MACQUARIE

2025 Management Discussion and Analysis

Macquarie Group

Half year ended 30 September 2024

Macquarie Group Limited
ACN 122 169 279

Notice to readers

The purpose of this report is to provide information supplementary to the Macquarie Group Limited Interim Financial Report (the Financial Report) for the half year ended 30 September 2024, including further detail in relation to key elements of Macquarie Group Limited and its subsidiaries' (Macquarie, the Consolidated Entity) financial performance and financial position. The report also outlines the funding and capital profile of the Consolidated Entity.

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

Date of this report

This report has been prepared for the half year ended 30 September 2024 and is current as at 1 November 2024.

Cover image

660 Fifth, New York
Situated in the heart of Manhattan, New York, Macquarie's new Americas headquarters at 660 Fifth Avenue represents more than 30 years of growth and innovation in the region. Opened earlier this year, the next-generation, interconnected workplace promotes our globally connected culture and enhances collaboration with colleagues and partners around the world.

Explanatory notes

Comparative information and conventions

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

References to the prior corresponding period (pcp) are to the six months ended 30 September 2023.

References to the prior period are to the six months ended 31 March 2024.

References to the current period and current half year are to the six months ended 30 September 2024.

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

Independent Auditor's Review Report

This document should be read in conjunction with the Financial Report for the half year ended 30 September 2024, which was subject to independent review by PricewaterhouseCoopers.

PricewaterhouseCoopers' independent auditor's review report to the members of Macquarie Group Limited dated 1 November 2024 was unqualified.

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

Contents

01

Result Overview

1.1 Executive Summary 4

02

Financial Performance Analysis

2.1 Net Interest and Trading Income 12

2.2 Fee and Commission Income 15

2.3 Share of Net Profits/(Losses) from Associates and Joint Ventures 17

2.4 Credit and Other Impairment (Charges)/Reversals 18

2.5 Net Other Operating Income 20

2.6 Operating Expenses 21

2.7 Headcount 22

2.8 Income Tax Expense 23

06

Capital

6.1 Overview 72

6.2 Bank Group Capital 74

6.3 Non-Bank Group Capital 77

07

Funds Management

7.1 Assets Under Management 82

7.2 Equity Under Management 83

03

Segment Analysis

3.1 Basis of Preparation 26
3.2 MAM 30
3.3 BFS 32
3.4 CGM 34
3.5 Macquarie Capital 37
3.6 Corporate 39
3.7 International Income 41

04

Balance Sheet

4.1 Statement of Financial Position 44
4.2 Loan Assets 46
4.3 Equity Investments 48

05

Funding and Liquidity

5.1 Liquidity Risk Governance and Management Framework 52
5.2 Management of Liquidity Risk 54
5.3 Funded Balance Sheet 56
5.4 Funding Profile for Macquarie 58
5.5 Funding Profile for the Bank Group 62
5.6 Funding Profile for the Non-Bank Group 66
5.7 Explanatory Notes Concerning Funding Sources and Funded Assets 68

08

Glossary

8.1 Glossary 86

09

Ten Year History

9.1 Ten Year History 94

01 Result Overview

1.1 Executive Summary

1H25 net profit

$A1,612m

↑ 14% on pcp

1H25 annualised return on equity

9.9%

↑ from 8.7% in the pcp

1H25 net operating income

$A8,216m

↑ 4% on pcp

1H25 operating expenses

$A5,919m

in line with pcp

1H25 net profit contribution[1]

Annuity-style activities

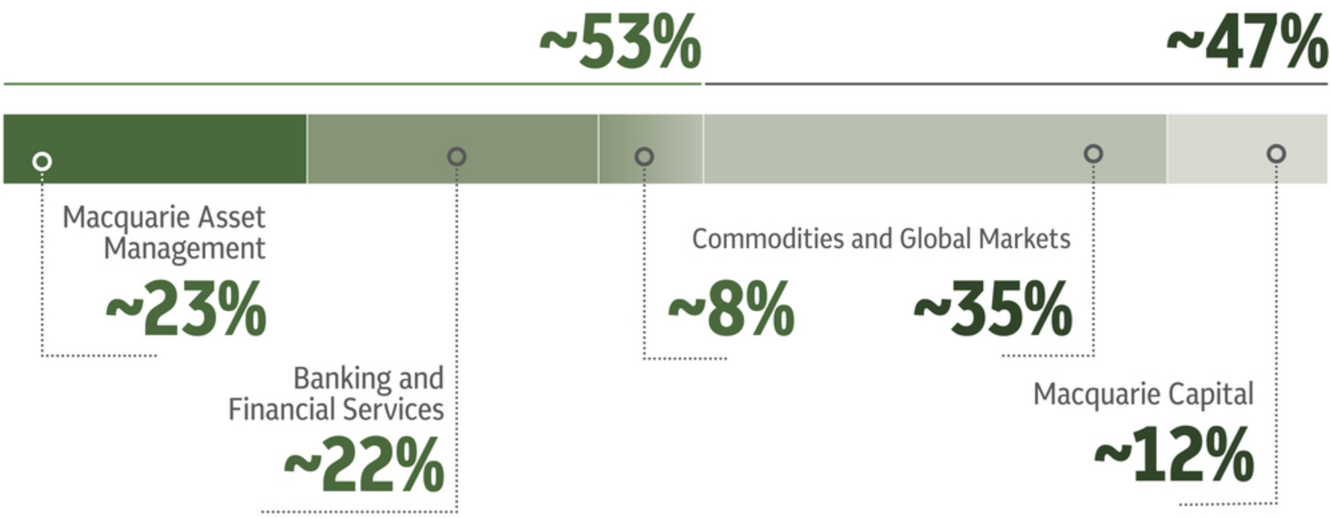
$A1,614m

↑ 25% on pcp

Markets-facing activities

$A1,407m

↓ 10% on pcp



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

1H25 net profit contribution by Operating Group

Summary of the Operating Groups' performance for the half year ended 30 September 2024.

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

$A684m

↑ 68% on pcp due to

- increased performance fees from Private Markets-managed funds, managed accounts and co-investors
- increased net income on equity, debt and other investments driven by higher asset realisations in green investments
- increased share of net profits from associates and joint ventures driven by revaluation of underlying investments.

Partially offset by:

- non-recurrence of an impairment reversal recognised on a green equity investment in the prior corresponding period.

Banking Group

Banking and Financial Services (BFS)

$A650m

↑ 2% on pcp due to

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher fee and commission income mainly due to increased administration and adviser fees from higher average funds on platform.

Partially offset by:

- lower net interest income mainly driven by margin compression reflecting changes in portfolio mix and ongoing lending and deposit competition, partially offset by growth in the loan portfolio and BFS deposits.

Markets-facing businesses

Macquarie Capital

$A371m

↓ 14% on pcp due to

- higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period
- higher funding costs reflecting growth in the equity investment portfolio
- lower net income on consolidated investments.

Partially offset by:

- higher net gains on investments across all regions
- higher net interest income on the private credit portfolio, benefitting from $A2.7 billion[1] of growth in average drawn loan assets
- higher fee and commission income, driven by brokerage income mainly due to increased market activity in Asia and higher advisory fee income.

Commodities and Global Markets (CGM)[2]

$A1,316m

↓ 5% on pcp due to

- decreased risk management income primarily in Global Gas, Power and Emissions, driven by decreased client hedging activity due to subdued volatility across energy markets.

Partially offset by:

- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Corporate

Net expenses of **$A1,409m**

↓ 2% on pcp due to

- increased other income from a one-off sale of centrally held assets
- increased net interest and trading income driven by higher earnings on capital.

Partially offset by:

- increased income tax expense as a result of the performance of the Consolidated Entity
- increased operating expenses driven by higher profit share and share-based payments expenses as a result of the performance of the Consolidated Entity
- increased funding costs associated with centrally held assets.

[1] Average volume calculation is based on balances converted at spot FX rates as at reporting period end.

[2] Certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.

1.1 Executive Summary

Continued

Profit attributable to the ordinary equity holders

$A1,612m

↑ 14% on pcp

	HALF YEAR TO			*MOVEMENT*	
	Sep 24 $Am	Mar 24 $Am	Sep 23 $Am	*Mar 24 %*	*Sep 23 %*
Financial performance summary					
Net interest income	**1,669**	1,826	1,633	*(9)*	*2*
Net trading income	**2,460**	2,836	2,612	*(13)*	*(6)*
Fee and commission income	**3,300**	3,226	3,023	*2*	*9*
Share of net profits/(losses) from associates and joint ventures	**1**	(44)	(5)	*	*
Net credit impairment (charges)/reversals	**(54)**	140	(6)	*	*
Net other impairment (charges)/reversals	**(21)**	112	123	*	*
Net other operating income	**861**	881	530	*(2)*	*62*
Net operating income	**8,216**	8,977	7,910	*(8)*	*4*
Employment expenses	**(3,756)**	(3,989)	(3,734)	*(6)*	*1*
Brokerage, commission and fee expenses	**(580)**	(542)	(529)	*7*	*10*
Non-salary technology expenses	**(575)**	(569)	(594)	*1*	*(3)*
Other operating expenses	**(1,008)**	(1,042)	(1,062)	*(3)*	*(5)*
Total operating expenses	**(5,919)**	(6,142)	(5,919)	*(4)*	–
Operating profit before income tax	**2,297**	2,835	1,991	*(19)*	*15*
Income tax expense	**(686)**	(704)	(587)	*(3)*	*17*
Profit after income tax	**1,611**	2,131	1,404	*(24)*	*15*
Loss/(profit) attributable to non-controlling interests	**1**	(24)	11	*	*(91)*
Profit attributable to ordinary equity holders of Macquarie Group Limited	**1,612**	2,107	1,415	*(23)*	*14*
Key metrics					
Expense to income ratio (%)	**72.0**	68.4	74.8		
Compensation ratio (%)	**43.1**	42.0	44.3		
Effective tax rate (%)	**29.9**	25.0	29.3		
Basic earnings per share (cents per share)	**424.6**	549.2	369.2		
Diluted earnings per share (cents per share)	**423.0**	545.7	366.2		
Dividend per ordinary share (cents per share)	**260.0**	385.0	255.0		
Ordinary dividend payout ratio (%)	**61**	70	70		
Annualised return on equity (%)	**9.9**	12.9	8.7		

Net operating income

Net operating income of $A8,216 million for the half year ended 30 September 2024 increased 4% from $A7,910 million in the prior corresponding period. The increase was primarily driven by higher net other operating income and fee and commission income, partially offset by higher credit and other impairment charges and lower net interest and trading income.

Net interest and trading income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
4,129	4,662	4,245

↓3% on pcp

This movement was largely driven by:
- decreased risk management income primarily in Global Gas, Power and Emissions driven by decreased client hedging activity, in CGM
- lower net interest income mainly driven by margin compression, partially offset by growth in loan and deposit portfolios, in BFS
- higher funding costs reflecting growth in the equity investment portfolio, in Macquarie Capital.

Partially offset by:
- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts, in CGM
- higher net interest income from the private credit portfolio benefitting from book growth, in Macquarie Capital.

Fee and commission income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
3,300	3,226	3,023

↑9% on pcp

This movement was largely driven by:
- higher performance fees, in MAM
- higher brokerage and advisory fee income, in Macquarie Capital
- higher administration and adviser fees from higher average funds on platform, in BFS.

Share of net profits/(losses) from associates and joint ventures

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
1	(44)	(5)

↑ substantially on pcp

This movement was largely driven by:
- increased share of net profits from associates and joint ventures driven by the revaluation of underlying investments, in MAM.

Partially offset by:
- changes in the composition and performance of the investment portfolio, in Macquarie Capital.

Net other operating income

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
861	881	530

↑62% on pcp

This movement was largely driven by:
- a one-off sale of centrally held assets, in Corporate
- higher asset realisations in green investments, in MAM.

Credit and other impairment (charges)/reversals

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
(75)	252	117

↑ substantially on pcp

This movement was largely driven by:
- non-recurrence of an impairment reversal recognised on a green equity investment in the prior corresponding period, in MAM
- higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period, in Macquarie Capital.

1.1 Executive Summary

Continued

Operating expenses

Total operating expenses of $A5,919 million for the half year ended 30 September 2024 were in line with the prior corresponding period with higher brokerage, commission and fee expenses and employment expenses, offset by lower other operating and non-salary technology expenses.

Employment expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
3,756	3,989	3,734

↑1% on pcp

This movement was largely driven by:

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

Partially offset by:

- lower salary and related expenses from lower average headcount.

Brokerage, commission and fee expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
580	542	529

↑10% on pcp

This movement was largely driven by:

- growth across equity and financial markets, in CGM
- increased market activity, in Macquarie Capital.

Non-salary technology expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
575	569	594

↓3% on pcp

This movement was largely driven by:

- lower project-based consultancy spend.

Partially offset by:

- technology investment with a focus on data and digitalisation to support business activity.

Other operating expenses

HALF YEAR TO		
30 Sep 24	31 Mar 24	30 Sep 23
$Am	$Am	$Am
1,008	1,042	1,062

↓5% on pcp

This movement was largely driven by:

- non-recurrence of expenses related to a specific legacy matter.

Partially offset by:

- higher occupancy expenses.

Income tax expense

Income tax expense of $A686 million for the half year ended 30 September 2024 increased 17% from $A587 million in the prior corresponding period. The effective tax rate[1] of 29.9% for the half year ended 30 September 2024 was slightly higher than the prior corresponding period mainly driven by the geographic composition and nature of earnings.

[1] Calculation of the effective tax rate is after adjusting for the impact of non-controlling interests.

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02
Financial Performance Analysis

2.1 Net Interest and Trading Income

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest income	**1,669**	1,826	1,633	*(9)*	*2*
Net trading income	**2,460**	2,836	2,612	*(13)*	*(6)*
Net interest and trading income	**4,129**	4,662	4,245	*(11)*	*(3)*

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

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

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

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

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
MAM	**(293)**	(292)	(265)	*<1*	*11*
BFS	**1,326**	1,285	1,360	*3*	*(3)*
CGM					
Commodities					
Risk management	**886**	1,058	1,193	*(16)*	*(26)*
Lending and financing	**187**	172	187	*9*	*–*
Inventory management and trading	**333**	752	154	*(56)*	*116*
Foreign exchange, interest rates and credit	**632**	626	605	*1*	*4*
Equities	**203**	141	190	*44*	*7*
Asset Finance	**28**	44	34	*(36)*	*(18)*
Macquarie Capital	**322**	356	334	*(10)*	*(4)*
Corporate	**505**	520	453	*(3)*	*11*
Net interest and trading income	**4,129**	4,662	4,245	*(11)*	*(3)*

Net interest and trading income of $A4,129 million for the half year ended 30 September 2024 decreased 3% from $A4,245 million in the prior corresponding period.

MAM

Net interest and trading expense includes funding costs and hedging impacts related to investments, receivables and operating leases.

Net interest and trading expense of $A293 million for the half year ended 30 September 2024 increased 11% from $A265 million in the prior corresponding period, primarily driven by higher funding costs due to an increase in investments and changes in the fair value of economic hedges.

BFS

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

Net interest and trading income of $A1,326 million for the half year ended 30 September 2024 decreased 3% from $A1,360 million in the prior corresponding period. This was primarily due to margin compression, reflecting changes in portfolio mix and ongoing lending and deposit competition. This was partially offset by 11% growth in the average loan portfolio and 13% growth in the average deposit portfolio[1].

As at 30 September 2024, the loan and deposit portfolios included:

- home loan volumes of $A129.9 billion[2], up 9% from $A119.3 billion as at 31 March 2024
- business lending volumes of $A16.6 billion, up 5% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A3.6 billion, down 22% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A153.1 billion, up 7% from $A142.7 billion as at 31 March 2024.

CGM

Net interest and trading income of $A2,269 million for the half year ended 30 September 2024 decreased 4% from $A2,363 million in the prior corresponding period:

Commodities

(i) Risk management

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

Risk management income of $A886 million for the half year ended 30 September 2024 decreased 26% from $A1,193 million in the prior corresponding period. Decreased contributions were recorded by Global Gas, Power and Emissions and Global Oil driven by decreased client hedging activity due to subdued volatility across energy markets. These reductions were partially offset by an increased contribution from Resources, primarily from the metals sector.

(ii) Lending and financing

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

Lending and financing income of $A187 million for the half year ended 30 September 2024 was in line with the prior corresponding period.

(iii) Inventory management and trading

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

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

Inventory management and trading income of $A333 million for the half year ended 30 September 2024 was substantially up from $A154 million in the prior corresponding period driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Foreign exchange, interest rates and credit

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

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A632 million for the half year ended 30 September 2024 increased 4% from $A605 million in the prior corresponding period due to continued strong client hedging activity in structured foreign exchange products and increased contribution from financing origination.

[1] Calculated based on average volumes net of offset accounts.
[2] Home loan volumes excludes offset accounts.
[3] BFS deposits include home loan offset accounts.

2.1 Net Interest and Trading Income

Continued

Equities

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

Equities net interest and trading income of $A203 million for the half year ended 30 September 2024 increased 7% from $A190 million in the prior corresponding period due to increased contributions from equity trading in Asian markets.

Macquarie Capital

Net interest and trading income includes the interest income earned from debt investments and the funding costs associated with both the debt and equity investment portfolios.

Net interest and trading income of $A322 million for the half year ended 30 September 2024 decreased 4% from $A334 million in the prior corresponding period.

The decrease was primarily due to higher funding costs reflecting growth in the equity investment portfolio. This was partially offset by higher net interest income from the private credit portfolio, up 11% on the prior corresponding period, benefitting from $A2.7 billion[1] of growth in average drawn loan assets.

Corporate

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

Net interest and trading income of $A505 million for the half year ended 30 September 2024 increased 11% from $A453 million in the prior corresponding period.

The increase was driven by higher earnings on capital, partially offset by higher funding costs associated with centrally held assets.

[1] Average volume calculation is based on balances converted at spot FX rates as at reporting period end.

2.2 Fee and Commission Income

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	%	%
Base fees	**1,448**	1,478	1,417	*(2)*	*2*
Portfolio administration fees	**158**	150	148	*5*	*7*
Other asset management fees	**100**	98	102	*2*	*(2)*
Base, portfolio administration and other asset management fees	**1,706**	1,726	1,667	*(1)*	*2*
Performance fees	**403**	396	236	*2*	*71*
Mergers and acquisitions, advisory and underwriting fees	**413**	335	408	*23*	*1*
Brokerage and other trading-related fees	**429**	414	377	*4*	*14*
Other fee and commission income	**349**	355	335	*(2)*	*4*
Total fee and commission income	**3,300**	3,226	3,023	*2*	*9*

Total fee and commission income of $A3,300 million for the half year ended 30 September 2024 increased 9% from $A3,023 million in the prior corresponding period. The increase was primarily driven by higher performance fees in MAM and higher brokerage and other trading-related fees, mainly in Macquarie Capital and CGM.

Base fees and Performance fees

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	%	%
Base fees					
MAM					
Public Investments	**721**	733	741	*(2)*	*(3)*
Private Markets	**715**	734	666	*(3)*	*7*
Total MAM	**1,436**	1,467	1,407	*(2)*	*2*
Other Operating Groups	**12**	11	10	*9*	*20*
Total base fee income	**1,448**	1,478	1,417	*(2)*	*2*
Performance fees					
MAM	**403**	395	236	*2*	*71*
Other Operating Groups	**–**	1	–	*(100)*	*–*
Total performance fee income	**403**	396	236	*2*	*71*

2.2 Fee and Commission Income

Continued

Base fees

Base fees of $A1,448 million for the half year ended 30 September 2024 increased 2% from $A1,417 million in the prior corresponding period.

Base fees are typically generated from funds management activities and are mainly attributable to MAM. MAM's base fees of $A1,436 million for the half year ended 30 September 2024 increased 2% from $A1,407 million in the prior corresponding period with offsetting impacts across MAM. Base fees in Private Markets were higher due to fundraising and investments made by funds and mandates, partially offset by asset realisations in funds and unfavourable foreign exchange movements. This was offset by lower base fees in Public Investments, primarily due to outflows in equity strategies and unfavourable foreign exchange movements, partially offset by favourable market movements.

Refer to Section 7 for further details of MAM's Assets under Management (AUM) and Equity under Management (EUM).

Portfolio administration fees

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

Portfolio administration fees of $A158 million for the half year ended 30 September 2024 increased 7% from $A148 million in the prior corresponding period due to higher average funds on platform.

Other asset management fees

Other asset management fees include distribution and marketing service fees in MAM.

Other asset management fees of $A100 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period.

Performance fees

Performance fees are typically generated from Macquarie-managed funds and assets that have outperformed pre-defined benchmarks.

Performance fees of $A403 million for the half year ended 30 September 2024 increased 71% from $A236 million in the prior corresponding period.

Performance fees for the half year ended 30 September 2024 included performance fees from a range of funds including MAIF2, MEIF4, MIP III and other Private Markets-managed funds, managed accounts and co-investors. The prior corresponding period included performance fees from MIP III, MEIF4, MKOF3, MKOF4 and other Private Markets-managed funds and managed accounts.

Mergers and acquisitions, advisory and underwriting fees

Mergers and acquisitions, advisory and underwriting fees of $A413 million for the half year ended 30 September 2024 increased 1% from $A408 million in the prior corresponding period and were mainly attributable to Macquarie Capital.

Brokerage and other trading-related fees

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

Brokerage and other trading-related fees of $A429 million for the half year ended 30 September 2024 increased 14% from $A377 million in the prior corresponding period. The increase was primarily driven by increased market activity in Asia, in Macquarie Capital, and increased client activity in equity markets, in CGM.

Other fee and commission income

Other fee and commission income includes other fees earned on a range of BFS' products and services including Wrap and Vision platforms, home loans, car loans, credit cards, business loans and BFS deposits. MAM includes fees related to distribution and marketing services, transfer agent oversight services, and commission income, while CGM includes structured, index and retail products.

Other fee and commission income of $A349 million for the half year ended 30 September 2024 increased 4% from $A335 million in the prior corresponding period mainly due to higher administration and adviser fees from higher average funds on platform, in BFS.

2.3 Share of Net Profits/(Losses) from Associates and Joint Ventures

	HALF YEAR TO			*MOVEMENT*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Share of net profits/(losses) from associates and joint ventures	**1**	(44)	(5)	*	*

Share of net profits from associates and joint ventures of $A1 million for the half year ended 30 September 2024 was up from losses of $A5 million in the prior corresponding period. The movement was primarily driven by the revaluation of underlying investments in MAM, partially offset by changes in the composition and performance of the investment portfolio in Macquarie Capital.

2.4 Credit and Other Impairment (Charges)/Reversals

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Credit impairment (charges)/reversals					
Loan assets	**(72)**	62	45	*	*
Financial investments and other assets	**(10)**	22	(49)	*	*(80)*
Loans to associates and joint ventures	**16**	20	7	*(20)*	*129*
Off balance sheet exposures	**12**	31	(20)	*(61)*	*
Margin money and settlement assets	**(1)**	5	11	*	*
Gross credit impairment (charges)/reversals	**(55)**	140	(6)	*	*
Recovery of amounts previously written off	**1**	–	–	*	*
Net credit impairment (charges)/reversals	**(54)**	140	(6)	*	*
Other impairment (charges)/reversals					
Interests in associates and joint ventures	**(4)**	137	126	*	*
Intangible and other non-financial assets	**(17)**	(25)	(3)	*(32)*	*
Net other impairment (charges)/reversals	**(21)**	112	123	*	*
Total credit and other impairment (charges)/ reversals	**(75)**	252	117	*	*

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
MAM	**4**	12	110	*(67)*	*(96)*
BFS	**(21)**	38	(23)	*	*(9)*
CGM	**(16)**	32	(21)	*	*(24)*
Macquarie Capital	**(42)**	131	33	*	*
Corporate	**-**	39	18	*(100)*	*(100)*
Total credit and other impairment (charges)/ reversals	**(75)**	252	117	*	*

Total credit and other impairment charges of $A75 million for the half year ended 30 September 2024 compared to reversals of $A117 million in the prior corresponding period.

Net credit impairment charges of $A54 million were substantially up from $A6 million in the prior corresponding period. This was mainly driven by lower net credit impairment reversals, as well as higher private credit portfolio deployment, in Macquarie Capital.

Net other impairment charges of $A21 million compared to reversals of $A123 million in the prior corresponding period, mainly driven by the non-recurrence of an impairment reversal on a green equity investment in the prior corresponding period, in MAM.

MAM

Net credit and other impairment reversals of $A4 million for the half year ended 30 September 2024 decreased 96% from $A110 million in the prior corresponding period.

The prior corresponding period included an impairment reversal on a green equity investment.

BFS

Net credit and other impairment charges of $A21 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period, with slower growth in business lending, partially offset by changes to the recovery outlook in the residual car loan portfolio.

CGM

Net credit and other impairment charges of $A16 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period.

Macquarie Capital

Net credit and other impairment charges of $A42 million for the half year ended 30 September 2024, compared to reversals of $A33 million in the prior corresponding period.

The movement reflected higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period.

Corporate

Net credit and other impairment reversals were substantially down from $A18 million in the prior corresponding period, due to the non-recurrence of credit impairment reversals in the prior corresponding period.

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

2.5 Net Other Operating Income

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Investment income					
Net gain from interests in businesses and subsidiaries	**129**	258	45	*(50)*	*187*
Net gain from financial investments	**153**	299	206	*(49)*	*(26)*
Net gain from interests in associates and joint ventures	**221**	189	95	*17*	*133*
Net gain/(loss) from non-financial assets	**14**	(2)	20	*	*(30)*
Net investment income	**517**	744	366	*(31)*	*41*
Net operating lease income					
Rental Income	**514**	526	497	*(2)*	*3*
Depreciation	**(235)**	(240)	(230)	*(2)*	*2*
Net operating lease income	**279**	286	267	*(2)*	*4*
Subsidiaries and businesses held for investment purposes[1]					
Net operating revenue[2]	**419**	407	342	*3*	*23*
Expenses[3]	**(657)**	(605)	(526)	*9*	*25*
Net loss from subsidiaries and businesses held for investment purposes	**(238)**	(198)	(184)	*20*	*29*
Net other income	**303**	49	81	*	*274*
Total net other operating income	**861**	881	530	*(2)*	*62*

Total net other operating income of $A861 million for the half year ended 30 September 2024 increased 62% from $A530 million in the prior corresponding period. The increase was mainly driven by a one-off sale of centrally held assets in Corporate and higher asset realisations in green investments, in MAM.

Investment income

Investment income of $A517 million for the half year ended 30 September 2024 increased 41% from $A366 million in the prior corresponding period. The movement was primarily driven by higher asset realisations in green investments in MAM and higher net gains on investments across all regions, in Macquarie Capital.

Net operating lease income

Net operating lease income of $A279 million for the half year ended 30 September 2024 increased 4% from $A267 million in the prior corresponding period, primarily driven by higher contributions from the transport sector, in MAM.

Subsidiaries and businesses held for investment purposes

Net loss from subsidiaries and businesses held for investment purposes of $A238 million for the half year ended 30 September 2024 increased 29% from $A184 million in the prior corresponding period, driven by lower net income on consolidated investments, in Macquarie Capital.

Net expenditure in green platforms on balance sheet was broadly in line with the prior corresponding period, in MAM.

Net other income

Net other income of $A303 million for the half year ended 30 September 2024 was substantially up from $A81 million in the prior corresponding period, driven by a one-off sale of centrally held assets, in Corporate.

[1] Subsidiaries and businesses held for investment purposes are consolidated entities that are held with the ultimate intention to sell as part of the Consolidated Entity's investment activities.
[2] Includes revenue of $A585 million (half year to 31 March 2024: $A582 million; half year to 30 September 2023: $A482 million) before deduction of $A166 million (half year to 31 March 2024: $A175 million; half year to 30 September 2023: $A140 million) related to cost of goods sold and other direct costs.
[3] Includes employment expenses, depreciation, amortisation expense and other operating expenses.

2.6 Operating Expenses

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Employment expenses					
Salary and related costs including commissions, superannuation and performance-related profit share	**(3,074)**	(3,330)	(3,064)	*(8)*	*<1*
Share-based payments	**(433)**	(427)	(406)	*1*	*7*
Provision for long service leave and annual leave	**(34)**	(10)	(36)	*240*	*(6)*
Total compensation expenses	**(3,541)**	(3,767)	(3,506)	*(6)*	*1*
Other employment expenses including on-costs, staff procurement and staff training	**(215)**	(222)	(228)	*(3)*	*(6)*
Total employment expenses	**(3,756)**	(3,989)	(3,734)	*(6)*	*1*
Brokerage, commission and fee expenses	**(580)**	(542)	(529)	*7*	*10*
Non-salary technology expenses	**(575)**	(569)	(594)	*1*	*(3)*
Other operating expenses					
Occupancy expenses	**(232)**	(199)	(195)	*17*	*19*
Professional fees	**(214)**	(247)	(221)	*(13)*	*(3)*
Indirect and other taxes	**(60)**	(86)	(100)	*(30)*	*(40)*
Advertising and promotional expenses	**(93)**	(90)	(87)	*3*	*7*
Amortisation of intangible assets	**(84)**	(84)	(80)	*–*	*5*
Travel and entertainment expenses	**(79)**	(75)	(93)	*5*	*(15)*
Fees for audit and other services	**(32)**	(37)	(33)	*(14)*	*(3)*
Other	**(214)**	(224)	(253)	*(4)*	*(15)*
Total other operating expenses	**(1,008)**	(1,042)	(1,062)	*(3)*	*(5)*
Total operating expenses	**(5,919)**	(6,142)	(5,919)	*(4)*	*–*

Total operating expenses of $A5,919 million for the half year ended 30 September 2024 were in line with the prior corresponding period with offsetting movements across expense categories.

Key drivers of the movements included:

- Total employment expenses of $A3,756 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period. Higher profit share and share-based payments expenses driven mainly from the performance of the Consolidated Entity, as well as wage inflation, were largely offset by the impact of lower average headcount.
- Brokerage, commission and fee expenses of $A580 million for the half year ended 30 September 2024 increased 10% from $A529 million in the prior corresponding period. This was primarily driven by increased hedging and trading-related expenses across equity and financial markets, in CGM and increased market activity, in Macquarie Capital.
- Non-salary technology expenses of $A575 million for the half year ended 30 September 2024 decreased 3% from $A594 million in the prior corresponding period, primarily driven by lower project-based consultancy spend. This was partially offset by technology investment with a focus on data and digitalisation to support business activity.
- Total other operating expenses of $A1,008 million for the half year ended 30 September 2024 decreased 5% from $A1,062 million in the prior corresponding period, largely driven by the non-recurrence of expenses related to a specific legacy matter, partially offset by higher occupancy expenses.

2.7 Headcount

	AS AT			MOVEMENT	
				Mar 24	*Sep 23*
	Sep 24	Mar 24	Sep 23	*%*	*%*
Headcount by Operating Group[1]					
MAM	**2,449**	2,473	2,548	*(1)*	*(4)*
BFS	**3,318**	3,690	4,016	*(10)*	*(17)*
CGM	**2,544**	2,523	2,469	*1*	*3*
Macquarie Capital	**1,568**	1,599	1,638	*(2)*	*(4)*
Total headcount – Operating Groups	**9,879**	10,285	10,671	*(4)*	*(7)*
Total headcount – Corporate	**10,174**	10,381	10,599	*(2)*	*(4)*
Total headcount	**20,053**	20,666	21,270	*(3)*	*(6)*
Headcount by region					
Australia[2]	**9,671**	10,206	10,532	*(5)*	*(8)*
International:					
Americas	**3,157**	3,190	3,320	*(1)*	*(5)*
Asia	**4,184**	4,249	4,363	*(2)*	*(4)*
Europe, Middle East and Africa	**3,041**	3,021	3,055	*1*	*(<1)*
Total headcount – International	**10,382**	10,460	10,738	*(1)*	*(3)*
Total headcount	**20,053**	20,666	21,270	*(3)*	*(6)*
International headcount ratio (%)	**52**	51	50		

Total headcount decreased 6% to 20,053 as at 30 September 2024 from 21,270 as at 30 September 2023, mainly from operational efficiency savings enabled through investment in technology and transformation initiatives.

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

[2] Includes New Zealand.

2.8 Income Tax Expense

	HALF YEAR TO		
	Sep 24	Mar 24	Sep 23
	$Am	$Am	$Am
Operating profit before income tax	**2,297**	2,835	1,991
Prima facie tax @ 30%	**689**	851	597
Income tax permanent differences	**(3)**	(147)	(10)
Income tax expense	**686**	704	587
Effective tax rate[1]	**29.9%**	25.0%	29.3%

Income tax expense of $A686 million for the half year ended 30 September 2024 increased 17% from $A587 million in the prior corresponding period. The effective tax rate of 29.9% for the half year ended 30 September 2024 was slightly higher than the prior corresponding period, mainly driven by the geographic composition and nature of earnings.

[1] The effective tax rate is calculated on Operating profit before income tax and after non-controlling interests. Non-controlling interests increased Operating profit before income tax by $A1 million for the half year ended 30 September 2024 (31 March 2024: decreased Operating profit before income tax by $A24 million; 30 September 2023: increased Operating profit before income tax by $A11 million).

03
Segment Analysis

3.1 Basis of Preparation

Operating Segments

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

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

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

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

- **MAM** which is a global integrated asset manager that provides a diverse range of investment solutions to clients including real assets, real estate, credit, equities & multi-asset and secondaries
- **BFS** which provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients
- **CGM** which is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions to its diverse client base across Commodities, Financial Markets and Asset Finance
- **Macquarie Capital** which has global capability in advisory and capital raising services, providing clients with specialist expertise and flexible capital solutions across a range of sectors. It also has global capability in specialist investing across private credit, private equity, real estate, growth equity, venture capital, and in infrastructure and energy projects and companies. Macquarie Capital's Equities brokerage business provides clients with access to equity research, sales, execution capabilities and corporate access.

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

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

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

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

Internal funding arrangements

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

Generally, with the exception of deposit funding, Operating Groups may only source funding directly from external sources where the funding is secured by the Operating Group's assets. In such cases, Operating Groups bear the funding costs directly and Group Treasury may levy additional charges, where appropriate.

Transactions between Operating Segments

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

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

Accounting for derivatives that economically hedge interest rate risk

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

Central Service Groups

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

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

Performance-related profit share and share-based payments expenses

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

Income tax

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

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

Presentation of segment income statements

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

3.1 Basis of Preparation

Continued

	MAM $Am	BFS $Am
Half year ended 30 September 2024		
Net interest and trading (expense)/income	(293)	1,326
Fee and commission income/(expense)	2,047	304
Share of net profits/(losses) from associates and joint ventures	79	(1)
Other operating income and charges		
Net credit and other impairment reversals/(charges)	4	(21)
Net other operating income and charges	101	(18)
Internal management (charge)/revenue	(3)	(4)
Net operating income	1,935	1,586
Total operating expenses	(1,258)	(936)
Operating profit/(loss) before income tax	677	650
Income tax expense	–	–
Loss/(profit) attributable to non-controlling interests	7	–
Net profit/(loss) contribution	**684**	**650**
Half year ended 31 March 2024		
Net interest and trading (expense)/income	(292)	1,285
Fee and commission income/(expense)	2,086	281
Share of net profits/(losses) from associates and joint ventures	25	2
Other operating income and charges		
Net credit and other impairment reversals	12	38
Net other operating income	232	(6)
Internal management (charge)/revenue	(2)	–
Net operating income	2,061	1,600
Total operating expenses	(1,259)	(997)
Operating profit/(loss) before income tax	802	603
Income tax expense	–	–
(Profit)/loss attributable to non-controlling interests	(1)	–
Net profit/(loss) contribution	**801**	**603**
Half year ended 30 September 2023		
Net interest and trading (expense)/income	(265)	1,360
Fee and commission income/(expense)	1,855	273
Share of net profits/(losses) from associates and joint ventures	29	(2)
Other operating income and charges		
Net credit and other impairment reversals/(charges)	110	(23)
Net other operating income and charges	(36)	–
Internal management (charge)/revenue	–	1
Net operating income	1,693	1,609
Total operating expenses	(1,300)	(971)
Operating profit/(loss) before income tax	393	638
Income tax expense	–	–
Loss/(Profit) attributable to non-controlling interests	14	–
Net profit/(loss) contribution	**407**	**638**

CGM $Am	Macquarie Capital $Am	Corporate $Am	**Total $Am**
2,269	322	505	**4,129**
289	671	(11)	**3,300**
7	(85)	1	**1**
(16)	(42)	–	**(75)**
340	261	177	**861**
5	18	(16)	**–**
2,894	1,145	656	**8,216**
(1,578)	(771)	(1,376)	**(5,919)**
1,316	374	(720)	**2,297**
–	–	(686)	**(686)**
–	(3)	(3)	**1**
1,316	**371**	**(1,409)**	**1,612**
2,793	356	520	**4,662**
303	573	(17)	**3,226**
26	(96)	(1)	**(44)**
32	131	39	**252**
219	420	16	**881**
20	8	(26)	**–**
3,393	1,392	531	**8,977**
(1,563)	(750)	(1,573)	**(6,142)**
1,830	642	(1,042)	**2,835**
–	–	(704)	**(704)**
–	(21)	(2)	**(24)**
1,830	**621**	**(1,748)**	**2,107**
2,363	334	453	**4,245**
283	628	(16)	**3,023**
16	(48)	–	**(5)**
(21)	33	18	**117**
289	260	17	**530**
(1)	13	(13)	**–**
2,929	1,220	459	**7,910**
(1,545)	(788)	(1,315)	**(5,919)**
1,384	432	(856)	**1,991**
–	–	(587)	**(587)**
(1)	(2)	–	**11**
1,383	**430**	**(1,443)**	**1,415**

3.2 MAM

	HALF YEAR TO			MOVEMENT	
	Sep 24 $Am	Mar 24 $Am	Sep 23 $Am	*Mar 24 %*	*Sep 23 %*
Net interest and trading expense	**(293)**	(292)	(265)	*<1*	*11*
Fee and commission income					
Base fees	**1,436**	1,467	1,407	*(2)*	*2*
Performance fees	**403**	395	236	*2*	*71*
Other fee and commission income	**208**	224	212	*(7)*	*(2)*
Total fee and commission income	**2,047**	2,086	1,855	*(2)*	*10*
Share of net profits from associates and joint ventures	**79**	25	29	*216*	*172*
Other operating income and charges					
Net income on equity, debt and other investments	**171**	298	49	*(43)*	*249*
Net credit and other impairment reversals	**4**	12	110	*(67)*	*(96)*
Other (expenses)/income	**(70)**	(66)	(85)	*6*	*(18)*
Total other operating income and charges	**105**	244	74	*(57)*	*42*
Internal management charges	**(3)**	(2)	–	*50*	*
Net operating income	**1,935**	2,061	1,693	*(6)*	*14*
Operating expenses					
Employment expenses	**(420)**	(420)	(415)	–	*1*
Brokerage, commission and fee expenses	**(193)**	(191)	(194)	*1*	*(1)*
Other operating expenses	**(645)**	(648)	(691)	*(<1)*	*(7)*
Total operating expenses	**(1,258)**	(1,259)	(1,300)	*(<1)*	*(3)*
Non-controlling interests[1]	**7**	(1)	14	*	*(50)*
Net profit contribution	**684**	801	407	*(15)*	*68*
Non-GAAP metrics					
Assets under management ($Ab)	**916.8**	938.3	892.0	*(2)*	*3*
Equity under management ($Ab)	**217.5**	222.3	210.0	*(2)*	*4*
Headcount	**2,449**	2,473	2,548	*(1)*	*(4)*

Net profit contribution of $A684 million for the half year ended 30 September 2024 increased 68% from $A407 million in the prior corresponding period due to:

- increased performance fees from Private Markets-managed funds, managed accounts and co-investors
- increased net income on equity, debt and other investments driven by higher asset realisations in green investments
- increased share of net profits from associates and joint ventures driven by revaluation of underlying investments.

Partially offset by:

- non-recurrence of an impairment reversal recognised on a green equity investment in the prior corresponding period.

[1] Non-controlling interests adjust reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.

Net interest and trading expense

Net interest and trading expense includes funding costs and hedging impacts related to investments, receivables and operating leases.

Net interest and trading expense of $A293 million for the half year ended 30 September 2024 increased 11% from $A265 million in the prior corresponding period, primarily driven by higher funding costs due to an increase in investments and changes in the fair value of economic hedges.

Base fees

Base fee income of $A1,436 million for the half year ended 30 September 2024 increased 2% from $A1,407 million in the prior corresponding period with offsetting impacts across MAM. Base fees in Private Markets were higher due to fundraising and investments made by funds and mandates, partially offset by asset realisations in funds and unfavourable foreign exchange movements. This was offset by lower base fees in Public Investments, primarily due to outflows in equity strategies and unfavourable foreign exchange movements, partially offset by favourable market movements.

Performance fees

Performance fees are typically generated from Macquarie-managed funds and assets that have outperformed pre-defined benchmarks. Performance fees of $A403 million for the half year ended 30 September 2024 increased 71% from $A236 million in the prior corresponding period.

The half year ended 30 September 2024 included performance fees from a range of funds including MAIF2, MEIF4, MIP III and other Private Markets-managed funds, managed accounts and co-investors. The prior corresponding period included performance fees from MIP III, MEIF4, MKOF3, MKOF4 and other Private Markets-managed funds and managed accounts.

Other fee and commission income

Other fee and commission income includes fees related to distribution and marketing services, transfer agent oversight services, and commission income.

Distribution and marketing service fees are offset by associated expenses that, for accounting purposes, are recognised in Operating expenses.

Other fee and commission income of $A208 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

Share of net profits from associates and joint ventures

Share of net profits from associates and joint ventures of $A79 million for the half year ended 30 September 2024 was substantially up from $A29 million in the prior corresponding period.

The increase was primarily driven by the revaluation of underlying investments.

Net income on equity, debt and other investments

Net income on equity, debt and other investments of $A171 million for the half year ended 30 September 2024 was substantially up from $A49 million in the prior corresponding period, primarily driven by higher asset realisations in green investments.

Net credit and other impairment reversals

Net credit and other impairment reversals of $A4 million for the half year ended 30 September 2024 decreased 96% from $A110 million in the prior corresponding period.

The prior corresponding period included an impairment reversal on a green equity investment.

Other (expenses)/income

Other expenses of $A70 million for the half year ended 30 September 2024 decreased 18% from $A85 million in the prior corresponding period primarily driven by higher operating lease income in the transport sector.

Net expenditure in green platforms on balance sheet was broadly in line with the prior corresponding period.

Operating expenses

Total operating expenses of $A1,258 million for the half year ended 30 September 2024 decreased 3% from $A1,300 million in the prior corresponding period.

The decrease was primarily driven by a specific legacy matter in the prior corresponding period and reduced expenses in the current period due to lower average headcount, partially offset by wage inflation and higher transaction costs.

3.3 BFS

	HALF YEAR TO			MOVEMENT	
	Sep 24 $Am	Mar 24 $Am	Sep 23 $Am	*Mar 24 %*	*Sep 23 %*
Net interest and trading income	**1,326**	1,285	1,360	*3*	*(3)*
Fee and commission income					
Wealth management fee income	**218**	187	184	*17*	*18*
Banking and lending fee income	**86**	94	89	*(9)*	*(3)*
Total fee and commission income	**304**	281	273	*8*	*11*
Share of net (losses)/profits from associates and joint ventures	**(1)**	2	(2)	*	*(50)*
Other operating income and charges					
Net credit and other impairment (charges)/ reversals	**(21)**	38	(23)	*	*(9)*
Other (expenses)/income	**(18)**	(6)	–	*200*	*
Total other operating income and charges	**(39)**	32	(23)	*	*70*
Internal management (charge)/revenue	**(4)**	–	1	*	*
Net operating income	**1,586**	1,600	1,609	*(1)*	*(1)*
Operating expenses					
Employment expenses	**(294)**	(314)	(321)	*(6)*	*(8)*
Brokerage, commission and fee expenses	**(84)**	(81)	(65)	*4*	*29*
Technology expenses[1]	**(299)**	(305)	(326)	*(2)*	*(8)*
Other operating expenses	**(259)**	(297)	(259)	*(13)*	–
Total operating expenses	**(936)**	(997)	(971)	*(6)*	*(4)*
Net profit contribution	**650**	603	638	*8*	*2*
Non-GAAP metrics					
Funds on platform ($Ab)[2]	**152.4**	141.8	125.1	*7*	*22*
Loan portfolio ($Ab)[3]	**150.4**	140.2	134.4	*7*	*12*
BFS deposits ($Ab)[4]	**153.1**	142.7	131.2	*7*	*17*
Headcount	**3,318**	3,690	4,016	*(10)*	*(17)*

Net profit contribution of $A650 million for the half year ended 30 September 2024 increased 2% from $A638 million in the prior corresponding period due to:

- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher fee and commission income mainly due to increased administration and adviser fees from higher average funds on platform.

Partially offset by:

- lower net interest income mainly driven by margin compression reflecting changes in portfolio mix and ongoing lending and deposit competition, partially offset by growth in the loan portfolio and BFS deposits.

1 Technology expenses include technology staff expenses, depreciation of technology assets, amortisation of capitalised software and maintenance costs.
2 Funds on platform includes Macquarie Wrap and Vision.
3 The loan portfolio comprises home loans, loans to businesses, car loans and credit cards.
4 BFS deposits include home loan offset accounts.

Net interest and trading income

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

Net interest and trading income of $A1,326 million for the half year ended 30 September 2024 decreased 3% from $A1,360 million in the prior corresponding period. This was primarily due to margin compression, reflecting changes in portfolio mix and ongoing lending and deposit competition. This was partially offset by 11% growth in the average loan portfolio and 13% growth in the average deposit portfolio[1].

As at 30 September 2024, the loan and deposit portfolios included:

- home loan volumes of $A129.9 billion[2], up 9% from $A119.3 billion as at 31 March 2024
- business lending volumes of $A16.6 billion, up 5% from $A15.8 billion as at 31 March 2024
- car loan volumes of $A3.6 billion, down 22% from $A4.6 billion as at 31 March 2024, and
- BFS deposits[3] of $A153.1 billion, up 7% from $A142.7 billion as at 31 March 2024.

Wealth management fee income

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

Funds on platform closed at $A152.4 billion at 30 September 2024, an increase of 7% from $A141.8 billion at 31 March 2024, with favourable market movements and net flows.

Wealth management fee income of $A218 million for the half year ended 30 September 2024 increased 18% from $A184 million in the prior corresponding period, due to a reclassification of platform related fee expenses to brokerage, commission and fee expenses and higher administration and adviser fees from higher average funds on platform.

Banking and lending fee income

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

Banking and lending fee income of $A86 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

Net credit and other impairment charges

Net credit and other impairment charges of $A21 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period, with slower growth in business lending, partially offset by changes to the recovery outlook in the residual car loan portfolio.

Other (expenses)/income

Other expenses of $A18 million increased substantially from the prior corresponding period, mainly driven by the revaluation of an equity investment.

Operating expenses

Total operating expenses of $A936 million for the half year ended 30 September 2024 decreased 4% from $A971 million in the prior corresponding period.

Employment expenses of $A294 million for the half year ended 30 September 2024 decreased 8% from $A321 million in the prior corresponding period, largely due to lower average headcount driven by digitalisation and operational improvements.

Brokerage, commission and fee expenses of $A84 million for the half year ended 30 September 2024 increased 29% from $A65 million in the prior corresponding period, driven by a reclassification of platform related fee expense from wealth management fee income and increased transaction volumes.

Technology expenses of $A299 million for the half year ended 30 September 2024 decreased 8% from $A326 million in the prior corresponding period, mainly driven by operational improvements and the cessation of car loan originations.

Other operating expenses of $A259 million for the half year ended 30 September 2024 were in line with the prior corresponding period.

[1] Calculated based on average volumes net of offset accounts.
[2] Home loan volumes excludes offset accounts.
[3] BFS deposits include home loan offset accounts.

3.4 CGM

	HALF YEAR TO			MOVEMENT	
	Sep 24 $Am	Mar 24 $Am	Sep 23 $Am	*Mar 24 %*	*Sep 23 %*
Net interest and trading income					
Commodities					
Risk management	**886**	1,058	1,193	*(16)*	*(26)*
Lending and financing	**187**	172	187	*9*	–
Inventory management and trading	**333**	752	154	*(56)*	*116*
Total commodities	**1,406**	1,982	1,534	*(29)*	*(8)*
Foreign exchange, interest rates and credit	**632**	626	605	*1*	*4*
Equities	**203**	141	190	*44*	*7*
Asset Finance	**28**	44	34	*(36)*	*(18)*
Net interest and trading income	**2,269**	2,793	2,363	*(19)*	*(4)*
Fee and commission income					
Brokerage and other trading-related fees	**154**	162	135	*(5)*	*14*
Other fee and commission income	**135**	141	148	*(4)*	*(9)*
Total fee and commission income	**289**	303	283	*(5)*	*2*
Share of net profits from associates and joint ventures	**7**	26	16	*(73)*	*(56)*
Other operating income and charges					
Net income/(loss) on equity, debt and other investments	**42**	(36)	38	*	*11*
Net credit and other impairment (charges)/ reversals	**(16)**	32	(21)	*	*(24)*
Net operating lease income	**211**	218	213	*(3)*	*(1)*
Other income	**87**	37	38	*135*	*129*
Total other operating income and charges	**324**	251	268	*29*	*21*
Internal management revenue/(charges)	**5**	20	(1)	*(75)*	*
Net operating income	**2,894**	3,393	2,929	*(15)*	*(1)*
Operating expenses					
Employment expenses	**(403)**	(410)	(401)	*(2)*	*<1*
Brokerage, commission and fee expenses	**(244)**	(229)	(222)	*7*	*10*
Other operating expenses	**(931)**	(924)	(922)	*1*	*1*
Total operating expenses	**(1,578)**	(1,563)	(1,545)	*1*	*2*
Non-controlling interests[1]	**–**	–	(1)	–	*(100)*
Net profit contribution	**1,316**	1,830	1,383	*(28)*	*(5)*
Non-GAAP metrics					
Headcount	**2,544**	2,523	2,469	*1*	*3*

Net profit contribution of $A1,316 million for the half year ended 30 September 2024 decreased 5% from $A1,383 million in the prior corresponding period due to:

- decreased risk management income primarily in Global Gas, Power and Emissions, driven by decreased client hedging activity due to subdued volatility across energy markets.

Partially offset by:

- higher inventory management and trading income driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

[1] Non-controlling interests adjust reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.

Net interest and trading income

Net interest and trading income of $A2,269 million for the half year ended 30 September 2024 decreased 4% from $A2,363 million in the prior corresponding period.

Commodities net interest and trading income

(i) Risk management

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

Risk management income of $A886 million for the half year ended 30 September 2024 decreased 26% from $A1,193 million in the prior corresponding period. Decreased contributions were recorded by Global Gas, Power and Emissions and Global Oil driven by decreased client hedging activity due to subdued volatility across energy markets. These reductions were partially offset by an increased contribution from Resources, primarily from the metals sector.

(ii) Lending and financing

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

Lending and financing income of $A187 million for the half year ended 30 September 2024 was in line with the prior corresponding period.

(iii) Inventory management and trading

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

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

Inventory management and trading income of $A333 million for the half year ended 30 September 2024 was substantially up from $A154 million in the prior corresponding period driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period, partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

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

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

Net interest and trading income from foreign exchange, interest rates and credit related activities of $A632 million for the half year ended 30 September 2024 increased 4% from $A605 million in the prior corresponding period due to continued strong client hedging activity in structured foreign exchange products and increased contribution from financing origination.

Equities net interest and trading income

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

Equities net interest and trading income of $A203 million for the half year ended 30 September 2024 increased 7% from $A190 million in the prior corresponding period, due to increased contributions from equity trading in Asian markets.

3.4 CGM

Continued

Fee and commission income

Fee and commission income of $A289 million for the half year ended 30 September 2024 increased 2% from $A283 million in the prior corresponding period, driven by increased client activity in equity markets.

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

Net income on equity, debt and other investments of $A42 million for the half year ended 30 September 2024 increased 11% from $A38 million in the prior corresponding period. The increase was primarily driven by higher gains on sale of unlisted equity investments in the current period.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A16 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period.

Net operating lease income

Net operating lease income of $A211 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

Other income

Other income of $A87 million for the half year ended 30 September 2024 was substantially up from $A38 million in the prior corresponding period, driven by increased Asset Finance inventory sales.

Operating expenses

Total operating expenses of $A1,578 million for the half year ended 30 September 2024 increased 2% from $A1,545 million in the prior corresponding period.

Employment expenses of $A403 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period.

Brokerage, commission and fee expenses include fees paid in relation to trading-related activities. Brokerage, commission and fee expenses of $A244 million for the half year ended 30 September 2024 increased 10% from $A222 million in the prior corresponding period, driven by increased hedging and trading-related expenses across equity and financial markets.

Other operating expenses of $A931 million for the half year ended 30 September 2024 were broadly in line with the prior corresponding period, mainly reflecting expenditure on the technology platform.

3.5 Macquarie Capital

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	%	%
Net interest and trading income	**322**	356	334	*(10)*	*(4)*
Fee and commission income	**671**	573	628	*17*	*7*
Share of net losses from associates and joint ventures	**(85)**	(96)	(48)	*(11)*	*77*
Other operating income and charges					
Net income on equity, debt and other investments	**309**	430	253	*(28)*	*22*
Net credit and other impairment (charges)/ reversals	**(42)**	131	33	*	*
Other (expenses)/income	**(48)**	(10)	7	*	*
Total other operating income and charges	**219**	551	293	*(60)*	*(25)*
Internal management revenue	**18**	8	13	*125*	*38*
Net operating income	**1,145**	1,392	1,220	*(18)*	*(6)*
Operating expenses					
Employment expenses	**(311)**	(302)	(320)	*3*	*(3)*
Brokerage, commission and fee expenses	**(57)**	(40)	(47)	*43*	*21*
Other operating expenses	**(403)**	(408)	(421)	*(1)*	*(4)*
Total operating expenses	**(771)**	(750)	(788)	*3*	*(2)*
Non-controlling interests[1]	**(3)**	(21)	(2)	*(86)*	*50*
Net profit contribution	**371**	621	430	*(40)*	*(14)*
Non-GAAP metrics					
Headcount	**1,568**	1,599	1,638	*(2)*	*(4)*

Net profit contribution of $A371 million for the half year ended 30 September 2024 decreased 14% from $A430 million in the prior corresponding period due to:

- higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period
- higher funding costs reflecting growth in the equity investment portfolio
- lower net income on consolidated investments.

Partially offset by:

- higher net gains on investments across all regions
- higher net interest income on the private credit portfolio, benefitting from $A2.7 billion[2] of growth in average drawn loan assets
- higher fee and commission income, driven by brokerage income mainly due to increased market activity in Asia and higher advisory fee income.

[1] Non-controlling interests adjust reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.
[2] Average volume calculation is based on balances converted at spot FX rates as at reporting period end.

3.5 Macquarie Capital

continued

Net interest and trading income

Net interest and trading income includes the interest income earned from debt investments and the funding costs associated with both the debt and equity investment portfolios.

Net interest and trading income of $A322 million for the half year ended 30 September 2024 decreased 4% from $A334 million in the prior corresponding period.

The decrease was primarily due to higher funding costs reflecting growth in the equity investment portfolio. This was partially offset by higher net interest income from the private credit portfolio, up 11% on the prior corresponding period, benefitting from $A2.7 billion[1] of growth in average drawn loan assets.

Fee and commission income

Fee and commission income of $A671 million for the half year ended 30 September 2024 increased 7% from $A628 million in the prior corresponding period.

Brokerage income was up 12% on the prior corresponding period due to increased market activity, particularly in Asia.

Mergers and acquisitions fee income was up 5% and capital markets fee income was broadly in line with the prior corresponding period.

Share of net losses from associates and joint ventures

Share of net losses from associates and joint ventures of $A85 million for the half year ended 30 September 2024 increased 77% from $A48 million in the prior corresponding period, primarily driven by changes in the composition and performance of the investment portfolio.

Net income on equity, debt and other investments

Net income on equity, debt and other investments of $A309 million for the half year ended 30 September 2024 increased 22% from $A253 million in the prior corresponding period, primarily driven by higher net gains on investments across all regions. The current period gains were primarily driven by the Technology sector in Europe and the Americas.

Other (expenses)/income

Other expenses of $A48 million for the half year ended 30 September 2024 compared to other income of $A7 million in the prior corresponding period, primarily driven by lower net income on consolidated investments.

Net credit and other impairment (charges)/reversals

Net credit and other impairment charges of $A42 million for the half year ended 30 September 2024 compared to reversals of $A33 million in the prior corresponding period.

The movement reflected higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period.

Operating expenses

Total operating expenses of $A771 million for the half year ended 30 September 2024 decreased 2% from $A788 million in the prior corresponding period.

The movement was mainly driven by the impact of lower average headcount, partially offset by higher brokerage, commission and fee expenses due to increased market activity.

[1] Average volume calculation is based on balances converted at spot FX rates as at reporting period end.

3.6 Corporate

	HALF YEAR TO			*MOVEMENT*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Net interest and trading income	**505**	520	453	*(3)*	*11*
Fee and commission expense	**(11)**	(17)	(16)	*(35)*	*(31)*
Share of net profits/(losses) from associates and joint ventures	**1**	(1)	–	*	*
Other operating income and charges					
Net income on equity and debt investments	**4**	18	6	*(78)*	*(33)*
Net credit and other impairment reversals	**–**	39	18	*(100)*	*(100)*
Other income/(expenses)	**173**	(2)	11	*	*
Total other operating income and charges	**177**	55	35	*222*	*
Internal management charges	**(16)**	(26)	(13)	*(38)*	*23*
Net operating income and charges	**656**	531	459	*24*	*43*
Operating expenses					
Employment expenses	**(2,328)**	(2,544)	(2,277)	*(8)*	*2*
Other operating expense recoveries/(expenses)	**952**	971	962	*(2)*	*(1)*
Total operating expenses	**(1,376)**	(1,573)	(1,315)	*(13)*	*5*
Income tax expense	**(686)**	(704)	(587)	*(3)*	*17*
Non-controlling interests[1]	**(3)**	(2)	–	*50*	*
Net loss contribution	**(1,409)**	(1,748)	(1,443)	*(19)*	*(2)*
Non-GAAP metrics					
Headcount	**10,174**	10,381	10,599	*(2)*	*(4)*

Net loss contribution of $A1,409 million for the half year ended 30 September 2024 decreased 2% from $A1,443 million in the prior corresponding period due to:

- increased other income from a one-off sale of centrally held assets
- increased net interest and trading income driven by higher earnings on capital.

Partially offset by:

- increased income tax expense as a result of the performance of the Consolidated Entity
- increased operating expenses driven by higher profit share and share-based payments expenses as a result of the performance of the Consolidated Entity
- increased funding costs associated with centrally held assets.

[1] Non-controlling interests adjust reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.

3.6 Corporate

Continued

Net interest and trading income

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

Net interest and trading income of $A505 million for the half year ended 30 September 2024 increased 11% from $A453 million in the prior corresponding period.

The increase was driven by higher earnings on capital, partially offset by higher funding costs associated with centrally held assets.

Net credit and other impairment (charges)/reversals

Net credit and other impairment reversals were substantially down from $A18 million in the prior corresponding period, due to the non-recurrence of credit impairment reversals in the prior corresponding period.

Other income/(expenses)

Other income/(expenses) of $A173 million for the half year ended 30 September 2024 were substantially up from $A11 million in the prior corresponding period. The current period included a one-off sale of centrally held assets.

Employment expenses

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

Employment expenses of $A2,328 million for the half year ended 30 September 2024 increased 2% from $A2,277 million in the prior corresponding period. The current period included an increase in profit share and share-based payments expenses mainly as a result of the performance of the Consolidated Entity, as well as wage inflation partially offset by the impact of lower average headcount.

Other operating expense recoveries/(expenses)

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

The net expense recovery from the Operating Groups of $A952 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period.

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

3.7 International Income

International income[1] by region

	HALF YEAR TO			*MOVEMENT*	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	%	%
Americas	**2,340**	3,049	2,340	*(23)*	*–*
Asia	**798**	681	748	*17*	*7*
Europe, Middle East and Africa	**1,730**	1,882	1,732	*(8)*	*(<1)*
Total international income	**4,868**	5,612	4,820	*(13)*	*1*
Australia[2]	**2,676**	2,808	2,618	*(5)*	*2*
Total income (excluding Corporate items)	**7,544**	8,420	7,438	*(10)*	*1*
Corporate items	**672**	557	472	*21*	*42*
Net operating income (as reported)	**8,216**	8,977	7,910	*(8)*	*4*
International income (excluding Corporate items) ratio (%)	**65**	67	65		

International income by Operating Group and region

	HALF YEAR TO SEP 24						
	Americas	Asia	Europe, Middle East and Africa	**Total International**	Australia[2]	**Total Income**	**Total International**
	$Am	$Am	$Am	**$Am**	$Am	**$Am**	**%**
MAM	967	289	479	**1,735**	203	**1,938**	**90**
BFS	–	–	–	**–**	1,590	**1,590**	**–**
CGM	913	325	945	**2,183**	706	**2,889**	**76**
Macquarie Capital	460	184	306	**950**	177	**1,127**	**84**
Total	**2,340**	**798**	**1,730**	**4,868**	**2,676**	**7,544**	**65**

Total international income was $A4,868 million for the half year ended 30 September 2024, broadly in line with $A4,820 million in the prior corresponding period. Total international income represented 65% of total income (excluding Corporate items), in line with the prior corresponding period.

Income from the Americas of $A2,340 million for the half year ended 30 September 2024 was in line with the prior corresponding period with offsetting movements across CGM and MAM. The increase in CGM was driven by contributions in North American Gas, Power and Emissions, partially offset by the unfavourable impact of timing of income recognition on North American Gas and Power contracts. MAM recognised lower performance fees compared to the prior corresponding period.

In Asia, income of $A798 million for the half year ended 30 September 2024 increased 7% from $A748 million in the prior corresponding period. The increase was primarily driven by higher net gains on investments and higher brokerage income in Macquarie Capital, as well as higher performance fees, in MAM. This was partially offset by the non-recurrence of an impairment reversal on a green equity investment in the prior corresponding period, in MAM, as well as lower Global Oil contributions, in CGM.

Income from Europe, Middle East and Africa of $A1,730 million for the half year ended 30 September 2024 was broadly in line with the prior corresponding period. There were higher asset realisations in green investments and higher performance fees in MAM, as well as higher advisory fee income, in Macquarie Capital. This was broadly offset by decreased contributions in EMEA Gas, Power and Emissions in CGM and higher share of net losses from associates and joint ventures and lower net credit and other impairment reversals, in Macquarie Capital.

In Australia, income of $A2,676 million for the half year ended 30 September 2024 increased 2% from $A2,618 million in the prior corresponding period mainly due to higher contributions from Resources and continued strong client hedging activity in structured foreign exchange products, in CGM. This was partially offset by lower net credit and other impairment reversals, in Macquarie Capital.

[1] International income reflects net operating income excluding earnings on capital and other corporate items, including internal management revenue/(charge).
[2] Includes New Zealand.

04
Balance Sheet

4.1 Statement of Financial Position

	AS AT			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Am	$Am	$Am	*%*	*%*
Assets					
Cash and bank balances	**19,109**	31,855	29,587	*(40)*	*(35)*
Cash collateralised lending and reverse repurchase agreements	**69,671**	58,416	66,119	*19*	*5*
Trading assets	**35,303**	27,924	20,224	*26*	*75*
Margin money and settlement assets	**25,829**	24,117	24,145	*7*	*7*
Derivative assets	**23,855**	24,067	29,121	*(1)*	*(18)*
Financial investments	**18,887**	24,378	22,862	*(23)*	*(17)*
Held for sale assets	**3,020**	2,204	1,802	*37*	*68*
Other assets	**11,075**	12,638	13,699	*(12)*	*(19)*
Loan assets	**187,064**	176,371	167,495	*6*	*12*
Interests in associates and joint ventures	**7,151**	6,969	6,174	*3*	*16*
Property, plant and equipment and right-of-use assets	**8,128**	8,134	7,531	*(<1)*	*8*
Intangible assets	**3,482**	4,254	4,249	*(18)*	*(18)*
Deferred tax assets	**1,741**	2,077	1,586	*(16)*	*10*
Total assets	**414,315**	403,404	394,594	*3*	*5*
Liabilities					
Deposits	**158,472**	148,416	135,966	*7*	*17*
Cash collateralised borrowing and repurchase agreements	**3,146**	12,599	13,507	*(75)*	*(77)*
Trading liabilities	**5,235**	5,044	8,222	*4*	*(36)*
Margin money and settlement liabilities	**32,541**	28,423	27,136	*14*	*20*
Derivative liabilities	**22,340**	25,585	29,527	*(13)*	*(24)*
Held for sale liabilities	**826**	407	296	*103*	*179*
Other liabilities	**11,868**	14,472	13,842	*(18)*	*(14)*
Issued debt securities and other borrowings	**130,478**	119,878	119,886	*9*	*9*
Deferred tax liabilities	**304**	383	241	*(21)*	*26*
Total liabilities excluding loan capital	**365,210**	355,207	348,623	*3*	*5*
Loan capital	**16,271**	14,201	12,833	*15*	*27*
Total liabilities	**381,481**	369,408	361,456	*3*	*6*
Net assets	**32,834**	33,996	33,138	*(3)*	*(1)*
Equity					
Contributed equity	**11,014**	11,372	11,941	*(3)*	*(8)*
Reserves	**2,920**	3,891	3,590	*(25)*	*(19)*
Retained earnings	**18,365**	18,218	17,120	*1*	*7*
Total capital and reserves attributable to ordinary equity holders of Macquarie Group Limited	**32,299**	33,481	32,651	*(4)*	*(1)*
Non-controlling interests	**535**	515	487	*4*	*10*
Total equity	**32,834**	33,996	33,138	*(3)*	*(1)*

Statement of financial position

The Consolidated Entity's Statement of financial position was impacted during the half year ended 30 September 2024 by changes resulting from a combination of business activities, Group Treasury management initiatives and macroeconomic factors.

Assets

Total assets of $A414.3 billion as at 30 September 2024 increased 3% from $A403.4 billion as at 31 March 2024.

The principal drivers for the increase were as follows:

- cash collateralised lending and reverse repurchase agreements of $A69.7 billion as at 30 September 2024 increased 19% from $A58.4 billion as at 31 March 2024, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management and higher trading activity, in CGM
- loan assets of $A187.1 billion as at 30 September 2024 increased 6% from $A176.4 billion as at 31 March 2024, driven by volume growth in the BFS home loan and business lending portfolios and Macquarie Capital's private credit portfolio
- trading assets of $A35.3 billion as at 30 September 2024 increased 26% from $A27.9 billion as at 31 March 2024, driven by an increase in holdings of listed equity securities, in CGM
- margin money and settlement assets $A25.8 billion as at 30 September 2024 increased 7% from $A24.1 billion as at 31 March 2024, driven by an increase in security settlement assets, in Macquarie Capital.

These increases were partially offset by:

- cash and bank balances of $A19.1 billion as at 30 September 2024 decreased 40% from $A31.9 billion as at 31 March 2024, driven by a reduction in the overnight deposit held with the Reserve Bank of Australia (RBA) as part of Group Treasury's liquid asset portfolio management
- financial investments of $A18.9 billion as at 30 September 2024 decreased 23% from $A24.4 billion as at 31 March 2024, driven by a decrease in holdings of debt securities as part of Group Treasury's liquid asset portfolio management
- other assets of $A11.1 billion as at 30 September 2024 decreased 12% from $A12.6 billion as at 31 March 2024, due to lower commodity-related receivables, in CGM.

Liabilities

Total liabilities of $A381.5 billion as at 30 September 2024 increased 3% from $A369.4 billion as at 31 March 2024.

The principal drivers for the increase were as follows:

- issued debt securities and other borrowings of $A130.5 billion as at 30 September 2024 increased 9% from $A119.9 billion as at 31 March 2024, driven by the issuance of short-term commercial paper and long-term bonds by Group Treasury
- deposits of $A158.5 billion as at 30 September 2024 increased 7% from $A148.4 billion as at 31 March 2024, driven by volume growth in retail and business banking deposits, in BFS
- margin money and settlement liabilities of $A32.5 billion as at 30 September 2024 increased 14% from $A28.4 billion as at 31 March 2024, driven by an increase in security settlement liabilities, in Macquarie Capital
- loan capital $A16.3 billion as at 30 September 2024 increased 15% from $A14.2 billion as at 31 March 2024, driven by the net issuance of Tier 1 and Tier 2 loan capital.

These increases were partially offset by:

- cash collateralised borrowing and repurchase agreements of $A3.1 billion as at 30 September 2024 decreased 75% from $A12.6 billion as at 31 March 2024, driven by maturity of the RBA Term Funding Facility
- derivative liabilities of $A22.3 billion as at 30 September 2024 decreased 13% from $A25.6 billion as at 31 March 2024, driven by subdued volatility across energy markets, as well as the maturity of prior period positions
- other liabilities of $A11.9 billion as at 30 September 2024 decreased 18% from $A14.5 billion as at 31 March 2024, driven by lower commodity-related payables, in CGM.

Equity

Total equity of $A32.8 billion as at 30 September 2024 decreased 3% from $A34.0 billion as at 31 March 2024.

The principal drivers for the decrease were as follows:

- $A1.5 billion dividend payment
- $A0.4 billion ordinary shares acquired via the on-market share buyback
- $A0.8 billion decrease in foreign currency translation reserve, largely driven by the appreciation of the Australian Dollar to the United States Dollar.

These decreases were partially offset by $A1.6 billion of earnings generated during the current period.

4.2 Loan Assets

Reconciliation between the statement of financial position and the funded balance sheet:

	AS AT			MOVEMENT	
	Sep 24 $Ab	Mar 24 $Ab	Sep 23 $Ab	*Mar 24 %*	*Sep 23 %*
Loan assets per the statement of financial position	**187.1**	176.4	167.5	*6*	*12*
Operating lease assets[1]	**4.4**	4.6	4.5	*(4)*	*(2)*
Other reclassifications[2]	**0.4**	0.5	0.6	*(20)*	*(33)*
Total loan assets including operating lease assets per the funded balance sheet[3]	**191.9**	181.5	172.6	*6*	*11*

Loan assets[3] including operating lease assets by Operating Group per the funded balance sheet are shown in further detail below:

		AS AT			MOVEMENT	
	Notes	Sep 24 $Ab	Mar 24 $Ab	Sep 23 $Ab	*Mar 24 %*	*Sep 23 %*
BFS						
Home loans	1	**131.0**	120.4	115.2	*9*	*14*
Business banking	2	**16.4**	15.7	14.4	*4*	*14*
Car loans	3	**3.5**	4.5	5.1	*(22)*	*(31)*
Other	4	**0.4**	0.4	0.4	–	–
Total BFS		**151.3**	141.0	135.1	*7*	*12*
CGM						
Loans and finance lease assets		**3.6**	3.4	3.7	*6*	*(3)*
Operating lease assets		**2.3**	2.3	2.2	–	*5*
Asset finance	5	**5.9**	5.7	5.9	*4*	–
Loan assets		**3.6**	4.1	3.8	*(12)*	*(5)*
Operating lease assets		**0.9**	0.9	0.9	–	–
Resources and commodities	6	**4.5**	5.0	4.7	*(10)*	*(4)*
Foreign exchange, interest rate and credit	7	**7.8**	8.4	7.1	*(7)*	*10*
Other	8	**0.1**	0.1	0.1	–	–
Total CGM		**18.3**	19.2	17.8	*(5)*	*3*
MAM						
Operating lease assets	9	**1.2**	1.4	1.4	*(14)*	*(14)*
Other	10	**0.1**	0.1	0.1	–	–
Total MAM		**1.3**	1.5	1.5	*(13)*	*(13)*
Macquarie Capital						
Corporate and other lending	11	**21.0**	19.8	18.2	*6*	*15*
Total Macquarie Capital		**21.0**	19.8	18.2	*6*	*15*
Total		**191.9**	181.5	172.6	*6*	*11*

[1] Operating lease assets may differ to the statutory balance sheet as some are funded by third party debt with no recourse to Macquarie beyond the borrowing entity and are netted down for funded balance sheet presentation. Refer to Section 5.3 for more details.
[2] Reclassification between loan assets and other funded balance sheet categories.
[3] Total loan assets including operating lease assets per the funded balance sheet includes self-securitised assets.

Explanatory notes concerning asset security of funded loan asset portfolio

1. Home loans

Loans secured by mortgages over residential property.

2. Business banking

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

3. Car loans

Secured by motor vehicles.

4. BFS Other

Includes credit cards.

5. Asset finance

Predominantly secured by underlying financed assets.

6. Resources and commodities

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

7. Foreign exchange, interest rate and credit

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

8. CGM Other

Equity collateralised loans.

9. Operating lease assets

Secured by underlying financed assets including transportation assets.

10. MAM Other

Secured by underlying financed assets.

11. Corporate and other lending

Diversified corporate and real estate lending portfolio, predominantly consisting of loans which are senior, secured, covenanted and with a hold to maturity horizon.

4.3 Equity Investments

Equity investments include:

- interests in associates, joint ventures and other assets classified as held for sale;
- subsidiaries and certain other assets held for investment purposes; and
- financial investments excluding trading equities.

The classification is driven by a combination of the level of influence Macquarie has over the investment and Macquarie's business intention with respect to the holding of the investment.

For the purpose of analysis, equity investments have been re-grouped into the following categories:

- investments in Macquarie-managed funds; and
- other investments.

Equity investments reconciliation

	AS AT		MOVEMENT
	Sep 24	Mar 24	*Mar 24*
	$Ab	$Ab	*%*
Equity investments			
Statement of financial position			
Equity investments at fair value	**1.7**	2.2	*(23)*
Interests in associates and joint ventures	**8.5**	8.5	–
Total equity investments per statement of financial position	**10.2**	10.7	*(5)*
Adjustment for funded balance sheet			
Non-controlling interests[1]	**(0.2)**	(0.1)	*100*
Total funded equity investments[2]	**10.0**	10.6	*(6)*
Adjustment for equity investment analysis			
Subsidiaries and certain other assets held for investment purposes[3]	**2.3**	2.7	*(15)*
Associates' reserves[4]	**–**	(0.1)	*(100)*
Total adjusted equity investments[5]	**12.3**	13.2	*(7)*

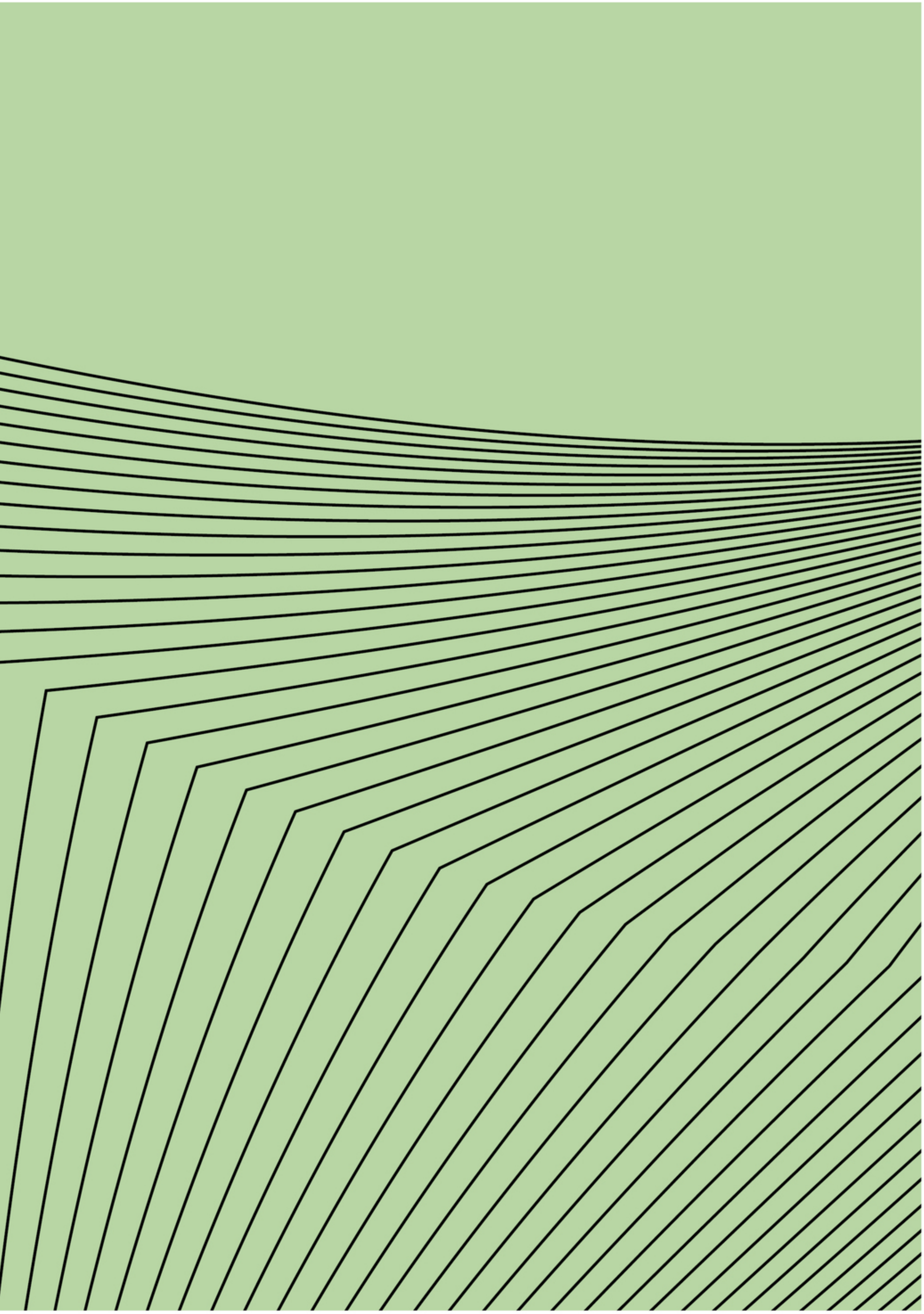
[1] These represent the portion of ownership in equity investments not attributable to Macquarie. As this is not a position that Macquarie is required to fund, it is netted against the consolidated assets and liabilities in preparing the funded balance sheet.
[2] Reported in the funded balance sheet as 'Co-investment in Macquarie-managed funds and other equity investments'.
[3] Subsidiaries and certain other assets held for investment purposes are consolidated entities that are held with the ultimate intention to sell as part of Macquarie's investment activities.
[4] Associates' reserves (gross of tax) that will be released to income upon realisation of the investment.
[5] The adjusted value represents the total net exposure to Macquarie.

Equity investments by category

	AS AT		*MOVEMENT*
	Sep 24	Mar 24	*Mar 24*
	$Ab	$Ab	*%*
Macquarie-managed funds			
Listed (Private Markets) managed funds	**0.2**	0.2	*–*
Unlisted (Private Markets) managed funds	**2.0**	1.8	*11*
Other Macquarie-managed funds	**0.4**	0.5	*(20)*
Total Macquarie-managed funds	**2.6**	2.5	*4*
Other investments			
Investments acquired to seed new Private Markets-managed products and mandates[1]	**0.2**	1.1	*(82)*
Transport, industrial and infrastructure	**3.3**	2.9	*14*
Telecommunications, information technology, media and entertainment	**2.0**	1.7	*18*
Green energy	**2.2**	2.4	*(8)*
Conventional energy, resources and commodities	**0.7**	0.8	*(13)*
Real estate investment, property and funds management	**0.6**	1.2	*(50)*
Finance, wealth management and exchanges	**0.7**	0.6	*17*
Total other investments	**9.7**	10.7	*(9)*
Total equity investments	**12.3**	13.2	*(7)*

[1] Includes investments acquired to seed new initiatives in the green energy sector.

05
Funding and Liquidity

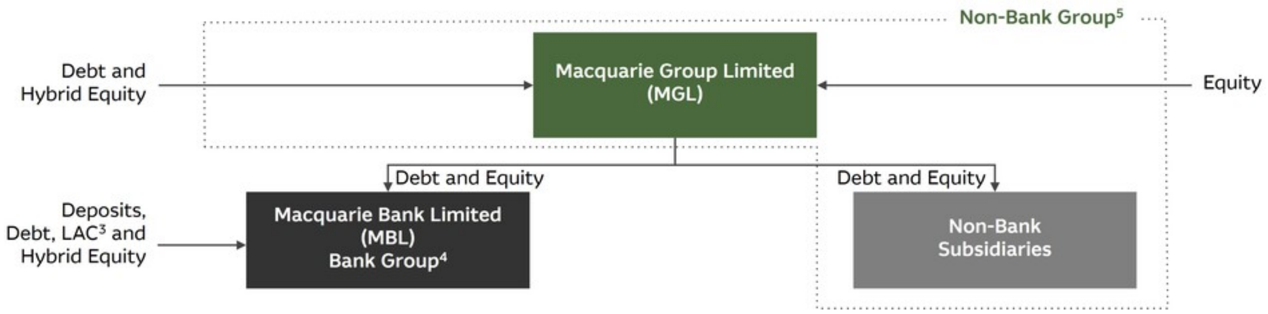


5.1 Liquidity Risk Governance and Management Framework

Governance and oversight

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

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



Macquarie'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 MGL and MBL Asset and Liability Committees (ALCO), the MGL and MBL Boards and the Risk Management Group (RMG). Macquarie's liquidity policies are approved by the MGL and MBL Boards after endorsement by the respective ALCO and liquidity reporting is provided to the Boards on a regular basis. The MGL and MBL ALCO members include the MGL Chief Executive Officer, MBL Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Operating Officer, Group General Counsel, Head of Group Treasury and relevant Operating Group Heads.

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

Liquidity policy and risk appetite

The MGL and MBL liquidity policies are designed so that each of Macquarie, the Bank Group and the Non-Bank Group maintains sufficient liquidity to meet their obligations as they fall due. The MBL liquidity policy outlines the standalone framework for the Bank Group and its principles are consistent with the MGL liquidity policy. In some cases, other entities within Macquarie may also be required to have a standalone liquidity policy. In these cases, the principles applied within the entity-specific liquidity policies are also consistent with those applied in the broader MGL liquidity policy.

Macquarie establishes a liquidity risk appetite, which is approved by the MGL and MBL Boards, and represents an articulation of the nature and level of liquidity risk that is acceptable in the context of achieving Macquarie's strategic objectives. Macquarie's liquidity risk appetite is intended to ensure that Macquarie 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 for MBL, no access to funding markets for MGL while preserving the capabilities of Macquarie's franchise businesses.

Reflecting the longer-term nature of the Non-Bank Group asset profile, MGL is funded predominantly with a mixture of capital and long-term wholesale funding. MBL is an authorised deposit-taking institution (ADI) and is funded mainly with deposits, long-term liabilities and capital.

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

Liquidity risk tolerance and principles

Macquarie's liquidity risk appetite is supported by a number of risk tolerances and principles applied to managing liquidity risk in both MGL and MBL.

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 are monitored and constrained where required.

Liquidity management strategy

- Macquarie has a centralised approach to liquidity management
- Liquidity risk is managed through stress scenario analysis and setting limits on the composition and maturity of assets and liabilities
- A global liquidity framework is maintained that outlines Macquarie'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 for MGL and a liquidity contingency plan for MBL is maintained, which provides an action plan in the event of a liquidity 'crisis'
- A funding strategy for MGL and a funding strategy for MBL is prepared annually 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 Management receive regular reporting on Macquarie's liquidity position, including compliance with the liquidity policies and regulatory requirements.

Liquidity contingency plan

Group Treasury maintains a liquidity contingency plan for MGL and a liquidity contingency plan for MBL, which outline how a liquidity crisis would be managed for the Group and Bank, respectively. The plans define 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 each 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 for the Group or Bank; and
- contact lists to facilitate prompt communication with all key internal and external stakeholders.

The MBL 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.

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

The liquidity contingency plans are subject to regular review by both Group Treasury and RMG. They are submitted annually to the MGL and MBL ALCO and respective Boards for approval.

Macquarie 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 plans contain either a supplement or a reference to a separate document providing the specific information required for those branches or subsidiaries.

Funding strategy

Macquarie prepares a funding strategy for MGL and a funding strategy for MBL on an annual basis and monitors progress against the strategies throughout the year. The funding strategies aim to maintain diversity of funding sources for MGL and MBL, ensure ongoing compliance with all liquidity requirements and facilitate forecast asset growth. The funding strategies are reviewed by the MGL and MBL ALCO and approved by the respective Boards.

5.2 Management of Liquidity Risk

Scenario analysis

Scenario analysis is central to Macquarie's liquidity risk management framework. In addition to regulatory defined scenarios, Group Treasury models additional liquidity scenarios covering both market-wide and Macquarie 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's assets; and
- determining the overall capacity for future asset growth.

The scenarios separately consider the requirements of the Bank Group and the Non-Bank Group. These scenarios use a range of assumptions, which Macquarie 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 name-specific crisis over a twelve month time frame. This scenario assumes no access to wholesale funding markets, a significant loss of customer 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's cash and liquid asset portfolio must exceed the minimum requirement as calculated in this scenario at all times.

Liquid asset holdings

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

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

The cash and liquid asset portfolio is held in a range of currencies consistent with the distribution of liquidity needs by currency, allowing for an acceptable level of currency mismatches. Certain other Operating Segments also hold cash and liquid assets as part of their operations. Macquarie had $A71.9 billion cash and liquid assets as at 30 September 2024 (31 March 2024: $A76.8 billion), of which $A59.9 billion was held by Macquarie Bank (31 March 2024: $A63.0 billion).

Funds transfer pricing

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

Credit ratings[1]

	Macquarie Bank Limited		Macquarie Group Limited	
	Short-term rating	Long-term rating	Short-term rating	Long-term rating
Moody's Ratings	P-1	Aa2/Stable	P-1	A1/Stable
Standard and Poor's	A-1	A+/Stable	A-2	BBB+/Stable
Fitch Ratings	F-1	A+/Stable	F-1	A/Stable

Regulatory liquidity metrics

The Australian Prudential Regulation Authority's (APRA) liquidity standard (APS 210) details the local implementation of the Basel III liquidity framework for Australian banks. In addition to a range of qualitative requirements, the standard incorporates the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The LCR and NSFR apply specifically to Macquarie Bank as a regulated ADI. As an APRA authorised and regulated Non-Operating Holding Company, MGL is required to manage liquidity in compliance with APS 210's qualitative requirements. Separate quantitative requirements are imposed internally by the MGL and MBL ALCOs and the Boards.

Liquidity Coverage Ratio

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

Macquarie Bank's three month average LCR to 30 September 2024 was 194% (average based on daily observations)[2]. For a detailed breakdown of Macquarie Bank's LCR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

Net Stable Funding Ratio

The NSFR is a twelve month structural funding metric, requiring that available stable funding be sufficient to cover required stable funding, where stable funding has an actual or assumed maturity of greater than twelve months. Macquarie Bank's NSFR as at 30 September 2024 was 110%[3]. For a detailed breakdown of Macquarie Bank's NSFR, please refer to Macquarie's regulatory disclosures (available on Macquarie's website).

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

5.3 Funded Balance Sheet

Macquarie's statement of financial position is prepared based on Australian Accounting Standards. The funded balance sheet is a simple representation of Macquarie's funding requirements once accounting related gross-ups and self-funded assets have been netted down from the statement of financial position. The funded balance sheet is not a liquidity risk management tool, as it does not consider the granular liquidity profiling of all on and off-balance sheet components considered in both Macquarie's internal liquidity framework and the regulatory liquidity metrics.

The table below reconciles the reported assets of Macquarie to the net funded assets as at 30 September 2024. The following pages split this between the Bank Group and the Non-Bank Group to assist in the analysis of each of the separate funding profiles of the respective entities.

		AS AT		
		Sep 24	Mar 24	Sep 23
	Notes	**$Ab**	$Ab	$Ab
Total assets per Macquarie's statement of financial position		**414.3**	403.4	394.6
Accounting deductions:				
Derivative revaluation	1	**(22.4)**	(25.6)	(29.5)
Segregated funds	2	**(10.6)**	(11.7)	(8.1)
Outstanding trade settlement balances	3	**(11.6)**	(6.3)	(6.5)
Working capital assets	4	**(16.3)**	(17.4)	(16.6)
Non-controlling interests	5	**(0.5)**	(0.5)	(0.5)
Self-funded assets:				
Self-funded trading assets	6	**(10.4)**	(10.2)	(14.8)
Non-recourse and security backed funding	7	**(1.7)**	(1.6)	(1.6)
Net funded assets		**340.8**	330.1	317.0

Explanatory notes concerning net funded assets

1. Derivative revaluation

Offsetting derivative positions do not generally require funding and therefore gross revaluations are netted in the funded balance sheet. Derivative positions that result in a funding requirement are included as part of net trading assets.

2. Segregated funds

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

3. Outstanding trade settlement balances

At any particular time Macquarie will have outstanding trades to be settled as part of its brokering business and trading activities. These amounts (payables) can be offset in terms of funding by amounts that Macquarie is owed on other trades (receivables).

4. Working capital assets

As with the outstanding trade settlement balances above, Macquarie through its day-to-day operations generates working capital assets (e.g. receivables and prepayments) and working capital liabilities (e.g. creditors and accruals) that produce a 'net balance' that either requires or provides funding.

5. Non-controlling interests

These include the portion of equity ownership in subsidiaries not attributable to Macquarie. As this is not a position that Macquarie is required to fund, it is netted against the consolidated assets and liabilities in preparing the funded balance sheet.

6. Self-funded trading assets

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

7. Non-recourse and security backed funding

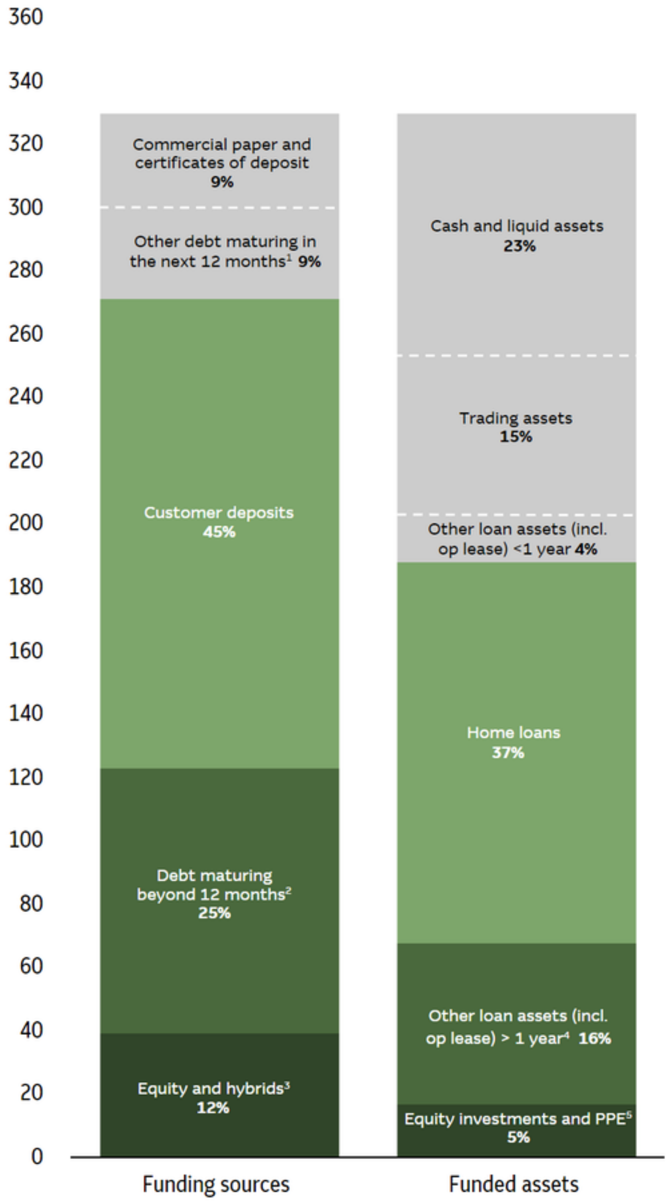
These include assets funded by third party debt with no recourse to Macquarie beyond the borrowing entity.

5.4 Funding Profile for Macquarie

The change in composition of the funded balance sheet is illustrated in the chart below.

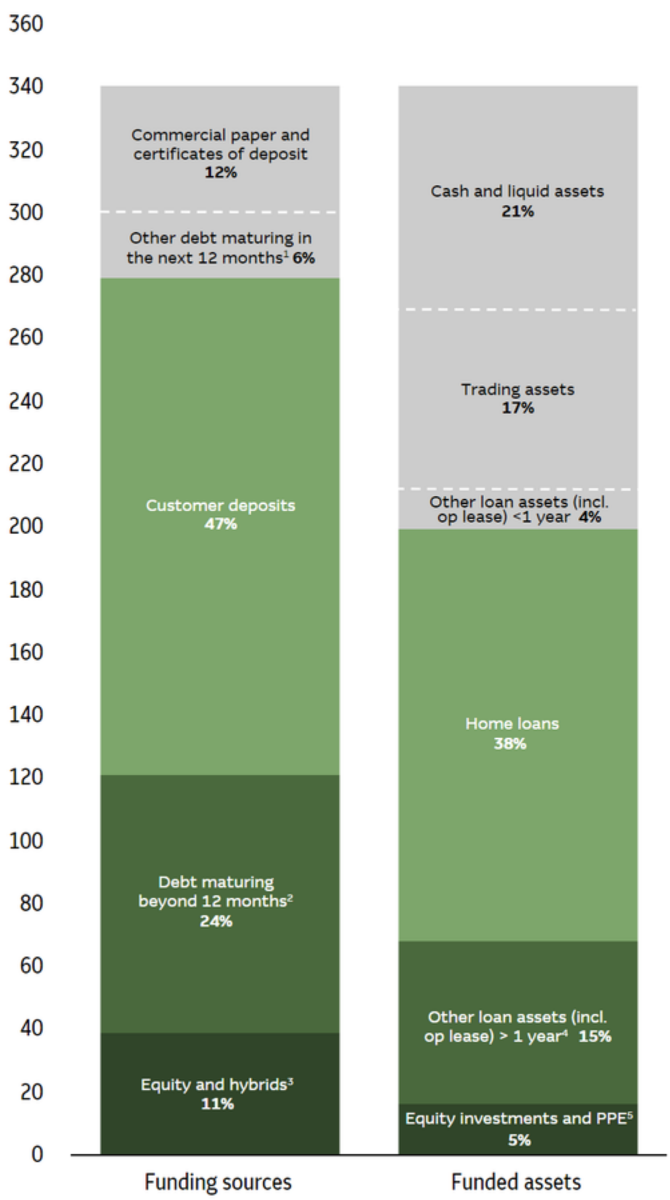
31 March 2024

$A billion



30 September 2024

$A billion



[1] Other debt maturing in the next 12 months includes Subordinated debt, Secured funding (including RBA TFF as at 31 March 2024), Bonds, Structured notes, Unsecured loans and Net trade creditors.
[2] Debt maturing beyond 12 months includes Subordinated debt, Secured funding, Bonds, Structured notes and Unsecured loans.
[3] Includes hybrids with first call date within 12 months representing $A0.4 billion as at 30 September 2024 ($A1.0 billion as at 31 March 2024).
[4] Other loan assets (incl. op lease) > 1 year includes Debt investments.
[5] Equity investments and PPE includes Macquarie's co-investments in Macquarie-managed funds and other equity investments.

Funded balance sheet

		AS AT		
	Notes	**Sep 24 $Ab**	Mar 24 $Ab	Sep 23 $Ab
Funding sources				
Commercial paper and certificates of deposit	1	**40.2**	29.7	37.4
Net trade creditors	2	**0.7**	1.3	1.2
Structured notes	3	**2.3**	2.0	1.6
Secured funding	4			
Securitisation		**13.1**	13.5	12.9
Other secured funding		**3.3**	13.3	13.3
Bonds	5	**58.4**	59.0	55.1
Unsecured loans	6	**16.0**	15.4	14.2
Customer deposits	7	**158.3**	148.3	135.8
Subordinated debt	8	**9.6**	8.4	7.1
Equity and hybrids	9	**38.9**	39.2	38.4
Total		**340.8**	330.1	317.0
Funded assets				
Cash and liquid assets	10	**71.9**	76.8	86.6
Net trading assets	11	**56.7**	50.4	38.4
Other loan assets including operating lease assets less than one year	12	**12.7**	14.6	13.9
Home loans	13	**131.0**	120.4	115.2
Other loan assets including operating lease assets greater than one year	12	**48.2**	46.5	43.5
Debt investments	14	**3.9**	4.7	5.0
Co-investment in Macquarie-managed funds and other equity investments	15	**10.0**	10.6	8.5
Property, plant and equipment and intangibles		**6.4**	6.1	5.9
Total		**340.8**	330.1	317.0

See Section 5.7 for Notes 1-15.

5.4 Funding Profile for Macquarie

Continued

Term funding initiatives

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

Details of term funding raised between 1 April 2024 and 30 September 2024:

		Bank Group	Non-Bank Group	**Total**
		$Ab	$Ab	$Ab
Issued paper	– Senior and subordinated	4.8	0.2	**5.0**
Secured funding	– Term securitisation and other secured finance	1.7	–	**1.7**
Loan facilities	– Unsecured loan facilities	4.4	11.0	**15.4**
Hybrids	– Hybrid instruments	–	1.5	**1.5**
Total		**10.9**	**12.7**	**23.6**

Macquarie has continued to develop its major funding markets and products during the half year ended 30 September 2024.

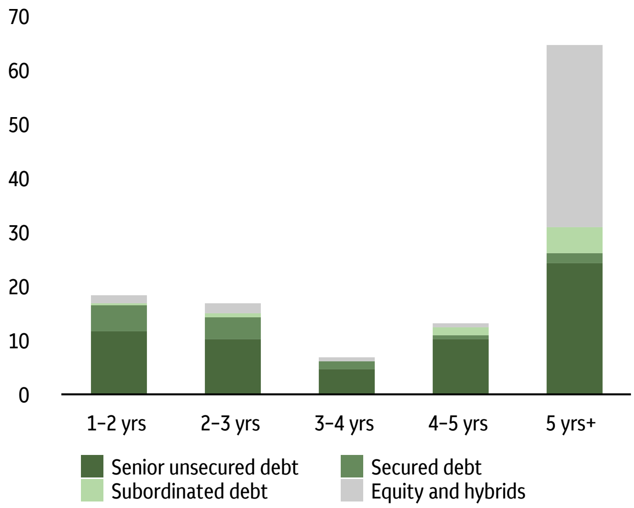
From 1 April 2024 to 30 September 2024, Macquarie raised $A23.6 billion[1] of term funding including:

- $A15.4 billion of unsecured loan facilities
- $A5.0 billion of term wholesale issued paper comprising of $A3.7 billion of senior unsecured debt (including $A1.0 billion of green bond) and $A1.3 billion of subordinated unsecured debt
- $A1.5 billion of MCN7 Hybrid instrument issuance
- $A1.4 billion of securitisation issuance; and
- $A0.3 billion refinance of secured trade finance facilities.

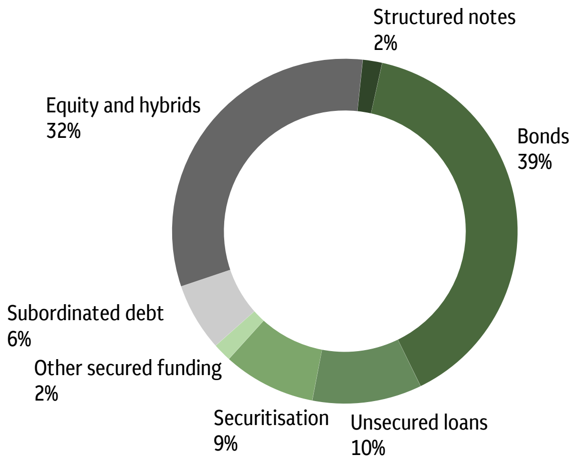
[1] Issuance covers a range of tenors, currencies and product types and are Australian dollar equivalent based on foreign exchange rates at the time of issuance. Includes refinancing of loan facilities.

Term funding profile

Detail of drawn funding maturing beyond one year



Diversity of funding sources



	AS AT SEP 24					
	1–2 yrs $Ab	2–3 yrs $Ab	3–4 yrs $Ab	4–5 yrs $Ab	5 yrs+ $Ab	**Total $Ab**
Structured notes[1]	0.5	0.3	0.2	0.5	0.7	**2.2**
Bonds	10.5	9.6	4.5	6.8	16.1	**47.5**
Unsecured loans	1.0	0.5	–	3.2	7.7	**12.4**
Senior unsecured debt	**12.0**	**10.4**	**4.7**	**10.5**	**24.5**	**62.1**
Securitisation[1]	3.4	3.0	1.6	0.7	1.8	**10.5**
Other secured funding	1.1	1.0	–	–	–	**2.1**
Secured debt	**4.5**	**4.0**	**1.6**	**0.7**	**1.8**	**12.6**
Subordinated debt[2]	0.7	0.9	–	1.3	4.8	**7.7**
Equity and hybrids[2]	1.5	1.7	0.7	0.8	33.8	**38.5**
Total term funding sources drawn	**18.7**	**17.0**	**7.0**	**13.3**	**64.9**	**120.9**
Undrawn[3]	0.5	0.4	0.2	3.3	1.7	**6.1**
Total term funding sources drawn and undrawn	**19.2**	**17.4**	**7.2**	**16.6**	**66.6**	**127.0**

Macquarie has a funding base that is stable with short-term wholesale funding covered by cash, liquids and other short-term assets.

As at 30 September 2024, Macquarie's term assets were covered by term funding maturing beyond one year, stable deposits, hybrids and equity.

The weighted average term to maturity of term funding maturing beyond one year (excluding customer deposits, equity and securitisations) was 4.6 years as at 30 September 2024.

As at 30 September 2024, in addition to drawn term funding in table above, customer deposits represented $A158.3 billion (47% of Macquarie's total funding). Short-term (maturing in less than 12 months) commercial paper and certificates of deposit represented $A40.2 billion (12% of total funding), other debt funding maturing within 12 months and net trade creditors represented $A21.0 billion (6% of total funding) and hybrids with first call date within 12 months represented $A0.4 billion.

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

5.5 Funding Profile for the Bank Group

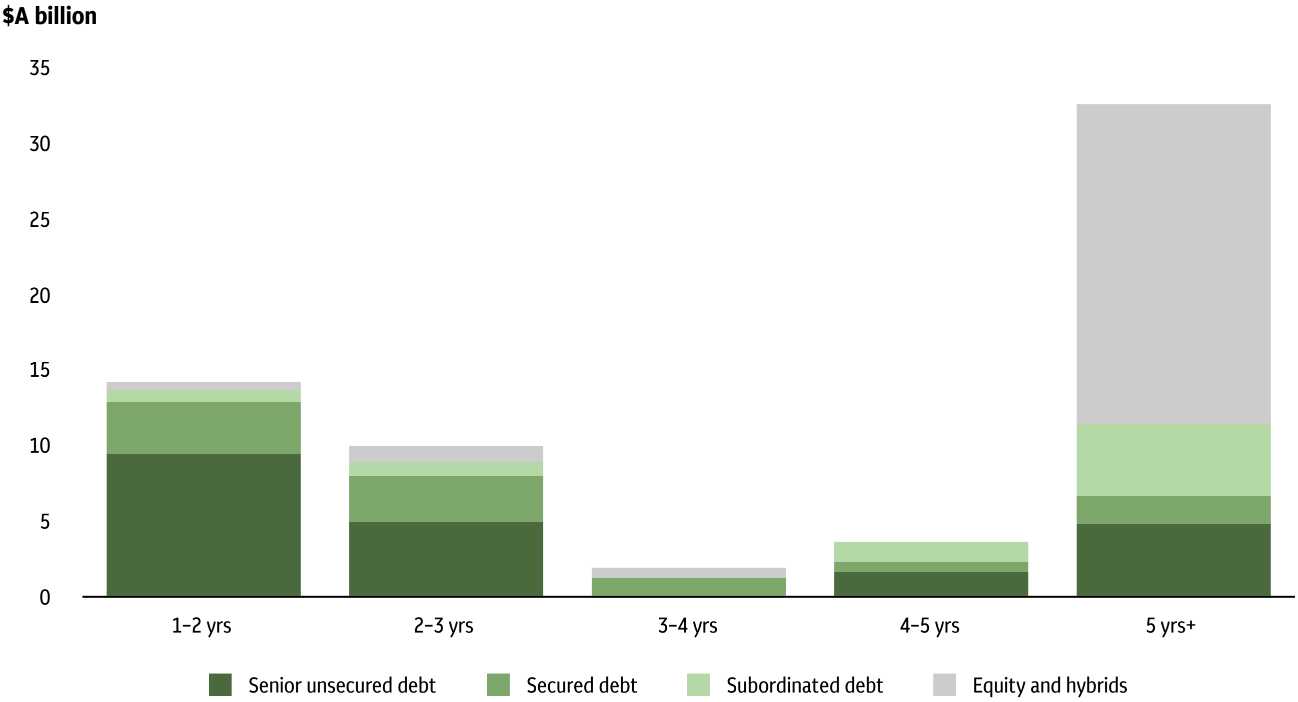
Funded balance sheet

	Notes	AS AT Sep 24 $Ab	Mar 24 $Ab	Sep 23 $Ab
Funding sources				
Commercial paper and certificates of deposit	1	**40.2**	29.7	37.4
Net trade creditors	2	**2.0**	2.2	2.2
Structured notes	3	**0.7**	0.5	0.4
Secured funding	4			
Securitisation		**11.1**	11.6	10.9
Other secured funding		**2.4**	12.4	12.4
Bonds	5	**22.0**	20.9	18.8
Unsecured loans	6	**9.0**	8.6	6.8
Customer deposits	7	**158.3**	148.3	135.8
Subordinated debt	8	**9.6**	8.4	7.1
Equity and hybrids	9	**23.4**	23.8	22.5
Total		**278.7**	266.4	254.3
Funded assets				
Cash and liquid assets	10	**59.9**	63.0	72.0
Net trading assets	11	**48.9**	45.3	33.4
Other loan assets including operating lease assets less than one year	12	**11.0**	12.7	12.6
Home loans	13	**131.0**	120.4	115.2
Other loan assets including operating lease assets greater than one year	12	**27.4**	26.9	24.9
Debt investments	14	**2.7**	2.6	2.5
Non-Bank Group balances with the Bank Group		**(5.2)**	(7.3)	(8.5)
Co-investment in Macquarie-managed funds and other equity investments	15	**0.7**	0.7	0.7
Property, plant and equipment and intangibles		**2.3**	2.1	1.5
Total		**278.7**	266.4	254.3

See Section 5.7 for Notes 1–15.

Term funding profile

Detail of drawn funding maturing beyond one year



	AS AT SEP 24					
	1–2 yrs $Ab	2–3 yrs $Ab	3–4 yrs $Ab	4–5 yrs $Ab	5 yrs+ $Ab	**Total $Ab**
Structured notes[1]	–	0.1	0.1	0.2	0.2	**0.6**
Bonds	8.5	4.4	–	1.0	0.9	**14.8**
Unsecured loans	1.0	0.5	–	0.5	3.8	**5.8**
Senior unsecured debt	**9.5**	**5.0**	**0.1**	**1.7**	**4.9**	**21.2**
Securitisation[1]	2.7	2.1	1.2	0.7	1.8	**8.5**
Other secured funding	0.8	1.0	–	–	–	**1.8**
Secured debt	**3.5**	**3.1**	**1.2**	**0.7**	**1.8**	**10.3**
Subordinated debt[2]	0.7	0.9	–	1.3	4.8	**7.7**
Equity and hybrids[2]	0.6	1.0	0.7	–	21.1	**23.4**
Total term funding sources drawn	**14.3**	**10.0**	**2.0**	**3.7**	**32.6**	**62.6**
Undrawn[3]	0.3	0.2	0.1	0.1	0.3	**1.0**
Total term funding sources drawn and undrawn	**14.6**	**10.2**	**2.1**	**3.8**	**32.9**	**63.6**

Macquarie Bank has diversity of funding across a range of tenors, currencies and products. The weighted average term to maturity of term funding maturing beyond one year (excluding customer deposits, equity and securitisations) was 3.4 years as at 30 September 2024.

As at 30 September 2024, in addition to drawn term funding in table above, customer deposits represented $A158.3 billion (57% of the Bank Group's total funding). Short-term (maturing in less than 12 months) commercial paper and certificates of deposit represented $A40.2 billion (14% of total funding), and other debt funding maturing within 12 months and net trade creditors represented $A17.6 billion (6% of total funding).

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

5.5 Funding Profile for the Bank Group

Continued

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

- $US25 billion Regulation S Debt Instrument Programme under which $US7.4 billion of debt securities were outstanding as at 30 September 2024
- $US25 billion MBL Commercial Paper Program under which $US19.4 billion of debt securities were outstanding as at 30 September 2024
- $US20 billion US Rule 144A/Regulation S Medium-Term Note Program, including senior and subordinated notes, under which $US11.4 billion of debt securities were outstanding as at 30 September 2024
- $A11.1 billion of external securitisation of which $A9.3 billion PUMA RMBS and $A1.8 billion SMART ABS was drawn as at 30 September 2024
- $US10 billion European Commercial Paper Programme including Euro Commercial Paper and Euro Certificates of Deposit, under which $US5.1 billion of debt securities were outstanding as at 30 September 2024
- $A10 billion Covered Bond Programme under which $A1 billion of debt securities were outstanding as at 30 September 2024
- $A10 billion Regulation S Subordinated Notes Debt Programme under which $A2.5 billion of debt securities were outstanding as at 30 September 2024
- $US5 billion MIFL Commercial Paper Programme under which $US1 billion of debt securities were outstanding as at 30 September 2024
- $US5 billion Structured Note Programme under which $US0.5 billion of structured notes were outstanding as at 30 September 2024
- $A6.4 billion[2] of Unsecured Loan Facilities of which $A6.3 billion was drawn as at 30 September 2024
- $A2.4 billion of other subordinated unsecured debt outstanding as at 30 September 2024; and
- $US0.8 billion[3] Secured Trade Finance Facility of which $US0.7 billion was drawn as at 30 September 2024.

Macquarie Bank accesses the Australian capital markets through the issuance of Negotiable Certificates of Deposit. As at 30 September 2024, Macquarie Bank had $A0.5 billion of these securities outstanding.

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

[1] Funding outstanding excludes capitalised costs.
[2] Includes issuance out of MIFL and MBE. Values are Australian dollar equivalent as at 30 September 2024.
[3] Values are US dollar equivalents as at 30 September 2024.

Deposit strategy

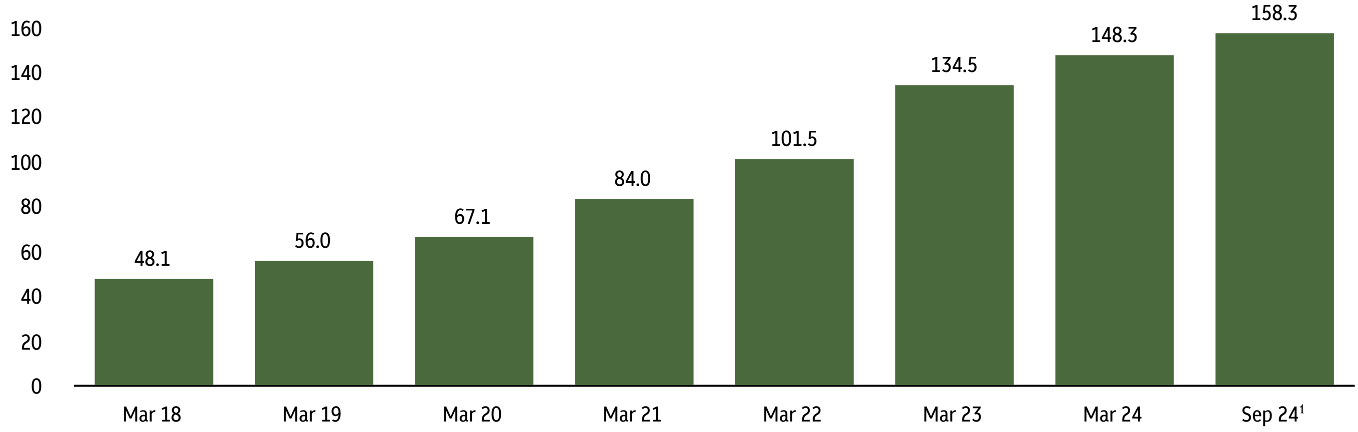
MBL continues to pursue a deposit strategy that is consistent with the core liquidity management strategy of achieving diversity and stability of funding sources. The strategy is focused on growing the BFS deposit base, which represents a stable and reliable source of funding and reduces Macquarie's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

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

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

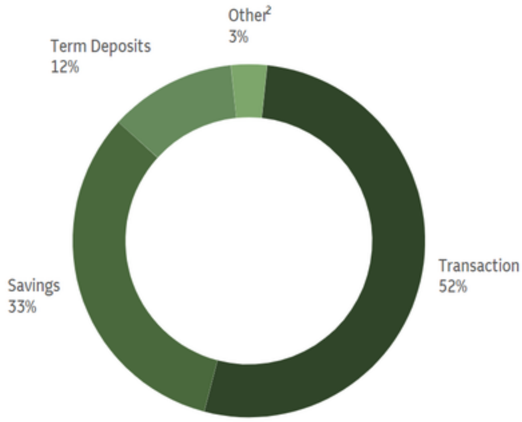
Customer deposits

$A billion

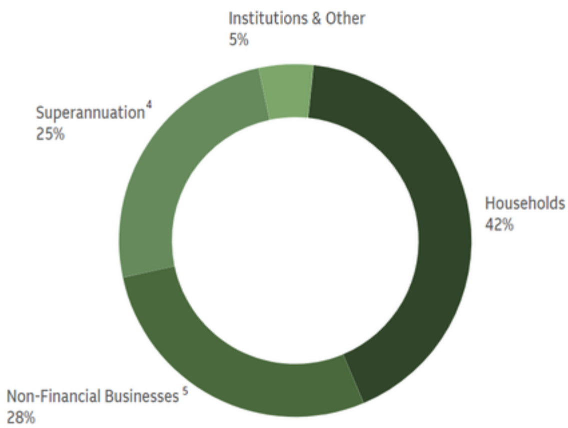


Composition of customer deposits

By Type[1]



By Counterparty[3]



[1] Total customer deposits include BFS deposits of $A153.1 billion and $A5.2 billion of corporate/wholesale deposits, including those taken by MBE as at 30 September 2024.
[2] Includes corporate/wholesale deposits.
[3] As at 30 September 2024 for Total Residents Deposits on Australian books per APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS).
[4] Predominantly Self-Managed Super Funds.
[5] Predominantly Private Enterprises and Trusts.

5.6 Funding Profile for the Non-Bank Group

Funded balance sheet

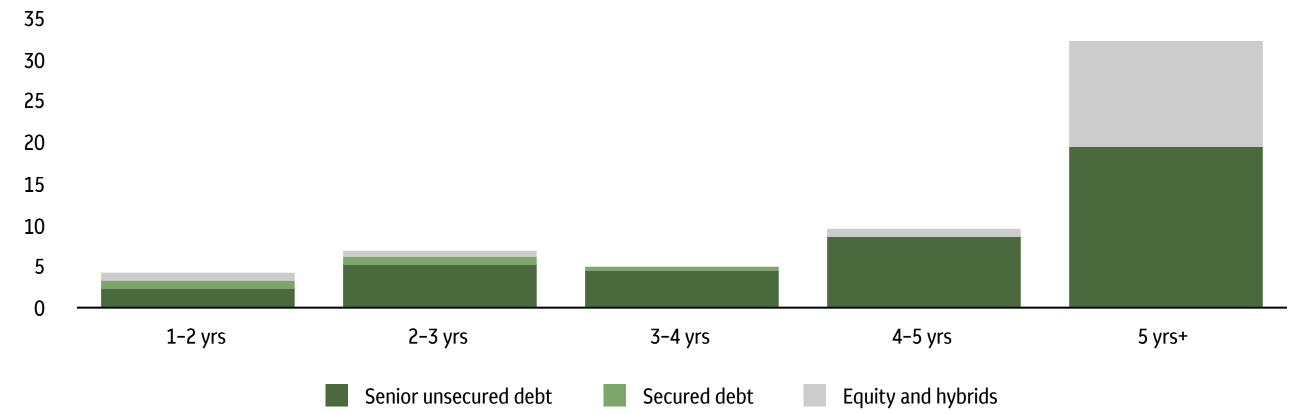
		AS AT		
		Sep 24	Mar 24	Sep 23
	Notes	**$Ab**	$Ab	$Ab
Funding sources				
Net trade (debtors)/creditors	2	**(1.3)**	(0.9)	(1.0)
Structured notes	3	**1.6**	1.5	1.2
Secured funding	4			
Securitisation		**2.0**	1.9	2.0
Other secured funding		**0.9**	0.9	0.9
Bonds	5	**36.4**	38.1	36.3
Unsecured loans	6	**7.0**	6.8	7.4
Equity and hybrids	9	**15.5**	15.4	15.9
Total		**62.1**	63.7	62.7
Funded assets				
Cash and liquid assets	10	**12.0**	13.8	14.6
Non-Bank Group balances with the Bank Group		**5.2**	7.3	8.5
Net trading assets	11	**7.8**	5.1	5.0
Other loan assets including operating lease assets less than one year	12	**1.7**	1.9	1.3
Other loan assets including operating lease assets greater than one year	12	**20.8**	19.6	18.6
Debt investments	14	**1.2**	2.1	2.5
Co-investment in Macquarie-managed funds and other equity investments	15	**9.3**	9.9	7.8
Property, plant and equipment and intangibles		**4.1**	4.0	4.4
Total		**62.1**	63.7	62.7

See Section 5.7 for Notes 2–15.

Term funding profile

Detail of drawn funding maturing beyond one year

$A billion



	AS AT SEP 24					
	1–2 yrs $Ab	2–3 yrs $Ab	3–4 yrs $Ab	4–5 yrs $Ab	5 yrs+ $Ab	**Total $Ab**
Structured notes[1]	0.5	0.2	0.1	0.3	0.5	**1.6**
Bonds	2.0	5.2	4.5	5.8	15.2	**32.7**
Unsecured loans	–	–	–	2.7	3.9	**6.6**
Senior unsecured debt	**2.5**	**5.4**	**4.6**	**8.8**	**19.6**	**40.9**
Securitisation[1]	0.7	0.9	0.4	–	–	**2.0**
Other secured funding	0.3	–	–	–	–	**0.3**
Secured debt	**1.0**	**0.9**	**0.4**	**–**	**–**	**2.3**
Equity and hybrids[2]	0.9	0.7	–	0.8	12.7	**15.1**
Total term funding sources drawn	**4.4**	**7.0**	**5.0**	**9.6**	**32.3**	**58.3**
Undrawn[3]	0.2	0.2	0.1	3.2	1.4	**5.1**
Total term funding sources drawn and undrawn	**4.6**	**7.2**	**5.1**	**12.8**	**33.7**	**63.4**

The weighted average term to maturity of term funding maturing beyond one year (excluding equity and securitisations) was 5.5 years as at 30 September 2024. As at 30 September 2024, other debt funding maturing within 12 months and net trade creditors represented $A3.4 billion (5% of total funding) and hybrids with first call date within 12 months represented $A0.4 billion (1% of total funding).

The key tools used for raising debt funding, which primarily fund MGL and the Non-Bank Group, are as follows[4]:

- $US20 billion US Rule 144A/Regulation S Medium-Term Note Program, under which $US14.5 billion of debt securities were outstanding as at 30 September 2024
- $US20 billion Regulation S Debt Instrument Programme under which $US8.7 billion debt securities were outstanding as at 30 September 2024
- $A11.3 billion[5] of Unsecured Loan Facilities of which $A6.7 billion[5] was drawn as at 30 September 2024
- $US5 billion Structured Note Programme under which $US1.1 billion of structured notes were outstanding as at 30 September 2024
- $US1.8 billion of Muni-gas Prepayment funding outstanding as at 30 September 2024
- $US1.7 billion of external securitisation of which $US1.4 billion was drawn as at 30 September 2024; and
- $US0.5 billion Secured Trade Finance Facility of which $US0.4 billion was drawn as at 30 September 2024.

Macquarie Group as a RITS member is able to access the RBA open market operations.

1 Securitisation and structured notes are profiled using a behavioural maturity profile.
2 Included in this balance are securities with conditional repayment obligations. These securities are disclosed using the earlier repricing dates instead of contractual maturity.
3 Includes securitisations which are profiled using a behavioural maturity profile and subject to eligible collateral being available.
4 Funding outstanding excludes capitalised costs.
5 Values are Australian dollar equivalents as at 30 September 2024.

5.7 Explanatory Notes Concerning Funding Sources and Funded Assets

1. Commercial paper and certificates of deposit

Short-term wholesale funding.

2. Net trade creditors/debtors

Short-term working capital balances (debtors and creditors) are created through Macquarie's day-to-day operations. A net funding use (or source) will result due to timing differences in cash flows.

3. Structured notes

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

4. Secured funding

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

5. Bonds

Unsecured long-term wholesale funding.

6. Unsecured loans

Loan facilities not secured by specific assets or collateral.

7. Customer deposits

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

8. Subordinated debt

Long-term debt obligations.

9. Equity and hybrids

Equity balances are comprised of issued capital, retained earnings and reserves. Hybrid instruments as at 30 September 2024 include MACS, BCN 2 and 3 and MCN 3, 4, 5, 6 and 7.

10. Cash and liquid assets

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

11. Net trading assets

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

12. Other loan assets including operating lease assets

This represents loans provided to retail and wholesale borrowers, as well as assets held under operating leases. Excludes home loans.

See section 4.2 for further information.

13. Home loans

Loans secured by mortgages over residential property.

14. Debt investments

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

15. Co-investment in Macquarie-managed funds and other equity investments

These include equity investments at fair value, interests in associates and joint ventures and other equity investments.

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06
Capital

6.1 Overview

As an APRA authorised and regulated Non-Operating Holding Company (NOHC), MGL is required to hold adequate regulatory capital to cover the risks for Macquarie, including the Non-Bank Group. MGL and APRA have agreed on a capital adequacy framework based on APRA's capital standards for ADIs and Macquarie's Board-approved Economic Capital Adequacy Model (ECAM).

Macquarie's capital adequacy framework requires it to maintain minimum regulatory capital requirements calculated as the sum of:

- The Bank Group's minimum Tier 1 capital requirement, based on a percentage of risk-weighted assets (RWA) plus Tier 1 deductions using prevailing APRA ADI Prudential Standards; and
- The Non-Bank Group's capital requirement, calculated using Macquarie's ECAM.

Transactions internal to Macquarie are eliminated.

Eligible regulatory capital of Macquarie consists of ordinary share capital, retained earnings and certain reserves plus eligible hybrid instruments. Eligible hybrid instruments as at 30 September 2024 include the Macquarie Additional Capital Securities (MACS), Macquarie Bank Capital Notes 2 (BCN2), Macquarie Bank Capital Notes 3 (BCN3), Macquarie Group Capital Notes 3 (MCN3), Macquarie Group Capital Notes 4 (MCN4), Macquarie Group Capital Notes 5 (MCN5), Macquarie Group Capital Notes 6 (MCN6) and Macquarie Group Capital Notes 7 (MCN7).

Pillar 3

The APRA Prudential Standard APS 330 Public Disclosure (APS 330) details the market disclosure requirements for Australian domiciled banks. APS 330 requires qualitative and quantitative disclosure of risk management practices and capital adequacy. Pillar 3 documents are available on Macquarie's website.

Macquarie Basel III regulatory capital surplus calculation

	AS AT SEP 24	AS AT MAR 24	*MOVEMENT*
	APRA Basel III	APRA Basel III	*APRA Basel III*
	$Am	$Am	*%*
Macquarie eligible capital:			
Bank Group Gross Tier 1 capital	**23,353**	23,799	*(2)*
Non-Bank Group eligible capital	**15,509**	15,542	–
Eligible capital	**38,862**	39,341	*(1)*
Macquarie capital requirement:			
Bank Group capital requirement			
Risk-Weighted Assets (RWA)[1]	**136,938**	128,938	*6*
Capital required to cover RWA[2]	**14,378**	13,538	*6*
Tier 1 deductions	**3,362**	3,645	*(8)*
Total Bank Group capital requirement	**17,740**	17,183	*3*
Total Non-Bank Group capital requirement	**11,320**	11,492	*(1)*
Total Macquarie capital requirement	**29,060**	28,675	*1*
Macquarie regulatory capital surplus	**9,802**	10,666	*(8)*

[1] In calculating the Bank Group's contribution to Macquarie's capital requirement, RWA internal to Macquarie are eliminated (Sep 24: $A1,129 million; Mar 24: $A1,101 million).

[2] The Bank Group regulatory requirements are calculated in accordance with Prudential Standard APS 110 Capital Adequacy (APS 110), at 10.5% of RWA (Mar 24: 10.5%). This includes the industry minimum Tier 1 requirement of 6.0%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB). The CCyB of the Bank Group at Sep 24 is 0.76% (Mar 24: 0.71%), this is rounded to 0.75% (Mar 24: 0.75%) for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

6.2 Bank Group Capital

The Bank Group is accredited by APRA under the Basel Foundation Internal Ratings Based approach (FIRB) for credit risk and the Internal Model Approach for market risk and interest rate risk in the banking book (IRRBB). These advanced approaches place a higher reliance on a bank's internal capital measures and therefore require a more sophisticated level of risk management and risk measurement practices. Operational risk is subject to the Standardised Measurement Approach.

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

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.

Tier 1 Capital

Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital (hybrids). Additional Tier 1 capital as at 30 September 2024 consists of MACS, BCN2 and BCN3.

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

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

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

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

Bank Group Basel III Tier 1 Capital

	AS AT SEP 24		AS AT MAR 24		MOVEMENT	
	APRA Basel III	**Harmonised Basel III**	APRA Basel III	Harmonised Basel III	*APRA Basel III*	*Harmonised Basel III*
	$Am	**$Am**	$Am	$Am	*%*	*%*
Common Equity Tier 1 capital						
Paid-up ordinary share capital	**10,209**	**10,209**	10,182	10,182	*<1*	*<1*
Retained earnings	**9,916**	**9,733**	9,934	9,735	–	–
Reserves	**847**	**847**	1,237	1,237	*(32)*	*(32)*
Gross Common Equity Tier 1 capital	**20,972**	**20,789**	21,353	21,154	*(2)*	*(2)*
Regulatory adjustments to Common Equity Tier 1 capital:						
Goodwill	**38**	**38**	40	40	*(5)*	*(5)*
Other intangible assets	**51**	**51**	47	47	*9*	*9*
Deferred tax assets	**941**	**66**	1,032	57	*(9)*	*16*
Net other fair value adjustments	**94**	**94**	105	105	*(10)*	*(10)*
Capitalised expenses	**811**	**–**	783	–	*4*	–
Shortfall in provisions for credit losses	**327**	**128**	487	251	*(33)*	*(49)*
Equity exposures	**1,032**	**–**	1,080	–	*(4)*	–
Other Common Equity Tier 1 capital deductions	**68**	**41**	71	49	*(4)*	*(16)*
Total Common Equity Tier 1 capital deductions	**3,362**	**418**	3,645	549	*(8)*	*(24)*
Net Common Equity Tier 1 capital	**17,610**	**20,371**	17,708	20,605	*(1)*	*(1)*
Additional Tier 1 Capital						
Additional Tier 1 capital instruments	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Gross Additional Tier 1 capital	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Deduction from Additional Tier 1 capital	**–**	**–**	–	–	–	–
Net Additional Tier 1 capital	**2,381**	**2,381**	2,446	2,446	*(3)*	*(3)*
Total Net Tier 1 capital	**19,991**	**22,752**	20,154	23,051	*(1)*	*(1)*

6.2 Bank Group Capital

Continued

Bank Group Basel III Risk-Weighted Assets (RWA)

	AS AT SEP 24		AS AT MAR 24		MOVEMENT	
	APRA Basel III	**Harmonised Basel III**	APRA Basel III	Harmonised Basel III	*APRA Basel III*	*Harmonised Basel III*
	$Am	**$Am**	$Am	$Am	*%*	*%*
Credit risk						
Subject to IRB approach:						
Corporate[1]	**31,775**	**24,005**	29,478	21,580	*8*	*11*
SME Corporate	**9,194**	**6,469**	8,733	6,137	5	5
Sovereign	**1,077**	**2,056**	343	2,229	*214*	*(8)*
Financial Institution[2]	**11,357**	**10,440**	10,601	8,848	*7*	*18*
Residential mortgage	**28,861**	**15,938**	23,206	12,035	*24*	*32*
Other retail	**1,093**	**994**	1,452	1,320	*(25)*	*(25)*
Retail SME	**1,005**	**915**	1,245	1,132	*(19)*	*(19)*
Total RWA subject to IRB approach	**84,362**	**60,817**	75,058	53,281	*12*	*14*
Specialised lending exposures subject to slotting criteria[3]	**5,370**	**5,370**	7,447	7,447	*(28)*	*(28)*
Subject to Standardised approach:						
Corporate	**1,838**	**2,486**	1,996	2,934	*(8)*	*(15)*
Residential mortgage	**584**	**584**	663	663	*(12)*	*(12)*
Other Retail	**798**	**798**	824	824	*(3)*	*(3)*
Total RWA subject to Standardised approach	**3,220**	**3,868**	3,483	4,421	*(8)*	*(13)*
Credit risk RWA for securitisation exposures	**806**	**1,143**	765	1,053	*5*	*9*
Credit Valuation Adjustment RWA	**9,505**	**9,505**	6,578	6,578	*44*	*44*
Exposures to Central Counterparties RWA	**530**	**530**	526	526	*1*	*1*
RWA for Other Assets[4]	**4,370**	**7,368**	4,393	7,612	*(1)*	*(3)*
Total Credit risk RWA	**108,163**	**88,601**	98,250	80,918	*10*	*9*
Equity risk exposures RWA	**–**	**2,580**	–	2,700	–	*(4)*
Market risk RWA	**8,619**	**8,619**	10,529	10,529	*(18)*	*(18)*
Operational risk RWA	**17,512**	**16,256**	17,512	16,256	–	–
Interest rate risk in banking book RWA	**3,773**	**–**	3,748	–	*1*	–
Total Bank Group RWA	**138,067**	**116,056**	130,039	110,403	*6*	*5*
Capital ratios						
Bank Group Level 2 Common Equity Tier 1 capital ratio (%)	**12.8**	**17.6**	13.6	18.7		
Bank Group Level 2 Tier 1 capital ratio (%)	**14.5**	**19.6**	15.5	20.9		

[1] Corporate asset class includes Large Corporates.
[2] Financial Institution asset class includes banks and other corporate financial institutions.
[3] Specialised lending exposures subject to supervisory slotting criteria are measured using APRA determined risk weightings.
[4] The major components of Other Assets are unsettled trades, fixed assets and residual value of operating leases.

6.3 Non-Bank Group Capital

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, 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]	Extension of Basel III credit model to cover equity exposures. Capital requirement between 34% and 84% of face value; average 54%
Market	M[4] times 10-day 99% Value at Risk (VaR) plus M[4] 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

[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 equivalent).
[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.

6.3 Non-Bank Group Capital

Continued

Non-Bank Group capital requirement

The capital requirement of the Non-Bank Group is set out in the table below.

	AS AT SEP 24		
	Assets	Capital requirement	Equivalent risk weight
	$Ab	$Am	
Funded assets			
Cash and liquid assets	12.0	289	30 %
Loan assets[1]	22.5	2,113	117 %
Debt investments	1.2	159	166 %
Co-investments in Macquarie-managed funds and other equity investments	8.6	4,517	656 %
Co-investments in Macquarie-managed funds and other equity investments (relating to investments that hedge DPS plan liabilities)	0.7		
Property, plant and equipment and intangibles	4.1	1,898	579 %
Non-Bank Group balance with the Bank Group	5.2		
Net trading assets	7.8		
Total funded assets	**62.1**	**8,976**	
Accounting deductions			
Derivative revaluation	0.3		
Segregated funds	–		
Outstanding trade settlement balances	8.3		
Working capital assets	11.4		
Non-controlling interests	0.5		
Self-funded assets			
Self-funded trading assets	(1.1)		
Non-recourse and security backed funding	1.7		
Total self-funded and non-recourse assets	**21.1**		
Total Non-Bank Group assets	**83.2**		
Equity commitments		636	
Off balance sheet exposures, operational, market and other risks and diversification offset[2]		1,708	
Non-Bank Group capital requirement		**11,320**	

[1] Includes operating lease assets.
[2] Capital associated with net trading assets (including market risk capital) and net trade debtors has been included here.

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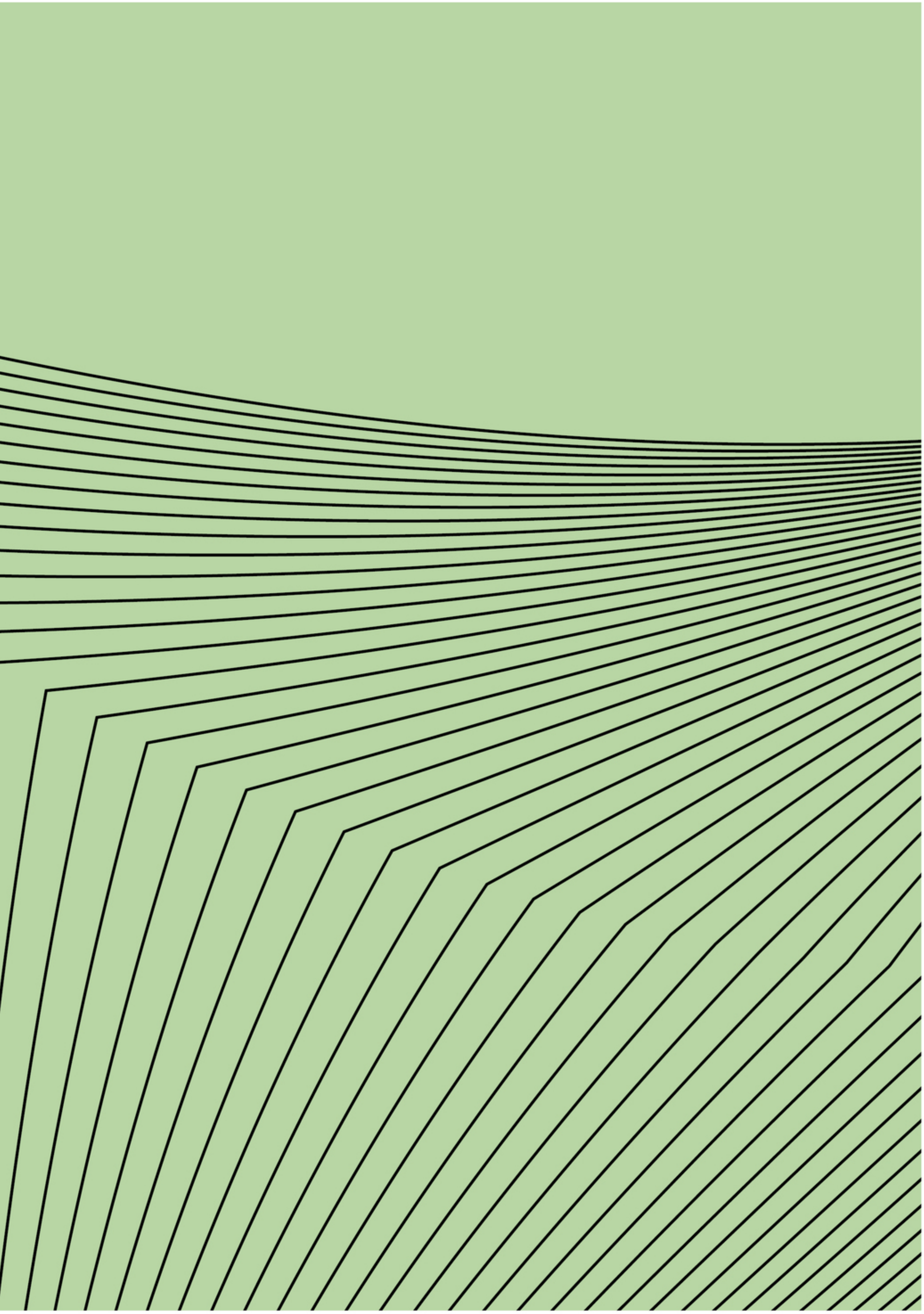
07 Funds Management



7.1 Assets Under Management

	AS AT			MOVEMENT	
	Sep 24 $Ab	Mar 24 $Ab	Sep 23 $Ab	*Mar 24 %*	*Sep 23 %*
Assets under Management by type					
Public Investments					
Fixed Income	**298.5**	307.5	309.4	*(3)*	*(4)*
Equities	**220.5**	234.0	213.6	*(6)*	*3*
Alternatives and Multi-asset	**24.2**	25.9	23.9	*(7)*	*1*
Total Public Investments	**543.2**	567.4	546.9	*(4)*	*(1)*
Private Markets					
Infrastructure Equity	**302.5**	299.1	275.6	*1*	*10*
Infrastructure Debt	**31.2**	32.4	28.7	*(4)*	*9*
Real Estate	**31.0**	31.5	33.2	*(2)*	*(7)*
Agriculture	**4.8**	4.7	4.4	*2*	*9*
Transport Finance	**4.1**	3.2	3.2	*28*	*28*
Total Private Markets	**373.6**	370.9	345.1	*1*	*8*
Total MAM	**916.8**	938.3	892.0	*(2)*	*3*
Total Assets under Management	**916.8**	938.3	892.0	*(2)*	*3*
Assets under Management by region					
Americas	**365.6**	395.9	382.8	*(8)*	*(4)*
Europe, Middle East and Africa	**198.9**	202.4	186.2	*(2)*	*7*
Australia	**299.0**	289.2	273.5	*3*	*9*
Asia	**53.3**	50.8	49.5	*5*	*8*
Total Assets under Management	**916.8**	938.3	892.0	*(2)*	*3*

Private Markets Assets under Management (AUM) is calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises for the purpose of wealth creation, adjusted to exclude cross-holdings in funds and reflect Macquarie's proportional ownership interest of the fund manager. Private Markets AUM includes equity yet to deploy and equity committed to assets but not yet deployed.

AUM of $A916.8 billion as at 30 September 2024 decreased 2% from $A938.3 billion as at 31 March 2024 due to unfavourable foreign exchange movements, outflows in equity strategies and divestments from Private Markets-managed funds. This was partially offset by favourable market movements and investments made by Private Markets-managed funds.

Public Investments AUM of $A543.2 billion as at 30 September 2024 decreased 4% from $A567.4 billion as at 31 March 2024, primarily driven by unfavourable foreign exchange movements, outflows in equity strategies, and movements in contractual insurance assets, partially offset by favourable market movements.

Private Markets AUM of $A373.6 billion as at 30 September 2024 was broadly in line with 31 March 2024 primarily due to investments and net valuation changes, partially offset by unfavourable foreign exchange movements and divestments.

7.2 Equity Under Management

The Private Markets division of MAM tracks its funds under management using an Equity under Management (EUM) measure as base management fee income is typically aligned with EUM.

Type of equity investment	Basis of EUM calculation
Listed equity	• Market capitalisation at the measurement date plus underwritten or committed future capital raisings for listed funds.
Unlisted equity	• Committed capital from investors at the measurement date less called capital subsequently returned to investors for unlisted funds. • Invested capital at measurement date for managed businesses.[1]

If a fund is managed through a joint venture with another party, the EUM amount is weighted based on Macquarie's proportionate economic interest in the joint venture management entity.

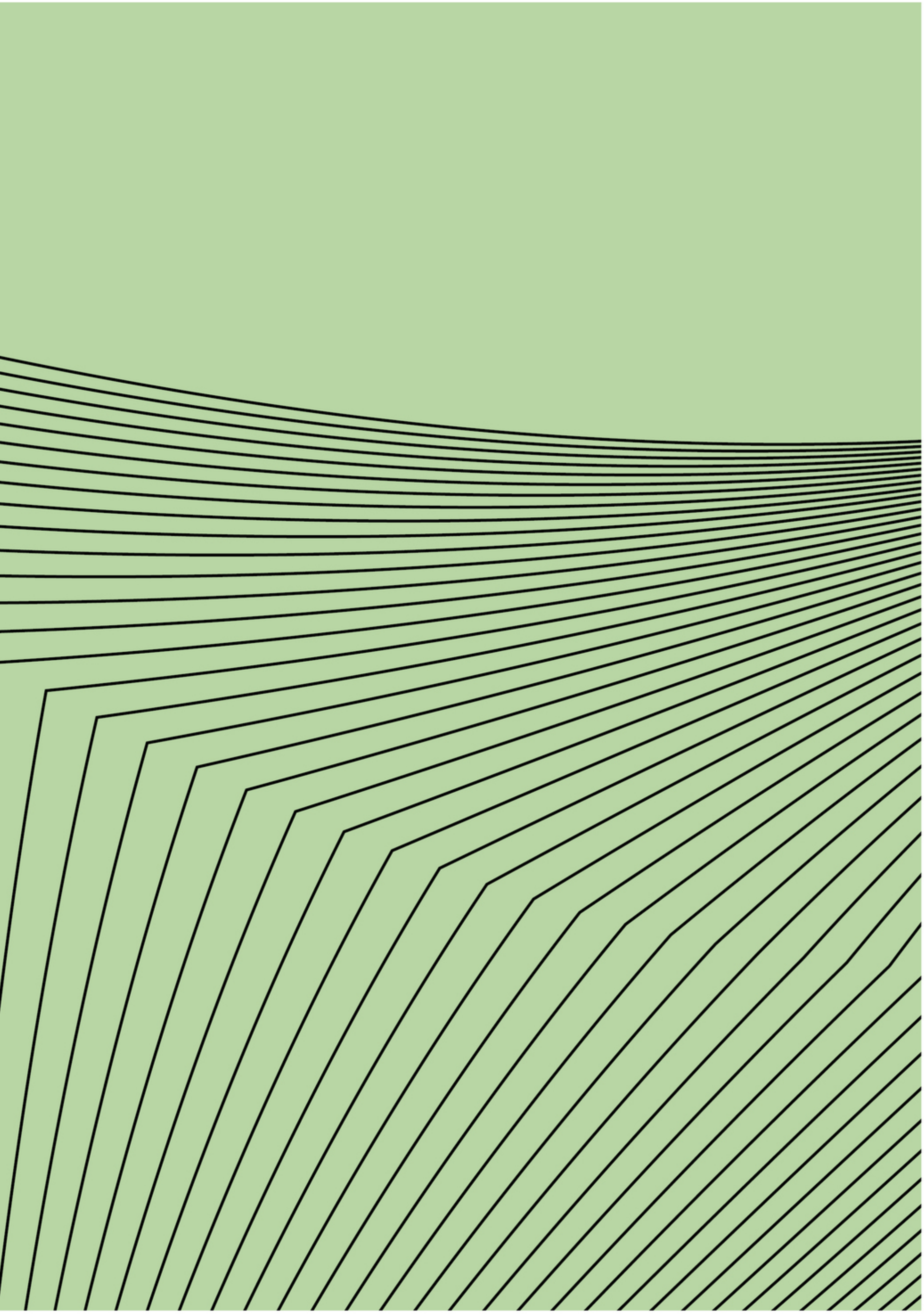
Equity under Management by type and region

	AS AT[2,3]			MOVEMENT	
	Sep 24	Mar 24	Sep 23	*Mar 24*	*Sep 23*
	$Ab	$Ab	$Ab	*%*	*%*
Equity under Management by type					
Listed equity	**7.5**	8.7	8.1	*(14)*	*(7)*
Unlisted equity	**210.0**	213.6	201.9	*(2)*	*4*
Total EUM	**217.5**	222.3	210.0	*(2)*	*4*
Equity under Management by region[4]					
Australia	**16.5**	14.7	14.3	*12*	*15*
Europe, Middle East and Africa	**124.2**	128.7	119.4	*(3)*	*4*
Americas	**43.0**	46.1	43.5	*(7)*	*(1)*
Asia	**33.8**	32.8	32.8	*3*	*3*
Total EUM	**217.5**	222.3	210.0	*(2)*	*4*

EUM of $A217.5 billion as at 30 September 2024 decreased 2% from $A222.3 billion as at 31 March 2024. This was primarily due to unfavourable foreign exchange movements and equity returned by unlisted funds and co-investments due to the divestment of underlying assets. These were partially offset by equity raised for unlisted funds and co-investments.

1 Managed businesses includes third party equity invested in Private Markets-managed businesses where management arrangements exist with Macquarie.
2 Excludes equity invested by Macquarie directly into businesses managed by Private Markets and cross-holdings in funds.
3 Where a fund's EUM is denominated in a foreign currency, amounts are translated to Australian dollars at the exchange rate prevailing at the measurement date.
4 By location of fund management team.

08
Glossary



8.1 Glossary

Defined term	Definition
1H24	The six months ended 30 September 2023.
2H24	The six months ended 31 March 2024.
1H25	The six months ended 30 September 2024.
A	
AASB	Australian Accounting Standards Board.
ABS	Asset Backed Securities.
ADI	Authorised Deposit-taking Institution.
Additional Tier 1 Capital	A capital measure defined by APRA comprising high quality components of capital that satisfy the following essential characteristics: • provide a permanent and unrestricted commitment of funds • are freely available to absorb losses • rank behind the claims of depositors and other more senior creditors in the event of winding up of the issuer; and • provide for fully discretionary capital distributions.
Additional Tier 1 Deductions	An amount deducted in determining Additional Tier 1 Capital, as defined in Prudential Standard APS 111 *Capital Adequacy: Measurement of Capital.*
ALCO	The Asset and Liability Committee.
ANZ	Australia and New Zealand.
APRA	Australian Prudential Regulation Authority.
Asset Finance	Asset Finance is a global provider of specialist finance and asset management solutions across: Technology, Media and Telecoms; Energy, Renewables and Sustainability; Fund Finance; Resources; Structured Lending; and Shipping and Export Credit Agencies.
Assets under Management (AUM)	AUM is calculated as the proportional ownership interest in the underlying assets of funds and mandated assets that Macquarie actively manages or advises for the purpose of wealth creation, adjusted to exclude crossholdings in funds and reflect Macquarie's proportional ownership interest of the fund manager. AUM includes equity yet to deploy in Private Markets and excludes uninvested equity in Public Investments.
Assets under Management by region	AUM by region is defined by the location of the underlying assets for funds managed by Private Markets, and the location of the investor for all other funds.
Associates	Associates are entities over which Macquarie has significant influence, but not control. Investments in associates may be further classified as Held for Sale ('HFS') associates. HFS associates are those that have a high probability of being sold within 12 months to external parties. Associates that are not held for sale are carried at cost and equity-accounted. Macquarie's share of the investment's post-acquisition profits and losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised within equity.
B	
Bank Group	MBL and its subsidiaries.
Bank Group Capital	Level 2 regulatory group capital.
Banking Group	The Banking Group comprises BFS and most business activities of CGM.
Basel III IRB Formula	A formula to calculate RWA, as defined in Prudential Standard APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk.*
BCBS	Basel Committee on Banking Supervision.
BCN2	On 2 June 2020, MBL issued 6.4 million Macquarie Bank Capital Notes 2 (BCN2) at a face value of $A100 each. BCN2 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 21 December 2025, 21 June 2026 or 21 December 2026 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN2 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 21 December 2028; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

Defined term	Definition
BCN3	On 27 August 2021, MBL issued 6.5 million Macquarie Bank Capital Notes 3 (BCN3) at a face value of $A100 each. BCN3 are unsecured, subordinated notes that pay discretionary, quarterly floating rate cash distributions and may be redeemed at face value on 7 September 2028, 7 March 2029 or 7 September 2029 (subject to certain conditions being satisfied) or earlier in specified circumstances. BCN3 can be converted into a variable number of MGL ordinary shares (subject to certain conditions) on these redemption dates; mandatorily exchanged on 8 September 2031; exchanged earlier upon an acquisition event (with the acquirer gaining control of MBL or MGL); where MBL's Common Equity Tier 1 capital ratio falls below 5.125%; or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
BBSW	Bank Bill Swap Rate.
BFS	Banking and Financial Services.
BFS deposits	BFS deposits are deposits by counterparties including individuals, self-managed super funds, and small-medium businesses. Deposit products include Cash Management Account, Term Deposits, Regulated Trust Accounts, and Transaction Accounts.
C	
CCB	Capital Conservation Buffer.
CCyB	Countercyclical Capital Buffer
Central Service Groups	The Central Service Groups consist of the Corporate Operations Group, Financial Management Group, Risk Management Group, Legal and Governance Group and Central Executive.
CGM	Commodities and Global Markets.
Common Equity Tier 1 Capital	A capital measure defined by APRA, comprising the highest quality components of capital that fully satisfy all the following essential characteristics: • provide a permanent and unrestricted commitment of funds • are freely available to absorb losses • do not impose any unavoidable servicing charge against earnings; and • rank behind the claims of depositors and other creditors in the event of winding up. Common Equity Tier 1 Capital comprises paid up capital, Retained earnings, and certain reserves.
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital net of Common Equity Tier 1 deductions expressed as a percentage of RWA.
Common Equity Tier 1 Deductions	An amount deducted in determining Common Equity Tier 1 Capital, as defined in Prudential Standard APS 111 *Capital Adequacy: Measurement of Capital*.
Compensation ratio	The ratio of Compensation expense to Net operating income.
Consolidated Entity	Macquarie Group Limited and its subsidiaries.
D	
Directors' Profit Share (DPS)	The DPS plan comprises exposure to a notional portfolio of Macquarie-managed funds. Retained amounts for Executive Directors are notionally invested over the retention period. This investment is described as 'notional' because Executive Directors do not directly hold securities in relation to this investment. However, the value of the retained amounts will vary as if these amounts were directly invested in actual securities, giving the Executive Directors an effective economic exposure to the performance of the securities. If the notional investment results in a notional loss, this loss will be offset against any future notional income until the loss is completely offset.
E	
Earnings on capital and other corporate income items	Net operating income includes the income generated by Macquarie's Operating Groups, income from the investment of Macquarie's capital, and certain items of operating income not attributed to Macquarie's Operating Groups. Earnings on capital and other corporate income items is net operating income less the net operating income generated by Macquarie's Operating Groups.
Earnings per share	A performance measure that measures earnings attributable to each ordinary share, defined in AASB 133: *Earnings Per Share*.
ECAM	Economic Capital Adequacy Model.
ECL	Expected Credit Losses as defined and measured in terms of AASB 9: *Financial Instruments*.

8.1 Glossary

Continued

Defined term	Definition
Effective tax rate	The income tax expense as a percentage of the profit before income tax, both adjusted for amounts attributable to non-controlling interests. The effective tax rate differs from the Australian company tax rate due to permanent differences arising from the income tax treatment of certain income and expenses as well as tax rate differentials on some of the income earned offshore.
EMEA	Europe, the Middle East and Africa.
Expense/Income ratio	Total operating expenses expressed as a percentage of Net operating income.
F	
Financial Report	Macquarie Group Limited Interim Financial Report.
FIRB	Foundation Internal Ratings Based Approach (for determining credit risk).
FVOCI	Fair value through other comprehensive income.
FVTPL	Fair value through profit or loss.
FY24	The year ended 31 March 2024.
FY25	The year ended 31 March 2025.
H	
Headcount	Headcount represents Macquarie's active permanent and variable workforce, and includes Macquarie employees (permanent and casual) and its contingent workers (contractors, agency workers and secondees), as well as staff employed in certain operationally segregated subsidiaries (OSS). Macquarie's non-executive directors are not included.
HQLA	High-quality liquid assets.
I	
International income	Operating income is classified as 'international' with reference to the geographic location from which the operating income is reported from a management perspective. This may not be the same geographic location where the operating income is recognised for reporting purposes. For example, operating income generated by work performed for clients based overseas but recognised in Australia for reporting purposes could be classified as 'international' income. Income earned in the Corporate segment is excluded from the analysis of international income.
L	
LGD	Loss given default is defined as the economic loss which arises upon default of the obligor.
M	
Macquarie, the Consolidated Entity	Macquarie Group Limited and its subsidiaries.
Macquarie Bank	MBL and its subsidiaries.
MACS	On 8 March 2017, MBL, acting through its London Branch, issued $US750 million of Macquarie Additional Capital Securities (MACS). MACS are subordinated, unsecured notes that pay discretionary, non-cumulative, semi-annual fixed rate cash distributions. Subject to certain conditions the MACS may be redeemed on 8 March 2027, or every fifth anniversary thereafter. MACS can be exchanged for a variable number of MGL ordinary shares on an acquisition event (where a person acquires control of MBL or MGL), where MBL's Common Equity Tier 1 capital ratio falls below 5.125%, or where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MAM	Macquarie Asset Management.
MAMHPL	Macquarie Asset Management Holdings Pty Ltd.
Management	Members of Macquarie's Executive Committee and Executive Directors who have a significant management or risk responsibility in the organisation.
MBE	Macquarie Bank Europe.
MBL	Macquarie Bank Limited ABN 46 008 583 542.
MCN3	On 7 June 2018, MGL issued 10 million Macquarie Group Capital Notes 3 (MCN3) at a face value of $A100 each. MCN3 are subordinated, non-cumulative, unsecured notes that pay discretionary, non-cumulative, quarterly floating rate cash distributions and may be redeemed at face value on 16 December 2024, 16 June 2025 or 15 December 2025 (subject to certain conditions being satisfied) or earlier in specified circumstances. MCN3 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 15 December 2027; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL); or where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).

Defined term	Definition
MCN4	On 27 March 2019, MGL issued 9.05 million Macquarie Group Capital Notes 4 (MCN4) at a face value of $A100 each. MCN4 are subordinated, non-cumulative, unsecured notes that pay discretionary, non-cumulative, quarterly floating rate cash distributions and may be redeemed at face value on 10 September 2026, 10 March 2027 or 10 September 2027 (subject to certain conditions being satisfied) or earlier in specified circumstances. MCN4 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 10 September 2029; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL); or where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MCN5	On 17 March 2021, MGL issued 7.25 million Macquarie Group Capital Notes 5 (MCN5) at a face value of $A100 each. MCN5 are subordinated, non-cumulative, unsecured notes that pay discretionary, non-cumulative, quarterly floating rate cash distributions and may be redeemed at face value on 18 September 2027, 18 March 2028 or 18 September 2028 (subject to certain conditions being satisfied) or earlier in specified circumstances. MCN5 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 18 September 2030; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL); or where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MCN6	On 15 July 2022, MGL issued 7.5 million Macquarie Group Capital Notes 6 (MCN6) at a face value of $A100 each. MCN6 are subordinated, non-cumulative, unsecured notes that pay discretionary, non-cumulative, quarterly floating rate cash distributions and may be redeemed at face value on 12 September 2029, 12 March 2030 or 12 September 2030 (subject to certain conditions being satisfied) or earlier in specified circumstances. MCN6 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 12 September 2032; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL); or where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MCN7	On 16 September 2024, MGL issued 15.0 million Macquarie Group Capital Notes 7 (MCN7) at a face value of $A100 each. MCN7 are subordinated, non-cumulative, unsecured notes that pay discretionary, non-cumulative, quarterly floating rate cash distributions and may be redeemed at face value on 15 December 2031, 15 June 2032 or 15 December 2032 (subject to certain conditions being satisfied) or earlier in specified circumstances. MCN7 can be converted into a variable number of MGL ordinary shares (subject to certain conditions being satisfied) on these redemption dates; mandatorily exchanged on 15 December 2034; exchanged earlier upon an acquisition event (with the acquirer gaining control of MGL); or where APRA determines MGL would be non-viable without an exchange or a public sector injection of capital (or equivalent support).
MEREP	Macquarie Group Employee Retained Equity Plan.
MFHPL	Macquarie Financial Holdings Pty Limited.
MGL, the Company	Macquarie Group Limited ABN 94 122 169 279.
MIFL	Macquarie International Finance Limited.
N	
Net loan losses	The impact on the income statement of loan amounts provided for or written-off during the period, net of the recovery of any such amounts which were previously written-off or provided for in the income statement.
Net tangible assets per ordinary share	(Total equity less Non-controlling interest less the Future Income Tax Benefit plus the Deferred Tax Liability less Intangible assets) divided by the number of ordinary shares on issue at the end of the period.
Net trading income	Income that comprises gains and losses related to trading assets and liabilities and includes all realised and unrealised fair value changes and foreign exchange differences.
Non-Bank Group	MGL, MFHPL and its subsidiaries, and MAMHPL and its subsidiaries.
Non-Banking Group	The Non-Banking Group comprises Macquarie Capital, MAM and some business activities of CGM.
Non-GAAP metrics	Non-GAAP metrics include financial measures, ratios and other information that are neither required nor defined under Australian Accounting Standards.
O	
Operating Groups	The Operating Groups consist of MAM, BFS, CGM and Macquarie Capital.
OTC	Over-the-counter.
P	
Private Markets	MAM Private Markets.
Public Investments	MAM Public Investments.

8.1 Glossary

Continued

Defined term	Definition
R	
RBA	Reserve Bank of Australia.
Return on equity	The profit after income tax attributable to Macquarie's ordinary shareholders expressed as an annualised percentage of the average total capital and reserves attributable to ordinary equity holders over the relevant period, less the average balances of FVOCI, share of associates and cash flow hedging reserves.
Risk-weighted assets (RWA)	A risk-based measure of an entity's exposures, which is used in assessing its overall capital adequacy.
RITS	Reserve Bank Information and Transfer System
RMBS	Residential Mortgage-Backed Securities.
S	
SPEs	Special Purpose Entities.
Subordinated debt	Debt issued by Macquarie for which agreements between Macquarie and the lenders provide, in the event of liquidation, that the entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of Macquarie. Subordinated debt is classified as liabilities in the Macquarie financial statements and may be included in Tier 2 Capital.
SYD distribution	In-specie distribution of Sydney Airport stapled securities to Macquarie ordinary shareholders in January 2014.
T	
TFF	Reserve Bank of Australia Term Funding Facility.
Tier 1 Capital	Tier 1 Capital comprises of (i) Common Equity Tier 1 Capital; and (ii) Additional Tier 1 Capital.
Tier 1 Capital Deductions	Tier 1 Capital Deductions comprises of (i) Common Equity Tier 1 Capital Deductions; and (ii) Additional Tier 1 Capital Deductions.
Tier 1 Capital Ratio	Tier 1 Capital net of Tier 1 Capital Deductions expressed as a percentage of RWA.
True Index products	True Index products deliver clients pre-tax index returns (before buy/sell spreads on transactions). Any under-performance is compensated by Macquarie and conversely, any out-performance is retained by Macquarie.
U	
UK	The United Kingdom.
US	The United States of America.

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09 Ten Year History

9.1 Ten Year History

	FIRST HALF	YEAR ENDED 31 MARCH								
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Income statement ($Am)										
Net operating income	**8,216**	16,887	19,122	17,324	12,774	12,325	12,754	10,920	10,364	10,158
Total operating expenses	**(5,919)**	(12,061)	(12,130)	(10,785)	(8,867)	(8,871)	(8,887)	(7,456)	(7,260)	(7,143)
Operating profit before income tax	**2,297**	4,826	6,992	6,539	3,907	3,454	3,867	3,464	3,104	3,015
Income tax expense	**(686)**	(1,291)	(1,824)	(1,586)	(899)	(728)	(879)	(883)	(868)	(927)
Profit after income tax	**1,611**	3,535	5,168	4,953	3,008	2,726	2,988	2,581	2,236	2,088
Loss/(profit) attributable to non-controlling interests[1]	**1**	(13)	14	(247)	7	5	(6)	(24)	(19)	(25)
Profit attributable to ordinary equity holders of Macquarie Group Limited	**1,612**	3,522	5,182	4,706	3,015	2,731	2,982	2,557	2,217	2,063
Statement of financial position ($Am)										
Total assets	**414,315**	403,404	387,872	399,176	245,653	255,802	197,757	191,325	182,877	196,755
Total liabilities	**381,481**	369,408	353,766	370,370	223,302	234,018	179,393	173,145	165,607	181,091
Net assets	**32,834**	33,996	34,106	28,806	22,351	21,784	18,364	18,180	17,270	15,664
Loan assets	**187,064**	176,371	158,572	134,744	105,026	94,117	77,811	73,509	69,288	72,393
Shareholders' equity[2]	**32,299**	33,481	33,155	28,561	22,048	21,063	17,761	16,357	15,563	15,116
Impaired loan assets (net of provisions)[3]	**1,574**	2,250	1,689	1,325	1,544	1,528	1,674	351	547	418
Share information										
Dividends per share (cents per share)										
Interim	**260**	255	300	272	135	250	215	205	190	160
Final	**NA**	385	450	350	335	180	360	320	280	240
Total	**260**	640	750	622	470	430	575	525	470	400
Basic earnings per share (cents per share)	**424.6**	916.6	1,353.7	1,271.7	842.9	791.0	883.3	758.2	657.6	619.2
Share price at reporting date ($A)	**232.37**	199.70	175.66	203.27	152.83	85.75	129.42	102.90	90.20	66.09
Ordinary shares (million shares)	**381.1**	383.0	386.5	383.6	361.8	354.4	340.4	340.4	340.4	340.3
Market capitalisation at reporting date (fully paid ordinary shares) ($Am)	**88,556**	76,478	67,889	77,984	55,297	30,388	44,052	35,024	30,700	22,491
Net tangible assets per ordinary share ($A)	**75.62**	76.32	75.89	64.59	53.91	50.21	46.21	45.12	42.74	41.23
Ratios										
Annualised return on equity (%)	**9.9**	10.8	16.9	18.7	14.3	14.5	18.0	16.8	15.2	14.7
Ordinary dividend payout ratio (%)[4]	**61.5**	69.7	55.9	50.2	56.4	55.8	65.6	69.8	72.0	65.7
Expense/income ratio (%)	**72.0**	71.4	63.4	62.3	69.4	72.0	69.7	68.3	70.1	70.3
Net loan losses as % of loan assets (excluding securitisation SPVs)	**0.0**	(0.1)	0.2	0.1	0.4	0.8	0.4	0.3	0.5	1.0
Assets under Management ($Ab)[5]	**916.8**	938.3	878.6	802.4	598.1	631.0	582.3	516.0	494.5	488.9
Staff numbers[6]	**20,053**	20,666	20,509	18,133	16,459	15,849	15,602	14,810	13,925	14,660

1 For financial years ended 31 March 2016–2020, includes Macquarie Income Securities distributions and Macquarie Income Preferred Securities distributions.
2 Represents capital and reserves attributable to the ordinary equity holders of Macquarie Group Limited.
3 Represents the net exposure in credit impaired loan assets.
4 The ordinary dividend payout ratio is calculated as the estimated number of eligible shares on the record date multiplied by the dividend per share, divided by the profit attributable to MGL shareholders.
5 MAM Private Markets Assets under Management (AUM) includes equity yet to deploy and equity committed to assets but not yet deployed.
6 Includes staff employed in certain operationally segregated subsidiaries.

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