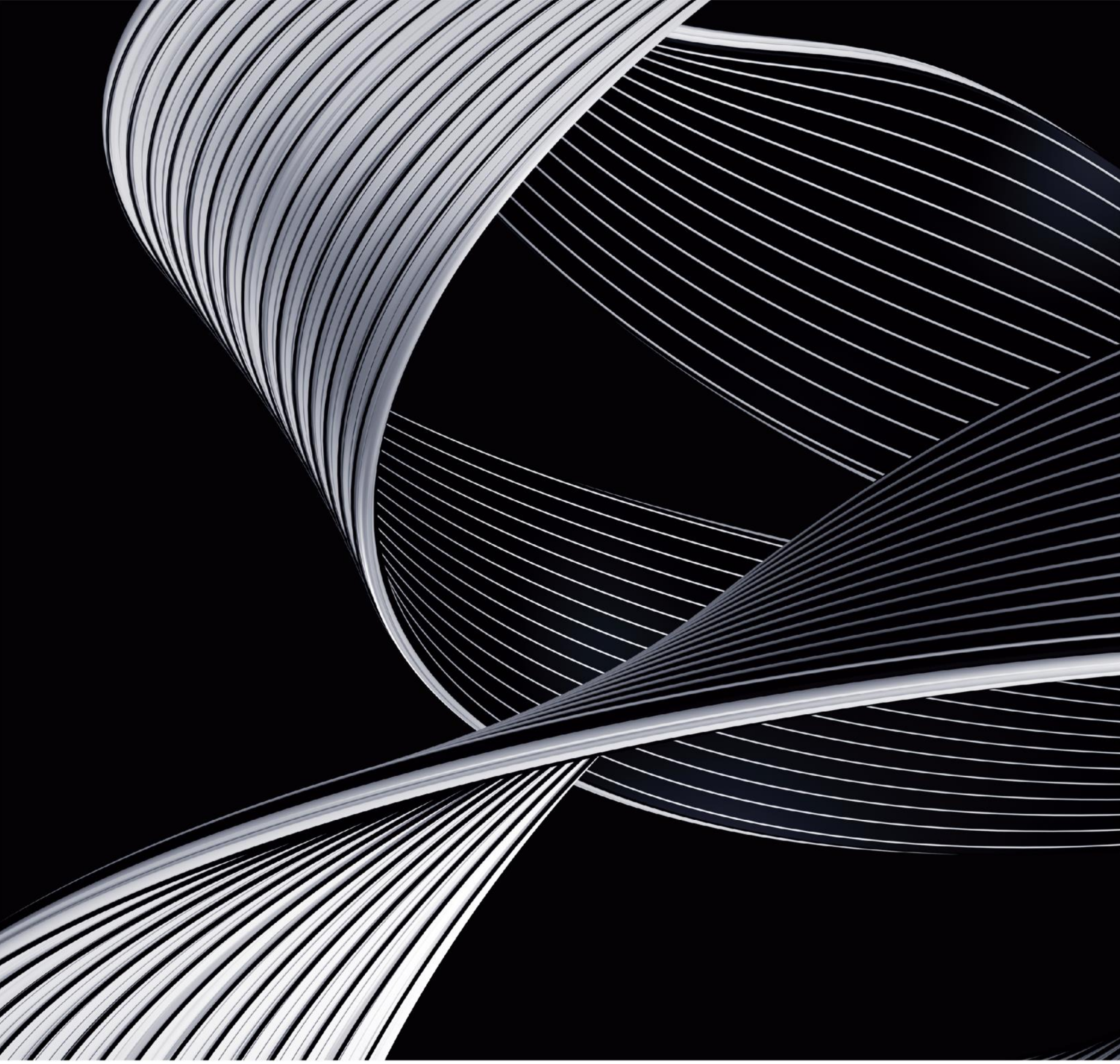


MBL Basel III Pillar 3 Capital Disclosures

December 2024

Macquarie Bank Limited
ACN 008 583 542

MACQUARIE BANK

Macquarie Bank Limited
ABN 46 008 583 542

1 Elizabeth Street
Sydney NSW 2000
GPO Box 4294
Sydney NSW 1164

Telephone (61 2) 8232 3333 Money Market 8232 3600 Facsimile 8232 4227
Facsimile (61 2) 8232 7780 Foreign Exchange 8232 3666 Facsimile 8232 3019
Telex 122246 Metals and Mining 8232 3444 Facsimile 8232 3590
DX 10287 SSE Futures 9231 1028 Telex 72263
SWIFT MACQAU2S Debt Markets 8232 3815 Facsimile 8232 4414

ASX Release

MACQUARIE BANK RELEASES DECEMBER PILLAR 3 DISCLOSURE DOCUMENT

26 February 2025 – The Macquarie Bank Limited December 2024 Pillar 3 disclosure document was released today. These disclosures have been prepared in accordance with the Australian Prudential Regulation Authority (APRA) requirements of Prudential Standard APS 330 Public Disclosure.

Contents

Introduction

Macquarie Bank Limited (MBL) is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA). MBL is accredited under the Foundation Internal Ratings Based Approach (FIRB) for credit risk and the Internal Model Approach (IMA) for market risk and interest rate risk in the banking book. These advanced approaches place a higher reliance on a bank's internal capital measures and therefore require a more sophisticated level of risk management and risk measurement practices. Operational risk is subject to the Standardised Measurement Approach (SMA).

APRA has implemented the Basel Committee's Basel III framework, and in some areas has introduced stricter requirements (APRA super equivalence). This report details MBL's disclosures as required by APRA Prudential Standard APS 330 Public Disclosure (APS 330) as at 31 December 2024 together with the 30 September 2024 comparatives where appropriate. References to Macquarie in this report refer to the Level 2 regulatory group which includes MBL, further details are provided in Section 1.1 Scope of Application.

This report outlines the key components of Macquarie's capital structure, the key risk exposures and the associated capital requirements. The key risk exposures are credit risk (including securitisation exposures, credit valuation adjustment, and exposures to central counterparties), market risk, operational risk and interest rate risk in the banking book.

This report also contains the reporting requirements for the leverage and liquidity coverage ratios. Macquarie's Risk Management Framework (RMF) along with the supporting frameworks, policies, the measures adopted to monitor and report on the RMF are described in the half year and full year Pillar 3 reports.

Ratios for Capital, Leverage and Liquidity are set out below.

APS 330 Table 3 (f)

Capital, Liquidity and Leverage Ratios – Level 2 regulatory group	**As at 31 December 2024**	As at 30 September 2024
Common Equity Tier 1 capital ratio	**12.6%**	12.8%
Tier 1 capital ratio	**14.3%**	14.5%
Total capital ratio	**20.8%**	21.0%
Leverage ratio	**5.0%**	5.0%
Liquidity coverage ratio[1,2]	**196%**	194%

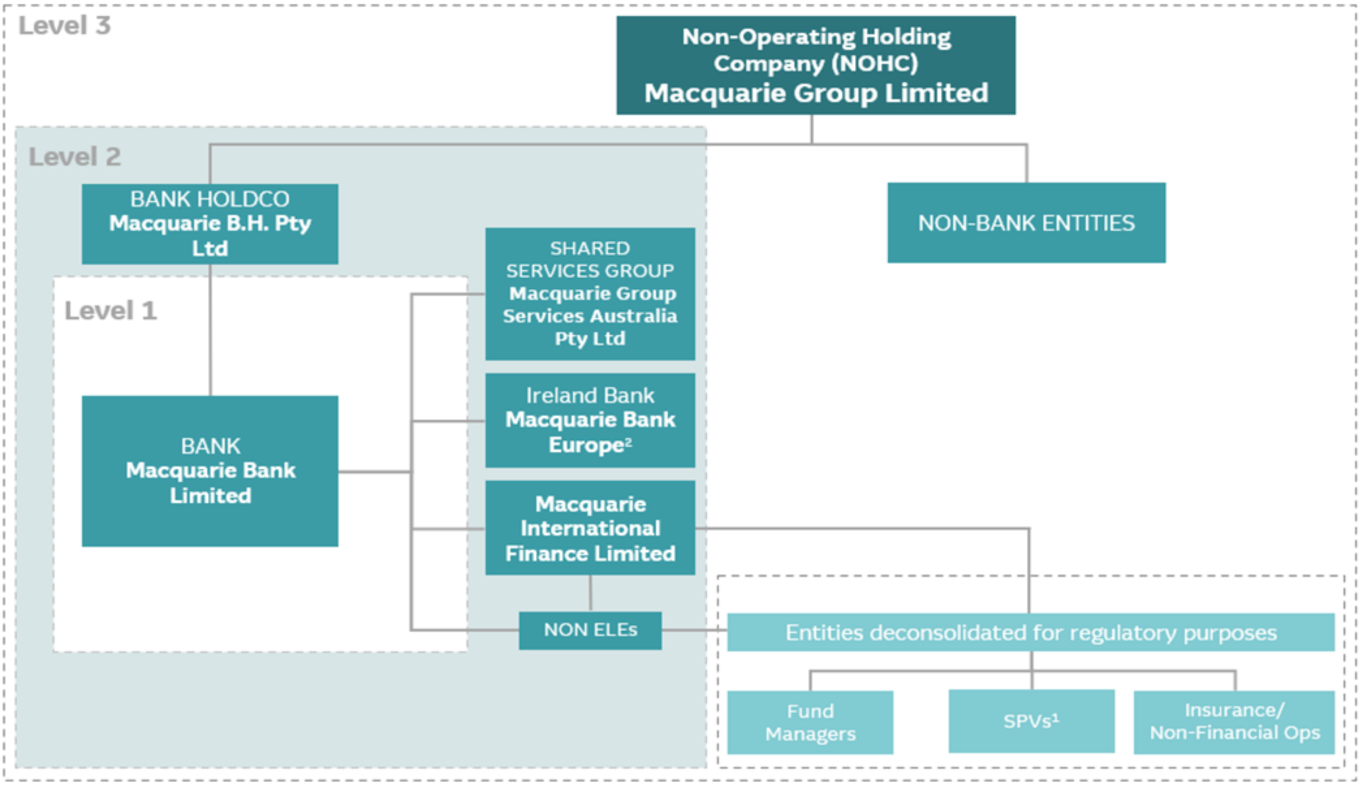
The minimum Common Equity Tier 1 (CET1) ratio in accordance with Prudential Standard APS 110 Capital Adequacy (APS 110) is 9%. This includes the industry minimum CET1 requirement of 4.5%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB) of 0.75%[3]. The corresponding ratios for Tier 1 and Total capital are 10.5% and 12.5% respectively. APRA also requires ADIs to maintain a minimum leverage ratio of 3.5%. In addition, APRA may impose ADI-specific minimum ratios which may be higher than these levels. At 31 December 2024, the Macquarie Level 1 and Level 2 regulatory group capital and liquidity ratios are above the regulatory minimum required by APRA, and the Board imposed internal minimum requirement.

[1] The Liquidity Coverage Ratio for the 3 months to 31 December 2024 is calculated from 63 daily LCR observations (30 September 2024 is calculated from 65 daily LCR observations).
[2] APRA imposed a 25% add-on to the Net Cash Outflow component of the LCR calculation, effective from 1 May 2022. Accordingly, the 3 month average LCR to 31 December 2024 and the 3 month average LCR to 30 September 2024 includes a 25% NCO add-on.
[3] The CCyB of the Level 2 regulatory group as at 31 December 2024 is 0.76%, which is rounded to 0.75% for presentation purposes. The individual CCyB varies by jurisdiction and the CCyB of the Level 2 regulatory group is calculated as a weighted average based on exposures in different jurisdictions at period end.

1. Overview

1.1 Scope of Application

MBL, as an approved ADI, is required to comply with the disclosure requirements of APS 330 on a Level 2 basis. The regulatory consolidated group is different to the accounting consolidated group and identifies three different levels of consolidation as illustrated below:



1. These are securitisation vehicles that achieve Regulatory Capital Relief per APS 120.
2. Disclosure of Macquarie Bank Europe's Pillar 3 document is available on Macquarie's website

Reporting levels are in accordance with APRA definitions contained in APS 110: Capital Adequacy.

References to Macquarie in this report refer to the Level 2 regulatory group which consists of MBL, its subsidiaries and its immediate parent (Macquarie B.H. Pty Ltd) but excludes certain subsidiaries of MBL which are required to be deconsolidated for APRA reporting purposes. Unless otherwise stated, all disclosures in this report represent the Level 2 regulatory group prepared on an APRA Basel III basis.

1.2 Report Conventions

The disclosures in this report are not required to be audited by an external auditor. However, the disclosures have been prepared on a basis consistent with information submitted to APRA. Under the revised APS 310 Audit and Related Matters, the information submitted to APRA is required to be either audited or reviewed by an external auditor at Macquarie's year end, being 31 March.

All numbers in this report are in Australian Dollars and have been rounded to the nearest million, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in the current year, unless otherwise stated. Averages have been prepared in this report for certain disclosures as required by APS 330.

The Appendices include a Glossary of Terms used throughout this document.

2. Risk Weighted Assets (RWA)

RWA are a risk-based measure of exposures used in assessing overall capital usage of the Level 2 regulatory group. When applied against eligible regulatory capital the overall capital adequacy ratio is determined. RWA are calculated in accordance with APRA Prudential Standards.

The table below sets out the RWA exposures for the Macquarie Level 2 regulatory group.

APS 330 Table 3 (a) to (e)

	As at 31 December 2024 $m	As at 30 September 2024 $m
Credit risk		
Subject to IRB approach		
Corporate[1]	**34,954**	31,775
SME Corporate[2]	**9,604**	9,194
Sovereign	**1,365**	1,077
Financial Institution[3]	**12,661**	11,357
Residential Mortgages[4]	**29,835**	28,861
Other Retail	**944**	1,093
Retail SME	**872**	1,005
Total RWA subject to IRB approach	**90,235**	84,362
Specialised lending exposures subject to slotting criteria[5]	**6,888**	5,370
Subject to Standardised approach		
Corporate	**2,005**	1,838
Residential Mortgages	**548**	584
Other Retail	**788**	798
Total RWA subject to Standardised approach	**3,341**	3,220
Credit risk RWA for securitisation exposures	**846**	806
Credit Valuation Adjustment RWA	**10,090**	9,505
Exposures to Central Counterparties RWA	**743**	530
RWA for Other Assets[6]	**4,596**	4,370
Total Credit risk RWA	**116,739**	108,163
Market risk RWA[7]	**8,039**	8,619
Operational risk RWA	**17,512**	17,512
Interest rate risk in the banking book RWA[8]	**4,488**	3,773
Total RWA	**146,778**	138,067

[1] 'Corporate' asset class includes Large Corporates.
[2] Includes a $0.8bn RWA overlay for SME Corporate portfolio.
[3] 'Financial Institution' asset class includes banks and other corporate financial institutions.
[4] Includes a PD model overlay of $0.8bn RWA.
[5] Specialised lending exposures subject to supervisory slotting criteria are measured using APRA determined risk weightings.
[6] The major components of Other Assets are unsettled trades, fixed assets and residual value of operating leases.
[7] Includes the Risks-Not-In-VaR (RNIV) overlay imposed by APRA, effective from 1 January 2024.
[8] APRA has approved MBL's historical simulation internal model subject to a $100m capital overlay add-on, which is included in the IRRBB RWAs.

3. Credit Risk Measurement

3.1 Macquarie's Credit Risk Exposures

Disclosures in this section have been prepared on a gross credit exposure basis. Gross credit risk exposure relates to the potential loss that Macquarie would incur as a result of a default by an obligor. The gross credit risk exposures are calculated as the exposure at default on drawn and undrawn facilities along with derivatives and repurchase agreements. The exposure at default is calculated in a manner consistent with APRA Prudential Standards.

Exposures have been based on a Level 2 regulatory group as defined in Section 1.1. The gross credit risk exposures in this section will differ from the disclosures in the MBL and its subsidiaries, the Consolidated Entity financial report as gross credit risk exposures include off balance sheet exposures and exclude the exposures of subsidiaries which have been deconsolidated for APRA reporting purposes.

The exposures below exclude the impact of:

- Credit risk mitigation
- Securitisation exposures
- CVA
- Central counterparty exposures
- Trading book on balance sheet exposures; and
- Equity exposures.

APS 330 Table 4(a)

Portfolio Type	**As at 31 December 2024 $m**	As at 30 September 2024 $m
Corporate[1]	**61,956**	56,491
SME Corporate[2]	**11,277**	10,913
Sovereign	**19,488**	13,761
Financial Institution	**33,209**	29,045
Residential Mortgages	**156,913**	151,129
Other Retail	**3,015**	3,370
Retail SME	**1,311**	1,523
Other Assets[3]	**5,726**	7,190
Total Gross Credit Exposures	**292,895**	273,422

[1] Corporate includes specialised lending exposure of $6,441 million as at 31 December 2024 (30 September 2024: $5,198 million).
[2] SME Corporate includes specialised lending exposure of $156 million as at 31 December 2024 (30 September 2024: $154 million).
[3] The major components of Other Assets are unsettled trades, fixed assets and residual value of operating leases.

APS 330 Table 4(a) (continued)

	As at 31 December 2024				
		Off balance sheet			
	On balance Sheet $m	Non-market related $m	Market related $m	Total $m	Average exposures[1] $m
Subject to IRB approach					
Corporate	21,851	4,649	26,189	52,689	50,564
SME Corporate	9,119	1,960	42	11,121	10,940
Sovereign	18,137	1,143	208	19,488	16,625
Financial Institution	5,769	12,720	14,720	33,209	31,127
Residential Mortgages	139,287	17,015	-	156,302	153,393
Other Retail	1,899	-	-	1,899	2,049
Retail SME	1,300	11	-	1,311	1,417
Total IRB approach	**197,362**	**37,498**	**41,159**	**276,019**	**266,114**
Specialised Lending subject to slotting criteria	3,393	777	2,427	6,597	5,975
Subject to Standardised approach					
Corporate	1,131	610	1,085	2,826	2,841
Residential Mortgages	554	57	-	611	629
Other Retail	824	292	-	1,116	1,144
Total Standardised approach	**2,509**	**959**	**1,085**	**4,553**	**4,613**
Other Assets	5,691	35	-	5,726	6,458
Total Gross Credit Exposures	**208,955**	**39,269**	**44,671**	**292,895**	**283,159**

[1] Average exposures have been calculated on 31 December 2024 and 30 September 2024 spot positions.

APS 330 Table 4(a) (continued)

	As at 30 September 2024				
		Off balance sheet			
	On balance Sheet $m	Non-market related $m	Market related $m	Total $m	Average exposures[1] $m
Subject to IRB approach					
Corporate	20,865	3,510	24,063	48,438	46,754
SME Corporate	8,923	1,786	50	10,759	10,916
Sovereign	12,835	733	193	13,761	15,544
Financial Institution	5,875	10,430	12,740	29,045	28,571
Residential Mortgages	133,003	17,480	-	150,483	146,987
Other Retail	2,199	-	-	2,199	2,377
Retail SME	1,512	11	-	1,523	1,634
Total IRB approach	185,212	33,950	37,046	256,208	252,781
Specialised Lending subject to slotting criteria	2,716	678	1,958	5,352	5,977
Subject to Standardised approach					
Corporate	1,305	399	1,151	2,855	2,846
Residential Mortgages	594	52	-	646	675
Other Retail	870	301	-	1,171	1,209
Total Standardised approach	2,769	752	1,151	4,672	4,729
Other Assets	7,158	32	-	7,190	7,147
Total Gross Credit Exposures	197,855	35,412	40,155	273,422	270,634

[1] Average exposures have been calculated on 30 September 2024 and 30 June 2024 spot positions.

4. Provisioning

4.1 Provisions by Counterparty Type

The table below details non-performing facilities and specific provisions.

APS 330 Table 4(b)

	As at 31 December 2024				For the 3 months to 31 December 2024	
		Non- Performing				
	Gross Credit Exposure $m	< 90 Days Past Due $m	≥ 90 Days Past Due $m	Specific Provisions $m	Charges for Specific Provisions $m	Write-offs[1] $m
Subject to IRB approach						
Corporate	59,130	109	141	(102)	(9)	-
SME Corporate	11,277	97	74	(22)	(2)	-
Sovereign	19,488	-	-	-	-	-
Financial Institution	33,209	-	15	(15)	-	-
Residential Mortgages	156,302	667	449	(18)	-	-
Other Retail	1,899	42	9	(15)	-	-
Retail SME	1,311	32	13	(11)	-	-
Total IRB approach	**282,616**	**947**	**701**	**(183)**	**(11)**	**-**
Subject to Standardised approach						
Corporate	2,826	-	-	-	-	-
Residential Mortgages	611	-	-	-	-	-
Other Retail	1,116	11	8	(6)	-	-
Total Standardised approach	**4,553**	**11**	**8**	**(6)**	**-**	**-**
Other Assets	**5,726**	**-**	**-**	**-**	**-**	**-**
Total	**292,895**	**958**	**709**	**(189)**	**(11)**	**-**
Additional regulatory specific provisions				**(131)**		

[1] Under AASB 9, there are no longer direct write offs to Income Statement. A financial asset is written off when there is no reasonable expectation of recovering it. At the time of writing off a financial asset it is adjusted against the Expected Credit Loss (ECL) provision created over the life of the asset and not directly written off to Income Statement.

APS 330 Table 4(b) (continued)

	As at 30 September 2024				For the 3 months to 30 September 2024	
		Non- Performing				
	Gross Credit Exposure $m	< 90 Days Past Due $m	≥ 90 Days Past Due $m	Specific Provisions $m	Charges for Specific Provisions $m	Write-offs[1] $m
Subject to IRB approach						
Corporate	53,636	203	191	(165)	(18)	-
SME Corporate	10,913	99	95	(30)	(3)	-
Sovereign	13,761	-	-	-	-	-
Financial Institution	29,045	-	14	(14)	-	-
Residential Mortgages	150,483	673	435	(20)	-	-
Other Retail	2,199	46	12	(17)	-	-
Retail SME	1,523	35	14	(13)	-	-
Total IRB approach	261,560	1,056	761	(259)	(21)	-
Subject to Standardised approach						
Corporate	2,855	-	-	-	-	-
Residential Mortgages	646	-	-	-	-	-
Other Retail	1,171	11	6	(6)	-	-
Total Standardised approach	4,672	11	6	(6)	-	-
Other Assets	7,190	-	-	-	-	-
Total	273,422	1,067	767	(265)	(21)	-
Additional regulatory specific provisions				(111)		

4.2 General Provisions

APS 330 Table 4(c)

	As at 31 December 2024 $m	As at 30 September 2024 $m
General provisions before tax	**271**	246
Tax effect	**(74)**	(68)
General provisions	**197**	178

[1] Under AASB 9, there are no longer direct write offs to Income Statement. A financial asset is written off when there is no reasonable expectation of recovering it. At the time of writing off a financial asset it is adjusted against the Expected Credit Loss (ECL) provision created over the life of the asset and not directly written off to Income Statement.

5. Securitisation

5.1 Securitisation Activity

Over the 3 months to 31 December 2024, Macquarie has undertaken the following securitisation activity. Macquarie may or may not retain an exposure to securitisation SPVs to which Macquarie has sold assets.

APS 330 Table 5(a)

	For the 3 months to 31 December 2024		
	Value of loans sold or originated into securitisation		Recognised gain or loss on sale
Exposure Type	**ADI originated $m**	**ADI as sponsor $m**	**$m**
Banking Book			
Residential Mortgages[1]	**6,564**	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance[1]	-	-	-
Other	-	-	-
Total Banking Book	**6,564**	-	-
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Total Trading Book	-	-	-

	For the 3 months to 30 September 2024		
	Value of loans sold or originated into securitisation		Recognised gain or loss on sale
Exposure Type	ADI originated $m	ADI as sponsor $m	$m
Banking Book			
Residential Mortgages[1]	3,295	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance[1]	-	-	-
Other	-	-	-
Total Banking Book	3,295	-	-
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Total Trading Book	-	-	-

[1] Exposures that have been transferred between different structures may also have been originated within the same period which would result in those exposures being included twice.

5.2 Exposures Arising from Securitisation Activity by Asset Type

This table sets out the on and off-balance sheet securitisation exposures originated or purchased, broken down by asset type.

APS 330 Table 5(b)

	As at 31 December 2024		
	Total outstanding exposures[1]		
Exposure Type	**On balance sheet $m**	**Off balance sheet $m**	**Total exposures $m**
Banking Book			
Residential Mortgages	**66,632**	**78**	**66,710**
Credit cards and other personal loans	**36**	**-**	**36**
Auto and equipment finance	**2,930**	**58**	**2,988**
Other	**956**	**76**	**1,032**
Total Banking Book	**70,554**	**212**	**70,766**
Trading Book			
Residential Mortgages	**-**	**-**	**-**
Credit cards and other personal loans	**-**	**-**	**-**
Auto and equipment finance	**-**	**-**	**-**
Other	**-**	**-**	**-**
Total Trading Book	**-**	**-**	**-**

	As at 30 September 2024		
	Total outstanding exposures[1]		
Exposure Type	On balance sheet $m	Off balance sheet $m	Total exposures $m
Banking Book			
Residential Mortgages	65,036	329	65,365
Credit cards and other personal loans	51	-	51
Auto and equipment finance	3,474	-	3,474
Other	915	-	915
Total Banking Book	69,476	329	69,805
Trading Book			
Residential Mortgages	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Other	-	-	-
Total Trading Book	-	-	-

[1] Included in the above are assets of $66,421 million in securitisation entities where Macquarie continues to hold capital behind the underlying pool of securitised assets in Level 2 regulatory group (30 September 2024: $65,882 million).

6. Leverage Ratio Disclosures

The leverage ratio is a non-risk-based ratio that is intended to restrict the build-up of excessive leverage in the banking system and acts as a supplementary measure to create a back stop for the risk-based capital requirements.

Prudential Standard APS 110 Capital Adequacy requires a minimum leverage ratio of 3.5% effective 1 January 2023. Macquarie's leverage ratio was 5.0% at 31 December 2024. There was an increase in total exposures largely driven by growth in mortgages portfolio, derivative exposures and securities financing transactions, offset by higher Tier 1 capital, resulting in a neutral impact to the leverage ratio quarter on quarter.

Capital and total exposures	**31 December 2024 $m**	30 September 2024 $m	30 June 2024 $m	31 March 2024 $m
Tier 1 Capital	**21,004**	19,991	19,654	20,154
Total exposures	**418,311**	399,648	375,429	385,318
Macquarie Level 2 regulatory group Leverage ratio	**5.0%**	5.0%	5.2%	5.2%

7. Liquidity Coverage Ratio Disclosure

7.1 Liquidity Coverage Ratio disclosure template

APS 330 Table 20

	Liquidity Coverage Ratio disclosure template	For the 3 months to 31 December 2024 Total unweighted value (average) $m	For the 3 months to 31 December 2024 Total weighted value (average) $m	For the 3 months to 30 September 2024 Total unweighted value (average) $m	For the 3 months to 30 September 2024 Total weighted value (average) $m
	Liquid assets, of which:				
1	High quality liquid assets (HQLA)		**44,531**		45,665
2	Alternative liquid assets (ALA)		**-**		-
3	Reserve Bank of New Zealand (RBNZ) securities		**-**		-
	Cash outflows				
4	Retail deposits and deposits from small business customers, of which:	**114,337**	**11,172**	105,863	10,384
5	Stable deposits	**40,779**	**2,039**	36,635	1,832
6	Less stable deposits	**73,558**	**9,133**	69,228	8,552
7	Unsecured wholesale funding, of which:	**42,592**	**22,384**	43,618	23,223
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	**15,594**	**2,488**	16,969	3,068
9	Non-operational deposits (all counterparties)	**21,605**	**14,503**	20,607	14,113
10	Unsecured debt	**5,393**	**5,393**	6,042	6,042
11	Secured wholesale funding		**647**		693
12	Additional requirements, of which:	**45,497**	**20,758**	41,894	18,542
13	Outflows related to derivatives exposures and other collateral requirements	**22,327**	**18,615**	19,204	16,549
14	Outflows related to loss of funding on debt products	**274**	**274**	250	250
15	Credit and liquidity facilities	**22,896**	**1,869**	22,440	1,743
16	Other contractual funding obligations	**14,460**	**14,433**	15,077	15,065
17	Other contingent funding obligations	**8,998**	**473**	9,163	479
18	**Total cash outflows**		**69,867**		68,386
	Cash Inflows				
19	Secured lending (e.g., reverse repos)	**52,220**	**28,629**	55,833	27,396
20	Inflows from fully performing exposures	**3,021**	**2,238**	3,226	2,340
21	Other cash inflows	**20,811**	**20,811**	19,842	19,842
22	**Total cash inflows**	**76,052**	**51,678**	78,901	49,578
23	**Total liquid assets**		**44,531**		45,665
24	**Total net cash outflows**[1]		**22,734**		23,511
25	**Liquidity Coverage Ratio (%)**[2]		**196%**		194%

[1] APRA imposed a 25% add-on to the Net Cash Outflow (NCO) component of the LCR calculation, effective from 1 May 2022. For the 3 months to 31 December 2024 an average NCO overlay of $4,547 million is included in the disclosed balance of $22,734 million (3 months to 30 September 2024 overlay of $4,702 million is included in the disclosed balance of $23,511 million).

[2] The LCR for the 3 months to 31 December 2024 is calculated from 63 daily LCR observations (3 months to 30 September 2024 was calculated from 65 daily LCR observations).

7.2 The Liquidity Coverage Ratio (LCR)

The LCR requires unencumbered liquid assets be held to cover expected net cash outflows (NCOs) under a combined 'idiosyncratic' and market-wide stress scenario lasting 30 calendar days.

Liquidity management is performed centrally by Group Treasury, with oversight from the MGL and MBL Asset and Liability Committees (ALCO), the MGL and MBL Boards and the Risk Management Group (RMG). Furthermore, the Board approved Liquidity Policy and Risk Tolerance is designed to ensure Macquarie maintains sufficient liquidity to meet its obligations as they fall due.

Macquarie sets internal management and Board approved minimum limits for the LCR above the regulatory minimum level and monitors its aggregate LCR position against these limits on a daily basis. Macquarie also monitors the LCR position on a standalone basis for major currencies in which it operates, with the high-quality liquid assets (HQLA) portfolio being denominated and held in both Australian Dollars and a range of other currencies. In addition to Australian dollars, Macquarie monitors major currency mismatches in USD, EUR and GBP. This ensures that liquid assets are maintained consistent with the distribution of liquidity needs by currency, allowing for an acceptable level of currency mismatches.

Macquarie actively considers the impact of business decisions on the LCR, as well as internal liquidity metrics that form part of the broader liquidity risk management framework. Macquarie's LCR fluctuates on a daily basis as a result of normal business activities and, accordingly, ongoing fluctuations in the reported LCR are expected and are not necessarily indicative of a changing risk appetite. Some examples of factors that can influence the LCR include wholesale funding activities (such as upcoming maturities and prefunding expected future asset growth), the degree of activity in Macquarie's capital markets facing businesses, the composition and nature of liquid asset holdings, and a variety of other external market considerations that could impact day to day collateral requirements.

LCR Quarter Average Result:

Macquarie's 3 month average LCR to 31 December 2024 was 196%. This represents an increase of 2% from the 3 month average LCR to 30 September 2024, which was 194%.

The higher average LCR was driven by reduction in NCOs partly offset by a reduction in HQLA relative to the September 2024 quarter.

Average HQLA decreased in the December 2024 quarter largely due to HQLA being deployed into various business activities, including additional short-term secured lending transactions.

The reduction in average NCOs over the quarter was driven by:

- higher average volumes of short dated secured lending activities against non-HQLA securities; and
- lower average volumes of unsecured debt securities maturing within 30 days

These movements were partially offset by:

- higher average cash outflows related to retail / SME deposits due to deposit growth over the December 2024 quarter.

7.3 Liquid Assets

In addition to balances held with central banks, Macquarie's LCR liquid assets include Australian Dollar Commonwealth Government and semi-Government securities as well as certain HQLA-qualifying foreign currency securities.

7.4 Net Cash Outflows (NCOs)

NCOs in the LCR include contractual and assumed cash outflows, offset by certain allowable contractual cash inflows. Some of the key drivers of Macquarie's NCOs include:

Retail and SME deposits: assumed regulatory outflow relating to deposits from retail and SME customers that are at call or potentially callable within 30 days.

Unsecured wholesale funding: includes remaining deposits which are not received from retail or SME customers along with unsecured debt balances contractually maturing within 30 days.

Secured wholesale funding and lending: represent inflows and outflows from secured lending and borrowing activities contractually maturing within 30 days, such as repurchase, and reverse repurchase agreements.

Outflows relating to derivative exposures and other collateral requirements: includes gross contractual cash outflows relating to contractually maturing derivative contracts (with gross inflows on maturing derivative contracts profiled in 'other cash inflows'). Further, contingent liquidity outflows such as potential collateral requirements from market movements, a 3-notch credit ratings downgrade and withdrawal of excess collateral placed with Macquarie are also included in this category.

Inflows from fully performing exposures: In Macquarie's LCR, a large component of this balance relates to excess liquidity placed on an overnight or very short-term basis with third parties (internally considered part of the cash and liquid asset portfolio).

Other contractual funding obligations and other cash inflows: Includes other gross flows not profiled elsewhere in the LCR. The volumes in these categories are large relative to Macquarie's total cash outflows and inflows. In addition to derivative inflows noted above, key balances in these categories include:

- **Segregated client funds placed with Macquarie:** Macquarie acts as a clearing agent for clients on various futures exchanges. Clients place margin with Macquarie and Macquarie places this margin either directly with the exchange, holds it in other segregated external asset accounts or retains a portion on deposit with Macquarie. Some of the balances are recorded on a gross basis on Macquarie's balance sheet and APRA require these to be profiled as gross inflows and outflows in the LCR.
- **Security and broker settlement balances:** these represent securities that have been purchased or sold by Macquarie that have not yet settled and broker balances where stock has been bought or sold on behalf of clients, but payment has not been made to / received from the client. APRA require these balances to be reflected on a gross basis in the LCR as 100% weighted inflows and outflows. The net effect of these balances on Macquarie's average LCR is minimal.

Appendix 1 Glossary of Terms

ADI	Authorised Deposit-taking Institution.
Additional Tier 1 Capital	A capital measure defined by APRA comprising high quality components of capital that satisfy the following essential characteristics: • Provide a permanent and unrestricted commitment of funds • Are freely available to absorb losses • Rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer; and • Provide for fully discretionary capital distributions.
Additional Tier 1 Capital deductions	An amount deducted in determining Additional Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
ALA	Alternative Liquid Assets.
APRA	Australian Prudential Regulation Authority.
ADI Prudential Standards (APS)	APRA's ADI Prudential Standards. For more information refer to APRA website.
Banking Group	MBL and its subsidiaries.
Central counterparty	A clearing house or exchange that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer, and therefore ensuring the future performance or open contracts.
Common Equity Tier 1 capital (CET1)	A capital measure defined by APRA comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • Provide a permanent and unrestricted commitment of funds • Are freely available to absorb losses • Do not impose any unavoidable servicing charge against earnings; and • Rank behind the claims of depositors and other creditors in the event of winding up. • Common equity tier 1 capital comprises Paid Up Capital, Retained Earnings, and certain reserves.
Common Equity Tier 1 Capital deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
CVA	Credit Valuation Adjustment. The risk of mark-to-market losses on the expected counterparty risk to OTC derivatives.
Deconsolidated entities	Entities involved in conducting insurance, funds management and non-financial operations including special purpose vehicles (SPV) for which Macquarie has satisfied APS 120 Attachment A operational requirements for regulatory capital relief.
EAD	Exposure at Default – the gross exposure under a facility (the amount that is legally owed to the ADI) upon default of an obligor.
EL	Expected Loss, which is a function of EAD, Probability of Default and Loss given Default.
ELE	Extended Licensed Entity is an entity that is treated as part of the ADI ('Level 1') for the purpose of measuring the ADI's capital adequacy and exposures to related entities. The criterion for qualification as an ELE is detailed in the APRA Prudential Standards.
FIRB	Foundation Internal Ratings Based Approach (for determining credit risk).
HQLA	High Quality Liquid Assets.
Impaired assets	An asset for which the ultimate collectability of principal and interest is compromised.
LCR	Liquidity Coverage Ratio.
Level 1 Regulatory Group	MBL and certain subsidiaries which meet the APRA definition of Extended Licensed Entities.
Level 2 Regulatory Group	MBL, its parent Macquarie B.H. Pty Ltd and MBL's subsidiaries but excluding deconsolidated entities for APRA reporting purposes.

Level 3 Regulatory Group	MGL and its subsidiaries but excluding entities required to be deconsolidated for regulatory reporting purposes.
Macquarie	Level 2 regulatory group.
Macquarie Group	MGL and its subsidiaries.
MBL	Macquarie Bank Limited ABN 46 008 583 542.
MBL Consolidated Group	MBL and its subsidiaries.
NCO	Net Cash Outflows.
NSFR	Net Stable Funding Ratio.
Risk-weighted assets (RWA)	A risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
SME	Small - Medium Enterprises.
SPV's	Special purpose vehicles or securitisation vehicles.
SMA	Standardised Measurement Approach (for determining operational risk).
Tier 1 Capital	Tier 1 capital comprises of (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital.
Tier 1 Capital Deductions	Tier 1 capital deductions comprises of (i) Common Equity Tier 1 Capital deductions; and (ii) Additional Tier 1 Capital deductions.
Tier 1 Capital Ratio	Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA.
Tier 2 Capital	A capital measure defined by APRA, comprising other components of capital which contribute to the strength of the entity.
Tier 2 Capital Deductions	An amount deducted in Tier 2 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
Total Capital	Tier 1 Capital plus Tier 2 Capital less Total Capital Deductions.
Total Capital Ratio	Total Capital expressed as a percentage of RWA.

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Unless otherwise specified all information is at 31 December 2024.

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- The mix of business exposures between banks.
- Pillar 2 capital requirements are excluded from this disclosure but play a major role in determining both the total capital requirements of the bank and any surplus capital available.
- Difference in implementation of Basel III framework i.e. APRA has introduced stricter requirements (APRA super equivalence).