



Macquarie Bank Limited
(ABN 46 008 583 542)

Disclosure Report (U.S. Version)
for the half year ended September 30, 2024

Dated: November 15, 2024

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CERTAIN DEFINITIONS

In this Disclosure Report (U.S. Version) for the half year ended September 30, 2024 (this “*Report*”), unless otherwise specified or the context otherwise requires:

- “*Non-Banking Group*” or “*Non-Bank Group*” means MGL, Macquarie Financial Limited and its subsidiaries and Macquarie Asset Management Holdings Pty Ltd and its subsidiaries;
- “*2024 Annual U.S. Disclosure Report*” means our Disclosure Report (U.S. Version) for the fiscal year ended March 31, 2024 and the documents incorporated by reference therein;
- “*2024 Fiscal Year Management Discussion and Analysis Report*” means our Management Discussion and Analysis Report dated May 3, 2024, which includes a comparative discussion and analysis of our results of operations and financial condition for the fiscal year ended March 31, 2024 compared to the fiscal year ended March 31, 2023, along with other balance sheet, capital and liquidity disclosures as at or for the fiscal year ended March 31, 2024, and which is incorporated by reference herein and has been posted on MBL’s U.S. Investors’ Website;
- “*2025 Half Year Management Discussion and Analysis Report*” means our Management Discussion and Analysis Report dated November 1, 2024, which includes a comparative discussion and analysis of our results of operations and financial condition for the half year ended September 30, 2024 compared to the half year ended September 30, 2023, along with other balance sheet, capital and liquidity disclosures as at or for the half year ended September 30, 2024, and which is incorporated by reference herein and has been posted on MBL’s U.S. Investors’ Website;
- “*2025 Interim Directors’ Report and Financial Report*” means our 2025 Interim Directors’ Report and Financial Report; and
- “*2025 interim financial statements*” means our unaudited financial statements for the half year ended September 30, 2024 contained in our 2025 Interim Directors’ Report and Financial Report.

In addition, you should refer to “Certain Definitions” beginning on page ii of our 2024 Annual U.S. Disclosure Report, which is posted on Macquarie Bank Limited’s (“*MBL*”) U.S. Investors’ Website at <http://www.macquarie.com/au/en/disclosures/us-investors/macquarie-bank-limited.html> (“*MBL’s U.S. Investors’ Website*”).

Our fiscal year ends on March 31, so references to years such as “*2024*” or “*fiscal year*” and like references in the discussion of our financial statements, results of operations and financial condition are to the 12 months ending on March 31 of the applicable year, and, in connection with our interim financial statements, results of operations and financial condition, references such as “*half year*” and like references are to the six months ending on September 30 of the preceding year.

In this Report, prior financial period amounts that have been reported in financial statements for or contained in the discussion of a subsequent financial period may differ from the amounts reported in the financial statements for or contained in the discussion of the financial statements for that prior financial period as the prior financial period amounts may have been adjusted to conform with changes in presentation in the subsequent financial period.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report contains statements that constitute “*forward-looking statements*” within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934. Examples of these forward-looking statements include, but are not limited to: (i) statements regarding our future results of operations and financial condition; (ii) statements of plans, objectives or goals, including those related to our products or services; and (iii) statements of assumptions underlying those statements. Words such as “*may*”, “*will*”, “*expect*”, “*intend*”, “*plan*”, “*estimate*”, “*anticipate*”, “*believe*”, “*continue*”, “*probability*”, “*risk*”, and other similar words are intended to identify forward-looking statements but are not the exclusive means of identifying those statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- conditions in financial markets, global credit and other economic and geopolitical challenges generally;
- market uncertainty, volatility and investor confidence;
- our ability to deal effectively with an economic slowdown or other economic or market difficulties or disruptions;
- defaults by other large financial institutions or counterparties;
- negative impacts to our liquidity due to market disruptions, macroeconomic shocks or legal and regulatory change;
- our ability to effectively manage our capital and liquidity and to adequately fund the operations of the MBL Group;
- changes to the credit ratings assigned to each of MBL and Macquarie Group Limited (“*MGL*”), our indirect parent company;
- changes in and increased volatility in currency exchange rates;
- losses due to price volatility in equity markets or other markets;
- our ability to effectively hedge our trading exposures;
- risks associated with our physical commodities activities;
- funding constraints of potential purchasers of our assets or on our clients;
- inflationary pressures;
- losses due to climate change;
- the effect of, and changes in, laws, regulations, taxation or accounting standards or practices, or government policy, including as a result of regulatory proposals for reform of the banking and funds management industries in Australia and the other countries in which we conduct our operations or which we may enter in the future;
- restrictions on the ability of our subsidiaries to make payments to MBL;
- our failure to comply with laws governing financial crime, including sanctions;
- increased governmental and regulatory scrutiny and negative publicity;
- litigation and regulatory actions against us;

- risks associated with the replacement of interest rate benchmarks;
- changes in the credit quality of MBL's counterparties;
- our ability to attract and retain employees;
- inadequate or failed internal or external operational systems and risk management processes;
- the effectiveness of our risk management processes and strategies;
- increased demands on our managerial, legal, accounting, IT, risk management, operational and financial resources;
- the performance and financial condition of MGL;
- the impact of cyber-attacks, technology disruption events and other information or security breaches;
- our ability to maintain appropriately staffed workforces and a healthy and safe work environment;
- environmental and social factors;
- the impact of catastrophic events on MBL and its operations;
- failure of our insurance carriers or our failure to maintain adequate insurance cover;
- risks in using custodians;
- lack of control over entities in the MGL Group that are not part of the MBL Group;
- our ability to complete, integrate or process acquisitions, disposals, mergers and other significant corporate transactions;
- our ability to effectively manage our growth;
- adverse impact on our brand and reputation;
- the effects of competition in the geographic and business areas in which we conduct our operations or which we may enter in the future;
- conflicts of interest;
- the impact of potential tax liabilities;
- changes in accounting standards, policies, interpretations, estimates, assumptions and judgments; and
- various other factors beyond our control.

The foregoing list of important factors is not exhaustive. Statements that include forward-looking statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of the risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Report as anticipated, believed, estimated, expected or intended.

When relying on forward-looking statements to make decisions with respect to the MBL Group, investors and others should carefully consider the foregoing factors and other uncertainties and events and are cautioned not to place undue reliance on forward-looking statements.

We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Report.

Significant risk factors applicable to the MBL Group are described under “Risk Factors” and elsewhere in this Report. Other factors are discussed in our 2025 Half Year Management Discussion and Analysis Report and in our 2024 Fiscal Year Management Discussion and Analysis Report, which are incorporated by reference in our 2024 Annual U.S. Disclosure Report.

AUSTRALIAN EXCHANGE CONTROL RESTRICTIONS

The Australian dollar is convertible into U.S. dollars at freely floating rates, subject to the sanctions described below. The Autonomous Sanctions Regulations 2011 promulgated under the Autonomous Sanctions Act 2011 of Australia, the Charter of the United Nations Act 1945 of Australia and other laws and regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism or money laundering.

The Australian Department of Foreign Affairs and Trade (“*DFAT*”) maintains a list of all persons and entities having a prescribed connection with terrorism and a list of all persons and entities that are subject to autonomous sanctions (which include economic sanctions) which are available to the public at the Department’s website at <http://www.dfat.gov.au/international-relations/security/sanctions/consolidated-list>.

In addition, DFAT has established the Australian Sanctions Office (the “*ASO*”), which is the Australian government’s sanctions regulator. The ASO sits within DFAT’s Regulatory Legal Division in the Security, Legal and Consular Group. As the sanctions regulator, the ASO:

- provides guidance to regulated entities, including government agencies, individuals, business and other organizations on Australian sanctions law;
- processes applications for, and issues, sanctions permits;
- works with individuals, business and other organizations to promote compliance and help prevent breaches of the law;
- works in partnership with other government agencies to monitor compliance with sanctions legislation; and
- supports corrective and enforcement action by law enforcement agencies in cases of suspected non-compliance.

Further information is available at <https://www.dfat.gov.au/international-relations/security/sanctions>.

FINANCIAL INFORMATION PRESENTATION

Investors should read the following discussion regarding the presentation of our financial information together with the discussion under “Financial Information Presentation” beginning on page ix of our 2024 Annual U.S. Disclosure Report, our 2025 Half Year Management Discussion and Analysis Report and our historical financial statements.

Our financial information

In addition to this section, investors should refer to the discussion of our historical financial information included elsewhere in this Report and in the following additional information posted on MBL’s U.S. Investors’ Website:

- the section of this Report under the heading “Recent Developments — Trading conditions and market update”, which includes a discussion of operating conditions during the half year ended September 30, 2024 and the impact of such operating conditions on the MBL Group;
- the section of this Report under the heading “Management’s Discussion and Analysis of Interim Results of Operations and Financial Condition”, which incorporates by reference our 2025 Half Year Management Discussion and Analysis Report, which includes a comparative discussion and analysis of our results of operations and financial condition for the half year ended September 30, 2024 compared to the half year ended September 30, 2023, along with other balance sheet, capital and liquidity disclosures as at or for the half year ended September 30, 2024;
- our Pillar 3 Disclosure Document dated June 2024, the Pillar 3 Disclosure Document dated March 2024, the Pillar 3 Disclosure Document dated December 2023, the Pillar 3 Disclosure Document dated September 2023 and the Pillar 3 Restatement for the period from March 2018 to June 2021, which describe the Bank’s capital position, risk management policies and risk management framework and the measures adopted to monitor and report within this framework; and
- our historical financial statements, which are included in the extracts from our 2025 Half Year Management Discussion and Analysis Report.

Unless otherwise indicated, conversions of Australian dollars to U.S. dollars in this Report have been made at the exchange rate of US\$0.6934 per A\$1.00, which was the noon buying rate in New York City for cable transfers of Australian dollars as certified for customs purposes for the Federal Reserve Bank of New York on September 30, 2024. The noon buying rate on November 8, 2024 was US\$0.6573 per A\$1.00.

Certain differences between Australian Accounting Standards and U.S. GAAP

For information on certain differences between Australian Accounting Standards and U.S. GAAP, see “Financial Information Presentation — Certain differences between Australian Accounting Standards and U.S. GAAP” beginning on page x of our 2024 Annual U.S. Disclosure Report.

Critical accounting policies and significant judgments

For information on our critical accounting policies and significant judgments, see “Financial Information Presentation — Critical accounting policies and significant judgments” beginning on page x of our 2024 Annual U.S. Disclosure Report.

Pending accounting standards changes

For a description of standards, interpretations and amendments to Australian Accounting Standards that are not yet effective but could have a significant impact on our accounting policies, see Note 1 to our 2025 interim financial statements.

Non-GAAP financial measures

We report our financial results in accordance with Australian Accounting Standards. However, we include certain financial measures and ratios that are not prepared in accordance with Australian Accounting Standards that we believe provide useful information to investors in measuring the financial performance and condition of our business for the reasons set out below. In addition, some of these non-GAAP financial measures are used by the MBL Group in respect of our financial results. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. You are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included or incorporated by reference into this Report and in the additional information posted on MBL's U.S. Investors' Website. For further information on our non-GAAP financial measures, see "Financial Information Presentation — Non-GAAP financial measures" beginning on page xi of our 2024 Annual U.S. Disclosure Report.

RISK FACTORS

We are subject to a variety of risks that arise out of our financial services and other businesses, many of which are not within our control. We manage our ongoing business risks in accordance with our risk management policies and procedures, some of which are described in “Risk Management” in section 2 of the 2024 Annual Report of MGL and in Note 33 to our 2024 annual financial statements.

The significant risk factors applicable to the MBL Group are described under “Risk Factors” beginning on page 1 of our 2024 Annual U.S. Disclosure Report.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization as at September 30, 2024.

The information relating to the MBL Group in the following table is based on our 2025 interim financial statements, which were prepared in accordance with Australian Accounting Standards, and should be read in conjunction therewith.

	As at Sep 30, 2024	
	US\$m ¹	A\$m
CAPITALIZATION		
Borrowings²		
Debt issued — due greater than 12 months.....	21,842	31,500
Loan capital — due greater than 12 months.....	7,059	10,180
Total borrowings³.....	28,901	41,680
Equity		
Contributed equity		
Ordinary share capital.....	6,850	9,879
Equity contribution from ultimate parent entity	230	331
Reserves	591	852
Retained earnings	6,953	10,027
Total equity	14,624	21,089
TOTAL CAPITALIZATION.....	43,525	62,769

¹ Conversions of Australian dollars to U.S. dollars have been made at the noon buying rate on September 30, 2024, which was US\$0.6934 per A\$1.00.

² As at September 30, 2024, we had A\$10.3 billion of secured indebtedness due in greater than 12 months compared to A\$10.2 billion as at March 31, 2024.

³ Total borrowings do not include our short-term debt securities, including the current portion of long-term debt. Short-term debt totaled A\$57.8 billion as at September 30, 2024 and security backed funding totaled A\$nil as at September 30, 2024 compared to A\$57.0 billion and A\$nil, respectively, as at March 31, 2024.

For details on our short-term debt position as at September 30, 2024, see section 5.4 of our 2025 Half Year Management Discussion and Analysis Report.

RECENT DEVELOPMENTS

The following are significant recent developments for the MBL Group that have occurred since the release of our 2024 Annual U.S. Disclosure Report on May 17, 2024.

Investors should be aware that the information set forth in this Report is not complete and should be read in conjunction with the discussion under “Risk Factors” beginning on page 1 and under “Macquarie Bank Limited” beginning on page 15 of our 2024 Annual U.S. Disclosure Report and other information posted on MBL’s U.S. Investors’ Website.

Board of directors

The following table sets forth certain information regarding our Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Glenn Stevens ¹	66	Independent Non-Executive Director & Chair of MBL
Stuart Green	59	Managing Director and Chief Executive Officer of MBL
Shemara Wikramanayake ¹	63	Executive Director of MBL
Jillian Broadbent ¹	76	Independent Non-Executive Director of MBL
Philip Coffey ¹	67	Independent Non-Executive Director of MBL
Michelle Hinchliffe ¹	59	Independent Non-Executive Director of MBL
Susan Lloyd-Hurwitz ¹	57	Independent Non-Executive Director of MBL
Rebecca McGrath ¹	59	Independent Non-Executive Director of MBL
Mike Roche ¹	71	Independent Non-Executive Director of MBL
Ian Saines	62	Independent Non-Executive Director of MBL
David Whiteing	55	Independent Non-Executive Director of MBL
Wayne Byres	58	Independent Non-Executive Director of MBL

¹ Also a Director of MGL.

For more information about our Directors, see pages 28 to 34 of our 2024 Annual Report incorporated by reference herein.

Ratings upgrade

On May 27, 2024, Fitch Ratings upgraded MBL’s long-term issuer default rating from A to A+. MBL’s outlook is stable.

Board and management changes during the half year ended September 30, 2024

MBL Board elections and retirements:

- Michael Coleman retired as an Independent Non-Executive Director of MBL, effective July 26, 2024.

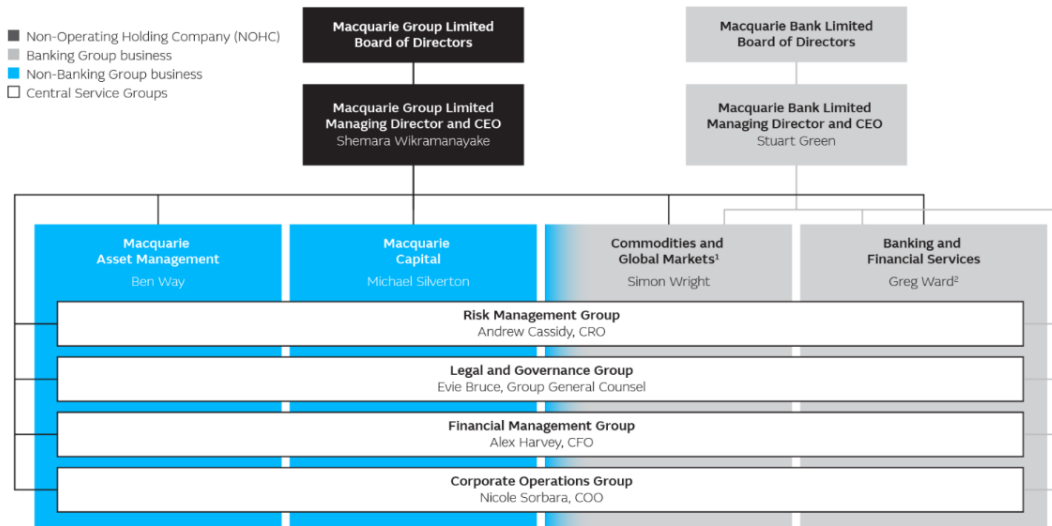
Organizational structure

MBL is an indirect wholly owned subsidiary of MGL and forms part of the Banking Group. MBL comprises two operating groups: Banking and Financial Services and Commodities and Global Markets. Certain assets of the Financial Markets business and certain activities of the Commodity Markets and Finance business, and some other less financially significant activities, are undertaken from within the Non-Banking Group.

MBL Group currently provides services to both the Banking Group and the Non-Banking Group through the Corporate segment. The Corporate segment is not considered an operating group and includes the following Central Service Groups: Corporate Operations Group, Financial Management Group, Risk Management Group, Legal and Governance Group and Central Executive. Services include: risk management, finance, technology, operations, group treasury, human resources, workplace, legal and corporate governance, corporate affairs, taxation services, strategy, operational risk management, data and transformation, business resilience and global security, central executive services, and other services as may be agreed from time to time.

MBL and MGL have corporate governance and policy frameworks that meet APRA’s requirements for ADIs and NOHCs, respectively. The Banking Group and the Non-Banking Group operate as separate sub-groups within MGL with clearly identifiable businesses, separate capital requirements and discrete funding programs. For further information on MGL and MBL’s liquidity and funding, see the discussion in section 5 of our 2025 Half Year Management Discussion and Analysis Report. Although the Banking Group and the Non-Banking Group operate as separate sub-groups, both are integral to MGL Group’s identity and strategy as they assist the MGL Group in continuing to pursue value adding and diversified business opportunities while meeting its obligations under APRA rules.

The following diagram shows our current organizational structure of the MGL Group and reflects the composition of the Banking and Non-Banking Groups.



As at February 28, 2024

¹ Certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking group.

² The Current Group Head of BFS is also the Deputy Group CEO.

MBL and MGL will continue to monitor and review the appropriateness of the MGL Group structure. From time to time, the optimal allocation of MGL’s businesses between the Banking Group and the Non-Banking Group and within the Banking Group and the Non-Banking Group may be adjusted and MBL and MGL may make changes in light of relevant factors including business growth, regulatory considerations, market developments and counterparty considerations.

Our key strengths

For a description of our key strengths, see “Macquarie Bank Limited — Our key strengths” on page 16 of our 2024 Annual U.S. Disclosure Report.

MBL has met all of its capital requirements throughout the half year ended September 30, 2024. As at September 30, 2024, the Banking Group had a Harmonized Basel III¹ Level 2 Common Equity Tier 1 capital ratio of 17.6%, a Tier 1 capital ratio of 19.6%, and a total capital ratio of 27.4%. The Banking Group’s APRA Basel III Level 2 Common Equity Tier 1 capital ratio was 12.8%, Tier 1 capital ratio was 14.5%, and total capital ratio was 21.0%. The MBL Group continues to monitor regulatory and market developments in relation to liquidity and capital management. For further information on regulation and supervision, see “Regulatory and supervision developments — Australia — APRA”, “Regulatory and supervision developments — Australia — Australian regulatory developments — Capital adequacy” and “Regulatory and supervision developments — Australia — Australian regulatory developments — Liquidity” below, and for further information on our regulatory capital position as at September 30, 2024, see section 6 of our 2025 Half Year Management Discussion and Analysis Report.

¹ “Harmonized” Basel III estimates are calculated in accordance with the Basel Committee on Banking Supervision Basel III framework, noting that MBL is not regulated by the Basel Committee on Banking Supervision and so impacts shown are indicative only.

Our strategy

Our strategy is set out under “Macquarie Bank Limited — Our strategy” on page 18 of our 2024 Annual U.S. Disclosure Report. We expect to continue to assess strategic acquisition and merger opportunities and other corporate transactions as they arise, along with exploring opportunities for further organic growth in our existing and related businesses as an avenue of growth and diversification for the MBL Group in the medium term.

Across our international operations, our strategy focuses on building a global platform in our key areas of expertise, through both acquisitions and organic growth, which we believe will enable us to offer a comprehensive range of MBL products to clients around the world. See “— Overview of the MBL Group — Regional activity” below for further information on MBL’s performance across its key geographical regions.

Trading conditions and market update

Banking and Financial Services in MBL generated a net profit contribution of A\$650 million for the half year ended September 30, 2024.

Commodities and Global Markets in MBL generated a net profit contribution of A\$1,308 million for the half year ended September 30, 2024.

For a discussion of the impact of trading and market conditions on our results of operations and financial condition for the half year ended September 30, 2024, see our 2025 Half Year Management Discussion and Analysis Report for further information.

Overview of the MBL Group

As at September 30, 2024, MBL had total assets of A\$345.3 billion and total equity of A\$21.1 billion. For the half year ended September 30, 2024, our net operating income was A\$5,489 million and profit after tax attributable to ordinary equity holders was A\$1,166 million. Of MBL Group’s net operating income (excluding corporate items), 48% was derived from regions outside Australia.

The tables below show the relative net operating income and profit contribution from ordinary activities of each of our operating groups for the half years ended September 30, 2024 and 2023.

Net operating income of MBL Group by operating group for the half years ended September 30, 2024 and 2023¹

	Half Year ended		Movement
	Sep 30, 2024	Sep 30, 2023	
	A\$m	A\$m	%
Banking and Financial Services	1,586	1,609	(1)
Commodities and Global Markets ²	2,770	2,791	(1)
Total net operating income from operating groups	4,356	4,400	(1)
Corporate ³	1,133	1,177	(4)
Total net operating income	5,489	5,577	(2)

¹ For further information on our segment reporting, see section 3 of our 2025 Half Year Management Discussion and Analysis Report and Note 3 to our 2025 interim financial statements.

² As reported for the MBL Group, the Commodities and Global Markets group excludes certain assets of the Financial Markets business; certain activities of the Commodity Markets and Finance business; and some other less financially significant activities.

³ The Corporate segment includes earnings from legacy businesses within the Bank Group, the net impact of managing liquidity for the MBL Group, earnings on capital, non-trading derivative volatility, provision for legacy matters, earnings from investments, central credit and asset related impairments, unallocated head office costs and costs of central service groups, performance-related profit share and share-based payments expense and income tax expense.

Net profit contribution of MBL Group by operating group for the half years ended September 30, 2024 and 2023¹

	Half Year ended		Movement
	Sep 30, 2024	Sep 30, 2023	
	A\$m	A\$m	%
Banking and Financial Services	650	638	2
Commodities and Global Markets ²	1,308	1,368	(4)
Total contribution to net profit from operating groups.....	1,958	2,006	(2)
Corporate ³	(792)	(689)	15
Profit attributable to the ordinary equity holders of MBL ...	1,166	1,317	(11)

¹ For further information on our segment reporting, see section 3 of our 2025 Half Year Management Discussion and Analysis Report and Note 3 to our 2025 interim financial statements.

² As reported for the MBL Group, the Commodities and Global Markets group excludes certain assets of the Financial Markets business; certain activities of the Commodity Markets and Finance business; and some other less financially significant activities.

³ The Corporate segment includes earnings from legacy businesses within the Bank Group, the net impact of managing liquidity for the MBL Group, earnings on capital, non-trading derivative volatility, provision for legacy matters, earnings from investments, central credit and asset related impairments, unallocated head office costs and costs of central service groups, performance-related profit share and share-based payments expense and income tax expense.

Regional activity

As at September 30, 2024, the MBL Group employed 15,709 staff¹ globally and conducted its operations in 18 markets.

Australia. MBL Group has its origins as the merchant bank Hill Samuel Australia Limited, created in 1969 as a wholly-owned subsidiary of Hill Samuel & Co. Limited, London, and began operations in Sydney in January 1970 with only three staff. As at September 30, 2024, the MBL Group employed 8,771 staff in Australia. In the half year ended September 30, 2024, Australia contributed A\$2,260 million (52%) of our net operating income (excluding corporate items) as compared to A\$2,195 million (50%) in the half year ended September 30, 2023.

Americas. MBL Group has been active in the Americas for 30 years, since we established our first office in New York in 1994, and has grown rapidly over the last several years, both organically and through acquisitions. As at September 30, 2024, the MBL Group employed 1,718 staff across 4 markets. In the half year ended September 30, 2024, the Americas contributed A\$896 million (21%) of our net operating income (excluding corporate items) as compared to A\$824 million (19%) in the half year ended September 30, 2023.

Asia. MBL Group has been active in Asia for more than 25 years, since we established our first office in Hong Kong in 1995. As at September 30, 2024, the MBL Group employed 3,279 staff across 8 markets. MBL has expanded the regional investment and product platforms of Commodities and Global Markets (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 had established an Asian regional “hub” in Singapore in the 2011 fiscal year. In the half year ended September 30, 2024, Asia contributed A\$263 million (6%) of our net operating income (excluding corporate items) as compared to A\$305 million (7%) in the half year ended September 30, 2023.

Europe, Middle East & Africa. MBL Group has been active in Europe since the late 1980s, in Africa since 2000 and the Middle East since 2005. As at September 30, 2024, the MBL Group employed 1,941 staff across 5 markets. In the half year ended September 30, 2024, Europe, Middle East & Africa contributed A\$936 million (21%) of our net operating income (excluding corporate items) as compared to A\$1,075 million (24%) in the half year ended September 30, 2023.

For further information on our segment reporting, see section 3 of our 2025 Half Year Management Discussion and Analysis Report and Note 3 to our 2025 interim financial statements.

¹ This figure includes staff employed in certain operationally segregated subsidiaries. Further references to staff numbers are calculated on this basis.

Recent developments within the MBL Group

Banking and Financial Services

Banking and Financial Services (“BFS”) is in the Bank Group and is MBL Group’s retail banking and financial services business providing a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients. BFS’ net operating income is primarily sourced from interest income earned from the loan portfolio and fee and commission income on a range of products.

BFS comprises the following businesses:

- **Personal Banking:** Provides a diverse range of retail banking products to clients with home loans, transaction and savings accounts and credit cards.
- **Wealth Management:** Provides clients with a wide range of wrap platform and cash management services, investment and superannuation products, financial advice and private banking.
- **Business Banking:** Provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients across a range of key industry segments.

BFS contributed A\$650 million to MBL Group’s net profit in the half year ended September 30, 2024 and, as at September 30, 2024, had 3,318 staff operating predominately in Australia.

For further information and a description of the businesses within BFS and their respective activities, see “Macquarie Bank Limited— Operating groups — Banking and Financial Services” beginning on page 21 of our 2024 Annual U.S. Disclosure Report.

Commodities and Global Markets (excluding certain assets of the Financial Markets business; certain activities of the Commodity Markets and Finance business; and some other less financially significant activities)

Commodities and Global Markets (“CGM”) operates both in the Bank and Non-Bank Group. CGM’s net operating income primarily comprises net interest and trading income, fee and commission income and operating lease income earned from products and services delivered within each of these areas.

CGM is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions across three distinct business lines:

COMMODITIES:

- Provides capital and financing, risk management, and physical execution and logistics solutions across power, gas, emissions, oil, agriculture and resources sectors globally. The division also offers commodity-based index products to institutional investors.

FINANCIAL MARKETS:

Financial Markets provides clients with access to a wide range of service offerings across foreign exchange, rates, credit markets and listed derivatives markets. Our clients benefit from strong deal execution and specialist financing solutions that are underpinned by deep technical and fundamental market analysis. Our two divisions in Financial Markets are:

- **Fixed Income & Currencies:** Provides currency and fixed income trading and hedging services as well as financing of warehouse, securitization and settlement solutions across a range of asset classes for corporates and institutional clients globally.
- **Futures:** Provides a full range of execution, clearing and financing solutions to corporate and institutional clients, providing continuous 24-hour coverage of major markets globally.

ASSET FINANCE:

- Delivers a diverse range of tailored finance solutions globally across a variety of industries and asset classes.

CENTRAL:

- Develops and manages cross-divisional initiatives. It houses various CGM-wide services including the Chief Operating Officer (“*COO*”) and Chief Financial Officer (“*CFO*”) teams, data, legal and other specialist activities and encompasses non-financial risk functions. Aligned to our CFO office is our Equity Derivatives and Trading business which issues retail derivatives in key locations and provides derivatives products and equity finance solutions to its institutional client base and conducts risk management and market making activities.

CGM contributed A\$1,308 million to MBL Group’s net profit in the half year ended September 30, 2024 and, as at September 30, 2024, had over 2,400 staff located in 18 markets in Australia, the Americas, Europe, Middle East and Asia.

For further information and a description of the businesses within CGM and their respective activities, see “Macquarie Bank Limited — Operating groups— Commodities and Global Markets (excluding certain assets of the Financial Markets business; certain activities of the Commodity Markets and Finance business; and some other less financially significant activities)” beginning on page 22 of our 2024 Annual U.S. Disclosure Report.

Recent developments within the Corporate segment of the MBL Group

The Corporate segment includes the net result of managing the MGL Group’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 impairments or valuation of assets, provisions for legacy matters, unallocated head office costs and costs of Central Service Groups, MGL Group’s performance-related profit share and share-based payments expense and income tax expense.

Corporate contributed a net loss of A\$792 million in the half year ended September 30, 2024.

For further information on Corporate’s results of operations and financial condition for the half year ended September 30, 2024, see section 3.4 of our 2025 Half Year Management Discussion and Analysis Report.

Legal proceedings and regulatory matters

Germany

MBL was one of over 100 financial institutions involved in the German dividend trading market. Over a dozen criminal trials related to cum-ex have been or are being prosecuted against individuals in German courts and there have been a number of convictions. MBL’s historical involvement in that market included short selling-related activities and acting as a lender to third parties who undertook dividend trading.

The Cologne Prosecutor’s Office is investigating MBL’s historical activities. Under German law, companies cannot be criminally prosecuted, but they can be added as ancillary parties to the trials of certain individuals. Ancillary parties may be subject to confiscation orders requiring the disgorgement of profits.

As part of their ongoing industry-wide investigation, the German authorities have designated as suspects approximately 100 current and former MGL Group staff members, including the current MGL Group CEO. Most of these individuals are no longer at the MGL Group. MGL Group has been responding to the German authorities’ requests for information about its historical activities. MGL Group expects the German authorities to continue to seek information from former and current MGL Group employees as the industry-wide investigation continues.

Since 2018, a number of German civil claims have been brought against MBL by investors in a group of independent investment funds financed by MBL to undertake German dividend trading in 2011, who seek total damages of approximately €59 million. The funds were trading shares around the dividend payment dates where investors were seeking to obtain the benefit of dividend withholding tax credits. The investors’ credit claims were refused and there was

no loss to the German revenue authority. MBL strongly disputes these claims noting that it did not arrange, advise or otherwise engage with the investors, who were high net-worth individuals with their own advisers. Many, if not all, had previously participated in similar transactions.

MGL Group has provided for these matters.

Other legal proceedings

Revenue authorities undertake risk reviews and audits as part of their normal activities. We have assessed those matters which have been identified in such reviews and audits as well as other taxation claims and litigation, including seeking advice where appropriate.

We have contingent liabilities in respect of actual and potential claims and proceedings that have not been determined. An assessment of likely losses is made on a case-by-case basis for the purposes of our financial statements and specific provisions that we consider appropriate are made, as described in Note 15 to our 2025 interim financial statements. We do not believe that the outcome of any such liabilities, either individually or in the aggregate, are likely to have a material effect on our operations or financial condition.

Competition

For a description of the competition the MBL Group faces in the markets in which it operates, see “Macquarie Bank Limited — Competition” beginning on page 23 of our 2024 Annual U.S. Disclosure Report.

Additional financial disclosures for the half year ended September 30, 2024

MBL Group’s credit risk by country and counterparty type

The table below details the concentration of cross-border credit risk by country and counterparty type of MBL Group’s financial assets measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and off-balance sheet exposures subject to the impairment requirements of AASB 9 *Financial Instruments*. AASB 9 is an equivalent standard to International Financial Reporting Standard 9 – *Financial Instruments*, as issued by the International Accounting Standards Board. The table includes MBL Group’s top ten credit risk exposures by country (excluding the Australia region), MBL Group’s total credit risk exposures in all other countries other than the Australia region, MBL Group’s credit exposure in the Australia region, and MBL Group’s total credit exposure in all countries. The country classification is determined by the country of risk to which the MBL Group is most exposed when assessing the counterparty to meet its obligations as they fall due. The counterparty type is based on Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. For the purposes of this disclosure, the gross exposure of financial assets measured at amortized cost represents the amortized cost before the expected credit loss (“ECL”) allowance and the gross exposure of financial assets measured at FVOCI represents the carrying value before fair value adjustments and ECL allowance. Accordingly, these exposures will not be equal to the amount as presented in MBL Group’s statements of financial position. This information is unaudited.

Country	As at Sep 30, 2024 ¹			
	Governments ⁵	Financial Institutions ⁵	Other	Total exposure
	A\$m	A\$m	A\$m	A\$m
United States				
Cash and bank balances.....	—	3,065	5	3,070
Cash collateralized lending and reverse repurchase agreements	—	5,070	162	5,232
Margin money and settlement assets	39	2,432	531	3,002
Financial investments.....	145	29	7	181
Other assets	1	15	409	425
Loan assets	13	3,522	1,759	5,294
Due from other MGL Group entities	—	140	4	144
Off balance sheet exposures	29	148	799	976
Total United States	227	14,421	3,676	18,324

As at Sep 30, 2024¹

Country	Governments ⁵	Financial Institutions ⁵	Other	Total exposure
	A\$m	A\$m	A\$m	A\$m
United Kingdom				
Cash and bank balances.....	—	2,104	17	2,121
Cash collateralized lending and reverse repurchase agreements	—	2,926	—	2,926
Margin money and settlement assets	—	4,904	734	5,638
Financial investments.....	—	235	—	235
Other assets	9	—	447	456
Loan assets	—	491	1,246	1,737
Due from other MGL Group entities	—	12	1	13
Off balance sheet exposures	—	56	449	505
Total United Kingdom	9	10,728	2,894	13,631
Canada				
Cash and bank balances.....	—	20	—	20
Cash collateralized lending and reverse repurchase agreements	—	5,460	10	5,470
Margin money and settlement assets	—	286	7	293
Financial investments.....	—	628	—	628
Other assets	—	—	4	4
Loan assets	—	96	222	318
Due from other MGL Group entities	—	1	—	1
Off balance sheet exposures	—	—	179	179
Total Canada	—	6,491	422	6,913
France				
Cash and bank balances.....	—	154	—	154
Cash collateralized lending and reverse repurchase agreements	—	4,909	—	4,909
Margin money and settlement assets	—	318	100	418
Financial investments.....	—	44	7	51
Loan assets	—	43	100	143
Due from other MGL Group entities	—	1	—	1
Off balance sheet exposures	—	11	—	11
Total France.....	—	5,480	207	5,687
Ireland				
Cash and bank balances.....	—	1,408	—	1,408
Cash collateralized lending and reverse repurchase agreements	—	1,322	—	1,322
Margin money and settlement assets	—	2	1	3
Loan assets	—	2	11	13
Off balance sheet exposures	—	—	87	87
Total Ireland.....	—	2,734	99	2,833

As at Sep 30, 2024¹

Country	Governments ⁵	Financial Institutions ⁵	Other	Total exposure
	A\$m	A\$m	A\$m	A\$m
Germany				
Cash and bank balances.....	—	129	—	129
Cash collateralized lending and reverse repurchase agreements	—	428	—	428
Margin money and settlement assets	—	720	250	970
Loan assets	—	—	49	49
Due from other MGL Group entities	—	1	2	3
Off balance sheet exposures	—	46	16	62
Germany	—	1,324	317	1,641
Hong Kong (Special Administrative Region)				
Cash and bank balances.....	—	98	—	98
Cash collateralized lending and reverse repurchase agreements	—	2,483	—	2,483
Margin money and settlement assets	—	255	12	267
Other assets	—	—	1	1
Loan assets	—	—	32	32
Due from other MGL Group entities	—	11	1	12
Off balance sheet exposures	—	—	20	20
Total Hong Kong (Special Administrative Region).....	—	2,847	66	2,913
Singapore				
Cash and bank balances.....	—	121	—	121
Cash collateralized lending and reverse repurchase agreements	—	2,309	—	2,309
Margin money and settlement assets	129	128	10	267
Financial investments	—	56	—	56
Other assets	1	—	1	2
Loan assets	—	—	15	15
Due from other MGL Group entities	—	27	1	28
Off balance sheet exposures	—	36	83	119
Total Singapore	130	2,677	110	2,917
Netherlands				
Cash and bank balances.....	—	1	—	1
Cash collateralized lending and reverse repurchase agreements	—	1,643	—	1,643
Margin money and settlement assets	—	21	6	27
Loan assets	—	154	119	273
Due from other MGL Group entities	—	—	—	—
Off balance sheet exposures	—	15	60	75
Total Netherlands.....	—	1,834	185	2,019
Spain				
Cash collateralized lending and reverse repurchase agreements	—	1,456	—	1,456
Margin money and settlement assets	—	—	8	8
Other assets	—	—	1	1
Loan assets	—	—	529	529
Due from other MGL Group entities	—	—	—	—

As at Sep 30, 2024¹

Country	Governments ⁵	Financial Institutions ⁵	Other	Total exposure
	A\$m	A\$m	A\$m	A\$m
Off balance sheet exposures	—	—	100	100
Total Spain	—	1,456	638	2,094
Top ten countries				
Cash and bank balances.....	—	7,100	22	7,122
Cash collateralized lending and reverse repurchase agreements	—	28,006	172	28,178
Margin money and settlement assets	168	9,066	1,659	10,893
Financial investments.....	145	992	14	1,151
Other assets	11	15	863	889
Loan assets	13	4,308	4,082	8,403
Due from other MGL Group entities	—	193	9	202
Off balance sheet exposures	29	312	1,793	2,134
Total top ten countries²	366	49,992	8,614	58,972
Other foreign countries				
Cash and bank balances.....	—	1,040	10	1,050
Cash collateralized lending and reverse repurchase agreements	1,273	4,549	—	5,822
Margin money and settlement assets	2	1,105	501	1,608
Financial investments.....	—	275	—	275
Other assets	—	3	531	534
Loan assets	—	191	1,471	1,662
Due from other MGL Group entities	—	197	20	217
Off balance sheet exposures	—	49	197	246
Total other foreign countries	1,275	7,409	2,730	11,414
Gross credit risk in foreign countries				
Cash and bank balances.....	—	8,140	32	8,172
Cash collateralized lending and reverse repurchase agreements	1,273	32,555	172	34,000
Margin money and settlement assets	170	10,171	2,160	12,501
Financial investments.....	145	1,267	14	1,426
Other assets	11	18	1,394	1,423
Loan assets.....	13	4,499	5,553	10,065
Due from other MGL Group entities	—	390	29	419
Off balance sheet exposures	29	361	1,990	2,380
Total gross credit risk in foreign countries	1,641	57,401	11,344	70,386
Australia region³				
Cash and bank balances.....	—	7,689	—	7,689
Cash collateralized lending and reverse repurchase agreements	—	17,636	1,064	18,700
Margin money and settlement assets	11	2,327	929	3,267
Financial investments.....	631	12,591	119	13,341
Other assets	4	105	648	757
Loan assets ⁴	32	3,009	152,373	155,414
Due from other MGL Group entities	—	1,433	—	1,433
Off balance sheet exposures	37	708	21,586	22,331
Total Australia region	715	45,498	176,719	222,932

Country	As at Sep 30, 2024 ¹			
	Governments ⁵	Financial Institutions ⁵	Other	Total exposure
	A\$m	A\$m	A\$m	A\$m
Gross credit risk				
Cash and bank balances.....	—	15,829	32	15,861
Cash collateralized lending and reverse repurchase agreements	1,273	50,191	1,236	52,700
Margin money and settlement assets	181	12,498	3,089	15,768
Financial investments.....	776	13,858	133	14,767
Other assets	15	123	2,042	2,180
Loan assets	45	7,508	157,926	165,479
Due from other MGL Group entities	—	1,823	29	1,852
Off balance sheet exposures	66	1,069	23,576	24,711
Total gross credit risk	2,356	102,899	188,063	293,318

¹ Totals may not foot due to rounding.

² The top ten countries represent 84% of MBL Group’s total non-Australia region credit risk exposures as at September 30, 2024.

³ Australia region comprises Australia, New Zealand, Vanuatu, Fiji, Tonga, the Solomon Islands and the Marshall Islands.

⁴ Loan assets in the Australia region includes home loans of A\$130,120 million, Asset financing of A\$5,879 million and Corporate, commercial and other lending of A\$19,414 million.

⁵ Since our 2024 Disclosure Report, we have reclassified certain exposures relating to central borrowing authorities from “Governments” to “Financial Institutions”. Prior period data has not been re-presented.

Lease commitments, contingent liabilities and assets

We do not expect our lease commitments to have a significant effect on our liquidity needs. Lease commitments are disclosed in our annual financial statements each year and are not required to be disclosed under Australian Accounting Standards in interim financial statements.

As at September 30, 2024, the MBL Group had A\$25,172 million of contingent liabilities and commitments, including A\$24,711 million of credit commitments including undrawn credit facilities and debt commitments and A\$461 million of other contingencies and commitments. See Note 20 “Contingent liabilities and commitments” to our 2025 interim financial statements which shows MBL Group’s contingent liabilities and commitments as at September 30, 2024.

Quantitative and qualitative disclosures about market risk

Each year we prepare a detailed analysis of market risk as it applies to the MBL Group and a quantitative analysis of MBL Group’s value at risk for equities, interest rates, foreign exchange and bullion, and commodities, individually and in the aggregate thereof. See Note 33 “Financial risk management” to our 2024 annual financial statements for a quantitative and qualitative discussion of these risks.

Regulatory and supervision developments

A description of MBL Group’s principal regulators and the regulatory regimes that MBL Group and its businesses are subject to is set out under “Regulation and Supervision” beginning on page 29 of our 2024 Annual U.S. Disclosure Report. Our businesses are increasingly subject to greater regulatory scrutiny as we continue to grow our businesses both organically and through acquisitions. For a description of certain regulatory risks our businesses face, see “Risk Factors — Many of our businesses are highly regulated and we could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy”, “Risk Factors — We may be adversely affected by increased governmental and regulatory scrutiny or negative publicity” and “Risk Factors — We may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failure in internal or external operational systems and infrastructures, people and processes” in our 2024 Annual U.S. Disclosure Report.

Significant regulatory changes that may affect our businesses are expected in the various markets in which we operate. The following is a summary of significant regulatory and supervision developments in Australia, the United States, the United Kingdom and other jurisdictions for the MBL Group that have occurred since the release of our 2024 Annual U.S. Disclosure Report on May 17, 2024 and a summary of certain regulatory developments prior to May 17, 2024. This summary also describes certain regulators and regulatory regimes applicable to the MGL Group, including MGL as the authorized non-operating holding company (“*NOHC*”) for the Banking Group and the Non-Banking Group.

Australia

In Australia, the principal regulators that supervise and regulate our activities are APRA, the RBA, the Australian Securities and Investments Commission (“*ASIC*”), ASX Limited (as the operator of the Australian Securities Exchange (“*ASX*”) market), Australian Securities Exchange Limited (as the operator of the ASX24 market), the Australian Competition and Consumer Commission (“*ACCC*”) and the Australian Transaction Reports and Analysis Centre (“*AUSTRAC*”).

Set out below is a summary of certain key Australian legislative and regulatory provisions that are applicable to our operations.

APRA

APRA is the prudential regulator of the Australian financial services industry, focused on ensuring financial promises are met within a stable, efficient and competitive financial system. Under the Australian Banking Act, MBL is an authorised deposit-taking institution (“*ADP*”), and MGL is a NOHC and, as such, both are regulated by APRA. MBL and MGL have corporate governance and policy frameworks designed to meet APRA’s requirements for ADIs and NOHCs, respectively.

Under the Australian Banking Act, APRA has powers to issue directions to MGL and MBL and, in certain circumstances, to appoint a Banking Act statutory manager to take control of MBL’s business. In certain circumstances, APRA may require MBL to transfer all or part of its business to another entity under the Financial Sector (Transfer and Restructure) Act 1999 (the “*Australian FSTR Act*”). A transfer under the Australian FSTR Act overrides anything in any contract or agreement to which MBL is a party to, including the terms of its debt securities. APRA’s powers under the Australian Banking Act and Australian FSTR Act are discretionary and may be more likely to be exercised by it in circumstances where MGL or MBL is in material breach of applicable banking laws and/or regulations or is in financial distress. In these circumstances, APRA is required to have regard to protecting the interests of MBL’s depositors and to the stability of the Australian financial system, but not necessarily to the interests of other creditors of MGL and MBL. For more information regarding legislative enhancement of APRA’s powers in relation to ADIs, see the “— Recovery and Exit Planning and Resolution Planning” section below.

In its supervision of ADIs, APRA focuses on capital adequacy, liquidity, market risk, credit risk, operational risk, associations with related entities, large exposures to unrelated entities and funds management, securitization, covered bonds activities and climate change financial risk. APRA also focuses on the supervision of non-financial risks including outsourcing, business continuity management, information security, governance, accountability, remuneration and risk culture. APRA requires ADIs to regularly report a broad range of information, including financial and statistical information in respect of prudential and other matters. Some of this information is not available to investors. APRA also conducts on-site visits and formal meetings with the ADIs’ board, senior management and external auditors. The external auditors provide additional assurance to APRA that prudential standards applicable to ADIs are being complied with, statistical and financial data provided by ADIs to APRA are reliable, and that statutory and other banking requirements are being met. External auditors are required to undertake targeted reviews of specific risk management areas as requested by APRA. APRA may also exercise certain investigative powers if an ADI fails to provide information about its financial stability or becomes unable to meet its obligations. APRA is responsible for the prudential regulation and supervision of Registrable Superannuation Entity (“*RSE*”) licensees. MGL Group has an RSE licensee (Macquarie Investment Management Limited (“*MIML*”)) which is subject to APRA’s prudential framework for superannuation trustees.

The MGL Group has established a remediation plan with APRA to strengthen MBL’s governance, culture, structure and remuneration to ensure full and ongoing compliance with prudential standards and management of MBL-specific risks.

RBA

In exercising its powers, APRA works closely with the RBA. The RBA is Australia's central bank and an active participant in the financial markets. It also manages Australia's foreign reserves, issues Australian currency notes, serves as banker to the Australian government and, through the Payment Systems Board (the board of the RBA is responsible for the RBA's payments system policy), supervises the payments system and sets the target cash rate.

ASIC

ASIC is Australia's corporate, markets and financial services regulator, which regulates Australian companies, financial markets, financial services organizations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. ASIC is also responsible for consumer protection, monitoring and promoting market integrity and licensing in relation to the Australian financial system.

ASIC regulates each of the entities we operate in Australia as the corporate regulator and is responsible for enforcing appropriate standards of corporate governance and conduct by directors and officers. A number of MGL Group entities hold Australian financial services ("AFS") licenses. ASIC licenses and monitors AFS licensees and requires AFS licensees to ensure the financial services covered by their license are provided efficiently, honestly and fairly. A number of MGL Group entities also hold Australian Credit Licenses ("ACL"). ASIC regulates ACL holders as the consumer credit regulator, licensing and regulating those entities to ensure they meet standards set out in the National Consumer Credit Protection Act 2009 of Australia (the "NCCP Act").

ASIC is also responsible for the supervision of trading on Australia's domestic licensed equity, derivatives and futures markets, including trading by MBL and other ASX and ASX24 market participants in the MBL Group.

ASX24

The ASX24 market provides exchange traded and over-the-counter services and regulates derivative trades that we execute through the ASX24 as a market participant in the ASX24.

As an authorized market participant, MBL is subject to the operating rules of ASX24 which contain comprehensive provisions for preventing conflicts and enforcing compliance with the operating rules. The rules cover all aspects of trading and of clearing and settling, including monitoring market conduct, disciplining of participants and suspension or termination of participation rights and market access.

ASX

ASX is Australia's primary securities market. MGL's ordinary shares are listed on ASX. MBL and MGL each have a contractual obligation to comply with ASX's listing rules, which have the statutory backing of the Australian Corporations Act. The ASX listing rules govern requirements for listing on ASX and include provisions in relation to issues of securities, disclosure to the market, executive remuneration and related-party transactions. ASX and ASIC oversee our compliance with ASX's listing rules, including any funds we manage that are listed on the ASX.

MBL is also an authorized market participant of ASX Settlement and ASX Clear and is subject to the operating rules which contain comprehensive provisions for preventing conflicts and enforcing compliance with the operating rules. The rules cover all aspects of clearing and settling, including monitoring market conduct, disciplining of participants and suspension or termination of participation rights and market access.

ACCC

The ACCC is Australia's competition regulator. Its key responsibilities are to ensure that corporations do not act in a way that may have the effect of eliminating or reducing competition, and to oversee product safety and liability issues, pricing practices and third-party access to facilities of national significance. The ACCC's consumer protection activities complement those of Australia's state and territory consumer affairs agencies that administer the unfair trading legislation of those jurisdictions.

AUSTRAC

AUSTRAC is Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit. It works collaboratively with Australian industries and businesses (including certain entities of MGL

Group) in their compliance with anti-money laundering and counter-terrorism financing legislation. As Australia's financial intelligence unit, AUSTRAC contributes to investigative and law enforcement work to combat money laundering, terrorism financing, organized and financial crime, tax evasion and to prosecute criminals in Australia and overseas.

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("*AML-CTF Act*") places obligations on providers of financial services and gaming services, and on bullion dealers. The AML-CTF Act affects entities who offer specific services which may be exploited to launder money or finance terrorism, for example, those relating to financial products, electronic fund transfers, designated remittance arrangements and correspondent banking relationships. The AML-CTF Act also has broad extra-territorial application to overseas entities of Australian companies.

A number of entities in MGL Group are considered to be "reporting entities" for the purposes of the AML-CTF Act and are required to undertake certain obligations, including "know your customer" obligations, on-boarding and ongoing customer risk assessments, identification and verification obligations, enhanced customer due diligence, establishing an AML-CTF program to identify, mitigate and manage the risk of money laundering and terrorism financing, enhanced record-keeping and reporting on suspicious matters, cash transactions above a set threshold and international funds transfer instructions to and from Australia.

MBL Group and MGL Group continue to monitor, manage and implement changes as a result of AML-CTF legislation.

Other Australian regulators

In addition to the foregoing regulators, MBL Group and MGL Group and the businesses and funds they manage are subject to supervision by various other regulators in Australia, including but not limited to the Australian Energy Regulator, the Essential Services Commission, Economic Regulation Authority and the Department of Energy and Water in connection with activities and the management of funds in the utilities and energy sectors.

Australian regulatory developments

Capital adequacy

APRA's approach to the assessment of an ADI's capital adequacy is based on the risk-based capital adequacy framework set out in the Basel Committee on Banking Supervisions' ("*Basel Committee*") publications.

APRA has stipulated a capital adequacy framework that applies to MBL as an ADI and MGL as a NOHC. In the case of MGL Group, this framework is set out in MGL's NOHC Authority.

Pillar 3 Disclosure Documents setting out the qualitative and quantitative disclosures of risk management practices and capital adequacy required to be published by MBL Group in accordance with APRA's Prudential Standard APS 330 Public Disclosure ("*APS 330*") are posted on MBL's U.S. Investors' Website. Measurement of capital adequacy and MBL's economic capital model is more fully described in section 4 of MBL's Pillar 3 Disclosure Document dated September 2023, which is posted on MBL's U.S. Investors' Website.

On December 9, 2022, APRA released the final versions of the transitional and new APS 330. The updates to APS 330 are to align Pillar 3 disclosures with updated international standards for public disclosures as set by the Basel Committee and with APRA's revised bank capital framework. Since January 1, 2023, the transitional APS 330 has required ADIs to make public disclosures that are consistent with the new capital framework until the new disclosure standard becomes effective on January 1, 2025.

On September 21, 2023, APRA released a discussion paper on the challenges of using Additional Tier 1 ("*AT1*") capital instruments in a potential bank stress scenario in an Australian context, particularly given the unusually large proportion of AT1 issued by Australian ADIs that is held by retail investors. On September 10, 2024, APRA released a discussion paper outlining potential amendments to APRA's prudential framework to replace AT1 capital instruments with other forms of capital. APRA's proposed changes are expected to support resolution by minimizing the risks associated with AT1 capital instruments and simplifying the resolution process. As part of this proposal, APRA expects that AT1 capital instruments would be predominantly replaced with Tier 2 capital instruments. Following this discussion paper, APRA intends to undertake a formal consultation on any amendments to APRA's prudential framework and has indicated that it expects the effective date for any such amendments will be in January 2027.

Liquidity

APRA's 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, APS 210 incorporates the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"). The LCR and NSFR apply specifically to MBL (the regulated ADI in the MGL Group). As an APRA authorized and regulated NOHC, MGL is required to manage liquidity in compliance with APS 210's qualitative requirements.

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 high-quality liquid assets ("HQLA") includes notes and coin balances held with central banks, Australian dollar Commonwealth Government and semi-government securities, any Committed Liquidity Facility ("CLF") allocation, as well as certain HQLA-qualifying foreign currency securities. Consistent with the industry-wide phase out of the CLF, MBL's CLF allocation reduced to zero as at December 2022. Since May 2022, APRA has imposed a 25% add-on to the net cash outflow component of MBL's LCR calculation.

The NSFR is a 12-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 12 months. Since April 2021, APRA has imposed a 1% decrease to the available stable funding component of MBL's NSFR calculation.

On July 24, 2024, APRA published updated prudential standards, a prudential practice guide and a 'Response to submissions' paper to its November 2023 consultation on targeted changes to liquidity and capital requirements aimed at strengthening the banking sector's resilience to future stress. These updates will come into effect from July 1, 2025. In addition, APRA plans to conduct a comprehensive review of APS 210. The consultation for this is expected to be in the first half of calendar year 2025, ahead of an expected implementation date for the revised APS 210 standard in 2026.

Recovery and exit planning and resolution planning

On January 1, 2024, CPS 190 Recovery and Exit Planning ("CPS 190") and CPS 900 Resolution Planning ("CPS 900") came into effect for banks and insurers, including MBL, MGL and MIML. CPS 190 will be effective for superannuation entities from January 1, 2025.

The prudential standards, and their supporting prudential practice guides (CPG 190 Recovery and Exit Planning and CPG 900 Resolution Planning) are the culmination of several years of policy development to ensure the financial system is better prepared to manage periods of stress.

On December 2, 2021, APRA released a letter finalizing loss-absorbing capacity requirements for domestic systemically important banks to increase minimum Total Capital by 4.5% of risk weighted assets, which applies from January 1, 2026. APRA has confirmed that MBL will be subject to the same requirement.

Climate change financial risk

On August 28, 2024, APRA published its Corporate Plan for 2024-2025, noting its key climate-related activities for this period are to consult on amendments to CPS 220 Risk Management to more clearly embed climate-related financial risk considerations in risk management frameworks and to release an information paper with insights from the Climate Risk Self-Assessment completed by APRA-regulated entities on a voluntary basis in May 2024.

Market risk

The Basel Committee's finalized standard on minimum capital requirements for market risk (the *Fundamental Review of the Trading Book* ("FRTB")) includes a clearly defined boundary between trading book and banking book, and a standardized approach and internal model approach that relies upon the use of expected shortfall models.

As part of its 2024-2025 Corporate Plan, APRA announced that it expects ADIs to continue momentum towards FRTB readiness. Further, since 2019, APRA has undertaken a number of rounds of industry consultation and prepared revisions to APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs) ("APS 117") that aim to simplify the interest rate risk in the banking book ("IRRBB") framework and reduce volatility in the IRRBB capital charge calculation. The revised APS 117 was finalized in July 2024 and will come into effect on October 1, 2025.

Operational risk

On July 17, 2023, APRA released the final version of the new cross-industry prudential standard CPS 230 Operational Risk Management (“CPS 230”), which commences from July 1, 2025. CPS 230 aims to strengthen operational risk management for APRA-regulated entities by introducing new requirements to address identified weaknesses in existing controls, improve business continuity planning to ensure they are positioned to respond to severe disruptions, and strengthen third-party risk management by ensuring risks from material service providers are appropriately managed. CPS 230 contains transitional arrangements for pre-existing contractual arrangements with service providers, with the requirements in the standard applying from the earlier of the contract renewal date or July 1, 2026.

On June 13, 2024, APRA released the final prudential practice guide CPG 230 Operational Risk Management to accompany the new CPS 230, which provides guidance to assist entities with the implementation of, and compliance with, the new standard.

Associations with Related Entities

APRA’s Prudential Standard APS 222 Associations with Related Entities (“APS 222”) aims to identify, monitor and control contagion risk within banking groups. The standard includes:

- a definition of related entities that includes substantial shareholders, related individuals (including senior managers of the ADI and individuals on the board of directors) and their relatives;
- limits on the extent to which ADIs can be exposed to related entities;
- minimum requirements for ADIs to assess contagion risk;
- requirements where an ADI has an exposure to a funds management vehicle that is a related entity; and
- requirements for ADIs to regularly assess and report on their exposure to step-in risk, which is the likelihood that they may need to “step-in” to support an entity to which they are not directly related.

Remuneration

APRA’s Prudential Standard CPS 511 Remuneration (“CPS 511”) requires boards to maintain a remuneration framework that promotes effective risk management of both financial and non-financial risks including variable downward-adjustment tools and deferral periods to address poor risk and conduct outcomes. Changes to MGL Group’s remuneration framework were implemented for FY2024 to meet the requirements of CPS 511.

On August 1, 2023, APRA released updates to CPS 511 requiring APRA-regulated entities to publicly disclose information on aspects of their remuneration. The disclosure requirements commence for all entities from their first full financial year following January 1, 2024. For the MGL Group, this requirement came into effect for the full financial year commencing April 1, 2024. APRA is also proposing to collect and publish more granular data on remuneration (in addition to the public disclosure requirements). APRA has yet to finalize the draft reporting standard and communicate the commencement date.

Under the updates to CPS 511, entities must:

- annually publish information on their remuneration frameworks, design, governance and outcomes; and
- disclose additional qualitative information and how they have placed a material weight on non-financial risk measures, such as risk management.

On September 6, 2024, APRA released for consultation its proposed minor updates to CPS 511. APRA has indicated that it expects to release the finalized revisions in late 2024.

Financial Accountability Regime

The Financial Accountability Regime Act 2023 (“*FAR Act*”) received Royal Assent on September 14, 2023. The Financial Accountability Regime (“*FAR*”) replaces the Banking Executive Accountability Regime (“*BEAR*”) and extends the responsibility and accountability framework established under BEAR to all prudentially regulated entities. The FAR Act applies to the banking industry, i.e., ADIs and NOHCs, including both MGL and MBL as of March 15, 2024. It will apply to the insurance and superannuation industries, including MIML within the Banking Group, from March 15, 2025. FAR is intended to improve the operating culture of entities in the banking, insurance and superannuation industries and to increase transparency and accountability across these industries – both in relation to prudential and conduct related matters. It imposes certain obligations on accountable entities (e.g., MGL and MBL) and their accountable persons. The regime is jointly administered by APRA and ASIC.

Design and distribution obligations

The design and distribution obligations (“*DDO*”) which came into effect on October 5, 2021 require issuers and distributors of certain products to develop and maintain effective product governance arrangements across the life cycle of a financial product to ensure that consumers are receiving products that are likely to be consistent with their objectives, financial situation and needs.

The MBL Group has implemented controls and policies to meet the requirements of the regime. The MBL Group continues to monitor regulatory settings to ensure the MBL Group meets its obligations on an ongoing basis, noting that the DDO is expected to be an area of enforcement focus for ASIC in 2024.

ASIC market integrity rules

ASIC introduced new market integrity rules, effective March 10, 2023, aimed at promoting the technological and operational resilience of securities and futures market operators and participants, including the MBL Group. The technological and operational resilience rules clarify and strengthen existing obligations for market operators and participants and providing greater domestic and international alignment in relation to issues of change management, outsourcing, information security, business continuity planning, governance and resourcing, and trading controls. The MBL Group has updated its policies and procedures to comply with these requirements. In September 2024, ASIC issued further guidance on compliance with technological and operational resilience with which participants are expected to comply. MBL Group is assessing its policies and procedures against the updated guidance.

Dispute resolution

In 2023, ASIC introduced mandatory internal dispute resolution (“*IDR*”) data reporting to improve the way complaints are dealt with across the financial system and bring about greater transparency in financial firms’ complaint handling procedures. MGL, MBL and MIML joined the framework for IDR data reporting and made the required reports by August 31, 2023. The balance of MGL Group entities that are Australian credit licensees or AFS licensees joined the framework from February 29, 2024 and are required to report IDR data to ASIC every six months on an ongoing basis. ASIC will be analyzing the data to inform its approach to publication on IDR and will communicate its approach in advance of publication.

Unfair contract terms regime

On November 9, 2022, the Treasury Laws Amendment (More Competition, Better Prices) Bill 2022 received Royal Assent and came into effect on November 9, 2023. It establishes a civil penalty regime prohibiting the use of, and reliance on, unfair contract terms in standard form contracts. It also expands the class of contracts that are covered by the unfair contract terms regime. The new regime applies to any standard form contract relating to financial products and services regulated under the Australian Securities and Investments Commission Act 2001, where the upfront price payable under the contract does not exceed A\$5 million and the counterparty is a consumer or business that employs less than 100 people or has a turnover for the last fiscal year of less than A\$10 million.

On February 6, 2024, ASIC granted a limited class no-action position for contravention of the unfair contract terms regime where each counterparty to a standard form contract is an institutional investor or where each counterparty to an industry standard form contract is a wholesale client and the contract is used for the purpose of a dealing in, or related to a dealing in, financial markets.

MBL has made changes to its documentation, processes and policies as necessary. Contracts relating to the provision of financial services and supply contracts with vendors may be impacted.

Transaction reporting rules

The ASIC Derivative Transaction Rules (Reporting) 2024 commenced on October 21, 2024 to replace the ASIC Derivative Transaction Rules (Reporting) 2022. The updated rules were enacted to align to international reporting standards and consolidate transitional provisions and exemptions.

Banking Code

On June 27, 2024, ASIC approved a new version of the Australian Banking Association's Banking Code of Practice (the "Code"). The new Code will commence on February 28, 2025, and includes enhancements such as expanding the definition of a small business, broadening the definition of financial difficulty and new provisions for deceased estates. The Code sets out the standards of practice and service in the Australian banking industry for individual and small business customers, and their guarantors. MBL is a subscriber to the Code.

Australian environmental, social and governance regulation and disclosure

The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 received Royal Assent on September 17, 2024 and will come into force on January 1, 2025. The amendments require in-scope companies, including MGL, to report certain mandatory climate-related disclosures, and consider voluntarily reporting certain sustainability-related disclosures, based on International Sustainability Standards Board ("ISSB") equivalent standards, namely Australian Sustainability Reporting Standard ("AASB") S1 (General Requirements for Disclosure of Sustainability Related Financial Information) and AASB S2 (Climate-related Disclosures). The amendments require MGL, as the ultimate parent company, to commence reporting for its financial year commencing April 1, 2025. MGL continues to progress its established project to prepare for future sustainability and climate-related reporting obligations.

ASIC has continued to be proactive in using enforcement powers in relation to greenwashing misconduct as a strategic priority and issued Report 791 *ASIC's interventions on greenwashing misconduct: 2023-2024* on August 23, 2024 detailing findings, recommendations and good practice for entities to consider in relation to sustainable finance-related products and services.

Australian AML-CTF reforms

In September 2024, the AML-CTF Amendment Bill 2024 was introduced into Parliament, introducing significant reforms to the Australian AML-CTF regime. The Bill is anticipated to be passed as law by the end of 2024, with changes expected to take effect in 2026. These amendments aim to close regulatory gaps and align Australia with Financial Action Task Force ("FATF") recommendations ahead of the FATF mutual evaluation scheduled for 2026. Consultation on the Anti-Money Laundering and Counter-Terrorism Financing Rules underpinning the AML-CTF Act will commence once the Bill is passed and is expected to continue through mid-2025.

The proposed AML-CTF reforms extend the regime to additional high-risk services provided by lawyers, accountants, trust and company service providers, real estate professionals, and dealers in precious metals and stones. Furthermore, they aim to modernize the regime to reflect changes in business structures and technologies by updating regulations on virtual assets and payments technology and simplifying the AML-CTF regime to enhance its effectiveness.

MGL Group will establish a program of work in short order to achieve compliance with these reforms.

Combatting Foreign Bribery

Amendments to the Australian Criminal Code under the Crimes Legislation Amendment (Combatting Foreign Bribery) Act 2024 came into effect on September 8, 2024. The amendments expand the scope of the foreign bribery offence and introduces a new offence under which corporations are strictly liable for failing to prevent bribery of a foreign official by an associate acting on their behalf, unless the corporation can demonstrate it had "adequate procedures" to prevent foreign bribery.

International

Our businesses are subject to various regulatory regimes.

United States

U.S. financial regulators remain active in issuing new and revised regulations, exemptive orders and interpretive guidance. This regulatory activity could have a material effect on our business, financial condition and results of operations, including with respect to the activities of MGL and its U.S. subsidiaries and representative offices. See “Risk Factors — Many of our businesses are highly regulated and we could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy”.

In the United States, MBL operates solely through representative offices. These representative offices are generally limited to (i) soliciting business on behalf of MBL, which must then be approved and booked offshore, and (ii) performing administrative tasks as directed by MBL. Our representative offices are licensed and subject to periodic examination by the banking regulatory authorities of the individual states in which they are located, including New York and Texas. Our representative offices are also subject to periodic examination by the relevant regional Federal Reserve Bank, each of which is in turn subject to oversight by the Board of Governors of the Federal Reserve System (the “FRB”).

Securities, commodities and derivatives regulators

The United States features a comprehensive financial regulatory regime that applies to many of MGL Group’s products and services, including securities, commodities, derivatives and other similar instruments. Some of these products and services are subject to the overlapping regulatory jurisdiction of multiple U.S. regulatory agencies, including the FRB, the Securities and Exchange Commission (the “SEC”) and the Commodity Futures Trading Commission (the “CFTC”). The U.S. regulatory landscape is subject to material developments as new or revised rules, exemptive orders and interpretive guidance are promulgated, implemented and enforced by the relevant regulator, and this may have a material effect on our U.S. operations. MGL Group’s securities broker-dealer subsidiaries are regulated by the SEC and by various other self-regulatory organizations of which they are members, such as the Financial Industry Regulatory Authority (“FINRA”) and the national securities exchanges (e.g., the Nasdaq Stock Market), as well as by state securities regulators. We also conduct securities and corporate finance-related activities through several investment advisers and investment companies registered with the SEC under, respectively, the U.S. Investment Advisers Act of 1940 and the U.S. Investment Company Act of 1940.

We are regulated by the CFTC and the National Futures Association (“NFA”) with respect to the trading of futures, swaps and commodity options for customers and related clearing activities, as well as soliciting and accepting orders for such transactions. MBL is registered as a swap dealer with the CFTC and Macquarie Futures USA LLC (“MFUSA”) within the Banking Group is registered as a futures commission merchant with the CFTC. Macquarie Capital (USA) Inc. has submitted its application with the NFA to be approved as an introducing broker for swaps. As CFTC registrants, MBL and MFUSA are subject to comprehensive regulatory oversight by the CFTC. In addition, MBL is registered as a security-based swap dealer with the SEC.

Pursuant to the CFTC’s Comparability Determinations for Australia, MBL’s compliance with provisions and requirements under the applicable Australian regulatory regimes is sufficient to meet some CFTC swap dealer requirements to which MBL would otherwise be subject. Together, these requirements will impact MBL and MFUSA as a direct market participant that transacts in derivatives, in the case of MBL, and as an intermediary that provides access to the derivatives markets for others, in the case of MFUSA. The SEC has jurisdiction over transactions in security-based swaps, which generally include swaps on a single security or a narrow-based index of securities or on a single loan and credit default swaps on a single issuer or issuers of securities in a narrow-based security index. The SEC has adopted regulations requiring, among other things, registration of security-based swap dealers and compliance with regulations on business conduct, trade reporting, recordkeeping, financial reporting and other matters. Security-based swaps, because they are securities, are subject to the general anti-fraud and anti-manipulation provisions of the U.S. federal securities laws. MBL is registered as a security-based swap dealer with the SEC and is required to comply with the SEC’s regulations governing security-based swap dealers and security-based swaps. These registration and compliance obligations will likely result in increased costs with respect to MBL’s security-based swaps business. The SEC and CFTC share jurisdiction over “mixed swaps”. Mixed swaps are a type of derivative contract that combine elements of both securities-based swaps and commodity-based swaps, and therefore can implicate the regulatory authority of both the SEC and the CFTC. MBL engages in mixed swaps, which impose compliance obligations under both the CFTC and SEC regimes. As part of its swap dealer and security-based swap dealer obligations, MBL is also subject to the FRB’s capital regulations, as well as the FRB’s initial and variation margin requirements for uncleared swaps and security-based swaps.

Anti-money laundering regulators

The MBL representative offices, MFUSA and MGL Group's securities broker-dealers and mutual funds managed or sponsored by MGL Group's subsidiaries are subject to anti-money laundering ("AML") laws and regulations in the United States. Applicable regulations include those issued by the Treasury Department's Financial Crimes Enforcement Network ("FinCEN") to implement various AML requirements of the Bank Secrecy Act (as amended, the "*Bank Secrecy Act*"). The Bank Secrecy Act and similar regulations require certain types of financial institutions (including U.S. representative offices of foreign banks and U.S. futures commission merchants, securities broker-dealers and mutual funds) to establish and maintain written AML compliance programs.

The MBL representative offices, MFUSA and MGL Group's securities broker-dealers and other subsidiaries in the United States have adopted written AML compliance programs that are reasonably designed to comply with the Bank Secrecy Act, including with respect to maintenance of a customer identification program, filing of suspicious activity reports ("SARs") and beneficial ownership reporting. Our U.S. operations also engage in extensive "know your customer" reviews when onboarding new customers and clients, which includes verifying such parties against the Specially Designated Nationals And Blocked Persons List published by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC").

Economic sanctions

The MBL representative offices and MGL Group's other operations that are within or that involve the United States (e.g., transactions through the United States, transfers through the U.S. financial system) must also comply with the economic sanctions programs administered by OFAC, which enforces economic sanctions against targeted foreign countries, individuals and entities. The MBL representative offices and MGL Group's U.S. futures commission merchant, securities broker-dealers and other subsidiaries in the United States have adopted and implemented procedures that are reasonably designed to ensure their compliance with the economic sanctions programs administered by OFAC. MBL operations outside the United States and that do not otherwise involve the United States also are mindful of secondary U.S. sanctions, which target non-U.S. persons' activities outside the United States that are deemed by the U.S. government to counter U.S. foreign policy or U.S. national security.

Other U.S. regulators

The Federal Energy Regulatory Commission regulates the wholesale natural gas and electricity markets in which we operate. As we continue to expand our U.S. energy trading business, our compliance with energy trading regulations will become increasingly important.

Other regulators that affect the funds and companies that we manage include, but are not limited to, the Federal Communications Commission with respect to certain media-related investments and various other applicable federal, state and local agencies. In addition, our entry into the physical commodities trading business has subjected us to further U.S. regulations, including, but not limited to, federal, state and local environmental laws.

United Kingdom

Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA")

The FCA and the PRA are responsible for the regulation of financial services business in the U.K., including banking, investment business, consumer credit and insurance. Deposit-taking institutions, insurers and significant investment firms are dual-regulated, with the PRA responsible for the authorization, prudential regulation and day-to-day supervision of such firms, and the FCA responsible for regulating their conduct of business requirements. MBL operates a branch, MBL LB, in the U.K. The PRA and FCA have regulatory oversight of the U.K. activities of MBL, including MBL LB. APRA, however, remains its prudential regulator.

MGL has three regulated subsidiaries in the U.K. within the Non-Banking Group, Macquarie Infrastructure and Real Assets (Europe) Limited ("*MIRAE*"), Macquarie Capital (Europe) Limited ("*MCEL*") and Macquarie Investment Management Europe Limited ("*MIMEL*") authorized and regulated by the FCA. *MIRAE* is authorized as an alternative investment fund manager ("*AIFM*") pursuant to the Financial Services and Markets Act 2000, as amended (the "*FSMA*"), and is able to manage qualifying alternative investment funds and market such funds to professional investors in the U.K. *MCEL* and *MIMEL* are authorized and regulated by the FCA as investment firms.

MBL LB, MIRAEL, MCEL and MIMEL are required to comply with certain U.K. legislation and regulatory requirements set forth by the FCA and, in the case of MBL LB, the PRA in their handbooks of rules and guidance (as amended from time to time) (collectively, the “U.K. Rules”). The U.K. Rules include, among others, requirements for prudential management of risks, systems and controls, corporate governance, market conduct, conduct of business and the treatment of customers.

In many cases, the U.K. Rules reflect the requirements set out in EU laws and regulations which have been implemented in the U.K., or assimilated in the U.K. following the U.K.’s withdrawal from the EU, (such as the Markets in Financial Instruments Directive 2014/65/EU (“*MiFID II*”) and the Markets in Financial Instruments Regulation (600/2014/EU) (“*MiFIR*”), which relate to the carrying on of investment business). The U.K. Rules have, in certain cases, been amended to tailor to the U.K. financial system.

Other U.K. regulators

Other U.K. regulators that may impact our business include the Office of Gas and Electricity Markets, which regulates the U.K. downstream natural gas and electricity industry, and the Information Commissioner’s Office which is responsible for regulating compliance with legislation in the U.K. governing data protection and electronic communications.

European Union

EU Regulators

In the EU, the European Banking Authority is the agency tasked with implementing a standard set of rules to regulate and supervise banking and certain financial services across all EU countries. Under the Single Supervisory Mechanism (the “SSM”), the European Central Bank (“ECB”) is designated as the competent authority for banking supervision across the EU, with national competent authorities (“NCAs”) as the direct financial services regulatory authorities in each individual EU member state. The ECB directly regulates entities designated as “Significant Institutions” and indirectly regulates, through the NCAs, entities designated as “Less Significant Institutions” (“LSIs”).

France – Autorité de Contrôle Prudentiel et de Résolution (“ACPR”) and Autorité des Marchés Financiers (the “AMF”)

The ACPR is responsible for the supervision of the banking and insurance sectors in France and authorizes any regulated entity such as credit institutions, investment firms, insurance companies, financing companies and payment institutions. The ACPR is responsible for prudential supervision but is also the competent authority when it comes to clients’ protection and financial crime, more specifically AML-CTF matters. The AMF is the French financial markets regulator and is responsible for regulating the market, its participants and investment products distributed via these markets and is also responsible for ensuring that investors are properly informed.

Macquarie Capital France Société Anonyme (“MCF”) within the Non-Banking Group and the French branch of Macquarie Bank Europe Designated Activity Company (“MBE”) within the Banking Group are regulated by both the ACPR and the AMF. The French branch of Macquarie Asset Management S.à r.l. (“MAMES”) within the Non-Banking Group was incorporated on April 22, 2024, and is supervised by the AMF. These entities are required to comply with French legislation and regulatory requirements set out by the ACPR and AMF in the form of codes, regulations and guidance issued from time to time (collectively, the “French Rules”), as applicable. The French Rules include, among others, requirements as to capital adequacy, liquidity adequacy, systems and controls, corporate governance, market conduct, financial crime, conduct of business and the treatment of customers.

Ireland – Central Bank of Ireland (“CBI”)

The CBI is responsible for the regulation of financial services business in Ireland, including banking, investment business, consumer credit and insurance. Those credit institutions that are LSIs within the SSM framework are supervised directly by the CBI with indirect supervision from the ECB.

The MBL Group has an authorized Irish subsidiary, MBE, which is authorized and regulated as a credit institution by the CBI. MBE is designated as a High-Impact LSI within the SSM framework.

Regulated entities in Ireland are required to comply with Irish legislation and the regulatory requirements set forth by the CBI in the form of codes, regulations and guidance issued from time to time (collectively, the “*Irish Rules*”), as applicable. The Irish Rules include, among others, requirements as to capital adequacy, liquidity adequacy, systems and controls, corporate governance, market conduct, conduct of business and the treatment of customers. The Irish Rules reflect the requirements set out in EU prudential regulations and directives such as Regulation (EU) 2019/876 (“*CRR II*”), Directive (EU) 2019/878 (“*CRD V*”).

Luxembourg - Commission de Surveillance du Secteur Financier (“CSSF”)

The CSSF is Luxembourg’s financial sector regulator, responsible for regulating investment business including investment fund managers, credit institutions and investment firms.

The MGL Group includes the following Luxembourg regulated entities within the Non-Banking Group:

- Macquarie Investment Management Europe S.A. (“*MIMESA*”), which is authorized and regulated by the CSSF as an investment firm; and
- MAMES, which is authorized and regulated by the CSSF as an alternative investment fund manager.

As regulated entities, MIMESA and MAMES are required to comply with Luxembourg legislation and regulation as set out by the CSSF in the form of codes, regulations and guidance issued from time to time (collectively, the “*Luxembourg Rules*”), as applicable. The Luxembourg Rules include, among others, requirements as to capital adequacy, systems and controls, corporate governance, market conduct, conduct of business and the treatment of customers.

Other international regulators

Outside Australia, the United States, the EU and the U.K., MBL has branches in the Dubai International Finance Centre, and Singapore that are regulated by the Dubai Financial Services Authority, and the Monetary Authority of Singapore, respectively. MBL also has a representative office in South Africa, regulated by the South African Reserve Bank, in Brazil, regulated by the Banco Central do Brasil, and in Switzerland, regulated by the Swiss Financial Markets Supervisory Authority, which gives MBL limited authorization to conduct marketing of its products and services to institutions, subject to local license limitations. Bank regulation varies from country to country, but generally is designed to protect depositors and the banking system as a whole, not holders of a bank’s securities. Bank regulations may cover areas such as capital adequacy, minimum levels of liquidity, and the conduct and marketing of banking services.

Other key financial regulators of our businesses include but are not limited to the Securities and Futures Commission of Hong Kong.

Financial regulation varies from country to country and may include the regulation of securities offerings, mergers and acquisitions activity, commodities and futures activities, anti-trust issues, investment advice, trading and brokerage, sales practices, and the offering of investment products and services.

In addition to the foregoing, certain businesses and assets owned or managed by the MBL Group in international jurisdictions are subject to additional laws, regulations and oversight that are specific to the industries applicable to those businesses and assets.

International regulatory developments

U.S. anti-money laundering regulations

At this time, registered investment advisers are not required by SEC regulation to establish or maintain an AML compliance program or file SARs with FinCEN. However, on February 15, 2024, FinCEN published a proposed rulemaking that, if adopted, would include certain investment advisers in the definition of “financial institution” under the Bank Secrecy Act, prescribe minimum standards for AML and countering the financing of terrorism programs to be established by covered advisers, require covered advisers to report suspicious activity to FinCEN, and make several other related changes to FinCEN regulations.

Standardized national AML regulations for U.S. registered investment advisors and exempt reporting advisors are expected to take effect on January 1, 2026 and mainly impact MGL Group's U.S. asset management businesses by increasing regulatory obligations, including reporting, governance and customer identification obligations.

Canadian derivative regulations

Canada has harmonized derivatives reporting rules across its provinces and territories. MBL, as well as its subsidiary Macquarie Energy Canada Ltd ("*MEC*"), are currently operating as deemed derivative dealers in Canada for purposes of transaction reporting and, since September 2024, are subject to Canadian business conduct requirements. Derivative dealer registration rules have not yet been finalized in Canada, but it is anticipated that MBL and MEC may be required to register as derivative dealers. Registration and compliance obligations in Canada will likely result in increased costs with respect to MBL's and its subsidiaries' Canadian derivatives business.

U.K. prudential framework

MBL LB is prudentially regulated by its home regulator, APRA. However, certain PRA provisions, applicable to third country branches in the U.K., would apply to MBL LB.

The FCA introduced a prudential regime for investment firms that it prudentially regulates (the Investment Firm Prudential Regime, "*IFPR*") with a view to reduce the potential harm to consumers and markets and capture the vulnerabilities and risks specific to these firms. This regime applies to MGL Group investment firms such as MCEL, MIRAEAL and MIMEL.

U.K. regulatory reform

The Financial Services and Markets Act 2023 (the "*FSMA 2023*") received royal assent on June 29, 2023 with some provisions having come into effect on August 29, 2023 and others coming into force pursuant to subsequent regulations made by HM Treasury. The FSMA 2023 aims to implement the outcomes of the government's future regulatory framework review and to make changes to update the U.K. regulatory regime following Brexit. The FSMA 2023 establishes a framework to revoke EU law relating to financial services, and enables HM Treasury, the FCA and PRA to replace EU law in the U.K. with legislation and a regulatory rule-set to deliver a comprehensive "FSMA" model of regulation. The FSMA 2023 intends to move away from the onshored EU legislation towards the historic approach taken under the Financial Services and Markets Act 2000 (the "*FSMA 2000*"), whereby primary responsibility for regulation is delegated to the U.K. regulatory authorities, subject to the oversight of Parliament. The FSMA 2023 will be followed by a program of regulatory reform, the timetable and extent of which are currently uncertain.

The Retained EU Law (Revocation and Reform) Act 2023 (the "*Brexit Freedoms Act*"), which also received royal assent on June 29, 2023, establishes a framework for the repeal of non-financial services retained EU law and provides for the abolition of the supremacy of retained EU law and general principles of EU law interpretation. This will end the special status that retained EU law (including those relating to financial services) has on the U.K. statute book. The Brexit Freedoms Act also provides and modifies a number of powers relating to the ability of a Minister of the Crown (or similar) to amend retained EU legislation. It treats all retained direct EU legislation as equivalent to domestic secondary legislation and subject to amendment in the same way as secondary legislation.

The FSMA 2023 and the Brexit Freedoms Act are framework legislation for the U.K. government to make further policy changes and diverge from EU law in the coming years. As is common with financial services regulation, the applicable changes to different firms are likely to come into effect over a long period and require a change management program to identify and implement relevant changes.

In December 2022, HM Treasury published a policy statement on "*Building a smarter financial services framework for the UK*", which set out the U.K. government's plan to deliver the future regulatory framework through the powers established in the FSMA 2023 and announced a package of over 30 measures to reform U.K. financial services regulation (collectively known as the "*Edinburgh Reforms*"). It prescribes how the program of reform will be approached in phases, with retained EU law in the area of financial services split into "tranches". Work has been undertaken across the first two tranches, delivering the outcomes arising from the Wholesale Markets Review, Lord Hill's Listing Review, the Securitisation Review, and the Review into the Solvency II Directive. The second and third tranches consist of further implementation of the remaining outcomes of the Wholesale Markets Review, continued work on Solvency II, the Packaged Retail and Insurance-Based Investment Products Regulation, the Short Selling Regulation, the Taxonomy Regulation, the Money Market Funds Regulation, Payment Services Directive and the E-Money Directive, Insurance Mediation and Distribution Directives, the Capital Requirements Regulation and Directive, Long-Term Investment Funds

Regulation, and the consumer information rules in the Payment Accounts Regulations 2015. A number of these reforms may impact the MGL Group's U.K. regulated entities. The U.K. government continues to make progress on the Edinburgh Reforms, and in February 2024, provided an update to the Treasury Committee on the current status.

There remains a risk that the U.K. regime may diverge from the EU regime in certain respects. As is common with financial services regulation, the applicable changes to different firms will come into effect over a long period and require a change management program to identify and implement relevant changes. The impact of such changes on the MGL Group is unknown at this time, although any such changes could have an impact on the MGL Group's operations, business, compliance framework, structure, profitability and/or prospects.

EU prudential framework for credit institutions – CRR and CRD

The Basel III framework sets the global standards for prudential requirements for banks and was implemented in the EEA through the EU Capital Requirements Regulation (“CRR”) and Fourth Capital Requirements Directive (“CRD IV”). The CRR established a single set of harmonized prudential rules which apply directly to all credit institutions in the EEA, with CRD IV containing other provisions required to be transposed into national law. The latest amendments to these requirements will be implemented in the form of CRR III and CRD VI from January 2025 and January 2026, respectively. The CRR and CRD as amended apply to MBE as implemented in Ireland by the CBI.

EU prudential framework for investment firms – IFR and IFD

The IFR and IFD establish a prudential regime tailored to investment firms authorized in the EU. Under the framework, investment firms are categorized into one of three classes according to their size and business activities, and are subject to certain capital, liquidity, governance, risk management, reporting and disclosure requirements. The IFR and IFD apply to MIMESA and MCF.

EU regulatory reforms

The EU's Digital Operational Resilience Act (“DORA”) will apply in all EU member states from January 17, 2025. Its stated aim is to improve resilience against cyber security and technology risks within the financial services sector and to address a perceived gap in existing operational resilience legislation, which lacked sufficient Information and Communication Technology (“ICT”) coverage and did not reflect the risks of increasing reliance and inter-connectedness of ICT within the financial services sector. DORA will require in-scope entities to implement comprehensive information and communications technology risk frameworks, monitoring, and incident response and business continuity plans. It will apply to certain subsidiaries of the MGL Group, including MBE, MCF, MAMES and MIMESA. Although DORA only directly targets EU regulated entities, the MGL Group's intra-group operational model means it will impact global policies and standards.

EU anti-money laundering regulations

MCF and MAMES are subject to a range of measures aimed at preventing financial crime which are mandated under European wide directives which member states must legislate for at a national level; the latest directive is the 6th Money Laundering Directive (“6MLD”). 6MLD strengthens criminal penalties and expands the scope of the existing legislation to better fight against money laundering and the financing of terrorism. 6MLD does not apply in the U.K. However, the U.K.'s legislative regime is substantively similar in scope to 6MLD. The EU AML regulations were introduced in 2024, and its main objectives are to harmonize AML regulation across the EU and to reduce discrepancies in national implementations of earlier AML directives.

Additionally, the EU anti money laundering authority (“EUAMLA”) was established in June 2024 and is expected to commence operations in mid-2025. EUAMLA is intended to enhance cooperation among financial intelligence units and to co-ordinate national authorities in applying EU rules to counter money laundering and terrorist financing.

International environmental, social and governance regulations

There is increased regulatory and investor scrutiny over the environmental, social and governance (“ESG”) impacts of the activities of financial groups such as MGL Group, including associated sustainability and greenwashing risk management, particularly in the EU and the U.K.

At the EU level, the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 (the “*SFDR*”) was introduced to enable clients and investors to make informed investment decisions based upon standardized environmental sustainability disclosures. MAMES is subject to SFDR disclosure and periodic reporting requirements at an entity and product level. MCF is only subject to SFDR entity-level disclosure requirements. On September 14, 2023, the European Supervisory Authorities published public and targeted consultations in relation to SFDR with responses required by December 15, 2023. The European Commission published a summary of feedback received from the consultations on May 3, 2024 confirming strong support for changes to the SFDR framework, which may lead to a substantial overhaul of the existing disclosure regime into rules based upon product labelling and improved interoperability with other EU sustainability regulation.

Regulatory initiatives in the U.K. continue to focus on issuers and asset managers. MIRAEL and MIMEL published an entity-specific report in June 2024 to comply with new FCA rules mandating climate-related disclosures for asset managers, which align with Taskforce on Climate-related Financial Disclosures (“*TCFD*”).

On November 28, 2023, the FCA published its Policy Statement setting out its final rules on the U.K. Sustainability Disclosure Requirements (“*SDR*”) and investment labels. SDR has a phased implementation with requirements applying between 2024-2026. The majority of this regime is for use by asset managers and distributors, and is broadly designed to prevent greenwashing and ensure consistency in sustainable product labelling. On April 23, 2024, the FCA published a consultation proposing to extend SDR to portfolio management activity. These labelling and disclosure rules have a limited impact upon MGL Group’s U.K. asset management entities due to the focus on retail clients and exclusion of overseas funds.

Varying regulatory approaches are being taken regarding greenwashing risk management. The FCA’s new anti-greenwashing rule, introduced as part of the SDR, has applied to all FCA-regulated MGL Group entities in the U.K. since May 31, 2024. This rule builds upon existing regulatory marketing principles by requiring firms to ensure that any reference to the sustainability characteristics of a product or service is consistent with the product’s or service’s profile and is not misleading.

The standardization of sustainability reporting continues to progress. The ISSB released its first two sustainability reporting standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures) which have been effective from January 1, 2024. On May 16, 2024, the U.K. government confirmed they plan to endorse these standards in the first quarter of 2025. In the EU, the Corporate Sustainability Reporting Directive (EU) 2022/2464 (“*CSRD*”) entered into force in January 2023 and requires large European undertakings to report sustainability information under European Sustainability Reporting Standards (“*ESRS*”). The reporting framework requires certain MGL Group entities regulated in Europe to report from 2026 and MGL as a consolidated group from 2029. The ISSB has set out a potential route forward to support companies in-scope of CSRD wishing to apply both ISSB sustainability reporting standards and ESRS together. In future, MBE will be required to make quantitative and qualitative prudential disclosures on ESG risks as a credit institution under the revised CRR framework based on regulatory technical standards, which have not yet been issued by the European Banking Authority.

The MGL Group is also subject to modern slavery legislations and annually reports its approach towards identifying and mitigating the risk of modern slavery within its supply chain and business operations. The Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023 came into effect on January 1, 2024, and requires MGL Group to outline the actions taken to prevent and reduce the risk that forced labor or child labor is used in its supply chains.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF INTERIM RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In addition to the information included in this Report, investors should refer to our 2025 Half Year Management Discussion and Analysis Report for a comparative discussion and analysis of our results of operations and financial condition for the half year ended September 30, 2024 compared to the half year ended September 30, 2023, along with other balance sheet, capital and liquidity disclosures as at and for the half year ended September 30, 2024, which is posted on MBL's U.S. Investors' Website. Such information should be read in conjunction with the discussion under "Management's Discussion and Analysis of Results of Operations and Financial Condition" beginning on page 48 of our 2024 Annual U.S. Disclosure Report.

Recent developments post-September 30, 2024

Half year ended September 30, 2024 compared to half year ended September 30, 2023

See sections 1 – 7 of our 2025 Half Year Management Discussion and Analysis Report for a discussion of our results of operations and financial condition for the half years ended September 30, 2024 and 2023, which has been incorporated by reference herein.

Accounting restatement

In our 2025 interim financial statements, we revised our measure of financial investments included within cash and cash equivalents to exclude financial investments with a residual maturity of three months or less at the relevant balance date but whose maturity exceeded three months at the date of acquisition, which impacted the amount of cash and cash equivalents and cash flows from the operating activities under liquid asset holdings we reported. We restated the comparative figures as at and for the half years to March 31, 2024 and September 30, 2023 on the same basis. See Note 19 to our 2025 interim financial statements for more information. Our 2024 Annual Report that is incorporated by reference herein contains the comparative figures as at and for the years ended March 31, 2024 and 2023 on the prior basis.



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