MACQUARIE BANK

MBL Basel III Pillar 3 Disclosures

March 2026

Macquarie Bank Limited
ACN 008 583 542

Macquarie Bank Limited
ABN 46 008 583 542

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

Telephone (61 2) 8232 3333
Facsimile (61 2) 8232 7780
Telex 122246
DX 10287 SSE
SWIFT MACQAU2S

Money Market 8232 3600 Facsimile 8232 4227
Foreign Exchange 8232 3666 Facsimile 8232 3019
Metals and Mining 8232 3444 Facsimile 8232 3590
Futures 9231 1028 Telex 72263
Debt Markets 8232 3815 Facsimile 8232 4414

MACQUARIE BANK

ASX Release

MACQUARIE BANK RELEASES MARCH 2026 PILLAR 3 DISCLOSURE DOCUMENT

8 May 2026 – The Macquarie Bank Limited March 2026 Pillar 3 disclosure document was released today. These disclosures have been prepared in accordance with the Australian Prudential Regulation Authority (APRA) requirements of Prudential Standard APS 330 Public Disclosure.

Attestation

Macquarie Bank Limited (MBL), as an Authorised Deposit-taking Institution, presents the Pillar 3 report in compliance with the requirements under APRA Prudential Standard APS 330 Public Disclosure.

MBL's prudential disclosures are prepared in accordance with the Prudential Disclosure Policy, which meets the requirements of APS 330 and has been approved by the MBL Board.

We, as the Accountable Persons of MBL, confirm that MBL's prudential disclosures, as set out in the MBL Pillar 3 report for the reporting period ended 31 March 2026, have been prepared in accordance with MBL's Prudential Disclosure Policy.

This report was approved on 8 May 2026.

Frank Kwok
Chief Financial Officer

Andrew Cassidy
Chief Risk Officer

Contents

Attestation 3
Contents 4
BCBS Disclosure Mapping 5
1. Introduction 7
2. Overview of Risk Management 16
3. Capital Adequacy 21
4. Credit Risk 28
5. Credit Risk Mitigation 52
6. Credit Quality 54
7. Counterparty Credit Risk 58
8. Securitisation Risk 66
9. Market Risk 71
10. Interest Rate Risk in the Banking Book (IRRBB) 75
11. Operational Risk 77
12. Leverage Ratio 80
13. Countercyclical Capital Buffers 82
14. Liquidity Risk 84
15. Linkages to Financial Statements 92
16. Glossary of Terms 95
17. Disclaimer 98

BCBS Disclosure Mapping

BCBS Disclosure Requirements	Templates	Name	Section reference
DIS20: Overview of risk management, key prudential metrics and RWA	KM1	Key metrics (at consolidated group level)	1. Introduction
	OVA	Bank risk management approach	2. Overview of Risk Management
	OV1	Overview of risk-weighted assets (RWA)	1. Introduction
DIS21: Comparison of modelled and standardised RWA	CMS1	Comparison of modelled and standardised RWA at risk level	4. Credit Risk
	CMS2	Comparison of modelled and standardised RWA for credit risk at asset class level	4. Credit Risk
DIS25: Composition of capital and TLAC	CC1	Composition of regulatory capital	3. Capital Adequacy
	CC2	Reconciliation of regulatory capital to balance sheet	3. Capital Adequacy
DIS30: Links between financial statements and regulatory exposures	LIA	Explanations of differences between accounting and regulatory exposure amount	15. Linkages to Financial Statements
	LI1	Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	15. Linkages to Financial Statements
	LI2	Main sources of differences between regulatory exposure amounts and carrying values in financial statements	15. Linkages to Financial Statements
DIS31: Asset encumbrance	ENC	Asset encumbrance	14. Liquidity Risk
DIS40: Credit risk	CRA	General qualitative information about credit risk	4. Credit Risk
	CR1	Credit quality of assets	6. Credit Quality
	CR2	Changes in stock of defaulted loans and debt securities	6. Credit Quality
	CRB	Additional disclosure related to the credit quality of assets	6. Credit Quality
	CRC	Qualitative disclosure related to credit risk mitigation techniques	5. Credit Risk Mitigation
	CR3	Credit risk mitigation techniques - overview	5. Credit Risk Mitigation
	CRD	Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk	4. Credit Risk
	CR4	Standardised approach - Credit risk exposure and credit risk mitigation effects	4. Credit Risk
	CR5	Standardised approach - Exposures by asset classes and risk weights	4. Credit Risk
	CRE	Qualitative disclosure related to internal ratings-based (IRB) models	4. Credit Risk
	CR6	IRB - Credit risk exposures by portfolio and probability of default (PD) range	4. Credit Risk
	CR8	RWA flow statements of credit risk exposures under IRB	4. Credit Risk
	CR9	IRB - Backtesting of probability of default (PD) per portfolio	4. Credit Risk
	CR10	IRB (specialised lending under the slotting approach)	4. Credit Risk
DIS42: Counterparty credit risk	CCRA	Qualitative disclosure related to CCR	7. Counterparty Credit Risk
	CCR1	Analysis of CCR exposures by approach	7. Counterparty Credit Risk
	CCR3	Standardised approach – CCR exposures by regulatory portfolio and risk weights	7. Counterparty Credit Risk
	CCR4	IRB – CCR exposures by portfolio and probability-of-default (PD) scale	7. Counterparty Credit Risk
	CCR5	Composition of collateral for CCR exposures	7. Counterparty Credit Risk
	CCR6	Credit derivatives exposures	7. Counterparty Credit Risk
	CCR8	Exposures to central counterparties	7. Counterparty Credit Risk
DIS43: Securitisation	SECA	Qualitative disclosure requirements related to securitisation exposures	8. Securitisation Risk
	SEC1	Securitisation exposures in the banking book	8. Securitisation Risk
	SEC4	Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	8. Securitisation Risk
Market risk (APS 330)		Market risk qualitative disclosures	9. Market Risk
	Table 2(f)	MBL VaR exposures arising from the internal models approach (IMA) for trading portfolios	9. Market Risk
	Table 2(f)	MBL SVaR exposures arising from the internal models approach (IMA) for trading portfolios	9. Market Risk
	Table 1(b)	MBL exposure arising from the standard method	9. Market Risk
		Market risk RWA calculation methods	9. Market Risk
DIS51: Credit valuation adjustment risk	CVAA	General qualitative disclosure requirements related to CVA	7. Counterparty Credit Risk
		Total CVA risk capital charge	7. Counterparty Credit Risk

DIS60: Operational risk	ORA	General qualitative information on a bank's operational risk framework	11. Operational Risk
	OR1	Historical losses	11. Operational Risk
	OR2	Business indicator and subcomponents	11. Operational Risk
	OR3	Minimum required operational risk capital	11. Operational Risk
DIS70: Interest rate risk in the banking book	IRRBBA	Interest rate risk in the banking book (IRRBB) risk management objective and policies	10. Interest Rate Risk in the Banking Book (IRRBB)
	IRRBB1	Quantitative information on IRRBB	10. Interest Rate Risk in the Banking Book (IRRBB)
DIS75: Macroprudential supervisory measures	CCyB1	Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement	13. Countercyclical Capital Buffers
DIS80: Leverage ratio	LR1	Summary comparison of accounting assets vs leverage ratio exposure measure	12. Leverage Ratio
	LR2	Leverage ratio common disclosure template	12. Leverage Ratio
DIS85: Liquidity	LIQA	Liquidity risk management	14. Liquidity Risk
	LIQ1	Liquidity coverage ratio (LCR)	14. Liquidity Risk
	LIQ2	Net stable funding ratio (NSFR)	14. Liquidity Risk

1. Introduction

Macquarie Bank Limited (MBL) is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA). MBL presents in this report, regulatory information mandated by the revised APRA Prudential Standard APS 330 Public Disclosure (APS 330) which came into effect on 1 January 2025.

The revised APS 330 integrates the Pillar 3 disclosure requirements from the Basel III Framework, with some national specific modifications. The disclosures consist of key prudential metrics and information relating to MBL's risk management approach, regulatory capital, credit risk, counterparty credit risk, securitisation, market risk, operational risk, interest rate risk in the banking book (IRRBB), countercyclical capital buffer requirement, leverage ratio and liquidity.

MBL's Pillar 3 disclosures are prepared on a Level 2 basis, in accordance with the applicable reporting requirements and the Board-approved Prudential Disclosure Policy. Unless otherwise indicated, references to MBL in this report refer to the Level 2 regulatory group which includes MBL (the ADI). Further details on the regulatory structure are provided in Section 1.3 Scope of Application.

1.1 Overview of the Basel III Framework

The Basel Committee on Banking Supervision (BCBS) Basel III framework is designed to strengthen the regulation, supervision, and risk management within the banking sector. The key objectives are to enhance bank resilience, improve risk management, increase transparency and enhance regulatory standards. The APRA Capital framework adopted the Basel III framework, with stricter requirements implemented in specific areas relating to the calculation and measurement of capital (APRA super equivalence).

The Basel III framework is divided into three broad sections known as 'Pillars', outlined as follows:

Pillar 1

Pillar 1 of the Basel III framework covers the rules by which the capital requirements (risk-weighted assets or RWA) and capital adequacy are determined. The framework seeks to increase the sensitivity to risk in the capital calculations and to ensure that this is aligned with an ADI's internal processes for assessing risk. Consequently, there are a number of different approaches to risk calculation that allow the use of internal models to calculate regulatory capital. A bank may be accredited to use the advanced approaches when it can demonstrate the integrity and sophistication of its risk management framework. It must also ensure that its internal estimates of risk are fully integrated into corporate governance functions as well as internal calculations of capital. Further to this, the most advanced approaches are available if a bank has sufficient depth and history of default data to enable it to generate its own Loss Given Default (LGD) and Probability of Default (PD) estimates based on its own loss experience.

APRA has approved the use of the Foundation Internal Ratings-Based Approach (F-IRB) for wholesale exposures and the Advanced Internal Ratings-Based Approach (A-IRB) for retail exposures in the calculation of MBL's credit risk capital requirements. These approaches utilise the internal PD and internal rating assigned to the obligor. The internal LGD or APRA-assigned LGD is applied to the respective approaches accordingly. APRA-assigned Credit Conversion Factors (CCF) are applied to off-balance sheet exposures based on the nature of the exposure.

Capital requirements for market risk and Interest rate risk in the banking book (IRRBB) are calculated using the Internal Model Approach (IMA). Operational risk capital requirement is calculated using the Standardised Measurement Approach (SMA).

The use of the internal approaches place a higher reliance on the internal capital measures and therefore require a sophisticated level of risk management and risk measurement practices.

Pillar 2

Pillar 2 (the Supervisory Review Process) of the Basel III framework requires ADIs to make their own assessments of capital adequacy considering their risk profile and to have a strategy in place for maintaining their capital levels. Macquarie's Internal Capital Adequacy Assessment Process (ICAAP) addresses the requirements of Pillar 2.

The ICAAP is part of Macquarie's overall risk management framework; its key features include:

- Comprehensive risk assessment process;
- Internal assessment of capital adequacy using Macquarie's economic capital adequacy model (refer to Section 3.1 Capital management)
- Risk appetite setting (refer to Section 2.2 Macquarie's Risk Management Framework)
- Capital management plans designed to ensure the appropriate level and mix of capital given Macquarie's risk profile; and
- Regular reporting of capital adequacy and monitoring of risk profile against risk appetite.

Macquarie's ICAAP is subject to Board and Senior Management oversight.

Pillar 3

Pillar 3 of the Basel III framework lays out the public disclosure requirements seeking to provide clear, comprehensive, meaningful, consistent and comparable information across market participants. In alignment with these principles, APRA has incorporated the BCBS's disclosure requirements into the revised APS 330, effective from 1 January 2025.

This report has been produced in compliance with the revised APS 330, containing disclosures that address the following requirements relevant to the reporting period:

- DIS20: Overview of risk management, key prudential metrics and RWA
- DIS21: Comparison of modelled and standardised RWA
- DIS25: Composition of capital
- DIS30: Links between financial statements and regulatory exposures
- DIS31: Asset encumbrance
- DIS40: Credit risk
- DIS42: Counterparty credit risk
- DIS43: Securitisation
- Market risk (APS 330)
- DIS51: Credit valuation adjustment risk
- DIS60: Operational risk
- DIS70: Interest rate risk
- DIS75: Countercyclical capital buffer
- DIS80: Leverage ratio
- DIS85: Liquidity

Disclosures relating to Remuneration and Global Systemically Important Bank (G-SIB) Indicators are published as standalone reports and are not included in this Pillar 3 report.

1.2 Pillar 3 Disclosure and Governance

MBL is committed to following a robust internal controls framework to ensure that market disclosures are complete, accurate, and comply with applicable standards and regulations. As set out in APS 330, MBL has implemented a Prudential Disclosure Policy which was approved by the MBL Board as the internal governance for the disclosures in this report. The key elements of the Prudential Disclosure Policy include:

Content of disclosures

MBL is required to assess the disclosure requirements. The level of detail and extent of the required disclosures must align with MBL's prudential obligations. Disclosures should be supported by relevant underlying data and information for the relevant period and reflect the key principles from APS 330.

Key controls for the disclosures

MBL has controls in place to ensure the appropriateness and accuracy of the Pillar 3 information. These controls are aligned with the verification process applied to MBL's preparation of financial reports. The Pillar 3 document also contains disclosures reported to APRA, which are reconciled with regulatory submissions to ensure consistency and are subject to the same internal controls as other regulatory reporting.

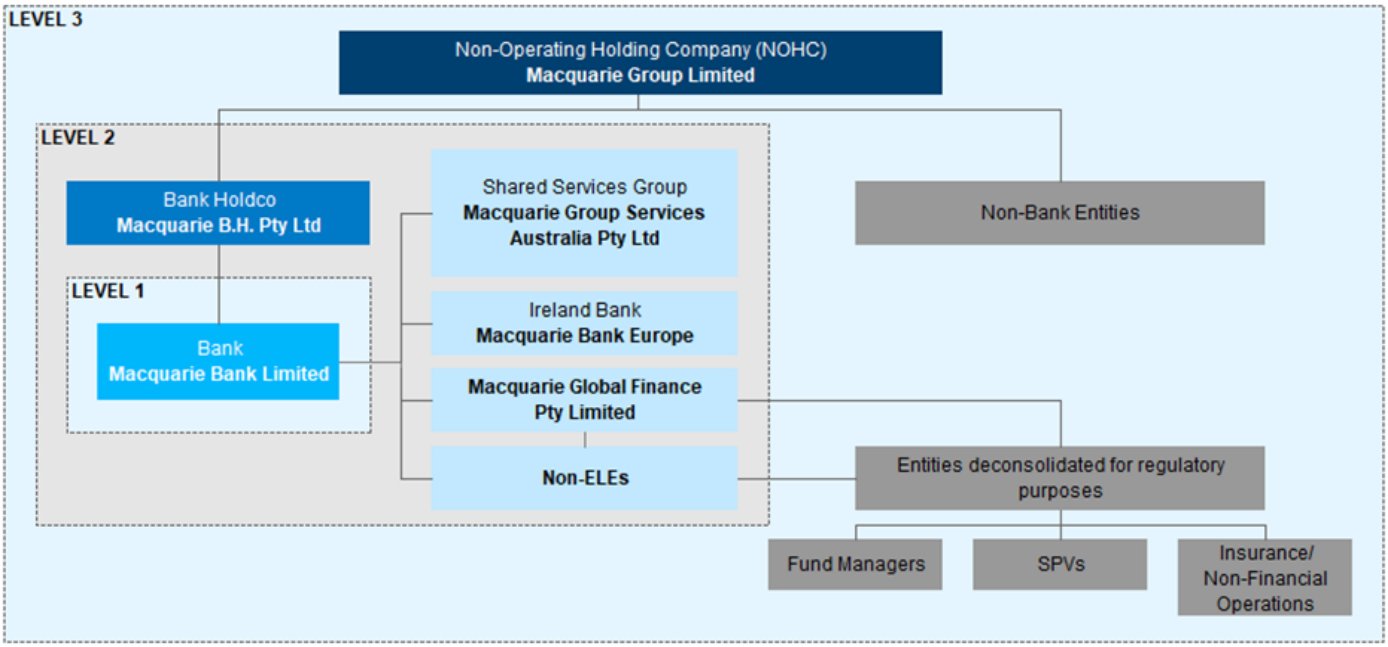
Review and approval process

The policy outlines the roles and responsibilities for the preparation and review, as well as the approval mechanism, of the Pillar 3 document. The governance in place allows for thorough review and Senior Management oversight prior to publication.

As an external publication, this document has been subject to internal verification and approval in line with the Prudential Disclosure Policy to ensure compliance with the regulatory requirements outlined in APS 330. The disclosures in this report are not required to be audited by an external auditor; however, they have been prepared on a basis consistent with information submitted to APRA.

1.3 Scope of Application

APS 330 requires MBL, as a subsidiary of an authorised non-operating holding company (NOHC), to disclose Pillar 3 information for the Level 2 regulatory consolidated group. The regulatory consolidated group differs from the accounting consolidated group and identifies three different levels of consolidation. The overall regulatory reporting structure of Macquarie Group is illustrated below, and the reporting levels are in accordance with APRA definitions contained in CPS 001 Definitions (CPS 001).



The Level 2 regulatory group primarily consists of MBL (the ADI), its immediate parent (Macquarie B.H. Pty Ltd), and its subsidiaries. The group excludes specific subsidiaries which are required to be deconsolidated according to APRA reporting requirements. These subsidiaries include:

- Special purpose vehicles (SPVs) for which MBL has satisfied operational requirements per APS 120 Securitisation Attachment A for regulatory capital relief; and
- Entities conducting insurance, funds management and non-financial operations.

Consequently, the Level 2 regulatory group excludes a subset of entities which are in scope for the accounting consolidation of MBL and its subsidiaries. Equity investments into these deconsolidated subsidiaries by the Level 2 group are deducted from Common Equity Tier 1 (CET1) capital under APS 111 Capital Adequacy: Measurement of Capital (APS 111).

MBL (the ADI), also equivalent to the Level 1 regulatory group, is part of the larger consolidated group of Macquarie Group Limited (MGL) and its subsidiaries, collectively referred to as the Macquarie Group, the Level 3 regulatory group, or Macquarie. APS 330 does not require disclosures relating to the Level 3 group, however, some limited Level 3 disclosures are made in this report. Comments on policies in this report generally reflect policies adopted across Macquarie, unless it is stated that the policies are specific to any one part of the Group.

References to MBL in this report refer to the Level 2 regulatory group as described above. Unless otherwise stated, all disclosures in this report represent the Level 2 regulatory group prepared on an APRA Basel III basis.

1.4 Basis of Preparation

This Pillar 3 document has been prepared in accordance with reporting requirements from APS 330 and BCBS Disclosure Requirements. The report comprises both quantitative and qualitative information for the period ended 31 March 2026, together with comparatives where relevant for comparability purposes.

MBL's Pillar 3 disclosures are governed by the Prudential Disclosure Policy, which is approved by the MBL Board. The Pillar 3 disclosures issued at MBL's financial half-year at 30 September and full-year at 31 March provide comprehensive information on regulatory capital and risk exposures, and are published concurrently with MBL's interim and annual financial reports. The reports for the quarters ending 30 June and 31 December disclose a subset of this information.

Calculation of MBL's capital requirements follows the methods accredited by APRA. All amounts reported are in Australian Dollars and have been rounded to the nearest million, unless otherwise stated.

1.5 Key Metrics

APRA's capital framework reforms (effective 2023) prescribe the capital adequacy requirements for IRB ADIs as follows:

- Minimum CET1 ratio of 9%, comprising the industry minimum CET1 requirement of 4.5%, a capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB) of 0.75%[1].
- Minimum Tier 1 and Total capital ratios of 10.5% and 17% respectively, inclusive of CCB and CCyB.
- Minimum leverage ratio of 3.5%.

The minimum requirement for liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) is 100% per APS 210 Liquidity.

APRA may impose ADI-specific minimum ratios which may be higher than these requirements. At 31 March 2026, the MBL Level 2 regulatory group's key prudential metrics including the capital ratios, leverage ratio and liquidity ratios are above the APRA imposed regulatory minimum requirements, and the Board imposed internal minimum requirements.

Macquarie has been working with APRA on a remediation plan that strengthens MBL's governance, culture, structure and remuneration to ensure full and ongoing compliance with prudential standards and management of MBL-specific risks. These will continue to be delivered through 2026 and beyond, creating a positive impact through improved systems, frameworks, processes, and strengthening risk culture.

On 5 February 2026, APRA announced it had reduced liquidity add-on requirements imposed on MBL in 2021 and 2022. APRA has partially removed the add-on to the net cash outflow component of MBL's Liquidity Coverage Ratio (LCR), reducing the add-on from 25% to 15%. APRA has also removed MBL's Net Stable Funding Ratio (NSFR) add-on of 1% that was applied to the available stable funding component of the NSFR calculation. There has been no change to the operational capital overlay of $500 million[2] which MBL was required by APRA to hold from 2021. The changes are effective 5 February 2026.

At 31 March 2026, MBL's CET1 ratio was 12.8%, up 0.4% from 12.4% in the prior quarter. This was driven by an overall increase in CET1 capital of $1.4 billion, reflecting earnings over the quarter, offset by an increase in RWA of $5.4 billion primarily due to market movements, portfolio growth and annual update to operational risk RWA. Further details on the overall movement in RWA are provided in Table 2: OV1 - Overview of total risk exposure amounts.

The leverage ratio was 4.7% at 31 March 2026, an increase of 0.1% from the prior quarter. This increase was driven by higher Tier 1 capital from earnings generated during the quarter, partly offset by higher exposures, primarily due to market movements and portfolio growth.

The three month average LCR to 31 March 2026 was 173%, representing a 5% decrease from the prior quarter. The lower average LCR was driven by a decrease in high-quality liquid assets which was partly offset by a decrease in net cash outflows over the same period.

The NSFR as at 31 March 2026 was 116%, which increased 5% from the prior quarter, driven by an increase in available stable funding, partly offset by an increase in required stable funding.

Updates on MBL's business activities and developments are provided in the MBL Annual Report.

[1] The CCyB of the Level 2 regulatory group at 31 March 2026 is 0.79%, which is rounded to 0.75% for presentation purposes. The individual CCyB varies by jurisdiction and the CCyB of the Level 2 regulatory group is calculated as a weighted average based on exposures in different jurisdictions at period end.

[2] Specific to the MBL Level 1 regulatory group, APRA has imposed an operational capital overlay of $500 million effective from 1 April 2021. This action pertains to historical issues relating to intra-group funding arrangements.

Table 1: KM1 - Key metrics

		a	b	c	d	e
		Mar 2026	Dec 2025	Sep 2025	Jun 2025	Mar 2025
		$m	$m	$m	$m	$m
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	21,370	20,002	19,123	19,630	19,250
2	Tier 1	23,754	22,422	21,553	22,065	21,746
3	Total capital	35,814	33,401	32,575	31,600	31,242
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	167,288	161,880	154,566	154,946	150,958
4a	Total risk-weighted assets (pre-floor)	167,288	161,880	154,566	154,946	150,958
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	12.8 %	12.4 %	12.4 %	12.7 %	12.8 %
5b	CET1 ratio (%) (pre-floor ratio)	12.8 %	12.4 %	12.4 %	12.7 %	12.8 %
6	Tier 1 ratio (%)	14.2 %	13.9 %	13.9 %	14.2 %	14.4 %
6b	Tier 1 ratio (%) (pre-floor ratio)	14.2 %	13.9 %	13.9 %	14.2 %	14.4 %
7	Total capital ratio (%)	21.4 %	20.6 %	21.1 %	20.4 %	20.7 %
7b	Total capital ratio (%) (pre-floor ratio)	21.4 %	20.6 %	21.1 %	20.4 %	20.7 %
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	3.75 %	3.75 %	3.75 %	3.75 %	3.75 %
9	Countercyclical buffer requirement (%)	0.79 %	0.76 %	0.75 %	0.73 %	0.74 %
10	Bank G-SIB and/or D-SIB additional requirements (%)	N/A	N/A	N/A	N/A	N/A
11	Total of bank CET1 specific buffer requirements (%)[1] (row 8 + row 9 + row 10)	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %
12	CET1 available after meeting the bank's minimum capital requirements (%)[2]	8.3 %	7.9 %	7.9 %	8.2 %	8.3 %
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	503,654	484,881	458,694	430,793	425,094
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	4.7 %	4.6 %	4.7 %	5.1 %	5.1 %
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	N/A	N/A	N/A	N/A	N/A
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	4.7 %	4.6 %	4.7 %	5.1 %	5.1 %
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	4.7 %	4.6 %	4.7 %	5.1 %	5.1 %
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	4.7 %	4.6 %	4.7 %	5.1 %	5.1 %
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	55,255	59,889	49,121	46,886	49,462
16	Total net cash outflow	32,032	33,719	28,373	25,521	28,333
17	LCR ratio(%)[3]	173 %	178 %	173 %	184 %	175 %
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	265,050	247,852	236,117	218,798	214,065
19	Total required stable funding	228,725	223,303	208,942	198,821	188,731
20	NSFR ratio[4]	116 %	111 %	113 %	110 %	113 %

[1] Total of 3.75% capital conservation buffer and 0.79% countercyclical capital buffer, rounded to 4.5% for presentation purposes.
[2] Calculated as the difference between MBL's CET1 ratio and the industry minimum CET1 requirement of 4.5% per APS 110.
[3] APRA imposed a 25% add-on to the Net Cash Outflow (NCO) component of the LCR calculation, effective from 1 May 2022. APRA has partially removed the add-on to the NCO component reducing it from 25% to 15%, effective from 5 February 2026. Accordingly, the 3 month average LCR to 31 March 2026 includes a 25% NCO add-on until 4 February 2026 and a 15% NCO add-on effective from 5 February 2026. The prior reporting periods (March 2025 to December 2025) include a 25% NCO add-on.
[4] APRA imposed a 1% decrease to the Available Stable Funding (ASF) component of the NSFR calculation, effective from 1 April 2021. APRA has removed the add-on applied to the ASF component, effective from 5 February 2026. Accordingly, the 1% adjustment is removed in the NSFR reported as at 31 March 2026. The prior reporting periods (March 2025 to December 2025) include the 1% adjustment applied to the ASF component.

Table 2: Level 1 Capital Ratios

	Mar 2026	Sep 2025
Risk-based capital ratios as a percentage of RWA (Level 1)		
CET1 ratio (%)	12.2 %	12.1 %
Tier 1 ratio (%)	13.6 %	13.7 %
Total capital ratio (%)	20.9 %	21.0 %

1.6 Risk-Weighted Assets

Table OV1 below presents an overview of MBL's RWAs and minimum capital requirements by risk categories and calculation approaches. The minimum capital requirement is calculated as 8% of RWA. Further details regarding the relevant reporting items are provided in Table 4: Overview of total risk exposures by asset classes.

Total RWA increased by $5.4 billion during the March 2026 quarter and the key movements are outlined below:

- Credit risk increased by $3.2 billion as a result of underlying book growth across the wholesale and retail portfolios, partially offset by the sale of certain meter assets.
- Increase in RWA for CCR by $1.3 billion mainly on account of commodity price movements.
- Increase in operational risk RWA of $1.5 billion reflects movements in P&L.

Table 3: OV1 - Overview of total risk exposure amounts

		a	b		c	
		RWA $m			Minimum capital requirements $m	Table/Section Reference
		Mar 2026	Dec 2025	Sep 2025	Mar 2026	
1	Credit risk (excluding counterparty credit risk)[1]	90,014	86,816	82,991	7,201	CR4 /CR6/CR10
2	Of which: standardised approach (SA)	4,723	5,022	4,722	378	CR4
3	Of which: foundation internal ratings-based (F-IRB) approach[2]	40,321	38,704	36,425	3,226	CR6
4	Of which: supervisory slotting approach	5,779	5,480	4,895	462	CR10
5	Of which: advanced internal ratings-based (A-IRB) approach	39,191	37,610	36,949	3,135	CR6
6	Counterparty credit risk (CCR)	34,856	33,547	31,879	2,789	CCR1/CCR8
7	Of which: standardised approach for counterparty credit risk	30,231	27,338	27,139	2,419	CCR1/CCR8
9	Of which: other CCR	4,625	6,209	4,740	370	CCR1
10	Credit valuation adjustment (CVA)	8,465	9,288	8,230	677	7.4 Credit Valuation
15	Settlement risk	1	1	1	-	
16	Securitisation exposures in banking book	1,191	1,171	1,083	95	SEC4
18	Of which: securitisation external ratings - (SEC-ERBA), including internal assessment approach (IAA) based approach	410	398	409	33	SEC4
19	Of which: securitisation standardised approach (SEC-SA)	781	773	674	62	SEC4
20	Market risk[3]	10,540	9,547	8,436	844	9.4.6 Market Risk
21	Of which: standardised approach (SA)	357	823	741	29	9.4.6 Market Risk
22	Of which: internal model approach (IMA)	10,183	8,724	7,695	815	9.4.6 Market Risk
20a	Interest rate risk in the banking book (IRRBB)[4,5]	2,040	2,784	3,220	163	IRRBB1
24	Operational risk	20,181	18,726	18,726	1,614	OR3
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-	
26	Output floor applied	72.5 %	72.5 %	72.5 %		
27	Floor adjustment (before application of transitional cap)	-	-	-		
28	Floor adjustment (after application of transitional cap)	-	-	-		
29	**Total (1 + 6 + 10 + 15 + 16 + 20 + 20a + 24 + 25 + 28)**	**167,288**	**161,880**	**154,566**	**13,383**	

[1] Includes $1.7 billion overlays related to PD model in Residential Mortgages and SME Corporates.
[2] Includes residual value of operating leases.
[3] Market risk RWA includes the Risks-Not-In-VaR (RNIV) overlay imposed by APRA, effective from 1 January 2024.
[4] In line with national specific modification.
[5] A Bank-determined overlay of $1.02 billion is included in IRRBB RWAs. This includes amounts related to open issues which are expected to be remediated during FY27, and amounts calculated under a Risks Not in Model ("RNIM") framework.

Table 3 below presents an overview of MBL's exposures and RWAs by asset classes

Table 4: Overview of total risk exposures by asset classes

31 March 2026

	EAD post CRM and post-CCF			RWA		
Portfolio Type	Credit Risk $m	Counterparty Credit Risk $m	Total $m	Credit Risk $m	Counterparty Credit Risk $m	Total $m
Subject to IRB approach						
Corporate[1]	40,312	28,120	68,432	33,289	20,219	53,508
Sovereign	17,627	2,137	19,764	282	17	299
Financial Institution	17,658	32,665	50,323	5,891	9,694	15,585
Residential Mortgages	205,090	-	205,090	39,188	-	39,188
Other Retail	-	-	-	-	-	-
Retail SME	15	-	15	3	-	3
Operating leases	859	-	859	859	-	859
Total IRB approach	**281,561**	**62,922**	**344,483**	**79,512**	**29,930**	**109,442**
Specialised lending subject to Slotting approach	**5,341**	**3,017**	**8,358**	**5,779**	**3,152**	**8,931**
Subject to Standardised approach						
Corporate	989	1,414	2,403	857	1,090	1,947
Residential Mortgages	458	-	458	402	-	402
Other Retail	876	-	876	733	-	733
Other Assets	2,788	-	2,788	2,732	-	2,732
Central Counterparties	-	16,039	16,039	-	684	684
Total Standardised approach	**5,111**	**17,453**	**22,564**	**4,724**	**1,774**	**6,498**
Securitisation			5,809			1,191
Credit Value Adjustment			-			8,465
Total Credit Risk	**292,014**	**83,392**	**381,214**	**90,015**	**34,856**	**134,527**
Market Risk						10,540
Operational Risk						20,181
IRRBB						2,040
Total	**292,014**	**83,392**	**381,214**	**90,015**	**34,856**	**167,288**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

30 September 2025

	EAD post CRM and post-CCF			RWA		
Portfolio Type	Credit Risk $m	Counterparty Credit Risk $m	Total $m	Credit Risk $m	Counterparty Credit Risk $m	Total $m
Subject to IRB approach						
Corporate[1]	38,853	23,509	62,362	31,588	17,312	48,900
Sovereign	18,840	1,455	20,295	252	8	260
Financial Institution	11,343	30,781	42,124	3,471	9,948	13,419
Residential Mortgages	182,980	-	182,980	35,632	-	35,632
Other Retail	1,178	-	1,178	659	-	659
Retail SME	805	-	805	657	-	657
Operating leases	1,114	-	1,114	1,114	-	1,114
Total IRB approach	**255,113**	**55,745**	**310,858**	**73,373**	**27,268**	**100,641**
Specialised lending subject to Slotting approach	**4,592**	**2,609**	**7,201**	**4,895**	**2,785**	**7,680**
Subject to Standardised approach						
Corporate	1,067	1,442	2,509	838	1,058	1,896
Residential Mortgages	527	-	527	470	-	470
Other Retail	675	-	675	531	-	531
Other Assets	2,881	-	2,881	2,885	-	2,885
Central Counterparties	-	12,252	12,252	-	768	768
Total Standardised approach	**5,150**	**13,694**	**18,844**	**4,724**	**1,826**	**6,550**
Securitisation			5,581			1,083
Credit Value Adjustment			-			8,230
Total Credit Risk	**264,855**	**72,048**	**342,484**	**82,992**	**31,879**	**124,184**
Market Risk						8,436
Operational Risk						18,726
IRRBB						3,220
Total	**264,855**	**72,048**	**342,484**	**82,992**	**31,879**	**154,566**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

2. Overview of Risk Management

2.1 Risk Governance

Three lines of defence

Macquarie's approach to risk management adopts the 'three lines of defence' model, which sets risk ownership responsibilities functionally independent from oversight and assurance:

- Primary responsibility for day-to-day risk management lies with the business. The risk owner is the first line of defence.
- The Risk Management Group (RMG) forms the second line of defence and provides independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks.
- The Internal Audit Division, as the third line, provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's risk management framework.

Role of the Board

The role of the MBL Board is to promote the long-term interests of MBL, taking into account the obligations it must discharge as an authorised deposit-taking institution.

The MBL Board is responsible for MBL's risk management framework and the oversight of its operation by Management. The MBL Board approves the MBL Risk Appetite Statement (RAS), and together with the MGL Board, approves Macquarie's Risk Management Strategy (RMS). The MBL Board also determines delegations to Management and approves applicable risk limits and policies for the Banking Group.

Board Committees

The MBL Board is assisted in its oversight role by its Board Committees, including:

- The Board Audit Committee (BAC) which assists with the oversight of the quality and integrity of the accounting, auditing and financial reporting of the Banking Group.
- The Board Governance and Compliance Committee (BGCC) which assists with monitoring corporate governance, regulatory, legal, compliance and financial crime risk matters for the Banking Group.
- The Board Risk Committee (BRiC) which assists by providing oversight of MBL's risk management framework and advising the MBL Board on MBL's risk appetite, risk culture and the RMS.
- The Board Remuneration Committee (BRC) which assists by overseeing the design, operation and monitoring of MBL's remuneration framework.
- The MBL Board Conflicts Committee (BCC) which assists by considering and making recommendations regarding matters or decisions where the interests of MBL or a member of the Banking Group potentially or actually conflict with those of MGL or any MGL subsidiary other than a member of the Banking Group and those matters or decisions are material to the Banking Group.

Role of Management

The Group Heads of the Operating and Central Service Groups are responsible for the implementation of the risk management framework in their Groups. They are required semi-annually to attest that key risks have been identified and are adequately controlled in their Groups. These management representations support the sign-off of the half-year and full-year financial statements.

Management Committees

At the Management level, a number of committees support the management and governance for MBL. These management committees assist in the exercise of the delegated authority of the MBL CEO. Key MBL management committees include:

- The Executive Committee, which operates as an advisory committee for a variety of tactical and strategic initiatives related to the Banking Group, including those that involve a major change in the Banking Group's risks.
- The Executive Risk Committee, which monitors the operation and effectiveness of key internal frameworks, policies and practices for managing financial and non-financial risks, and review governance practices across the Banking Group.
- The Asset and Liability Committee, which is responsible for the oversight of funding management, liquidity management, capital management, Interest Rate Risk in the Banking Book (IRRBB) and ratings for the Banking Group.
- The MBL Conflicts Forum, which assists the MBL CEO by considering and making recommendations with regards to conflict matters or decisions where the interests of MBL and its related entities, or between entities in the Banking Group and Non-Banking Group, potentially or actually conflict. The forum also assists the MBL CEO and the MBL BCC by identifying and reporting material conflict and contagion risk matters to the BCC for consideration.

2.2 Macquarie's Risk Management Framework

Macquarie's risk management framework is the totality of systems, structures, policies, processes and people within Macquarie that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk. Macquarie maintains a single risk management framework that is applied appropriately throughout the Operating and Central Service Groups.

The Internal Audit Division (IAD) independently and objectively reviews the compliance with and effectiveness of Macquarie's risk management framework at least annually, with coverage of all material elements of the framework over a three-year period. In addition, a comprehensive and holistic review of the appropriateness, effectiveness and adequacy of the risk management framework is conducted by operationally independent, appropriately trained and competent persons at least every three years.

Material and emerging risks

In determining those risks that are material to Macquarie, we assess the potential for a risk to affect our earnings resilience and financial strength across market cycles, our ability to meet regulatory obligations, our stakeholders, and our reputation.

Macquarie's material risks include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, model, operational, regulatory and compliance, tax, technology and cyber, artificial intelligence and work health and safety risks.

Emerging risks are new risks or material changes in existing risks such as where there is heightened uncertainty and/or ambiguity. They include, but are not limited to, macro-economic risks, driven by uncertainty and volatility in financial markets, global credit and other economic and geopolitical challenges; adverse financial and non-financial impacts related to climate change; advances in technology including artificial intelligence; and operational risks such as cyber-attacks, information security breaches or technology disruption events within our own systems or those of third-party suppliers.

Emerging risks are identified, assessed and considered across our risk management framework, including:

- the annual review of each Group's strategy and business plan
- the Risk and Control Self-Assessment process which summarises each Group's risk profile, known and emerging themes, key changes and their impact on the risk profile
- other elements such as new product and business approval process, issue and incident management, regulatory change forums and consideration of the external environment.

When new or evolving risks are identified, the impacted areas of the risk management framework are assessed and adjusted where required to ensure the risks are managed effectively. These include updates to Macquarie's RMS, and the MBL RAS (and MGL RAS).

Risk management principles

Macquarie's approach to risk management is based on stable and robust core risk management principles. These are:

- All staff have a role in managing risk: All staff throughout Macquarie are expected to manage risks in accordance with the risk management framework and foster an appropriate and effective risk culture.
- Ownership of risk at the business level: Group Heads are responsible for ownership of material risks that arise in, or because of, their business' operations, including identification, measurement, evaluation, monitoring, control and mitigation of these risks. Before making decisions, clear analysis of the risks is sought to ensure those decisions are consistent with the risk appetite and strategy of Macquarie.
- Understanding worst case outcomes: Macquarie's risk management approach is based on examining the consequences of worst-case outcomes and determining whether these are acceptable and within Macquarie's risk appetite. This approach is adopted for all material risk types and is often achieved by stress testing. Macquarie operates a number of sophisticated quantitative risk management processes, but the foundation of the approach is the informed consideration of both quantitative and qualitative inputs by experienced professionals.
- Requirement for an independent sign-off by RMG: Macquarie places significant importance on having a strong, independent risk management function to review, challenge and sign-off all material risk acceptance decisions. It is essential that RMG has the capability to do this effectively. RMG has invested in recruiting skilled professionals from a range of industries, including those with trading or advisory and capital markets experience. For all material proposals, RMG's opinion must be sought at an early stage in the decision-making process. The approval document submitted to Senior Management must include independent input from RMG on risk and return.

Risk appetite

Risk appetite is set by the MBL Board as the degree and type of risk that MBL is prepared to accept in pursuit of its strategy, giving consideration to the interests of its stakeholders. The MBL RAS defines the overarching risk-taking settings of MBL through risk appetite and risk tolerances. The MBL RAS states risks must generate proportionate returns. Accordingly, a risk and return analysis is required for all significant new deals, products and businesses.

As part of Macquarie's Annual Strategy Review and Business Planning process, RMG undertakes an independent review of Macquarie's strategy and considers how risks identified could individually or in

aggregate impact Macquarie's risk profile and risk appetite. Macquarie's strategy and the outcome of RMG's Risk Review together inform the annual review of the MBL RAS (and MGL RAS), including the risk appetite and tolerance settings.

Stress testing

Enterprise-Wide Stress Testing (EWST), Scenario Analysis & Sensitivity Analysis are integral components of Macquarie's risk management framework, and is integrated with Macquarie's strategy review and financial forecasting. Stress testing, including scenario analysis and sensitivity analysis, is a key tool that informs the calibration of Macquarie's aggregate and material risk type tolerances; provides insights into the Annual Strategy Review and Business Planning process; and tests and informs whether Macquarie's strategy remains, and is forecast to remain, in line with its risk appetite.

EWST is intended to capture the impacts of a stress event or scenario across all risk-types and businesses within MGL or MBL and is undertaken in accordance with Macquarie's EWST Policy and EWST Standard. It is a way in which risks are identified and understood at Macquarie, and is a key tool for assessing emerging risks, capital adequacy under stress events, capital target setting, deal approval, limit setting, portfolio monitoring, and defining aggregate risk appetite and tolerances.

Macquarie's EWST framework seeks to establish methodologies covering all of MBL and MGL's material risks, to ensure stress test impacts are considered across all material areas of Macquarie's portfolio.

The ICAAP Stress Test is a core use of EWST across Macquarie to ensure that MGL and MBL continue to operate with sufficient capital throughout severe but plausible downturn scenarios. It is underpinned by scenarios that are reviewed and approved annually by the MGL and MBL Boards and are designed using clearly defined criteria ensuring the scenarios are appropriately severe, appropriate for Macquarie's entire risk profile, and incorporate non-financial risks.

Macquarie conducts the ICAAP Stress Test at least annually, and as part of its Risk Appetite Stress Testing capabilities, it is refreshed and forecasted at more regular intervals to reflect the latest portfolio and strategies. Other ad-hoc stress testing and scenario analysis may also be undertaken to inform risk appetite and limit setting.

The results of the ICAAP Stress Test are considered in reviewing the ongoing appropriateness of Macquarie's capital targets and associated triggers, as approved by the MGL and MBL Boards annually as part of the MGL and MBL funding and capital management strategy.

Additional uses of EWST across MGL and MBL include Regulatory Stress Testing, Recovery and Exit Planning Scenario Analysis, Resolution Planning Scenario Analysis, Reverse Stress Testing, Climate Risk Scenario Analysis, Intra-Group Exposure Stress Testing and other strategic stress testing exercises.

Further stress testing and scenario analysis is undertaken across MGL and MBL to understand and assess risks on a more granular level across individual risks or business portfolios. Examples include stress testing undertaken to support liquidity risk, market risk and non-financial risk management, which are undertaken in accordance with the relevant individual risk management policies and frameworks.

Policies

Policies are key tools for managing risks, ensuring that risks taken are consistent with Macquarie's risk appetite. They are designed to set out the principles that govern decision-making across Macquarie.

New product and business approval

All new products, businesses, major organisational projects, and significant changes to existing products, businesses, processes or systems which will expose Macquarie to new or significantly varied risks must be assessed against the applicable risk appetite and tolerances.

Risk culture

Risk culture is foundational to risk management, supporting our ability to operate within risk appetite. Maintaining an appropriate and effective risk culture continues to be integral to Macquarie's risk management framework. The MBL Board, assisted by the MBL BRiC, is responsible for forming a view of the risk culture within MBL and the extent to which it supports the ability of MBL to operate consistently within its risk appetite. Through its oversight, the MBL Board can also identify necessary or desirable changes or focus areas required to strengthen the risk culture at MBL. All staff throughout Macquarie have a role in managing risk and are expected to manage risks in accordance with Macquarie's risk management framework.

Macquarie's approach to maintaining an appropriate and effective risk culture is based on an integrated and iterative cycle of:

- Setting behavioural expectations, including through the Code of Conduct.
- Promoting risk culture by embedding the behavioural expectations into day-to-day practices. This is enabled through structural mechanisms, including performance-based remuneration and consequence management.
- Monitoring through qualitative and quantitative indicators, targeted assessments and reviews, and enabling the identification of focus areas.
- Reflecting to support the identification of necessary or desirable changes or focus areas.

2.3 Risk Management Group Structure

RMG, as the second line of defence, is an independent and centralised function responsible for independent and objective review and challenge, oversight, monitoring and reporting in relation to Macquarie's material risks. RMG designs and oversees the implementation of the risk management framework.

The Head of RMG, as the CRO, reports directly to the MGL CEO with a secondary reporting line to the MGL and MBL BRiC. RMG is structured into specialist functional divisions (depicted below) and employs an integrated approach to risk analysis and management across risk classes. RMG's assessment and monitoring of risks involves a collaborative effort across the divisions to ensure a detailed analysis takes place both at the individual and aggregate risk level.

RMG Divisions

Credit manages and oversees the counterparty credit, equity and asset risks taken by Macquarie, including Environmental and Social Risks. This is delivered through the credit risk management framework that articulates the approach to assessment, approval, monitoring and reporting of these risks.

Market Risk assesses, monitors and reports on the risk of change in the value of Macquarie's positions as a result of changes in market conditions. This encompasses both traded and non-traded market risk. Market Risk also oversees Macquarie's implementation of the liquidity risk framework.

Operational Risk establishes, enables and provides oversight of the framework and capabilities supporting the identification, assessment, management, reporting, and escalation of risks arising from our people, processes, and systems, as well as those introduced by external parties, capabilities, and events, including but not limited to Work Health and Safety risks, some of which may be beyond our reasonable control.

Aggregate Risk & Prudential supports the financial resilience, stability and risk culture of Macquarie through oversight of aggregate risks and prudential obligations.

Compliance maintains a comprehensive Compliance framework as well as a Conduct Risk framework, and provides independent oversight to enable our businesses to discharge their regulatory and compliance obligations.

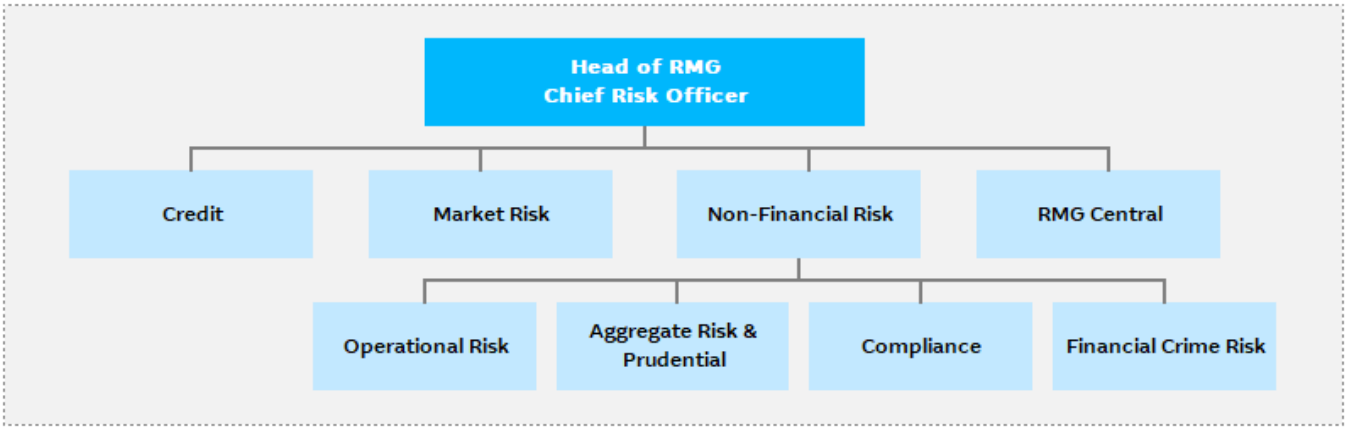
Financial Crime Risk maintains, oversees and advises on the financial crime risk frameworks to manage the money laundering, terrorism financing, sanctions and bribery and corruption risks across Macquarie's customers, clients, staff and the communities we serve.

RMG Central supports the effective operation of RMG while driving transformation across change, data, people and operations, delivering group wide risk training and cross group initiatives.

Internal Audit

IAD, as the third line, provides independent and objective risk-based assurance to the BAC, Board or relevant Board Committees and Senior Management on the compliance with, and effectiveness of, Macquarie's risk management framework, including its governance, systems, structures, policies, processes and people for managing material risks. The IAD assesses whether material risks have been properly identified by management and reported to the Board or relevant Board Committees, and whether key internal controls have been properly designed and are operating effectively and sustainably to mitigate those material risks. The IAD reports directly and regularly to the BAC, Board or relevant Board Committees and Senior Management on significant audit findings.

The BAC has primary power of direction over the IAD and is accountable for monitoring and reviewing the effectiveness of the IAD. The Head of Internal Audit has a functional reporting line into the Chair of the BAC and is primarily accountable to them. Effective 1 October 2025, the administrative reporting line of the Head of Internal Audit changed from the CRO to the MGL CEO.



2.4 Reporting

Macquarie's risk management framework incorporates active management, monitoring and reporting of all material risks. Macquarie's governance structure ensures that Senior Management and the MGL and MBL Boards have a comprehensive view of all material risks through regular reporting of Macquarie's risk position and profile to management committees, the MGL and MBL Boards and their respective Board Committees. Macquarie-wide management information systems provide capability for effective monitoring and reporting of risk information.

3. Capital Adequacy

3.1 Capital management

3.1.1 Capital management strategy

Macquarie's capital management strategy is to determine and maintain appropriate capital levels to support Macquarie's businesses. This includes generating appropriate returns on capital and managing capital in a manner consistent with the expectations of external stakeholders, including regulators, investors and rating agencies.

The capital management objectives are to maintain sufficient capital resources to:

- Support Macquarie's business and operational requirements;
- Safeguard interests of depositors and Macquarie's ability to continue as a going concern;
- Exceed regulatory capital requirements; and
- Support Macquarie's credit ratings.

Macquarie's capital management strategy uses both internal and external measures of capital. Internally, Macquarie has developed an Economic Capital Adequacy Model (ECAM) that is used to quantify the MGL Group's and the MBL Group's aggregate level of risk, including for specific risk types such as credit, equity, market and operational risk. Externally, Macquarie is subject to minimum capital requirements imposed by APRA on a Level 1, Level 2 and Level 3 basis.

The internal and external measures of capital are used to inform the capital management strategy and support business decision making including:

- Capital adequacy assessment;
- Risk appetite setting; and
- Risk adjusted performance measurement.

3.1.2 Capital adequacy assessment

Capital adequacy is primarily assessed on a regulatory basis for the regulatory reporting groups (Level 1, Level 2 and Level 3), as well as on an economic basis for the MBL Group and MGL Group. The assessment is conducted in accordance with the ICAAP framework (refer Section 1.1 Overview of the Basel III Framework), with results reported to the MBL Board, MGL Board and Senior Management, together with projections of capital adequacy under a range of scenarios.

Capital requirements are assessed as follows:

Entity	Regulatory basis (Basel III)	Economic basis (ECAM)
Level 1 regulatory group	Capital to cover RWA and regulatory deductions, according to APRA's ADI Prudential Standards	n/a
Level 2 regulatory group	Capital to cover RWA and regulatory deductions, according to APRA's ADI Prudential Standards	Internal model, covering exposures of the MBL Group
Level 3 regulatory group (MGL Group)	Level 2 regulatory group capital requirement plus internal ECAM requirement of the Non-Bank Group	Internal model, covering all exposures of the MGL Group

The Non-Bank Group's capital requirement is calculated using Macquarie's ECAM. The ECAM is based on similar principles and models as the Basel III regulatory capital framework for banks, as shown in the table below, with both calculating capital at a one year, 99.9% confidence level. The table below shows a comparison of Basel III and ECAM methodologies for key risk types.

Risk[1]	Basel III[2]	ECAM
Credit	Capital requirement generally determined by Basel III IRB formula, with some parameters specified by the regulator (e.g. loss given default estimates for wholesale counterparties)	Capital requirement generally determined by Basel III IRB formula, but with internal estimates of key parameters
Equity	Harmonised Basel III: 250% or 400% risk weight, depending on the type of investment. Deduction from Common Equity Tier 1 above a threshold APRA Basel III: 100% Common Equity Tier 1 deduction[3]	Capital requirement generally determined by an extension of Basel III credit model to cover equity exposures. Capital requirement between 34% and 82% of face value; average 54%
Market	M[4] times 10-day 99% Value at Risk (VaR) plus M times 10-day 99% Stressed Value at Risk (SVaR), plus a specific risk charge	Scenario-based approach
Operational	Standardised Measurement Approach	Scenario-based internal measurement approach

The MGL Group and the Level 1 and 2 regulatory groups are well capitalised. Surplus capital is available to support growth, provide strategic flexibility, accommodate regulatory change and capital volatility. Macquarie actively manages the sensitivity of its capital position to foreign currency movements in order to reduce volatility.

[1] The ECAM also covers non-traded interest rate risk and the risk on assets held as part of business operations, including fixed assets, goodwill, intangible assets and capitalised expenses.
[2] Basel III requirements shown with Market Risk per the revised BCBS Basel II market risk framework. APRA has implemented the Basel III framework (APRA Basel III), and in some areas has introduced stricter requirements (APRA super equivalence).
[3] Includes all Banking Book equity investments, plus net long Trading Book holdings in financial institutions.
[4] M is the Market Risk capital multiplier, which is 3 plus any additions specified.

3.2 Regulatory capital instruments

MBL's regulatory capital comprises Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, recognised in accordance with APS 111.

Common Equity Tier 1 Capital

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

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 31 March 2026 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 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).

Tier 2 Capital

MBL's Tier 2 capital consists of a portion of certain credit loss reserves plus subordinated debt instruments.

MBL has issued cumulative convertible subordinated debt amounting to $US750 million in June 2020, $US1,000 million in March 2021, $A750 million in June 2021, $A850 million in June 2022, $US1,000 million in January 2023, $A1,250 million in March 2024, $A1,250 million in August 2024, $A1,250 million in May 2025, $US1,000 million in August 2025 and $AS1,250 million in February 2026 which are Basel III compliant. This is reported as the value of the liability at the period end date adjusted for any amortisation required under APS 111.

3.3 Composition of Regulatory Capital

Table CC1 below discloses the composition of MBL's regulatory capital, capital ratios, and buffer requirements, presented with relevant references to the regulatory balance sheet. This table should be read in conjunction with Table 6: CC2 - Reconciliation of regulatory capital to balance sheet.

Table 5: CC1 - Composition of regulatory capital

		a	b	
		Amounts Mar 2026 $m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts Sep 2025 $m
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	10,264		10,267
2	Retained earnings	13,580		11,213
3	Accumulated other comprehensive income (and other reserves)	731		1,140
6	**Common Equity Tier 1 capital before regulatory adjustments**	**24,575**		22,620
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudent valuation adjustments	2		-
8	Goodwill (net of related tax liability)	-		-
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	15		24
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	13	Table a	48
11	Cash flow hedge reserve	18		89
12	Shortfall of provisions to expected losses	199		296
14	Gains and losses due to changes in own credit risk on fair valued liabilities	33		25
26	National specific regulatory adjustments	**2,918**		3,015
26a	of which: deferred fee income	(269)		(263)
26b	of which: equity investments in financial institutions	276		423
26c	of which: deferred tax assets (temporary differences)	1,109	Table a	846
26d	of which: capitalised expenses	1,004		985
26e	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	513		788
26f	of which: other national specific regulatory adjustments not reported in rows 26a to 26e	285		236
	Other regulatory adjustments not reported above	7		-
28	Total regulatory adjustments to Common Equity Tier 1 capital	**3,205**		3,497
29	**Common Equity Tier 1 capital (CET1)**	**21,370**		19,123
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	2,384	Table b	2,430
32	Of which: classified as liabilities under applicable accounting standards	2,384	Table b	2,430
36	Additional Tier 1 capital before regulatory adjustments	2,384	Table b	2,430
44	Additional Tier 1 capital (AT1)	2,384	Table b	2,430
45	Tier 1 capital (T1 = CET1 + AT1)	23,754		21,553
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	12,042	Table c	11,018
50	Provisions	18		4
51	Tier 2 capital before regulatory adjustments	12,060		11,022
58	Tier 2 capital	12,060		11,022
59	**Total regulatory capital (= Tier 1 + Tier2)**	**35,814**		32,575
60	**Total risk-weighted assets**	**167,288**		154,566
	Capital adequacy ratios and buffers			
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	12.8 %		12.4 %
62	Tier 1 capital (as a percentage of risk-weighted assets)	14.2 %		13.9 %
63	Total capital (as a percentage of risk-weighted assets)	21.4 %		21.1 %

		a	b	
		Amounts Mar 2026 $m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts Sep 2025 $m
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)[1]	4.5 %		4.5 %
65	Of which: capital conservation buffer requirement	3.75 %		3.75 %
66	Of which: bank-specific countercyclical buffer requirement	0.75 %		0.75 %
67	Of which: higher loss absorbency requirement	N/A		N/A
68	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements[2]	8.3 %		7.9 %
	Applicable caps on the inclusion of provisions in Tier 2 capital			
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	18		4
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	187		185
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		-
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	710		650

[1] Total of 3.75% capital conservation buffer and 0.79% countercyclical capital buffer, rounded to 4.5% for presentation purposes.
[2] Calculated as the difference between MBL's CET1 ratio and the industry minimum CET1 requirement of 4.5% per APS 110.

3.4 Reconciliation of Regulatory Capital to Balance Sheet in the Audited Financial Statements

Information presented in table CC2 consists of the accounting consolidated balance sheet of MBL and its subsidiaries (column a), the regulatory balance sheet of the Level 2 group (column b), together with relevant reconciliations to regulatory capital information (disclosed in Table 5: CC1 - Composition of regulatory capital).

Details on the balance sheet movements are provided in MBL Annual Report.

Table 6: CC2 - Reconciliation of regulatory capital to balance sheet

	a	b	c
	Balance sheet as in published financial	Under regulatory scope of consolidation	Reference
	Mar 2026 $m	Mar 2026 $m	
Assets			
Cash and bank balances	19,607	19,582	
Cash collateralised lending and reverse repurchase agreements	77,339	77,339	
Trading assets	38,158	38,150	CC1 Row 26f
Margin money and settlement assets	18,895	18,896	
Derivative assets	42,248	42,247	
Financial investments	23,646	23,646	
Other assets	7,309	6,396	CC1 Row 8, 9, 26
Loan assets	226,211	226,188	CC1 Row 26d
Due from subsidiaries and other Macquarie Group entities	4,819	5,217	
Property, plant and equipment and right-of-use assets	3,696	3,670	
Investments in regulatory non-consolidated subsidiaries	-	207	
Deferred tax assets	1,153	1,138	
Total assets	**463,081**	**462,676**	
Liabilities			
Deposits	221,547	221,547	
Cash collateralised borrowing and repurchase agreements	6,819	6,819	
Trading liabilities	12,294	12,294	
Margin money and settlement liabilities	27,662	27,662	
Derivative liabilities	36,347	36,347	
Other liabilities	10,112	10,031	
Due to subsidiaries and other Macquarie Group entities	15,045	15,494	
Issued debt securities and borrowings	94,599	93,817	
Deferred tax liabilities	8	7	
Total liabilities excluding loan capital	**424,433**	**424,018**	
Loan capital	14,068	14,068	Table b / Table c
Total liabilities	**438,501**	**438,086**	
Net assets	**24,580**	**24,590**	
Equity			
Contributed equity	10,264	10,264	
Reserves	720	731	
Retained earnings	13,596	13,595	
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited	**24,580**	**24,590**	
Total equity	**24,580**	**24,590**	

The tables below provide reconciliations between the regulatory balance sheet (disclosed in Table 6: CC2 - Reconciliation of regulatory capital to balance sheet) and the regulatory capital information (disclosed in Table 5: CC1 - Composition of regulatory capital).

Table a - DTA	Mar 2026 $m	CC1 Row reference
Deferred Tax Assets per Regulatory Balance Sheet	1,138	
Less: Deferred Tax Liabilities per Regulatory Balance Sheet	(7)	
Net Deferred Tax Assets	1,131	
Adjustments required in accordance with APRA prudential standards	(9)	
Adjusted Net Deferred Tax Assets	1,122	
of which: Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(13)	Row 10
of which: Deferred tax assets (temporary differences) - Amounts below prescribed threshold	(1,109)	Row 26c
Total Deferred Tax Assets - Per CC1 disclosure	-	

Table b - Additional Tier 1 Capital	Mar 2026 $m	CC1 Row reference
Loan Capital per Regulatory Balance Sheet	14,068	
Less: Tier 2 capital instruments reported in Table c	(11,694)	
Less: Accrued interest	(8)	
Add: Capitalised expenses deducted in Common Equity Tier 1 Capital[1]	3	Row 26d
Less: Fair value hedge adjustments[2]	15	
Total Additional Tier 1 Capital - Per CC1 disclosure	2,384	Row 30/32/36/44
Additional Tier 1 Capital Instruments		
Macquarie Bank Capital Notes 2	641	
Macquarie Bank Capital Notes 3	655	
Macquarie Additional Capital Securities	1,088	
Total Additional Tier 1 Capital - Per CC1 disclosure	2,384	Row 30/32/36/44

Table c - Total Tier 2 Capital	Mar 2026 $m	CC1 Row reference
Tier 2 Capital per Regulatory Balance Sheet	11,694	Table b
Less: Accrued Interest	(98)	
Add: Capitalised expenses deducted in Common Equity Tier 1 Capital[1]	29	
Less: Fair value hedge adjustments[2]	417	
Less: Basel III non-transitional amortisation	-	
Total Tier 2 Capital - Per CC1 disclosure	12,042	Row 46
Tier 2 Capital instruments[3]		
USD 750m subordinated debt issued in June 2020	1,089	
USD 1b subordinated debt issued in March 2021	1,451	
AUD 750m subordinated debt issued in June 2021	750	
AUD 850m subordinated debt issued in June 2022	850	
USD 1b subordinated debt issued in January 2023	1,451	
AUD 650m & AUD 600m subordinated debt issued in March 2024	1,250	
AUD 900m & AUD 350m subordinated debt issued in August 2024	1,250	
AUD 500m & AUD 750m subordinated debt issued in May 2025	1,250	
USD 1b subordinated debt issued in August 2025	1,451	
AUD 800m & AUD 450m subordinated debt issued in February 2026	1,250	
Total Tier 2 Capital - Per CC1 disclosure	12,042	Row 46

[1] Unamortised issue cost relating to capital instruments are netted against each instrument on the Level 2 Regulatory Balance Sheet. For regulatory capital purposes, the unamortised costs are deducted at CET1 as part of capitalised expenses in row 26d of Table 5: CC1 - Composition of regulatory capital.
[2] For regulatory capital purposes, APRA requires these instruments to be included as unhedged.
[3] Values are post transitional amortisation.

4. Credit Risk

4.1 Introduction

4.1.1 Credit Risk Overview

Credit risk is defined as the risk that a counterparty will fail to complete its contractual obligations when they fall due (default risk) or changes in the creditworthiness of the obligor (migration risk). The consequent loss is either the amount of the loan or financial obligation not paid back, the change in the value of a non-traded debt instrument, or the loss incurred in replicating a trading contract with a new counterparty.

The MGL and MBL Boards are responsible for establishing the framework for approving credit exposures. Macquarie's Framework is built upon the key pillars of Risk Appetite, Risk Identification, Governance and Systems/Infrastructure.

The Risk Appetite Statement (RAS) is the overarching Macquarie-wide document which outlines the Board approved credit, equity, and asset risk appetite, and Macquarie's tolerance for credit, equity and asset risk is constrained by the limits set out in the MGL and MBL RAS. This serves to ensure that Macquarie is not exposed to excessive concentration of risk through the build-up of exposure to single counterparties, correlated exposures across counterparties, or material wholesale credit exposures over long tenors.

Monitoring and oversight of risk exposures against a tolerance for credit risk are supported by a thorough suite of RAS Metrics. These metrics are further supplemented by Management Metrics across the Businesses, which cascade the RAS Metrics into the Businesses, or constrain specific risks within those Businesses.

The MGL and MBL Boards delegate discretions to approve credit exposure to designated individuals within the Group whose capacity to prudently exercise authority has been assessed.

Line 1 (Business Units in our Operating Groups), and Line 2 (RMG Credit) both play an important role in accepting and monitoring credit risk. Ultimately, Line 1 owns the credit risk, while RMG Credit independently approves, assesses and monitors changes to the credit risk profile.

Line 3 (Internal Audit), provides independent and objective risk-based assurance on the compliance with, and effectiveness of, Macquarie's financial and risk management framework.

4.1.2 Credit Risk Function

Macquarie's philosophy on credit risk management reflects the principle of separating prudential control from operational management. The responsibility for approval of initial credit limits is delegated to specific individuals.

Credit risk approvals reflect two principles:

- A requirement for business and Credit Risk dual sign-off of new counterparties; and
- A requirement that, above specified limits, all credit exposures must be approved outside the business unit proposing to undertake them.

RMG Credit manages the Credit, Equity and Asset risk portfolios within the wider risk Framework, reporting relevant information to management, Boards and Board Committees, where required.

Coverage of Credit Risk is also undertaken regionally, with RMG Credit teams located in ANZ, the Americas (New York and Houston), EMEA (London, Dublin and Paris), and Asia (Singapore, Hong Kong, Tokyo and Gurugram). These teams work closely with the Macquarie businesses in their region.

In addition, each region has an RMG Credit Regional Head who reports into the Head of Credit. This expertise and local knowledge is vital due to varying regional market conventions, risk drivers and outlooks across each region. To ensure consistency across all regions, the overarching Credit Risk Management Framework applies to ensure appropriate risk/return decisions are taken across the group.

RMG Credit Central is responsible for the management of all non-business facing functions within RMG Credit. This includes responsibility for systems, reporting and setting up control frameworks, risk modelling, data management, prudential oversight & compliance with APRA credit-related Prudential Standards and country risk. These teams support all businesses facing RMG Credit functions to manage the day-to-day operations of the division.

RMG Credit Assurance (CA) is a centralised function within RMG which independently verifies the effectiveness of Macquarie's credit risk management. The role of CA is to provide an independent assurance of analysis and process to support credit quality and the effectiveness of credit controls. It also reports annually on the effectiveness of the Credit Risk Management Framework, RMG Credit's performance and compliance with Groupwide Policies and Procedures including the Internal Ratings Policy. Reporting is provided to the Board Risk Committee (BRiC).

4.2 Credit Risk Management

RMG's overarching Credit Risk Management Framework outlines the businesses in which Macquarie operates and the relevant credit risk components inherent in these.

RMG Credit review and challenge businesses' strategies and proposed risk taking, and also help inform risk appetite which in turn shapes each businesses' strategies. RMG Credit maintains a comprehensive and robust framework for the identification, analysis and monitoring of credit risks arising in each business.

Counterparty, portfolio, country and industry limits are set in response to Macquarie's overall business strategy and business needs, consistent with this risk appetite and the overarching risk appetite framework, to ensure a diversified credit portfolio and an appropriate risk adjusted return.

RMG Credit use global credit assessment platform systems to record critical data and analysis relevant to credit limit setting (including credit quality assessment and expected recovery).

Key credit data authored and approved within Credit Systems are integral to many processes across Macquarie including capital calculations, reporting and Front Office Pre-Deal Checks. A high level overview of the various system interfaces required for these processes are outlined below.

Various controls, validations and restrictions have been built into the systems to ensure accurate entry of this critical data.

RMG Credit, as owners of both the limit framework and exposure methodology, maintain relevant credit policies and set limits and management flags (e.g. escalation criteria for tail and stressed exposures). RMG Credit further monitor exposures against those limits and flags. At a minimum, counterparty credit limits are set for all businesses against a consistent low probability (high confidence) profile. The models and parameters used to determine potential future asset prices and consequent portfolio exposures are reviewed and approved by RMG quarterly, significant changes in volatility or market conditions result in more frequent reviews.

When approving limits, RMG Credit assess the strength of the client, ensure the risks are well understood, form a view on the risk/reward balance relating to risk acceptance decisions, calculate worst case losses, and ensure that if a default does occur, the extent of loss is known.

Once limits are approved, RMG Credit monitor the performance of counterparties on an ongoing basis to ensure any deterioration is identified and reflected in an adjustment to limits, internal client (MQ) rating, LGDs and other attributes. All Wholesale (non-retail) counterparties are reviewed at least annually. If a client's performance deteriorates, the position is actively managed to reduce potential loss to Macquarie.

Wholesale business transactions are proposed by the businesses, within the parameters of Macquarie's business strategy, and are subject to individual approval by credit discretion holders. Credit, equity or asset limits are required to accept any amount of wholesale credit, equity or asset risks under a strict principle of 'no limits, no dealing'.

For Retail & SME businesses, the Board approved aggregate exposure limits for homogenous portfolios are cascaded to prescriptive limits at the product level. Line 2 further implement an approved credit policy and override framework.

Ongoing monitoring processes undertaken by Credit include daily limit monitoring, problem loan management (via CreditWatch), and breach reporting/escalation. The Head of Troubled Assets sits within RMG Credit and provides independent Line 2 oversight over Troubled Assets.

RMG Credit are further involved in new product approvals and undertake portfolio stress testing.

Policy Governance

Macquarie-wide policies set out the principles that govern decision-making across Macquarie. Where required, additional guidance is captured within RMG Credit policies, procedures, guidelines, and templates.

Approval of RMG Credit policies is dependent on the type of Policy and the materiality of the changes being made. Policy Owners are responsible for reviewing and approving all policies with additional approvals required if changes are deemed material. Relevant Policy Owner(s) and the Head of Credit Central are responsible for determining materiality.

Exposures measurement

Exposures are calculated differently according to the nature of the obligation. Exposures will generally be measured using one of the following methods:

- Loans and equity investments – equity investments are measured at balance sheet carrying value. Loan exposures are measured at their full nominal value (unless bought at a discount in which case they are measured at their accreted value) and limits must be set accordingly – any impairments are separately recorded.
- Irrevocable contingent liabilities and settlement risk - at full nominal value.
- Market related contracts - a potential future exposure (PFE) profile is measured over future dates to the maturity of each individual contract. PFE is measured assuming a credit event (counterparty default or non-payment) occurs and assumes zero recovery value. Since future market prices are uncertain, PFE is a contingent amount and hence measured at a specified confidence level. At Macquarie, that level is 97.5% meaning on average there will be 2.5% of outcomes which are outside the modelled result. PFE limits are

calibrated to this confidence level. Tail exposure beyond this confidence level is monitored by the Derivatives Review Forum which either confirms the exposure is within risk appetite or recommends mitigating action as appropriate.

- Asset Risk - exposure generally comes in two forms: lease residual value and asset trading exposure. Residual value (RV) is the remaining book value of the asset at the end of the lease. Macquarie takes asset risk whenever it writes a lease with an unguaranteed RV component and sets asset risk limits to cover these positions. Asset trading exposure is the risk associated with holding an asset that was purchased with the intention of selling it for a profit. Asset trading exposure is measured as the cost of the asset, i.e. its book value.

For regulatory purposes, Counterparty Credit exposure, i.e. EAD, is calculated according to the Standardised Approach to Counterparty Credit Risk (SA-CCR) outlined in APRA's ADI Prudential Standard 180 (APS 180), and comprises of replacement cost (RC) and potential future exposure (PFE). The internal measure of counterparty credit exposure is calculated as a function of market movements.

Exposures Stress testing

Macquarie evaluates a counterparty's mark-to-market exposures under a potential stress using a historical approach for stress testing. Under this approach scenarios are designed to consider the worst realistic 2 day move in the prices of the underlying market risk factors. These stresses are applied at the asset class level and the size of stress may vary by asset class. This is done only for the purpose of internal risk management and utilises internal models.

Additionally, Macquarie employs large exposure stresses which are designed to stress the prices of material underlying risk factors up to historical maximum and down to the historical minimum prices observed. This is designed to identify the counterparties where exposures are high enough to cause material changes to capital requirements if the markets were under stress.

These stresses are complemented by exposure stresses applied as part of EWST exercises as described in Section 2.2 Macquarie's Risk Management Framework.

Exposures reporting

MBL maintains strong reporting capabilities at both a central/aggregated level as well as within the Operating Groups. Portfolio trends and metrics are reported through the Credit, Equity and Asset Risk Portfolio Report, which is presented quarterly to the Executive Risk Committee and semi-annually to Board Risk Committee.

MBL has portfolio monitoring dashboards that are designed to provide transparency and oversight on credit exposures, concentrations and credit quality. The Aggregate Risk Portfolio Dashboard provides a range of functionality and a common platform for portfolio monitoring across a range of users within RMG, FPE and the Business.

The main features of our credit risk reporting are outlined below:

Risk Reports & Other Reporting Content	Description
RMG Report	• Supports the MBL and MGL Boards' oversight of Macquarie's Risk Management Framework and Risk Appetite Statement, • Key developments include significant approvals, issues & incidents, and regulatory developments pertinent to Risk are presented and reviewed; and • Items relating to problem loans/troubled assets are included as warranted.
Financial Risk Report	Board report which provides an overview of RMG Credit risk activity and exposures for MBL and MGL.
CEARPR (Credit, Equity and Asset Risk Portfolio Report)	Provides reporting and analysis of the credit, equity and asset portfolios. This includes large exposures, industry and geographic concentrations, credit, equity, and asset exposures by business, exposure type and credit quality.
Credit Quality	Monitoring for potential deterioration in the portfolio through downgrades or originations. This includes a number of RAS metrics: Expected loss; Aggregate MQ14-MQ16 exposures; Non-Performing (MQ99).
CreditWatch	Outlines material developments related to CreditWatch (deteriorated and defaulted) counterparties and portfolios, as well as documents the strategy and course of action for material counterparties presented to the forum. It also reports trends and themes amongst new counterparties placed on CreditWatch.
Country Risk Report	• Provides an overview of country risk exposures broken down by exposure type as well as an analysis of key country and portfolio developments, • Further provides an overview of portfolio changes and other regional analysis; and • Key portfolio metrics, trends and characteristics are captured and reported through the CEARPR, which is presented quarterly to the Board Risk Committee.
RAS Limit Summary Report	As per the Risk Appetite Statement limits, metrics are reported, monitored and measured at the MBL level.

4.3 Internal ratings-based (IRB) models

The Internal Ratings Policy contains the framework for MBL's Internal Ratings Based (IRB) system which includes the methods, processes, controls, data collection and technology that support the assessment of credit risk, the assignment of internal credit risk ratings and the quantification of associated default, exposure and loss estimates in line with the requirements of Prudential Standards.

4.3.1 IRB Models & Model Risk Management (MRM)

Macquarie's framework for managing model risk is centred around establishing clear governance, controls and roles and responsibilities throughout a model lifecycle to ensure model risk is effectively managed and mitigated.

Risk Management Group (RMG) MRM is an independent function within the Risk Management Group and owns Macquarie's Group wide MRM Policy and framework. In accordance with the framework, RMG MRM are responsible for governance, oversight, validation and approval of models.

The MRM Policy is the overarching policy applicable to all models across the Group and establishes clear definitions of what constitutes a model and model risk. The Policy and associated Standard outlines minimum requirements to manage and reduce inadequacies or error in the development, implementation, use and oversight of models.

All IRB models undergo initial and ongoing validation and approval by RMG MRM, with oversight from the Credit Models Review Committee.

Additional relevant policies and processes relating to IRB model risk management include:

- The COG Technology Framework, which governs the use of technology and model integration
- Data Management Policy, which governs data quality measurement and storage; and
- The Incidents and Issues Policy which outlines the Macquarie wide issues management process and is applicable to IRB models.

Effective management of models occurs across the three lines of defence, involving separate and independent functions within RMG. This structure ensures the independence of the function in charge of the audit and validation of the models from the function responsible for ownership and development of the models.

- Line 1: RMG Credit & BFS as model owners have ultimate accountability to ensure compliance with the MRM Policy and Standard.
- Line 2: RMG Aggregate Risk & Prudential and RMG Model Risk Management provide oversight and assurance to ensure model risk is being managed effectively, this includes for example RMG MRM performing initial and ongoing validation of IRB models and oversight of all IRB models by the Credit Models Review Committee.
- Line 3: Internal Audit review the design and effectiveness of the risk management framework for internal rating systems and risk estimates in calculating and reporting credit risk capital in line with the APS 112 and APS 113 requirements.

Segregation of duties throughout the model implementation process, per Macquarie's Change Enablement Standard, ensures that risks associated with model implementation are mitigated. For example, as part of release into production business processes, models must be tested and have change approval independent from the code developer.

The Board and Senior Management of Macquarie receive regular and detailed reporting relating to credit risk models, including but not limited to:

- RMG Central Credit Assurance: Reports annually on the effectiveness of the Credit Risk Management Framework, Credit's performance, and compliance with Groupwide Policies and Procedures, including the Internal Ratings Policy.
- RMG Internal Audit: Credit Risk Capital Management and Reporting is conducted annually on the design and effectiveness of the risk management framework for internal rating systems and risk estimates in calculating and reporting credit risk capital, in line with the requirements of APS 113 as it pertains to RMG Credit. The results of the audit are reported to the Board Audit Committee.
- RMG MRM: Reports to the Board Risk Committee (BRiC) annually on the performance of IRB models and the continued appropriateness of the IRB model governance framework.
- RMG Credit: Reports semi-annually as part of the Credit, Equity and Asset Risk Portfolio Report, which includes risk profiling of MBL's credit portfolio and trends in rating behaviours. RMG Credit also reports quarterly on credit quality Risk Appetite Statement (RAS) metrics, of which internal ratings are a key component. Reporting is provided to the BRiC.

4.3.2 Assessment of Macquarie Internal Ratings

All corporate, sovereign and bank counterparty (wholesale) customer limits and exposures are allocated a Macquarie Group rating (MQ rating) which broadly correspond with S&P Global Ratings (S&P) and Moody's credit ratings. Each MQ rating has been assigned a PD derived from S&P's long-term average one year default rates for similarly rated counterparties. A LGD percentage is additionally assigned to each limit and exposure, reflecting the economic loss estimated to result if default occurs, taking into account the security supporting the credit exposure.

Macquarie has a developed system functionality to support the allocation of internal ratings. This application ensures that all supporting factors and weightings are stored together with the system generated rating. Approvers have access to all of these details through the credit approval process. Details are also maintained of any rating override which must be accompanied by specific commentary from the credit analyst, and which is subject to regular review.

Macquarie considers that ratings are an integral part of determining the creditworthiness of the counterparty. However, Macquarie does not believe that model and template output should replace thorough and thoughtful analysis. In addition to the system details, credit analysts must also provide specific justification of the internal rating as part of their overall credit analysis of each counterparty. Credit approvers consider and approve the internal rating for the counterparty in relation to the size and tenor of their proposed credit limits.

MQ ratings are used to:

- Assess the default risk of credit exposures for management reporting, credit approval of limits, risk attribution and regulatory purposes,
- Assist in credit decisions by providing guidelines and tools that promote a more consistent analytical approach,
- Assist in the process of sharing credit knowledge (including knowledge of specialised and unique companies, industries and products); and
- Provide a basis for disclosing and reporting to investors and the market.

For wholesale counterparties, Macquarie utilises a number of industry templates and a sovereign template to assess appropriate MQ ratings. These industry templates are designed to ensure that Macquarie ratings take into account the different risk factors that affect different industries. Ratings provided by External Credit Assessment Institutions (ECAI) are considered throughout the rating process but are supplementary to the internal rating process. The ratings process combines a quantitative analysis by way of scoring industry specific risk factors and a qualitative assessment based on expert judgement.

Each MQ rating band is associated with an estimate of the PD by the counterparty on its financial obligations and provides a consistent measure across the Level 2 regulatory group. Applicable at either the borrower or transaction level, a rating must be justified and set as part of the credit approval and review process.

The internal MQ Ratings relative to ECAI ratings are outlined below:

Macquarie	S&P	Moody's
MQ1	AAA	Aaa
MQ2	AA+ / AA / AA-	Aa1 / Aa2 / Aa3
MQ3	A+	A1
MQ4	A	A2
MQ5	A-	A3
MQ6	BBB+	Baa1
MQ7	BBB	Baa2
MQ8	BBB-	Baa3
MQ9	BB+	Ba1
MQ10	BB	Ba2
MQ11	BB-	Ba3
MQ12	B+	B1
MQ13	B	B2
MQ14	B-	B3
MQ15	CCC+ / CCC / CCC-	Caa1 / Caa2 / Caa3
MQ16	CC / C	Ca / C
MQ99	D	D

4.3.3 Main characteristics of IRB models

The key internally developed models used to quantify our regulatory RWA requirement for IRB portfolios are as follows:

Wholesale model

Macquarie PD Masterscale – provides Through-the-Cycle probability of defaults to be used for corresponding internal rating grades for F-IRB portfolios.

Wholesale IRB probability of default is calibrated using external agency data (S&P) to supplement Macquarie's own internal experience in order to improve the reliability of modelled probability of default. In order to ensure that the external agency data is appropriate an annual review of its appropriateness is carried out. The PD estimates for MQ1-MQ3 sit below regulatory floors, thus the regulatory floor of 0.05% is used for these rating grades.

Internal Credit Rating Templates – a series of industry and entity type templates, calibrated using expert judgement and requiring APRA approval before use. There are multiple templates reflecting differences in underlying risk drivers on the probability of default across the wholesale portfolio. The product of these templates is an internal risk grade (MQ1-MQ16, with MQ99 being in default) which can be mapped to the Macquarie PD Masterscale to derive a through the cycle probability of default. The observed default rate for all Macquarie's low default portfolios sit in line with, or below, the estimated PDs for all recent historical periods.

Note that while Macquarie has internally developed LGD templates with respect to the wholesale portfolio, these are not used in the determination of regulatory RWA as the Wholesale portfolio is accredited as a F-IRB portfolio.

There is often a time lapse between when a default event occurs and the closure of an exposure, whenever an exposure is closed. For wholesale exposures, a loss tracking template is completed and approved by the appropriate personnel in RMG and FPE. This template details all recoveries, exposure moves, etc that occurs post default event and helps inform the observed LGD which is used to validate regulatory assigned LGD values.

Retail models

APRA has approved internal PD & LGD models to be used for Retail Mortgages portfolios.

For these portfolios, PDs and LGDs are assigned to retail pools. Retail exposures are allocated to pools, such that each pool has homogenous risk. PDs and LGDs are calculated using the following methods:

- PDs: calibrate based on historic default experience for each pool and subject to a margin of conservatism where appropriate. When internal data is not available in sufficient quantity, external data is used but only in the case where it is relevant to the pool.
- LGDs: consider a downturn scenario and the loss that would be incurred for this scenario on defaulted loans in each pool.

4.3.4 Application of IRB models on Macquarie book

Macquarie is approved by APRA to use the Basel III Foundation Internal Ratings-Based (F-IRB) Approach for credit risk for its wholesale portfolios. Approval for the F-IRB approach enables Macquarie to rely on its own internal estimates for some of the necessary credit risk components in determining the capital requirement for a given credit exposure. Internal estimates are used for PD and Maturity, APRA provided estimates are used for LGD and Exposure at Default (EAD).

A number of retail businesses have been accredited to use the IRB Approach, whereby retail exposures are assigned to pools based on both borrower and transaction risk and where the PD and LGD estimates are derived from Macquarie's loss history for exposures in that pool.

Macquarie has a number of portfolios which do not have a statistically significant loss history and therefore do not qualify for the IRB approach to credit risk. Accordingly, the Standardised approach is applied to these portfolios and they are assessed periodically to determine if a change to the IRB approach can be substantiated.

Other portfolios will remain Standardised either because they are in run off or have been approved by APRA as such. The obligors in these portfolios are not rated by any of the recognised ECAI (S&P and Moody's) as they are primarily composed of individual borrowers or small businesses.

The wholesale portfolios are composed of 98% F-IRB exposures and 2% standardised exposures, while the retail portfolios are composed of 99% A-IRB exposures and 1% standardised exposures.

A summary of the applicable IRB or Standardised treatment to the Macquarie credit portfolios is set out in the table below.

Exposure Type	Approach	Treatment
Primarily all credit exposures to Corporate (including SME Corporate), Financial Institution and Sovereign counterparties	F-IRB	MQ rating is mapped to the S&P ratings scale S&P historical default data is used to estimate a PD for each rating grade
Income Producing Real Estate (IPRE)	F-IRB	MQ rating is mapped to the S&P ratings scale S&P historical default data is used to estimate a PD for each rating grade. IPRE loss rates are monitored by the business units to validate that: • losses stemming from outstanding lower risk IPRE exposures are less than 0.3% in each of the past 3 years; and • overall losses stemming from IPRE lending are less than 0.5% of outstanding IPRE exposures in each of the past 3 years
All exposures subject to Supervisory Slotting Approach	Supervisory Slotting	Exposure is slotted based on a combination of its MQ rating and LGD, with APRA determined supervisory risk weights assigned to each exposure
Macquarie originated and purchased Residential Mortgages in Australia[1]	IRB	Through-the-cycle pool PDs and an APRA approved LGD model has been applied to the portfolio, taking into account the regulatory requirement of a 10% LGD floor
Other Residential Mortgages	Standardised	Risk Weighted per APS 112 Capital Adequacy: Standardised Approach to Credit Risk
Other auto and equipment lease exposures in Australia	Standardised	Risk Weighted per APS 112 Capital Adequacy: Standardised Approach to Credit Risk
Credit card exposures in Australia	Standardised	75% risk-weighted
Margin loan exposures in Australia	Standardised	20% risk-weighted
Related party exposures	Standardised	Risk Weighted per APS 112 Capital Adequacy: Standardised Approach to Credit Risk

[1] Excludes loans to self managed superannuation funds secured by residential property and reverse mortgages, which are considered as other residential mortgages under standardised approach.

4.4 Quantitative information on capital requirements under the Internal ratings-based (IRB) approach

The following tables present the capital requirements for credit risk exposures subject to the IRB risk-weight approach. The disclosure includes an overview of on- and off-balance sheet exposures by portfolios and asset classes, presented together with the key parameters used to calculate EAD and RWA.

Original on-balance sheet gross exposure and Off-balance sheet exposures pre CCF are pre CRM. Non-performing assets are not included in the weighted average calculations of PD, LGD, Maturity and RWA density.

Table 7: CR6 - IRB - Credit risk exposures by portfolio and probability of default (PD) range

31 March 2026
Wholesale Portfolio

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure $m	Off-balance sheet exposures pre CCF $m	Average CCF %	EAD post CRM and post-CCF $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %	EL $m	Provisions $m
Corporate[1]												
0.00 to <0.15	4,186	355	47.5 %	4,465	0.1 %	142	46.6 %	3.0	1,390	31.1 %	2	
0.15 to <0.25	2,707	361	98.2 %	3,243	0.2 %	85	42.8 %	2.9	1,479	45.6 %	2	
0.25 to <0.50	9,866	2,199	72.5 %	10,868	0.4 %	908	44.7 %	2.1	6,408	59.0 %	17	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	10,516	4,098	79.6 %	12,987	1.1 %	2,688	37.1 %	2.5	11,919	91.8 %	54	
2.50 to <10.00	5,892	2,241	77.7 %	7,101	3.7 %	3,038	39.4 %	2.5	8,703	122.6 %	104	
10.00 to <100.00	1,348	319	62.2 %	1,202	17.8 %	724	44.4 %	2.0	2,602	216.4 %	97	
RWA overlays	-	-	-	-	-	-	-	-	788	-	-	
100.00 (Non-Performing)	427	19	100.0 %	445	100.0 %	90	29.9 %	1.4	-	-	133	
Sub-total	**34,942**	**9,592**	**76.5 %**	**40,312**	**1.7 %**	**7,675**	**41.3 %**	**2.5**	**33,289**	**83.5 %**	**409**	**366**
Financial Institution												
0.00 to <0.15	9,850	88	41.9 %	12,223	0.1 %	324	50.0 %	1.0	2,367	19.4 %	3	
0.15 to <0.25	765	5	40.0 %	779	0.2 %	38	50.4 %	1.2	360	46.2 %	1	
0.25 to <0.50	3,756	439	40.2 %	3,939	0.3 %	107	50.1 %	1.1	2,504	63.6 %	6	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	186	40	46.1 %	204	0.8 %	50	49.7 %	0.9	195	95.7 %	1	
2.50 to <10.00	138	2	84.6 %	140	3.1 %	34	49.3 %	1.2	226	161.5 %	2	
10.00 to <100.00	86	287	99.5 %	372	13.5 %	40	11.8 %	4.3	239	64.3 %	7	
100.00 (Non-Performing)	1	-	-	1	100.0 %	6	50.0 %	1.0	-	-	-	
Sub-total	**14,782**	**861**	**60.5 %**	**17,658**	**0.4 %**	**599**	**49.2 %**	**1.1**	**5,891**	**33.4 %**	**20**	**17**
Sovereign												
0.00 to <0.15	17,473	34	40.0 %	17,524	-	30	5.4 %	1.8	199	1.1 %	-	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	8	-	-	8	-	3	50.0 %	1.0	4	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	83	29	40.0 %	95	0.8 %	2	49.4 %	1.2	79	83.6 %	-	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	46.4 %	1	50.0 %	1.0	-	266.7 %	-	
100.00 (Non-Performing)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	**17,564**	**63**	**40.0 %**	**17,627**	**- %**	**36**	**5.7 %**	**1.8**	**282**	**1.6 %**	**-**	**-**
Residual Value of Operating Lease	**858**	**1**	**100.0 %**	**859**	**- %**	**-**	**-**	**-**	**859**	**100.0 %**	**-**	**-**
Total (all portfolios)	**68,146**	**10,517**	**75.0 %**	**76,456**	**1.0 %**	**8,310**	**34.8 %**	**2.0**	**40,321**	**53.0 %**	**429**	**383**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

Retail Portfolio

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure $m	Off-balance sheet exposures pre CCF $m	Average CCF %	EAD post CRM and post-CCF $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %	EL $m	Provisions $m
Residential Mortgage												
0.00 to <0.15	72,768	11,359	100.0 %	84,126	0.1 %	129,982	11.7 %		5,123	6.1 %	11	
0.15 to <0.25	32,222	1,508	100.0 %	33,730	0.2 %	47,524	13.4 %		3,048	9.0 %	9	
0.25 to <0.50	-	-	-	-	-	-	-		-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	76,315	8,337	100.0 %	84,653	1.1 %	140,629	13.6 %		26,596	31.4 %	128	
2.50 to <10.00	433	85	100.0 %	518	2.5 %	1,226	14.6 %		301	58.1 %	2	
10.00 to <100.00	818	8	100.0 %	826	22.7 %	1,360	13.5 %		1,071	129.7 %	25	
RWA overlays	-	-	-	-	-	-	-		910	-	-	
100.00 (Non-Performing)	1,216	21	100.0 %	1,237	100.0 %	1,953	15.1 %		2,139	172.9 %	35	
Sub-total	**183,772**	**21,318**	**100.0 %**	**205,090**	**0.6 %**	**322,674**	**12.8 %**		**39,188**	**18.2 %**	**210**	**165**
SME Retail												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	3	3	100.0 %	6	0.2 %	17	10.2 %		-	4.5 %	-	
0.25 to <0.50	-	-	-	-	-	-	-		-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	4	-	100.0 %	4	1.4 %	8	14.7 %		1	24.8 %	-	
2.50 to <10.00	4	-	100.0 %	4	2.5 %	1	10.0 %		1	24.5 %	-	
10.00 to <100.00	1	-	100.0 %	1	22.7 %	1	17.1 %		1	108.2 %	-	
RWA overlays	-	-	-	-	-	-	-		-	-	-	
100.00 (Non-Performing)	-	-	-	-	-	-	-		-	-	-	
Sub-total	**12**	**3**	**100.0 %**	**15**	**2.1 %**	**27**	**11.6 %**		**3**	**19.5 %**	**-**	**-**
Total (all portfolios)	**183,784**	**21,321**	**100.0 %**	**205,105**	**0.6 %**	**322,701**	**12.8 %**		**39,191**	**18.2 %**	**210**	**165**

30 September 2025
Wholesale Portfolio

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure $m	Off-balance sheet exposures pre CCF $m	Average CCF %	EAD post CRM and post-CCF $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %	EL $m	Provisions $m
Corporate[1]												
0.00 to <0.15	4,885	709	70.7 %	5,651	0.1 %	147	46.7 %	2.9	2,017	35.7 %	2	
0.15 to <0.25	3,106	393	97.8 %	3,483	0.2 %	73	44.0 %	2.9	1,722	49.4 %	3	
0.25 to <0.50	7,979	2,114	64.6 %	8,901	0.4 %	876	42.6 %	2.3	5,337	60.0 %	14	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	10,074	4,737	70.0 %	12,732	1.2 %	2,753	39.0 %	2.5	11,601	91.1 %	58	
2.50 to <10.00	4,896	1,923	78.5 %	6,182	3.7 %	3,153	38.4 %	2.6	7,331	118.6 %	88	
10.00 to <100.00	1,489	464	46.6 %	1,396	18.7 %	717	41.2 %	1.8	2,792	199.9 %	103	
RWA overlays	-	-	-	-	-	-	-	-	788	-	-	
100.00 (Non-performing)	469	41	93.0 %	508	100.0 %	129	35.7 %	1.7	-	-	181	
Sub-total	**32,898**	**10,381**	**70.5 %**	**38,853**	**1.8 %**	**7,848**	**41.4 %**	**2.5**	**31,588**	**82.4 %**	**449**	**245**
Financial Institution												
0.00 to <0.15	7,528	36	44.8 %	9,117	0.1 %	308	50.0 %	1.0	1,837	20.2 %	3	
0.15 to <0.25	505	15	40.0 %	518	0.2 %	39	50.0 %	1.3	255	49.2 %	-	
0.25 to <0.50	1,083	45	43.3 %	1,104	0.4 %	110	50.3 %	1.4	852	77.2 %	2	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	224	19	100.0 %	243	1.0 %	52	49.7 %	1.5	288	118.4 %	1	
2.50 to <10.00	59	14	98.0 %	73	3.5 %	-	41.6 %	2.1	106	145.3 %	1	
10.00 to <100.00	51	237	100.0 %	287	12.7 %	47	8.9 %	4.3	133	46.2 %	3	
100.00 (Non-performing)	1	-	-	1	100.0 %	-	50.0 %	1.0	-	-	-	
Sub-total	**9,451**	**366**	**85.1 %**	**11,343**	**0.5 %**	**608**	**48.9 %**	**1.2**	**3,471**	**30.6 %**	**10**	**13**
Sovereign												
0.00 to <0.15	18,778	35	40.0 %	18,792	-	19	5.1 %	1.7	209	1.1 %	-	
0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	
0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
0.75 to <2.50	35	30	40.0 %	48	0.9 %	2	48.7 %	1.6	43	89.8 %	-	
2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00	-	-	-	-	44.3 %	1	50.0 %	1.0	-	271.9 %	-	
100.00 (Non-performing)	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	**18,813**	**65**	**40.0 %**	**18,840**	**- %**	**22**	**5.2 %**	**1.7**	**252**	**1.3 %**	**-**	**-**
Residual Value of Operating Lease	**1,112**	**2**	**100.0 %**	**1,114**	**- %**	**-**	**-**	**-**	**1,114**	**100.0 %**	**-**	**-**
Total (all portfolios)	**62,274**	**10,814**	**70.9 %**	**70,150**	**1.1 %**	**8,478**	**32.7 %**	**2.1**	**36,425**	**52.3 %**	**459**	**258**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

Retail Portfolio

	a	b	c	d	e	f	g	h	i	j	k	l
PD Scale	Original on-balance sheet gross exposure $m	Off-balance sheet exposures pre CCF $m	Average CCF %	EAD post CRM and post-CCF $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %	EL $m	Provisions $m
Residential Mortgage												
0.00 to <0.15	63,632	10,652	100.0 %	74,284	0.1 %	116,556	11.6 %		4,505	6.1 %	10	
0.15 to <0.25	28,002	1,449	100.0 %	29,451	0.2 %	42,119	13.3 %		2,640	9.0 %	8	
0.25 to <0.50	-	-	-	-	-	-	-		-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	68,763	7,783	100.0 %	76,545	1.1 %	129,546	13.6 %		24,107	31.5 %	116	
2.50 to <10.00	579	90	100.0 %	669	2.5 %	1,462	14.9 %		403	60.3 %	2	
10.00 to <100.00	681	7	100.0 %	688	22.7 %	1,191	13.4 %		890	129.3 %	21	
RWA overlays	-	-	-	-	-	-	-		770	-	-	
100.00 (Non-performing)	1,320	24	100.0 %	1,343	100.0 %	2,128	14.8 %		2,318	172.5 %	33	
Sub-total	**162,977**	**20,005**	**100.0 %**	**182,980**	**0.6 %**	**293,002**	**12.8 %**		**35,633**	**18.3 %**	**190**	**151**
SME Retail												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	8	6	100.0 %	14	0.2 %	20	14.7 %		1	6.5 %	-	
0.25 to <0.50	-	-	-	-	-	-	-		-	-	-	
0.50 to <0.75	-	-	-	-	-	-	-		-	-	-	
0.75 to <2.50	411	-	100.0 %	411	1.5 %	16,466	40.3 %		211	51.5 %	3	
2.50 to <10.00	342	3	100.0 %	345	4.6 %	8,141	43.8 %		243	70.4 %	7	
10.00 to <100.00	1	-	100.0 %	1	22.7 %	3	15.8 %		1	99.5 %	-	
RWA overlays	-	-	-	-	-	-	-		135	-	-	
100.00 (Non-performing)	34	-	-	34	100.0 %	1,101	38.0 %		66	191.9 %	12	
Sub-total	**796**	**9**	**100.0 %**	**805**	**2.9 %**	**25,731**	**41.4 %**		**657**	**76.7 %**	**22**	**39**
Other Retail												
0.00 to <0.15	-	-	-	-	-	-	-		-	-	-	
0.15 to <0.25	-	-	-	-	-	-	-		-	-	-	
0.25 to <0.50	225	-	-	225	0.4 %	13,394	31.8 %		50	22.1 %	-	
0.50 to <0.75	361	-	-	361	0.5 %	10,024	27.2 %		78	21.5 %	-	
0.75 to <2.50	353	-	-	353	1.3 %	15,878	39.5 %		171	48.5 %	2	
2.50 to <10.00	206	-	-	206	5.1 %	11,823	52.0 %		174	84.4 %	6	
10.00 to <100.00	-	-	-	-	-	-	-		-	-	-	
RWA overlays	-	-	-	-	-	-	-		114	-	-	
100.00 (Non-performing)	33	-	-	33	100.0 %	1,884	45.8 %		72	219.7 %	14	
Sub-total	**1,178**	**-**	**-**	**1,178**	**1.6 %**	**53,003**	**36.3 %**		**659**	**51.2 %**	**22**	**73**
Total (all portfolios)	**164,951**	**20,014**	**100.0 %**	**184,963**	**0.6 %**	**371,736**	**13.0 %**		**36,949**	**18.8 %**	**234**	**263**

Table CR8 below presents the key factors contributing to the movements in IRB RWA between the current and prior reporting period. For the three months to 31 March 2026, movements attributed to acquisitions and disposals primarily reflect the sale of certain meter assets. Movements related to model updates reflect a periodic recalibration of wholesale PDs to incorporate more recent economic conditions.

Table 8: CR8 - RWA flow statements of credit risk exposures under IRB

		3 months to 31 Mar 26 $m	3 months to 31 Dec 25 $m
1	**RWA as at end of previous reporting period**	**81,794**	78,269
2	Asset size	7,525	6,520
3	Asset quality	(1,383)	(1,619)
4	Model updates	(591)	140
5	Methodology and policy	-	(201)
6	Acquisitions and disposals	(1,161)	(1,120)
7	Foreign exchange movements	(894)	(195)
8	Other	-	-
9	**RWA as at end of reporting period**	**85,290**	**81,794**

Table CR9 below provides an overview of the backtesting data, comparing the PD used in IRB capital calculations with the actual default rates to validate the reliability of PD calculations. The data is computed for the 12-month period from 1 October 2024 to 30 September 2025, for the wholesale and retail portfolios across respective asset classes and PD ranges.

Table 9: CR9 - IRB - Backtesting of probability of default (PD) per portfolio

Wholesale Portfolio

a	b		c	d	e		f	g	h
PD Range %	External rating equivalent[1]		Weighted average PD %	Arithmetic average PD by obligors %	Number of obligors at[2]		Defaulted obligors[2] in the 12 months to	of which: new defaulted obligors[2] in the year	Average historical annual default rate %[3]
	S&P	Moody's			Sep 2024	Sep 2025	Sep 2025	Sep 2025	
Corporate[4]									
0.00 to <0.15	AAA to BBB+	Aaa to Baa1	0.1 %	0.1 %	71	104	-	-	0.1 %
0.15 to <0.25	BBB	Baa2	0.2 %	0.2 %	41	63	-	-	0.2 %
0.25 to <0.50	BBB-, BB+	Baa3, Ba1	0.4 %	0.4 %	592	832	3	-	0.5 %
0.50 to <0.75			- %	- %	-	-	-	-	- %
0.75 to <2.50	BB, BB-	Ba2, Ba3	1.2 %	1.2 %	2,188	2,653	29	3	1.2 %
2.50 to <10.00	B+, B	B1, B2	3.9 %	4.3 %	2,800	3,062	58	-	2.4 %
10.00 to <100.00	B- to CC/C	B3 to Ca/C	16.1 %	15.5 %	179	270	28	1	14.6 %
Financial Institution									
0.00 to <0.15	AAA to BBB+	Aaa to Baa1	0.1 %	0.1 %	246	264	-	-	- %
0.15 to <0.25	BBB	Baa2	0.2 %	0.2 %	25	31	-	-	- %
0.25 to <0.50	BBB-, BB+	Baa3, Ba1	0.4 %	0.4 %	82	99	-	-	- %
0.50 to <0.75			- %	- %	-	-	-	-	- %
0.75 to <2.50	BB, BB-	Ba2, Ba3	1.3 %	1.1 %	38	45	-	-	- %
2.50 to <10.00	B+, B	B1, B2	5.0 %	4.8 %	31	45	1	-	2.6 %
10.00 to <100.00	B- to CC/C	B3 to Ca/C	17.9 %	10.9 %	23	28	-	-	- %
Sovereign									
0.00 to <0.15	AAA to BBB+	Aaa to Baa1	- %	- %	16	16	-	-	0.2 %
0.15 to <0.25	BBB	Baa2	- %	- %	-	-	-	-	- %
0.25 to <0.50	BBB-, BB+	Baa3, Ba1	- %	- %	-	-	-	-	- %
0.50 to <0.75			- %	- %	-	-	-	-	- %
0.75 to <2.50	BB, BB-	Ba2, Ba3	0.9 %	0.9 %	2	2	-	-	- %
2.50 to <10.00	B+, B	B1, B2	- %	- %	-	-	-	-	- %
10.00 to <100.00	B- to CC/C	B3 to Ca/C	- %	- %	-	-	-	-	- %

[1] Wholesale exposures are assigned an internal credit rating based on the information available at origination. These internal ratings are broadly aligned with the external credit ratings from S&P's and Moody's.
[2] Multiple defaults, technical defaults, and exits have been excluded from the number of obligors, in line with the methodology specified in Prudential Practice Guide APG 113.
[3] The average historical annual default rate covers a period of 5 years. The annual default rate has been calculated as the number of defaults during the 12-month period, arising from accounts which existed and were performing at the start of the period, divided by the number of non-defaulted exposures at the start of the period.
[4] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

Retail Portfolio[1]

a	b		c	d	e		f	g	h
PD Range %	External rating equivalent[2] S&P	Moody's	Weighted average PD %	Arithmetic average PD by obligors %	Number of obligors at[3] Sep 2024	Sep 2025	Defaulted obligors[3] in the 12 months to Sep 2025	of which: new defaulted obligors[3] in the year Sep 2025	Average historical annual default rate %[4]
Residential Mortgages									
0.00 to <0.15			0.1 %	0.1 %	99,455	116,559	98	3	0.1 %
0.15 to <0.25			0.2 %	0.2 %	35,248	42,110	98	5	0.3 %
0.25 to <0.50									
0.50 to <0.75									
0.75 to <2.50			1.1 %	1.1 %	96,095	116,758	986	51	1.0 %
2.50 to <10.00			2.5 %	2.5 %	1,750	1,450	45	2	2.0 %
10.00 to <100.00			22.7 %	22.7 %	672	794	189		18.2 %

[1] The Retail SME and Retail Other models are excluded from this disclosure due to the partial disposal of the car loans portfolio with the remaining balances moved to the Standardised approach in December 2025.
[2] Equivalent external ratings are unavailable for retail exposures.
[3] Multiple defaults, technical defaults, and exits have been excluded from the number of obligors, in line with the methodology specified in Prudential Practice Guide APG 113.
[4] The average historical annual default rate covers a period of 5 years. The annual default rate has been calculated as the number of defaults during the 12-month period, arising from accounts which existed and were performing at the start of the period, divided by the number of non-defaulted exposures at the start of the period.

Table CR10 below presents information on the specialised lending exposures under the supervisory slotting approach by regulatory categories.

Table 10: CR10 - IRB (specialised lending under the slotting approach)

31 March 2026

Specialised lending exposures subject to supervisory slotting[1]									
Regulatory categories	On-balance sheet amount $m	Off-sheet balance amount $m	RW %	Exposure amount $m				RWA $m	Expected losses $m
				PF	OF	CF	Total		
Strong	5	135	70 %	141	-	-	141	99	1
Good	1,552	393	90 %	564	1,371	-	1,935	1,742	15
Satisfactory	2,203	1,009	115 %	2,302	722	-	3,024	3,478	85
Weak	119	65	250 %	105	79	-	184	460	15
Default	20	16	-	57	-	-	57	-	28
Total	**3,899**	**1,618**		**3,169**	**2,172**	**-**	**5,341**	**5,779**	**144**

30 September 2025

Specialised lending exposures subject to supervisory slotting[1]									
Regulatory categories	On-balance sheet amount $m	Off-sheet balance amount $m	RW %	Exposure amount $m				RWA $m	Expected losses $m
				PF	OF	CF	Total		
Strong	6	-	70 %	6	-	-	6	4	-
Good	1,280	414	90 %	607	1,093	-	1,700	1,531	14
Satisfactory	1,878	917	115 %	1,870	911	-	2,781	3,199	78
Weak	53	30	250 %	64	-	-	64	161	5
Default	21	17	-	41	-	-	41	-	21
Total	**3,238**	**1,378**		**2,588**	**2,004**	**-**	**4,592**	**4,895**	**118**

[1] Income-producing real estate (IPRE) exposures are excluded from this disclosure as they are not subject to the supervisory slotting treatment.

4.5 Use of external credit ratings under the standardised approach for credit risk

For Credit Risk exposures that are calculated under the Standardised Approach for which External Credit Assessment Institutions (ECAI) ratings are potentially eligible to be used, MBL uses ratings by S&P, Moody's Ratings (Moody's) and Fitch, Inc. (Fitch).

Both short-term and long-term external ratings of these ECAIs have been consistently used by MBL in standardised calculations. These ratings have been applied on both an issuer (applies to counterparty) and issue-specific (applies to a financial instrument) basis.

ECAI ratings are used primarily for Sovereign Exposures, Domestic Public Sector Entities, Bank Exposures and Corporate Exposures (including Corporate SME). The use of short- and long-term ratings varies by asset class, MBL's process for assigning ratings is as follows:

Exposure Type	Process
Sovereign and Domestic Public Sector Entities	• Long-Term ratings are assigned for both issue and non-issue specific exposures
Bank Exposures	• Long-Term ratings are assigned for non-issue specific exposures. For risk weight purposes, short-term is considered less than 3 months of original maturity and concessional risk weight is applied • Issue-specific exposures with an original maturity of less than 12 months are classified as short-term exposures; all other issue-specific exposures are classified as long-term exposures. • For short-term issue-specific exposures, where both a short-term issue-specific rating and a long-term issuer rating are available, the short-term issue-specific rating takes precedence. • For long-term issue-specific exposures, long-term issuer ratings are assigned.
Corporate Exposures (Including Corporate SME)	• Long-Term ratings are assigned for non-issue specific exposures. • Issue specific exposures with Original Maturity less than 12 months are considered as Short-Term Exposures, Otherwise Long-Term Exposures • For short-term issue-specific exposures, where both a short-term issue-specific rating and a long-term issuer rating are available, the short-term issue-specific rating takes precedence. • For long-term issue-specific exposures, where both a long-term issue-specific rating and a long-term issuer rating are available, the long-term issue-specific rating takes precedence.

4.6 Quantitative information on capital requirements under the standardised approach

Table CR4 presents the capital requirements for credit risk exposures subject to the standardised risk-weight approach. The disclosure provides an overview of on- and off-balance sheet exposures by asset classes, reported both before and after the application of CCF and CRM.

Table 11: CR4 - Standardised approach - Credit risk exposure and credit risk mitigation effects

31 March 2026

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount $m	Off-balance sheet amount $m	On-balance sheet amount $m	Off-balance sheet amount $m	RWA $m	RWA density %
1	Sovereigns and their central banks	56	-	56	-	-	-
4	Banks	-	-	-	-	-	-
5	Covered bonds	-	-	-	-	-	-
6	Corporates	1,168	147	961	28	857	86.7 %
7	Subordinated debt, equity and other capital	6	10	6	2	19	237.5 %
8	Retail	715	648	595	259	710	83.1 %
9	Property Exposures	413	36	413	36	389	86.6 %
	Of which: Residential Property	413	36	413	36	389	86.6 %
	Of which: Commercial Property	-	-	-	-	-	-
	Of which: land acquisition, development and construction	-	-	-	-	-	-
10	Non-performing exposures	31	-	31	-	37	119.4 %
11	Other assets[1]	2,688	58	2,688	36	2,711	99.6 %
12	**Total**	**5,077**	**899**	**4,750**	**361**	**4,723**	**92.5 %**

[1] The major components of Other Assets are fixed assets.

30 September 2025

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount $m	Off-balance sheet amount $m	On-balance sheet amount $m	Off-balance sheet amount $m	RWA $m	RWA density %
1	Sovereigns and their central banks	-	-	-	-	-	-
4	Banks	-	-	-	-	-	-
5	Covered bonds	-	-	-	-	-	-
6	Corporates	1,145	317	1,036	31	838	78.5 %
7	Subordinated debt, equity and other capital	6	11	6	2	19	237.5 %
8	Retail	517	656	411	262	528	78.3 %
9	Property Exposures	477	40	477	40	455	88.0 %
	Of which: Residential Property	475	40	475	40	452	87.6 %
	Of which: Commercial Property	-	-	-	-	-	-
	Of which: land acquisition, development and construction	2	-	2	-	3	150.0 %
10	Non-performing exposures	12	-	12	-	17	141.7 %
11	Other assets[1]	2,840	56	2,840	33	2,865	99.7 %
12	**Total**	**4,997**	**1,080**	**4,782**	**368**	**4,722**	**91.7 %**

[1] The major components of Other Assets are fixed assets.

The following tables present the credit risk exposures under the standardised approach, categorised by asset classes and risk weight percentages. The total credit exposure amounts reflect the application of CCF and CRM and are presented to the nearest million dollars.

Table 12: CR5 - Standardised approach - Exposures by asset classes and risk weights

31 March 2026

	0%	20%	50%	100%	150%	Total credit exposure amount
1 Sovereigns and their central banks	56	-	-	-	-	56

	20%	30%	40%	50%	75%	100%	150%	Total credit exposure amount
4 Banks	-	-	-	-	-	-	-	-

	10%	15%	20%	25%	35%	50%	100%	Total credit exposure amount
5 Covered bonds	-	-	-	-	-	-	-	-

	20%	50%	65%	75%	80%	85%	100%	130%	150%	Total credit exposure amount
6 Corporates	-	262	-	3	-	-	724	-	-	989

	100%	150%	250%	400%	Total credit exposure amount
7 Subordinated debt, equity and other capital	-	-	8	-	8

	45%	75%	100%	Total credit exposure amount
8 Retail	-	576	278	854

	0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Total credit exposure amount
9 Property Exposures	-	4	1	6	1	11	1	89	-	-	-	-	-	-	336	-	-	-	449
Of which: Residential Property	-	4	1	6	1	11	1	89	-	-	-	-	-	-	336	-	-	-	449
Of which: Commercial Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	50%	100%	150%	Total credit exposure amount
10 Non-performing exposures	-	20	11	31

	0%	20%	100%	1250%	Total credit exposure amount
11 Other assets[1]	-	14	2,710	-	2,724

[1] The major components of Other Assets are fixed assets.

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

		a	b	c	d
	Risk weight	On-balance sheet exposure $m	Off-balance sheet exposure (pre-CCF) $m	Weighted average CCF* %	Exposure (post-CCF and post-CRM) $m
1	Less than 40%	68	14	100.0 %	82
2	40-70%	546	25	100.0 %	363
3	75%	319	648	40.0 %	579
4	85%	-	-	-	-
5	90-100%	4,127	202	64.3 %	4,068
6	105-130%	-	-	-	-
7	150%	11	-	100.0 %	11
8	250%	6	10	20.0 %	8
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	**Total exposures**	**5,077**	**899**	**47.9 %**	**5,111**

* Weighting is based on off-balance sheet exposure (pre-CCF).

30 September 2025

	0%	20%	50%	100%	150%	Total credit exposure amount
1 Sovereigns and their central banks	-	-	-	-	-	-

	20%	30%	40%	50%	75%	100%	150%	Total credit exposure amount
4 Banks	-	-	-	-	-	-	-	-

	10%	15%	20%	25%	35%	50%	100%	Total credit exposure amount
5 Covered bonds	-	-	-	-	-	-	-	-

	20%	50%	65%	75%	80%	85%	100%	130%	150%	Total credit exposure amount
6 Corporates	-	398	-	120	-	-	549	-	-	1,067

	100%	150%	250%	400%	Total credit exposure amount
7 Subordinated debt, equity and other capital	-	-	8	-	8

	45%	75%	100%	Total credit exposure amount
8 Retail	-	583	90	673

	0%	20%	25%	30%	35%	40%	45%	50%	60%	65%	70%	75%	85%	90%	100%	105%	110%	150%	Total credit exposure amount
9 Property Exposures	-	4	5	6	1	11	1	88	-	-	-	-	-	-	399	-	-	2	517
Of which: Residential Property	-	4	5	6	1	11	1	88	-	-	-	-	-	-	399	-	-	-	515
Of which: Commercial Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2

	50%	100%	150%	Total credit exposure amount
10 Non-performing exposures	-	-	12	12

	0%	20%	100%	1250%	Total credit exposure amount
11 Other assets[1]	-	11	2,862	-	2,873

[1] The major components of Other Assets are fixed assets.

Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

		a	b	c	d
	Risk weight	On-balance sheet exposure $m	Off-balance sheet exposure (pre-CCF) $m	Weighted average CCF* %	Exposure (post-CCF and post-CRM) $m
1	Less than 40%	16	11	100.0 %	28
2	40-70%	582	24	100.0 %	498
3	75%	440	656	40.0 %	702
4	85%	-	-	-	-
5	90-100%	3,940	378	82.5 %	3,901
6	105-130%	-	-	-	-
7	150%	13	-	100.0 %	13
8	250%	6	11	20.0 %	8
9	400%	-	-	-	-
10	1250%	-	-	-	-
11	**Total exposures**	**4,997**	**1,080**	**56.6 %**	**5,150**

* Weighting is based on off-balance sheet exposure (pre-CCF).

4.7 Comparison of modelled and standardised RWA

Table CMS1 below presents a comparison between the RWA reported as the current requirements versus the equivalent RWA calculated using the full standardised approach for the respective risk categories.

The difference between IRB credit risk RWA and standardised RWA is primarily due to the Retail Residential Mortgages portfolio benefiting from modelled LGD and PD under IRB which considers a broader range of factors compared to the standardised approach.

Table 13: CMS1 - Comparison of modelled and standardised RWA at risk level

31 March 2026

		a	b	c	d
		RWA $m			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA (a + b) (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie used in the base of the output floor)
1	Credit risk (excluding counterparty credit risk)	85,291	4,723	90,014	128,711
2	Counterparty credit risk	33,082	1,774	34,856	54,395
3	Credit valuation adjustment		8,465	8,465	8,465
4	Securitisation exposures in the banking book	-	1,191	1,191	1,191
5	Market risk	10,183	357	10,540	10,540
5a	Interest rate risk in the banking book (IRRBB)	2,040	-	2,040	-
6	Operational risk		20,181	20,181	20,181
7	Residual RWA		1	1	1
8	**Total**	**130,596**	**36,692**	**167,288**	**223,484**

30 September 2025

		a	b	c	d
		RWA $m			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA (a + b) (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie used in the base of the output floor)
1	Credit risk (excluding counterparty credit risk)	78,269	4,722	82,991	116,318
2	Counterparty credit risk	30,052	1,827	31,879	49,331
3	Credit valuation adjustment		8,230	8,230	8,230
4	Securitisation exposures in the banking book	-	1,083	1,083	1,083
5	Market risk	7,695	741	8,436	8,436
5a	Interest rate risk in the banking book (IRRBB)	3,220	-	3,220	-
6	Operational risk		18,726	18,726	18,726
7	Residual RWA		1	1	1
8	**Total**	**119,236**	**35,330**	**154,566**	**202,125**

Table CMS2 below provides an overview comparison of the credit risk RWA calculated using the internally modelled approach versus the equivalent RWA calculated using the full standardised approach for the respective asset classes.

Table 14: CMS2 - Comparison of modelled and standardised RWA for credit risk at asset class level

31 March 2026

		a	b	c	d
		RWA $m			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for column (a) if re-computed using the standardised approach	Total Actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie RWA used in the base of the output floor)
1	Corporate[1]	33,288	36,295	34,145	37,152
2	Specialised Lending - Subject to Supervisory Slotting Approach	5,779	5,641	5,779	5,641
3	Sovereign	282	255	282	255
4	Financial Institution	5,891	9,259	5,891	9,259
5	Residential Mortgages	39,188	71,665	39,590	72,068
6	SME Retail	3	5	3	5
7	Other Retail	-	-	733	733
8	Other Assets	859	866	3,591	3,598
9	**Total**	**85,290**	**123,986**	**90,014**	**128,711**

30 September 2025

		a	b	c	d
		RWA $m			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for column (a) if re-computed using the standardised approach	Total Actual RWA (ie RWA which banks report as current requirements)	RWA calculated using full standardised approach (ie RWA used in the base of the output floor)
1	Corporate[1]	31,588	34,436	32,425	35,274
2	Specialised Lending - Subject to Supervisory Slotting Approach	4,895	4,852	4,895	4,852
3	Sovereign	252	64	252	64
4	Financial Institution	3,471	5,466	3,471	5,466
5	Residential Mortgages	35,633	63,926	36,103	64,396
6	SME Retail	657	588	657	588
7	Other Retail	659	1,150	1,190	1,680
8	Other Assets	1,114	1,114	3,998	3,998
9	**Total**	**78,269**	**111,596**	**82,991**	**116,318**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

5. Credit Risk Mitigation

5.1 Credit Risk Mitigation Management

Macquarie employs a variety of Credit Risk Mitigation (CRM) techniques, which may be deployed either at the request of the business, or the request of RMG Credit. Techniques relevant to Macquarie's business includes:

- Margining,
- Financial Collateral,
- Physical Collateral,
- Credit Derivatives,
- Legal Netting (on and off-balance sheet),
- Guarantees / Letters of Credit,
- Insurance; and
- Risk distribution, i.e. sell downs, risk participations, etc.

CRM may be considered at the inception of a trade, or during the life of a trade.

The effectiveness of CRM is heavily dependent on the structure and enforceability of the underlying legal documents in the relevant jurisdiction. Legal Risk Management (LRM) opine on the effectiveness of the CRM technique and that the CRM technique satisfies certain minimum conditions.

The large exposure framework requires Macquarie to de-risk and/or escalate positions if spot exposure exceeds certain thresholds. CRM is employed as a strategic tool to manage exposures within these thresholds.

Several key aspects of our approach to the use of CRM, including policies and processes, are detailed below.

Netting

Netting arises where a single legal obligation is created covering all transactions included in a netting agreement. The most common form of netting which Macquarie applies for these purposes is close-out netting.

Macquarie maintains a Netting Policy which sets out the requirements by which entities in the Macquarie Group establish, control and monitor their determinations on close-out netting and other CRM techniques in relation to netting agreements such as derivatives.

Netting is applied to a counterparty balance only when appropriate documentation governing transactions between the Macquarie entity and the counterparty has been entered into. LRM has confirmed that it is legally effective to net with that counterparty, and APRA Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk (APS 112), has been complied with.

The Netting Agreement Committee is established and its purpose is to form, or oversee the forming of, an institutional Macquarie interpretation of whether any netting agreement, collateral item and/or guarantee is enforceable, for the purposes of meeting requirements under regulatory capital regulation.

Covenant Monitoring Processes

Line 1 Business teams have primary responsibility for monitoring covenants using appropriate systems for the underlying product. Businesses are responsible for:

- Setting up accurate covenant monitoring for counterparties,
- Ensuring reporting is received from counterparties to complete monitoring on required periodic basis,
- Timely completion of covenant monitoring reports,
- Escalating any breaches; and
- Providing a rationale for the breach, action taken (waiver, cures, grace periods) and satisfactory resolution of the breach. Breaches and discrepancies identified by the Business shall be escalated to RMG Credit.

Collateral Valuation and Management

Macquarie takes a wide range of collateral of which only a portion is eligible under APS 112 and APS 113 to mitigate regulatory exposure. All collateral is recorded in appropriate systems with clear definition by type and eligibility status. Ineligible collateral under APRA standards is excluded from the capital calculation process.

Some types of collateral which are eligible by definition may be determined to be ineligible or adjusted with an appropriate haircut at the time of calculation due to mismatches of maturity or currency between the collateral and the underlying exposures.

For capital adequacy purposes, eligible cash collateral is considered in calculating the capital requirement. For eligible non-cash collateral, a regulatory haircut is applied to both the gross credit exposure and the value of the collateral, and these adjusted amounts are used as the basis of calculating the capital requirement.

Some of the most common forms are charges over cash or gold deposits, debt or equity securities, company assets; and commercial or residential property.

Guarantees are frequently requested from banks, parent or associated companies. Relative ratings between the obligor and guarantor are monitored as part of the regulatory capital calculation process as mitigation will normally cease to be eligible if the rating of the guarantor falls below that of the underlying obligor. Collateral taken in the form of tradeable securities is revalued daily by the

same application systems which are used to trade those particular products.

Prior to acceptance, all real estate collateral will undergo a valuation assessment in line with approved policy requirements and, in the case of independent valuations, must also undergo a formal review process by which it is assessed for quality, adherence to policy and standing instructions.

The value of all real estate collateral is assessed regularly and is revalued where appropriate, be it on an asset specific basis or a market assessment across a pool of assets, such as residential mortgages. The interval between revaluation is contingent on the type of property, dollar value of the property being valued, LVR, the market conditions that have prevailed since the valuation was conducted and counterparty performance. All prior claims on the property collateral are recorded and taken into consideration when calculating the available security value.

Details regarding security together with netting/ margining rules are recorded in collateral management systems which support the operational control framework.

Credit derivatives

Credit default swaps are not a common form of credit risk mitigation. Macquarie policies require that all security is taken in conjunction with a formal written agreement which gives Macquarie direct and unconditional rights over the collateral in the event of default by the obligor.

5.2 Quantitative information on credit risk mitigations

Table CR3 below provides an overview of the credit risk exposures, along with the eligible CRM. The CRM mechanisms include collateral, guarantees, and credit derivatives, which are subject to the eligibility criteria specified in APS 112 and APS 113.

Table 15: CR3 - Credit risk mitigation techniques – overview

31 March 2026

		a	b	c	d	e
		Exposures unsecured: carrying amount $m[1]	Exposures to be secured $m[2]	Exposures secured by collateral $m[3]	Exposures secured by financial guarantees $m	Exposures secured by credit derivatives $m
1	Loans[4]	48,551	197,654	194,519	3,135	-
2	Debt securities	9,485	71	71	-	-
3	**Total**	**58,036**	**197,725**	**194,590**	**3,135**	**-**
4	Of which Non-Performing	148	1,426	1,426	-	-

30 September 2025

		a	b	c	d	e
		Exposures unsecured: carrying amount $m[1]	Exposures to be secured $m[2]	Exposures secured by collateral $m[3]	Exposures secured by financial guarantees $m	Exposures secured by credit derivatives $m
1	Loans[4]	45,110	175,974	173,459	2,515	-
2	Debt securities	8,855	-	-	-	-
3	**Total**	**53,965**	**175,974**	**173,459**	**2,515**	**-**
4	Of which Non-Performing	233	1,505	1,505	-	-

[1] Includes fully unsecured exposures and the unsecured portion of partially-secured exposures.
[2] Exposures secured by eligible collateral for the purposes of reducing capital requirements under APS 112 and APS 113.
[3] All residential mortgages are included in exposure secured by collateral.
[4] For the purpose of this disclosure, Loans also include cash and bank balances and other receivables.

6. Credit Quality

6.1 Credit quality of assets

Non-Performing

Facilities are classified as non-performing when there is doubt regarding the collectability of some or all of the contractual payments due from a counterparty. The contractual payments include principal outstanding, interest and other related charges. In addition, facilities are automatically classified as being in default where the counterparty is more than 90 calendar days past contractual due date and/or Macquarie considers that the counterparty is unlikely to pay its obligations to Macquarie in full.

For the purposes of this report, past due represents the full amount outstanding and not just the amount that is past due.

When an exposure is deemed to have been incorrectly flagged as non-performing (technical default), it will have its non-performing classification amended only once it is confirmed that it is a technical default. Prior to that, while it is still under investigation, it will be classified as non-performing.

Restructured Counterparties

A restructure is considered to have occurred when all three of the following conditions have been met:

- The counterparty is experiencing financial difficulty or hardship in meeting their financial commitments to Macquarie; and
- Macquarie grants a concession or revision to facilitate the counterparty's ability to meet their commitments; and
- The terms of the concession are such that Macquarie would not otherwise consider or provide under normal market conditions.

For the avoidance of doubt, restructured counterparties must be classified as having defaulted (non-performing) and a Stage III provision may be required. Stage III provisions can only be applicable to counterparties that are non-performing.

Underperforming Assets

Underperforming assets are closely monitored with clear management visibility and oversight, more specifically through the CreditWatch Forum. The business continues to own the risk with independent oversight from both RMG Credit and the Troubled Assets team.

The CreditWatch Forum assesses the appropriateness of specific provisioning levels and provides management oversight. The Troubled Assets team are responsible for CreditWatch management (including agenda setting), ensuring adequate provisions, ownership of the Troubled Assets and Provisioning Policy and are responsible for maintaining independent oversight and guidance surrounding underperforming assets.

The Troubled Assets team role is to independently challenge and closely monitor the management of underperforming assets; with a high level of focus on more complex, large names and ageing of the CreditWatch book.

The CreditWatch Forum assesses the appropriateness of specific provisioning levels and provides management oversight.

Macquarie's key policies relating to Credit Quality include:

- Troubled Assets and Provisioning Policy - Details the roles, responsibilities, and guidance in identifying, managing and reporting defaulted assets and the required provisioning processes applied across all in-scope assets. It further outlines the determination criteria for sufficient levels of collateral coverage therein. The policy is in accordance with the Accounting Standards' use of a three-stage model for impairment, based on the change in credit quality since origination.
- Financial Assets Write-Off Policy - Provides guidance for when an entity can write off financial assets (either a portion or the whole) in the event the financial asset has become unrecoverable.

6.2 Provisioning

General Provisions

General Provisions are required to cover credit losses prudently estimated but not certain to arise over the full life of all individual facilities making up the credit risk portfolio.

The provisions represent 12 months expected credit loss (ECL) on performing loans which have not seen a significant increase in credit risk since origination (referred to as Stage I provisions under AASB 9), and are allocated to General Provisions as they are held against future, presently unidentified losses. ECL provisions are determined based on the point in time probability of default (PD) over the next 12 months and the lifetime losses associated with such PD, adjusted for forward looking information.

Specific Provisions

Specific provisions are calculated as per APRA Prudential Standard APS 220 and are generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the effective interest rate for that exposure.

Further, any financial asset that is deemed to be in default must be individually assessed for a specific provision, unless RMG Credit and FPE Group Finance have approved the use of ECL provisioning models for that asset.

Additional Regulatory Specific Provisions

Lifetime ECL provisions on underperforming and non-performing loans (referred to as Stage II and Stage III respectively under AASB 9) deemed ineligible to be included in the General Provisions, are considered regulatory specific provisions.

Lifetime ECL provisions are determined with reference to the financial asset's lifetime PD and the lifetime losses associated with that PD, adjusted for forward looking information.

6.3 Regulatory Expected Loss

Regulatory Expected Loss (REL) represents the estimated future credit losses expected to be incurred in a portfolio. For non-defaulted exposures, REL is calculated as a function of the outstanding exposure, through-the-cycle PD and downturn LGD whereas REL for defaulted Corporate, Sovereign and Financial Institution exposures under the F-IRB approach is determined as the product of downturn LGD and EAD. Downturn LGDs are defined by APRA for Corporate, Financial Institution and Sovereign exposures. Specialised Lending exposures subject to supervisory slotting criteria are measured using APRA determined risk weightings. For defaulted retail exposures under the IRB approach, REL is based on the best estimate of loss. The excess of REL over eligible provisions is required by APRA to be deducted from Common Equity Tier 1 capital. Eligible provisions include credit related provisions, partial write offs, and discounts on defaulted assets.

As at 31 March 2026 the total REL was $1,063 million (30 September 2025: $1,058 million), with the excess of REL over eligible provisions resulting in a Common Equity Tier 1 deduction of $391 million (30 September 2025: $491 million).

6.4 Quantitative information on credit quality

Table CR1 below presents a breakdown of the performing and non-performing exposures, along with the related provisions for credit losses. The reported exposures consist of on-balance sheet financial assets and off-balance sheet exposures that are subject to the credit risk framework.

Table 16: CR1 - Credit quality of assets

31 March 2026

		a	b	c	d	e	f	g
		Gross carrying values of $m		Allowances / impairments $m	Of which ECL accounting provisions for credit losses on SA exposures $m		Of which ECL accounting provisions for credit losses on IRB exposures $m	Net Values $m (a+b-c)
		Non-performing exposures	Performing exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans[1]	1,733	245,111	639	32	17	590	246,205
2	Debt Securities	-	9,557	1	-	-	1	9,556
3	Off-balance sheet exposures	57	32,469	86	-	1	85	32,440
4	**Total**	**1,790**	**287,137**	**726**	**32**	**18**	**676**	**288,201**

30 September 2025

		a	b	c	d	e	f	g
		Gross carrying values of $m		Allowances / impairments $m	Of which ECL accounting provisions for credit losses on SA exposures $m		Of which ECL accounting provisions for credit losses on IRB exposures $m	Net Values $m (a+b-c)
		Non-performing exposures	Performing exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
1	Loans[1]	1,908	219,705	529	12	3	514	221,084
2	Debt Securities	-	8,856	1	-	-	1	8,855
3	Off-balance sheet exposures	82	30,465	74	-	1	73	30,473
4	**Total**	**1,990**	**259,026**	**604**	**12**	**4**	**588**	**260,412**

Table CR2 below presents the key factors contributing to the movements in non-performing exposures between the current and prior reporting periods.

Table 17: CR2 - Changes in stock of non-performing loans, debt securities and off-balance sheet exposures

		6 months to 31 Mar 26 $m
1	Non-performing loans, debt securities and off balance sheet exposures at end of the previous reporting period	**1,990**
2	Exposures recognised as non-performing during the current reporting period	606
3	Returned to performing status	364
4	Amounts written off[2]	10
5	Other changes[3]	(432)
6	Non-performing loans, debt securities and off balance sheet exposures at end of the reporting period (1+2-3-4+5)	**1,790**

[1] For the purpose of this disclosure, Loans also include cash and bank balances and other receivables.
[2] Under AASB 9, there are no longer direct write offs to Income Statement. A financial asset is written off when there is no reasonable expectation of recovering it. At the time of writing off a financial asset it is adjusted against the Expected Credit Loss (ECL) provision created over the life of the asset and not directly written off to Income Statement.
[3] Other changes primarily includes repayments and change in existing counterparties.

The following tables present the credit risk exposures and the related accounting provisions by geographical areas, industry and residual maturity, together with the ageing analysis as at 31 March 2026.

Table 18: CRB - Additional disclosure related to the credit quality of assets

	Total Carrying Value (of loans, debt and off-bal) $m	of which performing $m	of which non-performing $m[1]	Specific Provisions Stage 3 $m
By Geography[2]				
Australia and New Zealand	244,357	242,823	1,534	82
Americas	20,292	20,135	157	65
EMEA	20,417	20,324	93	21
Asia	3,861	3,855	6	-
Total	**288,927**	**287,137**	**1,790**	**168**
By Industry				
Retail Lending	206,699	205,409	1,290	64
Financial And Insurance Services	28,487	28,479	8	6
Rental, Hiring And Real Estate Services	12,536	12,357	179	8
Public Administration And Safety	8,086	8,086	-	-
Mining	7,109	6,957	152	37
Information Media And Telecommunications	5,054	5,053	1	1
Transport, Postal And Warehousing	4,850	4,850	-	-
Wholesale Trade	3,187	3,119	68	-
Arts And Recreation Services	2,928	2,889	39	24
Professional, Scientific And Technical Services	2,226	2,214	12	3
Electricity, Gas, Water And Waste Services	2,182	2,161	21	19
Manufacturing	1,540	1,529	11	6
Health Care And Social Assistance	1,461	1,452	9	-
Agriculture, Forestry And Fishing	964	964	-	-
Administrative And Support Services	614	614	-	-
Other Construction	267	267	-	-
Retail Trade	250	250	-	-
Accommodation And Food Services	217	217	-	-
Non-residential Building Construction	104	104	-	-
Residential Building Construction	67	67	-	-
Education And Training	55	55	-	-
Other Services	44	44	-	-
Total	**288,927**	**287,137**	**1,790**	**168**

By Maturity	
<= 1 year	40,781
1 <= 5 years	36,046
> 5 years	212,100
Total	**288,927**

	Performing Exposures $m			Non-Performing Exposures $m		
	Total	Not past due or Past due < 30 days	Past due >= 30 days < 90 days	Total	Unlikely to pay or past due >= 90 days and < 180 days	Past due >= 180 days
Loans	245,111	244,678	433	1,733	1,409	324
Debt Securities	9,557	9,557	-	-	-	-
Off-balance sheet exposures	32,469			57		
Total	**287,137**	**254,235**	**433**	**1,790**	**1,409**	**324**

[1] This includes $906 million of restructured exposures.
[2] The geographical breakdown is based on the domicile of the responsible counterparties.

7. Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value for any Group entity at the time of default.

Unlike exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

Macquarie applies the standardised approach for measuring counterparty credit risk exposures (SA-CCR) to OTC derivative transactions, exchange-traded derivative transactions and long settlement transactions. This approach is used for both margined and unmargined derivative transactions; and for all bilateral and centrally-cleared derivative transactions.

Regulatory capital is allocated to CCR exposures using the SA-CCR calculation, which reflects expected exposure to the counterparty and its risk rating. Potential Future Exposure (PFE) measures CCR on a schedule of future dates. PFE is measured assuming a credit event occurs (counterparty default or non-payment) and zero recovery value.

However, since future market prices are uncertain, PFE is a contingent amount and hence measured at a specified confidence level. At Macquarie, that level is 97.5% meaning on average there will be 2.5% of outcomes which are worse than the modelled result.

PFE is the exposure used to determine if an excess is present, where PFE's are greater than the limit an excess will be flagged, with this excess then feeding into the excess management process.

Stress tests are also conducted on MBL's counterparties so that it can monitor for likely collateral stresses in the event of a counterparty downgrade.

A downgrade in Macquarie Bank Limited's credit rating(s) can have an impact on collateral posting requirements. This includes agreements with margin free limits that are tiered based on credit rating, and unmargined agreements that could become margined if Macquarie's financial condition changes. As at 31 March 2026, a unilateral one notch downgrade in MBL's credit ratings could result in a collateral posting of $20 million, while a two notch downgrade could result in an additional $60 million being posted. Collateral stress tests are also conducted on MBL's counterparties so that it can monitor for likely collateral stresses in the event of a counterparty downgrade.

CRM is applied for CCR exposures in line with the detail provided in Section 5 Credit Risk Mitigation.

7.1 Margining

To mitigate credit risk, Macquarie makes frequent use of margining arrangements. In these cases, counterparties post collateral daily in the form of cash or liquid securities to cover outstanding trading positions. Macquarie is compliant with OTC Margin reforms in all legal jurisdictions with respect to thresholds, minimum transfer amounts and rounding for affected counterparties in those jurisdictions.

The Macquarie Margining Policy sets out the principles, roles and responsibilities to ensure that the margining process is accurate and meets regulatory requirements where applicable, particularly so as to act as an eligible risk mitigant. Macquarie's credit risk criteria for margining for both Regulatory Margin and non-Regulatory Margin derivatives counterparties are outlined, involving requirements to post or collect initial margin and variation margin amounts. Macquarie's trading systems calculate margin call amounts, minimum transfer amounts and margin free limits as specified under executed legal agreements.

Non-replies to margin calls are monitored daily in the dedicated margining system by Market Services and escalated to the relevant CGM business. Market Services escalates missed margin calls to RMG Credit daily, with cascading escalation to senior management.

7.2. Wrong Way Risk

Macquarie's approach to managing Wrong Way Risk is governed by the Wrong Way Risk Policy which is owned by RMG Credit. This policy outlines the principles that govern Macquarie's approach to Wrong Way Risk exposures to ensure Macquarie's compliance with APRA Prudential Standards.

Specific Wrong Way Risk occurs when, due to the nature of Macquarie's transactions with a particular counterparty, the size of Macquarie's exposure to the counterparty is positively correlated with the probability of default of that counterparty. Macquarie has limited appetite for Specific Wrong Way Risk, with all instances requiring Line 1 identification and escalation to RMG Credit for approval prior to transacting and/or accepting the impacted collateral. Failure to obtain pre-approval constitutes a breach of the policy. Daily reporting throughout the life of each transaction occurs to ensure the risk remains within RMG Credit's appetite and to identify where relationships between risk factors may have materially changed.

General Wrong Way Risk is the risk that the probability of a counterparty's default is correlated with general market risk factors, such that there may be adverse economic factors influencing many counterparties at once, rather than being specific to a single counterparty. In contrast to Specific Wrong Way Risk, General Wrong Way Risk is not required to be identified and approved prior to trading. The identification and escalation of General Wrong Way Risk within the portfolio of exposures is the responsibility of RMG Credit and delivered through undertaking periodic stress testing and scenario analysis.

7.3. Quantitative information on counterparty credit risk

Table CCR1 below presents the capital requirements for CCR exposures, along with the main parameters used to determine the exposures and the corresponding RWA.

Table 19: CCR1 - Analysis of CCR exposures by approach

31 March 2026

		a	b	c	d	e	f
		Replacement cost $m	Potential future exposure $m	Effective EPE $m	Alpha used for computing regulatory EAD	EAD post-CRM $m	RWA $m
1	SA-CCR (for derivatives)	14,417	21,670		1.4	50,402	29,547
4	Comprehensive Approach for credit risk mitigation (for SFTs)					16,950	4,625
6	**Total**						**34,172**

30 September 2025

		a	b	c	d	e	f
		Replacement cost $m	Potential future exposure $m	Effective EPE $m	Alpha used for computing regulatory EAD	EAD post-CRM $m	RWA $m
1	SA-CCR (for derivatives)	10,788	20,477		1.4	43,673	26,370
4	Comprehensive Approach for credit risk mitigation (for SFTs)					16,122	4,741
6	**Total**						**31,111**

Table CCR3 below presents the CCR exposures subject to the standardised risk-weight approach.

Table 20: CCR3 - Standardised approach – CCR exposures by regulatory portfolio and risk weights

31 March 2026

	a	b	c	d	e	f	g	h	i
Risk weight→ / Regulatory portfolio↓	0% $m	10% $m	20% $m	50% $m	75% $m	100% $m	150% $m	Others $m	Total credit exposure $m
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	649	2	763	-	-	1,414
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**649**	**2**	**763**	**-**	**-**	**1,414**

30 September 2025

	a	b	c	d	e	f	g	h	i
Risk weight→ / Regulatory portfolio↓	0% $m	10% $m	20% $m	50% $m	75% $m	100% $m	150% $m	Others $m	Total credit exposure $m
Sovereigns	-	-	-	-	-	-	-	-	-
Non-central government public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-	-
Securities firms	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	729	77	636	-	-	1,442
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**729**	**77**	**636**	**-**	**-**	**1,442**

Table CCR4 below presents the capital requirements for CCR exposures subject to the IRB risk-weight approach. The disclosure includes an overview of the CCR exposures by asset classes, along with the key parameters used to calculate EAD and RWA.

Table 21: CCR4 - IRB – CCR exposures by portfolio and probability-of-default (PD) scale

31 March 2026

	a	b	c	d	e	f	g
PD scale	EAD post-CRM $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate[1]							
0.00 to <0.15	4,813	0.1 %	192	50.0 %	1.2	1,019	21.2 %
0.15 to <0.25	4,308	0.2 %	237	49.9 %	1.4	1,562	36.3 %
0.25 to <0.50	7,914	0.3 %	654	50.0 %	1.2	4,157	52.5 %
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	6,862	1.1 %	527	49.8 %	1.2	6,544	95.4 %
2.50 to <10.00	3,107	3.3 %	299	50.0 %	1.0	4,305	138.6 %
10.00 to <100.00	1,112	14.0 %	291	50.0 %	1.2	2,633	236.8 %
100.00 (Non-Performing)	4	100.0 %	2	49.9 %	1.0	-	-
Sub-total	**28,120**	**1.4 %**	**2,202**	**49.9 %**	**1.2**	**20,219**	**71.9 %**
Financial institution							
0.00 to <0.15	22,998	0.1 %	1,473	50.0 %	0.6	3,608	15.7 %
0.15 to <0.25	2,730	0.2 %	194	50.0 %	1.1	1,219	44.6 %
0.25 to <0.50	6,259	0.3 %	530	50.0 %	1.0	3,950	63.1 %
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	470	1.0 %	159	50.0 %	0.8	491	104.6 %
2.50 to <10.00	120	3.1 %	56	50.0 %	1.3	202	168.7 %
10.00 to <100.00	87	11.3 %	90	50.0 %	1.1	224	257.5 %
100.00 (Non-Performing)	-	-	-	-	-	-	-
Sub-total	**32,664**	**0.2 %**	**2,502**	**50.0 %**	**0.7**	**9,694**	**29.7 %**
Sovereign							
0.00 to <0.15	2,137	- %	23	9.8 %	0.3	17	0.8 %
0.15 to <0.25	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Non-Performing)	-	-	-	-	-	-	-
Sub-total	**2,137**	**- %**	**23**	**9.8 %**	**0.3**	**17**	**0.8 %**
Total (sum of portfolios)	**62,921**	**0.7 %**	**4,727**	**48.6 %**	**0.9**	**29,930**	**47.6 %**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

30 September 2025

	a	b	c	d	e	f	g
PD scale	EAD post-CRM $m	Average PD %	Number of obligors	Average LGD %	Average maturity years	RWA $m	RWA density %
Corporate[1]							
0.00 to <0.15	2,773	0.1 %	167	50.0 %	1.2	648	23.4 %
0.15 to <0.25	4,472	0.2 %	225	50.0 %	1.5	1,785	39.9 %
0.25 to <0.50	8,353	0.4 %	698	50.0 %	1.1	4,526	54.2 %
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	3,980	1.2 %	522	49.9 %	1.2	3,860	97.0 %
2.50 to <10.00	2,955	3.8 %	306	49.8 %	1.2	4,309	145.8 %
10.00 to <100.00	966	11.3 %	270	50.0 %	1.3	2,185	226.3 %
100.00 (Non-Performing)	10	100.0 %	4	50.0 %	0.7	-	-
Sub-total	**23,509**	**1.4 %**	**2,192**	**50.0 %**	**1.2**	**17,313**	**73.7 %**
Financial institution							
0.00 to <0.15	21,294	0.1 %	1,431	50.0 %	0.6	3,546	16.7 %
0.15 to <0.25	1,954	0.2 %	138	50.0 %	1.0	902	46.2 %
0.25 to <0.50	6,765	0.4 %	497	50.0 %	0.9	4,454	65.9 %
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	476	1.0 %	163	50.0 %	0.8	499	104.8 %
2.50 to <10.00	214	3.2 %	61	50.0 %	0.9	350	163.9 %
10.00 to <100.00	76	11.0 %	85	50.0 %	1.1	197	257.2 %
100.00 (Non-Performing)	2	100.0 %	1	50.0 %	-	-	-
Sub-total	**30,781**	**0.2 %**	**2,376**	**50.0 %**	**0.7**	**9,948**	**32.3 %**
Sovereign							
0.00 to <0.15	1,455	- %	20	6.0 %	0.3	8	0.5 %
0.15 to <0.25	-	-	-	-	-	-	-
0.25 to <0.50	-	-	-	-	-	-	-
0.50 to <0.75	-	-	-	-	-	-	-
0.75 to <2.50	-	-	-	-	-	-	-
2.50 to <10.00	-	-	-	-	-	-	-
10.00 to <100.00	-	-	-	-	-	-	-
100.00 (Non-Performing)	-	-	-	-	-	-	-
Sub-total	**1,455**	**- %**	**20**	**6.0 %**	**0.3**	**8**	**0.5 %**
Total (sum of portfolios)	**55,745**	**1.0 %**	**4,588**	**49.0 %**	**0.9**	**27,268**	**48.9 %**

[1] Sub-asset classes of SME Corporate and IPRE have been aggregated into Corporate.

Table CCR5 below provides a breakdown of all types of collateral posted or received to support or reduce the CCR exposures relating to derivative transactions and SFTs.

Table 22: CCR5 - Composition of collateral for CCR

31 March 2026

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received $m		Fair value of posted collateral $m		Fair value of collateral received $m	Fair value of posted collateral $m
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	23,127	35,030	-	30,305	8,665	78,180
Debt	4,676	674	3,180	1,495	78,187	22,436
Equity	567	-	2,067	-	48,737	42,941
Other[1]	218	154	366	-	-	187
Total	**28,588**	**35,858**	**5,613**	**31,800**	**135,589**	**143,744**

30 September 2025

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received $m		Fair value of posted collateral $m		Fair value of collateral received $m	Fair value of posted collateral $m
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	17,072	18,395	2	22,198	9,568	69,075
Debt	4,492	558	3,447	922	65,826	21,544
Equity	789	-	1,558	-	45,524	36,635
Other[1]	134	-	824	-	-	96
Total	**22,487**	**18,953**	**5,831**	**23,120**	**120,918**	**127,350**

[1] Other includes gold and securitisation tranche.

Table CCR6 below presents an overview of MBL's exposures to credit derivative transactions.

Table 23: CCR6 - Credit derivatives exposures

	a	b	a	b
	Mar 2026		Sep 2025	
	Protection bought $m	Protection sold $m	Protection bought $m	Protection sold $m
Notionals				
Single-name credit default swaps	531	416	514	428
Index credit default swaps	1,895	-	473	18
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	191	-	620
Total notionals	**2,426**	**607**	**987**	**1,066**
Fair values	**-**	**-**	**-**	**-**
Negative fair value (liability)	(48)	(1)	(44)	(1)
Positive fair value (asset)	32	24	37	78

Table CCR8 below presents a comprehensive view of MBL's exposures to central counterparties and the associated capital requirements.

Table 24: CCR8 - Exposures to central counterparties

		a	b	a	b
		Mar 2026		Sep 2025	
		EAD (post-CRM) $m	RWA $m	EAD (post-CRM) $m	RWA $m
1	Exposures to QCCPs (total)		684		768
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	14,119	298	10,183	218
3	(i) OTC derivatives	1,717	50	2,060	56
4	(ii) Exchange-traded derivatives	12,402	248	8,123	162
5	(iii) Securities financing transactions	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
7	Segregated initial margin	957		1,162	
8	Non-segregated initial margin[1]	4,859	-	4,456	-
9	Pre-funded default fund contributions	963	386	907	550
10	Unfunded default fund contributions	-	-	-	-
11	Exposures to non-QCCPs (total)		-		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13	(i) OTC derivatives	-	-	-	-
14	(ii) Exchange-traded derivatives	-	-	-	-
15	(iii) Securities financing transactions	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-	-	-
17	Segregated initial margin	-		-	
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

[1] Non-segregated initial margin exposures already embedded in trade exposure. Reported as Fair value of collateral with no equivalent RWA.

7.4 Credit Valuation Adjustment

Credit Valuation Adjustment (CVA) reduces the value of Macquarie's derivative assets and accounts for the possibility of counterparty default. The size of the adjustment is the difference between the value with and without the risk of counterparty default. Macquarie's CVA risk is monitored and governed by Macquarie's CGM XVA Committee. CVA risk may be hedged with CDS instruments.

Under Basel III and APS 180 Capital Adequacy: Counterparty Credit Risk, ADIs are subject to a CVA capital charge for potential mark-to-market losses on OTC derivatives associated with a deterioration in the creditworthiness of a counterparty. APS 180 also allows ADIs to include eligible CVA hedges in the calculation of the CVA risk capital charge.

The CVA RWA is shown in the table below.

Table 25: Total CVA risk capital charge

	Mar 2026 $m	Sep 2025 $m
CVA RWA	8,465	8,230
Capital Requirement	677	658

8. Securitisation Risk

8.1 Overview

Securitisation is a financing structure with at least two tranches in which the cash flows from a pool of assets are used to make payments to investors, each with different levels of subordination and commensurate credit risk. The performance and/or risk of an investor's securitisation exposure depends upon the performance of the underlying pool of assets. Additionally, credit risk must be transferred from the assets' originator/s to the securitisation note holders, which may also include the originator/s. Securitisation for the purposes of this qualitative disclosure includes:

- Traditional: the pool of assets is sold to a special purpose vehicle (SPV),
- Synthetic: credit risk of a pool of assets is transferred via credit derivatives or guarantees, rather than the pool of assets in an SPV.

8.1.1 Securitisation activities

Macquarie participates in various activities in the securitisation market. The key roles include, but are not limited to, as Originator, Manager and/or Servicer on Macquarie securitisation programs for the purpose of raising wholesale funding through the issuance of notes to external investors for funding, capital and liquidity management purposes. These issuances often take the form of Residential Mortgage-Backed Securities (RMBS), backed by Macquarie originated home loans via the PUMA program. The outstanding senior tranches are rated either "AAA" by S&P and/or "AAA" by Fitch. To meet risk retention requirements, Macquarie is currently the sole investor in the subordinated tranches of its RMBS issuances, which absorb losses from defaults up to a certain percentage.

Additionally, Macquarie is an investor in securitisation notes as part of a diversified liquid asset portfolio. Eligible securitisation notes in this portfolio may be used to secure contingent liquidity via repurchase agreements with the Reserve Bank of Australia (RBA). Macquarie is also involved as a Lead Manager, Liquidity/Redraw Facility Provider, trader and/or Swap Counterparty to both Macquarie originated and third-party securitisations. Macquarie may also invest or trade in securities issued by securitisation vehicles subject to appropriate limits.

Securitisation transactions involving Macquarie originated assets do not have re-securitisation exposures. Furthermore, Macquarie does not have investments in re-securitisation, defined as those where at least one of the underlying assets in the pool is itself a securitisation exposure.

8.1.2 Valuation and accounting policies

Macquarie uses the Australian Accounting Standards and the regulatory framework under APS 120 when:

- recognising and valuing securitised assets,
- consolidation of SPVs, and
- applying the treatment for continuing involvement and financial support in securitisation transactions.

Recognition of Financial Assets

The classification and measurement of Macquarie's investment in external securitisation notes is in accordance with AASB 9. This requires securitised assets to be measured at Fair Value through Other Comprehensive Income (FVOCI) given the business model objective of both collecting contractual cash flows and selling these financial assets.

Any impairment of the asset will be recognised in accordance with AASB 9 (para 5.5.2) whereby loss allowances for expected credit loss is calculated and reported as part of other comprehensive income with no impact on the financial asset carrying value. The financial asset will be derecognised when the contractual rights to the cash flows from the financial asset expire or it is transferred and the transfer qualifies for derecognition as per AASB 9 (para 3.2.3).

Furthermore, securitisation exposures held in the banking book are measured at amortised cost, where the relevant business model is to hold financial assets in order to collect contractual cash flows. Securitisation exposures held in the trading book are held for trading or managed on a fair value basis and therefore measured at fair value through profit or loss.

SPV Consolidation

Securitisation transactions undertaken by Macquarie are managed through several SPVs. Deconsolidation of SPVs for regulatory purposes under APS 120 must still be assessed under the Australian Accounting Standards to determine their position in the accounting consolidated group. Inclusion in the accounting consolidated group is based on Macquarie's right to direct the entity's relevant activities and ability to use its rights to affect its returns. To align with Australian Accounting Standards, Macquarie consolidates mortgage SPVs on the basis that Macquarie controls those SPVs and their underlying returns.

Where Macquarie transfers securitised assets to a SPV and continues to service those assets as a servicer, all supporting actions are conducted at arm's length, reflecting market conditions and adhering to APRA's prudential regulations; this is also subject to approval by Risk Management Group.

Financial Support and Liability Recognition

In instances where Macquarie is obligated to provide financial support for securitised assets, an appropriate liability is recognised on the Bank's balance sheet to the extent of contractual obligations. Furthermore, potential liabilities arising from uncertain future events, not entirely within Macquarie's control, are treated as contingent liabilities. These are disclosed unless the likelihood of resource outflow is deemed remote, adhering to the principle that a contingent liability is not recognised as an actual liability on the Bank's balance sheet. There were no material transfers of assets for the financial year ended 31 March 2026 involving continuing involvement.

Valuation of Securitised Assets

The valuation process of any retained interests in securitisation exposures primarily focuses on quotations from third parties and calibrated valuations from market standard models. Key inputs include spreads to discount rates, default and recovery rates that may be observable or unobservable. Assets are valued according to the normal methods appropriate to the asset class and subject to independent internal review.

Further information on accounting policies as they relate to securitisation exposures, including key assumptions and inputs regarding valuation processes and Macquarie's policies on accounting consolidation, can be found in the MBL financial report.

8.1.3 Regulatory capital methodology

Macquarie holds securitisation exposures both for funding, capital and liquidity management purposes, and as investors. Macquarie applies the following approaches to the calculation of regulatory capital for securitisation exposures in the banking book under requirements in APS 111 and APS 120:

- External Ratings Based approach (ERBA). Risk-weights are aligned to external ratings provided by defined External Credit Assessment Institutions (ECAIs) based on a tranche's seniority and maturity. Macquarie receives ratings from S&P Global Ratings, Moody's Ratings and Fitch Ratings in various capacities.
- Supervisory Formula Approach (SFA). The risk-weights for unrated transactions are determined based on structural characteristics of the transaction and performance of the underlying pool assets.

Should neither the ERBA nor the SFA be applicable, or where certain requirements in APS 120 are not met, the banking book exposures will be directly deducted from the bank's Common Equity Tier 1 Capital (CET1) in accordance with APS 120 and APS 111. This measure safeguards against the overestimation of the bank's capital adequacy by addressing the risk associated with unquantifiable securitisations. Furthermore, Macquarie does not use the Internal Assessment Approach (IAA) as it is not recognised by APRA.

Trading book exposures are subject to market risk capital requirements. Calculation of market risk capital adheres to methodologies governed under APS 116 and APS 120.

8.1.4 List of SPVs where MBL acts as originating ADI

- PUMA Series 2025-1 Trust
- PUMA Series 2024-2 Trust
- PUMA Series 2024-1 Trust
- PUMA Series 2023-1 Trust
- PUMA Series 2022-1 Trust
- PUMA Series 2021-2 Trust
- PUMA Series 2021-1P Trust
- PUMA Series 2019-1
- PUMA Series 2017-1
- PUMA Series W Trust
- PUMA Series R Trust
- Barcelona Funding Trust

8.1.5 Risk Management

Macquarie's risk management strategies and frameworks manage risks arising from securitisation activities including liquidity, market, operational, and credit risk.

The Group performs initial and annual credit assessments on all securitisation exposures to comply with internal policies and regulatory standards. Securitisation related credit approvals must be obtained from delegated officers across risk management, treasury, finance and business functions. These exposures are subject to limits managed and regularly reviewed by Macquarie's Risk Management Group. Limits on portfolio size, underlying asset class, geographical distribution and VaR of debt securities within the banking book portfolios are monitored daily.

Macquarie tracks all securitisation exposures in its finance and risk management systems to meet capital and risk limits. Data on securitisation pools is obtained from both internal and external sources to maintain compliance with APS 120 and internal policies. Moreover, the Group actively monitors externally rated exposures for any rating changes. These practices are scrutinised through internal audits, external audits, and reviews by external parties.

8.2 Securitisation Exposures

Table SEC1 below presents an overview of the securitisation exposures held in the banking book, where MBL acts as either the originating ADI or investor. MBL has not undertaken any synthetic securitisation in the banking book.

Table 26: SEC1 - Securitisation exposures in the banking book

31 March 2026

	a	c	d	e	g	h	i	k	l
	Bank acts as originator $m			Bank acts as sponsor $m			Bank acts as investor $m		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
Total	**78,372**	**-**	**78,372**	**-**	**-**	**-**	**5,891**	**-**	**5,891**
Residential Mortgages	78,372	-	78,372	-	-	-	3,294	-	3,294
Credit cards and other personal loans	-	-	-	-	-	-	238	-	238
Auto and equipment finance[1]	-	-	-	-	-	-	1,193	-	1,193
Other	-	-	-	-	-	-	1,166	-	1,166
Re-securitisation	-	-	-	-	-	-	-	-	-

30 September 2025

	a	c	d	e	g	h	i	k	l
	Bank acts as originator $m			Bank acts as sponsor $m			Bank acts as investor $m		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
Total	**64,029**	**-**	**64,029**	**-**	**-**	**-**	**5,613**	**-**	**5,613**
Residential Mortgages	62,676	-	62,676	-	-	-	3,009	-	3,009
Credit cards and other personal loans	-	-	-	-	-	-	2	-	2
Auto and equipment finance[1]	1,353	-	1,353	-	-	-	1,245	-	1,245
Other	-	-	-	-	-	-	1,357	-	1,357
Re-securitisation	-	-	-	-	-	-	-	-	-

[1] Underlying exposures relate to mixed asset pools.

Table SEC4 below provides detailed information on the securitisation exposures held in the banking book, where MBL acts as the investor, along with the corresponding capital requirements.

Table 27: SEC4 - Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

31 March 2026

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands) $m					Exposure values (by regulatory approach) $m				RWA (by regulatory approach) $m[1]				Capital charge after cap $m			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%[2]	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%
1	**Total exposures**	**4,401**	**1,189**	**219**	**-**	**82**	**-**	**1,669**	**4,140**	**82**	**-**	**410**	**792**	**1,021**	**-**	**33**	**62**	**82**
2	Traditional securitisation	4,401	1,189	219	-	82	-	1,669	4,140	82	-	410	792	1,021	-	33	62	82
3	Of which securitisation	4,401	1,189	219	-	82	-	1,669	4,140	82	-	410	792	1,021	-	33	62	82
4	Of which retail underlying[3]	4,401	1,189	219	-	82	-	1,669	4,140	82	-	410	792	1,021	-	33	62	82
6	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] RWA is before the application of risk-weight cap equal to the average risk weight that would apply to the underlying exposures in the pool under APS 112.
[2] For presentation, deductions from CET1 are treated as 1250% risk weight.
[3] Underlying exposures relate to mixed asset pools.

30 September 2025

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by risk weight bands) $m					Exposure values (by regulatory approach) $m				RWA (by regulatory approach) $m[1]				Capital charge after cap $m			
		≤20%	>20% to 50%	>50% to 100%	>100% to <1250%	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%[2]	SEC-IRBA	SEC-ERBA and SEC-IAA	SEC-SA	1250%
1	**Total exposures**	**4,975**	**459**	**131**	**16**	**32**	**-**	**1,685**	**3,896**	**32**	**-**	**409**	**674**	**399**	**-**	**33**	**54**	**32**
2	Traditional securitisation	4,975	459	131	16	32	-	1,685	3,896	32	-	409	674	399	-	33	54	32
3	Of which securitisation	4,975	459	131	16	32	-	1,685	3,896	32	-	409	674	399	-	33	54	32
4	Of which retail underlying[3]	4,975	459	131	16	32	-	1,685	3,896	32	-	409	674	399	-	33	54	32
6	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Of which retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Of which wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] RWA is before the application of risk-weight cap equal to the average risk weight that would apply to the underlying exposures in the pool under APS 112.
[2] For presentation, deductions from CET1 are treated as 1250% risk weight.
[3] Underlying exposures relate to mixed asset pools.

9. Market Risk

9.1 Market Risk

Market risk is the risk of adverse changes in the value of Macquarie's trading positions as a result of changes in market conditions. Macquarie is exposed to the following risks:

- Price: The risk of loss due to changes in price of a risk factor (interest rates, foreign exchange, commodities etc.),
- Volatility: The risk of loss due to changes in the volatility of a risk factor,
- Basis: The risk of imperfect correlation between offsetting investments in a hedging strategy,
- Correlation: The risk that the actual correlation between two assets or variables is different from the assumed correlation,
- Illiquid market: The risk of inability to sell assets or close out positions in thinly traded markets at close to the last market prices,
- Concentration: The risk of over concentration of trading exposures in certain markets and products,
- Valuation adjustments (XVA): The risk of valuation adjustments to derivative positions; specifically, Credit Valuation Adjustment (CVA), Debit Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA).

Macquarie has long favoured transparent scenario analysis over complex statistical modelling as the cornerstone of risk measurement.

9.2 Market Risk Structure and Governance

RMG Market Risk is the second line risk function that assesses, monitors and reports on market risk. The operating groups own market risk arising from their activities, with independent monitoring and oversight by RMG Market Risk.

The RMG Market Risk function oversees Traded Market Risk (including VaR) and Non-Traded Market Risk (including IRRBB). The Market Risk Limits Policy outlines the framework and processes for managing market risk at Macquarie, including the setting and approval of market risk limits and the monitoring and reporting of market risk exposures.

The RMG Market Risk function also owns and operates the regulatory capital models for both Traded Market Risk and Interest Rate Risk in the Banking Book (IRRBB). Second line oversight of these models is provided by RMG Model Risk, while RMG Aggregate Risk & Prudential oversee the compliance of the wider frameworks with the relevant APRA prudential standards (APS 116 and APS 117).

Traded Market Risk is governed by the Market Risk Committee (MRC), which meets on a quarterly basis. The MRC was established by Macquarie's Executive Committee to oversee the Value at Risk (VaR) model, the Trading Book Policy Statement and to review key information concerning the effectiveness of the Market Risk function. Its composition includes certain members of the Executive Committee, with the CRO as Chair.

IRRBB is governed by the Asset and Liability Committee (ALCO) and the IRRBB Oversight Committee (IOC). The IOC oversees the IRRBB management framework and provides reporting to the ALCO who oversee the Non-traded Market Risk Policy. IOC meets at least quarterly and is comprised of senior leaders from each of the business areas that give rise to IRRBB exposure, and from RMG Market Risk. ALCO meets at least five times throughout the year and is comprised of the members of the Executive Committee and the Head of Group Treasury, with the CFO as Chair.

9.3 Aggregate Measures of Market Risk

Macquarie's appetite for market risk is set by the Board as part of the Risk Appetite Statement and cascaded down through aggregate and division level limits. Aggregate risk exposures are reported to the board monthly.

9.3.1 Traded market risk

Aggregate traded market risk is constrained by two risk measures, Value at Risk (VaR) and the Macro Economic Linkages (MEL) stress scenarios. RMG Market Risk monitor traded market risk limits daily, with MEL monitored on T+1 basis and VaR on a T+2 basis.

The VaR model quantifies the maximum loss at a 99% confidence level in Macquarie's trading portfolio due to adverse movements in global markets over holding periods of one and ten days. The MEL scenario uses the contingent loss approach to capture simultaneous, worst case movements across all major markets. Whereas MEL focuses on extreme price movements, VaR is calculated at the 99% level of confidence and does not account for losses that could exceed this. Stress testing therefore remains the predominant focus of RMG as it is considered to be the most effective mechanism to reduce Macquarie's exposure to unexpected market events.

9.3.2 Interest rate risk in the banking book (IRRBB)

Aggregate IRRBB is constrained by two measures, Economic Value Sensitivity (EVS) and Earnings at Risk (EaR). The EVS metric measures the change in net present value of the banking book as a result of changes in interest rates. The EaR model constrains the impact on reported income for a change in interest rates, including the Net Interest Income for accrual portfolios.

9.4 Traded Market Risk

All trading activities contain calculated elements of risk taking. Macquarie is prepared to accept such risks provided they are within agreed limits, independently and correctly identified, calculated and monitored by RMG and reported to senior management on a regular basis. Market Risk source exposures directly from the front office risk management system.

RMG monitors positions within Macquarie according to a limit structure that sets limits for all exposures in all markets. Limits are applied at a granular level to individual trading desks, through increasing levels of aggregation to Divisions and Operating Groups, and ultimately, Macquarie. This approach removes the need for future correlations or scenarios to be precisely predicted as all risks are stressed to the extreme and accounted for within the risk profile agreed for each business and Macquarie in aggregate.

Limits are approved by senior management with appropriate authority for the size and nature of the risk and Macquarie adheres to a strict 'no limit, no dealing' policy. If a product or position has not been authorised and given a limit structure by RMG, then it cannot be traded. Material breaches of the approved limit structure are communicated monthly to the MGL and MBL Boards.

RMG sets three complementary limit structures:

- Contingent loss limits: Worst case scenarios that shock prices and volatilities by more than has occurred historically. Multiple scenarios are set for each market to capture the non-linearity and complexity of exposures arising from derivatives. A wide range of assumptions about the correlations between markets is applied
- Position limits: Volume, maturity and open position limits are set on a large number of market instruments and securities in order to constrain concentration risk and to avoid the accumulation of risky, illiquid positions
- Value at Risk (VaR) limits: Statistical measure based on a 10-day holding period and a 99% confidence level, as stipulated by the APRA capital adequacy standard. The model is validated by back-testing a one-day VaR against hypothetical and actual daily trading profit or loss.

The risk of loss from incorrect or inappropriate pricing and hedging models is mitigated by the requirement for all new pricing models to be independently tested by the specialists within the Model Risk Management team in RMG.

9.4.1 Value at Risk Model

VaR provides a statistically based summary of overall market risk in the Bank. The VaR model uses a Monte Carlo simulation to generate:

- log-normally / normally distributed prices for approximately 11,000 benchmarks, using volatilities and correlations based on three years of historical price data; and
- implied volatilities based on a GARCH framework.

Emphasis is placed on more recent market movements to more accurately reflect current conditions. Each benchmark represents an asset at a specific maturity, for example, one year crude oil futures or spot gold. The benchmarks provide a high level of granularity in assessing risk, covering a range of points on yield curves and forward price curves, and distinguishing between similar but distinct assets; for example, crude oil as opposed to heating oil, or gas traded at different locations. Exposures to individual equities within a national market are captured by specific risk modelling incorporated directly into the VaR model.

The integrity of the VaR model is tested against daily hypothetical and actual trading outcomes (profit and loss) and reported to APRA quarterly.

9.4.2 Macro-Economic Linkage Model

MEL scenarios are large, simultaneous, 'worst case' movements in global markets. The MEL scenarios consider very large movements in a number of markets at once, based on Macquarie's understanding of the economic linkages between markets. The MEL scenarios reflect a market 'shock' or 'gap' as opposed to a sustained deterioration.

9.4.3 Market Risk Capital Requirement

APRA has approved the use of Macquarie's internal model to calculate regulatory capital for market risk under APS 116.

The internal model calculation is based upon:

- Value at Risk using a 10-day time horizon at a 99% confidence level
- Stressed Value at Risk using a 10-day time horizon at a 99% confidence level
- Regulatory capital for debt security specific risk is calculated using the APRA standard method (see Section 9.4.5 Debt Security Specific Risk Figures).

The sum of the VaR and debt security specific risk components is scaled by 12.5 in accordance with APRA policy to arrive at the traded market risk RWA, which was $10,540 million as at 31 March 2026 (30 September 2025: $8,436 million).

There were 4 hypothetical and 2 actual trading losses that exceeded the one-day day 99% VaR calculated for the 12 months ended 31 March 2026. The observed number of back testing exceptions indicates continued acceptable operation of the VaR model.

Market risk requirements are set out in the tables below.

9.4.4 MBL exposures using the internal models approach (IMA) for trading portfolios

Table 28: Market Risk – MBL VaR exposures arising from the internal models approach (IMA) for trading portfolios (APS 330 (A-31) Table 2(f)

Value at Risk Figures (10 day 99%)

	For the 6 months to Mar 2026				For the 6 months to Sep 2025			
	VaR over the current reporting period			Var	VaR over the previous reporting period			Var
	Mean value $m	Max value $m	Min value $m	Mar 2026 $m	Mean value $m	Max value $m	Min value $m	Sep 2025 $m
Commodities	57	72	45	54	70	108	40	56
Equities	14	22	5	15	14	26	7	9
Foreign Exchange	16	31	8	9	11	20	4	17
Interest Rates	13	21	10	11	16	22	9	14
Aggregate	60	75	36	58	68	111	37	57

Table 29: Market Risk – MBL SVaR exposures arising from the internal models approach (IMA) for trading portfolios (APS 330 (A-31) Table 2(f)

Stressed Value at Risk Figures (10 day 99%)

	For the 6 months to Mar 2026				For the 6 months to Sep 2025			
	VaR over the current reporting period			Var	VaR over the previous reporting period			Var
	Mean value $m	Max value $m	Min value $m	Mar 2026 $m	Mean value $m	Max value $m	Min value $m	Sep 2025 $m
Commodities	112	151	92	125	96	129	73	110
Equities	31	54	20	29	24	35	15	25
Foreign Exchange	26	44	10	15	23	53	6	39
Interest Rates	83	94	71	91	72	87	50	72
Aggregate	126	173	99	152	114	153	72	109

9.4.5 Debt Security Specific Risk Figures

Regulatory capital for MBL's debt security specific risk (including securitisations held in the trading book) is calculated using the APRA standard method.

Table 30: Market Risk – MBL exposure arising from the standard method (APS 330 (A-31) Table 1(b))

	Mar 2026 $m	Sep 2025 $m
Commodities	-	-
Equities	-	-
Foreign Exchange	-	-
Interest Rates	29	59

The specific risks referred to above arise from credit exposures, such as bonds in the Macquarie trading book.

9.4.6 Market Risk RWA

Table 31: Market risk RWA calculation methods

	Mar 2026 $m	Sep 2025 $m
Standard Method[1]	357	741
Internal Model Approach	10,183	7,695
Total market risk RWA	**10,540**	**8,436**

[1] This is equivalent to the debt security specific risk capital requirements multiplied by 12.5 in accordance with APS 110.

10. Interest Rate Risk in the Banking Book (IRRBB)

10.1 IRRBB risk management objective and policies

IRRBB is the risk of adverse changes in the value of Macquarie's non-trading positions as a result of changes in market conditions, or where clients exercise embedded options. This includes exposure to interest rates and credit spreads across the following risk categories:

- Repricing gap – exposure due to differences in timing of interest rate repricing between assets, liabilities and associated hedging
- Optionality – breakdown in assumed client behaviour used for interest rate hedging
- Basis - exposure due to differences in reference interest rates for variable rate instruments
- Embedded value – difference between the carrying value and fair value of banking book items due to historic changes in interest rates
- Credit spread – exposure due to changes in market pricing for a given level of credit risk. Note this does not include idiosyncratic risk to a particular counterparty which is covered under Credit Risk frameworks.

Exposure to foreign exchange rates is captured in traded market risk frameworks in line with APS 116 requirements.

10.1.1 Hedging and accounting

Interest rate exposures, where possible, are transferred into the trading books of Commodities and Global Markets and Group Treasury and managed under traded market risk limits.

This includes use of both derivatives and matched funding lines. Accounting for all instruments is governed by AASB requirements, and any resulting income statement volatility is managed by the FPE Hedge Accounting team. This management includes use of offsetting positions, fair value hedge accounting, and cashflow hedge accounting.

10.1.2 Independent oversight and capital

Residual risks in the banking book are not material but are nevertheless independently monitored and constrained by RMG and reported to senior management. Macquarie measures interest rate risk on both an economic value and earnings basis.

The independent oversight by RMG includes both aggregate limits set by the MBL Board and portfolio level limit frameworks for all non-trading divisions. Internal limit monitoring is based on a stress testing framework that includes a range of severe uniform and non-uniform shocks to external risk factors.

Pillar 1 capital is held behind economic value risks, including embedded value and forward looking shocks. These forward shocks are measured using a historic simulation Expected Shortfall model in line with APS 117, with key settings being:

- Assessed across a 1 year holding period to a 97.5th percentile confidence
- Based on 8 years of risk factor history
- Credit Spread risks are assessed for market related portfolios only.

Capital requirements also include a Risks Not in Model framework, and are calculated monthly and reported to APRA quarterly.

10.1.3 Modelling assumptions

Where embedded optionality exists within banking book portfolios this is reflected through behavioural modelling assumptions, including both base case expectations within Repricing gap risk and stressing these assumptions within Optionality Risk.

Assumptions around client behaviours are based on historic regression analysis of actual behaviours. Observed variability in these behaviours informs the stresses applied to the assumptions in optionality risk calculations.

Assumptions are largely consistent across internal and regulatory calculations, and include a duration assumption that is applied to a small subset of the non-maturity deposit portfolio in the retail banking division.

10.1.4 Key treatments

- Commercial margins are not included in embedded value for the banking book, nor in sensitivity calculations. This is consistent with the use of risk-free curves for discounting in IRRBB calculations and aligns with the requirements of APS 117.
- Consistent with Basel requirements capital supply is not modelled in the EVE calculations, and NII calculations are on a constant balance sheet basis.
- Diversification is recognised across both risk types and currencies in the capital calculations. This is a natural outcome of the historic simulation model. For internal monitoring of exposures against aggregate limits a conservative 'sum of negatives' approach is used, supported by an annual review of correlations.

Average repricing maturity assigned to non-maturity deposits (NMDs).	3 years (1.5 yr WAL)
Longest repricing maturity assigned to NMDs.	3 years (1.5 yr WAL)

Table 32: IRRBB1 - Quantitative information on IRRBB

In reporting currency	ΔEVE		ΔNII	
Period	Mar 2026 $m	Mar 2025 $m	Mar 2026 $m	Mar 2025 $m
Parallel up	(245)	(217)	316	305
Parallel down	257	227	(316)	(311)
Steepner	178	161		
Flattner	(225)	(203)		
Short rate up	(301)	(269)		
Short rate down	318	285		
Maximum	(301)	(269)	(316)	(311)
Period		Mar 2026 $m		Mar 2025 $m
Tier 1 capital		163		332

	Mar 2026 $m	Sep 2025 $m
IRRBB RWA	2,040	3,220

Guidance on IRRBB quantitative disclosure calculations:

- Exposures are shown to the Basel 2016 scenarios.
- Due to methodology changes during the period, exposures to Basel shocks shown for FY25 differ from prior disclosures to support comparison with FY26.

11. Operational Risk

11.1 Macquarie's Operational Risk Management Framework

Operational risk is inherent in Macquarie's business. Macquarie defines operational risk as the risk of loss resulting from inadequate or failed internal processes, controls or systems or from external events. It also includes the failure or inadequate management of other risk types.

11.1.1 Operational Risk Objectives

Macquarie's Operational Risk Management Framework (ORMF) is designed to identify, assess and manage operational risks across the organisation. The key objectives of the framework are:

- Risk identification, analysis and acceptance
- Developing control frameworks to support the management of material risks
- Execution and monitoring of risk management practices
- Reporting and escalation of risk information on a routine and exception basis
- Mitigation of operational risks through use of controls

11.1.2 Operational Risk Management Process

Operating Groups and Central Service Groups implement the ORMF in a manner that is tailored to their specific operational risk profile. However, a group-wide risk and control management framework exists to ensure consistency and alignment to minimum standards, to mitigate and manage operational risks, including the following mandatory elements:

- A robust change management process to ensure operational risks in new activities or products are identified, addressed, and managed prior to implementation
- A risk and control self-assessment process to identify material risks that arise through the delivery of business activities and assess how these risks are managed across both Operating Groups and Central Service Groups
- Recording operational risk incidents in a centralised reporting system. Incidents are analysed to identify trends and establish lessons learnt on the effectiveness of controls
- Measurement of operational risk for capital and stress testing purposes, including the allocation of operational risk capital to Macquarie businesses as a tool to further encourage positive behaviour in Macquarie's day to day management of operational risk
- Macquarie wide policies that require a consistent approach and minimum standards on specific operational risk matters
- Requirements to report and escalate risk information to the Board and decision makers on a routine and exception basis.
- Embedded Business Operational Risk Managers (BORMs) in Operating Groups who act as delegates of the Operating Group Head. These representatives are required to assess whether operational risks are addressed appropriately and that the ORMF is executed within their area.

11.1.3 Structure and Organisation of the Operational Risk Function

Most Macquarie operational risk staff operate at the business level. The BORMs are responsible for embedding operational risk management practices within their business to support the identification and management of risks across their business group. They report directly to the relevant business.

RMG Operational Risk is a division of RMG and is managed separately from other risk disciplines within RMG. RMG Operational Risk is responsible for defining the ORMF and the group-wide minimum standards in relation to operational risk and control management.

RMG regularly reports on the operational risk profile and the effectiveness of the Framework to the Board Risk Committee (BRiC) and to senior management.

The table below presents MBL's actual historical operational risk losses over the last 10 years, with losses presented in each financial year based on the date of loss recovery.

Table 33: OR1 - Historical losses

		a	b	c	d	e	f	g	h	i	j	k
		FY2026	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	Ten-year average
Using $30,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	148	101	199	201	247	69	50	46	40	83	118
2	Total number of operational risk losses	112	104	126	123	99	86	109	112	91	95	106
3	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
4	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
5	Total amount of operational losses net of recoveries and net of excluded losses	148	101	199	201	247	69	50	46	40	83	118
Using $150,000 threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	143	97	194	197	244	66	46	41	37	79	114
7	Total number of operational risk losses	50	43	53	57	55	36	45	39	40	30	45
8	Total amount of excluded operational risk losses	-	-	-	-	-	-	-	-	-	-	-
9	Total number of exclusions	-	-	-	-	-	-	-	-	-	-	-
10	Total amount of operational losses net of recoveries and net of excluded losses	143	97	194	197	244	66	46	41	37	79	114
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	No										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	No										
13	Loss event threshold: $30,000 or $150,000 for the operational risk capital calculation if applicable	N/A										

11.2 Operational Risk Capital Calculation

Macquarie holds operational risk capital to absorb potential losses arising from operational risk exposures.

Macquarie utilises the Standardised Measurement Approach to assess operational risk capital on an annual basis, using audited financial data, as required by APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk.

Table 34: OR2 - Business indicator and subcomponents

		a	b	c
	BI and its subcomponents	FY2026	FY2025	FY2024
1	Interest, lease and dividend component	3,681		
1a	Interest and lease income	16,272	16,032	14,466
1b	Interest and lease expense	12,339	12,535	11,055
1c	Interest earning assets	361,880	300,320	269,413
1d	Dividend income	74	78	51
2	Services component	2,414		
2a	Fee and commission income	1,053	826	865
2b	Fee and commission expense	729	586	552
2c	Other operating income	3,585	806	109
2d	Other operating expense	57	110	80
3	Financial component	4,967		
3a	Net P&L on the trading book	4,763	4,958	5,030
3b	Net P&L on the banking book	58	75	18
4	BI	11,063		
5	Business indicator component (BIC)	1,614		

Table 35: OR3 - Minimum required operational risk capital

		a	
		Mar 2026 $m	Mar 2025 $m
1	Business indicator component (BIC)	1,614	1,498
2	Internal loss multiplier (ILM)	1	1
3	**Minimum required operational risk capital (ORC)**	**1,614**	**1,498**
	Other regulatory capital charges	-	-
4	**Operational risk RWA**	**20,181**	**18,726**

12. Leverage Ratio

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

Prudential Standard APS 110 Capital Adequacy specifies the minimum leverage ratio requirement as 3.5%, calculated by dividing Tier 1 capital by the total leverage exposures.

Table 36: LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure

		Mar 2026 $m	Sep 2025 $m
1	Total consolidated assets as per published financial statements	463,081	408,860
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(405)	145
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	(624)	299
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	15,163	20,360
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	(3,013)	1,998
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	31,338	29,753
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	(1,886)	(2,721)
13	**Leverage ratio exposure measure**	**503,654**	**458,694**

Table LR2 provides a detailed breakdown of the components of the leverage ratio exposures, and the actual leverage ratio.

Table 37: LR2 - Leverage ratio common disclosure template

		Mar 2026 $m	Sep 2025 $m
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	337,629	313,970
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(16,115)	(11,968)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	(2,065)	(2,788)
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	319,450	299,214
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	40,393	27,092
9	Add-on amounts for potential future exposure associated with all derivatives transactions	42,232	37,311
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	(4,116)	(4,337)
11	Adjusted effective notional amount of written credit derivatives	1,891	397
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(1,859)	(285)
13	Total derivative exposures (sum of rows 8 to 12)	78,540	60,178
Securities financing transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	71,609	67,392
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,487)	(1,505)
16	Counterparty credit risk exposure for SFT assets	4,205	3,662
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	74,326	69,549
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	34,436	33,434
20	(Adjustments for conversion to credit equivalent amounts)	(3,098)	(3,618)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	(63)
22	Off-balance sheet items (sum of rows 19 to 21)	31,338	29,753
Capital and total exposures			
23	Tier 1 capital	23,754	21,553
24	Total exposures (sum of rows 7, 13, 18 and 22)	503,654	458,694
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	4.7 %	4.7 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	4.7 %	4.7 %
26	National minimum leverage ratio requirement	3.5 %	3.5 %
27	Applicable leverage buffers	-	-
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	70,121	65,886
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	77,339	67,550
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	503,654	458,694
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	503,654	458,694
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.7 %	4.7 %
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.7 %	4.7 %

13. Countercyclical Capital Buffers

The Countercyclical Capital Buffer (CCyB) is an extension of the capital conservation buffer which must be held in the form of CET1 capital, ranging from 0% to 3.5%. The CCyB is designed to ensure that ADIs build up capital buffers when excess aggregate credit growth is judged to be associated with a build-up of system wide risk. The CCyB is calculated as the weighted average of the jurisdictional buffers set by the relevant national authority where an ADI has private sector credit exposures, excluding exposures to Banks and Sovereigns.

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the CCyB as per APRA regulation. Exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions are excluded and therefore differ from the total exposures presented in the credit and counterparty credit risk sections.

Table 38: CCyB1 - Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement

31 March 2026

	a	b	c	d	e
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical capital buffer amount
Geographical breakdown	%	Exposure values $m	RWA $m	%	$m
Australia	1.00 %	242,828	68,134		
United Kingdom	2.00 %	27,309	10,844		
Germany	0.75 %	5,152	2,042		
Luxembourg	0.50 %	3,337	1,919		
Spain	0.50 %	1,804	1,445		
Greece	0.25 %	1,306	1,024		
Netherlands	2.00 %	1,118	912		
Denmark	2.50 %	668	851		
Norway	2.50 %	979	817		
France	1.00 %	1,719	812		
Hong Kong	0.50 %	519	751		
Ireland	1.50 %	1,052	483		
Republic of Korea	1.00 %	485	470		
Portugal	0.75 %	328	265		
Poland	1.00 %	449	204		
South Africa	1.00 %	166	164		
Chile	0.50 %	129	162		
Sweden	2.00 %	220	145		
Romania	1.00 %	88	140		
Belgium	1.00 %	499	137		
Cyprus	1.50 %	132	131		
Others (with jurisdictional buffer)	(blend of jurisdictional buffers)	301	267		
Sum		**290,588**	**92,120**		
Others (with no jurisdictional buffer)	-	53,732	39,381		
Total		**344,320**	**131,501**	**0.79 %**	**1,319**

30 September 2025

	a	b	c	d	e
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical capital buffer amount
Geographical breakdown	%	Exposure values $m	RWA $m	%	$m
Australia	1.00 %	222,044	65,631		
United Kingdom	2.00 %	20,486	8,059		
Luxembourg	0.50 %	2,268	1,462		
Germany	0.75 %	2,350	1,213		
Norway	2.50 %	994	827		
France	1.00 %	1,259	796		
Netherlands	2.00 %	752	511		
Ireland	1.50 %	1,151	504		
Republic of Korea	1.00 %	634	478		
Hong Kong	0.50 %	510	409		
Denmark	2.50 %	338	402		
Poland	1.00 %	302	198		
Iceland	2.50 %	55	117		
Belgium	1.00 %	428	115		
Cyprus	1.00 %	95	98		
Others (with jurisdictional buffer)	(blend of jurisdictional buffers)	498	344		
Sum		**254,163**	**81,163**		
Others (with no jurisdictional buffer)	-	53,540	39,637		
Total		**307,702**	**120,801**	**0.75 %**	**1,162**

14. Liquidity Risk

14.1 Liquidity risk management

Governance and oversight

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 RMG. Macquarie Bank's liquidity policy is approved by the MBL Board after endorsement by the ALCO and liquidity reporting is provided to the Board on a regular basis. The MBL ALCO members include the MGL CEO, MBL CEO, CFO, CRO, COO, 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 and is funded mainly with deposits, long-term liabilities and capital.

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 MGL Board, MBL Board and Senior Management receive regular reporting on Macquarie Bank's liquidity position, including compliance with the 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.

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.

14.2 Liquidity Coverage Ratio Disclosures

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

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

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

LCR Quarter Average Result:

Macquarie's three month average LCR to 31 March 2026 was 173% (based on 62 daily observations). This represents a 5% decrease from the three month average LCR to 31 December 2025, which was 178%.

The lower average LCR was driven by a decrease in HQLA relative to the December 2025 quarter which was partly offset by a decrease in NCOs over the same period.

The decrease in average HQLA over the March quarter was primarily driven by business activity.

The decrease in average NCOs over the quarter was primarily driven by APRA's reduction of the NCO add-on from 25% to 15%, effective 5 February 2026. Excluding the add-on, average NCOs were broadly stable compared to prior quarter, with higher derivative and collateral outflows largely offset by other NCO categories such as lower outflows relating to contractual debt maturities within 30 days.

Liquid Assets

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

Net Cash Outflows (NCOs)

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

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

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

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

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

Inflows from fully performing exposures: In Macquarie's LCR, a large component of this balance relates to excess liquidity placed on an overnight or very short-term basis with third parties.

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

- **Segregated client funds placed with Macquarie:** Macquarie acts as a clearing agent for clients on various futures exchanges. Clients place margin with Macquarie and Macquarie places this margin either directly with the exchange, holds it in other segregated external asset accounts or retains a portion on deposit with Macquarie. Some of the balances are recorded on a gross basis on Macquarie's balance sheet and APRA require these to be profiled as gross inflows and outflows in the LCR.

- **Security and broker settlement balances:** these represent securities that have been purchased or sold by Macquarie that have not yet settled and broker balances where stock has been bought or sold on behalf of clients, but payment has not been made to / received from the client. APRA require these balances to be reflected on a gross basis in the LCR as 100% weighted inflows and outflows. The net effect of these balances on Macquarie's average LCR is minimal.

Table 39: LIQ1 - Liquidity coverage ratio

		a	b	a	b
		For the 3 months to 31 Mar 26		For the 3 months to 31 Dec 25	
		Total unweighted value (average) $m	Total weighted value (average) $m	Total unweighted value (average) $m	Total weighted value (average) $m
High-quality liquid assets					
1	Total HQLA		55,255		59,889
Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	161,368	15,492	152,506	14,702
3	Stable deposits	58,597	2,930	54,542	2,727
4	Less stable deposits	102,771	12,562	97,964	11,975
5	Unsecured wholesale funding, of which:	48,841	24,237	50,088	25,145
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	16,084	2,458	16,341	2,569
7	Non-operational deposits (all counterparties)	27,771	16,793	27,984	16,813
8	Unsecured debt	4,986	4,986	5,763	5,763
9	Secured wholesale funding		1,058		888
10	Additional requirements, of which:	54,564	25,051	52,549	22,246
11	Outflows related to derivative exposures and other collateral requirements	25,555	22,409	22,525	19,144
12	Outflows related to loss of funding on debt products	240	240	500	500
13	Credit and liquidity facilities	28,769	2,402	29,524	2,602
14	Other contractual funding obligations	15,304	15,301	15,131	15,109
15	Other contingent funding obligations	7,766	467	9,039	514
16	TOTAL CASH OUTFLOWS		81,606		78,604
Cash inflows					
17	Secured lending (eg reverse repos)	56,867	26,279	55,201	25,993
18	Inflows from fully performing exposures	3,554	2,844	3,341	2,638
19	Other cash inflows	25,400	25,400	22,998	22,998
20	TOTAL CASH INFLOWS	85,821	54,523	81,540	51,629
					Total adjusted value
21	Total HQLA		55,255		59,889
22	Total net cash outflows[1]		32,032		33,719
23	Liquidity Coverage Ratio (%)[2]		173 %		178 %

[1] APRA imposed a 25% add-on to the Net Cash Outflow (NCO) component of the LCR calculation, effective from 1 May 2022. APRA has partially removed the add-on to the NCO component reducing it from 25% to 15%, effective from 5 February 2026. Accordingly, the 3 month average LCR to 31 March 2026 includes a 25% NCO add-on until 4 February 2026 and a 15% NCO add-on effective from 5 February 2026. For the 3 months to 31 March 2026 an average NCO overlay of $4,949 million is included in the disclosed balance of $32,032 million (3 months to 31 December 2025 overlay of $6,744 million is included in the disclosed balance of $33,719 million).

[2] The LCR for the 3 months to 31 March 2026 is calculated from 62 daily LCR observations (3 months to 31 December 2025 is calculated from 63 daily LCR observations).

14.3 Net Stable Funding Ratio Disclosures

The NSFR is a twelve-month structural funding metric, requiring that Available Stable Funding (ASF) be sufficient to cover Required Stable Funding (RSF), where 'stable' funding has an actual or assumed maturity of greater than twelve months.

The NSFR seeks to encourage ADIs to fund their activities with more stable sources of funding on an ongoing basis, and thereby promote greater balance sheet resilience. It also aims to reduce an ADI's reliance on less stable sources of funding. These requirements are in line with Macquarie's Board approved Liquidity Policy and Risk Tolerance.

Macquarie sets internal management and Board approved minimum limits for the NSFR above the regulatory minimum level and monitors its aggregate NSFR position against these limits on a daily basis.

Macquarie actively considers the impact of business decisions on the NSFR and LCR, as well as other internal liquidity metrics that form part of its broader liquidity risk management framework.

Macquarie's NSFR fluctuates as a result of normal business activities and, accordingly, ongoing fluctuations in the reported NSFR are expected and are not necessarily indicative of a changing risk appetite. Some examples of factors that can influence the NSFR include wholesale funding activities (such as prefunding expected future asset growth), growth in home loans and customer deposits, equity and hybrids issuance, the degree of activity in Macquarie's capital markets facing businesses, and a variety of other external market considerations.

NSFR March 2026 Quarter End Result:

Macquarie's NSFR as at 31 March 2026 was 116%, which increased 5% from the 31 December 2025 quarter end NSFR of 111%. The NSFR increased over the March 2026 quarter because of an increase in ASF, only partly offset by an increase in RSF.

The increase in ASF was primarily driven by growth in deposits throughout the quarter and growth in wholesale funding issuance.

The increase in RSF was primarily driven by home loan growth over the quarter.

NSFR December 2025 Quarter End Result:

The December 2025 NSFR result of 111% decreased by 2% from the September 2025 quarter end NSFR of 113%.

The NSFR decreased over the December 2025 quarter because of an increase in RSF only partly offset by an increase in ASF.

The increase in ASF was primarily driven by deposit growth throughout the quarter.

The higher RSF position was primarily driven by growth in home loans and certain trading assets.

14.3.1 Calculation of the Net Stable Funding Ratio

Under the regulatory rules, ASF factors are applied to Macquarie's capital and liabilities; while RSF factors are applied to assets and off-balance sheet exposures. This calculation is shown in Table 40: LIQ2 - Net stable funding ratio and is based on spot balances.

Table 40: LIQ2 - Net stable funding ratio

31 March 2026

		a	b	c	d	e
		Unweighted value by residual maturity				
(In currency amount)		No Maturity $m	< 6 months $m	6 months to < 1 year $m	≥ 1 year $m	Weighted value $m
Available stable funding (ASF) item						
1	Capital:	24,887	-	-	13,694	38,582
2	Regulatory capital	24,887	-	-	13,694	38,582
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	163,325	11,052	-	-	159,903
5	Stable deposits	59,913	2,676	-	-	59,459
6	Less stable deposits	103,412	8,376	-	-	100,444
7	Wholesale funding:	38,482	67,975	21,155	34,198	65,712
8	Operational deposits	16,439	-	-	-	8,219
9	Other wholesale funding	22,043	67,975	21,155	34,198	57,493
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	14,091	33,210	220	743	853
12	NSFR derivative liabilities	-	10,363	-	-	-
13	All other liabilities and equity not included in the above categories[1]	14,091	22,847	220	743	853
14	Total ASF	240,785	112,237	21,375	48,635	265,050
Required stable funding (RSF) item						
15(a)	Total NSFR (HQLA)	6,699	13,603	191	23,610	8,388
15(b)	ALA	-	-	-	-	-
15(c)	RBNZ securities	-	-	-	-	-
16	Deposits held at other financial institutions for operational purposes	2,386	-	-	-	1,193
17	Performing loans and securities	38,735	65,372	8,885	212,690	180,880
18	Performing loans to financial institutions secured by Level 1 HQLA	7,080	22,876	-	-	2,995
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	23,124	24,328	384	998	8,310
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	1,781	5,610	549	40,319	29,380
21	With a risk weight of less than or equal to 35% under APS 112	-	64	79	2,254	1,542
22	Performing residential mortgages, of which:	-	9,133	6,636	168,424	130,067
23	With a risk weight equal to 35% under APS 112	-	2,261	2,197	166,272	115,055
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	6,750	3,425	1,316	2,949	10,128
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	11,918	6,698	58	49,145	36,800
27	Physical traded commodities, including gold	8,284	-	-	-	7,042
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	-	-	12,092	9,959
29	NSFR derivative assets	-	-	-	15,423	5,059
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	18,179	3,636
31	All other assets not included in the above categories	3,634	6,698	58	3,451	11,104
32	Off-balance sheet items	-	-	-	31,083	1,464
33	Total RSF	59,738	85,673	9,134	316,528	228,725
34	Net Stable Funding Ratio (%)					116 %

[1] APRA has imposed a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 April 2021. APRA has removed the adjustment applied to the ASF component, effective from 5 February 2026. Accordingly, the 1% adjustment is removed in the NSFR reported as at 31 March 2026.

31 December 2025

		a	b	c	d	e
		Unweighted value by residual maturity				
(In currency amount)		No Maturity $m	< 6 months $m	6 months to < 1 year $m	≥ 1 year $m	Weighted value $m
Available stable funding (ASF) item						
1	Capital:	23,567	-	-	12,649	36,216
2	Regulatory capital	23,567	-	-	12,649	36,216
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	155,112	10,048	-	-	151,310
5	Stable deposits	56,540	2,368	-	-	55,962
6	Less stable deposits	98,572	7,680	-	-	95,348
7	Wholesale funding:	40,268	71,782	22,146	29,429	61,851
8	Operational deposits	16,063	-	-	-	8,031
9	Other wholesale funding	24,205	71,782	22,146	29,429	53,820
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	10,774	24,631	183	887	(1,525)
12	NSFR derivative liabilities	-	6,401	-	-	-
13	All other liabilities and equity not included in the above categories[1]	10,774	18,230	183	887	(1,525)
14	Total ASF	229,721	106,461	22,329	42,965	247,852
Required stable funding (RSF) item						
15(a)	Total NSFR (HQLA)	6,205	11,135	825	27,444	10,120
15(b)	ALA	-	-	-	-	-
15(c)	RBNZ securities	-	-	-	-	-
16	Deposits held at other financial institutions for operational purposes	2,102	-	-	-	1,051
17	Performing loans and securities	39,179	59,464	10,171	202,809	174,483
18	Performing loans to financial institutions secured by Level 1 HQLA	7,570	17,890	-	-	2,546
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	20,332	25,569	648	1,389	8,599
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:	2,721	6,257	807	36,459	27,987
21	With a risk weight of less than or equal to 35% under APS 112	-	58	91	2,292	1,570
22	Performing residential mortgages, of which:	-	6,711	7,021	161,433	123,523
23	With a risk weight equal to 35% under APS 112	-	2,267	2,191	157,118	108,835
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	8,556	3,037	1,695	3,528	11,828
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	12,700	5,831	74	37,532	36,222
27	Physical traded commodities, including gold	9,843	-	-	-	8,367
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	-	-	10,970	8,794
29	NSFR derivative assets	-	-	-	10,291	3,889
30	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	12,571	2,514
31	All other assets not included in the above categories	2,857	5,831	74	3,700	12,658
32	Off-balance sheet items	-	-	-	30,353	1,427
33	Total RSF	60,186	76,430	11,070	298,138	223,303
34	Net Stable Funding Ratio (%)					111 %

[1] APRA has imposed a 1% decrease to the Available Stable Funding component of the NSFR calculation, effective from 1 April 2021. An overlay of $2,504 million, equal to a 1% decrease to the ASF component, is included in the disclosed 'No maturity' balance of $10,774 million. APRA has removed the adjustment applied to the ASF component, effective from 5 February 2026.

14.4 Asset Encumbrance

Encumbered assets are subject to limitations or restrictions that prevent their liquidation, sale, transfer, or assignment due to legal, regulatory, contractual, or other constraints.

As at 31 March 2026 and 30 September 2025, asset encumbrance is primarily driven by secured financing activities, including issuances of securitisations, as well as placement of margins. Macquarie funds a portion of assets and other securities via repurchase agreements and other similar borrowing and pledges a portion of customer loans and advances as collateral in securitisation, covered bond and other similar structures.

The Encumbered Assets increased at 31 March 2026 compared to 30 September 2025 as a result of normal business activities.

The tables in this section identify components of MBL's encumbered and unencumbered assets and the assets in use or remaining available to secure transactions in central bank facilities.

Table 41: ENC - Asset encumbrance

31 March 2026

	a	b	c	d
Assets	Encumbered assets $m	Central bank facilities $m	Unencumbered assets $m	Total $m
Cash and bank balances	3,148	-	16,434	19,582
Cash collateralised lending and reverse repurchase agreements	13,528	-	63,811	77,339
Trading assets	16,047	-	22,103	38,150
Margin money and settlement assets	10,236	-	8,660	18,896
Derivative assets	-	-	42,247	42,247
Financial Investments	538	-	23,108	23,646
Held for sale assets	-	-	-	-
Other assets	785	-	6,346	7,131
Loan assets	14,409	-	211,779	226,188
Due from subsidiaries and other Macquarie Group entities	585	-	4,687	5,272
Property, plant and equipment and right-of-use assets	5	-	3,665	3,670
Investment in regulatory non-consolidated subsidiaries	-	-	207	207
Deferred tax assets	-	-	1,138	1,138
Total	**59,281**	**-**	**404,185**	**463,466**

30 September 2025

	a	b	c	d
Assets	Encumbered assets $m	Central bank facilities $m	Unencumbered assets $m	Total $m
Cash and bank balances	3,999	-	15,997	19,996
Cash collateralised lending and reverse repurchase agreements	10,302	-	55,802	66,104
Trading assets	15,809	-	25,558	41,367
Margin money and settlement assets	10,363	-	7,663	18,026
Derivative assets	-	-	24,143	24,143
Financial Investments	442	-	19,251	19,693
Held for sale assets	1,027	-	527	1,554
Other assets	163	-	5,669	5,832
Loan assets	12,024	-	187,765	199,789
Due from subsidiaries and other Macquarie Group entities	773	-	5,257	6,030
Property, plant and equipment and right-of-use assets	20	-	5,344	5,364
Investment in regulatory non-consolidated subsidiaries	-	-	213	213
Deferred tax assets	-	-	894	894
Total	**54,922**	**-**	**354,083**	**409,005**

15. Linkages to Financial Statements

15.1 Entities deconsolidated from the Level 2 Regulatory Group for APRA reporting purposes

The regulatory consolidated group excludes a subset of legal entities that are included in the accounting scope of consolidation, as outlined in section 1.3 Scope of Application. The entities deconsolidated from the Level 2 regulatory group for APRA reporting purposes are listed below.

Non-Financial Operations

- Avenal Power Center, LLC
- Capital Meters Limited
- Circularix, LLC
- Circularix Management Company, LLC
- Macquarie Energy Services Pty Limited
- Macquarie Equipment Finance Services Limited
- Macquarie Equipment Trading (Shanghai) Co., Ltd
- Macquarie Semiconductor and Technology Inc.
- PropertyIQ Pty Limited
- Sustainable Feedstocks Group Limited
- Sustainable Feedstocks Group Guangdong Limited
- CX Hatfield, LLC
- CX Hatfield II, LLC
- CX Ocala, LLC
- CX Team, LLC

Funds Management

- Bond Street Custodians Limited
- Macquarie Investment Management Ltd
- Macquarie Investment Services Limited
- Macquarie Prism Pty Limited

SPV

- Barcelona Funding Trust

Insurance

- Macquarie (Bermuda) Limited

Macquarie (Bermuda) Limited is an insurance subsidiary of MBL the ADI, and is deconsolidated for regulatory purposes. Equity invested in Macquarie (Bermuda) Limited is deducted from CET1 capital, in line with the APS 111 requirement. Additionally, MBL does not recognise surplus capital in the insurance subsidiary when calculating capital adequacy.

15.2 Explanations of differences between accounting and regulatory exposure amount

Table LI1 below provides an overview of the balance sheet under accounting and regulatory consolidation scopes, and mapping of reported amounts to the corresponding regulatory risk categories. The difference between accounting and regulatory consolidation scopes is explained in section 1.3 Scope of Application and section 15.1 Entities deconsolidated from the Level 2 Regulatory Group for APRA reporting purposes.

A balance sheet value or transaction may be subject to multiple risk types. For instance, a derivative transaction could be exposed to both Counterparty Credit Risk and Market Risk.

Information on MBL's valuation methodologies for financial instruments is provided in Note 20 Measurement categories of financial instruments, of the MBL Annual Report.

Table 42: LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31 March 2026

	a	b	c	d	e	f	g
			Carrying values of items:				
	Carrying values as reported in published financial statements $m	Carrying values under scope of regulatory consolidation $m	Subject to credit risk framework $m	Subject to counterparty credit risk framework $m	Subject to the securitisation framework $m	Subject to market risk framework $m	Not subject to capital requirements or subject to deduction from capital $m
Assets							
Cash and bank balances	19,607	19,582	16,375	-	-	-	3,207
Cash collateralised lending and reverse repurchase agreements	77,339	77,339	297	77,042	-	23,683	-
Trading assets	38,158	38,150	864	-	-	37,267	19
Margin money and settlement assets	18,895	18,896	153	16,072	-	949	2,670
Derivative assets	42,248	42,247	-	42,217	-	42,247	30
Financial investments	23,646	23,646	8,699	-	4,836	9,830	282
Other assets	7,309	6,396	5,398	890	1	3,787	107
Loan assets	226,211	226,188	224,109	275	892	-	912
Due from other Macquarie Group entities	4,819	5,217	1,162	3,795	-	3,795	260
Property, plant and equipment and right-of-use assets	3,696	3,670	3,670	-	-	-	-
Investments in regulatory non-consolidated subsidiaries	-	207	-	-	-	-	207
Deferred tax assets	1,153	1,138	-	-	-	-	1,138
Total assets	**463,081**	**462,676**	**260,727**	**140,291**	**5,729**	**121,558**	**8,832**
Liabilities							
Deposits	221,547	221,547	-	-	-	-	221,547
Cash collateralised borrowing and repurchase agreements	6,819	6,819	-	6,778	-	5,596	39
Trading liabilities	12,294	12,294	-	-	-	12,294	-
Margin money and settlement liabilities	27,662	27,662	-	25,198	-	3,465	2,464
Derivative liabilities	36,347	36,347	-	36,314	-	36,347	33
Other liabilities	10,112	10,031	-	-	-	3,488	6,543
Due to other Macquarie Group entities	15,045	15,494	10,273	4,846	-	4,846	375
Issued debt securities and borrowings	94,599	93,817	-	-	-	600	93,217
Deferred tax liabilities	8	7	-	-	-	-	7
Loan capital	14,068	14,068	-	-	-	-	14,068
Total liabilities	**438,501**	**438,086**	**10,273**	**73,136**	**-**	**66,636**	**338,293**

The LI2 table below presents the main differences between the accounting carrying amounts under the scope of regulatory consolidation and the exposure amounts considered for regulatory purposes. The regulatory exposures include the following additional components:

- Off-balance sheet amounts and credit conversion factors (CCFs): Off-balance sheet exposures consist of items such as undrawn commitments and contingent liabilities. APRA-assigned CCFs are applied to these exposures based on their nature to determine the regulatory exposure amount.
- Netting rules: The rules for netting financial assets with financial liabilities differ between accounting and regulatory treatments. APRA imposed a more stringent approach to netting in regulatory reporting, resulting to an increment exposure values in regulatory calculations.
- Valuation differences: The regulatory valuation of derivatives differ from accounting valuation and this adjustment primarily reflects the inclusion of potential future exposure and the 1.4 alpha multiplier.
- SFT Collateral mitigation and adjustments: This adjustment relates to the application of collateral to SFT exposures after the assessment of regulatory haircuts.
- CRM techniques: These consist of eligible collateral recognised to mitigate regulatory exposures and reduce capital requirements in accordance with criteria from APS 112 and APS 113.

Table 43: LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

31 March 2026

		a=b+c+d	b	c	d	e
			Items subject to:			
		Total $m	Credit risk framework $m	Securitisation framework $m	Counterparty credit risk framework $m	Market risk framework $m
1	**Asset carrying value amount under scope of regulatory consolidation (as per Template LI1)**	**406,747**	**260,727**	**5,729**	**140,291**	**121,558**
2	Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1)	83,409	10,273	-	73,136	66,636
3	Total net amount under regulatory scope of consolidation (Row 1 – Row 2)	323,338	250,454	5,729	67,155	54,922
4	Off-balance sheet amounts	34,436	34,355	81	-	
5	Differences due to credit conversion factors	(3,098)	(3,098)	-	-	
6	Differences in valuations	68,551	-	-	68,551	
7	Differences due to different netting rules, other than those already included in row 2	10,588	10,588	-	-	
8	SFT Collateral mitigation and adjustments	(52,315)	-	-	(52,315)	
9	Differences due to the use of credit risk mitigation techniques (CRMs)	(99)	(92)	(6)	-	
10	Other differences	(188)	(194)	5	-	
11	**Exposure amounts considered for regulatory purposes**	**381,213**	**292,013**	**5,809**	**83,391**	

16. Glossary of Terms

ADI	Authorised Deposit-taking Institution.
Additional Tier 1 Capital	A capital measure defined by APRA comprising high quality components of capital that satisfy the following essential characteristics: • Provide a permanent and unrestricted commitment of funds • Are freely available to absorb losses • Rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer; and • Provide for fully discretionary capital distributions.
Additional Tier 1 Capital deductions	An amount deducted in determining Additional Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
ALA	Alternative Liquid Assets.
APRA	Australian Prudential Regulation Authority.
ADI Prudential Standards (APS)	APRA's ADI Prudential Standards. For more information refer to APRA website.
ASF	Available Stable Funding.
Bank Group	MBL and its subsidiaries.
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.
BAC	Board Audit Committee.
BBSW	Bank Bill Swap Rate.
BCBS	Basel Committee on Banking Supervision.
BCN2	Macquarie Bank Capital Notes 2.
BCN3	Macquarie Bank Capital Notes 3.
BFS	Banking and Financial Services Group.
the Board, Macquarie Bank Board	The Board of Voting Directors of Macquarie Bank Limited.
BRC	Board Remuneration Committee.
BRiC	Board Risk Committee.
CCR	Counterparty Credit Risk.
CEA	Credit Equivalent Amount. The on-balance sheet equivalent value of an off balance sheet transaction.
CEO	Managing Director and Chief Executive Officer.
Central counterparty	A clearing house or exchange that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer, and therefore ensuring the future performance or open contracts.
Central Service Group	The Central Service Groups consist of Risk Managment Group (RMG), Legal and Governance Group (LGG), Financial Managment, People and Engagement (FPE) and Corporate Operations Group (COG).
CF	Commodities finance. CF refers to short-term lending to finance reserves, inventories, or receivables of exchange-traded commodities, where the loan will be repaid from the proceeds of the sale of the commodity and the borrower has no independent capacity to repay the loan.
CFO	Chief Financial Officer.
CGM	Commodities and Global Markets Group.
Common Equity Tier 1 capital (CET1)	A capital measure defined by APRA comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • Provide a permanent and unrestricted commitment of funds • Are freely available to absorb losses • Do not impose any unavoidable servicing charge against earnings; and • Rank behind the claims of depositors and other creditors in the event of winding up. • Common equity tier 1 capital comprises Paid Up Capital, Retained Earnings, and certain reserves.
Common Equity Tier 1 Capital deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
CRO	Chief Risk Officer.
CVA	Credit Valuation Adjustment. The risk of mark-to-market losses on the expected counterparty risk to OTC derivatives.
EAD	Exposure at Default – the gross exposure under a facility (the amount that is legally owed to the ADI) upon default of an obligor.

ECAI	External Credit Assessment Institution.
ECAM	Economic Capital Adequacy Model.
EL	Expected Loss, which is a function of EAD, Probability of Default and Loss given Default.
ELE	Extended Licensed Entity is an entity that is treated as part of the ADI ('Level 1') for the purpose of measuring the ADI's capital adequacy and exposures to related entities. The criterion for qualification as an ELE is detailed in the APRA Prudential Standards.
EMEA	Europe, the Middle East & Africa.
ERBA	External Rating Based Approach.
EVE	Economic Value of Equity.
F-IRB	Foundation Internal Ratings Based Approach (for determining credit risk).
FPE	Financial Management, People and Engagement Group.
GARCH	Generalised AutoRegressive Conditional Heteroskedasticity.
HQLA	High-Quality Liquid Assets.
IAA	Internal Assessment Approach.
ICAAP	Internal Capital Adequacy Assessment Process.
IRBA	Internal Rating Based Approach.
IRRBB	Interest Rate Risk in the Banking Book.
LCR	Liquidity Coverage Ratio.
Level 1 Regulatory Group	MBL and any subsidiaries which meet the APRA definition of Extended Licensed Entities.
Level 2 Regulatory Group	MBL, its parent Macquarie B.H. Pty Ltd and MBL's subsidiaries but excluding deconsolidated entities for APRA reporting purposes.
Level 3 Regulatory Group	MGL and its subsidiaries but excluding entities required to be deconsolidated for regulatory reporting purposes.
LGD	Loss given default is defined as the economic loss which arises upon default of the obligor.
LVR	Loan to Value Ratio.
Macquarie Group / Macquarie	MGL and its subsidiaries.
MACS	Macquarie Additional Capital Securities.
MBL	Macquarie Bank Limited ABN 46 008 583 542.
MBL Consolidated Group	MBL and its subsidiaries.
MGL	Macquarie Group Limited ABN 94 122 169 279.
NCO	Net Cash Outflows.
NII	Net Interest Income.
Non-Bank Group	MGL and its subsidiaries, excluding the entities that comprise the Bank Group.
NPAT	Net Profit after Tax.
NSFR	Net Stable Funding Ratio.
OF	Object finance. OF refers to the method of funding the acquisition of equipment where the repayment of the loan is dependent on the cash flows generated by the specific assets that have been financed and pledged or assigned to the lender.
Operating Group	The Operating Groups consist of Banking and Financial Services Group (BFS), Comodities and Global Markets Group (CGM), Macquarie Capital and Maquarie Asset Managment Group (MAM).
ORMF	Operational Risk Management Framework.
PCE, PFCE	Potential Credit Exposure (PCE) / Potential Future Credit Exposure (PFCE). The potential exposures arising on a transaction calculated as the notional principal amount multiplied by a credit conversion factor specified by APRA.
PD	Probability of Default. The likelihood of an obligor not satisfying its financial obligations.
PF	Project finance. PF refers to the method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the loan.
P&L	Profit and loss.
QCCP	Qualifying central counterparty.
RAS	Risk Appetite Statement.
Reserve Bank of Australia (RBA)	Central bank of Australia with responsibility over monetary policy.
RMBS	Residential Mortgage-Backed Securities.
RMG	Risk Management Group.
ROE	Return on Ordinary Equity.
RSF	Required Stable Funding.
RWA	Risk-weighted asset. RWA is a risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
SA	Standardised Approach.
Senior Management	Members of Macquarie Group's Executive Committee and Executive Directors who have significant management or risk responsibility in the organisation.

SFT	Securities Financing Transactions (SFT). SFTs are transactions such as repurchase agreements, reverse repurchase agreements and security lending and borrowing, where the value of the transactions depends on market valuations and the transactions are often subject to margin agreements.
SME	Small – Medium Enterprises.
SPV	Special purpose vehicles or securitisation vehicles.
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 report and may be included in Tier 2 Capital.
Tier 1 Capital	Tier 1 capital comprise (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital.
Tier 1 Capital Deductions	Tier 1 capital deductions comprise (i) Common Equity Tier 1 Capital deductions; and (ii) Additional Tier 1 Capital deductions.
Tier 1 Capital Ratio	Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA.
Tier 2 Capital	A capital measure defined by APRA, comprising other components of capital which contribute to the strength of the entity.
Tier 2 Capital Deductions	An amount deducted in Tier 2 Capital, as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
Total Capital	Tier 1 Capital plus Tier 2 Capital less Tier 1 Capital Deductions and Tier 2 Capital Deductions.
Total Capital Ratio	Total Capital expressed as a percentage of RWA.
VaR	Value-at-Risk.
WAL	Weighted Average Life.

17. Disclaimer

The material in this document has been prepared by Macquarie Bank Limited ABN 46 008 583 542 (MBL) for the purpose of explaining the basis on which MBL has prepared and disclosed certain capital requirements and information about the management of risks relating to those requirements and for no other purpose. 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 information having regard to the 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 MBL'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 MBL's control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is at 31 March 2026.

Although Pillar 3 disclosures are intended to provide transparent disclosures on a common basis, the information contained in this document may not be directly comparable with other banks. This may be due to a number of factors such as:

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