

## ADDENDUM

### IMPORTANT

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**Non-collateralised Structured  
Products Addendum to Base Listing  
Document relating to Structured  
Products  
to be issued by**



**MACQUARIE BANK LIMITED**

(ABN 46 008 583 542)

*(incorporated under the laws of Australia)*

This addendum (“**Addendum**”) is a supplement to and should be read in conjunction with a base listing document dated 26 May 2025 (“**Base Listing Document**”). This Addendum, for which Macquarie Bank Limited (the “**Issuer**”) accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer and structured products to be issued by the Issuer from time to time generally (“**Structured Products**”). **Potential investors must read this Addendum in conjunction with the Base Listing Document.** This Addendum is available at the website at [www.warrants.com.hk](http://www.warrants.com.hk).

Each Structured Product issued pursuant to the Base Listing Document is issued by the Issuer. Any other parties distributing any Structured Product are only doing so as a distributor for the Issuer. Macquarie Capital Limited is the Sponsor pursuant to the terms of the Base Listing Document and provides various administrative services to the Issuer.

The Structured Products constitute general unsecured contractual obligations of the Issuer and of no other person and will rank equally among themselves and with all other unsecured obligations of the Issuer (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products you are relying upon the creditworthiness of the Issuer and have no rights under the Structured Products against, as applicable, (a) the company which has issued the underlying securities; (b) the fund which has issued the underlying securities, or its trustee (if applicable) or manager (if applicable); or (c) the index compiler of any underlying index. If the Issuer becomes insolvent or default on its obligations under the Structured Products, you may not be able to recover all or even part of the amount due under the Structured Products (if any).

This Addendum does not constitute or form part of any offer or invitation to subscribe for or to sell or solicitation of any offer to purchase Structured Products or other securities of the Issuer or any other company, nor is it calculated to invite persons to subscribe for, or purchase for cash, or other consideration Structured Products or other securities of the Issuer or any other company.

**The Issuer, having made all reasonable enquiries, confirm that to the best of its knowledge and belief the information contained in this Addendum is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Addendum or the Base Listing Document misleading.**

**The Structured Products involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.**

The Structured Products are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the Structured Products and carefully study the risk factors set out in the Base Listing Document, this Addendum and the relevant launch announcement and supplemental listing document and, where necessary, seek professional advice, before they invest in the Structured Products.

**Sponsor  
Macquarie Capital Limited**

28 November 2025

The Issuer has undertaken, in respect of each series of Structured Products, from the Listing Date (as defined in the relevant launch announcement and supplemental listing document) until the Expiry Date (as defined in the relevant launch announcement and supplemental listing document) to make available on the website of the HKEX at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.warrants.com.hk](http://www.warrants.com.hk), both an English and a Chinese version of this Addendum, both an English and a Chinese version of the Base Listing Document, the relevant launch announcement and supplemental listing document, the Issuer's audited consolidated financial statements for the year ended 31 March 2025 and interim financial statements for the half year ended 30 September 2025, and the consent letter(s) issued by PricewaterhouseCoopers.

發行人就各系列結構性產品承諾，由上市日(定義見有關之公佈及補充上市文件)至期滿日(定義見有關之公佈及補充上市文件)，可於香港交易所披露易網站 [www.hkexnews.hk](http://www.hkexnews.hk) 及我們的網站 [www.warrants.com.hk](http://www.warrants.com.hk) 查閱本增編之中英文本、基礎上市文件之中英文本、有關之公佈及補充上市文件、發行人截至 2025 年 3 月 31 日止年度的經審核合併財務報表及截至 2025 年 9 月 30 日止半年度的中期財務報表以及 PricewaterhouseCoopers 發出之同意書。

Additional information regarding the Issuer and its controlled entities may be available through the life of the particular series of Structured Products on the Issuer's website [www.warrants.com.hk](http://www.warrants.com.hk). Holders of Structured Products are cautioned that this information (if available) will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by the Issuer, including Structured Products.

### **What are the Issuer's credit ratings?**

The long term credit ratings of the Issuer as of 27 November 2025 were:

<i>Rating agency</i>	<i>Credit ratings*</i>
S&P Global Ratings	A+ (stable outlook)
Moody's Investors Service, Inc.	Aa2 (stable outlook)

\* Credit ratings are subject to change or withdrawal at any time within each rating agency's sole discretion. You should conduct your own research using publicly available sources to obtain the latest information with respect to our ratings from time to time.

Rating agencies usually receive a fee from the companies that they rate. When evaluating the creditworthiness of the Issuer, you should not solely rely on the Issuer's credit ratings because:

- (a) a credit rating is not a recommendation to buy, sell or hold the Structured Products;
- (b) ratings of companies may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence;
- (c) a high credit rating is not necessarily indicative of low risk. The Issuer's credit ratings as of the above date are for reference only. Any downgrading of the Issuer's ratings could result in a reduction in the value of the Structured Products;
- (d) a credit rating is not an indication of the liquidity or volatility of the Structured Products; and
- (e) a credit rating may be downgraded if the credit quality of the Issuer declines or by other events that are not related to Macquarie Bank Limited and/or its controlled entities.

### **The Structured Products are not rated.**

### **Has the financial position of the Issuer changed since last financial year-end?**

Save as disclosed in Appendix 5 to the Base Listing Document and this Addendum, there has been no material adverse change in the Issuer's financial or trading position since 31 March 2025.

### **Is the Issuer subject to any litigation?**

There are currently claims against us and other Macquarie Group entities (the "**Group**"). Details of these claims and the Group's position in respect of them are confidential. Where necessary, appropriate provisions have been made. Save as disclosed in the Base Listing Document and this Addendum, the Group does not consider that the outcome of any such claims known to exist at this date, either individually or in aggregate, is likely to have a material effect on its operations or financial position.

### **Is the Issuer regulated by the Hong Kong Monetary Authority as referred to in Rule 15A.13(2) or by the Securities and Futures Commission as referred to in Rule 15A.13(3) of the Listing Rules?**

The Issuer is not regulated by the Hong Kong Monetary Authority referred to in Rule 15A.13(2) or the Securities and

Futures Commission referred to in Rule 15A.13(3). The Issuer is regulated by, among others, the Australian Prudential Regulation Authority (“APRA”).

### **Authorised Representatives**

We have appointed Dean Herbert and Kathleen Kan (c/o Macquarie Capital Limited, Level 22, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong) to accept services of process and notices pursuant to the Listing Rules.

### **Other information**

Neither the delivery of the Base Listing Document, this Addendum nor any sale of any Structured Products shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof. No person has been authorised to give any information or to make any representations not contained in or not consistent with the Base Listing Document, this Addendum and/or the relevant launch announcement and supplemental listing document in connection with the offering of each series of Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer.

HKEX, the Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this Addendum.

All references herein to “Hong Kong Dollars” and to “HK\$” are to the lawful currency of Hong Kong and to “Australian Dollars” and “A\$” are to the lawful currency of Australia.

All references to times are to Hong Kong time, unless otherwise stated herein or in the relevant launch announcement and supplemental listing document. Capitalised terms not defined shall have the meanings ascribed thereto in the Base Listing Document.

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## INFORMATION IN RELATION TO US

### Recent developments on Regulatory Matters

#### *APRA Actions*

On 1 April 2021, APRA announced actions regarding Macquarie Bank Limited's risk management practices and its ability to calculate and report key prudential ratios. These actions included an increase in Macquarie Bank Limited's operational risk capital requirement and adjustments to certain liquidity prudential ratios, effective from 1 April 2021, relating to specific intra-group funding arrangements and historical breaches of APRA's liquidity reporting standards between 2018 and 2020. APRA noted these breaches were historical and did not affect the overall soundness of Macquarie Group's capital and liquidity positions. On 22 October 2021, we published restated historical Pillar 3 disclosures for the period March 2018 to June 2021. As at 30 September 2025, Macquarie Bank Limited's CET1 ratio was 12.4% and leverage ratio was 4.7% under APRA Basel III, comfortably exceeding APRA's minimum requirements. We continue to work with APRA on a remediation plan to strengthen Macquarie Bank Limited's governance, structure, remuneration, and risk culture to ensure full and ongoing compliance with prudential standards and management of Macquarie Bank-specific risks.

#### *ASIC*

On 7 May 2025, Australian Securities and Investments Commission (ASIC) announced that additional conditions have been imposed on Macquarie Bank Limited's Australian financial services licence following compliance failures in Macquarie Bank Limited's futures dealing business and its over-the-counter derivatives trade reporting. The conditions require Macquarie Bank Limited to prepare and implement a remediation plan and appoint an independent expert to review and report on the adequacy of the remediation activities. On 30 October 2025, ASIC released an interim compliance report which noted that the independent expert had completed its review of the remediation plan of Macquarie Bank Limited. Macquarie Bank Limited will implement the recommendations contained in the expert's report.

## **SUPPLEMENTAL FINANCIAL INFORMATION OF THE ISSUER**

### **The interim financial report for the half year ended 30 September 2025**

The information set out below has been extracted from the interim financial report of the Issuer for the half year ended 30 September 2025. Unless otherwise stated, that report has been prepared in accordance with the Issuer's usual accounting policies and procedures. References to page numbers in this section are to pages of such document.

Investors may visit the Issuer's website at <https://www.macquarie.com/hk/en/investors/reports.html> to access such report.

# Consolidated income statement

For the half year ended 30 September 2025

	Notes	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
Interest income	2	7,641	7,708	7,477
Interest expense	2	(5,872)	(6,047)	(5,907)
<b>Net interest income</b>		<b>1,769</b>	1,661	1,570
Net trading income	2	2,034	2,637	2,388
<b>Net interest and trading income</b>		<b>3,803</b>	4,298	3,958
Fee and commission income	2	1,426	1,344	1,266
Net credit impairment charges	2	(71)	(97)	(13)
Net other impairment reversals/(charges)	2	1	(19)	(21)
Net other operating income	2	2,766	905	299
<b>Net operating income</b>		<b>7,925</b>	6,431	5,489
Employment expenses	2	(2,388)	(2,360)	(2,451)
Brokerage, commission and fee expenses	2	(331)	(325)	(319)
Non-salary technology expenses	2	(496)	(502)	(459)
Other operating expenses	2	(523)	(509)	(554)
<b>Total operating expenses</b>		<b>(3,738)</b>	(3,696)	(3,783)
<b>Operating profit before income tax</b>		<b>4,187</b>	2,735	1,706
Income tax expense	4	(518)	(456)	(540)
<b>Profit after income tax</b>		<b>3,669</b>	2,279	1,166
<b>Profit attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>3,669</b>	2,279	1,166

The above consolidated income statement should be read in conjunction with the accompanying notes.

# Consolidated statement of comprehensive income

For the half year ended 30 September 2025

	Notes	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>Profit after income tax</b>		<b>3,669</b>	2,279	1,166
Other comprehensive income/(loss): <sup>1</sup>				
Movements in items that may be subsequently reclassified to the income statement:				
Fair value through other comprehensive income (FVOCI) reserve:				
Revaluation movement	19	18	(2)	(24)
Cash flow hedge reserve:				
Revaluation movement	19	6	71	3
Transferred to income statement on realisation	19	(22)	(41)	(9)
Cost of hedging reserve:				
Revaluation movement	19	10	29	(11)
Transferred to income statement on realisation	19	-	5	8
Foreign exchange movement on translation and hedge accounting of foreign operations				
Foreign currency transaction reserve	19	(391)	696	(357)
Transferred to income statement on realisation	19	(88)	-	-
Share of other comprehensive income from associates and joint ventures and other reserves	19	(5)	6	4
Movements in items that will not be subsequently reclassified to the income statement				
Fair value changes attributable to own credit risk on debt designated at fair value through profit or loss (DFVTPL)	19	-	-	(2)
Others		1	-	1
<b>Total other comprehensive (loss)/income</b>		<b>(471)</b>	764	(387)
<b>Total comprehensive income attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>3,198</b>	3,043	779

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

<sup>1</sup> All items are net of tax, where applicable.



# Consolidated statement of financial position

As at 30 September 2025

	Notes	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
<b>Assets</b>				
Cash and bank balances		20,034	22,269	15,861
Cash collateralised lending and reverse repurchase agreements		66,104	60,165	61,932
Trading assets	6	41,369	29,729	28,348
Margin money and settlement assets	7	18,034	20,072	16,028
Derivative assets	8	24,143	23,936	23,479
Financial investments		19,694	17,057	15,003
Held for sale assets	9	1,554	-	-
Other assets	9	6,007	7,226	6,762
Loan assets	10	199,789	181,386	166,196
Due from other Macquarie Group entities		5,780	6,297	4,745
Property, plant and equipment and right-of-use assets		5,447	5,989	5,986
Deferred tax assets		905	1,095	981
<b>Total assets</b>		<b>408,860</b>	<b>375,221</b>	<b>345,321</b>
<b>Liabilities</b>				
Deposits	12	198,769	177,671	158,395
Cash collateralised borrowing and repurchase agreements		7,825	4,692	3,146
Trading liabilities	13	11,215	5,753	5,013
Margin money and settlement liabilities	14	20,771	23,610	22,497
Derivative liabilities	15	22,681	23,184	22,089
Other liabilities	16	7,541	9,894	8,667
Due to other Macquarie Group entities		13,362	9,065	9,501
Issued debt securities and other borrowings	17	90,788	85,804	82,922
Deferred tax liabilities		18	21	14
<b>Total liabilities excluding loan capital</b>		<b>372,970</b>	<b>339,694</b>	<b>312,244</b>
Loan capital		13,180	12,540	11,988
<b>Total liabilities</b>		<b>386,150</b>	<b>352,234</b>	<b>324,232</b>
<b>Net assets</b>		<b>22,710</b>	<b>22,987</b>	<b>21,089</b>
<b>Equity</b>				
Contributed equity	18	10,267	10,192	10,210
Reserves	19	1,144	1,616	852
Retained earnings	19	11,299	11,179	10,027
<b>Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited</b>		<b>22,710</b>	<b>22,987</b>	<b>21,089</b>
<b>Total equity</b>		<b>22,710</b>	<b>22,987</b>	<b>21,089</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the half year ended 30 September 2025

	Notes	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total equity \$m
<b>Balance as at 1 Apr 2024</b>		10,184	1,238	9,959	21,381
Profit after income tax		-	-	1,166	1,166
Other comprehensive income, net of tax		-	(386)	(1)	(387)
<b>Total comprehensive income</b>		-	(386)	1,165	779
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	5	-	-	(1,097)	(1,097)
Other equity movements	18	26	-	-	26
		26	-	(1,097)	(1,071)
<b>Balance as at 30 Sep 2024</b>		10,210	852	10,027	21,089
Profit after income tax		-	-	2,279	2,279
Other comprehensive income, net of tax		-	764	-	764
<b>Total comprehensive income</b>		-	764	2,279	3,043
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	5	-	-	(1,127)	(1,127)
Other equity movements	18	(18)	-	-	(18)
		(18)	-	(1,127)	(1,145)
<b>Balance as at 31 Mar 2025</b>		<b>10,192</b>	<b>1,616</b>	<b>11,179</b>	<b>22,987</b>
Profit after income tax		-	-	3,669	3,669
Other comprehensive income, net of tax		-	(472)	1	(471)
<b>Total comprehensive income</b>		-	(472)	3,670	3,198
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	5	-	-	(3,550)	(3,550)
Other equity movements	18	75	-	-	75
		75	-	(3,550)	(3,475)
<b>Balance as at 30 Sep 2025</b>		<b>10,267</b>	<b>1,144</b>	<b>11,299</b>	<b>22,710</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

For the half year ended 30 September 2025

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>Cash flows (utilised in)/generated from operating activities</b>			
Interest income and expense:			
Received	7,625	7,695	7,478
Paid	(5,957)	(5,950)	(6,019)
Fees, commissions and other income and charges:			
Received	1,462	1,416	1,273
Paid	(328)	(327)	(308)
Operating lease income received	391	360	396
Dividends and distributions received	26	6	16
Operating expenses paid:			
Employment expenses	(2,792)	(1,349)	(2,992)
Other operating expenses including brokerage, commission and fee expenses	(1,048)	(649)	(773)
Income tax paid	(157)	(260)	(387)
Changes in operating assets:			
Loan assets and receivables from Macquarie Group entities	(15,295)	(17,154)	(11,965)
Assets under operating lease	(53)	(137)	(352)
Other assets (net of liabilities)	66	190	(224)
Liquid asset holdings	(1,792)	(840)	3,541
Trading and related assets, and collateralised lending balances, including trading balances with Macquarie Group entities (net of liabilities)	(11,041)	7,681	(5,886)
Changes in operating liabilities:			
Deposits	21,288	18,861	10,308
Issued debt securities, borrowings and other funding	7,084	(3,342)	4,328
<b>Net cash flows (utilised in)/generated from operating activities</b>	<b>(521)</b>	<b>6,201</b>	<b>(1,566)</b>
<b>Cash flows generated from/(utilised in) investing activities</b>			
Net (payments for)/proceeds from financial investments	(140)	(56)	70
Associates, joint ventures, subsidiaries and businesses:			
Proceeds from distribution or disposal, net of cash deconsolidated	3,032	787	10
Payments for additional contribution or acquisitions, net of cash acquired	(9)	(18)	(44)
Payments for acquisitions of property, plant and equipment	(85)	(74)	(229)
<b>Net cash flows generated from/(utilised in) investing activities</b>	<b>2,798</b>	<b>639</b>	<b>(193)</b>
<b>Cash flows (utilised in)/generated from financing activities</b>			
Loan capital:			
Issuance	2,753	-	1,246
Redemption	(1,884)	-	-
Dividends and distributions paid	(3,550)	(1,127)	(1,097)
<b>Net cash flows (utilised in)/generated from financing activities</b>	<b>(2,681)</b>	<b>(1,127)</b>	<b>149</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(404)</b>	<b>5,713</b>	<b>(1,610)</b>
Cash and cash equivalents at the beginning of the period	51,293	43,762	46,293
Effect of exchange rate movements on cash and cash equivalents	(319)	1,818	(921)
<b>Cash and cash equivalents at the end of the period</b>	<b>50,570</b>	<b>51,293</b>	<b>43,762</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025

## Note 1

### Basis of preparation

This general purpose interim financial report for the half year reporting period ended 30 September 2025 has been prepared in accordance with AASB 134 *Interim Financial Reporting* (AASB 134) and the *Corporations Act 2001* (Cth). Compliance with AASB 134 ensures compliance with International Accounting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

This interim financial report comprises the consolidated financial report of Macquarie Bank Limited (MBL or the Company) and the entities it controlled at the end of, or during, the half year ended 30 September 2025 (the Consolidated Entity).

This interim financial report does not include all the disclosures of the type that are normally included in the Consolidated Entity's annual financial report. Accordingly, this report is to be read in conjunction with the Consolidated Entity's annual financial report for the year ended 31 March 2025 and any public announcements made by the Consolidated Entity during the reporting period in accordance with the continuous disclosure requirements issued by the Australian Securities Exchange (ASX).

In accordance with ASIC Corporations (*Rounding in Financial/ Directors' Reports*) Instrument 2016/191, amounts in the Directors' Report and the interim financial report have been rounded to the nearest million Australian dollars (\$) unless otherwise indicated.

The accounting policies adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2025.

### (i) Critical accounting estimates and significant judgements

The preparation of this interim financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Consolidated Entity's accounting policies.

Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the interim financial report are consistent with those that were applied and disclosed in the Consolidated Entity's annual financial report for the year ended 31 March 2025.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes that the estimates and judgements used in preparing the interim financial report are reasonable. Notwithstanding, it is possible that outcomes differ from management's assumptions and estimates, which may result in an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

### (ii) New and amended Accounting Standards and interpretations that are effective in the current period

The amendments made to existing standards that were mandatorily effective for the annual reporting period beginning on 1 April 2025 did not result in a material impact on this interim financial report.

### (iii) New and amended Accounting Standards and interpretations that are not yet effective for the current period

#### (a) Amendments to AASB 9 *Financial Instruments* and AASB 7 *Financial Instruments: Disclosure*

In August 2024, the Australian Accounting Standards Board (AASB) issued AASB 2024-2 to amend AASB 7 *Financial Instruments: Disclosures* (AASB 7) and AASB 9 *Financial Instruments* (AASB 9). AASB 2024-2 amends AASB 7 and AASB 9 in response to feedback from the IASB's 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and the related requirements in AASB 7.

The amendments are effective for the Consolidated Entity from 1 April 2026, with earlier application permitted. The Consolidated Entity is required to apply the amendments retrospectively.

The Consolidated Entity is continuing to assess the full impact of the amendments to AASB 7 and AASB 9.

#### (b) AASB 18 *Presentation and Disclosure in Financial Statements*

In June 2024, the AASB issued AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18). This new standard will be effective for the Consolidated Entity from 1 April 2027 and is required to be applied retrospectively.

AASB 18 supersedes AASB 101 *Presentation of Financial Statements*. While it does not impact the recognition and measurement of items in the financial statements, it introduces new requirements for the presentation and disclosure of information in general purpose financial statements.

The Consolidated Entity is continuing to assess the presentation and disclosure impacts of adopting AASB 18.

#### (c) Other amendments made to existing standards

Other amendments to existing standards that are not mandatorily effective for the annual reporting period beginning on 1 April 2025 and have not been early adopted, are not likely to result in material impacts to the Consolidated Entity's Financial Report.

### (iv) Comparatives

Where necessary, comparative information has been re-presented to conform to changes in presentation in the current period.

## Note 2

### Operating profit before income tax

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>Interest income</b>			
Effective interest rate method - Amortised cost	6,184	6,171	5,913
Effective interest rate method - FVOCI	974	1,135	1,122
Other - FVTPL	483	402	442
<b>Total interest income</b>	<b>7,641</b>	<b>7,708</b>	<b>7,477</b>
<b>Interest expense</b>			
Effective interest rate method - Amortised cost	(5,831)	(5,964)	(5,888)
Other - FVTPL	(41)	(83)	(19)
<b>Total interest expense</b>	<b>(5,872)</b>	<b>(6,047)</b>	<b>(5,907)</b>
<b>Net trading income<sup>1</sup></b>			
Commodities <sup>2</sup>	1,197	1,766	1,478
Equities	525	546	564
Interest rate, foreign exchange and credit products	312	325	346
<b>Total net trading income</b>	<b>2,034</b>	<b>2,637</b>	<b>2,388</b>
<b>Fee and commission income</b>			
Service fee from Macquarie Group entities	776	804	689
Brokerage and other trading-related fees	195	173	178
Portfolio administration fees	166	162	158
Lending fees	84	74	73
Other fee and commission income	205	131	168
<b>Total fee and commission income</b>	<b>1,426</b>	<b>1,344</b>	<b>1,266</b>

<sup>1</sup> Includes gains/(losses) for trading assets, derivatives and other financial assets and financial liabilities held at fair value including any ineffectiveness on hedging transactions.

<sup>2</sup> Includes \$331 million (half year to 31 March 2025: \$326 million; half year to 30 September 2024: \$277 million) of transportation, storage and certain other trading-related costs.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 2

### Operating profit before income tax continued

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>Credit and other impairment (charges)/reversals</b>			
<b>Credit impairment (charges)/reversals</b>			
Loan assets	(36)	(62)	(11)
Margin money and settlement assets	(4)	(18)	1
Financial investments, other assets and undrawn credit commitments	(31)	(18)	(3)
<b>Gross credit impairment charges</b>	<b>(71)</b>	<b>(98)</b>	<b>(13)</b>
Recovery of amounts previously written off	-	1	-
<b>Net credit impairment charges</b>	<b>(71)</b>	<b>(97)</b>	<b>(13)</b>
<b>Other impairment reversals/(charges)</b>			
Interests in associates and joint ventures	1	1	(3)
Intangible and other non-financial assets	-	(20)	(18)
<b>Net other impairment reversals/(charges)</b>	<b>1</b>	<b>(19)</b>	<b>(21)</b>
<b>Total credit and other impairment charges</b>	<b>(70)</b>	<b>(116)</b>	<b>(34)</b>
<b>Net other operating income</b>			
<b>Investment income</b>			
Net gain from interests in associates, joint ventures, businesses and subsidiaries <sup>1</sup>	2,449	612	8
Share of net profits from associates and joint ventures	22	33	6
Net gain/(loss) on financial investments and non-financial assets	20	(15)	(20)
<b>Net investment income</b>	<b>2,491</b>	<b>630</b>	<b>(6)</b>
<b>Operating lease income</b>			
Rental income	407	418	427
Depreciation	(198)	(211)	(214)
<b>Net operating lease income</b>	<b>209</b>	<b>207</b>	<b>213</b>
Net other income	66	68	92
<b>Total net other operating income</b>	<b>2,766</b>	<b>905</b>	<b>299</b>
<b>Net operating income</b>	<b>7,925</b>	<b>6,431</b>	<b>5,489</b>

<sup>1</sup> On 29 August 2025, the Consolidated Entity sold its equity interest in Macquarie International Finance Limited and its subsidiaries along with North American Power, Gas & Emissions (NAPGE) and the Canadian physical oil business to MGL (the Ultimate parent) for a fair value consideration of \$3,023 million resulting in a gain of \$2,448 million.

## Note 2

### Operating profit before income tax continued

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>Employment expenses</b>			
Salary and related costs including commissions, superannuation and performance-related profit share	(1,967)	(2,009)	(2,033)
Share-based payments	(249)	(228)	(253)
Provision for long service leave and annual leave	(31)	(7)	(27)
Total compensation expenses	(2,247)	(2,244)	(2,313)
Other employment expenses including on-costs, staff procurement and staff training	(141)	(116)	(138)
<b>Total employment expenses</b>	<b>(2,388)</b>	<b>(2,360)</b>	<b>(2,451)</b>
<b>Brokerage, commission and fee expenses</b>			
Brokerage and other trading-related fee expenses	(277)	(260)	(271)
Other fee and commission expenses	(54)	(65)	(48)
<b>Total brokerage, commission and fee expenses</b>	<b>(331)</b>	<b>(325)</b>	<b>(319)</b>
<b>Non-salary technology expenses</b>			
Information services	(75)	(73)	(71)
Depreciation on own use assets: equipment	(14)	(16)	(14)
Service provider and other non-salary technology expenses	(407)	(413)	(374)
<b>Total non-salary technology expenses</b>	<b>(496)</b>	<b>(502)</b>	<b>(459)</b>
<b>Other operating expenses</b>			
<b>Occupancy expenses</b>			
Lease and other occupancy expenses	(127)	(138)	(153)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements	(79)	(82)	(42)
<b>Total occupancy expenses</b>	<b>(206)</b>	<b>(220)</b>	<b>(195)</b>
<b>Other expenses</b>			
Professional fees	(92)	(140)	(91)
Indirect and other taxes	(20)	(38)	(40)
Travel and entertainment expenses	(39)	(39)	(35)
Advertising and promotional expenses	(18)	(22)	(24)
Fees for audit and other services	(19)	(18)	(17)
Other	(129)	(32)	(152)
<b>Total other expenses</b>	<b>(317)</b>	<b>(289)</b>	<b>(359)</b>
<b>Total other operating expenses</b>	<b>(523)</b>	<b>(509)</b>	<b>(554)</b>
<b>Total operating expenses</b>	<b>(3,738)</b>	<b>(3,696)</b>	<b>(3,783)</b>
<b>Operating profit before income tax</b>	<b>4,187</b>	<b>2,735</b>	<b>1,706</b>

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 3

### Segment reporting

#### (i) Operating segments

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

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

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

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

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

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

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

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

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

#### Internal funding arrangements

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

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

#### Transactions between Operating Segments

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

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

#### 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.



## Note 3

### Segment reporting continued

#### (i) Operating segments continued

##### Central Service Groups

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

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

##### Performance-related profit share and share-based payments expense

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

##### Income tax

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

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

#### Presentation of segment income statements

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

#### Reportable segment assets

Segment assets are the external operating assets that are employed by a reportable segment in its operating activities.

#### Transactions under common control

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

On 29 August 2025, the Consolidated Entity sold its equity interest in Macquarie International Finance Limited and certain subsidiaries, including its North American Power, Gas and Emissions (NAPGE) business to Macquarie Group Limited for a total cash consideration of \$3,023 million resulting in a gain on disposal of \$2,448 million. Subsequent to the disposal, amounts due to/from MIFL and its consolidated entities have been presented in due to/from other Macquarie Group entities.

In September 2025, a related Macquarie Group entity, made the payment of \$321 million for 100% of the net capital invested on the Shield Master Fund, by those who invested through Macquarie. Correspondingly, there was no balances recognised in the MBL interim financial report.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 3

### Segment reporting continued

#### (i) Operating segments continued

The following is an analysis of the Consolidated Entity's revenue and results by reportable segment:

	BFS \$m	CGM \$m	Corporate \$m	Total \$m
Half year to 30 Sep 25				
Net interest and trading income	1,456	2,051	296	3,803
Fee and commission income	329	322	775	1,426
Other operating income and charges				
Net credit and other impairment (charges)/reversals	(24)	(59)	13	(70)
Net other operating income and charges	(4)	305	2,465	2,766
Internal management revenue/(charge)	1	4	(5)	-
Net operating income	1,758	2,623	3,544	7,925
Total operating expenses	(965)	(1,547)	(1,226)	(3,738)
Operating profit before income tax	793	1,076	2,318	4,187
Income tax expense	-	-	(518)	(518)
<b>Net profit contribution</b>	<b>793</b>	<b>1,076</b>	<b>1,800</b>	<b>3,669</b>
<b>Reportable segment assets</b>	<b>182,028</b>	<b>162,683</b>	<b>64,149</b>	<b>408,860</b>
Half year to 31 Mar 25				
Net interest and trading income	1,391	2,558	349	4,298
Fee and commission income	307	242	795	1,344
Other operating income and charges				
Net credit and other impairment (charges)/reversals	(24)	(80)	(12)	(116)
Net other operating income and charges	(24)	303	626	905
Internal management revenue/(charge)	1	11	(12)	-
Net operating income	1,651	3,034	1,746	6,431
Total operating expenses	(921)	(1,470)	(1,305)	(3,696)
Operating profit before income tax	730	1,564	441	2,735
Income tax expense	-	-	(456)	(456)
<b>Net profit/(loss) contribution</b>	<b>730</b>	<b>1,564</b>	<b>(15)</b>	<b>2,279</b>
<b>Reportable segment assets</b>	<b>163,348</b>	<b>149,628</b>	<b>62,245</b>	<b>375,221</b>
Half year to 30 Sep 24				
Net interest and trading income	1,326	2,178	454	3,958
Fee and commission income	304	283	679	1,266
Other operating income and charges				
Net credit and other impairment (charges)/reversals	(21)	(12)	(1)	(34)
Net other operating income and charges	(19)	316	2	299
Internal management revenue/(charge)	(4)	5	(1)	-
Net operating income	1,586	2,770	1,133	5,489
Total operating expenses	(936)	(1,462)	(1,385)	(3,783)
Operating profit/(loss) before income tax	650	1,308	(252)	1,706
Income tax expense	-	-	(540)	(540)
<b>Net profit/(loss) contribution</b>	<b>650</b>	<b>1,308</b>	<b>(792)</b>	<b>1,166</b>
<b>Reportable segment assets</b>	<b>152,089</b>	<b>135,222</b>	<b>58,010</b>	<b>345,321</b>

## Note 3

### Segment reporting continued

#### (ii) Fee and commission income/(expense) relating to contracts with customers

The following is an analysis of the Consolidated Entity's fee and commission income/(expense) by reportable segment:

	BFS \$m	CGM \$m	Corporate \$m	Total \$m
Half year to 30 Sep 25				
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	-	-	776	776
Brokerage and other trading-related fees	19	176	-	195
Portfolio administration fees	166	-	-	166
Lending fees	71	13	-	84
Other fee and commission income	73	133	(1)	205
<b>Total fee and commission income</b>	<b>329</b>	<b>322</b>	<b>775</b>	<b>1,426</b>
Half year to 31 Mar 25				
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	-	-	804	804
Brokerage and other trading-related fees	19	154	-	173
Portfolio administration fees	161	-	-	162
Lending fees	72	3	-	74
Other fee and commission income	55	85	(9)	131
<b>Total fee and commission income</b>	<b>307</b>	<b>242</b>	<b>795</b>	<b>1,344</b>
Half year to 30 Sep 24				
<b>Fee and commission income</b>				
Service fee from Macquarie Group entities	-	-	689	689
Brokerage and other trading-related fees	25	153	-	178
Portfolio administration fees	158	-	-	158
Lending fees	71	2	-	73
Other fee and commission income	50	128	(10)	168
<b>Total fee and commission income</b>	<b>304</b>	<b>283</b>	<b>679</b>	<b>1,266</b>

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 4

### Income tax expense

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>(i) Reconciliation of income tax expense to prima facie tax expense</b>			
Prima facie income tax expense on operating profit @ 30% (31 March 2025: 30%; 30 September 2024: 30%)	(1,256)	(820)	(512)
Tax effect of amounts which are (non-deductible)/non-assessable in calculating taxable income:			
Rate differential on offshore income	56	223	29
Gain on transaction under common control	734	183	-
Other items	(52)	(42)	(57)
<b>Total income tax expense</b>	<b>(518)</b>	<b>(456)</b>	<b>(540)</b>
<b>(ii) Tax (expense)/benefit relating to Other Comprehensive Income (OCI)</b>			
FVOCI reserve	(8)	1	11
Own credit risk	-	-	1
Cash flow hedges and cost of hedging	-	(22)	1
Share of other comprehensive benefit/(expense) of associates and joint ventures	6	(1)	(2)
<b>Total tax (expense)/benefit relating to OCI</b>	<b>(2)</b>	<b>(22)</b>	<b>11</b>

Revenue authorities undertake risk reviews and audits as part of their normal activities. The Consolidated Entity has assessed these and other taxation claims and litigation, including seeking external advice where appropriate, and considers that it holds appropriate provisions.

Included in the above income tax expense is an accrual for Pillar Two Model Rules tax of \$1 million.

## Note 5

### Dividends

Dividends paid to the parent entity (Macquarie B.H. Pty Ltd)			
on 30 September 2025	650	-	-
on 29 August 2025	2,900	-	-
on 28 March 2025	-	226	-
on 28 February 2025	-	680	-
on 23 December 2024	-	221	-
on 28 June 2024	-	-	1,097
<b>Total dividends paid (Note 19)</b>	<b>3,550</b>	<b>1,127</b>	<b>1,097</b>

## Note 6

### Trading assets

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Equity securities	25,366	14,906	17,639
Debt securities	7,608	4,621	5,408
Commodity inventories	5,403	7,135	3,061
Commodity contracts	2,992	3,067	2,240
<b>Total trading assets</b>	<b>41,369</b>	<b>29,729</b>	<b>28,348</b>

## Note 7

### Margin money and settlement assets

Margin money	14,772	16,366	12,469
Security settlement assets	2,376	1,890	2,394
Commodity settlement assets	886	1,816	1,165
<b>Total margin money and settlement assets</b>	<b>18,034</b>	<b>20,072</b>	<b>16,028</b>

## Note 8

### Derivative assets

Held for trading	23,248	23,015	22,780
Designated in hedge relationships	895	921	699
<b>Total derivative assets</b>	<b>24,143</b>	<b>23,936</b>	<b>23,479</b>

Derivative instruments include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets for client trading purposes and for hedging risks inherent in other recognised financial instruments as well as forecasted transactions. The Consolidated Entity's approach to financial risk management, as set out in its annual financial report for the year ended 31 March 2025 in Note 33 *Financial risk management*, remained unchanged during the period.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 9

### Held for sale and other assets

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
<b>Held for sale assets</b>			
Assets held for sale <sup>1</sup>	1,554	-	-
<b>Total held for sale assets</b>	1,554	-	-
<b>Other financial assets</b>			
Commodity-related receivables	3,412	4,345	3,870
Trade debtors and other receivables	926	1,048	1,160
Fee and commission receivables	99	110	109
<b>Total other financial assets</b>	4,437	5,503	5,139
<b>Other non-financial assets</b>			
Interest in associates and joint ventures	568	588	509
Prepayments	407	421	482
Income tax receivables	325	323	293
Indirect tax receivables	118	213	146
Intangible assets	24	69	95
Other	128	109	98
<b>Total other non-financial assets</b>	1,570	1,723	1,623
<b>Total other assets</b>	6,007	7,226	6,762

## Note 10

### Loan assets

	As at 30 Sep 25			As at 31 Mar 25			As at 30 Sep 24		
	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m
Home loans	161,878	(140)	161,738	143,111	(125)	142,986	131,121	(112)	131,009
Corporate, commercial and other lending	33,399	(245)	33,154	31,752	(284)	31,468	28,587	(313)	28,274
Asset financing	4,953	(56)	4,897	7,022	(90)	6,932	6,995	(82)	6,913
<b>Total loan assets<sup>2</sup></b>	<b>200,230</b>	<b>(441)</b>	<b>199,789</b>	<b>181,885</b>	<b>(499)</b>	<b>181,386</b>	<b>166,703</b>	<b>(507)</b>	<b>166,196</b>

<sup>1</sup> Subsequent to 30 September 2025, the Consolidated Entity disposed of its assets that had been classified as held for sale.

<sup>2</sup> Includes loan assets carried at fair value, capitalised costs and unearned income which are not subject to ECL.

## Note 11

### Expected credit losses

The Consolidated Entity models the Expected Credit Losses (ECL) for on-balance sheet financial assets measured at amortised cost or FVOCI such as loans, debt securities and lease receivables, as well as off-balance sheet items such as undrawn credit commitments, certain financial guarantee contracts and letters of credit.

#### Model Inputs

The Consolidated Entity segments its credit portfolio between retail and wholesale exposures, and further splits these portfolios into representative groupings which are typically based on shared risk characteristics.

The Consolidated Entity has developed several models to predict the ECL. These models incorporate a range of components notably that of Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) as well as Forward Looking Information (FLI).

For retail portfolios, behavioural variables are also considered in the determination of inputs for ECL modelling.

The key model inputs used in measuring the ECL include:

- **Exposure at Default (EAD):** The EAD represents the estimated exposure in the event of a default
- **Probability of Default (PD):** The calculation of PDs for retail and wholesale exposures is generally performed at a facility level. Retail exposures are segmented based on product type and shared characteristics that are highly correlated to credit risk such as region, product, counterparty groupings, loan-to-value ratio (LVR) and other similar criteria. Wholesale portfolio PDs are a function of industry type, internal credit ratings and transition matrices used to determine a point in time PD estimate. PD estimates for both retail and wholesale portfolios are also adjusted for FLI
- **Loss Given Default (LGD):** The LGD associated with the PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios.

#### Significant increase in credit risk (SICR)

The Consolidated Entity periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors. Qualitative factors include, but are not limited to, a material change in internal credit rating or whether an exposure has been identified and placed on CreditWatch, an internal credit monitoring mechanism supervised by senior management to closely monitor exposures showing signs of stress. All exposures on CreditWatch are classified as Stage II or, if defaulted, as Stage III.

SICR thresholds, which require judgement, are used to determine whether an exposure's credit risk has increased significantly. The SICR methodology is based on a relative credit risk approach which considers changes in an underlying exposure's credit risk since origination. This may result in exposures being classified in Stage II that are of a higher credit quality than other similar exposures that are classified as Stage I. Accordingly, while similar increases in the quantum of Stage II exposures will suggest a relative deterioration of credit quality, it should not necessarily be inferred that the assets are of a lower credit quality.

#### Retail exposures

Exposures are assigned a risk measure including behavioural score which considers relevant information on initial recognition to determine default probability. This risk measure is periodically assessed and updated to reflect changes in the underlying exposures' credit behaviour. The change in risk measure from initial recognition to reporting date is compared with established thresholds which, where exceeded, result in the exposure being categorised as Stage II.

#### Wholesale exposures

The Consolidated Entity assigns an internal credit rating to each exposure at origination based on information available at that date. These internal ratings are broadly aligned to external credit rating agencies such as S&P Global Ratings and Moody's.

Where an exposures' assigned credit rating deteriorates beyond pre-defined thresholds per credit rating at origination, the exposure is categorised as Stage II. The methodology has been calibrated so that a larger change in rating is required for higher quality credit rated exposures than for lower quality credit rated exposures to be classified as Stage II.

For both retail and wholesale portfolios:

- the AASB 9 'low credit risk' exemption is not applied by the Consolidated Entity to material portfolios
- for material retail portfolios, the credit risk for an exposure or portfolio is generally deemed to have increased significantly if the exposure is more than 30 days past due, unless there are product specific characteristics that indicate that this threshold should be rebutted.

#### Definition of default

The Consolidated Entity's definition of default determines the reference point for the calculation of the ECL components, and in particular the PD. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Consolidated Entity to actions such as realisation of available security; or the borrower is 90 days or more past due on an obligation to the Consolidated Entity.

The Consolidated Entity periodically monitors its exposures for potential indicators of default such as significant financial difficulty of the borrower including breaches of lending covenants; whether it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 11

### Expected credit losses continued

#### Forward-looking information (FLI)

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR as well as the LGD (that is relevant to the determination of the recovery rates on collateral). The predicted relationships between these key indicators and the key model components (EAD, PD and LGD) in measuring the ECL have been developed by analysing historical data as part of the development of internal models, and the calibration and validation process.

The Consolidated Entity applies its professional judgement in determining whether there are any inherent risks in the models' predictive outcomes. The overlays primarily reflect management's assessment of the current economic and credit environment relative to the FLI credit cycle model. These overlays account for the risk that underlying credit risk events have occurred, but observable modelled inputs are yet to reflect those events, as well as risks that are specific to regions, counterparties or industries which are difficult to account for within the modelled outcomes. Over time the credit models are recalibrated to enhance the predictive capability. At the reporting date this overlay was approximately \$110 million (31 March 2025: \$150 million; 30 September 2024: \$160 million). These judgements are reviewed by FPE and RMG at each reporting date.

RMG is responsible for the FLI including the development of scenarios and recommending the range of probability weights to apply to those scenarios. For this purpose, four possible economic scenarios have been developed for this period, being an upside, downside, severe downside, and baseline scenario. In calculating the ECL, each of the scenarios is probability weighted and then applied to the modelled ECL for each scenario to determine a probability weighted total.

The scenarios have been developed using a combination of publicly available data, internal forecasts, and third-party information to form the initial baseline. Internal specialists within the Consolidated Entity are consulted to assist in refining and challenging the baseline and the alternative scenarios. For the current reporting period, the Consolidated Entity has generated three alternative scenarios in addition to the baseline scenario, where the alternative scenarios are anchored to the baseline on a relative basis.

Refinement of the scenarios includes benchmarking to external data from reputable sources. These sources include forecasts published from a range of market economists and official data sources, including major central banks, where available.

Where there are limited official data sources against which to benchmark key economic indicators on a forward-looking basis, management exercises judgement when determining the duration, severity and impact of the macroeconomic scenarios used by the Consolidated Entity.

Assigning probabilities to these scenarios requires professional judgement which draws on internal risk and economics specialist input, comparison to general market outlooks and publicly available market commentary.

The scenarios and the associated probabilities are ultimately approved by senior risk and finance executives.

The scenarios for each of the key regions where the Consolidated Entity's ECL is derived have been set out on the following pages. Noting the diversity of possible scenarios and macroeconomic outcomes, and the continuing uncertainty regarding the implications of geopolitical events, ongoing trade tensions, inflationary pressures and the path of monetary policy, these scenarios represent plausible forward-looking views as at the reporting date.

These scenarios impact the modelled ECL provisioning levels through determination of probabilities of default and determination of losses that may be incurred should a default occur. The ability of borrowers to service their obligations through personal or business income is generally estimated using unemployment rates, GDP, commodity prices and interest rates. The losses that the Consolidated Entity may incur should a default occur, and the collateral utilised is generally estimated through property price and share price index outlooks.

Future economic conditions may differ to the scenarios outlined, the impact of which will be accounted for in future reporting periods.



## Note 11

### Expected credit losses continued

#### Forward-looking information continued

Scenario	Weighting	Expectation
<b>Baseline</b> A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~\$350 million <sup>1</sup>	Probable	<p><b>Global:</b> The baseline scenario forecasts that global GDP will expand by 2.2% in the year to December 2025, before staging a modest recovery in 2026 to 2.6%. Interest rate cuts in the second half of 2025 will continue into 2026, providing support to global economic growth.</p> <p><b>Australia:</b> GDP is forecast to expand by 1.9% in the year to December 2025 and 2.3% in 2026, as real wage growth and lower interest rates support economic activity. The Reserve Bank of Australia (RBA) has reduced its policy rate by 75 basis points over the course of 2025 to date and will cut by a further 25 basis points by early 2026. House prices are projected to rise 5.8% and 4.1% on a Q4-over-Q4 basis in 2025 and 2026, respectively, and unemployment expected to remain flat during the same period at 4.3%.</p> <p><b>United States:</b> GDP is forecast to slow to 1.3% in the year to December 2025, as slowing real household income growth dampens consumption and heightened uncertainty weighs on fixed business investment. Growth is projected to reach 2.0% in 2026 as tariff pass-through moderates, economic uncertainty subsides, and fiscal stimulus comes into play. Unemployment is expected to rise, reaching 4.4% by end-2025. A softening of the labour market has led the US Federal Reserve to ease its monetary policy rate with two 25-basis point cuts in the second half of 2025. This is expected to be followed by a third cut of the same magnitude in the second quarter of 2026, supporting GDP growth of 2.0% in 2026.</p> <p><b>Europe:</b> The scenario forecasts GDP growth of 1.1% in the year to December 2025. Defence and infrastructure spending will support a recovery in 2026 with year-end GDP growth rising to 1.6%. Unemployment is expected to remain broadly flat at 6.3% to the end of 2026.</p>
<b>Downside</b> A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~\$550 million <sup>1</sup>	Possible	<p><b>Global:</b> The downside scenario projects annual real GDP growth that is approximately 1 percentage point lower than the baseline until late 2026.</p> <p><b>Australia:</b> The scenario projects that GDP will expand by 1.1% in 2025 before slowing to 0.8% in 2026. Unemployment is projected to gradually rise to a peak of 5.4% in the third quarter of 2026. Deteriorating labour market conditions is expected to lead the RBA to initially cut the cash rate 25 basis points in the third quarter of 2025. An increase in price pressures is projected to drive inflation above the RBA's target, leading to 50 basis points in cash rate hikes in Q4 2025 before cuts resume in 2026.</p> <p><b>United States:</b> The scenario projects GDP growth slowing to 0.9% in the year to December 2025 before making a modest recovery of 1.2% in 2026. Inflation is projected to reach 4.5% by end-2025; the US Federal Reserve is expected to hike interest rates 50 basis points in 2025 before beginning to make 25-basis point cuts starting in the second half of 2026 as unemployment is projected to rise a full percentage point between end-2025 and end-2026, reaching 5.7%.</p> <p><b>Europe:</b> The scenario projects that Q4-over-Q4 GDP growth will fall to 0.6% in both 2025 and 2026. The unemployment rate is expected to reach a peak of 7.5% at the end of 2026.</p>

<sup>1</sup> This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined, but does not reflect changes in the credit rating of the counterparties that may occur if these scenarios were to occur. Changes in credit ratings may have a material impact on these ECL provisions.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 11

### Expected credit losses continued

#### Forward-looking information continued

Scenario	Weighting	Expectation
<b>Severe Downside</b> A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~\$900 million <sup>1</sup>	Unlikely	<p><b>Global:</b> The scenario projects a sharp slowdown in annual real GDP growth, around 3 to 3.5 percentage points lower than the baseline.</p> <p><b>Australia:</b> The scenario projects that GDP will expand by 0.6% year on year in 2025 before contracting by 1.4% in 2026. An initial increase in consumer prices is expected, leading the RBA to raise its cash rate to 4.60% by the end of the first quarter of 2026. The RBA will cut the cash rate to 1.35% by end-2027 owing to a deterioration in labour market conditions - unemployment is expected to reach 7.1% by 2027. House prices are projected to contract materially in 2026 and 2027, with respective Q4-over-Q4 declines of 17.9% and 8.9%.</p> <p><b>United States:</b> The scenario projects GDP growth will slow to 0.4% on a Q4-over-Q4 basis in 2025. GDP is then projected to contract by 1.4% in 2026. The US Federal Reserve is expected to cut its policy rate by 175 basis points over the course of 2026, bringing the federal funds rate to 3.1% by year-end, as unemployment rises to a peak of 7.7% in the second half of 2026.</p> <p><b>Europe:</b> The scenario projects Q4-over-Q4 GDP growth of only 0.1% in 2025, compared to 1.2% the year prior. GDP is anticipated to fall 2.3% in 2026 before a modest expansion of 0.3% in 2027. Unemployment is projected to reach a peak of 8.7% in the fourth quarter of 2026.</p>
<b>Upside</b> A 100% weighting to this scenario would result in an estimated total expected credit loss provision on balance sheet at the reporting date of ~\$300 million <sup>1</sup>	Possible	<p><b>Global:</b> The upside scenario projects annual real GDP growth that is approximately 1 percentage point higher than the baseline until late 2026.</p> <p><b>Australia:</b> The scenario projects GDP will expand by 1.5% on a Q4-over-Q4 basis in 2025 before growing by 3.2% in 2026. Continued economic expansion and a benign inflationary backdrop is expected to facilitate monetary easing by the RBA which is projected to reduce the cash rate to 2.85% (75-basis points in rate cuts) by end-2026. Unemployment is expected to ease to 3.7% by end-2026, compared to 4.1% at end-2025. House prices are projected to rise a cumulative 9.9% between Q4 2024 and Q4 2026.</p> <p><b>United States:</b> The scenario projects GDP will expand by 1.5% year on year in 2025. Cooling inflationary pressures are expected to support rate cuts by the Federal Reserve that support an economic expansion in 2026, with year-end GDP growth rising to 3.3%. The unemployment rate is projected to gradually fall to 3.7% by end-2026, compared to 4.1% the previous year.</p> <p><b>Europe:</b> The scenario projects a 1% expansion in GDP year-on-year to December 2025, followed by growth of 2.5% in 2026. The unemployment rate is expected to ease modestly over the course of 2025-26, reaching 5.8% by end-2026.</p>

<sup>1</sup> This number provides comparative ECL provision information as at the reporting date assuming the scenarios outlined, but does not reflect changes in the credit rating of the counterparties that may occur if these scenarios were to occur. Changes in credit ratings may have a material impact on these ECL provisions.

## Note 11

### Expected credit losses continued

The table below presents the gross exposure and related ECL allowance for assets measured at amortised cost or FVOCI and undrawn credit commitments subject to the impairment requirements of AASB 9 *Financial Instruments*.

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT				ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			
	Amortised cost	FVOCI	Other	Gross exposure	Amortised cost	FVOCI	Other	Total ECL allowance
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
As at 30 Sep 25								
Cash and bank balances	20,034	-	-	20,034	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	21,750	34,189	-	55,939	2	-	-	2
Margin money and settlement assets	17,990	-	-	17,990	21	-	-	21
Financial investments	3,005	16,423	-	19,428	1	3	-	4
Held for sale and other assets	2,750	371	-	3,121	73	-	-	73
Loan assets	198,409	-	-	198,409	441	-	-	441
Due from other Macquarie Group entities	2,671	-	-	2,671	-	-	-	-
Undrawn credit commitments	-	-	30,834	30,834	-	-	67	67
<b>Total</b>	<b>266,609</b>	<b>50,983</b>	<b>30,834</b>	<b>348,426</b>	<b>538</b>	<b>3</b>	<b>67</b>	<b>608</b>
As at 31 Mar 25								
Cash and bank balances	22,269	-	-	22,269	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	17,932	33,680	-	51,612	2	-	-	2
Margin money and settlement assets	19,754	-	-	19,754	35	-	-	35
Financial investments	2,090	14,742	-	16,832	5	2	-	7
Held for sale and other assets	1,586	394	-	1,980	43	-	-	43
Loan assets	180,112	-	-	180,112	499	-	-	499
Due from other Macquarie Group entities	3,333	-	-	3,333	-	-	-	-
Undrawn credit commitments	-	-	26,846	26,846	-	-	42	42
<b>Total</b>	<b>247,076</b>	<b>48,816</b>	<b>26,846</b>	<b>322,738</b>	<b>584</b>	<b>2</b>	<b>42</b>	<b>628</b>
As at 30 Sep 24								
Cash and bank balances	15,861	-	-	15,861	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	17,400	35,300	-	52,700	3	-	-	3
Margin money and settlement assets	15,768	-	-	15,768	16	-	-	16
Financial investments	2,069	12,698	-	14,767	-	1	-	1
Held for sale and other assets	1,925	255	-	2,180	112	-	-	112
Loan assets	165,479	-	-	165,479	507	-	-	507
Due from other Macquarie Group entities	1,852	-	-	1,852	-	-	-	-
Undrawn credit commitments	-	-	24,711	24,711	-	-	39	39
<b>Total</b>	<b>220,354</b>	<b>48,253</b>	<b>24,711</b>	<b>293,318</b>	<b>638</b>	<b>1</b>	<b>39</b>	<b>678</b>

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 11

### Expected credit losses continued

The table below provides a reconciliation between the opening and closing balance of the ECL allowances:

	Cash and bank balances	Cash collateralised lending and repurchase agreements	Margin money and settlement assets	Financial investments	Other assets	Loan assets	Undrawn credit commitments	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Balance as at 1 Apr 2024</b>	1	1	40	1	114	551	46	754
Credit impairment charges/ (reversals) (Note 2)	1	2	(1)	-	7	11	(7)	13
Amount written off, previously provided for	-	-	(22)	-	(7)	(49)	-	(78)
Reclassifications, foreign exchange, disposals and other movements	(2)	-	(1)	-	(2)	(6)	-	(11)
<b>Balance as at 30 Sep 2024</b>	-	3	16	1	112	507	39	678
Credit impairment charges/ (reversals) (Note 2)	(1)	(2)	18	7	12	62	2	98
Amount written off, previously provided for	-	-	-	-	(16)	(77)	-	(93)
Reclassifications, foreign exchange, disposals and other movements	1	1	1	(1)	(65)	7	1	(55)
<b>Balance as at 31 Mar 2025</b>	-	2	35	7	43	499	42	628
Credit impairment charges/ (reversals) (Note 2)	-	-	4	(3)	12	36	22	71
Amount written off, previously provided for	-	-	(14)	-	(3)	(47)	-	(64)
Reclassifications, foreign exchange, disposals and other movements	-	-	(4)	-	21	(47)	3	(27)
<b>Balance as at 30 Sep 2025</b>	-	2	21	4	73	441	67	608

## Note 11

### Expected credit losses continued

#### ECL on loan assets

The table below provides a reconciliation of the ECL allowance on loan assets to which the impairment requirements under AASB 9 *Financial Instruments* are applied.

	LIFETIME ECL			Total ECL allowance \$m
	Stage I 12 month ECL \$m	Stage II Not credit impaired \$m	Stage III Credit impaired \$m	
<b>Balance as at 1 Apr 2024</b>	203	118	230	551
Transfer during the period	12	(10)	(2)	-
Credit impairment (reversals)/charges (Note 2)	(9)	1	19	11
Amounts written off, previously provided for	-	-	(49)	(49)
Reclassifications, foreign exchange and other movements	(1)	(2)	(3)	(6)
<b>Balance as at 30 Sep 2024</b>	205	107	195	507
Transfer during the period	7	(7)	-	-
Credit impairment charges (Note 2)	5	34	23	62
Amounts written off, previously provided for	-	-	(77)	(77)
Reclassifications, foreign exchange and other movements	1	2	4	7
<b>Balance as at 31 Mar 2025</b>	218	136	145	499
Transfer during the period	14	(16)	2	-
Credit impairment (reversals)/charges (Note 2)	(31)	15	52	36
Amounts written off, previously provided for	-	-	(47)	(47)
Reclassifications, foreign exchange and other movements	(22)	(12)	(13)	(47)
<b>Balance as at 30 Sep 2025</b>	179	123	139	441

## Note 12

### Deposits

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Interest bearing deposits at:			
Call	149,342	130,172	112,186
Term	18,663	19,756	20,568
Home loan offset deposits - repayable on demand	25,811	22,874	21,020
Non-interest bearing deposits - repayable on demand	4,953	4,869	4,621
<b>Total deposits</b>	<b>198,769</b>	<b>177,671</b>	<b>158,395</b>

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 13

### Trading liabilities

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Equity securities	11,170	5,476	4,824
Debt securities	45	82	101
Commodities	-	195	88
<b>Total trading liabilities</b>	<b>11,215</b>	<b>5,753</b>	<b>5,013</b>

## Note 14

### Margin money and settlement liabilities

Margin money	15,291	15,994	15,843
Commodity settlement liabilities	3,211	5,878	3,390
Security settlement liabilities	2,269	1,738	3,264
<b>Total margin money and settlement liabilities</b>	<b>20,771</b>	<b>23,610</b>	<b>22,497</b>

## Note 15

### Derivative liabilities

Held for trading	21,889	22,380	21,221
Designated in hedge relationships	792	804	868
<b>Total derivative liabilities</b>	<b>22,681</b>	<b>23,184</b>	<b>22,089</b>

## Note 16

### Other liabilities

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
<b>Other financial liabilities</b>			
Commodity-related payables	2,820	3,579	2,887
Trade and other payables	939	1,489	1,338
Lease liabilities	733	762	663
<b>Total other financial liabilities</b>	<b>4,492</b>	<b>5,830</b>	<b>4,888</b>
<b>Other non-financial liabilities</b>			
Provisions <sup>1</sup>	1,018	1,161	1,456
Employment-related liabilities	921	1,598	1,035
Accrued charges and other payables	807	793	677
Income tax provision <sup>2</sup>	179	224	282
Indirect taxes payables	52	148	59
Others	72	140	270
<b>Total other non-financial liabilities</b>	<b>3,049</b>	<b>4,064</b>	<b>3,779</b>
<b>Total other liabilities</b>	<b>7,541</b>	<b>9,894</b>	<b>8,667</b>

The table below provides a reconciliation between the opening and closing balance of provisions:

Balance at the beginning of the period	1,161	1,456	1,456
(Credited)/charged to income statement	(49)	(24)	48
Utilisation during the period	(69)	(28)	(27)
Transfers for transactions under common control and foreign exchange movements	(25)	(243)	(21)
<b>Balance at the end of the period</b>	<b>1,018</b>	<b>1,161</b>	<b>1,456</b>

<sup>1</sup> In the ordinary course of its business, the Consolidated Entity may be subject to actual and potential civil claims and regulatory enforcement actions. During the current period, these include matters in the Commonwealth of Australia, the United States of America, the United Kingdom, and the Federal Republic of Germany. The civil claims may result in settlements or damages awards. The regulatory enforcement actions may result in outcomes such as penalties, fines, disgorgement of profits and non-monetary sanctions. This amount includes provisions for such outcomes. The amount and timing of the outcomes are uncertain and may differ from the provisions recognised. Based on existing information, the range of likely outcomes, the matters did not have and are not currently expected to have a material impact on the Consolidated Entity. The Consolidated Entity considers the risk of there being a material adverse effect in respect of claims and actions that have not been provided for to be remote.

<sup>2</sup> Revenue authorities undertake risk reviews and audits as part of their normal activities. The Consolidated Entity has assessed these and other taxation claims and litigation, including seeking external advice where appropriate, and considers that it holds appropriate provisions.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 17

### Issued debt securities and other borrowings

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Commercial paper	38,720	39,003	35,284
Bonds	27,537	20,690	22,978
Securitised notes	9,006	10,749	11,038
Certificates of deposit	4,643	2,034	2,083
Structured notes	663	669	646
Other debt securities	404	472	550
<b>Total issued debt securities</b>	<b>80,973</b>	<b>73,617</b>	<b>72,579</b>
Borrowings	9,815	12,187	10,343
<b>Total issued debt securities and other borrowings</b>	<b>90,788</b>	<b>85,804</b>	<b>82,922</b>

#### Reconciliation of issued debt securities and other borrowings by major currency

(In Australian dollar equivalent)

United States dollar	55,703	52,842	50,685
Australian dollar	16,597	15,765	17,778
Euro	14,464	12,783	9,109
Pound sterling	2,819	3,292	3,415
Others	1,205	1,122	1,935
<b>Total issued debt securities and other borrowings</b>	<b>90,788</b>	<b>85,804</b>	<b>82,922</b>



## Note 18

### Contributed equity

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Ordinary share capital	9,879	9,879	9,879
Other equity	388	313	331
<b>Total contributed equity</b>	<b>10,267</b>	<b>10,192</b>	<b>10,210</b>
	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>(i) Ordinary share capital<sup>1</sup></b>			
Opening balance of fully paid ordinary shares			
696,603,664 of shares issued to parent entity (Macquarie B.H. Pty Ltd)	9,879	9,879	9,879
<b>Closing balance of fully paid ordinary shares</b>	<b>9,879</b>	<b>9,879</b>	<b>9,879</b>
<b>(ii) Other equity</b>			
<b>Equity contribution from ultimate parent entity</b>			
Balance at the beginning of the period	313	331	305
Transaction under common control	59	-	-
Change attributable to share-based payment expense including deferred tax <sup>2</sup>	16	(18)	26
<b>Balance at the end of the period</b>	<b>388</b>	<b>313</b>	<b>331</b>

<sup>1</sup> Ordinary shares have no par value.

<sup>2</sup> Capital contribution by ultimate parent MGL towards MEREP awards issued to employees of the Consolidated Entity, where MGL is not subsequently reimbursed by the Consolidated Entity.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 19

### Reserves and retained earnings

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
<b>(i) Reserves</b>			
<b>Foreign currency translation reserve</b>			
Balance at the beginning of the period	1,536	840	1,197
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax	(391)	696	(357)
Transferred to income statement on disposal of foreign operations, net of tax <sup>1</sup>	(88)	-	-
<b>Balance at the end of the period</b>	<b>1,057</b>	<b>1,536</b>	<b>840</b>
<b>FVOCI reserve</b>			
Balance at the beginning of the period	(52)	(50)	(26)
Revaluation movement, net of tax	18	(2)	(24)
<b>Balance at the end of the period</b>	<b>(34)</b>	<b>(52)</b>	<b>(50)</b>
<b>Cash flow hedge reserve</b>			
Balance at the beginning of the period	105	75	81
Revaluation movement, net of tax	6	71	3
Transferred to income statement on realisation, net of tax	(22)	(41)	(9)
<b>Balance at the end of the period</b>	<b>89</b>	<b>105</b>	<b>75</b>
<b>Cost of hedging reserve</b>			
Balance at the beginning of the period	(28)	(62)	(59)
Revaluation movement, net of tax	10	29	(11)
Transferred to income statement on realisation, net of tax	-	5	8
<b>Balance at the end of the period</b>	<b>(18)</b>	<b>(28)</b>	<b>(62)</b>
<b>Share of reserves in associates and joint ventures and other reserves</b>			
Balance at the beginning of the period	55	49	45
Share of other comprehensive income from associates and joint ventures, net of tax	(5)	6	4
<b>Balance at the end of the period</b>	<b>50</b>	<b>55</b>	<b>49</b>
<b>Total reserves at the end of the period</b>	<b>1,144</b>	<b>1,616</b>	<b>852</b>
<b>(ii) Retained earnings</b>			
Balance at the beginning of the period	11,179	10,027	9,959
Profit attributable to the ordinary equity holder of Macquarie Bank Limited	3,669	2,279	1,166
Dividends paid on ordinary share capital (Note 5)	(3,550)	(1,127)	(1,097)
Fair value changes attributable to own credit risk on debt classified as DFVTPL, net of tax	-	-	(2)
Remeasurement of defined benefit plans and others	1	-	1
<b>Balance at the end of the period</b>	<b>11,299</b>	<b>11,179</b>	<b>10,027</b>

<sup>1</sup> On 29 August 2025, the Consolidated Entity sold its equity interest in Macquarie International Finance Limited and its subsidiaries along with North American Power, Gas & Emissions (NAPGE) and the Canadian physical oil business to MGL (the Ultimate parent).

## Note 20

### Contingent liabilities and commitments

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
<b>Credit risk-related exposures</b>			
Undrawn credit facilities and debt commitment <sup>1</sup>	28,297	23,986	22,567
Letter of credit and guarantees	2,537	2,860	2,144
<b>Total credit risk-related exposures</b>	<b>30,834</b>	26,846	24,711
<b>Other contingencies and commitments</b>			
Performance-related contingencies	586	546	316
Asset development and purchase commitments	128	133	145
<b>Total other contingencies and commitments</b>	<b>714</b>	679	461
<b>Total contingent liabilities and commitments</b>	<b>31,548</b>	27,525	25,172

<sup>1</sup> Undrawn credit facilities include fully or partially undrawn commitments against which clients can borrow money under defined terms and conditions. Balance includes revocable undrawn commitments for certain retail banking products \$19,144 million (31 March 2025: \$16,874 million; 30 September 2024: \$16,455 million) which are considered to be exposed to credit risk.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 21

### Measurement categories of financial instruments

The following table contains information relating to the measurement categories (i.e. FVTPL, DFVTPL, FVOCI or Amortised cost) of assets and liabilities of the Consolidated Entity. The descriptions of measurement categories are included in Note 41(vii) *Financial Instruments* in the Consolidated Entity's annual financial report for the year ended 31 March 2025.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 22 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost			Fair Value	Amortised Cost
	FVTPL <sup>1</sup>	DFVTPL	FVOCI					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
As at 30 Sep 25								
<b>Assets</b>								
Cash and bank balances	-	-	-	20,034	-	20,034	-	20,034
Cash collateralised lending and reverse repurchase agreements	10,167	-	34,189	21,748	-	66,104	44,356	21,748
Trading assets <sup>2</sup>	35,966	-	-	-	5,403	41,369	41,369	-
Margin money and settlement assets	65	-	-	17,969	-	18,034	65	17,969
Derivative assets	24,143	-	-	-	-	24,143	24,143	-
Financial investments:								
Equity	219	-	-	-	-	219	219	-
Debt <sup>3</sup>	94	-	16,377	3,004	-	19,475	16,471	3,004
Held for sale and other assets	2,949	-	371	2,671	1,570	7,561	3,320	2,671
Loan assets <sup>3</sup>	709	-	-	199,080	-	199,789	709	199,080
Due from other Macquarie Group entities <sup>4</sup>	2,824	-	-	2,671	285	5,780	2,824	2,671
Property, plant and equipment and right-of-use assets <sup>3</sup>	-	-	-	-	5,447	5,447	-	-
Deferred tax assets	-	-	-	-	905	905	-	-
<b>Total assets</b>	<b>77,136</b>	<b>-</b>	<b>50,937</b>	<b>267,177</b>	<b>13,610</b>	<b>408,860</b>	<b>133,476</b>	<b>267,177</b>
<b>Liabilities</b>								
Deposits	-	-	-	198,769	-	198,769	-	198,774
Cash collateralised borrowing and repurchase agreements	-	1,270	-	6,555	-	7,825	1,270	6,555
Trading liabilities	11,215	-	-	-	-	11,215	11,215	-
Margin money and settlement liabilities	-	-	-	20,771	-	20,771	-	20,771
Derivative liabilities	22,681	-	-	-	-	22,681	22,681	-
Other liabilities <sup>5</sup>	-	2,773	-	1,719	3,049	7,541	2,773	986
Due to other Macquarie Group entities <sup>4</sup>	1,260	-	-	12,019	83	13,362	1,260	12,019
Issued debt securities and other borrowings <sup>3</sup>	-	1,067	-	89,721	-	90,788	1,067	89,918
Deferred tax liabilities	-	-	-	-	18	18	-	-
Loan capital <sup>3</sup>	-	-	-	13,180	-	13,180	-	13,572
<b>Total liabilities</b>	<b>35,156</b>	<b>5,110</b>	<b>-</b>	<b>342,734</b>	<b>3,150</b>	<b>386,150</b>	<b>40,266</b>	<b>342,595</b>

<sup>1</sup> Comparative information has been represented to conform to presentation in the current period.

<sup>2</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>3</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.

<sup>4</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as FVTPL. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>5</sup> The fair value of other liabilities carried at amortised cost excludes lease liabilities.

## Note 21

### Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost			Fair Value	Amortised Cost
	FVTPL <sup>1</sup>	DFVTPL	FVOCI					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
As at 31 Mar 25								
<b>Assets</b>								
Cash and bank balances	-	-	-	22,269	-	22,269	-	22,269
Cash collateralised lending and reverse repurchase agreements	8,299	256	33,680	17,930	-	60,165	42,235	17,930
Trading assets <sup>2</sup>	22,594	-	-	-	7,135	29,729	29,729	-
Margin money and settlement assets	353	-	-	19,719	-	20,072	353	19,719
Derivative assets	23,936	-	-	-	-	23,936	23,936	-
Financial investments:								
Equity	210	-	-	-	-	210	210	-
Debt <sup>3</sup>	110	-	14,652	2,085	-	16,847	14,762	2,085
Held for sale and other assets	3,566	-	394	1,543	1,723	7,226	3,960	1,543
Loan assets <sup>3</sup>	768	-	-	180,618	-	181,386	768	180,664
Due from other Macquarie Group entities <sup>4</sup>	2,684	-	-	3,333	280	6,297	2,684	3,333
Property, plant and equipment and right-of-use assets <sup>3</sup>	-	-	-	-	5,989	5,989	-	-
Deferred tax assets	-	-	-	-	1,095	1,095	-	-
<b>Total assets</b>	<b>62,520</b>	<b>256</b>	<b>48,726</b>	<b>247,497</b>	<b>16,222</b>	<b>375,221</b>	<b>118,637</b>	<b>247,543</b>
<b>Liabilities</b>								
Deposits	-	-	-	177,671	-	177,671	-	177,682
Cash collateralised borrowing and repurchase agreements	-	24	-	4,668	-	4,692	24	4,668
Trading liabilities	5,753	-	-	-	-	5,753	5,753	-
Margin money and settlement liabilities	-	-	-	23,610	-	23,610	-	23,610
Derivative liabilities	23,184	-	-	-	-	23,184	23,184	-
Other liabilities <sup>5</sup>	-	3,568	-	2,262	4,064	9,894	3,568	1,500
Due to other Macquarie Group entities <sup>4</sup>	605	-	-	8,318	142	9,065	605	8,318
Issued debt securities and other borrowings <sup>3</sup>	-	1,526	-	84,278	-	85,804	1,526	84,626
Deferred tax liabilities	-	-	-	-	21	21	-	-
Loan capital <sup>3</sup>	-	-	-	12,540	-	12,540	-	12,894
<b>Total liabilities</b>	<b>29,542</b>	<b>5,118</b>	<b>-</b>	<b>313,347</b>	<b>4,227</b>	<b>352,234</b>	<b>34,660</b>	<b>313,298</b>

<sup>1</sup> Comparative information has been represented to conform to presentation in the current period.

<sup>2</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>3</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.

<sup>4</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as FVTPL. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>5</sup> The fair value of other liabilities carried at amortised cost excludes lease liabilities.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 21

### Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost			Fair Value	Amortised Cost
	FVTPL <sup>1</sup>	DFVTPL	FVOCI					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
As at 30 Sep 24								
<b>Assets</b>								
Cash and bank balances	-	-	-	15,861	-	15,861	-	15,861
Cash collateralised lending and reverse repurchase agreements	9,009	226	35,300	17,397	-	61,932	44,535	17,397
Trading assets <sup>2</sup>	25,287	-	-	-	3,061	28,348	28,348	-
Margin money and settlement assets	276	-	-	15,752	-	16,028	276	15,752
Derivative assets	23,479	-	-	-	-	23,479	23,479	-
Financial investments:								
Equity	216	-	-	-	-	216	216	-
Debt <sup>3</sup>	87	-	12,631	2,069	-	14,787	12,718	2,069
Held for sale and other assets	3,068	-	255	1,816	1,623	6,762	3,323	1,816
Loan assets <sup>3</sup>	346	-	-	165,850	-	166,196	346	165,782
Due from other Macquarie Group entities <sup>4</sup>	2,410	-	-	1,852	483	4,745	2,410	1,852
Property, plant and equipment and right-of-use assets <sup>3</sup>	-	-	-	-	5,986	5,986	-	-
Deferred tax assets	-	-	-	-	981	981	-	-
<b>Total assets</b>	<b>64,178</b>	<b>226</b>	<b>48,186</b>	<b>220,597</b>	<b>12,134</b>	<b>345,321</b>	<b>115,651</b>	<b>220,529</b>
<b>Liabilities</b>								
Deposits	-	-	-	158,395	-	158,395	-	158,392
Cash collateralised borrowing and repurchase agreements	-	5	-	3,141	-	3,146	5	3,141
Trading liabilities	5,013	-	-	-	-	5,013	5,013	-
Margin money and settlement liabilities	-	-	-	22,497	-	22,497	-	22,497
Derivative liabilities	22,089	-	-	-	-	22,089	22,089	-
Other liabilities <sup>5</sup>	6	2,881	-	2,001	3,779	8,667	2,887	1,341
Due to other Macquarie Group entities <sup>4</sup>	633	-	-	8,692	176	9,501	633	8,692
Issued debt securities and other borrowings <sup>3</sup>	-	1,560	-	81,362	-	82,922	1,560	81,561
Deferred tax liabilities	-	-	-	-	14	14	-	-
Loan capital <sup>3</sup>	-	-	-	11,988	-	11,988	-	12,183
<b>Total liabilities</b>	<b>27,741</b>	<b>4,446</b>	<b>-</b>	<b>288,076</b>	<b>3,969</b>	<b>324,232</b>	<b>32,187</b>	<b>287,807</b>

<sup>1</sup> Comparative information has been represented to conform to presentation in the current period.

<sup>2</sup> Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

<sup>3</sup> Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.

<sup>4</sup> Due from other Macquarie Group entities and Due to other Macquarie Group entities includes derivatives and trading positions classified as FVTPL. All other intercompany receivables or payables are carried at amortised cost except for non-financial instruments.

<sup>5</sup> The fair value of other liabilities carried at amortised cost excludes lease liabilities.

## Note 22

### Fair value of assets and liabilities

Fair value reflects the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial and non-financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing at the measurement date.

The values derived from applying these techniques are affected by the choice of valuation model used and the underlying assumptions made regarding such inputs.

Items measured at fair value are categorised in their entirety, in accordance with the levels of the fair value hierarchy as outlined below.

<b>Level 1</b>	unadjusted quoted prices in active markets for identical assets or liabilities.
<b>Level 2</b>	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
<b>Level 3</b>	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate fair value hierarchy level for an item is determined on the basis of the lowest level input that is significant to the fair value measurement.

AASB 13 *Fair Value Measurement* requires the use of the price within the bid-offer spread that is most representative of fair value. Valuation systems will typically generate mid-market prices. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all of the residual net exposure to market risks were closed, on a portfolio basis, using available hedging instruments.

The following methods and significant assumptions have been applied in determining the fair values of the following items carried at amortised cost in the Statement of financial position (as disclosed in Note 21 *Measurement categories of financial instruments*).

Asset or liability	Valuation techniques, inputs and other significant assumptions
<b>Cash and bank balances, Cash collateralised lending and reverse repurchase agreements, Cash collateralised borrowing and repurchase agreements</b>	The fair value of cash and bank balances, cash collateralised lending and reverse repurchase agreements, cash collateralised borrowing and repurchase agreements approximates their carrying amounts as these are highly liquid and short-term in nature.
<b>Loan assets and Deposits</b>	<p>The fair value of fixed rate loan assets and term deposits is determined with reference to changes in interest rates and credit spreads.</p> <p>The fair value of variable rate loan assets and deposits approximates their carrying amounts, subject to any adjustment for changes in the credit spreads.</p> <p>The fair value of demand deposits with no fixed maturity approximates their carrying amount as they are short-term in nature or are payable on demand.</p>
<b>Financial investments</b>	<p>The fair value of liquid assets and other instruments maturing within three months are approximate to their carrying amounts.</p> <p>The fair value of fixed rate debt investments is estimated by reference to current market rates offered on similar securities and the creditworthiness of the borrower.</p> <p>The fair value of variable rate debt investments approximate their carrying amounts, subject to any adjustment for changes in credit spreads.</p>
<b>Issued debt securities and other borrowings, and Loan capital</b>	The fair value of issued debt securities, borrowings and loan capital is based on quoted prices in active markets where available. Where quoted prices are not available the fair value is based on discounted cash flows using rates appropriate to the term and incorporates changes in the Consolidated Entity's own credit spread.
<b>Margin money, settlement assets and settlement liabilities, Other financial assets and financial liabilities</b>	The fair value of margin money, settlement assets, settlement liabilities, other financial assets and financial liabilities approximate their carrying amounts, subject to any adjustment for changes in credit spreads.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 22

### Fair value of assets and liabilities continued

The following methods and significant assumptions have been applied in determining the fair values of the following items carried at fair value in the Statement of financial position.

Asset or liability	Valuation techniques, inputs and other significant assumptions
<b>Trading assets, Trading liabilities and Derivatives</b>	Trading assets, including commodity inventory and commodity contracts, trading liabilities, derivative financial instruments and other transactions undertaken for trading purposes are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, then fair values are estimated on the basis of other recognised valuation techniques that maximise the use of observable market inputs.  The Consolidated Entity has incorporated the market implied funding costs for uncollateralised derivative positions as a Funding Valuation Adjustment (FVA). FVA is determined by calculating the net expected exposures at a counterparty level and applying the Consolidated Entity's internal Treasury lending rates as an input into the calculation. The approach takes into account the PD of each counterparty, as well as any mandatory break clauses.
<b>Repurchase and reverse repurchase agreements</b>	Repurchase and reverse repurchase agreements, being collateralised financing arrangements, are measured at fair value with reference to current market rates and giving consideration to the fair value of securities held or provided as the collateral.
<b>Financial investments</b>	Financial investments classified as FVTPL or FVOCI are measured at fair value by reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair values are estimated on the basis of other recognised valuation techniques that maximise the use of quoted prices and observable market inputs.
<b>Loan assets and Issued debt securities and other borrowings</b>	Fair values of loans and issued debt securities are measured by reference to quoted prices in active markets where available. If quoted prices are not available in active markets, the fair values are estimated with reference to current market rates.
<b>Other financial assets and financial liabilities</b>	Fair values of other financial assets and financial liabilities are based upon data or valuation techniques appropriate to the nature and type of the underlying instruments.

For financial assets carried at fair value, in order to measure counterparty credit risk, an adjustment is incorporated into the valuation. Where exposures are managed on a portfolio basis, the adjustment is calculated on a counterparty basis for those exposures. For financial liabilities carried at fair value, in order to measure the Consolidated Entity's non-performance risk, an adjustment is incorporated into the valuations.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. The output of a valuation technique is always an estimate of a fair value that cannot be measured with complete certainty. Models are reviewed and calibrated periodically to test the outputs and reflect the prices from observable current market transactions in same instrument or other available observable market data.

To the extent possible, models use only observable market data, however management is required to make assumptions for certain inputs that are not supported by prices from observable current market transactions in the same instrument such as volatility and correlation. Refer to significant unobservable inputs section for further details.



## Note 22

### Fair value of assets and liabilities continued

#### Assets and liabilities measured at fair value

The following table summarises the levels of the fair value hierarchy for assets and liabilities that are recognised and measured at fair value in the financial statements:

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
As at 30 Sep 25				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	44,356	-	44,356
Trading assets	29,575	10,963	831	41,369
Margin money and settlement assets	-	65	-	65
Derivative assets	-	23,864	279	24,143
Financial investments	2,653	13,704	333	16,690
Other assets	-	3,303	17	3,320
Loan assets	-	551	158	709
Due from other Macquarie Group entities	-	2,814	10	2,824
<b>Total assets</b>	<b>32,228</b>	<b>99,620</b>	<b>1,628</b>	<b>133,476</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	1,270	-	1,270
Trading liabilities	11,113	102	-	11,215
Derivative liabilities	5	22,310	366	22,681
Other liabilities	-	2,767	6	2,773
Due to other Macquarie Group entities	-	1,215	45	1,260
Issued debt securities and other borrowings	-	1,067	-	1,067
<b>Total liabilities</b>	<b>11,118</b>	<b>28,731</b>	<b>417</b>	<b>40,266</b>
As at 31 Mar 2025				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	42,235	-	42,235
Trading assets	17,641	11,219	869	29,729
Margin money and settlement assets	-	353	-	353
Derivative assets	73	23,524	339	23,936
Financial investments	1,362	13,399	211	14,972
Other assets	-	3,950	10	3,960
Loan assets	-	762	6	768
Due from other Macquarie Group entities	-	2,684	-	2,684
<b>Total assets</b>	<b>19,076</b>	<b>98,126</b>	<b>1,435</b>	<b>118,637</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	24	-	24
Trading liabilities	5,398	355	-	5,753
Derivative liabilities	3	22,872	309	23,184
Other liabilities	-	3,562	6	3,568
Due to other Macquarie Group entities	-	605	-	605
Issued debt securities and other borrowings	-	1,526	-	1,526
<b>Total liabilities</b>	<b>5,401</b>	<b>28,944</b>	<b>315</b>	<b>34,660</b>

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 22

### Fair value of assets and liabilities continued

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
As at 30 Sep 24				
<b>Assets</b>				
Cash collateralised lending and reverse repurchase agreements	-	44,535	-	44,535
Trading assets	19,419	7,953	976	28,348
Margin money and settlement assets	-	276	-	276
Derivative assets	12	23,182	285	23,479
Financial investments	473	12,256	205	12,934
Other assets	-	3,302	21	3,323
Loan assets	-	341	5	346
Due from other Macquarie Group entities	-	2,410	-	2,410
<b>Total assets</b>	<b>19,904</b>	<b>94,255</b>	<b>1,492</b>	<b>115,651</b>
<b>Liabilities</b>				
Cash collateralised borrowing and repurchase agreements	-	5	-	5
Trading liabilities	4,747	266	-	5,013
Derivative liabilities	-	21,640	449	22,089
Other liabilities	-	2,873	14	2,887
Due to other Macquarie Group entities	-	633	-	633
Issued debt securities and other borrowings	-	1,560	-	1,560
<b>Total liabilities</b>	<b>4,747</b>	<b>26,977</b>	<b>463</b>	<b>32,187</b>

## Note 22

### Fair value of assets and liabilities continued

#### Reconciliation of balances in Level 3 of the fair value hierarchy

The following table summarises the movements in Level 3 of the fair value hierarchy for the assets and liabilities, measured at fair value on a recurring basis:

	Trading assets \$m	Financial investments \$m	Other assets \$m	Loan assets \$m	Due to other Macquarie Group entities <sup>1</sup> \$m	Derivative financial instruments (net fair values) <sup>1</sup> \$m	Other liabilities \$m	Total \$m
<b>Balance as at 1 Apr 2024</b>	819	247	57	22	-	(192)	(53)	900
Purchases, originations, issuances and other additions	306	1	9	11	-	119	(28)	418
Sales, settlements and repayments	(180)	(38)	(1)	(28)	-	(1)	4	(244)
Reclassification	-	-	(50)	-	-	-	50	-
Transfers into Level 3 <sup>2</sup>	129	37	10	-	-	-	-	176
Transfers out of Level 3 <sup>2</sup>	(125)	(18)	-	-	-	(98)	-	(241)
Fair value movements recognised in the income statement:								
Net trading income/(loss) <sup>3</sup>	27	(8)	-	-	-	8	-	27
Other income/(loss)	-	(21)	(4)	-	-	-	13	(12)
Fair value movements recognised in OCI	-	5	-	-	-	-	-	5
<b>Balance as at 30 Sep 2024</b>	976	205	21	5	-	(164)	(14)	1,029
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period <sup>3</sup>	(1)	(22)	(2)	-	-	8	5	(12)
<b>Balance as at 1 Oct 2024</b>	976	205	21	5	-	(164)	(14)	1,029
Purchases, originations, issuances and other additions	572	10	(4)	-	-	(154)	22	446
Sales, settlements and repayments	(587)	(29)	(58)	-	-	148	49	(477)
Reclassification	-	-	50	-	-	-	(50)	-
Transfers into Level 3 <sup>2</sup>	(117)	13	(7)	-	-	53	-	(58)
Transfers out of Level 3 <sup>2</sup>	52	18	-	-	-	83	-	153
Fair value movements recognised in the income statement:								
Net trading income/(loss) <sup>3</sup>	(27)	20	-	1	-	64	-	58
Other income/(loss)	-	(16)	8	-	-	-	(13)	(21)
Fair value movements recognised in OCI	-	(10)	-	-	-	-	-	(10)
<b>Balance as at 31 Mar 2025</b>	869	211	10	6	-	30	(6)	1,120
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period <sup>3</sup>	1	(3)	6	1	-	64	(5)	64
<b>Balance as at 1 Apr 2025</b>	869	211	10	6	-	30	(6)	1,120
Purchases, originations, issuances and other additions	280	148	57	153	(42)	59	(49)	606
Sales, settlements and repayments	(282)	(53)	(47)	(6)	2	(3)	2	(387)
Transfers into Level 3 <sup>2</sup>	27	45	-	-	5	(33)	-	44
Transfers out of Level 3 <sup>2</sup>	(67)	(14)	(3)	-	-	(144)	47	(181)
Fair value movements recognised in the income statement:								
Net trading income/(loss) <sup>3</sup>	4	(1)	-	(2)	-	4	-	5
Other income/(loss)	-	8	-	7	-	-	-	15
Fair value movements recognised in OCI	-	(11)	-	-	-	-	-	(11)
<b>Balance as at 30 Sep 2025</b>	831	333	17	158	(35)	(87)	(6)	1,211
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period <sup>3</sup>	13	9	-	5	-	(62)	-	(35)

<sup>1</sup> The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are \$289 million (31 March 2025: \$339 million; 30 September 2024: \$285 million) and derivative liabilities are \$411 million (31 March 2025: \$309 million; 30 September 2024: \$449 million).

<sup>2</sup> Assets and liabilities transferred into or out of Level 3 are presented as if those assets or liabilities had been transferred at the beginning of the period.

<sup>3</sup> The Consolidated Entity employs various hedging techniques in order to manage risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, may include the purchase or sale of financial instruments measured at fair value that are classified as Level 1 or 2 positions or foreign currency financial instruments measured at amortised cost that are not presented in the table above.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 22

### Fair value of assets and liabilities continued

#### Significant transfers between levels of the fair value hierarchy

During the period, the Consolidated Entity did not have significant transfers between Level 1 and Level 2.

Transfers into Level 3 were due to the lack of observable valuation inputs for certain investments and trading balances. Transfers out of Level 3 were principally due to valuation inputs becoming observable during the period. Financial assets reclassified into/out of the fair value hierarchy disclosure due to recognition and measurement category changes, or where there have been changes in significant influence or control but some form of interest in the assets are still retained, are also presented as transfers into/out of Level 3.

#### Unrecognised gains or losses

The best evidence of fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets (or when inputs from unobservable markets are insignificant). Where such alternative evidence exists, the Consolidated Entity recognises profit or loss immediately when the financial asset or liability is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable.

The table below summarises the deferral and recognition of profit or loss where a valuation technique has been applied for which significant unobservable inputs are used:

	Half year to 30 Sep 2025	Half year to 31 Mar 2025	Half year to 30 Sep 2024
	\$m	\$m	\$m
Balance at the beginning of the period	350	235	270
Deferred gain on new transactions and other adjustments	55	164	61
Foreign exchange and other movements	(2)	4	(2)
Recognised in net trading income during the period <sup>1</sup>	(124)	(53)	(94)
Transferred under common control transaction	(185)	-	-
<b>Balance at the end of the period</b>	<b>94</b>	<b>350</b>	<b>235</b>

<sup>1</sup> Includes amortisation, subsequent realisation due to unobservable inputs becoming observable, maturity and termination.

## Note 22

### Fair value of assets and liabilities continued

#### Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations, and the valuation techniques used to measure fair value. The range of values represent the highest and lowest input used in the valuation techniques. The range does not reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets and liabilities.

	Assets	Liabilities			RANGE OF INPUTS	
	\$m	\$m	Valuation technique(s)	Significant unobservable inputs	Minimum value	Maximum value
As at 30 Sep 25						
Commodities	966	340	Pricing model	Commodity margin curves	(37.8)	79.7
			Pricing model	Commodity prices	106.7	293.7
			Pricing model	Correlation	(50.0%)	99.3%
			Pricing model	Volatility and related variables	17.0%	90.0%
Equity and equity-linked products	185	11	Comparable transactions	Price in % <sup>1</sup>		
Interest rate and other products	477	66	Pricing model	Bond yield	2.4%	3.4%
			Pricing model	Bond price	30.0	100.1
Total	1,628	417				
As at 31 Mar 25						
Commodities	1,078	288	Pricing model	Commodity margin curves	(188.7)	2,552.2
			Pricing model	Commodity prices	102.9	320.2
			Pricing model	Correlation	20.0%	100.0%
			Pricing model	Volatility and related variables	5.9%	90.5%
Equity and equity-linked products	167	8	Comparable transactions	Price in % <sup>1</sup>		
Interest rate and other products	190	19	Pricing model	Bond yield	3.5%	3.7%
			Pricing model	Bond price	34.9	100.0
Total	1,435	315				
As at 30 Sep 24						
Commodities	1,192	443	Pricing model	Commodity margin curves	(542.5)	2,170.0
			Pricing model	Commodity prices	103.5	283.5
			Pricing model	Correlation	(50.0%)	100.0%
			Pricing model	Volatility and related variables	3.0%	97.3%
Equity and equity-linked products	145	-	Comparable transactions	Price in % <sup>1</sup>		
Interest rate and other products	155	20	Discounted cash flows	Discount rates - credit spread	0.0%	10.0%
Total	1,492	463				

<sup>1</sup> The range of inputs related to market comparability has not been disclosed as the diverse nature of the underlying investments results in a wide range of inputs.

# Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

## Note 22

### Fair value of assets and liabilities continued

The following information contains details around the significant unobservable inputs which are utilised to fair value the Level 3 assets and liabilities.

#### Commodities

**Commodity margin curves:** Certain commodities are valued using related observable products from the market and a margin is applied to the observable market inputs to mitigate the impact of differences in the products. Judgement is involved in the calculation of these margin curves depending on the quality of the commodity or delivery location and other economic conditions.

**Commodity Prices:** Certain commodities have unobservable and less liquid spot and forward markets where the pricing involves judgement considering qualitative aspects of the underlying commodity, limited broker data, historical transactions and/or forecasts considering current and future market conditions.

**Correlation:** Correlation is a measure of the relationship between the movements of input variables (i.e. how the change in one variable influences a change in the other variable). It is expressed as a percentage between -100% and +100%, where +100% represents perfectly correlated variables and -100% represents inversely correlated variables. Correlation is a key input into the valuation of derivatives with more than one underlying (e.g., interest rates, credit spreads, foreign exchanges rates, inflation rates or equity prices) and is generally used to value hybrid and exotic instruments.

**Volatility:** Volatility is a measure of the variability or uncertainty in returns for a given underlying input and is generally expressed as a percentage, which represents an estimate of the amount a particular underlying instrument, parameter or index will change in value over time. Volatility is an input in the valuation of derivatives containing optionality. Volatility is impacted by the underlying risk, term and strike price of a derivative.

Correlations and volatilities are derived through the extrapolation of observable volatilities, recent transaction prices, quotes from other market participants and historical data adjusted for current conditions.

#### Equity and equity-linked products

**Price in %:** Comparable transactions are leveraged to price the fair value of the assets and liabilities and a percentage is applied to ascertain the proportion of the transaction price that is comparable with the specific asset/liability. This price percentage is unobservable input and judgemental depending on the characteristics of the asset/liability.

#### Interest rates and other products

Significant unobservable inputs may include bond yield, bond price and credit spreads of counterparties. Bond yield is the return an investor expects to receive each year over its term. The yield of an instrument is not always observable in the market. Adjusted yield is generally used to discount the projected future principal and interest cash flows on instruments. Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality which increase the discount factor applied to future cashflows thereby reducing the value of asset. Credit spreads may be implied from the market prices and may not be observable in more illiquid markets.

## Note 22

### Fair value of assets and liabilities continued

#### Sensitivity analysis of valuations using unobservable inputs

The table below shows the sensitivity to reasonably possible alternative assumptions, for Level 3 assets and liabilities whose fair values are determined in whole, or in part, using unobservable inputs. The impact of the sensitivity of instruments which hedge the Level 3 positions but are classified as Level 1 or 2 is not included in the table below:

	FAVOURABLE CHANGES	UNFAVOURABLE CHANGES
	Profit or loss	Profit or loss
	\$m	\$m
<b>Product type</b>		<b>As at 30 Sep 25</b>
Commodities	73	(68)
Interest rate and other products	34	(51)
Equity and equity-linked products	28	(18)
<b>Total</b>	<b>135</b>	<b>(137)</b>
<b>Product type</b>		<b>As at 31 Mar 25</b>
Commodities	122	(115)
Interest rate and other products	11	(7)
Equity and equity-linked products	19	(19)
<b>Total</b>	<b>152</b>	<b>(141)</b>
<b>Product type</b>		<b>As at 30 Sep 24</b>
Commodities	163	(134)
Interest rate and other products	13	(30)
Equity and equity-linked products	35	(10)
<b>Total</b>	<b>211</b>	<b>(174)</b>

The favourable and unfavourable changes from using reasonably possible alternative assumptions for the valuation of the above product types have been calculated by recalibrating the valuation model using stressed significant unobservable inputs within the Consolidated Entity's range of reasonably possible estimates.

## Note 23

### Events after the reporting date

There were no material events subsequent to 30 September 2025 and up until the authorisation of the financial statements for issue, requiring a disclosure in the interim financial report, other than those that have been disclosed elsewhere in the financial statements.

# Directors' declaration

For the half year ended 30 September 2025

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 59 are in accordance with the *Corporations Act 2001* (Cth) including:
  - (i) complying with the Australian Accounting Standards, and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2025 and performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that Macquarie Bank Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the CEO and CFO in line with the requirements for the full year under section 295A of the *Corporations Act 2001* (Cth). This declaration is made in accordance with a resolution of the Directors.



**Glenn Stevens AC**  
Independent Director and Chair



**Stuart Green**  
Managing Director and Chief Executive Officer

Sydney  
7 November 2025



## **PARTIES**

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS OF THE ISSUER**

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