

2026 Management Discussion and Analysis

Macquarie Bank | Half year ended 30 September 2025



Notice to readers

The purpose of this report is to provide information supplementary to the Macquarie Bank Limited Disclosure Report (U.S. Version) for the half year ended 30 September 2025 and the Financial Report within the Macquarie Bank Limited Interim Financial Report (the Financial Report) for the half year ended 30 September 2025, including further detail in relation to key elements of Macquarie Bank Limited and its subsidiaries' (Macquarie Bank, the Consolidated Entity) financial performance and financial position. The report also outlines the funding and capital profile of the Consolidated Entity. Certain financial information in this report is prepared on a different basis to that contained in the Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this report does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

Date of this report

This report has been prepared for the half year ended 30 September 2025 and is current as at 7 November 2025.

Cover image

Shipping Finance, Global

Commodities and Global Markets' Shipping Finance business strengthened its position as a global shipping loan provider, with its loan book surpassing \$US2 billion since launch in 2017. With deep sector expertise and an innovative approach to supporting clients, its team of specialist asset finance professionals and maritime experts have financed more than 600 vessels globally.



Explanatory notes

Comparative information and conventions

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

References to the prior corresponding period (pcp) are to the six months ended 30 September 2024.

References to the prior period are to the six months ended 31 March 2025.

References to the current period and current half year are to the six months ended 30 September 2025.

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

Independent Auditor’s Review Report

This document should be read in conjunction with the Financial Report for the half year ended 30 September 2025, which was subject to independent review by PricewaterhouseCoopers.

PricewaterhouseCoopers’ independent auditor’s review report to the members of Macquarie Bank Limited dated 7 November 2025 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”, the Company) 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.

This document may contain forward looking statements – that is, statements related to future, not past, events or other matters – including, without limitation, statements regarding our intent, belief or current expectations with respect to Macquarie’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, provisions for impairments and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements or to otherwise update any forward looking statements, whether as a result of new information, future events or otherwise, after the date of this document. Actual results may vary in a materially positive or negative manner. Forward looking statements and hypothetical examples are subject to uncertainty and contingencies outside Macquarie’s control. Past performance is not a reliable indication of future performance.

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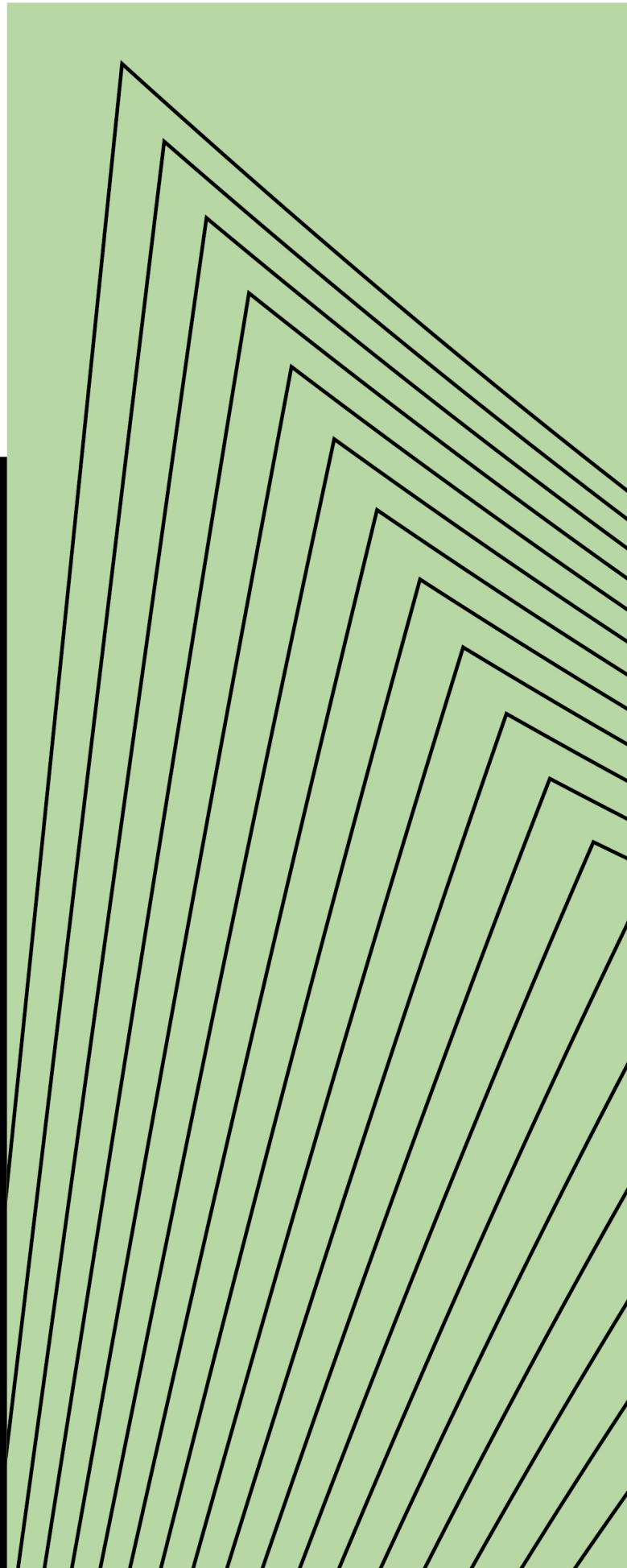
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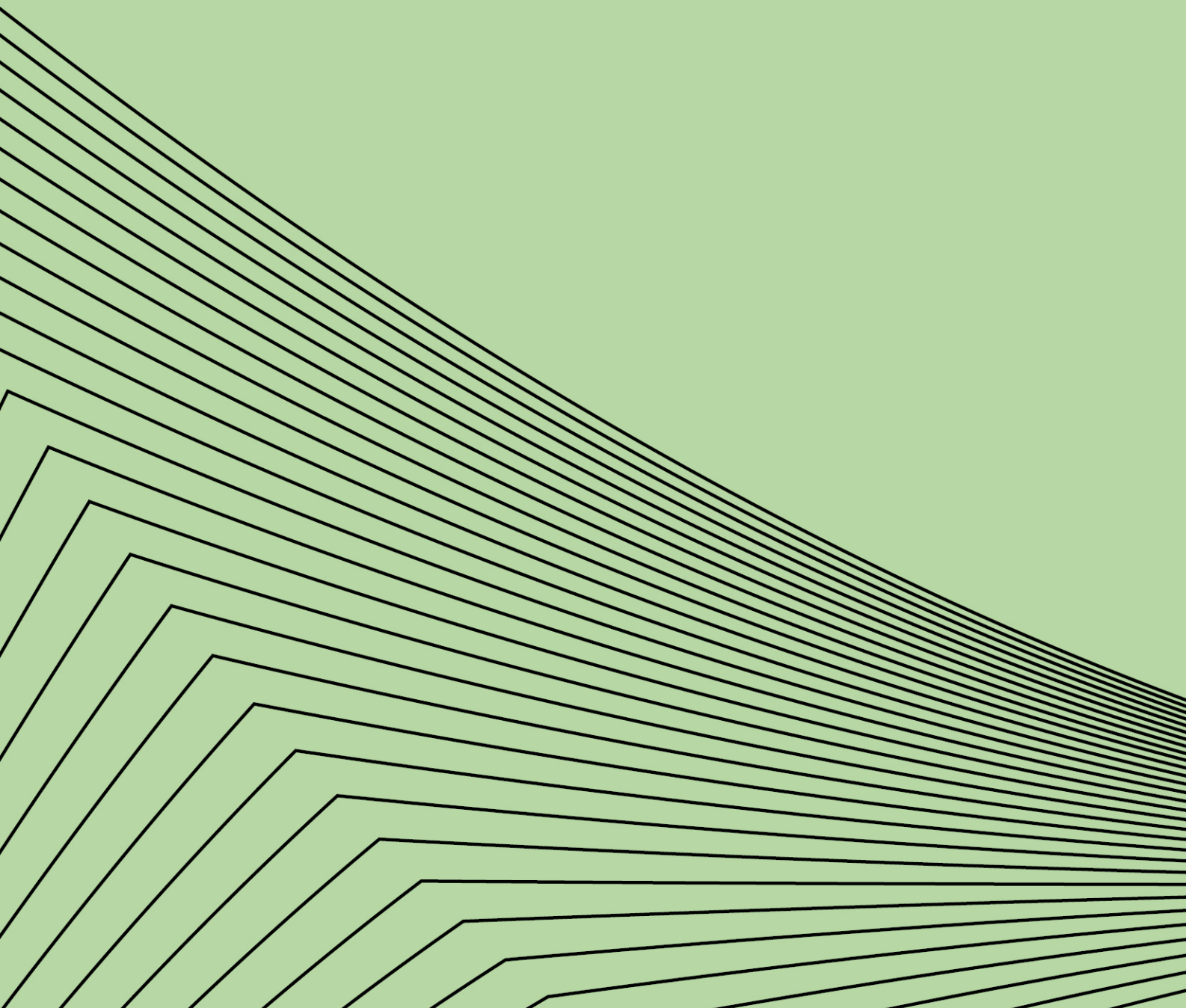
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01

Results Overview





1.1 Executive Summary

1H26 net profit

\$A3,669m

↑ 215% on pcip

1H26 net operating income

\$A7,925m

↑ 44% on pcip

1H26 operating expenses

\$A3,738m

↓ 1% on pcip

1H26 net profit contribution¹ by Operating Group

Summary of the Operating Groups' performance for the half year ended 30 September 2025.

Banking and Financial Services (BFS)

\$A793m

↑ 22% on pcip due to

- higher net interest income mainly driven by growth in the average loan and deposit portfolios, partially offset by margin compression reflecting ongoing lending and deposit competition, and changes in portfolio mix
- higher fee and commission income mainly due to growth in BFS deposits and the loan portfolio.

Partially offset by:

- higher operating expenses reflecting increased technology expenses to support business growth and scalable operations, partially offset by lower average headcount driven by digitalisation and operational improvements.

Commodities and Global Markets (CGM)

\$A1,076m

↓ 18% on pcip due to

- lower Commodities net interest and trading income mainly driven by the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group
- higher operating expenses mainly driven by increased investment in the CGM platform, remediation-related spend and significant transaction-related costs
- higher credit and other impairment charges driven by the impact of increased expected credit losses due to growth in Financial Markets exposures and credit deterioration of a small number of exposures.

Partially offset by:

- higher net interest and trading income across Foreign exchange, interest rates and credit, Equities, and Asset Finance.

Corporate

\$A1,800m

↑ substantially on pcip due to

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

¹ Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Profit attributable to the ordinary equity holder

\$A3,669m

↑ 215% on pcip

	HALF YEAR TO			MOVEMENT	
	Sep 25 \$Am	Mar 25 \$Am	Sep 24 \$Am	Mar 25 %	Sep 24 %
Financial Performance Summary					
Net interest income	1,769	1,661	1,570	7	13
Net trading income	2,034	2,637	2,388	(23)	(15)
Net interest and trading income	3,803	4,298	3,958	(12)	(4)
Fee and commission income	1,426	1,344	1,266	6	13
Net credit impairment (charges)/reversals	(71)	(97)	(13)	(27)	*
Net other impairment (charges)/reversals	1	(19)	(21)	*	*
Net other operating income					
Net investment income	2,491	630	(6)	295	*
Net operating lease income	209	207	213	1	(2)
Net other income	66	68	92	(3)	(28)
Net other operating income	2,766	905	299	206	*
Net operating income	7,925	6,431	5,489	23	44
Compensation expenses	(2,247)	(2,244)	(2,313)	<1	(3)
Other employment expenses	(141)	(116)	(138)	22	2
Employment expenses	(2,388)	(2,360)	(2,451)	1	(3)
Brokerage, commission and fee expenses	(331)	(325)	(319)	2	4
Non-salary technology expenses	(496)	(502)	(459)	(1)	8
Other operating expenses	(523)	(509)	(554)	3	(6)
Total operating expenses	(3,738)	(3,696)	(3,783)	1	(1)
Operating profit before income tax	4,187	2,735	1,706	53	145
Income tax expense	(518)	(456)	(540)	14	(4)
Profit attributable to ordinary equity holder of Macquarie Bank Limited	3,669	2,279	1,166	61	215
Key Metrics					
Expense to income ratio (%)	47.2	57.5	68.9		
Effective tax rate (%)	12.4	16.7	31.7		

1.1 Executive Summary

Continued

Net operating income

Net operating income of \$A7,925 million for the half year ended 30 September 2025 increased 44% from \$A5,489 million in the prior corresponding period. This increase was mainly driven by higher net other operating income and fee and commission income, partially offset by lower net interest and trading income and higher credit and other impairment charges.

Net interest and trading income

HALF YEAR TO			↓4% on pc
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
3,803	4,298	3,958	

Largely driven by:

- lower Commodities income driven by transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group and lower lending and financing activity in Global Oil.

Partially offset by:

- higher net interest income due to growth in the average loan and deposit portfolios, partially offset by margin compression and changes in portfolio mix, in BFS.

Credit and other impairment charges

HALF YEAR TO			↑106% on pc
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
(70)	(116)	(34)	

Largely driven by:

- higher expected credit losses due to growth in Financial Markets exposures and credit deterioration of a small number of exposures, in CGM.

Fee and commission income

HALF YEAR TO			↑13% on pc
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
1,426	1,344	1,266	

Largely driven by:

- higher recoveries of the Central Service Group's cost base from the Non-Bank Group
- increased client activity in Futures, in CGM.

Net other operating income

HALF YEAR TO			↑ substantially on pc
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
2,766	905	299	

Largely driven by:

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

Operating expenses

Total operating expenses of \$A3,738 million for the half year ended 30 September 2025 was broadly in line with the prior corresponding period, with increases in non-salary technology expenses and brokerage, commission and fee expenses offset by lower employment and other operating expenses.

Employment expenses

HALF YEAR TO			↓3% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
2,388	2,360	2,451	

Largely driven by:

- lower performance-related profit share
- lower salary and related expenses from lower average headcount.

Partially offset by:

- wage inflation.

Non-salary technology expenses

HALF YEAR TO			↑8% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
496	502	459	

Largely driven by:

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

Brokerage, commission and fee expenses

HALF YEAR TO			↑4% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
331	325	319	

Largely driven by:

- higher brokerage expenses in BFS and CGM.

Other operating expenses

HALF YEAR TO			↓6% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
523	509	554	

Largely driven by:

- release of provisions related to specific legal matters.

Partially offset by

- increased remediation-related spend and significant transaction-related costs.

Income tax expense and Effective tax rate

Income tax expense

HALF YEAR TO			↓4% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
\$Am	\$Am	\$Am	
518	456	540	

Effective tax rate

HALF YEAR TO			↓19.3% on pcp
30 Sep 25	31 Mar 25	30 Sep 24	
%	%	%	
12.4	16.7	31.7	

The movement was largely driven by the non-assessable gain recognised on the transfer of CGM's North American Power, Gas and Emissions business to the Non-Bank Group.

1.1 Executive Summary

Continued

Statement of Financial Position

	AS AT			MOVEMENT	
	Sep 25 \$Ab	Mar 25 \$Ab	Sep 24 \$Ab	Mar 25 %	Sep 24 %
Assets					
Cash and bank balances	20.0	22.3	15.9	(10)	26
Cash collateralised lending and reverse repurchase agreements	66.1	60.2	61.9	10	7
Trading assets	41.4	29.7	28.3	39	46
Margin money and settlement assets	18.0	20.1	16.0	(10)	13
Derivative assets	24.1	23.9	23.5	1	3
Financial investments	19.7	17.0	15.0	16	31
Held for sale assets	1.6	-	-	*	*
Other assets	6.0	7.2	6.8	(17)	(12)
Loan assets	199.8	181.4	166.2	10	20
Due from other Macquarie Group entities	5.8	6.3	4.7	(8)	23
Property, plant and equipment and right-of-use assets	5.5	6.0	6.0	(8)	(8)
Deferred tax assets	0.9	1.1	1.0	(18)	(10)
Total assets	408.9	375.2	345.3	9	18
Liabilities					
Deposits	198.8	177.7	158.4	12	26
Cash collateralised borrowing and repurchase agreements	7.8	4.7	3.1	66	152
Trading liabilities	11.2	5.8	5.0	93	124
Margin money and settlement liabilities	20.8	23.6	22.5	(12)	(8)
Derivative liabilities	22.7	23.2	22.1	(2)	3
Other liabilities	7.5	9.9	8.7	(24)	(14)
Due to other Macquarie Group entities	13.4	9.0	9.5	49	41
Issued debt securities and other borrowings	90.8	85.8	82.9	6	10
Total liabilities excluding loan capital	373.0	339.7	312.2	10	19
Loan capital	13.2	12.5	12.0	6	10
Total liabilities	386.2	352.2	324.2	10	19
Net assets	22.7	23.0	21.1	(1)	8
Equity					
Contributed equity	10.3	10.2	10.2	1	1
Reserves	1.1	1.6	0.9	(31)	22
Retained earnings	11.3	11.2	10.0	1	13
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited	22.7	23.0	21.1	(1)	8
Total equity	22.7	23.0	21.1	(1)	8

Statement of financial position

The Consolidated Entity's Statement of financial position was impacted during the half year ended 30 September 2025 by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

Assets

Total assets of \$A408.9 billion as at 30 September 2025 increased 9% from \$A375.2 billion as at 31 March 2025.

The principal drivers for the increase were as follows:

- loan assets of \$A199.8 billion as at 30 September 2025 increased 10% from \$A181.4 billion as at 31 March 2025, driven by volume growth in BFS home loans
- trading assets of \$A41.4 billion as at 30 September 2025 increased 39% from \$A29.7 billion as at 31 March 2025, driven by an increase in holdings of listed equity securities, in CGM
- cash collateralised lending and reverse repurchase agreements of \$A66.1 billion as at 30 September 2025 increased 10% from \$A60.2 billion as at 31 March 2025, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management and higher trading activity, in CGM
- financial investments of \$A19.7 billion as at 30 September 2025 increased 16% from \$A17.0 billion as at 31 March 2025, driven by an increase in holdings of debt securities as part of Group Treasury's liquid asset portfolio management.

These increases are partially offset by:

- cash and bank balances of \$A20.0 billion as at 30 September 2025 decreased 10% from \$A22.3 billion as at 31 March 2025, driven by a reduction in the overnight deposit held with the RBA as part of Group Treasury's liquid asset portfolio management
- margin money and settlement assets of \$A18.0 billion as at 30 September 2025 decreased 10% from \$A20.1 billion as at 31 March 2025, driven by reduced margin money, in CGM.
- other assets of \$A6.0 billion as at 30 September 2025 decreased 17% from \$A7.2 billion as at 31 March 2025, due to settlements of commodity-related receivables, in CGM.

Liabilities

Total liabilities of \$A386.2 billion as at 30 September 2025 increased 10% from \$A352.2 billion as at 31 March 2025.

The principal drivers for the increase were as follows:

- deposits of \$A198.8 billion as at 30 September 2025 increased 12% from \$A177.7 billion as at 31 March 2025, driven by volume growth in deposits, in BFS
- issued debt securities and other borrowings of \$A90.8 billion as at 30 September 2025 increased 6% from \$A85.8 billion as at 31 March 2025, driven by the net issuance of commercial paper, certificates of deposit and borrowings, in Group Treasury
- trading liabilities of \$A11.2 billion as at 30 September 2025 increased 93% from \$A5.8 billion as at 31 March 2025, driven by an increase in short positions on listed equity securities, in CGM
- cash collateralised borrowing and repurchase agreements of \$A7.8 billion as at 30 September 2025 increased 66% from \$A4.7 billion as at 31 March 2025, driven by an increase in trading activity in CGM.

These increases are partially offset by:

- margin money and settlement liabilities of \$A20.8 billion as at 30 September 2025 decreased 12% from \$A23.6 billion as at 31 March 2025, driven by lower trade volume resulting in a decrease in margin placed by financial institutions and broker settlement balances with CGM
- other liabilities of \$A7.5 billion as at 30 September 2025 decreased 24% from \$A9.9 billion as at 31 March 2025 driven by lower commodity-related payables, in CGM.

Equity

Total equity of \$A22.7 billion as at 30 September 2025 was broadly in line with \$A23.0 billion as at 31 March 2025.

The Consolidated Entity's equity was impacted by:

- \$A3.6 billion dividend payment
- \$A0.5 billion decrease in the foreign currency translation reserve, largely driven by appreciation of the Australian Dollar against the United States Dollar.

These decreases were partially offset by \$A3.7 billion of earnings generated during the current period.

1.1 Executive Summary

Continued

Loan Assets

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

	Notes	AS AT			MOVEMENT	
		Sep 25 \$Ab	Mar 25 \$Ab	Sep 24 ¹ \$Ab	Mar 25 %	Sep 24 %
BFS						
Home loans	1	161.7	143.0	131.0	13	23
Business banking	2	17.3	16.6	16.4	4	5
Car loans	3	0.3	2.6	3.5	(88)	(91)
Other	4	0.3	0.3	0.3	-	-
Total BFS		179.6	162.5	151.2	11	19
CGM						
Asset Finance	5	4.6	4.3	3.4	7	35
Resources and commodities	6	3.7	3.7	3.7	-	-
Foreign exchange, interest rate and credit	7	11.5	10.5	7.8	10	47
Other	8	0.4	0.4	0.1	-	300
Total CGM		20.2	18.9	15.0	7	35
Total²		199.8	181.4	166.2	10	20

¹ Following changes to funded balance sheet methodology, prior comparatives have been restated.

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 financed assets.

6. Resources and commodities

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

7. Foreign exchange, interest rate and credit

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

8. CGM Other

Equity collateralised loans.

1.1 Executive Summary

Equity Investments

Equity investments includes:

- interests in associates, joint ventures; and
- financial investments excluding trading equities.

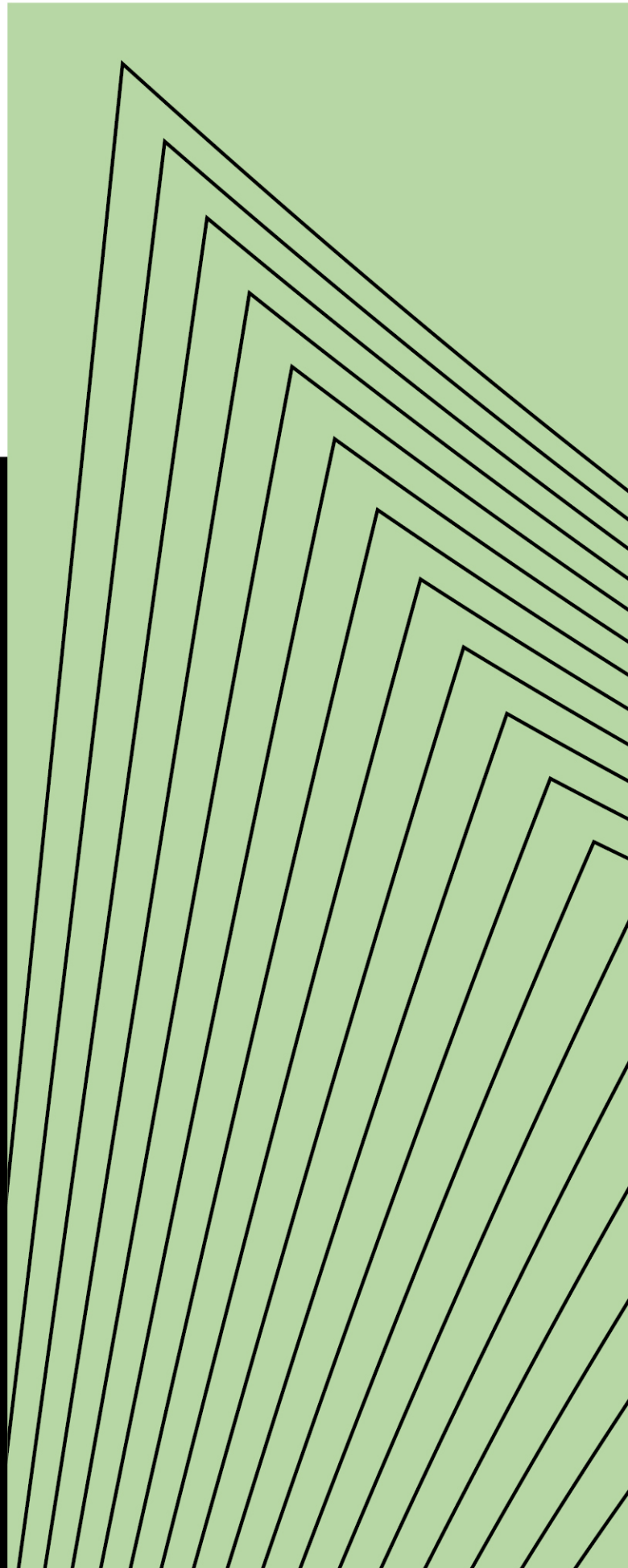
Equity investments reconciliation

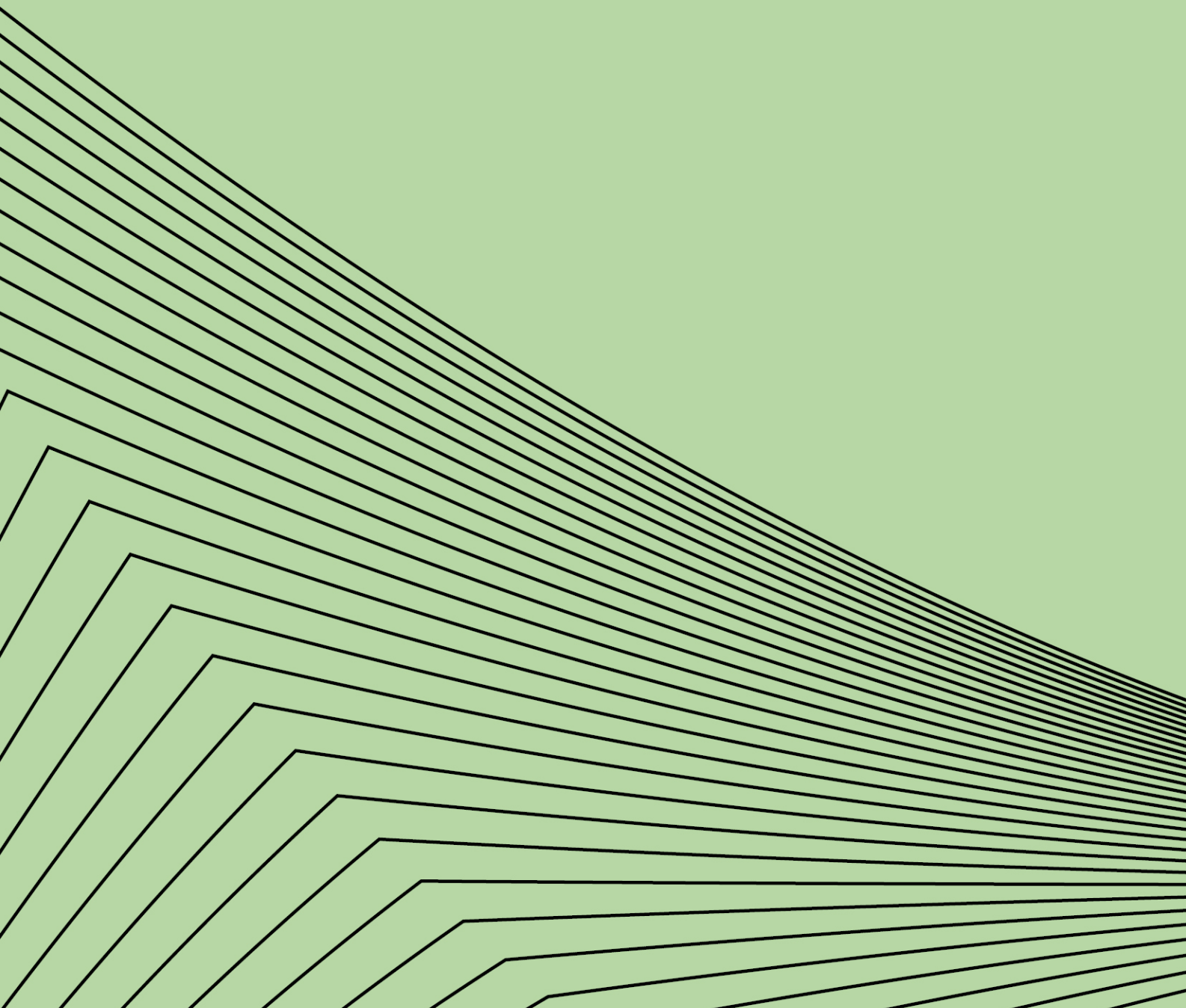
	AS AT			MOVEMENT	
	Sep 25 \$Ab	Mar 25 \$Ab	Sep 24 \$Ab	Mar 25 %	Sep 24 %
Equity investments					
Statement of financial position					
Equity investments at fair value	0.2	0.2	0.2	-	-
Interest in Associates and Joint Ventures	0.6	0.6	0.5	-	20
Total equity investments per statement of financial position	0.8	0.8	0.7	-	14
Total adjusted equity investments	0.8	0.8	0.7	-	14

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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 senior management for evaluating Operating Segment performance and for deciding how to allocate resources to Operating Segments. Such information may be produced using different measures to that used in preparing the statutory income statement.

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

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

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

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

The Corporate segment, which is not considered an Operating Group, comprises head office and Central Service Groups, and holds certain legacy and strategic investments, assets and businesses that are not allocated to any of the Operating Groups.

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

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

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

Internal funding arrangements

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

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

Transactions between Operating Segments

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

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

Transactions under common control

On 12 April 2024, the Company executed a restructure agreement with MFL in the Non-Bank Group, to transfer the EDT business within the Commodities and Global Markets Operating Group. The transfer of assets or liabilities was undertaken at fair market value as at the transfer date. Under the terms, it has been agreed to transfer economic risk, reward and decision-making for each component of the EDT business at the corresponding transfer date. On 23 September 2025, approvals were obtained for MBL and MFL to terminate the transfer. MBL retained the Day 1 consideration and recognised an increase in contributed equity.

On 29 August 2025, the Consolidated Entity sold off its equity interest in MIFL and its subsidiaries, including its North American Power, Gas and Emissions (NAPGE) businesses to Macquarie Group Limited for a total cash consideration of \$A3,023 million resulting in a gain on disposal of \$A2,448 million. Subsequent to the disposal, amounts due to/from MIFL and its consolidated entities are presented in due to/from other Macquarie Group entities.

In September 2025, a related Macquarie Group entity made the payment of \$A321 million for 100% of the net capital invested on the Shield Master Fund, by those who invested through Macquarie.

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.

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

Performance-related profit share and share-based payments expense

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

Income tax

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

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

Presentation of segment income statements

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

Central Service Groups

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

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

2.1 Basis of Preparation

Continued

	BFS \$Am	CGM \$Am	Corporate \$Am	Total \$Am
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
Other operating income and charges				
Net credit and other impairment (charges)/reversals	(24)	(59)	13	(70)
Net other operating income and charges	(4)	305	2,465	2,766
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
Half year ended 31 March 2025				
Net interest and trading income	1,391	2,558	349	4,298
Fee and commission income	307	242	795	1,344
Other operating income and charges				
Net credit and other impairment charges	(24)	(80)	(12)	(116)
Net other operating income and charges	(24)	303	626	905
Internal management (charges)/revenue	1	11	(12)	-
Net operating income	1,651	3,034	1,746	6,431
Total operating expenses	(921)	(1,470)	(1,305)	(3,696)
Operating profit before income tax	730	1,564	441	2,735
Income tax expense	-	-	(456)	(456)
Net profit/(loss) contribution	730	1,564	(15)	2,279
Half year ended 30 September 2024				
Net interest and trading income	1,326	2,178	454	3,958
Fee and commission income	304	283	679	1,266
Other operating income and charges				
Net credit and other impairment charges	(21)	(12)	(1)	(34)
Net other operating income and charges	(19)	316	2	299
Internal management (charge)/revenue	(4)	5	(1)	-
Net operating income	1,586	2,770	1,133	5,489
Total operating expenses	(936)	(1,462)	(1,385)	(3,783)
Operating profit/(loss) before income tax	650	1,308	(252)	1,706
Income tax expense	-	-	(540)	(540)
Net profit/(loss) contribution	650	1,308	(792)	1,166

2.2 BFS

	HALF YEAR TO			Movement	
	Sep 25 \$Am	Mar 25 \$Am	Sep 24 \$Am	Mar 25 %	Sep 24 %
Net interest and trading income	1,456	1,391	1,326	5	10
Fee and commission income					
Wealth management fee income	224	217	218	3	3
Banking and lending fee income	105	90	86	17	22
Total fee and commission income	329	307	304	7	8
Other operating income and charges					
Net credit and other impairment charges	(24)	(24)	(21)	-	14
Other (expenses)/income	(4)	(24)	(19)	(83)	(79)
Total other operating income and charges	(28)	(48)	(40)	(42)	(30)
Internal management revenue/(charge)	1	1	(4)	-	*
Net operating income	1,758	1,651	1,586	6	11
Operating expenses					
Employment expenses	(234)	(219)	(253)	7	(8)
Brokerage, commission and fee expenses	(92)	(92)	(84)	-	10
Technology expenses ¹	(387)	(365)	(357)	6	8
Other operating expenses	(252)	(245)	(242)	3	4
Total operating expenses	(965)	(921)	(936)	5	3
Net profit contribution	793	730	650	9	22
Non-GAAP metrics					
Funds on platform (\$Ab)	166.7	154.0	158.5	8	5
Loan portfolio (\$Ab) ²	178.4	161.4	150.4	11	19
BFS deposits (\$Ab) ³	192.5	172.4	153.1	12	26
Headcount ⁴	4,132	4,122	4,286	<1	(4)
Headcount (excluding Technology)	2,649	2,713	2,889	(2)	(8)

Net profit contribution of \$A793 million for the half year ended 30 September 2025 increased 22% from \$A650 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 margin compression reflecting ongoing lending and deposit competition, and changes in portfolio mix
- higher fee and commission income mainly due to growth in BFS deposits and the loan portfolio.

Partially offset by:

- higher operating expenses reflecting increased technology expenses to support business growth and scalable operations, partially offset by lower average headcount driven by digitalisation and operational improvements.

¹ Technology expenses includes employment costs (1H26: \$A142 million, 2H25: \$A121 million and 1H25: \$A131 million), other staff related costs, infrastructure and support and licences. Prior comparatives have been restated for the transfer of BFS Technology employees from Corporate to BFS.

² The loan portfolio comprises home loans (excluding offset accounts), loans to businesses, credit cards and car loans (excluding balances classified as held for sale assets of \$A1.5 billion as at 30 September 2025).

³ BFS deposits include home loan offset accounts.

⁴ Prior comparatives have been restated for the transfer of BFS Technology employees from Corporate to BFS.

2.2 BFS

Continued

Net interest and trading income

Net interest and trading income in BFS 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 for BFS.

Net interest and trading income of \$A1,456 million for the half year ended 30 September 2025 increased 10% from \$A1,326 million in the prior corresponding period. This was primarily due to 17% growth in the average loan portfolio¹ and 23% growth in the average deposit portfolio¹, partially offset by margin compression, reflecting ongoing lending and deposit competition, and changes in portfolio mix.

Wealth management fee income

Wealth management fee income relates to fees earned on a range of BFS' products and services including the Wrap and Vision platforms, and the provision of wealth services.

Wealth management fee income of \$A224 million for the half year ended 30 September 2025 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 \$A105 million for the half year ended 30 September 2025 increased 22% from \$A86 million in the prior corresponding period due to growth in BFS deposits and the loan portfolio.

Net credit and other impairment charges

Net credit and other impairment charges of \$A24 million for the half year ended 30 September 2025 were broadly in line with the prior corresponding period, due to changes to the recovery outlook in the car loan portfolio and loan portfolio growth, largely offset by improved credit performance in business lending.

Other (expenses)/income

Other expenses of \$A4 million decreased 79% from \$A19 million in the prior corresponding period, mainly driven by the revaluation of an equity investment in the prior corresponding period.

Operating expenses

Total operating expenses of \$A965 million for the half year ended 30 September 2025 increased 3% from \$A936 million in the prior corresponding period.

Employment expenses of \$A234 million for the half year ended 30 September 2025 decreased 8% from \$A253 million in the prior corresponding period, largely due to lower average headcount driven by digitalisation and operational improvements.

Brokerage, commission and fee expenses of \$A92 million for the half year ended 30 September 2025 were broadly in line with the prior corresponding period.

Technology expenses of \$A387 million for the half year ended 30 September 2025 increased 8% from \$A357 million in the prior corresponding period, mainly to support business growth and scalable operations.

Other operating expenses of \$A252 million for the half year ended 30 September 2025 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 25 \$Am	Mar 25 \$Am	Sep 24 \$Am	Mar 25 %	Sep 24 %
Net interest and trading income					
Commodities	1,134	1,622	1,366	(30)	(17)
Foreign exchange, interest rates and credit	641	669	592	(4)	8
Equities	215	218	199	(1)	8
Asset Finance	61	49	21	24	190
Net interest and trading income	2,051	2,558	2,178	(20)	(6)
Fee and commission income					
Brokerage and other trading-related fees	176	154	153	14	15
Other fee and commission income	146	88	130	66	12
Total fee and commission income	322	242	283	33	14
Other operating income and charges					
Net income on equity, debt and other investments	31	14	14	121	121
Net credit and other impairment charges	(59)	(80)	(12)	(26)	*
Net operating lease income	207	205	211	1	(2)
Other income	67	84	91	(20)	(26)
Total other operating income and charges	246	223	304	10	(19)
Internal management revenue	4	11	5	(64)	(20)
Net operating income	2,623	3,034	2,770	(14)	(5)
Operating expenses					
Employment expenses	(385)	(374)	(379)	3	2
Brokerage, commission and fee expenses	(236)	(227)	(231)	4	2
Other operating expenses	(926)	(869)	(852)	7	9
Total operating expenses	(1,547)	(1,470)	(1,462)	5	6
Net profit contribution	1,076	1,564	1,308	(31)	(18)
Non-GAAP metrics					
Headcount	2,048	2,132	2,420	(4)	(15)

Net profit contribution of \$A1,076 million for the half year ended 30 September 2025 decreased 18% from \$A1,308 million in the prior corresponding period due to:

- lower Commodities net interest and trading income mainly driven by the transfer of the North American Power, Gas and Emissions business to the Non-Bank Group
- higher operating expenses mainly driven by increased investment in the CGM platform, remediation-related spend and significant transaction-related costs
- higher credit and other impairment charges driven by the impact of increased expected credit losses due to growth in Financial Markets exposures and credit deterioration of a small number of exposures.

Partially offset by:

- higher net interest and trading income across Foreign exchange, interest rates and credit, Equities, and Asset Finance.

2.3 CGM

Continued

Net interest and trading income

Net interest and trading income of \$A2,051 million for the half year ended 30 September 2025 decreased 6% from \$A2,178 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 \$A1,134 million for the half year ended 30 September 2025 decreased 17% from \$A1,366 million in the prior corresponding period.

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

Risk management income decreased from the prior corresponding period mainly due to the transfer of Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited, under the Non-Bank Group.

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 decreased on the prior corresponding period mainly driven by lower financing activity in Global Oil.

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

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

Inventory management and trading income decreased from the prior 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 \$A641 million for the half year ended 30 September 2025 increased 8% from \$A592 million in the prior corresponding period, due to increased contributions from financing origination as well as continued strong client hedging activity across foreign exchange and interest rate products.

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 \$A215 million for the half year ended 30 September 2025 increased 8% from \$A199 million in the prior corresponding period, mainly due to increased client activity.

Fee and commission income

Fee and commission income of \$A322 million for the half year ended 30 September 2025 increased 14% from \$A283 million in the prior corresponding period, driven by increased client activity in Futures.

Net income on equity, debt and other investments

Net income on equity, debt and other investments of \$A31 million for the half year ended 30 September 2025 was substantially up from \$A14 million in the prior corresponding period, primarily driven by fair value adjustments for unlisted equity.

Net credit and other impairment charges

Net credit and other impairment charges of \$A59 million for the half year ended 30 September 2025 were substantially up from \$A12 million in the prior corresponding period, mainly driven by increased expected credit losses due to growth in Financial Markets exposures and credit deterioration of a small number of exposures.

Net operating lease income

Net operating lease income of \$A207 million for the half year ended 30 September 2025 was broadly in line with the prior corresponding period.

Other income

Other income of \$A67 million for the half year ended 30 September 2025 decreased 26% from \$A91 million in the prior corresponding period, driven by the non-recurrence of a gain on sale of receivables.

Operating expenses

Total operating expenses of \$A1,547 million for the half year ended 30 September 2025 increased 6% from \$A1,462 million in the prior corresponding period.

Employment expenses of \$A385 million for the half year ended 30 September 2025 were broadly in line with the prior corresponding period.

Brokerage, commission and fee expenses of \$A236 million for the half year ended 30 September 2025 were broadly in line with the prior corresponding period.

Other operating expenses of \$A926 million for the half year ended 30 September 2025 increased 9% from \$A852 million in the prior corresponding period, driven by increased investment in the CGM platform, remediation-related spend and significant transaction-related costs.

2.4 Corporate

	HALF YEAR TO			Movement	
	Sep 25 \$Am	Mar 25 \$Am	Sep 24 \$Am	Mar 25 %	Sep 24 %
Net interest and trading income	296	349	454	(15)	(35)
Fee and commission income	775	795	679	(3)	14
Other operating income and charges					
Net income/(loss) on equity and debt investments	2,449	607	(2)	*	*
Net credit and other impairment reversals/(charges)	13	(12)	(1)	*	*
Other income and charges	16	19	4	(16)	300
Total other operating income and charges	2,478	614	1	*	*
Internal management charge	(5)	(12)	(1)	(58)	*
Net operating income	3,544	1,746	1,133	103	213
Operating expenses					
Employment expenses	(1,627)	(1,646)	(1,687)	(1)	(4)
Brokerage, commission and fee expenses	(3)	(7)	(3)	(57)	-
Other operating expense recoveries	404	348	305	16	32
Total operating expenses	(1,226)	(1,305)	(1,385)	(6)	(11)
Income tax expense	(518)	(456)	(540)	14	(4)
Net profit/(loss) contribution	1,800	(15)	(792)	*	*
Non-GAAP metrics					
Headcount	9,136	9,155	9,003	(<1)	1

Net profit contribution of \$A1,800 million for the half year ended 30 September 2025 substantially up from a loss of \$A792 million in the prior corresponding period due to:

- a 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 \$A296 million for the half year ended 30 September 2025 decreased 35% from \$A454 million in the prior corresponding period, driven by lower funding recoveries from the Operating Groups and lower earnings on capital.

Fee and commission income

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

Fee and commission income of \$A775 million for the half year ended 30 September 2025 increased 14% from \$A679 million in the prior corresponding period driven by higher recoveries of the Central Service Group's cost base from the Non-Bank.

Net income/(loss) on equity and debt investments

Net income on equity and debt investments of \$A2,449 million was substantially up from a loss of \$A2 million in the prior corresponding period, driven by a gain on the transfer of CGM's North American Gas, Power and Emissions business to the Non-Bank Group.

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 \$A1,627 million for the half year ended 30 September 2025 decreased 4% from \$A1,687 million in the prior corresponding period, mainly driven by lower performance-related profit share.

Other operating expense recoveries

Other operating expense recoveries in the Corporate segment include the recovery of Central Service Groups' costs (including employment-related costs¹) from the Operating Groups in the Banking Group, partially offset by non-employment related operating costs of the Corporate segment.

The net other operating expense recoveries of \$A404 million for the half year ended 30 September 2025 increased 32% from \$A305 million in the prior corresponding period, mainly driven by higher provision releases in the current period.

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 25	Mar 25	Sep 24	Mar 25	Sep 24
				%	%
Headcount by Operating Group¹					
BFS	4,132	4,122	4,286	<1	(4)
CGM	2,048	2,132	2,420	(4)	(15)
Total headcount – Operating Groups	6,180	6,254	6,706	(1)	(8)
Total headcount – Corporate	9,136	9,155	9,003	(<1)	1
Total headcount	15,316	15,409	15,709	(1)	(3)
Headcount by region					
Australia ²	8,587	8,684	8,771	(1)	(2)
International:					
Americas	1,585	1,703	1,718	(7)	(8)
Asia	3,485	3,376	3,279	3	6
Europe, Middle East and Africa	1,659	1,646	1,941	1	(15)
Total headcount – International	6,729	6,725	6,938	<1	(3)
Total headcount	15,316	15,409	15,709	(1)	(3)
International headcount ratio (%)	44	44	44		

Total headcount decreased 3% to 15,316 as at 30 September 2025 from 15,709 as at 30 September 2024, mainly driven by operational efficiency savings enabled through investment in technology and transformation initiatives.

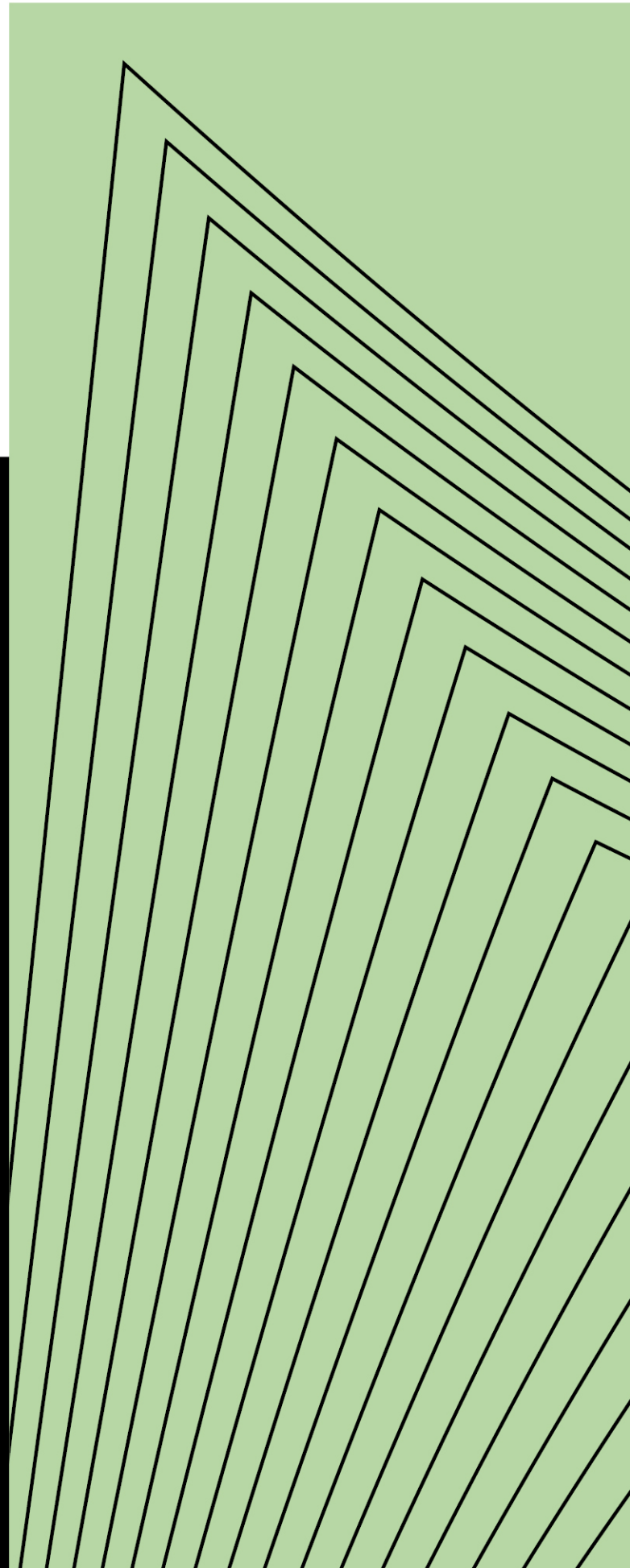
¹ Headcount numbers in this document include staff employed in certain operationally segregated subsidiaries (OSS).

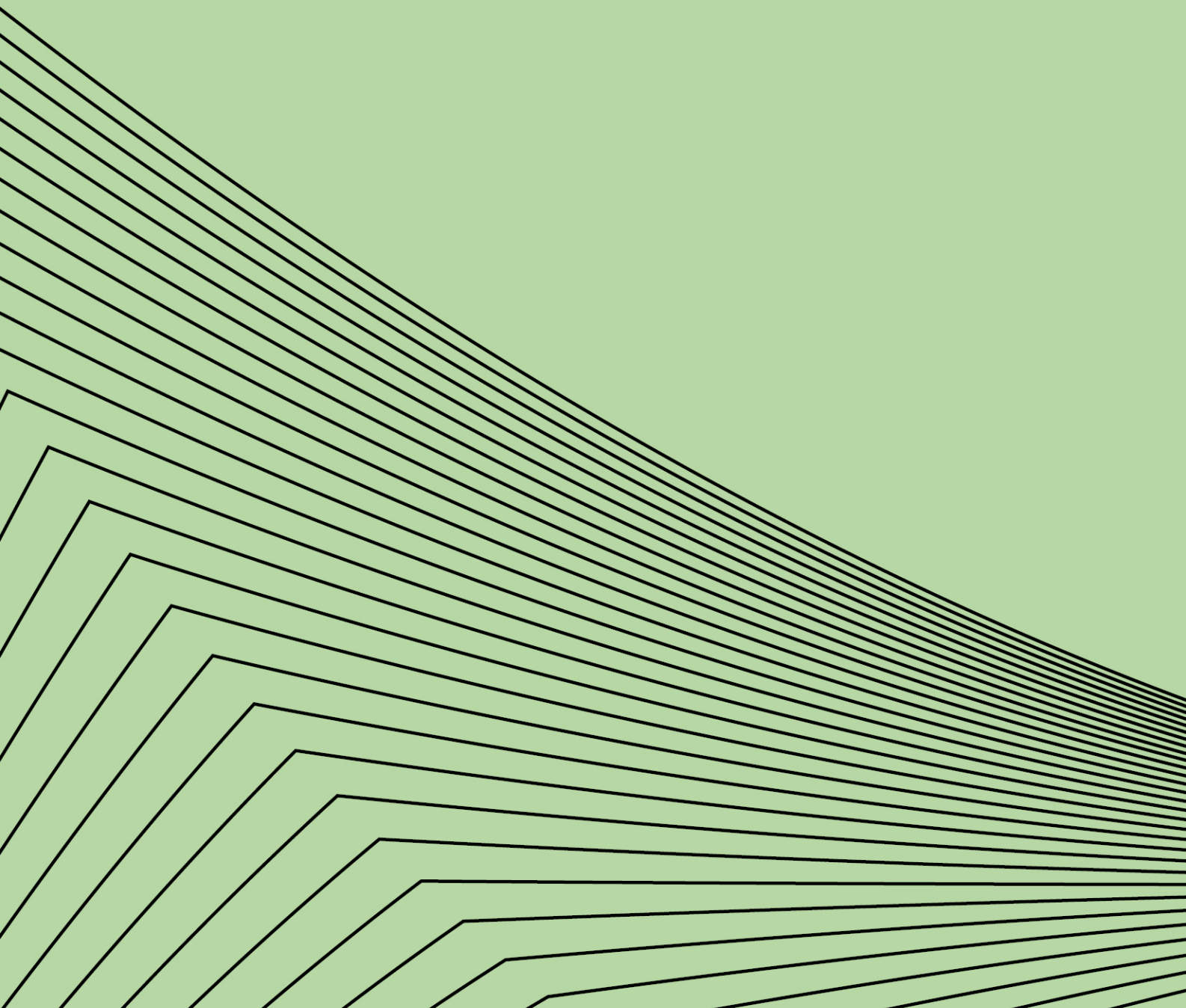
² Includes New Zealand.

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03

Funding and Liquidity



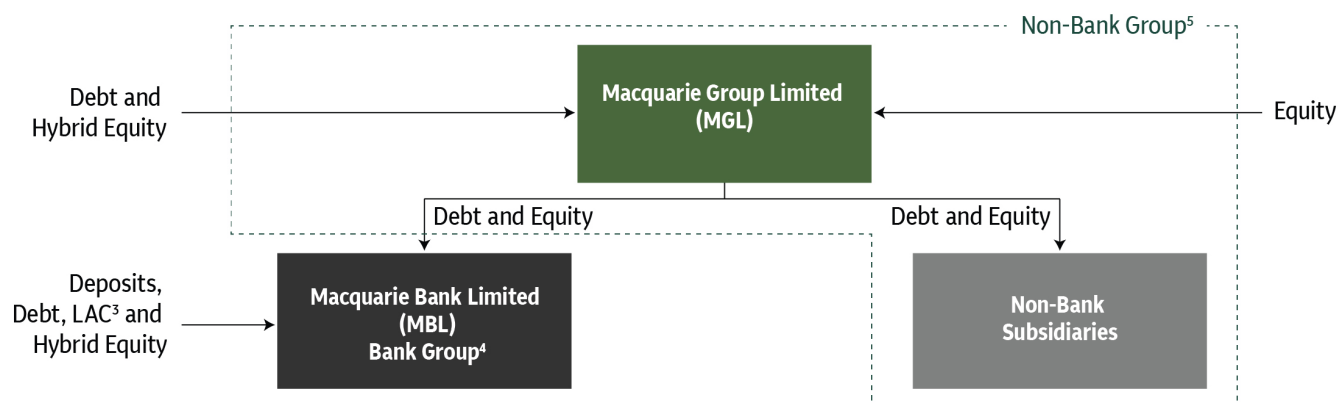


3.1 Liquidity Risk Governance and Management Framework

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 Group¹ and limited funding to some MBL subsidiaries. MBL provides funding to the Bank Group².

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



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

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

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

Liquidity policy and risk appetite

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

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

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

¹ The Non-Bank Group comprises MAM, Macquarie Capital and certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities of CGM.

² The Bank Group comprises BFS and CGM (excluding certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities which are undertaken from within the Non-Bank Group).

³ Subordinated debt to meet APRA's Loss Absorbing Capacity (LAC) requirements.

⁴ MBL is the primary external funding vehicle for the Bank Group. MGF and MBE also operate as external funding vehicles for certain subsidiaries within the Bank Group. MIFL is no longer an external funding vehicle for the Bank Group.

⁵ MGL is the primary external funding vehicle for the Non-Bank Group.

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 \$A72.0 billion cash and liquid assets as at 30 September 2025 (31 March 2025: \$A69.2 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 ratings¹

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

Regulatory liquidity metrics

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

Liquidity Coverage Ratio

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

Macquarie Bank's three month average LCR to 30 September 2025 was 173% (average based on daily observations)². For a detailed breakdown of Macquarie Bank's LCR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

Net Stable Funding Ratio

The NSFR is a twelve month structural funding metric, requiring that available stable funding be sufficient to cover required stable funding, where stable funding has an actual or assumed maturity of greater than twelve months. Macquarie Bank's NSFR as at 30 September 2025 was 113%³. For a detailed breakdown of Macquarie Bank's NSFR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

¹ A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

² APRA imposed a 25% add-on to the Net Cash Outflow component of Macquarie Bank's LCR calculation, effective from 1 May 2022.

³ APRA imposed a 1% decrease to the Available Stable Funding component of Macquarie Bank's NSFR calculation, effective from 1 April 2021.

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 2025.

	Notes	AS AT	
		Sep 25 \$Ab	Mar 25 \$Ab
Total assets per the Bank Group's statement of financial position		408.9	375.2
Netted items:			
Derivative revaluation	1	(22.7)	(23.2)
Segregated funds	2	(9.2)	(10.6)
Other	3	(5.4)	(6.5)
Intercompany gross-ups	4	(13.3)	(9.0)
Self-funded trading assets	5	(30.6)	(23.4)
Net funded assets		327.7	302.5

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 presented as part of 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 36 *Offsetting financial assets and financial liabilities* in the Annual Report.

3.4 Funding Profile

Funded balance sheet

	Notes	AS AT	
		Sep 25 \$Ab	Mar 25 \$Ab
Funding sources			
Commercial paper and certificates of deposit	1	43.3	41.1
Structured notes	2	0.7	0.7
Secured funding	3		
Securitisation		9.0	10.8
Other secured funding		2.7	3.0
Bonds	4	25.6	18.8
Unsecured loans	5	9.1	11.1
Deposits	6	198.8	177.7
Hybrids and subordinated debt	7	13.2	12.6
Equity	8	22.7	23.0
Other	9	2.6	3.7
Total		327.7	302.5
Funded assets			
Cash and liquid assets	10	72.0	69.2
Net trading assets	11	50.9	44.0
Loan assets less than one year	12	9.9	11.4
Home loans	13	161.7	143.0
Loan assets greater than one year	12	28.2	27.0
Debt investments	14	3.8	2.7
Non-Bank Group balances with the Bank Group		(7.5)	(2.8)
Equity investments ¹	15	2.4	0.8
Property, plant and equipment and intangibles		6.3	7.2
Total		327.7	302.5

See section 3.5 for Notes 1-15.

¹ Includes held for sale loan assets.

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 \$A12.1 billion¹ of term funding from 1 April 2025 and 30 September 2025:

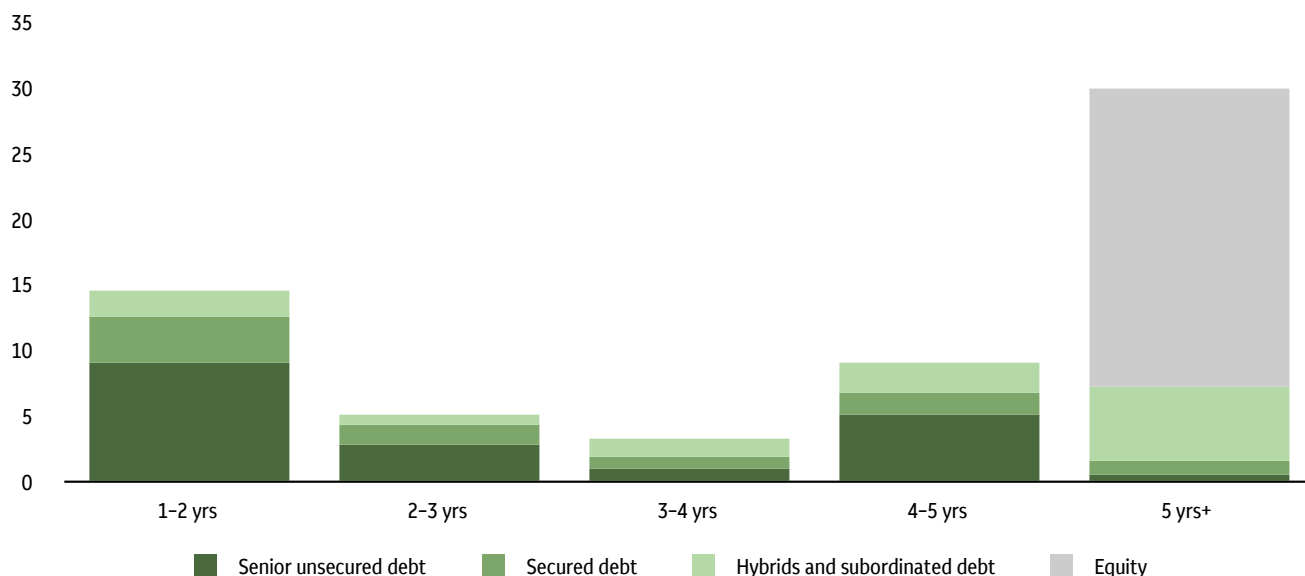
		Bank Group
		\$Ab
Issued paper	- Senior unsecured	8.6
Secured funding	- Trade finance facilities	0.3
Loan facilities	- Unsecured loan facilities	0.4
Loan capital	- Subordinated debt	2.8
Total		12.1

¹ Issuance covers 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

\$A billion



AS AT SEP 25

	1-2 yrs \$Ab	2-3 yrs \$Ab	3-4 yrs \$Ab	4-5 yrs \$Ab	5 yrs+ \$Ab	Total \$Ab
Structured notes ¹	0.1	0.1	0.1	0.1	0.3	0.7
Bonds	8.4	2.8	1.0	2.6	0.3	15.1
Unsecured loans	0.7	-	-	2.4	-	3.1
Senior unsecured debt	9.2	2.9	1.1	5.1	0.6	18.9
Securitisation ¹	2.3	1.5	0.9	0.9	1.1	6.7
Other secured funding	1.2	-	-	0.9	-	2.1
Secured debt	3.5	1.5	0.9	1.8	1.1	8.8
Hybrids ²	1.1	0.7	-	-	-	1.8
Subordinated debt ²	0.8	-	1.3	2.3	5.6	10.0
Hybrids and subordinated debt	1.9	0.7	1.3	2.3	5.6	11.8
Equity	-	-	-	-	22.7	22.7
Total term funding sources drawn	14.6	5.1	3.3	9.2	30.0	62.2
Undrawn ³	0.5	0.2	0.1	0.1	0.2	1.1
Total term funding sources drawn and undrawn	15.1	5.3	3.4	9.3	30.2	63.3

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 3.7 years as at 30 September 2025.

As at 30 September 2025, in addition to drawn term funding in table above, deposits represented \$A198.8 billion (61% of the Bank Group's total funding), commercial paper and certificates of deposit represented \$A43.3 billion (13% of total funding), debt <1 year represented \$A20.2 billion (6% of total funding), hybrids with first call date <1 year represented \$A0.6 billion and other represented \$A2.6 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 securitisations 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 follows¹:

- \$US25 billion Regulation S Debt Instrument Programme under which \$US10.6 billion of debt securities were outstanding as at 30 September 2025
- \$US25 billion MBL Commercial Paper Program under which \$US21.8 billion of debt securities were outstanding as at 30 September 2025
- \$US25 billion US Rule 144A/Regulation S Medium-Term Note Program, including senior and subordinated notes, under which \$US10.1 billion of debt securities were outstanding as at 30 September 2025
- \$US10 billion European Commercial Paper Programme, including Euro Commercial Paper and Euro Certificates of Deposit, under which \$US6.7 billion of debt securities were outstanding as at 30 September 2025
- \$A10 billion Covered Bond Programme under which \$A2 billion of debt securities were outstanding as at 30 September 2025
- \$A10 billion Regulation S Subordinated Notes Debt Programme under which \$A3.8 billion of debt securities were outstanding as at 30 September 2025
- \$A9 billion of external securitisation of which \$A8.3 billion PUMA RMBS and \$A0.7 billion SMART ABS was drawn as at 30 September 2025
- \$US5 billion Structured Note Programme under which \$US0.5 billion of structured notes were outstanding as at 30 September 2025
- \$A3.9 billion² of Unsecured Loan Facilities of which \$A3.7 billion was drawn as at 30 September 2025
- \$A1.6 billion of other subordinated unsecured debt outstanding as at 30 September 2025; and
- \$US0.7 billion³ Secured Trade Finance Facility of which \$US0.4 billion was drawn as at 30 September 2025.

Macquarie Bank accesses the Australian capital markets through the issuance of Negotiable Certificates of Deposit. As at 30 September 2025, Macquarie Bank had \$A0.3 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 2025.

³ Values are US dollar equivalents as at 30 September 2025.

Deposit strategy

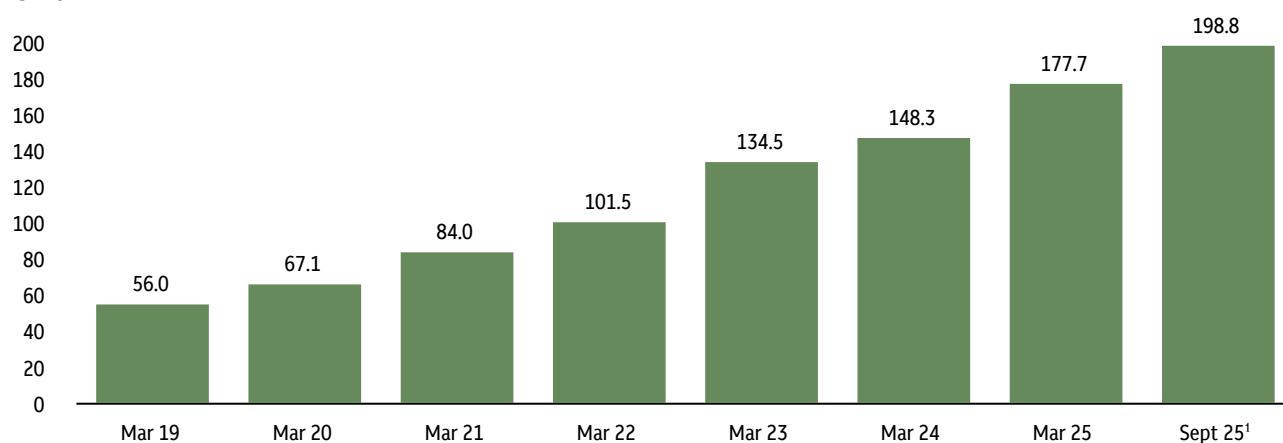
MBL continues to pursue a deposit strategy that is consistent with the core liquidity management strategy of achieving diversity and stability of funding sources. The strategy is focused on growing the BFS deposit base, which represents a stable and reliable source of funding and reduces Macquarie's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

In particular, MBL is focused on the quality and diversification of the deposit base, targeting transactional 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 2019.

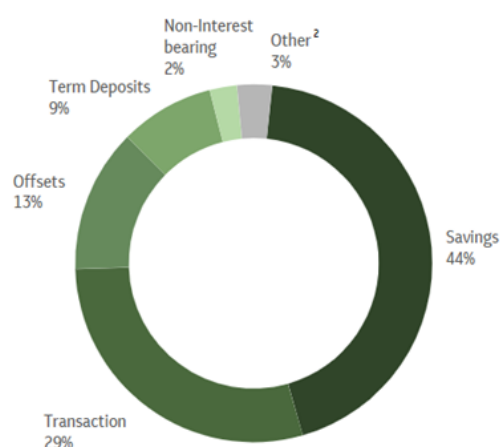
Deposits

\$A billion

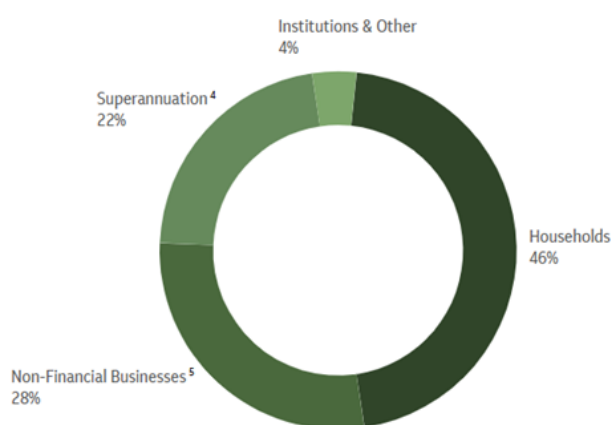


Composition of deposits

By Type¹



By Counterparty³



¹ Total deposits include BFS deposits of \$A192.5 billion and \$A6.3 billion of corporate/wholesale deposits, including those taken by MBE as at 30 September 2025.

² Includes corporate/wholesale deposits.

³ As at 30 September 2025 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 issued as part of structured transactions with clients and are hedged with positions in underlying assets or derivative instruments.

3. Secured funding

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

4. Bonds

Unsecured long-term wholesale funding.

5. Unsecured loans

Loan facilities not secured by specific assets or collateral.

6. Deposits

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

7. Hybrids and subordinated debt

Includes additional Tier I and Tier II instruments.

8. Equity

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

9. Other

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

10. Cash and liquid assets

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

11. Net trading assets

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

12. Loan assets

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

See section 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.

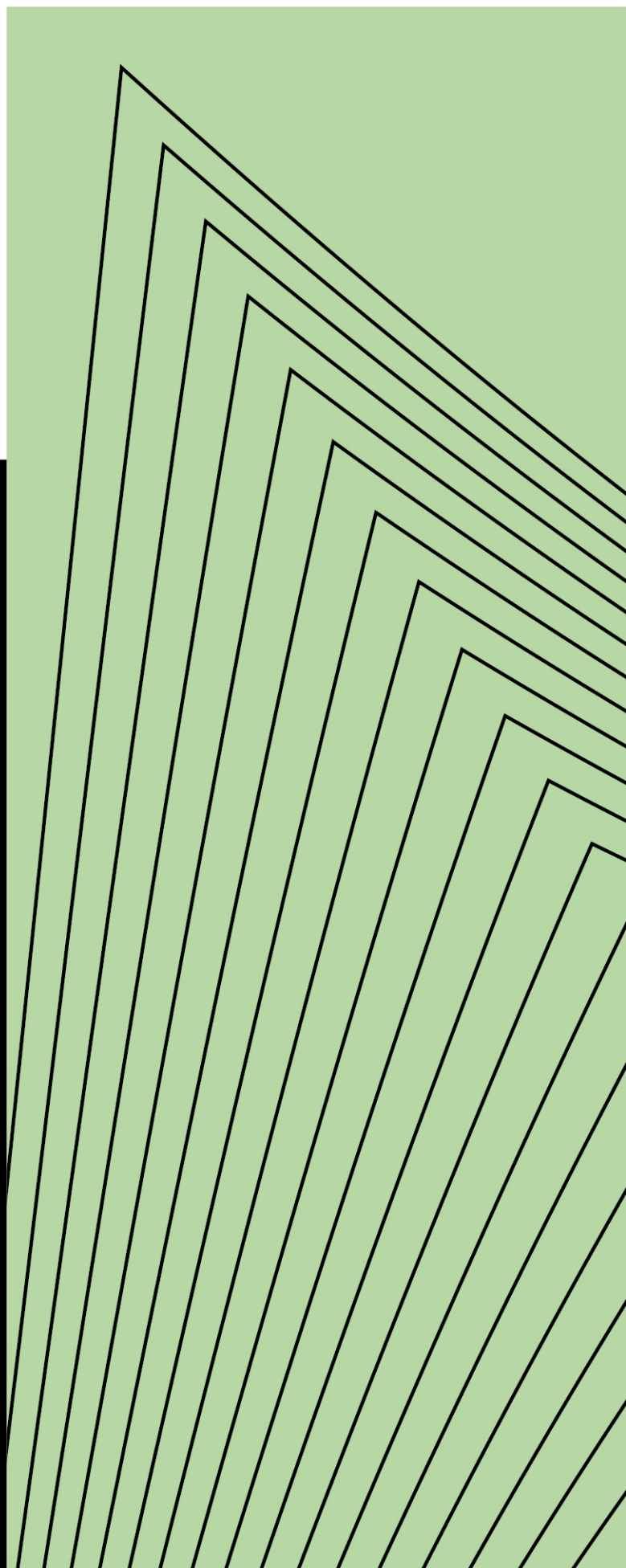
15. Equity investments

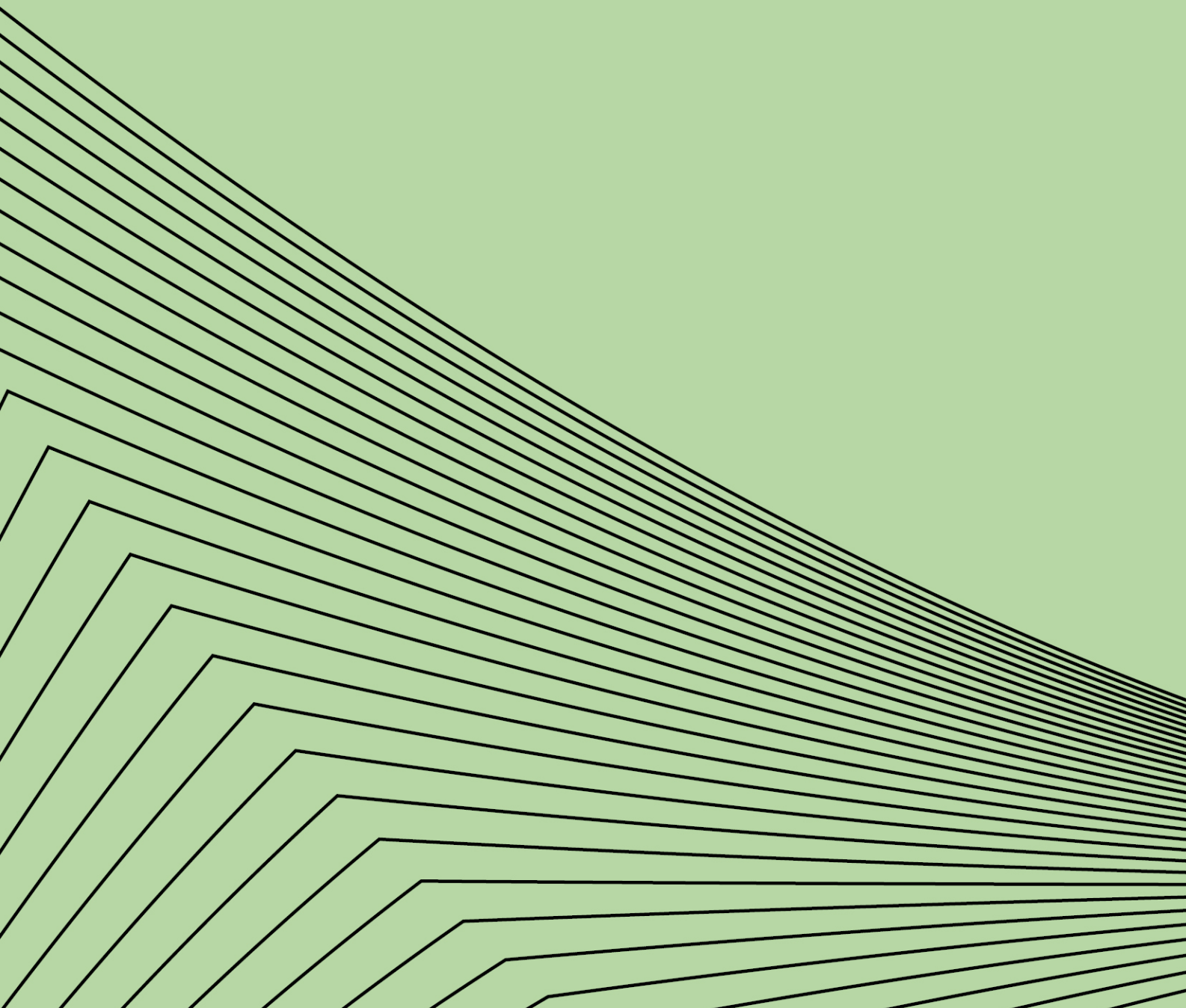
These include equity investments at fair value, interests in associates and joint ventures including investments in Macquarie-managed funds and other assets classified as held for sale.

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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 risk-weighted assets (RWA).

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

Capital disclosures in this section include APRA Basel III and Harmonised Basel III¹. The former reflects Macquarie's regulatory requirements under APRA Basel III rules, whereas the latter is relevant for comparison with banks regulated by regulators other than APRA.

Pillar 3

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

Common Equity Tier 1 Capital

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

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 30 September 2025 consists of MACS, BCN2 and BCN3.

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

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

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

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

Bank Group Basel III Tier 1 Capital

	AS AT SEP 25		AS AT MAR 25		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	10,267	10,267	10,192	10,192	1	1
Retained earnings	11,476	11,213	11,249	11,047	2	2
Reserves	1,140	1,140	1,612	1,612	(29)	(29)
Gross Common Equity Tier 1 capital	22,883	22,620	23,053	22,851	(1)	(1)
Regulatory adjustments to Common Equity Tier 1 capital:						
Goodwill	-	-	42	42	(100)	(100)
Other intangible assets	24	24	28	28	(14)	(14)
Deferred tax assets	895	48	1,072	51	(17)	(6)
Net other fair value adjustments	114	114	137	137	(17)	(17)
Capitalised expenses	985	-	851	-	16	-
Shortfall in provisions for credit losses	491	296	439	236	12	25
Equity exposures	1,211	-	1,193	-	2	-
Other Common Equity Tier 1 capital deductions	40	-	41	1	(2)	(100)
Total Common Equity Tier 1 capital deductions	3,760	482	3,803	495	(1)	(3)
Net Common Equity Tier 1 capital	19,123	22,138	19,250	22,356	(1)	(1)
Additional Tier 1 Capital						
Additional Tier 1 capital instruments	2,430	2,430	2,496	2,496	(3)	(3)
Gross Additional Tier 1 capital	2,430	2,430	2,496	2,496	(3)	(3)
Deduction from Additional Tier 1 capital	-	-	-	-	-	-
Net Additional Tier 1 capital	2,430	2,430	2,496	2,496	(3)	(3)
Total Net Tier 1 capital	21,553	24,568	21,746	24,852	(1)	(1)

4.1 Bank Group Capital

Continued

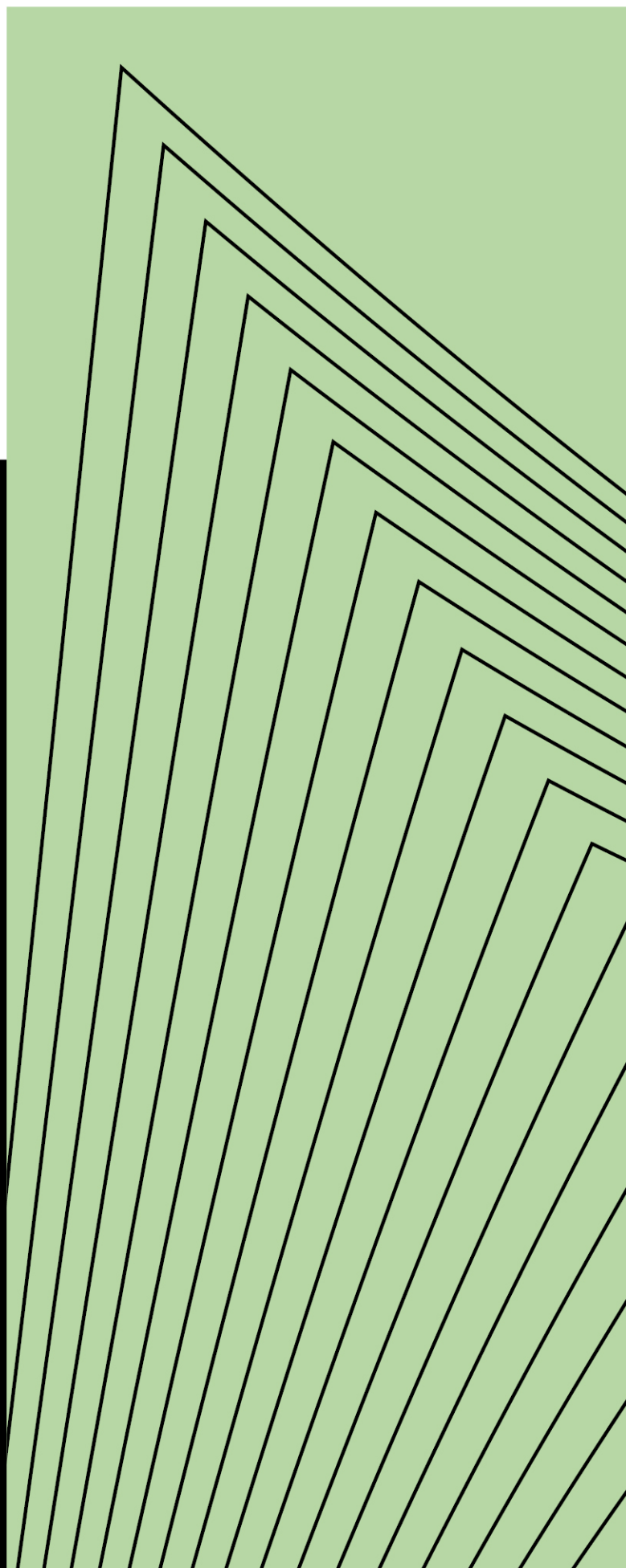
Bank Group Basel III Risk-Weighted Assets (RWA)

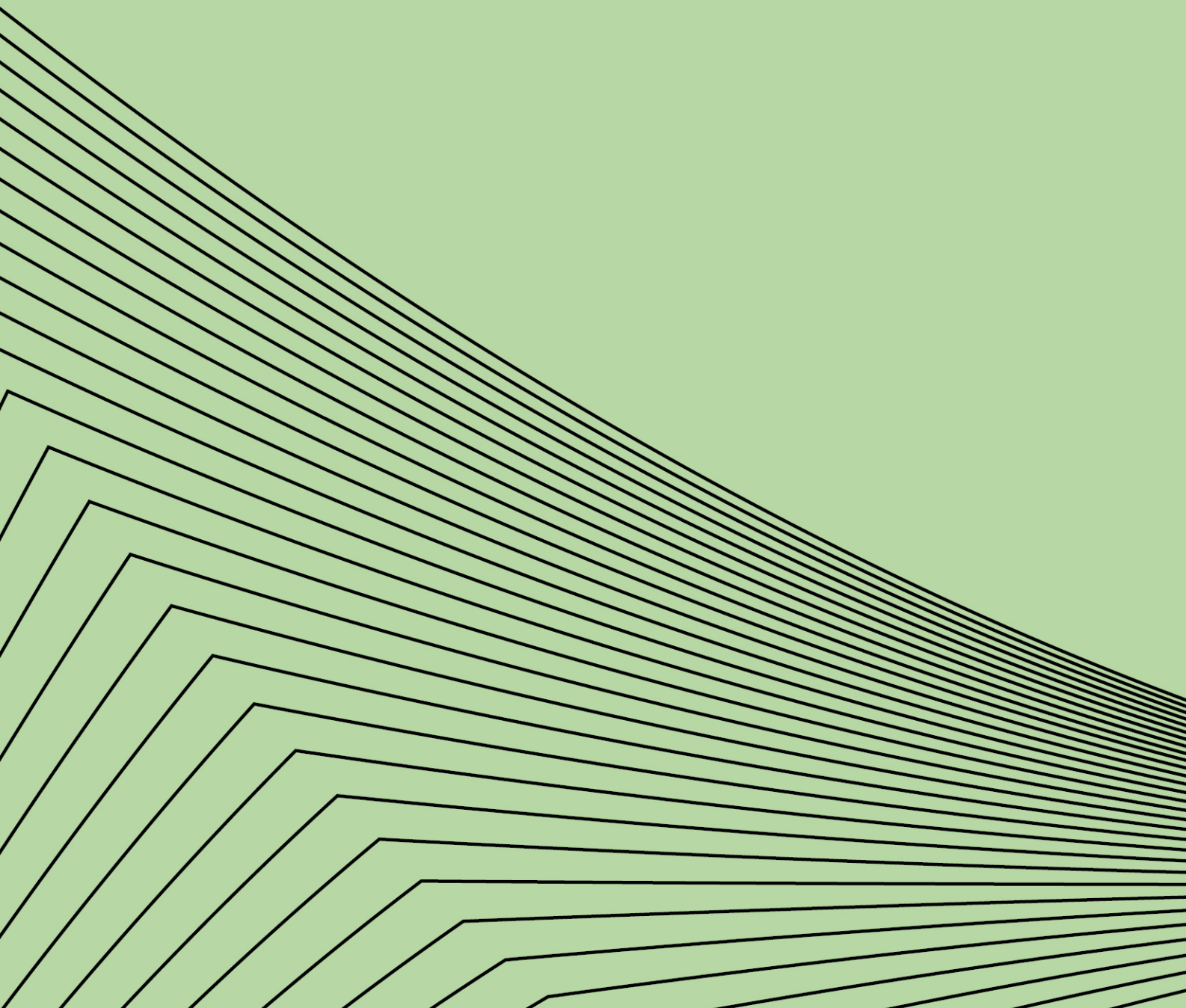
	AS AT SEP 25		AS AT MAR 25		MOVEMENT	
	APRA Basel III	Harmonised Basel III	APRA Basel III	Harmonised Basel III	APRA Basel III	Harmonised Basel III
	\$Am	\$Am	\$Am	\$Am	%	%
Credit risk (excluding counterparty credit risk)	82,992	62,092	76,624	59,061	8	5
Counterparty credit risk	40,109	35,507	42,012	37,086	(5)	(4)
Credit risk RWA for securitisation exposures	1,083	1,469	916	1,297	18	13
Equity risk	-	3,002	-	2,983	-	1
Market risk	8,436	8,436	8,526	8,526	(1)	(1)
Interest rate risk in the banking book	3,220	-	4,154	-	(22)	-
Operational risk	18,726	17,807	18,726	17,807	-	-
Total Bank Group RWA	154,566	128,313	150,958	126,760	2	1
Capital Ratios						
Bank Group Level 2 Common Equity Tier 1 capital ratio (%)	12.4	17.3	12.8	17.6		
Bank Group Level 2 Tier 1 capital ratio (%)	13.9	19.1	14.4	19.6		

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05

Glossary





5.1 Glossary

Defined term	Definition
1H25	The six months ended 30 September 2024.
2H25	The six months ended 31 March 2025.
1H26	The six months ended 30 September 2025.
A	
AASB	Australian Accounting Standards Board.
ABS	Asset Backed Securities.
ADI	Authorised Deposit-taking institution.
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.
ANZ	Australia and New Zealand.
APRA	Australian Prudential Regulation Authority.
Asset Finance	Asset Finance is a global provider of specialist finance and asset management solutions across: Technology, Media and Telecoms; Energy, Renewables and Sustainability; Fund Finance; Resources; Structured Lending; and Shipping and Export Credit Agencies.
Associates	Associates are entities over which Macquarie has significant influence, but not control. Investments in associates may be further classified as Held for sale ('HFS') associates. HFS associates are those that have a high probability of being sold within 12 months to external parties. Associates that are not held for sale are carried at cost and equity-accounted. Macquarie's share of the investment's post-acquisition profits and losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised within equity.
B	
Bank Group	MBL and its subsidiaries.
Bank Group Capital	Level 2 regulatory group capital.
Banking Group	The Banking Group comprises BFS and most business activities of CGM.
Basel III IRB Formula	A formula to calculate RWA, as defined in Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk.
BCBS	Basel Committee on Banking Supervision.
BCN2	On 2 June 2020, MBL issued 6.4 million Macquarie Bank Capital Notes 2 (BCN2) at a face value of \$A100 each. BCN2 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 21 December 2025, 21 June 2026 or 21 December 2026 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN2 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 21 December 2028; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
BCN3	On 27 August 2021, MBL issued 6.5 million Macquarie Bank Capital Notes 3 (BCN3) at a face value of \$A100 each. BCN3 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 7 September 2028, 7 March 2029 or 7 September 2029 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN3 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 8 September 2031; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
BBSW	Bank Bill Swap Rate.
BFS	Banking and Financial Services.
BFS deposits	BFS deposits are deposits by counterparties including individuals, self-managed super funds, and small-medium businesses. Deposit products include Cash Management Account, Term Deposits, Regulated Trust Accounts, and Transaction Accounts.

Defined term	Definition
C	
CCB	Capital Conservation Buffer.
Central Service Groups	The Central Service Groups consist of the Corporate Operations Group, Financial Management Group, Risk Management Group, Legal and Governance and Central Executive.
CGM	Commodities and Global Markets.
Common Equity Tier 1 Capital	A capital measure defined by APRA, comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • provide a permanent and unrestricted commitment of funds; • are freely available to absorb losses; • do not impose any unavoidable servicing charge against earnings; and • rank behind the claims of depositors and other creditors in the event of winding up. Common Equity Tier 1 Capital comprises paid up capital, Retained earnings, and certain reserves.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
Common Equity Tier 1 Deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
E	
ECL	Expected Credit Losses as defined and measured in terms of AASB 9: Financial Instruments.
EDT	Equity Derivatives and Trading
Effective tax rate	The income tax expense as a percentage of the profit before income tax, both adjusted for amounts attributable to non-controlling interests (if applicable). The effective tax rate differs from the Australian company tax rate due to permanent differences arising from the income tax treatment of certain income and expenses as well as tax rate differentials on some of the income earned offshore.
Expense/Income ratio	Total operating expenses expressed as a percentage of Net operating income.
F	
Financial Report	Macquarie Bank Limited Interim Financial Report.
FIRB	Foundation Internal Ratings Based Approach (for determining credit risk).
FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
H	
Headcount	Headcount represents Macquarie's active permanent and variable workforce, and includes Macquarie employees (permanent and casual) and its contingent workers (contractors, agency workers and secondees). Macquarie's non-executive directors are not included.
HQLA	High-quality liquid assets.
M	
Macquarie Bank, the Consolidated Entity	Macquarie Bank Limited and its subsidiaries.
Macquarie Group	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. 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.
MIFL	Macquarie International Finance Limited.

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 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, MFHPL and its subsidiaries, and MAMHPL and its subsidiaries.
Non-Banking Group	The Non-Banking Group comprises Macquarie Capital, Macquarie Asset Management and some business activities of CGM.
Non-GAAP metrics	Non-GAAP metrics include financial measures, ratios and other information that are neither required nor defined under Australian Accounting Standards.
O	
Operating Groups	The Operating Groups consist of BFS and CGM.
OTC	Over-the-counter.
R	
RBA	Reserve Bank of Australia.
Risk-weighted assets (RWA)	A risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
RITS	Reserve Bank Information and Transfer System
RMBS	Residential Mortgage-Backed Securities.
S	
Senior Management	Members of Macquarie's Executive Committee and Executive Directors who have a significant management or risk responsibility in the organisation.
Subordinated debt	Debt issued by Macquarie for which agreements between Macquarie and the lenders provide, in the event of liquidation, that the entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of Macquarie. Subordinated debt is classified as liabilities in the Macquarie financial statements and may be included in Tier 2 Capital.
T	
TFF	Reserve Bank of Australia Term Funding Facility.
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	
UK	The United Kingdom.
US	The United States of America.

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