] Home loan volumes excludes offset accounts.

3.3 CGM

	HALF YEAR TO			*Movement*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest and trading income					
Commodities	**1,366**	1,849	1,458	*(26)*	*(6)*
Foreign exchange, interest rates and credit	**592**	574	574	*3*	*3*
Equities	**199**	140	188	*42*	*6*
Asset Finance	**21**	39	31	*(46)*	*(32)*
Net interest and trading income	**2,178**	2,602	2,251	*(16)*	*(3)*
Fee and commission income					
Brokerage and other trading-related fees	**153**	162	133	*(6)*	*15*
Other fee and commission income	**130**	140	138	*(7)*	*(6)*
Total fee and commission income	**283**	302	271	*(6)*	*4*
Other operating income and charges					
Net income/(loss) on equity, debt and other investments	**14**	(15)	17	*	*(18)*
Net credit and other impairment (charges)/reversals	**(12)**	9	(1)	*	*
Net operating lease income	**211**	219	211	*(4)*	–
Other income	**91**	48	42	*90*	*117*
Total other operating income and charges	**304**	261	269	*16*	*13*
Internal management revenue	**5**	23	–	*(78)*	*
Net operating income	**2,770**	3,188	2,791	*(13)*	*(1)*
Operating expenses					
Employment expenses	**(379)**	(384)	(375)	*(1)*	*1*
Brokerage, commission and fee expenses	**(231)**	(216)	(212)	*7*	*9*
Other operating expenses	**(852)**	(840)	(836)	*1*	*2*
Total operating expenses	**(1,462)**	(1,440)	(1,423)	*2*	*3*
Net profit contribution	**1,308**	1,748	1,368	*(25)*	*(4)*
Non-GAAP metrics					
Headcount	**2,420**	2,399	2,315	*1*	*5*

Net profit contribution of $A1,308 million for the half year ended 30 September 2024 decreased 4% from $A1,368 million in the prior corresponding period due to:

- decreased risk management income primarily in Global Gas, Power and Emissions driven by decreased client hedging activity due to subdued volatility across energy markets.

Partially offset by:

- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Net interest and trading income

Net interest and trading income of $A2,178 million for the half year ended 30 September 2024 decreased 3% from $A2,251 million in the prior corresponding period.

Commodities net interest and trading income

Net interest and trading income from commodity related activities is generated from the provision of hedging and risk management services and loans and working capital finance to clients across a range of commodity sectors including metals, energy and agriculture.

Income from risk management is driven by managing clients' exposure to commodity price volatility, which is supported by our strong internal risk management framework.

Lending and financing activities include interest income from the provision of loans and working capital finance to clients across a range of commodity sectors including metals, energy and agriculture. Commodities lending and financing activities are primarily secured against underlying assets and typically have associated hedging to protect against downside risk.

For inventory management and trading, CGM enters into financial and physical contracts including exchange traded derivatives, OTC derivatives, storage contracts and transportation agreements as part of its commodities platform. These arrangements enable CGM to facilitate client transactions and provide CGM with trading opportunities where there is an imbalance between the supply and demand for commodities. Revenue is dependent on a number of factors including the volume of transactions, the level of risk assumed and the volatility of price movements across commodity markets and products.

Storage and transportation contracts, which are managed on a fair value basis for financial and risk management purposes, are required to be accounted for on an accruals basis for statutory reporting purposes, which may result in some variability in the timing of reported income.

Net interest and trading income from commodities of $A1,366 million for the half year ended 30 September 2024 decreased 6% from $A1,458 million in the prior corresponding period.

Risk management income decreased from the prior corresponding period, primarily in Global Gas, Power and Emissions and Global Oil driven by decreased client hedging activity due to subdued volatility across energy markets. These reductions were partially offset by an increased contribution from Resources primarily from the metals sector.

Lending and financing income was broadly in line with the prior corresponding period.

Inventory management and trading income increased from the prior corresponding period driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Foreign exchange, interest rates and credit net interest and trading income

Net interest and trading income from foreign exchange, interest rates and credit related activities are generated from the provision of trading and hedging services to a range of corporate and institutional clients globally, in addition to making secondary markets in corporate debt securities, syndicated bank loans and middle market loans and providing specialty lending.

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A592 million for the half year ended 30 September 2024 increased 3% from $A574 million in the prior corresponding period, due to continued strong client hedging activity in structured foreign exchange products and increased contribution from financing origination.

Equities net interest and trading income

Equities net interest and trading income is generated from the issue of derivative products, the provision of equity finance solutions to institutional clients and the conduct of risk management and trading activities.

Equities net interest and trading income of $A199 million for the half year ended 30 September 2024 increased 6% from $A188 million in the prior corresponding period, due to increased contributions from equity trading in Asian markets.

3.3 CGM

Continued

Fee and commission income

Fee and commission income of $A283 million for the half year ended 30 September 2024 increased 4% from $A271 million in the prior corresponding period, driven by increased client activity in equity markets.

Net income/(loss) on equity, debt and other investments

Net income on equity, debt and other investments of $A14 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A12 million for the half year ended 30 September 2024 were substantially up from $A1 million in the prior corresponding period, due to an impairment against a specific exposure in Asset Finance.

Other income

Other income of $A91 million for the half year ended 30 September 2024 was substantially up from $A42 million in the prior corresponding period, driven by increased Asset Finance inventory sales.

Operating expenses

Total operating expenses of $A1,462 million for the half year ended 30 September 2024 increased 3% from $A1,423 million in the prior corresponding period.

Employment expenses of $A379 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period.

Brokerage, commission and fee expenses include fees paid in relation to trading-related activities. Brokerage, commission and fee expenses of $A231 million for the half year ended 30 September 2024 increased 9% from $A212 million in the prior corresponding period, driven by increased hedging and trading-related costs across equity and financial markets.

Other operating expenses of $A852 million for the half year ended 30 September 2024 increased 2% from $A836 million in the prior corresponding period, mainly reflecting expenditure on the technology platform.

3.4 Corporate

	HALF YEAR TO			*Movement*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest and trading income	**454**	449	454	*1*	–
Fee and commission income	**679**	766	698	*(11)*	*(3)*
Other operating income and charges					
Net (loss)/income on equity and debt investments	**(2)**	(1)	2	*100*	*
Net credit and other impairment (charges)/reversals	**(1)**	9	17	*	*
Other income and charges	**4**	1	7	*300*	*(43)*
Total other operating income and charges	**1**	9	26	*(89)*	*(96)*
Internal management charges	**(1)**	(23)	(1)	*(96)*	–
Net operating income	**1,133**	1,201	1,177	*(6)*	*(4)*
Operating expenses					
Employment expenses	**(1,778)**	(1,725)	(1,793)	*3*	*(1)*
Brokerage, commission and fee expenses	**(3)**	(20)	(1)	*(85)*	*200*
Other operating expense recoveries/(expenses)	**396**	441	438	*(10)*	*(10)*
Total operating expenses	**(1,385)**	(1,304)	(1,356)	*6*	*2*
Income tax expense	**(540)**	(653)	(510)	*(17)*	*6*
Net loss contribution	**(792)**	(756)	(689)	*5*	*15*
Non-GAAP metrics					
Headcount	**9,971**	10,172	10,392	*(2)*	*(4)*

Net loss contribution of $A792 million for the half year ended 30 September 2024 increased 15% from $A689 million in the prior corresponding period due to:

- the non-recurrence of credit impairment reversals in the prior corresponding period
- increased operating expenses driven by higher provision for uncertainties
- higher income tax expense mainly driven by the geographic composition and nature of earnings.

Net interest and trading income

Net interest and trading income in the Corporate segment includes the net result of managing Macquarie Bank's liquidity and funding requirements, with the Operating Groups assumed to be fully debt funded for the purposes of the internal funding charges. The Corporate segment also includes earnings on capital, funding costs associated with investments held centrally, and accounting volatility arising from movements in underlying rates relating to economically hedged positions where hedge accounting is not applied.

Net interest and trading income of $A454 million for the half year ended 30 September 2024 was in line with the prior corresponding period.

Fee and commission income

Fee and commission income in the Corporate segment primarily comprises transactions between the Bank and Non-Bank Groups.

Fee and commission income of $A679 million for the half year ended 30 September 2024 decreased 3% from $A698 million in the prior corresponding period reflecting lower recoveries of the Central Service Group's cost base from the Non-Bank mainly due to lower average headcount.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A1 million for the half year ended 30 September 2024 compared to reversals of $A17 million in the prior corresponding period, due to the non-recurrence of credit impairment reversals in the prior corresponding period.

Employment expenses

Employment expenses relate to the Consolidated Entity's Central Service Groups including COG, FMG, RMG, LGG, and Central Executive, as well as expenses associated with the Consolidated Entity's profit share and retention plans.

Employment expenses of $A1,778 million for the half year ended 30 September 2024 decreased 1% from $A1,793 million in the prior corresponding period mainly due to the impact of lower average headcount.

Other operating expense recoveries/(expenses)

Other operating expense recoveries/(expenses) in the Corporate segment include the recovery of Central Service Groups' costs (including employment-related costs[1]) from the Operating Groups, partially offset by non-employment related operating costs of the Corporate segment.

The net other operating expense recoveries of $A396 million for the half year ended 30 September 2024 decreased 10% from $A438 million in the prior corresponding period reflecting lower recoveries of the Central Service Group's cost base from Operating Groups mainly due to lower average headcount as well as a provision for uncertainties.

[1] Performance-related profit share and share-based payments expenses related to Macquarie Group Employee Retained Equity Plan (MEREP) are not allocated to the Operating Groups.

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04
Balance Sheet

4.1 Statement of Financial Position

	AS AT			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Assets					
Cash and bank balances	**15,861**	28,055	25,542	*(43)*	*(38)*
Cash collateralised lending and reverse repurchase agreements	**61,932**	49,575	57,811	*25*	*7*
Trading assets	**28,348**	26,628	19,205	*6*	*48*
Margin money and settlement assets	**16,028**	16,627	17,137	*(4)*	*(6)*
Derivative assets	**23,479**	23,766	28,909	*(1)*	*(19)*
Financial investments	**15,003**	18,974	17,440	*(21)*	*(14)*
Other Assets	**6,762**	8,107	9,114	*(17)*	*(26)*
Loan assets	**166,196**	156,736	149,514	*6*	*11*
Due from other Macquarie Group entities	**4,745**	4,784	6,107	*(1)*	*(22)*
Property, plant and equipment and right-of-use assets	**5,986**	5,835	5,189	*3*	*15*
Deferred tax assets	**981**	1,076	1,002	*(9)*	*(2)*
Total assets	**345,321**	340,163	336,970	*2*	*2*
Liabilities					
Deposits	**158,395**	148,340	135,892	*7*	*17*
Cash collateralised borrowing and repurchase agreements	**3,146**	12,599	13,507	*(75)*	*(77)*
Trading liabilities	**5,013**	4,937	8,145	*2*	*(38)*
Margin money and settlement liabilities	**22,497**	22,269	20,714	*1*	*9*
Derivative liabilities	**22,089**	25,283	29,344	*(13)*	*(25)*
Other liabilities	**8,667**	10,280	9,808	*(16)*	*(12)*
Due to other Macquarie Group entities	**9,501**	12,288	15,899	*(23)*	*(40)*
Issued debt securities and other borrowings	**82,922**	71,939	74,030	*15*	*12*
Deferred tax liabilities	**14**	22	14	*(36)*	*–*
Total liabilities excluding loan capital	**312,244**	307,957	307,353	*1*	*2*
Loan capital	**11,988**	10,825	9,461	*11*	*27*
Total liabilities	**324,232**	318,782	316,814	*2*	*2*
Net assets	**21,089**	21,381	20,156	*(1)*	*5*
Equity					
Contributed equity	**10,210**	10,184	10,148	*<1*	*1*
Reserves	**852**	1,238	1,303	*(31)*	*(35)*
Retained earnings	**10,027**	9,959	8,705	*1*	*15*
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited	**21,089**	21,381	20,156	*(1)*	*5*
Total equity	**21,089**	21,381	20,156	*(1)*	*5*

Statement of financial position

The Consolidated Entity's Statement of financial position was impacted during the half year ended 30 September 2024 by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

Assets

Total assets of $A345.3 billion as at 30 September 2024 increased 2% from $A340.2 billion as at 31 March 2024.

The principal drivers for the increase were as follows:
- cash collateralised lending and reverse repurchase agreements of $A61.9 billion as at 30 September 2024 increased 25% from $A49.6 billion as at 31 March 2024, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquidity asset portfolio management and higher trading activity, in CGM
- loan assets of $A166.2 billion as at 30 September 2024 increased 6% from $A156.7 billion as at 31 March 2024, driven by volume growth in home loan and business lending portfolios, in BFS
- trading assets of $A28.3 billion as at 30 September 2024 increased 6% from $A26.6 billion as at 31 March 2024, driven by an increase in holdings of debt securities, in CGM.

These increases are partially offset by:
- cash and bank balances of $A15.9 billion as at 30 September 2024 decreased 43% from $A28.1 billion as at 31 March 2024, 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
- financial investments of $A15.0 billion as at 30 September 2024 decreased 21% from $A19.0 billion as at 31 March 2024, driven by a decrease in holdings of debt securities as part of Group Treasury's liquid asset portfolio management
- other assets of $A6.8 billion as at 30 September 2024 decreased 17% from $A8.1 billion as at 31 March 2024, due to lower commodity-related receivables from settlements, in CGM.

Liabilities

Total liabilities of $A324.2 billion as at 30 September 2024 increased 2% from $A318.8 billion as at 31 March 2024.

The principal drivers for the increase were as follows:
- issued debt securities and other borrowings of $A82.9 billion as at 30 September 2024 increased 15% from $A71.9 billion as at 31 March 2024, driven by the issuance of short-term commercial paper and long-term bonds by Group Treasury
- deposits of $A158.4 billion as at 30 September 2024 increased 7% from $A148.3 billion as at 31 March 2024, driven by volume growth in retail and business banking deposits, in BFS
- loan capital of $A12.0 billion as at 30 September 2024 increased 11% from $A10.8 billion as at 31 March 2024, driven by net issuance of Tier 2 loan capital.

These increases are partially offset by:
- cash collateralised borrowing and repurchase agreements of $A3.1 billion as at 30 September 2024 decreased 75% from $A12.6 billion as at 31 March 2024, driven by maturity of the RBA Term Funding Facility
- derivative liabilities of $A22.1 billion as at 30 September 2024 decreased 13% from $A25.3 billion as at 31 March 2024, driven by subdued volatility across energy markets, as well as the maturity of prior period positions
- other liabilities of $A8.7 billion as at 30 September 2024 decreased 16% from $A10.3 billion as at 31 March 2024, driven by lower commodity-related payables from settlements, in CGM.

Equity

Total equity of $A21.1 billion as at 30 September 2024 decreased 1% from $A21.4 billion as at 31 March 2024.

The principal drivers for the decrease were as follows:
- $A1.1 billion dividend payments
- $A0.4 billion decrease in foreign currency translation reserve largely driven by appreciation of the Australian Dollar to the US Dollar.

These decreases were partially offset by $A1.2 billion of earnings generated during the current period.

4.2 Loan Assets

Reconciliation between the statement of financial position and the funded balance sheet:

	AS AT			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Ab	$Ab	$Ab	*%*	*%*
Loan assets per the statement of financial position	**166.2**	156.7	149.5	*6*	*11*
Operating lease assets	**3.2**	3.2	3.1	*–*	*3*
Other reclassifications[1]	**–**	0.1	0.1	*(100)*	*(100)*
Total loan assets including operating lease assets per the funded balance sheet[2]	**169.4**	160.0	152.7	*6*	*11*

Loan assets[2] including operating lease assets by Operating Group per the funded balance sheet are shown in further detail below:

		AS AT			MOVEMENT	
		Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	Notes	**$Ab**	$Ab	$Ab	*%*	*%*
BFS						
Home loans	1	**131.0**	120.4	115.2	*9*	*14*
Business banking	2	**16.4**	15.7	14.4	*4*	*14*
Car loans	3	**3.5**	4.5	5.1	*(22)*	*(31)*
Other	4	**0.4**	0.4	0.4	*–*	*–*
Total BFS		**151.3**	141.0	135.1	*7*	*12*
CGM						
Loans and finance lease assets		**3.4**	3.2	3.5	*6*	*(3)*
Operating lease assets		**2.3**	2.3	2.2	*–*	*5*
Asset Finance	5	**5.7**	5.5	5.7	*4*	*–*
Loan assets		**3.7**	4.1	3.8	*(10)*	*(3)*
Operating lease assets		**0.8**	0.9	0.9	*(11)*	*(11)*
Resources and commodities	6	**4.5**	5.0	4.7	*(10)*	*(4)*
Foreign exchange, interest rate and credit	7	**7.8**	8.4	7.1	*(7)*	*10*
Other	8	**0.1**	0.1	0.1	*–*	*–*
Total CGM		**18.1**	19.0	17.6	*(5)*	*3*
Total		**169.4**	160.0	152.7	*6*	*11*

[1] Reclassification between loan assets and other funded balance sheet categories.
[2] Total loan assets including operating lease assets per the funded balance sheet includes self-securitised assets.

Explanatory notes concerning asset security of funded loan asset portfolio

1. Home loans

Loans secured by mortgages over residential property.

2. Business banking

Loan portfolio secured largely by working capital, business cash flows and real property.

3. Car loans

Secured by motor vehicles.

4. BFS Other

Includes credit cards.

5. Asset finance

Predominantly secured by underlying financed assets.

6. Resources and commodities

Diversified loan portfolio primarily to the resources sector that are secured by the underlying assets with associated price hedging to mitigate risk.

7. Foreign exchange, interest rate and credit

Diversified lending predominantly consisting of loans which are secured by other loan collateral, assets including rights and receivables and warehoused security from mortgages and auto loans.

8. CGM Other

Equity collateralised loans.

4.3 Equity Investments

Equity investments includes:
- interests in associates, joint ventures and other assets classified as held for sale; and
- financial investments excluding trading equities.

Equity investments reconciliation

	AS AT		MOVEMENT
	Sep 24	Mar 24	*Mar 24*
	$Ab	$Ab	*%*
Equity investments			
Statement of financial position			
Equity investments at fair value	**0.2**	0.2	–
Interests in associates and joint ventures	**0.5**	0.5	–
Total equity investments per statement of financial position	**0.7**	0.7	–
Total adjusted equity investments	**0.7**	0.7	–

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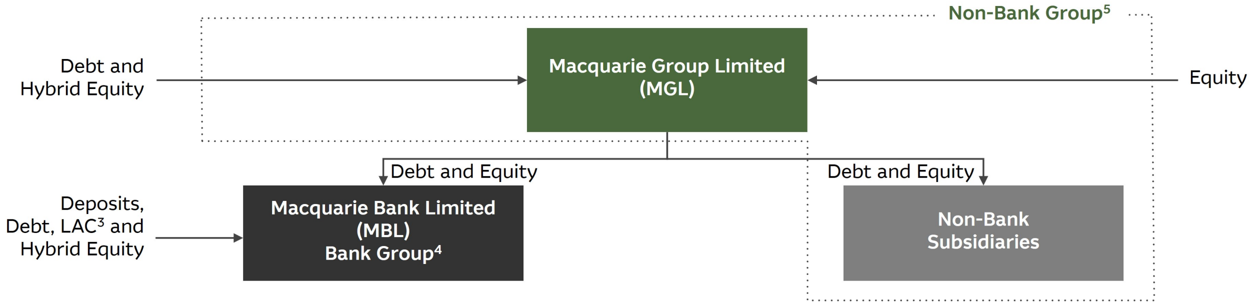
05
Funding and Liquidity

5.1 Liquidity Risk Governance and Management Framework

Governance and oversight

MGL and MBL are Macquarie's two primary external funding vehicles which have separate and distinct funding, capital and liquidity management arrangements. MGL provides funding predominantly to the Non-Bank Group[1] and limited funding to some MBL subsidiaries. MBL provides funding to the Bank Group[2].

The high level funding structure of the Group is shown below:



Macquarie'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 the Risk Management Group (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 MBL Chief Executive Officer, MGL Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Group General Counsel, Head of Group Treasury and relevant 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. In some cases, certain entities within the Bank Group may also be required to have a standalone liquidity policy. In these cases, the principles applied within the entity-specific liquidity policies are consistent with those applied in the broader MBL liquidity policy.

Macquarie Bank establishes a liquidity risk appetite, which is approved by the MBL Board, and represents an articulation of the nature and level of liquidity risk that is acceptable in the context of achieving Macquarie Bank's strategic objectives. 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 while preserving the capabilities of Macquarie Bank's franchise businesses.

MBL is an authorised deposit-taking institution (ADI) and is funded mainly with deposits, long-term liabilities and capital.

[1] The Non-Bank Group comprises MAM, Macquarie Capital and certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities of CGM.
[2] The Bank Group comprises BFS and CGM (excluding certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities which are undertaken from within the Non-Bank Group).
[3] Subordinated debt to meet APRA's Loss Absorbing Capacity (LAC) requirements.
[4] MBL is the primary external funding vehicle for the Bank Group. Macquarie International Finance Limited (MIFL) and Macquarie Bank Europe (MBE) also operate as external funding vehicles for certain subsidiaries within the Bank Group.
[5] MGL is the primary external funding vehicle for the Non-Bank Group.

5.1 Liquidity Risk Governance and Management Framework

Continued

Liquidity risk tolerance and principles

Macquarie Bank's liquidity risk appetite is supported by a number of risk tolerances and principles applied to managing liquidity risk.

Risk tolerances

- Term assets must be funded by term liabilities and short-term assets must exceed short-term wholesale liabilities
- Cash and liquid assets must be sufficient to cover the expected outflow under a twelve month stress scenario and meet minimum regulatory requirements
- Cash and liquid assets held to cover stress scenarios and regulatory minimums must be high quality unencumbered liquid assets and cash
- Diversity and stability of funding sources is a key priority
- Balance sheet currency mismatches are managed within set tolerances
- Funding and liquidity exposures between entities within Macquarie Bank are monitored and constrained where required.

Liquidity management strategy

- Macquarie Bank has a centralised approach to liquidity management
- Liquidity risk is managed through stress scenario analysis and setting limits on the composition and maturity of assets and liabilities
- A global liquidity framework is maintained that outlines Macquarie Bank's approach to managing funding and liquidity requirements in offshore subsidiaries and branches
- The liquidity position is managed to ensure all obligations can be met as required on an intraday basis
- A liquidity contingency plan is maintained for MBL which provides an action plan in the event of a liquidity 'crisis'
- A funding strategy is prepared annually for MBL and monitored on a regular basis
- Internal pricing allocates liquidity costs, benefits and risks to areas responsible for generating them
- Strong relationships are maintained to assist with managing confidence and liquidity
- The MBL Board, MGL Board and Management receive regular reporting on Macquarie Bank's liquidity position, including compliance with liquidity policy and regulatory requirements.

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.

The plan also incorporates a retail run operational plan that outlines the Bank's processes and operational plans for managing a significant increase in customer withdrawals during a potential deposit 'run' on Macquarie Bank.

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 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 a 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.

5.2 Management of Liquidity Risk

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. Scenario analysis performs a range of functions within the liquidity risk management framework, including being a basis for:

- monitoring compliance with internal liquidity risk appetite statements by ensuring all liquidity obligations can be met in the corresponding scenarios
- determining a minimum level of cash and liquid assets
- determining an appropriate minimum tenor of funding for Macquarie Bank's assets; and
- determining the overall capacity for future asset growth.

The 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 (HQLA) 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. Certain other Operating Segments also hold cash and liquid assets as part of their operations. The Bank Group had $A59.9 billion cash and liquid assets as at 30 September 2024 (31 March 2024: $A63.0 billion).

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.

Credit ratings[1]

	Macquarie Bank Limited	
	Short-term rating	Long-term rating
Moody's Ratings	P-1	Aa2/Stable
Standard and Poor's	A-1	A+/Stable
Fitch Ratings	F-1	A+/Stable

Regulatory liquidity metrics

The Australian Prudential Regulation Authority's (APRA) liquidity standard (APS 210) details the local implementation of the Basel III liquidity framework for Australian banks. In addition to a range of qualitative requirements, the standard incorporates the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR and NSFR apply specifically to Macquarie Bank as a regulated ADI. Separate quantitative requirements are imposed internally by the MBL ALCO and Board.

Liquidity Coverage Ratio

The LCR requires unencumbered liquid assets be held to cover expected net cash outflows under a combined 'idiosyncratic' and market-wide stress scenario lasting 30 calendar days. Under APS 210, the eligible stock of HQLA includes notes and coins, balances held with central banks, Australian dollar Commonwealth government and semi-government securities, as well as certain HQLA-qualifying foreign currency securities.

Macquarie Bank's three month average LCR to 30 September 2024 was 194% (average based on daily observations)[2]. For a detailed breakdown of Macquarie Bank's LCR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

Net Stable Funding Ratio

The NSFR is a twelve month structural funding metric, requiring that available stable funding be sufficient to cover required stable funding, where stable funding has an actual or assumed maturity of greater than twelve months. Macquarie Bank's NSFR as at 30 September 2024 was 110%[3]. For a detailed breakdown of Macquarie Bank's NSFR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

[1] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.
[2] APRA imposed a 25% add-on to the Net Cash Outflow component of Macquarie Bank's LCR calculation, effective from 1 May 2022.
[3] APRA imposed a 1% decrease to the Available Stable Funding component of Macquarie Bank's NSFR calculation, effective from 1 April 2021.

5.3 Funded Balance Sheet

The Bank Group's statement of financial position is prepared based on Australian Accounting Standards. The funded balance sheet is a simple representation of Macquarie Bank's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie Bank's internal liquidity framework and the regulatory liquidity metrics.

The table below reconciles the reported assets of the Bank Group to the net funded assets as at 30 September 2024.

		AS AT	
		Sep 24	Mar 24
	Notes	**$Ab**	$Ab
Total assets per the Bank Group's statement of financial position		**345.3**	340.2
Accounting deductions:			
Derivative revaluation	1	**(22.1)**	(25.3)
Segregated funds	2	**(10.6)**	(11.8)
Outstanding trade settlement balances	3	**(3.3)**	(1.9)
Working capital assets	4	**(9.6)**	(10.0)
Intercompany gross-ups	5	**(9.5)**	(12.3)
Self-funded assets:			
Self-funded trading assets	6	**(11.5)**	(12.5)
Net funded assets		**278.7**	266.4

Explanatory notes concerning net funded assets

1. Derivative revaluation

Offsetting derivative positions do not generally require funding and therefore gross revaluations are netted in the funded balance sheet. Derivative positions that result in a funding requirement are included as part of net trading assets.

2. Segregated funds

These represent the assets and liabilities that are recognised where the Bank Group holds segregated client monies. The client monies will be matched by assets held to the same amount. Any excess client funds placed with the Bank Group are netted down against cash and liquid assets.

3. Outstanding trade settlement balances

At any particular time the Bank Group will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that the Bank Group is owed on other trades (receivables).

4. Working capital assets

As with the outstanding trade settlement balances above, the Bank Group through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that either requires or provides funding.

5. Intercompany gross-ups

These represent balances related to the net payable position between the Bank Group and Non-Bank Group arising out of intragroup transactions, loans and deposits. This includes the Non-Bank Group balances with the Bank Group shown in the Bank Group funded balance sheet.

6. Self-funded trading assets

The Bank Group enters into stock borrowing and lending as well as repurchase agreements and reverse repurchase agreements in the normal course of trading activity that it conducts with its clients and counterparties, as well as for liquidity management purposes. Also as part of its trading activities, the Bank Group pays and receives margin collateral on its outstanding derivative positions. These trading and liquidity management related asset and liability positions are viewed as being self-funded to the extent that they offset one another and, therefore, are netted as part of this adjustment.

5.4 Funding Profile

Funded balance sheet

	Notes	AS AT Sep 24 $Ab	Mar 24 $Ab
Funding sources			
Commercial paper and certificates of deposit	1	**40.2**	29.7
Net trade creditors	2	**2.0**	2.2
Structured notes	3	**0.7**	0.5
Secured funding	4		
Securitisation		**11.1**	11.6
Other secured funding		**2.4**	12.4
Bonds	5	**22.0**	20.9
Unsecured loans	6	**9.0**	8.6
Customer deposits	7	**158.3**	148.3
Subordinated debt	8	**9.6**	8.4
Equity and hybrids	9	**23.4**	23.8
Total		**278.7**	266.4
Funded assets			
Cash and liquid assets	10	**59.9**	63.0
Net trading assets	11	**48.9**	45.3
Other loan assets including operating lease assets less than one year	12	**11.0**	12.7
Home loans	13	**131.0**	120.4
Other loan assets including operating lease assets greater than one year	12	**27.4**	26.9
Debt investments	14	**2.7**	2.6
Non-Bank Group balances with the Bank Group		**(5.2)**	(7.3)
Co-investment in Macquarie-managed funds and other equity investments	15	**0.7**	0.7
Property, plant and equipment and intangibles		**2.3**	2.1
Total		**278.7**	266.4

See Section 5.5 for Notes 1-15.

5.4 Funding Profile

Continued

Term funding initiatives

The Bank Group 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 2024, the Bank Group has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2024 and 30 September 2024:

		Bank Group $Ab
Issued paper	– Senior and subordinated	4.8
Secured funding	– Term securitisation and other secured finance	1.7
Loan facilities	– Unsecured loan facilities	4.4
Total		**10.9**

The Bank Group has continued to develop its major funding markets and products during the half year ended 30 September 2024.

From 1 April 2024 to 30 September 2024, the Bank Group raised $A10.9 billion[1] of term funding including:

- $A4.8 billion of term wholesale issued paper comprising of $A3.5 billion of senior unsecured debt (including $A1.0 billion of green bond) and $A1.3 billion of subordinated unsecured debt
- $A4.4 billion of unsecured loan facilities
- $A1.4 billion of securitisation issuance; and
- $A0.3 billion refinance of secured trade finance facilities.

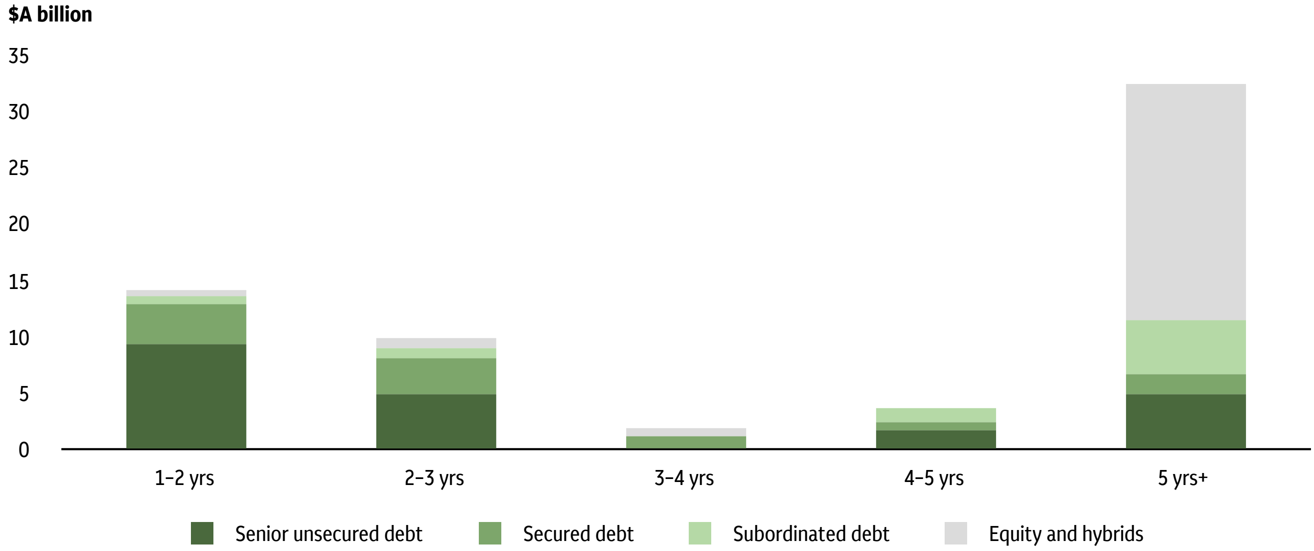
[1] Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on foreign exchange rates at the time of issuance. Includes refinancing of loan facilities.

5.4 Funding Profile

Continued

Term funding profile

Detail of drawn funding maturing beyond one year



	AS AT SEP 24					
	1–2 yrs $Ab	2–3 yrs $Ab	3–4 yrs $Ab	4–5 yrs $Ab	5 yrs+ $Ab	**Total $Ab**
Structured notes[1]	–	0.1	0.1	0.2	0.2	**0.6**
Bonds	8.5	4.4	–	1.0	0.9	**14.8**
Unsecured loans	1.0	0.5	–	0.5	3.8	**5.8**
Senior unsecured debt	**9.5**	**5.0**	**0.1**	**1.7**	**4.9**	**21.2**
Securitisation[1]	2.7	2.1	1.2	0.7	1.8	**8.5**
Other secured funding	0.8	1.0	–	–	–	**1.8**
Secured debt	**3.5**	**3.1**	**1.2**	**0.7**	**1.8**	**10.3**
Subordinated debt[2]	0.7	0.9	–	1.3	4.8	**7.7**
Equity and hybrids[2]	0.6	1.0	0.7	–	21.1	**23.4**
Total term funding sources drawn	**14.3**	**10.0**	**2.0**	**3.7**	**32.6**	**62.6**
Undrawn[3]	0.3	0.2	0.1	0.1	0.3	**1.0**
Total term funding sources drawn and undrawn	**14.6**	**10.2**	**2.1**	**3.8**	**32.9**	**63.6**

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 customer deposits, equity and securitisations) was 3.4 years as at 30 September 2024.

As at 30 September 2024, in addition to drawn term funding in table above, customer deposits represented $A158.3 billion (57% of the Bank Group's total funding). Short-term (maturing in less than 12 months) commercial paper and certificates of deposit represented $A40.2 billion (14% of total funding), and other debt funding maturing within 12 months and net trade creditors represented $A17.6 billion (6% of total funding).

[1] Securitisation and structured notes are profiled using a behavioural maturity profile.
[2] Included in this balance are securities with conditional repayment obligations. These securities are disclosed using the earlier repricing dates instead of contractual maturity.
[3] Includes securitisations which are profiled using a behavioural maturity profile and subject to eligible collateral being available.

5.4 Funding Profile

Continued

The key tools used for raising debt funding, which primarily fund MBL and the Bank Group, are as follows[1]:

- $US25 billion Regulation S Debt Instrument Programme under which $US7.4 billion of debt securities were outstanding as at 30 September 2024
- $US25 billion MBL Commercial Paper Program under which $US19.4 billion of debt securities were outstanding as at 30 September 2024
- $US25 billion US Rule 144A/Regulation S Medium-Term Note Program, including senior and subordinated notes, under which $US11.4 billion of debt securities were outstanding as at 30 September 2024
- $A11.1 billion of external securitisation of which $A9.3 billion PUMA RMBS and $A1.8 billion SMART ABS was drawn as at 30 September 2024
- $US10 billion European Commercial Paper Programme, including Euro Commercial Paper and Euro Certificates of Deposit, under which $US5.1 billion of debt securities were outstanding as at 30 September 2024
- $A10 billion Covered Bond Programme under which $A1 billion of debt securities were outstanding as at 30 September 2024
- $A10 billion Regulation S Subordinated Notes Debt Programme under which $A2.5 billion of debt securities were outstanding as at 30 September 2024
- $US5 billion MIFL Commercial Paper Programme under which $US1 billion of debt securities were outstanding as at 30 September 2024
- $US5 billion Structured Note Programme under which $US0.5 billion of structured notes were outstanding as at 30 September 2024
- $A6.4 billion[2] of Unsecured Loan Facilities of which $A6.3 billion was drawn as at 30 September 2024
- $A2.4 billion of other subordinated unsecured debt outstanding as at 30 September 2024; and
- $US0.8 billion[3] Secured Trade Finance Facility of which $US0.7 billion was drawn as at 30 September 2024.

Macquarie Bank accesses the Australian capital markets through the issuance of Negotiable Certificates of Deposit. As at 30 September 2024, Macquarie Bank had $A0.5 billion of these securities outstanding.

Macquarie Bank as a RITS member is able to access the RBA daily market operations.

[1] Funding outstanding excludes capitalised costs.
[2] Includes issuance out of MIFL and MBE. Values are Australian dollar equivalents as at 30 September 2024.
[3] Values are US dollar equivalents as at 30 September 2024.

5.4 Funding Profile

Continued

Deposit strategy

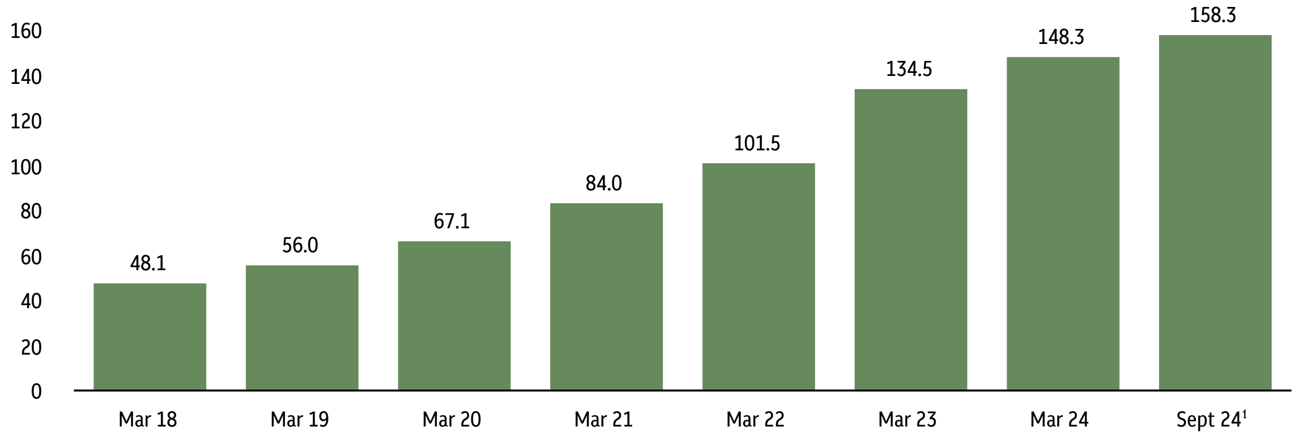
MBL continues to pursue a deposit strategy that is consistent with the core liquidity management strategy of achieving diversity and stability of funding sources. The strategy is focused on growing the BFS deposit base, which represents a stable and reliable source of funding and reduces Macquarie's reliance on wholesale funding markets.

In particular, MBL is focused on the quality and diversification of the deposit base, targeting transactional and relationship-based deposits. MBL is covered by the Financial Claims Scheme (FCS), an Australian Government scheme that provides protection to depositors up to a limit of $A250,000 per account holder per ADI.

The chart below illustrates the customer deposit growth since 31 March 2018.

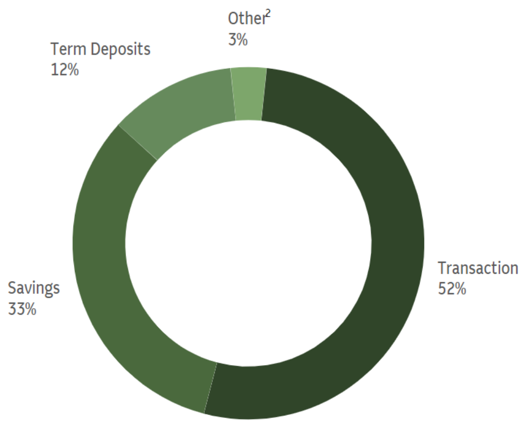
Customer deposits

$A billion

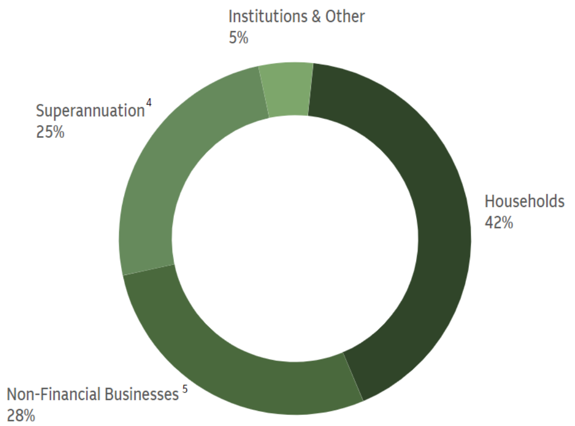


Composition of customer deposits

By Type[1]



By Counterparty[3]



[1] Total customer deposits include BFS deposits of $A153.1 billion and $A5.2 billion of corporate/wholesale deposits, including those taken by MBE as at 30 September 2024.
[2] Includes corporate/wholesale deposits.
[3] As at 30 September 2024 for Total Residents Deposits on Australian books per APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS).
[4] Predominantly Self-Managed Super Funds.
[5] Predominantly Private Enterprises and Trusts.

5.5 Explanatory Notes Concerning Funding Sources and Funded Assets

1. Commercial paper and certificates of deposit

Short-term wholesale funding.

2. Net trade creditors/debtors

Short-term working capital balances (debtors and creditors) are created through the Bank Group's day-to-day operations. A net funding use (or source) will result due to timing differences in cash flows.

3. Structured notes

Includes debt instruments on which the return is linked to a number of variables including interest rates, currencies, equities and credit. They are generally issued as part of structured transactions with clients and are hedged with positions in underlying assets or derivative instruments.

4. Secured funding

Funding arrangements secured against an asset (or pool of assets) including securitisations.

5. Bonds

Unsecured long-term wholesale funding.

6. Unsecured loans

Loan facilities not secured by specific assets or collateral.

7. Customer deposits

BFS customer deposits and other corporate/wholesale deposits. The Australian Government Financial Claims Scheme covers eligible deposits in Macquarie Bank.

8. Subordinated debt

Long-term debt obligations.

9. Equity and hybrids

Equity balances are comprised of issued capital, retained earnings and reserves. Hybrid instruments as at 30 September 2024 include MACS, BCN 2 and BCN 3.

10. Cash and liquid assets

Cash and liquid assets are held as cash balances (including central bank reserves and overnight lending to financial institutions), qualifying HQLA, and other RBA repo-eligible securities.

11. Net trading assets

The net trading asset balance consists of financial markets, commodities and equity trading assets including the net derivative position, any trading-related receivables or payables and margin or collateral balances.

12. Other loan assets including operating lease assets

This represents loans provided to retail and wholesale borrowers, as well as assets held under operating leases. Excludes home loans.

See section 4.2 for further information.

13. Home loans

Loans secured by mortgages over residential property.

14. Debt investments

These can include various categories of debt securities including asset backed securities, bonds, commercial mortgage backed securities and residential mortgage backed securities.

15. Co-investment in Macquarie-managed funds and other equity investments

These include equity investments at fair value, interests in associates and joint ventures and other equity investments.

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06
Capital

6.1 Bank Group Capital

The Bank Group is regulated by APRA and is required to hold a minimum level of regulatory capital to cover its regulatory risk-weighted assets (RWA).

The Bank Group is accredited by APRA under the Basel Foundation Internal Ratings Based approach (FIRB) for credit risk and the Internal Model Approach for market risk and interest rate risk in the banking book (IRRBB). These advanced approaches place a higher reliance on a bank's internal capital measures and therefore require a more sophisticated level of risk management and risk measurement practices. Operational risk is subject to the Standardised Measurement Approach.

Capital disclosures in this section include APRA Basel III and Harmonised Basel III[1]. The former reflects Macquarie's regulatory requirements under APRA Basel III rules, whereas the latter is relevant for comparison with banks regulated by regulators other than APRA.

Pillar 3

The APRA Prudential Standard APS 330 Public Disclosure (APS 330) details the market disclosure requirements for Australian domiciled banks. APS 330 requires qualitative and quantitative disclosure of risk management practices and capital adequacy. Pillar 3 documents are available on Macquarie's website.

Common Equity Tier 1 Capital

The Bank Group's Common Equity Tier 1 capital under Basel III consists of ordinary share capital, retained earnings and certain reserves, less prescribed regulatory adjustments. MBL periodically pays dividends to MGL. As required, MGL may inject capital into MBL.

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 30 September 2024 consists of MACS, BCN2 and BCN3.

MACS were issued by MBL, acting through its London Branch in March 2017. MACS are subordinated, unsecured notes that pay discretionary, non-cumulative, semi-annual fixed rate cash distributions. Subject to certain conditions the MACS may be redeemed on 8 March 2027, or every fifth anniversary thereafter. MACS can be exchanged for a variable number of fully paid MGL ordinary shares on an acquisition event (where a person acquires control of MBL or MGL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

BCN2 were issued by MBL in June 2020 and are quoted on the Australian Securities Exchange. The BCN2 pay discretionary, quarterly floating rate cash distributions equal to three month BBSW plus 4.70% per annum margin, adjusted for franking credits. These instruments are non-cumulative and unsecured and may be redeemed at face value on 21 December 2025, 21 June 2026 or 21 December 2026 (subject to certain conditions being satisfied) or earlier in specified circumstances. The BCN2 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 21 December 2028; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL or MBL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

BCN3 were issued by MBL in August 2021 and are quoted on the Australian Securities Exchange. The BCN3 pay discretionary, quarterly floating rate cash distributions equal to three-month BBSW plus 2.90% per annum margin, adjusted for franking credits. These instruments are non-cumulative and unsecured and may be redeemed at face value on 7 September 2028, 7 March 2029, or 7 September 2029 (subject to certain conditions being satisfied) or earlier in specified circumstances. The BCN3 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 8 September 2031; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL or MBL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

[1] 'Harmonised' Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS and so impacts shown are indicative only.

Bank Group Basel III Tier 1 Capital

	AS AT SEP 24		AS AT MAR 24		MOVEMENT	
	APRA Basel III	Harmonised Basel III	APRA Basel III	Harmonised Basel III	*APRA Basel III*	*Harmonised Basel III*
	$Am	$Am	$Am	$Am	*%*	*%*
Common Equity Tier 1 capital						
Paid-up ordinary share capital	**10,209**	**10,209**	10,182	10,182	*<1*	*<1*
Retained earnings	**9,916**	**9,733**	9,934	9,735	–	–
Reserves	**847**	**847**	1,237	1,237	*(32)*	*(32)*
Gross Common Equity Tier 1 capital	**20,972**	**20,789**	21,353	21,154	*(2)*	*(2)*
Regulatory adjustments to Common Equity Tier 1 capital:						
Goodwill	**38**	**38**	40	40	*(5)*	*(5)*
Other intangible assets	**51**	**51**	47	47	*9*	*9*
Deferred tax assets	**941**	**66**	1,032	57	*(9)*	*16*
Net other fair value adjustments	**94**	**94**	105	105	*(10)*	*(10)*
Capitalised expenses	**811**	**–**	783	–	*4*	–
Shortfall in provisions for credit losses	**327**	**128**	487	251	*(33)*	*(49)*
Equity exposures	**1,032**	**–**	1,080	–	*(4)*	–
Other Common Equity Tier 1 capital deductions	**68**	**41**	71	49	*(4)*	*(16)*
Total Common Equity Tier 1 capital deductions	**3,362**	**418**	3,645	549	*(8)*	*(24)*
Net Common Equity Tier 1 capital	**17,610**	**20,371**	17,708	20,605	*(1)*	*(1)*
Additional Tier 1 Capital						
Additional Tier 1 capital instruments	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Gross Additional Tier 1 capital	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Deduction from Additional Tier 1 capital	**–**	**–**	–	–	–	–
Net Additional Tier 1 capital	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Total Net Tier 1 capital	**19,991**	**22,752**	20,154	23,051	*(1)*	*(1)*

6.1 Bank Group Capital

Continued

Bank Group Basel III Risk-Weighted Assets (RWA)

	AS AT SEP 24		AS AT MAR 24		MOVEMENT	
	APRA Basel III $Am	Harmonised Basel III $Am	APRA Basel III $Am	Harmonised Basel III $Am	APRA Basel III %	Harmonised Basel III %
Credit risk						
Subject to IRB approach:						
Corporate[1]	**31,775**	**24,005**	29,478	21,580	*8*	*11*
SME Corporate	**9,194**	**6,469**	8,733	6,137	*5*	*5*
Sovereign	**1,077**	**2,056**	343	2,229	*214*	*(8)*
Financial Institution[2]	**11,357**	**10,440**	10,601	8,848	*7*	*18*
Residential mortgage	**28,861**	**15,938**	23,206	12,035	*24*	*32*
Other retail	**1,093**	**994**	1,452	1,320	*(25)*	*(25)*
Retail SME	**1,005**	**915**	1,245	1,132	*(19)*	*(19)*
Total RWA subject to IRB approach	**84,362**	**60,817**	75,058	53,281	12	*14*
Specialised lending exposures subject to slotting criteria[3]	**5,370**	**5,370**	7,447	7,447	*(28)*	*(28)*
Subject to Standardised approach:						
Corporate	**1,838**	**2,486**	1,996	2,934	*(8)*	*(15)*
Residential mortgage	**584**	**584**	663	663	*(12)*	*(12)*
Other Retail	**798**	**798**	824	824	*(3)*	*(3)*
Total RWA subject to Standardised approach	**3,220**	**3,868**	3,483	4,421	*(8)*	*(13)*
Credit risk RWA for securitisation exposures	**806**	**1,143**	765	1,053	*5*	*9*
Credit Valuation Adjustment RWA	**9,505**	**9,505**	6,578	6,578	*44*	*44*
Exposures to Central Counterparties RWA	**530**	**530**	526	526	*1*	*1*
RWA for Other Assets[4]	**4,370**	**7,368**	4,393	7,612	*(1)*	*(3)*
Total Credit risk RWA	**108,163**	**88,601**	98,250	80,918	10	*9*
Equity risk exposures RWA	**-**	**2,580**	-	2,700	-	*(4)*
Market risk RWA	**8,619**	**8,619**	10,529	10,529	*(18)*	*(18)*
Operational risk RWA	**17,512**	**16,256**	17,512	16,256	-	-
Interest rate risk in banking book RWA	**3,773**	**-**	3,748	-	*1*	-
Total Bank Group RWA	**138,067**	**116,056**	130,039	110,403	*6*	*5*
Capital ratios						
Bank Group Level 2 Common Equity Tier 1 capital ratio (%)	**12.8**	**17.6**	13.6	18.7		
Bank Group Level 2 Tier 1 capital ratio (%)	**14.5**	**19.6**	15.5	20.9		

[1] 'Corporate' asset class includes Large Corporates.
[2] 'Financial Institution' asset class includes banks and other corporate financial institutions.
[3] Specialised lending exposures subject to supervisory slotting criteria are measured using APRA determined risk weightings.
[4] The major components of Other Assets are unsettled trades, fixed assets and residual value of operating leases.

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07
Glossary

7.1 Glossary

Defined term	Definition
1H24	The six months ended 30 September 2023.
2H24	The six months ended 31 March 2024.
1H25	The six months ended 30 September 2024.
A	
AASB	Australian Accounting Standards Board.
ABS	Asset Backed Securities.
ADI	Authorised Deposit-taking institution.
Additional Tier 1 Capital	A capital measure defined by APRA comprising high quality components of capital that satisfy the following essential characteristics: • provide a permanent and unrestricted commitment of funds; • are freely available to absorb losses; • rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer; and • provide for fully discretionary capital distributions.
Additional Tier 1 Deductions	An amount deducted in determining Additional Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
ALCO	The Asset and Liability Committee.
AMA	Advanced Measurement Approach (for determining operational risk).
ANZ	Australia and New Zealand.
APRA	Australian Prudential Regulation Authority.
Asset Finance	Asset Finance is a global provider of specialist finance and asset management solutions across: Technology, Media and Telecoms; Energy, Renewables and Sustainability; Fund Finance; Resources; Structured Lending; and Shipping and Export Credit Agencies.
Associates	Associates are entities over which Macquarie has significant influence, but not control. Investments in associates may be further classified as Held for sale ('HFS') associates. HFS associates are those that have a high probability of being sold within 12 months to external parties. Associates that are not held for sale are carried at cost and equity-accounted. Macquarie's share of the investment's post-acquisition profits and losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised within equity.
B	
Bank Group	MBL and its subsidiaries.
Bank Group Capital	Level 2 regulatory group capital.
Banking Group	The Banking Group comprises BFS and most business activities of CGM.
Basel III IRB Formula	A formula to calculate RWA, as defined in Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk.
BCBS	Basel Committee on Banking Supervision.
BCN2	On 2 June 2020, MBL issued 6.4 million Macquarie Bank Capital Notes 2 (BCN2) at a face value of $A100 each. BCN2 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 21 December 2025, 21 June 2026 or 21 December 2026 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN2 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 21 December 2028; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
BCN3	On 27 August 2021, MBL issued 6.5 million Macquarie Bank Capital Notes 3 (BCN3) at a face value of $A100 each. BCN3 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 7 September 2028, 7 March 2029 or 7 September 2029 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN3 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 8 September 2031; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

Defined term	Definition
BBSW	Bank Bill Swap Rate.
BFS	Banking and Financial Services.
BFS deposits	BFS deposits are deposits by counterparties including individuals, self-managed super funds, and small-medium businesses. Deposit products include Cash Management Account, Term Deposits, Regulated Trust Accounts, and Transaction Accounts.
C	
CCB	Capital Conservation Buffer.
Central Service Groups	The Central Service Groups consist of the Corporate Operations Group, Financial Management Group, Risk Management Group, Legal and Governance and Central Executive.
CGM	Commodities and Global Markets.
Common Equity Tier 1 Capital	A capital measure defined by APRA, comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • provide a permanent and unrestricted commitment of funds; • are freely available to absorb losses; • do not impose any unavoidable servicing charge against earnings; and • rank behind the claims of depositors and other creditors in the event of winding up. Common Equity Tier 1 Capital comprises paid up capital, Retained earnings, and certain reserves.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
Common Equity Tier 1 Deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
E	
ECL	Expected Credit Losses as defined and measured in terms of AASB 9: Financial Instruments.
Effective tax rate	The income tax expense as a percentage of the profit before income tax, both adjusted for amounts attributable to non-controlling interests (if applicable). The effective tax rate differs from the Australian company tax rate due to permanent differences arising from the income tax treatment of certain income and expenses as well as tax rate differentials on some of the income earned offshore.
Expense/Income ratio	Total operating expenses expressed as a percentage of Net operating income.
F	
Financial Report	Macquarie Bank Limited Interim Financial Report.
FIRB	Foundation Internal Ratings Based Approach (for determining credit risk).
FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
FY24	The year ended 31 March 2024.
FY25	The year ended 31 March 2025.
H	
Headcount	Headcount represents Macquarie's active permanent and variable workforce, and includes Macquarie employees (permanent and casual) and its contingent workers (contractors, agency workers and secondees). Macquarie's non-executive directors are not included.
HQLA	High-quality liquid assets.

7.1 Glossary

Continued

Defined term	Definition
M	
Macquarie Bank, the Consolidated Entity	Macquarie Bank Limited and its subsidiaries.
Macquarie Group	MGL and its subsidiaries.
MACS	On 8 March 2017, MBL, acting through its London Branch, issued $US750 million of Macquarie Additional Capital Securities (MACS). MACS are subordinated, unsecured notes that pay discretionary, non-cumulative, semi-annual fixed rate cash distributions. Subject to certain conditions the MACS may be redeemed on 8 March 2027, or every 5th anniversary thereafter. MACS can be exchanged for a variable number of MGL ordinary shares on an acquisition event (where a person acquires control of MBL or MGL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MAMHPL	Macquarie Asset Management Holdings Pty Ltd.
Management	Members of Macquarie's Executive Committee and Executive Directors who have a significant management or risk responsibility in the organisation.
MBE	Macquarie Bank Europe.
MBL, the Company	Macquarie Bank Limited ABN 46 008 583 542.
MEREP	Macquarie Group Employee Retained Equity Plan.
MFHPL	Macquarie Financial Holdings Pty Limited.
MGL	Macquarie Group Limited ABN 94 122 169 279.
MIFL	Macquarie International Finance Limited.
N	
Net loan losses	The impact on the income statement of loan amounts provided for or written-off during the period, net of the recovery of any such amounts which were previously written-off or provided for in the income statement.
Net Trading Income	Income that comprises gains and losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences.
Non-Bank Group	MGL, MFHPL and its subsidiaries, and MAMHPL and its subsidiaries.
Non-Banking Group	The Non-Banking Group comprises Macquarie Capital, Macquarie Asset Management and some business activities of CGM.
Non-GAAP metrics	Non-GAAP metrics include financial measures, ratios and other information that are neither required nor defined under Australian Accounting Standards.
O	
Operating Groups	The Operating Groups consist of BFS and CGM.
OTC	Over-the-counter.
R	
RBA	Reserve Bank of Australia.
Risk-weighted assets (RWA)	A risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
RITS	Reserve Bank Information and Transfer System
RMBS	Residential Mortgage-Backed Securities.
S	
SPEs	Special Purpose Entities.
Subordinated debt	Debt issued by Macquarie for which agreements between Macquarie and the lenders provide, in the event of liquidation, that the 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 Macquarie. Subordinated debt is classified as liabilities in the Macquarie financial statements and may be included in Tier 2 Capital.
T	
TFF	Reserve Bank of Australia Term Funding Facility.
Tier 1 Capital	Tier 1 Capital comprises of (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital.
Tier 1 Capital Deductions	Tier 1 Capital Deductions comprises of (i) Common Equity Tier 1 Capital Deductions; and (ii) Additional Tier 1 Capital Deductions.
Tier 1 Capital Ratio	Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA.
U	
UK	The United Kingdom.
US	The United States of America.

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