BASE LISTING DOCUMENT DATED 26 MAY 2026

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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Non-collateralised Structured Products
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 document, for which we accept 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 Macquarie Bank Limited (the "**Issuer**", "**Macquarie Bank**", "**we**" or "**us**") and our standard warrants ("**Warrants**"), callable bull/bear contracts ("**CBBCs**") and other structured products (together, the "**Structured Products**") to be listed on the Stock Exchange from time to time. This document may be updated and/or amended from time to time by way of addenda.

We, having made all reasonable enquiries, confirm that to the best of our knowledge and belief the information contained in this document 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 herein or this 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 this document and, where necessary, seek professional advice, before they invest in the Structured Products.

The Structured Products constitute general unsecured contractual obligations of us as the Issuer and of no other person and will rank equally among themselves with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the Structured Products, you are relying upon the creditworthiness of us, and have no rights under the Structured Products against (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 we become insolvent or default on our 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).

Other than Macquarie Bank Limited ABN 46 008 583 542 (Macquarie Bank Limited), any Macquarie Group entity noted in this document is not an authorised deposit taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The Structured Products do not represent protected accounts for the purposes of the financial claim scheme or deposits of Macquarie Bank Limited or any other member of the Macquarie Group. Macquarie Bank Limited does not guarantee the payment or repayment of any moneys owing to the Structured Products holders or the return of any principal invested or any particular rate of return or otherwise provide assurance in respect of the obligations of that entity, unless noted otherwise. The holding of the Structured Products is subject to investment risk, including possible delays in repayment and loss of income and principal invested.

Sponsor
Macquarie Capital Limited

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IMPORTANT INFORMATION

What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or an invitation to the public to subscribe for or to acquire any Structured Products.

What documents should you read before investing in the Structured Products?

A launch announcement and supplemental listing document will be issued in respect of each series of Structured Products, which will include detailed commercial terms of the relevant series. You must read this document (including any addendum to this document to be issued from time to time), together with such launch announcement and supplemental listing document (including any addendum to such launch announcement and supplemental listing document to be issued from time to time) (together, the "**Listing Documents**") before investing in any Structured Product. You should carefully study the risk factors set out in the Listing Documents.

What are our credit ratings?

Our long term credit ratings as of 22 May 2026 were:

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

Our credit ratings are only an assessment by the rating agencies of our overall financial capacity to pay our debts.

A+ is among the top three major credit rating categories and is the fifth highest investment-grade ranking of the ten investment-grade ratings (including + or - modifiers) assigned by S&P.

Aa2 is among the top two major credit rating categories and is the third highest investment-grade ranking of the ten investment-grade ratings (including 1, 2 and 3 modifiers) assigned by Moody's.

Please refer to the brief guide in Appendix 4 to this document for more information about credit ratings.

Rating agencies usually receive a fee from the companies that they rate. When evaluating our creditworthiness, you should not solely rely on our 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. Our credit ratings as of the above date are for reference only. Any downgrading of our 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 and/or its controlled entities (the "**MBL Group**").

The Structured Products are not rated.

Are we 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). We are regulated by, among others, the Australian Prudential Regulation Authority.

Are we 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 this document, 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.

Authorisation for the issue of the Structured Products

The issue of the Structured Products was authorised by our board of directors on 29 August 2002.

Has our financial position changed since last financial year-end?

Save as disclosed in Appendix 5 to this Base Listing Document, there has been no material adverse change in our financial or trading position since 31 March 2026. You may access our latest publicly available financial information by visiting our website at *www.macquarie.com.*

Do you need to pay any transaction cost?

The Stock Exchange charges a trading fee of 0.00565 percent, the Securities and Futures Commission charges a transaction levy of 0.0027 percent and the Accounting and Financial Reporting Council charges a transaction levy of 0.00015 percent for each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the Structured Products. The levy for the investor compensation fund is currently suspended.

Do you need to pay any tax?

You may be required to pay stamp duty, other taxes or other charges in accordance with the laws and practices of the country where the Structured Products are transferred, or where the issuer of the underlying asset of the Structured Products is organised or resident. If you are in any doubt as to your tax position, you should consult your own independent tax advisers.

Taxation in Hong Kong

An investor would only be subject to Hong Kong profits tax if (a) it were to carry on a trade, profession or business in Hong Kong and (b) profits from that trade, profession or business were to arise in or be derived from Hong Kong. Hong Kong profits tax will not be payable in respect of profits which are capital in nature.

You do not need to pay any Hong Kong stamp duty in respect of purely cash settled Structured Products.

Placing, sale and grey market dealings

No offers, sales, re-sales, transfers or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on us. See the section "Placing and Sale" for further information.

Following the launch of a series of Structured Products, we may place all or part of that series with our related party.

The Structured Products may be sold to investors in the grey market in the period between the launch date and the listing date. We will report any dealings in Structured Products by us and/or any of our subsidiaries or associated companies in the grey market to the Stock Exchange on the listing date through the website of the HKEX at *http://www.hkexnews.hk.*

Where can you read the relevant documents?

Copies of the following documents are available on the website of the HKEX at *http://www.hkexnews.hk* and our website at *www.warrants.com.hk*:

(a) each of the following documents (in separate English and Chinese versions), including:

- this document (and any addendum to this document), which include our latest audited financial statements and any interim financial statements; and
- the relevant launch announcement and supplemental listing document as long as the relevant series of Structured Products is listed on the Stock Exchange; and

(b) the consent letter issued by PricewaterhouseCoopers ("**Auditor**").

以上各文件可於香港交易所披露易網站(*www.hkexnews.hk*)以及本公司網站(*www.warrants.com.hk*)瀏覽。

Please refer to the base listing document dated 26 May 2025 for our annual financial statements and independent audit report in 2025.

Has the Auditor consented to the inclusion of its report in this document?

Our Auditor has given and has not withdrawn its written consent to the inclusion of its report dated 8 May 2026 relating to our financial statements for the year ended 31 March 2026 in this document and/or the references to its name in this document, in the form and context in which they are included. The independent audit report was not prepared for incorporation into this document. The Auditor does not hold our shares or shares in any member of our group, nor does it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any member of our group.

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.

How can you get further information about Macquarie Bank or the Structured Products?

You may visit *www.macquarie.com* and/or *www.warrants.com.hk* to obtain further information about us and/or the Structured Products.

Governing law of the Structured Products

All contractual documentation for the Structured Products will be governed by, and construed in accordance with, the laws of Hong Kong.

The Listing Documents are not the sole basis for making an investment decision

The Listing Documents do not take into account your investment objectives, financial situation or particular needs. Nothing in the Listing Documents should be construed as a recommendation by us or our affiliates to invest in the Structured Products or the underlying asset of the Structured Products.

No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by us. HKEX, the Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, our financial soundness or the merits of investing in any Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

This document has not been reviewed by the Securities and Futures Commission. You are advised to exercise caution in relation to the offer of the Structured Products.

Capitalised terms

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the General Conditions set out in Appendix 1 and the Product Conditions applicable to the relevant series of Structured Products set out in Appendix 2 and Appendix 3 (together, the "**Conditions**").

PLACING AND SALE

GENERAL

No action has been or will be taken by us that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Product in any jurisdiction (other than Hong Kong) where action for the purpose is required.

UNITED STATES OF AMERICA

Each series of Structured Products has not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Structured Products or interests therein, may not at any time be offered, sold, resold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Structured Products, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. No person will offer, sell, re-sell, transfer or deliver any Structured Products within the United States or to U.S. persons, except as permitted by the base placing agreement between us and the Sponsor, acting as manager. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means any national or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, any estate or trust the income of which is subject to United States income taxation regardless of its source, and any other U.S. person as such term is defined in Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer, sale, re-sale, transfer or delivery of Structured Products within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which is subject to the Prospectus Regulation, each dealer has represented and agreed, and each further dealer appointed in respect of the Structured Products will be required to represent and agree that, it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Structured Products which are the subject of the offering as contemplated by this Base Listing Document to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Structured Products or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Structured Products or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Structured Products to be offered so as to enable an investor to decide to purchase or subscribe for the Structured Products.

UNITED KINGDOM

Each dealer has represented and agreed, and each further dealer appointed in respect of the Structured Products will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Structured Products which are the subject of the offering contemplated by this Base Listing Document to any retail investor in the United Kingdom. Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Structured Products or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering, selling or distributing the Structured Products or otherwise making them available to any retail investor in the United Kingdom may be unlawful under DISC and the Consumer

Composite Instruments (Designated Activities) Regulations 2024.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is either one (or both) of the following:

(i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or

(ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Structured Products to be offered so as to enable an investor to decide to buy or subscribe for the Structured Products.

Each dealer has represented and agreed, and each further dealer appointed in respect of the Structured Products will be required to represent and agree, that:

(a) in respect of Structured Products having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Structured Products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Structured Products would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**"), by us;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Structured Products in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Structured Products in, from or otherwise involving the United Kingdom.

AUSTRALIA

This document is not a prospectus, product disclosure statement or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) (the "**Act**"). This document has not been, and will not be, lodged with the Australian Securities and Investments Commission, ASX Limited or any other government agency in Australia. Each dealer will be required to represent and agree that, unless the applicable final terms otherwise provides, it:

(a) has not offered or invited applications, and will not make any offer, or invite applications, for the issue, sale or purchase of any Structured Product in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, this document, any addendum to this document and the relevant launch announcement and supplemental listing document or any other offering material or advertisement relating to any Structured Product in Australia,

Unless:

(a) the offeree or invitee is a "wholesale client", "sophisticated investor" or "professional investor" (as defined in the Act);

(b) the minimum aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in other currencies but disregarding moneys lent by the offeror or its associates); or

(c) the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Act.

Section 708(19) of the Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Act if the issuer is an Australian authorised deposit-taking institution ("**ADI**"). As at the date of this document, we are an ADI.

OVERVIEW OF WARRANTS

What is a Warrant?

A Warrant is a type of derivative warrant.

A derivative warrant linked to a share of a company, a unit or share of a fund, an index or other asset (each an "**Underlying Asset**") is an instrument which gives the holder a right to "buy" or "sell" the Underlying Asset at, or derives its value by reference to, a pre-set price or level called the Exercise Price or Strike Level on the Expiry Date. It usually costs a fraction of the value of the Underlying Asset.

A derivative warrant may provide leveraged return to you (but conversely, it could also magnify your losses).

How and when can you get back your investment?

Our Warrants are European style warrants. That means they can only be exercised on the Expiry Date. A warrant will, upon exercise on the Expiry Date, entitle the holder to a cash amount called the "**Cash Settlement Amount**" (if positive) according to the relevant Product Conditions of that warrant.

You will receive the Cash Settlement Amount (if any) less any Exercise Expenses upon settlement at expiry. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable to you upon expiry.

How do our Warrants work?

The potential payoff of the Warrant is calculated by us by reference to the difference between:

(a) for a Warrant linked to a share or a unit, the Exercise Price and the Average Price; and

(b) for a Warrant linked to an index, the Strike Level and the Closing Level.

Call warrants

A call warrant is suitable for an investor holding a bullish view of the price or level of the Underlying Asset during the term of the warrant.

A call warrant will be exercised if the Average Price/Closing Level is greater than the Exercise Price/Strike Level (as the case may be). The more the Average Price/Closing Level exceeds the Exercise Price/Strike Level (as the case may be), the higher the payoff upon expiry. If the Average Price/Closing Level is at or below the Exercise Price/Strike Level (as the case may be), an investor in the call warrant will lose all of his investment.

Put warrants

A put warrant is suitable for an investor holding a bearish view of the price or level of the Underlying Asset during the term of the warrant.

A put warrant will be exercised if the Average Price/Closing Level is below the Exercise Price/Strike Level (as the case may be). The more the Average Price/Closing Level is below the Exercise Price/Strike Level (as the case may be), the higher the payoff upon expiry. If the Exercise Price/Strike Level is at or below the Average Price/Closing Level (as the case may be), an investor in the put warrant will lose all of his investment.

Other types of warrants

The launch announcement and supplemental listing document applicable to other types of warrants will specify the type of such warrants.

Where can you find the Product Conditions applicable to our Warrants?

You should review the Product Conditions applicable to each type of the Warrants before your investment.

The Product Conditions applicable to each type of our Warrants are set out in Parts A to C of Appendix 2 (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

What are the factors determining the price of a derivative warrant?

The price of a warrant generally depends on the prevailing price or level of the Underlying Asset. However, throughout the term of a warrant, its price will be influenced by a number of factors, including:

(a) the Exercise Price or Strike Level (as the case may be);

(b) the value and volatility of the price or level of the Underlying Asset (being a measure of the fluctuation in the price or level of the Underlying Asset over time);

(c) the time remaining to expiry: generally, the longer the remaining life of a warrant, the greater its value;

(d) the interim interest rates and expected dividend payments or other distributions on the Underlying

Asset or on any components comprising the underlying index (as the case may be);

(e) the liquidity of the Underlying Asset or of the futures contracts relating to the underlying index (as the case may be);

(f) the supply and demand for the warrant;

(g) our related transaction cost; and/or

(h) our creditworthiness.

What is your maximum loss in warrants?

Your maximum loss in warrants will be your entire investment amount plus any transaction costs.

How can you get information about the Warrants after issue?

You may visit our website at *www.warrants.com.hk* to obtain further information on our Warrants or any notice given by us in relation to our Warrants.

OVERVIEW OF CBBCS

What are CBBCs?

CBBCs are a type of Structured Products that track the performance of an Underlying Asset. CBBCs can be issued on different types of Underlying Assets as prescribed by the Stock Exchange from time to time, including:

(a) shares listed on the Stock Exchange;

(b) Hang Seng Index, Hang Seng China Enterprises Index, Hang Seng TECH Index and Hang Seng China H-Financials Index;

(c) unit trusts or exchange traded funds listed on the Stock Exchange; and/or

(d) overseas securities, indices, currencies or commodities (such as oil, gold and platinum).

A list of eligible Underlying Assets for CBBCs is available on the website of the HKEX at *https://www.hkex.com.hk/products/securities/structured-products/trading-information-and-historical-data?sc_lang=en*.

CBBCs are issued either as bull CBBCs or bear CBBCs, allowing you to take either bullish or bearish positions on the Underlying Asset. Bull CBBCs are designed for investors who have an optimistic view on the Underlying Asset. Bear CBBCs are designed for investors who have a pessimistic view on the Underlying Asset.

CBBCs have a mandatory call feature (the "**Mandatory Call Event**") and, subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed, we must terminate our CBBCs upon the occurrence of a Mandatory Call Event. See "What are the mandatory call features of CBBCs?" below for further information.

There are 2 categories of CBBCs, namely:

(a) Category R CBBCs; and

(b) Category N CBBCs.

Your entitlement following the occurrence of a Mandatory Call Event will depend on the category of the CBBCs. See "Category R CBBCs vs. Category N CBBCs" below for further information.

If no Mandatory Call Event occurs, the CBBCs may be exercised automatically on the Expiry Date by payment of a Cash Settlement Amount (if any) on the Settlement Date. The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price/Closing Level of the Underlying Asset on the Valuation Date and the Strike Price/Strike Level. See "Category R CBBCs vs. Category N CBBCs" below.

What are the mandatory call features of CBBCs?

Mandatory Call Event

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs. A Mandatory Call Event occurs if the Spot Price/Spot Level of the Underlying Asset is:

(a) at or below the Call Price/Call Level (in the case of a bull CBBC); or

(b) at or above the Call Price/Call Level (in the case of a bear CBBC),

at any time during the Observation Period.

The Observation Period starts from and includes the Observation Commencement Date of the relevant CBBCs and ends on and includes the Trading Day immediately preceding the Expiry Date.

Subject to the limited circumstances set out in the relevant Product Conditions in which a Mandatory Call Event may be reversed and such modification and amendment as may be prescribed by the Stock Exchange from time to time:

(a) all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event; and

(b) where the Mandatory Call Event occurs during a pre-opening session or closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session,

will be invalid and will be cancelled, and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to:

(a) in respect of CBBCs over single equities listed on the Stock Exchange or CBBCs over an exchange traded fund ("**ETF**"), the Stock Exchange's automatic order matching and execution system time at which the Spot Price is at or below the Call Price (in the case of a bull CBBC) or is at or above the Call Price (in the case of a bear CBBC); or

(b) in respect of CBBCs over index, the time the relevant Spot Level is published by the Index Compiler at which the Spot Level is at or below the Call Level (in the case of a bull CBBC) or is at or above the Call Level (in the case of a bear CBBC),

subject to the rules and requirements as prescribed by the Stock Exchange from time to time.

Category R CBBCs vs. Category N CBBCs

The launch announcement and supplemental listing document for the relevant series of CBBCs will specify whether the CBBCs are Category R CBBCs or Category N CBBCs.

"**Category R CBBCs**" refer to CBBCs for which the Call Price/Call Level is different from their Strike Price/Strike Level. In respect of a series of Category R CBBCs, you may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The amount of the Residual Value payable (if any) is calculated by reference to:

(a) in respect of a bull CBBC, the difference between the Minimum Trade Price/Minimum Index Level of the Underlying Asset and the Strike Price/Strike Level; and

(b) in respect of a bear CBBC, the difference between the Strike Price/Strike Level and the Maximum Trade Price/Maximum Index Level of the Underlying Asset.

"**Category N CBBCs**" refer to CBBCs for which the Call Price/Call Level is equal to their Strike Price/Strike Level. In respect of a series of Category N CBBCs, you will not receive any cash payment following the occurrence of a Mandatory Call Event.

You must read the relevant Product Conditions and the relevant launch announcement and supplemental listing document to obtain further information on the calculation formula of the Residual Value applicable to Category R CBBCs.

If a Mandatory Call Event occurs, you may lose all of your investment in a particular series of CBBCs if:

(a) in the case of a series of bull CBBCs, the Minimum Trade Price/Minimum Index Level of the Underlying Asset is equal to or less than the Strike Price/Strike Level; or

(b) in the case of a series of bear CBBCs, the Maximum Trade Price/Maximum Index Level of the Underlying Asset is equal to or greater than the Strike Price/Strike Level.

If no Mandatory Call Event occurs, you may lose all of your investment in a particular series of CBBCs if:

(a) in the case of a series of bull CBBCs, the Closing Price/Closing Level is equal to or less than the Strike Price/Strike Level; or

(b) in the case of a series of bear CBBCs, the Closing Price/Closing Level is equal to or greater than the Strike Price/ Strike Level.

How is the funding cost calculated?

The issue price of a CBBC represents the difference between the initial reference Spot Price/Spot Level of the Underlying Asset and the Strike Price/Strike Level, plus the applicable initial funding cost as at the launch date.

The initial funding cost applicable to each series of CBBCs will be specified in the relevant launch announcement and supplemental listing document and will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price/Strike Level, the prevailing interest rate, the expected life of the CBBCs, expected notional dividends or distributions in respect of the Underlying Asset and the margin financing provided by us.

Further details about the funding cost applicable to a series of CBBCs will be described in the relevant launch announcement and supplemental listing document.

Do you own the Underlying Asset?

CBBCs convey no interest in the Underlying Asset. We may choose not to hold the Underlying Asset or any derivatives contracts linked to the Underlying Asset. There is no restriction through the issue of the CBBCs on the ability of us and/or our affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying Asset or any derivatives products linked to the Underlying Asset.

Where can you find the Product Conditions applicable to our CBBCs?

You should review the Product Conditions applicable to each type of the CBBCs before your investment.

The Product Conditions applicable to each type of our CBBCs are set out in Parts A to C of Appendix 3 (as may be supplemented by any addendum or the relevant launch announcement and supplemental listing document).

What are the factors determining the price of a CBBC?

The price of a CBBC tends to follow closely the movement in the value of the Underlying Asset in dollar value (on the assumption of an entitlement ratio of one CBBC to one Underlying Asset).

However, throughout the term of a CBBC, its price will be influenced by a number of factors, including:

(a) the Strike Price/Strike Level and the Call Price/Call Level (as the case may be);

(b) the likelihood of the occurrence of a Mandatory Call Event;

(c) for Category R CBBCs only, the probable range of the Residual Value (if any) payable upon the occurrence of a Mandatory Call Event;

(d) the time remaining to expiry;

(e) the interim interest rates and expected dividend payments or other distributions on the Underlying Asset or on any components comprising the underlying index (as the case may be);

(f) the liquidity of the Underlying Asset or of the futures contracts relating to the underlying index (as the case may be);

(g) the supply and demand for the CBBCs;

(h) the probable range of the Cash Settlement Amount;

(i) our related transaction cost; and/ or

(j) our creditworthiness.

What is your maximum loss in CBBCs?

Your maximum loss in CBBCs will be your entire investment amount plus any transaction costs.

How can you get information about the CBBCs after issue?

You may visit our website at *www.warrants.com.hk* to obtain further information on CBBCs or any notice given by us in relation to our CBBCs.

INFORMATION IN RELATION TO US

Macquarie Bank Limited is a subsidiary of Macquarie Group Limited and is regulated by the Australian Prudential Regulation Authority (APRA) as an authorised deposit-taking institution. Macquarie Bank offers retail and business banking and wealth management, as well as risk and capital solutions with a particular focus on financial markets, asset finance and commodities.

Macquarie Group comprises a Banking Group and a Non-Banking Group.

The Banking Group (consisting of Macquarie B.H. Pty Ltd (the direct parent of Macquarie Bank) and its subsidiaries (including Macquarie Bank)) comprises two operating groups: Banking and Financial Services and Commodities and Global Markets, excluding certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business and some other less financially significant activities, which are undertaken from within the Non-Banking Group.

The Non-Banking Group (consisting of Macquarie Financial Limited and its subsidiaries, Macquarie Asset Management Holdings Pty Ltd and its subsidiaries and Macquarie International Finance Limited and its subsidiaries) consists of Macquarie Capital; Macquarie Asset Management; and those assets and activities in Commodities and Global Markets which are not in the Banking Group, as described above.

The registered office of Macquarie Bank is at Level 1, 1 Elizabeth Street, Sydney, NSW 2000, Australia. Macquarie Bank's principal administrative office is Level 1, 1 Elizabeth Street, Sydney, NSW 2000, Australia.

Commodities and Global Markets

Commodities and Global Markets (CGM) is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions across three distinct business lines:

Commodities:

- Provides capital and financing, risk management, and physical execution and logistics solutions across power, gas, emissions, agriculture, oil and resources sectors globally. The division also offers commodity-based index products to institutional investors.

Financial Markets:

Financial Markets provides clients with access to a wide range of service offerings across foreign exchange, rates, credit markets and listed derivatives markets. Our three divisions in Financial Markets are:

- Fixed Income and Currencies: provides currency and fixed income trading and hedging services as well as financing of warehouse, securitisation, private funds and settlement solutions across a range of asset classes for corporates and institutional clients globally.

- Futures: provides a full range of execution, clearing and financing solutions to corporate and institutional clients, providing 24-hour coverage of major markets globally.

- Equity Derivatives and Trading: issues listed derivatives in key locations and provides derivatives products and equity finance solutions to its institutional client base and conducts risk management and market making activities.

Asset Finance:

- Delivers a diverse range of tailored finance solutions globally across a variety of industries and asset classes.

Central:

- CGM Central houses various CGM-wide services including the Chief Operating Officer and Chief Financial Officer teams, transformation, data, legal, non-financial risk, strategy and stakeholder engagement capabilities.

Litigation and Regulatory Matters

Germany

We were one of over 100 financial institutions involved in the German dividend trading market. Over a dozen criminal trials related to cum-ex have been or are being prosecuted against individuals in German courts and there have been convictions. Our historical involvement in that market included short selling-related activities and acting as a lender to third parties who undertook dividend trading.

The Cologne Prosecutor's Office is investigating our historical activities. Under German law, companies cannot be criminally prosecuted, but they can be added as ancillary parties to the trials of certain individuals. Ancillary parties may be subject to confiscation orders requiring the disgorgement of profits.

As part of their ongoing industry-wide investigation, the German authorities have designated as suspects approximately 100 current and former Macquarie Group staff members, including the current Macquarie Group CEO. Most of these individuals are no longer at the Macquarie Group. Macquarie Group has been responding to the German authorities' requests for information about its historical activities. Macquarie Group has seen increased activity in relation to former and current Macquarie Group employees as the industry-wide investigation continues, notably the prosecution and trial of a former employee from mid-2026.

Since 2018, a number of German civil claims have been brought against us by investors in a group of independent investment funds financed by us to undertake German dividend trading in 2011, who seek total damages of approximately €59 million. The funds were trading shares around the dividend payment dates where investors were seeking to obtain the benefit of dividend withholding tax credits. The investors' credit claims were refused and there was no loss to the German revenue authority. We strongly dispute these claims noting that we did not arrange, advise or otherwise engage with the investors, who were high net-worth individuals with their own advisers. Many, if not all, had previously participated in similar transactions.

Macquarie Group has provided for these matters.

APRA's Actions

On 1 April 2021, APRA announced actions required regarding Macquarie Bank Limited's risk management practices and ability to calculate and report key prudential ratios. APRA increased Macquarie Bank Limited's operational risk capital requirement and made adjustments to requirements for certain liquidity prudential ratios, effective from 1 April 2021. The actions relate to specific intra-group funding arrangements as well as breaches of APRA's reporting standards on liquidity between 2018 and 2020. APRA noted that the breaches are historical and do not impact the current overall soundness of Macquarie Group's capital and liquidity positions. On 22 October 2021, we published restated historical Macquarie Bank Limited Pillar 3 disclosures for the period from March 2018 to June 2021. As at 31 March 2026, Macquarie Bank Limited's CET1 ratio was 12.8% and leverage ratio was 4.7%, comfortably exceeding APRA's Basel III requirements.

We have been working with APRA on a remediation plan that strengthens Macquarie Bank Limited's governance, culture, structure, and remuneration to ensure full and ongoing compliance with prudential standards and management of Macquarie Bank-specific risks.

On 5 February 2026, APRA announced it had reduced the liquidity add-on requirements it had previously imposed on Macquarie Bank Limited. APRA has reduced the net cash outflow add-on to Macquarie Bank Limited's liquidity coverage ratio calculation from 25% to 15% and removed the 1% decrease to the available stable funding component of Macquarie Bank Limited's net stable funding ratio calculation. These changes became effective 5 February 2026 and reflect APRA's assessment that Macquarie Bank Limited has remediated aspects of its liquidity risk following better management and reporting controls.

ASIC

On 7 May 2025 the 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 our remediation activities. Macquarie Bank Limited will continue to implement the recommendations contained in the expert's report and execute the remediation plan.

DIRECTORS AND COMPANY SECRETARIES

Directors' Qualifications and Membership of Other Board Committees

Glenn R Stevens AC
BEc (Hons) (Sydney), MA (Econ) (UWO)
Independent Chair since 10 May 2022
Independent Voting Director since November 2017
Member of the Board Conflicts Committee

Stuart D Green
BA (Hons)(UCL), MBA (CUL Business School), FCA, FCT
Managing Director and Chief Executive Officer since July 2021
Executive Voting Director since July 2021
Member of the Board Conflicts Committee

Shemara R Wikramanayake
BCom, LLB (UNSW)
Executive Voting Director since August 2018
Managing Director and Chief Executive Officer of Macquarie Group Limited since December 2018

Jillian R Broadbent AC
BA (Maths & Economics) (Sydney)
Independent Voting Director since November 2018
Chair of the Board Remuneration Committee
Member of the Board Risk Committee

Wayne S Byres
BEc (Hons) (MQ), MAppFin (MQ), GAICD, FCSI
Independent Voting Director since February 2024
Member of the Board Audit Committee
Member of the Board Conflicts Committee
Member of the Board Governance and Compliance Committee
Member of the Board Risk Committee

Philip M Coffey
BEc (Hons) (Adelaide), GAICD, SF Finsia
Independent Voting Director since August 2018
Chair of the Board Risk Committee
Member of the Board Governance and Compliance Committee

Michelle A Hinchliffe
BCom (UQ), FCA, ACA, MAICD
Independent Voting Director since March 2022
Chair of the Board Audit Committee
Member of the Board Governance and Compliance Committee

Susan J Lloyd-Hurwitz AM

BA (Hons) (USYD), MBA (Distinction), INSEAD
Independent Voting Director since July 2023
Member of the Board Audit Committee
Member of the Board Remuneration Committee

Rebecca J McGrath AM
BTP (Hons) (UNSW), MAppSc (ProjMgt) (RMIT), FAICD
Independent Voting Director since January 2021
Chair of the Board Governance and Compliance Committee
Member of the Board Risk Committee

Mike Roche
BSc (UQ), GAICD, FIA (London), FIAA
Independent Voting Director since January 2021
Member of the Board Audit Committee
Member of the Board Remuneration Committee
Member of the Board Risk Committee

Ian M Saines
BCom (Economics) (UNSW), FAICD
Independent Voting Director since June 2022
Chair of the Board Conflicts Committee
Member of the Board Remuneration Committee
Member of the Board Risk Committee

David JK Whiteing
BBusSci (UCT)
Independent Voting Director since September 2023
Member of the Board Audit Committee
Member of the Board Conflicts Committee
Member of the Board Governance and Compliance Committee
Member of the Board Remuneration Committee

The Company Secretary of Macquarie Bank is Simone Kovacic. Olivia Shepherd is the Assistant Company Secretary of Macquarie Bank.

The business address of each Voting Director and the Company Secretary is Level 1, 1 Elizabeth Street, Sydney, NSW 2000, Australia.

As at 31 March 2026, Macquarie Bank Limited employed over 15,100 staff globally.

RISK FACTORS

Not all of the risk factors described below will be applicable to a particular series of Structured Products. Please consider all risks carefully prior to investing in any Structured Products and consult your professional independent financial adviser and legal, accounting, tax and other advisers with respect to any investments in the Structured Products. Please read the following section together with the risk factors set out in the relevant launch announcement and supplemental listing document.

General risks relating to us

Non-collateralised structured products

The Structured Products are not secured on any of our assets or any collateral. Each series of Structured Products constitutes our general unsecured contractual obligations and of no other person and will rank equally with our other unsecured contractual obligations and unsecured and unsubordinated debt. At any given time, the number of our Structured Products outstanding may be substantial.

Repurchase of our Structured Products

Our Group may repurchase the Structured Products from time to time in the private market or otherwise at a negotiated price or the prevailing market price at our discretion. You should not make any assumption as to the number of Structured Products in issue for any particular series at any time.

Our creditworthiness

If you purchase our Structured Products, you are relying upon our creditworthiness and have no rights under these products against:

(a) any company which issues the underlying shares;

(b) the fund which issues the underlying securities or its trustee (if applicable) or manager (if applicable); or

(c) any index compiler of the underlying index.

We do not guarantee the repayment of your investment in any Structured Product.

Any downgrading of our rating by rating agencies such as S&P and Moody's could result in a reduction in the value of the Structured Products.

No deposit liability or debt obligation

We are obliged to deliver to you the Cash Settlement Amount (if any) under the Conditions upon expiry. We do not intend (expressly, implicitly or otherwise) to create a deposit liability or a debt obligation of any kind by the issue of any Structured Product.

Structured Products are not bank deposits and they are not liabilities in relation to protected accounts with Macquarie Bank Limited. They are unsecured obligations of Macquarie Bank, and in the event of the winding up of Macquarie Bank, they would rank equally with other unsecured obligations and liabilities of Macquarie Bank, in the order of their priority. Section 13A(3) of the Banking Act provides that if Macquarie Bank becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to satisfy specified liabilities in priority to all its other liabilities (including its obligations under the Structured Products). The specified liabilities include first, certain obligations of Macquarie Bank to APRA in respect of amounts payable by APRA to holders of protected accounts and any administration costs incurred by APRA. Then, as the next priority, other liabilities of Macquarie Bank in Australia in relation to protected accounts that account-holders keep with Macquarie Bank. Following this any debts that Macquarie Bank owes to the Reserve Bank of Australia and any liabilities under an industry support contract (certified under section 11CB of the Banking Act) and then, any other liabilities, in the order of their priority.

Conflicts of interest

The Group is a diversified financial institution with relationships in countries around the world. The Group engages in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for our own account or the account of others. In addition, the Group, in connection with our other business activities, may possess or acquire material information about the Underlying Assets or may issue or update research reports on the Underlying Assets. Such activities, information and/or research reports may involve or otherwise affect the Underlying Assets in a manner that may cause consequences adverse to you or otherwise create conflicts of interests in connection with the issue of Structured Products by us. Such actions and conflicts may include, without limitation, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Group:

(a) has no obligation to disclose such information about the Underlying Assets or such activities. The Group

and our officers and directors may engage in any such activities without regard to the issue of Structured Products by us or the effect that such activities may directly or indirectly have on any Structured Product;

(b) may from time to time engage in transactions involving the Underlying Assets for our proprietary accounts and/or for accounts under our management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the price/level of the Underlying Assets and consequently upon the value of the relevant series of Structured Products;

(c) may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider;

(d) may issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products; and

(e) may also act as underwriter in connection with future offerings of shares, units or other securities or may act as financial adviser to the issuer, or sponsor, as the case may be, of any such share, unit or other security or in a commercial banking capacity for the issuer of any share, units or other security, the trustee (if applicable) or the manager (if applicable) of the ETF. Such activities could present certain conflicts of interest and may affect the value of the Structured Products.

Macro-economic risks

Macquarie Bank's and the MBL Group's business and results of operation have been and may, in the future, be adversely affected by financial markets, global credit and other economic and geopolitical challenges generally

The MBL Group's businesses operate in or depend on the operation of global markets, including through exposures in securities, loans, derivatives and other activities. The MBL Group may be adversely affected by various factors it cannot control, including uncertainty and volatility in global credit markets, liquidity constraints, increased funding costs, the level and volatility of interest rates, constrained access to funding, uncertainty concerning government shutdowns and debt ceilings, changes in government spending due to geopolitical events, fluctuations in equity and capital market activity, supply chain disruptions and labor shortages. These factors could also adversely affect the MBL Group's access to and costs of funding and in turn may negatively impact its liquidity and competitive position.

Global markets may also be adversely affected by climate change, extreme weather events or natural disasters, widespread health emergencies, cyber-attacks or campaigns, existing or emerging military conflicts (e.g. Russia-Ukraine, Israel-Palestine, the war between the United States/Israel and Iran and other conflicts in the Middle East), terrorism or other economically significant external events such as increasing trade protectionism, tensions between the United States and China and concerns about China's intentions regarding Taiwan.

Existing or emerging conflicts have caused, and may continue to cause, supply shocks in energy, food and other commodities markets, disruption to global shipping lanes and supply chains, increased inflation, cybersecurity risks, increased volatility in commodity, currency and other financial markets and heightened geopolitical tensions.

In particular, the ongoing conflict in the Middle East between the United States/Israel and Iran has significantly impacted and is likely to continue impacting shipping activity, particularly for oil and LNG, and supply chains. These events have led to increased energy prices and price volatility, increasing inflation both globally and in Australia. A prolonged disruption of oil and LNG shipping as a result of this conflict may lead to a broader economic slowdown, negatively impacting the MBL Group's businesses and results of operations. The extent and duration of the conflict in the Middle East, the likelihood of future escalations, the extent and impact of existing and future sanctions, the potential blockade of key trade corridors, other market disruptions and volatility, and the result of any diplomatic negotiations are highly uncertain. As a result, the MBL Group has limited ability to fully assess the potential impact of this war on its operations and financial performance.

The dynamic and constantly evolving sanctions environment continues to drive heightened sanctions compliance risk and complexity in applying control frameworks across the market. New or increased sanctions, the lifting of sanctions or a divergence in sanctions regimes between the authorities with jurisdiction over the MBL Group could continue to disrupt regional and global energy, commodities and financial markets, potentially impacting the MBL Group's businesses and results of operations.

The trade barriers that have been imposed or threatened over the past year have disrupted, and are likely to continue to disrupt, global trade flows and economic growth and increase inflation and market volatility. The impact of these trade barriers has been exacerbated by unpredictable announcements, frequent revisions, legal challenges and short time frames for implementation. These trade barriers have increased and may continue to increase volatility in financial markets, including equity, currency and interest rate markets, adversely affect

business investment, negatively impact investor confidence, lead to the re-direction of exports, reduce co-operation and escalate tensions between the countries targeted by trade barriers and result in lower economic growth in both the countries impacted by trade sanctions and globally, any of which may negatively impact Macquarie Bank's and the MBL Group's business and results of operations.

Actions by central banks, including changes to interest rate targets, balance sheet management and government-sponsored lending facilities, are beyond the MBL Group's control and are difficult to predict. Sudden changes in monetary policy, including responses to increased inflation or changes to fiscal or trade policies, could lead to financial market volatility, affect market interest rates and the value of financial instruments and other assets and liabilities, and impact the MBL Group's customers.

The MBL Group's trading income may be adversely affected during times of subdued market conditions and client activity. Increased market volatility can lead to trading losses or cause the MBL Group to reduce the size of its trading activities to limit its risk exposure.

Market conditions and declines in asset values may cause the MBL Group's clients to transfer their assets out of the MBL Group's funds, other products or their brokerage accounts, resulting in reduced net revenues.

The MBL Group's realizations from asset sales may be less than anticipated in the event economic conditions deteriorate. These conditions may also negatively impact the MBL Group's ability to exit investment positions due to decreased transaction activity. If financial markets decline, revenues from the MBL Group's products may decrease. In addition, increased volatility may reduce the value of the MBL Group's assets and increase the MBL Group's capital requirements. Increased capital requirements may require the MBL Group to raise additional capital at times, and on terms that are less favorable than the MBL Group would achieve during stable market conditions.

Sudden declines and significant volatility in asset prices may substantially reduce or eliminate the trading markets for certain assets, making it difficult to sell, hedge or value them. If the MBL Group cannot sell or hedge these assets, its ability to limit losses is reduced. The MBL Group may also have difficulty obtaining insurance that depends on asset values, or obtaining insurance on appropriate terms, as a result of this volatility. Difficulty in valuing assets may also negatively affect the MBL Group's capital, liquidity or leverage ratios, increase funding costs and require the MBL Group to hold additional capital.

Concerns about, or defaults by, one or more institutions or a sovereign entity could trigger market-wide liquidity problems, losses or defaults by other institutions, a drop in the value and liquidity of financial instruments and disruptions to capital markets that may further affect the MBL Group. Negative perceptions of a financial institution's soundness can lead counterparties to limit their exposure and depositors to withdraw their deposits, further weakening the institution. Technology such as social media (and the speed at which information is disseminated) and online banking platforms mean that this can happen more quickly than in the past. Bank collapses in the United States and Europe in 2023 have heightened these concerns. The commercial soundness of many financial institutions may be closely interrelated due to credit, trading, clearing or other relationships among financial institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that the MBL Group deals with daily. If any of the MBL Group's counterpart financial institutions fail, the MBL Group's exposures to them may lose some or all their value. These events may have a serious adverse effect on the MBL Group's liquidity, profitability and value.

Macquarie Bank's and the MBL Group's ability to operate their businesses could be impaired if their liquidity is constrained

Liquidity is essential to Macquarie Bank's and the MBL Group's business. Financial institutions have failed in the past due to lack of liquidity. Inadequate liquidity, or even the perception thereof, poses a serious risk to their ability to operate. Macquarie Bank's and the MBL Group's liquidity may be impacted by factors such as deposit losses, market disruptions, macroeconomic shocks, increases to liquidity and regulatory capital requirements due to legal and regulatory changes, restrictive central bank actions such as quantitative tightening that may reduce monetary supply and increase interest rates, the insolvency of a major market participant or systemically important financial institution, any idiosyncratic event impacting Macquarie Bank's or the MBL Group's reputation and/or business, any other unexpected cash outflows or higher-than-anticipated funding needs. Uncertainty around these factors could undermine confidence in Macquarie Bank and the MBL Group or the financial system as a whole.

Factors beyond Macquarie Bank's and the MBL Group's control, such as periods of market stress, declining investor confidence or financial market illiquidity may increase their funding costs and reduce their access to conventional funding sources. Regulators may impose increased liquidity requirements on financial institutions, which could require Macquarie Bank and the MBL Group to hold

larger amounts of highly liquid assets and/or constrain Macquarie Bank's and the MBL Group's ability to raise funding or deploy capital. Macquarie Bank's and the MBL Group's ability to liquidate assets may be impaired if there is not a liquid market for them, or other market participants are seeking to sell similar assets at the same time, as is likely to occur in a liquidity or other market crisis or in response to changes in law or regulation.

If Macquarie Bank's and the MBL Group's access to stable and lower cost sources of funding, such as customer deposits and the equity and debt capital markets, is reduced, they may need to seek alternative funding that could be more expensive or be limited in availability in order to satisfy their liquidity coverage and net stable funding requirements.

Failing to effectively manage Macquarie Bank's and the MBL Bank Group's liquidity could constrain their ability to fund or invest in their businesses, adversely affecting their operations, prospects, financial performance or financial condition.

Failure of Macquarie Bank or the MBL Group to maintain their credit ratings and those of their subsidiaries could adversely affect their cost of funds, liquidity, competitive position and access to capital markets

The credit ratings assigned to Macquarie Bank or the MBL Group and certain subsidiaries by rating agencies are based on their evaluation of a number of factors, including the MBL Group's ability to maintain stable and diverse earnings, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management as well as its key operating environments, including the availability of systemic support in Australia. A credit rating downgrade could also result from the occurrence of the other risks identified in this section or by other events that are not related to the MBL Group where there has been no deterioration in its business, such as changes to ratings methodology or criteria.

Failure to maintain their current credit ratings could (i) adversely affect Macquarie Bank's or the MBL Group's funding costs, liquidity, competitive position, the willingness of counterparties to transact with the MBL Group and its ability to access capital markets; or (ii) trigger Macquarie Bank's or the MBL Group's obligations under certain bilateral provisions in some of their trading and collateralized financing contracts. These provisions may permit counterparties to terminate contracts with the MBL Group or require it to post collateral. Such terminations could cause losses and impair Macquarie Bank's and the MBL Group's liquidity by requiring them to find other sources of financing or to make significant cash payments or securities movements.

Changes and increased volatility in currency exchange rates may adversely impact the MBL Group's financial results and its financial and regulatory capital positions

Although the consolidated financial statements of Macquarie Bank and its subsidiaries are presented in Australian dollars, a significant portion of the MBL Group's operating income and expenses arise from its offshore business activities, which are conducted in a variety of currencies. Changes in the exchange rate between the Australian dollar and other currencies can impact the MBL Group's financial statements and the economics of its business. Although the MBL Group seeks to carefully manage its exposure to foreign currencies, in part through matching assets and liabilities in local currencies and using foreign exchange forward contracts to hedge its exposure, the MBL Group is still exposed to exchange risk, which is heightened during periods of significant currency volatility. If the MBL Group is unable to hedge or has not completely hedged its exposure to currencies other than the Australian dollar, the MBL Group's reported profit and foreign currency translation reserve could be affected.

In addition, because the MBL Group's regulatory capital position is assessed in Australian dollars, its capital ratios may be adversely impacted by a depreciating Australian dollar, which would increase the capital requirement for assets denominated in currencies other than Australian dollars.

Macquarie Bank's and the MBL Group's businesses are subject to the risk of loss associated with price volatility in the equity markets and other markets in which they operate

Changes in interest rates, exchange rates, equity and commodity prices, credit spreads and other market exposures could reduce the value of financial instruments and other financial assets that the MBL Group carry at fair market value and reduce its advisory and other fee income. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political, financial or other scandals that reduce investor confidence, natural disasters or pandemics or a combination of these or other factors.

Macquarie Bank and the MBL Group trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and are an active price maker in the derivatives market. Certain financial instruments that Macquarie Bank and/or the MBL

Group hold and contracts they enter are complex, and these structured products often lack readily available markets in times of liquidity stress. Additionally, several markets Macquarie Bank and the MBL Group trade in, in particular energy markets, may experience heightened volatility due to uncertainty and supply chain disruptions from ongoing conflicts and the implementation or proposed implementation of new trade barriers.

Changes in equity market prices or interest rates may reduce the value of Macquarie Bank's and the MBL Group's clients' portfolios, which in turn may reduce the fees they earn for managing assets in certain parts of their business. Higher interest rates or attractive prices for other investments could cause Macquarie Bank's and the MBL Group's clients to transfer their assets out of their funds or other products.

Interest rate risk arises from a variety of sources, including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings or the value of the MBL Group. See also "Risk Factors - General risks relating to us - Macro-economic risks - Inflation has had, and could continue to have, a negative effect on Macquarie Bank's and the MBL Group's business, results of operations and financial condition".

Macquarie Bank's and the MBL Group's businesses are subject to risks including trading losses, risks associated with market volatility and the risks associated with their physical commodities activities

Macquarie Bank's and the MBL Group's commodities business primarily involves transacting with their clients and market counterparties to assist clients with managing risks related to their commodity exposures. Macquarie Bank and the MBL Group may also enter commodity transactions on their own behalf. These transactions often expose Macquarie Bank and the MBL Group to price movements in the underlying commodities. Macquarie Bank and the MBL Group employ risk management techniques including full or partial hedging to manage these risks. These techniques may not always be effective for a variety of reasons, including unforeseen events occurring outside their risk modelling. For example, some products may have limited market liquidity and access to derivative markets may become constrained during periods of volatility, increasing the cost of hedging instruments. Counterparty risk may also be elevated at times of high volatility because counterparties may face financial stress, increasing Macquarie Bank's and the MBL Group's exposure to potential losses if counterparties default or fail to perform their obligations. See also "Risk Factors - General risks relating to us - Counterparty credit risk - Failure of external parties to honor their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business".

While most of Macquarie Bank's and the MBL Group's commodities markets activities involve financial exposures, they will also have physical positions from time to time which expose them to the risks of owning and/or transporting commodities, some of which may be hazardous. Commodities involved in Macquarie Bank's and the MBL Group's intermediation activities and investments are also subject to the risk of unforeseen or catastrophic events beyond their control, including accidents and failures with refining, transportation and storage infrastructure, determinations made by exchanges, extreme weather events or other natural disasters, leaks, spills or release of hazardous substances, disruptions to global supply chains and shipping operations, changes to legislation and regulation, government action (for example, energy price caps or emergency measures) or geopolitical events, as well as emerging issues such as sustained refined-fuel shortages that may create sourcing challenges and heighten delivery and contractual risks. These events may prevent Macquarie Bank and the MBL Group from performing under their agreements with clients, may impair their operations or financial results and may result in litigation, regulatory action, negative publicity or other reputational harm.

While Macquarie Bank and the MBL Group seek to insure against potential risks, insurance may be uneconomic to obtain, inadequate to cover all losses or unavailable for some risks. There may also be substantial costs in complying with extensive and evolving laws and regulations relating to Macquarie Bank's and the MBL Group's commodities and risk management activities and investments, including energy and climate change laws and regulations worldwide.

Increasingly complex sanctions regimes worldwide have increased risk and uncertainty in some areas of the commodities sector, by prohibiting the continuation of, or requiring significant restructuring of, large and complex transactions and potentially affecting planned exit strategies. See also "Risk Factors - General risks relating to us - Legal and regulatory risks - the MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions".

Funding constraints of investors may impact Macquarie Bank's and/or the MBL Group's income

Macquarie Bank and the MBL Group generate a portion of their income by selling assets to external parties. If buyers cannot obtain financing to purchase assets Macquarie Bank and/or the MBL Group are looking to sell, Macquarie Bank and/or the MBL Group may be required to hold these assets for longer than they intended or sell them at lower prices than they expected. This could reduce their return on investment and require funding for periods longer than anticipated.

Inflation has had, and could continue to have, a

negative effect on Macquarie Bank's and the MBL Group's business, results of operations and financial condition

While inflation has fallen from the elevated levels seen between 2020 and 2023, inflation levels remain above central bank targets in many economies, with recent events in the Middle East likely to further increase inflation in the short term. Elevated inflation may result in faster than normal increases in labor and other operating costs, putting pressure on Macquarie Bank's and the MBL Group's expenses. Central bank actions in response to elevated inflation could slow economic growth, drive further financial market volatility and increase the risk of recession. Any combination of these factors could adversely affect the MBL Group's clients, businesses and results of operations.

The MBL Group could suffer losses due to climate change

The MBL Group's businesses could also suffer losses due to climate change, which is a driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions which could result from increased frequency and/or severity of adverse weather events. These events could disrupt the MBL Group's operations or the operations of customers or external parties on which the MBL Group rely. They could also impact the ability of the MBL Group's clients or customers to repay their obligations, reduce the value of collateral, negatively impact asset values and result in other effects. Climate change creates transition risks, such as changes to laws and regulations, technology development and disruptions and changes in consumer and market preferences towards low carbon goods and services. These factors could restrict the scope of the MBL Group's existing businesses, limit the MBL Group's ability to pursue certain business activities and offer certain products and services, amplify credit and market risks, negatively impact asset values, result in litigation, regulatory scrutiny and/or action, negative publicity or other reputational harm and/or otherwise adversely impact the MBL Group, its business or its customers.

Climate risks can also arise from inconsistencies and conflicts in how climate policy and financial regulation is implemented in the regions where the MBL Group operates, including initiatives with extraterritorial effect. Legislative or regulatory uncertainties and changes are also likely to increase regulatory, compliance, credit, reputation and other risks and costs. The MBL Group's ability to meet its climate-related goals, targets and commitments is subject to risks and uncertainties, many of which are outside of the MBL Group's control. These include technology advances, public policies and challenges related to capturing, verifying, analyzing and disclosing emissions and climate-related data. Failure to effectively manage these risks could adversely affect the MBL Group's business, prospects, reputation, financial performance or financial condition.

Legal and regulatory risks

Many of Macquarie Bank's and the MBL Group's businesses are highly regulated and they could be adversely affected by temporary and permanent changes in law, regulations and regulatory policy

The MBL Group operates businesses across multiple jurisdictions and sectors that are regulated by multiple regulators. Some Macquarie Group entities, businesses and assets are subject to specific industry regulations. The MBL Group's businesses include an Authorised Deposit-taking Institution ("**ADI**") in Australia (regulated by the Australian Prudential Regulation Authority ("**APRA**")), a credit institution in Ireland (regulated by the Central Bank of Ireland), bank branches in the United Kingdom, the Dubai International Finance Centre and Singapore, and representative offices in the United States, South Africa, Brazil and Switzerland. Banking regulations vary by country but generally aim to protect both depositors and the banking system, not holders of Macquarie Bank's securities or creditors. As a diversified financial institution, many of the MBL Group's businesses are also subject to financial services regulation other than prudential banking regulation, as well as laws, regulations and oversight specific to particular industries. Failure to comply with any laws or regulations could adversely affect its business, prospects, reputation or financial condition.

Regulatory agencies and governments frequently review and revise banking and financial services laws, security and competition laws, fiscal laws and other laws, regulations and policies, including fiscal and trade policies, and the manner in which they enforce such laws. In particular, the laws and regulations related to privacy, information security and emerging technologies, such as artificial intelligence ("AI"), are rapidly evolving across jurisdictions. Any changes, including in the interpretation or implementation of laws, regulations or policies, could substantially affect Macquarie Bank and the MBL Group, their businesses, the products and services Macquarie Bank and the MBL Group offer (and their potential liability in respect of such products and services), the value of their assets, the entities through which they conduct their business or may have unintended consequences or impacts across Macquarie Bank's and the MBL Group's business. Regulatory changes may result in more stringent liquidity and capital adequacy requirements, increased tax burdens generally or on financial institutions or transactions, increased

compliance costs, limits on the types of financial services and products that the MBL Group can offer and/or increased competition, as well as changes to prudential regulatory requirements. Global economic conditions and increased scrutiny of governance, culture, remuneration and accountability in the banking sector have led to increased supervision and regulation and may lead to further significant changes. Health, safety, environmental and social laws and regulations can also change rapidly and significantly. Any adverse health, safety, environmental or social event, or changes to relevant laws or regulations or their enforcement could impact operations and/or result in material expenditures.

Macquarie Bank and the MBL Group have invested in renewable energy and other low-carbon technology projects and provide climate-related solutions (including capital and financing, risk management, and physical execution and logistics services across the renewable energy, clean fuels and critical minerals sectors) as part of their lending, trading, derivatives and other businesses to support their clients to decarbonize. Various governments and other funding agencies have provided subsidies and other support to reduce the cost of capital for these projects. However, political, economic or social pressures could lead to a reduction or the abandonment of government support and subsidies for the energy transition. If this happens, Macquarie Bank, the MBL Group and their clients may be unable to generate adequate returns from these projects and the market for Macquarie Bank and the MBL Group's climate-related solutions may be significantly reduced, negatively impacting Macquarie Bank and the MBL Group's business, results of operations and operational strategies.

In some countries in which the MBL Group does business or may in the future do business, particularly in emerging markets, the laws and regulations are uncertain and evolving, and regulatory requirements or expectations may be difficult for the MBL Group to determine. If the MBL Group fails to comply with local laws and regulations, it could have a significant and negative effect on its businesses and its reputation. The quantity and complexity of regulation and regulatory expectations continues to grow, often requiring the MBL Group to make complex judgments, which increases the risk of non-compliance. Some regulatory changes involve multiple jurisdictions adopting a coordinated approach or certain jurisdictions expanding the territorial reach of their regulation. Future changes are unpredictable, beyond Macquarie Bank's and the MBL Group's control and may create conflicting requirements. This could result in additional legal and compliance expenses and changes to their business practices that adversely affect their profitability.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to Macquarie Bank as an ADI. Any such event could result in changes to the organisational structure of the MBL Group and/or the Macquarie Group and adversely affect the MBL Group. Macquarie Bank and its subsidiaries are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to Macquarie Bank. Such restrictions or regulatory action could impede Macquarie Bank's access to funds to make payments on its obligations, including debt obligations or dividend payments.

The MBL Group is subject to the risk of loss as a result of not complying with laws governing financial crime, including sanctions

The MBL Group operates globally under laws and regulations relating to corrupt and illegal payments, counter-terrorism financing, anti-bribery and corruption and anti-money laundering, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. The geographical diversity of the MBL Group's operations, employees, clients, customers, vendors and other external parties that it deals with, increases the risk that the MBL Group may violate financial crime regulation. Emerging financial crime risk typologies may make it harder to track the movement of funds, increasing the risk of breaching laws and sanctions. The increasing use of advanced technologies, including AI, by criminal actors may further increase the sophistication, scale and speed of fraud, money laundering and sanctions-evasion activities, making them more difficult to detect and prevent. The MBL Group's compliance depends on its ability to detect and report suspect transactions and maintain appropriate controls and oversight. Additionally, financial crimes and sanctions regimes are complex, constantly evolving, and often inconsistent across countries. Any compliance failure could adversely affect the MBL Group's business activities and investments, as well as expose the MBL Group to losses, enforcement risk and reputational harm.

A failure to comply with these requirements and expectations, even if inadvertent could subject the MBL Group to significant penalties (including criminal liability), revocation, suspension, restriction or variation of operating licenses, reputational damage, a breach of its contractual arrangements, litigation by external parties (including potentially class actions) or limitations on the MBL Group's ability to do business.

Amendments to the Australian Anti-Money Laundering and Counter-Terrorism Financing ("**AML-CTF**") regime came into effect on 31 March

2026. While the MBL Group is updating its policies, procedures and controls to comply with this new regime, full implementation will require a multi-year implementation program, including complex technology upgrades to consumer due diligence and reporting infrastructure. As a result, there is a risk that the MBL Group's implementation program (in whole or in part) or timeframes will not be adequate, or that the implementation program will not achieve the intended compliance outcomes. If this occurs, the MBL Group may be subject to regulatory scrutiny or enforcement action in relation to inadequate compliance with the new reforms. A failure to adequately update the MBL Group's systems and processes to address the evolving complexity of financial crime risk could result in a breach of financial crime laws, which may result in substantial financial penalties and reputational damage, either of which could materially adversely impact the MBL Group.

Macquarie Bank and the MBL Group may be adversely affected by increased governmental and regulatory scrutiny or negative publicity

Governmental scrutiny of the financial sector as well as the MBL Group's specific business operations, capital, liquidity, financial and non-financial risk management and other matters from regulators, legislative bodies and law enforcement agencies has increased dramatically in recent years. Negative political and public sentiment regarding financial institutions has resulted in significant adverse press coverage. In some cases, increased regulatory scrutiny has led to enforcement actions and litigation as well as adverse statements by regulators.

Responding to and addressing such matters, regardless of the outcome, is time-consuming, expensive, can adversely affect investor confidence and can divert the time and effort of the MBL Group's staff (including senior management) from their business.

Investigations, inquiries, penalties and fines sought by regulatory authorities have increased substantially in recent years, with regulators exercising enhanced enforcement powers in commencing enforcement actions and advancing or supporting legislation targeted at the financial services industry. These regulatory actions are also common in other industries in which the MBL Group's businesses operate. If the MBL Group is subject to adverse regulatory findings, the financial penalties could have a material adverse effect on its results or operations. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on the MBL Group's reputation with clients and on the morale and performance of its employees.

New or changing government rules and policies may result in government or public scrutiny of the MBL Group's business in ways the MBL Group has not previously experienced, including in areas such as employment practices and its association with groups and initiatives focused on environmental and social goals. The MBL Group's efforts to comply with rules and norms across all of the jurisdictions in which it operates may expose it to legal risk and criticism from governments and other stakeholders and harm its reputation.

Litigation and regulatory actions may adversely impact Macquarie Bank's and the MBL Group's results of operations

Macquarie Bank and the MBL Group may be subject to material litigation and regulatory actions, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory breaches, which could adversely impact their results of operations and financial condition or their reputation. Macquarie Bank and MBL Group entities regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for, or that additional litigation, regulatory actions or other contingent liabilities may arise. Even where monetary damages are small, an adverse finding could harm Macquarie Bank's and the MBL Group's reputation or brand and adversely impact their business.

Counterparty credit risk

Failure of external parties to honor their commitments in connection with Macquarie Bank's and the MBL Group's trading, lending and other activities may adversely impact their business

Macquarie Bank and the MBL Group are exposed to potential losses if an individual, counterparty or issuer does not honor its contractual obligations. Macquarie Bank and the MBL Group are also exposed to concentration risk arising from large individual exposures or concentrations by industry or country. Macquarie Bank and the MBL Group assume counterparty credit risk through their lending, trading, derivatives and other businesses where they rely on external parties to satisfy their financial obligations to them in full and on time. Macquarie Bank's and the MBL Group's recovery of the value of the resulting credit exposure may be adversely affected by factors, such as the counterparty's financial condition, the value of collateral they hold and the market value of counterparty obligations they hold. Changes in sanctions laws may affect the credit condition of their counterparties, with those whose businesses were developed around the ability to trade in or utilize now-sanctioned commodities more likely to be negatively

affected. A period of low or negative economic growth, changes in market conditions or stressed or volatile markets and/or a rise in unemployment could adversely impact the ability of Macquarie Bank's and the MBL Group's retail and/or commercial borrowers or counterparties to meet their financial obligations and negatively impact Macquarie Bank's and the MBL Group's credit portfolio. Borrowers may be negatively impacted by inflation, resulting in drawdowns of savings or increases in household debt. Higher interest rates, which have increased debt servicing costs for some businesses and households, may adversely impact credit quality, particularly in a period of low or negative economic growth. If the macroeconomic environment worsens, Macquarie Bank's and the MBL Group's credit portfolio and allowance for credit losses could be adversely impacted. Please refer to Note 30 to Macquarie Bank's annual financial statements for the year ended 31 March 2026 set out in Appendix 5 to this Base Listing Document for details on the concentration of credit risk by significant geographical locations and counterparty types. Macquarie Bank and the MBL Group are also subject to the risk that their rights against external parties may not be enforceable in all circumstances and jurisdictions, which may result in losses.

Macquarie Bank and the MBL Group may experience impairments in their loans and other assets

Macquarie Bank and its subsidiaries recorded A$358 million of credit and other impairment charges for the financial year ended 31 March 2026, including A$291 million for net credit impairment charges, and A$67 million for net other impairment charges on interests in associates and joint ventures, intangible assets and other non-financial assets. Credit and other impairments may be required in future periods depending upon the credit quality of Macquarie Bank's and the MBL Group's counterparties or if the market value of assets similar to those held were to decline. Credit and other impairment charges may also vary following a change to the inputs or forward-looking information used in the determination of expected credit losses. Please refer to Note 7 to Macquarie Bank's annual financial statements for the year ended 31 March 2026 set out in Appendix 5 to this Base Listing Document for further information on the determination of expected credit losses.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, making them very difficult to sell, hedge or value. If Macquarie Bank and the MBL Group cannot sell, hedge or value assets, their ability to limit losses and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios and increase their funding costs and require them to maintain additional capital.

Operational risks

Macquarie Bank's and the MBL Group's ability to retain and attract qualified employees is critical to the success of their business and the failure to do so may materially adversely affect their performance

Macquarie Bank's and the MBL Group's employees are critical to their success. Macquarie Bank's and the MBL Group's continued ability to compete effectively in their businesses and to expand into new business areas and geographic regions depends on their ability to retain and motivate their existing employees and attract new employees. Competition for qualified employees has historically been intense within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds, commodity trading houses and technology firms. Remuneration costs required to attract and retain employees may increase and the competitive market for talent may further intensify. Recent employment conditions have made the competition to hire and retain qualified employees more challenging and costly, particularly for mid-to-senior level employees with specialised capabilities. Attrition rates may also be impacted by factors such as changes in worker expectations, including an increased demand for remote work options, flexibility and opportunities for career growth.

To attract and retain qualified employees, Macquarie Bank and the MBL Group must remunerate at or above market levels. As a result, employee remuneration is typically the MBL Group's greatest expense as its performance-based remuneration has historically been cash and equity based and highly variable. Recent market events have increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. As a regulated entity, Macquarie Bank may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require Macquarie Bank and the MBL Group to further alter their remuneration practices in ways that could adversely affect their ability to attract and retain qualified and talented employees.

Rapid advances in technology, such as digital automation and AI, may change the composition of Macquarie Bank's and the MBL Group's workforce by reducing the need for some roles and increasing demand for more complex or specialized capabilities, particularly in digital architecture and engineering, data and analytics and risk management, paired with higher order human capabilities such as judgement, problem solving, leadership and ethical decision

making. These advances are likely to drive increased competition for candidates with these specialized capabilities at all levels. As a result, these advances could require Macquarie Bank and the MBL Group to manage workplace displacement and spend more on employee training and recruitment, especially for high demand skills and talent segments. If Macquarie Bank and the MBL Group are unable to effectively manage these processes, their business and operations may be adversely affected.

Current and future laws (including laws relating to immigration and outsourcing) may restrict Macquarie Bank's and the MBL Group's ability to move responsibilities or employees between jurisdictions. This may impact Macquarie Bank's and the MBL Group's ability to pursue business and growth opportunities or potential efficiencies.

Macquarie Bank and the MBL Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failure in internal or external operational systems and infrastructures, people and processes

Macquarie Bank and the MBL Group's businesses depend on daily processing and monitoring of a large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. While Macquarie Bank and the MBL Group employ a range of risk monitoring and risk mitigation techniques, the techniques and judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As a result, Macquarie Bank and the MBL Group may incur losses. There can be no assurance that the risk management processes and strategies that Macquarie Bank and the MBL Group have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances. For a further discussion of Macquarie Bank's and the MBL Group's risk management policies and procedures, please refer to Note 30 to Macquarie Bank's annual financial statements for the year ended 31 March 2026 set out in Appendix 5 to this Base Listing Document.

Macquarie Bank and the MBL Group face the risk of operational failure, termination or capacity constraints of counterparties, pricing publications, clearing agents, exchanges, clearing houses or other financial intermediaries Macquarie Bank and the MBL Group use to facilitate their securities, commodities or derivatives transactions. As Macquarie Bank's and the MBL Group's interconnectivity with their clients and counterparties grows, failures in their systems pose increasing risk to Macquarie Bank and the MBL Group. Any such failure, termination or constraint could adversely affect Macquarie Bank's and the MBL Group's ability to effect or settle transactions, service their clients, manage their exposure to risk, meet their obligations to counterparties or expand their businesses. It could also lead to financial loss or liability to their clients and counterparties, impairment of their liquidity, disruption of their businesses, regulatory intervention or reputational damage.

As Macquarie Bank's and the MBL Group's client base, business activities and geographical reach expands, developing and maintaining their operational systems and infrastructure becomes increasingly challenging. Macquarie Bank and the MBL Group must continuously update these systems to support their operations and growth, which is expensive and carries integration risk. Macquarie Bank's and the MBL Group's financial, accounting, data processing or technology assets may fail or be disrupted by events that are wholly or partially beyond their control, such as a malicious cyber-attack, a disruption event at an external supplier or the discontinuation of a service by an external supplier.

The MBL Group's businesses manage a large volume of sensitive data and rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in their data management systems and technology, and those of the MBL Group's external providers. Inadequate data governance, management and control across the data lifecycle, which includes the capture, processing, retention, publication, use, archiving and disposal of data, could lead to poor decisions and breaches of data management regulatory obligations. This may cause the MBL Group to incur losses or lead to regulatory actions.

Macquarie Bank and the MBL Group are subject to privacy and data management laws, rules and regulations in multiple jurisdictions, which regulate their privacy policies and the disclosure, collection, use, sharing and safeguarding of personally identifiable information of certain parties, such as their employees, customers, suppliers, counterparties and other external parties. A violation of these privacy and data management laws, rules and regulations could result in litigation, regulatory fines and enforcement actions. Furthermore, a breach, failure or other disruption of Macquarie Bank's and the MBL Group's data management systems and technology, or those of their external service providers, could lead to the unauthorized or unintended release, misuse, alteration, loss or destruction of personal or confidential data about their customers, employees or other external parties in their possession. A purported or actual unauthorized access or unauthorized disclosure of personal or confidential data could materially damage Macquarie Bank's and the MBL Group's reputation and expose Macquarie Bank and the MBL Group to

liability for violations of privacy and data protection laws.

Macquarie Bank and the MBL Group are exposed to the risk of loss resulting from the failure of their internal or external processes and systems, such as from the disruption or failure of their IT systems, or from external suppliers and service providers, including public and private cloud-based technology platforms. Such operational risks may include theft, fraud, poor employment practices, inadequate workplace safety, improper business practices, mishandling of client moneys or assets, client suitability and servicing risks, product complexity and pricing, valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations. There is increasing regulatory and public scrutiny concerning the appropriate management of data and the resilience of outsourced and offshore activities and their associated risks. If Macquarie Bank and the MBL Group fail to manage these risks appropriately, they may incur financial losses, regulatory intervention, penalties and/or damage to their reputation which may impact their ability to attract and retain clients.

Macquarie Bank and the MBL Group are exposed to the risk of loss and adverse impact to their external stakeholders resulting from the behavior, actions or omissions by individuals employed by, or on behalf of, them or who represent them or their business activities, including when providing financial products and services to clients, dealing with counterparties and operating in markets globally. Conduct risks can arise from lack of reasonable care and diligence or intentional malfeasance, fraud and other misconduct, including the misuse of company and client information in connection with insider trading or for other purposes. Even if promptly discovered and remediated, this can result in customer, client or market harm, reputational damage and material losses and liabilities for Macquarie Bank and the MBL Group.

Whilst Macquarie Bank and the MBL Group have a range of controls and processes to minimize their conduct risk exposure and identify and manage employee and firm behavior, in line with their risk management policies, it is not always possible to deter or prevent misconduct. The controls and processes of Macquarie Bank and the MBL Group to prevent and detect this activity may not be effective in all cases, which could result in customer, client or market harm, financial losses, regulatory intervention and reputational damage.

Macquarie Bank's and the MBL Group's use of AI tools, including those developed internally, may expose them to new or heightened risks.

The MBL Group has developed and deployed AI tools, including generative AI and AI agents, for both internal use and for use by its customers, and anticipates these tools will play an increasing role within its business in the future. Inadequate development and deployment practices, such as poor design, insufficient testing, inadequate safeguards or inappropriate reliance on these tools, could result in adverse consequences, such as customers relying on inaccurate or incomplete outputs in making financial decisions, which could negatively impact the MBL Group's reputation and its results of operation and may also lead to regulatory action. The use of AI tools may also increase the MBL Group's risk of cyberattacks, system manipulation or data loss if the tools are not designed or implemented with appropriate safeguards. In addition, compliance with new or changing laws, regulations or industry standards relating to AI may impose additional operational risks and costs. Failure to sufficiently manage these risks could expose the MBL Group to adverse legal, regulatory or reputational consequences.

The use of third-party AI tools also exposes the MBL Group to risks arising from its development and training methods, including the potential inclusion of unauthorized material in its training data, over which the MBL Group has limited visibility or control. Using these tools may lead to the MBL Group inadvertently infringing on the intellectual property rights of others and increase data exfiltration risks.

A cyber-attack, information security incident or technology disruption event of Macquarie Bank or the MBL Group or of an external supplier could adversely affect Macquarie Bank's or the MBL Group's ability to conduct their business, manage their exposure to risk or expand their businesses. This may result in the disclosure or misuse of confidential or proprietary information and may increase Macquarie Bank's or the MBL Group's costs to maintain and update their operational and security controls and infrastructure

The MBL Group's businesses depend on the security and efficacy of its data management systems and technology, as well as those of external parties it interacts with or relies on. To access the MBL Group's network, products and services, its customers and other external parties may use personal devices that are outside of its network environment and are subject to their own cybersecurity risks. While the MBL Group seeks to operate in a control environment that limits the likelihood or severity of a cyber or information security incident, and to ensure that the impact of a cyber or information security incident can be minimized by its cyber and information security capabilities and incident response, there can be no assurances that these controls will provide absolute security against a dynamic external threat environment.

Cyber and information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology, the increase in remote working arrangements, and the increased sophistication and activities of attackers (including hackers, organized criminals, terrorist organizations, hostile state-sponsored activity, disgruntled individuals, activists and other external parties). The increased accessibility and sophistication of AI tools and models have increased these risks, enabling attackers to plan and execute cyberattacks more effectively. This has led to more personalized and harder-to-detect social engineering attacks, faster identification of exploitable vulnerabilities and an increase in the frequency, speed and scale of attacks. Global events and geopolitical instability may increase security threats targeted at financial institutions. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent, requiring constant vigilance by the MBL Group's employees. The techniques used by attackers change frequently and may only be recognized after a breach has occurred. Cyber-attacks or security breaches at the MBL Group's suppliers may also not be disclosed to it in a timely manner. Despite ongoing efforts to protect the integrity of the MBL Group's systems through the implementation of controls, processes, policies and other protective measures, there is no guarantee that these measures will provide absolute security or recoverability given that the techniques used in cyber-attacks are complex, executed rapidly, frequently evolving, and as a result are difficult to prevent, detect and respond to.

Increasing consolidation, interdependence and complexity of financial entities, technology systems and supply chains mean that a technology failure or disruption, cyber-attack or other information security incident that significantly impacts the systems or data of one or more financial entities could have a material impact on counterparties and other market participants, including the MBL Group. This consolidation, interconnectivity and complexity increases the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated. Any technology failure or disruption, cyber-attack, information security incident, termination or constraint on or by any of the MBL Group's external parties could, among other things, adversely affect the MBL Group's ability to effect transactions, service its clients, manage its exposure to risk or expand its businesses.

The MBL Group anticipates cyber-attacks will continue because perpetrators are well resourced and use highly sophisticated, rapidly evolving techniques. The MBL Group expects new AI models to enable perpetrators to identify weaknesses in IT systems more quickly and effectively than has previously been the case. This makes it challenging to implement effective controls to prevent or minimize damage from cybersecurity threats.

Cyber-attacks or other information security breaches, whether targeting the MBL Group or external parties, may result in a material loss or have adverse consequences for the MBL Group, including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, violations of privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in its security measures and additional compliance costs, all of which could have a material adverse impact on the MBL Group.

Macquarie Bank's and the MBL Group's operations rely on their ability to maintain an appropriately staffed workforce, and on the competence, engagement, health, safety and wellbeing of employees and contractors

Macquarie Bank's and the MBL Group's ability to operate their businesses efficiently and profitably, to offer products and services that meet the expectations of their clients and customers, and to maintain an effective risk management framework is highly dependent on their ability to staff their operations appropriately and on the competence, integrity, health, safety and wellbeing of their employees and contractors.

Macquarie Bank's and the MBL Group's operations could be impaired if the measures they take to ensure the health, safety and wellbeing of their employees and contractors are ineffective, or if any external party they rely on fails to take effective actions to protect the health and safety of their employees and contractors.

The MBL Group could suffer losses due to hostile, catastrophic or unforeseen events, including due to environmental and social factors

The MBL Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control. These include natural disasters, extreme weather events (such as persistent winter storms or protracted droughts), leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, shipping disruptions, terrorist attacks, existing or emerging military conflicts or other hostile or catastrophic events.

Any significant environmental change or external event (including increased frequency and severity of storms, floods and other catastrophic events such as

earthquakes, persistent changes in precipitation levels, rising global temperatures, rising sea levels, pandemics, other widespread health emergencies, civil unrest, geopolitical or terrorism events) has the potential to disrupt business activities, impact the MBL Group's operations or reputation, increase credit risk and other credit exposures, damage property and affect the value of assets and the MBL Group's ability to recover amounts owed to it.

Such events may prevent the MBL Group from performing under its agreements with clients, impair its operations or financial results, and result in litigation, regulatory action, negative publicity or other reputational harm. The MBL Group may also not be able to insure against these risks and the insurance it has may not cover its losses. Any such long-term, adverse environmental or social consequences could prompt the MBL Group to exit certain businesses altogether. Such an event or environmental change could also have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The MBL Group faces increasing public scrutiny and laws and regulations related to environmental, social and governance ("**ESG**") factors, including in respect of "greenwashing" practices. When conducting business, including throughout the MBL Group's investment and procurement processes, the MBL Group risks damage to its brand and reputation if it fails to act responsibly in areas such as diversity and inclusion, environmental stewardship, respecting the rights of Indigenous Peoples, support for local communities, corporate governance and transparency and respecting human rights. The MBL Group is also subject to competing demands from different stakeholder groups with divergent views on ESG factors, including by governmental and regulatory officials in various geographical markets in which it operates and invests. Failure to effectively manage these risks may result in breaches of the MBL Group's statutory obligations and harm its reputation, and could adversely affect the MBL Group's business, prospects, reputation, financial performance or financial condition.

Failure of the MBL Group's insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations

The MBL Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the MBL Group's insurers fail to perform their obligations to the MBL Group and/or its third-party cover is insufficient, its net loss exposure could adversely impact its results of operations.

The MBL Group is subject to risks in using custodians

Certain products the MBL Group manages depend on custodians to carry out certain securities transactions. Securities held at custodians are typically segregated. If a custodian becomes insolvent, the MBL Group may not be able to recover equivalent unsegregated assets in full as the beneficiaries of these products will rank among the custodian's unsecured creditors. In addition, the cash held with a custodian in connection with these products will not be segregated from the custodian's own cash, and the creditors of these products will rank as unsecured creditors in relation to the cash they have deposited.

Macquarie Bank may be exposed to contagion risk as it does not control the management, operations or business of entities in the Macquarie Group that are not part of the MBL Group

Entities in the Macquarie Group that are not part of the MBL Group may establish or operate businesses separately from the businesses of the MBL Group and are not obligated to support the businesses of the MBL Group, other than as required by APRA prudential standards. The activities of those entities may have an impact on the MBL Group.

Strategic risks

Macquarie Bank's and the MBL Group's business may be adversely affected by their failure to adequately manage the risks associated with strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses

Macquarie Bank and other entities in the MBL Group are continually evaluating strategic opportunities and undertaking acquisitions of businesses, some of which may be material to their operations. Macquarie Bank's and/or the MBL Group's completed and prospective acquisitions and growth initiatives may subject them to unknown liabilities and additional or different regulations.

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the MBL Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. The MBL Group's business initiatives and further expansions of existing businesses are likely to bring it into contact with new clients, asset classes and other products or markets. These activities expose the MBL Group to new and enhanced risks, including reputational concerns from dealing with new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-

related and operational risks, including risks arising from IT systems, and reputational concerns with how these businesses are operated.

When Macquarie Bank and such other MBL Group entities make an acquisition, they may over-value the acquired asset, fail to achieve expected synergies or cost savings, incur losses, lose customers and market share, face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business or divert management's time away from the rest of their business. Macquarie Bank and other entities in the MBL Group may also underestimate the cost of outsourcing, exiting or restructuring existing businesses. Acquisitions in foreign jurisdictions, especially in emerging or growth economies, may expose the MBL Group to heightened levels of regulatory scrutiny and political, social or economic disruption and sovereign risk.

Macquarie Bank and the MBL Group's businesses depend on the Macquarie Group's brand and reputation

The MBL Group believes its reputation in the financial services markets and the recognition of the Macquarie brand are important contributors to its business. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by the Macquarie Group use the Macquarie name. The MBL Group does not control those entities that are not in the MBL Group, but their actions may reflect directly on its reputation.

The MBL Group's business may be adversely affected by negative publicity or poor financial performance in relation to any of the entities using the Macquarie name, including any Macquarie-managed fund or fund promoted or associated with Macquarie. Investors and lenders may associate such entities and funds with the name, brand and reputation of the MBL Group, the Macquarie Group and other Macquarie-managed funds. If funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming the reputation of Macquarie Bank, the MBL Group and the reputation of other entities that use the Macquarie name.

Competitive pressure, both in the financial services industry as well as in the other industries in which Macquarie Bank and the MBL Group operate, could adversely impact their business

Macquarie Bank and the MBL Group face significant competition from local and international competitors across markets and sectors where the MBL Group operates. Competitors include asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet-based firms, commodity trading firms and other investment and service firms as well as businesses in adjacent industries in connection with the various funds and assets they manage and services they provide. This includes specialist competitors that may not be subject to the same capital and regulatory requirements, allowing them to operate more efficiently.

Digital technologies and business models are changing consumer behavior and the competitive environment. Customers increasingly use digital channels to conduct their banking. Emerging competitors are increasingly utilizing new technologies and seeking to disrupt existing business models, including in relation to digital payment services, digital assets and open data banking. These technologies could challenge, and could potentially disrupt, traditional financial services. Macquarie Bank and the MBL Group face competition from established providers of financial services as well as businesses developed by non-financial services companies. Macquarie Bank and the MBL Group expect that pricing pressures will continue as their competitors seek to obtain or increase market share.

The widespread adoption and rapid evolution of new technologies, including process automation, machine learning and AI, analytic capabilities, self-service digital trading platforms and automated trading markets, internet services and digital assets, such as central bank digital currencies, cryptocurrencies (including stablecoins), tokens and other crypto assets, and clearing and settlement processes could have a substantial impact on the financial services industry. As these technologies develop, customer demand for products and services based on these technologies may increase, and new technologies may increasingly be integrated into internal processes to generate efficiencies. If Macquarie Bank and the MBL Group are unable to match the speed or success of their competitors in developing and integrating these technologies, they may be unable to compete effectively, adversely affecting Macquarie Bank's and the MBL Group's business and results of operations.

Consolidation in the global financial services industry may create stronger competitors with broader product and service offerings, increased access to capital, and greater efficiency and pricing power which may enhance their competitive position. In addition to mergers and acquisitions pursued for commercial reasons, consolidation may also occur as a result of bank regulators encouraging or directing stronger institutions to acquire weaker institutions to preserve

stability.

The effect of competitive market conditions, especially in the MBL Group's main markets, products and services, may lead to an erosion in its market share or margins.

Conflicts of interest could limit the MBL Group's current and future business opportunities

As the MBL Group expands its businesses and its client base, it increasingly has to address actual, potential or perceived conflicts of interest. This includes situations where its services to a client conflict with (or are perceived to conflict with) its interests or the interests of another client, or where one business has access to material non-public information that cannot be shared with other businesses within the Macquarie Group. While the MBL Group has procedures and controls in place to identify and manage conflicts of interest, failing (or being perceived to fail) to appropriately deal with these matters could damage its reputation and the willingness of clients or counterparties to enter into transactions may be adversely affected. In addition, failure to manage conflicts of interest could give rise to claims by and liabilities to clients, litigation or enforcement actions.

Tax

Macquarie Bank's and the MBL Group's business operations expose them to potential tax liabilities that could have an adverse impact on their results of operations and their reputation

Macquarie Bank and the MBL Group are exposed to costs and risks from how Australian and international tax regimes may be applied, enforced and/or amended, both in terms of their own tax compliance and the tax aspects of transactions involving their clients and other external parties. Macquarie Bank's and the MBL Group's international, multi-jurisdictional platform increases their tax risks. Any actual or alleged failure to comply with or any change in the implementation, interpretation, application or enforcement of, applicable tax laws and regulations could adversely affect Macquarie Bank's and the MBL Group's reputation and affected business areas, significantly increase their effective tax rate or tax liability and expose them to legal, regulatory and other actions.

Accounting standards

Changes in accounting standards, policies, interpretations, estimates, assumptions and judgments that could have a material impact on the financial results of Macquarie Bank and the MBL Group

Macquarie Bank's and the MBL Group's accounting policies are fundamental to how they record and report their financial position and results of operations. These policies require the use of estimates, assumptions and judgements that affect the reported value of Macquarie Bank's and the MBL Group's assets or liabilities and results of operations. Management is required to determine estimates and apply subjective and complex assumptions and judgements about matters that are inherently uncertain. Changes in those estimates, assumptions and judgements are accounted for prospectively as a change in accounting estimate unless it is determined that either (i) the determination was in error or (ii) the accounting policy which sets out the application of those estimates, assumptions and judgements has changed, in which case the previous reported financial information is re-presented.

Accounting standard setting bodies issue new accounting standards and interpretations in response to outreach activities, evolving interpretations, application of accounting principles as well as changes in market developments. In addition, changes in interpretations by accounting standard setting bodies, regulators, and Macquarie Bank's and the MBL Group's independent external auditor may also arise from time to time. These changes may be difficult to predict and may impact how Macquarie Bank and the MBL Group prepare and report their financial statements. In some cases, Macquarie Bank and the MBL Group may be required to apply a new or revised standard or change in interpretation retrospectively, resulting in a requirement to re-present their previously reported financial information.

General risks relating to Structured Products

You may lose all your investment in the Structured Products

Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest rate, foreign exchange, time value, market, and/or political risks. Structured Products may expire worthless.

Options, warrants and asset linked instruments are priced primarily on the basis of the price/level of the Underlying Asset, the volatility of the Underlying Asset's price/level and the time remaining to expiry of the Structured Product.

The prices of Structured Products generally may fall in value as rapidly as they may rise and you should be prepared to sustain a significant or total loss of the purchase price of the Structured Products. Assuming all other factors are held constant, the more the price or level of a Structured Product moves in a direction against you and the shorter its remaining term to

expiration, the greater the risk that you will lose all or a significant part of your investment.

The Structured Products are only exercisable on their respective Expiry Dates and may not be exercised by you prior to the relevant Expiry Date. Accordingly, if on such Expiry Date the Cash Settlement Amount is zero or negative, you will lose the entire amount of your investment and transaction costs.

The risk of losing all or any part of the purchase price of a Structured Product means that, in order to recover and realise a return on your investment, you must generally anticipate correctly the direction, timing and magnitude of any change in the price/level of the Underlying Asset as may be specified in the relevant launch announcement and supplemental listing document.

Changes in the price/level of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price/level of the Underlying Asset moving in a direction which will negatively impact upon the return on your investment. You therefore risk losing your entire investment if the price/level of the relevant Underlying Asset does not move in the anticipated direction.

The value of the Structured Products may be disproportionate or opposite to movement in the price/level of the Underlying Assets

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Asset. The market values of Structured Products are linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the price/level of the Underlying Assets is increasing (for a call warrant or a bull CBBC), the value of the Structured Product is falling.

If you intend to purchase any series of Structured Products to hedge against the market risk associated with investing in the Underlying Asset specified in the relevant launch announcement and supplemental listing document, you should recognise the complexities of utilizing Structured Products in this manner. For example, the value of the Structured Products may not exactly correlate with the price/level of the Underlying Asset. Due to fluctuations in supply and demand for Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset. The Structured Products may not be a perfect hedge to the Underlying Asset or portfolio of which the Underlying Asset forms a part.

It may not be possible to liquidate the Structured Products at a level which directly reflects the price/level of the Underlying Asset or portfolio of which the Underlying Asset forms a part. Therefore, it is possible that you could suffer substantial losses in the Structured Products in addition to any losses suffered with respect to investments in or exposures to the Underlying Asset.

Possible illiquidity of secondary market

It is not possible to predict:

(a) if and to what extent a secondary market may develop in any series of Structured Products;

(b) at what price such series of Structured Products will trade in the secondary market; and

(c) whether such market will be liquid or illiquid.

The fact that the Structured Products are listed does not necessarily lead to greater liquidity than if they were not listed.

If any series of Structured Products are not listed or traded on any exchange, pricing information for such series of Structured Products may be difficult to obtain and the liquidity of that series of Structured Products may be adversely affected.

The liquidity of any series of Structured Products may also be affected by restrictions on offers and sales of the Structured Products in some jurisdictions. Transactions in off-exchange Structured Products may be subject to greater risks than dealing in exchange-traded Structured Products. To the extent that any Structured Products of a series is closed out, the number of Structured Products outstanding in that series will decrease, which may result in a lessening of the liquidity of Structured Products. A lessening of the liquidity of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

While we have, or will appoint, a liquidity provider for the purposes of making a market for each series of Structured Products, there may be circumstances outside our control or the appointed liquidity provider's control where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted, and/or without limitation, frustrated. In such circumstances we will use our best endeavours to appoint an alternative liquidity provider.

Interest rates

Investments in the Structured Products may involve interest rate risk. A variety of factors influence interest rates such as macroeconomic, governmental, speculative and market sentiment factors. Fluctuations

in interest rates (whether short term or long term, and whether of the currency in which the Structured Products are settled or of the currency in which the Underlying Assets are denominated) may affect the value of the Structured Products.

Time decay

The settlement amount of certain series of Structured Products at any time prior to expiration may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount will reflect, among other things, a "time value" of the Structured Products. The "time value" of the Structured Products will depend upon, among others, the length of the period remaining to expiration and expectations concerning the range of possible future price/level of the Underlying Assets. The value of a Structured Product is likely to decrease over time. Therefore, the Structured Products should not be viewed as products for long term investments.

Exchange rate risk

There may be an exchange rate risk in the case of Structured Products where the Cash Settlement Amount will be converted from a foreign currency into the Settlement Currency. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation.

Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Structured Products. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies. There can be no assurance that rates of exchange between any relevant currencies at the date of issue of any Structured Products will be representative of the relevant rates of exchange used in computing the value of the relevant Structured Products at any time thereafter.

Where Structured Products are described as being "quantoed", the value of the Underlying Assets will be converted from one currency (the "**Original Currency**") into a new currency (the "**New Currency**") on the date and in the manner specified in, or implied by, the General Conditions and/or the relevant Product Conditions using a fixed exchange rate. The cost to us of maintaining such a fixing between the Original Currency and the New Currency will have an implication on the value of the Structured Products, which will vary during the term of the Structured Products. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Original Currency and the New Currency, a quanto feature in a Structured Product would at any time enhance the return on the Structured Product over a level of a similar Structured Product issued without such a quanto feature.

Taxes

You may be required to pay stamp duty or other taxes or other documentary charges. If you are in doubt as to your tax position on the purchase, ownership, transfer or exercise of any Structured Product, you should consult your own independent tax advisers as to the Hong Kong or other tax consequences, including, in particular, the effect of any foreign, state or local tax laws to which you are subject. In addition, you should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time or consider any specific facts or circumstances that may apply to you in particular. See "Do you need to pay any tax?" in the section headed "Important Information" for further information.

We are not liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Structured Products.

Modification to the Conditions

Under the Conditions, we may without your consent, effect any modification of the terms and conditions of the Structured Products or Instrument which in our opinion, is:

(a) not materially prejudicial to the interest of the Structured Products holders generally (without considering the circumstances of any individual Structured Products holder or the tax or other consequences of such modification in any particular jurisdiction);

(b) of a formal, minor or technical nature;

(c) made to correct a manifest error; or

(d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Possible early termination for illegality or impracticability

If we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, it has become or it will become illegal or impracticable: (i) for us to perform our obligations under the Structured Products in whole or in part as a result of: (a) the adoption of, or any change in, any relevant law or regulation (including any tax law); or (b) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law), (each of (a) and (b), a "**Change in Law Event**"); or (ii) for us or any of our affiliates to maintain our hedging arrangements with respect to the Structured Products due to a Change in Law Event. We may at our absolute discretion terminate the Structured Products. In such event, we will, if and to the extent permitted by applicable law, pay an amount calculated by us to be the fair market value of the Structured Products prior to such termination notwithstanding the illegality or impracticability less our cost of unwinding any related hedging arrangements.

Our hedging activities may adversely affect the price/level of the Underlying Asset

We and/or any of our affiliates may carry out activities that minimise our risks related to the Structured Products, including effecting transactions for our own account or for the account of our customers and hold long or short positions in the Underlying Asset whether for risk reduction purposes or otherwise. In addition, in connection with the offering of any Structured Products, we and/or any of our affiliates may enter into one or more hedging transactions with respect to the Underlying Asset. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by us and/or any of our affiliates, we and/or any of our affiliates may enter into transactions in the Underlying Asset which may affect the market price, liquidity or price/level of the Underlying Asset and/or the value of Structured Products and which could be deemed to be adverse to your interests. We and/or our affiliates are likely to modify our hedging positions throughout the life of the Structured Products whether by effecting transactions in the Underlying Asset or in derivatives linked to the Underlying Asset. Further, it is possible that the advisory services which we and/or our affiliates provide in the ordinary course of our business could lead to an adverse impact on the value of the Underlying Asset.

Foreign Account Tax Compliance withholding may affect payments on the Structured Products

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

Withholding with respect to "foreign passthru payments" will not be effective before the date that is two years after the publication of final regulations defining the term "foreign pass-thru payment".

While the Structured Products are in dematerialized form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. An Issuer's obligations under the Structured Products are discharged once it has paid the clearing systems and an Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES.

Risks relating to the Underlying Asset

You have no right to the Underlying Asset

Unless specifically indicated in the Conditions, you will not be entitled to:

(a) voting rights or rights to receive dividends or other distributions or any other rights that a holder of the

shares or units would normally be entitled to; or

(b) voting rights or rights to receive dividends or other distributions or any other rights with respect to any company constituting any underlying index.

Valuation risk

An investment in Structured Products may involve valuation risk as regards the Underlying Assets to which the particular series of Structured Products relate. The price/level of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors, speculation and (where the Underlying Asset is an index) changes in the formula for or the method of calculating the index.

You must be experienced with dealing in these types of Structured Products and must understand the risks associated with dealing in such products. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of any Structured Product in light of your particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the relevant Structured Product relates.

Adjustment related risk

In the case of Structured Products relating to a single equity or an ETF ("**Security**"), certain corporate events relating to the Security require or, as the case may be, permit us to make certain adjustments or amendments to the General Conditions and/or the relevant Product Conditions. You have limited anti-dilution protection under the General Conditions and the relevant Product Conditions of the Structured Products. We may in a commercially reasonable manner adjust, among other things, the Entitlement, the Exercise Price (if applicable), the Call Price (if applicable), the Strike Price (if applicable) or any other terms (including without limitation the Closing Price of the Security) of any series of Structured Product for events such as rights issue, bonus issue, subdivision, consolidation, cash distribution or restructuring event. However, we are not required to make an adjustment for every event that may affect a Security, in which case the market price of the Structured Products and the return upon the expiry of the Structured Products may be affected.

In addition, if the Security ceases to be listed on the relevant exchange during the term of the Structured Products, we may make adjustments and/or amendments to the rights attaching to the Structured Products pursuant to the Conditions of the Structured Products. Such adjustments and/or amendments will be conclusive and binding on you.

In the case of Structured Products which relate to an index, the level of the index may be published by the index compiler at a time when one or more shares comprising in the index are not trading. If this occurs on the Valuation Date but such occurrence does not constitute a Market Disruption Event under the Conditions then the value of such share(s) may not be included in the level of the index. In addition, certain events relating to the index (including a material change in the formula or the method of calculating the index or a failure to publish the index) permit us to determine the level of the index on the basis of the formula or method last in effect prior to such change in formula or method.

Suspension of trading

If the Underlying Asset of a series of Structured Products is suspended from trading or dealing for whatever reason on the market on which it is listed or dealt in (including the Stock Exchange), trading in the relevant series of Structured Products will be suspended for a similar period.

If the Underlying Asset is an index of the Hang Seng family (including but not limited to Hang Seng Index, Hang Seng China Enterprises Index or Hang Seng TECH Index) (each a "**Hang Seng Family Index**"), you should note that:

(a) in the event that there is a disruption to normal index level dissemination in respect of the relevant index by the index compiler, being Hang Seng Indexes Company Limited, and that, upon the index level dissemination disruption, there is a failure by the index compiler to provide a periodic publication of index level with respect to the relevant index on its website under its contingency mode ("**Index Disruption Event**") and the index compiler publishes a notice ("**Disruption Notice**") regarding the occurrence of such Index Disruption Event, trading in the Structured Products linked to the relevant index will be suspended as soon as practicable after the publication of such Disruption Notice ("**Index Disruption Trading Halt**"); and

(b) trading in the relevant Structured Products will be resumed as soon as practicable after the publication of a notice by the index compiler regarding the resumption of normal index level dissemination of the relevant index ("**Index Disruption Trading Resumption**").

You should also note that all unmatched orders of the affected Structured Products will remain in place during the Index Disruption Trading Halt and will not be automatically cancelled. Automatic order matching of the affected Structured Products will be resumed on the Stock Exchange upon the Index Disruption Trading Resumption. You should contact your broker or agent as soon as possible before the Index Disruption Trading Resumption if you wish to cancel any unmatched order of the affected Structured Products.

If an Underlying Asset is an index that is not a Hang Seng Family Index and the calculation and/or publication of the index level by the index compiler is suspended for whatever reasons, trading in the relevant series of Structured Products may be suspended for a similar period. The value of the Structured Products will decrease over time as the length of the period remaining to expiration becomes shorter. In such circumstances, you should note that in the case of a prolonged suspension period, the market price of the Structured Products may be subject to a significant impact of time decay of such prolonged suspension period and may fluctuate significantly upon resumption of trading after the suspension period of the Structured Products. This may adversely affect your investment in the Structured Products.

In addition, in the case of CBBCs, a mandatory call event may occur upon the resumption of index level dissemination of the affected index by the index compiler, regardless of the time interval of index level dissemination or whether the trading of the affected CBBCs on the Stock Exchange has been resumed or not. This may also adversely affect your investment in the Structured Products.

You should also note that if trading in the Underlying Asset remains suspended at the time the relevant Structured Products expire, we may pay to you the Cash Settlement Amount as determined by us in good faith and in a commercially reasonable manner, which may be substantially less than your initial investment and may be zero.

Risks relating to the trading arrangements in the event of the occurrence of an Index Disruption Event in respect of any Hang Seng Family Index

In the event of the occurrence of an Index Disruption Event in respect of any Hang Seng Family Index, the Stock Exchange will implement the following trading arrangement in respect of the relevant series of Structured Products:

(a) the Index Disruption Trading Halt; and
(b) following the Index Disruption Trading Halt, the Index Disruption Trading Resumption after publication of a notice by the index compiler regarding resumption of normal index level dissemination of the relevant index.

You should note that there are potential risks (including without limitation, any delay, failure, mistake or error) associated with the Stock Exchange's observation of the Index Disruption Event and/or the Stock Exchange's implementation of these trading arrangements, which may adversely affect your investment in the relevant Structured Products.

The Stock Exchange, the HKEX and their affiliates will not incur any liability (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange, HKEX and/or their affiliates) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Index Disruption Event, Index Disruption Trading Halt and/or Index Disruption Trading Resumption, including without limitation, any delay, failure, mistake or error in the Stock Exchange effecting the trading arrangements.

We and our affiliates shall not have any liability to the holders of the relevant series of Structured Products (whether based on contract, tort, (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of us and/or our affiliates) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by you or any other party arising from or in connection with the Index Disruption Event, Index Disruption Trading Halt and/or Index Disruption Trading Resumption, including without limitation, any delay, failure, mistake or error in the Stock Exchange effecting the trading arrangements.

Liquidation or termination of the Underlying Asset

In the case of Structured Products which relate to shares of a company, in the event of liquidation, winding up or dissolution of, or the appointment of a liquidator, receiver or administrator or analogous person to, the company that issues the underlying shares, the Structured Products shall lapse and cease to be valid, except that in the case of put warrants or bear CBBCs, we may pay to you the residual value (if any) less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

In the case of Structured Products which relate to units or shares of a fund, in the event of termination, liquidation, winding up or dissolution of, or the appointment of a liquidator, receiver or administrator or analogous person to, the fund that issues the underlying units or shares (or the trustee of the fund, if applicable), the Structured Products shall lapse and cease to be valid, except that in the case of put warrants or bear CBBCs, we may pay to you the residual value (if any) less our costs of unwinding any related hedging arrangements as determined by us, which may be substantially less than your initial investment and may be zero.

Delay in settlement

Unless otherwise specified in the General Conditions and/or the relevant Product Conditions, in the case of any expiry of Structured Products, there may be a time lag between the date on which the Structured Products expire, and the time the applicable settlement amount relating to such event is determined. Any such delay between the time of expiry and the determination of the settlement amount will be specified in the General Conditions and/or the relevant Product Conditions.

However, such delay could be significantly longer, particularly in the case of a delay in the expiry of such Structured Products arising from our determination that a Market Disruption Event, Settlement Disruption Event or delisting of a company or fund has occurred at any relevant time or that adjustments are required in accordance with the General Conditions and/or the relevant Product Conditions.

That applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Structured Products.

You should note that in the event of there being a Settlement Disruption Event or a Market Disruption Event, payment of the Cash Settlement Amount may be delayed as more fully described in the General Conditions and the relevant Product Conditions.

Risks specific to Underlying Asset adopting the multiple counters model

Where the Underlying Asset adopts the multiple counters model for trading its units or shares on the Stock Exchange in Hong Kong dollars ("**HKD**") and one or more foreign currencies (such as Renminbi and/or United States Dollars) ("**Foreign Currency**") separately, the relatively recent introduction and untested nature of the Stock Exchange's multiple counters model may bring the following additional risks:

(a) the Structured Products may be linked to the HKD-traded or the Foreign Currency-traded units or shares. If the Underlying Asset is the units or shares traded in one currency counter, movements in the trading prices of the units or shares traded in another currency counter should not directly affect the price of the Structured Products; and

(b) the trading price on the Stock Exchange of the units or shares traded in one currency counter may deviate significantly from the trading price on the Stock Exchange of units or shares traded in another currency counter due to different factors, such as market liquidity, foreign exchange conversion risk, supply and demand in each counter and the exchange rate fluctuation. Changes in the trading price of the Underlying Asset in the relevant currency counter may adversely affect the price of the Structured Products.

Risks relating to Structured Products over funds

General risks

In the case of Structured Products which relate to the units or shares of a fund:

(a) neither we nor any of our affiliates have the ability to control or predict the actions of the trustee (if applicable) or the manager (if applicable) of the relevant fund. Neither the trustee (if applicable) nor the manager (if applicable) of the relevant fund (i) is involved in the offer of any Structured Product in any way, or (ii) has any obligation to consider the interest of the holders of any Structured Product in taking any corporate actions that might affect the value of any Structured Product;

(b) we have no role in the relevant fund. The trustee (if applicable) or manager (if applicable) of the relevant fund is responsible for making strategic, investment and other trading decisions with respect to the management of the relevant fund consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the relevant fund. The manner in which the relevant fund is managed and the timing of actions may have a significant impact on the performance of the relevant fund. Hence, the market price of the relevant units or shares is also subject to these risks; and

(c) for any relevant fund which is not managed like a corporation or an active investment vehicle and no manager has been appointed, the trading price of the units or shares in the relevant fund may be adversely affected by losses sustained by the fund that, if the fund had been actively managed, might have been possible to avoid.

Exchange traded funds

Where the Underlying Asset of Structured Products comprises the units or shares of an ETF, you should note that:

(a) an ETF is exposed to the economic, political, currency, legal and other risks of a specific sector or market related to the underlying asset pool or index or market that the ETF is designed to track;

(b) there may be disparity between the performance of the ETF and the performance of the underlying asset pool or index or market that the ETF is designed to track as a result of, for example, failure of the tracking strategy, currency differences, fees and expenses; and

(c) where the underlying asset pool or index or market

that the ETF tracks is subject to restricted access, the efficiency in the creation or redemption of units or shares to keep the price of the ETF in line with its net asset value may be disrupted, causing the ETF to trade at a higher premium or discount to its net asset value. Hence, the market price of the Structured Products will also be indirectly subject to these risks.

Synthetic exchange traded funds

Additionally, where the Underlying Asset of Structured Products comprises the units or shares of an ETF adopting a synthetic replication investment strategy to achieve its investment objectives by investing in financial derivative instruments linked to the performance of an underlying asset pool or index that the ETF is designed to track ("**Synthetic ETF**"), you should note that:

(a) investments in financial derivative instruments will expose the Synthetic ETF to the credit, potential contagion and concentration risks of the counterparties who issued such financial derivative instruments. As such counterparties are predominantly international financial institutions, the failure of one such counterparty may have a negative effect on other counterparties of the Synthetic ETF. Even if the Synthetic ETF has collateral to reduce the counterparty risk, there may still be a risk that the market value of the collateral has fallen substantially when the Synthetic ETF seeks to realise the collateral; and

(b) the Synthetic ETF may be exposed to higher liquidity risk if the Synthetic ETF invests in financial derivative instruments which do not have an active secondary market.

The above risks may have a significant impact on the performance of the relevant ETF or Synthetic ETF and hence the market price of Structured Products linked to such ETF or Synthetic ETF.

ETF investing through the QFI regimes and/or China Connect

An ETF may be issued and traded outside Chinese Mainland with direct investment in the Chinese Mainland securities markets through the Qualified Foreign Institutional Investor regime and Renminbi Qualified Foreign Institutional Investor regime (collectively, "**QFI regimes**") and/or the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "**China Connect**"). Where the Underlying Asset comprises the units or shares of such an ETF ("**China ETF**"), you should note that, amongst others:

(a) the policy and rules for the QFI regimes and China Connect prescribed by the Chinese Mainland government are subject to change, and there may be uncertainty to their interpretation and/or implementation. The uncertainty and change of the laws and regulations in Chinese Mainland may adversely impact the performance of China ETFs and the trading price of the relevant units or shares;

(b) a China ETF primarily invests in securities traded in the Chinese Mainland securities markets and is subject to concentration risk. Investment in the Chinese Mainland securities markets (which are inherently stock markets with restricted access) involves certain risks and special considerations as compared with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks. The operation of a China ETF may also be affected by interventions by the applicable government(s) and regulators in the financial markets;

(c) trading of securities invested by a China ETF under China Connect will be subject to a daily quota which is utilised on a first-come-first-serve basis under the China Connect. In the event that the daily quota under China Connect is reached, the manager may need to suspend creation of further units or shares of such China ETF, and therefore the liquidity in such China ETF may be affected. In such event, the trading price of a unit or share of such China ETF is likely to be at a significant premium to its net asset value, and may be highly volatile. The People's Bank of China and the State Administration of Foreign Exchange have jointly published the detailed implementation rules removing the investment quota under the QFI regimes with effect from 6 June 2020; and

(d) there are risks and uncertainties associated with the current Chinese Mainland's tax laws applicable to a China ETF investing in the Chinese Mainland through the QFI regimes and/or China Connect. Although such China ETF may have made a tax provision in respect of potential tax liability, the provision may be excessive or inadequate. Any shortfall between the provisions and actual tax liabilities may be covered by the assets of such China ETF and may therefore adversely affect the net asset value of such China ETF and the market value and/or potential payout of the Structured Products.

The above risks may have a significant impact on the performance of the China ETFs and the price of the Structured Products.

Please read the offering documents of the China ETF to understand its key features and risks.

*Real estate investment trust ("**REIT**")*

Where the Underlying Asset comprises the units of a REIT, you should note that the investment objective of a REIT is

to invest in a real estate portfolio. Each REIT is exposed to risks relating to investments in real estate, including but not limited to (a) adverse changes in political or economic conditions; (b) changes in interest rates and the availability of debt or equity financing, which may result in an inability by the REIT to maintain or improve the real estate portfolio and finance future acquisitions; (c) changes in environmental, zoning and other governmental rules; (d) changes in market rents; (e) any required repair and maintenance of the portfolio properties; (f) breach of any property laws or regulations; (g) the relative illiquidity of real estate investment; (h) real estate taxes; (i) any hidden interests in the portfolio properties; (j) any increase in insurance premiums and (k) any uninsurable losses.

There may also be disparity between the market price of the units of a REIT and the net asset value per unit. This is because the market price of the units of a REIT also depends on many factors, including but not limited to (a) the market value and perceived prospects of the real estate portfolio; (b) changes in economic or market conditions; (c) changes in market valuations of similar companies; (d) changes in interest rates; (e) the perceived attractiveness of the units of the REIT against those of other equity securities; (f) the future size and liquidity of the market for the units and the REIT market generally; (g) any future changes to the regulatory system, including the tax system and (h) the ability of the REIT to implement its investment and growth strategies and to retain its key personnel.

The above risks may have a significant impact on the performance of the relevant units and the price of the Structured Products.

Commodity market risk

Where the Underlying Asset comprises the units or shares of an ETF whose value relates directly to the value of a commodity, you should note that fluctuations in the price of the commodity could materially adversely affect the value of the underlying units or shares. Commodity markets are generally subject to greater risks than other markets. The price of a commodity is highly volatile. Price movement of a commodity is influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and international political and economic events and policies.

Risks relating to CBBCs

Correlation between the price of a CBBC and the price/level of the Underlying Asset

When the Underlying Asset of a CBBC is trading at a price/level close to its Call Price/Call Level, the price of that CBBC tends to be more volatile and any change in the value of that CBBC at such time may be incomparable and disproportionate to the change in the price/level of the Underlying Asset.

Mandatory Call Event is irrevocable except in limited circumstances

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

(a) system malfunction or other technical errors of HKEX (such as the setting up of wrong Call Price/Call Level and other parameters), and such event is reported by the Stock Exchange to us and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

(b) manifest errors caused by the relevant third party price source where applicable (such as miscalculation of the index level by the relevant index compiler), and such event is reported by us to the Stock Exchange and we and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached between the Stock Exchange and us no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs or such other time frame as prescribed by the Stock Exchange from time to time. Upon revocation of the Mandatory Call Event, trading of the CBBCs will resume and any trade cancelled after such Mandatory Call Event will be reinstated.

Non-recognition of Post MCE Trades

The Stock Exchange and its recognised exchange controller, HKEX, shall not incur any liability (whether based on contract, tort (including, without limitation, negligence), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEX) for any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading ("**Trading Suspension**") or the non-recognition of trades after a Mandatory Call Event ("**Non-Recognition of Post MCE Trades**"), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility towards you for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

Residual Value will not include residual funding cost

For Category R CBBCs, the Residual Value (if any) payable by us following the occurrence of a Mandatory Call Event will not include the residual funding cost for the CBBCs. You will not receive any residual funding cost back from us upon early termination of a Category R CBBC upon a Mandatory Call Event.

Delay in announcements of a Mandatory Call Event

The Stock Exchange will notify the market as soon as practicable after the CBBC has been called. You must however be aware that there may be delay in the announcements of a Mandatory Call Event due to technical errors or system failures and other factors that are beyond our control or the control of the Stock Exchange.

Unwinding of hedging arrangements

The trading and/or hedging activities of us or our affiliates related to CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price/level of the Underlying Asset which may trigger a Mandatory Call Event and/or affect the Residual Value of the CBBC. In particular, when the Underlying Asset is trading close to the Call Price/Call Level, the unwinding activities of us or our affiliates may cause a fall or rise (as the case may be) in the trading price/level of the Underlying Asset, potentially leading to a Mandatory Call Event and affecting the Residual Value for the CBBCs as a result of such unwinding activities.

In respect of Category N CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event.

In respect of Category R CBBCs, we or our affiliates may unwind any hedging transactions entered into by us in relation to the CBBCs at any time even if such unwinding activities may trigger a Mandatory Call Event. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the trading price/level of the Underlying Asset and consequently the Residual Value for the CBBCs.

Risk relating to the legal form of the Structured Products

Each series of Structured Products will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS).

Structured Products issued in global registered form and held on your behalf within a clearing system effectively means that the evidence of your title, as well as the efficiency of ultimate delivery of the Cash Settlement Amount, will be subject to the CCASS Rules. You should be aware of the following risks:

(a) you will not receive definitive certificates where the Structured Products remain in the name of HKSCC Nominees Limited for the entire life of the Structured Products;

(b) any register that is maintained by us or on our behalf, while available for inspection by you, will not be capable of registering any interests other than that of the legal title owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;

(c) you will have to rely solely upon your broker/custodians and the statements you receive from such party as evidence of your interest in the investment;

(d) notices or announcements will be published on the HKEX website and/or released by HKSCC to its participants via CCASS. You will need to check the HKEX website regularly and/or rely on your brokers/custodians to obtain such notices/announcements; and

(e) following the expiry date and the determination by us as to the Cash Settlement Amount, our obligations to you will be duly performed by payment of the Cash Settlement Amount in accordance with the General Conditions and the relevant Product Conditions to HKSCC Nominees Limited as the "**holder**" of the Structured Products. HKSCC or HKSCC Nominees Limited will then distribute the received Cash Settlement Amount to the respective CCASS participants in accordance with the CCASS Rules.

Fee arrangements with brokers and conflicts of interest of brokers

We may enter into fee arrangements with brokers and/or any of its affiliates with respect to the primary market in the Structured Products. You should note that any brokers with whom we have a fee arrangement does not, and cannot be expected to deal, exclusively in the Structured Products, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Assets and/or the structured products of other issuers over the same Underlying Assets to which the

particular series of Structured Products may relate, or other underlying assets as the case may be, for their proprietary accounts and/or for the accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Structured Products and present certain conflicts of interests.

Risks relating to marketing of the Structured Products

Third party individuals may comment on the Structured Products on social media or other platforms from time to time. None of these third party individuals, whether sponsored by us or not, is our agent and such commentary does not constitute any advice or recommendation by us to invest in the Structured Products. We are not responsible for any statements or comments made by such third party individuals, which should not be relied upon as the sole basis for your investment decision in the Structured Products.

Effect of the combination of risk factors unpredictable

Two or more risk factors may simultaneously have an effect on the value of a series of Structured Products such that the effect of any individual risk factor may not be predictable. No assurance can be given as to the effect any combination of risk factors may have on the value of a series of Structured Products.

APPENDIX 1 — GENERAL CONDITIONS OF STRUCTURED PRODUCTS

These General Conditions relate to each series of Structured Products and must be read in conjunction with, and are subject to, the relevant Product Conditions set out in Appendix 2 and Appendix 3 to this Base Listing Document and the relevant Launch Announcement and Supplemental Listing Document in relation to the particular series of Structured Products. These General Conditions, the relevant Product Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document together constitute the Conditions of the relevant Structured Products, and will be endorsed on the Global Certificate representing the relevant Structured Products. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Structured Products may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these General Conditions and the relevant Product Conditions, replace or modify these General Conditions and the relevant Product Conditions for the purpose of such series of Structured Products.

1. Definitions

"**Applicable Law**" means any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power;

"**Base Listing Document**" means the base listing document relating to the Structured Products dated 26 May 2026 and issued by the Issuer (including any addenda to such base listing document issued by the Issuer from time to time);

"**Board Lot**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Cash Settlement Amount**" has the meaning given to it in the relevant Product Conditions;

"**CCASS**" means the Central Clearing and Settlement System;

"**CCASS Rules**" means the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time;

"**CCASS Settlement Day**" has the meaning ascribed to the terms "Settlement Day" in the CCASS Rules, subject to such modification and amendment prescribed by HKSCC from time to time;

"**Conditions**" means, in respect of a particular series of Structured Products, these General Conditions and the applicable Product Conditions;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Structured Products;

"**Expiry Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**General Conditions**" means these general terms and conditions. These General Conditions apply to each series of Structured Products;

"**Global Certificate**" means, in respect of the relevant Structured Products, a global certificate registered in the name of the Nominee;

"**HKEX**" means Hong Kong Exchanges and Clearings Limited;

"**HKSCC**" means Hong Kong Securities Clearing Company Limited;

"**Holder**" means each person who is for the time being shown in the Register as the holder of the Structured Products, and such person shall be treated by the Issuer and the Sponsor as the absolute owner and holder of the Structured Products;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Instrument**" means an instrument by way of deed poll dated 30 May 2006 and executed by the Issuer;

"**Issuer**" means Macquarie Bank Limited;

"**Launch Announcement and Supplemental Listing Document**" means the launch announcement and supplemental listing document relating to a particular series of Structured Products.

"**Nominee**" means HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS);

"**Product Conditions**" means, in respect of each series of Structured Product, the product specific terms and conditions that apply to that particular series of Structured Product;

"**Register**" means, in respect of each series of Structured Products, the register of the Holders of such series kept by the Issuer outside of Hong Kong;

"**Sponsor**" means Macquarie Capital Limited;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited; and

"**Structured Products**" means standard warrants ("**Warrants**"), callable bull/bear contracts ("**CBBCs**") or such other structured products to be issued by the Issuer from time to time. References to "Structured Products" are to be construed as references to a particular series of Structured Products and, unless the context otherwise requires, any further Structured Products issued pursuant to General Condition 9.

2. Form, Status, Transfer, Title and Additional Costs and Expenses

2.1 The Structured Products are issued in registered form subject to and with the benefit of the Instrument. The Holders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the offices of the Sponsor.

The Structured Products are represented by a Global Certificate. No definitive certificate will be issued. The Structured Products can only be exercised by HKSCC or the Nominee.

2.2 The settlement obligation of the Issuer in respect of the Structured Products represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Structured Products represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of structured products, deposit liabilities of the Issuer or a debt obligation of any kind.

2.3 Transfers of Structured Products may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the CCASS Rules.

2.4 Holders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Structured Products including the Exercise Expenses which amount shall, subject to the applicable Product Conditions and to the extent necessary, be payable to the Issuer and collected from the Holders.

3. Rights and Exercise Expenses relating to Structured Products

3.1 Every Board Lot initially entitles the Holder, upon due exercise and upon compliance with the applicable Product Conditions, the rights to receive payment of the Cash Settlement Amount, if any.

3.2 Upon exercise of the Structured Products, the Holder will be required to pay a sum equal to all the expenses resulting from the exercise of such Structured Products. To effect such payment an amount equivalent to the Exercise Expenses shall be deducted from the Cash Settlement Amount in accordance with the applicable Product Conditions.

4. Sponsor

4.1 The Sponsor will not assume any obligation or duty to or any relationship of agency or trust for the Holder.

4.2 The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Structured Products are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Holder in accordance with General Condition 8.

5. Purchase

The Issuer or any of its subsidiaries may at any time purchase Structured Products at any price in the open market or by tender or by private treaty. Any Structured Products so purchased may be held or resold or surrendered for cancellation.

6. Global Certificate

A Global Certificate representing the Structured Products will be deposited within CCASS in the name of the Nominee.

7. Meetings of Holders and Modification

7.1 *Meetings of Holders*. The Instrument contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Structured Products or of the Instrument.

Any resolution to be passed in a meeting of the Holders shall be decided by poll. A meeting may be convened by the Issuer or by Holders holding not less than 10 percent of the Structured Products for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 percent of the Structured Products for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Holders whatever the number of Structured Products so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

Resolutions can be passed in writing without a meeting of the Holders being held if passed unanimously.

7.2 *Modification*. The Issuer may, without the consent of the Holder, effect any modification of the terms and conditions of the Structured Products or the Instrument which, in the opinion of the Issuer, is:

(a) not materially prejudicial to the interests of the Holder generally (without considering the circumstances of any individual Holder or the tax or other consequences of such modification in any particular jurisdiction);

(b) of a formal, minor or technical nature;

(c) made to correct a manifest error; or

(d) necessary in order to comply with mandatory provisions of the laws or regulations of Hong Kong.

Any such modification shall be binding on the Holder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with General Condition 8 but failure to give such notice will not affect the validity of such modification.

8. Notices

All notices to the Holder will be validly given if published in English and in Chinese on the HKEX website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Holders.

9. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Holder, to create and issue further structured products so as to form a single series with the Structured Products.

10. Illegality or Impracticability

The Issuer is entitled to terminate the Structured Products if it determines in good faith and in a commercially reasonable manner that, for reasons beyond its control, it has become or it will become illegal or impracticable:

(a) for it to perform its obligations under the Structured Products, in whole or in part as a result of:

(i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or

(ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),

(each of (i) and (ii), a "**Change in Law Event**"); or

(b) for it or any of its affiliates to maintain the Issuer's hedging arrangements with respect to the Structured Products due to a Change in Law Event.

Upon the occurrence of a Change in Law Event, the Issuer will, if and to the extent permitted by the applicable law or regulation, pay to each Holder a cash amount that the Issuer determines in good faith and in a commercially reasonable manner to be the fair market value in respect of each Structured Product held by such Holder immediately prior to such termination (ignoring such illegality or impracticability) less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion. Payment will be made to each Holder in such manner as shall be notified to the Holder in accordance with General Condition 8.

11. Good Faith and Commercially Reasonable Manner

Any exercise of discretion by the Issuer under the Conditions will be made in good faith and in a commercially reasonable manner.

12. Contracts (Rights of Third Parties) Ordinance

No person other than the Holder has any right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of the Structured Products.

13. Governing Law

The Structured Products and the Instrument are governed by and construed in accordance with the laws of Hong Kong. The Issuer and each Holder (by its purchase of the Structured Products) shall be deemed to have submitted for all purposes in connection with the Structured Products and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

A Chinese translation of these General Conditions and the applicable Product Conditions will be made available for collection during normal office hours from the Sponsor's office. In the event of any inconsistency between the Chinese translation and the English version of these General Conditions and/or the applicable Product Conditions, the English version of these General Conditions and/or the applicable Product Conditions shall prevail.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Structured Products will become void unless made within ten years of the Expiry Date and thereafter, any sums payable in respect of such Structured Products shall be forfeited and shall revert to the Issuer.

Sponsor:

Macquarie Capital Limited
Level 22
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

APPENDIX 2 — PRODUCT CONDITIONS OF WARRANTS

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PART A — PRODUCT CONDITIONS OF EUROPEAN STYLE CASH SETTLED WARRANTS OVER SINGLE EQUITIES

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Average Price**" means the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Cash Settlement Amount**" means:

(a) in the case of a series of call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Average Price - Exercise Price) x one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Exercise Price - Average Price) x one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Company**" means the company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Designated Bank Account**" means the relevant bank account designated by the Holder;

"**Entitlement**" means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Exercise Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Market Disruption Event**" means:

(a) the occurrence or existence, on any Valuation Date during the one-half hour period that ends at the close of trading, of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;

(b) the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event; or

(c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

"**Product Conditions**" means these product terms and conditions;

"**Settlement Date**" means the third CCASS Settlement Day after the later of: (a) the Expiry Date; and (b) the day on which the Average Price is determined in accordance with the Conditions;

"**Share**" means the share specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

"**Valuation Date**" means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Shares on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of a Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

(a) the Business Day immediately preceding the Expiry Date (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(b) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

2. Exercise of Warrants

2.1 Warrants may only be exercised in Board Lots or integral multiples thereof.

2.2 The Warrants will automatically be exercised on the Expiry Date, if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Product Conditions) is positive (without notice being given to the Holder). The Holder will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holder the Cash Settlement Amount (if any) in accordance with Product Condition 2.5.

Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately thereafter and all rights of the Holders and obligations of the Issuer with respect to such Warrant shall cease.

2.3 Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall

be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.4 Subject to exercise of Warrants in accordance with these Product Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Expiry Date, remove the name of the Holder from the Register in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and, if applicable, cancel the Global Certificate.

2.5 Upon exercise of Warrants in accordance with these Product Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

2.6 The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Product Condition 2.5.

3. Adjustments

3.1 *Rights Issues*. If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

3.2 *Bonus Issues*. If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

Adjustment Factor = 1 + N

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

3.3 *Subdivisions and Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a "**Subdivision**") or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a "**Consolidation**"), then:

(a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivisions; and

(b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation shall have taken effect.

3.4 *Restructuring Events.* If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 3.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

3.5 *Cash Distribution.* No adjustment will be made for an ordinary cash dividend (whether or not it is offered

with a scrip alternative) ("**Ordinary Dividend**"). For any other forms of cash distribution ("**Cash Distribution**") announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 percent or more of the Share's Closing Price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Cash Distribution Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

3.6 *Other Adjustments*. Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.7 *Notice of Determinations*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

4. Liquidation

In the event of a liquidation, winding up or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company (each an "**Insolvency Event**"), all unexercised Warrants shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the Warrants, except that in the case of a series of put Warrants:

(a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the put Warrants upon the occurrence of such Insolvency Event:

(i) the Issuer shall pay to each Holder the residual value of the put Warrants in cash representing the fair market value in respect of each put Warrant held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 8; and

(ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Shares traded on the Stock Exchange are calculated;

(b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the put Warrants upon the occurrence of such Insolvency Event, the put Warrants shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4, an Insolvency Event occurs,

(i) in the case of a voluntary liquidation or winding up of the Company, on the effective date of the relevant resolution; or

(ii) in the case of an involuntary liquidation, winding up or dissolution of the Company, on the date of the relevant court order; or

(iii) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

5. Delisting

5.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Holder or the tax or other consequences that may result in any particular jurisdiction).

5.2 Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holder, make such adjustments to the entitlements of the Holder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

5.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holder in accordance with General Condition 8 as soon as practicable after they are determined.

Sponsor:

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PART B — PRODUCT CONDITIONS OF EUROPEAN STYLE CASH SETTLED INDEX WARRANTS

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Cash Settlement Amount**" means an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (a) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (b) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) in the case of a series of call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{(Closing Level - Strike Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$$

(b) in the case of a series of put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{(Strike Level - Closing Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Closing Level**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Designated Bank Account**" means the relevant bank account designated by the Holder;

"**Divisor**" means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**First Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

"**Index**" means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Index Business Day**" means any day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

"**Index Compiler**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Index Currency Amount**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Index Exchange**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Interim Currency**" means the currency specified in the relevant Launch Announcement and Supplemental Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Market Disruption Event**" means:

(a) the occurrence or existence, on the Valuation Date during the one-half hour period that ends at the close of trading on the Index Exchange, of any of:

(i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;

(ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or

(iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any relevant exchange, and (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event;

(b) where the Index Exchange is the Stock Exchange, the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event;

(c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or

(d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

"**Product Conditions**" means these product terms and conditions;

"**Second Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Settlement Currency**" means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Settlement Date**" means the third CCASS Settlement Day after the later of: (a) the Expiry Date; and (b) the day on which the Closing Level is determined in accordance with the Conditions;

"**Strike Level**" means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to adjustment in accordance with Product Condition 3;

"**Successor Index Compiler**" has the meaning given to it in Product Condition 3.1; and

"**Valuation Date**" shall have the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, provided that, if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer, if applicable, may, but will not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

2. Exercise of Warrants

2.1 Warrants may only be exercised in Board Lots or integral multiples thereof.

2.2 The Warrants will automatically be exercised on the Expiry Date, if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Product Conditions) is positive (without notice being given to the Holder). The Holder will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holder the Cash Settlement Amount (if any) in accordance with Product Condition 2.5.

Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately thereafter and all rights of the Holders and obligations of the Issuer with respect to such Warrant shall cease.

2.3 Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.4 Subject to exercise of Warrants in accordance with these Product Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Expiry Date, remove the name of the Holder from the Register in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and, if applicable, cancel the Global Certificate.

2.5 Upon exercise of Warrants in accordance with these Product Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

2.6 The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in

accordance with Product Condition 2.5.

3. Adjustments to the Index

3.1 *Successor Index Compiler Calculates and Reports Index*. If the Index is (a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the "**Successor Index Compiler**") acceptable to the Issuer; or (b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

3.2 *Modification and Cessation of Calculation of Index*. If (a) on or prior to the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock, contracts or commodities and other routine events); or (b) on the Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event), then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

3.3 *Other Adjustments*. Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.4 *Notice of Determinations*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

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PART C — PRODUCT CONDITIONS OF EUROPEAN STYLE CASH SETTLED WARRANTS OVER EXCHANGE TRADED FUNDS

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of Warrants may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of Warrants. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Average Price**" means the arithmetic mean of the closing prices of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) in respect of each Valuation Date;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Cash Settlement Amount"** means:

(a) in the case of a series of call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Average Price - Exercise Price) x one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

(b) in the case of a series of put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Exercise Price - Average Price) x one Board Lot}}{\text{Number of Warrant(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Designated Bank Account**" means the relevant bank account designated by the Holder;

"**Entitlement**" means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Exercise Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Fund**" means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 of the Base Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Market Disruption Event**" means:

(a) the occurrence or existence, on any Valuation Date during the one-half hour period that ends at the close of trading, of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;

(b) the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event; or

(c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

"**Product Conditions**" means these product terms and conditions;

"**Settlement Date**" means the third CCASS Settlement Day after the later of: (a) the Expiry Date; and (b) the day on which the Average Price is determined in accordance with the Conditions;

"**Unit**" means the unit or share of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

"**Valuation Date**" means each of the five Business Days immediately preceding the Expiry Date, provided that if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on any Valuation Date, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a Business Day that is already or is deemed to be a Valuation Date. For the avoidance of doubt, in the event that a Market Disruption Event has occurred and a Valuation Date is postponed as aforesaid, the closing price of the Units on the first succeeding Business Day will be used more than once in determining the Average Price, so that in no event shall there be less than five closing prices used to determine the Average Price.

If the postponement of a Valuation Date as aforesaid would result in the Valuation Date falling on or after the Expiry Date, then:

(a) the Business Day immediately preceding the Expiry Date (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(b) the Issuer shall determine the closing price of the Units on the basis of its good faith estimate of the price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

2. Exercise of Warrants

2.1 Warrants may only be exercised in Board Lots or integral multiples thereof.

2.2 The Warrants will automatically be exercised on the Expiry Date, if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Product Conditions) is positive (without notice being given to the Holder). The Holder will not be required to deliver any exercise notice and the Issuer or its agent will pay to the Holder the Cash Settlement Amount (if any) in accordance with Product Condition 2.5.

Any Warrant which has not been automatically exercised in accordance with this Product Condition 2.2 shall expire immediately thereafter and all rights of the Holders and obligations of the Issuer with respect to such Warrant shall cease.

2.3 Any Exercise Expenses which are not determined by the Issuer on the Expiry Date and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall

be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.4 Subject to exercise of Warrants in accordance with these Product Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Expiry Date, remove the name of the Holder from the Register in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and, if applicable, cancel the Global Certificate.

2.5 Upon exercise of Warrants in accordance with these Product Conditions, the Issuer will pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of a Settlement Disruption Event.

2.6 The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Product Condition 2.5.

3. Adjustments

3.1 *Rights Issues*. If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Units are traded on a cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

3.2 *Bonus Issues*. If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Units becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

Adjustment Factor = 1 + N

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Unit held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

3.3 *Subdivisions and Consolidations.* If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a "**Subdivision**") or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a "**Consolidation**"), then:

(a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivisions; and

(b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Exercise Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation shall have taken effect.

3.4 *Restructuring Events.* If it is announced that the Fund is to or may merge or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities (**"Substituted Securities**") and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 3.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

3.5 *Cash Distribution.* No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) ("**Ordinary Distribution**"). For any other forms of cash distribution ("**Cash Distribution**") announced by the Fund, such as a cash bonus, special dividend or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 percent or more of the Unit's Closing Price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Cash Distribution Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Unit as derived from the Daily Quotation Sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Exercise Price shall take effect on the Cash Distribution Adjustment Date.

3.6 *Other Adjustments.* Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the Warrants as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.7 *Notice of Determinations*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

4. Termination or Liquidation

In the event of a Termination or a liquidation, winding up or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) ("**Trustee**") (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund's or the

Trustee's (as the case may be) undertaking, property or assets (each an "**Insolvency Event**"), all unexercised Warrants shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the Warrants, except that in the case of a series of put Warrants:

(a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the put Warrants upon the occurrence of such Insolvency Event:

(i) the Issuer shall pay to each Holder the residual value of the put Warrants in cash representing the fair market value in respect of each put Warrant held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 8; and

(ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Units traded on the Stock Exchange are calculated;

(b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the put Warrants upon the occurrence of such Insolvency Event, the put Warrants shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4,

(a) an Insolvency Event occurs,

(i) in the case of Termination, on the effective date of the Termination; or

(ii) in the case of a voluntary liquidation or winding up of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the effective date of the relevant resolution; or

(iii) in the case of an involuntary liquidation, winding up or dissolution of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the date of the relevant court order; or

(iv) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund's or Trustee's (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

(b) "**Termination**" means:

(i) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;

(ii) the Fund is held or is conceded by the Trustee (where applicable) or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted;

(iii) where applicable, the Trustee ceases to be authorised under the Fund to hold the property of the Fund in its name and perform its obligations under the trust deed constituting the Fund; or

(iv) the Fund ceases to be authorised as an authorised collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

5. Delisting

5.1 If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Holder or the tax or other consequences that may result in any particular jurisdiction).

5.2 Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holder, make such adjustments to the entitlements of the Holder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

5.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holder in accordance with General Condition 8 as soon as practicable after they are determined.

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APPENDIX 3 — PRODUCT CONDITIONS OF CBBCS

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PART A — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER SINGLE EQUITIES

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Call Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Cash Settlement Amount**" means an amount calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Closing Price - Strike Price) x one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Strike Price – Closing Price) x one Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Category N CBBCs**" means a series of CBBCs where the Call Price is equal to the Strike Price;

"**Category R CBBCs**" means a series of CBBCs where the Call Price is different from the Strike Price;

"**Closing Price**" means the closing price of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) on the Valuation Date;

"**Company**" means the Company specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Designated Bank Account**" means the relevant bank account designated by each Holder;

"**Entitlement**" means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 to the Base Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Mandatory Call Event**" occurs when the Spot Price is:

(a) in the case of a series of bull CBBCs, at or below the Call Price; or

(b) in the case of a series of bear CBBCs, at or above the Call Price,

at any time on any Trading Day during the Observation Period;

"**Market Disruption Event**" means:

(a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Shares; or (ii) any options or futures contracts relating to the Shares if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;

(b) the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event; or

(c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

"**Maximum Trade Price**" means the highest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

"**MCE Valuation Period**" means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the "**1st Session**") and up to the end of the trading session on the Stock Exchange immediately following the 1st Session ("**2nd Session**") unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Shares is permitted on the Stock Exchange with no limitation imposed. In that case:

(i) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

(ii) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

(i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and

(ii) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one session only;

"**Minimum Trade Price**" means the lowest Spot Price of the Shares (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

"**Observation Commencement Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Observation Period**" means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

"**Post MCE Trades**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

"**Product Conditions**" means these product terms and conditions;

"**Residual Value**" means an amount calculated by the Issuer in accordance with the following formula:

(a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

"**Settlement Date**" means the third CCASS Settlement Day after (a) the end of the MCE Valuation Period or (b) the later of: (i) the Expiry Date; and (ii) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

"**Share**" means the share specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Spot Price**" means:

(a) in respect of a continuous trading session of the Stock Exchange, the price per Share concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and

(b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Share (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

"**Strike Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Trading Day**" means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

"**Trading Rules**" means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time; and

"**Valuation Date**" means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

(a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and

(b) the Issuer shall determine the Closing Price on the basis of its good faith estimate having regard to the then prevailing market conditions, the last reported trading price of the Share on the Stock Exchange and such other factors as the Issuer determines to be relevant.

2. Exercise of CBBCs

2.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

2.2 *Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBCs which have not been automatically exercised will expire worthless.

2.3 *Mandatory Call Event*

(a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 8. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

(b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

(i) system malfunction or other technical errors of HKEX and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

(ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs or such other time frame as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

2.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

2.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date or in the event that the CBBCs have expired worthless, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

2.6 *Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.7 *Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

2.8 *Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to the Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Shares.

2.9 *Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

2.10 *Trading*

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

(a) immediately upon the occurrence of a Mandatory Call Event; or

(b) at the close of trading for the Trading Day immediately preceding the Expiry Date,

whichever is the earlier.

3. Adjustments

3.1 *Rights Issues*

If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing price of an existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Rights

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement immediately prior to the adjustment, then no adjustment will be

made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

3.2 *Bonus Issues*

If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

Adjustment Factor = 1 + N

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

3.3 *Subdivisions and Consolidations*

If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a "**Subdivision**") or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a "**Consolidation**"), then:

(a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivisions; and

(b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation shall have taken effect.

3.4 *Restructuring Events*

If it is announced that the Company is to or may merge or consolidate with or into any other corporation

(including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Trading Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this Product Condition 3.4 and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Shares shall include any such cash.

3.5 *Cash Distribution*

No adjustment will be made for an ordinary cash dividend (whether or not it is offered with a scrip alternative) ("**Ordinary Dividend**"). For any other forms of cash distribution ("**Cash Distribution**") announced by the Company, such as a cash bonus, special dividend or extraordinary dividend, no adjustment will be made unless the value of the Cash Distribution accounts for 2 percent or more of the Share's Closing Price on the day of announcement by the Company.

If and whenever the Company shall make a Cash Distribution credited as fully paid to the holders of Shares generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Cash Distribution Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Share

OD: The amount of Ordinary Dividend per Share, provided that the Ordinary Dividend and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Dividend and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable

Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

4. Liquidation

In the event of a liquidation, winding up or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company (each an "**Insolvency Event**"), all unexercised CBBCs shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the CBBCs, except that in the case of a series of bear CBBCs:

(a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the bear CBBCs upon the occurrence of such Insolvency Event:

(i) the Issuer shall pay to each Holder the residual value of the bear CBBCs in cash representing the fair market value in respect of each bear CBBC held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 8; and

(ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Shares traded on the Stock Exchange are calculated;

(b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the bear CBBCs upon the occurrence of such Insolvency Event, the bear CBBCs shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4, an Insolvency Event occurs,

(i) in the case of a voluntary liquidation or winding up of the Company, on the effective date of the relevant resolution; or

(ii) in the case of an involuntary liquidation, winding up or dissolution of the Company, on the date of the relevant court order; or

(iii) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the undertaking, property or assets of the Company, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

5. Delisting

5.1 If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Holder or the tax or other consequences that may result in any particular jurisdiction).

5.2 Without prejudice to the generality of Product Condition 5.1, where the Shares are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holder, make such adjustments to the entitlements of the Holder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

5.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holder in accordance with General Condition 8 as soon as practicable after they are determined.

Sponsor:

Macquarie Capital Limited
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PART B — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER AN INDEX

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Call Level**" means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Cash Settlement Amount**" means an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (a) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (b) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Index Currency Amount} \times \text{One Board Lot}}{\text{Divisor}}$$

(ii) in the case of a series of bear CBBC:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} \times \text{One Board Lot}}{\text{Divisor}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Category N CBBCs**" means a series of CBBCs where the Call Level is equal to the Strike Level;

"**Category R CBBCs**" means a series of CBBCs where the Call Level is different from the Strike Level;

"**Closing Level**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Designated Bank Account**" means the relevant bank account designated by each Holder;

"**Divisor**" means the number specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**First Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 to the Base Listing Document;

"**Index**" means the index specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Index Business Day**" means any day on which the Index Exchange is scheduled to open for trading for its regular trading sessions;

"**Index Compiler**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Index Currency Amount**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Index Exchange**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Interim Currency**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Mandatory Call Event**" occurs when the Spot Level is:

(a) in the case of a series of bull CBBCs, at or below the Call Level; or

(b) in the case of a series of bear CBBCs, at or above the Call Level,

at any time on any Index Business Day during the Observation Period;

"**Market Disruption Event**" means:

(a) the occurrence or existence, on any Trading Day or Index Business Day during the one-half hour period that ends at the close of trading on the Index Exchange, of any of the following events:

(i) the suspension or material limitation of the trading of a material number of constituent securities that comprise the Index;

(ii) the suspension or material limitation of the trading of options or futures contracts relating to the Index on any exchanges on which such contracts are traded; or

(iii) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

For the purposes of this paragraph (a), (1) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business

hours of any relevant exchange, and (2) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by the relevant exchange will constitute a Market Disruption Event;

(b) where the Index Exchange is the Stock Exchange, the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event;

(c) a limitation or closure of the Index Exchange due to any unforeseen circumstances; or

(d) any circumstances beyond the control of the Issuer in which the Closing Level or, if applicable, the Exchange Rate, the First Exchange Rate or the Second Exchange Rate (as the case may be) cannot be determined by the Issuer in the manner set out in these Product Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

"**Maximum Index Level**" means the highest Spot Level during the MCE Valuation Period;

"**MCE Valuation Period**" means:

(a) in respect of an Index Exchange located in Hong Kong, the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Index Exchange during which the Mandatory Call Event occurs is the "**1st Session**") and up to the end of the trading session on the Index Exchange immediately following the 1st Session ("**2nd Session**") unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which the Spot Levels are available, the MCE Valuation Period shall be extended to the end of the subsequent trading session on the Index Exchange following the 2nd Session during which Spot Levels are available for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Index Business Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which Spot Levels are available. In that case:

(i) the period commencing from the 1st Session up to, and including, the last trading session of the fourth Index Business Day on the Index Exchange immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

(ii) the Issuer shall determine the Maximum Index Level or the Minimum Index Level (as the case may be) having regard to the then prevailing market conditions, the last reported Spot Level of the Index and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Levels available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Index Level or the Minimum Index Level (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

(i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and

(ii) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one session only; and

(b) in respect of an Index Exchange located outside Hong Kong, the period specified in the relevant Launch

Announcement and Supplemental Listing Document;

"**Minimum Index Level**" means the lowest Spot Level during the MCE Valuation Period;

"**Observation Commencement Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Observation Period**" means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

"**Post MCE Trades**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

"**Price Source**", if applicable, has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document;

"**Product Conditions**" means these product terms and conditions;

"**Residual Value**" means an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (a) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (b) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(i) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{(Minimum Index Level – Strike Level) x Index Currency Amount x One Board Lot}}{\text{Divisor}}$$

(ii) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{(Strike Level – Maximum Index Level) x Index Currency Amount x One Board Lot}}{\text{Divisor}}$$

"**Second Exchange Rate**" means the rate specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Settlement Currency**" means the currency specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Settlement Date**" means the third CCASS Settlement Day after (a) the end of the MCE Valuation Period or (b) the later of: (i) the Expiry Date; and (ii) the day on which the Closing Level is determined in accordance with the Conditions (as the case may be);

"**Spot Level**" means:

(a) if no Price Source is specified, the spot level of the Index as compiled and published by the Index Compiler; or

(b) if a Price Source is specified, the spot level of the Index as published on the Price Source;

"**Strike Level**" means the level specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Trading Day**" means any day on which the Stock Exchange is scheduled to open for trading for its regular

trading sessions; and

"**Valuation Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document, provided that, if the Issuer determines, in its sole discretion, that a Market Disruption Event has occurred on the Valuation Date, then the Issuer shall determine the Closing Level of the Index on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer may, but will not be obliged to, determine such Closing Level by having regard to the manner in which futures contracts relating to the Index are calculated.

2. Exercise of CBBCs

2.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

2.2 *Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBCs which have not been automatically exercised will expire worthless.

2.3 *Mandatory Call Event*

(a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 8. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

(b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

(i) system malfunction or other technical errors of HKEX and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

(ii) manifest errors caused by the relevant third party where applicable (such as miscalculation of the index level by the Index Compiler) and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs or such other time frame as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

2.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

2.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date or in the event that the CBBCs have expired worthless, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

2.6 *Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.7 *Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

2.8 *Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to the Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the constituent securities comprising the Index.

2.9 *Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

2.10 *Trading*

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

(a) immediately upon the occurrence of a Mandatory Call Event; or

(b) at the close of trading for the Trading Day immediately preceding the Expiry Date,

whichever is the earlier.

3. Adjustments to the Index

3.1 *Successor Index Compiler Calculates and Reports Index*

If the Index is:

(a) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the "**Successor Index Compiler**") acceptable to the Issuer; or

(b) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

3.2 *Modification and Cessation of Calculation of Index*

If:

(a) on or prior to the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler makes a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent securities and other routine events); or

(b) on the Valuation Date, the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event),

then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

3.3 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.4 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

Sponsor:

Macquarie Capital Limited
Level 22
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

PART C — PRODUCT CONDITIONS OF CASH SETTLED CALLABLE BULL/BEAR CONTRACTS OVER EXCHANGE TRADED FUNDS

These Product Conditions will, together with the General Conditions and the supplemental provisions contained in the relevant Launch Announcement and Supplemental Listing Document and subject to completion and amendment, be endorsed on the Global Certificate. The relevant Launch Announcement and Supplemental Listing Document in relation to the issue of any series of CBBCs may specify additional terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Product Conditions, replace or modify these Product Conditions for the purpose of such series of CBBCs. Capitalised terms used in these Product Conditions and not otherwise defined herein shall have the meanings given to them in the General Conditions or the relevant Launch Announcement and Supplemental Listing Document.

1. Definitions

For the purposes of these Product Conditions:

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong. For the avoidance of doubt, if such a day falls on a day on which the tropical cyclone warning signal number 8 or above or a "BLACK" rainstorm signal is issued or an "extreme condition" announcement is made by the Hong Kong Government, that day shall be deemed to be a Business Day;

"**Call Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Cash Settlement Amount**" means an amount calculated by the Issuer in accordance with the following formula:

(a) following a Mandatory Call Event:

(i) in the case of a series of Category R CBBCs, the Residual Value; or

(ii) in the case of a series of Category N CBBCs, zero; and

(b) at expiry:

(i) in the case of a series of bull CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Closing Price – Strike Price) x One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(ii) in the case of a series of bear CBBCs:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Strike Price – Closing Price) x One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero;

"**Category N CBBCs**" means a series of CBBCs where the Call Price is equal to the Strike Price;

"**Category R CBBCs**" means a series of CBBCs where the Call Price is different from the Strike Price;

"**Closing Price**" means the closing price of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) on the Valuation Date;

"**Designated Bank Account**" means the relevant bank account designated by each Holder;

"**Entitlement**" means the number specified as such in the relevant Launch Announcement and Supplemental

Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Fund**" means the exchange traded fund specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**General Conditions**" means the general terms and conditions of Structured Products set out in Appendix 1 to the Base Listing Document;

"**Listing Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Mandatory Call Event**" occurs when the Spot Price is:

(a) in the case of a series of bull CBBCs, at or below the Call Price; or

(b) in the case of a series of bear CBBCs, at or above the Call Price,

at any time on any Trading Day during the Observation Period;

"**Market Disruption Event**" means:

(a) the occurrence or existence on any Trading Day during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in: (i) the Units; or (ii) any options or futures contracts relating to the Units if, in any such case, such suspension or limitation is, in the determination of the Issuer, material;

(b) the occurrence of any event on any day which either (i) results in the Stock Exchange being closed for trading for an entire day; or (ii) results in the Stock Exchange being closed prior to its regular time for close of trading for the relevant day (for the avoidance of doubt, in the case when the Stock Exchange is scheduled to open for the morning trading session only, closed prior to its regular time for close of trading for the morning session), PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening for trading later than its regular time for the opening of trading on any day as a result of such event; or

(c) a limitation or closure of the Stock Exchange due to any unforeseen circumstances;

"**Maximum Trade Price**" means the highest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

"**MCE Valuation Period**" means the period commencing from and including the moment upon which the Mandatory Call Event occurs (the trading session on the Stock Exchange during which the Mandatory Call Event occurs is the "**1st Session**") and up to the end of the trading session on the Stock Exchange immediately following the 1st Session ("**2nd Session**") unless, in the determination of the Issuer in its good faith, the 2nd Session for any reason (including, without limitation, a Market Disruption Event occurring and subsisting in the 2nd Session) does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed, the MCE Valuation Period shall be extended to the end of the subsequent trading session following the 2nd Session during which trading in the Units is permitted on the Stock Exchange with no limitation imposed for a continuous period of at least 1 hour notwithstanding the existence or continuance of a Market Disruption Event in such postponed trading session, unless the Issuer determines in its good faith that each trading session on each of the four Trading Days immediately following the date on which the Mandatory Call Event occurs does not contain any continuous period of 1 hour or more than 1 hour during which trading in the Units is permitted on the Stock Exchange with no limitation imposed. In that case:

(i) the period commencing from the 1st Session up to, and including, the last trading session on the Stock Exchange of the fourth Trading Day immediately following the date on which the Mandatory Call Event occurs shall be deemed to be the MCE Valuation Period; and

(ii) the Issuer shall determine the Maximum Trade Price or the Minimum Trade Price (as the case may be)

having regard to the then prevailing market conditions, the last reported Spot Price and such other factors as the Issuer may determine to be relevant in its good faith.

For the avoidance of doubt, all Spot Prices available throughout the extended MCE Valuation Period shall be taken into account to determine the Maximum Trade Price or the Minimum Trade Price (as the case may be) for the calculation of the Residual Value.

For the purposes of this definition,

(i) the pre-opening session, the morning session and, in the case of half day trading, the closing auction session (if any) of the same day; and

(ii) the afternoon session and the closing auction session (if any) of the same day,

shall each be considered as one session only;

"**Minimum Trade Price**" means the lowest Spot Price of the Units (subject to any adjustment to such Spot Price as may be necessary to reflect any event as contemplated in Product Condition 3 such as capitalisation, rights issue, distribution or the like) during the MCE Valuation Period;

"**Observation Commencement Date**" means the date specified as such in the relevant Launch Announcement and Supplemental Listing Document;

"**Observation Period**" means the period commencing from and including the Observation Commencement Date up to and including the close of trading (Hong Kong time) on the Trading Day immediately preceding the Expiry Date;

"**Post MCE Trades**" has the meaning given to it in the relevant Launch Announcement and Supplemental Listing Document, subject to such modification and amendment prescribed by the Stock Exchange from time to time;

"**Product Conditions**" means these product terms and conditions;

"**Residual Value**" means an amount calculated by the Issuer in accordance with the following formula:

(a) in the case of a series of bull CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

(b) in the case of a series of bear CBBCs:

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

"**Settlement Date**" means the third CCASS Settlement Day after (a) the end of the MCE Valuation Period or (b) the later of: (i) the Expiry Date; and (ii) the day on which the Closing Price is determined in accordance with the Conditions (as the case may be);

"**Spot Price**" means:

(a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules); and

(b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange (as the case may be), the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time;

"**Strike Price**" means the price specified as such in the relevant Launch Announcement and Supplemental Listing Document, subject to any adjustment in accordance with Product Condition 3;

"**Trading Day**" means any day on which the Stock Exchange is scheduled to open for trading for its regular trading sessions;

"**Trading Rules**" means the Rules and Regulations of the Exchange prescribed by the Stock Exchange from time to time;

"**Unit**" means the unit or share of the Fund specified as such in the relevant Launch Announcement and Supplemental Listing Document; and

"**Valuation Date**" means the Trading Day immediately preceding the Expiry Date unless, in the determination of the Issuer, a Market Disruption Event has occurred on that day in which case, the Valuation Date shall be the first succeeding Trading Day on which the Issuer determines that there is no Market Disruption Event, unless the Issuer determines that there is a Market Disruption Event occurring on each of the four Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case:

(a) the fourth Trading Day immediately following the original date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and

(b) the Issuer shall determine the Closing Price on the basis of its good faith estimate having regard to the then prevailing market conditions, the last reported trading price of the Unit on the Stock Exchange and such other factors as the Issuer determines to be relevant.

2. Exercise of CBBCs

2.1 *Exercise of CBBCs in Board Lots*

CBBCs may only be exercised in Board Lots or integral multiples thereof.

2.2 *Automatic exercise*

If no Mandatory Call Event has occurred during the Observation Period, the CBBCs will be deemed to be automatically exercised on the Expiry Date if the Cash Settlement Amount is positive. Any CBBCs which have not been automatically exercised will expire worthless.

2.3 *Mandatory Call Event*

(a) Subject to Product Condition 2.3(b) below, following a Mandatory Call Event, the CBBCs will be terminated automatically and the Issuer shall have no further obligation under the CBBCs except for the payment of the Cash Settlement Amount (if any) on the relevant Settlement Date. The Issuer will notify the Holders of the occurrence of the Mandatory Call Event in accordance with General Condition 8. Trading in the CBBCs will be suspended immediately upon the occurrence of a Mandatory Call Event and any Post MCE Trades will be cancelled and will not be recognised by the Stock Exchange or the Issuer.

(b) A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

(i) system malfunction or other technical errors of HKEX and such event is reported by the Stock Exchange to the Issuer and the Issuer and the Stock Exchange mutually agree that such Mandatory Call Event is to be revoked; or

(ii) manifest errors caused by the relevant third party where applicable and such event is reported by the Issuer to the Stock Exchange, and the Issuer and the Stock Exchange

mutually agree that such Mandatory Call Event is to be revoked,

in each case, such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs or such other time frame as prescribed by the Stock Exchange from time to time.

In both cases, the Mandatory Call Event so triggered will be reversed; and all cancelled trades (if any) will be reinstated and trading of the CBBCs will resume as soon as practicable in accordance with the rules and/or requirements prescribed by the Stock Exchange from time to time.

2.4 *Entitlement*

Every Board Lot of CBBCs entitles the Holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount (if any).

2.5 *Cancellation*

Upon early expiration of the CBBCs at the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date or in the event that the CBBCs have expired worthless, the Issuer will, with effect from the first Business Day following the MCE Valuation Period or the Expiry Date (as the case may be) remove the name of the Holder from the Register in respect of the number of CBBCs which have expired or exercised (as the case may be) and thereby cancel the relevant CBBCs and if applicable, the Global Certificate.

2.6 *Exercise Expenses*

Any Exercise Expenses which are not determined by the Issuer by the end of the MCE Valuation Period or the Expiry Date (as the case may be) and not deducted from the Cash Settlement Amount prior to delivery to the Holder in accordance with Product Condition 2, shall be notified by the Issuer to the Holder as soon as practicable after determination thereof and shall be paid by the Holder to the Issuer immediately upon demand.

2.7 *Cash Settlement*

Upon early termination of the CBBCs following the occurrence of a Mandatory Call Event or an automatic exercise of the CBBCs on the Expiry Date (as the case may be), the Issuer will, in respect of every Board Lot, pay the Cash Settlement Amount minus the determined Exercise Expenses to the relevant Holder. If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than the Settlement Date by crediting that amount in accordance with the CCASS Rules, to the Designated Bank Account.

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Holder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Holder for any interest in respect of the amount due or any loss or damage that such Holder may suffer as a result of the existence of the Settlement Disruption Event.

2.8 *Responsibility of Issuer and Sponsor*

None of the Issuer, the Sponsor or their respective agents shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables published by a third party and used in any calculation made pursuant to the Conditions or in the calculation of the Cash Settlement Amount arising from such errors or omissions. The purchase of CBBCs does not confer on any Holder of such CBBCs any rights (whether in respect of voting, distributions or otherwise) in relation to the Units.

2.9 *Liability of Issuer and Sponsor*

Exercise and settlement of the CBBCs is subject to all applicable laws, rules, regulations and guidelines in force at the relevant time and neither the Issuer nor the Sponsor shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, rules, regulations or guidelines. Neither the Issuer nor the Sponsor shall under any circumstances be liable for any acts or defaults of the CCASS in relation to the performance of its duties in relation to the CBBCs.

2.10 *Trading*

Subject to Product Condition 2.3(b), trading in CBBCs on the Stock Exchange shall cease:

(a) immediately upon the occurrence of a Mandatory Call Event; or

(b) at the close of trading for the Trading Day immediately preceding the Expiry Date,

whichever is the earlier.

3. Adjustments

3.1 *Rights Issues*

If and whenever the Fund shall, by way of Rights (as defined below), offer new Units for subscription at a fixed subscription price to the holders of existing Units pro rata to existing holdings (a "**Rights Offer**"), the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{1 + M}{1 + (R/S) \times M}$$

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Unit price being the closing price of an existing Unit as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Units are traded on a cum-Rights basis

R: Subscription price per new Unit specified in the Rights Offer plus an amount equal to any distributions or other benefits foregone to exercise the Rights

M: Number of new Unit(s) (whether a whole or a fraction) per existing Unit each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Product Conditions:

"**Rights**" means the right(s) attached to each existing Unit or needed to acquire one new Unit (as the case may be) which are given to the holders of existing Units to subscribe at a fixed subscription price for new

Units pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

3.2 *Bonus Issues*

If and whenever the Fund shall make an issue of Units credited as fully paid to the holders of Units generally (other than pursuant to a scrip distribution or similar scheme for the time being operated by the Fund or otherwise in lieu of a cash distribution and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Units becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

Adjustment Factor = 1 + N

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Units (whether a whole or a fraction) received by a holder of Units for each Unit held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to one percent or less of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Bonus Issue Adjustment Date.

3.3 *Subdivisions and Consolidations*

If and whenever the Fund shall subdivide its Units or any class of its outstanding Units into a greater number of units or shares (a "**Subdivision**") or consolidate the Units or any class of its outstanding Units into a smaller number of units or shares (a "**Consolidation**"), then:

(a) in the case of a Subdivision, the Entitlement in effect immediately prior thereto will be increased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be decreased in the same ratio as the Subdivisions; and

(b) in the case of a Consolidation, the Entitlement in effect immediately prior thereto will be decreased whereas the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) will be increased in the same ratio as the Consolidation,

in each case on the day on which the Subdivision or Consolidation shall have taken effect.

3.4 *Restructuring Events*

If it is announced that the Fund is to or may merge with or into another trust or consolidate with or into any other trust or corporation (including becoming, by agreement or otherwise, controlled by any person or corporation) (except where the Fund is the surviving entity in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the CBBCs may in the absolute discretion of the Issuer be amended no later than the Trading Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the CBBCs shall, after such Restructuring Event, relate to the number of units or shares of the trust(s) or corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Units, as the case may be, to which the holder of such number of Units to which the CBBCs related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities

may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Units shall not be affected by this Product Condition 3.4 and, where cash is offered in substitution for Units or is deemed to replace Substituted Securities as described above, references in these Product Conditions to the Units shall include any such cash.

3.5 *Cash Distribution*

No adjustment will be made for an ordinary cash distribution (whether or not it is offered with a scrip alternative) ("**Ordinary Distribution**"). For any other forms of cash distribution ("**Cash Distribution**") announced by the Fund, such as a cash bonus, special distribution or extraordinary distribution, no adjustment will be made unless the value of the Cash Distribution accounts for 2 percent or more of the Unit's Closing Price on the day of announcement by the Fund.

If and whenever the Fund shall make a Cash Distribution credited as fully paid to the holders of Units generally, the Entitlement shall be adjusted to take effect on the Business Day on which trading in the Units becomes ex-entitlement ("**Cash Distribution Adjustment Date**") in accordance with the following formula:

Adjusted Entitlement = Adjustment Factor x E

Where:

$$\text{Adjustment Factor} = \frac{S - OD}{S - OD - CD}$$

E: The existing Entitlement immediately prior to the Cash Distribution

S: The closing price of the existing Unit as derived from the Daily Quotation Sheet of the Stock Exchange on the Business Day immediately preceding the Cash Distribution Adjustment Date

CD: The amount of Cash Distribution per Unit

OD: The amount of Ordinary Distribution per Unit, provided that the Ordinary Distribution and the Cash Distribution shall have the same ex-entitlement date. For the avoidance of doubt, the OD shall be deemed to be zero if the ex-entitlement dates of the relevant Ordinary Distribution and Cash Distribution are different

In addition, the Issuer shall adjust the Strike Price and the Call Price (which shall be rounded to the nearest 0.001) by the reciprocal of the Adjustment Factor, where the reciprocal of the Adjustment Factor means one divided by the relevant Adjustment Factor. The adjustment to the Strike Price and the Call Price shall take effect on the Cash Distribution Adjustment Date.

3.6 *Other Adjustments*

Without prejudice to and notwithstanding any prior adjustment(s) made pursuant to the applicable Product Conditions, the Issuer may (but shall not be obliged to) make such other adjustments to the terms and conditions of the CBBCs as appropriate where any event (including the events as contemplated in the applicable Product Conditions) occurs and irrespective of, in substitution for, or in addition to the provisions contemplated in the applicable Product Conditions, provided that such adjustment is:

(a) not materially prejudicial to the interests of the Holders generally (without considering the circumstances of any individual Holder or the tax or other consequences of such adjustment in any particular jurisdiction); or

(b) determined by the Issuer in good faith to be appropriate and commercially reasonable.

3.7 *Notice of Determinations*

All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Holder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment or amendment and of the date from which such adjustment or amendment is effective by publication in accordance with General Condition 8.

4. Termination or liquidation

In the event of a Termination or a liquidation, winding up or dissolution of the Fund or, if applicable, the trustee of the Fund (including any successor trustee appointed from time to time) ("**Trustee**") (in its capacity as trustee of the Fund) or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of the Fund's or the Trustee's (as the case may be) undertaking, property or assets (each an "**Insolvency Event**"), all unexercised CBBCs shall terminate automatically upon the occurrence of any Insolvency Event and the Issuer shall have no further obligation under the CBBCs, except that in the case of a series of bear CBBCs:

(a) if the Issuer determines in good faith and in a commercially reasonable manner that there is any residual value in the bear CBBCs upon the occurrence of such Insolvency Event:

(i) the Issuer shall pay to each Holder the residual value of the bear CBBCs in cash representing the fair market value in respect of each bear CBBC held by such Holder on or about the occurrence of such Insolvency Event less the cost to the Issuer of unwinding any related hedging arrangement as determined by the Issuer in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner. Payment will be made to each Holder in such manner as shall be notified to the Holders in accordance with General Condition 8; and

(ii) the Issuer may, but shall not be obliged to, determine such cash amount by having regard to the manner in which the options contracts or futures contracts of the Units traded on the Stock Exchange are calculated;

(b) otherwise, if the Issuer determines in good faith and in a commercially reasonable manner that there is no residual value in the bear CBBCs upon the occurrence of such Insolvency Event, the bear CBBCs shall lapse and cease to be valid for any purpose upon the occurrence of the Insolvency Event.

For the purpose of this Product Condition 4,

(a) an Insolvency Event occurs,

(i) in the case of Termination, on the effective date of the Termination; or

(ii) in the case of a voluntary liquidation or winding up of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the effective date of the relevant resolution; or

(iii) in the case of an involuntary liquidation, winding up or dissolution of the Fund or, if applicable, Trustee (in its capacity as trustee of the Fund), on the date of the relevant court order; or

(iv) in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of such Fund's or the Trustee's (as the case may be) undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of the applicable law.

(b) "**Termination**" means:

(i) the Fund is terminated or required to be terminated for whatever reason, or the termination of the Fund commences;

(ii) the Fund is held or is conceded by the Trustee (where applicable) or the manager of the Fund (including any successor manager appointed from time to time) not to have been constituted or to have been imperfectly constituted;

(iii) where applicable, the Trustee ceases to be authorized under the Fund to hold the property of the Fund in its name and perform its obligation under the trust deed constituting the Fund; or

(iv) the Fund ceases to be authorized as an authorized collective investment scheme under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

5. Delisting

5.1 If at any time the Units cease to be listed on the Stock Exchange, the Issuer shall give effect to the General Conditions and these Product Conditions in such manner and make such adjustments and amendments to the rights attaching to the CBBCs as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Holder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Holder or the tax or other consequences that may result in any particular jurisdiction).

5.2 Without prejudice to the generality of Product Condition 5.1, where the Units are, or, upon the delisting, become, listed on any other stock exchange, the Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Holder, make such adjustments to the entitlements of the Holder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into the relevant currency) as may be appropriate in the circumstances.

5.3 The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Holder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Holder in accordance with General Condition 8 as soon as practicable after they are determined.

Sponsor:

Macquarie Capital Limited
Level 22
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

APPENDIX 4 — A BRIEF GUIDE TO CREDIT RATINGS

Information set out in this Appendix 4 is based on, extracted or reproduced from the website of S&P at https://www.spglobal.com/ratings/en/ and the website of Moody's at https://www.moodys.com, as of the day immediately preceding the date of this document. Information appearing on those websites does not form part of this document, and we accept no responsibility for the accuracy or completeness of the information appearing on those websites, except that we have accurately extracted and reproduced such information in this Appendix 4 and take responsibility for such extraction and reproduction. We have not separately verified such information. There can be no assurance that such information will not be revised by the relevant rating agency in the future and we have no responsibility to notify you of such change. If you are unsure about any information provided in this Appendix 4 and/or what a credit rating means, you should seek independent professional advice.

What is a credit rating?

A credit rating is a forward looking opinion by a credit rating agency of a company's overall ability to meet its financial obligations. The focus is on the company's capacity to pay its debts as they become due. The rating does not necessarily apply to any specific obligation.

What do the credit ratings mean?

Below are guidelines issued by S&P and Moody's on what each of their investment-grade ratings means, as of the day immediately preceding the date of this document.

S&P long-term issuer credit ratings

AAA
An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by S&P.

AA
An obligor rated 'AA' has very strong capacity to meet its financial commitments.

A
An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat susceptible to economic conditions and changes in circumstances.

BBB
An obligor rated 'BBB' has adequate capacity to meet its financial commitments, but is more subject to adverse economic conditions.

Plus (+) or minus (-)
The above ratings (except for 'AAA') may be modified by the addition of a plus or minus sign to show relative standing within the rating categories.

Please refer to https://www.spglobal.com/ratings/en/about/intro-to-credit-ratings for further details.

Moody's long-term ratings definitions

Aaa
Obligations rated Aaa are judged to be of the highest quality subject to the lowest level of credit risk.

Aa
Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A
Obligations rated A are judged to be upper medium-grade and are subject to low credit risk.

Baa

Obligations rated Baa are judged to be medium grade and subject to moderate credit risk; and as such may possess certain speculative characteristics.

Modifiers "1", "2" and "3"
Moody's appends numerical modifiers 1, 2 and 3 to each of the above generic rating classifications (except for Aaa). The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Please refer to https://ratings.moodys.io/ratings for further details.

Rating Outlooks

A rating outlook is an opinion regarding the likely rating direction over the medium term (for example, this is typically six to twenty-four months for S&P). A rating outlook issued by S&P or Moody's will usually indicate whether the rating direction is likely to be "positive", "negative", "stable" or "developing". Please refer to the abovementioned websites of the relevant credit rating agencies for further details regarding rating outlooks published by the relevant credit rating agencies.

APPENDIX 5 — OUR ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026 AND INDEPENDENT AUDIT REPORT EXTRACTED FROM THE 2026 ANNUAL REPORT

Our annual financial statements for the year ended 31 March 2026 and independent audit report set out in this Appendix 5 are extracted from the 2026 Annual Report. Unless otherwise stated, these financial statements have been prepared in accordance with our usual accounting policies and procedures.

References to page numbers in this Appendix 5 are to the pages in our annual financial statements for the year ended 31 March 2026 and independent audit report extracted from the 2026 Annual Report.

Please refer to the base listing document dated 26 May 2025 for our annual financial statements and independent audit report in 2025.

The financial statements of Macquarie Bank for the year ended 31 March 2026 included in this Base Listing Document have been audited by PricewaterhouseCoopers, Chartered Accountants, as stated in its opinion appearing therein. The audit opinion of PricewaterhouseCoopers for these financial statements was provided to the addressees of the report at the date of its issue and is subject to the disclaimers and qualifications contained therein. To the extent permitted by law, PricewaterhouseCoopers expressly disclaims and accepts no responsibility to any party other than the addressees of such report at the date of its issue.

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The Financial Report was authorised for issue by the Board of Directors on 8 May 2026.

The Board of Directors has the power to amend and reissue the Financial Report.

Income statements

For the financial year ended 31 March 2026

		CONSOLIDATED		COMPANY	
		2026	2025	**2026**	2025
	Notes	**$m**	$m	**$m**	$m
Interest income	2	**15,534**	15,185	**15,217**	14,852
Interest expense	2	**(12,042)**	(11,954)	**(11,926)**	(11,765)
Net interest income		**3,492**	3,231	**3,291**	3,087
Net trading income	2	**4,413**	5,025	**3,413**	3,204
Net interest and trading income		**7,905**	8,256	**6,704**	6,291
Fee and commission income	2	**3,143**	2,610	**1,293**	939
Net investment income	2	**3,859**	688	**4,866**	1,208
Net credit impairment charges	2	**(291)**	(110)	**(246)**	(70)
Net other impairment (charges)/reversals	2	**(67)**	(40)	**1**	13
Net other operating income	2	**546**	516	**240**	346
Net operating income		**15,095**	11,920	**12,858**	8,727
Employment expenses	2	**(5,060)**	(4,811)	**(1,650)**	(1,411)
Brokerage, commission and fee expenses	2	**(777)**	(644)	**(725)**	(539)
Non-salary technology expenses	2	**(1,005)**	(961)	**(308)**	(219)
Other operating expenses	2	**(1,152)**	(1,063)	**(3,063)**	(2,828)
Total operating expenses		**(7,994)**	(7,479)	**(5,746)**	(4,997)
Operating profit before income tax		**7,101**	4,441	**7,112**	3,730
Income tax expense	4	**(1,090)**	(996)	**(652)**	(627)
Profit after income tax		**6,011**	3,445	**6,460**	3,103
Profit attributable to the ordinary equity holder of Macquarie Bank Limited		**6,011**	3,445	**6,460**	3,103

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

Statements of comprehensive income

For the financial year ended 31 March 2026

	Notes	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m	COMPANY 2026 $m	COMPANY 2025 $m
Profit after income tax		**6,011**	3,445	**6,460**	3,103
Other comprehensive (loss)/income:[1]					
Movements in items that may be subsequently reclassified to the income statement:					
Fair value through other comprehensive income (FVOCI) reserve:					
Revaluation movement	27	**23**	(26)	**15**	(25)
Changes in expected credit losses (ECL) allowance	27	**2**	–	**2**	(6)
Cash flow hedge reserve:					
Revaluation movement	27	**(38)**	74	**(43)**	77
Transferred to income statement on realisation	27	**(49)**	(50)	**(55)**	(54)
Cost of hedging reserve:					
Revaluation movement	27	**8**	18	**6**	17
Transferred to income statement on realisation	27	**6**	13	**–**	13
Foreign exchange movement on translation and hedge accounting of foreign operations:					
Foreign currency transaction reserve	27	**(698)**	339	**(698)**	335
Transferred to income statement on realisation	27	**(91)**	–	**–**	–
Share of other comprehensive (loss)/income from associates and joint ventures and other reserves	27				
Share of other comprehensive (loss)/income from associates and joint ventures and other reserves		**(11)**	10	**–**	–
Transferred to income statement on realisation		**(48)**	–	**–**	–
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)	27	**1**	(2)	**–**	(2)
Others		**–**	1	**(1)**	–
Total other comprehensive (loss)/income		**(895)**	377	**(774)**	355
Total comprehensive income attributable to the ordinary equity holder of Macquarie Bank Limited		**5,116**	3,822	**5,686**	3,458

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

[1] All items are net of tax, where applicable.

Statements of financial position

As at 31 March 2026

	Notes	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m	COMPANY 2026 $m	COMPANY 2025 $m
Assets					
Cash and bank balances		**19,607**	22,269	**15,819**	20,100
Cash collateralised lending and reverse repurchase agreements		**77,339**	60,165	**74,458**	57,341
Trading assets	8	**38,158**	29,729	**37,352**	28,703
Margin money and settlement assets	9	**18,895**	20,072	**16,320**	15,973
Derivative assets	10	**42,248**	23,936	**37,645**	21,223
Financial investments	11	**23,646**	17,057	**23,290**	16,900
Other assets	17	**7,309**	7,226	**4,412**	4,298
Loan assets	6	**226,211**	181,386	**220,581**	178,994
Due from subsidiaries	24	**-**	-	**14,945**	6,130
Due from other Macquarie Group entities	24	**4,819**	6,297	**3,712**	5,398
Property, plant and equipment and right-of-use assets	19	**3,696**	5,989	**2,174**	4,213
Investments in subsidiaries	21	**-**	-	**4,192**	4,122
Deferred tax assets	5	**1,153**	1,095	**653**	520
Total assets		**463,081**	375,221	**455,553**	363,915
Liabilities					
Deposits	12	**221,547**	177,671	**220,385**	176,043
Cash collateralised borrowing and repurchase agreements		**6,819**	4,692	**6,221**	4,690
Trading liabilities	13	**12,294**	5,753	**12,294**	5,558
Margin money and settlement liabilities	14	**27,662**	23,610	**25,019**	20,552
Derivative liabilities	15	**36,347**	23,184	**31,374**	21,183
Other liabilities	18	**10,112**	9,894	**7,305**	6,258
Due to subsidiaries	24	**-**	-	**21,400**	19,453
Due to other Macquarie Group entities	24	**15,045**	9,065	**12,654**	8,433
Issued debt securities and other borrowings	16	**94,599**	85,804	**80,463**	67,006
Deferred tax liabilities	5	**8**	21	**-**	22
Total liabilities excluding loan capital		**424,433**	339,694	**417,115**	329,198
Loan capital	29	**14,068**	12,540	**14,064**	12,540
Total liabilities		**438,501**	352,234	**431,179**	341,738
Net assets		**24,580**	22,987	**24,374**	22,177
Equity					
Contributed equity	26	**10,264**	10,192	**10,085**	10,024
Reserves	27	**720**	1,616	**155**	928
Retained earnings	27	**13,596**	11,179	**14,134**	11,225
Total capital and reserves attributable to the ordinary equity holder of Macquarie Bank Limited		**24,580**	22,987	**24,374**	22,177
Total equity		**24,580**	22,987	**24,374**	22,177

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

Statements of changes in equity

For the financial year ended 31 March 2026

	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
					CONSOLIDATED
Balance as at 1 Apr 2024		10,184	1,238	9,959	21,381
Profit after income tax		–	–	3,445	3,445
Other comprehensive income, net of tax		–	378	(1)	377
Total comprehensive income		–	378	3,444	3,822
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	28	–	–	(2,224)	(2,224)
Other equity movements	26	8	–	–	8
		8	–	(2,224)	(2,216)
Balance as at 31 Mar 2025		10,192	1,616	11,179	22,987
Profit after income tax		**–**	**–**	**6,011**	**6,011**
Other comprehensive income, net of tax		**–**	**(896)**	**1**	**(895)**
Total comprehensive income		**–**	**(896)**	**6,012**	**5,116**
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	28	**–**	**–**	**(3,550)**	**(3,550)**
Change attributable to group restructure	27	**–**	**–**	**(45)**	**(45)**
Other equity movements	26	**72**	**–**	**–**	**72**
		72	**–**	**(3,595)**	**(3,523)**
Balance as at 31 Mar 2026		**10,264**	**720**	**13,596**	**24,580**
					COMPANY
Balance as at 1 Apr 2024		10,021	571	10,348	20,940
Profit after income tax		–	–	3,103	3,103
Other comprehensive income, net of tax		–	357	(2)	355
Total comprehensive income		–	357	3,101	3,458
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	28	–	–	(2,224)	(2,224)
Other equity movements	26	3	–	–	3
		3	–	(2,224)	(2,221)
Balance as at 31 Mar 2025		10,024	928	11,225	22,177
Profit after income tax		**–**	**–**	**6,460**	**6,460**
Other comprehensive income, net of tax		**–**	**(773)**	**(1)**	**(774)**
Total comprehensive income		**–**	**(773)**	**6,459**	**5,686**
Transactions with equity holder in their capacity as ordinary equity holder:					
Dividends paid	28	**–**	**–**	**(3,550)**	**(3,550)**
Other equity movements	26	**61**	**–**	**–**	**61**
		61	**–**	**(3,550)**	**(3,489)**
Balance as at 31 Mar 2026		**10,085**	**155**	**14,134**	**24,374**

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

Statements of cash flows

For the financial year ended 31 March 2026

	Notes	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m	COMPANY 2026 $m	COMPANY 2025 $m
Cash flows generated from operating activities					
Interest income and expense:					
Received		**15,338**	15,173	**15,013**	14,991
Paid		**(11,997)**	(11,969)	**(11,877)**	(11,827)
Fees, commissions and other income and charges:					
Received		**3,364**	2,689	**1,243**	933
Paid		**(749)**	(635)	**(702)**	(535)
Operating lease income received		**775**	756	**481**	584
Dividends and distributions received		**40**	22	**518**	1,196
Operating expenses paid:					
Employment expenses		**(4,503)**	(4,341)	**(1,346)**	(1,249)
Other operating expenses including brokerage, commission and fee expenses		**(1,748)**	(1,422)	**(3,055)**	(2,821)
Income tax paid		**(420)**	(647)	**(43)**	(136)
Changes in operating assets:					
Loan assets and receivables from Macquarie Group entities		**(37,142)**	(29,119)	**(47,186)**	(26,730)
Liquid asset holdings		**(4,837)**	2,701	**(5,342)**	2,614
Trading and related assets, and collateralised lending balances, including trading balances with Macquarie Group entities (net of liabilities)		**(5,580)**	1,795	**(4,366)**	(1,253)
Assets under operating lease		**(213)**	(489)	**(108)**	(278)
Other assets (net of liabilities)		**(171)**	(34)	**(157)**	377
Changes in operating liabilities:					
Deposits		**44,273**	29,169	**44,640**	29,493
Issued debt securities, borrowings and other funding		**13,632**	986	**17,870**	2,122
Net cash flows generated from operating activities	39	**10,062**	4,635	**5,583**	7,481
Cash flows generated from investing activities					
Net (payments for)/proceeds from financial investments		**(1,534)**	14	**(1,481)**	(443)
Associates, joint ventures, subsidiaries and businesses:					
Proceeds from distribution or disposal, net of cash deconsolidated		**3,681**	797	**7,536**	794
Payments for additional contribution or acquisitions, net of cash acquired		**(125)**	(62)	**(1,753)**	(28)
Payments for acquisitions of property, plant and equipment		**(94)**	(303)	**(50)**	(152)
Net cash flows generated from investing activities		**1,928**	446	**4,252**	171
Cash flows (utilised in)/generated from financing activities					
Receipt from issuance of loan capital		**3,996**	1,246	**3,996**	1,246
Redemption of loan capital		**(1,884)**	–	**(1,884)**	–
Dividends and distributions paid		**(3,550)**	(2,224)	**(3,550)**	(2,224)
Net cash flows utilised in financing activities		**(1,438)**	(978)	**(1,438)**	(978)
Net increase in cash and cash equivalents		**10,552**	4,103	**8,397**	6,674
Cash and cash equivalents at the beginning of the financial year	39	**51,293**	46,293	**48,268**	40,816
Effect of exchange rate movements on cash and cash equivalents		**(1,282)**	897	**(1,133)**	778
Cash and cash equivalents at the end of the financial year	39	**60,563**	51,293	**55,532**	48,268

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

Notes to the financial statements

For the financial year ended 31 March 2026

Note 1

Basis of preparation

This Financial Report is a General Purpose Financial Report which has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth). Macquarie Bank Limited is a for-profit company for the purposes of preparing this Financial Report.

The principal accounting policies adopted in the preparation of this Financial Report are set out in Note 41 *Material accounting policies*. These policies have been consistently applied to all the financial years presented and are applicable to both the Consolidated Entity (Macquarie Bank Limited and its subsidiaries) as well as the Company (Macquarie Bank Limited), unless otherwise stated.

(i) Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that this Financial Report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this Financial Report is compliant with IFRS.

(ii) Basis of measurement

This Financial Report has been prepared on a going concern basis using the historical cost convention except for the following items, as disclosed in the respective accounting policy:

- financial instruments (including derivatives) required to be measured at fair value through profit or loss (FVTPL); financial assets classified as fair value through other comprehensive income (FVOCI) and financial instruments that have been designated as FVTPL (DFVTPL)
- financial assets and liabilities that are otherwise measured on an amortised cost basis but adjusted for changes in fair value attributable to the risk being hedged in qualifying fair value hedge relationships
- commodity inventories that are measured at fair value less costs to sell in accordance with the broker-trader exemption.

(iii) Critical accounting estimates and significant judgements

The preparation of this Financial Report in compliance 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. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated Financial Report such as:

- determining the appropriate business model for a group of financial assets which includes determining the level at which the business model condition is applied and whether past or expected sales activity is consistent with a held to collect business model (Note 41(vii))
- assessing whether the cash flows generated by a financial asset constitute solely payments of principal and interest (SPPI) may require the application of judgement, particularly for certain subordinated or non-recourse positions, and in the determination of whether compensation for early termination of a contract is reasonable (Note 41(vii))
- determining whether multiple legally separate contracts are in substance linked and therefore accounted for as a single unit of account to faithfully reflect the underlying economic substance of the transaction (Note 41 (viii))
- choice of inputs, estimates and assumptions used in the measurement of Expected Credit Loss, including the determination of significant increase in credit risk (SICR), forecasts of economic conditions and the weightings assigned thereto (Note 41(xxi) and Note 7)
- determining fair value of assets and liabilities where market-observable inputs are not available including the determination of non-recurring fair values and accounting for day 1 profits or losses for financial instruments (Note 41(vii), Note 41(x) and Note 31)
- timing and amount of impairment of interests in associates and joint ventures and investment in subsidiaries, including the reversal thereof (Note 41(i), Note 41(xxi) and Note 21)
- determination of significant influence over associates, joint control over arrangements and control over subsidiaries, including the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity of agent or principal, and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated (Note 41(i))
- determination of the loss of control of a subsidiary including the timing of derecognition of assets and liabilities following the disposal of an investment, including the measurement of the associated gain or loss (Note 41(i))
- recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities can require significant judgement, particularly where the recoverability of such tax balances relies on the estimation of future taxable profits and Management's determination of the likelihood that uncertain tax positions will be accepted by the relevant taxation authority (Note 41(vi), Note 4 and Note 5)

Note 1

Basis of preparation continued

(iii) Critical accounting estimates and significant judgements continued

- recognition and measurement of provisions related to actual and potential claims, and the determination of contingent liabilities (Note 41(xvii) and Note 37)
- application of hedge accounting principles, including the assessment that a forecast transaction is highly probable (Note 41(x) and Note 34)

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 this 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.

(iv) New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current financial year

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 Financial Report.

(v) New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year

(a) AASB 18 Presentation and Disclosure in Financial Statements

In June 2024, the Australian Accounting Standards Board (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 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 impact of adopting AASB 18.

(b) Amendments to AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosure

In August 2024, the 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 International Accounting Standard Board's 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and the related requirements in AASB 7.

The amendments include:

- additional guidance to assess whether contractual cash flows meet the SPPI criterion, including for instruments with contingent features (such as ESG-linked terms), contractually linked instruments and certain non-recourse arrangements
- clarification of derecognition requirements for financial assets and financial liabilities, including a new accounting policy choice for derecognition of a financial liability when payment is initiated through an electronic payment system and specified criteria are met, and
- new disclosures for certain instruments with contractual terms that can change the cash flows.

The amendments will be effective for the Consolidated Entity from 1 April 2026 and are applied retrospectively.

The Consolidated Entity does not expect material impacts from the adoption of the changes introduced to AASB 9 and AASB 7.

(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 a material impact to the Consolidated Entity's Financial Report.

(vi) Other developments

AASB S2 *Climate-related Disclosures* (AASB S2) is a mandatory standard requiring entities to disclose detailed information about their governance, strategy, risk management, and metrics and targets related to climate-related risks and opportunities. AASB S2 is effective for the financial year ended 31 March 2026. Macquarie Group Limited, the Consolidated Entity's ultimate parent company has passed a resolution to elect to prepare the Sustainability Report for the Consolidated Group. Refer to the Climate Statements in the Macquarie Group Limited Annual Report, which are published in accordance with the requirements of AASB S2.

(vii) Global geopolitical events at reporting date

The conflict in the Middle East, which escalated in February 2026, has increased global uncertainty and volatility across global economic and financial markets. The Consolidated Entity has considered the effects of this conflict together with other sources of market volatility, in preparing these financial statements.

Forward-looking information, including the scenarios and related probabilities used in determining Expected Credit Losses (ECL), is disclosed in Note 7.

Note 2

Operating profit before income tax

	CONSOLIDATED		COMPANY	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Interest income				
Effective interest rate method - Amortised cost	**12,535**	12,084	**12,321**	11,842
Effective interest rate method - FVOCI	**2,222**	2,257	**2,151**	2,203
Other	**777**	844	**745**	807
Total interest income	**15,534**	15,185	**15,217**	14,852
Interest expense				
Effective interest rate method - Amortised cost	**(11,934)**	(11,852)	**(11,811)**	(11,674)
Other	**(108)**	(102)	**(115)**	(91)
Total interest expense	**(12,042)**	(11,954)	**(11,926)**	(11,765)
Net interest income	**3,492**	3,231	**3,291**	3,087
Net trading income[1]				
Commodities[2]	**2,569**	3,244	**1,673**	1,440
Equities	**1,155**	1,110	**1,068**	1,015
Interest rate, foreign exchange and credit products	**689**	671	**672**	749
Total net trading income	**4,413**	5,025	**3,413**	3,204
Net interest and trading income	**7,905**	8,256	**6,704**	6,291
Fee and commission income				
Service fee from Macquarie Group entities	**1,680**	1,493	**342**	256
Brokerage and stock lending fees	**416**	351	**294**	232
Portfolio administration fees	**349**	319	**82**	64
Lending fees	**182**	148	**238**	201
Other fee and commission income	**516**	299	**337**	186
Total fee and commission income	**3,143**	2,610	**1,293**	939

1 Includes gains/losses for Trading Assets, Derivatives and Other Financial Assets and Financial Liabilities held at fair value including any ineffectiveness recorded on hedging transactions.

2 Includes $381 million (2025: $603 million) in the Consolidated Entity and $50 million (2025: $65 million) in the Company for transportation, storage and certain other trading related costs.

Note 2

Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Net investment income				
Net gain on sale of interests in associates, joint ventures, subsidiaries and businesses[1]	**3,511**	620	**4,307**	1
Net gain on financial investments, other financial and non-financial assets	**292**	29	**42**	11
Share of net profits from associates and joint ventures	**56**	39	**–**	–
Dividends from subsidiaries	**–**	–	**517**	1,196
Net investment income	**3,859**	688	**4,866**	1,208
Credit and other impairment (charges)/ reversals				
Credit impairment (charges)/reversals				
Loan assets[2]	**(225)**	(73)	**(192)**	(56)
Financial investments, other assets and undrawn credit commitments	**(73)**	(21)	**(60)**	1
Margin money and settlement assets	**7**	(17)	**6**	(16)
Gross credit impairment charges	**(291)**	(111)	**(246)**	(71)
Recovery of amounts previously written off	**–**	1	**–**	1
Net credit impairment charges	**(291)**	(110)	**(246)**	(70)
Other impairment (charges)/reversals				
Intangible and other non-financial assets	**(82)**	(38)	**1**	(5)
Interests in associates and joint ventures	**15**	(2)	**–**	–
Investment in subsidiaries	**–**	–	**–**	18
Net other impairment (charges)/reversals	**(67)**	(40)	**1**	13
Total credit and other impairment charges	**(358)**	(150)	**(245)**	(57)
Net other operating income				
Operating lease income				
Rental income	**777**	845	**443**	569
Depreciation	**(314)**	(425)	**(159)**	(260)
Net operating lease income	**463**	420	**284**	309
Net other income/(charges)	**83**	96	**(44)**	37
Total net other operating income	**546**	516	**240**	346
Net operating income	**15,095**	11,920	**12,858**	8,727

1 Includes transactions with subsidiaries and other Macquarie Group entities, refer to Note 24 *Related party information.*
2 Balances under Company includes ECL reversals/(charges) on amounts Due from subsidiaries.

Note 2

Operating profit before income tax continued

	CONSOLIDATED		COMPANY	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Employment expenses				
Salary and related costs including commissions, superannuation and performance-related profit share	**(4,252)**	(4,042)	**(1,357)**	(1,149)
Share-based payments	**(495)**	(481)	**(186)**	(176)
Provision for long service leave and annual leave	**(36)**	(34)	**(13)**	(7)
Total compensation expenses	**(4,783)**	(4,557)	**(1,556)**	(1,332)
Other employment expenses including on-costs, staff procurement and staff training	**(277)**	(254)	**(94)**	(79)
Total employment expenses	**(5,060)**	(4,811)	**(1,650)**	(1,411)
Brokerage, commission and fee expenses				
Brokerage and other trading-related fee expenses	**(577)**	(531)	**(424)**	(354)
Other fee and commission expenses	**(200)**	(113)	**(301)**	(185)
Total brokerage, commission and fee expenses	**(777)**	(644)	**(725)**	(539)
Non-salary technology expenses				
Information services	**(145)**	(144)	**(70)**	(68)
Depreciation on own use assets: equipment (Note19)	**(35)**	(30)	**(9)**	(7)
Service provider technology expenses	**(825)**	(787)	**(229)**	(144)
Total non-salary technology expenses	**(1,005)**	(961)	**(308)**	(219)
Other operating expenses				
Occupancy expenses				
Lease and related amortisation expenses	**(261)**	(291)	**(68)**	(68)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements (Note 19)	**(146)**	(124)	**(80)**	(59)
Total occupancy expenses	**(407)**	(415)	**(148)**	(127)
General administrative expenses				
Service cost recoveries by Central Services Group	**–**	–	**(2,387)**	(2,445)
Professional fees	**(217)**	(231)	**(163)**	(92)
Indirect and other taxes	**(50)**	(78)	**(58)**	(59)
Travel and entertainment expenses	**(77)**	(74)	**(26)**	(23)
Advertising and promotional expenses	**(45)**	(46)	**(41)**	(41)
Fees for audit and other services	**(36)**	(35)	**(27)**	(26)
Other	**(320)**	(184)	**(213)**	(15)
Total general administrative expenses	**(745)**	(648)	**(2,915)**	(2,701)
Total other operating expenses	**(1,152)**	(1,063)	**(3,063)**	(2,828)
Total operating expenses	**(7,994)**	(7,479)	**(5,746)**	(4,997)
Operating profit before income tax	**7,101**	4,441	**7,112**	3,730

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).

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

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

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

The Corporate segment comprises head office and Central Service Groups, and holds certain legacy and strategic investments, assets and businesses that are not allocated to any of the Operating Groups. Any individually immaterial balance not attributable to an Operating Segment is also reported as part of the Corporate segment.

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

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

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

Internal funding arrangements

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

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

Transactions between Operating Segments

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

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

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

With respect to businesses that predominantly earn income from lending activities, derivatives that hedge interest rate risk are measured at fair value through profit or loss (FVTPL). Changes in the fair value are presented in net trading income and give rise to income statement volatility unless designated in hedge accounting relationships. If designated in fair value hedge accounting relationships, the carrying value of the hedged items are adjusted for changes in the fair value attributable to the hedged risks to reduce volatility in the income statement. If designated in cash flow hedge accounting relationships, the effective portion of the derivatives' fair value gains or losses are deferred in the cash flow hedge reserve as part of Other Comprehensive Income (OCI), and subsequently recognised in the income statement at the time at which the hedged items affect the income statement for the hedged risks.

For segment reporting, derivatives are accounted for on an accrual basis in the results of the Operating Groups to the extent that the Corporate segment manages the derivative volatility, either through the application of hedge accounting or where the derivative volatility may offset the volatility of other positions managed within the Corporate segment.

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

Note 3

Segment reporting continued

(i) Operating segments

Central Service Groups

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

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

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. In circumstances where income tax returns have not yet been lodged, the timing of recognition of any benefit or impact is subject to Senior Management discretion.

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.

Reportable segment assets

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

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
				CONSOLIDATED 2026
Net interest and trading income	**2,899**	**4,403**	**603**	**7,905**
Fee and commission income	**668**	**748**	**1,727**	**3,143**
Net investment income	**1**	**1,366**	**2,492**	**3,859**
Other operating income and charges				
Net credit and other impairment charges	**(36)**	**(310)**	**(12)**	**(358)**
Net other operating income and charges	**–**	**486**	**60**	**546**
Internal management revenue/(charge)	**1**	**(6)**	**5**	**–**
Net operating income	**3,533**	**6,687**	**4,875**	**15,095**
Total operating expenses	**(1,923)**	**(3,044)**	**(3,027)**	**(7,994)**
Operating profit before income tax	**1,610**	**3,643**	**1,848**	**7,101**
Income tax expense	**–**	**–**	**(1,090)**	**(1,090)**
Net profit contribution	**1,610**	**3,643**	**758**	**6,011**
Reportable segment assets	**202,188**	**183,136**	**77,757**	**463,081**
				CONSOLIDATED 2025
Net interest and trading income	2,717	4,736	803	8,256
Fee and commission income	611	525	1,474	2,610
Net investment income	(36)	119	605	688
Other operating income and charges				
Net credit and other impairment charges	(45)	(92)	(13)	(150)
Net other operating income and charges	(7)	500	23	516
Internal management (charges)/revenue	(3)	16	(13)	–
Net operating income	3,237	5,804	2,879	11,920
Total operating expenses	(1,857)	(2,932)	(2,690)	(7,479)
Operating profit/(loss) before income tax	1,380	2,872	189	4,441
Income tax expense	–	–	(996)	(996)
Net profit/(loss) contribution	1,380	2,872	(807)	3,445
Reportable segment assets	163,348	149,628	62,245	375,221

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
				CONSOLIDATED 2026
Fee and commission income				
Service fee from Macquarie Group entities	**–**	**–**	**1,680**	**1,680**
Brokerage and stock lending fees	**36**	**380**	**–**	**416**
Portfolio administration fees	**349**	**–**	**–**	**349**
Lending fees	**146**	**36**	**–**	**182**
Other fee and commission income	**137**	**332**	**47**	**516**
Total fee and commission income	**668**	**748**	**1,727**	**3,143**
				CONSOLIDATED 2025
Fee and commission income				
Service fee from Macquarie Group entities	–	–	1,493	1,493
Brokerage and stock lending fees	44	307	–	351
Portfolio administration fees	319	–	–	319
Lending fees	143	5	–	148
Other fee and commission income	105	213	(19)	299
Total fee and commission income	611	525	1,474	2,610

(iii) Products and services

The Consolidated Entity's Operating Segments reflect different core products and services offered by the Group. Refer Note 3(i) *Operating segments* for net operating income contribution by various Operating Segments.

(iv) Geographical areas

Geographical areas are based on the tax domicile of the entity in which the transactions are recorded. The operations of the Consolidated Entity are headquartered in Australia. Income represents net operating income disclosed in the income statement. Non-current assets represents property, plant and equipment and right-of-use assets, intangible assets, interests in associates and joint ventures.

	CONSOLIDATED 2026		CONSOLIDATED 2025	
	Income $m	Non-current assets $m	Income $m	Non-current assets $m
Australia and New Zealand[1]	**8,808**	**1,901**	5,543	2,175
Europe, Middle East and Africa[2]	**3,791**	**932**	3,240	3,029
Americas[3]	**1,966**	**890**	2,584	1,181
Asia	**530**	**128**	553	261
Total	**15,095**	**3,851**	11,920	6,646

(v) Major customers

The Consolidated Entity does not rely on any major customers.

1 Includes gain on sale of subsidiaries of $2,422 million from sale of equity interest in Macquarie International Finance Limited and its subsidiaries including its North American Power, Gas and Emissions and the Canadian physical oil business to Macquarie Group Limited, the Ultimate parent. For details of the transfer, refer to Note 24 *Related party information.*

2 Include income of $3,374 million (2025: $2,889 million) and non-current assets of $713 million (2025: $2,704 million) from the United Kingdom.

3 Include income of $1,956 million (2025: $2,418 million) and non-current assets of $886 million (2025: $1,169 million) from the United States.

Note 4

Income tax expense

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
(i) Income tax (expense)/benefit				
Current tax expense	**(1,166)**	(1,020)	**(797)**	(615)
Deferred tax benefit/(expense)	**76**	24	**145**	(12)
Total income tax expense	**(1,090)**	(996)	**(652)**	(627)
(ii) Reconciliation of income tax expense to prima facie tax expense				
Prima facie income tax expense on operating profit @30% (2025: 30%)	**(2,126)**	(1,332)	**(2,134)**	(1,119)
Tax effect of amounts which are (non-deductible)/non-assessable in calculating taxable income:				
Rate differential on offshore income	**414**	252	**112**	231
Intra-group dividends	**–**	–	**155**	359
Gain on transactions under common control	**749**	183	**1,293**	—
Impairment on subsidiaries	**–**	–	**–**	5
Other items	**(127)**	(99)	**(78)**	(103)
Total income tax expense	**(1,090)**	(996)	**(652)**	(627)
(iii) Tax benefit/(expense) relating to Other Comprehensive Income (OCI)				
FVOCI reserve	**(11)**	12	**(7)**	14
Own credit risk	**–**	1	**–**	1
Cash flow hedges and cost of hedging	**14**	(21)	**19**	(21)
Share of other comprehensive expense of associates and joint ventures	**18**	(3)	**–**	–
Total tax benefit/(expense) relating to OCI	**21**	(11)	**12**	(6)
(iv) Deferred tax (expense)/benefit represents movements in deferred tax assets and liabilities				
Property, plant and equipment	**12**	(20)	**15**	(1)
Intangible assets	**(2)**	11	**10**	8
Financial investments and interests in associates and joint ventures	**57**	11	**(1)**	(2)
Tax losses	**(39)**	(8)	**–**	–
Operating and finance leases	**70**	(55)	**99**	(33)
Loan assets and derivatives	**(10)**	(13)	**(9)**	(19)
Other assets and liabilities	**(12)**	98	**31**	35
Deferred tax benefit/(expense)	**76**	24	**145**	(12)

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 $5.5 million (2025: $0.2 million).

Note 5

Deferred tax assets/(liabilities)

The balance comprises temporary differences attributable to:

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Other assets and liabilities	**906**	960	**478**	448
Intangible assets	**202**	205	**150**	140
Financial investments and interests in associates and joint ventures	**110**	57	**14**	15
Tax losses	**16**	55	**–**	–
Property, plant and equipment	**54**	51	**–**	–
Loan assets and derivatives	**37**	44	**34**	37
Operating and finance leases	**52**	13	**–**	–
Set-off of deferred tax liabilities	**(224)**	(290)	**(23)**	(120)
Net deferred tax assets	**1,153**	1,095	**653**	520
Intangible assets	**(7)**	(8)	**–**	–
Loan assets and derivatives	**(17)**	(16)	**(3)**	(9)
Property, plant and equipment	**(8)**	(17)	**(2)**	(17)
Other assets and liabilities	**(12)**	(29)	**–**	1
Financial investments and interests in associates and joint ventures	**(40)**	(62)	**(1)**	(1)
Operating and finance leases	**(148)**	(179)	**(17)**	(116)
Set-off of deferred tax assets	**224**	290	**23**	120
Net deferred tax liabilities	**(8)**	(21)	**–**	(22)

The majority of the above amounts are expected to be recovered after 12 months of the balance date by the Consolidated Entity and the Company.

Potential tax assets of approximately $110 million (2025: $94 million) attributable to tax losses carried forward by subsidiaries and other timing differences have not been brought to account in the Consolidated Entity as management do not believe that the realisation of the tax assets is probable. Included in this amount are the following gross losses:

	CONSOLIDATED	
	2026	2025
Loss expiry period	**$m**	$m
Less than 5 years	**28**	1
5 to 10 years	**–**	–
10 to 20 years	**52**	83
No expiry	**405**	457
Total	**485**	541

Note 6

Loan assets

	2026			2025		
	Gross carrying value	**ECL allowance**	**Net carrying value**	Gross carrying value	ECL allowance	Net carrying value
	$m	**$m**	**$m**	$m	$m	$m
						CONSOLIDATED
Home loans	**183,198**	**(159)**	**183,039**	143,111	(125)	142,986
Corporate, commercial and other lending	**38,434**	**(411)**	**38,023**	31,752	(284)	31,468
Asset financing	**5,193**	**(44)**	**5,149**	7,022	(90)	6,932
Total loan assets[1]	**226,825**	**(614)**	**226,211**	181,885	(499)	181,386
						COMPANY
Home loans	**183,198**	**(159)**	**183,039**	143,111	(125)	142,986
Corporate, commercial and other lending	**33,565**	**(366)**	**33,199**	30,051	(227)	29,824
Asset financing	**4,379**	**(36)**	**4,343**	6,268	(84)	6,184
Total loan assets[1]	**221,142**	**(561)**	**220,581**	179,430	(436)	178,994

Of the above amounts, $173,057 million (2025: $138,132 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and $171,031 million (2025: $136,902 million) by the Company.

1 Includes loan assets carried at fair value, capitalised costs and unearned income which are not subject to ECL.

Note 7

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.

The AASB 9 'low credit risk' exemption is not applied by the Consolidated Entity to material portfolios.

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 estimate 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.

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.

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 exposure's 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.

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.

Note 7

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. 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. In the current period specific overlays have been applied after review of portfolio performance, modelled outcomes and with consideration given to the prevailing uncertain macro-economic and geopolitical environment. At the reporting date total overlays were approximately $175 million (2025: $150 million). These judgements are reviewed by FPE and RMG at each reporting date.

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

The scenarios have been developed using a combination of publicly available data, internal forecasts and third-party information. The baseline assumes that the conflict in the Middle East is relatively short lived and results in only limited disruption in economic growth. The downside scenario assumes a more protracted conflict which results in a material slowdown to global growth. The severe downside assumes a prolonged period of historically high oil prices in a global recession similar to the Great Recession of 2008-2009. The upside scenario is 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.

Management exercised judgement when determining the duration, severity and impact of the macroeconomic scenarios used by the Consolidated Entity.

Assigning probabilities to these scenarios also required professional judgement. This judgement drew on internal risk and economics specialist input, comparison to general market outlooks and publicly available market commentary.

The scenarios and the associated probabilities were 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, energy price volatility, ongoing trade uncertainties, 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 7

Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Baseline A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$650 million[1]	Probable	**Global:** The baseline scenario projects global GDP growth to ease to 2.6% in the year to December 2026, down slightly from 2.7% in the previous year (global growth was increasing prior to the conflict in the Middle East). This outlook assumes that the conflict results in only limited economic growth disruption. **Australia:** GDP is forecast to slow significantly to 1.6% in the year to December 2026 from 2.6% in the year ended December 2025, reflecting higher energy prices and tighter monetary policy. The Reserve Bank of Australia (RBA) has already raised rates by 75 basis points in early 2026 with the bond market expecting the cash rate to increase another 35 basis points to 4.7% by the end of 2026. Higher interest rates and rising living costs are likely to weigh on household spending and housing activity, while the labour market is expected to remain relatively stable, with unemployment of 4.4% in 2026 and 4.5% in 2027. House prices are projected to rise 3.4% in 2026 and 2.6% in 2027. **United States:** GDP is forecast to expand by 2.4% in the year to December 2026, compared to 2.0% in the same period for 2025, despite a temporary slowdown in the first half of the year. Growth is supported by expansionary fiscal policy, reduced trade policy uncertainty, and continued strength in business investment, particularly in the tech and energy sectors. Following 75 basis points of rate cuts in 2025, the Federal Reserve is expected to keep policy rates on hold through 2026, with a 25 basis points hike anticipated in the first quarter of 2027. The unemployment rate is projected to decrease over the year ending 2026 at 4.2% in part reflecting very low rates of net immigration. **Europe:** The scenario forecasts GDP growth of 0.8% in the year to December 2026, down from 1.2% the year prior, reflecting the impact of higher energy prices and elevated uncertainty. Inflation is projected to rise to 2.6% by end-2026, up from 2.1% at end-2025. The European Central Bank (ECB) is expected to raise interest rates by a total of 50 basis points, taking the policy rate to 2.5% by mid-2026. Despite weaker growth, labour market conditions are expected to remain stable, with the unemployment rate broadly unchanged at 6.3% by end-2026.
Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$850 million[1]	Possible	**Global:** The downside scenario assumes the conflict in the Middle East persists with material disruption to global energy markets. Under this scenario, economic growth slows markedly, to be approximately 1 percentage point lower than the baseline. **Australia:** Under this scenario, a temporary surge in oil prices to US$200 per barrel is expected to lead to a much sharper slowdown in activity. GDP growth of 0.9% in the year to December 2026 is projected, with output essentially flat over Q2 and Q3 of 2026 as higher energy costs weigh on household spending. Inflationary pressures lead to RBA policy tightening, lifting the cash rate to 4.85%. House prices increase by 0.1% in 2026 and 2.2% in 2027. **United States:** In this scenario, GDP growth is projected to slow to 1.3% in the year to December 2026, as a prolonged increase in oil prices weighs on consumer spending and confidence. Inflation is expected to rise further, peaking at 4.2% in the third quarter of 2026 reflecting sustained pass-through from energy prices. The Federal Reserve is expected to hold policy rates unchanged through 2026 and 2027. Labour market conditions are expected to soften, with the unemployment rate rising to 4.7% by end-2026, up from 4.4% the year prior. **Europe:** In this scenario GDP growth of 0.1% is projected in the year to December 2026. Inflation is projected to rise to 4.0% by end-2026, reflecting higher energy prices. The ECB is expected to raise policy rates further to 3.0% by end-2026 and the unemployment rate is expected to increase to 6.7% by end-2026.

[1] This number provides 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 7

Expected credit losses continued

Forward-looking information (FLI) continued

Scenario	Weighting	Expectation
Severe Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,350 million[1]	Unlikely	**Global:** The scenario projects a sharp slowdown in annual real GDP growth equivalent to the shock during the Great Recession of 2008-2009. This shock results in global GDP contracting by 0.1% and 3.3% in 2026 and 2027, respectively. **Australia:** The scenario projects that GDP will contract by 0.9% and 4.2% in 2026 and 2027, respectively. Unemployment is forecast to rise significantly and peak at 9.6% by the second half of 2028. Inflation is expected to rise to 4.6%, prompting a tightening cycle with the RBA projected to hike the cash rate by 150 basis points to 5.10% by the end of 2026 before embarking on an easing cycle in 2027. House prices are projected to contract materially in 2026 and 2027, with respective declines of 3.5% and 16.9%. **United States:** The scenario projects the US economy will contract by 0.1% and 3.3% in 2026 and 2027, respectively. In response to price pressures, the US Federal Reserve is expected to hike its policy rate by 150 basis points to 5.13% by the end of the third quarter of 2026. Weak labour market conditions prompt a significant easing cycle thereafter that brings the federal funds rate to 1.88% by end-2027. Unemployment is projected to rise to 5.9% by end-2026 and reach 9.5% by end-2027. **Europe:** The scenario projects a GDP contraction of 1.7% in 2026, followed by a further contraction of 4.3% in 2027. Unemployment is projected to rise to 7.7% in the fourth quarter of 2026 and reach 11.3% by end-2027.
Upside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$500 million[1]	Unlikely	**Global:** The upside scenario projects annual real GDP growth that is approximately 1 percentage point higher than the baseline until mid-2027. **Australia:** The scenario projects GDP will expand by 2.9% in 2026 and 2027. Continued economic expansion and capacity issues are expected to put upward pressure on prices; consumer prices are projected to rise by 3.2% and 3.0% in 2026 and 2027, respectively. Following a projected 25 basis points rate cut in the fourth quarter of 2026, the RBA is expected to hold rates at 3.85%. House prices are projected to rise in 2026 and 2027, with respective increases of 7.0% and 4.8%. **United States:** The scenario projects GDP will expand by 3.6% and 2.6% in 2026 and 2027, respectively. Inflation is expected to converge with the US Federal Reserve's target inflation rate of 2.0% by end-2027, facilitating 50 basis points in rate cuts in 2027 after holding the Fed Funds rate at 3.63% in 2026. The unemployment rate is projected to gradually fall over the course of 2026-27, reaching 3.3% by end-2027. **Europe:** The scenario projects a 1.9% expansion in GDP in 2026, followed by growth of 2.4% in 2027. The unemployment rate is expected to ease modestly over the course of 2026-27, reaching 5.7% by end-2027, compared with 6.3% at end-2025.

[1] This number provides 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 7

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 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
								CONSOLIDATED 2026
Cash and bank balances	**19,159**	**–**	**–**	**19,159**	**–**	**–**	**–**	**–**
Cash collateralised lending and reverse repurchase agreements	**21,048**	**46,298**	**–**	**67,346**	**6**	**–**	**–**	**6**
Margin money and settlement assets	**18,863**	**–**	**–**	**18,863**	**8**	**–**	**–**	**8**
Financial investments	**3,395**	**19,887**	**–**	**23,282**	**2**	**4**	**–**	**6**
Other assets	**2,679**	**399**	**–**	**3,078**	**66**	**–**	**–**	**66**
Loan assets	**224,653**	**–**	**–**	**224,653**	**613**	**–**	**–**	**613**
Due from other Macquarie Group entities	**1,418**	**–**	**–**	**1,418**	**1**	**–**	**–**	**1**
Undrawn credit commitments	**–**	**–**	**32,367**	**32,367**	**–**	**–**	**80**	**80**
Total	**291,215**	**66,584**	**32,367**	**390,166**	**696**	**4**	**80**	**780**
								CONSOLIDATED 2025
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
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
Total	247,076	48,816	26,846	322,738	584	2	42	628

Loan assets continue to represent the Consolidated Entity's most significant component of credit exposures on which ECL allowances are carried. The credit quality of the Consolidated Entity's loan assets, is monitored through its credit policies, as set out in Note 30.1 *Credit risk*.

Note 7

Expected credit losses continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT				ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			
	Amortised cost $m	FVOCI $m	Other $m	Gross exposure $m	Amortised cost $m	FVOCI $m	Other $m	Total ECL allowance $m
								COMPANY 2026
Cash and bank balances	**15,371**	**–**	**–**	**15,371**	**–**	**–**	**–**	**–**
Cash collateralised lending and reverse repurchase agreements	**20,269**	**44,646**	**–**	**64,915**	**5**	**–**	**–**	**5**
Margin money and settlement assets	**16,316**	**–**	**–**	**16,316**	**6**	**–**	**–**	**6**
Financial investments	**3,268**	**19,803**	**–**	**23,071**	**2**	**4**	**–**	**6**
Other assets	**1,294**	**399**	**–**	**1,693**	**53**	**–**	**–**	**53**
Loan assets	**219,113**	**–**	**–**	**219,113**	**561**	**–**	**–**	**561**
Due from other Macquarie Group entities	**770**	**–**	**–**	**770**	**–**	**–**	**–**	**–**
Due from subsidiaries	**10,809**	**–**	**–**	**10,809**	**4**	**–**	**1**	**5**
Undrawn credit commitments	**–**	**–**	**33,388**	**33,388**	**–**	**–**	**78**	**78**
Total	**287,210**	**64,848**	**33,388**	**385,446**	**631**	**4**	**79**	**714**
								COMPANY 2025
Cash and bank balances	20,100	–	–	20,100	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	17,325	32,221	–	49,546	2	–	–	2
Margin money and settlement assets	16,005	–	–	16,005	32	–	–	32
Financial investments	2,091	14,655	–	16,746	5	2	–	7
Other assets	1,426	394	–	1,820	37	–	–	37
Loan assets	177,809	–	–	177,809	436	–	–	436
Due from other Macquarie Group entities	2,679	–	–	2,679	–	–	–	–
Due from subsidiaries	4,069	–	–	4,069	4	–	–	4
Undrawn credit commitments	–	–	28,634	28,634	–	–	39	39
Total	241,504	47,270	28,634	317,408	516	2	39	557

Note 7

Expected credit losses continued

The table below provides a reconciliation from the opening to closing balance of the ECL allowances.

	Cash and bank balances $m	Cash collateralised lending and repurchase agreements $m	Margin money and settlement assets $m	Financial investments $m	Other assets $m	Loan assets $m	Due from other Macquarie Group entities $m	Undrawn credit commitments $m	Total $m
									CONSOLIDATED
Balance as at 1 Apr 2024	1	1	40	1	114	551	–	46	754
Credit impairment charges/ (reversals) (Note 2)	–	–	17	7	19	73	–	(5)	111
Amount written off, previously provided for	–	–	(22)	–	(23)	(126)	–	–	(171)
Reclassifications, foreign exchange, disposals and other movements	(1)	1	–	(1)	(67)	1	–	1	(66)
Balance as at 31 Mar 2025	–	2	35	7	43	499	–	42	628
Credit impairment charges/ (reversals) (Note 2)	–	–	(5)	(1)	27	225	5	40	291
Amount written off, previously provided for	–	–	(14)	–	(4)	(56)	–	–	(74)
Reclassifications, foreign exchange, disposals and other movements	–	4	(8)	–	–	(55)	(4)	(2)	(65)
Balance as at 31 Mar 2026	**–**	**6**	**8**	**6**	**66**	**613**	**1**	**80**	**780**

	Cash and bank balances $m	Cash collateralised lending and repurchase agreements $m	Margin money and settlement assets $m	Financial investments $m	Other assets $m	Loan assets $m	Due from subsidiaries $m	Undrawn credit commitments $m	Total $m
									COMPANY
Balance as at 1 Apr 2024	–	1	39	1	39	494	4	41	619
Credit impairment charges/ (reversals) (Note 2)	–	–	16	7	(1)	52	–	(3)	71
Amount written off, previously provided for	–	–	(22)	–	(4)	(112)	–	–	(138)
Reclassifications, foreign exchange, disposals and other movements	–	1	(1)	(1)	3	2	–	1	5
Balance as at 31 Mar 2025	–	2	32	7	37	436	4	39	557
Credit impairment charges/ (reversals) (Note 2)	–	–	(6)	(1)	22	179	11	41	246
Amount written off, previously provided for	–	–	(14)	–	(4)	(20)	–	–	(38)
Reclassifications, foreign exchange, disposals and other movements	–	3	(6)	–	(2)	(34)	(10)	(2)	(51)
Balance as at 31 Mar 2026	**–**	**5**	**6**	**6**	**53**	**561**	**5**	**78**	**714**

Note 7

Expected credit losses continued

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			
	Stage I 12 month ECL $m	Stage II Not credit impaired $m	Stage III Credit impaired $m	Total ECL allowance $m
				CONSOLIDATED
Balance as at 1 Apr 2024	203	118	230	551
Transfer during the period	19	(17)	(2)	–
Credit impairment (reversals)/charges (Note 2)	(4)	35	42	73
Amounts written off, previously provided for	–	–	(126)	(126)
Reclassifications, foreign exchange and other movements	–	–	1	1
Balance as at 31 Mar 2025	218	136	145	499
Transfer during the period	**21**	**(19)**	**(2)**	**–**
Credit impairment (reversals)/charges	**76**	**37**	**112**	**225**
Amounts written off, previously provided for	**–**	**–**	**(56)**	**(56)**
Reclassifications, foreign exchange and other movements	**(27)**	**(13)**	**(15)**	**(55)**
Balance as at 31 Mar 2026	**288**	**141**	**184**	**613**
				COMPANY
Balance as at 1 Apr 2024	183	106	205	494
Transfer during the period	19	(16)	(3)	–
Credit impairment (reversals)/charges (Note 2)	–	37	15	52
Amounts written off, previously provided for	–	–	(112)	(112)
Reclassifications, foreign exchange and other movements	2	–	–	2
Balance as at 31 Mar 2025	204	127	105	436
Transfer during the period	**20**	**(18)**	**(2)**	**–**
Credit impairment (reversals)/charges (Note 2)	**53**	**39**	**87**	**179**
Amounts written off, previously provided for	**–**	**–**	**(20)**	**(20)**
Reclassifications, foreign exchange and other movements	**(23)**	**(8)**	**(3)**	**(34)**
Balance as at 31 Mar 2026	**254**	**140**	**167**	**561**

Note 8

Trading assets

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Equity securities	**24,716**	14,906	**24,716**	14,904
Debt securities	**5,149**	4,621	**4,983**	4,587
Commodity inventories	**4,251**	7,135	**4,258**	6,781
Commodity contracts	**4,042**	3,067	**3,395**	2,431
Total trading assets	**38,158**	29,729	**37,352**	28,703

The above amounts are expected to be recovered within 12 months of the balance date by the Consolidated Entity and the Company.

Note 9

Margin money and settlement assets

Margin money	**15,249**	16,366	**12,696**	13,263
Security settlement assets	**2,821**	1,890	**2,822**	1,905
Commodity settlement assets	**825**	1,816	**802**	805
Total margin money and settlement assets	**18,895**	20,072	**16,320**	15,973

The above amounts are expected to be recovered within 12 months of the balance date by the Consolidated Entity and the Company.

Note 10

Derivative assets

Held for trading	**41,595**	23,015	**37,199**	20,560
Designated in hedge relationships	**653**	921	**446**	663
Total derivative assets	**42,248**	23,936	**37,645**	21,223

The above amounts are expected to be recovered within 12 months of the balance date by the Consolidated Entity and the Company.

Note 11

Financial investments

Equity securities	**289**	210	**144**	138
Debt securities:				
Liquid asset holdings	**19,054**	14,127	**18,971**	14,042
Bonds, money market and other securities	**4,303**	2,720	**4,175**	2,720
Total financial investments	**23,646**	17,057	**23,290**	16,900

Of the above amounts, $2,378 million (2025: $1,854 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and $2,181 million (2025: $1,785 million) by the Company.

Note 12
Deposits

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Interest bearing deposits at:				
Call	**166,067**	130,172	**165,973**	130,100
Term	**20,326**	19,756	**19,282**	18,242
Home loan offset deposits at call	**29,814**	22,874	**29,814**	22,874
Non-interest bearing deposits at call	**5,340**	4,869	**5,316**	4,827
Total deposits	**221,547**	177,671	**220,385**	176,043

Note 13
Trading liabilities

Equity securities	**12,294**	5,476	**12,294**	5,476
Others	**-**	277	**-**	82
Total trading liabilities	**12,294**	5,753	**12,294**	5,558

Note 14
Margin money and settlement liabilities

Margin money	**21,189**	15,994	**18,768**	13,867
Commodity settlement liabilities	**3,798**	5,878	**3,576**	4,948
Security settlement liabilities	**2,675**	1,738	**2,675**	1,737
Total margin money and settlement liabilities	**27,662**	23,610	**25,019**	20,552

Note 15
Derivative liabilities

Held for trading	**35,548**	22,380	**30,626**	20,388
Designated in hedge relationships	**799**	804	**748**	795
Total derivative liabilities	**36,347**	23,184	**31,374**	21,183

Note 16

Issued debt securities and other borrowings

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Commercial paper	**35,496**	39,003	**35,496**	38,254
Bonds	**30,305**	20,690	**30,347**	20,686
Securitised notes[1]	**9,853**	10,749	**–**	–
Certificates of deposit	**6,316**	2,034	**6,316**	2,034
Structured notes[2]	**699**	669	**699**	669
Other debt securities[2]	**231**	472	**231**	472
Total issued debt securities	**82,900**	73,617	**73,089**	62,115
Borrowings	**11,699**	12,187	**7,374**	4,891
Total issued debt securities and other borrowings	**94,599**	85,804	**80,463**	67,006
Reconciliation of issued debt securities and other borrowings by major currency				
(In Australian dollar equivalent)				
United States dollar	**57,361**	52,842	**54,322**	45,868
Australian dollar	**18,092**	15,765	**7,463**	5,015
Euro	**15,203**	12,783	**14,842**	12,168
Pound sterling	**2,652**	3,292	**2,597**	3,284
Other	**1,291**	1,122	**1,239**	671
Total issued debt securities and other borrowings	**94,599**	85,804	**80,463**	67,006

1 Represents payable to note holders and debt holders of instruments issued by consolidated Structured Entities (SEs) for which loan assets are available as security. Refer Note 33 Pledged assets and transfers of assets for the details of assets pledged for the liabilities of the Consolidated Entity.

2 The Consolidated Entity includes a cumulative fair value loss recognised in OCI of $1 million (2025: $1 million gain) due to changes in own credit risk on issued debt securities measured at DFVTPL.

Note 17

Other assets

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Other financial assets				
Commodity-related receivables	**4,231**	4,345	**3,348**	2,724
Trade debtors and other receivables	**2,134**	1,048	**807**	935
Fee and commission receivables	**109**	110	**71**	65
Total other financial assets	**6,474**	5,503	**4,226**	3,724
Other non-financial assets				
Prepayments	**266**	421	**63**	156
Income tax receivables	**208**	323	**66**	183
Interests in associates and joint ventures[1]	**140**	588	**39**	165
Indirect tax receivables	**67**	213	**6**	50
Intangible assets	**15**	69	**–**	3
Other	**139**	109	**12**	17
Total other non-financial assets	**835**	1,723	**186**	574
Total other assets	**7,309**	7,226	**4,412**	4,298

Of the above amounts, $673 million (2025: $1,050 million) is expected to be recovered more than 12 months after the balance date by the Consolidated Entity and $173 million (2025: $419 million) by the Company.

[1] Includes transactions with subsidiaries and other Macquarie Group entities, refer to Note 24 *Related party information.*

Note 18

Other liabilities

	CONSOLIDATED		COMPANY	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Other financial liabilities				
Commodity-related payables	**3,973**	3,579	**3,591**	2,712
Trade and other payables	**1,103**	1,489	**982**	1,348
Lease liabilities	**675**	762	**3**	–
Total other financial liabilities	**5,751**	5,830	**4,576**	4,060
Other non-financial liabilities				
Employment-related liabilities	**1,613**	1,598	**703**	591
Provisions[1]	**1,118**	1,161	**852**	772
Accrued charges and other payables	**1,091**	793	**904**	551
Income tax provision[2]	**249**	224	**104**	62
Indirect taxes payables	**199**	148	**157**	111
Others	**91**	140	**9**	111
Total other non-financial liabilities	**4,361**	4,064	**2,729**	2,198
Total other liabilities	**10,112**	9,894	**7,305**	6,258

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

Balance at the beginning of the year	**1,161**	1,456	**772**	837
Charged/(credited) to income statement	**111**	24	**136**	(27)
Utilisation during the year	**(78)**	(55)	**(21)**	(71)
Foreign exchange movements	**(36)**	38	**(35)**	33
Transfers for transactions under common control	**(40)**	(302)	**–**	–
Balance at the end of the year	**1,118**	1,161	**852**	772

[1] The Consolidated Entity and the Company recognise provisions for a range of matters arising in the ordinary course of business, including operating obligations such as lease restoration obligations and other provisions and potential civil claims and regulatory enforcement actions. The Consolidated Entity and the Company are subject to actual and potential civil claims and regulatory enforcement actions, including matters in the Commonwealth of Australia, the United States of America, the United Kingdom, and the Federal Republic of Germany during the current year. Civil claims may result in settlements or damages awards, while regulatory enforcement actions may result in outcomes such as penalties, fines, disgorgement of profits or non-monetary sanctions, for which provisions have been recognised. The amount and timing of any outcomes are uncertain and may differ from the provisions recognised. Based on existing information and the range of likely outcomes, these matters did not have, and are not currently expected to have, a material impact on the Consolidated Entity. The Consolidated Entity and the Company consider the risk of a material adverse effect arising from claims and actions that have not been provided for to be remote.

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

Note 19

Property, plant and equipment and right-of-use assets

	2026			2025		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
	$m	$m	$m	$m	$m	$m
						CONSOLIDATED
Assets for own use						
Land and buildings	**1,480**	**(94)**	**1,386**	1,468	(67)	1,401
Furniture, fittings and leasehold improvements	**926**	**(445)**	**481**	1,014	(410)	604
Equipment	**287**	**(197)**	**90**	250	(122)	128
Total assets for own use	**2,693**	**(736)**	**1,957**	2,732	(599)	2,133
Assets under operating lease						
Meters	**1,368**	**(1,176)**	**192**	3,058	(1,473)	1,585
Telecommunications	**358**	**–**	**358**	817	–	817
Equipment and others	**899**	**(213)**	**686**	1,220	(350)	870
Total assets under operating lease	**2,625**	**(1,389)**	**1,236**	5,095	(1,823)	3,272
Right-of-use assets						
Office premises	**925**	**(463)**	**462**	970	(423)	547
Equipment, vehicle and storage	**63**	**(22)**	**41**	52	(15)	37
Total right-of-use assets	**988**	**(485)**	**503**	1,022	(438)	584
Total property, plant and equipment and right-of-use assets	**6,306**	**(2,610)**	**3,696**	8,849	(2,860)	5,989
						COMPANY
Assets for own use						
Land and buildings	**1,486**	**(95)**	**1,391**	1,473	(67)	1,406
Furniture, fittings and leasehold improvements	**393**	**(172)**	**221**	380	(120)	260
Equipment	**57**	**(39)**	**18**	39	(22)	17
Total assets for own use	**1,936**	**(306)**	**1,630**	1,892	(209)	1,683
Assets under operating lease						
Meters	**–**	**–**	**–**	2,852	(1,279)	1,573
Telecommunications	**358**	**–**	**358**	817	–	817
Equipment and others	**228**	**(45)**	**183**	167	(27)	140
Total assets under operating lease	**586**	**(45)**	**541**	3,836	(1,306)	2,530
Right-of-use assets						
Office premises	**6**	**(3)**	**3**	–	–	–
Total right-of-use assets	**6**	**(3)**	**3**	–	–	–
Total property, plant and equipment	**2,528**	**(354)**	**2,174**	5,728	(1,515)	4,213

The majority of the above amounts have expected useful lives longer than 12 months after the balance date.

Note 19

Property, plant and equipment and right-of-use assets continued

The future minimum lease payments expected to be received under non-cancellable operating leases are as follows.

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Assets under operating lease				
Within one year	**169**	245	**59**	37
Between one to two years	**136**	166	**34**	31
Between two to three years	**107**	129	**18**	11
Between three to four years	**64**	91	**8**	5
Between four to five years	**25**	32	**5**	1
Later than five years	**3**	5	**3**	4
Total future minimum lease payments receivable	**504**	668	**127**	89

The movement in the carrying value of the Consolidated Entity's property, plant and equipment was as follows.

	Land and buildings	Furniture, fittings and leasehold improvements	Equipment	Total
	$m	**$m**	**$m**	**$m**
				CONSOLIDATED
Assets for own use				
Balance as at 1 Apr 2024	1,338	532	56	1,926
Acquisitions and additions	86	171	97	354
Disposals	–	(3)	(2)	(5)
Depreciation expense (Note 2)	(23)	(101)	(30)	(154)
Impairments	–	(5)	(5)	(10)
Reclassification and other adjustments	–	–	3	3
Foreign exchange movements	–	10	9	19
Balance as at 31 Mar 2025[1]	1,401	604	128	2,133
Acquisitions and additions	**25**	**35**	**65**	**125**
Disposals	**–**	**(11)**	**(4)**	**(15)**
Depreciation expense (Note 2)	**(27)**	**(119)**	**(35)**	**(181)**
Impairments	**–**	**(4)**	**(64)**	**(68)**
Reclassification and other adjustments	**(13)**	**–**	**10**	**(3)**
Foreign exchange movements	**–**	**(24)**	**(10)**	**(34)**
Balance as at 31 Mar 2026[1]	**1,386**	**481**	**90**	**1,957**

[1] Includes $19 million (2025: $19 million) for capital work in progress.

Note 19

Property, plant and equipment and right-of-use assets continued

	Meters $m	Telecommunications $m	Equipment and others $m	Total $m
				CONSOLIDATED
Assets under operating lease				
Balance as at 1 Apr 2024	1,547	921	778	3,246
Acquisitions and additions	203	–	409	612
Disposals	–	–	(123)	(123)
Depreciation expense (Note 2)	(225)	(27)	(175)	(427)
Impairments	(3)	–	(15)	(18)
Reclassification and other adjustments[1]	(40)	(126)	(25)	(191)
Foreign exchange movements	103	49	21	173
Balance as at 31 Mar 2025	1,585	817	870	3,272
Acquisitions and additions	**169**	**–**	**247**	**416**
Disposals	**(1,248)**	**–**	**(221)**	**(1,469)**
Depreciation expense (Note 2)	**(162)**	**–**	**(153)**	**(315)**
(Impairments)/reversal of impairments	**2**	**–**	**–**	**2**
Reclassification and other adjustments[1]	**(44)**	**(439)**	**5**	**(478)**
Foreign exchange movements	**(110)**	**(20)**	**(62)**	**(192)**
Balance as at 31 Mar 2026	**192**	**358**	**686**	**1,236**

The movement in the carrying value of the Company's property, plant and equipment was as follows.

	Land and buildings $m	Furniture, fittings and leasehold improvements $m	Equipment $m	Total $m
				COMPANY
Assets for own use				
Balance as at 1 Apr 2024	1,150	249	4	1,403
Acquisitions and additions	85	49	16	150
Depreciation expense (Note 2)	(21)	(38)	(6)	(65)
Impairments	–	–	(1)	(1)
Reclassification and other adjustments	192	–	4	196
Balance as at 31 Mar 2025[2]	1,406	260	17	1,683
Acquisitions and additions	**25**	**14**	**13**	**52**
Disposals	**–**	**–**	**(4)**	**(4)**
Depreciation expense (Note 2)	**(27)**	**(53)**	**(9)**	**(89)**
Impairments	**–**	**–**	**(3)**	**(3)**
Reclassification and other adjustments	**(13)**	**–**	**4**	**(9)**
Balance as at 31 Mar 2026[2]	**1,391**	**221**	**18**	**1,630**

1 Includes $92 million gain (2025: $90 million gain) on fair value hedge adjustments. Refer Note 34 *Hedge accounting.*
2 Includes $1 million (2025: $1 million) for capital work in progress.

Note 19

Property, plant and equipment and right-of-use assets continued

	Meters $m	Telecommunications $m	Equipment and others $m	Total $m
Assets under operating lease				COMPANY
Balance as at 1 Apr 2024	1,528	921	273	2,722
Acquisitions and additions	203	–	77	280
Disposals	–	–	(2)	(2)
Impairments	(4)	–	–	(4)
Depreciation expense (Note 2)	(218)	(27)	(15)	(260)
Reclassification and other adjustments[1]	(38)	(126)	(197)	(361)
Foreign exchange movements	102	49	4	155
Balance as at 31 Mar 2025	1,573	817	140	2,530
Acquisitions and additions	**49**	**–**	**62**	**111**
Disposals	**(1,376)**	**–**	**(2)**	**(1,378)**
Depreciation expense (Note 2)	**(138)**	**–**	**(22)**	**(160)**
(Impairments)/reversal of impairments	**2**	**–**	**–**	**2**
Reclassification and other adjustments[1]	**(38)**	**(439)**	**13**	**(464)**
Foreign exchange movements	**(72)**	**(20)**	**(8)**	**(100)**
Balance as at 31 Mar 2026	**–**	**358**	**183**	**541**

The movement in the carrying value of the Consolidated Entity's right-of-use assets was as follows.

	Office premises $m	Equipment, vehicle and storage $m	Total $m
			CONSOLIDATED
Right-of-use assets			
Balance as at 1 Apr 2024	625	38	663
Acquisitions and additions	43	15	58
Disposals	(11)	–	(11)
Depreciation expense[2]	(117)	(8)	(125)
Impairments	(7)	–	(7)
Foreign exchange movements	23	1	24
Reclassification and other adjustments	(9)	(9)	(18)
Balance as at 31 Mar 2025	547	37	584
Acquisitions and additions	**73**	**19**	**92**
Disposals	**(34)**	**–**	**(34)**
Depreciation expense[2]	**(94)**	**(11)**	**(105)**
Impairments	**(5)**	**(1)**	**(6)**
Foreign exchange movements	**(41)**	**(3)**	**(44)**
Reclassification and other adjustments	**16**	**–**	**16**
Balance as at 31 Mar 2026	**462**	**41**	**503**

1 Includes $92 million gain (2025: $90 million gain) on fair value hedge adjustments. Refer Note 34 *Hedge accounting.*

2 Includes depreciation expense of $94 million (2025: $117 million) on office premise leases presented under other operating expenses, $1 million (2025: $1 million) on assets held for trading-related business presented under net trading income and $6 million (2025: $3 million) on technology leases presented under non-salary technology expenses in Note 2 *Operating profit before income tax.*

Note 20

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*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 31 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost				
	FVTPL[1]	DFVTPL[2]	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m
								CONSOLIDATED 2026
Assets								
Cash and bank balances	**448**	**–**	**–**	**19,159**	**–**	**19,607**	**448**	**19,159**
Cash collateralised lending and reverse repurchase agreements	**9,999**	**–**	**46,298**	**21,042**	**–**	**77,339**	**56,297**	**21,042**
Trading assets[3]	**33,907**	**–**	**–**	**–**	**4,251**	**38,158**	**38,158**	**–**
Margin money and settlement assets	**40**	**–**	**–**	**18,855**	**–**	**18,895**	**40**	**18,855**
Derivative assets	**42,248**	**–**	**–**	**–**	**–**	**42,248**	**42,248**	**–**
Financial investments:								
Equity	**289**	**–**	**–**	**–**	**–**	**289**	**289**	**–**
Debt[4]	**220**	**–**	**19,743**	**3,394**	**–**	**23,357**	**19,963**	**3,394**
Other assets	**3,462**	**–**	**400**	**2,612**	**835**	**7,309**	**3,862**	**2,612**
Loan assets[4]	**823**	**–**	**–**	**225,388**	**–**	**226,211**	**823**	**225,319**
Due from other Macquarie Group entities[5]	**3,239**	**–**	**–**	**1,417**	**163**	**4,819**	**3,239**	**1,417**
Property, plant and equipment and right-of-use assets[4]	**–**	**–**	**–**	**–**	**3,696**	**3,696**	**–**	**–**
Deferred tax assets	**–**	**–**	**–**	**–**	**1,153**	**1,153**	**–**	**–**
Total assets	**94,675**	**–**	**66,441**	**291,867**	**10,098**	**463,081**	**165,367**	**291,798**
Liabilities								
Deposits	**–**	**–**	**–**	**221,547**	**–**	**221,547**	**–**	**221,526**
Cash collateralised borrowing and repurchase agreements	**–**	**1,357**	**–**	**5,462**	**–**	**6,819**	**1,357**	**5,462**
Trading liabilities	**12,294**	**–**	**–**	**–**	**–**	**12,294**	**12,294**	**–**
Margin money and settlement liabilities	**–**	**–**	**–**	**27,662**	**–**	**27,662**	**–**	**27,662**
Derivative liabilities	**36,347**	**–**	**–**	**–**	**–**	**36,347**	**36,347**	**–**
Other liabilities[6]	**7**	**3,933**	**–**	**1,813**	**4,359**	**10,112**	**3,940**	**1,138**
Due to other Macquarie Group entities[5]	**1,821**	**–**	**–**	**13,135**	**89**	**15,045**	**1,821**	**13,135**
Issued debt securities and other borrowings[4]	**–**	**1,003**	**–**	**93,596**	**–**	**94,599**	**1,003**	**93,693**
Deferred tax liabilities	**–**	**–**	**–**	**–**	**8**	**8**	**–**	**–**
Loan capital[4]	**–**	**–**	**–**	**14,068**	**–**	**14,068**	**–**	**14,357**
Total liabilities	**50,469**	**6,293**	**–**	**377,283**	**4,456**	**438,501**	**56,762**	**376,973**

1 Comparative information has been represented to conform to the presentation in the current period.
2 The amount that would be contractually required to be paid at maturity for DFVTPL liabilities for the Consolidated Entity is $6,768 million (2025: $5,685 million) compared to the carrying value of $6,293 million (2025: $5,118 million) and for the Company is $6,334 million (2025: $4,434 million) compared to the carrying value of $5,857 million (2025: $3,867 million).
3 Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
4 Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risks.
5 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.
6 The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 20

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost				
	FVTPL[1]	DFVTPL[2]	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m
								CONSOLIDATED 2025
Assets								
Cash and bank balances	32	–	–	22,237	–	22,269	32	22,237
Cash collateralised lending and reverse repurchase agreements	8,299	256	33,680	17,930	–	60,165	42,235	17,930
Trading assets[3]	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[4]	110	–	14,652	2,085	–	16,847	14,762	2,085
Other assets	3,566	–	394	1,543	1,723	7,226	3,960	1,543
Loan assets[4]	768	–	–	180,618	–	181,386	768	180,664
Due from other Macquarie Group entities[5]	2,684	–	–	3,333	280	6,297	2,684	3,333
Property, plant and equipment and right-of-use assets[4]	–	–	–	–	5,989	5,989	–	–
Deferred tax assets	–	–	–	–	1,095	1,095	–	–
Total assets	62,552	256	48,726	247,465	16,222	375,221	118,669	247,511
Liabilities								
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[6]	–	3,568	–	2,262	4,064	9,894	3,568	1,500
Due to other Macquarie Group entities[5]	605	–	–	8,318	142	9,065	605	8,318
Issued debt securities and other borrowings[4]	–	1,526	–	84,278	–	85,804	1,526	84,626
Deferred tax liabilities	–	–	–	–	21	21	–	–
Loan capital[4]	–	–	–	12,540	–	12,540	–	12,894
Total liabilities	29,542	5,118	–	313,347	4,227	352,234	34,660	313,298

1 Comparative information has been represented to conform to the presentation in the current period.

2 The amount that would be contractually required to be paid at maturity for DFVTPL liabilities for the Consolidated Entity is $6,768 million (2025: $5,685 million) compared to the carrying value of $6,293 million (2025: $5,118 million) and for the Company is $6,334 million (2025: $4,434 million) compared to the carrying value of $5,857 million (2025: $3,867 million).

3 Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

4 Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.

5 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.

6 The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 20

Measurement categories of financial instruments continued

The following table contains information relating to the measurement categories of assets and liabilities of the Company. The descriptions of measurement categories are included in Note 41(vii) *Financial instruments*.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 31 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost				
	FVTPL[1]	DFVTPL[2]	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m
								COMPANY 2026
Assets								
Cash and bank balances	448	–	–	15,371	–	15,819	448	15,371
Cash collateralised lending and reverse repurchase agreements	9,548	–	44,646	20,264	–	74,458	54,194	20,264
Trading assets[3]	33,094	–	–	–	4,258	37,352	37,352	–
Margin money and settlement assets	10	–	–	16,310	–	16,320	10	16,310
Derivative assets	37,645	–	–	–	–	37,645	37,645	–
Financial investments:								
Equity	144	–	–	–	–	144	144	–
Debt[4]	220	–	19,660	3,266	–	23,146	19,880	3,266
Other assets	2,585	–	399	1,240	188	4,412	2,984	1,240
Loan assets[4]	673	–	–	219,908	–	220,581	673	219,849
Due from other Macquarie Group entities[5]	2,911	–	–	770	31	3,712	2,911	770
Due from subsidiaries	4,140	–	–	10,805	–	14,945	4,140	10,805
Property, plant and equipment and right-of-use assets[4]	–	–	–	–	2,174	2,174	–	–
Investments in subsidiaries	–	–	–	–	4,192	4,192	–	–
Deferred tax assets	–	–	–	–	653	653	–	–
Total assets	91,418	–	64,705	287,934	11,496	455,553	160,381	287,875
Liabilities								
Deposits	–	–	–	220,385	–	220,385	–	220,359
Cash collateralised borrowing and repurchase agreements	–	1,357	–	4,864	–	6,221	1,357	4,864
Trading liabilities	12,294	–	–	–	–	12,294	12,294	–
Margin money and settlement liabilities	–	–	–	25,019	–	25,019	–	25,019
Derivative liabilities	31,374	–	–	–	–	31,374	31,374	–
Other liabilities[6]	7	3,550	–	1,018	2,730	7,305	3,557	1,015
Due to other Macquarie Group entities[5]	1,481	–	–	11,155	18	12,654	1,481	11,155
Due to subsidiaries	5,530	–	–	15,869	1	21,400	5,530	15,842
Issued debt securities and other borrowings[4]	–	950	–	79,513	–	80,463	950	79,562
Deferred tax liabilities	–	–	–	–	–	–	–	–
Loan capital[4]	–	–	–	14,064	–	14,064	–	14,357
Total liabilities	50,686	5,857	–	371,887	2,749	431,179	56,543	372,173

1 Comparative information has been represented to conform to the presentation in the current period.
2 The amount that would be contractually required to be paid at maturity for DFVTPL liabilities for the Consolidated Entity is $6,768 million (2025: $5,685 million) compared to the carrying value of $6,293 million (2025: $5,118 million) and for the Company is $6,334 million (2025: $4,434 million) compared to the carrying value of $5,857 million (2025: $3,867 million).
3 Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
4 Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.
5 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.
6 The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 20

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statements of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost				
	FVTPL[1]	DFVTPL[2]	FVOCI				Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m
								COMPANY 2025
Assets								
Cash and bank balances	32	–	–	20,068	–	20,100	32	20,068
Cash collateralised lending and reverse repurchase agreements	7,797	–	32,221	17,323	–	57,341	40,018	17,323
Trading assets[3]	21,922	–	–	–	6,781	28,703	28,703	–
Margin money and settlement assets	–	–	–	15,973	–	15,973	–	15,973
Derivative assets	21,223	–	–	–	–	21,223	21,223	–
Financial investments:	–							
Equity	138	–	–	–	–	138	138	–
Debt[4]	109	–	14,567	2,086	–	16,762	14,676	2,086
Other assets	1,941	–	394	1,389	574	4,298	2,335	1,389
Loan assets[4]	619	–	–	178,375	–	178,994	619	177,951
Due from other Macquarie Group entities[5]	2,682	–	–	2,679	37	5,398	2,682	2,679
Due from subsidiaries	2,065	–	–	4,065	–	6,130	2,065	4,069
Property, plant and equipment and right-of-use assets[4]	–	–	–	–	4,213	4,213	–	–
Investments in subsidiaries	–	–	–	–	4,122	4,122	–	–
Deferred tax assets	–	–	–	–	520	520	–	–
Total assets	58,528	–	47,182	241,958	16,247	363,915	112,491	241,538
Liabilities								
Deposits	–	–	–	176,043	–	176,043	–	176,050
Cash collateralised borrowing and repurchase agreements	–	24	–	4,666	–	4,690	24	4,666
Trading liabilities	5,558	–	–	–	–	5,558	5,558	–
Margin money and settlement liabilities	–	–	–	20,552	–	20,552	–	20,552
Derivative liabilities	21,183	–	–	–	–	21,183	21,183	–
Other liabilities[6]	–	2,702	–	1,358	2,198	6,258	2,702	1,358
Due to other Macquarie Group entities[5]	601	–	–	7,822	10	8,433	601	7,820
Due to subsidiaries	1,696	–	–	17,752	5	19,453	1,696	17,836
Issued debt securities and other borrowings[4]	–	1,141	–	65,865	–	67,006	1,141	65,999
Deferred tax liabilities	–	–	–	–	22	22	–	–
Loan capital[4]	–	–	–	12,540	–	12,540	–	12,894
Total liabilities	29,038	3,867	–	306,598	2,235	341,738	32,905	307,175

1 Comparative information has been represented to conform to the presentation in the current period.

2 The amount that would be contractually required to be paid at maturity for DFVTPL liabilities for the Consolidated Entity is $6,768 million (2025: $5,685 million) compared to the carrying value of $6,293 million (2025: $5,118 million) and for the Company is $6,334 million (2025: $4,434 million) compared to the carrying value of $5,857 million (2025: $3,867 million).

3 Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.

4 Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for the designated hedged risk.

5 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.

6 The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 21

Investment in subsidiaries

	COMPANY	
	2026	2025
	$m	$m
Investment at cost with no impairment	**4,192**	4,076
Investment at cost with impairment	**–**	75
Less: impairment[1]	**–**	(29)
Investment with impairment[1]	**–**	46
Total investment in subsidiaries	**4,192**	4,122

The majority of the above amounts are expected to be recovered after 12 months of the balance date by the Company.

The following are the Company's notable subsidiaries:

Australia	**Americas**
• Macquarie Group Services Australia Pty Ltd	• Macquarie Global Services (USA) LLC (United States)
• Macquarie Equities Limited	• Macquarie Futures USA LLC (United States)
• Macquarie Investment Management Ltd	• Macquarie Energy North America Trading LLC (United States)
• Macquarie Investment Services Limited	
• Macquarie Global Finance Pty Limited	
Asia Pacific	**Europe, Middle East and Africa**
• Macquarie Global Services Private Limited (India)	• Macquarie Bank Europe Designated Activity Company (Ireland)
• Macquarie Group Services (Philippines), Inc.	

The subsidiaries included in the notable subsidiaries list above are identified on the basis of their ongoing contribution to the Consolidated Entity's external assets and operating profit. Additionally, these include the major employing entities, entities that are key providers of funding to other subsidiaries and other operating entities considered key for each Operating Group and region.

The list of notable subsidiaries has been categorised based on the geographic region of their incorporation. The country of incorporation has been stated in brackets. For entities in the Australia region, the country of incorporation is Australia. Overseas subsidiaries and their branches conduct business predominantly in the place of incorporation and location of their branches. The branches have not been included in the list of notable subsidiaries.

All notable subsidiaries have a 31 March reporting date.

Significant restrictions

During the year, the Company's subsidiaries did not experience any significant restrictions on paying dividends, accessing or using assets and settling liabilities of the Consolidated Entity. There are no foreseen restrictions envisaged with regard to planned dividends or payments. However, the ability of subsidiaries to pay dividends or advance monies to the Company depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

Consolidated Entity Disclosure Statement

A complete list of the Company's controlled entities is provided in the Consolidated Entity Disclosure Statement on page 194.

[1] In accordance with its accounting policies, the Company reviewed its investments in subsidiaries for indicators of impairment and, where applicable, reversal of impairment. Where its investments had indicators of reversal of impairment, the investments' carrying value was compared to its recoverable value which was determined as the higher of value-in-use and fair value less cost to sell (valuation). The valuations, which are classified as Level 3 in the fair value hierarchy as defined in Note 31 *Fair value of assets and liabilities*, have been calculated using a valuation technique with significant unobservable inputs including the subsidiary's maintainable earnings, growth rates and relevant earnings multiples.

Note 22

Structured entities

A Structured Entity (SE) is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well-defined objectives. SEs are classified as subsidiaries and are consolidated when control exists.

The Consolidated Entity engages with SEs for securitisation, asset-backed financing and structured financing arrangements in order to diversify its sources of funding for asset origination and capital efficiency purposes. The Consolidated Entity also engages with SEs when providing fund administration and other fiduciary activities. The Consolidated Entity primarily engages with SEs for the following purposes:

Type	Details
Securitisation	Securitisations involve transferring assets into a vehicle that sells beneficial interests to investors through the issue of debt and equity notes with varying levels of subordination. The notes are collateralised by the assets transferred to these vehicles and pay a return based on the returns of those assets, with residual returns paid to the most subordinated investor. These vehicles are created for securitising assets, including mortgages, and finance leases. The Consolidated Entity also establishes SEs on behalf of customers to securitise their loans or receivables and may manage these securitisation vehicles or provide liquidity or other support. The Consolidated Entity may serve as a sponsor, servicer, underwriter, liquidity provider, derivative counterparty, purchaser of notes and/or purchaser of residual income units. The Consolidated Entity may also provide redraw facilities or loan commitments to securitisation vehicles.
Asset-backed financing	Asset-backed vehicles are used to provide tailored lending for the purchase or lease of assets transferred by the Consolidated Entity or its clients. The assets are normally pledged as collateral to the lenders. The Consolidated Entity engages in raising finance for assets such as vessels, electronic and IT equipment.
Structured financing and other arrangements	Includes: • financing for prepaid commodity contracts. The Consolidated Entity has contractually guaranteed the performance obligation under these arrangements • financing through loans and reverse repurchase agreements for short-term term funding requirements of SEs which are sponsored by third parties.
Funds administration activities	The Consolidated Entity conducts fund administration and other fiduciary activities as responsible entity, trustee, custodian, of funds, trusts including superannuation and approved deposit funds, wholesale and retail trusts. The Consolidated entity's interests in these funds primarily represents fees receivables for the services.

Note 22

Structured entities continued

The following table presents the carrying value and undrawn commitments & financial guarantees (maximum exposure to loss (before the benefit of collateral and credit enhancements) of the Consolidated Entity's interests in unconsolidated SEs.

	CONSOLIDATED 2026				CONSOLIDATED 2025			
	Securitisations $m	Asset-backed financing $m	Structured Financing and other arrangements $m	Total $m	Securitisations $m	Asset-backed financing $m	Structured Financing and other arrangements $m	Total $m
Maximum exposure to loss								
Carrying value of assets:								
Loan assets	**1,931**	**2,581**	**6,192**	**10,704**	1,247	1,935	5,450	8,632
Financial investments	**4,836**	**27**	**–**	**4,863**	3,202	–	–	3,202
Reverse repurchase agreements	**–**	**–**	**5,288**	**5,288**	–	–	4,406	4,406
Trading, derivative and other assets	**19**	**–**	**–**	**19**	28	–	–	28
Total carrying value of assets[1]	**6,786**	**2,608**	**11,480**	**20,874**	4,477	1,935	9,856	16,268
Undrawn commitments	**–**	**–**	**–**	**–**	53	54	218	325
Total maximum exposure to loss	**6,786**	**2,608**	**11,480**	**20,874**	4,530	1,989	10,074	16,593

The Consolidated Entity's exposure to securitisation entities in the nature of financial investments, margin money, derivatives, trading assets and reverse repurchase agreements are acquired for the purpose of trading and liquidity management. These exposures are typically managed under credit and market risk limits described in Note 30.1 *Credit risk* and Note 30.3 *Market risk*. For these reasons, information on the size and structure for these SEs is not considered meaningful for understanding the related risks, and have not been presented in the table above.

In respect of the Consolidated Entity's loan assets' exposure in securitisation, asset-backed financing entities and structured financing, the total size of the unconsolidated SEs is $73,819 million (2025: $86,414 million). Size is based on the latest available information representing either the total assets of the SE (measured either at amortised cost excluding impairments or fair values if readily available), outstanding notional value of issued notes or the principal amount of liabilities if there is nominal equity.

For the above exposures, the Consolidated Entity does not sponsor or control the SE, nor is it a significant user of the services of these SEs.

Additionally, as part of its funds administration activities the Consolidated Entity has interests in certain funds primarily in the form of fee receivables representing the Consolidated Entity's maximum exposure to loss which is disclosed in Note 17 *Other assets.*

[1] Includes non-investment grade interests of $1,569 million (2025: $427 million) in securitisation activities, $2,581 million (2025: $1,935 million) in asset-backed financing activities and $1,342 million (2025: $1,106 million) in structured financing and other arrangements.

Note 23

Acquisitions and disposals of businesses and subsidiaries

Acquisitions of businesses and subsidiaries

There were no material acquisitions during the current and prior financial year.

Disposals of businesses and subsidiaries

The Consolidated Entity's disposals include businesses and subsidiaries which formed part of core business operations.

		Comprising		
	Total consideration received or receivable (net of transaction costs) $m	Net assets $m	Non-controlling interest $m	Gain on disposal $m
				CONSOLIDATED 2026
Disposals of businesses and subsidiaries	**2,527**	**1,509**	**–**	**1,018**
				CONSOLIDATED 2025
Disposals of businesses and subsidiaries	–	–	–	–

Note 24

Related party information

Transactions between the Consolidated Entity's and the Company's ultimate parent entity, immediate parent entity, subsidiaries and with other Macquarie Group entities under common control principally arise from the provision and repayment of funding arrangements which are repayable on demand or may be extended on a term basis and where appropriate may be either subordinated or collateralised, provision of banking and other financial services, provision of management and administration services, the provision of guarantees, restructure of businesses, capital and distributions, purchase or sale of securities and trading activities including derivative transactions for managing and hedging market risks, that are governed by standard market practices and arrangements under ISDA Master Agreement, Global Master Repurchase Agreement (GMRA) and other brokerage agreements.

The Master Loan Agreement (MLA) governs the funding and netting arrangements between various subsidiaries and other Macquarie Group entities which are under the common control of MGL and which have acceded to the MLA. The Tripartite Outsourcing Major Services Agreement (TOMSA) governs the provision of intra-group services between subsidiaries and other Macquarie Group entities other than certain excluded entities.

The Consolidated Entity's and the Company's offshore tax liabilities are determined in accordance with the rules of each jurisdiction. As part of this, other tax consolidation or loss sharing regimes may be available which allow the Consolidated Entity and the Company to engage in the sharing of corporate tax balances, including the sharing and utilisation of tax losses, across related Macquarie Group entities. These transactions are completed in the ordinary course of business in accordance with tax regulations in place in jurisdictions that allow for such tax attribute sharing. This may include the Consolidated Entity and the Company are being able to utilise losses made by other Macquarie Group Entities that would otherwise have not been brought to account by those entities in accordance with AASB 112 *Income Taxes.*

Ultimate and immediate parent entities

The Consolidated Entity's and the Company's ultimate parent entity is MGL and the immediate parent entity is Macquarie B.H. Pty Limited (MBHPL). Both MGL and MBHPL are incorporated in Australia. MGL produces consolidated financial statements that are available for public use. Balances outstanding with Ultimate and immediate parent entities are presented in Due from other Macquarie Group entities or Due to other Macquarie Group entities, as appropriate, separately in the Statements of financial position of the Consolidated Entity and Company except when the parties have the legal right and intention to offset. The balance includes amounts receivable by the Consolidated Entity, in respect of amounts paid in advance for MEREP awards offered to its employees' net of share-based payment expense (refer to Note 41 (xxii) *Performance based remuneration*).

Other Macquarie Group entities

Balances outstanding with other Macquarie Group entities are presented in Due from other Macquarie Group entities or Due to other Macquarie Group entities, as appropriate, separately in the Statements of financial position of the Consolidated Entity and Company except when the parties have the legal right and intention to offset.

Subsidiaries

All transactions undertaken with subsidiaries are eliminated in the consolidated financial statements. Balances outstanding with subsidiaries are presented in Due from subsidiaries or Due to subsidiaries, as appropriate, separately in the Statements of financial position of the Company except when the parties have the legal right and intention to offset.

A list of notable subsidiaries is set out in Note 21 *Investment in subsidiaries* and a list of all consolidated subsidiaries is set out in *Consolidated entity disclosure statement.*

Transactions under common control

During the financial year, the Consolidated Entity and the Company entered into following related party transactions under common control:

The Company executed a restructure agreement with Macquarie Financial Limited (MFL) in the Non-Bank Group in prior financial year, to transfer the Equity Derivatives and Trading (EDT) business within the Commodities and Global Markets Operating Group. 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 of $59 million and recognised an increase in contributed equity.

The Consolidated Entity sold its equity interest in Macquarie International Finance Limited (MIFL) and certain subsidiaries, including its North American Power, Gas and Emissions business to Macquarie Group Limited for a total cash consideration of $3,031 million resulting in a gain on disposal of $2,422 million for the Consolidated Entity and $3,025 million for the Company. 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 were no balances recognised in the MBL financial report.

The Consolidated Entity and the Company sold its equity interest in certain non-core associates and joint ventures to Macquarie CGM Investments Holdings Pty Ltd (a subsidiary of MFL), for cash consideration of $474 million and $181 million respectively resulting in a gain on disposal of $55 million for the Consolidated Entity and $34 million for the Company.

Note 24

Related party information continued

As part of the external sale of its meter asset provider platform, OnStream, the Company sold certain meter assets to its subsidiaries, Macquarie Meters 3 (UK) Limited and Macquarie Leasing Limited, for cash consideration of $2,742 million, resulting in a gain of $1,241 million.

The Consolidated Entity also acquired certain meter assets from the Non-Bank Group (MM6 Limited, a subsidiary of MFL) for cash consideration of $112 million. Acquisition was accounted for as transaction under common control, and accordingly, net assets were recognised at predecessor carrying value of $67 million with the difference between the consideration paid and predecessor value being recognised in retained earnings. Refer Note 27.(i)(ii) *Retained earnings* for details.

During the prior year, the Consolidated Entity entered into the following related party transactions under common control:

The Consolidated Entity sold its equity interest in Macquarie Corona Energy Holdings Limited and its subsidiaries to Macquarie UK Holdings No. 2 Limited in the Non-Bank Group for a total cash consideration of $818 million resulting in a gain on disposal of $610 million.

Note 24

Related party information continued

The following transactions occurred with the ultimate parent, immediate parent and other Macquarie Group entities during the financial year:

	CONSOLIDATED			
	2026		2025	
	Ultimate parent, immediate parent	**Other Macquarie Group entities**	Ultimate parent, immediate parent	Other Macquarie Group entities
	$'000	**$'000**	$'000	$'000
Interest income	**5,446**	**43,674**	3,704	59,397
Interest expense	**(11,789)**	**(422,610)**	(15,473)	(407,431)
Fees and commission income	**5,168**	**1,747,381**	6,186	1,471,354
Investment income				
Net gain on sale of interests in associates, joint ventures, subsidiaries and businesses	**2,422,458**	**55,056**	–	609,693
Other (charges)/income	**–**	**1,189**	–	(712)
Fee and commission expenses	**–**	**(91,000)**	–	(14,000)
Other operating expenses	**–**	**(2,111)**	–	–
Dividend paid	**3,550,000**	**–**	2,224,000	–

The following represents outstanding balances and off balance sheet arrangements with the ultimate parent, immediate parent and other Macquarie Group entities that were outstanding as at the financial year end:

	CONSOLIDATED			
	2026		2025	
	Ultimate parent, immediate parent	**Other Macquarie Group entities**	Ultimate parent, immediate parent	Other Macquarie Group entities
	$'000	**$'000**	$'000	$'000
On Balance Sheet				
Due from	**430,704**	**4,388,042**	546,653	5,750,729
Due to[1]	**(377,557)**	**(14,667,282)**	(472,122)	(8,592,743)
Off Balance Sheet				
Undrawn credit commitments:				
Letter of credit and guarantees[2]	**(18,200)**	**(63,555)**	(18,200)	(34,598)
Undrawn commitments received	**–**	**118,668**	–	–
Guarantees received[1,3]	**498,986**	**7,637,952**	1,729,847	2,993,617

The above amounts under due from ultimate parent, immediate parent and other Macquarie Group entities are expected to be recovered within 12 months of the balance date by the Consolidated Entity.

1 Balances with other Macquarie Group entities includes guarantee received by the Company for its exposures with certain Non Extended Licensed Entity (Non-ELE) subsidiaries and certain external counterparties that are guaranteed by MFL and MIFL for which MFL and MIFL has placed cash collateral of $6,408,483 thousand (2025: $2,971,445 thousand) with the Company as per the terms of the guarantee arrangement, which is included in the Due to other Macquarie Group entities balance above.

2 Balances with other Macquarie Group entities includes guarantees to counterparties with respect to their exposures from these entities. These guarantees have a notional value of $1,046,491 thousand (2025: $nil thousand) with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date. Guarantee exposures reported in table above are also included under Off balance sheet exposures in Note 7 *Expected credit losses* and Note 30.1 *Credit risk*.

3 Balance with Ultimate parent includes Guarantees provided by MGL to counterparties with respect to their exposures to certain subsidiaries.

Note 24

Related party information continued

The following transactions occurred with the ultimate parent, immediate parent, subsidiaries and other Macquarie Group entities during the financial year:

	COMPANY					
	2026			2025		
	Ultimate parent, immediate parent	**Other Macquarie Group entities**	**Subsidiaries**	Ultimate parent, immediate parent	Other Macquarie Group entities	Subsidiaries
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Interest income	**5,063**	**31,139**	**262,116**	3,513	59,416	250,335
Interest expense	**(11,766)**	**(360,260)**	**(873,234)**	(12,426)	(402,535)	(1,155,491)
Fees and commission income	**3,746**	**56,060**	**429,132**	3,073	(39,826)	363,143
Investment income						
Dividend (Note 2)	**–**	**–**	**517,202**	–	–	1,196,270
Net gain on sale of interests in associates, joint ventures, subsidiaries and businesses	**3,024,921**	**32,200**	**1,241,458**	–	–	1,023
Other (charges)/income	**–**	**1,190**	**(1,207)**	–	(576)	15,682
Fee and commission expenses	**–**	**(119,000)**	**(99,000)**	–	(6,000)	(98,000)
Other operating expenses	**–**	**(51,332)**	**(2,386,589)**	–	–	(2,445,033)
Dividend paid	**3,550,000**	**–**	**–**	2,224,000	–	–

The following represents outstanding balances and off balance sheet arrangements with the ultimate parent, immediate parent, subsidiaries and other Macquarie Group entities that were outstanding as at the financial year end for the Company:

	COMPANY					
	2026			2025		
	Ultimate parent, immediate parent	**Other Macquarie Group entities**	**Subsidiaries**	Ultimate parent, immediate parent	Other Macquarie Group entities	Subsidiaries
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
On Balance Sheet						
Due from subsidiaries	**–**	**–**	**14,944,743**	–	–	6,130,373
Due to subsidiaries	**–**	**–**	**(21,400,081)**	–	–	(19,452,977)
Due from other Macquarie Group entities	**280,828**	**3,431,298**	**–**	300,315	5,097,353	–
Due to other Macquarie Group Entities[1]	**(322,532)**	**(12,330,978)**	**–**	(339,140)	(8,093,475)	–
Off Balance Sheet						
Undrawn credit commitments:						
Letter of credit and guarantees[2]	**(18,200)**	**(63,043)**	**(1,656,895)**	(18,200)	(1,328)	(1,611,904)
Undrawn commitments	**–**	**–**	**(1,675)**	–	–	(520,792)
Other contingencies and commitments:						
Performance related contingents	**–**	**–**	**(451)**	–	–	(18,724)
Guarantees received[1,2]	**–**	**6,414,605**	**–**	–	2,991,264	3,700,792

The above amounts under due from ultimate parent, immediate parent and other Macquarie Group entities are expected to be recovered within 12 months of the balance date by the Consolidated Entity. Of the amount under due from subsidiaries $3,510,192 thousand (2025: $444,038 thousand) are expected to be recovered more than 12 months after the balance date by the Company.

1 Balances with other Macquarie Group entities includes guarantee received by the Company for its exposures with certain Non-ELE subsidiaries and certain external counterparties that are guaranteed by MFL and MIFL, for which MFL and MIFL has placed cash collateral of $6,408,483 thousand (2025: $2,971,445 thousand) with the Company as per the terms of the guarantee arrangement, which is included in the Due to other Macquarie Group entities balance above.

2 Balances with subsidiaries and other Macquarie Group entities includes guarantees to counterparties with respect to their exposures from these entities. These guarantees have a notional value of $2,185,589 thousand (2025: $4,257,523 thousand) with the amount disclosed in the table above being the component of that guarantee value equivalent to the fair value of the underlying risk position at the reporting date. Guarantee exposures reported in table above are also included under Off balance sheet exposures in Note 7 *Expected credit losses* and Note 30.1 *Credit risk*

Note 24

Related party information continued

Associates and joint ventures

The Consolidated Entity provides a range of services to its associates and joint ventures, including the provision of corporate advisory and management services, lending and borrowing activities.

Balances may arise between the Consolidated Entity and its associates and joint ventures from lending and borrowing activities, with loans generally extended on a term basis and, where appropriate, are either subordinated or collateralised.

During the financial year, the following amounts of income/(expense) resulted from transactions with associates and joint ventures apart from the net gain from interests in associates and joint ventures, share of net profits from associates and joint ventures, credit and other impairment charges/(reversal), and fair value gain on certain investments held at fair value disclosed in Note 2. *Operating profit before income tax*:

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$'000	$'000	**$'000**	$'000
Net interest income	**6,973**	12,897	**6,284**	8,218
Fees and commission income	**1,385**	5,440	**1,385**	4,788
Net other operating income	**–**	2,589	**2,350**	1,543
Other operating expenses	**(3,662)**	(2,853)	**–**	–

Dividends and distributions of $32,297 thousand (2025: $13,481 thousand) were received from the Consolidated Entity's associates and joint ventures. Under the equity method of accounting, these amounts are not included as income but are recorded as a reduction from the carrying amount of the investment.

The following represents balances and off balance sheet arrangements with associates and joint ventures that were outstanding as at financial year end (these exclude amounts which in substance form part of the Consolidated Entity's net investment in associates and joint ventures).

On Balance Sheet				
Amounts receivable	**73,498**	76,338	**73,345**	71,525
Amounts payable	**(9,035)**	(13,273)	**(9,035)**	(13,273)
Off Balance Sheet				
Guarantees	**–**	(22,402)	**–**	(22,402)
Undrawn credit facilities and debt commitment	**(72,557)**	(70,451)	**(72,557)**	(70,451)

Note 25

Capital management

Capital management strategy

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

The Consolidated Entity's capital management objectives are to maintain sufficient capital resources to:

- support the Consolidated Entity's business and operational requirements;
- safeguard interests of depositors and the Consolidated Entity's ability to continue as a going concern;
- exceed regulatory capital requirements; and
- support the Consolidated Entity's credit ratings.

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

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

- capital adequacy assessment;
- risk appetite setting; and
- risk-adjusted performance measurement.

The Consolidated Entity's capital management strategy is evaluated annually through an Internal Capital Adequacy Assessment Process (ICAAP).

Regulatory capital framework

Regulatory capital requirements are imposed and measured at two levels of consolidation within the Consolidated Entity:

- **Level 1**: The Company and any subsidiaries which meet the APRA definition of Extended Licensed Entities
- **Level 2**: The Company, its subsidiaries and its immediate parent less certain subsidiaries of the Company which are deconsolidated for APRA reporting purposes. These include entities conducting insurance, funds management and non-financial operations.

The Consolidated Entity reports to APRA under APRA's Basel III capital requirements and is accredited by APRA to apply the Foundation Internal Ratings-Based Approach for wholesale exposures and the Advanced Internal Ratings-Based Approach for retail exposures in determining credit risk capital requirements, together with the Internal Model Approach for market risk and Interest Rate Risk in the Banking Book (IRRBB).

APRA requires ADIs such as the Consolidated Entity to hold a minimum level of regulatory capital against its risk-weighted assets (RWAs) for each category of capital. APRA classifies an ADI's regulatory capital into three categories:

- **Common Equity Tier 1 (CET1)**: Consists of ordinary share capital, retained earnings, and certain reserves, less certain regulatory adjustments including deductions for intangibles, certain capitalised expenses, deferred tax assets, equity investments and investments in certain subsidiaries
- **Tier 1 Capital**: The sum of CET1 Capital and Additional Tier 1 (AT1) Capital. AT1 Capital consists of hybrid instruments
- **Total Capital:** The sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes term subordinated debt, certain reserves and applicable regulatory adjustments.

Information on hybrid and Tier 2 Capital instruments on issue is available in the Regulatory Disclosures section of Macquarie's website.

Under APRA's Basel III prudential requirements, ADIs such as the Consolidated Entity are required to maintain a minimum ratio of regulatory capital to RWAs of 4.5% for CET1, 6.0% for Tier 1 and 8.0% for Total Capital. The requirement applies at both Level 1 and Level 2. APRA may also impose an ADI specific minimum capital ratio that may be higher than these levels.

In addition, APRA requires ADIs to hold a capital conservation buffer (CCB) of up to 3.75% in the form of CET1 Capital and an ADI specific countercyclical capital buffer (CCyB) in the form of CET1 Capital. APRA also requires MBL to hold additional loss-absorbing capacity (LAC) of 4.5% of RWA that may be held in the form of Tier 2 Capital.

Under APRA's Basel III prudential requirements, ADIs such as the Consolidated Entity are also required to hold a minimum level of Tier 1 Capital against its regulatory total exposures (Leverage Ratio). The minimum required Leverage Ratio is 3.5%.

On 4 December 2025, APRA finalised the consequential amendments to the ADI prudential standards to phase out AT1 instruments as eligible regulatory capital. Large, internationally active banks such as MBL will be permitted to replace the current 1.5% requirement with an additional 0.25% of CET1 Capital and 1.25% of Tier 2 Capital.

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

At 31 March 2026, the Consolidated Entity's CET1, Tier 1 and Total capital ratios, and Leverage Ratio are above APRA imposed regulatory minimum requirements.

Note 26

Contributed equity

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Ordinary share capital	**9,879**	9,879	**9,879**	9,879
Other equity	**385**	313	**206**	145
Total contributed equity	**10,264**	10,192	**10,085**	10,024

	CONSOLIDATED AND COMPANY			
	2026	2025	**2026**	2025
	Number of shares	Number of shares	**$m**	$m
(i) Ordinary share capital[1]				
Opening balance of fully paid ordinary shares				
696,603,664 of shares issued to parent entity (Macquarie B.H. Pty Ltd)	**696,603,664**	696,603,664	**9,879**	9,879
Closing balance of fully paid ordinary shares	**696,603,664**	696,603,664	**9,879**	9,879

(ii) Other equity

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Equity contribution from ultimate parent entity				
Balance at the beginning of the financial year	**313**	305	**145**	142
Transaction under common control[2]	**59**	–	**59**	–
Change attributable to share-based payment expense including deferred tax[3]	**13**	8	**2**	3
Balance at the end of the financial year	**385**	313	**206**	145

1 Ordinary shares have no par value.
2 Refer to Note 24 *Related party information* for further details.
3 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.

Note 27

Reserves and retained earnings

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
(i) Reserves				
Foreign currency translation reserve				
Balance at the beginning of the financial year	**1,536**	1,197	**880**	545
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax	**(698)**	339	**(698)**	335
Transferred to income statement on disposal of foreign operations, net of tax	**(91)**	–	**–**	–
Balance at the end of the financial year	**747**	1,536	**182**	880
FVOCI reserve				
Balance at the beginning of the financial year	**(52)**	(26)	**(46)**	(15)
Revaluation movement, net of tax	**23**	(26)	**15**	(25)
Changes in ECL allowance, net of tax	**2**	–	**2**	(6)
Balance at the end of the financial year	**(27)**	(52)	**(29)**	(46)
Cash flow hedge reserve				
Balance at the beginning of the financial year	**105**	81	**113**	90
Revaluation movement, net of tax	**(38)**	74	**(43)**	77
Transferred to income statement on realisation, net of tax	**(49)**	(50)	**(55)**	(54)
Balance at the end of the financial year	**18**	105	**15**	113
Cost of hedging reserve				
Balance at the beginning of the financial year	**(28)**	(59)	**(19)**	(49)
Revaluation movement, net of tax	**8**	18	**6**	17
Transferred to income statement on realisation, net of tax	**6**	13	**–**	13
Balance at the end of the financial year	**(14)**	(28)	**(13)**	(19)
Share of reserves in associates and joint ventures and other reserves				
Balance at the beginning of the financial year	**55**	45	**–**	–
Share of other comprehensive income from associates and joint ventures, net of tax	**(11)**	10	**–**	–
Transferred to income statement on realisation, net of tax	**(48)**	–	**–**	–
Balance at the end of the financial year	**(4)**	55	**–**	–
Total reserves at the end of the financial year	**720**	1,616	**155**	928
(ii) Retained earnings				
Balance at the beginning of the financial year	**11,179**	9,959	**11,225**	10,348
Profit attributable to the ordinary equity holders of MBL	**6,011**	3,445	**6,460**	3,103
Dividends paid on ordinary share capital (Note 28)	**(3,550)**	(2,224)	**(3,550)**	(2,224)
Fair value changes attributable to own credit risk on debt classified as DFVTPL, net of tax	**1**	(2)	**–**	(2)
Remeasurement of defined benefit plans and others	**–**	1	**(1)**	–
Change attributable to transaction under common control[1]	**(45)**	–	**–**	–
Balance at the end of the financial year	**13,596**	11,179	**14,134**	11,225

[1] Refer to Note 24 Related party information for further details.

Note 28
Dividends

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Dividends paid to the parent entity (Macquarie B.H. Pty Ltd)				
on 30 September 2025	**650**	-	**650**	-
on 29 August 2025	**2,900**	-	**2,900**	-
on 28 March 2025	**-**	226	**-**	226
on 28 February 2025	**-**	680	**-**	680
on 23 December 2024	**-**	221	**-**	221
on 28 June 2024	**-**	1,097	**-**	1,097
Total dividends paid (Note 27)	**3,550**	2,224	**3,550**	2,224

Note 29

Loan capital

Subordinated debt

Subordinated debt comprises of agreements between the Consolidated Entity and its lenders that provide that, in the event of liquidation, entitlement of such lenders to repayment of the principal sum and interest thereon is and shall at all times be and remain subordinated to the rights of all other present and future creditors of the Consolidated Entity.

The table below highlights key capital instruments with conditional repayment obligations (Tier 1 loan capital under APRA's Capital Standards) issued by the Consolidated Entity and the Company.

Contract feature	Macquarie Additional Capital Securities	Macquarie Bank Capital Notes 2	Macquarie Bank Capital Notes 3
Code	MACS	BCN2	BCN3
Issuer	Macquarie Bank Limited	Macquarie Bank Limited	Macquarie Bank Limited
Par value	n/a	$100	$100
Currency	USD	AUD	AUD
Carrying value at reporting date	$USD 750 million/($A1,073 million)	$641 million	$655 million
Accounting measurement basis	Financial liability at amortised cost	Financial liability at amortised cost	Financial liability at amortised cost
Issue date	8 March 2017	2 June 2020	27 August 2021
Interest rate	6.125% per annum	90-day BBSW plus a fixed margin of 4.70% per annum, adjusted for franking credits	90-day BBSW plus a fixed margin of 2.90% per annum, adjusted for franking credits
Interest payment frequency	Semi-annually in arrears	Quarterly in arrears	Quarterly in arrears
Interest payment	Discretionary, non-cumulative	Discretionary, non-cumulative	Discretionary, non-cumulative
Dividend stopper	MBL only	MBL only	MBL only
Outstanding notes at reporting date	—[1]	6.41 million	6.55 million
Maturity	Perpetual, redeemable subject to APRA's written approval, and at the discretion of MBL in limited circumstances	Perpetual unless redeemed, resold, converted, exchanged or written-off in accordance with the terms of the instrument	Perpetual unless redeemed, resold, converted, exchanged or written-off in accordance with the terms of the instrument
Convertible into ordinary shares	Yes	Yes	Yes
Convertible into issuer shares	MGL	MGL	MGL
Mandatory conversion date	n/a	21 December 2028	8 September 2031
Maximum number of shares on conversion	56,947,286	30,532,190	20,316,704
Optional exchange dates	No optional exchange dates	• 21 June 2026 • 21 December 2026 earlier in specified circumstances at the discretion of MGL subject to APRA approval	• 7 September 2028 • 7 March 2029 • 7 September 2029 earlier in specified circumstances at the discretion of MBL subject to APRA approval
Other exchange events	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 Capital ratio falls below 5.125%	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or conversion or write-off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 Capital ratio falls below 5.125%	• acquisition date (where a party acquires control of MBL or MGL) • where APRA determines MBL would be non-viable without an exchange or conversion or write-off, of other Relevant Tier 1 securities is necessary or a public sector injection of capital (or equivalent support) • where MBL's common equity Tier 1 Capital ratio falls below 5.125%
Capital Treatment	Additional Tier 1 capital	Additional Tier 1 capital	Additional Tier 1 capital

[1] As at 31 March 2026, the $US750 million of MACS were held by an authorised representative for the Depository Trust Company being the common depository for the MACS global security.

Note 29

Loan capital continued

In addition to the subordinated debt with conditional repayment obligations, the Consolidated Entity has also issued certain capital instruments with fixed repayment obligations, denominated in United States dollars and Australian dollars which are eligible Tier 2 capital under APRA's capital standards.

The table below discloses the carrying value of Loan capital at the balance sheet date. Where these instruments are designated in fair value hedge accounting relationships, the carrying value includes the fair value hedge adjustment (refer Note 34 *Hedge accounting*). The contractual undiscounted cash flows are disclosed in Note 30.2 *Liquidity risk.*

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Subordinated debt with fixed repayment obligations (Tier 2 loan capital) by contractual maturity dates:				
10 June 2025	**-**	1,195	**-**	1,195
28 May 2030	**-**	750	**-**	750
3 June 2030	**957**	1,022	**957**	1,022
17 June 2031	**750**	750	**750**	750
7 June 2032	**847**	846	**847**	846
18 January 2033	**1,407**	1,548	**1,407**	1,548
1 March 2034	**1,239**	1,257	**1,239**	1,257
20 February 2035	**1,239**	1,250	**1,239**	1,250
3 March 2036	**1,293**	1,393	**1,293**	1,393
29 November 2035	**500**	-	**500**	-
29 May 2040	**713**	-	**713**	-
13 August 2036	**1,434**	-	**1,434**	-
20 August 2036	**1,246**	-	**1,246**	-
Instruments with conditional repayment obligations (Tier 1 loan capital):				
MACS	**1,073**	1,166	**1,073**	1,166
BCN2	**641**	641	**641**	641
BCN3	**655**	655	**655**	655
Accrued interest payable as per terms of instruments:				
Less than 12 months	**106**	98	**106**	98
	14,100	12,571	**14,100**	12,571
Less: directly attributable issuance costs	**(32)**	(31)	**(36)**	(31)
Total loan capital	**14,068**	12,540	**14,064**	12,540

Reconciliation of loan capital by major currency				
(In Australian dollar equivalent):				
United States dollar	**6,214**	6,386	**6,214**	6,386
Australian dollar	**7,886**	6,185	**7,886**	6,185
	14,100	12,571	**14,100**	12,571
Less: directly attributable issuance costs	**(32)**	(31)	**(36)**	(31)
Total loan capital	**14,068**	12,540	**14,064**	12,540

Note 30

Financial risk management

Risk Management and Risk Management Group (RMG)

The material risks faced by the Consolidated Entity include asset, conduct, country, credit, environmental and social, equity, financial crime, legal, liquidity, market, model, operational, regulatory and compliance, tax, technology and cyber, artificial intelligence and work health and safety risks.

Details on the Risk Management Framework in the Consolidated Entity can be found in the Risk Management Report of this Annual Report.

Note 30.1 Credit risk

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequential loss is the amount of the financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

Credit risk assessment and approval

Exercise of credit authority within the Consolidated Entity is undertaken under authority delegated by the MGL and MBL Boards directly.

Credit risk assessments include comprehensive review of the creditworthiness of the counterparty and related entities, key risk and mitigants, and that the downside risk is properly understood and acceptable.

After this analysis is undertaken, limits are set for an acceptable level of potential exposure. All wholesale limits and ratings are reviewed at least once a year or more frequently if required.

Retail credit exposures are monitored by the business units and overseen by RMG Credit on a portfolio basis.

All credit exposures are monitored regularly against limits. For limit monitoring, credit exposures for loan assets are reported at amortised cost. Derivative exposures are measured using high confidence potential future underlying asset prices.

To mitigate credit risk, where appropriate, the Consolidated Entity makes use of margining and other forms of collateral or credit enhancement techniques (including guarantees, letters of credit and the purchase of credit default swaps).

Ratings and reviews

Refer to Note 7 *Expected credit losses* for details regarding the manner in which the Consolidated Entity has adopted and applied AASB 9's expected credit loss impairment requirements.

For the purpose of presenting the credit risk associated with assets on the Consolidated Entity's Statements of financial position in accordance with the requirements of AASB 9, the following methodology has been adopted.

Wholesale rating

Macquarie wholesale ratings broadly correspond to Standard & Poor's credit ratings as follows.

Credit Profile	Internal Rating	Standard & Poor's Equivalent
Investment grade	MQ1 to MQ8	AAA to BBB–
Non-investment grade	MQ9 to MQ16	BB+ to C
Default	MQ99	Default

Retail rating

Retail pools are mapped to the credit quality grades based on their PDs.

Mapping retail portfolios to the credit grades has been done for comparability of the overall portfolio presentation and does not reflect the way that the retail portfolio is segmented for management purposes. Management reviews a range of information, including past due status for the portfolio, to assess the credit quality of these assets.

Due from subsidiaries/due from other Macquarie Group entities

Balances with subsidiaries and other Macquarie Group entities are mapped to the rating grades assigned internally to these counterparties for the pricing of internal funding arrangements on an arm's length basis.

Portfolio and country risk

A review of the credit portfolio analysing credit concentrations by counterparty, geography, risk type, industry and credit quality is carried out quarterly and reported to the Board semi-annually. Policies are in place to regulate large exposures to single counterparties or groups of counterparties.

The Consolidated Entity has a country risk management framework which covers the assessment of country risk and the approval of country risk limits. Where appropriate the country risk may be mitigated or transferred by parent company guarantees, bank letters of credit, or credit insurance.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Credit quality of financial assets

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and undrawn credit commitments of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[2] $m	Stage II[2] $m	Stage III[2] $m	Total $m
				CONSOLIDATED 2026
Investment grade				
Cash and bank balances	**19,015**	**–**	**–**	**19,015**
Cash collateralised lending and reverse repurchase agreements	**61,887**	**–**	**–**	**61,887**
Margin money and settlement assets	**16,265**	**–**	**–**	**16,265**
Financial investments	**23,123**	**–**	**–**	**23,123**
Other assets	**888**	**–**	**–**	**888**
Loan assets	**113,384**	**6,126**	**–**	**119,510**
Due from other Macquarie Group entities	**1,371**	**–**	**–**	**1,371**
Undrawn credit commitments	**14,403**	**229**	**–**	**14,632**
Total investment grade	**250,336**	**6,355**	**–**	**256,691**
Non-investment grade				
Cash and bank balances	**144**	**–**	**–**	**144**
Cash collateralised lending and reverse repurchase agreements	**5,459**	**–**	**–**	**5,459**
Margin money and settlement assets	**2,598**	**–**	**–**	**2,598**
Financial investments	**150**	**9**	**–**	**159**
Other assets	**1,996**	**166**	**–**	**2,162**
Loan assets	**83,030**	**20,486**	**–**	**103,516**
Due from other Macquarie Group entities	**47**	**–**	**–**	**47**
Undrawn credit commitments	**17,132**	**565**	**–**	**17,697**
Total non-investment grade	**110,556**	**21,226**	**–**	**131,782**
Default				
Other assets	**–**	**–**	**28**	**28**
Loan assets	**–**	**–**	**1,627**	**1,627**
Undrawn credit commitments	**–**	**–**	**38**	**38**
Total default	**–**	**–**	**1,693**	**1,693**
Total gross credit risk by ECL stage	**360,892**	**27,581**	**1,693**	**390,166**

Loan assets reported as investment grade ($119,510 million) and non-investment grade ($103,516 million) includes $1,946 million past due up to 30 days and $438 million past due between 31 and 89 days.

1 The gross exposure of financial assets measured at amortised cost represents the carrying value before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

2 For definitions of Stage I, II and III, refer to Note 7 *Expected credit losses*. Whilst exposures may have migrated to Stage II, it should not be inferred that exposures classified as Stage II are of lower credit quality than those classified as Stage I.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and undrawn credit commitments of the Consolidated Entity subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Consolidated Entity's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[2] $m	Stage II[2] $m	Stage III[2] $m	Total $m
				CONSOLIDATED 2025
Investment grade				
Cash and bank balances	22,174	–	–	22,174
Cash collateralised lending and reverse repurchase agreements	46,732	–	–	46,732
Margin money and settlement assets	17,487	–	–	17,487
Financial investments	16,639	–	–	16,639
Other assets	574	–	–	574
Loan assets	88,226	5,124	–	93,350
Due from other Macquarie Group entities	3,307	–	–	3,307
Undrawn credit commitments	12,842	217	–	13,059
Total investment grade	207,981	5,341	–	213,322
Non-investment grade				
Cash and bank balances	95	–	–	95
Cash collateralised lending and reverse repurchase agreements	4,880	–	–	4,880
Margin money and settlement assets	2,195	7	–	2,202
Financial investments	32	159	–	191
Other assets	1,079	294	–	1,373
Loan assets	67,717	17,377	–	85,094
Due from other Macquarie Group entities	26	–	–	26
Undrawn credit commitments	13,391	368	–	13,759
Total non-investment grade	89,415	18,205	–	107,620
Default				
Margin money and settlement assets	–	–	65	65
Other assets	–	–	33	33
Loan assets	–	–	1,668	1,668
Undrawn credit commitments	–	–	28	28
Total default	–	–	1,794	1,794
Total gross credit risk by ECL stage	297,396	23,546	1,794	322,736

Loan assets reported as investment grade ($93,350 million) and non-investment grade ($85,094 million) includes $2,461 million past due up to 30 days and $618 million past due between 31 and 89 days.

1 The gross exposure of financial assets measured at amortised cost represents the carrying value before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

2 For definitions of Stage I, II and III, refer to Note 7 *Expected credit losses*. Whilst exposures may have migrated to Stage II, it should not be inferred that exposures classified as Stage II are of lower credit quality than those classified as Stage I.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and undrawn credit commitments of the Company subject to the impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[2] $m	Stage II[2] $m	Stage III[2] $m	Total $m
				COMPANY 2026
Investment grade				
Cash and bank balances	**15,367**	**–**	**–**	**15,367**
Cash collateralised lending and reverse repurchase agreements	**60,530**	**–**	**–**	**60,530**
Margin money and settlement assets	**14,484**	**–**	**–**	**14,484**
Financial investments	**22,912**	**–**	**–**	**22,912**
Other assets	**352**	**–**	**–**	**352**
Loan assets	**109,618**	**6,126**	**–**	**115,744**
Due from subsidiaries	**10,809**	**–**	**–**	**10,809**
Due from other Macquarie Group entities	**737**	**–**	**–**	**737**
Undrawn credit commitments	**15,520**	**230**	**–**	**15,750**
Total investment grade	**250,329**	**6,356**	**–**	**256,685**
Non-investment grade				
Cash and bank balances	**4**	**–**	**–**	**4**
Cash collateralised lending and reverse repurchase agreements	**4,385**	**–**	**–**	**4,385**
Margin money and settlement assets	**1,832**	**–**	**–**	**1,832**
Financial investments	**150**	**9**	**–**	**159**
Other assets	**1,157**	**163**	**–**	**1,320**
Loan assets	**81,364**	**20,419**	**–**	**101,783**
Due from other Macquarie Group entities	**33**	**–**	**–**	**33**
Undrawn credit commitments	**16,766**	**834**	**–**	**17,600**
Total non-investment grade	**105,691**	**21,425**	**–**	**127,116**
Default				
Other assets	**–**	**–**	**21**	**21**
Loan assets	**–**	**–**	**1,586**	**1,586**
Undrawn credit commitments	**–**	**–**	**38**	**38**
Total default	**–**	**–**	**1,645**	**1,645**
Total gross credit risk by ECL stage	**356,020**	**27,781**	**1,645**	**385,446**

Loan assets reported as investment grade ($115,744 million) and non-investment grade ($101,783 million) includes $1,938 million past due up to 30 days and $434 million past due between 31 and 89 days.

1 The gross exposure of financial assets measured at amortised cost represents the carrying value before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

2 For definitions of Stage I, II and III, refer to Note 7 *Expected credit losses*. Whilst exposures may have migrated to Stage II, it should not be inferred that exposures classified as Stage II are of lower credit quality than those classified as Stage I.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

The table below discloses, by credit rating grades and ECL impairment stage, the gross carrying amount[1] of assets measured at amortised cost or FVOCI and undrawn credit commitments of company subject to impairment requirements of AASB 9 *Financial Instruments*. The credit quality is based on the counterparty's credit rating using the Company's credit rating system and excludes the benefit of collateral and credit enhancements.

	Stage I[2] $m	Stage II[2] $m	Stage III[2] $m	Total $m
				COMPANY 2025
Investment grade				
Cash and bank balances	20,097	–	–	20,097
Cash collateralised lending and reverse repurchase agreements	45,085	–	–	45,085
Margin money and settlement assets	14,249	–	–	14,249
Financial investments	16,555	–	–	16,555
Other assets	478	–	–	478
Loan assets	86,912	5,123	–	92,035
Due from subsidiaries	4,069	–	–	4,069
Due from other Macquarie Group entities	2,659	–	–	2,659
Undrawn credit commitments	14,848	218	–	15,066
Total investment grade	204,952	5,341	–	210,293
Non-investment grade				
Cash and bank balances	3	–	–	3
Cash collateralised lending and reverse repurchase agreements	4,461	–	–	4,461
Margin money and settlement assets	1,694	–	–	1,694
Financial investments	32	159	–	191
Other assets	1,021	294	–	1,315
Loan assets	66,826	17,324	–	84,150
Due from other Macquarie Group entities	20	–	–	20
Undrawn credit commitments	13,197	343	–	13,540
Total non-investment grade	87,254	18,120	–	105,374
Default				
Margin money and settlement assets	–	–	62	62
Other assets	–	–	27	27
Loan assets	–	–	1,624	1,624
Undrawn credit commitments	–	–	28	28
Total default	–	–	1,741	1,741
Total gross credit risk by ECL stage	292,206	23,461	1,741	317,408

Loan assets reported as investment grade ($92,035 million) and non-investment grade ($84,150 million) includes $2,372 million past due up to 30 days and $603 million past due between 31 and 89 days.

1 The gross exposure of financial assets measured at amortised cost represents the carrying value before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposures will not be equal to the amount as presented in the Statements of financial position.

2 For definitions of Stage I, II and III, refer to Note 7 *Expected credit losses*. Whilst exposures may have migrated to Stage II, it should not be inferred that exposures classified as Stage II are of lower credit quality than those classified as Stage I.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and undrawn credit commitments. The geographical location is determined by the country of risk to which the Consolidated Entity is most exposed when assessing the counterparty to meet its obligations as they fall due, however, where the exposures are subject to multiple countries of risk, geographical allocation has been determined based on counterparty's country of domicile. The counterparty type is based on the Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. Government represents Australian and foreign governments, including government departments and agencies. Financial institutions represent central banks and central borrowing authorities, Australian and foreign banks, registered financial corporations, insurance corporations, funds, financial intermediaries, and auxiliaries. Retail and others represent public and private trading enterprises and retail banking customers.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB 9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB 9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								CONSOLIDATED 2026
Australia and New Zealand								
Cash and bank balances	–	7,976	–	7,976	–	448	–	448
Cash collateralised lending and reverse repurchase agreements	–	12,755	561	13,316	–	724	–	724
Trading assets	–	–	–	–	737	582	6	1,325
Margin money and settlement assets	3	1,870	167	2,040	–	–	10	10
Derivative assets	–	–	–	–	3	2,317	1,970	4,290
Financial investments	5,284	15,026	155	20,465	–	–	–	–
Other assets	–	108	1,538	1,646	–	127	–	127
Loan assets[1]	27	2,051	200,120	202,198	–	–	55	55
Due from other Macquarie Group entities	–	238	4	242	–	2,552	–	2,552
Undrawn credit commitments	34	643	26,416	27,093	–	–	–	–
Total Australia and New Zealand	5,348	40,667	228,961	274,976	740	6,750	2,041	9,531
Asia								
Cash and bank balances	–	1,723	12	1,735	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	7,420	15	7,435	–	2,388	–	2,388
Trading assets	–	–	–	–	76	91	7	174
Margin money and settlement assets	626	1,295	252	2,173	–	–	–	–
Derivative assets	–	–	–	–	34	1,756	2,563	4,353
Financial investments	–	346	–	346	–	138	14	152
Other assets	1	4	157	162	–	–	446	446
Loan assets	–	301	759	1,060	–	–	–	–
Due from other Macquarie Group entities	–	239	15	254	–	9	1	10
Undrawn credit commitments	–	13	38	51	–	–	–	–
Total Asia	627	11,341	1,248	13,216	110	4,382	3,031	7,523

[1] Loan assets in the Australia and New Zealand includes home loans of $181,290 million, Corporate, commercial and other lending of $20,320 million and asset financing of $643 million.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								CONSOLIDATED 2026
Europe, Middle East and Africa								
Cash and bank balances	-	3,927	-	3,927	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	1,403	22,176	815	24,394	-	1,749	-	1,749
Trading assets	-	-	-	-	-	15	2,995	3,010
Margin money and settlement assets	-	8,067	1,967	10,034	-	-	-	-
Derivative assets	-	-	-	-	16	7,701	11,871	19,588
Financial investments	635	687	10	1,332	-	-	68	68
Other assets	-	455	520	975	-	5	1,202	1,207
Loan assets	-	1,930	9,764	11,694	-	34	489	523
Due from other Macquarie Group entities	-	163	286	449	-	81	70	151
Undrawn credit commitments	28	439	1,655	2,122	-	-	-	-
Total Europe, Middle East and Africa	2,066	37,844	15,017	54,927	16	9,585	16,695	26,296
Americas								
Cash and bank balances	-	5,516	5	5,521	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	21,425	776	22,201	-	5,138	-	5,138
Trading assets	-	-	-	-	4,045	-	637	4,682
Margin money and settlement assets	88	4,304	224	4,616	-	-	30	30
Derivative assets	-	-	-	-	8	11,082	2,927	14,017
Financial investments	-	1,081	58	1,139	-	-	-	-
Other assets	-	47	248	295	-	-	1,682	1,682
Loan assets	-	5,886	3,815	9,701	-	218	27	245
Due from other Macquarie Group entities	-	471	2	473	-	511	15	526
Undrawn credit commitments	29	609	2,463	3,101	-	-	-	-
Total Americas	117	39,339	7,591	47,047	4,053	16,949	5,318	26,320
Total gross credit risk[1]	8,158	129,191	252,817	390,166	4,919	37,666	27,085	69,670

[1] The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposure values will not equal the amount presented in the Statement of financial position.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Consolidated Entity's financial assets and undrawn credit commitments. The geographical location is determined by the country of risk to which the Consolidated Entity is most exposed when assessing the counterparty to meet its obligations as they fall due, however, where the exposures are subject to multiple countries of risk, geographical allocation has been determined based on counterparty's country of domicile. The counterparty type is based on the Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. Government represents Australian and foreign governments, including government departments and agencies. Financial institutions represent central banks and central borrowing authorities, Australian and foreign banks, registered financial corporations, insurance corporations, funds, financial intermediaries, and auxiliaries. Retail and others represent public and private trading enterprises and retail banking customers.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								CONSOLIDATED 2025
Australia and New Zealand								
Cash and bank balances	–	14,787	–	14,787	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	7,200	620	7,820	–	422	–	422
Trading assets	–	–	–	–	946	307	6	1,259
Margin money and settlement assets	5	1,941	34	1,980	–	–	–	–
Derivative assets	–	–	–	–	10	1,284	1,806	3,100
Financial investments	1,469	13,384	128	14,981	–	–	–	–
Other assets	–	108	801	909	–	99	–	99
Loan assets[1]	30	2,009	161,602	163,641	–	24	46	70
Due from other Macquarie Group entities	–	2,193	9	2,202	–	2,555	1	2,556
Undrawn credit commitments	37	836	22,116	22,989	–	–	–	–
Total Australia and New Zealand	1,541	42,458	185,310	229,309	956	4,691	1,859	7,506
Asia								
Cash and bank balances	–	821	–	821	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	5,770	17	5,787	–	1,238	722	1,960
Trading assets	–	–	–	–	–	–	155	155
Margin money and settlement assets	–	968	207	1,175	–	–	–	–
Derivative assets	–	–	–	–	56	1,438	616	2,110
Financial investments	–	380	–	380	–	105	5	110
Other assets	1	–	150	151	–	–	300	300
Loan assets	–	179	1,131	1,310	–	–	–	–
Due from other Macquarie Group entities	–	237	16	253	–	–	–	–
Undrawn credit commitments	–	4	95	99	–	–	–	–
Total Asia	1	8,359	1,616	9,976	56	2,781	1,798	4,635

[1] Loan assets in the Australia and New Zealand includes home loans of $141,549 million, Corporate, commerical and other lending of $19,089 million and asset financing of $3,078 million.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								CONSOLIDATED 2025
Europe, Middle East and Africa								
Cash and bank balances	–	2,529	–	2,529	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	1,449	16,779	142	18,370	–	1,944	–	1,944
Trading assets	–	–	–	–	61	37	2,104	2,202
Margin money and settlement assets	5	7,720	3,884	11,609	–	–	–	–
Derivative assets	–	–	–	–	–	5,881	3,390	9,271
Financial investments	256	463	8	727	–	–	–	–
Other assets	–	6	707	713	–	4	1,104	1,108
Loan assets	–	831	5,084	5,915	–	–	374	374
Due from other Macquarie Group entities	–	143	295	438	–	1	126	127
Undrawn credit commitments	17	291	1,060	1,368	–	–	–	–
Total Europe, Middle East and Africa	1,727	28,762	11,180	41,669	61	7,867	7,098	15,026
Americas								
Cash and bank balances	–	4,132	–	4,132	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	19,467	168	19,635	298	3,931	–	4,229
Trading assets	–	–	–	–	3,371	6	695	4,072
Margin money and settlement assets	37	4,227	726	4,990	–	–	353	353
Derivative assets	–	–	–	–	152	7,231	2,072	9,455
Financial investments	–	637	105	742	–	–	–	–
Other assets	1	48	158	207	–	–	2,059	2,059
Loan assets	12	5,949	3,285	9,246	–	298	26	324
Due from other Macquarie Group entities	–	439	1	440	–	1	–	1
Undrawn credit commitments	40	561	1,789	2,390	–	–	–	–
Total Americas	90	35,460	6,232	41,782	3,821	11,467	5,205	20,493
Total gross credit risk[1]	3,359	115,039	204,338	322,736	4,894	26,806	15,960	47,660

[1] The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposure values will not equal the amount presented in the Statements of financial position.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Company's financial assets and undrawn credit commitments. The geographical location is determined by the country of risk to which the Company is most exposed when assessing the counterparty to meet its obligations as they fall due, however, where the exposures are subject to multiple countries of risk, geographical allocation has been determined based on counterparty's country of domicile. The counterparty type is based on the Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. Government represents Australian and foreign governments, including government departments and agencies. Financial institutions represent central banks and central borrowing authorities, Australian and foreign banks, registered financial corporations, insurance corporations, funds, financial intermediaries, and auxiliaries. Retail and others represent public and private trading enterprises and retail banking customers.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								COMPANY 2026
Australia and New Zealand								
Cash and bank balances	-	7,962	-	7,962	-	448	-	448
Cash collateralised lending and reverse repurchase agreements	-	12,755	561	13,316	-	723	-	723
Trading assets	-	-	-	-	737	583	6	1,326
Margin money and settlement assets	3	1,863	167	2,033	-	-	10	10
Derivative assets	-	-	-	-	3	2,165	1,970	4,138
Financial investments	5,284	15,026	155	20,465	-	-	-	-
Other assets	-	75	793	868	-	126	-	126
Loan assets[1]	-	2,051	200,117	202,168	-	-	30	30
Due from subsidiaries	-	7,377	1	7,378	-	88	6	94
Due from other Macquarie Group entities	-	187	13	200	-	2,553	-	2,553
Undrawn credit commitments	34	644	26,425	27,103	-	-	-	-
Total Australia and New Zealand	5,321	47,940	228,232	281,493	740	6,686	2,022	9,448
Asia								
Cash and bank balances	-	1,275	-	1,275	-	-	-	-
Cash collateralised lending and reverse repurchase agreements	-	7,420	15	7,435	-	2,388	-	2,388
Trading assets	-	-	-	-	76	91	4	171
Margin money and settlement assets	626	1,234	201	2,061	-	-	-	-
Derivative assets	-	-	-	-	34	1,750	2,292	4,076
Financial investments	-	346	-	346	-	138	14	152
Other assets	1	4	147	152	-	-	330	330
Loan assets	-	301	614	915	-	-	-	-
Due from subsidiaries	-	54	435	489	-	-	18	18
Due from other Macquarie Group entities	-	174	4	178	-	9	1	10
Undrawn credit commitments	-	10	31	41	-	-	-	-
Total Asia	627	10,818	1,447	12,892	110	4,376	2,659	7,145

[1] Loan assets in the Australia and New Zealand includes home loans of $181,290 million Corporate, commerical and other lending of $20,291 million and asset financing of $616 million.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								COMPANY 2026
Europe, Middle East and Africa								
Cash and bank balances	–	1,235	–	1,235	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	1,403	20,934	568	22,905	–	1,298	–	1,298
Trading assets	–	–	–	–	–	15	2,536	2,551
Margin money and settlement assets	–	7,176	1,809	8,985	–	–	–	–
Derivative assets	–	–	–	–	16	7,516	8,214	15,746
Financial investments	552	576	10	1,138	–	–	68	68
Other assets	–	19	403	422	–	–	923	923
Loan assets	–	1,550	5,474	7,024	–	34	379	413
Due from subsidiaries	–	2,306	1	2,307	–	3,484	–	3,484
Due from other Macquarie Group entities	–	2	232	234	–	35	65	100
Undrawn credit commitments	–	1,789	1,401	3,190	–	–	–	–
Total Europe, Middle East and Africa	1,955	35,587	9,898	47,440	16	12,382	12,185	24,583
Americas								
Cash and bank balances	–	4,899	–	4,899	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	21,014	245	21,259	–	5,139	–	5,139
Trading assets	–	–	–	–	3,976	–	354	4,330
Margin money and settlement assets	88	3,129	20	3,237	–	–	–	–
Derivative assets	–	–	–	–	8	10,921	2,756	13,685
Financial investments	–	1,064	58	1,122	–	–	–	–
Other assets	–	47	204	251	–	–	1,206	1,206
Loan assets	–	5,591	3,415	9,006	–	218	12	230
Due from subsidiaries	–	635	–	635	–	544	–	544
Due from other Macquarie Group entities	–	158	–	158	–	233	15	248
Undrawn credit commitments	29	650	2,375	3,054	–	–	–	–
Total Americas	117	37,187	6,317	43,621	3,984	17,055	4,343	25,382
Total gross credit risk[1]	8,020	131,532	245,894	385,446	4,850	40,499	21,209	66,558

[1] The gross exposure for financial assets measured at amortised cost represents the amortised cost before the ECL allowance and for financial assets measured at FVOCI represents carrying value before fair value adjustments. Accordingly, these exposure values will not equal the amount presented in the Statement of financial position.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Credit risk concentration

The table below details the concentration of credit risk by significant geographical location and counterparty type of the Company's financial assets and undrawn credit commitments. The geographical location is determined by the country of risk to which the Company is most exposed when assessing the counterparty to meet its obligations as they fall due, however, where the exposures are subject to multiple countries of risk, geographical allocation has been determined based on counterparty's country of domicile. The counterparty type is based on the Standard Economic Sector Classifications of Australia (SESCA) used by the Australian Bureau of Statistics. Government represents Australian and foreign governments, including government departments and agencies. Financial institutions represent central banks and central borrowing authorities, Australian and foreign banks, registered financial corporations, insurance corporations, funds, financial intermediaries, and auxiliaries. Retail and others represent public and private trading enterprises and retail banking customers.

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								COMPANY 2025
Australia and New Zealand								
Cash and bank balances	–	14,777	–	14,777	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	7,200	56	7,256	–	421	–	421
Trading assets	–	–	–	–	946	307	6	1,259
Margin money and settlement assets	5	1,940	35	1,980	–	–	–	–
Derivative assets	–	–	–	–	10	1,134	1,805	2,949
Financial investments	1,469	13,385	128	14,982	–	–	–	–
Other assets	–	73	786	859	–	98	–	98
Loan assets[1]	–	2,010	161,599	163,609	–	28	14	42
Due from subsidiaries	–	3,241	–	3,241	–	253	–	253
Due from other Macquarie Group entities	–	2,166	–	2,166	–	2,555	1	2,556
Undrawn credit commitments	37	838	22,112	22,987	–	–	–	–
Total Australia and New Zealand	1,511	45,630	184,716	231,857	956	4,796	1,826	7,578
Asia								
Cash and bank balances	–	452	–	452	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	5,770	17	5,787	–	1,238	722	1,960
Trading assets	–	–	–	–	–	–	161	161
Margin money and settlement assets	–	903	166	1,069	–	–	–	–
Derivative assets	–	–	–	–	56	1,437	574	2,067
Financial investments	–	380	–	380	–	104	5	109
Other assets	1	–	137	138	–	–	300	300
Loan assets	–	179	797	976	–	–	–	–
Due from subsidiaries	–	68	20	88	–	1	8	9
Due from other Macquarie Group entities	–	147	6	153	–	–	–	–
Undrawn credit commitments	–	1	87	88	–	–	–	–
Total Asia	1	7,900	1,230	9,131	56	2,780	1,770	4,606

[1] Loan assets in the Australia and New Zealand includes home loans of $141,549 million Corporate, commerical and other lending of $19,057 million and asset financing of $3,048 million.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

	GROSS EXPOSURE FOR FINANCIAL ASSETS SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9				GROSS EXPOSURE FOR FINANCIAL ASSETS NOT SUBJECT TO IMPAIRMENT REQUIREMENT OF AASB9			
	Governments $m	Financial institutions $m	Retail and other $m	Total $m	Governments $m	Financial institutions $m	Retail and other $m	Total $m
								COMPANY 2025
Europe, Middle East and Africa								
Cash and bank balances	–	1,298	–	1,298	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	1,449	15,697	99	17,245	–	1,442	1	1,443
Trading assets	–	–	–	–	61	37	1,800	1,898
Margin money and settlement assets	5	6,719	3,834	10,558	–	–	–	–
Derivative assets	–	–	–	–	–	5,681	2,332	8,013
Financial investments	171	463	8	642	–	–	–	–
Other assets	–	5	657	662	–	–	338	338
Loan assets	–	712	3,802	4,514	–	–	258	258
Due from subsidiaries	–	250	2	252	–	1,212	–	1,212
Due from other Macquarie Group entities	–	136	219	355	–	–	126	126
Undrawn credit commitments	–	927	861	1,788	–	–	–	–
Total Europe, Middle East and Africa	1,625	26,207	9,482	37,314	61	8,372	4,855	13,288
Americas								
Cash and bank balances	–	3,573	–	3,573	–	–	–	–
Cash collateralised lending and reverse repurchase agreements	–	19,090	168	19,258	–	3,973	–	3,973
Trading assets	–	–	–	–	3,338	6	356	3,700
Margin money and settlement assets	12	2,308	78	2,398	–	–	–	–
Derivative assets	–	–	–	–	8	6,670	1,516	8,194
Financial investments	–	637	105	742	–	–	–	–
Other assets	–	49	112	161	–	1	1,204	1,205
Loan assets	–	5,802	2,908	8,710	–	298	21	319
Due from subsidiaries	–	488	–	488	–	591	–	591
Due from other Macquarie Group entities	–	5	–	5	–	–	–	–
Undrawn credit commitments	40	2,012	1,719	3,771	–	–	–	–
Total Americas	52	33,964	5,090	39,106	3,346	11,539	3,097	17,982
Total gross credit risk[1]	3,189	113,701	200,518	317,408	4,419	27,487	11,548	43,454

[1] The gross exposure of financial assets measured at amortised cost represents the amortised cost before the ECL allowance and the gross exposure of financial assets measured at FVOCI represents carrying value before fair value adjustments and ECL allowance. Accordingly, these exposure values will not equal the amount presented in the Statements of financial position.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Maximum exposure to credit risk

For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet (refer to Note 20 *Measurement categories of financial instruments*). For off balance sheet instruments, the maximum exposure to credit risk is a function of the contractual notional amount except for certain usage-based guarantees in which case the maximum exposure is determined with respect to the fair value of the underlying exposure and is disclosed in Note 7 *Expected credit losses*.

Collateral and credit enhancements held

Cash collateralised lending and reverse repurchase agreements

The Consolidated Entity enters into securities and commodities borrowing and reverse repurchase transactions with counterparties which require lodgement of collateral. These arrangements include:

- securities and commodities borrowed in return for cash, for which the fair value of the securities and commodities borrowed is equal to or less than the cash deposited with the counterparty
- reverse repurchase agreements (collateralised financing arrangements) for which the fair value of the securities and commodities received as collateral is generally in excess of the principal amount
- securities received as collateral in return for the transfer of other securities
- securities borrowed on an unsecured basis in return for a fee.

The non-cash collateral received is not recognised by the Consolidated Entity in the Statements of financial position, as the risks and rewards of ownership remain with the counterparty. The Consolidated Entity is permitted to sell or repledge the securities and commodities received. In the absence of default by the counterparty, the Consolidated Entity has an obligation to return the non-cash collateral received to counterparty.

For securities and commodities borrowed in return for cash and reverse repurchase arrangements, the fair value of non-cash collateral received by the Consolidated Entity is $82,982 million (2025: $61,829 million) and the Company is $79,618 million (2025: $59,021 million).

For securities borrowed in return for other securities, the fair value of the securities received by the Consolidated Entity is $18,353 million (2025: $16,719 million) and by the Company is $18,353 million (2025: $16,716 million).

For securities borrowed on an unsecured basis, the fair value of the securities received by the Consolidated Entity is $6,158 million (2025: $7,063 million) and the Company is $5,509 million (2025: $3,604 million).

Refer to Note 33 *Pledged assets and transfers of assets* for securities and commodity which have been repledged.

The fair value attributed to non-cash collateral held is judgemental and measured with reference to quoted prices in active markets where available (for example, listed securities). If quoted prices in active markets are not available, the fair value are estimated using pricing models or other recognised valuation techniques that maximise the use of quoted prices and observable market inputs. The fair value of these securities and commodities were determined when last assessed and are determined periodically.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Loan assets

Home loans

The following table provides information on the loan to collateral value ratio as determined using loan carrying values and the most recent valuation of the home loan collateral.

	CONSOLIDATED AND COMPANY	
	2026	2025
Loan-to-Value (LTV)	**$m**	$m
<= 25%	**5,933**	4,922
>25% to 50%	**36,181**	29,452
>50% to 70%	**68,930**	55,937
>70% to 80%	**67,017**	48,206
>80% to 90%	**4,622**	4,134
>90% to 100%	**334**	310
Partly collateralised	**23**	25
Total home loans	**183,040**	142,986

Corporate, commercial and other lending

Collateral held against corporate, commercial and other lending consists of secured positions over assets of the counterparty, often in the form of corporate assets. For the Consolidated Entity, of the term lending of $38,023 million (2025: $31,468 million), the credit exposure after considering the estimated value of collateral and credit enhancements is $3,892 million (2025: $2,438 million). For the Company, of the term lending of $33,198 million (2025: $29,824 million), the credit exposure after the estimated value of collateral and credit enhancements is $2,863 million (2025: $1,958 million).

Asset financing

The Consolidated Entity leases assets and provides asset-related financing, to corporate and retail clients. Titles to the underlying assets are held by the Consolidated Entity as collateral. Of the asset finance portfolio of $5,149 million (2025: $6,932 million), the credit exposure after considering the depreciated value of collateral is $749 million (2025: $1,650 million). For the Company, of the asset finance portfolio of $4,343 million (2025: $6,184 million), the credit exposure after considering the depreciated value of collateral is $426 million (2025: $1,298 million).

Derivative instruments

Derivatives may be traded on an exchange (exchange traded) or they may be privately negotiated contracts, which are referred to as Over-the-Counter (OTC) derivatives. The Consolidated Entity's and the Company's OTC derivatives are cleared and settled either through central clearing counterparties (OTC-cleared), or bilateral contracts between two counterparties.

The Consolidated Entity's approach to financial risk management includes entering into margining and collateralisation arrangements and enforceable master netting arrangements (MNA) with counterparties. The MNAs allow for net settlement with counterparties in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's financial position in that circumstance is to settle these contracts as one arrangement.

The Consolidated Entity receives both cash and non-cash collateral in relation to margining arrangements. Refer Note 32 *Offsetting financial assets and financial liabilities* for impact of master netting arrangements and margins and other financial collateral held against the positions as at balance date. In addition, the Consolidated Entity and the Company use a variety of credit risk mitigation strategies (for example: credit insurance facilities) to manage the large exposures.

Refer Note 33 *Pledged assets and transfers of assets* for non-cash collateral received and repledged as part of derivative margining arrangements.

Note 30

Financial risk management continued

Note 30.1 Credit risk continued

Financial investments

Debt securities held by the Consolidated Entity carrying a credit risk are primarily in nature of bonds, Non-Convertible Debentures (NCD), floating rate notes (FRN), commercial paper and other debt securities for liquidity management purposes and other securities for short-term gains.

Settlement assets

Security and commodity settlements of $2,821 million (2025: $1,890 million) and $825 million (2025: $1,816 million) in the Consolidated Entity and $2,822 million (2025: $1,905 million) and $802 million (2025: $805 million) in the Company, presented in Note 9 Margin money and settlement assets represent amounts owed by the exchange (or a client) for equities, commodities and other securities sold. These assets are secured with the underlying equity securities, commodities or cash held by the Consolidated Entity and the Company until the date of settlement. The period between trade and settlement date varies as per regional regulatory and business norms.

Other financial assets

Commodity financing receivables of $4,231 million (2025: $4,345 million) in the Consolidated Entity and $3,348 million (2025: $2,724 million) in the Company under other financial assets are typically either collateralised with the underlying commodity held by the Consolidated Entity until the date of settlement or short-term receivables with standard credit terms which would be backed by a bank guarantee where required to remain within credit limits.

Due from subsidiaries and other Macquarie Group entities and guarantees received

The Consolidated Entity's and the Company's certain exposures with its subsidiaries, other Macquarie Group entities and guarantees provided are based on standard terms and are fully or partially collateralised. Refer to Note 24 *Related party information* and Note 32 *Offsetting financial assets and financial liabilities* for details.

Credit commitments

Undrawn facilities and lending commitments of $32,367 million (2025: $26,846 million) in the Consolidated Entity and $33,388 million (2025: $28,634 million) in the Company are secured through collateral and credit enhancement. The remaining credit exposure after considering the estimated value of collateral is $7,167 million (2025: $5,687 million) in the Consolidated Entity and $7,027 million (2025: $5,655 million) in the Company.

Additional collateral

Apart from the collateral detail disclosed above, the Consolidated Entity and the Company also holds other types of collateral, such as unsupported guarantees. While such mitigants have value as a credit risk mitigant often providing rights in insolvency, their assignable values are uncertain and therefore are assigned no value for disclosure purposes.

For all collateral, in the event of default realised collateral values may be lower than the value of collateral as at the reporting date.

Repossessed collateral

In the event of a customer default, the Consolidated Entity may either take possession of the underlying collateral held as security and/or exercise its right to dispose of the customer's asset. At the reporting date the Consolidated Entity did not have any material amounts of such collateral recognised in its Statements of financial position.

Note 30.2 Liquidity risk

Governance and oversight

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

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

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

Liquidity policy and risk appetite

The *MBL Liquidity Policy* is designed so that the Bank Group maintains sufficient liquidity to meet its obligations as they fall due.

The *MBL Liquidity Policy* outlines the standalone framework for the Bank Group and its principles are consistent with the *MGL Liquidity Policy*.

Macquarie Bank's liquidity risk appetite is intended to ensure that Macquarie Bank is able to meet all of its liquidity obligations during a period of liquidity stress: a twelve month period with constrained access to funding markets while preserving the capabilities of Macquarie Bank's franchise businesses. MBL is an authorised deposit-taking institution and is funded mainly with deposits, long-term liabilities and capital.

Note 30

Financial risk management continued

Note 30.2 Liquidity risk continued

Liquidity contingency plan

Group Treasury maintains a *Liquidity Contingency Plan* for MBL, which outlines how a liquidity crisis would be managed. The plan defines roles and responsibilities and actions to be taken in a liquidity event, including identifying key information requirements and appropriate communication plans with both internal and external parties.

Specifically, the plan details:

- factors that may constitute a crisis;
- the officers responsible for invoking the plan;
- a committee of senior executives responsible for managing a crisis;
- the information required to effectively manage a crisis;
- a communications strategy;
- a high level checklist of possible actions to conserve or raise additional liquidity; and
- contact lists to facilitate prompt communication with all key internal and external stakeholders.

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

The *Liquidity Contingency Plan* is subject to regular review by both Group Treasury and RMG. It is submitted annually to the MBL ALCO and MBL Board for approval.

Macquarie Bank is a global financial institution, with branches and subsidiaries in a variety of countries. Regulations in certain countries may require some branches or subsidiaries to have specific local contingency plans. Where that is the case, the *Liquidity Contingency Plan* contains either a supplement or a reference to a separate document providing the specific information required for those branches or subsidiaries.

Funding strategy

Macquarie Bank prepares a centralised *Funding Strategy* for MBL on an annual basis and monitors progress against the strategy throughout the year.

The Funding Strategy aims to:

- maintain Macquarie Bank's diversity of funding sources across a range of tenors, currencies and products; and
- ensure ongoing compliance with all liquidity requirements and facilitate forecast asset growth.

The *Funding Strategy* is reviewed by the MBL ALCO and approved by the MBL Board.

Scenario analysis

Scenario analysis is central to Macquarie Bank's liquidity risk management framework. In addition to regulatory defined scenarios, Group Treasury models additional liquidity scenarios covering both market-wide and Macquarie Bank name-specific crises.

These scenarios use a range of assumptions, which Macquarie Bank intends to be conservative, regarding the level of access to capital markets, deposit outflows, contingent funding requirements and asset sales.

As an example, one internal scenario projects the expected cash and liquid asset position during a combined market-wide and Macquarie Bank name-specific crisis over a twelve month time frame. This scenario assumes no access to wholesale funding markets, a significant loss of deposits and contingent funding outflows resulting from undrawn commitments, market moves impacting derivatives and other margined positions combined with a multiple notch credit rating downgrade. Macquarie Bank's cash and liquid asset portfolio must exceed the minimum requirement as calculated in this scenario at all times.

Liquid asset holdings

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

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

Funds transfer pricing

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

Note 30

Financial risk management continued

Note 30.2 Liquidity risk continued

Contractual undiscounted cash flows

The following tables summarise the maturity profile of the Consolidated Entity's financial liabilities as at 31 March based on a contractual undiscounted repayment basis and hence would vary from the carrying value as reported in the Statements of financial position at the balance date. Repayments subject to notice are treated as if notice were given immediately. This does not reflect the behaviour of the expected cash flows as indicated by the Consolidated Entity's deposit retention history since the Consolidated Entity expects that many customers will not request repayment on the earliest date the Consolidated Entity could be required to pay.

	Statements of financial position carrying value $m	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	More than 5 years $m	Total $m
						CONSOLIDATED 2026
Deposits[1]	221,547	212,514	8,983	300	35	221,832
Cash collateralised borrowing and repurchase agreements	6,819	3,886	2,937	-	-	6,823
Trading liabilities[2]	12,294	12,294	-	-	-	12,294
Margin money and settlement liabilities	27,662	27,668	-	-	-	27,668
Derivative liabilities (trading)[2]	35,548	35,548	-	-	-	35,548
Derivative liabilities (hedge accounting relationships)[3]	799	-				
Contractual amounts payable		487	1,283	3,552	116	5,438
Contractual amounts receivable		(302)	(1,092)	(2,987)	(69)	(4,450)
Other liabilities	5,752	2,187	2,932	494	319	5,932
Issued debt securities and other borrowings[4]	94,599	24,404	38,537	34,360	2,329	99,630
Due to other Macquarie Group entities	14,956	14,029	-	958	-	14,987
Loan capital[5]	14,068	1,321	2,354	9,090	5,709	18,474
Total liabilities[6]	434,044	334,036	55,934	45,767	8,439	444,176
Total contingent liabilities and commitments[7]		32,814	32	-	-	32,846
Total contractual undiscounted cash flows		366,850	55,966	45,767	8,439	477,022

1 Includes deposits that are contractually at call and are expected to provide a degree of funding stability, subject to regular review.
2 Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.
3 Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.
4 Includes $9,853 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment maturity of the underlying loans that the SE holds.
5 Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 29 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.
6 The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to its funding sources during the financial years reported.
7 Includes undrawn credit commitments and performance related contingencies in 0 to 3 months maturity band to reflect their earliest possible maturity. Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 30

Financial risk management continued

Note 30.2 Liquidity risk continued

	Statements of financial position carrying value $m	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	More than 5 years $m	Total $m
						CONSOLIDATED 2025
Deposits[1]	177,671	169,603	7,862	484	–	177,949
Cash collateralised borrowing and repurchase agreements[2]	4,692	1,551	3,235	–	–	4,786
Trading liabilities[3]	5,753	5,771	–	–	–	5,771
Margin money and settlement liabilities	23,610	23,618	–	–	–	23,618
Derivative liabilities (trading)[2]	22,380	22,380	–	–	–	22,380
Derivative liabilities (hedge accounting relationships)[4]	804	–				
Contractual amounts payable		442	2,023	2,108	121	4,694
Contractual amounts receivable		(306)	(1,834)	(1,617)	(79)	(3,836)
Other liabilities	5,830	3,324	1,620	702	381	6,027
Issued debt securities and other borrowings[5]	85,804	16,923	42,378	27,059	4,377	90,737
Due to other Macquarie Group entities	8,923	5,936	–	2,987	–	8,923
Loan capital[6]	12,540	2,093	1,143	7,519	4,822	15,577
Total liabilities	348,007	251,335	56,427	39,242	9,622	356,626
Total contingent liabilities and commitments[7]		27,402	123	–	–	27,525
Total contractual undiscounted cash flows		278,737	56,550	39,242	9,622	384,151

1 Includes deposits that are contractually at call and are expected to provide a degree of funding stability, subject to regular review.
2 Included $9,556 million of RBA Term Funding Facility which was repaid in June 2024.
3 Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.
4 Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.
5 Includes $10,794 million payables to SE note holders which is disclosed on the basis of expected maturity of the notes which are dependent on the repayment of the underlying loans that the SE holds.
6 Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 29 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.
7 Includes undrawn credit commitments and performance related contingencies in 0 to 3 months maturity band to reflect their earliest possible maturity. Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 30

Financial risk management continued

Note 30.2 Liquidity risk continued

	Statements of financial position carrying value $m	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	More than 5 years $m	Total $m
						COMPANY 2026
Deposits[1]	220,385	211,691	8,637	299	35	220,662
Cash collateralised borrowing and repurchase agreements	6,221	3,472	2,753	–	–	6,225
Trading liabilities[2]	12,294	12,294	–	–	–	12,294
Margin money and settlement liabilities	25,019	25,019	–	–	–	25,019
Derivative liabilities (trading)[2]	30,626	–	–	–	–	–
Derivative liabilities (hedge accounting relationships)[3]	748					
Contractual amounts payable		463	1,183	967	116	2,729
Contractual amounts receivable		(302)	(1,023)	(570)	(69)	(1,964)
Other liabilities	4,575	1,736	2,765	91	3	4,595
Issued debt securities and other borrowings	80,463	23,635	35,868	23,345	689	83,537
Due to subsidiaries	21,399	10,015	2,158	9,202	1,566	22,941
Due to other Macquarie Group entities	12,636	12,630	–	9	–	12,639
Loan capital[4]	14,064	1,284	2,354	9,090	5,709	18,437
Total liabilities[5]	428,430	301,937	54,695	42,433	8,049	407,114
Total contingent liabilities and commitments[6]		33,821	9	2	–	33,832
Total contractual undiscounted cash flows		335,758	54,704	42,435	8,049	440,946

1 Includes deposits that are contractually at call. These deposits provide a stable source of long-term funding.
2 Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.
3 Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.
4 Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 29 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.
5 The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to its funding sources during the financial years reported.
6 Includes undrawn credit commitments and performance related contingencies in 0 to 3 months maturity band to reflect their earliest possible maturity. Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 30

Financial risk management continued

Note 30.2 Liquidity risk continued

	Statements of financial position carrying value $m	0 to 3 months $m	3 to 12 months $m	1 to 5 years $m	More than 5 years $m	Total $m
						COMPANY 2025
Deposits[1]	176,043	168,929	6,994	374	–	176,297
Cash collateralised borrowing and repurchase agreements	4,690	1,550	3,234	–	–	4,784
Trading liabilities[2]	5,558	5,577	–	–	–	5,577
Margin money and settlement liabilities	20,552	20,558	–	–	–	20,558
Derivative liabilities (trading)[2]	20,388	20,388	–	–	–	20,388
Derivative liabilities (hedge accounting relationships)[3]	795					
Contractual amounts payable		399	1,914	1,984	121	4,418
Contractual amounts receivable		(263)	(1,730)	(1,495)	(79)	(3,567)
Other liabilities	4,060	2,618	1,263	183	–	4,064
Issued debt securities and other borrowings	67,006	15,165	38,708	14,359	955	69,187
Due to subsidiaries	19,448	7,460	2,542	9,519	1,347	20,868
Due to other Macquarie Group entities	8,423	5,453	–	2,970	–	8,423
Loan capital[4]	12,540	2,093	1,143	7,519	4,822	15,577
Total liabilities[5]	339,503	249,927	54,068	35,413	7,166	346,574
Total contingent liabilities and commitments[6]		29,148	101	–	–	29,249
Total contractual undiscounted cash flows		279,075	54,169	35,413	7,166	375,823

1 Includes deposits that are contractually at call. These deposits provide a stable source of long-term funding.
2 Derivative liabilities (trading) and trading liabilities are included in the '0 to 3 months' at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity, as they are frequently traded.
3 Where multiple derivatives are combined in order to form a single hedge instrument designated in a hedge accounting relationship, each derivative is considered independently for the purposes of assessing liquidity risk and for the disclosure's requirements.
4 Includes securities with conditional repayment obligations. The cash outflow on the principal component on these securities is disclosed using the earliest optional exchange dates and the cash outflow of the interest component is disclosed using coupon dates instead of the contractual maturity. For contractual maturity of these securities refer to Note 29 *Loan capital*, further these instruments may be converted into ordinary shares on the occurrence of an other exchange event, and this may impact their maturity profile.
5 The Consolidated Entity and the Company have not had any defaults of principal, interest or other breaches with respect to its funding sources during the financial years reported
6 Includes undrawn credit commitments and performance related contingencies in 0 to 3 months maturity band to reflect their earliest possible maturity. Cash flows on contingent liabilities and commitments are dependent on the occurrence of various future events and conditions and may or may not result in an outflow of resources.

Note 30

Financial risk management continued

Note 30.3 Market risk

Macquarie's balance sheet includes a '**trading book**', which is defined in accordance with APRA's traded market risk prudential standard (APS116), and subject to the traded market risk framework. Any position not deemed to be trading book is considered to be '**banking book**', and covered by either the non-traded market risk or equity risk frameworks.

MBL holds regulatory capital for traded and non-traded market risk in accordance with the requirements of APS116 and APS117.

Traded Market Risk

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

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

It is recognised that all trading activities contain calculated elements of risk taking. The Consolidated Entity is prepared to accept such risks provided they are within agreed limits, independently and correctly identified, calculated and monitored by RMG, and reported to Senior Management on a regular basis.

RMG monitors positions within the Consolidated Entity according to a limit structure which sets limits for all exposures in all markets. Limits are set for both individual trading desks and divisions as well as in aggregate.

RMG sets three complementary limit structures:

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

Note 30

Financial risk management continued

Note 30.3 Market risk continued

Traded Market Risk Value-at-Risk

The VaR model uses a Monte Carlo simulation where price and volatility risk factors are derived from multiple normal distributions, based on three years of historical data. The following factors can limit the effectiveness of VaR in predicting future price moves:

- the use of historical data means that the current model parameters may not reflect future market conditions, especially when entering a period of heightened volatility. The model utilises exponential weighting to place emphasis on the most recent market movements to more accurately reflect current conditions.
- VaR is calculated at the 99% level of confidence and does not account for losses that could occur beyond this point.

The table below shows the average, maximum and minimum VaR over the financial year for the major markets in which the Consolidated Entity and Company operates. The VaR shown in the table is based on a one-day holding period being the mark-to-market loss that could be incurred over that period. The aggregated VaR includes the effects of correlation between risk factors.

	2026			2025		
Traded Value-at-Risk (1 day, 99% confidence level)	**Average $m**	**Maximum $m**	**Minimum $m**	Average $m	Maximum $m	Minimum $m
						CONSOLIDATED
Equities	**7.81**	**13.23**	**4.45**	7.99	11.63	4.02
Interest rates	**4.69**	**6.45**	**3.15**	4.36	6.98	3.08
Foreign exchange	**5.61**	**12.60**	**1.87**	3.72	6.62	1.86
Commodities and commodity contracts	**27.25**	**46.21**	**17.08**	23.79	38.90	17.44
Aggregate	**28.62**	**46.57**	**16.30**	26.51	40.18	19.60
						COMPANY
Equities	**7.85**	**13.40**	**4.48**	8.02	11.75	4.00
Interest rates	**5.32**	**8.21**	**2.99**	5.11	7.38	4.01
Foreign exchange	**6.80**	**12.05**	**3.41**	4.26	10.51	1.57
Commodities and commodity contracts	**20.94**	**31.39**	**15.02**	17.98	26.01	12.73
Aggregate	**23.55**	**34.02**	**14.74**	21.06	29.28	15.40

Non-Traded Market Risk

The Consolidated Entity and the Company have exposure to non-traded market risks arising from transactions entered into during its normal course of business and as a result of its investments in foreign operations. These risks include:

- **interest rate**: Changes in the level, shape and volatility of yield curves, and/or client behaviour given these changes
- **foreign exchange:** Changes in the spot exchange rates
- **credit spread:** exposure due to changes in market pricing for a given level of credit risk. Note this does not include idiosyncratic risk to a particular counterparty which is covered under Credit Risk frameworks.

The Consolidated Entity has limited appetite for non-traded market risks. Where commercially feasible, these risks are transferred into the trading books of CGM and Group Treasury and governed within the traded market risk framework described above. Responsibility for managing exposures rests with individual businesses, with independent monitoring performed by RMG and FPE.

Accounting considerations arising from hedging activities

The use of derivative and other financial instruments to hedge non-traded positions potentially gives rise to income statement volatility due to difference in accounting treatments. The Consolidated Entity manages this volatility through hedge accounting and use of naturally offsetting positions in the income statement as set out in Note 41(x) *Derivative instruments and hedging activities* and Note 34 *Hedge accounting*.

Note 30

Financial risk management continued

Note 30.3 Market risk continued

Interest rate risk in the banking book (IRRBB)

Macquarie measures and monitors interest rate risk on both an economic value and earnings basis, which are modelled as the worst-case contingent loss from a set of six severe interest rate shocks, including both parallel and non-parallel shocks. Aggregate IRRBB exposures for the Consolidated Entity are constrained on both measures:

- **Economic Value Sensitivity (EVS)**: The EVS metric measures the change in net present value of the interest-bearing portfolios in the banking book as a result of changes in interest rates.
- **Earnings at Risk (EaR):** The EaR model constrains the impact on reported net income over 12 months for a change in interest rates.

A central objective of the Consolidated Entity's *Non-traded Market Risk Policy* is to reduce earnings volatility to interest rate movements. A key component of this arises where shareholders' equity is invested in interest bearing assets and is managed by holding a portfolio of 'receive fixed' interest rate swaps. The duration of this hedging program is governed as part of the capital management strategy, and subject to independent oversight by RMG.

	2026	2025
Non-Traded Value-at-Risk	**$m**	**$m**
Economic Value Sensitivity	**52**	57
Earnings at Risk	**344**	**321**

Foreign exchange risk

The Consolidated Entity is active in various currencies globally. A key objective of the Consolidated Entity's Non-traded Market Risk Policy is to reduce this sensitivity of regulatory capital ratios to foreign currency movements.

This is achieved by leaving specific investments in foreign operations exposed to foreign currency translation movements and captured in the foreign currency translation reserve, a component of regulatory capital, which aligns the foreign exchange sensitivity of capital supply with that of foreign currency capital requirements.

The table below presents the sensitivity of the Consolidated Entity's net investment in foreign operations to the most material currencies. As a result of the policy described above, these movements will not have a material impact on the capital ratios.

	2026		2025	
	Movement in exchange rates	**Sensitivity of other comprehensive income after tax**	Movement in exchange rates	Sensitivity of other comprehensive income after tax
	%	**$m**	%	$m
				CONSOLIDATED
United States dollar	**+10**	**(651)**	+10	(670)
Pound sterling	**+10**	**(81)**	+10	(101)
Total		**(732)**		(771)
United States dollar	**-10**	**651**	-10	670
Pound sterling	**-10**	**81**	-10	101
Total		**732**		771
				COMPANY
United States dollar	**+10**	**(651)**	+10	(670)
Pound sterling	**+10**	**(81)**	+10	(101)
Total		**(732)**		(771)
United States dollar	**-10**	**651**	-10	670
Pound sterling	**-10**	**81**	-10	101
Total		**732**		771

Note 31

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.

Level 1	unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2	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).
Level 3	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 Statements of financial position (as disclosed in Note 20 *Measurement categories of financial instruments).*

Asset or liability	Valuation techniques, inputs and other significant assumptions
Cash and bank balances, Cash collateralised lending and reverse repurchase agreement, Cash collateralised borrowing and repurchase agreement	The fair values of cash and bank balance, cash collateralised lending and reverse repurchase agreement, cash collateral borrowing and repurchase agreement approximates their carrying amounts as these are highly liquid and short-term in nature.
Loan assets and Deposits	The fair values of fixed rate loan assets and term deposits is determined with reference to changes in interest rates and credit spreads. The fair values of variable rate loan assets and deposits approximates their carrying amounts, subject to any adjustment for changes in the credit spreads. The fair values of demand deposits with no fixed maturity approximates their carrying amount as they are short-term in nature or are payable on demand.
Financial investments	The fair values of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. The fair values of fixed rate debt investments carried is estimated by reference to current market rates offered on similar securities and the creditworthiness of the borrower. The fair values of variable rate debt investments approximate their carrying amounts, subject to any adjustment for changes in credit spreads.
Issued debt securities and other borrowings, and Loan capital	The fair values 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.
Margin money, settlement assets and settlement liabilities, Other financial assets and financial liabilities	The fair values 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.

Note 31

Fair value of assets and liabilities continued

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

Asset or liability	Valuation techniques, inputs and other significant assumptions
Trading assets, Trading liabilities and Derivatives	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 quoted prices and 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.
Repurchase and reverse repurchase agreements	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.
Financial investments	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.
Loan assets and Issued debt securities and other borrowings	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.
Other financial assets and financial liabilities	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 own credit 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 on page 145 below.

Note 31

Fair value of assets and liabilities continued

Assets and Liabilities measured at amortised cost

The fair values calculated for financial instruments which are carried in the Statements of financial position at amortised cost are for disclosure purposes only. The methods and assumptions applied to derive these fair values can require significant judgement by management and therefore may not necessarily be comparable to other financial institutions. Where information on the significance of unobservable inputs to the fair value measurement is not readily available, financial assets and financial liabilities measured at amortised cost are presented on the basis that unobservable inputs are significant to the position.

The following table summarises the levels of the fair value hierarchy of financial assets and financial liabilities measured at amortised cost except where the carrying value is approximately equal to the fair value.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
				CONSOLIDATED 2026
Assets				
Loan assets	**–**	**14,785**	**210,534**	**225,319**
Total assets	**–**	**14,785**	**210,534**	**225,319**
Liabilities				
Deposits	**171,215**	**31,621**	**18,690**	**221,526**
Issued debt securities and other borrowings	**697**	**88,856**	**4,142**	**93,695**
Loan capital	**2,410**	**11,947**	**–**	**14,357**
Total liabilities	**174,322**	**132,424**	**22,832**	**329,578**
				CONSOLIDATED 2025
Assets				
Loan assets	–	8,431	172,233	180,664
Total assets	–	8,431	172,233	180,664
Liabilities				
Deposits	134,769	24,845	18,068	177,682
Issued debt securities and other borrowings	489	78,464	5,673	84,626
Loan capital	2,539	10,355	–	12,894
Total liabilities	137,797	113,664	23,741	275,202

The financial assets and liabilities held with other Macquarie Group entities which are measured at amortised cost in the Company as at 31 March 2026 and 31 March 2025 are categorised as Level 3 in the fair value hierarchy.

Note 31

Fair value of assets and liabilities continued

Assets and Liabilities measured at amortised cost continued

The following table summarises the levels of the fair value hierarchy of financial assets and financial liabilities measured at amortised cost except where the carrying value is approximately equal to the fair value.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
				COMPANY 2026
Assets				
Loan assets	**–**	**9,724**	**210,125**	**219,849**
Total assets	**–**	**9,724**	**210,125**	**219,849**
Liabilities				
Deposits	**171,121**	**30,548**	**18,690**	**220,359**
Issued debt securities and other borrowings	**697**	**78,865**	**–**	**79,562**
Loan capital	**2,410**	**11,947**	**–**	**14,357**
Total liabilities	**174,228**	**121,360**	**18,690**	**314,278**
				COMPANY 2025
Assets				
Loan assets	–	6,536	171,415	177,951
Total assets	–	6,536	171,415	177,951
Liabilities				
Deposits	134,697	23,289	18,064	176,050
Issued debt securities and other borrowings	489	65,510	–	65,999
Loan capital	2,539	10,355	–	12,894
Total liabilities	137,725	99,154	18,064	254,943

The financial assets and liabilities held with subsidiaries and other Macquarie Group entities which are measured at amortised cost in the Company as at 31 March 2026 and 31 March 2025 are categorised as Level 3 in the fair value hierarchy.

Note 31

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
				CONSOLIDATED 2026
Assets				
Cash and bank balances[1]	**–**	**448**	**–**	**448**
Cash collateralised lending and reverse repurchase agreements	**–**	**56,297**	**–**	**56,297**
Trading assets	**28,411**	**8,817**	**930**	**38,158**
Margin money and settlement assets	**–**	**40**	**–**	**40**
Derivative assets	**2**	**41,806**	**440**	**42,248**
Financial investments	**5,705**	**14,356**	**191**	**20,252**
Other assets	**–**	**3,845**	**17**	**3,862**
Loan assets	**–**	**736**	**87**	**823**
Due from other Macquarie Group entities	**–**	**3,217**	**22**	**3,239**
Total assets	**34,118**	**129,562**	**1,687**	**165,367**
Liabilities				
Cash collateralised borrowing and repurchase agreements	**–**	**1,357**	**–**	**1,357**
Trading liabilities	**12,294**	**–**	**–**	**12,294**
Derivative liabilities	**12**	**35,829**	**506**	**36,347**
Other liabilities	**–**	**3,931**	**9**	**3,940**
Due to other Macquarie Group entities	**–**	**1,810**	**11**	**1,821**
Issued debt securities and other borrowings	**–**	**1,003**	**–**	**1,003**
Total liabilities	**12,306**	**43,930**	**526**	**56,762**
				CONSOLIDATED 2025
Assets				
Cash and bank balances[1]	–	32	–	32
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
Total assets	19,076	98,158	1,435	118,669
Liabilities				
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
Total liabilities	5,401	28,944	315	34,660

[1] Represents unallocated precious commodities held with financial institutions.

Note 31

Fair value of assets and liabilities continued

Assets and Liabilities measured at fair value continued

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
				COMPANY 2026
Assets				
Cash and bank balances[1]	–	448	–	448
Cash collateralised lending and reverse repurchase agreements	–	54,194	–	54,194
Trading assets	28,411	8,032	909	37,352
Margin money and settlement assets	–	10	–	10
Derivative assets	2	37,384	259	37,645
Financial investments	5,590	14,356	77	20,023
Other assets	–	2,967	17	2,984
Loan assets	–	597	76	673
Due from subsidiaries	–	4,051	89	4,140
Due from other Macquarie Group entities	–	2,911	–	2,911
Total assets	34,003	124,950	1,427	160,380
Liabilities				
Cash collateralised borrowing and repurchase agreements	–	1,357	–	1,357
Trading liabilities	12,294	–	–	12,294
Derivative liabilities	12	31,050	312	31,374
Other liabilities	–	3,548	9	3,557
Due to subsidiaries	–	5,378	152	5,530
Due to other Macquarie Group entities	–	1,481	–	1,481
Issued debt securities and other borrowings	–	951	–	951
Total liabilities	12,306	43,765	473	56,544
				COMPANY 2025
Assets				
Cash and bank balances[1]	–	32	–	32
Cash collateralised lending and reverse repurchase agreements	–	40,018	–	40,018
Trading assets	17,641	10,252	810	28,703
Derivative assets	73	20,932	218	21,223
Financial investments	1,265	13,395	154	14,814
Other assets	–	2,329	6	2,335
Loan assets	–	619	–	619
Due from subsidiaries	–	1,998	67	2,065
Due from other Macquarie Group entities	–	2,682	–	2,682
Total assets	18,979	92,257	1,255	112,491
Liabilities				
Cash collateralised borrowing and repurchase agreements	–	24	–	24
Trading liabilities	5,398	160	–	5,558
Derivative liabilities	3	20,950	230	21,183
Other liabilities	–	2,696	6	2,702
Due to subsidiaries	–	1,621	75	1,696
Due to other Macquarie Group entities	–	601	–	601
Issued debt securities and other borrowings	–	1,141	–	1,141
Total liabilities	5,401	27,193	311	32,905

[1] Represents unallocated precious commodities held with financial institutions. Comparative information has been represented to conform to the presentation in the current period.

Note 31

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.

	Trading assets $m	Financial investments $m	Other assets $m	Loan assets $m	Derivative financial instruments (net fair values)[1] $m	Due from/to Macquarie Group entities (net values) $m	Other liabilities $m	Total $m
								CONSOLIDATED 2025
Balance as at 1 Apr 2024	819	247	57	22	(192)	–	(53)	900
Purchases, originations, issuances and other additions	878	11	5	11	(35)	–	(6)	864
Sales, settlements and repayments	(767)	(67)	(59)	(28)	147	–	53	(721)
Transfers into Level 3[2]	12	50	3	–	53	–	–	118
Transfers out of Level 3[2]	(73)	–	–	–	(15)	–	–	(88)
Fair value movements recognised in the income statement:						–		
Net trading income/(loss)[3]	–	12	–	1	72	–	–	85
Other income/(loss)	–	(37)	4	–	–	–	–	(33)
Fair value movements recognised in OCI	–	(5)	–	–	–	–	–	(5)
Balance as at 31 March 2025	869	211	10	6	30	–	(6)	1,120
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[3]	–	(25)	4	1	72	–	–	52
								CONSOLIDATED 2026
Balance as at 1 Apr 2025	**869**	**211**	**10**	**6**	**30**	**–**	**(6)**	**1,120**
Purchases, originations, issuances and other additions	**504**	**115**	**72**	**244**	**175**	**21**	**(52)**	**1,079**
Sales, settlements and repayments	**(193)**	**(62)**	**(45)**	**(218)**	**19**	**(10)**	**2**	**(507)**
Transfers into Level 3[2]	**26**	**57**	**–**	**–**	**(58)**	**–**	**–**	**25**
Transfers out of Level 3[2]	**(144)**	**(155)**	**(10)**	**–**	**(126)**	**–**	**47**	**(388)**
Fair value movements recognised in the income statement:								
Net trading income/(loss)[3]	**(132)**	**(14)**	**–**	**(16)**	**(106)**	**–**	**–**	**(268)**
Other income/(loss)	**–**	**43**	**(10)**	**71**	**–**	**–**	**–**	**104**
Fair value movements recognised in OCI	**–**	**(4)**	**–**	**–**	**–**	**–**	**–**	**(4)**
Balance as at 31 March 2026	**930**	**191**	**17**	**87**	**(66)**	**11**	**(9)**	**1,161**
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[3]	**(121)**	**30**	**(8)**	**55**	**(172)**	**–**	**–**	**(216)**

1 The derivative financial instruments in the table above are presented on a net basis. On a gross basis, derivative assets are $440 million (2025: $339 million) and derivative liabilities are $506 million (2025: $309 million).

2 Assets and liabilities transferred in or out of Level 3 are presented as if the assets or liabilities had been transferred at the beginning of the financial year.

3 The Consolidated Entity employs various hedging techniques in order to manage market 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 denominated financial instruments that are measured at amortised cost, that are not presented in the table above.

Note 31

Fair value of assets and liabilities continued

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

The following table summarises the movements in Level 3 of the fair value hierarchy for the assets and liabilities, measured at fair value.

	Trading assets $m	Financial investments $m	Loan assets $m	Due from/ to subsidiaries (net values)[1] $m	Other assets $m	Derivative financial instruments (net fair values)[2] $m	Other liabilities $m	Total $m
								COMPANY 2025
Balance as at 1 Apr 2024	630	177	1,257	161	56	79	(51)	2,309
Purchases, originations, issuances and other additions	807	14	–	52	2	(103)	(6)	766
Sales, settlements and repayments	(637)	(51)	–	(93)	(59)	–	51	(789)
Transfers into Level 3[3]	11	50	–	–	3	9	–	73
Transfers out of Level 3[3]	(1)	(2)	(1,257)	(128)	–	(18)	–	(1,406)
Fair value movements recognised in the income statement:								
Net trading income/(loss)[4]	–	7	–	–	–	21	–	28
Other income/(loss)	–	(36)	–	–	4	–	–	(32)
Fair value movements recognised in OCI	–	(5)	–	–	–	–	–	(5)
Balance as at 31 March 2025	810	154	–	(8)	6	(12)	(6)	944
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[4]	–	(29)	–	–	4	21	–	(4)
								COMPANY 2026
Balance as at 1 Apr 2025	**810**	**154**	**–**	**(8)**	**6**	**(12)**	**(6)**	**944**
Purchases, originations, issuances and other additions	**356**	**117**	**76**	**74**	**69**	**117**	**(53)**	**756**
Sales, settlements and repayments	**(73)**	**(52)**	**–**	**(167)**	**(44)**	**(20)**	**2**	**(354)**
Transfers into Level 3[3]	**10**	**57**	**–**	**(3)**	**–**	**(27)**	**–**	**37**
Transfers out of Level 3[3]	**(86)**	**(157)**	**–**	**41**	**(5)**	**(76)**	**48**	**(235)**
Fair value movements recognised in the income statement:								
Net trading income/(loss)[4]	**(108)**	**(9)**	**–**	**–**	**–**	**(35)**	**–**	**(152)**
Other income/(loss)	**–**	**(29)**	**–**	**–**	**(9)**	**–**	**–**	**(38)**
Fair value movements recognised in OCI	**–**	**(4)**	**–**	**–**	**–**	**–**	**–**	**(4)**
Balance as at 31 March 2026	**909**	**77**	**76**	**(63)**	**17**	**(53)**	**(9)**	**954**
Fair value gain/(loss) for the financial year included in the income statement for assets and liabilities held at the end of the financial year[4]	**(107)**	**(38)**	**–**	**–**	**(7)**	**(35)**	**–**	**(187)**

1 The balance Due from/to subsidiaries in the table above is presented on a net basis. On a gross basis, Due from subsidiaries are $89 million (2025: $67 million) and Due to subsidiaries are $152 million (2025: $75 million).
2 The derivative financial instruments in the table above are presented on a net basis. On a gross basis, derivative assets are $259 million (2025: $218 million) and derivative liabilities are $312 million (2025: $230 million).
3 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 financial year.
4 The Company employs various hedging techniques in order to manage market risks including foreign exchange risks in Level 3 positions. The gains and losses relating to such hedging techniques, that 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 denominated financial instruments that are measured at amortised cost, are not presented in the table above.

Note 31

Fair value of assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

During the financial year the Consolidated Entity and the Company 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 financial year.

Unrecognised gains or losses on financial assets and liabilities

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 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 in which significant unobservable inputs are used.

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Balance at the beginning of the period	**350**	270	**85**	123
Deferred gain on new transactions and other adjustments	**108**	225	**94**	69
Foreign exchange and other movements	**(4)**	2	**(3)**	1
Recognised in net trading income during the period[1]	**(152)**	(147)	**(96)**	(108)
Recognised under net investment income under common control transaction	**(185)**	–	**–**	–
Balance at the end of the period	**117**	350	**80**	85

[1] Includes amortisation, subsequent realisation due to unobservable inputs becoming observable, maturity and termination.

Note 31

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 $m	Liabilities $m	Valuation technique(s)	Significant unobservable inputs	RANGE OF INPUTS Minimum value	RANGE OF INPUTS Maximum value
					CONSOLIDATED 2026	
Commodities	**1,296**	**505**	Pricing Model	Commodity margin curves	**$(52.59)**	**$52.59**
			Pricing Model	Correlation	**0.0 %**	**80.0 %**
			Pricing Model	Volatility and related variables	**23.0 %**	**113.0 %**
Equity and equity-linked products	**136**	**3**	Comparable transactions	Price in %[1]		
Interest rate and other products	**255**	**18**	Pricing Model	Bond yield	**3.5 %**	**4.1 %**
			Pricing Model	Bond price	**$14.00**	**$71.50**
Total	**1,687**	**526**				
					CONSOLIDATED 2025	
Commodities	1,078	288	Pricing Model	Commodity margin curves	$(188.70)	$2,552.20
			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 %[1]		
Interest rate and other products	190	19	Pricing Model	Bond yield	3.5 %	3.7 %
			Pricing Model	Bond price	$34.90	$100.00
Total	1,435	315				

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.

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. 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

Unlisted equity securities are generally valued based on earnings or revenue multiples, referencing market transactions which are not directly comparable or quantifiable and are adjusted as appropriate for current economic conditions. Other significant unobservable inputs may include NAV and discount rates determined using inputs specific to the underlying investment and forecast cash flows and earnings/revenues of investee entities.

[1] 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.

Note 31

Fair value of assets and liabilities continued

Interest rate 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.

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.

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 $m	Profit or loss $m
		CONSOLIDATED 2026
Product type		
Commodities	**112**	**(153)**
Interest rate and other products	**25**	**(42)**
Equity and equity-linked products	**24**	**(18)**
Total	**161**	**(213)**
		CONSOLIDATED 2025
Product type		
Commodities	122	(115)
Interest rate and other products	11	(7)
Equity and equity-linked products	19	(19)
Total	152	(141)

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

	FAVOURABLE CHANGES	UNFAVOURABLE CHANGES
	Profit or loss $m	Profit or loss $m
		COMPANY 2026
Product type		
Commodities	**67**	**(69)**
Interest rate and other products	**24**	**(41)**
Equity and equity-linked products	**21**	**(15)**
Total	**112**	**(125)**
		COMPANY 2025
Product type		
Commodities	70	(68)
Interest rate and other products	10	(6)
Equity and equity-linked products	16	(16)
Total	96	(90)

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

Note 32

Offsetting financial assets and financial liabilities

The Consolidated Entity and the Company present financial assets and financial liabilities on a net basis in the Statements of financial position when they meet the criteria described in the offsetting of financial instruments section of Note 41(vii) *Financial instruments*. The following tables provide information on the impact of offsetting of financial instruments in the Statements of financial position, as well as amounts subject to enforceable netting arrangements that do not meet all the criteria for offsetting and therefore are presented gross in the Statements of financial position. Enforceable netting arrangements may allow for net settlement of specified contracts with a counterparty only in the event of default or other pre-determined events, such that their potential effects on the Consolidated Entity's and the Company's financial position in that circumstance is to settle these contracts as one arrangement. Amounts subject to enforceable netting arrangements have been limited to the net amount presented in the Statement of financial position so as not to include the impact of over-collateralisation and amounts not subject to enforceable netting arrangements are where there are no master netting arrangements or enforceability of an agreement is uncertain under bankruptcy laws in some countries or industries.

The Consolidated Entity and the Company use a variety of credit risk mitigation strategies in addition to netting and collateral arrangements, therefore amounts presented in this note are not intended to represent the credit risk exposure of the entity. Refer to Note 30.1 *Credit risk* for information on credit risk management.

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS			
	Gross amount[1] $m	Amounts offset on the Statements of financial position $m	Net amounts reported on the Statements of financial position $m	Other recognised financial instruments $m	Cash and other financial collateral $m	Other collateral for exposures not subject to enforceable netting arrangements $m	Net exposure $m
							CONSOLIDATED 2026
Cash collateralised lending and reverse repurchase agreements	79,168	(1,829)	77,339	(145)	(69,434)	(7,189)	571
Settlement assets[2]	8,580	(4,934)	3,646	(661)	–	–	2,985
Derivative assets	48,096	(5,848)	42,248	(22,523)	(8,058)	(23)	11,644
Other assets[2]	4,591	(360)	4,231	(170)	(200)	(12)	3,849
Due from other Macquarie Group entities[3]	4,423	(294)	4,129	(1,274)	(1,918)	–	937
Total Assets	144,858	(13,265)	131,593	(24,773)	(79,610)	(7,224)	19,986
Cash collateralised borrowing and repurchase agreements	(8,648)	1,829	(6,819)	145	3,415	717	(2,542)
Settlement liabilities[2]	(11,407)	4,934	(6,473)	1,908	–	–	(4,565)
Derivative liabilities	(42,195)	5,848	(36,347)	21,276	6,497	41	(8,533)
Other liabilities[2]	(4,333)	360	(3,973)	170	–	–	(3,803)
Due to other Macquarie Group entities[3]	(12,941)	294	(12,647)	1,274	141	–	(11,232)
Total Liabilities	(79,524)	13,265	(66,259)	24,773	10,053	758	(30,675)

1 Gross amounts for assets include $7,189 million of cash collateralised lending and reverse repurchase agreements, $2,968 million of settlement assets, $1,180 million of derivative assets, $3,241 million of commodity related receivables and $390 million of Due from other Macquarie Group entities not subject to enforceable netting arrangements. Gross amounts for liabilities include $718 million of cash collateralised borrowing and repurchase agreements, $2,935 million of settlements liabilities, $1,406 million of derivative liabilities, $3,579 million of commodity related payables and $6,951 million of Due to other Macquarie Group entities not subject to enforceable netting arrangements.

2 Settlement assets and liabilities excludes margin money assets and liabilities presented under Note 9 *Margin money and settlement assets* and 14 *Margin money and settlement liabilities* respectively on the statements of financial position. Other assets and liabilities represents commodity related receivables and payables, respectively.

3 Excludes margin money and non-financial assets of $690 million and liabilities of $2,398 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities respectively on the Statements of financial position.

Note 32

Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS			
	Gross amount[1] $m	Amounts offset on the Statements of financial position $m	Net amounts reported on the Statements of financial position $m	Other recognised financial instruments $m	Cash and other financial collateral $m	Other collateral for exposures not subject to enforceable netting arrangements $m	Net exposure $m
							CONSOLIDATED 2025
Cash collateralised lending and reverse repurchase agreements	61,270	(1,105)	60,165	(15)	(53,255)	(6,255)	640
Settlement assets[2]	9,533	(5,827)	3,706	(752)	–	–	2,954
Derivative assets	27,556	(3,620)	23,936	(13,531)	(3,286)	(231)	6,888
Other assets[2]	5,082	(737)	4,345	(122)	(65)	(11)	4,147
Due from other Macquarie Group entities[3]	6,063	(80)	5,983	(600)	(3,923)	–	1,460
Total Assets	109,504	(11,369)	98,135	(15,020)	(60,529)	(6,497)	16,089
Cash collateralised borrowing and repurchase agreements	(5,797)	1,105	(4,692)	15	1,850	8	(2,819)
Settlement liabilities[2]	(13,443)	5,827	(7,616)	733	–	–	(6,883)
Derivative liabilities	(26,804)	3,620	(23,184)	13,549	5,912	8	(3,715)
Other liabilities[2]	(4,316)	737	(3,579)	122	–	–	(3,457)
Due to other Macquarie Group entities[3]	(6,128)	80	(6,048)	600	265	–	(5,183)
Total Liabilities	(56,488)	11,369	(45,119)	15,019	8,027	16	(22,057)

1 Gross amounts for assets include $6,306 million of cash collateralised lending and reverse repurchase agreements, $2,315 million of settlement assets, $870 million of derivative assets, $4,054 million of commodity related receivables and $434 million of Due from other Macquarie Group entities not subject to enforceable netting arrangements. Gross amounts for liabilities include $8 million of cash collateralised borrowing and repurchase agreements, $2,173 million of settlements liabilities, $748 million of derivative liabilities, $3,447 million of commodity related payables and $3,216 million of Due to other Macquarie Group entities not subject to enforceable netting arrangements.

2 Settlement assets and liabilities excludes margin money assets and liabilities presented under Note 9 *Margin money and settlement assets* and Note 14 *Margin money and settlement liabilities* respectively on the statements of financial position. Other assets and liabilities represents commodity related receivables and payables, respectively.

3 Excludes margin money and non-financial assets of $314 million and liabilities of $3,017 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities respectively on the Statements of financial position.

Note 32

Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS			
	Gross amount[1] $m	Amounts offset on the Statements of financial position $m	Net amounts reported on the Statements of financial position $m	Other recognised financial instruments $m	Cash and other financial collateral $m	Other collateral for exposures not subject to enforceable netting arrangements $m	Net exposure $m
							COMPANY 2026
Cash collateralised lending and reverse repurchase agreements	75,858	(1,400)	74,458	(145)	(67,100)	(6,657)	556
Settlement assets[2]	8,549	(4,925)	3,624	(629)	–	–	2,995
Derivative assets	43,457	(5,812)	37,645	(20,462)	(7,757)	(22)	9,404
Other assets[2]	3,381	(33)	3,348	(144)	(137)	(12)	3,055
Due from subsidiaries[3]	13,184	(1,051)	12,133	(7,199)	(1)	–	4,933
Due from other Macquarie Group entities[3]	3,773	(279)	3,494	(1,044)	(1,874)	–	576
Total Assets	148,202	(13,500)	134,702	(29,623)	(76,869)	(6,691)	21,519
Cash collateralised borrowing and repurchase agreements	(7,621)	1,400	(6,221)	145	3,002	534	(2,540)
Settlement liabilities[2]	(11,176)	4,925	(6,251)	1,890	–	–	(4,361)
Derivative liabilities	(37,186)	5,812	(31,374)	19,201	6,236	21	(5,916)
Other liabilities[2]	(3,624)	33	(3,591)	144	–	–	(3,447)
Due to subsidiaries[3]	(21,369)	1,051	(20,318)	7,199	1,354	–	(11,765)
Due to other Macquarie Group entities[3]	(10,808)	279	(10,529)	1,044	135	–	(9,350)
Total Liabilities	(91,784)	13,500	(78,284)	29,623	10,727	555	(37,379)

1 Gross amounts for assets include $6,657 million of cash collateralised lending and reverse repurchase agreements, $2,995 million of settlement assets, $913 million of derivative assets, $2,618 million of commodity related receivables, $212 million of Due from other Macquarie Group entities and $3,923 million of Due from subsidiaries not subject to enforceable netting arrangements. Gross amounts for liabilities include $535 million of cash collateralised borrowing and repurchase agreements, $2,727 million of settlements liabilities, $954 million of derivative liabilities, $3,223 million of commodity related payables, $6,833 million of Due to other Macquarie Group entities and $13,730 million of Due to subsidiaries not subject to enforceable netting arrangements.

2 Settlement assets and liabilities excludes margin money assets and liabilities presented under Note 9 *Margin money and settlement assets* and Note 14 *Margin money and settlement liabilities* respectively on the statements of financial position. Other assets and liabilities represents commodity related receivables and payables, respectively.

3 Excludes margin money and non-financial assets of $2,812 million and liabilities of $1,082 million presented under Due from subsidiaries and Due to subsidiaries, respectively and margin money and non-financial assets of $218 million and liabilities of $2,125 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities, respectively, on the Statements of financial position.

Note 32

Offsetting financial assets and financial liabilities continued

	EFFECT OF OFFSETTING ON THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS SUBJECT TO ENFORCEABLE NETTING ARRANGEMENTS			
	Gross amount[1] $m	Amounts offset on the Statements of financial position $m	Net amounts reported on the Statements of financial position $m	Other recognised financial instruments $m	Cash and other financial collateral $m	Other collateral for exposures not subject to enforceable netting arrangements $m	Net exposure $m
							COMPANY 2025
Cash collateralised lending and reverse repurchase agreements	57,899	(558)	57,341	(15)	(51,312)	(5,437)	577
Settlement assets[2]	7,892	(5,182)	2,710	(680)	–	–	2,030
Derivative assets	24,435	(3,212)	21,223	(12,606)	(3,066)	(32)	5,519
Other assets[2]	2,836	(112)	2,724	(32)	(34)	(11)	2,647
Due from subsidiaries[3]	5,722	(272)	5,450	(1,346)	(652)	–	3,452
Due from other Macquarie Group entities[3]	5,431	(74)	5,357	(600)	(3,923)	–	834
Total Assets	104,215	(9,410)	94,805	(15,279)	(58,987)	(5,480)	15,059
Cash collateralised borrowing and repurchase agreements	(5,248)	558	(4,690)	15	1,850	8	(2,817)
Settlement liabilities[2]	(11,867)	5,182	(6,685)	686	–	–	(5,999)
Derivative liabilities	(24,395)	3,212	(21,183)	12,600	5,706	5	(2,872)
Other liabilities[2]	(2,824)	112	(2,712)	32	–	–	(2,680)
Due to subsidiaries[3]	(18,814)	272	(18,542)	1,346	640	–	(16,556)
Due to other Macquarie Group entities[3]	(5,874)	74	(5,800)	600	265	–	(4,935)
Total Liabilities	(69,022)	9,410	(59,612)	15,279	8,461	13	(35,859)

1 Gross amounts for assets include $5,444 million of cash collateralised lending and reverse repurchase agreements, $2,029 million of settlement assets, $425 million of derivative assets, $2,658 million of commodity related receivables, $325 million of Due from other Macquarie Group entities and $2,774 million of Due from subsidiaries not subject to enforceable master netting arrangements. Gross amounts for liabilities include $8 million of cash collateralised borrowing and repurchase agreements, $1,807 million of settlements liabilities, $418 million of derivative liabilities, $2,672 million of commodity related payables, $3,199 million of Due to other Macquarie Group entities and $14,329 million of Due to subsidiaries not subject to enforceable master netting arrangements.

2 Settlement assets and liabilities excludes margin money assets and liabilities presented under Note 9 *Margin money and settlement assets* and Note 14 *Margin money and settlement liabilities* respectively on the statements of financial position. Other assets and liabilities represents commodity related receivables and payables, respectively.

3 Excludes and margin money and non-financial assets of $680 million and liabilities of $911 million presented under Due from subsidiaries and Due to subsidiaries, respectively and margin money and non-financial assets of $41 million and liabilities of $2,633 million presented under Due from other Macquarie Group entities and Due to other Macquarie Group entities, respectively, on the Statements of financial position.

Note 33

Pledged assets and transfers of assets

Pledged assets

Assets pledged as security for liabilities include the following:

- securities and commodities included under trading assets and off-balance sheet securities pledged for repurchase transactions, stock lending arrangements, trading liabilities and derivative margining. These transactions are governed by standard industry agreements
- loan assets held by the Consolidated SEs pledged against issued debt and other borrowings
- other types of financial and non-financial assets pledged for issued debt securities, borrowings or other liabilities
- cash and non-cash collateral placed as part of entering into derivative agreements. These transactions are governed by standard industry agreements. The table below excludes cash margin placed and recognised on the balance sheet. Refer Note 9 *Margin money and settlement assets* for further details.

The table below represents assets that have been pledged as security for liabilities.

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
On Balance Sheet assets				
Loan assets[1]	**15,453**	16,062	**15,316**	15,875
Trading assets	**10,621**	6,216	**10,558**	5,923
Other assets	**1,035**	669	**171**	108
Financial investments	**158**	–	**509**	–
Total On Balance Sheet assets pledged for liabilities	**27,267**	22,947	**26,554**	21,906
Off Balance Sheet assets				
Securities and commodities[2,3]	**34,383**	26,436	**29,750**	25,644
Total On and Off Balance Sheet assets pledge for liabilities	**61,650**	49,383	**56,304**	47,550

1 Includes $15,262 million (2025: $15,831 million) held by Consolidated SEs, which are available as security to holders of notes issued by the consolidated securitisation vehicles.

2 Represents fair value of securities and commodities repledged out of the total non-cash collaterals of $111,403 million (2025: $91,010 million) received by the Consolidated Entity. Total non-cash collateral received includes $107,492 million (2025: $85,611 million) as part of Cash collateralised lending and reverse repurchase agreements, $3,911 million (2025: $3,295 million) as part of derivative margining arrangements, $nil (2025: $2,104 million) as part of Cash collateralised lending and reverse repurchase agreements with Other Macquarie Group entities. Refer to *Cash collateralised lending and reverse repurchase agreements and Derivative instruments* under Note 30.1 *Credit risk – Collateral and credit enhancements held* and Note 24 *Related party information* for further details.

3 Represents fair value of securities and commodities repledged out of the total non-cash collaterals of $106,005 million (2025: $86,168 million) received by the Company. Total non-cash collateral received includes $103,480 million (2025: $79,341 million) as part of Cash collateralised lending and reverse repurchase agreements, $2,525 million (2025: $1,940 million) as part of derivative margining arrangements, $nil (2025: $2,104 million) as part of Cash collateralised lending and reverse repurchase agreements with Other Macquarie Group entities and $nil (2025: $2,783 million) from a subsidiary as part of a guarantee arrangement. Refer to *Cash collateralised lending and reverse repurchase agreements and Derivative instruments* under Note 30.1 *Credit risk – Collateral and credit enhancements held* and Note 24 *Related party information* for further details.

Note 33

Pledged assets and transfers of assets continued

Transfers of assets

The Consolidated Entity may enter into transactions in the normal course of business that transfer risks and rewards of financial assets recognised in the Consolidated Entity Statements of financial position to other entities. Depending on the criteria discussed in Note 41(vii)*Financial instruments*, the Consolidated Entity may be unable to derecognise the transferred asset, be able to derecognise the transferred assets in full or continue to recognise the asset to the extent of its continuing involvement.

Continuing involvement in financial assets that are derecognised

When financial assets are derecognised, some continuing involvement may be retained in the assets in the form of liquidity support, financial guarantees, certain derivatives or retention of part of securitisation interests. For the financial years ended 31 March 2026 and 31 March 2025, there were no material transfers of financial assets where the Consolidated Entity has had continuing involvement.

Transferred assets that are not derecognised

The following transactions typically result in the transferred assets continuing to be recognised in full.

Repurchase and securities lending agreements

Securities and commodities sold under an agreement to repurchase and securities subject to lending agreements continue to be recognised in the Statements of financial position and an associated liability is recognised for the consideration received.

Where securities and commodities are transferred in return for the loan of other securities or on an unsecured basis in return for a fee, the transferred asset continues to be recognised in full. There is no associated liability as the securities received is not recognised on the balance sheet. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these assets.

Asset backed funding arrangements

Financial Assets (principally home loans and finance lease receivables) are packaged and securities issued to investors. Structured Entities (SE) used to achieve this purpose are consolidated where, based on an assessment of their purpose and design, the Consolidated Entity is determined to have control.

If the Consolidated Entity sells financial assets to consolidated SEs, the transfer is, in substance, a transfer from the Consolidated Entity (which includes the consolidated SEs) to external investors. This transfer is effected through the Consolidated Entity assuming an obligation to pass through the cash flows generated by the underlying securitised assets to investors. The relationship between the transferred assets and the associated liabilities is such that holders of the notes have recourse only to the cash flows generated by the securitised assets for payment of principal and interest due under their notes, notwithstanding that the contractual terms of the notes may differ from the maturity and interest characteristics of the transferred assets.

Other continuing involvement arrangement

Includes loans and leases sold or lent to an external funder where the Consolidated Entity retains full economic exposure. In such instances, the Consolidated Entity has a right to receive cash from the underlying borrower or lessee and an obligation to pay those cash flows to the external funder.

Also, includes trading assets and financial investments that have been transferred as margin against future trades. The Consolidated Entity is unable to use, sell or pledge the transferred assets for the duration of open position and remains exposed to interest rate risk and credit risk on these assets.

Note 33

Pledged assets and transfers of assets continued

The following table provides a summary of assets that have been transferred in such a way that part or all of the transferred assets do not qualify for derecognition, together with the associated liabilities.

			FOR THOSE LIABILITIES THAT ONLY HAVE RECOURSE TO THE TRANSFERRED ASSETS		
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net fair value
	$m	$m	$m	$m	$m
					CONSOLIDATED 2026
Assets transferred as part of asset backed funding arrangements:					
Loan assets[1]	**11,281**	**(9,853)**	**11,279**	**(9,850)**	**1,429**
Assets transferred as part of repurchase and securities lending agreements:					
Trading assets[2]	**9,652**	**(830)**	**–**	**–**	**–**
Financial investments	**158**	**(141)**	**–**	**–**	**–**
Assets transferred under various other continuing involvement arrangement:					
Trading assets	**583**	**–**	**–**	**–**	**–**
Loan assets	**191**	**(191)**	**191**	**(191)**	**–**
Total assets not derecognised	**21,865**	**(11,015)**	**11,470**	**(10,041)**	**1,429**
					CONSOLIDATED 2025
Assets transferred as part of asset backed funding arrangements:					
Loan assets[1]	12,544	(10,749)	12,537	(10,942)	1,595
Assets transferred as part of repurchase and securities lending agreements:					
Trading assets[2]	3,827	(398)	–	–	–
Assets transferred under various other continuing involvement arrangement:					
Trading assets	1,815	–	–	–	–
Loan assets	232	(232)	232	(232)	–
Total assets not derecognised	18,418	(11,379)	12,769	(11,174)	1,595

1 Carrying amount of associated liabilities represents the notes issued by Structured Entities and held by external investors.
2 Includes $8,858 million (2025: $3,421 million) assets transferred in return for the loan of other securities where there is no associated liability on the Consolidated Entity's Statements of financial position. The transferee has the right to re-pledge the entire value of securities received.

Note 33

Pledged assets and transfers of assets continued

The following table provides a summary of assets that have been transferred in such a way that part or all of the transferred assets do not qualify for derecognition, together with the associated liabilities.

			FOR THOSE LIABILITIES THAT ONLY HAVE RECOURSE TO THE TRANSFERRED ASSETS		
	Carrying amount of transferred assets $m	Carrying amount of associated liabilities $m	Fair value of transferred assets $m	Fair value of associated liabilities $m	Net fair value $m
					COMPANY 2026
Assets transferred as part of asset backed funding arrangements:					
Loan assets[1,2]	**15,262**	**(11,988)**	**15,259**	**(11,961)**	**3,298**
Assets transferred as part of repurchase and securities lending agreements:					
Trading assets[3]	**9,652**	**(830)**	**-**	**-**	**-**
Financial investments	**509**	**(491)**	**-**	**-**	**-**
Assets transferred under various other continuing involvement arrangement:					
Trading assets	**583**	**-**	**-**	**-**	**-**
Loan assets	**53**	**(53)**	**53**	**(53)**	**-**
Total assets not derecognised	**26,059**	**(13,362)**	**15,312**	**(12,014)**	**3,298**
					COMPANY 2025
Assets transferred as part of asset backed funding arrangements:					
Loan assets[1,2]	15,831	(11,720)	15,824	(11,904)	3,920
Assets transferred as part of repurchase and securities lending agreements:					
Trading assets[3]	3,825	(398)	-	-	-
Assets transferred under various other continuing involvement arrangement:					
Trading assets	1,815	-	-	-	-
Loan assets	45	(45)	45	(45)	-
Total assets not derecognised	21,516	(12,163)	15,869	(11,949)	3,920

1 Carrying amount of associated liabilities represents the obligation recognised towards Structured Entities presented under Due to subsidiaries.
2 Excludes $65,674 million (2025: $51,471 million) of securitised assets where the Company holds all of the instruments issued by the Structured Entities.
3 Includes $8,858 million (2025: $3,418 million) assets transferred in return for the loan of other securities where there is no associated liability on the Company's Statements of financial position. The transferee has the right to sell or re-pledge the entire value of securities received.

Note 34

Hedge accounting

Hedging strategy

The use of derivative and non-derivative instruments to economically hedge positions potentially gives rise to income statement volatility as a result of mismatches in the accounting treatment between the derivative and non-derivative instruments and the related exposure. The Consolidated Entity's objective is to reduce the risk of volatility in earnings, within pre-defined thresholds. This volatility is managed through designation of hedge accounting relationships and the use of naturally offsetting positions in the income statement.

Hedging instruments

Detail on hedging instruments, the nature of hedged risks, as well as the notional and the carrying amount of derivative financial instruments is shown in the respective sections. Furthermore, in the case of hedges of net investment in foreign operations, the notional of foreign currency denominated borrowings and other balance sheet items, for each type of hedge relationship, is shown in the respective sections. The maturity profile for the hedging instruments' notional amounts are reported based on their contractual maturity. Where a cross currency swap has been dual designated in both a cash flow and a fair value hedge, the notional is shown more than once. Increases in notional profiles of hedging instruments are presented as negative figures, with decreases and maturities presented as positive figures.

Hedging ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item for the hedged risk. In the case of a cash flow hedge, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item. In the case of hedges of net investment in foreign operations, hedge ineffectiveness is the extent to which the change in the carrying amount of foreign currency denominated borrowings and other balance sheet items attributable to the change in exchange rates exceeds, in absolute terms, that of the hedged item. Sources of hedge ineffectiveness primarily arise from basis and timing differences between the hedged items and hedging instruments and designating existing derivatives with a non-zero fair value as hedging instruments. Hedge ineffectiveness is reported in net trading income in the income statement.

Note 34

Hedge accounting continued

Cash flow hedges

The cash flow hedge reserve, representing the effective portion of the movements in the hedging instrument, is disclosed in Note 27(i) *Reserves*. Changes in this reserve are reported in the Consolidated Entity's Statements of comprehensive income. The cumulative gains and losses remaining in the cash flow hedge reserve for hedging relationships that have ceased, but for which the hedged cash flows are still expected to occur are $55 million gain (2025: $nil) for the Consolidated Entity and $1 million gain (2025: $nil) for the Company. These amounts will be reclassified to the income statement as and when the hedged item affects profit and loss.

Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Instrument type	Risk category	$m	$m	$m	$m	$m
						CONSOLIDATED 2026
Derivative assets						
Cross currency swaps	Foreign exchange	**–**	**–**	**2,533**	**–**	**2,533**
Interest rate swaps	Interest rate	**209**	**1,509**	**900**	**–**	**2,618**
Derivative liabilities						
Cross currency swaps	Foreign exchange	**–**	**–**	**963**	**67**	**1,030**
Interest rate swaps	Interest rate	**3,774**	**10,361**	**1,315**	**–**	**15,450**
Borrowings						
Foreign currency denominated borrowings	Foreign exchange	**68**	**–**	**–**	**–**	**68**
						CONSOLIDATED 2025
Derivative assets						
Cross currency swaps	Foreign exchange	32	95	2,661	462	3,250
Interest rate swaps	Interest rate	2,979	7,322	3,001	574	13,876
Derivative liabilities						
Cross currency swaps	Foreign exchange	–	–	–	73	73
Interest rate swaps	Interest rate	1	2,186	1,294	17	3,498
Borrowings						
Foreign currency denominated borrowings	Foreign exchange	70	125	–	–	195

		CONSOLIDATED CARRYING AMOUNT			
		2026		2025	
		Asset	Liability	Asset	Liability
Instrument type	Risk category	$m	$m	$m	$m
Cross currency swaps	Foreign exchange	**196**	**17**	411	1
Interest rate swaps[1]	Interest rate	**40**	**62**	162	10
Foreign currency denominated borrowings	Foreign exchange	**–**	**6**	–	42

[1] The carrying amounts of hedging instrument under derivative includes amount of $43 million (2025: $8 million) which are disclosed in the Consolidated Entity's Statement of financial position as 'Due from/to other Macquarie Group entities'.

Note 34

Hedge accounting continued

		MATURITY ANALYSIS PER NOTIONAL				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Instrument type	Risk category	$m	$m	$m	$m	$m
						COMPANY 2026
Derivative assets						
Cross currency swaps	Foreign exchange	**–**	**–**	**565**	**–**	**565**
Interest rate swaps	Interest rate	**209**	**1,509**	**900**	**–**	**2,618**
Derivative liabilities						
Cross currency swaps	Foreign exchange	**–**	**–**	**–**	**67**	**67**
Interest rate swaps	Interest rate	**3,774**	**10,361**	**1,315**	**–**	**15,450**
						COMPANY 2025
Derivative assets						
Cross currency swaps	Foreign exchange	32	94	758	462	1,346
Interest rate swaps	Interest rate	2,979	7,322	3,001	574	13,876
Derivative liabilities						
Cross currency swaps	Foreign exchange	–	–	–	73	73
Interest rate swaps	Interest rate	1	2,186	1,294	17	3,498

		COMPANY CARRYING AMOUNT			
		2026		2025	
		Asset	Liability	Asset	Liability
Instrument type	Risk category	$m	$m	$m	$m
Cross currency swaps	Foreign exchange	**67**	**7**	212	1
Interest rate swaps[1]	Interest rate	**40**	**62**	162	10

[1] The carrying amounts of hedging instrument under derivative includes amount of $43 million (2025: $8 million) which are disclosed in the Consolidated Entity's Statement of financial position as 'Due from/to other Macquarie Group entities'.

Note 34

Hedge accounting continued

Hedge ineffectiveness

In the case of cash flow hedge relationships, hedge ineffectiveness is the extent to which the change in the fair value of the hedging instrument exceeds, in absolute terms, that of the hedged item.

		GAIN/(LOSS) ON HEDGING INSTRUMENT		GAIN/(LOSS) ON HEDGED ITEM		HEDGE INEFFECTIVENESS GAIN/(LOSS)	
		2026	2025	**2026**	2025	**2026**	2025
Hedging instruments	**Risk category**	**$m**	$m	**$m**	$m	**$m**	$m
							CONSOLIDATED
Cross currency swaps	Foreign exchange	**1**	3	**(1)**	(3)	**–**	–
Interest rate swaps	Interest rate	**(117)**	19	**103**	(31)	**(14)**	(12)
Foreign currency denominated borrowings	Foreign exchange	**6**	1	**(6)**	(1)	**–**	–
Total		**(110)**	23	**96**	(35)	**(14)**	(12)
							COMPANY
Cross currency swaps	Foreign exchange	**(5)**	3	**5**	(3)	**–**	–
Interest rate swaps	Interest rate	**(116)**	19	**103**	(31)	**(13)**	(12)
Total		**(121)**	22	**108**	(34)	**(13)**	(12)

Hedge accounting executed rates

The following table shows the executed rates for the most significant hedging instruments designated in cash flow hedges, which represent the contractual rates when the hedging instruments were traded.

		CONSOLIDATED		COMPANY	
Hedging instruments	**Currency pair/ currency**	**2026**	2025	**2026**	2025
Cross currency swaps	AUD/EUR	**0.61-0.68**	0.61-0.68	**0.68**	0.68
	USD/GBP	**–**	0.66	**–**	0.66
	AUD/NOK	**–**	–	**–**	–
Interest rate swaps and options	AUD	**0.56%-4.43%**	0.56%-5.96%	**0.56%-4.43%**	0.56%-5.96%
	GBP	**–**	0.97%-4.65%	**–**	0.97%-4.65%

Note 34

Hedge accounting continued

Net investment in foreign operation hedges

The Consolidated Entity's net investment in foreign operations (NIFO) changes as a result of earnings, dividends, other capital-related events and changes in the Consolidated Entity's group structure as a result of internal restructures. The risk of changes in the NIFO for movements in foreign exchange rates may be hedged by the Consolidated Entity using a combination of derivatives, foreign currency denominated Issued debt securities and other balance sheet items. Refer to Note 30.3 *Market risk: Non-traded market risk* for further information on the Consolidated Entity's risk management strategy.

In order to reflect the Consolidated Entity's risk management strategy, hedge accounting may be applied where changes in the derivatives and foreign denominated Issued debt securities and other balance sheet items are recognised, together with the related foreign currency translation reserve, in the Consolidated Entity's other comprehensive income and is subsequently reclassified to the income statement or re-attributed within equity as defined in Note 41 (iii) *Foreign currency translation*: Subsidiaries and other equities. Hedge ineffectiveness, if any is recognised in the income statement. Given that the Consolidated Entity's NIFO frequently changes, the hedge designations are reviewed on a monthly basis or more frequently where required.

		CARRYING AMOUNT			
		ASSET		LIABILITY	
		2026	2025	**2026**	2025
Hedging instrument	**Risk category**	**$m**	$m	**$m**	$m
					CONSOLIDATED
Foreign exchange contracts and other foreign currency denominated balance sheet items[1]	Foreign exchange	**140**	94	**92**	96
Issued debt securities and other borrowings	Foreign exchange	**–**	–	**12,709**	12,557
					COMPANY
Foreign exchange contracts and other foreign currency denominated balance sheet items[1]	Foreign exchange	**46**	24	**62**	88
Issued debt securities and other borrowings	Foreign exchange	**–**	–	**6,536**	6,352

		NOTIONAL AMOUNT			
		ASSET		LIABILITY	
		2026	2025	**2026**	2025
Hedging instrument	**Risk category**	**$m**	$m	**$m**	$m
					CONSOLIDATED
Foreign exchange contracts and other foreign currency denominated balance sheet items[1]	Foreign exchange	**4,506**	1,787	**2,329**	3,329
Issued debt securities and other borrowings	Foreign exchange	**–**	–	**12,736**	12,677
					COMPANY
Foreign exchange contracts and other foreign currency denominated balance sheet items[1]	Foreign exchange	**2,912**	707	**1,712**	2,883
Issued debt securities and other borrowings	Foreign exchange	**–**	–	**6,600**	6,477

[1] Where the fair value of the derivative is positive/(negative), the notional of the derivative has been similarly included in the table as an asset/(liability). Foreign exchange contracts and other foreign currency denominated balance sheet items are primarily presented on the face of the Statement of financial position as Derivative Assets, Derivative Liabilities and Cash and bank balances.

Note 34

Hedge accounting continued

In order to hedge the currency exposure of certain net investment in foreign operations, the Consolidated Entity jointly designates hedging instruments from the currency of the underlying foreign operation to USD and then the hedging instruments from USD to AUD. As a result, the notional value of hedging instruments presented in the table above by the Consolidated Entity of $19,571 million (2025: $17,793 million) and Company of $11,224 million (2025: $10,067 million) represents the notional of foreign currency denominated Issued debt securities, Foreign exchange contracts and other foreign currency denominated balance sheet items. The notional of the underlying hedged component of the Consolidated Entity's and Company's respective net investment in foreign operation is $12,674 million (2025: $12,658 million) and $6,602 million (2025: $6,548 million).

Hedge ineffectiveness is the extent to which the absolute change in either the fair value of the derivative or the carrying amount of foreign currency denominated borrowings attributable to the change in exchange rates exceeds that of the hedged item. There was no ineffectiveness recognised in the income statement by the Consolidated Entity or the Company in the current year (2025: $nil).

Fair value hedges

The fair value attributable to the hedged risk is recognised as a fair value adjustment to the hedged item on the balance sheet. In an effective fair value hedge relationship, movements in this fair value adjustment are largely offset by movements in the fair value of the hedging instrument. Any residual movement is recognised as ineffectiveness in net trading income in the income statement. Executed rates for fair value hedges have not been shown as these would represent the market reference rates at the time of designation.

Hedging instruments

		MATURITY ANALYSIS PER NOTIONAL				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Instrument type	Risk category	$m	$m	$m	$m	$m
						CONSOLIDATED 2026
Derivative assets						
Interest rate swaps	Interest rate	**2,269**	**3,737**	**5,392**	**1,369**	**12,767**
Basis swaps	Interest rate	**–**	**1,173**	**–**	**–**	**1,173**
Commodity derivatives	Commodity price	**–**	**83**	**59**	**–**	**142**
Foreign exchange swaps	Foreign exchange	**–**	**128**	**–**	**–**	**128**
Derivative liabilities						
Basis swaps	interest rate	**–**	**–**	**3,853**	**–**	**3,853**
Cross currency swaps	Interest rate	**–**	**–**	**2,932**	**67**	**2,999**
Interest rate swaps	Interest rate	**935**	**3,540**	**5,695**	**4,072**	**14,242**
Commodity derivatives	Commodity price	**–**	**638**	**28**	**–**	**666**
Foreign exchange swaps	Foreign exchange	**–**	**259**	**–**	**–**	**259**
						CONSOLIDATED 2025
Derivative assets						
Interest rate swaps	Interest rate	3,244	4,281	7,038	749	15,312
Basis swaps	Interest rate	–	1,038	1,211	–	2,249
Commodity derivatives	Commodity price	–	–	–	–	–
Foreign exchange swaps	Foreign exchange	20	164	192	–	376
Derivative liabilities						
Cross currency swaps	Interest rate	–	–	1,903	73	1,976
Interest rate swaps	Interest rate	734	6,864	4,142	5,185	16,925
Commodity derivatives	Commodity price	73	435	581	–	1,089
Foreign exchange swaps	Foreign exchange	53	271	389	–	713

Note 34

Hedge accounting continued

		CONSOLIDATED CARRYING AMOUNT			
		2026		2025	
		Asset	Liability	Asset	Liability
Instrument type	Risk category	$m	$m	$m	$m
Cross currency swaps	Interest rate	**–**	**27**	–	9
Interest rate swaps	Interest rate	**264**	**461**	243	558
Basis swaps	Interest rate	**–**	**24**	6	–
Commodity derivatives	Commodity price	**20**	**169**	–	111
Foreign exchange swaps	Foreign exchange	**9**	**3**	19	24

		MATURITY ANALYSIS PER NOTIONAL				
		Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Instrument type	Risk category	$m	$m	$m	$m	$m
						COMPANY 2026
Derivative assets						
Interest rate swaps	Interest rate	**2,269**	**3,737**	**5,392**	**1,369**	**12,767**
Basis swaps	Interest rate	**–**	**1,173**	**–**	**–**	**1,173**
Commodity derivatives	Commodity price	**–**	**83**	**59**	**–**	**142**
Foreign exchange swaps	Foreign exchange	**–**	**128**	**–**	**–**	**128**
Derivative liabilities						
Basis swaps	interest rate	**–**	**–**	**3,853**	**–**	**3,853**
Cross currency swaps	Interest rate	**–**	**–**	**–**	**67**	**67**
Interest rate swaps	Interest rate	**935**	**3,540**	**5,695**	**4,072**	**14,242**
Commodity derivatives	Commodity price	**–**	**638**	**28**	**–**	**666**
Foreign exchange swaps	Foreign exchange	**–**	**259**	**–**	**–**	**259**
						COMPANY 2025
Derivative assets						
Interest rate swaps	Interest rate	3,294	4,509	6,779	749	15,331
Basis swaps	Interest rate	–	1,038	1,211	–	2,249
Commodity derivatives	Commodity price	–	–	–	–	–
Foreign exchange swaps	Foreign exchange	20	164	192	–	376
Derivative liabilities						
Cross currency swaps	Interest rate	–	–	–	73	73
Interest rate swaps	Interest rate	734	6,888	4,034	5,185	16,841
Commodity derivatives	Commodity price	73	435	581	–	1,089
Foreign exchange swaps	Foreign exchange	53	271	388	–	712

The Company designates certain equity investments in foreign currency denominated subsidiaries as hedged items in fair value hedges of foreign exchange risk. The notional value of these hedges amounts to $2,181 million (2025: $2,301 million). These balances change periodically, which result in periodic rebalancing of the hedge designations.

Note 34

Hedge accounting continued

		COMPANY CARRYING AMOUNT			
		2026		2025	
Instrument type	Risk category	Asset $m	Liability $m	Asset $m	Liability $m
Cross currency swaps	Interest rate	–	4	–	4
Interest rate swaps	Interest rate	264	461	249	557
Basis swaps	Interest rate	–	24	6	–
Commodity derivatives	Commodity price	20	169	–	111
Foreign exchange swaps	Foreign exchange	9	3	19	24
Foreign currency denominated borrowings	Foreign exchange	–	2,181	–	2,301

Hedged item

As the hedged item is adjusted only for the hedged risk, the hedged item's carrying value disclosed in the table will not be equivalent to its fair value as disclosed in other notes to these financial statements. The accumulated amount of the fair value hedge adjustments remaining in the Statements of financial positions for hedged items that have ceased to be adjusted for hedging gains and losses is $4 million gain (2025: $9 million loss) for the Consolidated Entity and $4 million gain for the Company (2025: $9 million loss) and have been included in the fair value hedge adjustment in the table that follows. These amounts will be amortised to the income statement on an effective interest rate basis.

	2026			2025		
	Gross amount $m	Fair value hedge adjustment $m	Carrying amount[1] $m	Gross amount $m	Fair value hedge adjustment $m	Carrying amount[1] $m
						CONSOLIDATED
Assets						
Financial investments[2]	2,482	–	2,482	2,414	–	2,414
Loan assets	2,009	(8)	2,001	3,164	11	3,175
Trading assets	416	–	416	–	–	–
Property, plant and equipment	265	93	358	794	23	817
Liabilities						
Issued debt securities	20,292	(103)	20,189	21,630	(35)	21,595
Loan capital	8,631	(431)	8,200	7,754	(473)	7,281
Bank borrowings	–	–	–	798	1	799
						COMPANY
Assets						
Financial investments[2]	2,485	–	2,485	2,419	–	2,419
Loan assets	2,009	(8)	2,001	3,054	2	3,056
Trading assets	416	–	416	–	–	–
Property, plant and equipment	265	93	358	794	23	817
Investments in subsidiaries	2,029	112	2,141	1,963	249	2,212
Other assets	35	4	39	85	4	89
Liabilities						
Issued debt securities	17,361	(61)	17,300	19,770	(39)	19,731
Loan capital	8,631	(431)	8,200	7,754	(473)	7,281
Bank borrowings	–	–	–	798	1	799

1 The carrying amounts in the table above exclude accrued interest and include fair value hedge adjustments.
2 The carrying amount includes debt instruments classified at fair value through other comprehensive income. Where this applies the fair value hedge adjustment for interest rate risk is recognised in the income statement together with changes in the fair value of the hedging instrument.

Note 34

Hedge accounting continued

Hedge ineffectiveness

In the case of a fair value hedge, hedge ineffectiveness is the extent to which the changes in the fair value of the hedging instrument differ to that of the hedged item attributable to the hedged risk.

		GAIN/(LOSS) ON HEDGING INSTRUMENT		GAIN/(LOSS) ON HEDGED ITEM		HEDGE INEFFECTIVENESS GAIN/(LOSS)	
		2026	2025	**2026**	2025	**2026**	2025
Hedging instruments	**Risk category**	**$m**	$m	**$m**	$m	**$m**	$m
							CONSOLIDATED
Cross currency swaps	Interest rate	**(43)**	22	**43**	(22)	**–**	–
Interest rate swaps	Interest rate	**95**	329	**(111)**	(337)	**(16)**	(8)
Basis swaps	Interest rate	**–**	1	**–**	(1)	**–**	–
Commodity derivatives	Commodity price	**(65)**	(128)	**65**	128	**–**	–
Foreign exchange swaps	Foreign exchange	**(4)**	38	**4**	(38)	**–**	–
Total		**(17)**	262	**1**	(270)	**(16)**	(8)
							COMPANY
Cross currency swaps	Interest rate	**–**	3	**–**	(3)	**–**	–
Interest rate swaps	Interest rate	**90**	325	**(107)**	(327)	**(17)**	(2)
Basis swaps	Interest rate	**–**	1	**–**	(1)	**–**	–
Commodity derivatives	Commodity price	**(65)**	(128)	**65**	128	**–**	–
Foreign exchange swaps	Foreign exchange	**(4)**	38	**4**	(38)	**–**	–
Foreign currency denominated borrowings	Foreign exchange	**74**	(101)	**(74)**	101	**–**	–
Total		**95**	138	**(112)**	(140)	**(17)**	(2)

Note 35

Key management personnel disclosure

Key management personnel (KMP)

The following persons were Directors of the Company during the financial years ended 31 March 2026 and 31 March 2025, unless indicated otherwise.

Executive Voting Directors

Stuart D Green	Managing Director and CEO of MBL
Shemara R Wikramanayake	Managing Director and CEO of MGL

Non-Executive Directors

Glenn R Stevens AC	Chair
Jillian R Broadbent AC	
Wayne S Byres	
Philip M Coffey	
Michelle A Hinchliffe	
Susan J Lloyd-Hurwitz AM	
Rebecca J McGrath AM	
Mike Roche	
Ian M Saines	
David J.K. Whiteing	

Former Non-Executive Directors

Michael J Coleman	(ceased to be a member of the MBL Board on 26 July 2024)

In addition to the Executive Voting Directors listed above, the following persons also had authority and responsibility for planning, directing and controlling the activities of MBL during the financial years ended 31 March 2026 and 31 March 2025, unless indicated otherwise.

Current Executives[1]

Evie N Bruce	GGC and Head of LGG
Andrew F Cassidy	CRO and Head of RMG
Frank P Kwok	CFO and Head of FPE (appointed effective 1 January 2026)
Nicole G Sorbara	COO and Head of COG
Greg C Ward	Head of BFS
Simon L Wright	Head of CGM

Former Executive Director

Alex H Harvey	Former CFO and Head of FPE (ceased to be a member of the Executive Committee on 31 December 2025)

The remuneration arrangements for all of the persons listed above are described on pages 38 to 53 of the Remuneration Report, contained in the Directors' Report.

[1] Except where indicated otherwise, all of the Executives as well as the CEO were members of the Executive Committee as at 8 May 2026.

Note 35

Key management personnel disclosure continued

Key management personnel remuneration

The following table details the aggregate remuneration for KMP.

	SHORT-TERM EMPLOYEE BENEFITS				LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS		
	Salary and fees (including superannuation)[1]	Performance related remuneration[2]	Other benefits	Total short-term employee benefits	Restricted profit share including other long-term employee benefits[3]	Equity awards[4]	PSUs[5]	Total remuneration[6,7]
	$	$	$	$	$	$	$	$
Executive Remunerations								
2026[8]	**6,495,580**	**28,698,541**	**–**	**35,194,121**	**4,527,955**	**29,817,560**	**3,473,728**	**73,013,364**
2025	6,781,160	26,605,625	–	33,386,785	4,829,195	27,047,181	6,691,755	71,954,916
Non-Executive Remunerations								
2026	**2,954,000**	**–**	**–**	**2,954,000**	**–**	**–**	**–**	**2,954,000**
2025	3,027,095	–	–	3,027,095	–	–	–	3,027,095

Loans to KMP and their related parties

Details of loans provided by the Consolidated Entity to KMP and their related parties are disclosed in aggregate in the following table.

Total for KMP and their related parties[9]	Opening balance as at 1 April $'000	Additions during the year[10] $'000	Interest charged $'000	Repayments during the year[11] $'000	Write-downs $'000	Closing balance as at 31 Mar[12] $'000
2026	**18,402**	**7,707**	**523**	**(15,034)**	**–**	**11,598**
2025[13]	13,469	12,836	580	(8,483)	–	18,402

1 Includes salary, superannuation, long service leave accrual and other benefits.
2 The cash portion of each KMP's profit share allocation for the reporting period when they were a KMP.
3 Comprised of:
a) The portion of current year retained profit share that is held as a notional investment in Macquarie-managed fund equity (DPS Plan).
b) Earnings on prior years' restricted profit share: represents notional returns/(losses) on profit share amounts retained under the DPS Plan that are notionally invested in Macquarie-managed funds (Executive KMP are entitled to amounts equivalent to the investment earnings (dividends/distributions and security price appreciation) on the underlying securities). The notional returns are calculated based on TSR; where there is a notional loss, this loss will be offset against any future notional income until the loss is completely offset (losses are reported as negative amounts in this column). As these earnings reflect the investment performance of the assets in which prior years' retained amounts have been notionally invested, their inclusion may cause distortions when year-on-year remuneration trends are examined. These figures do not reflect remuneration review decisions made about the individual's current year performance.
4 The current year expense for equity awards calculated as described in Note 41(xxii) *Performance based remuneration* and Note 36 *Employee equity participation*.
5 The current year amortisation for PSUs calculated as described in Note 41(xxii) *Performance based remuneration* and Note 36 *Employee equity participation*. The current year expense is reduced for previously recognised remuneration expense where performance hurdles have not been met, have been partially met or are not expected to be met.
6 Mr Harvey ceased to be a member of the Executive Committee on 31 December 2025. He remains currently employed by Macquarie but intends to retire during FY2027. As a result of his intention to retire, the amortisation of his equity awards is being recognised over an accelerated period. $A1.8 million of his FY2026 statutory remuneration represents accelerated amortisation of his equity awards, with further accounting amortisation being recognised of $A1.9 million in FY2026 and $A1.9 million in FY2027.
7 Mr Kwok was appointed to the Executive Committee on 1 January 2026.
8 For further detail on the impact of changes to KMP composition and forfeitures during the period refer to pages 50 and 51 of the Remuneration Report.
9 All loans provided by Macquarie to KMP are made in the ordinary course of business on an arm's length basis and are entered into under normal terms and conditions consistent with other customers and employees. There have been no write-downs or allowances for doubtful debts.
10 Or loan held as at date of appointment of new KMP.
11 Or loan held as at date ceased to be a KMP.
12 The aggregate balance included loans to 6 persons (31 March 2025: 7 persons).
13 In FY2026 Macquarie performed a review of KMP disclosures and noted the omission of a loan account for a related party of Mr Wright from the 2025 Remuneration Report. The 2025 numbers have been re-presented to reflect this. The loan was originated prior to Mr Wright's appointment to the Executive Committee on 1 April 2024.

Note 36

Employee equity participation

MEREP

MBL participates in its ultimate parent company's, Macquarie Group Limited (MGL), share based compensation plans. For the Macquarie Group Employee Retained Equity Plan (MEREP), awards are granted by MGL to qualifying MBL employees of the Consolidated Entity for delivery of MGL shares.

Award types under the MEREP

Restricted Share Units (RSUs)

A RSU is a beneficial interest in a MGL ordinary share held on behalf of a MEREP participant by the plan trustee (Trustee).

The participant is entitled to receive dividends on the share and direct the Trustee how to exercise voting rights of the share. The participant also has the right to request the release of the share from the MEREP Trust, subject to the vesting and forfeiture provisions of the MEREP.

	NUMBER OF RSU AWARDS	
	2026	2025
RSUs on issue at the beginning of the financial year	**7,610,131**	7,747,401
Granted during the financial year	**1,616,980**	1,722,720
Vested RSUs withdrawn or sold from the MEREP during the financial year	**(2,151,787)**	(1,793,638)
Forfeited during the financial year	**(173,038)**	(84,566)
Net transfers (to)/from other Macquarie Group entities[1]	**(1,467,465)**	18,214
RSUs on issue at the end of the financial year	**5,434,821**	7,610,131
RSUs vested and not withdrawn from the MEREP at the end of the financial year	**1,813**	228

The weighted average fair value of the RSU awards granted during the financial year was $213.02 (2025: $198.30).

Deferred Share Units (DSUs)

A DSU represents the right to receive on exercise of the DSU either a MGL share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of RSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered to MRTs, US awards to CPS511 employees, or in jurisdictions where legal or tax rules make the grant of RSUs impractical, or where PSUs are structured as DSUs (see PSUs). DSUs have been granted with an expiry period of up to nine years.

	NUMBER OF DSU AWARDS	
	2026	2025
DSUs on issue at the beginning of the financial year	**2,050,265**	1,752,522
Granted during the financial year	**464,267**	858,491
Forfeited during the financial year	**(9,903)**	(28,960)
Exercised during the financial year	**(450,649)**	(540,500)
Net transfers (to)/from other Macquarie Group entities[1]	**(215,261)**	8,712
DSUs on issue at the end of the financial year	**1,838,719**	2,050,265
DSUs exercisable at the end of the financial year	**573,976**	595,235

The weighted average fair value of the DSU awards granted during the financial year was $200.88 (2025: $186.09).

[1] Net transfers (to)/from other Macquarie Group entities during the year includes transfers relating to the transfer of employees within Macquarie group entities.

Note 36

Employee equity participation continued

Award types under the MEREP continued

Performance Share Units (PSUs)

All PSUs currently on issue are structured as DSUs with performance hurdles related to MGL's performance that must be met before the underlying share or cash equivalent (as the case may be) will be delivered. PSU holders have no right to dividend equivalent payments before the PSUs vest.

	NUMBER OF PSU AWARDS	
	2026	2025
PSUs on issue at the beginning of the financial year	**401,838**	423,158
Granted during the financial year	**81,420**	99,141
Exercised during the financial year	**(31,589)**	(49,388)
Expired during the year	**(45,469)**	(71,073)
Forfeited during the financial year	**–**	–
PSUs on issue at the end of the financial year	**406,200**	401,838
PSUs exercisable at the end of the financial year	**–**	**–**

The weighted average fair value of the PSU awards granted during the financial year was $182.88 (2025: $179.87).

Participation in the MEREP is currently provided to the following Eligible Employees:

- Executive Directors with retained Directors' Profit Share (DPS), a proportion of which is allocated in the form of MEREP awards (Retained DPS Awards)
- staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards) and staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards)
- new Macquarie Bank staff who commence at Associate Director, Division Director or Executive Director level and are awarded a fixed Australian dollar value (New Hire Awards)
- members of the MBL Executive Committees who are eligible for PSUs (PSU awards)
- in limited circumstances, Macquarie Bank staff may receive an equity grant instead of a remuneration or consideration payment in cash. Current examples include individuals who become employees of Macquarie Bank upon the acquisition of their employer by a Macquarie entity or who receive an additional award at the time of joining Macquarie.

Note 36

Employee equity participation continued

Award types under the MEREP continued

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards and Promotion Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]
Retained DPS Awards granted in relation to years 2017 to 2023	Executive Committee members and Designated Executive Directors	1/5th in the 3rd, 4th, 5th, 6th and 7th year following the year of grant[2]
Retained DPS Awards granted in relation to years 2017 to 2023	All other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant[2]
Retained DPS Awards granted in relation to 2024 and following years	Executive Committee members and other Executive Directors	1/3rd in the 3rd, 4th and 5th year following the year of grant[2]
PSU Awards granted in relation to 2020 and following years	Executive Committee members (excluding MGL CEO and MBL CEO)	100% in the 4th year following the year of grant[3]
PSU Awards granted in relation to years 2020 to 2023	MGL CEO and MBL CEO	100% in the 4th year following the year of grant[3]
PSU Awards granted in relation to 2024 and following years	MGL CEO and MBL CEO	100% in the 5th year following the year of grant[3]
Commission Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant[1]
New Hire Awards	All Director-level staff	1/3rd in the 2nd, 3rd and 4th year following the year of grant[4]

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in certain jurisdictions may have a different vesting period due to local regulatory requirements.

For Retained Profit Share awards representing FY2025 retention, the allocation price was the weighted average price of the shares acquired for the 2025 purchase period, which was 19 May 2025 to 19 June 2025. That price was calculated to be $209.72 (2024 retention: $191.54).

1 Vesting will occur during an eligible staff trading window. If an employee has been on leave without pay (excluding leave to which the Employee may be eligible under local laws) for twelve months or more, the Vesting Period may be extended accordingly.
2 Vesting will occur during an eligible staff trading window. If an Executive Director has been on leave without pay (excluding leave to which the Executive Director may be eligible under local laws) for 12 months or more, the vesting period may be extended accordingly.
3 Subject to achieving certain performance hurdles.
4 Vesting will occur during an eligible staff trading window.

Note 36

Employee equity participation continued

Performance Share Units (PSUs)

PSUs will only be released or become exercisable subject to pre-vest assessment[1] and upon the achievement of performance hurdles related to MGL's performance. Only members of the MBL Executive Committees are eligible to receive PSUs. For the PSUs allocated to Executive Committee Members, two performance hurdles have been determined and each will apply individually to 50% of the total number of PSUs awarded. Hurdles are periodically reviewed by the Board Remuneration Committee (BRC) to ensure they continue to align the interests of staff and shareholders and provide a challenging but meaningful incentive to Executive Committee members. The BRC considers historical and forecast market data, the views of corporate governance groups, shareholders and regulators as well as market practice. No change has been made to the hurdles for this financial year.

The hurdles are outlined below.

Performance hurdle 1

Hurdle	Reference group
50% of the PSUs based solely on the relative average annual return on ordinary equity (ROE) over the vesting period compared to a reference group of global financial institutions. A sliding scale applies with 50% becoming exercisable above the 50th percentile and 100% vesting at the 75th percentile.	The current reference group comprises Bank of America Corporation, Barclays PLC, Citigroup Inc., Deutsche Bank AG, Goldman Sachs Group Inc., JPMorgan Chase & Co., Lazard Limited, Morgan Stanley and UBS AG.[2]

Performance hurdle 2

Hurdle	Required result
50% of the PSUs based solely on the compound annual growth rate (CAGR) in earnings per share (EPS) over the vesting period.	A sliding scale applies with 50% becoming exercisable at EPS CAGR of 7.5% and 100% at EPS CAGR of 12%. For example, if EPS CAGR were 9.75%, 75% of the relevant awards would become exercisable.

Under both performance hurdles, the condition is examined once only. Testing occurs annually on 30 June immediately before vesting on 1 July, based on the most recent financial year-end results available. To the extent that a condition is not met when examined, the PSUs due to vest will not be exercisable upon vesting, resulting in no benefit to Executive Committee members.

Pre-vest assessment (At end of vesting period)

Prior to vesting of PSU awards, the Board will conduct a holistic assessment of the Executive Committee's collective contribution to driving the performance of Macquarie over the vesting period, based on the extent to which the Executive Committee has:

1. promoted behaviour that is consistent with and reflects Macquarie's risk culture and Code of Conduct and the principles of What We Stand For
2. overseen the effectiveness of Macquarie's risk management framework, regulatory compliance, policies and practices in managing key financial and non-financial risks
3. overseen funding, liquidity and capital management to ensure Macquarie's financial soundness.

Where the Board forms a negative overall assessment of non-financial performance, it will consider whether an adjustment is appropriate, considering any mitigating and aggravating factors.

1 Pre-vest assessment applicable for awards to be granted in relation to FY2024 and following years.
2 For unvested PSU awards made prior to FY2023, the reference group included Bank of America Corporation, Barclays PLC, Credit Suisse, Deutsche Bank AG, Goldman Sachs Inc., JP Morgan Chase & Co., Lazard Ltd, Morgan Stanley and UBS AG.

Note 36

Employee equity participation continued

Award types under the MEREP continued

Assumptions used to determine fair value of MEREP awards

RSUs and DSUs are measured at their grant dates based on their fair value[1] and for each PSU, the awards expected to vest are measured on the basis of the assumptions below. This amount is recognised as an expense over the respective vesting periods.

RSUs, DSUs and PSUs relating to the MEREP plan for Executive Committee members have been granted in the current financial year in respect of the FY2025 performance. The accounting fair value of each of these grants is estimated using MGL's share price on the date of grant and for each PSU also incorporates a discounted cash flow method using the following key assumptions:

- interest rate to maturity: 3.27% per annum (3.53% for grants to the CEO and the MBL CEO)
- expected vesting dates of PSUs: 1 July 2029 (1 July 2030 for the CEO and the MBL CEO)
- dividend yield: 3.61% per annum.

While RSUs, DSUs and PSUs (for Executive Committee members) for FY2026 will be granted during FY2027, the Company begins recognising an expense for these awards (based on an initial estimate) from 1 April 2025 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2026 and applying the vesting profile to the retained amount.

For PSU, the estimate also incorporates an interest rate to maturity of 4.86% per annum (4.89% for grants to the MGL CEO and the MBL CEO), expected vesting date of 1 July 2030 (1 July 2031 for the MGL CEO and the MBL CEO), and a dividend yield of 3.50% per annum. In the following financial year, the Consolidated Entity will adjust the accumulated expense recognised for the final determination of fair value for each RSU, DSU and PSU when granted and will use this valuation for recognising the expense over the remaining vesting period. The Consolidated Entity annually reviews its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement.

For the financial year ended 31 March 2026, compensation expense relating to the MEREP totalled $493,083 thousand (2025: $478,339 thousand).

Employee Share Plan

MBL also participates in MGL's Macquarie Group Employee Share Plan (ESP) whereby each financial year eligible employees are offered up to $1,000 worth of fully paid MGL ordinary shares for no cash consideration.

Shares allocated under the ESP cannot be sold until the earlier of three years after allocation or the time when the participant is no longer employed by MGL or a subsidiary of MGL. In all other respects, shares allocated rank equally with all other fully paid ordinary shares then on issue.

The latest offer under the ESP was made during November 2025. A total of 2,195 (2025: 2,555) staff participated in this offer.

On 3 December 2025, the participants were each allocated 5 (2025: 4) fully paid ordinary shares based on the offer amount of $1,000 and the average market share price of $197.12 (2025: $233.37), resulting in a total of 10,975 (2025: 10,220) shares being allocated. The shares were allocated to staff for no cash consideration. The aggregate value of the shares allocated was deducted from staff profit share and commissions.

For the financial year ended 31 March 2026, compensation expense relating to the ESP totalled $2,166 thousand (2025: $2,367 thousand).

Other plans

MBL operates other local share-based compensation plans, none of which, individually or in aggregate are material.

[1] For employees categorised as Material Risk Takers who are required to comply with the European Banking Authority Guidelines on the CRD IV and CRD V remuneration requirements, the fair value of the awards granted for performance periods after 1 April 2019 has been adjusted to take into account the prohibition of dividends on unvested awards.

Note 37

Contingent liabilities and commitments

	CONSOLIDATED		COMPANY	
	2026	2025	**2026**	2025
	$m	$m	**$m**	$m
Undrawn credit commitments				
Undrawn credit facilities and debt commitments[1]	**29,335**	23,986	**28,724**	24,264
Letters of credit and guarantees	**3,032**	2,861	**4,664**	4,370
Total undrawn credit commitments	**32,367**	26,847	**33,388**	28,634
Other contingencies and commitments				
Performance-related contingencies	**453**	546	**442**	510
Asset development and purchase commitments	**26**	133	**2**	105
Total other contingencies and commitments	**479**	679	**444**	615
Total contingent liabilities and commitments	**32,846**	27,526	**33,832**	29,249

[1] 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 of $20,469 million (2025: $16,874 million) which are considered to be exposed to credit risk.

Note 38

Audit and other services provided by PricewaterhouseCoopers

During the financial year, PricewaterhouseCoopers (PwC) and its network firms, the auditor of the Consolidated Entity and the Company, earned the following remuneration.

	CONSOLIDATED		COMPANY	
	2026 $'000	2025 $'000	**2026 $'000**	2025 $'000
Audit of the Group and controlled entities:				
PwC – Australia	**19,888**	20,509	**18,896**	18,658
Network firms of PwC Australia	**5,216**	5,721	**490**	493
Total audit services	**25,104**	26,230	**19,386**	19,151
Audit-related services:[1]				
PwC – Australia	**9,334**	7,248	**6,646**	5,912
Network firms of PwC Australia	**97**	301	**5**	118
Total audit-related services	**9,431**	7,549	**6,651**	6,030
Total audit and audit-related services	**34,535**	33,779	**26,037**	25,181
Other services:				
PwC – Australia	**1,006**	1,143	**513**	304
Network firms of PwC Australia	**–**	386	**–**	144
Total other non-audit services	**1,006**	1,529	**513**	448
Total remuneration paid to PwC for audit, audit-related and other non-audit services	**35,541**	35,308	**26,550**	25,629

Use of PwC's services for engagements other than audit is restricted in accordance with the Consolidated Entity's *Audit and Assurance Independence Policy*.

[1] Audit related services consist of assurance and related service traditionally performed by the independent external auditor of the Consolidated Entity. While in addition to their statutory audit role, these services are consistent with the role of the external auditor and include statutory assurance and other assurance services such as engagements required under regulatory, prudential, legislative or financing programmes as well as reviews requested by regulators and other agreed upon procedures.

Note 39

Notes to the statements of cash flows

(i) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year are reflected in the relevant items in the Statements of financial position as follows.

	CONSOLIDATED		COMPANY	
	2026 $m	2025 $m	**2026 $m**	2025 $m
Cash and bank balances[1,2]	**12,930**	16,398	**9,467**	14,484
Cash collateralised lending and reverse repurchase agreements	**46,214**	33,332	**44,646**	32,221
Financial investments	**1,419**	1,563	**1,419**	1,563
Cash and cash equivalents at the end of the financial year	**60,563**	51,293	**55,532**	48,268
(ii) Reconciliation of profit after income tax to net cash flows generated from/(utilised in) operating activities				
Profit after income tax	**6,011**	3,445	**6,460**	3,103
Adjustments to profit after income tax:				
Depreciation and amortisation	**586**	708	**250**	334
Credit and other impairment (reversal)/charges	**358**	151	**246**	57
Investment and other income	**(3,657)**	(638)	**(4,344)**	(14)
Share of net profits of associates and joint ventures	**(56)**	(39)	**–**	–
Changes in assets and liabilities:				
Issued debt securities, borrowings and other funding	**13,632**	986	**17,870**	2,122
Liquid asset holdings	**(4,837)**	2,701	**(5,342)**	2,614
Trading and related assets, and collateralised lending balances, including balances with Macquarie Group entities (net of liabilities)	**(10,020)**	(3,236)	**(7,785)**	(4,450)
Deposits	**44,273**	29,169	**44,640**	29,493
Debtors, prepayments, accrued charges and creditors	**708**	704	**541**	317
Tax balances	**670**	349	**718**	491
Interest, fee and commission receivable and payable	**(115)**	(38)	**(220)**	45
Assets under operating lease	**(213)**	(489)	**(108)**	(278)
Other assets and liabilities	**(171)**	(34)	**(157)**	377
Carrying value of associates due to dividends received	**35**	15	**–**	–
Loan assets, receivables and related balances with Macquarie Group entities	**(37,142)**	(29,119)	**(47,186)**	(26,730)
Net cash flows generated from operating activities	**10,062**	4,635	**5,583**	7,481
(iii) Reconciliation of loan capital				
Balance at the beginning of the financial year	**12,540**	10,825	**12,540**	10,825
Cash flows:				
Issuance	**3,996**	1,246	**3,996**	1,246
Redemption	**(1,884)**	–	**(1,884)**	–
Non-cash changes:				
Foreign currency translation and other movements	**(584)**	469	**(588)**	469
Balance at the end of the financial year	**14,068**	12,540	**14,064**	12,540

1 Amounts excluded from cash and cash equivalents but presented in the Statements of financial position as Cash and bank balances primarily relates to $6,174 million (2025: $5,823 million) in the Consolidated Entity and $5,849 million (2025: $5,573 million) in the Company of funds received from clients which are segregated from the own funds and other balances of $503 million (2025: $48 million) for the Consolidated Entity and $503 million (2025: $43 million) for the Company, not readily available to meet the Consolidated Entity's and Company's short-term cash commitments.

2 Includes $1,014 million (2025: $879 million) in the Consolidated Entity and $574 million (2025: $543 million) in the Company of balances held by consolidated SEs that are restricted for use by the Consolidated Entity, balances required to be maintained with central banks and other regulatory authorities and balances held in countries where remittance of cash outside the country is subject to certain restrictions.

Note 40

Events after the reporting date

There were no material events subsequent to 31 March 2026 and up until the authorisation of the financial statements for issue, that have not been disclosed elsewhere in this Financial Report.

Note 41

Material accounting policies

(i) Principles of consolidation

Subsidiaries

The consolidated Financial Report reflects the financial performance and financial position of the Consolidated Entity. Subsidiaries are all those entities (including structured entities) which the Consolidated Entity controls. The Consolidated Entity controls an entity where it has:

- power to direct the relevant activities of the entity
- exposure, or rights, to variable returns from its involvement with the entity, and
- the ability to utilise power to affect the entity's returns.

The Consolidated Entity has power over an entity when it has existing substantive rights that provide it with the current ability to direct the entity's relevant activities, being those activities that significantly affect the entity's returns. Management also considers the entity's purpose and design. If Management determines that the Consolidated Entity has power, Management then evaluates whether the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the entity.

All variable returns are considered in making that assessment including, but not limited to, returns from debt or equity investments, guarantees, liquidity arrangements, variable fees and certain derivative contracts.

The Consolidated Entity controls an entity if it has the ability to use its power to affect the entity's returns from its involvement with the entity, taking into consideration the magnitude and variability associated with its variable returns.

In certain instances, Management may determine that the Consolidated Entity controls entities where it has less than half of the voting rights on the basis of its ability to direct the relevant activities of those entities.

The determination of control is based on current facts and circumstances and is continuously assessed.

Structured entities

Structured Entities (SEs) are those entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relate to administrative tasks only and the relevant activities of the SE are directed by means of contractual arrangements. When assessing whether the Consolidated Entity controls (and therefore consolidates) a SE, judgement is required as to whether the Consolidated Entity has power over the relevant activities as well as exposure, or rights, to variable returns of the SE. Refer to Note 22 *Structured entities* for further information related to both consolidated and unconsolidated SE's.

Consolidation

The effects of all transactions between subsidiaries in the Consolidated Entity are eliminated in full.

Non-controlling interests (NCI) in the results and equity of subsidiaries are presented separately in the consolidated Income statements, consolidated Statements of comprehensive income, consolidated Statements of changes in equity and consolidated Statements of financial position and are determined on the basis of the Consolidated Entity's present ownership interest in the entity.

Where control of an entity was obtained during the financial year, its results are included in the consolidated Income statements from the date on which control was obtained. Where control of an entity ceased during the financial year, its results are included for that part of the financial year during which control existed.

Management determines the dates of obtaining control and losing control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to direct the relevant activities and the extent of the Consolidated Entity's exposure to the entity's variable returns. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice and whether regulatory approval is required (including the nature of such approval). The acquisition or disposal date does not necessarily occur when the transaction is closed or finalised under law.

Subsidiaries held by the Company are carried in its financial statements at cost less accumulated impairments, adjusted for changes in fair value attributable to the spot foreign exchange risk where such subsidiaries are designated in qualifying fair value hedge relationships.

Interests in associates and joint ventures

Associates and joint ventures are entities over which the Consolidated Entity has significant influence or joint control. Existing ownership interests (including in-substance ownership interests) in associates and joint ventures are accounted for under the equity method. In-substance ownership interests are interests that are substantially similar to an investee's ordinary shares. Equity accounting of the ownership interests is applied from the date that the Consolidated Entity has significant influence or joint control and ceases when the Consolidated Entity no longer has significant influence or joint control.

Management determines the dates of obtaining or losing significant influence or joint control of another entity based on an assessment of all pertinent facts and circumstances that affect the ability to significantly influence the financial and operating policies or jointly control the relevant activities of that entity. Facts and circumstances that have the most impact include the contractual arrangements agreed with the counterparty, the manner in which those arrangements are expected to operate in practice, and whether regulatory approval is required (including the nature of such approval). Equity accounting is discontinued from the date when the investment ceases to be an associate or joint venture, which is when significant influence or joint control is lost.

Note 41

Material accounting policies continued

(i) Principles of consolidation continued

Interests in associates and joint ventures

The equity method of accounting is applied in the consolidated Financial Report and requires the recognition of the associate or joint venture at cost and adjusted thereafter to recognise the Consolidated Entity's share of its associates' and joint ventures' post-acquisition profits or loss (including impairments of the associates' or joint ventures' assets) in the consolidated income statement, and the share of the post-acquisition movements in other comprehensive income in the consolidated statement of comprehensive income. The Consolidated Entity's share of post acquisition profits or losses of associates and joint ventures are included in net investment income. Dividends received by the Consolidated Entity from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Transactions reported directly in equity (besides those reflected in other comprehensive income) are accounted for by the Consolidated Entity in accordance with the substance of the transaction and whether the transaction is dilutive to the Consolidated Entity's ownership interest. Where the transaction is dilutive to the Consolidated Entity's interest in the associate or joint venture, the impact is recorded as part of the Consolidated Entity's share of profits or losses of associates and joint ventures.

Equity accounting of losses is restricted to the Consolidated Entity's interests in its associate or joint venture, unless the Consolidated Entity has an obligation or has made payment on behalf of the entity.

Long-term interests in an associate or joint venture, to which the equity method is not applied but in-substance form part of the net investment in the associate or joint venture, are accounted for in accordance with the Consolidated Entity's financial instruments' accounting policies, which includes accounting for expected credit losses, where applicable.

Subsequently, the loss allocation and impairment requirements in AASB 128 *Investments in Associates and Joint Ventures* are applied to long-term interests.

Where necessary, accounting policies of associates and joint ventures have been changed to ensure consistency with those adopted by the Consolidated Entity.

At the end of each reporting period, Management reviews the Consolidated Entity's investments in associates and joint ventures for indicators of impairment. Where there is an indicator of impairment, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying value. Impairment losses and reversals are recognised in other impairment charges/reversals. A reversal of a previously recognised impairment loss is recognised only to the extent that the investment's carrying value does not exceed the carrying amount that would have been determined (including consideration of any equity accounted losses), if no impairment loss had been recognised.

Interests in associates and joint ventures are classified as held for sale when Management determines that the interest will be recovered principally through a sale transaction rather than through continuing use. Equity accounting is suspended when the interest is classified as held for sale.

On disposal of an investment in an associate or a joint venture, the difference between the sales consideration, any retained interest and the carrying value is recognised as a gain or loss in net investment income. The Consolidated Entity accounts for amounts recognised in OCI in relation to the associate or joint venture disposed of, on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities.

Investments (including in-substance existing ownership interests) in associates and joint ventures held by the Company are carried in its financial statements at cost less accumulated impairment.

Changes in ownership interests

When acquiring additional interests:

- of a financial asset (such that it becomes an associate, joint venture or subsidiary), or
- in an investment in an associate or joint venture (such that it becomes a subsidiary), where the underlying entity constitutes a business,

previously held interests are revalued to their fair value and any gain or loss is recognised in net investment income.

Similarly, when selling ownership interests of a subsidiary, where the underlying constitutes a business (such that control is lost), or an investment in an associate or joint venture (such that it becomes a financial asset), retained ownership interests are revalued to their fair value and any gain or loss is recognised in net investment income. Retained ownership interests are not revalued where the sale represents a contribution to an associate or joint venture, nor in certain circumstances where the partial sale of an investment in associate or joint venture, which continues to be equity accounted post the sale, is affected through a holding company subsidiary.

Increases and decreases in the Consolidated Entity's interest in a subsidiary (that do not result in the loss of control) are accounted for directly within equity. Increases in the Consolidated Entity's ownership interest in an associate or joint venture are accounted for as an increase in the carrying value of the interest in associate or joint venture. The difference between the reduction in the Consolidated Entity's interest in an associate or joint venture that remains an associate or joint venture and the fair value of consideration received is accounted for as a gain or loss within net investment income. A proportionate amount of associated OCI is reclassified to profit or loss, or reclassified within equity, on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities.

Note 41

Material accounting policies continued

(ii) Business combinations

Distinguishing between whether assets or a business is acquired involves judgement. Management identifies a business where an acquired integrated set of activities and assets includes an economic resource (input) and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income from ordinary activities (outputs).

On a transaction-by-transaction basis, Management may use a practical expedient to determine that an acquired set of activities is not a business. Under this assessment, the transaction is accounted for as an asset acquisition if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method. The consideration exchanged is measured as the aggregate of the acquisition-date fair values of assets transferred, equity instruments issued, and liabilities incurred. Transaction costs of a business combination are recognised directly in the consolidated income statement as part of other operating expenses.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured at fair value on the acquisition date. Management elects, on a transaction-by-transaction basis, to initially measure NCI either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities.

Goodwill is measured as the excess of the consideration exchanged, recognised NCI, and the fair value of previously held equity interests over the fair value of the identifiable net assets of the business acquired and is recognised as part of intangible assets. Goodwill is subsequently measured at cost less accumulated impairment.

If the consideration is less than the Consolidated Entity's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised as a gain from bargain purchase in net investment income, but only after a reassessment of the identification and measurement of the net assets acquired.

Contingent consideration that is dependent on any subsequent event is measured at fair value with changes in its fair value recognised in net investment income.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the acquisition date. The discount rate used is the Consolidated Entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Transactions under common control

Common control transactions, which are business combinations involving entities or businesses that are ultimately controlled by the same parent entity, are accounted for at predecessor value.

Where the Consolidated Entity acquires, as part of a common control transaction, assets that meet the definition of a business, the assets and liabilities acquired are recorded using the predecessor values included in the consolidated financial statements of the entity having the highest level within the common control group and, where applicable, are presented gross of any accumulated amortisation, depreciation and impairment. The Consolidated Entity accounts for the difference between the consideration paid and the predecessor value of the assets and liabilities acquired as a restructure reserve in equity, generally in retained earnings.

Where the Consolidated Entity acquires, as part of a common control transaction, an investee that meets the definition of an investment in associate or joint venture, the Consolidated Entity will recognise the acquired investment at its predecessor value. The Consolidated Entity accounts for the difference between the consideration paid and the predecessor value as a restructure reserve in equity, generally in retained earnings.

In the Consolidated Entity's financial statements, to the extent the common control transaction occurred between entities ultimately controlled by Macquarie Bank Limited, the selling entity's gains and losses relating to a common control transaction are eliminated against the amount recorded in the acquirer's equity relating to the common control transaction.

(iii) Foreign currency translation

Functional and presentation currency

The functional currency of each entity (including branches) in the Consolidated Entity is determined as the currency of the primary economic environment in which the entity operates. The Consolidated Entity and the Company's financial statements are presented in Australian dollars (the presentation currency), which is also the Company's functional currency. A foreign operation is an entity or a group of entities whose activities are based or conducted in a country or currency other than that of the Consolidated Entity.

Transactions and balances

At initial recognition, a foreign currency transaction is translated into the entity's functional currency using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary assets and liabilities are translated using the closing exchange rate
- non-monetary items (including equity) measured in terms of historical cost in a foreign currency remain translated using the spot exchange rate at the date of the transaction, and
- non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was measured.

Note 41

Material accounting policies continued

(iii) Foreign currency translation continued

Foreign exchange gains and losses arising from the settlement or translation of monetary items, or non-monetary items measured at fair value, are recognised in net trading income with one exception being where such monetary items are designated as hedging instruments in qualifying cash flow hedge or net investment hedge relationships. In such circumstances the foreign exchange gains and losses may be deferred in OCI to the extent the hedge is effective (refer to Note 34 *Hedge accounting* and Note 41(x) *Derivative instruments and hedging activities*).

Subsidiaries and other entities

The results and financial position of all entities that have a functional currency other than Australian dollars are translated into Australian dollars as follows:

- assets and liabilities for each Statements of financial position presented are translated at the closing exchange rate at the date of that Statements of financial position. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate
- income and expenses for each income statement are translated at actual or average exchange rates at the dates of the transactions
- all resulting exchange differences are recognised in OCI within a separate component of reserves, being the foreign currency translation reserve (FCTR).

Foreign currency gains and losses on intragroup loans are recognised in the income statement except where the loan is in-substance part of the Consolidated Entity's net investment in the foreign operation, in which case the foreign currency gains and losses are recognised in the Consolidated Entity's FCTR.

The exchange gains or losses recognised in FCTR are reclassified to the income statement or reattributed within equity as follows:

- if there is a disposal of a foreign operation, then the accumulated FCTR is reclassified from OCI to net investment income
- if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated FCTR is reclassified to net investment income
- if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated FCTR is reattributed within equity to non-controlling interests.

(iv) Revenue and expense recognition

Net interest income

Interest income and interest expense (with the exception of borrowing costs that are capitalised on a qualifying asset which is not measured at fair value) are recognised using the effective interest rate (EIR) method for financial assets and financial liabilities carried at amortised cost, and debt financial assets classified as at fair value through OCI. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability. Fees and transaction costs that are integral to the lending arrangement are recognised in interest income or interest expense, as applicable, over the expected life (or, when appropriate, a shorter period) of the instrument in accordance with the EIR method.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the remeasurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

The calculation of the EIR does not include ECL, except for financial assets which on initial recognition are classified as purchased or originated credit impaired (POCI). Interest income on these assets is determined using a credit adjusted EIR by discounting the estimated future cash receipts, including expected credit losses through the expected life of the financial instrument to the net carrying amount of the financial asset at initial recognition.

Interest income on financial assets that are subsequently classified as credit-impaired (Stage III), is recognised by applying the EIR to the amortised cost carrying value (being the gross carrying value after deducting the ECL). Interest income and expense on financial assets and liabilities that are classified as FVTPL is accounted for on a contractual rate basis and included in Other Interest Income.

Fee and commission income

Revenue earned by the Consolidated Entity from its contracts with customers primarily consists of the following categories of fee and commission income.

Brokerage and stock lending fees

The Consolidated Entity enters into contracts with customers to act as an agent to buy and sell securities. The brokerage and commission income related to this service is recognised on trade date and is presented net of any rebates.

Service fee from other Macquarie Group entities

Service fees for the provision of resources or other ancillary services to other Group entities, when the Company or its subsidiaries performs a service for other entities within the Macquarie Group as per the group shared services agreements, are recognised as and when those services are performed.

Note 41

Material accounting policies continued

(iv) Revenue and expense recognition continued

Other fee and commission income

Other fee and commission income includes fees earned on a range of banking products and services platforms, wealth services, credit cards, structuring fees, portfolio administration, lending services, stock borrow and lending activities and income on structured products which is recognised when the performance obligation is satisfied which is when it has been established that the customer has received the benefit of the product or service.

The revenue recognition policies above are applied to internal fee sharing arrangements between the entities within the Macquarie Group. Management fees and other cost recoveries are recognised as and when the Company performs a service to other entities within the Macquarie Group as per the agreed cost or profit sharing arrangements.

Net operating lease income

Operating lease income is recognised on a straight-line basis over the lease term and is presented net of the related depreciation expense.

Net Investment income

Net investment income includes gains and losses arising from subsequent changes in the fair values of equity and debt investment securities that are classified as FVTPL and dividends or distributions on these securities which represent the return on such investments.

Gains or losses on the change of control, joint control and/or significant influence and reclassifications to/from held for sale also forms part of net investment income. Refer to Note 41(i) *Principles of consolidation* for details on the timing of recognition of such gains or losses.

Dividends

Dividends or distributions are recognised when the right to receive a dividend or distribution is established, it is probable the economic benefits associated with the dividend will flow to the Company and/or Consolidated Entity and the dividend can be measured reliably.

Dividends or distributions from HFT assets are recognised in net trading income, in net investment income for other financial assets measured at FVTPL or FVOCI, or as a reduction to the carrying amount of the investment in associates and joint ventures. Where associates and joint ventures are classified as held for sale, dividends or distributions are recognised within other income as part of net other operating income and charges.

In the Company's financial statements, judgement may be applied in determining whether distributions from subsidiaries are to be recognised as dividend income or as a return of capital. Distributions that represent a return of capital are accounted for by the Company as a reduction to the cost of its investment and are otherwise recognised by the Company within net investment income when the recognition criteria are met.

Expenses

Expenses are recognised in the income statement as and when the provision of services is received.

(v) Segment reporting

Operating Segments are components of the Consolidated Entity included in internal reports that are regularly reviewed by Senior Management who have been identified as the Chief Operating Decision Makers (CODM), for purposes of allocating resources and assessing performance. Information reported to CODM is specifically focused on core products and services offered, comprising three reportable segments as disclosed in Note 3 *Segment reporting*.

Information about products and services is based on the financial information used to produce the Consolidated Entity's financial statements. Information about geographical segments is based on the tax domicile of the respective entities.

(vi) Taxation

The balance sheet approach to tax effect accounting has been adopted whereby the income tax expense for the financial year is the tax payable on the current year's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences or tax losses.

Deferred tax liabilities are recognised when such temporary differences give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered, or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and deferred tax liabilities that arise following the implementation of the Pillar Two Model Rules legislation are not recognised in the financial statements in accordance with the mandatory exception to the Accounting Standards.

Note 41

Material accounting policies continued

(vi) Taxation continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognised in OCI are also recognised in OCI.

Management exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery.

Factors considered include the ability to offset tax losses within the tax consolidated group in Australia or groups of entities in overseas jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Consolidated Entity undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. Management estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding and interpretation of the law. Uncertain tax positions are presented as current or deferred tax assets or liabilities with reference to the nature of the underlying uncertainty.

Tax consolidation

The Consolidated Entity's Australian tax liabilities are determined according to tax consolidation legislation.

All eligible Australian resident wholly owned subsidiaries of Macquarie Group Limited (MGL, the Company's ultimate parent entity) comprise a tax consolidated group (TCG) with MGL as the head entity. As a consequence, the Company and the relevant subsidiaries are not liable to make income tax payments and do not recognise any current tax balances or any deferred tax assets arising from unused tax losses or credits.

The TCG recognises its current and deferred taxes using the 'group allocation approach' detailed in AASB UIG Interpretation 1052 *Tax Consolidation Accounting* (AASB Interpretation 1052). Under the terms and conditions of a tax funding agreement, MGL charges each subsidiary for all current tax liabilities incurred in respect of their activities and reimburses each subsidiary for any tax assets arising from unused tax losses. The tax funding agreement also allows for the transfer of tax balances between TCG entities as required. Where the recognition of a deferred tax balance in the transferee is precluded under AASB 112 *Income taxes*, the funding paid or received is accounted for in equity.

MGL's group allocation approach is based on a 'standalone taxpayer' approach as defined in AASB Interpretation 1052 which requires each subsidiary member to record income taxes as though they each continued to be a taxable entity in their own right. Modifications, such as the removal of the standalone tax effect of intra-group dividend income, are then made to this approach wherever it does not appropriately reflect the tax outcome to the TCG.

Should MGL be in default of its tax payment obligations, or a default is probable, the current tax balances of its subsidiaries will be determined in accordance with the terms and conditions of a tax sharing agreement between MGL and entities in the TCG.

In offshore jurisdictions, Macquarie's approach to Tax Consolidation follows the legislation applicable in each jurisdiction. Where applicable, joint filing obligations are performed for tax consolidated groups, with the head entity responsible for settling obligations with Revenue Authorities. Subsidiaries that are part of offshore TCGs are however still liable for income tax and therefore recognise current and deferred tax balances.

Goods and Services tax (GST)

Where an amount of GST (or other value added tax) is not recoverable from global tax authorities, it is either capitalised to the Statements of financial position as part of the cost of the related asset or is recognised as part of other operating expenses.

Where GST (or other value added tax) is recoverable from or payable to global tax authorities, the net amount is recorded as a separate asset or liability in the Statement of financial position.

(vii) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted (in the case of instruments not classified at FVTPL) for transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees paid or received relating to financial instruments carried at FVTPL are recorded in the income statement.

The best evidence of a financial instrument's 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 inputs 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 instrument 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 net trading income over the life of the transaction or when the inputs become observable.

Note 41

Material accounting policies continued

(vii) Financial instruments continued

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another
- have the same counterparty
- relate to the same risk
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction, or
- whether each of the financial instruments has its own terms and conditions and may be transferred or settled separately.

Derecognition of financial instruments

Financial assets

Financial assets are derecognised from the Statements of financial position when:

- the contractual rights to cash flows have expired, or
- the Consolidated Entity has transferred the financial asset and has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Consolidated Entity:

i. transfers the contractual rights to receive the cash flows of the financial asset, or

ii. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where the Consolidated Entity is:
    - not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset
    - prohibited from selling or pledging the original asset other than as security to the eventual recipients, and
    - obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay, generally considered to be within 3 months.

In transactions where the Consolidated Entity neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Consolidated Entity is recognised as a separate asset or liability.

In transfers where control over the asset is retained, the Consolidated Entity continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Financial liabilities are derecognised from the Statements of financial position when the Consolidated Entity's obligation has been discharged, cancelled or has expired.

Gains and losses on the derecognition of debt financial assets and liabilities

Gains and losses arising from the derecognition of debt financial assets or financial liabilities are recognised in:

- net trading income in respect of trading-related settlement and receivable balances that are subsequently measured at amortised cost
- other income and charges as part of net other operating income and charges for all other debt financial assets and financial liabilities.

Financial guarantee contracts issued

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under AASB 9, and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of AASB 15 *Revenue from Contracts with Customers*.

Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified.

A financial asset that is renegotiated or modified is derecognised if the rights to receive cash flows from the existing agreement have expired, either through replacement by a new agreement on substantially different terms or the existing terms are substantially modified. To determine whether the replacement agreement terms are substantially different or existing terms are substantially modified, both qualitative and quantitative factors are considered. Qualitative factors would, for example, include a consideration of whether and to what extent the modification is driven by financial difficulties of the borrower or a commercial renegotiation to market rates, or whether the terms are modified such that the instrument no longer meets the SPPI requirements.

Note 41

Material accounting policies continued

(vii) Financial instruments continued

A financial liability that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if the existing terms are modified such that the modified financial liability is a substantially different financial instrument. The assessment on whether the terms are substantially different involves a quantitative analysis, with qualitative factors considered in certain circumstances. Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recognised in the income statement in accordance with the nature of the financial instrument as described in the derecognition of financial instruments policy.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when the modification does not result in derecognition, the gross carrying amount of the financial instrument is recalculated and a modification gain or loss is recognised in the income statement as part of interest and similar income. The gain or loss is measured as the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the instrument's original EIR.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the financial asset is held and the characteristics of the financial asset's contractual cash flows.

Business model assessment

Management uses judgement in determining the business model at the level that reflects how groups of financial assets are managed together to achieve a particular business objective. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Consolidated Entity's Senior Management personnel and senior executives
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected), and
- frequency, value, timing of and reasons for sales of assets in the portfolio and expectations about future sales activity.

Solely payment of principal and interest (SPPI)

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding, consistent with a basic lending arrangement. This includes an assessment of whether the cash flows primarily reflect consideration for the time value of money and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs including a reasonable profit margin.

In assessing whether the contractual cash flows are SPPI, Management considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet the SPPI criteria. Such an assessment would consider, for example, the impact of any of the following features:

- contingent events that could change the amount and/or timing of cash flows
- leverage features that could change the economic characteristics of principal and interest cash flows introducing volatility inconsistent with a basic lending arrangement
- prepayment features, to determine whether the amount due on early repayment substantially represents unpaid amounts of principal and accrued interest which may include reasonable compensation for the early termination of the contract, and
- terms that limit the Consolidated Entity's claim to cash flows from specified assets - for example, through non-recourse or limited recourse arrangements - in a way that is inconsistent with a basic lending arrangement.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements, and
- the financial asset has not been classified as DFVTPL.

Interest income is determined in accordance with the EIR method and recognised as part of interest and similar income.

Fair value through other comprehensive income

A financial asset is subsequently measured at FVOCI if the following conditions are met:

- the financial asset is held within a business model whose objective is to both collect contractual cash flows and to sell the financial assets
- the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements, and
- the financial asset has not been classified as DFVTPL.

Note 41

Material accounting policies continued

(vii) Financial instruments continued

Subsequent changes in fair value are recognised in OCI, with the exception of interest (which is recognised as part of interest income), ECL (which is recognised in credit and other impairment charges/reversal) and foreign exchange gains and losses (which are recognised in net trading income) and is net of any related hedge accounting adjustments. When debt financial assets classified as at FVOCI are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to net investment income in respect of debt financial investments and loans to associates, or to other income and charges as part of net other operating income and charges for all other debt financial assets.

Fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL. For the purposes of the Consolidated Entity's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading or held as part of a portfolio that is managed together with short-term profit or position taking (held for trading (HFT)). This classification includes all derivative financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL)
- financial assets that fail the SPPI test (FVTPL), and
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised in net investment income.

Subsequent changes in the fair value of debt financial assets measured at FVTPL are presented as follows:

- changes in the fair value of financial assets that are HFT and financial assets managed on a fair value basis are recognised in net trading income
- changes in the fair value of debt financial investments and loans to associates and joint ventures that fail SPPI are recognised in net investment income
- changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income and charges within net other operating income and charges.

Where applicable, the interest component of these financial assets is recognised as interest and similar income.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either HFT, or have been designated to be measured at FVTPL (DFVTPL). A financial liability may be DFVTPL if:

- such a designation eliminates or significantly reduces an accounting mismatch that would otherwise have arisen
- a group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the liability contains embedded derivatives which must otherwise be separated and carried at fair value

All derivative financial liabilities are classified as HFT, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as FVTPL. Refer to Note 41(x) *Derivative instruments and hedging activities* for the detailed hedge accounting policy.

Changes in the fair value of financial liabilities that are not classified as HFT, with the exception of changes relating to the Consolidated Entity's own credit risk, are recognised in net trading income, or other income and charges as part of net other operating income and charges, depending on the nature of the underlying transaction. Changes in fair value relating to changes in the Consolidated Entity's own credit risk are presented separately in OCI and are not subsequently reclassified to profit or loss.

Where applicable, the interest component of these financial liabilities is recognised as interest and similar expense.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Statements of financial position, when there is a current legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

(viii) Cash collateral on securities borrowed and lent and repurchase and reverse repurchase agreements

As part of its trading, financing and liquidity management activities, the Consolidated Entity borrows and lends securities, commodities and other assets (the underlying) on a collateralised basis. The underlying that is subject to the arrangement is not derecognised from the Statements of financial position of the relevant parties, as the risks and rewards of ownership remain with the initial holder.

These transactions include:

- reverse repurchase transactions, where the Consolidated Entity purchases an underlying under an agreement to resell
- repurchase transactions, where the Consolidated Entity sells an underlying under an agreement to repurchase.

Management continually reviews the fair values of the underlying on which the above transactions are based and where appropriate, requests or provides additional collateral to support the transactions, in accordance with the terms of the respective agreements.

Note 41

Material accounting policies continued

(viii) Cash collateral on securities borrowed and lent and repurchase and reverse repurchase agreements continued

Reverse repurchase agreements are subsequently measured as follows by the Consolidated Entity:

- agreements that are collateralised with commodities are measured at amortised cost when they are held in a business model to collect contractual cash flows and the SPPI criteria are met
- agreements that are held within the Consolidated Entity's cash and liquid assets portfolio are measured at FVOCI as they are held in a business model to both collect contractual cash flows and with the intention to sell
- all other reverse repurchase agreements are measured at FVTPL to reflect the Consolidated Entity's business model to realise fair value gains and losses as opposed to a business model in which the objective is to collect contractual cash flows.

Also refer to Note 20 *Measurement categories of financial instruments*.

Repurchase agreements are subsequently measured at amortised cost, except where they are DFVTPL to eliminate an accounting mismatch created by managing the agreements together with the associated reverse repurchase agreements or other assets that are measured at FVTPL.

(ix) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Consolidated Entity acquires or incurs principally for the purpose of selling or repurchasing in the near term, or held as part of a portfolio that is managed together with short-term profit or position taking.

The Consolidated Entity uses trade date accounting when recording regular way purchases and sales of financial assets and liabilities that are HFT. At the date a purchase transaction is entered into (trade date), the Consolidated Entity recognises the resulting financial asset or liability and any subsequent unrealised gain or loss arising from revaluing that contract to fair value as part of net trading income, except for interest income on HFT debt financial assets which is recognised in interest income. Refer to Note 41(vii) *Financial instruments*.

Trading assets (long positions) comprise financial instruments such as debt and equity securities, bank bills, treasury notes, loans, commodity contracts and commodities purchased with the intent of being actively traded either individually or as part of a portfolio.

Trading liabilities comprise obligations to deliver assets (short positions) across the same trading categories and which Management intends to actively trade.

Commodity inventory is recognised when the Consolidated Entity controls the commodity, the determination of which includes consideration of price risk. Commodity inventory is measured at fair value less costs to sell in accordance with the broker-trader exemption, on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. Commodity contracts reflect agreements for the purchase and sale of commodities where, despite the Consolidated Entity having control over the commodity, Management has no intention to exercise its control, and where the expected outcome is that the commodity will be sold back to the initial holder or sold on to the intended acquirer (in the case of intermediary trades). Such contracts are measured at FVTPL.

Emission certificates and similar contracts that are held for sale in the ordinary course of business are presented as commodities within trading assets and liabilities and are measured at fair value less costs to sell in accordance with the broker-trader exemption (on the basis that such assets are held with the purpose of selling in the near future and generating a profit from fluctuations in price or broker traders' margin).

When the Consolidated Entity becomes party to a sale contract, and the derecognition criteria are met (refer to Note 41(vii) *Financial instruments*), it derecognises the trading asset or liability and recognises a trade receivable or trade payable from trade date until settlement date.

(x) Derivative instruments and hedging activities

Derivative instruments entered into by the Consolidated Entity include futures, forwards and forward rate agreements, swaps and options in the interest rate, foreign exchange, commodity, credit and equity markets. These derivative instruments are principally used by the Consolidated Entity for the purposes of risk management of existing assets and liabilities and forecast transactions and are also entered into for client trading purposes.

Derivatives are recognised in the Statements of financial position as an asset where they have a positive fair value at the reporting date or as a liability where they have a negative fair value at the reporting date.

Derivatives that may have both positive or negative values must meet both the asset and liability derecognition tests before being derecognised from the Statements of financial position.

Fair values are obtained from quoted prices in active markets where available, or valuation techniques including discounted cash flow models and option pricing models, as appropriate. The accounting for derivatives is subject to the application of the day 1 profit or loss policy as described in Note 41(vii) *Financial instruments.*

The Consolidated Entity applies trade date accounting to the recognition and derecognition of derivative financial instruments.

Note 41

Material accounting policies continued

(x) Derivative instruments and hedging activities continued

Hedge accounting

As part of its ongoing business, the Consolidated Entity is exposed to several financial risks, principally that of interest rate, foreign exchange and commodity price risks (collectively referred to as the hedged risk or exposure). The Consolidated Entity has limited appetite for such risks and has policies and practices in place to ensure that these risks are effectively managed. The Consolidated Entity mitigates these risks through the use of derivative financial instruments, and, in the case of foreign exchange risk, foreign-denominated debt issued (collectively referred to as hedging instruments). The Consolidated Entity applies hedge accounting to manage accounting mismatches arising from the difference in measurement bases or location of the gains and losses recognised between the exposure that is being hedged and the hedging instrument. Refer to details provided in the table on the following page.

Note 41

Material accounting policies continued

(x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
Nature of hedge	The hedge of the change in fair value of a recognised asset or liability.	The hedge of the change in cash flows of a financial asset or liability or a highly probable forecast transaction.	The hedge of changes in the Consolidated Entity's foreign denominated net assets for changes in foreign currency rates.
Nature of material hedged risks	• Interest rate risk • Commodity price risk • Foreign exchange risk.[1]	• Interest rate risk • Foreign exchange risk.	• Foreign exchange risk.
Material hedged items	• Fixed interest rate financial assets and liabilities • Trading assets • Property, Plant and Equipment • Investment in subsidiaries.[1]	• Floating interest rate financial assets or liabilities • Highly probable forecast floating interest rate financial liabilities • Highly probable forecast foreign currency payments and receipts • Foreign currency denominated interest bearing financial liabilities.	• Net investment in foreign operations.
Material hedging instruments	• Interest rate swaps • Basis swaps • Cross currency swaps • Commodity derivatives • Foreign exchange forwards • Foreign currency denominated borrowings.[1]	• Interest rate swaps • Cross currency swaps • Foreign currency denominated borrowings.	• Foreign exchange contracts • Foreign currency denominated issued debt.
Designation and documentation	At inception of the hedge relationship, documentation is required of the risk management objective and strategy for the hedge, the hedging instrument, hedged item, hedged risk and how the hedge relationship will meet the hedge effectiveness requirements.		
Hedge effectiveness method	All hedge relationships are assessed for prospective hedge effectiveness both at the inception of the hedge, at each reporting period and following any significant change in circumstances affecting the hedge, by demonstrating that: • an economic relationship exists between the hedged item and the hedging instrument • credit risk does not dominate the changes in value of either the hedged item or the hedging instrument • the hedge ratio is reflective of the Consolidated Entity's risk management approach. The hedge effectiveness assessment is performed by a combination of qualitative and, where applicable, quantitative assessments. Changes in the hedge ratio, or rebalancing, may be required to adjust the designated quantities of either the hedged item or the hedging instrument.		
Accounting treatment for the hedging instrument	Fair value through the income statement, aligned to the presentation of the hedged item.	Fair value through the cash flow hedge reserve as part of OCI, and then recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk.	Foreign exchange gains and losses are recognised in the Net Investment Hedge Reserve (NIHR), a separate component of FCTR in OCI.
Accounting treatment for the hedged item	Adjustments to the carrying value are recognised in the income statement for changes in fair value attributable to the hedged risk.	Accounted for on an amortised cost basis.	Foreign exchange gains and losses are recognised in the Consolidated Entity's foreign currency translation reserve as part of OCI.

[1] The Company designates selected hedge accounting relationships that only meet the qualifying criteria for hedge accounting in the Company financial statements (but not the Consolidated Entity).

Note 41

Material accounting policies continued

(x) Derivative instruments and hedging activities continued

	Fair value hedge	Cash flow hedge	Net investment hedge
Accounting treatment for hedge ineffectiveness	Recognised as part of net trading income in the income statement to the extent that changes in fair value of the hedged item attributable to the hedged risk are not offset by changes in fair value of the hedging instrument.	Recognised as part of net trading income in the income statement to the extent to which changes in the fair value of the hedging instrument exceed, in absolute terms, the change in the fair value of the hedged item.	
Accounting treatment if the hedge relationship is discontinued	Where the hedged item still exists and is a financial instrument carried at amortised cost, adjustments to the hedged item are amortised to the income statement on an EIR basis. For non-financial items, the adjustment continues as part of the carrying value of the asset up until it is recovered through use or sale, or the item becomes impaired.	The gain or loss remains in the cash flow hedge reserve to the extent that the hedged cash flows are still expected to take place and subsequently recognised in the income statement at the time at which the hedged item affects the income statement for the hedged risk. Where the hedged cash flows are no longer expected to take place, the gain or loss in the cash flow hedge reserve is recognised immediately in the income statement.	The exchange gains or losses recognised in the NIHR within FCTR are reclassified to the income statement or reattributed within equity as follows: • if the hedge is discontinued due to a disposal of the hedged foreign operation, then the accumulated NIHR is reclassified from OCI to net investment income • if there is a partial disposal of a foreign operation that is an associate or joint arrangement, without loss of significant influence or joint control, then a proportionate share of the accumulated NIHR is reclassified to net investment income • if there is a partial disposal of a foreign operation that is a subsidiary, without loss of control, then a proportionate share of the accumulated NIHR is reattributed within equity to non-controlling interests.
Other accounting policies	Certain components of the hedging instrument such as the forward element of a forward contract, the time value of an option and the foreign currency basis spread (being the liquidity charge for exchanging different currencies), may be excluded from the hedge designation. These elements are deferred in the cost of hedging reserve and released to the income statement either at the time at which the hedged exposure affects the income statement, or on a systematic basis over the life of the hedge.		

Note 41

Material accounting policies continued

(xi) Margin money and settlement assets and liabilities

Margin money and settlement assets and liabilities includes trade settlement balances, margin monies and balances with clearing houses. Margin monies primarily represent deposits placed with clearing houses in relation to futures trading and other derivatives transactions. The balance includes both initial and variation margin which varies based on trading activities. The balance also includes client margin calls which are funded by the Consolidated Entity. Settlement balances represent outstanding trade timing balances as at the reporting date due to the timing difference between trade and settlement date. Balances are carried at amortised cost except for certain margin money and certain settlement balances which are carried at FVTPL.

(xii) Financial investments

Investment securities in this category include investments in equity or debt securities which are not actively traded by the Consolidated Entity.

Debt investment securities in this category comprise liquid asset holdings, bonds, money markets and other debt securities.

Financial investments are initially recognised at fair value (adjusted for directly attributable transaction costs for debt investments subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 41(vii) *Financial instruments*.

(xiii) Loan assets

This category includes loans that are not held for trading purposes and typically includes the Consolidated Entity's lending activities to its customers.

Loan assets are initially recognised on settlement date at fair value (adjusted for directly attributable transaction costs for loan assets subsequently measured at amortised cost or FVOCI) and subsequently measured in accordance with Note 41(vii) *Financial instruments*.

Certain finance lease receivables are also presented as part of asset financing within loan assets. For the detailed policy on financial instruments, including treatment of derecognition, refer to Note 41(vii) *Financial instruments*.

(xiv) Property, plant and equipment and right-of-use assets

Property, plant and equipment are stated at historical cost (which includes, where applicable, directly attributable borrowing costs and expenditure directly attributable to the acquisition of the asset) less, accumulated depreciation and, where applicable, accumulated impairment losses.

Right-of-use (ROU) assets are initially measured at cost and comprise of the amount that corresponds to the amount recognised for the lease liability on initial recognition together with any lease payments made at or before the commencement date (less any lease incentives received), initial direct costs and restoration-related costs. Subsequently, it is stated at historical cost less accumulated depreciation and, where applicable, impairment losses, and adjusted for remeasurement of lease liabilities.

Property, plant and equipment and right-of-use assets includes assets leased out under operating leases.

Depreciation is the process to allocate the difference between cost and residual values over the estimated useful life. Where the residual value exceeds the carrying value, no depreciation is charged. Depreciation is calculated on a straight-line basis.

A ROU asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Annual depreciation rates are summarised below:

Property, plant and equipment	Depreciation rates
Buildings	2.5%
Furniture, fittings and leasehold improvements[1]	10 to 20%
Equipment	33%
Meters	5 to 10%
Telecommunications	24%
Equipment and other operating lease assets	15 to 23%

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in the light of commercial and technological developments. Gains and losses on disposal are determined by comparing the proceeds with the asset's carrying amount and are recognised in other income as part of net other operating income and charges.

The depreciation charge is recognised as part of:

- net operating lease income for assets given on operating lease
- occupancy expenses for corporate buildings, furniture, fittings and leasehold improvements
- non-salary technology expenses for technology assets
- net trading income for depreciation relating to leased assets held by trading related businesses for the purpose of facilitating trading activities
- other operating expenses for all other assets.

The Consolidated Entity does not recognise a ROU asset for short-term or low value leases, instead the expense is recognised over the lease term as appropriate as part of operating expenses.

[1] Where lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.

Note 41

Material accounting policies continued

(xv) Other identifiable intangible assets

Other acquired identifiable intangible assets

At the time at which Management determines that the Consolidated Entity has acquired a business, Management identifies intangible assets that are required to be initially recognised at fair value. An intangible asset is considered to have an indefinite useful life where it is expected to contribute to the Consolidated Entity's net cash inflows indefinitely.

The following intangible assets are typically identified and recognised by the Consolidated Entity:

- licences and trading rights: generally carried at cost less accumulated impairment loss. Where no contractual or legal limitation exists, these assets are not amortised because they are considered to have an indefinite useful life
- customer and servicing contracts acquired with a finite useful life: carried at cost less accumulated amortisation and accumulated impairment loss. Amortisation is calculated over the period for which the customer relationship is expected to exist
- customer and servicing contracts with an indefinite useful life: carried at cost less accumulated impairment loss.

Amortisation of intangible assets held by trading related business is recorded in net trading income and for others is recognised in other operating expenses. Impairments (reversal of impairments) of intangible assets are recognised in other impairment charges/reversal.

Emission certificates and similar contracts that are not held for sale in the ordinary course of business are classified as intangible assets and measured at cost less accumulated impairment.

Software

Certain internal and external costs directly incurred in acquiring and developing certain computer software programmes are capitalised and amortised over the estimated useful life, usually a period of three to seven years on a straight-line basis. The capitalised software asset is subject to impairment testing on an annual basis.

Costs incurred on the maintenance of software is expensed as incurred and recognised in other operating expenses.

(xvi) Deposits

Deposits include customer deposits, business banking and home loan related deposits, deposits from financial institutions and other balances such as client monies. These deposits are initially recognised at fair value less directly attributable transaction costs and are subsequently measured at amortised cost. The Consolidated Entity presents assets and liabilities in the statement of financial position in the order of liquidity, with reference to contractual maturity. Some deposits include repayment features subject to notice and for the purposes of presentation and disclosure, are treated as if notice were given immediately. This generally does not reflect the behaviour of the expected cash flows as evidenced by the Consolidated Entity's deposit retention history.

(xvii) Other assets and liabilities

Contract assets, contract liabilities and capitalised expenses

Where the Consolidated Entity provides services to clients and the consideration is unconditional, a receivable is recognised. Receivables are assessed for impairment in accordance with AASB 9. Commodity-related receivables are accounted for in accordance with Note 41 (vii) *Financial Instruments.*

Management, as permitted by AASB 15, has applied the practical expedient that allows for costs incurred to obtain a contract to be expensed as incurred where the amortisation period for any asset recognised would be less than 12 months. Management also applies the practical expedient not to adjust consideration for the effects of a significant financing component, where the period between transferring a good or service and when the customer pays for that good or service is expected to be one year or less.

Contract liabilities relate to prepayments received from customers where the Consolidated Entity is yet to satisfy its performance obligation.

Non-current assets and liabilities of disposal groups classified as held for sale

This category includes non-current assets and disposal groups (groups of assets and directly associated liabilities to be disposed in a single transaction) for which the carrying amount will be recovered principally through a sale or distribution transaction rather than continuing use. This line item includes assets and liabilities of businesses and subsidiaries, investments in associates and joint ventures, other assets and liabilities, and subsidiaries that are acquired exclusively with a view to sell or distribute.

These non-current assets and disposal groups are classified as held for sale when they are available for immediate sale in their present condition, the sale or distribution is highly probable and is expected to occur within 12 months. Where there is a planned partial disposal of a subsidiary resulting in loss of control, but the Consolidated Entity retains an interest in the disposed subsidiary, the entire disposal group is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Equity accounting, depreciation and amortisation is suspended when the held for sale criteria are met.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell and is recognised in other impairment charges/reversal. A gain is recognised for any subsequent increase in fair value less costs to sell, limited to the cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale is recognised at the date of sale.

Financial assets and liabilities that are classified as held for sale are measured in accordance with the Consolidated Entity's financial instruments' policies.

Note 41

Material accounting policies continued

(xvii) Other assets and liabilities continued

Provisions, contingent liabilities and commitments

A provision is a liability of uncertain timing or amount. Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Contingent liabilities are either possible obligations whose existence will be confirmed only by uncertain future events not wholly within the control of the Consolidated Entity, or are present obligations where an outflow of economic resources is not probable or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless an outflow of economic resources is remote. Contingent liabilities generally include performance-related contingencies and certain types of letters of credit and guarantees.

Credit related commitments are the Consolidated Entity's firm commitments to provide credit facilities under pre-specified terms and conditions. These generally include loan commitments, financial guarantee contracts and certain types of letters of credit. Such contracts are recognised in the Statements of financial position only when drawn upon, and may expire without being called. Credit related commitments are subject to expected credit loss requirements disclosed in Note 7 *Expected Credit Loss*.

Contingent liabilities and commitments are disclosed in Note 37 *Contingent liabilities and commitments.*

Employee benefit provisions

Employee benefit provisions are recognised by the Consolidated Entity as and when the service has been rendered after deducting amounts already paid.

Liabilities for unpaid salaries, salary-related costs and provisions for annual leave are recorded in the Statements of financial position at the salary rates which are expected to be paid when the liability is settled. Provisions for long service leave and other long-term benefits are recognised at the present value of expected future payments to be made.

In determining this amount, consideration is given to expected future salary levels and employee service histories. Expected future payments are discounted to their net present value using discount rates on high quality corporate bonds, except where there is no deep market, in which case rates on Government securities are used. Such discount rates have terms that match as closely as possible the expected future cash flows.

Provisions for unpaid employee benefits are derecognised when the benefit is settled or is transferred to another entity and the Company and Consolidated Entity are legally released from the obligation and do not retain a constructive obligation.

Dividends

Where a dividend is declared by the Company's Board of Directors, the provision for the dividend is recognised in the Statements of financial position as a liability, with a corresponding reduction in retained earnings, on the declaration date. Where the Company's Board of Directors determine or resolve to pay a dividend, the liability and the corresponding reduction in retained earnings is recognised on the payment date.

(xviii) Issued debt securities and other borrowings

Issued debt securities and other borrowings include debt securities issued by the Consolidated Entity, loans and other payables to banks and financial and non-financial institutions.

These balances are:

- initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost, or
- when DFVTPL, initially recognised and subsequently measured at fair value in accordance with the Consolidated Entity's accounting policy for financial instruments, refer to Note 41(vii) *Financial instruments.*

(xix) Due to/from other Macquarie Group entities and subsidiaries

Transactions between the Consolidated Entity and other Macquarie Group entities under common control of MGL and between the Company and its subsidiaries, principally arise from the provision of banking and other financial services, lending arrangements, acceptance of funds on deposit, the provision of management and administration services, facilities and accommodation and the provision of financial guarantees. The provision of intercompany services and transactions are accounted for in accordance with Note 41(iv) *Revenue and expense recognition* where they are transacted in a principal capacity. Financial assets, financial liabilities and financial guarantee contracts are accounted for in accordance with Note 41(vii) *Financial instruments*. Financial assets and financial liabilities are presented net where the offsetting requirements are met, such that the net amount is reported in the Statements of financial position.

(xx) Loan capital

Loan capital represents issued debt with terms and conditions that qualify for inclusion as capital under Australian Prudential Regulation Authority (APRA) Standards.

Capital instruments are first assessed to determine whether the Consolidated Entity is required to deliver cash or another financial asset on the occurrence of a contingent event that is considered genuine and beyond the control of both the issuer and the holder (such as Common Equity Tier 1 Trigger Events or Non-Viability Trigger Events). Where such a contingent event exists, then the Consolidated Entity does not have the unconditional right to avoid delivering cash or another financial asset and the capital instrument is classified as a financial liability.

The financial liability is initially measured at fair value less directly attributable transaction costs and is subsequently measured at amortised cost.

Note 41

Material accounting policies continued

(xx) Loan capital continued

For compound instruments that have both equity and liability features, the liability component is initially measured at fair value less directly attributable transaction costs (and is thereafter measured at amortised cost using the EIR method), with the residual being accounted for within the Consolidated Entity's equity.

(xxi) Impairment

Expected credit losses

The ECL requirements apply to financial assets measured at amortised cost or FVOCI, lease receivables, receivables from contracts with customers, undrawn credit commitments, certain letters of credit and financial guarantee contracts issued that are not DFVTPL. The Consolidated Entity applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward looking information (FLI).

ECL is measured as the product of probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Refer to Note 7 *Expected credit losses* for further information. Outcomes within the next financial period that are different from Management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECL is determined based on the probability of default (PD) over the next 12 months adjusted for FLI. Stage I also includes financial assets where the credit risk has improved and has been reclassified from Stage II.

(ii) Stage II – Not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's lifetime PD adjusted for FLI. Management exercises judgement in determining whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable information. Detail on the Consolidated Entity's process to determine whether there has been a SICR is provided in Note 7 *Expected credit losses.*

Use of alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity adjusted, where appropriate, for prepayments, extension, call and similar options, of the financial asset. For revolving facilities, Management exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Stage II may include financial assets where the credit risk has improved and has been reclassified from Stage III.

(iii) Stage III – Credit-impaired

Financial assets are classified as Stage III where they are determined to be credit impaired, which generally matches the APRA definition of default. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure.

Presentation of ECL allowances

The ECL allowances are presented in the Statements of financial position as follows:

- All in-scope assets including loan assets, loans to other Macquarie Group entities and subsidiaries, associates and joint ventures measured at amortised cost – as a deduction to the gross carrying amount
- All in-scope assets including loan assets, loans to associates and joint ventures, and debt financial investments measured at FVOCI – as a reduction in the FVOCI reserve within equity. The carrying amount of the asset is not adjusted as it is measured at fair value
- lease receivables, contract receivables and other assets measured at amortised cost – as a deduction to the gross carrying amount
- undrawn credit commitments, certain letters of credit and financial guarantees issued (not measured at FVTPL) – as a provision included in other liabilities.

When Management concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Impairment of interests in associates and joint ventures

Management performs an assessment at each reporting date to determine whether there is any objective evidence that the Consolidated Entity's interests in associates or joint ventures are impaired. The main indicators of impairment are significant changes with an adverse effect that have taken place in the technological market, economic or legal environment and a significant or prolonged decline in fair value below cost.

In making this judgement, Management evaluates, among other factors, the normal volatility in share price and the period of time for which fair value has been below cost. If there is an indication that an investment in an associate or joint venture may be impaired, then the entire carrying amount of the investment in the associate or joint venture is tested for impairment by comparing the recoverable amount, being the higher of fair value less costs to sell and value-in-use, with its carrying amount.

Note 41

Material accounting policies continued

(xxi) Impairment continued

Impairment losses recognised in the income statement for investments in associates and joint ventures are subsequently reversed through the income statement if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. The impairment losses (reversal of impairments) on investments in associates and joint ventures are recognised in the income statement as part of other impairment charges/reversal.

Fair value less costs to sell is estimated using market-based approaches using revenues, earnings and assets under management and multiples based on companies deemed comparable as well as other publicly available information relevant to the business.

Value-in-use is calculated using pre-tax cashflow projections of operating revenue and expenses. Forecasts are extrapolated using a growth rate and discounted using a pre-tax discount rate incorporating market risk determinants, adjusted for specific risks related to the cash generating units, if any, and the environment in which it operates.

Impairment of investments in subsidiaries

Investments in subsidiaries in the Company's financial statements are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in other impairment charges/reversal for the amount by which the investment's carrying amount exceeds its recoverable amount, being the higher of fair value less costs to sell and value-in-use. At each reporting date, investments in subsidiaries that have been impaired are reviewed for possible reversal of impairment. The amount of any reversal of impairment recognised must not cause the investment's carrying value to exceed its original cost.

Impairment of other non-financial assets including cash-generating units

Intangible assets with indefinite lives (goodwill and certain intangible assets) are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

For intangible assets that have a finite useful life, as well as property, plant and equipment and ROU assets, an assessment is made at each reporting date to determine whether there is any indication of impairment.

Impairment losses are recognised in other impairment charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Intangible assets (other than goodwill) for which an impairment loss has been recognised are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognised only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years.

(xxii) Performance based remuneration

Employee equity participation

The ultimate parent company, MGL operates share-based compensation plans, which include awards (including those delivered through the Macquarie Group Employee Retained Equity Plan (MEREP)) granted to employees under share acquisition plans. Information relating to these schemes is set out in Note 36 *Employee equity participation*.

The Consolidated Entity accounts for its share-based payments as follows:

Equity settled awards: The awards are measured at their grant date fair value and based on the number of equity instruments expected to vest. Expenses are recognised as part of employment expenses with reference to the vesting period of those awards. To the extent that the Consolidated Entity or the Company does not compensate the ultimate parent for MEREP awards offered to its employees, a corresponding credit is recognised in contributed equity. To the extent the amount is paid in advance by the Consolidated Entity or Company, a receivable due from the ultimate parent is recognised. The receivable is systematically reduced with reference to the vesting period of those awards, via an adjustment to contributed equity.

To the extent the amount is paid after the fact by the Consolidated Entity or Company, a payable due to the ultimate parent is recognised by the Consolidated Entity or Company on a cumulative basis over the vesting period. The amount recognised as a payable each period is equivalent to the amount expensed during the period relating to the awards, less any amounts already paid to the ultimate parent by the Consolidated Entity or the Company. MEREP receivable and payable amounts are recognised and disclosed in Note 24 *Related party information*.

Performance hurdles attached to Performance Share Units (PSUs) under the MEREP are not taken into account when determining the fair value of the PSUs at the grant date. Instead, these vesting conditions are taken into account by adjusting the number of equity instruments expected to vest.

Cash settled awards: The awards are measured at their grant date fair value and based on the number of instruments expected to vest. Expenses are recognised as part of employment expenses with reference to vesting period of those awards which are settled in cash. The award liability is measured with reference to the number of awards and the fair value of those awards at each reporting date. Changes in the award liability due to movements in the share price at reporting date are recognised in the ultimate parent entity.

Note 41

Material accounting policies continued

(xxii) Performance based remuneration continued

Profit share remuneration

The Consolidated Entity recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

(xxiii) Leases

At the inception of a contract, Management assesses whether a contract is, or contains, a lease. At inception, or on reassessment of a contract that contains a lease component, the Consolidated Entity allocates the consideration in the contract to each lease component unless an election is made to account for the lease and non-lease components as a single lease component.

(i) Accounting where the Consolidated Entity is the lessee

The Consolidated Entity leases office premises, commodity storage facilities, technology and other equipment for which contracts are typically entered into for fixed periods of 12 months to 15 years and may include extension options. Leases are recognised as an ROU asset (as explained in Note 41(xiv) *Property, plant and equipment and right-of-use assets*) and a corresponding lease liability at the commencement date, being the date the leased asset is available for use by the Consolidated Entity.

Lease liability

Lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the interest rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Lease payments are allocated between principal and interest expense.

Interest expense is, unless capitalised on a qualifying asset which is not measured at fair value, recognised as part of interest and similar expense over the lease period on the remaining lease liability balance for each period. Any variable lease payments not included in the measurement of the lease liability are also recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in lease term, an assessment of an option to purchase the underlying asset, an index or rate, or a change in the estimated amount payable under a residual value guarantee.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the ROU asset, or, in the income statement, where the carrying value of the ROU asset has been reduced to zero.

Presentation

The Consolidated Entity presents ROU assets in Property, plant and equipment and right-of-use assets (refer to Note 19) and lease liabilities in Other liabilities (refer to Note 18) in the Statements of financial position.

(ii) Accounting where the Consolidated Entity is a lessor

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases.

Finance lease

Where finance leases are granted to third parties, the present value of the minimum lease payments plus an estimate of the value of any unguaranteed residual value is recognised as a receivable and included in loan assets.

Interest income is recognised over the term of the lease using the EIR method, which reflects a constant rate of return. Finance lease income is presented within interest and similar income in the income statement.

Operating lease

Where the Consolidated Entity is the lessor under an operating lease, the underlying asset is carried at cost and depreciated over its useful life in accordance with the rates specified in Note 41(xiv) *Property, plant and equipment and right-of-use assets*. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in property, plant and equipment and right-of-use assets.

Sub-leasing

When the Consolidated Entity is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The lease classification of the sublease is determined with reference to the ROU asset arising from the head lease.

(xxiv) Contributed equity

Ordinary shares and other similar instruments are classified as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the issue proceeds.

(xxv) Fiduciary assets and client money

The Consolidated Entity engages in trust, fund or other fiduciary activities as well as certain brokerage and other trading-related activities that result in the holding or placing of assets on behalf of third parties. Where such assets are controlled, and future economic benefits are expected to be realised by the Consolidated Entity, such assets and the income thereon are reflected in the Statements of financial position and income statement respectively.

Where this is not the case, these assets and the income thereon are excluded from the Consolidated Entity's financial statements as they are not the assets of the Consolidated Entity. Fee income earned by the Consolidated Entity relating to its responsibilities from fiduciary and brokerage and other trading-related activities is included as part of fee and commission income.

(xxvi) Cash and bank balances

Cash and bank balances includes currency on hand, demand deposits and short-term balances with Central and other banks including unallocated precious metal balances. These balances are subsequently measured at amortised cost, except unallocated precious metals which are held at FVTPL.

Note 41

Material accounting policies continued

(xxvii) Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances (except unallocated precious metal balances) as well as certain liquid financial investments and non-trading reverse repurchase agreements that have a contractual maturity of three months or less from the date of acquisition and which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are available to meet the Consolidated Entity's short-term cash commitments. Cash and cash equivalents exclude margin money balances, trading assets and certain client-related balances which are segregated from the Consolidated Entity's own funds and are thus restricted from use.

(xxviii) Comparatives

Where necessary, comparative information has been re-presented to conform to changes in presentation in the current year, including the re-presentation of *Net investment income*, which was previously included within *Net other operating income and charges*.

(xxix) Rounding of amounts

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

Consolidated Entity Disclosure Statement

Basis of preparation

The Consolidated Entity Disclosure Statement has been prepared in accordance with subsection 295(3A) of the *Corporations Act 2001* (Cth) and includes details as at the reporting date for Macquarie Bank Limited and its controlled entities in accordance with AASB 10 *Consolidated Financial Statements*. The entity's role as a trustee, partner or participant in a joint venture (if applicable), of any entity within the Group is disclosed in "Entity Type".

Determination of tax residency

Section 295(3A) of the *Corporations Act 2001* (Cth) requires that the tax residency of consolidated entities be disclosed. In determining tax residency, the Consolidated Entity has applied the following interpretations:

Australian tax residency

The Consolidated Entity has applied the *Income Tax Assessment Act 1997* (ITAA) and judicial precedent and having regard to the Commissioner of Taxation's public guidance in *Taxation Ruling TR 2018/5* and *Practical Compliance Guideline PCG* 2018/9 to determine whether an entity is an Australian resident.

Foreign tax residency

The Consolidated Entity has applied the legislation relating to foreign income tax and, where applicable, judicial precedent to determine whether an entity is a resident of the foreign jurisdiction.

In circumstances where the jurisdiction of a foreign tax resident has been reported as N/A, the Consolidated Entity has determined these entities as flow-through entities for the purposes of the tax law of the jurisdiction where they were formed or incorporated.

		Body Corporate		Tax Residency	
Entity Name	Entity Type	Place Formed or Incorporated	% of Share Capital held	Australian or foreign resident	Jurisdiction for foreign resident
Macquarie Bank Limited	Body Corporate	Australia	N/A	Australian	N/A
Belike Nominees Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
Bond Street Custodians Limited	Body Corporate, Trustee	Australia	100%	Australian	N/A
Buttonwood Nominees Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Gatesun Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
Henderson WA Pty Limited	Body Corporate, Trustee	Australia	100%	Australian	N/A
Macquarie Emerging Markets Investments Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie Energy Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie Energy Services Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Equities Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Funds Management Holdings Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie FX Investments Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie Global Finance Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Group Services Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie Investment Holdings Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Investment Management Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie Investment Services Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Leasing Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Offshore Service Holdings Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Offshore Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Macquarie PRISM Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie Securitisation Limited	Body Corporate	Australia	100%	Australian	N/A
Macquarie UK Holdings Pty Limited	Body Corporate	Australia	100%	Australian	N/A
PropertyIQ Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Woodross Nominees Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
Barcelona Funding Trust	Trust	N/A	N/A	Australian	N/A
Bluestone Equity Release Series 1 Warehouse Trust	Trust	N/A	N/A	Australian	N/A
Henderson WA Trust	Trust	N/A	N/A	Australian	N/A
Mac Fund One Trust	Trust	N/A	N/A	Australian	N/A
MBL Covered Bond Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2015-3	Trust	N/A	N/A	Australian	N/A

		Body Corporate		Tax Residency	
Entity Name	Entity Type	Place Formed or Incorporated	% of Share Capital held	Australian or foreign resident	Jurisdiction for foreign resident
PUMA Series 2017-1	Trust	N/A	N/A	Australian	N/A
PUMA Series 2019-1	Trust	N/A	N/A	Australian	N/A
PUMA Series 2021-1P Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2021-2 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2022-1 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2023-1 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2024-1 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2024-2 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2025-1 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series 2026-1 Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series R Trust	Trust	N/A	N/A	Australian	N/A
PUMA Series W Trust	Trust	N/A	N/A	Australian	N/A
PUMA Subfund B-1	Trust	N/A	N/A	Australian	N/A
SMART ABS Series 2022-1P Trust	Trust	N/A	N/A	Australian	N/A
SMART ABS Series W2 Trust	Trust	N/A	N/A	Australian	N/A
SMART ABS Series W3 Trust	Trust	N/A	N/A	Australian	N/A
SMART B Trust	Trust	N/A	N/A	Australian	N/A
TRAMS ABS Series 2015-1	Trust	N/A	N/A	Australian	N/A
Macquarie (Bermuda) Limited	Body Corporate	Bermuda	100%	Foreign	Bermuda
Macquarie Brasil Participacoes Ltda	Body Corporate	Brazil	100%	Foreign	Brazil
Macquarie Commodities Brasil S/A	Body Corporate	Brazil	100%	Foreign	Brazil
Macquarie Commodities Canada Corporation	Body Corporate	Canada	100%	Foreign	Canada
Macquarie Funding Holdings Canada Ltd.	Body Corporate	Canada	100%	Foreign	Canada
Macquarie Technology Services (Canada) 2 Ltd.	Body Corporate	Canada	100%	Foreign	Canada
Macquarie Technology Services (Canada) Ltd.	Body Corporate	Canada	100%	Foreign	Canada
Macquarie Commodities Trading (Shanghai) Co, Ltd	Body Corporate	China	100%	Foreign	China
Macquarie Equipment Trading (Shanghai) Co., Ltd	Body Corporate	China	100%	Foreign	China
Sustainable Feedstocks Group Guangdong Limited	Body Corporate	China	65%	Foreign	China
Macquarie Investments Deutschland GmbH	Body Corporate	Germany	100%	Foreign	Germany
Macquarie Verwaltungs GmbH	Body Corporate	Germany	100%	Foreign	Germany
Macquarie International Services Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Macquarie Markets Trading Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Macquarie Meters 4 Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Macquarie Services (Hong Kong) Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Macquarie Finance (India) Private Limited	Body Corporate	India	0%	Foreign	India
Macquarie Global Services Private Limited	Body Corporate	India	100%	Foreign	India
MQG Commodities (India) Private Limited	Body Corporate	India	0%	Foreign	India
Macquarie Bank Europe Designated Activity Company	Body Corporate	Ireland	100%	Foreign	Ireland
Macquarie Equipment Finance Designated Activity Company	Body Corporate	Ireland	100%	Foreign	Ireland
Macquarie Equipment Finance Services Limited	Body Corporate	Ireland	100%	Foreign	Ireland
Macquarie Products (Ireland) Limited	Body Corporate	Ireland	100%	Foreign	United Kingdom
Macquarie Asset Finance Japan Limited	Body Corporate	Japan	100%	Foreign	Japan
Macquarie Energy Japan Limited	Body Corporate	Japan	100%	Foreign	Japan
Hydra Investments 2007 Limited	Body Corporate	Jersey	100%	Foreign	United Kingdom
Macquarie Finance Korea Co., Ltd.	Body Corporate	South Korea	100%	Foreign	South Korea
Macquarie Asset Finance Mauritius Ltd	Body Corporate	Mauritius	100%	Foreign	Mauritius
Macquarie Servicios Electricos de Mexico S. de R.L de C.V.	Body Corporate	Mexico	100%	Foreign	Mexico
Macquarie Fundo de Investimento Financeiro Multimercado	Trust	N/A	N/A	Foreign	N/A
Macquarie Equipment Finance Limited	Body Corporate	New Zealand	100%	Foreign	New Zealand
Macquarie Group Services (Philippines), Inc.	Body Corporate	Philippines	100%	Foreign	Philippines

Consolidated Entity disclosure statement

Continued

		Body Corporate		Tax Residency	
Entity Name	Entity Type	Place Formed or Incorporated	% of Share Capital held	Australian or foreign resident	Jurisdiction for foreign resident
Macquarie (Asia) Pte Ltd.	Body Corporate	Singapore	0%	Foreign	Singapore
Macquarie Commodities And Global Markets (Singapore) Pte. Limited	Body Corporate	Singapore	0%	Foreign	Singapore
Macquarie Futures (Singapore) Pte. Limited	Body Corporate	Singapore	0%	Foreign	Singapore
Macquarie Group Services (Singapore) Pte. Limited	Body Corporate	Singapore	100%	Foreign	Singapore
Macquarie Holdings (Singapore) Pte. Ltd.	Body Corporate	Singapore	0%	Foreign	Singapore
Macquarie Services SA	Body Corporate	Switzerland	100%	Foreign	Switzerland
Capital Meters Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Commodities (UK) Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Commodities Factoring Holdings (UK) Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Commodities Finance (UK) Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Investments 1 Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Investments (UK) Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Meters 3 (UK) Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Physical Commodities UK Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Ropemaker Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Macquarie Specialised Asset Services Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Sustainable Feedstocks Group Limited	Body Corporate	United Kingdom	65%	Foreign	United Kingdom
Utility Metering Services Limited	Body Corporate	United Kingdom	100%	Foreign	United Kingdom
Avenal Power Center, LLC	Body Corporate	United States	100%	Foreign	N/A
Circularix Management Company, LLC	Body Corporate	United States	0%	Foreign	N/A
Circularix, LLC	Body Corporate	United States	67%	Foreign	N/A
CX Hatfield II, LLC	Body Corporate	United States	67%	Foreign	N/A
CX Hatfield, LLC	Body Corporate	United States	67%	Foreign	N/A
CX Ocala, LLC	Body Corporate	United States	67%	Foreign	N/A
CX Team, LLC	Body Corporate	United States	67%	Foreign	N/A
Macquarie America Holdings Inc.	Body Corporate	United States	100%	Foreign	United States
Macquarie Energy North America Trading LLC	Body Corporate	United States	100%	Foreign	N/A
Macquarie Equipment Capital Inc.	Body Corporate	United States	100%	Foreign	United States
Macquarie Funding LLC	Body Corporate	United States	100%	Foreign	N/A
Macquarie Futures USA LLC	Body Corporate	United States	100%	Foreign	United States
Macquarie Global Services (USA) LLC	Body Corporate	United States	100%	Foreign	United States
Macquarie Inc.	Body Corporate	United States	100%	Foreign	United States
Macquarie Physical Commodities, LLC	Body Corporate	United States	100%	Foreign	N/A
Macquarie Semiconductor and Technology Inc.	Body Corporate	United States	100%	Foreign	United States
Macquarie US Trading LLC	Body Corporate	United States	100%	Foreign	N/A
Whole Loan Trust	Body Corporate	United States	100%	Foreign	N/A

Directors' declaration

Macquarie Bank Limited

In the Directors' opinion:

(a) the financial statements and notes set out on pages 59 to 193 are in accordance with the Corporations Act 2001 (Cth) including:
   (i) complying with Australian Accounting Standards, and
   (ii) giving a true and fair view of the Company's and the Consolidated Entity's financial positions as at 31 March 2026 and their performance for the financial year ended on that date, and

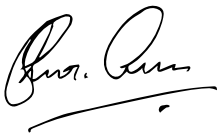
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) the Consolidated Entity disclosure statement set out on pages 194 to 196 is true and correct.

Note 1(i) includes a statement that the Financial Report complies with International Financial Reporting Standards.

The Directors have been given the declarations by the CEO and CFO required by 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
8 May 2026

Independent auditor's report

To the member of Macquarie Bank Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Macquarie Bank Limited (the Company) and its controlled entities (together the Consolidated Entity) is in accordance with the *Corporations Act 2001* (Cth), including:

a) giving a true and fair view of the Company's and Consolidated Entity's financial positions as at 31 March 2026 and of their financial performance for the year then ended;

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth).

What we have audited

The financial report comprises:

- the Consolidated and Company income statements for the year ended 31 March 2026;
- the Consolidated and Company statements of comprehensive income for the year then ended;
- the Consolidated and Company statements of financial position as at 31 March 2026;
- the Consolidated and Company statements of changes in equity for the year then ended;
- the Consolidated and Company statements of cash flows for the year then ended;
- the Notes to the financial statements, including material accounting policy information and other explanatory information;
- the Consolidated Entity Disclosure Statement as at 31 March 2026;
- the Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the* financial report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* (Cth) and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach for the Company and the Consolidated Entity

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company and the Consolidated Entity, its accounting processes and controls and the industry in which it operates.

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The Company and the Consolidated Entity audit scope

Our audit focused on where the Company and the Consolidated Entity made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to our audit, we determined the type of work that needed to be performed by us, as the group auditor, or component auditors from PwC Australia or from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Company and the Consolidated Entity financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. The key audit matters identified below relate to both the Company and the Consolidated Entity, unless otherwise stated below. We communicated the key audit matters to the Board Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss (ECL) allowance on loan assets (Refer to note 7)	

Under the credit impairment model required by AASB 9: Financial Instruments (AASB 9), losses are recognised on an Expected Credit Loss (ECL) basis. ECLs are required to incorporate forward-looking information, reflecting the Company and the Consolidated Entity's view of potential future economic scenarios.

The global economic outlook remains uncertain. The conflict in the Middle East has heightened this uncertainty, with implications on energy price volatility, ongoing trade uncertainties, inflationary pressures and the path of monetary policy across global economies. This has contributed to the significant judgement required to be exercised by the Consolidated Entity in the calculation of the ECL. Specifically, this includes judgements around the use of forward-looking information, including developing macroeconomic scenarios and their associated weightings and the use of post-model adjustments in the calculation of the ECL.

In order to meet the requirements of AASB 9, the Company and the Consolidated Entity's model to determine the ECL allowance on loan assets incorporates assumptions such as determining when a significant increase in credit risk (SICR) has occurred. In addition, judgemental overlays are applied to the modelled ECL allowance.

Specific provisions are also recognised by the Company and the Consolidated Entity for individual loan assets which are impaired at the reporting date.

Given the level of estimation uncertainty and the extent of judgement involved we consider this a key audit matter.

Our audit procedures, amongst others, included assessing the design and testing the operating effectiveness of certain controls supporting the Company and the Consolidated Entity's estimate of the ECL allowance including controls relating to:

- review and challenge of certain forward-looking macroeconomic assumptions and scenario weightings
- monitoring the effectiveness of models used to support ECL estimates, and the validation of new and revised models
- assessing the credit quality of counterparties
- accuracy of certain critical data elements used in key ECL models, and
- review and challenge forums to assess the ECL model output and post model overlays.

In addition to controls testing, we performed substantive procedures together with our PwC credit modelling experts, including:

- assessing the appropriateness of relevant conclusions reached by the Company and the Consolidated Entity from monitoring performed on key models. This included assessing key model components such as SICR and reperforming certain tests carried out as part of the model monitoring, and
- assessing whether the list of critical data elements identified by the Company and the Consolidated Entity was appropriate for key models.

We also performed the following other substantive procedures, amongst others, including:

- together with PwC economics experts, assessing the appropriateness of relevant macroeconomic scenarios, weights and certain forward-looking economic data developed by the Company and the Consolidated Entity
- testing the completeness and accuracy of certain critical data elements used in key ECL models
- for credit impaired loan (stage III) provisions, we examined a sample of individual loan exposures to assess the appropriateness of provisions recognised
- assessing a selection of post-model overlays identified by the Company and the Consolidated entity, including developing an understanding of the approach used for overlay derivation and testing the underlying data used for the calculation, and
- considering the impacts on the ECL allowance as a result of events occurring subsequent to balance date.

We assessed the reasonableness of the Company and the Consolidated Entity's disclosures in the financial report against the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Valuation of complex or illiquid assets and liabilities carried at fair value through profit and loss which are based on significant unobservable inputs (Level 3) (Refer to note 31)	
The Company and the Consolidated Entity applies judgement when determining the fair value of certain assets and liabilities, particularly when significant unobservable inputs are involved. These are referred to as level 3 assets and liabilities. For the Company and the Consolidated Entity, Level 3 assets and liabilities predominantly consist of derivatives, trading assets, financial investments and loan assets. Estimating the fair value of these assets and liabilities involves judgement in determining suitable inputs, models and assumptions. Given the extent of the judgement involved in the use of significant unobservable inputs in valuing these Level 3 assets and liabilities, we considered this to be a key audit matter.	Our procedures involved assessing the design and testing the operating effectiveness of certain controls relating to the valuation of Level 3 assets and liabilities, including controls over: • the independent price verification process performed over the assumptions and significant unobservable inputs used in the valuation of Level 3 assets and liabilities • the appropriateness of certain assumptions used in the valuation of Level 3 assets and liabilities • the validation and approval of the valuation models used, including their ongoing appropriateness • the calculation and approval of key valuation adjustments, and • governance, review and challenge forums. Together with PwC valuation experts, we tested the Company and the Consolidated Entity's estimate for a sample of Level 3 derivatives and trading assets. We also considered a sample of collateral disputes, gains and losses on disposals and other events to help assess the reasonableness of these valuations. Further, we tested a sample of valuation adjustments at period end, including evaluating the appropriateness and accuracy of significant unobservable inputs used and the underlying assumptions. For a sample of Level 3 financial investments and loan assets, together with PwC valuation experts we assessed the appropriateness and accuracy of significant unobservable inputs and assumptions used such as forecasts and comparable market information. We assessed the reasonableness of the Company and the Consolidated Entity's disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
IT systems and controls over financial reporting	
The Consolidated Entity's and Company's operations and financial reporting processes are heavily dependent on IT systems for the processing and recording of a significant volume of transactions. A fundamental component of these IT systems and controls is ensuring that risks in relation to inappropriate user access management, unauthorised program changes and IT operating protocols are managed. Due to this, we consider the operation of IT systems and controls over financial reporting to be a key audit matter.	For material financial statement balances we developed an understanding of the business processes, IT systems used to generate and support those balances and associated IT application controls and IT dependencies in manual controls. Our procedures, amongst others, included where relevant, evaluating the design and testing the operating effectiveness of certain controls over the continued integrity of certain IT systems that are relevant to financial reporting. This involved assessing, where relevant to the audit: • change management: the processes and controls used to develop, test and authorise changes to the functionality and configurations within systems • system development: the project disciplines which ensure that significant developments or implementation are appropriately tested before implementation and that data is migrated/converted and transferred completely and accurately • security: the access controls designed to enforce segregation of duties, govern the use of generic and privileged accounts or ensure that data is only changed through authorised means, and • IT operations: the controls over operations are used to ensure that any issues that arise are managed appropriately. Within the scope of our audit where technology services are provided by a third party, we obtained assurance through independent testing or, where available, considered assurance reports from the third party's auditor on the design and operating effectiveness of relevant controls for the reporting period. We also carried out tests, on a sample basis, of IT application controls and IT dependencies in manual controls that were key to our audit testing in order to assess the accuracy of certain system calculations, the generation of certain reports and the operation of certain system enforced access controls. Where we identified design or operating effectiveness matters relating to IT systems or application controls relevant to our audit, we performed alternative or additional audit procedures, which included considering mitigating controls in order to respond to the impact on our overall audit approach.
Estimation of tax payable relating to tax uncertainties (Refer to Note 18)	
The Company and the Consolidated Entity is subject to taxation in a number of jurisdictions. The assessment of the amounts expected to be paid to tax authorities is considered initially by the Company and the Consolidated Entity in each local territory, and then reviewed centrally, with consideration given to particular tax positions in certain jurisdictions. In some cases, the treatment of certain tax positions, requires judgement to estimate the ultimate amounts that will be paid to tax authorities, which resulted in us considering this to be a key audit matter.	Our procedures, amongst others, included evaluating the analysis conducted by the Company and the Consolidated Entity which sets out the basis for judgements made in respect of the ultimate amounts expected to be paid to tax authorities. Assisted by PwC tax experts, we read a risk-focused sample of correspondence with tax authorities and external advice obtained by the Company and the Consolidated Entity and used our understanding of the business to assess the completeness and quantum of the provisions for tax. We considered the likelihood of additional tax exposures occurring based on our knowledge of tax legislation, applicable precedent and industry developments, noting the level of judgement involved. We assessed the reasonableness of the Company and the Consolidated Entity's disclosures in the financial report against the requirements of the Australian Accounting Standards.

Independent auditor's report

To the member of Macquarie Bank Limited continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* (Cth), including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company and the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Consolidated Entity-or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 March 2026.

In our opinion, the remuneration report of Macquarie Bank Limited for the year ended 31 March 2026 complies with section 300A of the *Corporations Act 2001* (Cth).

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001* (Cth). Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Voula Papageorgiou
Partner

Sydney
8 May 2026

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PARTIES

OUR REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Macquarie Bank Limited
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Sydney NSW 2000
Australia

SPONSOR AND LIQUIDITY PROVIDER

Macquarie Capital Limited
Level 22
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Central, Hong Kong

LEGAL ADVISOR AS TO HONG KONG LAW

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13th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
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AUDITOR

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