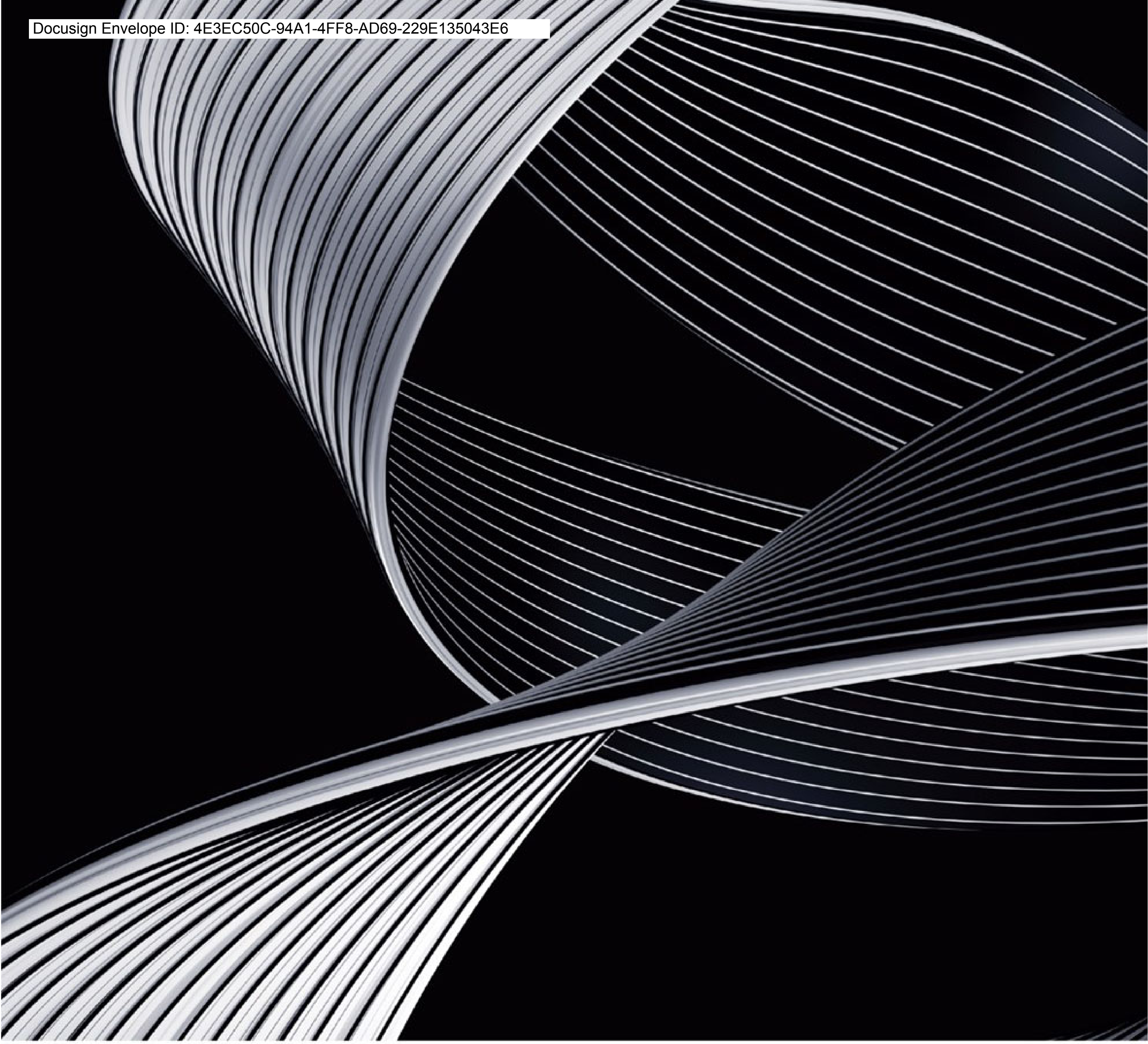

Macquarie International Finance Limited and its subsidiaries

30 September 2024

Interim Financial Report
ACN 092 985 263

Contents

The Financial Report was authorised for issue by the Board of Directors on 20 December 2024.

The Board of Directors has the power to amend and reissue the Financial Report.

Directors' Report

For the half year ended 30 September 2024

In accordance with a resolution of the Directors of Macquarie International Finance Limited (the Company or MIFL), the Directors submit herewith the financial report of the Company and its subsidiaries (the Consolidated Entity) for the half year ended 30 September 2024.

Directors

The following persons were the Directors of the Company at the date of this report:

Name of Director	Appointed on
D. Saad	8 April 2021
R. Dixon	26 October 2021
S.J. Dyson	15 May 2023
U.B. Viswanatha	12 December 2023

Principal activities

The principal activity of the Company is to act as the holding company for the majority of the Non-Extended Licensed Entities ("Non-ELE Group"[(1)]) within the Macquarie Bank Group ("the Bank Group"[(1)]), relating to Commodities and Global Markets (CGM), Banking and Financial Services (BFS) businesses and to act as the rated entity which provides guarantees to external counterparties for the obligations of the Non-ELE Group within the Bank Group. The Company also raises finance from both external and related parties to meet the funding requirements of its subsidiaries and other related entities within the Non-ELE Group.

Result

The consolidated profit after income tax attributable to the ordinary equity holder of the Company for the half year ended 30 September 2024 was $242 million (half year to 31 March 2024: $484 million; half year to 30 September 2023: $117 million).

State of affairs

In June 2024, the Company returned $130 million of its ordinary share capital effected by cancelling 130 million shares held by the Company's shareholder, Macquarie Bank Limited.

During September 2024, subsidiaries and businesses acquired or consolidated for a total consideration of $21 million resulting in recognition of net assets of $17 million, non-controlling interest of $3 million and goodwill of $7 million in the Statement of financial position.

During April 2024, subsidiaries and businesses disposed of or deconsolidated for a total consideration of $17 million resulting in deconsolidation of net assets of $13 million and investment income (gain on interests in businesses and subsidiaries) of $4 million recognised in the income statement.

During the year Company's registered office changed to Level 1, 1 Elizabeth Street, Sydney NSW 2000, Australia.

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

Review of operations

The profit attributable to the ordinary equity holder of the Consolidated Entity for the half year ended 30 September 2024 was $242 million (half year to 31 March 2024: $484 million; half year to 30 September 2023: $117 million).

Net operating income for the half year to 30 September 2024 was $1,369 million (half year to 31 March 2024: $1,739 million; half year to 30 September 2023: $1,197 million), which primarily represents net trading income & fee and commission income.

Total operating expenses for the half year to 30 September 2024 was $1,030 million (half year to 31 March 2024: $1,127 million; half year to 30 September 2023: $1,029 million), which primarily comprises of employment expenses, brokerage, commission and fee expenses and other operating expenses.

(1) Macquarie Group comprises of the Macquarie Bank Group ("the Bank Group") and the Macquarie Non-Bank Group ("the Non-Bank Group"). Macquarie Bank Group ("the Bank Group") refers to Macquarie Bank Limited ("MBL") and its subsidiaries. The Bank Group further comprises of the Extended Licensed Entities ("ELE") Group and the Non-ELE Group (comprising of the Consolidated Entity and other Non-ELEs retained by MBL being their parent entity due to regulatory reasons or which are intended for dissolution). The Non-Bank Group comprises of Macquarie Asset Management Holdings Pty Limited (MAMH) and Macquarie Financial Limited (MFL) along with their subsidiaries).

Directors' Report

For the half year ended 30 September 2024

Events subsequent to balance sheet date

On 19 December 2024, the Board of Directors had approved a return of capital of $230m to MBL. The payment will be made on or before 20 December 2024.

On 4 November 2024, Macquarie Investments 1 Limited, a subsidiary of MIFL, entered into a Share Purchase Agreement with Macquarie UK Holdings No.2 Limited (a Macquarie Group controlled entity in the Non-Bank Group) to transfer 100% of the beneficial title and ownership of shares in Macquarie Corona Energy Holdings Limited ("MCEHL"), the holding company for the Corona Group, from the Consolidated Entity to the Non-Bank Group for consideration of approximately A$715m. Subject to fulfilment of agreed conditions and any further changes in the net assets of MCEHL, the transaction is expected to result in a gain of approximately A$570m for the Consolidated Entity.

There were no other material events subsequent to 30 September 2024 and up until the authorisation of the financial statements for issue, requiring a disclosure in the interim financial report, other than those that have been disclosed elsewhere in the financial statements.

Likely developments, business strategies and prospects

Disclosure of information relating to the future developments in the operations, business strategies and prospects for future financial years of the Consolidated Entity have not been included in the report because the Directors believe it may result in unreasonable prejudice to the Consolidated Entity.

Directors' indemnification

Under the Company's Constitution, the Company indemnifies all the past and present Directors of the Company (including at this time the Directors named in this report) against certain liabilities, and costs incurred by them in their respective capacities. The Indemnity covers the following liabilities and legal costs (subject to the exclusions described as follows):

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

The indemnity does not apply to the extent that:

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

In addition, the ultimate parent entity Macquarie Group Limited ("MGL") made an Indemnity and Insurance Deed Poll on 12 September 2007 (Deed Poll). The benefit of the undertakings made by MGL under the Deed Poll have been given to each of the directors, secretaries, persons involved in the management and certain other persons, of MGL and its wholly-owned subsidiaries (which includes the Company) and other companies where the person is acting as such at the specific request of MGL and its wholly-owned subsidiaries.

Under the Deed Poll, MGL, inter alia, agrees to:

- indemnify the Director upon terms broadly consistent with the indemnity contained in MGL's Constitution (which are broadly consistent with the Company's constitution)
- takeout and maintain an insurance policy (or procure that an insurance policy is taken out and maintained) against liabilities incurred by the Director acting as an officer of MGL or its wholly owned subsidiaries. The insurance policy must be for an amount and on terms and conditions appropriate for a reasonably prudent company in MGL's position. Insurance must be maintained for seven years after the Director ceases to be a Director or until any proceedings commenced during that period have been finally resolved (including any appeal proceedings).

A Directors' and Officers' insurance policy, taken out by MGL, is in place that provides cover for each person in favour of whom such insurance is required to be taken out under the Deed Poll. Relevant individuals pay the premium attributable to the direct coverage under the policy and MGL and its wholly-owned subsidiaries pay the premium attributable to the reimbursement coverage under the policy. The Directors' and Officers' insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

Directors' Report

For the half year ended 30 September 2024

Environmental regulations

The Consolidated Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, those obligations are identified and appropriately addressed.

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

Interim dividend

On 21 June 2024 and on 30 September 2024, the Company paid a dividend of $200 million and $160 million respectively.

No other dividends or distributions were declared or paid during the current period.

Rounding of amounts

In accordance with Australian Securities & Investments Commission Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191, amounts in the Directors' Report and Interim Financial Report have been rounded off to the nearest million dollars unless otherwise indicated.

Company disclosures

All amounts relate to the Consolidated Entity unless otherwise stated.

DocuSigned by:
Stuart Dyson
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Stuart Dyson
Director

Sydney
20 December 2024

Consolidated income statement

For the half year ended 30 September 2024

	Notes	**Half year to 30 Sep 24 $m**	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Net trading income	2	**808**	1,177	689
Fee and commission income	2	**558**	590	509
Net interest (expense)/income	2	**(79)**	(89)	(112)
Interest and similar income:				
Effective interest rate method	2	**254**	391	251
Other	2	**28**	20	22
Interest and similar expense	2	**(361)**	(500)	(385)
Net credit impairment charges	2	**(11)**	(9)	(11)
Net other impairment (charges)/reversals	2	**(13)**	(10)	19
Net other operating income	2	**106**	80	103
Net operating income		**1,369**	1,739	1,197
Employment expenses	2	**(333)**	(328)	(318)
Brokerage, commission and fee expenses	2	**(94)**	(82)	(94)
Non-salary technology expenses	2	**(34)**	(33)	(29)
Other operating expenses	2	**(569)**	(684)	(588)
Total operating expenses		**(1,030)**	(1,127)	(1,029)
Operating profit before income tax		**339**	612	168
Income tax expense	3	**(96)**	(128)	(51)
Profit after income tax		**243**	484	117
Profit attributable to non-controlling interests		**(1)**	-	-
Profit attributable to the ordinary equity holder of Macquarie International Finance Limited		**242**	484	117

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

Consolidated statement of comprehensive income

For the half year ended 30 September 2024

	Notes	**Half year to 30 Sep 24 $m**	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Profit after income tax		**243**	484	117
Other comprehensive income/(loss)[1]				
Movements in items that may be subsequently reclassified to the income statement:				
Other reserves	19	**(4)**	2	8
Cash flow hedge reserve:	19			
Net movement recognized in other comprehensive income (OCI)		**2**	13	(4)
Transferred to income statement on realisation		**2**	(8)	2
Foreign exchange movements on translation and hedge accounting of foreign operations	19	**-**	2	1
Movements in items that will not be subsequently reclassified to the income statement:				
Fair value changes attributable to own credit risk on debt designated as fair value through profit or loss (DFVTPL)	19	**-**	(1)	(1)
Total comprehensive income		**243**	492	123
Total comprehensive profit attributable to non-controlling interests		**(1)**	-	-
Total comprehensive income attributable to the ordinary equity holder of Macquarie International Finance Limited		**242**	492	123

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

(1) All items are net of tax, where applicable.

Consolidated statement of financial position

As at 30 September 2024

	Notes	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Assets				
Cash and bank balances		**1,210**	1,538	1,391
Cash collateralised lending and reverse repurchase agreements		**332**	-	78
Trading assets	5	**1,124**	1,111	1,839
Margin money and settlement assets	6	**2,387**	2,450	3,070
Derivative assets	7	**1,263**	1,647	2,002
Other financial assets	8	**2,156**	2,915	2,315
Other assets	9	**519**	531	564
Due from other Macquarie Group entities	21	**5,358**	7,040	6,932
Loan assets	10	**897**	1,091	1,083
Interest in associates and joint ventures		**328**	343	383
Property, plant and equipment and right-of-use assets		**863**	761	728
Deferred tax assets		**208**	200	218
Total assets		**16,645**	19,627	20,603
Liabilities				
Cash collateralised borrowing and repurchase agreements		**1**	52	114
Trading liabilities		**88**	-	-
Margin money and settlement liabilities	12	**1,401**	1,552	1,828
Derivative liabilities	13	**1,198**	1,160	1,419
Other financial liabilities	14	**673**	931	1,047
Other liabilities	15	**836**	1,148	828
Due to other Macquarie Group entities	21	**3,410**	4,715	5,774
Issued debt securities	16	**1,379**	1,557	1,550
Borrowings	17	**5,800**	6,413	6,030
Deferred tax liabilities		**9**	16	5
Total liabilities		**14,795**	17,544	18,595
Net assets		**1,850**	2,083	2,008
Equity				
Contributed equity	18	**2,099**	2,215	2,192
Reserves	19	**(810)**	(807)	(836)
Retained earnings	19	**552**	670	647
Total capital and reserves attributable to the ordinary equity holder of Macquarie International Finance Limited		**1,841**	2,078	2,003
Non-Controlling Interests	19	**9**	5	5
Total equity		**1,850**	2,083	2,008

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

Consolidated statement of changes in equity

For the half year ended 30 September 2024

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m	Non-controlling interests $m	Total equity $m
Balance as at 1 Apr 2023		2,194	(843)	531	1,882	5	1,887
Profit after income tax		-	-	117	117	-	117
Other comprehensive income/(loss), net of tax		-	7	(1)	6	-	6
Total comprehensive income		-	7	116	123	-	123
Other equity movements	18	(2)	-	-	(2)	-	(2)
Balance as at 30 Sep 2023		2,192	(836)	647	2,003	5	2,008
Profit after income tax		-	-	484	484	-	484
Other comprehensive income/(loss), net of tax		-	9	(1)	8	-	8
Total comprehensive income		-	9	483	492	-	492
Dividend paid	4	-	-	(460)	(460)	-	(460)
Restructure reserve attributable to group restructure	19	-	20	-	20	-	20
Movement in non-controlling interest	19	-	-	-	-	-	-
Other equity movements	18	23	-	-	23	-	23
Balance as at 31 Mar 2024		2,215	(807)	670	2,078	5	2,083
Profit after income tax		**-**	**-**	**242**	**242**	**1**	**243**
Other comprehensive income/(loss), net of tax		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**242**	**242**	**1**	**243**
Reduction in share capital		**(130)**	**-**	**-**	**(130)**	**-**	**(130)**
Dividend paid	4	**-**	**-**	**(360)**	**(360)**	**-**	**(360)**
Restructure reserve attributable to group restructure	19	**-**	**(3)**	**-**	**(3)**	**-**	**(3)**
Movement in non-controlling interest	19	**-**	**-**	**-**	**-**	**3**	**3**
Other equity movements	18	**14**	**-**	**-**	**14**	**-**	**14**
Balance as at 30 Sep 2024		**2,099**	**(810)**	**552**	**1,841**	**9**	**1,850**

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

Consolidated statement of cash flows

For the half year ended 30 September 2024

	Notes	**Half year to 30 Sep 24 $m**	Half year to 31 Mar 24[1] $m	Half year to 30 Sep 23 $m
Cash flows (utilised in)/generated from operating activities				
Interest income and expense:				
Received		**279**	402	265
Paid		**(393)**	(473)	(375)
Fees, commissions and other income and charges:				
Received		**574**	595	533
Paid		**(91)**	(81)	(99)
Operating lease income received		**135**	214	120
Dividend and distributions received		**15**	-	6
Operating expenses paid:				
Employment expenses		**(450)**	(194)	(728)
Other operating expenses including brokerage, commission and fee expenses		**(669)**	(614)	(667)
Income tax paid		**(114)**	(29)	(183)
Changes in operating assets:				
Loan assets and receivables from Macquarie Group entities		**93**	(1,072)	(1,762)
Movement in other financial assets and other non-financial assets		**(186)**	(296)	(196)
Assets under operating lease		**(180)**	(216)	(107)
Trading and related assets, liquid investments and collateralised lending balances (net of liabilities)		**1,270**	1,955	1,137
Changes in operating liabilities:				
Borrowings and other funding		**(410)**	469	1,713
Movement in other financial liabilities and other non-financial liabilities		**(23)**	133	(122)
Net cash flows (utilised in)/generated from operating activities		**(150)**	793	(465)
Cash flows generated from/ (utilised in) investing activities				
Net (payments for) /proceeds from financial investments		**(21)**	313	300
Subsidiaries and businesses:				
Payments for additional contribution or acquisitions, net of cash acquired		**(24)**	-	-
Proceeds from distribution or disposal, net of cash deconsolidated		**8**	(2)	2
Associates and joint ventures:				
Payment for acquisitions		**(15)**	(17)	(8)
Proceeds from disposals		**-**	64	13
Dividends and distributions received		**-**	(6)	
Property, plant and equipment and intangible assets:				
Payments for acquisitions		**-**	-	(3)
Net cash flows (utilised in)/generated from investing activities		**(52)**	352	304
Cash flows utilised in financing activities				
Reduction of ordinary shares		**(130)**	-	-
Dividends and distributions paid		**(360)**	(460)	-
Non-controlling interests:				
Payment to non-controlling interests		**(1)**	-	-
Net cash flows utilised in financing activities		**(491)**	(460)	-
Net (decrease)/increase in cash and cash equivalents		**(693)**	685	(161)
Cash and cash equivalents at the beginning of the period		**3,231**	2,560	2,687
Effect of exchange rate movement on cash and cash equivalents		**(82)**	(14)	34
Cash and cash equivalents at the end of the period	20	**2,456**	3,231	2,560

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

(1) Comparative information has been re-presented to conform to changes in the current period. Refer to Note 20 R*econciliation of cash and cash equivalents*.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 1
Basis of preparation

This general purpose interim financial report for the half year reporting period ended 30 September 2024 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Accounting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

This interim financial report comprises the consolidated financial report of Macquarie International Finance Limited (MIFL or the Company) and the entities it controlled at the end of, or during the half year ended 30 September 2024 (the Consolidated Entity).

This interim financial report does not include all the disclosures of the type that are normally included in the Consolidated Entity's annual financial report. Accordingly, this report is to be read in conjunction with the Consolidated Entity's annual financial report for the year ended 31 March 2024.

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

The accounting policies adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2024.

(i) Critical accounting estimates and significant judgements

The preparation of this interim financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Consolidated Entity's accounting policies.

Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the interim financial report are consistent with those that were applied and disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2024.

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

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

(ii) Functional currency and presentation currency

The functional currency of each entity (including branches) in the Consolidated Entity is the currency of the primary economic environment in which the entity operates. The financial statements of the Consolidated Entity are presented in Australian dollars ('AUD', the presentation currency), which is also the Company's functional currency.

On balance of all AASB 121 *The Effects of Changes in Foreign Exchange Rates* (AASB 121) factors, the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Company continues to be AUD.

(iii) New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current period

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

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

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

(b) The Consolidated Entity's Pillar Two Project

During 2022, parent of the Consolidated Entity i.e., Macquarie Bank Limited ("MBL") initiated a project to manage the impact of the Pillar Two rules globally. The project's scope is to ensure the Consolidated Entity, and its subsidiaries can meet their Pillar Two compliance obligations.

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 1
Basis of preparation continued

Impacts on financial reporting

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

The Consolidated Entity is now subject to Pillar Two legislation in various jurisdictions. The Consolidated Entity has assessed its tax liability in these jurisdictions as at 30 September 2024 and concluded that no Pillar Two top-up tax is required to be accrued on the basis that the jurisdiction-based results are currently above the minimum threshold rate.

Australian legislation to implement the top-up tax was not enacted as at 30 September 2024. Consequently, Pillar Two tax has not been accrued for entities that only fall within the Australian Income Inclusion Rule legislation.

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

(c) Other amendments made to existing standards

The amendments made to existing standards that were mandatorily effective for the annual reporting period beginning on 1 April 2024 did not result in a material impact on this interim financial report.

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

(i) AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18) which sets out requirements for the presentation and disclosure of information in general purpose financial statements.

AASB 18 will replace AASB 101 *Presentation of Financial Statements*. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The transition provisions of AASB 18 require retrospective application. The Consolidated Entity is continuing to assess the full impact of adopting AASB 18.

(ii) Amendments to AASB 9 *Financial Instruments* and AASB 7 *Financial Instruments: Disclosure*

In August 2024, the Australian Accounting Standards Board issued AASB 2024-2 to amend AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments*. AASB 2024-2 amends AASB 7 and AASB 9 in response to feedback from the International Accounting Standard Board's 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and the related requirements in AASB 7.

The amendments are effective for reporting periods beginning on or after 1 January 2026, with earlier application permitted. An entity is required to apply the amendments retrospectively.

The Consolidated Entity is continuing to assess the full impact of the amendments to AASB 7 and AASB 9.

(iii) Other amendments made to existing standards

Other amendments to existing standards that are not mandatorily effective for the annual reporting period beginning on 1 April 2024 and have not been early adopted, are not likely to result in a material impact to the Consolidated Entity's financial statements.

(v) Comparatives

Where necessary, comparative information has been re-presented to conform to changes in presentation in the current period.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 2
Operating profit before income tax

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Net trading income/(expense)[1]			
Commodities[2]	**684**	1,147	683
Credit, interest rate and foreign exchange products	**78**	(14)	(43)
Equities	**46**	44	49
Net trading income	**808**	1,177	689
Fee and commission income[3]			
Service and trust management fees from Macquarie Group entities (Note 21)	**316**	337	259
Portfolio administration fees	**128**	120	121
Brokerage and other trading-related fees	**46**	42	41
Other fee and commission income	**68**	91	88
Total fee and commission income	**558**	590	509
Net interest (expense)/ income			
Interest and similar income:			
Effective interest rate method – Amortised Cost	**254**	391	251
Other – FVTPL	**28**	20	22
Interest and similar expense:			
Effective interest rate method – Amortised Cost	**(359)**	(500)	(385)
Other- FVTPL	**(2)**	-	-
Net interest expense	**(79)**	(89)	(112)

(1) Includes gains/losses for trading assets, derivatives, other financial assets and financial liabilities held at fair value including any ineffectiveness recorded on hedging transactions.
(2) Includes $253 million (half year to 31 March 2024: $296 million; half year to 30 September 2023: $315 million) of transportation, storage and certain other trading-related costs and $Nil (half year to 31 March 2024: $4 million; half year to 30 September 2023: $5 million) depreciation on right-of-use (ROU) assets held for trading-related business (commodity storage).
(3) Prior period comparatives for fee and commission income have been re-presented to conform with the presentation in the current period.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 2

Operating profit before income tax continued

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Credit and other impairment charges			
Credit impairment (charges)/reversals			
Loan assets	**(8)**	2	(5)
Other assets	**(7)**	(18)	1
Due from other Macquarie Group entities	**1**	-	1
Off balance sheet exposures	**3**	5	(10)
Margin money and settlement assets	**-**	2	2
Net credit impairment charges	**(11)**	(9)	(11)
Other impairment (charges)/reversals			
Intangible and other non-financial assets	**(13)**	(10)	19
Other impairment (charges)/reversals	**(13)**	(10)	19
Total credit and other impairment reversals/(charges)	**(24)**	(19)	8
Net other operating income			
Investment income/(loss)			
Net gain from Interest in associates, joint ventures, subsidiaries and businesses	**7**	-	7
Net (loss)/gain on financial investments and non-financial assets	**2**	(4)	(1)
Share of net (loss)/profits from associates and joint ventures	**(4)**	18	13
Net investment income	**5**	14	19
Operating lease income			
Rental income	**137**	149	132
Depreciation	**(83)**	(93)	(82)
Net operating lease income	**54**	56	50
Net other income	**47**	10	34
Total net other operating income	**106**	80	103
Net operating income	**1,369**	1,739	1,197

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 2
Operating profit before income tax continued

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Employment expenses			
Salary and related costs including commissions, superannuation and performance-related profit share	**(241)**	(264)	(217)
Share-based payments	**(92)**	(62)	(101)
Provision for long service leave and annual leave	**-**	(2)	-
Total employment expenses	**(333)**	(328)	(318)
Brokerage, commission and fee expenses			
Brokerage and other trading-related fee expenses	**(85)**	(79)	(79)
Other fee and commission expenses	**(9)**	(3)	(15)
Total brokerage, commission and fee expenses	**(94)**	(82)	(94)
Non-salary technology expenses			
Information services	**(16)**	(17)	(15)
Service provider and other non-salary technology expenses	**(17)**	(15)	(14)
Depreciation on own use assets: equipment	**(1)**	(1)	-
Total non-salary technology expenses	**(34)**	(33)	(29)
Other operating expenses			
Occupancy expenses			
Lease and other occupancy expenses	**(18)**	(16)	(15)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements	**(1)**	(1)	(1)
Total occupancy expenses	**(19)**	(17)	(16)
Other expenses			
Service cost recoveries by Macquarie Group entities (Note 21)	**(485)**	(595)	(504)
Professional fees	**(28)**	(28)	(24)
Travel and entertainment expenses	**(8)**	(8)	(9)
Audit fees	**(5)**	(6)	(5)
Indirect and other taxes	**(3)**	(4)	(4)
Other	**(21)**	(26)	(26)
Total other expenses	**(550)**	(667)	(572)
Total other operating expenses	**(569)**	(684)	(588)
Total operating expenses	**(1,030)**	(1,127)	(1,029)
Operating profit before income tax	**339**	612	168

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 3
Income tax expense

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
(i) Reconciliation of income tax expense to *prima facie* income tax expense			
Prima facie income tax expense on operating profit@30% (31 March 2024: 30%; 30 September 2023: 30%)	**(102)**	(184)	(50)
Tax effect of amounts which are non-assessable /(non-deductible) in calculating taxable income:			
Rate differential on offshore income	**8**	58	(1)
Other items	**(2)**	(2)	-
Total income tax expense	**(96)**	(128)	(51)
(ii) Tax (expense)/benefit relating to OCI			
Cash flow hedges	**(1)**	(1)	-
Own credit risk	**-**	-	1
Total tax (expense)/benefit relating to OCI	**(1)**	(1)	1

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 4
Dividends

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Dividends paid to the parent entity (Macquarie Bank Limited)			
on 30 September 2024	**160**	-	-
on 21 June 2024	**200**	-	-
on 26 March 2024	**-**	260	-
on 22 December 2023	**-**	200	-
Total dividends paid (Note 19)	**360**	460	-

Note 5
Trading assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Commodity inventory	**209**	483	990
Commodity contracts	**660**	423	726
Debt Securities	**164**	80	79
Equity securities	**91**	125	44
Total trading assets	**1,124**	1,111	1,839

Note 6
Margin money and settlement assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Margin money	**1,621**	1,681	2,022
Commodity settlement assets	**766**	718	1,006
Security settlement assets	**-**	51	42
Total margin money and settlement assets	**2,387**	2,450	3,070

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 7
Derivative assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Held for trading	**1,263**	1,647	2,002
Total derivative assets	**1,263**	1,647	2,002

Derivative instruments include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets. These are entered into by the Consolidated Entity for client trading purposes and for hedging risks inherent in other recognised financial instruments as well as forecasted transactions.

The Consolidated Entity's approach to financial risk management, as set out in its financial statements for the year ended 31 March 2024 in Note 31 *Financial risk management*, remained unchanged during the period. This included entering into margining and collateralisation arrangements and enforceable netting arrangements with counterparties, particularly in respect of derivatives. The enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's financial position in that circumstance is to settle these contracts as one arrangement.

These derivative balances are presented in the statement of financial position after offsetting balances where the Consolidated Entity has both a legally enforceable right to set off and the intention to settle on a net basis. After taking into account related financial instruments (primarily derivative liabilities) of $284 million (31 March 2024: $290 million; 30 September 2023: $397 million), cash collateral of $116 million (31 March 2024: $181 million; 30 September 2023: $63 million) and other collateral for exposures not subject to enforceable netting arrangements of $3 million (31 March 2024: $5 million; 30 September 2023: $Nil) the residual derivative exposure amounts to $860 million (31 March 2024: $1,171 million; 30 September 2023: $1,542 million). The majority of the residual derivative exposure is short-term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with the majority of the exposure with investment grade counterparties.

Note 8
Other financial assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Commodity-related receivables	**1,498**	1,684	1,720
Trade debtors and other receivables	**455**	892	251
Financial Investments	**203**	339	344
Total other financial assets	**2,156**	2,915	2,315

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 9
Other assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Income tax receivables	**165**	165	237
Prepayments	**111**	95	101
Indirect tax receivables	**104**	91	95
Goodwill and other intangible assets	**86**	84	72
Other	**53**	96	59
Total other assets	**519**	531	564

Note 10
Loan assets

	AS AT 30 SEP 2024			AS AT 31 MAR 2024			AS AT 30 SEP 2023		
	Gross	**ECL allowance**	**Net**	Gross	ECL allowance	Net	Gross	ECL allowance	Net
	$m	**$m**	**$m**	$m	$m	$m	$m	$m	$m
Asset financing[1]	**741**	**(9)**	**732**	858	(8)	850	875	(9)	866
Commodity related loans	**98**	**(6)**	**92**	175	(3)	172	192	(4)	188
Corporate, commercial and other lending[1]	**74**	**(1)**	**73**	71	(2)	69	34	(5)	29
Total loan assets	**913**	**(16)**	**897**	1,104	(13)	1,091	1,101	(18)	1,083

(1) Prior period comparatives have been re-presented to conform to changes in the current period.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11
Expected credit losses

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

Model inputs

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

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

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

The key model inputs used in measuring the ECL include:

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

Significant increase in credit risk (SICR)

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

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

Retail exposures

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

Wholesale exposures

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

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

For both retail and wholesale portfolios:

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

Definition of default

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

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11
Expected credit losses continued

Forward-looking information (FLI)

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

The Consolidated Entity applies its professional judgement in determining whether there are any inherent risks in the models' predictive outcomes. The overlays primarily reflect management's assessment of the current economic and credit environment relative to the FLI credit cycle model. These overlays account for the risk that underlying credit risk events have occurred, but observable modelled inputs are yet to reflect those events, as well as risks that are specific to regions, counterparties or industries which are difficult to account for within the modelled outcomes. Over time the credit models are recalibrated to enhance the predictive capability. At the reporting date this overlay was approximately $1 million (31 March 2024: $Nil; 30 September 2023: $3 million). These judgements are reviewed by FMG and RMG at each reporting date.

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

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

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

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

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

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

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

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

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11
Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Baseline A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$80 million [(1)]	Probable	**Global:** The baseline scenario forecasts a 3.0% year-on-year expansion in real global GDP in 2025, an increase from 2.6% full year 2024 growth with the global economy expected to be supported by interest rates cuts continuing from the second half of 2024 through into the first half of 2025. **Australia:** A full year real GDP growth rate of 2.1% is forecast for 2025 based on tax cuts and real wages growth supporting household consumption. Interest rate cuts by the Reserve Bank of Australia (RBA) are expected to begin in the first quarter of 2025, which are anticipated to further support real GDP growth in 2025 accelerating from 1.1% in 2024. House prices are projected to rise by a cumulative 10.0% over 2024 and 2025. **United States:** Real GDP is forecast to expand by 1.9% in 2025, slower than the 2.6% expected full year GDP growth in 2024. The unemployment rate is expected to peak at 4.7% by mid 2025. Weaker labour market data, softer economic indicators, and continued disinflation anticipated in the second half of 2024 and early 2025 are expected to result in a further 25 basis points of rate cuts by the US Federal Reserve by end of 2024 and another 125 basis points of cuts in 2025. **Europe:** The scenario projects annual real GDP growth increasing to 1.8% in 2025 from 0.8% in 2024. The unemployment rate is forecasted to remain stable at 6.5% over the next 2 years
Downside A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$105 million [(1)]	Possible	**Global:** The downside scenario projects annual real GDP growth that is approximately 1 percentage point lower than the baseline until late 2025. **Australia:** The scenario forecasts full year GDP to grow by 1.2% in 2025. The unemployment rate is expected to rise over the course of 2024-25, reaching 5.4% by end-2025. Inflation is expected to remain above the RBA's target, averaging 3.6% and the RBA is expected to initially hike the cash rate 25 basis points in the last quarter of 2024 before a projected cumulative cut of 125 basis points in the second half of 2025. House prices are expected to fall by a cumulative 15.0% over 2025 and 2026. **United States:** The scenario projects annual real GDP growth slowing from 2.4% in 2024 to 1.2% in 2025. Year-on-year inflation is projected to increase above 4.0% in the first quarter of 2025, and the US Federal Reserve is expected to respond by increasing interest rates by 25 basis points before holding rates steady until projected cuts recommence in Q4 2025 to support the slowing economy. The unemployment rate is projected to peak at 5.4% in Q2 2025. **Europe:** The scenario projects sluggish economic growth in 2024-25. Forecasted full-year annual real GDP growth of 1.0% in 2025 follows expected growth of 0.8% in 2024. The unemployment rate is projected to peak at 7.5% by mid-2026.

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11

Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Severe Downside A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$140 million (1)	Unlikely	**Global:** The scenario projects a sharp slowdown in annual real GDP growth, around 3 to 3.5 percentage points lower than the baseline. **Australia:** The scenario projects five consecutive quarters of contraction in real GDP beginning in Q4 2024. The unemployment rate is projected to peak at 7.2% by mid-2026. House prices are expected to fall for nine consecutive quarters throughout 2025 and 2026, a cumulative decline of 27.0%, before beginning to gradually rise at the start of 2027, with expected substantial cash rate cuts from the RBA. **United States:** The scenario projects five consecutive quarters of economic contraction with an annual real GDP contraction of 0.2% is projected in 2025 following an anticipated growth of 2.4% in 2024. The unemployment rate is anticipated to rise to 7.3% by end-2025 and fall below 7% in Q4 2026. The interest rate is initially projected to be hiked to 6.0-6.3% amid a spike in inflation but the US Federal Reserve is expected to embark on a 375 basis points easing cycle between Q2 2025 and Q2 2026. **Europe:** The scenario projects an annual real GDP contraction of 0.7% in 2025 following anticipated growth of 0.7% in 2024. Positive quarter-on-quarter growth is not expected until Q1 2026 and the unemployment rate, which peaks at 8.6% in Q4 2025, remains above 8.0% until Q4 2027.
Upside A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~$65 million (1)	Possible	**Global:** The upside scenario projects annual real GDP growth that is approximately 1 percentage point higher than the baseline in 2024 and 2025. **Australia:** The scenario projects annual real GDP growth accelerating to 3.1% in 2025 from 1.3% in 2024. Inflationary pressures are expected to ease, enabling the RBA to cut the cash rate by 75 basis points to 3.6% by Q1 2025 and hold rates steady through 2026. The unemployment rate is projected to remain steady at 4.1% while house prices are expected to rise 7.0% in 2025 and a further 5% in 2026. **United States:** The scenario projects strong economic growth through 2024-25, with full-year real GDP growth of 3.0% in 2025. Inflation rate is expected to near the US Federal Reserve's 2.0% target, facilitating 125 basis point of rate cuts, bringing the benchmark interest rate target to 4.0%-4.3%. House prices and share prices are anticipated to rise 10.0% each by end-2026. **Europe:** The scenario projects an acceleration in growth that leads annual real GDP to expand by 0.9% and 2.8% in 2024 and 2025, respectively. The unemployment rate is expected to stabilise around 6% over the remainder of 2024 through to 2026.

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11

Expected credit losses continued

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

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT			ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT		
	Amortised cost $m	Other $m	Gross exposure $m	Amortised cost $m	Other $m	Total ECL allowance $m
						As at 30 Sep 2024
Cash and bank balances	**1,210**	**-**	**1,210**	**-**	**-**	**-**
Cash collateralised lending and reverse repurchase agreements	**106**	**-**	**106**	**-**	**-**	**-**
Margin money and settlement assets	**2,111**	**-**	**2,111**	**1**	**-**	**1**
Other financial assets	**665**	**-**	**665**	**65**	**-**	**65**
Due from other Macquarie group entities	**4,021**	**-**	**4,021**	**1**	**-**	**1**
Loan assets	**895**	**-**	**895**	**16**	**-**	**16**
Off balance sheet exposures		**198**	**198**	**-**	**2**	**2**
Total	**9,008**	**198**	**9,206**	**83**	**2**	**85**
						As at 31 Mar 2024
Cash and bank balances	1,538	-	1,538	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	-	-	-	-	-
Margin money and settlement assets	2,176	-	2,176	1	-	1
Other financial assets	1,260	-	1,260	62	-	62
Due from other Macquarie group entities	5,079	-	5,079	3	-	3
Loan assets	1,068	-	1,068	13	-	13
Off balance sheet exposures	-	412	412	-	5	5
Total	11,121	412	11,533	79	5	84
						As at 30 Sep 2023
Cash and bank balances	1,392	-	1,392	1	-	1
Cash collateralised lending and reverse repurchase agreements	78	-	78	-	-	-
Margin money and settlement assets	2,744	-	2,744	3	-	3
Other financial assets	608	-	608	37	-	37
Due from other Macquarie group entities	4,572	-	4,572	2	-	2
Loan assets	1,089	-	1,089	18	-	18
Off balance sheet exposures	-	232	232	-	11	11
Total	10,483	232	10,715	61	11	72

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 11
Expected credit losses continued

The table below provides a reconciliation between the opening and closing balance of the ECL allowance:

	Cash and bank balances	Margin money and settlement assets	Other financial assets	Due from other Macquarie Group entities	Loan assets	Off- balance sheet exposures	Total
	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 Apr 2023	1	5	41	2	15	2	66
Credit impairment (reversals)/charges (Note 2)	-	(2)	(1)	(1)	5	10	11
Amounts written off, previously provided for	-	-	(4)	-	(3)	-	(7)
Reclassifications, foreign exchange and other movements	-	-	1	1	1	(1)	2
Balance as at 30 Sep 2023	1	3	37	2	18	11	72
Credit impairment (reversals)/ charges (Note 2)	-	(2)	18	-	(2)	(5)	9
Amounts written off, previously provided for	-	-	4	-	(3)	-	1
Reclassifications, foreign exchange and other movements	(1)	-	3	1	-	(1)	2
Balance as at 31 Mar 2024	**-**	**1**	**62**	**3**	**13**	**5**	**84**
Credit impairment charges/(reversals) (Note 2)	**-**	**-**	**7**	**(1)**	**8**	**(3)**	**11**
Amounts written off, previously provided for	**-**	**-**	**(4)**	**-**	**(3)**	**-**	**(7)**
Reclassifications, foreign exchange and other movements	**-**	**-**	**-**	**(1)**	**(2)**	**-**	**(3)**
Balance as at 30 Sep 2024	**-**	**1**	**65**	**1**	**16**	**2**	**85**

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 12
Margin money and settlement liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Margin money	**812**	**944**	890
Commodity settlement liabilities	**589**	**588**	936
Security settlement liabilities	**-**	**20**	2
Total margin money and settlement liabilities	**1,401**	**1,552**	1,828

Note 13
Derivative liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Held for trading	**1,198**	1,160	1,419
Total derivative liabilities	**1,198**	1,160	1,419

These derivative balances are presented in the statement of financial position after offsetting balances where the Consolidated Entity has both a legally enforceable right to set off and the intention to settle on a net basis. After taking into account related financial instruments (primarily derivative assets) of $265 million (31 March 2024: $295 million; 30 September 2023: $364 million), cash collateral of $100 million (31 March 2024: $134 million; 30 September 2023: $208 million) and other collateral for exposures not subject to enforceable netting arrangements of $7 million (31 March 2024: $13 million; 30 September 2023: $Nil), the residual derivative exposure amounts to $826 million (31 March 2024: $718 million; 30 September 2023: $847 million). Refer to Note 7 *Derivative assets* for details of the Consolidated Entity's approach to derivative instruments and financial risk management.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 14
Other financial liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Commodity-related payables	**365**	537	766
Creditors	**209**	295	138
Security deposits	**62**	65	80
Lease liabilities	**37**	34	63
Total other financial liabilities	**673**	931	1,047

Note 15
Other liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Provisions and accrued charges [1]	**455**	481	405
Employment-related liabilities	**170**	296	167
Indirect taxes payables	**119**	258	138
Income tax provision [2]	**81**	99	99
Other	**11**	14	19
Total other liabilities	**836**	1,148	828

Note 16
Issued debt securities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Commercial papers	**1,379**	1,557	1,550
Total issued debt securities	**1,379**	1,557	1,550

The Consolidated Entity has not had any defaults of principal, interest, or other breaches with respect to its issued debt securities during the reported period.

(1) In the ordinary course of its business, the Consolidated Entity may be subject to actual and potential civil claims and regulatory enforcement actions. During the current period, these include matters in the Commonwealth of Australia, the United States of America, the United Kingdom, and the Federal Republic of Germany. The civil claims may result in settlements or damages awards. The regulatory enforcement actions may result in outcomes such as penalties, fines, disgorgement of profits and non-monetary sanctions. This amount includes provisions for such outcomes based on management's best estimate. The amount and timing of the outcomes are uncertain and may differ from the provisions recognised. The Consolidated Entity consider the risk of there being a material adverse effect in respect of claims and actions that have not been provided for to be remote.

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

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 17
Borrowings

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Unsecured syndicated loans	**4,277**	4,535	4,127
Secured revolving facility	**494**	654	975
Secured committed facility	**265**	340	-
Other borrowings [(1)]	**764**	884	928
Total borrowings	**5,800**	6,413	6,030

The Consolidated Entity has not had any defaults of principal, interest, or other breaches with respect to its borrowings during the reported period.

Reconciliation of borrowings by major currency (in Australian dollar equivalent)			
United States dollar	**5,104**	5,646	5,646
Japanese Yen	**371**	344	355
Pound Sterling	**269**	340	-
Euro	**49**	76	29
Other	**7**	7	-
Total borrowings	**5,800**	6,413	6,030

(1) Includes $364 million (31 March 2024: $335 million; 30 September 2023: $343 million) that would be contractually required to be paid at maturity to the holders of structured loans classified under 'Other borrowings' which are measured at DFVTPL for the Consolidated Entity. This amount is based on the final notional amount rather than the fair value. Refer to Note 23 *Measurement categories of financial instruments* for the carrying value of borrowings measured at DFVTPL.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 18
Contributed equity

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Ordinary share capital	**1,979**	2,109	2,109
Other equity	**120**	106	83
Total contributed equity	**2,099**	2,215	2,192

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
(i) Ordinary share capital [1]			
Opening balance of 2,109,312,580 fully paid ordinary shares	**2,109**	2,109	2,109
Reduction of 130,000,000 fully paid ordinary shares on 21 June 2024	**(130)**	-	-
Closing balance of 1,979,312,580 (31 March 2024: 2,109,312,580; 30 September 2023: 2,109,312,580) fully paid ordinary shares	**1,979**	2,109	2,109
(ii) Other equity			
Tax contribution for business acquired under group restructure [2]	**66**	66	66
Deferred tax on Employee Retained Equity Plan (MEREP) [3]	**54**	40	17
Balance at the end of the period	**120**	106	83

(1) Ordinary shares have no par value.
(2) Represents tax balances funded by MGL under the Tax Funding Deed in relation to the acquisition of Bank non-ELE businesses. Recognition of deferred tax balances on acquisition is precluded under AASB 112 *Income Taxes* and hence, the funded amount is treated as an equity contribution.
(3) Macquarie Group Employee Retained Equity Plan (MEREP) awards are primarily settled in shares of MGL. MEREP awards are issued by MGL to employees of the Consolidated Entity and MGL has been subsequently reimbursed (except for Deferred tax component) by the Consolidated Entity.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 19

Reserves, retained earnings and non-controlling interests

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
(i) Reserves			
Foreign currency translation reserve			
Balance at the beginning of the period	**3**	1	-
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax[1]	**-**	2	1
Balance at the end of the period	**3**	**3**	1
Restructure reserve			
Balance at the beginning of the period	**(814)**	(834)	(834)
Restructure reserves attributable to business acquired[2]	**(3)**	20	-
Balance at the end of the period	**(817)**	(814)	(834)
Cash flow hedge reserve			
Balance at the beginning of the period	**(6)**	(11)	(9)
Net movement recognised in OCI during the period, net of tax	**2**	13	(4)
Transferred to income statement on realisation, net of tax	**2**	(8)	2
Balance at the end of the period	**(2)**	(6)	(11)
Other reserve			
Balance at the beginning of the period	**10**	8	-
Movement during the period, net of tax	**(4)**	2	8
Balance at the end of the period	**6**	10	8
Total reserves at the end of the period	**(810)**	(807)	(836)
(ii) Retained earnings			
Balance at the beginning of the period	**670**	647	531
Profit attributable to the ordinary equity holder of MIFL	**242**	484	117
Dividend paid on ordinary share capital (Note 4)	**(360)**	(460)	-
Fair value changes attributable to own credit risk on debt classified at DFVTPL, net of tax	**-**	(1)	(1)
Balance at the end of the period	**552**	670	647
(iii) Non-controlling interests[3]			
Share capital	**5**	5	5
Movement in non-controlling interest	**4**	-	-
Total non-controlling interests	**9**	5	5

(1) The current year movement represents the revaluation of the Consolidated Entity's unhedged investments in foreign operations primarily driven by the depreciation of the Australian dollar against the foreign currencies. Refer to Note 31.3 *Market risk* in the Consolidated Entity's March 2024 Annual Financial Statements for the Consolidated Entity's foreign exchange risk management policy in relation to the alignment of capital supply to capital requirements.
(2) Represents difference between the acquisition price and the book value of the net assets of the Non-ELE Group subsidiaries acquired during the period under common control transactions. For details refer Note 25 *Acquisitions and disposals of subsidiaries and businesses.*
(3) Non-controlling interests represents equity in subsidiaries held by MBL and external party as a minority shareholder and therefore is not attributable, directly or indirectly, to the parent company. As such, it is ineligible to absorb losses arising elsewhere within the Consolidated Entity.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 20
Reconciliation of cash and cash equivalents

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

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Cash and bank balances[(1),(2)]	**774**	902	719
Due from other Macquarie Group entities[(3)]	**1,537**	2,024	1,841
Financial Investments[(4)]	**145**	305	-
Cash and cash equivalents at the end of the period	**2,456**	3,231	2,560

(1) Includes $352 million (31 March 2024: $353 million; 30 September 2023: $21 million) of balances, that are restricted from use by the Consolidated Entity and balances held in countries where remittance of cash outside the country is subject to certain restrictions.
(2) Amounts excluded from cash and cash equivalents but presented in the Statement of financial position as cash and bank balances primarily relates to $430 million (31 March 2024: $636 million; 30 September 2023: $559 million) of funds received from clients which are segregated from the Consolidated Entity's own funds and other balances of $6 million (31 March 2024: $Nil; 30 September 2023: $113 million) that are not readily available to meet the Consolidated Entity's short-term cash commitments.
(3) Balance represents cash and short-term deposits with MBL of $1,532 million (31 March 2024: $2,019 million; 30 September 2023: $1,836 million) and other Macquarie Group entities of $5 million (31 March 2024: $5 million; 30 September 2023: $5 million) and does not include cash placed as collateral of $839 million (31 March 2024: $798 million; 30 September 2023: $778 million) with MBL with respect to the Consolidated Entity's guarantees to MBL for MBL's exposures to certain Non-ELE Group subsidiaries as these balances are not considered as an integral part of the Consolidated Entity's cash management.
(4) Financial investments that qualify as cash and cash equivalent have been adjusted to include investments with a maturity less than three months at the date of acquisition. Comparative information has been re-presented to conform to changes in the current period.
For the half year ended 31 March 2024, Cash and cash equivalent at the end of the period increased by $305 million, effect of exchange rate movement on cash and cash equivalents decreased by $4 million, cash flows from the investing activities under financial investments increased by $309 million and cash flows from the operating activities under trading and related assets decreased by $8 million.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 21
Related party information

Transactions between the Consolidated Entity and the ultimate and immediate parent entities and with other related body corporate entities under common control principally arise from the provision and repayment of funding arrangements, provision of banking and other financial services, provision of management and administration services, facilities and accommodation, the provision of guarantees, restructure of businesses, repayment of capital and distribution of dividends and trading activities including derivative transactions for managing and hedging market risks, that are governed by standard market practices and arrangements under ISDA Master Agreement, Global Master Repurchase Agreement (GMRA) and other brokerage agreements.

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

Transaction under common control

During the half year ended September 2024, the consolidated entity disposed of its equity interest in certain subsidiaries with a carrying value of $13 million for a total consideration of $17 million resulting in a gain on disposal of $4 million. For details, refer to Note 25 *Acquisitions and disposals of subsidiaries and businesses.*

During the half year ended March 2024, no such transaction has been entered into by the consolidated entity.

During the half year ended September 2023, no such transaction has been entered into by the consolidated entity.

Ultimate and immediate parent entities

The Consolidated Entity's ultimate parent entity is MGL, and the immediate parent entity is MBL. Both MGL and MBL are incorporated in Australia. Both MGL and MBL produce consolidated financial statements that are available for public use. MGL as the ultimate parent entity of the Macquarie Group is the head entity of the Australian tax consolidated group. The terms and conditions of this agreement are set out in Note 40(v) *Taxation* in the Consolidated Entity's March 2024 Annual Financial Report. Amounts receivable from MGL includes amounts receivable by the Company under the tax funding agreement of the tax consolidated group. Balances outstanding with MGL and MBL are included in Due from other Macquarie Group entities or Due to other Macquarie Group entities, as appropriate, separately in the Statements of financial position of the Consolidated entity except when the parties have the legal right and intention to offset. The balance includes amounts receivable by the Consolidated Entity, in respect of amounts paid in advance for MEREP awards offered to its employees' net of share-based payment expense (refer to Note 40 (xx) *Performance based remuneration* in the Consolidated Entity's March 2024 Annual Financial Report) .

Other related body corporate entities

Balances may arise from lending and borrowing activities between the Consolidated Entity and other related body corporate entities which are generally repayable on demand or may be extended on a term basis and where appropriate, may be either subordinated or collateralised.

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

Notable subsidiaries of the Consolidated Entity

- Macquarie Energy LLC (United States)
- Macquarie Energy Canada Ltd. (Canada)
- Macquarie America Holdings Inc. (United States)
- Macquarie Futures USA LLC (United States)

The subsidiaries included in the notable subsidiaries list above are identified on the basis of their ongoing contribution to the Consolidated Entity's external assets and operating profit. The country of incorporation has been stated in brackets. Overseas subsidiaries conduct business predominantly in their place of incorporation.

All notable subsidiaries have 31 March as reporting date.

In accordance with Australian Securities & Investments Commission Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191, amounts disclosed under related party information have been rounded off to the nearest thousand dollars.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 21

Related party information continued

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

	ULTIMATE AND IMMEDIATE PARENT ENTITIES			OTHER MACQUARIE GROUP ENTITIES		
	Half year to 30 Sep 24 $'000	Half year to 31 Mar 24 $'000	Half year to 30 Sep 24 $'000	**Half year to 30 Sep 24 $'000**	Half year to 31 Mar 24 $'000	Half year to 30 Sep 24 $'000
Interest income	**99,923**	190,640	111,346	**37,651**	71,245	5,026
Interest expense	**(72,708)**	(143,420)	(119,223)	**(40,108)**	(116,377)	(66,067)
Net interest income/(expense)	**27,215**	47,220	(7,877)	**(2,457)**	(45,132)	(61,041)
Net Trading (expense)/income[(1),(2)]	**(119,706)**	(576,843)	(281,396)	**(29,370)**	15,750	92,708
Other income	**-**	-	-	**-**	190	306
Fee and commission income	**239,348**	232,563	187,907	**76,157**	103,985	71,763
Other operating expense	**(120,687)**	(215,488)	(151,794)	**(364,755)**	(379,432)	(352,651)
Dividends and distributions (Note 4)	**(360,000)**	(460,000)	-	**-**	-	-

(1) As part of the risk management strategy of the Bank Group, certain related body corporate entities, including MBL, will be specifically utilised to manage the Consolidated Entity's market risk based upon trading and exchange relationships. These related party transactions may result in material trading income/(expense) within the Consolidated Entity. Such transactions are typically traded under an ISDA agreement or similar type of arrangement which may contain provisions for the exchange of margin or collateral.

(2) Includes certain income/(expense) relating to trading assets and derivatives with the parent and other related body corporate entities offset with income/(expense) on similar financial instruments with the external counterparties, presented on a net basis in the net trading income in the Consolidated Entity's Income statement.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 21

Related party information continued

The following balances and off-balance sheet arrangements with the ultimate and immediate parent entities and other Macquarie Group entities were outstanding as at half year end:

	ULTIMATE AND IMMEDIATE PARENT ENTITIES			OTHER MACQUARIE GROUP ENTITIES		
	As at 30 Sep 24 $'000	As at 31 Mar 24 $'000	As at 30 Sep 23 $'000	**As at 30 Sep 24 $'000**	As at 31 Mar 24 $'000	As at 30 Sep 23 $'000
On Balance Sheet:						
Due from other Macquarie Group entities	**4,250,588**	5,833,860	6,458,944	**1,107,590**	1,206,140	472,807
Cash and bank balances[(1),(2)]	**2,376,294**	2,821,161	2,620,670	**4,829**	5,132	4,973
Cash collateralised lending and reverse repurchase agreements	**2,632**	82,313	54,511	**-**	-	-
Trading assets	**-**	-	356	**-**	-	-
Margin money and settlement assets	**460,847**	887,214	1,283,035	**166,251**	75,238	70,522
Derivative assets[(3)]	**1,026,146**	1,568,806	1,986,910	**2,680**	14,281	6,540
Other financial assets	**107,452**	197,295	186,923	**47,363**	112,368	66,812
Other assets	**277,217**	277,071	326,539	**12**	68,191	-
Loan assets	**-**	-	-	**886,455**	930,930	323,960
Due to other Macquarie Group entities	**2,309,153**	3,455,717	3,891,099	**1,101,021**	1,259,283	1,882,523
Cash collateralised borrowing and repurchase agreements	**-**	1	303	**-**	-	-
Trading liabilities	**-**	40,877	21,948	**-**	-	-
Margin money and settlement liabilities	**383,652**	385,064	352,124	**6,256**	19,591	43,880
Derivative liabilities[(4)]	**1,130,779**	1,893,535	2,651,779	**2,129**	5,773	9,237
Other financial liabilities	**715,628**	1,055,882	767,117	**1,092,603**	1,233,874	593,631
Other liabilities	**59,968**	70,377	76,389	**12**	12	21
Borrowings[(5)]	**19,126**	9,981	21,439	**21**	33	1,235,754
Off Balance Sheet:						
Guarantees provided[(6)]	**-**	-	-	**-**	-	50,334
Guarantees and Letter of Credit received[(7),(8)]	**186,471**	296,176	669,075	**736**	926	1,241

(1) Balance includes cash and short-term deposits with MBL $1,531,809 thousand (31 March 2024: $2,019,395 thousand; 30 September 2023: $1,836,130 thousand) and other related body corporate entities $4,827 thousand (31 March 2024: $5,132 thousand; 30 September 2023: $4,973 thousand). This balance is also disclosed in Note 20 *Reconciliation of cash and cash equivalents* as Due from other Macquarie Group entities.

(2) Includes cash collateral placed of $839,089 thousand (31 March 2024: $797,635 thousand; 30 September 2023: $777,748 thousand) with MBL with respect to the Consolidated Entity's guarantees to MBL for MBL's exposures to certain members of the Consolidated Entity.

(3) These derivative balances are presented in the statement of financial position after offsetting balances where the Consolidated Entity has both a legally enforceable right to set off and the intention to settle on a net basis. After taking into account related financial instruments (primarily derivative liabilities) of $788,662 thousand (31 March 2024: $1,269,894 thousand; 30 September 2023: $1,715,117 thousand), cash collateral of $195,686 thousand (31 March 2024: $300,647 thousand; 30 September 2023: $179,783 thousand) and other collaterals for exposure not subject to enforceable netting arrangements of $44 thousand (31 March 2024: $64 thousand; 30 September 2023: $265 thousand) the residual derivative exposure amounts to $44,434 thousand (31 March 2024: $12,482 thousand; 30 September 2023: $98,285 thousand). The majority of the residual derivative exposure is short-term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with the majority of the exposure with investment grade counterparties.

(4) These derivative balances are presented in the statement of financial position after offsetting balances where the Consolidated Entity has both a legally enforceable right to set off and the intention to settle on a net basis. After taking into account related financial instruments (primarily derivative assets) of $788,662 thousand (31 March 2024: $1,269,894 thousand; 30 September 2023: $1,715,117 thousand), cash collateral of $322,759 thousand (31 March 2024: $601,682 thousand; 30 September 2023: $908,262 thousand) and other collaterals for exposure not subject to enforceable netting arrangements of $117 thousand (31 March 2024: $709 thousand; 30 September 2023: $189 thousand) the residual derivative exposure amounts to $21,370 thousand (31 March 2024: $27,023 thousand: 30 September 2023: $37,448 thousand). Refer to Note 7 *Derivative assets* for details of the Consolidated Entity's approach to derivative instruments and financial risk management.

(5) The majority of the balance represents long-term borrowing from MBL of $19,126 thousand (31 March 2024: $9,981 thousand; 30 September 2023: 21,439 thousand) and an evergreen loan of $Nil (31 March 2024: $Nil; 30 September 2023: 1,235,754 thousand) from Macquarie Financial Limited (MFL) (erstwhile; Macquarie Financial Holdings Pty Limited).

(6) Represents guarantees to other Macquarie Group entities with respect to their exposures to certain related group entities. The guarantee given to counterparties other than Macquarie Group entities are disclosed in Note 22 *Contingent liabilities and commitments*.

(7) Represents guarantees and LCs (Letter of credit) provided by MBL of $186,471 thousand (31 March 2024: $109,038 thousand; 30 September 2023: $448,195 thousand) and guarantees by MGL of $Nil (31 March 2024: $187,138 thousand; 30 September 2023: $220,880 thousand) to third parties as the immediate and ultimate parent respectively in relation to the performance and other obligations of the Consolidated Entity. Includes amount disclosed of $182,621 thousand (31 March 2024: $105,036 thousand, 30 September 2023: $229,079 thousand) in the table above being the component of that letter of credit and guarantee value equivalent to the fair value of the underlying risk position at the reporting date for which the maximum value of exposure is $6,187,683 thousand (31 March 2024: $9,379,114 thousand, 30 September 2023: $10,879,748 thousand).

(8) Represents guarantees provided by MFL and its subsidiaries of $736 thousand (31 March 2024: $926 thousand, 30 September 2023: $1,241 thousand) to third parties in relation to the performance and other obligations of the Consolidated Entity.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 21
Related party information continued

Associates and joint ventures

Transactions between the Consolidated Entity and its associates and joint ventures principally arise from the provision of corporate advisory services, the granting of loans and the provision of management services.

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

During the half year, the following amounts of income/(expense) arose from transactions with associates and joint ventures:

	Half year to 30 Sep 24 $'000	Half year to 31 Mar 24 $'000	Half year to 30 Sep 23 $'000
Interest income	**4,564**	3,370	2,369
Fee and commission income	**131**	450	1,325
Operating lease income	**2,143**	2,050	1,427
Other Expenses	**(904)**	(884)	(749)
Credit impairment charges	**(3,134)**	-	-
Other impairment charges	**(6,698)**	-	-

Dividends and distributions of $13,280 thousand (half year to March 2024: $26,547 million; half year to September 2023: $6,061 thousand) were received from the Consolidated Entity's associates and joint ventures. Under the equity method of accounting, these amounts are not included as income but are recorded as a reduction from the carrying amount of the investment.

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

	As at 30 Sep 24 $'000	As at 31 Mar 24 $'000	As at 30 Sep 23 $'000
On Balance Sheet:			
Amounts receivable(1)	**8,131**	66,231	50,817
Amounts payable	**(269)**	(269)	-
Off Balance Sheet: (2)			
Undrawn commitments	**-**	(13,466)	(26,664)

(1) Includes credit impairment charges of $ 3,134 thousand (half year to 31 March 2024: $Nil, half year to 30 September 2023: $Nil) and other impairment charges of $6,698 thousand (half year to 31 March 2024: $Nil, half year to 30 September 2023: $Nil).
(2) During the period, the consolidated entity issued a guarantee to an external party on behalf of its joint venture for $28,985 thousand (31 March 2024: $29,786 thousand, 30 September 2023: $29,598 thousand). For more details, refer Note 22 *Contingent liabilities and commitments*.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 22

Contingent liabilities and commitments

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Credit risk related exposures:			
Letters of credit and guarantees (1)	**40**	41	90
Undrawn credit facilities and debt commitments(2)	**155**	371	142
Total credit risk related exposures	**195**	412	232
Other contingencies and commitments:			
Asset development and purchase commitments	**32**	40	78
Performance-related contingencies	**8**	8	10
Total other contingencies and commitments	**40**	48	88
Total contingent liabilities and commitments(3)	**235**	460	320

(1) Includes guarantees amounting to $29 million (31 March 2024: $30 million, 30 September 2023: $30 million) against which the consolidated entity received a back-to-back financial guarantee for 50% of the total guarantee.
(2) Undrawn credit facilities include fully or partially undrawn commitments against which clients can borrow money under defined terms and conditions.
(3) It is not practicable to ascertain the timing of any outflow, and the possibility of any reimbursement related to these contingent liabilities.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 23

Measurement categories of financial instruments

The following table contains information relating to the measurement categories (i.e., Held for Trading (HFT), FVTPL, DFVTPL or Amortised cost) of assets and liabilities of the Consolidated Entity. The description of measurement categories is included in Note 40(vi) *Financial Instruments* in the Consolidated Entity's March 2024 Annual Financial Report.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 24 *Fair value of assets and liabilities.*

	FINANCIAL INSTRUMENTS CARRIED AT					Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised cost	Non-financial instruments		Fair value	Amortised cost
	HFT	DFVTPL	FVTPL					
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								**As at 30 Sep 24**
Cash and bank balances	-	-	-	1,210	-	1,210	-	1,210
Cash collateralised lending and reverse repurchase agreements	-	-	226	106	-	332	226	106
Trading assets[1]	915	-	-	-	209	1,124	1,124	-
Margin money and settlement assets	-	-	277	2,110	-	2,387	277	2,110
Derivative assets	1,263	-	-	-	-	1,263	1,263	-
Other financial assets	-	-	1,556	600	-	2,156	1,556	600
Other assets	-	-	-	-	519	519	-	-
Due from other Macquarie Group entities[2]	1,007	-	54	4,020	277	5,358	1,062	4,020
Loan assets	-	-	18	879	-	897	18	863
Interest in associates and joint ventures	-	-	4	-	324	328	4	-
Property, plant and equipment and right-of-use assets	-	-	-	-	863	863	-	-
Deferred tax assets	-	-	-	-	208	208	-	-
Total assets	**3,185**	**-**	**2,135**	**8,925**	**2,400**	**16,645**	**5,529**	**8,909**
Liabilities								
Cash collateralised borrowing and repurchase agreements	-	1	-	-	-	1	-	-
Trading liabilities	88	-	-	-	-	88	88	-
Margin money and settlement liabilities	-	-	-	1,401	-	1,401	-	1,401
Derivative liabilities	1,198	-	-	-	-	1,198	1,198	-
Other financial liabilities	-	365	-	308	-	673	365	308
Other liabilities[3]	-	-	-	-	836	836	-	-
Due to other Macquarie Group entities[2]	1,130	462	3	1,755	60	3,410	1,595	1,755
Issued debt securities	-	-	-	1,379	-	1,379	-	1,379
Borrowings	-	364	-	5,436	-	5,800	364	5,442
Deferred tax liabilities	-	-	-	-	9	9	-	-
Total liabilities	**2,416**	**1,192**	**3**	**10,279**	**905**	**14,795**	**3,610**	**10,285**

(1) Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
(2) Due from other Macquarie Group entities and due to other Macquarie Group entities includes derivatives and trading positions classified as HFT.
(3) Non-financial liabilities primarily represent accrued charges, employee-related provisions, and tax payable.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 23

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT					Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised cost	Non-financial instruments		Fair value	Amortised cost
	HFT	DFVTPL	FVTPL					
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								As at 31 Mar 2024
Cash and bank balances	-	-	-	1,538	-	1,538	-	1,538
Cash collateralised lending and reverse repurchase agreements	-	-	-	-	-	-	-	-
Trading assets[1]	627	-	-	-	484	1,111	1,111	-
Margin money and settlement assets	-	-	275	2,175	-	2,450	275	2,175
Derivative assets	1,647	-	-	-	-	1,647	1,647	-
Other financial assets	-	-	1,717	1,198	-	2,915	1,717	1,198
Other assets	-	-	-	-	531	531	-	-
Due from other Macquarie Group entities[2]	1,580	-	39	5,076	345	7,040	1,619	5,076
Loan assets	-	-	36	1,055	-	1,091	36	1,034
Interest in associates and joint ventures	-	-	-	-	343	343	-	-
Property, plant and equipment and right-of-use assets	-	-	-	-	761	761	-	-
Deferred tax assets	-	-	-	-	200	200	-	-
Total assets	3,854	-	2,067	11,042	2,664	19,627	6,405	11,021
Liabilities								
Cash collateralised borrowing and repurchase agreements	-	52	-	-	-	52	51	-
Trading liabilities	-	-	-	-	-	-	-	-
Margin money and settlement liabilities	-	-	-	1,552	-	1,552	-	1,552
Derivative liabilities	1,160	-	-	-	-	1,160	1,160	-
Other financial liabilities	-	536	-	395	-	931	536	395
Other liabilities[3]	-	-	-	-	1,148	1,148	-	-
Due to other Macquarie Group entities[2]	1,940	566	1	2,136	72	4,715	2,507	2,136
Issued debt securities	-	-	-	1,557	-	1,557	-	1,557
Borrowings	-	335	-	6,078	-	6,413	335	6,086
Deferred tax liabilities	-	-	-	-	16	16	-	-
Total liabilities	3,100	1,489	1	11,718	1,236	17,544	4,589	11,726

(1) Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
(2) Due from other Macquarie Group entities and due to other Macquarie Group entities includes derivatives and trading positions classified as HFT.
(3) Non-financial liabilities primarily represent accrued charges, employee-related provisions, and tax payable.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 23

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT					Statement of financial position	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised cost	Non-financial instruments	total	Fair value	Amortised cost
	HFT	DFVTPL	FVTPL					
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								As at 30 Sep 2023
Cash and bank balances	-	-	-	1,391	-	1,391	-	1,391
Cash collateralised lending and reverse repurchase agreements	-	-	-	78	-	78	-	78
Trading assets[1]	849	-	-	-	990	1,839	1,839	-
Margin money and settlement assets	-	-	329	2,741	-	3,070	329	2,741
Derivative assets	2,002	-	-	-	-	2,002	2,002	-
Other financial assets	-	-	1,744	571	-	2,315	1,744	571
Other assets	-	-	-	-	564	564	-	-
Due from other Macquarie Group entities[2]	1,984	-	49	4,570	329	6,932	2,033	4,570
Loan assets	-	-	12	1,071	-	1,083	12	1,062
Interest in associates and joint ventures	-	-	-	-	383	383	-	-
Property, plant and equipment and right-of-use assets	-	-	-	-	728	728	-	-
Deferred tax assets	-	-	-	-	218	218	-	-
Total assets	4,835	-	2,134	10,422	3,212	20,603	7,959	10,413
Liabilities								
Cash collateralised borrowing and repurchase agreements	-	112	-	2	-	114	112	2
Trading liabilities	-	-	-	-	-	-	-	-
Margin money and settlement liabilities	-	-	-	1,828	-	1,828	-	1,828
Derivative liabilities	1,419	-	-	-	-	1,419	1,419	-
Other financial liabilities	-	766	-	281	-	1,047	766	281
Other liabilities[3]	-	-	-	-	828	828	-	-
Due to other Macquarie Group entities [2]	2,679	439	4	2,576	76	5,774	3,122	2,576
Issued debt securities	-	-	-	1,550	-	1,550	-	1,550
Borrowings	-	343	-	5,687	-	6,030	343	5,696
Deferred tax liabilities	-	-	-	-	5	5	-	-
Total liabilities	4,098	1,660	4	11,924	909	18,595	5,762	11,933

(1) Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
(2) Due from other Macquarie Group entities and due to other Macquarie Group entities includes derivatives and trading positions classified as HFT.
(3) Non-financial liabilities primarily represent accrued charges, employee-related provisions, and tax payable.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24
Fair value of assets and liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial and non-financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing at the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding inputs.

Items measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below:

Level 1:	unadjusted quoted prices in active markets for identical assets or liabilities
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate fair value hierarchy level for an item is determined on the basis of the lowest level input that is significant to the fair value measurement.

AASB 13 *Fair Value Measurement* requires the use of the price within the bid-offer spread that is most representative of fair value. Valuation systems will typically generate mid-market prices. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all of the residual net exposure to market risks were closed, on a portfolio basis.

The following methods and significant assumptions have been applied in determining the fair values of following items carried at amortised cost in the Statements of financial position.

ASSET OR LIABILITY	VALUATION TECHNIQUES, INPUTS AND OTHER SIGNIFICANT ASSUMPTIONS
Cash and bank balances, Cash collateralised lending and reverse repurchase agreements, cash collateralised borrowing and repurchase agreements	The fair value of cash and bank balance, cash collateralised lending and reverse repurchase agreements, cash collateralised borrowing and repurchase agreements approximates their carrying amounts as these are highly liquid and short-term in nature.
Loan assets	The fair value of fixed rate loan assets is determined with reference to changes in interest rates and credit spreads. The fair value of variable rate loan assets approximates their carrying amounts, subject to any adjustment for changes in the credit spreads.
Financial investments	The fair value of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. The fair value of fixed rate debt investments is estimated by reference to current market rates offered on similar securities and the creditworthiness of the borrower. The fair value of variable rate investments approximates their carrying amounts, subject to any adjustment for changes in credit spreads.
Other borrowings and issued debt securities	The fair value of borrowings and issued debt securities is based on quoted prices in active markets where available. Where quoted prices are not available the fair value is based on discounted cash flows using rates appropriate to the term and incorporates changes in the Consolidated Entity's own credit spread.
Margin money, settlement assets and settlement liabilities, Other financial assets and financial liabilities	The fair value of margin money, settlement assets, settlement liabilities, other financial assets and financial liabilities approximate their carrying amounts, subject to any adjustment for changes in credit spreads.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

The following methods and significant assumptions have been applied in determining the fair values of following items carried at fair value in the Statements of financial position.

ASSET OR LIABILITY	VALUATION TECHNIQUES, INPUTS AND OTHER SIGNIFICANT ASSUMPTIONS
Trading assets, Trading liabilities and Derivatives	Trading assets, including commodities and commodity contracts, trading liabilities, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, then fair values are estimated on the basis of other recognised valuation techniques. The Consolidated Entity has incorporated the market implied funding costs for uncollateralised derivative positions as a Funding Valuation Adjustment (FVA). FVA is determined by calculating the net expected exposures at a counterparty level and applying the Consolidated Entity's internal Treasury lending rates as an input into the calculation.
Repurchase and reverse repurchase agreements	Repurchase and reverse repurchase agreements, being collateralised financing arrangements, are measured at fair value with reference to the securities which are held or provided as the collateral for the financing arrangement.
Financial investments	Financial investments classified as FVTPL or FVOCI are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair values are estimated on the basis of other recognised valuation techniques that maximise the use of quoted prices and observable market inputs.
Loan assets and Issued debt securities	Fair values of loans and issued debt securities are measured by reference to quoted prices in active markets where available. If quoted prices are not available in active markets, the fair values are estimated with reference to current market rates.
Other financial assets and financial liabilities	Fair values of other financial assets and financial liabilities are based upon data or valuation techniques appropriate to the nature and type of the underlying instruments.

For financial assets carried at fair value; in order to measure counterparty credit risk, an adjustment is incorporated into the valuation. Where exposures are managed on a portfolio basis then the adjustment is calculated on a counterparty basis for those exposures. For financial liabilities carried at fair value; in order to measure the Consolidated Entity's own credit risk, an adjustment is incorporated into the valuations.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. The output of a valuation technique is always an estimate of a fair value that cannot be measured with complete certainty. Models are reviewed and calibrated periodically to test the outputs and reflect the prices from observable current market transactions in same instrument or other available observable market data.

To the extent possible, models use only observable market data (for example OTC derivatives), however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument such as volatility and correlation.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

Assets and liabilities measured at fair value

The following table summarises the levels of the fair value hierarchy for assets and liabilities that are recognised and measured at fair value in the financial statements:

	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
				As at 30 Sep 2024
Assets				
Trading assets	**88**	**792**	**244**	**1,124**
Cash collateralised lending and reverse repurchase agreements	**-**	**226**	**-**	**226**
Margin money and settlement assets	**-**	**277**	**-**	**277**
Derivative assets	**3**	**1,181**	**79**	**1,263**
Other financial assets	**12**	**1,494**	**50**	**1,556**
Due from other Macquarie Group entities	**-**	**968**	**93**	**1,061**
Loan assets	**-**	**13**	**5**	**18**
Interest in associates and joint ventures	**-**	**-**	**4**	**4**
Total assets	**103**	**4,951**	**475**	**5,529**
Liabilities				
Trading liabilities	**-**	**88**	**-**	**88**
Cash collateralised borrowing and repurchase agreements	**-**	**-**	**-**	**-**
Derivative liabilities	**-**	**856**	**342**	**1,198**
Other financial liabilities	**-**	**357**	**8**	**365**
Due to other Macquarie Group entities	**-**	**1,535**	**60**	**1,595**
Borrowings	**-**	**364**	**-**	**364**
Total liabilities	**-**	**3,200**	**410**	**3,610**
				As at 31 Mar 2024
Assets				
Trading assets	37	884	190	1,111
Cash collateralised lending and reverse repurchase agreements	-	-	-	-
Margin money and settlement assets	-	275	-	275
Derivative assets	-	1,497	150	1,647
Other financial assets	4	1,683	30	1,717
Due from other Macquarie Group entities	-	1,437	182	1,619
Loan assets	-	14	22	36
Total assets	41	5,790	574	6,405
Liabilities				
Cash collateralised borrowing and repurchase agreements	-	51	-	51
Derivative liabilities	-	711	449	1,160
Other financial liabilities	-	534	2	536
Due to other Macquarie Group entities	-	2,305	202	2,507
Borrowings	-	335	-	335
Total liabilities	-	3,936	653	4,589

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

Assets and liabilities measured at fair value continued

	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
				As at 30 Sep 2023
Assets				
Trading assets	15	904	920	1,839
Margin money and settlement assets	-	329	-	329
Derivative assets	11	1,630	361	2,002
Other financial assets	3	1,702	39	1,744
Due from other Macquarie Group entities	-	1,503	530	2,033
Loan assets	-	4	8	12
Total assets	29	6,072	1,858	7,959
Liabilities				
Cash collateralised borrowing and repurchase agreements	-	112	-	112
Derivative liabilities	-	768	651	1,419
Other financial liabilities	-	766	-	766
Due to other Macquarie Group entities	-	2,674	448	3,122
Borrowings	-	343	-	343
Total liabilities	-	4,663	1,099	5,762

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

Reconciliation of balances in Level 3 of the fair value hierarchy

The following table summarises the movements in Level 3 of the fair value hierarchy for assets and liabilities, measured at fair value by the Consolidated Entity.

	Trading assets	Other financial assets	Interest in associates and joint ventures	Loan assets	Derivative financial instrument (net fair value)[1]	Other liabilities	Due from/ (Due to) other Macquarie Group entities	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 Apr 2023	468	43	-	3	(136)	(8)	-	370
Purchases, originations, issuances and other additions	513	30	-	4	29	-	-	576
Sales, settlements and repayments	(28)	(11)	-	-	49	6	-	16
Transfers into Level 3[2]	4	-	-	-	36	-	82	122
Transfers out of Level 3[2]	(41)	(20)	-	-	(86)	2	-	(145)
Fair value movements recognised in the income statement:			-					
Net trading income [3]	4	2	-	1	(182)	-	-	(175)
Other income/(loss)	-	(5)	-	-	-		-	(5)
Balance as at 30 Sep 2023	920	39	-	8	(290)	-	82	759
Fair value movements for the period included in the income statements for assets and liabilities held at the end of the period[2]	4	2	-	1	(182)	-	-	(175)
Balance as at 1 Oct 2023	920	39	-	8	(290)	-	82	759
Purchases, originations, issuances and other additions[4]	44	-	-	21	(59)	(2)	-	4
Sales, settlements and repayments[4]	(440)	(24)	-	(6)	(156)	2	-	(624)
Transfers into Level 3[2][4]	-	-	-	-	(33)	-	(102)	(135)
Transfer out of Level 3[2][4]	(290)	20	-	-	45	(2)	-	(227)
Fair value movements recognised in the income statement:								
Net trading income/(loss)[3][4]	(44)	7	-	(1)	194	-	-	156
Other income	-	(12)	-	-	-	-	-	(12)
Balance as at 31 Mar 2024	190	30	-	22	(299)	(2)	(20)	(79)
Fair value movements for the period included in the income statements for assets and liabilities held at the end of the period[3]	(45)	(10)	-	(1)	193	-	-	137

(1) The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are $79 million (31 March 2024: $150 million; 30 September 2023: $361 million) and derivative liabilities are $342 million (31 March 2024: $449 million; 30 September 2023: $651 million).
(2) Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the period.
(3) The Consolidated Entity employs various hedging techniques in order to manage market risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, that may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency denominated financial instruments that are measured at amortised cost, are not presented in the table above.
(4) Prior period comparatives have been re-presented to conform with the presentation in the current period.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

Reconciliation of balances in Level 3 of the fair value hierarchy continued

	Trading assets	Other financial assets	Interest in associates and joint ventures	Loan assets	Derivative financial instrument (net fair value)(1)	Other liabilities	Due from/ (Due to) other Macquarie Group Entities	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 Apr 2024	**190**	**30**	**-**	**22**	**(299)**	**(2)**	**(20)**	**(79)**
Purchases, originations, issuances and other additions	**205**	**2**	**4**	**11**	**36**	**(22)**	**-**	**236**
Sales, settlements and repayments	**(131)**	**(15)**	**-**	**(28)**	**4**	**2**	**-**	**(168)**
Transfers into Level 3(2)	**11**	**4**	**-**	**-**	**(1)**	**-**	**53**	**67**
Transfer out of Level 3(2)	**(5)**	**-**	**-**	**-**	**(40)**	**-**	**-**	**(45)**
Fair value movements recognised in the income statement:								
Net trading (loss)/income(3)	**(26)**	**(1)**	**-**	**-**	**37**	**-**	**-**	**10**
Other loss	**-**	**30**	**-**	**-**	**-**	**14**	**-**	**44**
Balance as at 30 Sep 2024	**244**	**50**	**4**	**5**	**(263)**	**(8)**	**33**	**65**
Fair value movements for the period included in the income statements for assets and liabilities held at the end of the period(3)	**(22)**	**(2)**	**-**	**-**	**37**	**5**	**-**	**18**

(1) The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are $79 million (31 March 2024: $150 million; 30 September 2023: $361 million) and derivative liabilities are $342 million (31 March 2024: $449 million; 30 September 2023: $651 million).
(2) Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the period.
(3) The Consolidated Entity employs various hedging techniques in order to manage market risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, that may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency denominated financial instruments that are measured at amortised cost, are not presented in the table above.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24
Fair value of assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

During the period, the Consolidated Entity did not have significant transfers between Level 1 and Level 2.

Transfers into Level 3 were due to the lack of observable valuation inputs for certain investments and trading balances. Transfers out of Level 3 were principally due to valuation inputs becoming observable during the period. Financial assets reclassified into/out of the fair value hierarchy disclosure due to recognition and measurement category changes, or where there have been changes in significant influence or control but some form of interests in the assets are still retained, are also presented as transfers into/out of Level 3.

Unrecognised gains or losses

The best evidence of fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets (or when inputs from unobservable markets are insignificant). Where such alternative evidence exists, the Consolidated Entity recognises profit or loss immediately when the asset or liability is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable.

The table below summarises the deferral and recognition of profit or loss where a valuation technique has been applied for which significant unobservable inputs are used:

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Balance at the beginning of the period	**(162)**	(115)	(120)
Deferred losses on new transactions and other adjustments	**(15)**	(87)	(12)
Foreign exchange movements	**1**	3	-
Recognised in net trading income during the period[1]	**44**	37	17
Balance at the end of the period	**(132)**	(162)	(115)

(1) Includes amortisation, subsequent realisation due to unobservable inputs becoming observable, maturity and termination.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24
Fair value of assets and liabilities continued

Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations, and the valuation techniques used to measure fair value. The range of values represent the highest and lowest input used in the valuation techniques. The range does not therefore reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets and liabilities.

	Fair Value of Assets $m	Fair Value of Liabilities $m	Valuation technique(s)	Significant unobservable inputs	RANGE OF INPUTS Minimum value	Maximum value
						AS AT 30 SEP 2024
Commodities	**424**	**412**	**Pricing model**	**Commodity margin curves**	**(542)**	**2,170**
			Pricing model	**Correlations**	**0%**	**100%**
			Pricing model	**Volatility and related variables**	**12.2%**	**97.3%**
Interest rate and other products	**48**	**-**	**Pricing model**	**Bond Price**	**22**	**100.01**
Equity and equity-linked products	**3**	**-**	**Market comparability**	**Price in %(1)**	**-**	**-**
Total	**475**	**412**				
						AS AT 31 MAR 2024
Commodities	526	653	Pricing model	Commodity margin curves	(151)	594
			Pricing model	Correlations	75.5%	100%
			Pricing model	Volatility and related variables	0.3%	212.1%
Interest rate and other products	48	-	Pricing model	Bond Price	96.74	99.95
Equity and equity-linked products	-	-	Market comparability	Price in %(1)	-	-
Total	574	653				
						AS AT 30 SEP 2023
Commodities	1,213	647	Pricing model	Commodity margin curves	(372)	2,100
			Pricing model	Correlations	(50)%	100%
			Pricing model	Volatility and related variables	5.9%	415%
Interest rate and other products	93	-	Pricing model	Bond Price	97.64	99.95
Equity and equity-linked products	24	-	Market comparability	Price in %(1)	-	-
Total	1,330	647				

(1) The range of inputs related to market comparability has not been disclosed as the diverse nature of the underlying investments results in a wide range of inputs.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

Sensitivity analysis of valuations using unobservable inputs

The table below shows the sensitivity to reasonably possible alternative assumptions, for Level 3 assets and liabilities whose fair values are determined in whole or in part using unobservable inputs. The impact of sensitivity of instruments which hedge the Level 3 positions but are classified as Level 1 or 2 is not included in the table below:

	FAVOURABLE CHANGES	UNFAVOURABLE CHANGES
	Profit or loss $m	Profit or loss $m
Product type		**AS AT 30 SEP 24**
Commodities	**89**	**(52)**
Interest rate and other products	**2**	**(2)**
Equity and equity-linked products	**-**	**-**
Total	**91**	**(54)**
Product type		AS AT 31 MAR 24
Commodities	100	(83)
Interest rate and other products	1	(1)
Equity and equity-linked products	-	-
Total	101	(84)
Product type		AS AT 30 SEP 23
Commodities	91	(47)
Interest rate and other products	1	(1)
Equity and equity-linked products	4	(4)
Total	96	(52)

The favourable and unfavourable changes from using reasonable possible alternative assumptions for the valuation of above product types haven been calculated by recalibrating the valuation model using stressed significant unobservable inputs of the Consolidated Entity's range of reasonably possible estimates.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 24

Fair value of assets and liabilities continued

The following information contains details around the significant unobservable inputs which are utilised to fair value the level 3 assets and liabilities.

Commodities

Commodity margin curves: Certain commodities are valued using related observable products from the market and a margin is applied to the observable market inputs to mitigate the impact of differences in the products. Judgement is involved in the calculation of these margin curves depending on the quality of commodity or delivery location and other economic conditions.

Correlation: Correlation is a measure of the relationship between the movements of input variables (i.e. how the change in one variable influences a change in the other variable). It is expressed as a percentage between –100% and +100%, where 100% represents perfectly correlated variables and 100% represents inversely correlated. Correlation is a key input into the valuation of derivatives with more than one underlying (e.g., interest rates, credit spreads, foreign exchanges rates, inflation rates or equity prices) and is generally used to value hybrid and exotic instruments.

Volatility: Volatility is a measure of the variability or uncertainty in returns for a given underlying input and is generally expressed as a percentage, which represents an estimate of the amount a particular underlying instrument, parameter or index will change in value over time. Volatility is an input in the valuation of derivatives containing optionality. Volatility is impacted by the underlying risk, term and strike price of a derivative.

Correlations and volatilities are derived through the extrapolation of observable volatilities, recent transaction prices, quotes from other market participants and historical data adjusted for current conditions.

Equity and equity-linked products

Unlisted equity securities are generally valued based on earnings or revenue multiples, referencing market transactions which are not directly comparable or quantifiable and are adjusted as appropriate for current economic conditions. Other significant unobservable inputs may include net asset value and discount rates determined using inputs specific to the underlying investment and forecast and earnings/revenues of investee entities.

Interest rate and other products

Bond Price: Bond price represents the market value of a bond, reflecting the present value of future cashflows and is influenced by factors including interest rates, credit quality and time to maturity. In certain circumstances where bond prices of a specific security are not observable in the market, bond prices may be estimated from comparable.

Discount rate - Credit spreads: Loans are generally valued using discount rates. Significant unobservable inputs may include interest rates and credit spreads of counterparties and original issue discounts on primary debt issuances. Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality which increase the discount factor applied to future cashflows thereby reducing the value of asset. Credit spreads may be implied from the market prices and may not be observable in more illiquid markets.

Yield: Yield represents expected rate of annual return on an instrument. In certain circumstances, yield of a specific security is not observable in the market, it is estimated using the historical data or by adjusting the yield of similar securities to capture the characteristics of the security being valued.

Price in %: Comparable transactions are leveraged to price the fair value of the assets and liabilities, and a percentage is applied to ascertain the proportion of the transaction price that is comparable with the specific asset/(liability). This price percentage is unobservable input and judgemental depending on the characteristics of the asset/(liability).

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 25
Acquisitions and disposals of subsidiaries and businesses

Acquisitions of subsidiaries and businesses

The Consolidated Entity's acquisitions include subsidiaries and businesses acquired as part of core business operations as well as subsidiaries and businesses held for investment and resell purposes.

Held for investment purposes

During the half year ended 30 September 2024, subsidiaries and businesses were acquired or consolidated for a total consideration of $21 million resulting in recognition of net assets of $17 million, non-controlling interest of $3 million and goodwill of $7 million in the Statement of financial position. The purchase price allocations for the business combinations are provisional as at 30 September 2024.

During the half year ended 31 March 2024, no subsidiaries and businesses were acquired or consolidated.

During the half year ended 30 September 2023, no subsidiaries and businesses were acquired or consolidated.

Core Business operations

During the half year ended 30 September 2024, the restructure reserve was reduced by $3 million for an adjustment pertaining to acquisition of a subsidiary carried out in February 2023.

During the half year ended 31 March 2024, no subsidiaries and businesses were acquired or consolidated. The restructure reserve had increased by $20 million for adjustments pertaining to acquisitions of subsidiaries carried out in prior period.

During the half year ended 30 September 2023, no subsidiaries and businesses were acquired or consolidated.

Disposal of subsidiaries and businesses

Held for investment purposes

During the current, prior period and prior corresponding period, there were no material business or subsidiaries disposed of which were held for investment purpose.

Core Business operations

During the half year ended 30 September 2024, subsidiaries and businesses disposed of or deconsolidated for a total consideration of $17 million resulting in deconsolidation of net assets of $13 million and investment income (gain on interests in businesses and subsidiaries) of $4 million recognised in the income statement.

During the half year ended 31 Mar 2024, no subsidiaries were disposed of.

During the half year ended 30 Sep 2023, a subsidiary was deconsolidated for a total consideration of $2 million. No material gain or loss was recognised in the income statement.

Notes to the financial statements

For the half year ended 30 September 2024 continued

Note 26
Events after the reporting date

On 19 December 2024, the Board of Directors had approved a return of capital of $230m to MBL. The payment will be made on or before 20 December 2024.

On 4 November 2024, Macquarie Investments 1 Limited, a subsidiary of MIFL, entered into a Share Purchase Agreement with Macquarie UK Holdings No.2 Limited (a Macquarie Group controlled entity in the Non-Bank Group) to transfer 100% of the beneficial title and ownership of shares in MCEHL, the holding company for the Corona Group, from the Consolidated Entity to the Non-Bank Group for consideration of approximately A$715m. Subject to fulfilment of agreed conditions and any further changes in the net assets of MCEHL, the transaction is expected to result in a gain of approximately A$570m for the Consolidated Entity.

There were no other material events subsequent to 30 September 2024 and up until the authorisation of the financial statements for issue, requiring a disclosure in the interim financial report, other than those that have been disclosed elsewhere in the financial statements.

Directors' declaration

To the member of Macquarie International Finance Limited

In the Directors' opinion:

(a) the financial statements and notes set out on pages 6 to 51 are:

(i) complying with Australian accounting standards and regulations, and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2024 and its performance, for the half year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) the Financial Report complies with International Financial Reporting Standards issued by the International Accounting Standards Board.

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

DocuSigned by:
Stuart Dyson
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Stuart Dyson
Director

Sydney
20 December 2024

Independent auditor's review report to the members of Macquarie International Finance Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Macquarie International Finance Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 September 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of Macquarie International Finance Limited does not present fairly, in all material respects, the Group’s financial position as at 30 September 2024 and its financial performance and its cash flows for the half-year ended on that date, in accordance with the accounting policies as described in Note 1 to the financial statements.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the half-year financial report, which describes the basis of accounting. The half-year financial report has been prepared for internal purposes to assist Macquarie International Finance Limited. As a result, the half-year financial report may not be suitable for another purpose. Our report is intended solely for Macquarie International Finance Limited and its members and should not be used by parties other than Macquarie International Finance Limited and its members. Our conclusion is not modified in respect of this matter.

Responsibilities of management for the half-year financial report

Management is responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in Note 1 to the financial statements and for such internal control as management determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the half-year financial report does not present fairly, in all material respects, the financial position of the Group as at 30 September 2024 and of its financial performance and its cash flows for the half-year ended on that date in accordance with the accounting policies as described in Note 1 to the financial statements.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Daniel Harb

Daniel Harb
Partner

Sydney
20 December 2024