MACQUARIE BANK

2025 Management Discussion and Analysis

Macquarie Bank | Year ended 31 March 2025

Notice to readers

The purpose of this report is to provide information supplementary to the Macquarie Bank Limited Disclosure Report (U.S. Version) for the year ended 31 March 2025 and the Financial Report within the Macquarie Bank Limited Annual Report (the Financial Report) for the year ended 31 March 2025, including further detail in relation to key elements of Macquarie Bank Limited and its subsidiaries' (Macquarie Bank, the Consolidated Entity) financial performance and financial position. The report also outlines the funding and capital profile of the Consolidated Entity.

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

Date of this report

This report has been prepared for the year ended 31 March 2025 and is current as at 9 May 2025.

Cover image

Futures, Sydney
Commodities and Global Markets' Sydney-based Futures team provides a full range of execution, clearing and financing solutions to corporate and institutional clients, providing continuous 24-hour coverage of major markets globally.

Explanatory notes

Comparative information and conventions

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

References to the prior year are to the 12 months ended 31 March 2024.

References to the first half are to the six months ended 30 September 2024.

References to the second half are to the six months ended 31 March 2025.

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

Independent Auditor's Report

This document should be read in conjunction with the Financial Report for the year ended 31 March 2025, which was subject to independent audit by PricewaterhouseCoopers.

PricewaterhouseCoopers' independent auditor's report to the members of Macquarie Bank Limited dated 9 May 2025 was unqualified.

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

Disclaimer

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1.1 Executive Summary

FY2025 net profit[1]
$A3,445m
↑ 18% on prior year

FY2025 net operating income
$A11,920m
↑ 3% on prior year

FY2025 operating expenses
$A7,479m
broadly in line with the prior year

FY2025 net profit contribution[2] by Operating Group

Summary of the Operating Groups' performance for the year ended 31 March 2025.

Banking and Financial Services (BFS)

$A1,380m

↑ 11% on prior year due to

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher net interest income driven by growth in the average loan and deposit portfolios, partially offset by margin compression due to lending and deposit competition and changes in portfolio mix
- higher fee and commission income driven by growth in average funds on platform, as well as higher lending and transaction volumes.

Partially offset by:

- higher credit impairments driven by changes to recovery expectations for the residual car loan portfolio and deterioration in the macroeconomic outlook, partially offset by changes in the composition of portfolio growth.

Commodities and Global Markets (CGM)

$A2,872m

↓ 8% on prior year due to

- decreased risk management income primarily driven by decreased client hedging activity due to subdued conditions in certain commodity markets, particularly EMEA Gas, Power and Emissions and Global Oil. These reductions were partially offset by increased contributions from Resources, primarily from the metals sector, and Agriculture
- decreased inventory management and trading income driven by timing of income recognition on North American Gas and Power contracts, partially offset by increased trading gains in North American Gas and Power markets
- higher operating expenses driven by increased brokerage, commission and fee expenses across equities, foreign exchange, interest rates and credit as well as increased investment on technology platform and infrastructure.

Partially offset by:

- increased equities income driven by increased client activity and trading opportunities
- increased foreign exchange, interest rate and credit products income driven by continued strong client hedging activity in structured foreign exchange products and increased contributions from financing origination.

Corporate

Net expenses of **$A807m**

↓44% on prior year due to

- increased other operating income driven by a tax exempt gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

[1] Net profit is profit after tax attributable to ordinary equity holders of Macquarie Bank Limited.
[2] Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

1.1 Executive Summary

Continued

Profit attributable to the ordinary equity holder

$A3,445m

↑ 18% on prior year

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Financial Performance Summary						
Net interest income	**1,661**	1,570	*6*	**3,231**	3,131	*3*
Net trading income	**2,637**	2,388	*10*	**5,025**	5,270	*(5)*
Fee and commission income	**1,344**	1,266	*6*	**2,610**	2,591	*1*
Net credit impairment (charges)/reversals	**(97)**	(13)	*	**(110)**	34	*
Net other impairment (charges)/reversals	**(19)**	(21)	*(10)*	**(40)**	15	*
Net other operating income	**905**	299	*203*	**1,204**	525	*129*
Net operating income	**6,431**	5,489	*17*	**11,920**	11,566	*3*
Employment expenses	**(2,360)**	(2,451)	*(4)*	**(4,811)**	(4,911)	*(2)*
Brokerage, commission and fee expenses	**(325)**	(319)	*2*	**(644)**	(594)	*8*
Non-salary technology expenses	**(502)**	(459)	*9*	**(961)**	(942)	*2*
Other operating expenses	**(509)**	(554)	*(8)*	**(1,063)**	(1,044)	*2*
Total operating expenses	**(3,696)**	(3,783)	*(2)*	**(7,479)**	(7,491)	*(<1)*
Operating profit before income tax	**2,735**	1,706	*60*	**4,441**	4,075	*9*
Income tax expense	**(456)**	(540)	*(16)*	**(996)**	(1,163)	*(14)*
Profit attributable to ordinary equity holder of Macquarie Bank Limited	**2,279**	1,166	*95*	**3,445**	2,912	*18*
Key Metrics						
Expense to income ratio (%)	**57.5**	68.9		**62.7**	64.8	
Effective tax rate (%)	**16.7**	31.7		**22.4**	28.5	

Net operating income

Net operating income of $A11,920 million for the year ended 31 March 2025 increased 3% from $A11,566 million in the prior year. This increase was mainly driven by higher net other operating income, partially offset by higher credit and other impairment charges and lower net interest and trading income.

Net interest and trading income

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
8,256	8,401

↓2% on prior year

Largely driven by:

- lower risk management income primarily in EMEA Gas, Power and Emissions and Global Oil, partially offset by increased contributions from Resources and Agriculture, in CGM
- lower inventory management and trading income driven by timing of income recognition on North American Gas and Power contracts, partially offset by increased trading gains in North American Gas and Power markets, in CGM
- higher funding costs, in Corporate.

Partially offset by:

- higher foreign exchange, interest rate and credit products income driven by continued strong client hedging activity and increased contributions from financing origination, in CGM
- higher equities income driven by increased client activity and trading opportunities, in CGM
- higher net interest income due to growth in the average loan and deposit portfolios, partially offset by margin compression and changes in portfolio mix, in BFS.

Fee and commission income

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
2,610	2,591

broadly in line with prior year

Largely driven by:

- higher administration and advice fees from higher average funds on platform, in BFS.

Credit and other impairment (charges)/reversals

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
(150)	49

↑ substantially on prior year

Largely driven by:

- deterioration in the macroeconomic outlook.

Net other operating income

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
1,204	525

↑ substantially on prior year

Largely driven by:

- a gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group, in Corporate.

1.1 Executive Summary

Continued

Operating expenses

Total operating expenses of $A7,479 million for the year ended 31 March 2025 were broadly in line with the prior year.

Employment expenses

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
4,811	4,911

↓2% on prior year

Largely driven by:

- lower salary and related expenses from lower average headcount
- lower one-off staff costs.

Partially offset by:

- wage inflation
- higher profit share expenses mainly as a result of the performance of the Consolidated Entity.

Brokerage, commission and fee expenses

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
644	594

↑8% on prior year

Largely driven by:

- increased hedging and trading-related expenses across equities, foreign exchange, interest rates and credit, in CGM.

Non-salary technology expenses

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
961	942

↑2% on prior year

Largely driven by:

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

Partially offset by:

- lower project-based consultancy spend.

Other operating expenses

FULL YEAR TO	
31 Mar 25	31 Mar 24
$Am	$Am
1,063	1,044

↑2% on prior year

Largely driven by:

- higher occupancy expenses.

Partially offset by:

- lower indirect and other tax expenses
- lower expenses on certain legacy and other transaction-related charges.

Income tax expense

Income tax expense of $A996 million for the year ended 31 March 2025 decreased 14% from $A1,163 million in the prior year. The effective tax rate for the year ended 31 March 2025 was 22.4%, down from 28.5% in the prior year.

The lower effective tax rate compared to the prior year was mainly driven by the geographic composition and nature of earnings and a tax exempt gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

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02 Financial Performance Analysis

2.1 Net Interest and Trading Income

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Net interest income	**1,661**	1,570	*6*	**3,231**	3,131	*3*
Net trading income	**2,637**	2,388	*10*	**5,025**	5,270	*(5)*
Net interest and trading income	**4,298**	3,958	*9*	**8,256**	8,401	*(2)*

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

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

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

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

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
BFS	**1,391**	1,326	*5*	**2,717**	2,645	*3*
CGM						
Commodities	**1,622**	1,366	*19*	**2,988**	3,307	*(10)*
Foreign exchange, interest rates and credit	**669**	592	*13*	**1,261**	1,148	*10*
Equities	**218**	199	*10*	**417**	328	*27*
Asset Finance	**49**	21	*133*	**70**	70	*–*
Corporate	**349**	454	*(23)*	**803**	903	*(11)*
Net interest and trading income	**4,298**	3,958	*9*	**8,256**	8,401	*(2)*

2.1 Net Interest and Trading Income

Continued

Net interest and trading income of $A8,256 million for the year ended 31 March 2025 decreased 2% from $A8,401 million in the prior year.

BFS

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

Net interest and trading income of $A2,717 million for the year ended 31 March 2025 increased 3% from $A2,645 million in the prior year, primarily due to 11% growth in the average loan portfolio[1] and 16% growth in average BFS deposit volumes[1]. This was partially offset by margin compression due to lending and deposit competition and changes in portfolio mix.

As at 31 March 2025 the loan and deposit portfolios included:

- home loan volumes[2] of $A141.7 billion, up 19% from $A119.3 billion as at 31 March 2024
- business banking loan volumes of $A16.7 billion, up 6% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A2.7 billion, down 41% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A172.4 billion, up 21% from $A142.7 billion as at 31 March 2024.

CGM

Net interest and trading income of $A4,736 million for the year ended 31 March 2025 decreased 2% from $A4,853 million in the prior year.

Commodities

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

Net interest and trading income from commodities of $A2,988 million for the year ended 31 March 2025 decreased 10% from $A3,307 million in the prior year.

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

Risk management income decreased from the prior year primarily driven by decreased client hedging activity due to subdued conditions in certain commodity markets, particularly EMEA Gas, Power and Emissions and Global Oil. These reductions were partially offset by increased contributions from Resources, primarily from the metals sector, and Agriculture.

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

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

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

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

Inventory management and trading income decreased from the prior year driven by timing of income recognition on North American Gas and Power contracts, partially offset by increased trading gains in North American Gas and Power markets.

Foreign exchange, interest rates and credit

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

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A1,261 million for the year ended 31 March 2025 increased 10% from $A1,148 million in the prior year due to continued strong client hedging activity in structured foreign exchange products and increased contributions from financing origination.

1 Calculations based on average volumes net of offset accounts.
2 Home loan volumes exclude offset accounts.
3 BFS deposits include home loan offset accounts.

Equities

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

Equities net interest and trading income of $A417 million for the year ended 31 March 2025 increased 27% from $A328 million in the prior year, primarily from increased client activity and trading opportunities.

Corporate

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

Net interest and trading income of $A803 million for the year ended 31 March 2025 decreased 11% from $A903 million in the prior year mainly driven by higher funding costs.

2.2 Fee and Commission Income

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Brokerage and other trading-related fees	**173**	178	*(3)*	**351**	334	*5*
Portfolio administration fees	**162**	158	*3*	**320**	296	*8*
Other fee and commission income	**1,009**	930	*8*	**1,939**	1,961	*(1)*
Total fee and commission income	**1,344**	1,266	*6*	**2,610**	2,591	*1*

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

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

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

Total fee and commission income of $A2,610 million for the year ended 31 March 2025 was broadly in line with the prior year mainly driven by higher administration and advisory fees from higher average funds on platform, in BFS.

2.3 Credit and Other Impairment (Charges)/Reversals

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Credit impairment (charges)/reversals						
Loan assets	**(62)**	(11)	*	**(73)**	29	*
Margin money and settlement assets	**(18)**	1	*	**(17)**	11	*
Financial investments, other assets and off balance sheet exposures	**(18)**	(3)	*	**(21)**	(6)	*250*
Gross credit impairment (charges)/reversals	**(98)**	(13)	*	**(111)**	34	*
Recovery of amounts previously written off	**1**	–	*	**1**	–	*
Net credit impairment (charges)/reversals	**(97)**	(13)	*	**(110)**	34	*
Other impairment (charges)/reversals						
Interests in associates and joint ventures	**1**	(3)	*	**(2)**	19	*
Intangible and other non-financial assets	**(20)**	(18)	*11*	**(38)**	(4)	*
Net other impairment (charges)/reversals	**(19)**	(21)	*(10)*	**(40)**	15	*
Total credit and other impairment (charges)/reversals	**(116)**	(34)	*241*	**(150)**	49	*

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
BFS	**(24)**	(21)	*14*	**(45)**	15	*
CGM	**(80)**	(12)	*	**(92)**	8	*
Corporate	**(12)**	(1)	*	**(13)**	26	*
Total credit and other impairment (charges)/reversals	**(116)**	(34)	*241*	**(150)**	49	*

Total credit and other impairment charges of $A150 million for the year ended 31 March 2025 compared to reversals of $A49 million in the prior year.

Net credit impairment charges of $A110 million compared to reversals of $A34 million in the prior year were mainly driven by deterioration in the macroeconomic outlook.

Net other impairment charges of $A40 million compared to reversals of $A15 million in the prior year were mainly driven by the non-recurrence of equity impairment reversals in the prior year, in CGM.

2.3 Credit and Other Impairment (Charges)/Reversals

Continued

BFS

Net credit and other impairment charges of $A45 million for the year ended 31 March 2025 compared to reversals of $A15 million in the prior year, largely driven by changes to recovery expectations for the residual car loan portfolio and deterioration in the macroeconomic outlook, partially offset by changes in the composition of portfolio growth.

CGM

Net credit and other impairment charges of $A92 million for the year ended 31 March 2025 compared to reversals of $A8 million in the prior year were driven by an increase in expected credit loss provisions due to a deterioration in the macroeconomic outlook and higher other impairment charges mainly due to the non-recurrence of equity impairment reversals in the prior year.

Corporate

Net credit and other impairment charges of $A13 million for the year ended 31 March 2025 compared to reversals of $A26 million in the prior year mainly due to an increase in expected credit loss provisions driven by a deterioration in macroeconomic outlook.

For further information on the Consolidated Entity's determination of its expected credit losses, please refer to Note 12 *Expected credit losses* in the Annual Report.

2.4 Net Other Operating Income

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Investment income/(losses)						
Net gain from interests in associates, joint ventures, subsidiaries and businesses	**612**	8	*	**620**	31	*
Net loss on financial investments and non-financial assets	**(15)**	(20)	*(25)*	**(35)**	(12)	*192*
Share of net profits from associates and joint ventures	**33**	6	*	**39**	41	*(5)*
Total investment income/(losses)	**630**	(6)	*	**624**	60	*
Rental income	**418**	427	*(2)*	**845**	856	*(1)*
Depreciation	**(211)**	(214)	*(1)*	**(425)**	(423)	*<1*
Net operating lease income	**207**	213	*(3)*	**420**	433	*(3)*
Other income	**68**	92	*(26)*	**160**	32	*
Total net other operating income	**905**	299	*203*	**1,204**	525	*129*

Total net other operating income of $A1,204 million for the year ended 31 March 2025 was substantially up from $A525 million in the prior year.

Investment income/(losses)

Investment income of $A624 million for the year ended 31 March 2025 was substantially up from $A60 million in the prior year, reflecting a gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group. This was partially offset by the revaluation of an equity investment in BFS.

Net operating lease income

Net operating lease income of $A420 million for the year ended 31 March 2025 decreased 3% from $A433 million in the prior year, primarily driven by decreased volumes in technology and energy sectors in CGM.

Other Income

Other income of $A160 million for the year ended 31 March 2025 increased significantly from $A32 million in the prior year, primarily driven by higher inventory sales, gain on sale of receivables and lease termination fees, in CGM.

2.5 Operating Expenses

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Employment expenses						
Salary and related costs including commissions, superannuation and performance-related profit share	**(2,009)**	(2,033)	*(1)*	**(4,042)**	(4,137)	*(2)*
Share-based payments	**(228)**	(253)	*(10)*	**(481)**	(446)	*8*
Provision for long service leave and annual leave	**(7)**	(27)	*(74)*	**(34)**	(34)	–
Total compensation expenses	**(2,244)**	(2,313)	*(3)*	**(4,557)**	(4,617)	*(1)*
Other employment expenses including on-costs, staff procurement and staff training	**(116)**	(138)	*(16)*	**(254)**	(294)	*(14)*
Total employment expenses	**(2,360)**	(2,451)	*(4)*	**(4,811)**	(4,911)	*(2)*
Brokerage, commission and fee expenses	**(325)**	(319)	*2*	**(644)**	(594)	*8*
Non-salary technology expenses	**(502)**	(459)	*9*	**(961)**	(942)	*2*
Other operating expenses						
Occupancy expenses	**(220)**	(195)	*13*	**(415)**	(320)	*30*
Professional fees	**(140)**	(91)	*54*	**(231)**	(224)	*3*
Travel and entertainment expenses	**(39)**	(35)	*11*	**(74)**	(73)	*1*
Indirect and other taxes	**(38)**	(40)	*(5)*	**(78)**	(121)	*(36)*
Fees for audit and other services	**(18)**	(17)	*6*	**(35)**	(36)	*(3)*
Advertising and promotional expenses	**(22)**	(24)	*(8)*	**(46)**	(44)	*5*
Other	**(32)**	(152)	*(79)*	**(184)**	(226)	*(19)*
Total other operating expenses	**(509)**	(554)	*(8)*	**(1,063)**	(1,044)	*2*
Total operating expenses	**(3,696)**	(3,783)	*(2)*	**(7,479)**	(7,491)	*(<1)*

Total operating expenses of $A7,479 million for the year ended 31 March 2025 were broadly in line with the prior year with offsetting movements across expense categories.

Key drivers of the movements included:

- Total employment expenses of $A4,811 million for the year ended 31 March 2025 decreased 2% from $A4,911 million in the prior year. The impact of a lower average headcount and lower one-off staff costs were partially offset by wage inflation and higher profit share expenses mainly as a result of the performance of the Consolidated Entity.
- Brokerage, commission and fee expenses of $A644 million for the year ended 31 March 2025 increased 8% from $A594 million in the prior year, primarily driven by increased hedging and trading-related expenses across equities, foreign exchange, interest rates and credit, in CGM.
- Non-salary technology expenses of $A961 million for the year ended 31 March 2025 increased 2% from $A942 million in the prior year, primarily due to an increased investment in technology initiatives, with a focus on data and digitalisation, to support business growth. This was partially offset by lower project-based consultancy spend.
- Total other operating expenses of $A1,063 million for the year ended 31 March 2025 increased 2% from $A1,044 million in the prior year mainly driven by higher occupancy expenses, partially offset by lower indirect and other taxes and lower expenses on certain legacy and other transaction-related charges.

2.6 Headcount

	AS AT			MOVEMENT	
	Mar 25	Sep 24	Mar 24	*Sep 24*	*Mar 24*
				%	*%*
Headcount by Operating Group[1]					
BFS	**3,139**	3,318	3,690	*(5)*	*(15)*
CGM	**2,132**	2,420	2,399	*(12)*	*(11)*
Total headcount – Operating Groups	**5,271**	5,738	6,089	*(8)*	*(13)*
Total headcount – Corporate	**10,138**	9,971	10,172	*2*	*(<1)*
Total headcount	**15,409**	15,709	16,261	*(2)*	*(5)*
Headcount by region					
Australia[2]	**8,684**	8,771	9,247	*(1)*	*(6)*
International:					
Americas	**1,703**	1,718	1,749	*(1)*	*(3)*
Asia	**3,376**	3,279	3,339	*3*	*1*
Europe, Middle East and Africa	**1,646**	1,941	1,926	*(15)*	*(15)*
Total headcount – International	**6,725**	6,938	7,014	*(3)*	*(4)*
Total headcount	**15,409**	15,709	16,261	*(2)*	*(5)*
International headcount ratio (%)	**44**	44	43		

Total headcount of 15,409 as at 31 March 2025 decreased 5% from 16,261 as at 31 March 2024 mainly from operational efficiency savings enabled through investment in technology and transformation initiatives.

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

2.7 Income Tax Expense

	FULL YEAR TO	
	Mar 25	Mar 24
	$Am	$Am
Operating profit before income tax	**4,441**	4,075
Prima facie tax @ 30%	**1,332**	1,223
Income tax permanent differences	**(336)**	(60)
Income tax expense	**996**	1,163
Effective tax rate	**22.4 %**	28.5 %

Income tax expense of $A996 million for the year ended 31 March 2025 decreased 14% from $A1,163 million in the prior year. The effective tax rate for the year ended 31 March 2025 was 22.4%, down from 28.5% in the prior year.

The lower effective tax rate compared to the prior year was mainly driven by the geographic composition and nature of earnings and a tax exempt gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

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03
Segment Analysis

3.1 Basis of Preparation

Operating Segments

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

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

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

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

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

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

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

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

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

Internal funding arrangements

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

With the exception of deposit funding, Operating Groups may only source funding directly from external sources where the funding is secured by the Operating Group's assets or where they have specific capabilities that support Group Treasury in raising unsecured funding. In such cases, Operating Groups generally bear the funding costs directly and Group Treasury may levy additional charges, where appropriate.

Transactions between Operating Segments

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

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

3.1 Basis of Preparation

Continued

Accounting for derivatives that economically hedge interest rate risk

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

Central Service Groups

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

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

Performance-related profit share and share-based payments expense

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

Income tax

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

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

Presentation of segment income statements

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

3.1 Basis of Preparation

Continued

	BFS $Am	CGM $Am	Corporate $Am	Total $Am
Full year ended 31 March 2025				
Net interest and trading income	2,717	4,736	803	**8,256**
Fee and commission income	611	525	1,474	**2,610**
Other operating income and charges				
Net credit and other impairment charges	(45)	(92)	(13)	**(150)**
Net other operating income and charges	(43)	619	628	**1,204**
Internal management (charge)/revenue	(3)	16	(13)	**–**
Net operating income	3,237	5,804	2,879	**11,920**
Total operating expenses	(1,857)	(2,932)	(2,690)	**(7,479)**
Operating profit before income tax	1,380	2,872	189	**4,441**
Income tax expense	–	–	(996)	**(996)**
Net profit/(loss) contribution	**1,380**	**2,872**	**(807)**	**3,445**
Full year ended 31 March 2024				
Net interest and trading income	2,645	4,853	903	**8,401**
Fee and commission income	554	573	1,464	**2,591**
Other operating income and charges				
Net credit and other impairment reversals	15	8	26	**49**
Net other operating income and charges	(6)	522	9	**525**
Internal management revenue/(charge)	1	23	(24)	**–**
Net operating income	3,209	5,979	2,378	**11,566**
Total operating expenses	(1,968)	(2,863)	(2,660)	**(7,491)**
Operating profit/(loss) before income tax	1,241	3,116	(282)	**4,075**
Income tax expense	–	–	(1,163)	**(1,163)**
Net profit/(loss) contribution	**1,241**	**3,116**	**(1,445)**	**2,912**

3.2 BFS

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Net interest and trading income	**1,391**	1,326	*5*	**2,717**	2,645	*3*
Fee and commission income						
Wealth management fee income	**217**	218	*(<1)*	**435**	371	*17*
Banking and leasing fee income	**90**	86	*5*	**176**	183	*(4)*
Total fee and commission income	**307**	304	*1*	**611**	554	*10*
Other operating income and charges						
Net credit and other impairment (charges)/reversals	**(24)**	(21)	*14*	**(45)**	15	*
Other (expenses)/income	**(24)**	(19)	*26*	**(43)**	(6)	*
Total other operating income and charges	**(48)**	(40)	*20*	**(88)**	9	*
Internal management revenue/(charge)	**1**	(4)	*	**(3)**	1	*
Net operating income	**1,651**	1,586	*4*	**3,237**	3,209	*1*
Operating expenses						
Employment expenses	**(256)**	(294)	*(13)*	**(550)**	(635)	*(13)*
Brokerage, commission and fee expenses	**(92)**	(84)	*10*	**(176)**	(146)	*21*
Technology expenses[1]	**(313)**	(299)	*5*	**(612)**	(631)	*(3)*
Other operating expenses	**(260)**	(259)	*<1*	**(519)**	(556)	*(7)*
Total operating expenses	**(921)**	(936)	*(2)*	**(1,857)**	(1,968)	*(6)*
Net profit contribution	**730**	650	*12*	**1,380**	1,241	*11*
Non-GAAP metrics						
Funds on platform ($Ab)[2]	**154.0**	158.5	*(3)*	**154.0**	147.4	*4*
Loan and lease portfolio ($Ab)[3]	**161.4**	150.4	*7*	**161.4**	140.2	*15*
BFS deposits ($Ab)[4]	**172.4**	153.1	*13*	**172.4**	142.7	*21*
Headcount	**3,139**	3,318	*(5)*	**3,139**	3,690	*(15)*

Net profit contribution of $A1,380 million for the year ended 31 March 2025 increased 11% from $A1,241 million in the prior year due to:

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher net interest income driven by growth in the average loan and deposit portfolios, partially offset by margin compression due to lending and deposit competition and changes in portfolio mix
- higher fee and commission income driven by growth in average funds on platform, as well as higher lending and transaction volumes.

Partially offset by:

- higher credit impairments driven by changes to recovery expectations for the residual car loan portfolio and deterioration in the macroeconomic outlook, partially offset by changes in the composition of portfolio growth.

1 Technology expenses include technology staff expenses, depreciation of technology assets, amortisation of capitalised software and maintenance costs.
2 Funds on platform has been updated to include custodial holdings previously excluded. Prior period balances have been restated.
3 The loan portfolio comprises home loans, loans to businesses, car loans and credit cards.
4 BFS deposits include home loan offset accounts.

3.2 BFS

Continued

Net interest and trading income

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

Net interest and trading income of $A2,717 million for the year ended 31 March 2025 increased 3% from $A2,645 million in the prior year, primarily due to 11% growth in the average loan portfolio[1], and 16% growth in average BFS deposit volumes[1]. This was partially offset by margin compression due to lending and deposit competition and changes in portfolio mix.

As at 31 March 2025 the loan and deposit portfolios included:

- home loan volumes[2] of $A141.7 billion, up 19% from $A119.3 billion as at 31 March 2024
- business banking loan volumes of $A16.7 billion, up 6% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A2.7 billion, down 41% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A172.4 billion, up 21% from $A142.7 billion as at 31 March 2024.

Wealth management fee income

Wealth management fee income relates to fees earned on a range of BFS' products and services including Wrap administration fees and Private Bank advice fees.

Funds on platform[4] of $A154.0 billion as at 31 March 2025 increased 4% from $A147.4 billion as at 31 March 2024 driven by net client flows and favourable market movements.

Wealth management fee income of $A435 million for the year ended 31 March 2025 increased 17% from $A371 million in the prior year, due to a reclassification of platform related fee expense to brokerage, commission and fee expenses and higher administration and advice fees from higher average funds on platform.

Banking and lending fee income

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

Banking and lending fee income of $A176 million for the year ended 31 March 2025 decreased 4% from $A183 million in the prior year, mainly driven by fee simplification, partially offset by higher lending and transaction volumes.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A45 million for the year ended 31 March 2025 compared to reversals of $A15 million in the prior year, largely driven by changes to recovery expectations for the residual car loan portfolio and deterioration in the macroeconomic outlook, partially offset by changes in the composition of portfolio growth.

Other (expenses)/income

Other expenses of $A43 million for the year ended 31 March 2025 were substantially up from $A6 million in the prior year, mainly driven by the revaluation of an equity investment.

Operating expenses

Total operating expenses of $A1,857 million for the year ended 31 March 2025 decreased 6% from $A1,968 million in the prior year.

Employment expenses of $A550 million for the year ended 31 March 2025 decreased 13% from $A635 million in the prior year, largely due to lower average headcount driven by digitalisation and operational improvements.

Brokerage, commission and fee expenses of $A176 million for the year ended 31 March 2025 increased 21% from $A146 million in the prior year, largely driven by a reclassification of platform related fee expenses from wealth management fee income.

Technology expenses of $A612 million for the year ended 31 March 2025 decreased 3% from $A631 million in the prior year, mainly driven by operational improvements and the cessation of car loan originations, partially offset by continued investment in digitalisation and other technology initiatives.

1 Calculations based on average volumes net of offset accounts.
2 Home loan volumes exclude offset accounts.
3 BFS deposits include home loan offset accounts.
4 Funds on platform has been updated to include custodial holdings previously excluded. Prior period balances have been restated.

3.3 CGM

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Net interest and trading income						
Commodities	**1,622**	1,366	*19*	**2,988**	3,307	*(10)*
Foreign exchange, interest rates and credit	**669**	592	*13*	**1,261**	1,148	*10*
Equities	**218**	199	*10*	**417**	328	*27*
Asset Finance	**49**	21	*133*	**70**	70	–
Net interest and trading income	**2,558**	2,178	*17*	**4,736**	4,853	*(2)*
Fee and commission income						
Brokerage and other trading-related fees	**154**	153	*1*	**307**	295	*4*
Other fee and commission income	**88**	130	*(32)*	**218**	278	*(22)*
Total fee and commission income	**242**	283	*(14)*	**525**	573	*(8)*
Other operating income and charges						
Net income on equity, debt and other investments	**14**	14	–	**28**	2	*
Net credit and other impairment (charges)/reversals	**(80)**	(12)	*	**(92)**	8	*
Net operating lease income	**205**	211	*(3)*	**416**	430	*(3)*
Other income	**84**	91	*(8)*	**175**	90	*94*
Total other operating income and charges	**223**	304	*(27)*	**527**	530	*(1)*
Internal management revenue	**11**	5	*120*	**16**	23	*(30)*
Net operating income	**3,034**	2,770	*10*	**5,804**	5,979	*(3)*
Operating expenses						
Employment expenses	**(374)**	(379)	*(1)*	**(753)**	(759)	*(1)*
Brokerage, commission and fee expenses	**(227)**	(231)	*(2)*	**(458)**	(428)	*7*
Other operating expenses	**(869)**	(852)	*2*	**(1,721)**	(1,676)	*3*
Total operating expenses	**(1,470)**	(1,462)	*1*	**(2,932)**	(2,863)	*2*
Net profit contribution	**1,564**	1,308	*20*	**2,872**	3,116	*(8)*
Non-GAAP metrics						
Headcount	**2,132**	2,420	*(12)*	**2,132**	2,399	*(11)*

Net profit contribution of $A2,872 million for the year ended 31 March 2025 decreased 8% from $A3,116 million in the prior year due to:

- decreased risk management income primarily driven by decreased client hedging activity due to subdued conditions in certain commodity markets, particularly EMEA Gas, Power and Emissions and Global Oil. These reductions were partially offset by increased contributions from Resources, primarily from the metals sector, and Agriculture
- decreased inventory management and trading income driven by timing of income recognition on North American Gas and Power contracts, partially offset by increased trading gains in North American Gas and Power markets
- higher operating expenses driven by increased brokerage, commission and fee expenses across equities, foreign exchange, interest rates and credit as well as increased investment on technology platform and infrastructure.

Partially offset by:

- increased equities income driven by increased client activity and trading opportunities
- increased foreign exchange, interest rate and credit products income driven by continued strong client hedging activity in structured foreign exchange products and increased contributions from financing origination.

3.3 CGM

Continued

Net interest and trading income

Net interest and trading income of $A4,736 million for the year ended 31 March 2025 decreased 2% from $A4,853 million in the prior year.

Commodities net interest and trading income

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

Net interest and trading income from commodities of $A2,988 million for the year ended 31 March 2025 decreased 10% from $A3,307 million in the prior year.

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

Risk management income decreased from the prior year primarily driven by decreased client hedging activity due to subdued conditions in certain commodity markets, particularly EMEA Gas, Power and Emissions and Global Oil. These reductions were partially offset by increased contributions from Resources, primarily from the metals sector, and Agriculture.

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

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

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

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

Inventory management and trading income decreased from the prior year driven by timing of income recognition on North American Gas and Power contracts, partially offset by increased trading gains in North American Gas and Power markets.

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

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

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A1,261 million for the year ended 31 March 2025 increased 10% from $A1,148 million in the prior year due to continued strong client hedging activity in structured foreign exchange products and increased contributions from financing origination.

Equities net interest and trading income

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

Equities net interest and trading income of $A417 million for the year ended 31 March 2025 increased 27% from $A328 million in the prior year, primarily from increased client activity and trading opportunities.

Fee and commission income

Fee and commission income of $A525 million for the year ended 31 March 2025 decreased 8% from $A573 million in the prior year driven by a reduction in Futures contribution, primarily due to subdued volatility in certain markets.

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

Net income on equity, debt and other investments of $A28 million for the year ended 31 March 2025 substantially up from $A2 million in the prior year, primarily driven by fair value adjustments for debt held at fair value and unlisted equity.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A92 million for the year ended 31 March 2025 compared to reversals of $A8 million in the prior year were driven by an increase in expected credit loss provisions due to a deterioration in the macroeconomic outlook and higher other impairment charges mainly due to the non-recurrence of equity impairment reversals in the prior year.

Net operating lease income

Net operating lease income of $A416 million for the year ended 31 March 2025 decreased 3% from $A430 million in the prior year, primarily driven by decreased volumes in technology and energy sectors.

Other income

Other income of $A175 million for the year ended 31 March 2025 increased 94% from $A90 million in the prior year, primarily driven by higher inventory sales, gain on sale of receivables and lease termination fees.

Operating expenses

Total operating expenses of $A2,932 million for the year ended 31 March 2025 increased 2% from $A2,863 million in the prior year.

Employment expenses of $A753 million for the year ended 31 March 2025 were broadly in line with the prior year.

Brokerage, commission and fee expenses of $A458 million for the year ended 31 March 2025 increased 7% from $A428 million in the prior year due to increased hedging and trading-related expenses across equities, foreign exchange, interest rates and credit.

Other operating expenses of $A1,721 million for the year ended 31 March 2025 increased 3% from $A1,676 million in the prior year, mainly reflecting increased investment on technology platform and infrastructure.

3.4 Corporate

	HALF YEAR TO			FULL YEAR TO		
	Mar 25	Sep 24	*Movement*	**Mar 25**	Mar 24	*Movement*
	$Am	$Am	*%*	**$Am**	$Am	*%*
Net interest and trading income	**349**	454	*(23)*	**803**	903	*(11)*
Fee and commission income	**795**	679	*17*	**1,474**	1,464	*1*
Other operating income and charges						
Net income/(loss) on equity and debt investments	**607**	(2)	*	**605**	1	*
Net credit and other impairment (charges)/reversals	**(12)**	(1)	*	**(13)**	26	*
Other income and charges	**19**	4	*	**23**	8	*188*
Total other operating income and charges	**614**	1	*	**615**	35	*
Internal management charge	**(12)**	(1)	*	**(13)**	(24)	*(46)*
Net operating income	**1,746**	1,133	*54*	**2,879**	2,378	*21*
Operating expenses						
Employment expenses	**(1,730)**	(1,778)	*(3)*	**(3,508)**	(3,518)	*(<1)*
Brokerage, commission and fee expenses	**(7)**	(3)	*133*	**(10)**	(21)	*(52)*
Other operating expense recoveries	**432**	396	*9*	**828**	879	*(6)*
Total operating expenses	**(1,305)**	(1,385)	*(6)*	**(2,690)**	(2,660)	*1*
Income tax expense	**(456)**	(540)	*(16)*	**(996)**	(1,163)	*(14)*
Net loss contribution	**(15)**	(792)	*(98)*	**(807)**	(1,445)	*(44)*
Non-GAAP metrics						
Headcount	**10,138**	9,971	*2*	**10,138**	10,172	*(<1)*

Net loss contribution of $A807 million for the year ended 31 March 2025 decreased 44% from $A1,445 million in the prior year due to:

- increased other operating income driven by a tax exempt gain from the sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

3.4 Corporate

Continued

Net interest and trading income

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

Net interest and trading income of $A803 million for the year ended 31 March 2025 decreased 11% from $A903 million in the prior year, mainly driven by higher funding costs.

Fee and commission income

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

Fee and commission income of $A1,474 million for the year ended 31 March 2025 was broadly in line with the prior year.

Net income/(loss) on equity and debt investments

Net income on equity and debt investments of $A605 million for the year ended 31 March 2025 was substantially up from $A1 million in the prior year, reflecting a gain on sale of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A13 million for the year ended 31 March 2025 compared to reversals of $A26 million in the prior year mainly due to an increase in expected credit loss provisions driven by a deterioration in macroeconomic outlook.

Employment expenses

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

Employment expenses of $A3,508 million for the year ended 31 March 2025 were broadly in line with the prior year.

Other operating expense recoveries

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

Other operating expense recoveries of $A828 million for the year ended 31 March 2025 decreased 6% from $A879 million in the prior year, reflecting the recovery of Central Service Group cost base partially offset by certain legacy and other transaction-related charges.

[1] Performance-related profit share and share-based payments expenses related to MEREP are not allocated to the Operating Groups.

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04
Balance Sheet

4.1 Statement of Financial Position

	AS AT		MOVEMENT
	Mar 25	Mar 24	*Mar 24*
	$Ab	$Ab	*%*
Assets			
Cash and bank balances	**22.3**	28.1	*(21)*
Cash collateralised lending and reverse repurchase agreements	**60.2**	49.6	*21*
Trading assets	**29.7**	26.6	*12*
Margin money and settlement assets	**20.1**	16.6	*21*
Derivative assets	**23.9**	23.8	*<1*
Financial investments	**17.1**	19.0	*(10)*
Other Assets	**7.2**	8.1	*(11)*
Loan assets	**181.4**	156.7	*16*
Due from other Macquarie Group entities	**6.3**	4.8	*31*
Property, plant and equipment and right-of-use assets	**6.0**	5.8	*3*
Deferred tax assets	**1.1**	1.1	*–*
Total assets	**375.2**	340.2	*10*
Liabilities			
Deposits	**177.7**	148.3	*20*
Cash collateralised borrowing and repurchase agreements	**4.7**	12.6	*(63)*
Trading liabilities	**5.8**	4.9	*18*
Margin money and settlement liabilities	**23.6**	22.3	*6*
Derivative liabilities	**23.2**	25.3	*(8)*
Other liabilities	**9.9**	10.3	*(4)*
Due to other Macquarie Group entities	**9.1**	12.3	*(26)*
Issued debt securities and other borrowings	**85.8**	71.9	*19*
Total liabilities excluding loan capital	**339.7**	308.0	*10*
Loan capital	**12.5**	10.8	*16*
Total liabilities	**352.2**	318.8	*10*
Net assets	**23.0**	21.4	*7*
Equity			
Contributed equity	**10.2**	10.2	*–*
Reserves	**1.6**	1.2	*33*
Retained earnings	**11.2**	10.0	*12*
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited	**23.0**	21.4	*7*
Total equity	**23.0**	21.4	*7*

4.1 Statement of Financial Position

Continued

Statement of financial position

Assets

Total assets of $A375.2 billion as at 31 March 2025 increased 10% from $A340.2 billion as at 31 March 2024.

The principal drivers for the increase were as follows:

- loan assets of $A181.4 billion as at 31 March 2025 increased 16% from $A156.7 billion as at 31 March 2024, driven by loan volume growth in BFS home loans
- cash collateralised lending and reverse repurchase agreements of $A60.2 billion as at 31 March 2025 increased 21% from $A49.6 billion as at 31 March 2024, driven by higher trading activities in CGM and an increase in holdings of reverse repurchase agreements as part of Group Treasury’s liquid asset portfolio management
- trading assets of $A29.7 billion as at 31 March 2025 increased 12% from $A26.6 billion as at 31 March 2024, driven by an increase in holdings of physical commodities, in CGM
- margin money and settlement assets of $A20.1 billion as at 31 March 2025 increased 21% from $A16.6 billion as at 31 March 2024, driven by an increase in margin money, in CGM.

These increases were partially offset by the following:

- cash and bank balances of $A22.3 billion as at 31 March 2025 decreased 21% from $A28.1 billion as at 31 March 2024, driven by a reduction in the overnight deposit held with the Reserve Bank of Australia (RBA) as part of Group Treasury's liquid asset portfolio management
- financial investments of $A17.1 billion as at 31 March 2025 decreased 10% from $A19.0 billion as at 31 March 2024, driven by a decrease in holdings of debt securities as part of Group Treasury's liquid asset portfolio management.

Liabilities

Total liabilities of $A352.2 billion as at 31 March 2025 increased 10% from $A318.8 billion as at 31 March 2024.

The principal drivers for the increase were as follows:

- deposits of $A177.7 billion as at 31 March 2025 increased 20% from $A148.3 billion as at 31 March 2024, driven by volume growth in deposits, in BFS
- issued debt securities of $A85.8 billion as at 31 March 2025 increased 19% from $A71.9 billion as at 31 March 2024, driven by the net issuance of commercial paper, certificates of deposit and borrowings, in Group Treasury
- loan capital of $A12.5 billion as at 31 March 2025 increased 16% from $A10.8 billion as at 31 March 2024, driven by the net issuance of Tier 2 loan capital.

These increases were partially offset by the following:

- cash collateralised borrowing and repurchase agreements of $A4.7 billion as at 31 March 2025 decreased 63% from $A12.6 billion as at 31 March 2024, driven by the maturity of the RBA Term Funding Facility
- derivative liabilities of $A23.2 billion as at 31 March 2025 decreased 8% from $A25.3 billion as at 31 March 2024, driven by subdued volatility across energy markets, as well as the maturity of prior year positions.

Equity

Total equity of $A23.0 billion as at 31 March 2025 increased 7% from $A21.4 billion as at 31 March 2024, driven by earnings generated during the current year and foreign currency translation reserves, largely due to the depreciation of the Australian Dollar against the United States Dollar. This was partially offset by dividend payments made during the year.

4.2 Loan Assets

Loan assets by Operating Group per the funded balance sheet are shown in detail below:

		AS AT		MOVEMENT
		Mar 25	Mar 24[1]	*Mar 24*
	Notes	**$Ab**	$Ab	*%*
BFS				
Home loans	1	**143.0**	120.4	*19*
Business banking	2	**16.6**	15.7	*6*
Car loans	3	**2.6**	4.5	*(42)*
Other	4	**0.3**	0.3	–
Total BFS		**162.5**	140.9	*15*
CGM				
Asset Finance	5	**4.3**	3.2	*34*
Resources and commodities	6	**3.7**	4.1	*(10)*
Foreign exchange, interest rate and credit	7	**10.5**	8.4	*25*
Other	8	**0.4**	0.1	*300*
Total CGM		**18.9**	15.8	*20*
Total[2]		**181.4**	156.7	*16*

1 Following changes to funded balance sheet methodology, the balances for period ending 31 March 2024 have been restated.
2 Total loan assets per funded balance sheet includes self-securitised assets.

4.2 Loan Assets

Continued

Explanatory notes concerning asset security of funded loan asset portfolio

1. Home loans

Loans secured by mortgages over residential property.

2. Business banking

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

3. Car loans

Secured by motor vehicles.

4. BFS Other

Includes credit cards.

5. Asset finance

Predominantly secured by underlying financed assets.

6. Resources and commodities

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

7. Foreign exchange, interest rate and credit

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

8. CGM Other

Equity collateralised loans.

4.3 Equity Investments

Equity investments include:
- interests in associates and joint ventures; and
- financial investments excluding trading equities.

Equity investments reconciliation

	AS AT		MOVEMENT
	Mar 25	Mar 24	*Mar 24*
	$Ab	$Ab	*%*
Equity investments			
Statement of financial position			
Equity investments at fair value	**0.2**	0.2	–
Interests in associates and joint ventures[1]	**0.6**	0.5	*20*
Total equity investments per statement of financial position	**0.8**	0.7	*14*
Total adjusted equity investments	**0.8**	0.7	*14*

[1] Presented as part of Other assets in the MBL statutory balance sheet, refer to Note 10 *Other assets* in the Annual Report.

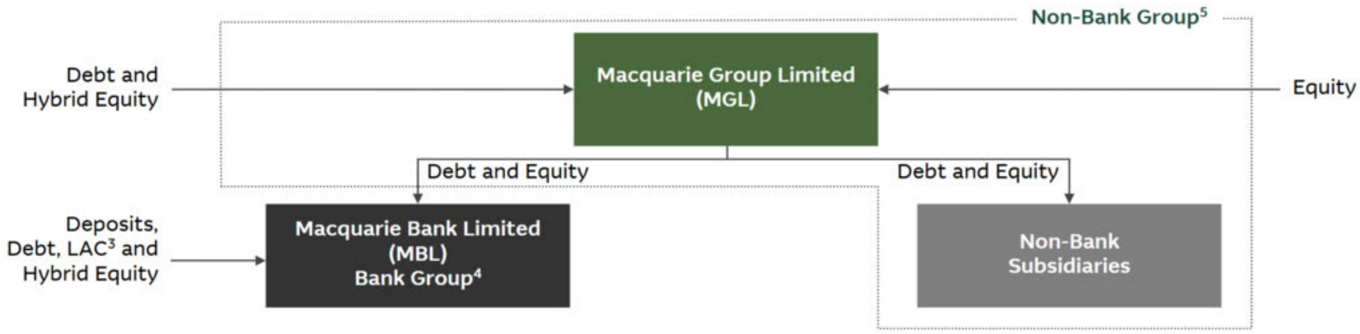
05
Funding and Liquidity

5.1 Liquidity Risk Governance and Management Framework

Governance and oversight

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

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



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

Liquidity management is performed centrally by Group Treasury, with oversight from the MBL Asset and Liability Committee (ALCO), the MBL Board and the Risk Management Group (RMG). Macquarie Bank's liquidity policy is approved by the MBL Board after endorsement by the ALCO and liquidity reporting is provided to the Board on a regular basis. The MBL ALCO members include the MBL Chief Executive Officer, MGL Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Group General Counsel, Head of Group Treasury and relevant Operating Group Heads.

RMG provides independent oversight of liquidity risk management, including ownership of liquidity policies and key limits and approval of material liquidity scenario assumptions.

Liquidity policy and risk appetite

The MBL liquidity policy is designed so that the Bank Group maintains sufficient liquidity to meet its obligations as they fall due. In some cases, certain entities within the Bank Group may also be required to have a standalone liquidity policy. In these cases, the principles applied within the entity-specific liquidity policies are consistent with those applied in the broader MBL liquidity policy.

Macquarie Bank establishes a liquidity risk appetite, which is approved by the MBL Board, and represents an articulation of the nature and level of liquidity risk that is acceptable in the context of achieving Macquarie Bank's strategic objectives. Macquarie Bank's liquidity risk appetite is intended to ensure that Macquarie Bank is able to meet all of its liquidity obligations during a period of liquidity stress: a twelve month period with constrained access to funding markets while preserving the capabilities of Macquarie Bank's franchise businesses.

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

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

5.1 Liquidity Risk Governance and Management Framework

Continued

Liquidity risk tolerance and principles

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

Risk tolerances

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

Liquidity management strategy

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

Liquidity contingency plan

Group Treasury maintains a liquidity contingency plan for MBL, which outlines how a liquidity crisis would be managed. The plan defines roles and responsibilities and actions to be taken in a liquidity event, including identifying key information requirements and appropriate communication plans with both internal and external parties.

Specifically, the plan details:

- factors that may constitute a crisis
- the officers responsible for invoking the plan
- a committee of senior executives responsible for managing a crisis
- the information required to effectively manage a crisis
- a communications strategy
- a high level checklist of possible actions to conserve or raise additional liquidity; and
- contact lists to facilitate prompt communication with all key internal and external stakeholders.

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

In addition, Macquarie Bank monitors a range of early warning indicators on a daily basis that might assist in identifying emerging risks in Macquarie Bank's liquidity position. These indicators are reviewed by senior management and are used to inform any decisions regarding invoking the plan.

The liquidity contingency plan is subject to regular review by both Group Treasury and RMG. It is submitted annually to the MBL ALCO and MBL Board for approval.

Macquarie Bank is a global financial institution, with branches and subsidiaries in a variety of countries. Regulations in certain countries may require some branches or subsidiaries to have specific local contingency plans. Where that is the case, the liquidity contingency plan contains either a supplement or a reference to a separate document providing the specific information required for those branches or subsidiaries.

Funding strategy

Macquarie Bank prepares a centralised funding strategy for MBL on an annual basis and monitors progress against the strategy throughout the year. The funding strategy aims to:

- maintain Macquarie Bank's diversity of funding sources across a range of tenors, currencies and products; and
- ensure ongoing compliance with all liquidity requirements and facilitate forecast asset growth.

The funding strategy is reviewed by the MBL ALCO and approved by the MBL Board.

5.2 Management of Liquidity Risk

Scenario analysis

Scenario analysis is central to Macquarie Bank's liquidity risk management framework. In addition to regulatory defined scenarios, Group Treasury models additional liquidity scenarios covering both market-wide and Macquarie Bank name-specific crises. Scenario analysis performs a range of functions within the liquidity risk management framework, including being a basis for:

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

The scenarios use a range of assumptions, which Macquarie Bank intends to be conservative, regarding the level of access to capital markets, deposit outflows, contingent funding requirements and asset sales.

As an example, one internal scenario projects the expected cash and liquid asset position during a combined market-wide and Macquarie Bank name-specific crisis over a twelve month time frame. This scenario assumes no access to wholesale funding markets, a significant loss of deposits and contingent funding outflows resulting from undrawn commitments, market moves impacting derivatives and other margined positions combined with a multiple notch credit rating downgrade. Macquarie Bank's cash and liquid asset portfolio must exceed the minimum requirement as calculated in this scenario at all times.

Liquid asset holdings

Group Treasury centrally maintains a portfolio of highly liquid unencumbered assets which are intended to ensure adequate liquidity is available under a range of market conditions. The minimum level of cash and liquid assets is calculated with reference to internal scenario analysis and regulatory requirements.

The cash and liquid asset portfolio contains only unencumbered assets that can be relied on to maintain their liquidity in a crisis scenario. Specifically, cash and liquid assets held to meet minimum internal and regulatory requirements must be cash balances (including central bank reserves and overnight lending to financial institutions), qualifying High-Quality Liquid Assets (HQLA) and other Reserve Bank of Australia (RBA) repo-eligible securities. Composition constraints are also applied to ensure appropriate diversity and quality of the assets in the portfolio.

The cash and liquid asset portfolio is held in a range of currencies consistent with the distribution of liquidity needs by currency, allowing for an acceptable level of currency mismatches. Certain other Operating Segments also hold cash and liquid assets as part of their operations. The Bank Group had $A69.2 billion cash and liquid assets as at 31 March 2025 (31 March 2024[1]: $A63.7 billion).

Funds transfer pricing

An internal funds transfer pricing framework is in place that has been designed to produce appropriate incentives for business decision-making by reflecting the funding costs arising from business actions and the separate funding tasks and liquidity requirements of the Bank Group. Under this framework, each business is allocated the appropriate cost of the funding required to support its products and business lines, recognising the actual and contingent funding-related exposures their activities create. The Operating Groups are assumed to be fully debt funded for the purposes of internal funding charges.

[1] Following changes to funded balance sheet methodology, the balances for period ending 31 March 2024 have been restated.

5.2 Management of Liquidity Risk

Continued

Credit ratings[1]

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

Regulatory liquidity metrics

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

Liquidity Coverage Ratio

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

Macquarie Bank's three month average LCR to 31 March 2025 was 175% (average based on daily observations)[2]. For a detailed breakdown of Macquarie Bank's LCR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

Net Stable Funding Ratio

The NSFR is a twelve month structural funding metric, requiring that available stable funding be sufficient to cover required stable funding, where stable funding has an actual or assumed maturity of greater than twelve months. Macquarie Bank's NSFR as at 31 March 2025 was 113%[3]. For a detailed breakdown of Macquarie Bank's NSFR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

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

5.3 Funded Balance Sheet

The Bank Group's statement of financial position is prepared based on Australian Accounting Standards. The funded balance sheet is a representation of Macquarie Bank's funding requirements once certain items (e.g., derivative revaluation and self-funded trading assets) have been netted from the statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie Bank's internal liquidity framework and the regulatory liquidity metrics.

The table below reconciles the reported assets of the Bank Group to the net funded assets as at 31 March 2025.

		AS AT	
		Mar 25	Mar 24[1]
	Notes	**$Ab**	$Ab
Total assets per the Bank Group's statement of financial position		**375.2**	340.2
Netted items:			
Derivative revaluation	1	**(23.2)**	(25.3)
Segregated funds	2	**(10.6)**	(11.8)
Other	3	**(6.5)**	(7.5)
Intercompany gross-ups	4	**(9.0)**	(12.3)
Self-funded trading assets	5	**(23.4)**	(18.5)
Net funded assets		**302.5**	264.8

Explanatory notes concerning net funded assets

1. Derivative revaluation

Offsetting derivative positions do not generally require funding. For presentation purposes, the total gross derivative balances are netted in the funded balance sheet with the resulting funding requirement included as part of net trading assets.

2. Segregated funds

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

3. Other

Macquarie through its day-to-day operations generates working capital (other assets includes receivables and prepayments and other liabilities includes creditors and accruals) that produce a 'net balance' that either requires or provides funding.

4. Intercompany gross-ups

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

5. Self-funded trading assets

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

These adjustments do not indicate the existence of an enforceable netting arrangement. For further information about balances which are subject to enforceable netting arrangements, please refer to Note 36 *Offsetting financial assets and financial liabilities* in the Annual Report.

[1] Following changes to funded balance sheet methodology, the balances for period ending 31 March 2024 have been restated.

5.4 Funding Profile

Funded balance sheet

	Notes	AS AT Mar 25 $Ab	Mar 24[1] $Ab
Funding sources			
Commercial paper and certificates of deposit	1	**41.1**	27.3
Structured notes	2	**0.7**	0.5
Secured funding	3		
Securitisation		**10.8**	11.6
Other secured funding		**3.0**	12.4
Bonds	4	**18.8**	20.6
Unsecured loans	5	**11.1**	8.5
Deposits	6	**177.7**	148.3
Hybrids and subordinated debt	7	**12.6**	10.8
Equity	8	**23.0**	21.4
Other	9	**3.7**	3.4
Total		**302.5**	264.8
Funded assets			
Cash and liquid assets	10	**69.2**	63.7
Net trading assets	11	**44.0**	41.7
Loan assets less than one year	12	**11.4**	12.0
Home loans	13	**143.0**	120.4
Loan assets greater than one year	12	**27.0**	24.3
Debt investments	14	**2.7**	2.5
Non-Bank Group balances with the Bank Group		**(2.8)**	(7.5)
Equity investments	15	**0.8**	0.7
Property, plant and equipment and intangibles		**7.2**	7.0
Total		**302.5**	264.8

See Section 5.5 for Notes 1-15.

[1] Following changes to funded balance sheet methodology, the balances for period ending 31 March 2024 have been restated.

5.4 Funding Profile

Continued

Term funding initiatives

The Bank Group has a liability-driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Since 1 April 2024, the Bank Group has continued to raise term wholesale funding across various products and currencies.

Details of term funding raised between 1 April 2024 and 31 March 2025:

		Bank Group $Ab
Issued paper	– Senior unsecured	5.3
Secured funding	– Term securitisation, covered bond and other secured finance	3.9
Loan facilities	– Unsecured loan facilities	4.6
Loan capital	– Hybrid instruments and subordinated debt	1.3
Total		**15.1**

The Bank Group has continued to develop its major funding markets and products during the year ended 31 March 2025.

From 1 April 2024 to 31 March 2025, the Bank Group raised $A15.1 billion[1] of term funding including:

- $A5.3 billion of senior unsecured debt
- $A4.6 billion of unsecured loan facilities
- $A2.8 billion of securitisation issuances
- $A1.3 billion of loan capital comprising of $A1.3 billion of subordinated unsecured debt
- $A0.8 billion of covered bond issuance; and
- $A0.3 billion refinance of secured trade finance facilities.

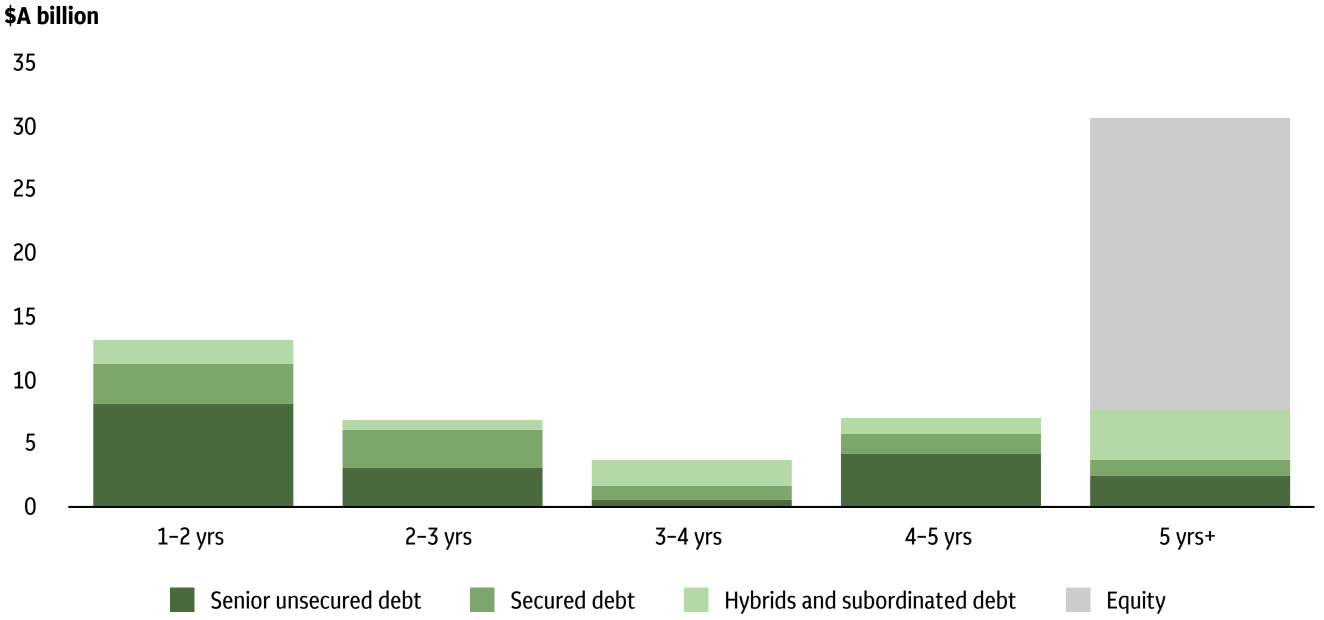
[1] Issuances cover a range of tenors, currencies and product types and are Australian dollar equivalent based on foreign exchange rates at the time of issuance. Includes refinancing of loan facilities.

5.4 Funding Profile

Continued

Term funding profile

Detail of drawn funding maturing beyond one year



	AS AT MAR 25					
	1–2 yrs $Ab	2–3 yrs $Ab	3–4 yrs $Ab	4–5 yrs $Ab	5 yrs+ $Ab	**Total $Ab**
Structured notes[1]	0.1	–	0.1	0.2	0.2	**0.6**
Bonds	7.1	2.9	–	1.6	0.3	**11.9**
Unsecured loans	1.0	0.2	0.5	2.4	2.0	**6.1**
Senior unsecured debt	**8.2**	**3.1**	**0.6**	**4.2**	**2.5**	**18.6**
Securitisation[1]	2.7	1.9	1.2	0.7	1.3	**7.8**
Other secured funding	0.5	1.1	–	0.9	–	**2.5**
Secured debt	**3.2**	**3.0**	**1.2**	**1.6**	**1.3**	**10.3**
Hybrids[2]	1.2	–	0.7	–	–	**1.9**
Subordinated debt[2]	0.7	0.8	1.3	1.3	4.0	**8.1**
Hybrids and subordinated debt	**1.9**	**0.8**	**2.0**	**1.3**	**4.0**	**10.0**
Equity	–	–	–	–	23.0	**23.0**
Total term funding sources drawn	**13.3**	**6.9**	**3.8**	**7.1**	**30.8**	**61.9**
Undrawn[3]	0.3	0.2	0.1	0.1	0.1	**0.8**
Total term funding sources drawn and undrawn	**13.6**	**7.1**	**3.9**	**7.2**	**30.9**	**62.7**

Macquarie Bank has diversity of funding across a range of tenors, currencies and products. The weighted average term to maturity of term funding >1 year (excluding deposits, equity and securitisations) was 3.5 years as at 31 March 2025.

As at 31 March 2025, in addition to drawn term funding in the table above, deposits represented $A177.7 billion (59% of the Bank Group's total funding), commercial paper and certificates of deposit represented $A41.1 billion (14% of total funding), debt <1 year represented $A17.5 billion (6% of total funding), hybrids with first call date <1 year represented $A0.6 billion and other represented $A3.7 billion (1% of total funding).

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

5.4 Funding Profile

Continued

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

- $US25 billion Regulation S Debt Instrument Programme under which $US6.7 billion of debt securities were outstanding as at 31 March 2025
- $US25 billion MBL Commercial Paper Program under which $US19.3 billion of debt securities were outstanding as at 31 March 2025
- $US25 billion US Rule 144A/Regulation S Medium-Term Note Program, including senior and subordinated notes, under which $US8.6 billion of debt securities were outstanding as at 31 March 2025
- $A10.8 billion of external securitisation of which $A9.6 billion PUMA RMBS and $A1.2 billion SMART ABS was drawn as at 31 March 2025
- $US10 billion European Commercial Paper Programme, including Euro Commercial Paper and Euro Certificates of Deposit, under which $US5.6 billion of debt securities were outstanding as at 31 March 2025
- $A10 billion Covered Bond Programme under which $A1.9 billion of debt securities were outstanding as at 31 March 2025
- $A10 billion Regulation S Subordinated Notes Debt Programme under which $A2.5 billion of debt securities were outstanding as at 31 March 2025
- $US5 billion MIFL Commercial Paper Programme under which $US0.5 billion of debt securities were outstanding as at 31 March 2025
- $US5 billion Structured Note Programme under which $US0.4 billion of structured notes were outstanding as at 31 March 2025
- $A7 billion[2] of Unsecured Loan Facilities of which $A7 billion was drawn as at 31 March 2025
- $A2.4 billion of other subordinated unsecured debt outstanding as at 31 March 2025; and
- $US0.7 billion[3] Secured Trade Finance Facility of which $US0.7 billion was drawn as at 31 March 2025.

Macquarie Bank accesses the Australian capital markets through the issuance of Negotiable Certificates of Deposit. As at 31 March 2025, Macquarie Bank had $A0.5 billion of these securities outstanding.

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

[1] Funding outstanding excludes capitalised costs.
[2] Includes issuance out of MIFL and MBE. Values are Australian dollar equivalents as at 31 March 2025.
[3] Values are US dollar equivalents as at 31 March 2025.

5.4 Funding Profile

Continued

Deposit strategy

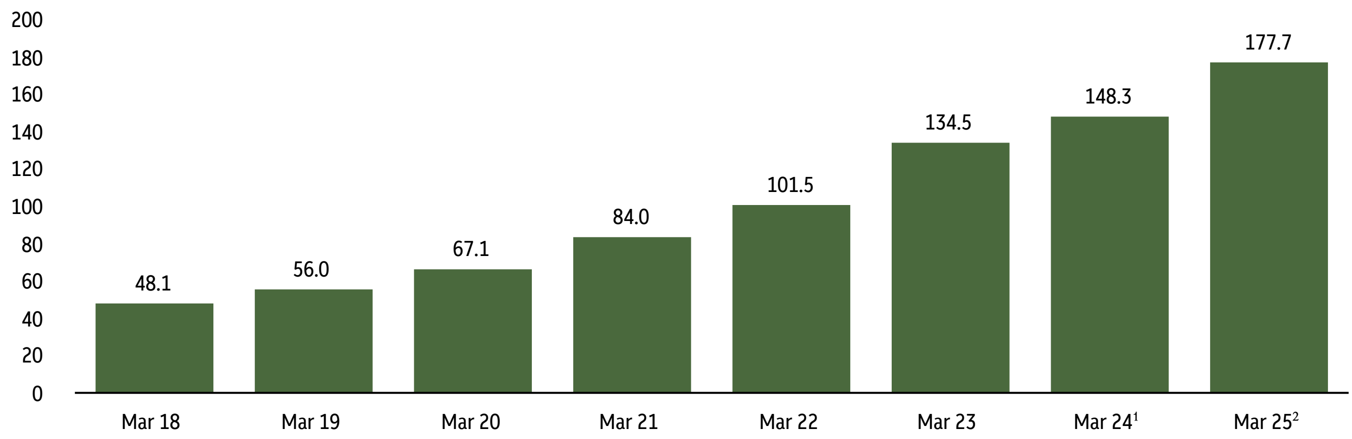
MBL continues to pursue a deposit strategy that is consistent with the core liquidity management strategy of achieving diversity and stability of funding sources. The strategy is focused on growing the BFS deposit base, which represents a stable and reliable source of funding and reduces Macquarie Bank's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

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

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

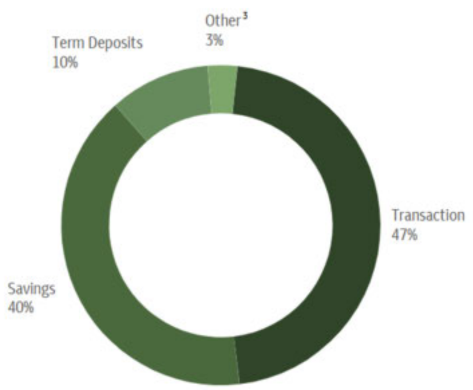
Deposits

$A billion

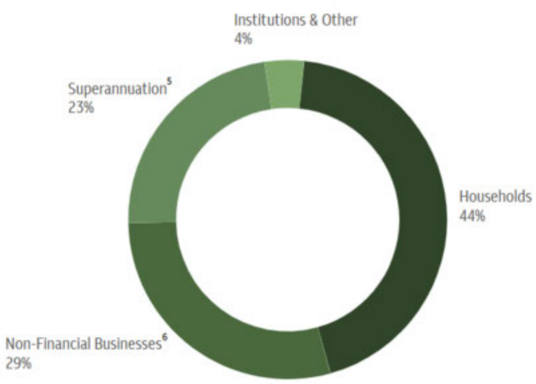


Composition of deposits

By Type[2]



By Counterparty[4]



1 Following changes to funded balance sheet methodology, the balances for period ending 31 March 2024 have been restated.
2 Total deposits include BFS deposits of $A172.4 billion and $A5.3 billion of corporate/wholesale deposits, including those taken by MBE as at 31 March 2025.
3 Includes corporate/wholesale deposits.
4 As at 31 March 2025 for Total Residents Deposits on Australian books per APRA Monthly Authorised Deposit Taking Institution Statistics (MADIS).
5 Predominantly Self-Managed Super Funds.
6 Predominantly Private Enterprises and Trusts.

5.5 Explanatory Notes Concerning Funding Sources and Funded Assets

1. Commercial paper and certificates of deposit

Short-term wholesale funding.

2. Structured notes

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

3. Secured funding

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

4. Bonds

Unsecured long-term wholesale funding.

5. Unsecured loans

Loan facilities not secured by specific assets or collateral.

6. Deposits

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

7. Hybrids and subordinated debt

Includes additional Tier I and Tier II instruments.

8. Equity

Equity balances are comprised of issued capital, retained earnings and reserves.

9. Other

Includes net other assets/liabilities, provisions, held for sale liabilities, current tax and deferred tax liabilities.

10. Cash and liquid assets

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

11. Net trading assets

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

12. Loan assets

This represents loans provided to retail and wholesale borrowers. Excludes home loans.

See section 4.2 for further information.

13. Home loans

Loans secured by mortgages over residential property.

14. Debt investments

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

15. Equity investments

These include equity investments at fair value, interests in associates and joint ventures and other assets classified as held for sale.

06
Capital

6.1 Bank Group Capital

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

The Bank Group is accredited by APRA to apply the Foundation Internal Ratings-Based Approach for wholesale exposures and the Advanced Internal Ratings-Based Approach for retail exposures in determining credit risk capital requirements, together with the Internal Model Approach for market risk and interest rate risk in the banking book (IRRBB). These advanced approaches place a higher reliance on a bank's internal capital measures and therefore require a more sophisticated level of risk management and risk measurement practices. Operational risk is subject to the Standardised Measurement Approach.

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

Pillar 3

The APRA Prudential Standard APS 330 Public Disclosure (APS 330) integrates the Pillar 3 public disclosure requirements from the Basel III framework, with some national specific modifications. The disclosures consist of key prudential metrics and information relating to risk management approach, regulatory capital, credit risk, counterparty credit risk, securitisation, market risk, operational risk, IRRBB, countercyclical capital buffer requirement, leverage ratio and liquidity metrics. MBL Pillar 3 documents are available on Macquarie's website.

Common Equity Tier 1 Capital

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

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 31 March 2025 consists of MACS, BCN2 and BCN3.

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

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

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

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

6.1 Bank Group Capital

Continued

Bank Group Basel III Tier 1 Capital

	AS AT MAR 25		AS AT SEP 24		MOVEMENT	
	APRA Basel III	Harmonised Basel III	APRA Basel III	Harmonised Basel III	APRA Basel III	Harmonised Basel III
	$Am	$Am	$Am	$Am	%	%
Common Equity Tier 1 capital						
Paid-up ordinary share capital	**10,192**	**10,192**	10,209	10,209	*(<1)*	*(<1)*
Retained earnings	**11,249**	**11,047**	9,916	9,733	*13*	*14*
Reserves	**1,612**	**1,612**	847	847	*90*	*90*
Gross Common Equity Tier 1 capital	**23,053**	**22,851**	20,972	20,789	*10*	*10*
Regulatory adjustments to Common Equity Tier 1 capital:						
Goodwill	**42**	**42**	38	38	*10*	*10*
Other intangible assets	**28**	**28**	51	51	*(45)*	*(45)*
Deferred tax assets	**1,072**	**51**	941	66	*14*	*(23)*
Net other fair value adjustments	**137**	**137**	94	94	*46*	*46*
Capitalised expenses	**851**	**-**	811	-	*5*	-
Shortfall in provisions for credit losses	**439**	**236**	327	128	*34*	*84*
Equity exposures	**1,193**	**-**	1,032	-	*16*	-
Other Common Equity Tier 1 capital deductions	**41**	**1**	68	41	*(39)*	*(98)*
Total Common Equity Tier 1 capital deductions	**3,803**	**495**	3,362	418	*13*	*18*
Net Common Equity Tier 1 capital	**19,250**	**22,356**	17,610	20,371	*9*	*10*
Additional Tier 1 Capital						
Additional Tier 1 capital instruments	**2,496**	**2,496**	2,381	2,381	*5*	*5*
Gross Additional Tier 1 capital	**2,496**	**2,496**	2,381	2,381	*5*	*5*
Deduction from Additional Tier 1 capital	**-**	**-**	-	-	-	-
Net Additional Tier 1 capital	**2,496**	**2,496**	2,381	2,381	*5*	*5*
Total Net Tier 1 capital	**21,746**	**24,852**	19,991	22,752	*9*	*9*

6.1 Bank Group Capital

Continued

Bank Group Basel III Risk-Weighted Assets (RWA)

	AS AT MAR 25		AS AT SEP 24		*MOVEMENT*	
	APRA Basel III	**Harmonised Basel III**	APRA Basel III	Harmonised Basel III	*APRA Basel III*	*Harmonised Basel III*
	$Am	**$Am**	$Am	$Am	*%*	*%*
Credit risk (excluding counterparty credit risk)	**76,624**	**59,061**	70,490	54,029	*9*	*9*
Counterparty credit risk	**42,012**	**37,086**	36,867	33,429	*14*	*11*
Credit risk RWA for securitisation exposures	**916**	**1,297**	806	1,143	*14*	*13*
Equity risk	**–**	**2,983**	–	2,580	*–*	*16*
Market risk	**8,526**	**8,526**	8,619	8,619	*(1)*	*(1)*
Interest rate risk in the banking book	**4,154**	**–**	3,773	–	*10*	*–*
Operational risk	**18,726**	**17,807**	17,512	16,256	*7*	*10*
Total Bank Group RWA	**150,958**	**126,760**	138,067	116,056	*9*	*9*
Capital Ratios						
Bank Group Level 2 Common Equity Tier 1 capital ratio (%)	**12.8**	**17.6**	12.8	17.6		
Bank Group Level 2 Tier 1 capital ratio (%)	**14.4**	**19.6**	14.5	19.6		

07
Glossary

7.1 Glossary

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

7.1 Glossary

Continued

Defined term	Definition
BFS deposits	BFS deposits are deposits by counterparties including individuals, self-managed super funds, and small-medium businesses. Deposit products include Cash Management Account, Term Deposits, Regulated Trust Accounts, and Transaction Accounts.
C	
CCB	Capital Conservation Buffer.
Central Service Groups	The Central Service Groups consist of the Corporate Operations Group, Financial Management, People & Engagement Group, Risk Management Group, Legal and Governance Group and Central Executive.
CGM	Commodities and Global Markets.
Common Equity Tier 1 Capital	A capital measure defined by APRA, comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • provide a permanent and unrestricted commitment of funds; • are freely available to absorb losses; • do not impose any unavoidable servicing charge against earnings; and • rank behind the claims of depositors and other creditors in the event of winding up. Common Equity Tier 1 Capital comprises paid up capital, Retained earnings, and certain reserves.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
Common Equity Tier 1 Deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
E	
ECL	Expected Credit Losses as defined and measured in terms of AASB 9: Financial Instruments.
Effective tax rate	The income tax expense as a percentage of the profit before income tax, both adjusted for amounts attributable to non-controlling interests (if applicable). The effective tax rate differs from the Australian company tax rate due to permanent differences arising from the income tax treatment of certain income and expenses as well as tax rate differentials on some of the income earned offshore.
Expense/Income ratio	Total operating expenses expressed as a percentage of Net operating income.
F	
Financial Report	Macquarie Bank Limited Annual Financial Report.
FIRB	Foundation Internal Ratings Based Approach (for determining credit risk).
FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
FY2024	The year ended 31 March 2024.
FY2025	The year ended 31 March 2025.
H	
Headcount	Headcount represents Macquarie's active permanent and variable workforce, and includes Macquarie employees (permanent and casual) and its contingent workers (contractors, agency workers and secondees). Macquarie's non-executive directors are not included.
HQLA	High-quality liquid assets.
M	
Macquarie Bank, the Consolidated Entity	Macquarie Bank Limited and its subsidiaries.
Macquarie Group	Macquarie Group Limited and its subsidiaries.
MACS	On 8 March 2017, MBL, acting through its London Branch, issued $US750 million of Macquarie Additional Capital Securities (MACS). MACS are subordinated, unsecured notes that pay discretionary, non-cumulative, semi-annual fixed rate cash distributions. Subject to certain conditions the MACS may be redeemed on 8 March 2027, or every 5th anniversary thereafter. MACS can be exchanged for a variable number of MGL ordinary shares on an acquisition event (where a person acquires control of MBL or MGL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MAMHPL	Macquarie Asset Management Holdings Pty Ltd.
MBE	Macquarie Bank Europe.

7.1 Glossary

Defined term	Definition
MBL, the Company	Macquarie Bank Limited ABN 46 008 583 542.
MEREP	Macquarie Group Employee Retained Equity Plan.
MFL	Macquarie Financial Limited.
MGL	Macquarie Group Limited ABN 94 122 169 279.
MIFL	Macquarie International Finance Limited.
N	
Net loan losses	The impact on the income statement of loan amounts provided for or written-off during the period, net of the recovery of any such amounts which were previously written-off or provided for in the income statement.
Net tangible assets per ordinary share	(Total equity less Non-controlling interest less the Future Income Tax Benefit plus the Deferred Tax Liability less Intangible assets) divided by the number of ordinary shares on issue at the end of the period.
Net Trading Income	Income that comprises gains and losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences.
Non-Bank Group	MGL, MFL and its subsidiaries, and MAMHPL and its subsidiaries.
Non-Banking Group	The Non-Banking Group comprises Macquarie Capital, Macquarie Asset Management and some business activities of CGM.
Non-GAAP metrics	Non-GAAP metrics include financial measures, ratios and other information that are neither required nor defined under Australian Accounting Standards.
O	
Operating Groups	The Operating Groups consist of BFS and CGM.
OTC	Over-the-counter
R	
RBA	Reserve Bank of Australia.
Risk-weighted assets (RWA)	A risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
RITS	Reserve Bank Information and Transfer System
RMBS	Residential Mortgage-Backed Securities.
S	
Senior Management	Members of Macquarie's Executive Committee and Executive Directors who have a significant management or risk responsibility in the organisation.
SPEs	Special Purpose Entities.
Subordinated debt	Debt issued by Macquarie for which agreements between Macquarie and the lenders provide, in the event of liquidation, that the entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of Macquarie. Subordinated debt is classified as liabilities in the Macquarie financial statements and may be included in Tier 2 Capital.
T	
Tier 1 Capital	Tier 1 Capital comprises (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital.
Tier 1 Capital Deductions	Tier 1 Capital Deductions comprises (i) Common Equity Tier 1 Capital Deductions; and (ii) Additional Tier 1 Capital Deductions.
Tier 1 Capital Ratio	Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA.
U	
UK	The United Kingdom.
US	The United States of America.

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