MACQUARIE BANK

# 2027 Management discussion and analysis

**Macquarie Bank**
Half year ended 30 September 2026



## Notice to readers

The purpose of this report is to provide information supplementary to the Macquarie Bank Limited Disclosure Report (U.S. Version) for the half year ended 30 September 2026 and the Financial Report within the Macquarie Bank Limited Interim Financial Report (the Financial Report) for the half year ended 30 September 2026, including further detail in relation to key elements of Macquarie Bank Limited and its subsidiaries' (Macquarie Bank, the Consolidated Entity) financial performance and financial position. The report also outlines the funding and capital profile of the Consolidated Entity.

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

## Date of this report

This report has been prepared for the half year ended 30 September 2026 and is current as at 6 November 2026.

### Cover image

**Corona Energy, United Kingdom**

Commodities and Global Markets' 20-year partnership with Corona Energy has supported its expansion into the UK's third-largest industrial and commercial gas supplier, serving ~21,000 businesses.



**Macquarie Bank Limited ABN 46 008 583 542**

# Explanatory notes

**Comparative information and conventions**

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

References to the prior corresponding period (pcp) are to the six months ended 30 September 2025.

References to the prior period are to the six months ended 31 March 2026.

References to the current period and current half year are to the six months ended 30 September 2026.

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

**Independent Auditor's Review Report**

This document should be read in conjunction with the Financial Report for the half year ended 30 September 2026, which was subject to independent review by PricewaterhouseCoopers.

PricewaterhouseCoopers' independent auditor's review report to the members of Macquarie Bank Limited dated 6 November 2026 was unqualified.

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

# Disclaimer

The material in this document has been prepared by Macquarie Bank Limited ABN 46 008 583 542 ("MBL") and is general background information about Macquarie's ("MBL and its subsidiaries") activities current as at the date of this document. This information is given in summary form and does not purport to be complete. The material in this document may include information derived from publicly available sources that have not been independently verified. Information in this document should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. No representation or warranty is made as to the accuracy, completeness or reliability of the information. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

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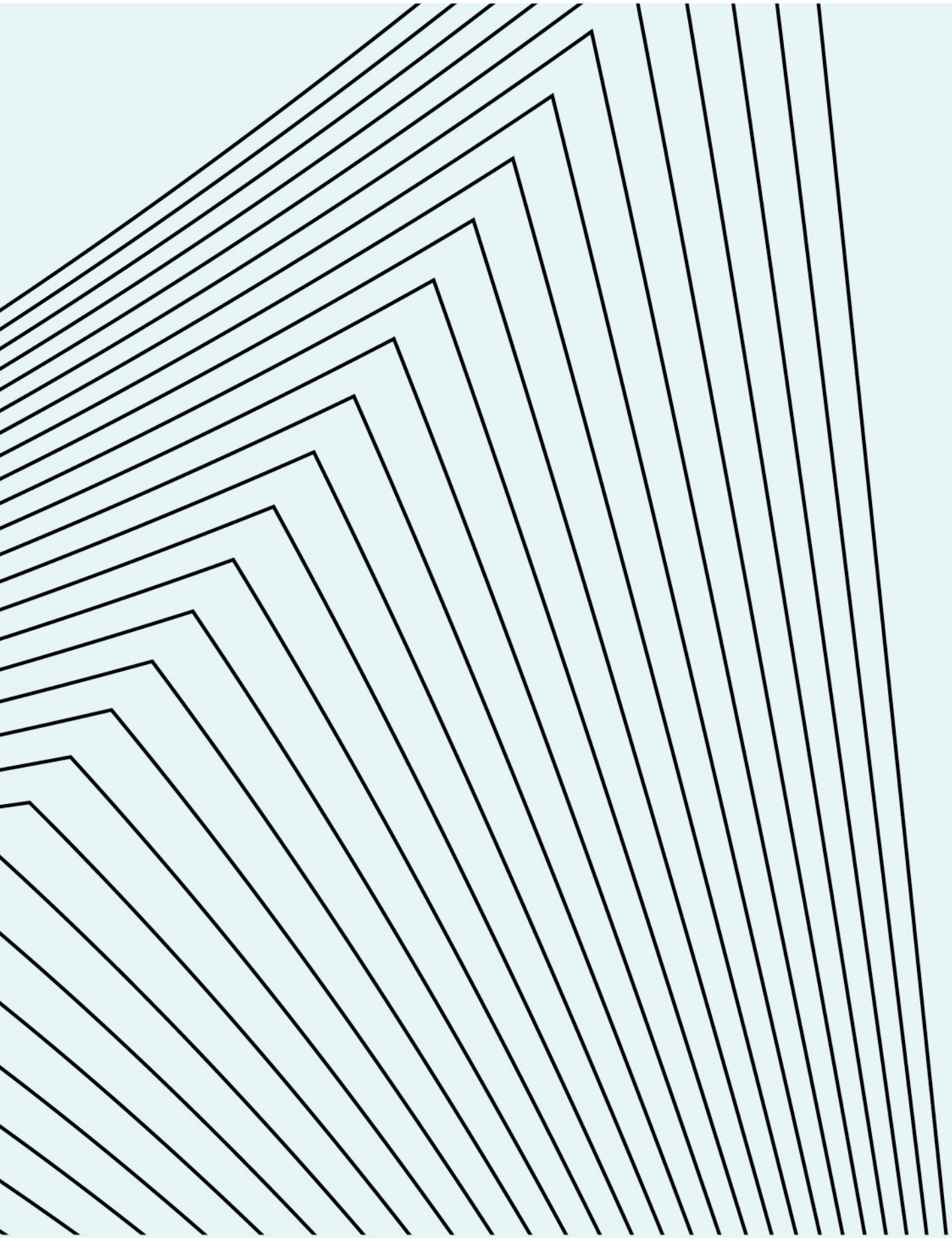
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# 01

# Results Overview





# 1.1 Executive Summary

**1H27 net profit**

**$A1,420m**

↓ 61% on pcp[1]

**1H27 net operating income**

**$A6,055m**

↓ 24% on pcp[1]

**1H27 operating expenses**

**$A4,047m**

↑ 8% on pcp

## 1H27 net profit contribution by Operating Group

Summary of the Operating Groups' performance for the half year ended 30 September 2026.

### Banking and Financial Services (BFS)

**$A841m**

↑ 6% on pcp due to

- higher net interest income mainly driven by growth in the average loan and deposit portfolios, partially offset by lower margins reflecting changes in portfolio mix and ongoing lending and deposit competition.

Partially offset by:

- higher credit provisions driven by changes in the Australian macroeconomic outlook, partially offset by the sale of the car loans portfolio
- higher expenses driven by higher average headcount and higher technology expenses to support business growth.

### Commodities and Global Markets (CGM)

**$A1,624m**

↑ 51% on pcp due to

- higher net interest and trading income across Equities, Asset Finance and Foreign exchange, interest rates and credit
- higher net investment income driven by material gains on sale of assets in Asset Finance.

Partially offset by:

- lower net operating lease income primarily driven by the divestment of the OnStream meters platform in the prior period
- higher net credit impairment charges mainly driven by specific impairments for a small number of counterparties.

### Corporate

Net expenses of **$A1,045m**

↓ substantially on pcp due to

- lower net investment income driven by the non-recurrence of the gain on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group.

[1] Prior corresponding period included non-recurring gain on transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group.

## Profit attributable to the ordinary equity holder

# $A1,420m

↓ 61% on pcp

| | HALF YEAR TO | | | MOVEMENT | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | **$Am** | $Am | $Am | *%* | *%* |
| **Financial Performance Summary** | | | | | |
| Net interest income | **2,018** | 1,723 | 1,769 | *17* | *14* |
| Net trading income | **2,258** | 2,379 | 2,034 | *(5)* | *11* |
| **Net interest and trading income** | **4,276** | 4,102 | 3,803 | *4* | *12* |
| Fee and commission income | **1,596** | 1,717 | 1,426 | *(7)* | *12* |
| Net investment income | **180** | 1,348 | 2,511 | *(87)* | *(93)* |
| Net credit impairment charges | **(189)** | (220) | (71) | *(14)* | *166* |
| Net other impairment (charges)/reversals | **(5)** | (68) | 1 | *(93)* | * |
| Net other operating income | | | | | |
| Net operating lease income | **111** | 254 | 209 | *(56)* | *(47)* |
| Net other income/(charges) | **86** | 37 | 46 | *132* | *87* |
| **Net other operating income** | **197** | 291 | 255 | *(32)* | *(23)* |
| **Net operating income** | **6,055** | 7,170 | 7,925 | *(16)* | *(24)* |
| Compensation expenses | **(2,356)** | (2,536) | (2,247) | *(7)* | *5* |
| Other employment expenses | **(159)** | (136) | (141) | *17* | *13* |
| **Employment expenses** | **(2,515)** | (2,672) | (2,388) | *(6)* | *5* |
| Brokerage, commission and fee expenses | **(490)** | (446) | (331) | *10* | *48* |
| Non-salary technology expenses | **(507)** | (509) | (496) | *(<1)* | *2* |
| Other operating expenses | **(535)** | (629) | (523) | *(15)* | *2* |
| **Total operating expenses** | **(4,047)** | (4,256) | (3,738) | *(5)* | *8* |
| **Operating profit before income tax** | **2,008** | 2,914 | 4,187 | *(31)* | *(52)* |
| Income tax expense | **(588)** | (572) | (518) | *3* | *14* |
| **Profit attributable to ordinary equity holders of Macquarie Bank Limited** | **1,420** | 2,342 | 3,669 | *(39)* | *(61)* |
| **Key metrics** | | | | | |
| Expense to income ratio (%) | **66.8** | 59.4 | 47.2 | | |
| Effective tax rate (%) | **29.3** | 19.6 | 12.4 | | |

# 1.1 Executive Summary

Continued

## Net operating income

Net operating income of $A6,055 million for the half year ended 30 September 2026 decreased 24% from $A7,925 million in the prior corresponding period. This decrease was mainly driven by lower net investment income, net other operating income and higher credit and impairment charges, partially offset by higher net interest and trading income and fee and commission income.

### Net interest and trading income

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **4,276** | 4,102 | 3,803 |

↑12% on pcp

Largely driven by:

- higher net interest and trading income across Equities, Asset Finance and Foreign exchange, interest rates and credit in CGM
- higher net interest income mainly driven by growth in the average loan and deposit portfolios, partially offset by lower margins reflecting changes in portfolio mix and ongoing lending and deposit competition, in BFS.

### Fee and commission income

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **1,596** | 1,717 | 1,426 |

↑12% on pcp

Largely driven by:

- higher fee and commission income driven by increased volumes in Equities and client activity in Futures, in CGM.

### Net investment income

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **180** | 1,348 | 2,511 |

↓93% on pcp

Largely driven by:

- the non-recurrence of the gain on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group in Corporate.

Partially offset by:

- higher gains on sale of assets in Asset Finance in CGM.

### Credit and other impairment charges

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **(194)** | (288) | (70) |

↑ substantially on pcp

Largely driven by:

- specific impairments for a small number of counterparties in CGM
- higher credit provisions driven by changes in the Australian macroeconomic outlook, partially offset by the sale of the car loans portfolio in BFS.

### Net other operating income

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **197** | 291 | 255 |

↓23% on pcp

Largely driven by:

- lower net operating lease income primarily driven by the divestment of the OnStream meters platform in the prior period in CGM.

# Operating expenses

Total operating expenses of $A4,047 million for the half year ended 30 September 2026 increased 8% from $A3,738 million in the prior corresponding period. This increase was primarily driven by higher employment and brokerage, commission and fee expenses.

## Employment expenses

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **2,515** | 2,672 | 2,388 |

↑5% on pcp

Largely driven by:
- higher performance-related profit share
- wage inflation.

Partially offset by:
- lower average headcount.

## Brokerage, commission and fee expenses

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **490** | 446 | 331 |

↑48% on pcp

Largely driven by:
- higher brokerage expenses driven by increased activity in equities markets in CGM.

## Non-salary technology expenses

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **507** | 509 | 496 |

↑2% on pcp

Largely driven by:
- increased investment in technology initiatives, mainly to support business growth, in BFS.

## Other operating expenses

| HALF YEAR TO | | |
|---|---|---|
| **30 Sep 26** | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **535** | 629 | 523 |

↑2% on pcp

Largely driven by:
- higher general administrative expenses.

# Income tax expense and Effective tax rate

## Income tax expense

| HALF YEAR TO | | |
|---|---|---|
| 30 Sep 26 | 31 Mar 26 | 30 Sep 25 |
| **$Am** | $Am | $Am |
| **588** | 572 | 518 |

↑14% on pcp

## Effective tax rate

| HALF YEAR TO | | |
|---|---|---|
| 30 Sep 26 | 31 Mar 26 | 30 Sep 25 |
| **%** | % | % |
| **29.3** | 19.6 | 12.4 |

↑16.9% on pcp

The movement in the effective tax rate was largely driven by the non-recurrence of the non-assessable gain recognised on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group in the prior corresponding period.

# 1.1 Executive Summary

Continued

## Statement of Financial Position

| | AS AT | | | MOVEMENT | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | **$Ab** | $Ab | $Ab | *%* | *%* |
| **Assets** | | | | | |
| Cash and bank balances | **18.4** | 19.6 | 20.0 | *(6)* | *(8)* |
| Cash collateralised lending and reverse repurchase agreements | **85.5** | 77.3 | 66.1 | *11* | *29* |
| Trading assets | **47.5** | 38.2 | 41.4 | *24* | *15* |
| Margin money and settlement assets | **20.1** | 18.9 | 18.0 | *6* | *12* |
| Derivative assets | **41.4** | 42.2 | 24.1 | *(2)* | *72* |
| Financial investments | **24.5** | 23.6 | 19.7 | *4* | *24* |
| Held for sale assets | **-** | - | 1.6 | *-* | *(100)* |
| Other assets | **7.7** | 7.4 | 6.0 | *4* | *28* |
| Loan assets | **245.1** | 226.2 | 199.8 | *8* | *23* |
| Due from other Macquarie Group entities | **5.9** | 4.8 | 5.8 | *23* | *2* |
| Property, plant and equipment and right-of-use assets | **3.3** | 3.7 | 5.5 | *(11)* | *(40)* |
| Deferred tax assets | **1.1** | 1.2 | 0.9 | *(8)* | *22* |
| **Total assets** | **500.5** | 463.1 | 408.9 | *8* | *22* |
| **Liabilities** | | | | | |
| Deposits | **244.2** | 221.5 | 198.8 | *10* | *23* |
| Cash collateralised borrowing and repurchase agreements | **11.6** | 6.8 | 7.8 | *71* | *49* |
| Trading liabilities | **12.9** | 12.3 | 11.2 | *5* | *15* |
| Margin money and settlement liabilities | **29.1** | 27.7 | 20.8 | *5* | *40* |
| Derivative liabilities | **37.6** | 36.3 | 22.7 | *4* | *66* |
| Other liabilities | **11.9** | 10.2 | 7.5 | *17* | *59* |
| Due to other Macquarie Group entities | **12.1** | 15.0 | 13.4 | *(19)* | *(10)* |
| Issued debt securities and other borrowings | **100.1** | 94.6 | 90.8 | *6* | *10* |
| **Total liabilities excluding loan capital** | **459.5** | 424.4 | 373.0 | *8* | *23* |
| Loan capital | **16.1** | 14.1 | 13.2 | *14* | *22* |
| **Total liabilities** | **475.6** | 438.5 | 386.2 | *8* | *23* |
| **Net assets** | **24.9** | 24.6 | 22.7 | *1* | *10* |
| **Equity** | | | | | |
| Contributed equity | **10.3** | 10.3 | 10.3 | *-* | *-* |
| Reserves | **0.7** | 0.7 | 1.1 | *-* | *(36)* |
| Retained earnings | **13.9** | 13.6 | 11.3 | *2* | *23* |
| **Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited** | **24.9** | 24.6 | 22.7 | *1* | *10* |
| **Total equity** | **24.9** | 24.6 | 22.7 | *1* | *10* |

# Statement of financial position

## Assets

Total assets of $A500.5 billion as at 30 September 2026 increased 8% from $A463.1 billion as at 31 March 2026.

The principal drivers for the increase were as follows:

- loan assets of $A245.1 billion as at 30 September 2026 increased 8% from $A226.2 billion as at 31 March 2026, driven by volume growth in BFS home loans
- trading assets of $A47.5 billion as at 30 September 2026 increased 24% from $A38.2 billion as at 31 March 2026, driven by an increase in debt and listed equity securities holdings in CGM
- cash collateralised lending and reverse repurchase agreements of $A85.5 billion as at 30 September 2026 increased 11% from $A77.3 billion as at 31 March 2026, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management
- financial investments of $A24.5 billion as at 30 September 2026 increased 4% from $A23.6 billion as at 31 March 2026, driven by an increase in debt investments in CGM.

## Liabilities

Total liabilities of $A475.6 billion as at 30 September 2026 increased 8% from $A438.5 billion as at 31 March 2026.

The principal drivers for the increase were as follows:

- deposits of $A244.2 billion as at 30 September 2026 increased 10% from $A221.5 billion as at 31 March 2026, driven by volume growth in BFS
- issued debt securities and other borrowings of $A100.1 billion as at 30 September 2026 increased 6% from $A94.6 billion as at 31 March 2026, driven by net debt issuances in Group Treasury
- cash collateralised borrowing and repurchase agreements of $A11.6 billion as at 30 September 2026 increased 71% from $A6.8 billion as at 31 March 2026, driven by an increase in trading activity in CGM
- other liabilities of $A11.9 billion as at 30 September 2026 increased 17% from $A10.2 billion as at 31 March 2026, driven by higher commodity-related payables in CGM
- loan capital of $A16.1 billion as at 30 September 2026 increased 14% from $A14.1 billion as at 31 March 2026, driven by net issuance of Tier 2 capital in Corporate.

## Equity

Total equity of $A24.9 billion as at 30 September 2026 increased 1% from $A24.6 billion as at 31 March 2026.

The principal driver for the increase was:

- $A1.4 billion of earnings generated during the current period.

This increase was partially offset by:

- $A1.1 billion dividend payment.

# 1.1 Executive Summary

Continued

## Loan Assets

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

| | | AS AT | | | MOVEMENT | |
|---|---|---|---|---|---|---|
| | | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | Notes | **$Ab** | $Ab | $Ab | *%* | *%* |
| BFS | | | | | | |
| Home loans[1] | 1 | **200.0** | 183.0 | 161.7 | *9* | *24* |
| Business banking | 2 | **19.0** | 18.1 | 17.3 | *5* | *10* |
| Car loans | 3 | **0.1** | 0.1 | 0.3 | *–* | *(67)* |
| Other | 4 | **0.3** | 0.3 | 0.3 | *–* | *–* |
| **Total BFS** | | **219.4** | 201.5 | 179.6 | *9* | *22* |
| CGM | | | | | | |
| Asset Finance | 5 | **6.1** | 5.0 | 4.6 | *22* | *33* |
| Resources and commodities | 6 | **5.1** | 4.7 | 3.7 | *9* | *38* |
| Foreign exchange, interest rate and credit | 7 | **14.4** | 12.8 | 11.5 | *13* | *25* |
| Other | 8 | **0.1** | 2.2 | 0.4 | *(95)* | *(75)* |
| **Total CGM** | | **25.7** | 24.7 | 20.2 | *4* | *27* |
| **Total[2]** | | **245.1** | 226.2 | 199.8 | *8* | *23* |

[1] Includes capitalised cost and unearned income on loans.
[2] Total loan assets per funded balance sheet includes self-securitised assets and excludes loan assets classified as held for sale.

# 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 financial assets.

### 6. Resources and commodities

Diversified loan portfolio primarily to the resources sector that is 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.

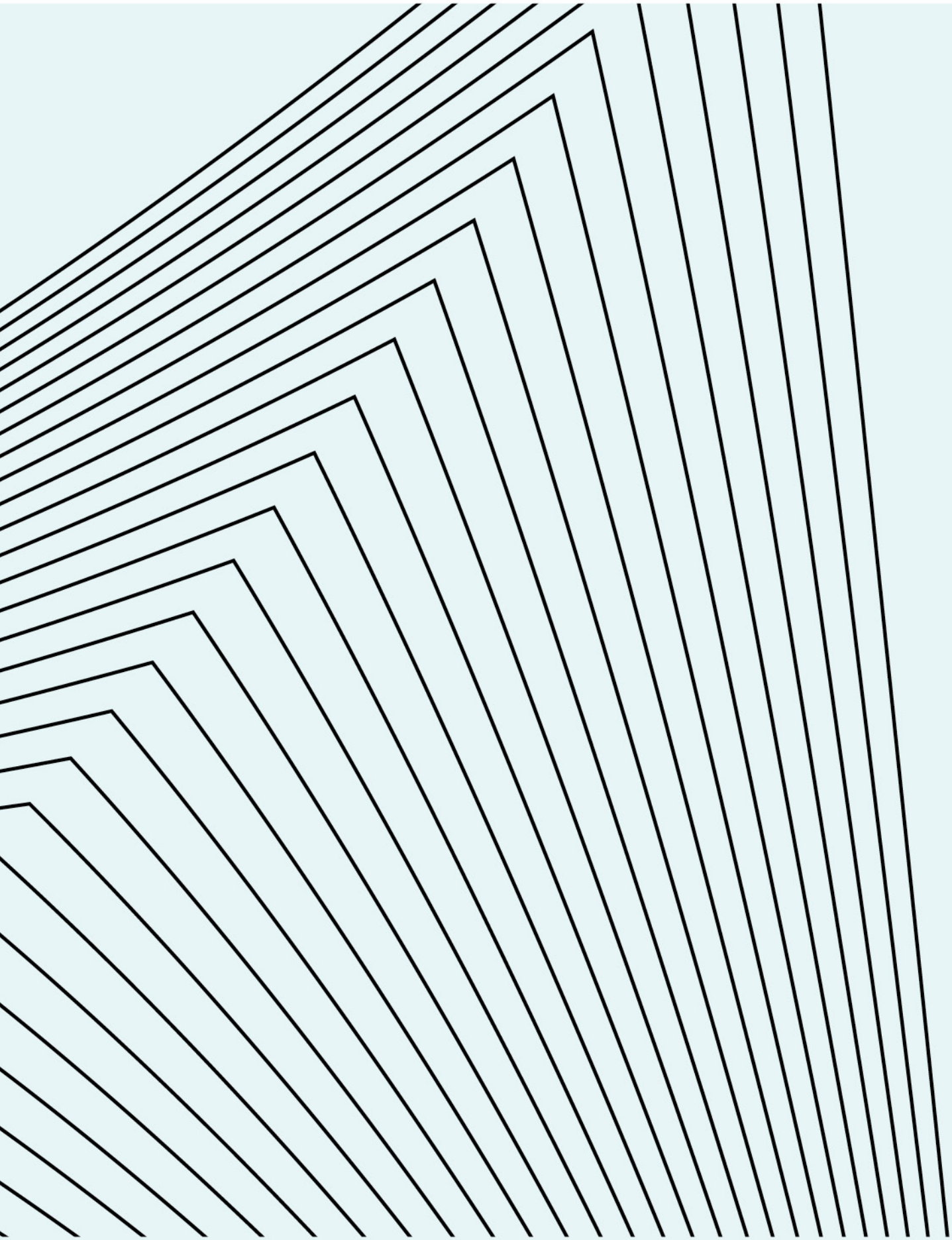
### 8. CGM Other

Predominantly short-term transaction funding.

# 02

# Segment Analysis





# 2.1 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 the Chief Operating Decision Maker 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).

Internally, Macquarie uses net profit contribution as a measure of performance of its reportable segments.

The financial information disclosed relates to the Consolidated Entity's continuing operations.

### Reportable segments

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 across Australia
- **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 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 uncertain or 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.

### Policies

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.

#### Accounting for economic interest rate risk hedging derivatives and presentation of interest and trading income

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.

Net interest income and net trading income are presented and discussed below in aggregate for each Reportable Segment, which management believes presents a more consistent overview of business performance and allows for a better analysis of the underlying activities and drivers.

### Central Service Groups

The Central Service Groups provide a range of functions supporting MBL'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 expenses

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. In circumstances where the final tax expense or benefit of a transaction is not known at period end, the timing of recognition of any benefit or impact is subject to Chief Financial Officer approval.

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 to provide users with information relevant to the understanding of the Consolidated Entity's financial performance. Where appropriate, all material or key balances have been reported separately.

# 2.1 Basis of Preparation

Continued

| | BFS $Am | CGM $Am | Corporate $Am | **Total $Am** |
|---|---|---|---|---|
| **Half year ended 30 September 2026** | | | | |
| Net interest and trading income | **1,635** | **2,276** | **365** | **4,276** |
| Fee and commission income | **337** | **439** | **820** | **1,596** |
| Net investment (losses)/income | **(23)** | **214** | **(11)** | **180** |
| Other operating income and charges | | | | |
| Net credit and other impairment (charges)/reversals | **(77)** | **(118)** | **1** | **(194)** |
| Net other operating income and charges | **-** | **192** | **5** | **197** |
| Internal management revenue/(charge) | **1** | **131** | **(132)** | **-** |
| Net operating income | **1,873** | **3,134** | **1,048** | **6,055** |
| Total operating expenses | **(1,032)** | **(1,510)** | **(1,505)** | **(4,047)** |
| Operating profit/(loss) before income tax | **841** | **1,624** | **(457)** | **2,008** |
| Income tax expense | **-** | **-** | **(588)** | **(588)** |
| **Net profit/(loss) contribution** | **841** | **1,624** | **(1,045)** | **1,420** |
| **Half year ended 31 March 2026** | | | | |
| Net interest and trading income | 1,443 | 2,352 | 307 | **4,102** |
| Fee and commission income | 339 | 426 | 952 | **1,717** |
| Net investment income | 4 | 1,300 | 44 | **1,348** |
| Other operating income and charges | | | | |
| Net credit and other impairment charges | (12) | (251) | (25) | **(288)** |
| Net other operating income and charges | 1 | 247 | 43 | **291** |
| Internal management revenue/(charges) | - | (10) | 10 | **-** |
| Net operating income | 1,775 | 4,064 | 1,331 | **7,170** |
| Total operating expenses | (958) | (1,497) | (1,801) | **(4,256)** |
| Operating profit/(loss) before income tax | 817 | 2,567 | (470) | **2,914** |
| Income tax expense | - | - | (572) | **(572)** |
| **Net profit/(loss) contribution** | **817** | **2,567** | **(1,042)** | **2,342** |
| **Half year ended 30 September 2025** | | | | |
| Net interest and trading income | 1,456 | 2,051 | 296 | **3,803** |
| Fee and commission income | 329 | 322 | 775 | **1,426** |
| Net investment (losses)/income | (3) | 66 | 2,448 | **2,511** |
| Other operating income and charges | | | | |
| Net credit and other impairment (charges)/reversals | (24) | (59) | 13 | **(70)** |
| Net other operating income and charges | (1) | 239 | 17 | **255** |
| Internal management revenue/(charge) | 1 | 4 | (5) | **-** |
| Net operating income | 1,758 | 2,623 | 3,544 | **7,925** |
| Total operating expenses | (965) | (1,547) | (1,226) | **(3,738)** |
| Operating profit before income tax | 793 | 1,076 | 2,318 | **4,187** |
| Income tax expense | - | - | (518) | **(518)** |
| **Net profit contribution** | **793** | **1,076** | **1,800** | **3,669** |

# 2.2 BFS

| | HALF YEAR TO | | | Movement | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | **$Am** | $Am | $Am | *%* | *%* |
| **Net interest and trading income** | **1,635** | 1,443 | 1,456 | *13* | *12* |
| **Fee and commission income** | | | | | |
| Wealth management fee income | **231** | 237 | 224 | *(3)* | *3* |
| Banking and lending fee income | **106** | 102 | 105 | *4* | *1* |
| **Total fee and commission income** | **337** | 339 | 329 | *(1)* | *2* |
| **Other operating income and charges** | | | | | |
| Net credit and other impairment charges | **(77)** | (12) | (24) | * | *221* |
| Investment and other (charges)/income | **(23)** | 5 | (4) | * | * |
| **Total other operating income and charges** | **(100)** | (7) | (28) | * | *257* |
| **Internal management revenue** | **1** | – | 1 | * | – |
| **Net operating income** | **1,873** | 1,775 | 1,758 | *6* | *7* |
| **Operating expenses** | | | | | |
| Employment expenses | **(277)** | (232) | (234) | *19* | *18* |
| Brokerage, commission and fee expenses | **(109)** | (95) | (92) | *15* | *18* |
| Technology expenses[1] | **(407)** | (375) | (387) | *9* | *5* |
| Other operating expenses | **(239)** | (256) | (252) | *(7)* | *(5)* |
| **Total operating expenses** | **(1,032)** | (958) | (965) | *8* | *7* |
| **Net profit contribution** | **841** | 817 | 793 | *3* | *6* |
| **Non-GAAP metrics** | | | | | |
| Funds on platform ($Ab)[2] | **161.3** | 159.2 | 169.8 | *1* | *(5)* |
| Loan portfolio ($Ab)[3] | **217.8** | 199.9 | 178.4 | *9* | *22* |
| BFS deposits ($Ab)[4] | **236.2** | 215.3 | 192.5 | *10* | *23* |
| Headcount | **4,325** | 4,252 | 4,132 | *2* | *5* |
| Headcount (excluding Technology) | **2,944** | 2,806 | 2,649 | *5* | *11* |

Net profit contribution of $A841 million for the half year ended 30 September 2026 increased 6% from $A793 million in the prior corresponding period due to:

- higher net interest income mainly driven by growth in the average loan and deposit portfolios, partially offset by lower margins reflecting changes in portfolio mix and ongoing lending and deposit competition.

Partially offset by:

- higher credit provisions driven by changes in the Australian macroeconomic outlook, partially offset by the sale of the car loans portfolio
- higher expenses driven by higher average headcount and higher technology expenses to support business growth.

[1] Technology expenses include employment costs (1H27: $A151 million, 2H26: $A134 million and 1H26: $A142 million), other staff related costs, infrastructure and support and licences.
[2] Prior comparatives have been restated to include additional Wrap related deposits.
[3] The loan portfolio comprises home loans (excluding offset accounts), loans to businesses, credit cards and car loans.
[4] BFS deposits include home loan offset accounts.

# 2.2 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 $A1,635 million for the half year ended 30 September 2026 increased 12% from $A1,456 million in the prior corresponding period, primarily due to 22% growth in the average loan portfolio[1] and 24% growth in the average deposit portfolio[1], partially offset by lower margins reflecting changes in portfolio mix and ongoing lending and deposit competition.

## 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.

Wealth management fee income of $A231 million for the half year ended 30 September 2026 was broadly in line with the prior corresponding period.

## 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 $A106 million for the half year ended 30 September 2026 was broadly in line with the prior corresponding period.

## Net credit and other impairment charges

Net credit and other impairment charges of $A77 million for the half year ended 30 September 2026 were substantially up from $A24 million in the prior corresponding period, driven by changes in the Australian macroeconomic outlook, partially offset by the sale of the car loans portfolio.

## Investment and other (charges)/ income

Investment and other charges of $A23 million for the half year ended 30 September 2026 were substantially up from $A4 million in the prior corresponding period, mainly driven by the sale of the car loans portfolio and the revaluation of equity investments.

## Operating expenses

Total operating expenses of $A1,032 million for the half year ended 30 September 2026 increased 7% from $A965 million in the prior corresponding period.

Employment expenses of $A277 million for the half year ended 30 September 2026 increased 18% from $A234 million in the prior corresponding period, largely due to wage inflation and higher average headcount to support portfolio growth.

Brokerage, commission and fee expenses of $A109 million for the half year ended 30 September 2026 were broadly in line with the prior corresponding period.

Technology expenses of $A407 million for the half year ended 30 September 2026 increased 5% from $A387 million in the prior corresponding period, mainly to support business growth.

Other operating expenses of $A239 million for the half year ended 30 September 2026 were broadly in line with the prior corresponding period.

[1] Calculations based on average volumes net of offset accounts.

# 2.3 CGM

| | HALF YEAR TO | | | Movement | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | **$Am** | $Am | $Am | *%* | *%* |
| **Net interest and trading income** | | | | | |
| Commodities | **1,111** | 1,272 | 1,134 | *(13)* | *(2)* |
| Foreign exchange, interest rates and credit | **699** | 718 | 641 | *(3)* | *9* |
| Equities | **320** | 248 | 215 | *29* | *49* |
| Asset Finance | **146** | 114 | 61 | *28* | *139* |
| **Net interest and trading income** | **2,276** | 2,352 | 2,051 | *(3)* | *11* |
| **Fee and commission income** | | | | | |
| Brokerage and other trading-related fees | **230** | 204 | 176 | *13* | *31* |
| Other fee and commission income | **209** | 222 | 146 | *(6)* | *43* |
| **Total fee and commission income** | **439** | 426 | 322 | *3* | *36* |
| **Net investment income** | **214** | 1,300 | 66 | *(84)* | *224* |
| **Other operating income and charges** | | | | | |
| Net credit and other impairment charges | **(118)** | (251) | (59) | *(53)* | *100* |
| Net operating lease income | **110** | 251 | 207 | *(56)* | *(47)* |
| Other income/(charges) | **82** | (4) | 32 | * | *156* |
| **Total other operating income and charges** | **74** | (4) | 180 | * | *(59)* |
| **Internal management revenue/(charge)** | **131** | (10) | 4 | * | * |
| **Net operating income** | **3,134** | 4,064 | 2,623 | *(23)* | *19* |
| **Operating expenses** | | | | | |
| Employment expenses | **(365)** | (398) | (385) | *(8)* | *(5)* |
| Brokerage, commission and fee expenses | **(336)** | (263) | (236) | *28* | *42* |
| Other operating expenses | **(809)** | (836) | (926) | *(3)* | *(13)* |
| **Total operating expenses** | **(1,510)** | (1,497) | (1,547) | *1* | *(2)* |
| **Net profit contribution** | **1,624** | 2,567 | 1,076 | *(37)* | *51* |
| **Non-GAAP metrics** | | | | | |
| Headcount | **2,107** | 2,101 | 2,223 | *<1* | *(5)* |

Net profit contribution of $A1,624 million for the half year ended 30 September 2026 increased 51% from $A1,076 million in the prior corresponding period due to:

- higher net interest and trading income across Equities, Asset Finance and Foreign exchange, interest rates and credit
- higher net investment income driven by material gains on sale of assets in Asset Finance.

Partially offset by:

- lower net operating lease income primarily driven by the divestment of the OnStream meters platform in the prior period
- higher net credit impairment charges mainly driven by specific impairments for a small number of counterparties.

# 2.3 CGM

Continued

## Net interest and trading income

Net interest and trading income of $A2,276 million for the half year ended 30 September 2026 increased 11% from $A2,051 million in the prior corresponding period.

## Commodities net interest and trading income

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

Net interest and trading income from commodities of $A1,111 million for the half year ended 30 September 2026 decreased 2% from $A1,134 million in the prior corresponding period.

### (i) Risk management

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

Risk management income decreased from the prior corresponding period mainly due to the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group.

Excluding the transfer, risk management income increased primarily due to higher contributions from the Resources and EMEA APAC Gas, Power and Carbon businesses.

### (ii) Lending and financing

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 increased on the prior corresponding period mainly driven by increased activity across energy sectors.

### (iii) 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.

Inventory management and trading income decreased from the prior corresponding period driven by the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group.

## 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 $A699 million for the half year ended 30 September 2026 increased 9% from $A641 million in the prior corresponding period, reflecting 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 $A320 million for the half year ended 30 September 2026 increased 49% from $A215 million in the prior corresponding period, primarily due to increased client and trading activity.

## Asset Finance net interest and trading income

Net interest and trading income in Asset Finance predominantly relates to net income from the loan and finance lease portfolios (including shipping finance, equipment and technology financing) and the funding costs associated with the operating lease portfolios (including energy, telecommunication and mining assets).

Asset Finance net interest and trading income of $A146 million for the half year ended 30 September 2026 was substantially up from $A61 million in the prior corresponding period, primarily due to reduced funding costs associated with the operating lease portfolio and increased volumes across shipping and technology sectors.

## Fee and commission income

Fee and commission income of $A439 million for the half year ended 30 September 2026 increased 36% from $A322 million in the prior corresponding period, driven by increased volumes in Equities and increased client activity in Futures.

## Net investment income

Net investment income of $A214 million for the half year ended 30 September 2026 was substantially up from $A66 million in the prior corresponding period, primarily driven by material gains on sale of assets in Asset Finance.

## Net credit and other impairment charges

Net credit and other impairment charges of $A118 million for the half year ended 30 September 2026 were substantially up from $A59 million in the prior corresponding period, mainly driven by specific impairments for a small number of counterparties.

## Net operating lease income

Net operating lease income of $A110 million for the half year ended 30 September 2026 decreased 47% from $A207 million in the prior corresponding period, primarily driven by the divestment of the OnStream meters platform in the prior period.

## Other income/(charges)

Other income of $A82 million for the half year ended 30 September 2026 was substantially up from $A32 million in the prior corresponding period, driven by inventory sales in Asset Finance.

## Internal management revenue/ (charge)

Internal management revenue of $A131 million for the half year ended 30 September 2026 was substantially up from $A4 million in the prior corresponding period, driven by asset sales.

## Operating expenses

Total operating expenses of $A1,510 million for the half year ended 30 September 2026 decreased 2% from $A1,547 million in the prior corresponding period.

Employment expenses of $A365 million for the half year ended 30 September 2026 decreased 5% from $A385 million in the prior corresponding period, driven mainly by the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group.

Brokerage, commission and fee expenses of $A336 million for the half year ended 30 September 2026 increased 42% from $A236 million in the prior corresponding period, primarily driven by increased activity in equities markets.

Other operating expenses of $A809 million for the half year ended 30 September 2026 decreased 13% from $A926 million in the prior corresponding period, driven mainly by the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group.

# 2.4 Corporate

| | HALF YEAR TO | | | Movement | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | **$Am** | $Am | $Am | *%* | *%* |
| **Net interest and trading income** | **365** | 307 | 296 | *19* | *23* |
| **Fee and commission income** | **820** | 952 | 775 | *(14)* | *6* |
| **Net investment (losses)/income** | **(11)** | 44 | 2,448 | * | * |
| **Other operating income and charges** | | | | | |
| Net credit and other impairment reversals/(charges) | **1** | (25) | 13 | * | *(92)* |
| Other income | **5** | 43 | 17 | *(88)* | *(71)* |
| **Total other operating income and charges** | **6** | 18 | 30 | *(67)* | *(80)* |
| **Internal management (charge)/revenue** | **(132)** | 10 | (5) | * | * |
| **Net operating income** | **1,048** | 1,331 | 3,544 | *(21)* | *(70)* |
| **Operating expenses** | | | | | |
| Employment expenses | **(1,722)** | (1,958) | (1,627) | *(12)* | *6* |
| Recoveries (net of other operating expenses) | **217** | 157 | 401 | *38* | *(46)* |
| **Total operating expenses** | **(1,505)** | (1,801) | (1,226) | *(16)* | *23* |
| Income tax expense | **(588)** | (572) | (518) | *3* | *14* |
| **Net (loss)/profit contribution** | **(1,045)** | (1,042) | 1,800 | *<1* | * |
| **Non-GAAP metrics** | | | | | |
| Headcount | **8,764** | 8,748 | 8,961 | *<1* | *(2)* |

Net loss contribution of $A1,045 million for the half year ended 30 September 2026 compared to a net profit of $A1,800 million in the prior corresponding period was due to:

- lower net investment income driven by the non-recurrence of the gain on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group.

## 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 $A365 million for the half year ended 30 September 2026 increased 23% from $A296 million in the prior corresponding period, primarily driven by higher earnings on capital.

## Fee and commission income

Fee and commission income in the Corporate segment primarily comprises recoveries from the Non-Bank Group.

Fee and commission income of $A820 million for the half year ended 30 September 2026 increased 6% from $A775 million in the prior corresponding period primarily driven by higher recoveries of the Central Service Group's cost base.

## Net investment (losses)/income

Net investment losses of $A11 million for the half year ended 30 September 2026 compared to net investment income of $A2,448 million in the prior corresponding period, due to the non-recurrence of the gain on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group.

## Internal management (charge)/ revenue

Internal management charge of $A132 million for the half year ended 30 September 2026 was substantially up from $A5 million in the prior corresponding period driven by asset sales.

## 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 $A1,722 million for the half year ended 30 September 2026 increased 6% from $A1,627 million in the prior corresponding period, primarily driven by higher performance-related profit share.

## Recoveries (net of other operating expenses)

Recoveries (net of other operating expenses) 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.

Recoveries (net of other operating expenses) of $A217 million for the half year ended 30 September 2026 decreased 46% from $A401 million in the prior corresponding period, primarily driven by lower central cost recoveries and higher general administrative expenses.

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

# 2.5 Headcount

| | AS AT | | | Movement | |
|---|---|---|---|---|---|
| | **Sep 26** | Mar 26 | Sep 25 | *Mar 26* | *Sep 25* |
| | | | | *%* | *%* |
| **Headcount by Operating Group**[1] | | | | | |
| BFS | **4,325** | 4,252 | 4,132 | *2* | *5* |
| CGM | **2,107** | 2,101 | 2,223 | *<1* | *(5)* |
| Total headcount – Operating Groups | **6,432** | 6,353 | 6,355 | *1* | *1* |
| Total headcount – Corporate | **8,764** | 8,748 | 8,961 | *<1* | *(2)* |
| **Total headcount** | **15,196** | 15,101 | 15,316 | *1* | *(1)* |
| **Headcount by region** | | | | | |
| Australia[2] | **8,765** | 8,671 | 8,587 | *1* | *2* |
| International: | | | | | |
| Americas | **1,356** | 1,404 | 1,585 | *(3)* | *(14)* |
| Asia | **3,564** | 3,497 | 3,485 | *2* | *2* |
| Europe, Middle East and Africa | **1,511** | 1,529 | 1,659 | *(1)* | *(9)* |
| Total headcount – International | **6,431** | 6,430 | 6,729 | *<1* | *(4)* |
| **Total headcount** | **15,196** | 15,101 | 15,316 | *1* | *(1)* |
| International headcount ratio (%) | **42** | 43 | 44 | | |

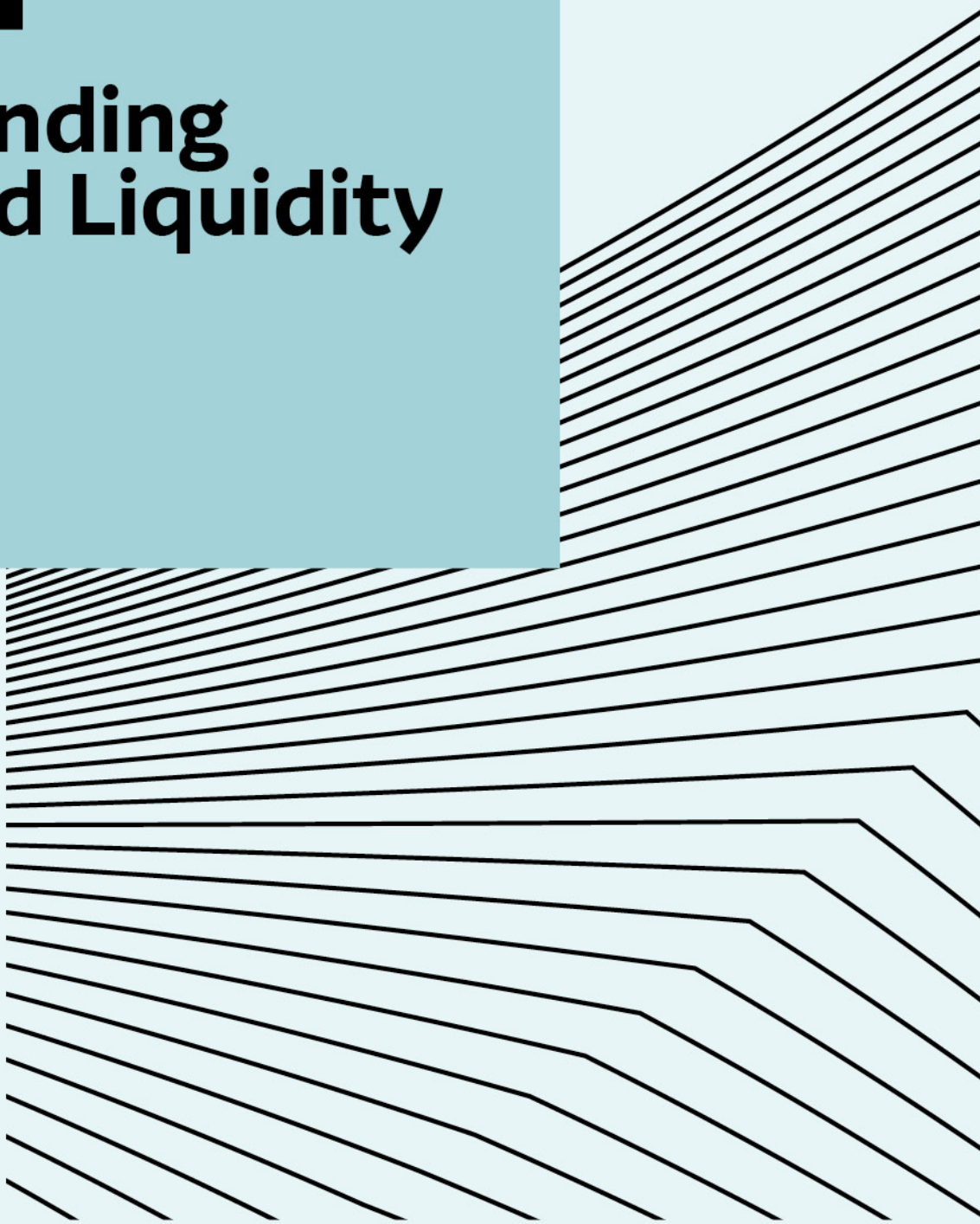
Total headcount of 15,196 as at 30 September 2026 decreased 1% from 15,316 as at 30 September 2025, mainly due to the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group, the divestment of the OnStream meters platform in CGM and from operational efficiency savings enabled through investment in technology and transformation initiatives. This was partially offset by increased headcount in BFS to support business growth.

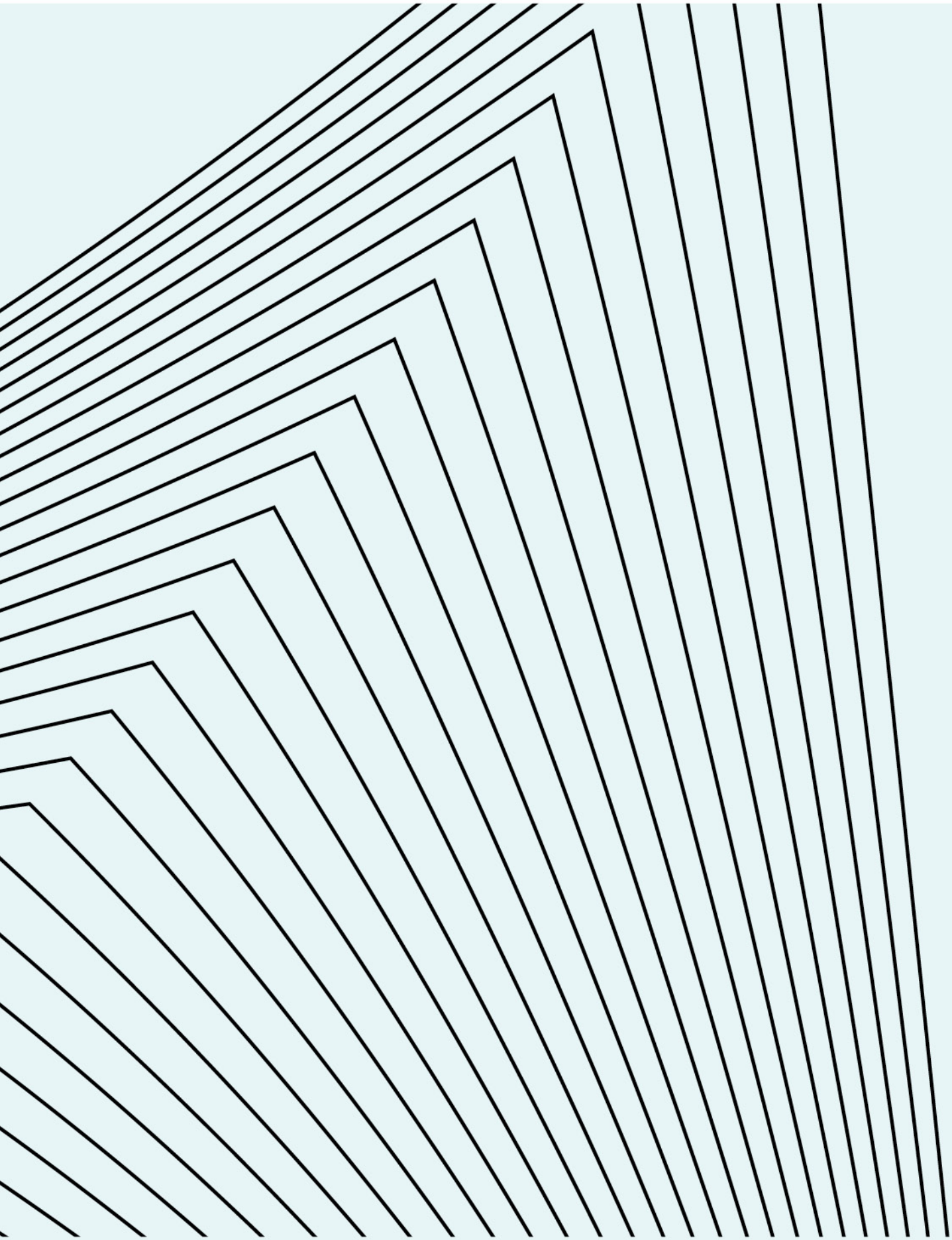
[1] Headcount numbers in this document include staff employed in certain operationally segregated subsidiaries (OSS).
[2] Includes New Zealand.

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# 03

# Funding and Liquidity



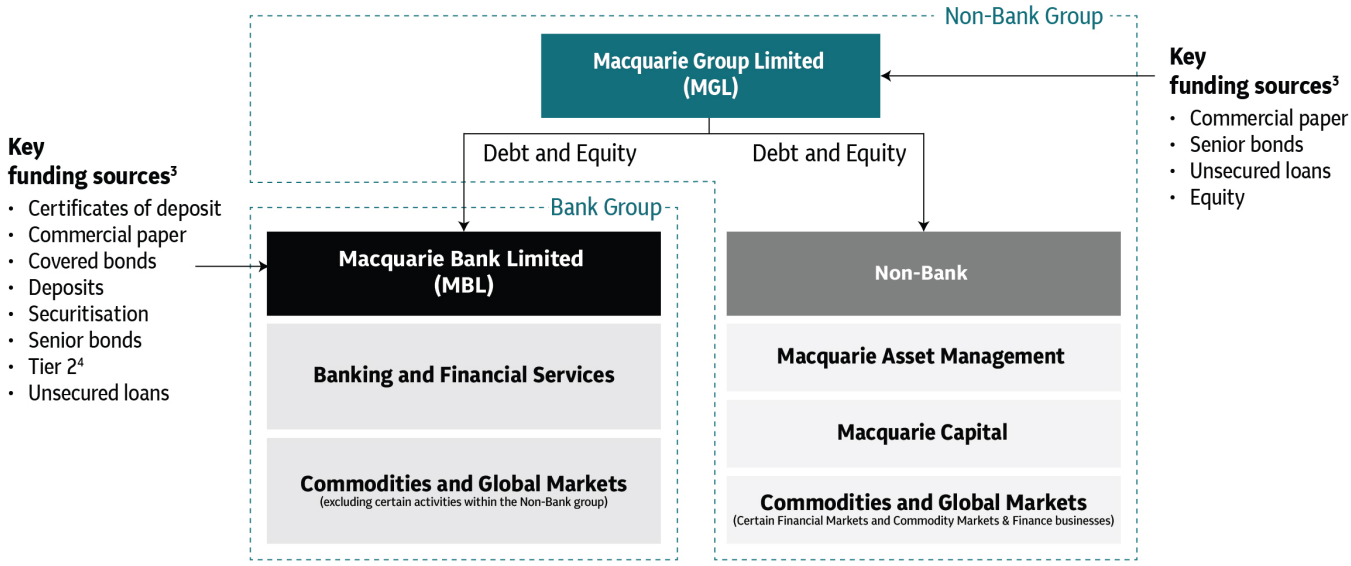


# 3.1 Liquidity Risk Governance and Management Framework

## 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].
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 ALCO, the MBL Board and 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, Group Treasurer 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 ADI and is funded mainly with deposits, long-term liabilities and capital.

[1] The Non-Bank Group comprises MAM, Macquarie Capital and certain activities in the Financial Markets and Commodity Markets and Finance businesses of CGM. MGL is the primary external funding vehicle for the Non-Bank Group.
[2] The Bank Group comprises BFS and CGM (excluding certain activities in the Financial Markets and Commodity Markets and Finance businesses, which are undertaken from within the Non-Bank Group). MBL is the primary external funding vehicle for the Bank Group. MGF and MBE also operate as external funding vehicles for certain subsidiaries within the Bank Group.
[3] Refer to Section 3.4 for breakdowns of total funding sources.
[4] Tier 2 to meet APRA's Loss-Absorbing Capacity (LAC) requirements.

## 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.

# 3.2 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 $A95.8 billion cash and liquid assets as at 30 September 2026 (31 March 2026: $A83.9 billion).

## Funds transfer pricing

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

## Credit ratings[1]

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

## Regulatory liquidity metrics

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

### Liquidity Coverage Ratio

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

Macquarie Bank's three month average LCR to 30 September 2026 was 187% (average based on daily observations)[2]. For a detailed breakdown of Macquarie Bank's LCR, please refer to Macquarie's regulatory disclosures.

### Net Stable Funding Ratio

The NSFR is a twelve month structural funding metric, requiring that available stable funding be sufficient to cover required stable funding, where stable funding has an actual or assumed maturity of greater than twelve months. Macquarie Bank's NSFR as at 30 September 2026 was 116%. For a detailed breakdown of Macquarie Bank's NSFR, please refer to Macquarie's regulatory disclosures.

[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 (NCO) component of the LCR calculation, effective from 1 May 2022. APRA has partially removed the add-on to the NCO component, reducing it from 25% to 15% effective from 5 February 26.

# 3.3 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 30 September 2026.

| | | AS AT | |
|---|---|---|---|
| | | **Sep 26** | Mar 26 |
| | Notes | **$Ab** | $Ab |
| Total assets per the Bank Group's statement of financial position | | **500.5** | 463.1 |
| Netted items: | | | |
| Derivative revaluation | 1 | **(37.6)** | (36.3) |
| Segregated funds | 2 | **(11.0)** | (11.3) |
| Other | 3 | **(7.5)** | (7.2) |
| Intercompany gross-ups | 4 | **(12.1)** | (15.1) |
| Self-funded trading assets | 5 | **(42.5)** | (35.4) |
| **Net funded assets** | | **389.8** | 357.8 |

## 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 presented net in the funded balance sheet.

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 32 *Offsetting financial assets and financial liabilities* in the Annual Report.

# 3.4 Funding Profile

## Funded balance sheet

| | Notes | AS AT Sep 26 $Ab | Mar 26 $Ab |
|---|---|---|---|
| **Funding sources** | | | |
| Commercial paper and certificates of deposit | 1 | **43.5** | 41.8 |
| Structured notes | 2 | **0.9** | 0.7 |
| Secured funding | 3 | | |
| Securitisation | | **10.4** | 9.9 |
| Other secured funding | | **5.9** | 4.3 |
| Bonds | 4 | **28.3** | 27.4 |
| Unsecured loans | 5 | **10.9** | 10.3 |
| Deposits | 6 | **244.2** | 221.5 |
| Hybrids and Tier 2 | 7 | **16.2** | 14.1 |
| Equity | 8 | **24.9** | 24.6 |
| Other | 9 | **4.6** | 3.2 |
| **Total** | | **389.8** | 357.8 |
| **Funded assets** | | | |
| Cash and liquid assets | 10 | **95.8** | 83.9 |
| Net trading assets | 11 | **44.6** | 48.4 |
| Loan assets less than one year | 12 | **9.6** | 12.9 |
| Home loans | 13 | **200.0** | 183.0 |
| Loan assets greater than one year | 12 | **35.5** | 30.3 |
| Debt investments | 14 | **5.5** | 4.3 |
| Non-Bank Group balances with the Bank Group | | **(6.1)** | (10.2) |
| Equity investments | 15 | **0.4** | 0.4 |
| Property, plant and equipment and intangibles | | **4.5** | 4.8 |
| **Total** | | **389.8** | 357.8 |

See section 3.5 for Notes 1-15.

# 3.4 Funding Profile

Continued

## Term funding initiatives

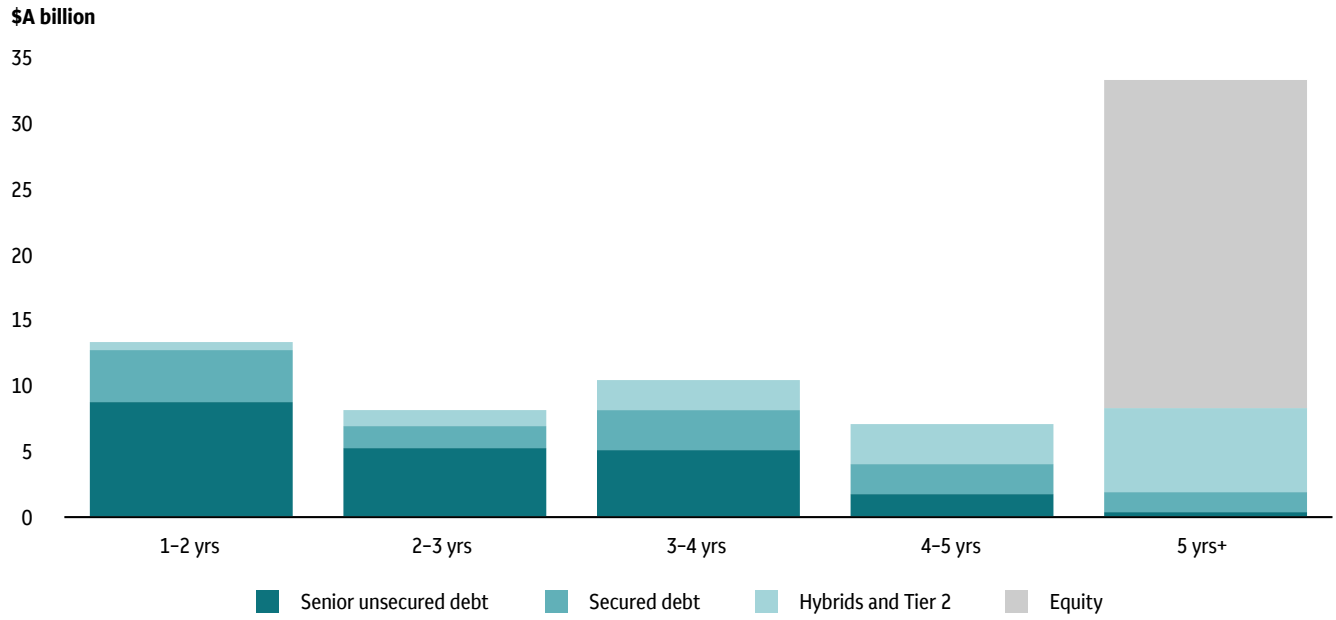
The Bank Group has a liability-driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Macquarie continues to develop its presence across different funding markets and products, raising $A13.7 billion[1] of term funding from 1 April 2026 to 30 September 2026:

| | | Bank Group<br>$Ab |
|---|---|---|
| Issued paper | - Senior unsecured | 6.4 |
| Secured funding | - Term securitisation, covered bond and secured facilities | 3.3 |
| Loan capital | - Tier 2 | 3.2 |
| Loan facilities | - Unsecured loan facilities | 0.8 |
| **Total** | | **13.7** |

[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.

# Term funding profile

## Detail of drawn funding maturing beyond one year




| | AS AT SEP 26 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | 0.1 | 0.2 | **0.7** |
| Bonds | 7.6 | 4.2 | 2.5 | 1.6 | 0.1 | **16.0** |
| Unsecured loans | 0.9 | 0.8 | 2.3 | – | – | **4.0** |
| **Senior unsecured debt** | **8.6** | **5.1** | **5.0** | **1.7** | **0.3** | **20.7** |
| Securitisation[1] | 2.6 | 1.7 | 1.5 | 0.9 | 1.5 | **8.2** |
| Other secured funding | 1.4 | – | 1.6 | 1.4 | – | **4.4** |
| **Secured debt** | **4.0** | **1.7** | **3.1** | **2.3** | **1.5** | **12.6** |
| Hybrids[2] | 0.7 | – | – | – | – | **0.7** |
| Tier 2[2] | – | 1.3 | 2.2 | 3.0 | 6.4 | **12.9** |
| **Hybrids and Tier 2** | **0.7** | **1.3** | **2.2** | **3.0** | **6.4** | **13.6** |
| Equity | – | – | – | – | 24.9 | **24.9** |
| **Total term funding sources drawn** | **13.3** | **8.1** | **10.3** | **7.0** | **33.1** | **71.8** |
| Undrawn[3] | 0.3 | 0.2 | 0.2 | 0.1 | 0.2 | **1.0** |
| **Total term funding sources drawn and undrawn** | **13.6** | **8.3** | **10.5** | **7.1** | **33.3** | **72.8** |

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 3.8 years as at 30 September 2026.

As at 30 September 2026, in addition to drawn term funding in the table above, deposits represented $A244.2 billion (63% of the Bank Group's total funding), commercial paper and certificates of deposit represented $A43.5 billion (11% of total funding), debt <1 year represented $A24.0 billion (6% of total funding), hybrids with first call date <1 year represented $A1.7 billion and other represented $A4.6 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 securitisation which are profiled using a behavioural maturity profile and subject to eligible collateral being available.

# 3.4 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 $US12.2 billion of debt securities were outstanding as at 30 September 2026
- $US25 billion MBL Commercial Paper Program under which $US20.7 billion of debt securities were outstanding as at 30 September 2026
- $US25 billion US Rule 144A/Regulation S Medium-Term Note Program, including senior and Tier 2 notes, under which $US12.7 billion of debt securities were outstanding as at 30 September 2026
- $US10 billion European Commercial Paper Programme, including Euro Commercial Paper and Euro Certificates of Deposit, under which $US7.1 billion of debt securities were outstanding as at 30 September 2026
- $A15 billion Covered Bond Programme under which $A3.2 billion of debt securities were outstanding as at 30 September 2026
- $A10 billion Regulation S Tier 2 Notes Debt Programme under which $A6.4 billion of debt securities were outstanding as at 30 September 2026
- $A10.4 billion of external securitisation of which $A10.4 billion PUMA RMBS was drawn as at 30 September 2026
- $US5 billion Structured Note Programme under which $US0.6 billion of structured notes were outstanding as at 30 September 2026
- $A4.8 billion[2] of Unsecured Loan Facilities of which $A4.7 billion was drawn as at 30 September 2026
- $A0.9 billion of other Tier 2 unsecured debt outstanding as at 30 September 2026; and
- $US0.4 billion[3] Secured Trade Finance Facility of which $US0.3 billion was drawn as at 30 September 2026.

Macquarie Bank accesses the Australian capital markets through the issuance of Negotiable Certificates of Deposit. As at 30 September 2026, Macquarie Bank had $A3.4 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 MGF and MBE. Values are Australian dollar equivalents as at 30 September 2026.
[3] Values are US dollar equivalents as at 30 September 2026.

## Deposit strategy

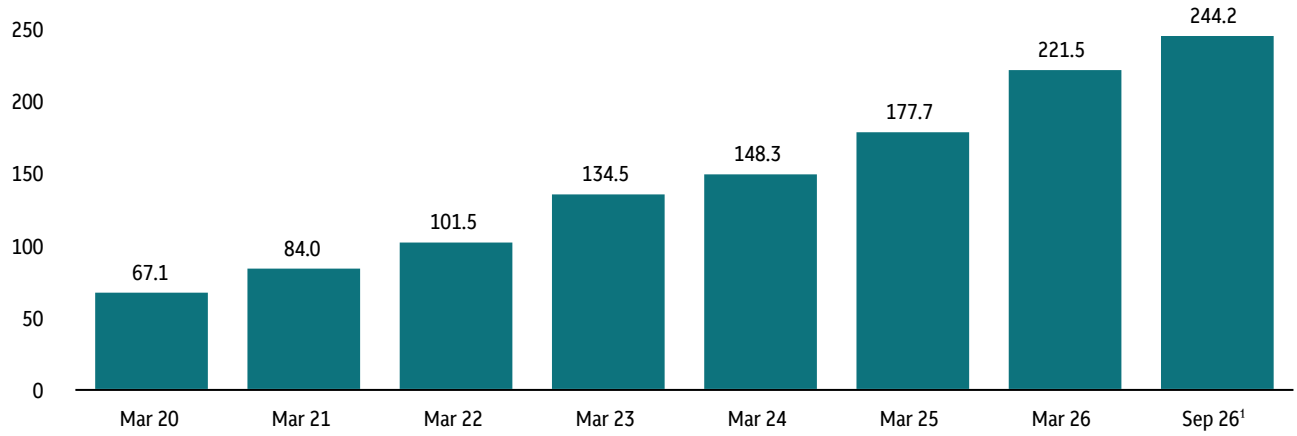
MBL continues to pursue a deposit strategy that is consistent with the core liquidity management strategy of achieving diversity and stability of funding sources. The strategy is focused on growing the BFS deposit base, which represents a stable and reliable source of funding and reduces Macquarie's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

In particular, MBL is focused on the quality and diversification of the deposit base, targeting transactional, savings 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 2020.

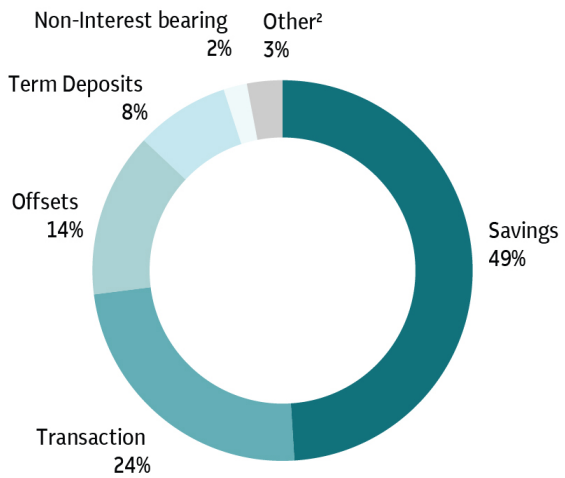
### Deposits

**$A billion**

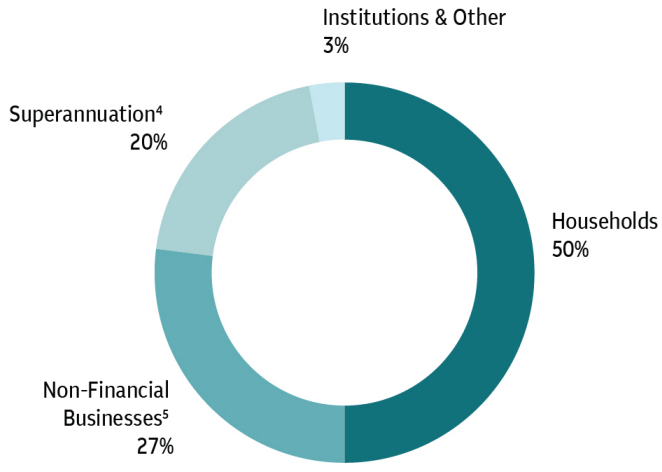



## Composition of deposits

### By Type[1]




### By Counterparty[3]




[1] Total deposits include BFS deposits of $A236.2 billion and $A8.0 billion of corporate/wholesale deposits, including those taken by MBE as at 30 September 2026.
[2] Includes corporate/wholesale deposits.
[3] As at 30 September 2026 for Total Residents Deposits on Australian books per APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS).
[4] Predominantly Self-Managed Super Funds.
[5] Predominantly Private Enterprises and Trusts.

# 3.5 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 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 Tier 2

Includes Additional Tier 1 and Tier 2 to meet APRA's Loss-Absorbing Capacity (LAC) requirements.

## 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 1.1 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

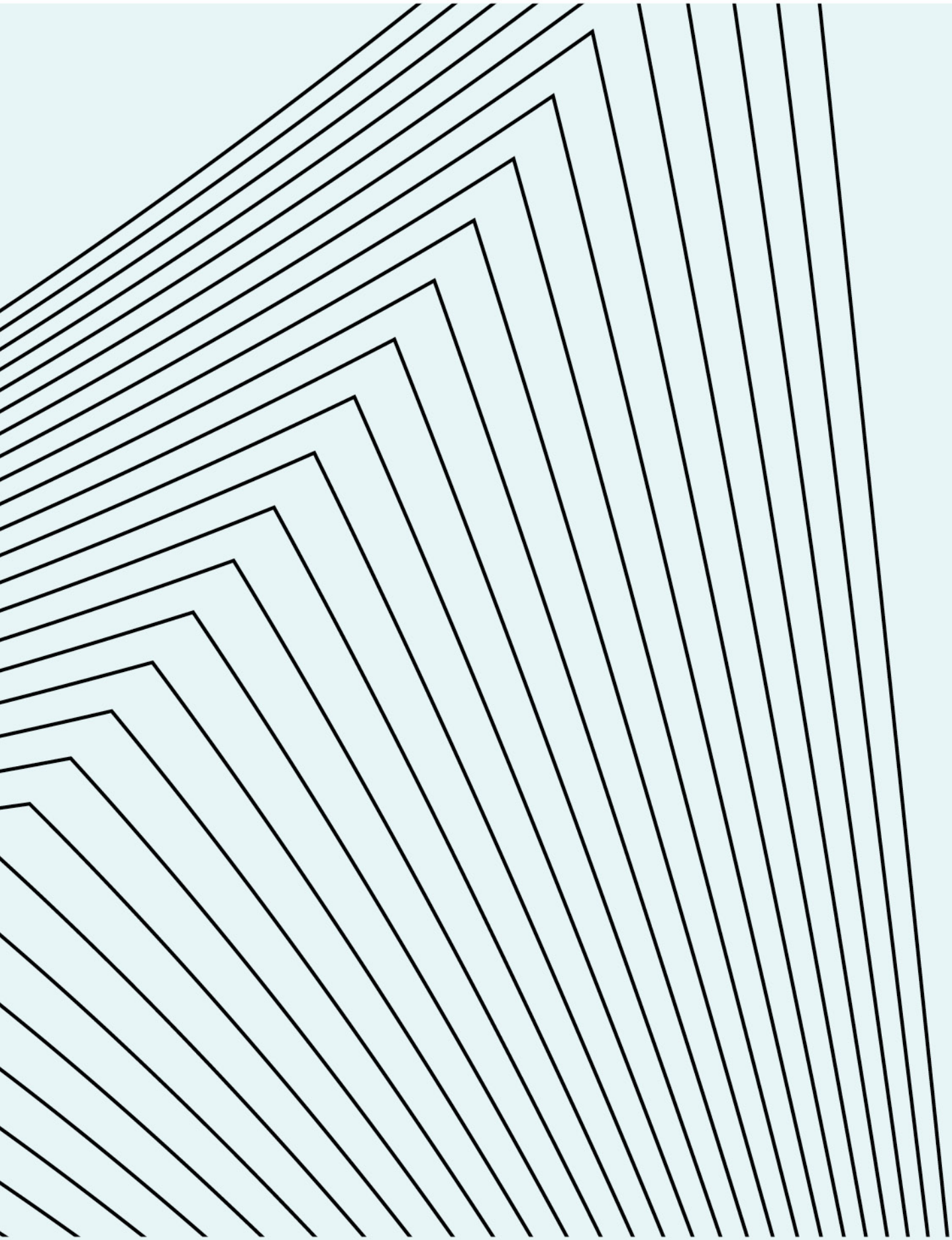
These include equity investments at fair value, interests in associates and joint ventures including investments in Macquarie-managed funds and other assets classified as held for sale.

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# 04

# Capital





# 4.1 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 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 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.

## 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 assesses the payment of dividends to MGL. MGL may inject capital into MBL, for example to support projected growth in capital requirements.

## Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 30 September 2026 consists of MACS, BCN2 and BCN3.

On 4 December 2025, APRA finalised the consequential amendments to the ADI prudential standards to phase out Additional Tier 1 capital instruments as eligible regulatory capital. Large, internationally active banks such as MBL will be permitted to replace the current 1.5% requirement with an additional 0.25% of Common Equity Tier 1 capital and 1.25% of Tier 2 capital.

The changes will take effect from 1 January 2027, with transitional arrangements applying to existing instruments until 1 January 2032.

[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 therefore impacts shown are indicative only.

# Bank Group Basel III Tier 1 Capital

| | AS AT SEP 26 | | AS AT MAR 26 | | 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 | **10,285** | **10,285** | 10,264 | 10,264 | – | – |
| Retained earnings | **14,134** | **13,845** | 13,849 | 13,580 | *2* | *2* |
| Reserves | **684** | **684** | 731 | 731 | *(6)* | *(6)* |
| **Gross Common Equity Tier 1 capital** | **25,103** | **24,814** | 24,844 | 24,575 | *1* | *1* |
| **Regulatory adjustments to Common Equity Tier 1 capital:** | | | | | | |
| Other intangible assets | **13** | **13** | 15 | 15 | *(13)* | *(13)* |
| Deferred tax assets | **1,076** | **11** | 1,122 | 13 | *(4)* | *(15)* |
| Net other fair value adjustments | **50** | **50** | 53 | 53 | *(6)* | *(6)* |
| Capitalised expenses | **1,086** | **–** | 1,004 | – | *8* | – |
| Shortfall in provisions for credit losses | **434** | **313** | 391 | 199 | *11* | *57* |
| Equity exposures | **704** | **–** | 789 | – | *(11)* | – |
| Other Common Equity Tier 1 capital deductions | **120** | **31** | 100 | 5 | *20* | * |
| Total Common Equity Tier 1 capital deductions | **3,483** | **418** | 3,474 | 285 | – | *47* |
| **Net Common Equity Tier 1 capital** | **21,620** | **24,396** | 21,370 | 24,290 | *1* | – |
| **Additional Tier 1 capital** | | | | | | |
| Additional Tier 1 capital instruments | **2,376** | **2,376** | 2,384 | 2,384 | – | – |
| **Gross Additional Tier 1 capital** | **2,376** | **2,376** | 2,384 | 2,384 | – | – |
| Deduction from Additional Tier 1 capital | **–** | **–** | – | – | – | – |
| **Net Additional Tier 1 capital** | **2,376** | **2,376** | 2,384 | 2,384 | – | – |
| **Total Net Tier 1 capital** | **23,996** | **26,772** | 23,754 | 26,674 | *1* | – |

# 4.1 Bank Group Capital

Continued

## Bank Group Basel III RWA

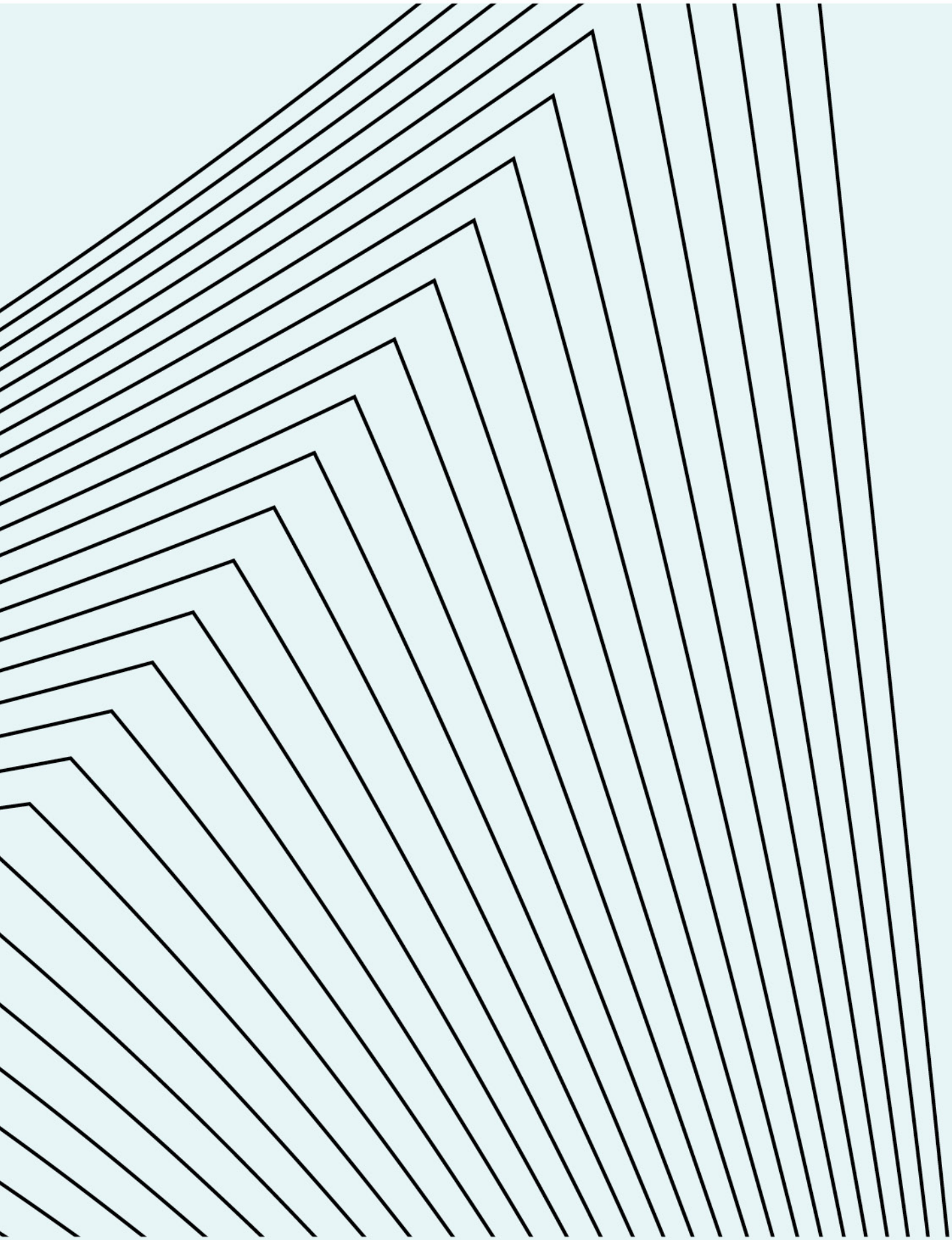
| | AS AT SEP 26 | | AS AT MAR 26 | | MOVEMENT | |
|---|---|---|---|---|---|---|
| | **APRA Basel III** | **Harmonised Basel III** | APRA Basel III | Harmonised Basel III | *APRA Basel III* | *Harmonised Basel III* |
| | **$Am** | **$Am** | $Am | $Am | *%* | *%* |
| Credit risk (excluding counterparty credit risk) | **94,147** | **69,519** | 90,015 | 68,285 | *5* | *2* |
| Counterparty credit risk | **42,670** | **37,359** | 43,321 | 36,483 | *(2)* | *2* |
| Credit risk RWA for securitisation exposures | **1,360** | **2,368** | 1,191 | 2,229 | *14* | *6* |
| Equity risk | **–** | **1,759** | – | 1,973 | – | *(11)* |
| Market risk | **7,636** | **7,636** | 10,540 | 10,540 | *(28)* | *(28)* |
| Interest rate risk in the banking book | **1,902** | **–** | 2,040 | – | *(7)* | – |
| Operational risk | **20,181** | **19,112** | 20,181 | 19,112 | – | – |
| **Total Bank Group RWA** | **167,896** | **137,753** | 167,288 | 138,622 | – | *(1)* |
| **Capital Ratios** | | | | | | |
| Bank Group Level 2 Common Equity Tier 1 capital ratio (%) | **12.9** | **17.7** | 12.8 | 17.5 | | |
| Bank Group Level 2 Tier 1 capital ratio (%) | **14.3** | **19.4** | 14.2 | 19.2 | | |

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# 05

# Glossary





# 5.1 Glossary

| Defined term | Definition |
|---|---|
| 1H26 | The six months ended 30 September 2025. |
| 2H26 | The six months ended 31 March 2026. |
| 1H27 | The six months ended 30 September 2026. |
| **A** | |
| AASB | Australian Accounting Standards Board. |
| 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:<br>• provide a permanent and unrestricted commitment of funds;<br>• are freely available to absorb losses;<br>• rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer; and<br>• 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. |
| APAC | Asia-Pacific. |
| 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. |
| 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 2026, 21 March 2027 or 21 June 2027 (subject to certain conditions being satisfied) or earlier in specified circumstances.<br>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.<br>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). |
| BFS | Banking and Financial Services. |
| BFS deposits | BFS deposits are deposits by counterparties including individuals, self-managed super funds, and small-medium businesses.<br>Deposit products include Cash Management Account, Term Deposits, Regulated Trust Accounts, and Transaction Accounts. |

| Defined term | Definition |
|---|---|
| **C** | |
| Central Service Groups | The Central Service Groups consist of the Corporate Operations Group, Financial Management, People and Engagement, 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:<br>• provide a permanent and unrestricted commitment of funds;<br>• are freely available to absorb losses;<br>• do not impose any unavoidable servicing charge against earnings; and<br>• rank behind the claims of depositors and other creditors in the event of winding up.<br>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** | |
| 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. |
| EMEA | Europe, the Middle East, and Africa. |
| **F** | |
| Financial Report | Macquarie Bank Limited Interim Financial Report. |
| FVTPL | Fair value through profit or loss. |
| **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), as well as staff employed in certain operationally segregated subsidiaries (OSS). Macquarie's non-executive directors are not included. |
| HQLA | High-quality liquid assets. |
| **I** | |
| IRRBB | Interest Rate Risk in the Banking Book. |
| **L** | |
| LCR | Liquidity Coverage Ratio. |
| **M** | |
| Macquarie Bank, the Consolidated Entity | Macquarie Bank Limited and its subsidiaries. |
| Macquarie Group | MGL and its subsidiaries. |
| MACS | On 8 March 2017, MBL, acting through its London Branch, issued $US750 million of Macquarie Additional Capital Securities (MACS). MACS are subordinated, unsecured notes that pay discretionary, non-cumulative, semi-annual fixed rate cash distributions.<br>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. |
| MBL, the Company | Macquarie Bank Limited ABN 46 008 583 542. |
| MEREP | Macquarie Group Employee Retained Equity Plan. |
| MFL | Macquarie Financial Limited. |
| MGF | Macquarie Global Finance Pty Limited. |
| MGL | Macquarie Group Limited ABN 94 122 169 279. |

# 5.1 Glossary

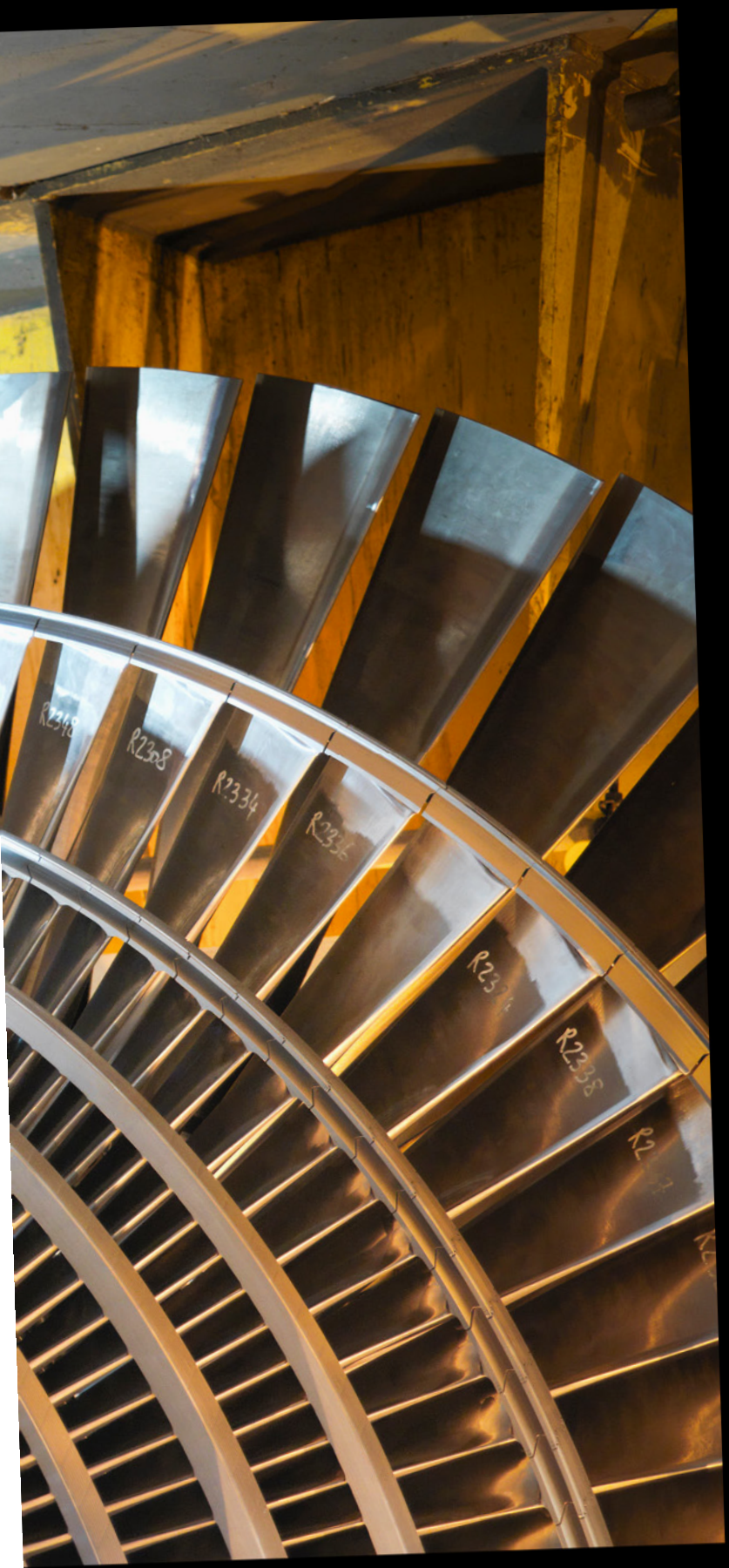
Continued

| Defined term | Definition |
|---|---|
| **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 profit contribution (NPC) | Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. |
| 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, MIFL and its subsidiaries and MAMHPL and its subsidiaries. |
| Non-GAAP metrics | Non-GAAP metrics include financial measures, ratios and other information that are neither required nor defined under Australian Accounting Standards. |
| NSFR | Net Stable Funding Ratio. |
| **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. |
| **T** | |
| Tier 1 Capital | Tier 1 Capital comprises of (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital. |
| Tier 1 Capital Deductions | Tier 1 Capital Deductions comprises of (i) Common Equity Tier 1 Capital Deductions; and (ii) Additional Tier 1 Capital Deductions. |
| Tier 1 Capital Ratio | Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA. |
| **U** | |
| US | The United States of America. |

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