



2026 Interim Financial Report

Macquarie Bank | Half year ended 30 September 2025

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Shipping Finance, Global

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

Macquarie Bank Limited ABN 46 008 583 542

Macquarie Bank offers retail and business banking and wealth management through a market-leading digital platform, as well as risk and capital solutions with a particular focus on financial markets, asset finance and commodities.

Macquarie Bank Limited is a subsidiary of Macquarie Group Limited ABN 94 122 169 279 and is regulated by the Australian Prudential Regulation Authority (APRA) as an authorised deposit-taking institution (ADI). Macquarie Group Limited is regulated by APRA as a Non-Operating Holding Company of an ADI.

Cover image

Savings campaign, Australia

Macquarie Bank launched a new nationwide advertising campaign to underline its role in driving greater competition and transparency for the benefit of Australian savers. Customers can earn interest with a Macquarie Savings Account without paying monthly account keeping fees or meeting complex monthly conditions.



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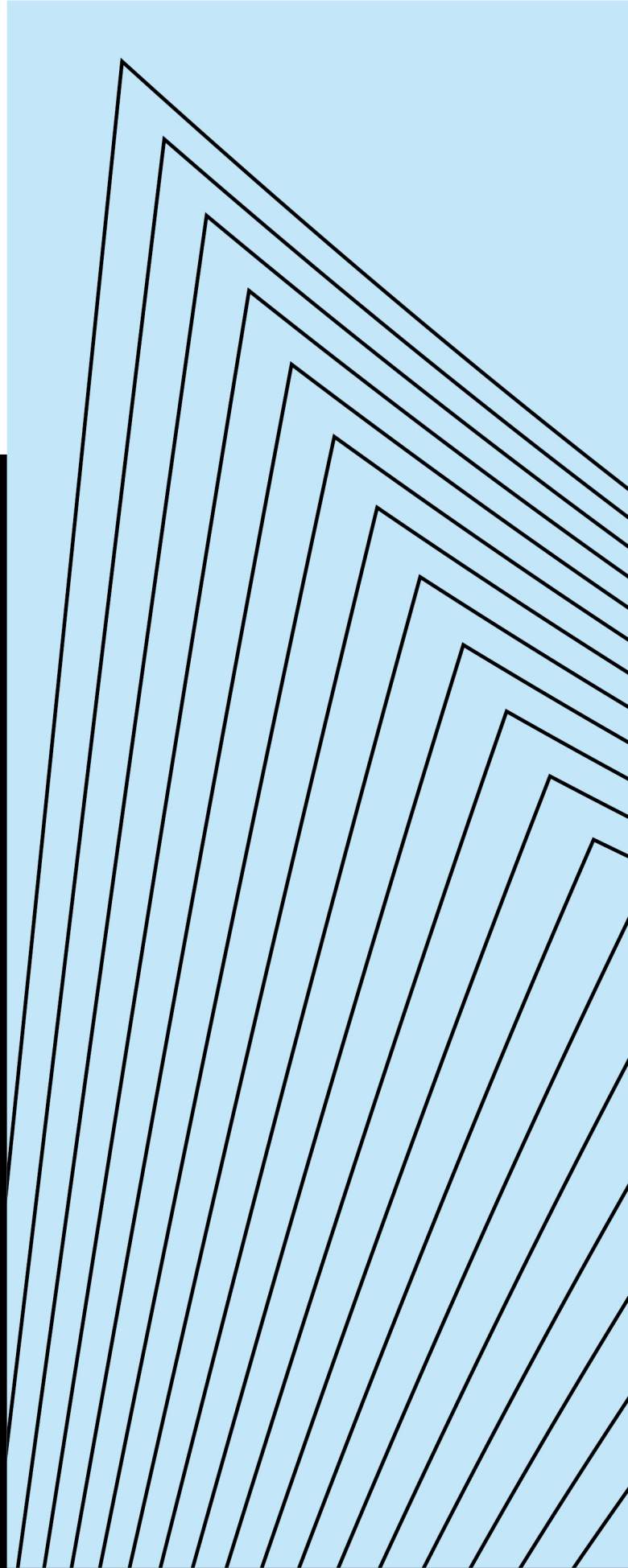
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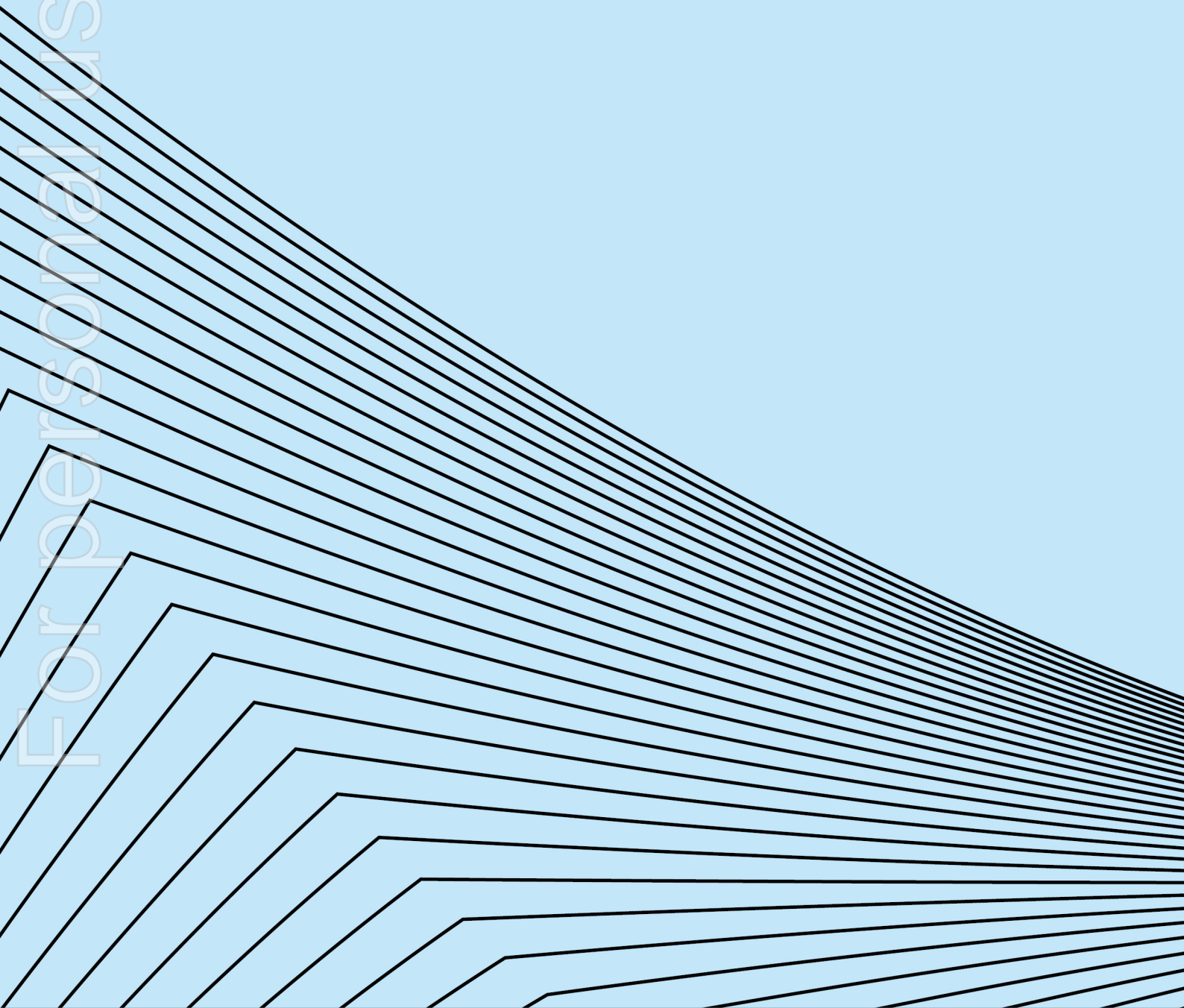
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01

Directors' Report



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Directors' Report

For the half year ended 30 September 2025

The Directors of Macquarie Bank Limited (MBL) submit their report with the financial report of the Consolidated Entity for the half year ended 30 September 2025.

Directors

At the date of this report, the Directors of MBL are:

Independent Directors

G.R. Stevens AC, Chair

J.R. Broadbent AC

W.S. Byres

P.M. Coffey

M.A. Hinchliffe

S.J. Lloyd-Hurwitz AM

R.J. McGrath AM

M. Roche

I.M. Saines

D.J.K. Whiteing

Executive Voting Directors

S.D. Green, Managing Director and Chief Executive Officer (CEO)

S.R. Wikramanayake

The Directors listed above each held office as a Director of MBL throughout the period and until the date of this report.

Those Directors listed as Independent Directors have been independent throughout the period of their appointment.

Result

The financial report for the half year ended 30 September 2025 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The consolidated profit after income tax attributable to the ordinary equity holder for the half year ended 30 September 2025 was \$A3,669 million (half year to 31 March 2025: \$A2,279 million; half year to 30 September 2024: \$A1,166 million).

State of affairs

Effective on 29 August 2025, the Consolidated Entity completed the sale of the Commodity Markets and Finance (CMF) division's North American Power, Gas & Emissions (NAPGE) and certain Canadian physical oil marketing businesses (the businesses), together with Macquarie International Finance Limited (MIFL) to Macquarie Group Limited.

Other than the above, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review which have not been otherwise disclosed in this report.

Operating and financial review

For the half year ended 30 September 2025

Review of performance and financial position¹

Overview

The Consolidated Entity's profit attributable to ordinary equity holder of \$A3,669 million for the half year ended 30 September 2025 was substantially up from \$A1,166 million in the prior corresponding period² and increased 61% from \$A2,279 million in the prior period.³

	HALF YEAR TO			MOVEMENT	
	Sep 2025	Mar 2025	Sep 2024	Mar 2025	Sep 2024
	\$Am	\$Am	\$Am	%	%
Net operating income	7,925	6,431	5,489	23	44
Total operating expenses	(3,738)	(3,696)	(3,783)	1	(1)
Income tax expense	(518)	(456)	(540)	14	(4)
Profit attributable to ordinary equity holder	3,669	2,279	1,166	61	215

¹ In the financial tables throughout the Operating and financial review "*" indicates that the absolute percentage change in the balance was greater than 300% or indicates the result was a gain in one period but a loss in another, or vice versa.

² Prior corresponding period (pcp) refers to the six months ended 30 September 2024.

³ Prior period refers to the six months ended 31 March 2025.

Operating and financial review

For the half year ended 30 September 2025 continued

Net profit contribution¹ by Operating Group

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

Banking and Financial Services (BFS)

\$A793m

↑ 22% on pcp due to

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

Partially offset by:

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

Commodities and Global Markets (CGM)

\$A1,076m

↓ 18% on pcp due to

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

Partially offset by:

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

Corporate

\$A1,800m

↑ substantially on pcp due to

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

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

Net operating income

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

Net interest and trading income

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

↓ 4%

on pcp

Largely driven by:

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

Partially offset by:

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

Fee and commission income

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
1,426	1,344	1,266

↑ 13%

on pcp

Largely driven by:

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

Credit and other impairment charges

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
(70)	(116)	(34)

↑ 106%

on pcp

Largely driven by:

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

Net other operating income

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

↑
substantially

on pcp

Largely driven by:

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

Operating and financial review

For the half year ended 30 September 2025 continued

Operating expenses

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

Employment expenses

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
2,388	2,360	2,451

↓3%

on pcp

Largely driven by:

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

Partially offset by:

- wage inflation.

Brokerage, commission and fee expenses

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
331	325	319

↑4%

on pcp

Largely driven by:

- higher brokerage expenses in BFS and CGM.

Non-salary technology expenses

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
496	502	459

↑8%

on pcp

Largely driven by:

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

Other operating expenses

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
523	509	554

↓6%

on pcp

Largely driven by:

- release of provisions related to specific legal matters.

Partially offset by

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

Income tax expense and Effective tax rate

Income tax expense

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
\$Am	\$Am	\$Am
518	456	540

↓4%

on pcp

Effective tax rate

HALF YEAR TO		
30 Sep 25	31 Mar 25	30 Sep 24
%	%	%
12.4	16.7	31.7

↓19.3%

on pcp

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

Statement of financial position

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

Total assets

AS AT		↑ 9% on 31 Mar 25
30 Sep 25	31 Mar 25	
\$Ab	\$Ab	
408.9	375.2	

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

The principal drivers for the increase were as follows:

- loan assets of \$A199.8 billion as at 30 September 2025 increased 10% from \$A181.4 billion as at 31 March 2025, driven by volume growth in BFS home loans
- trading assets of \$A41.4 billion as at 30 September 2025 increased 39% from \$A29.7 billion as at 31 March 2025, driven by an increase in holdings of listed equity securities, in CGM
- cash collateralised lending and reverse repurchase agreements of \$A66.1 billion as at 30 September 2025 increased 10% from \$A60.2 billion as at 31 March 2025, driven by an increase in holdings of reverse repurchase agreements as part of Group Treasury's liquid asset portfolio management and higher trading activity, in CGM
- financial investments of \$A19.7 billion as at 30 September 2025 increased 15% from \$A17.0 billion as at 31 March 2025, driven by an increase in holdings of debt securities as part of Group Treasury's liquid asset portfolio management.

These increases are partially offset by:

- cash and bank balances of \$A20.0 billion as at 30 September 2025 decreased 10% from \$A22.3 billion as at 31 March 2025, driven by a reduction in the overnight deposit held with the Reserve Bank of Australia (RBA) as part of Group Treasury's liquid asset portfolio management
- margin money and settlement assets of \$A18.0 billion as at 30 September 2025 decreased 10% from \$A20.1 billion as at 31 March 2025, driven by reduced margin money, in CGM.
- other assets of \$A6.0 billion as at 30 September 2025 decreased 18% from \$A7.2 billion as at 31 March 2025, due to settlements of commodity-related receivables, in CGM.

Total liabilities

AS AT		↑ 10% on 31 Mar 25
30 Sep 25	31 Mar 25	
\$Ab	\$Ab	
386.2	352.2	

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

The principal drivers for the increase were as follows:

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

These increases are partially offset by:

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

Total equity

AS AT		↓ 1% on 31 Mar 25
30 Sep 25	31 Mar 25	
\$Ab	\$Ab	
22.7	23.0	

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

The Consolidated Entity's equity was impacted by:

- \$A3.6 billion dividend payment
- \$A0.4 billion decrease in the foreign currency translation reserve, largely driven by appreciation of the Australian Dollar against the United States Dollar.

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

Operating and financial review

For the half year ended 30 September 2025 continued

Funding

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.

Macquarie Bank has diversity of funding across a range of tenors, currencies and products. The weighted average term to maturity of term funding maturing beyond one year (excluding deposits, equity and securitisations) was 3.7 years as at 30 September 2025.

3.7

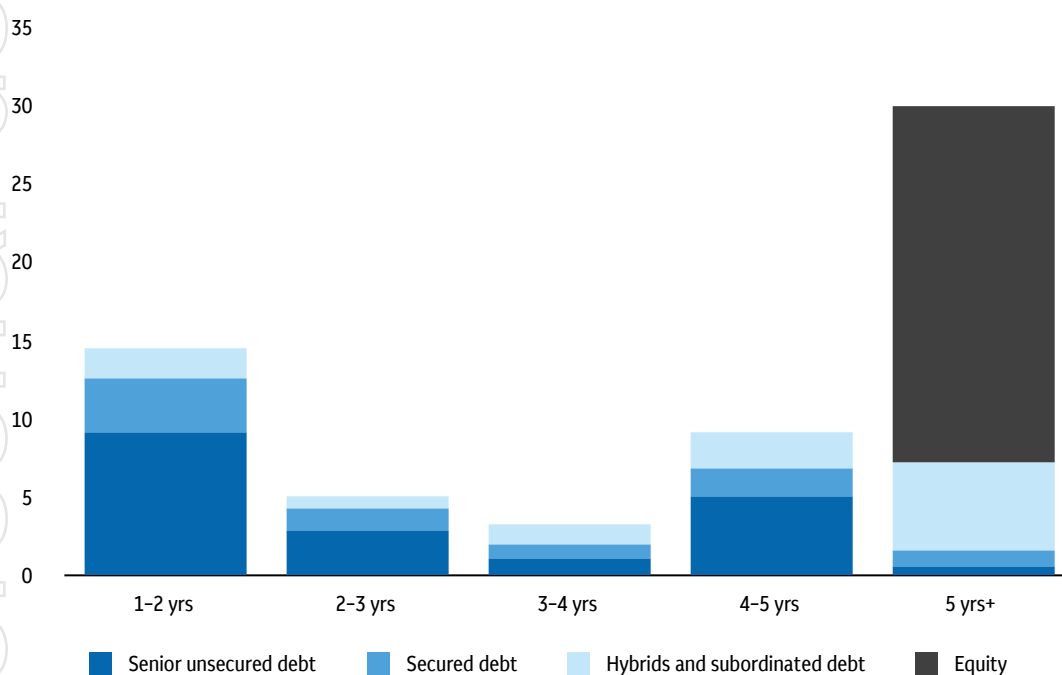
years

Weighted average maturity

Term funding profile

Detail of drawn funding maturing beyond one year

\$A billion



Macquarie Bank has a liability-driven approach to balance sheet management, where funding is raised prior to assets being taken on to the balance sheet. Macquarie continues to develop its presence across different funding markets and products.

Details of term funding raised between 1 April 2025 and 30 September 2025:

		Total \$Ab
Issued paper	- Senior unsecured	8.6
Secured funding	- Trade finance facilities	0.3
Loan facilities	- Unsecured loan facilities	0.4
Loan capital	- Subordinated debt	2.8
Total¹		12.1

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

Capital

The Bank Group's Level 2 minimum Common Equity Tier 1 (CET1) capital ratio in accordance with Prudential Standard APS 110 Capital Adequacy is 9%. This includes the industry minimum CET1 requirement of 4.5%, capital conservation buffer (CCB) of 3.75% and a countercyclical capital buffer (CCyB)¹ of 0.75%. The corresponding requirement for Tier 1 capital is 10.5%, inclusive of the CCB and CCyB.¹ APRA also requires ADIs to maintain a minimum leverage ratio of 3.5%. In addition, APRA may impose ADI-specific minimum ratios which may be higher than these levels.

The Bank Group is well capitalised, with the following capital adequacy ratios as at 30 September 2025:

Bank Group Level 2 Basel III ratios	APRA Basel III	Harmonised Basel III ²
Common Equity Tier 1 Capital Ratio	12.4%	17.3%
Tier 1 Capital Ratio	13.9%	19.1%
Total Capital Ratio	21.1%	27.7%
Leverage Ratio	4.7%	5.4%



For further information relating to the capital adequacy of Macquarie Bank, refer to the Pillar 3 document available at macquarie.com/investors/regulatory-disclosures and section 4.0 Capital of the Management Discussion and Analysis available at macquarie.com/results

¹ The CCyB of the Bank Group at 30 September 2025 is 0.75%. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

² Harmonised Basel III estimates are calculated in accordance with the updated BCBS Basel III framework, noting that MBL is not regulated by the BCBS therefore the ratios are indicative only.

Operating and financial review

Our strategy

Our business strategy

The growth of Macquarie's global operations over 56 years reflects our philosophy to expand selectively, focusing on specialist areas where we bring deep expertise to address areas of unmet need on behalf of clients and communities in line with our purpose and longstanding operating principles. We offer our teams significant operating freedom balanced by limits on risk. Alignment of interests is a longstanding feature, demonstrated by willingness to both invest alongside clients and closely align the interests of shareholders and staff.

This approach has helped us to grow into a diversified global business, conducting a broad range of activities and creating enduring franchises where we have differentiated perspectives. Our approach has not been to place big bets, but to expand adjacently, taking learnings from one market to another, or using expertise built in one part of a sector to grow into another.

This philosophy is reflected in our flexible approach to allocating capital. We rely on our teams who are close to their markets and clients to drive ideas, setting out the opportunity they have identified and the associated risks, and how they plan to manage them, with the teams in the business remaining accountable for the long-term outcomes they deliver. Teams at the centre of the organisation assess the business case being made, including second line review of risks, before allocating capital with a view to maintaining diversification across our activities while seeking an acceptable risk adjusted return for each project, based on its specific characteristics.

Our Purpose

Why we exist

Empowering people to innovate and invest for a better future

Our Principles

How we do business



Opportunity



Accountability



Integrity

Our Strategy

is developed from the bottom up

BFS

Banking and Financial Services

CGM

Commodities and Global Markets

Our core business involves utilising our

human capital

to realise opportunities, backed by a strong balance sheet

Evolution driven by:

- Building enduring franchises from positions of deep expertise and pursuing adjacent growth opportunities
- Managing diversified businesses across regions and service offerings to deliver consistent returns through cycles
- Addressing unmet client and community needs, focusing on areas aligned to structural trends where there is growth
- Ensuring accountability and entrepreneurial endeavour from staff
- Continuously enhancing our operating platform
- Adopting a disciplined approach to risk management, underpinned by a sound risk culture and embedded across the organisation
- Maintaining a strong and conservative balance sheet with diversified sources of funding.

Supported from the centre

COG

Corporate Operations Group

FPE

Financial Management, People and Engagement

RMG

Risk Management Group

LGG

Legal and Governance Group



Our purpose and principles and what we expect of our staff are set out in our *Code of Conduct*. [macquarie.com/what-we-stand-for](https://www.macquarie.com/what-we-stand-for)

Events after the reporting date

At the date of this report the Directors are not aware of any matter or circumstance, other than transactions disclosed in the financial statements, that has arisen and has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the financial years subsequent to 30 September 2025.

Interim dividend

On 29 August 2025 and 30 September 2025, the Company paid a dividend of \$A2,900 million and \$A650 million respectively.

No other dividends or distributions were declared or paid during the current period.

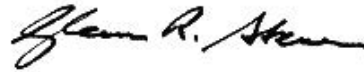
Audit tender

Macquarie has concluded the tender of the audit of MBL, its subsidiaries, and its managed funds. Following an 18-month transition during which KPMG will undertake the necessary work to meet auditor independence requirements, the MBL Board will recommend to shareholders the appointment of KPMG as the auditor for Macquarie for the financial year commencing on 1 April 2027, subject to regulatory consents.

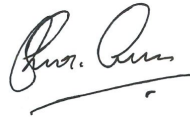
Rounding of amounts

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

This report is made in accordance with a resolution of the Directors.



Glenn Stevens AC
Independent Director and Chair



Stuart Green
Managing Director and Chief Executive Officer

Sydney
7 November 2025

Auditor's independence declaration

As lead auditor for the review of Macquarie Bank Limited for the half year ended 30 September 2025, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* (Cth) in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Bank Limited and the entities it controlled during the period.



Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
7 November 2025

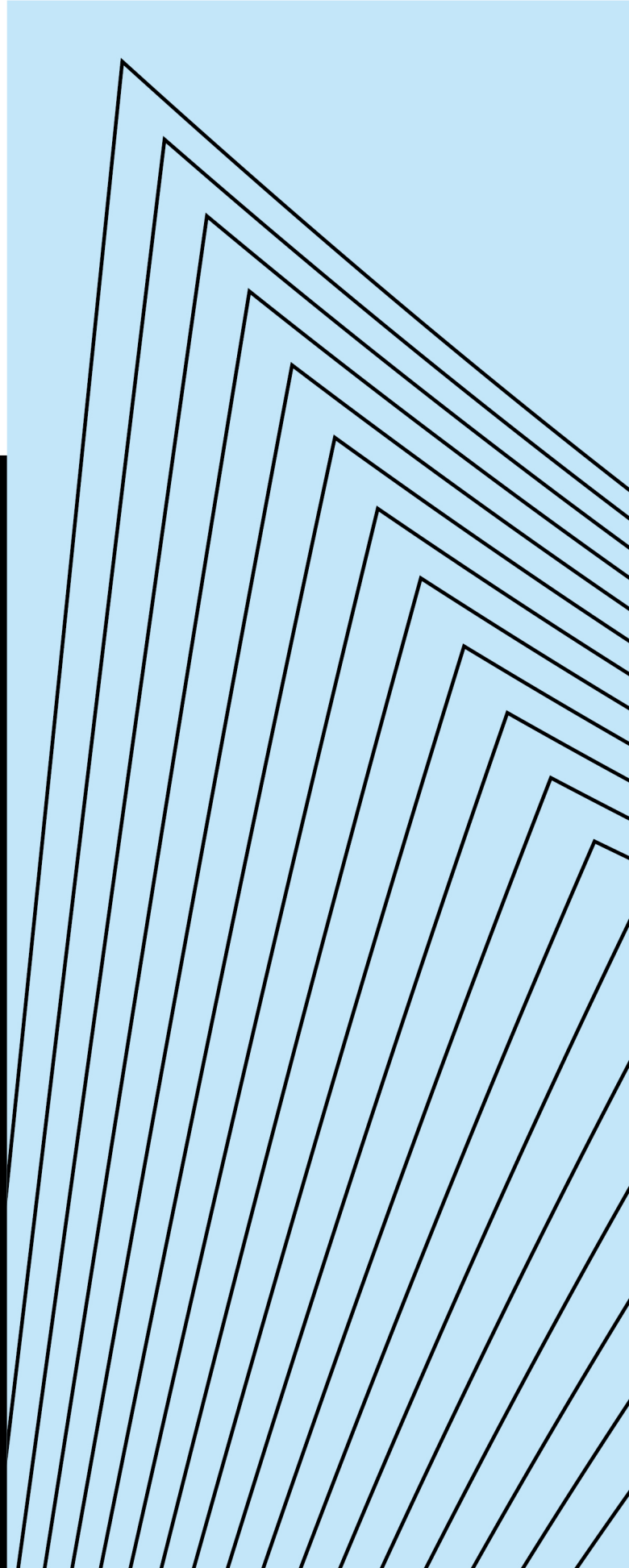
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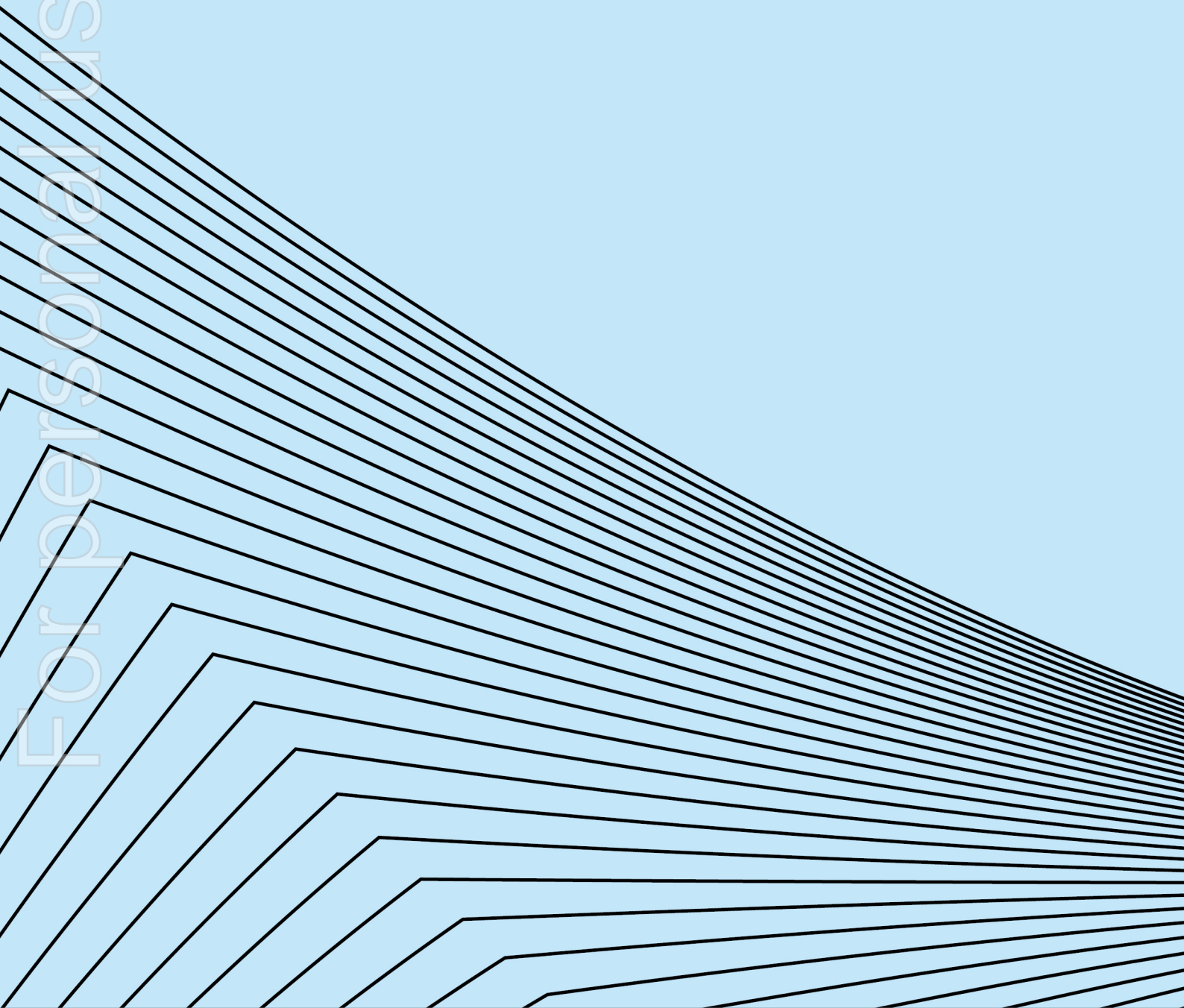
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02

Financial Report



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The Financial Report was authorised for issue by the Board of Directors on 7 November 2025.

The Board of Directors has the power to amend and reissue the Financial Report.

Consolidated income statement

For the half year ended 30 September 2025

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

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

Consolidated statement of comprehensive income

For the half year ended 30 September 2025

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

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

¹ All items are net of tax, where applicable.

Consolidated statement of financial position

As at 30 September 2025

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

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

Consolidated statement of changes in equity

For the half year ended 30 September 2025

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

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

Consolidated statement of cash flows

For the half year ended 30 September 2025

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025

Note 1

Basis of preparation

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

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

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

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

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

(i) Critical accounting estimates and significant judgements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Other amendments made to existing standards

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

(iv) Comparatives

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

Note 2

Operating profit before income tax

	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
Interest income			
Effective interest rate method - Amortised cost	6,184	6,171	5,913
Effective interest rate method - FVOCI	974	1,135	1,122
Other - FVTPL	483	402	442
Total interest income	7,641	7,708	7,477
Interest expense			
Effective interest rate method - Amortised cost	(5,831)	(5,964)	(5,888)
Other - FVTPL	(41)	(83)	(19)
Total interest expense	(5,872)	(6,047)	(5,907)
Net trading income¹			
Commodities ²	1,197	1,766	1,478
Equities	525	546	564
Interest rate, foreign exchange and credit products	312	325	346
Total net trading income	2,034	2,637	2,388
Fee and commission income			
Service fee from Macquarie Group entities	776	804	689
Brokerage and other trading-related fees	195	173	178
Portfolio administration fees	166	162	158
Lending fees	84	74	73
Other fee and commission income	205	131	168
Total fee and commission income	1,426	1,344	1,266

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 2

Operating profit before income tax continued

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

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

Note 2

Operating profit before income tax continued

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 3

Segment reporting

(i) Operating segments

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

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

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

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

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

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

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

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

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

Internal funding arrangements

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

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

Transactions between Operating Segments

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

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

Accounting for derivatives that economically hedge interest rate risk

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

Note 3

Segment reporting continued

(i) Operating segments continued

Central Service Groups

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

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

Performance-related profit share and share-based payments expense

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

Income tax

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

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

Presentation of segment income statements

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

Reportable segment assets

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

Transactions under common control

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

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 3

Segment reporting continued

(i) Operating segments continued

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

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

Note 3

Segment reporting continued

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

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 4

Income tax expense

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

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

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

Note 5

Dividends

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

Note 6**Trading assets**

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

Note 7**Margin money and settlement assets**

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

Note 8**Derivative assets**

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 9

Held for sale and other assets

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

Note 10

Loan assets

	As at 30 Sep 25			As at 31 Mar 25			As at 30 Sep 24		
	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m	Gross carrying value \$m	ECL allowance \$m	Net carrying value \$m
Home loans	161,878	(140)	161,738	143,111	(125)	142,986	131,121	(112)	131,009
Corporate, commercial and other lending	33,399	(245)	33,154	31,752	(284)	31,468	28,587	(313)	28,274
Asset financing	4,953	(56)	4,897	7,022	(90)	6,932	6,995	(82)	6,913
Total loan assets²	200,230	(441)	199,789	181,885	(499)	181,386	166,703	(507)	166,196

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

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

Note 11

Expected credit losses

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

Model Inputs

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

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

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

The key model inputs used in measuring the ECL include:

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

Significant increase in credit risk (SICR)

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

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

Retail exposures

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

Wholesale exposures

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

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

For both retail and wholesale portfolios:

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

Definition of default

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 11

Expected credit losses continued

Forward-looking information (FLI)

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

The Consolidated Entity applies its professional judgement in determining whether there are any inherent risks in the models' predictive outcomes. The overlays primarily reflect management's assessment of the current economic and credit environment relative to the FLI credit cycle model. These overlays account for the risk that underlying credit risk events have occurred, but observable modelled inputs are yet to reflect those events, as well as risks that are specific to regions, counterparties or industries which are difficult to account for within the modelled outcomes.

Over time the credit models are recalibrated to enhance the predictive capability. At the reporting date this overlay was approximately \$110 million (31 March 2025: \$150 million; 30 September 2024: \$160 million). These judgements are reviewed by FPE and RMG at each reporting date.

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

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

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

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

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

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

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

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

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

Note 11

Expected credit losses continued

Forward-looking information continued

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 11

Expected credit losses continued

Forward-looking information continued

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

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

Note 11

Expected credit losses continued

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 11

Expected credit losses continued

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

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

Note 11

Expected credit losses continued

ECL on loan assets

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

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

Note 12

Deposits

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 13

Trading liabilities

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

Note 14

Margin money and settlement liabilities

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

Note 15

Derivative liabilities

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

Note 16

Other liabilities

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

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

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

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 17

Issued debt securities and other borrowings

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

Reconciliation of issued debt securities and other borrowings by major currency

(In Australian dollar equivalent)

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

Note 18**Contributed equity**

	As at 30 Sep 25 \$m	As at 31 Mar 25 \$m	As at 30 Sep 24 \$m
Ordinary share capital	9,879	9,879	9,879
Other equity	388	313	331
Total contributed equity	10,267	10,192	10,210
	Half year to 30 Sep 25 \$m	Half year to 31 Mar 25 \$m	Half year to 30 Sep 24 \$m
(i) Ordinary share capital¹			
Opening balance of fully paid ordinary shares			
696,603,664 of shares issued to parent entity (Macquarie B.H. Pty Ltd)	9,879	9,879	9,879
Closing balance of fully paid ordinary shares	9,879	9,879	9,879
(ii) Other equity			
Equity contribution from ultimate parent entity			
Balance at the beginning of the period	313	331	305
Transaction under common control	59	-	-
Change attributable to share-based payment expense including deferred tax ²	16	(18)	26
Balance at the end of the period	388	313	331

¹ Ordinary shares have no par value.

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 19

Reserves and retained earnings

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

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

Note 20**Contingent liabilities and commitments**

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

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 \$19,144 million (31 March 2025: \$16,874 million; 30 September 2024: \$16,455 million) which are considered to be exposed to credit risk.

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 21

Measurement categories of financial instruments

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

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

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

¹ Comparative information has been represented to conform to presentation in the current period.

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

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

⁴ 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.

⁵ The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 21

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT				Non-Financial Instruments	Statement of financial position total	FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE			Amortised Cost			Fair Value	Amortised Cost
	FVTPL ¹	DFVTPL	FVOCI					
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
	As at 31 Mar 25							
Assets								
Cash and bank balances	-	-	-	22,269	-	22,269	-	22,269
Cash collateralised lending and reverse repurchase agreements	8,299	256	33,680	17,930	-	60,165	42,235	17,930
Trading assets ²	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 ³	110	-	14,652	2,085	-	16,847	14,762	2,085
Held for sale and other assets	3,566	-	394	1,543	1,723	7,226	3,960	1,543
Loan assets ³	768	-	-	180,618	-	181,386	768	180,664
Due from other Macquarie Group entities ⁴	2,684	-	-	3,333	280	6,297	2,684	3,333
Property, plant and equipment and right-of-use assets ³	-	-	-	-	5,989	5,989	-	-
Deferred tax assets	-	-	-	-	1,095	1,095	-	-
Total assets	62,520	256	48,726	247,497	16,222	375,221	118,637	247,543
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 ⁵	-	3,568	-	2,262	4,064	9,894	3,568	1,500
Due to other Macquarie Group entities ⁴	605	-	-	8,318	142	9,065	605	8,318
Issued debt securities and other borrowings ³	-	1,526	-	84,278	-	85,804	1,526	84,626
Deferred tax liabilities	-	-	-	-	21	21	-	-
Loan capital ³	-	-	-	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 presentation in the current period.

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

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

⁴ 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.

⁵ The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 21

Measurement categories of financial instruments continued

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

¹ Comparative information has been represented to conform to presentation in the current period.

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

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

⁴ 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.

⁵ The fair value of other liabilities carried at amortised cost excludes lease liabilities.

Note 22

Fair value of assets and liabilities

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

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

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

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

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 Statement of financial position (as disclosed in Note 21 *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 agreements, Cash collateralised borrowing and repurchase agreements	The fair value of cash and bank balances, cash collateralised lending and reverse repurchase agreements, cash collateralised borrowing and repurchase agreements approximates their carrying amounts as these are highly liquid and short-term in nature.
Loan assets and Deposits	The fair value of fixed rate loan assets and term deposits is determined with reference to changes in interest rates and credit spreads. The fair value of variable rate loan assets and deposits approximates their carrying amounts, subject to any adjustment for changes in the credit spreads. The fair value of demand deposits with no fixed maturity approximates their carrying amount as they are short-term in nature or are payable on demand.
Financial investments	The fair value of liquid assets and other instruments maturing within three months are approximate to their carrying amounts. The fair value of fixed rate debt investments is estimated by reference to current market rates offered on similar securities and the creditworthiness of the borrower. The fair value 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 value of issued debt securities, borrowings and loan capital is based on quoted prices in active markets where available. Where quoted prices are not available the fair value is based on discounted cash flows using rates appropriate to the term and incorporates changes in the Consolidated Entity's own credit spread.
Margin money, settlement assets and settlement liabilities, Other financial assets and financial liabilities	The fair value of margin money, settlement assets, settlement liabilities, other financial assets and financial liabilities approximate their carrying amounts, subject to any adjustment for changes in credit spreads.

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 22

Fair value of assets and liabilities continued

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

Asset or liability	Valuation techniques, inputs and other significant assumptions
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 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 non-performance risk, an adjustment is incorporated into the valuations.

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

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

Note 22

Fair value of assets and liabilities continued

Assets and liabilities measured at fair value

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

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
As at 30 Sep 25				
Assets				
Cash collateralised lending and reverse repurchase agreements	-	44,356	-	44,356
Trading assets	29,575	10,963	831	41,369
Margin money and settlement assets	-	65	-	65
Derivative assets	-	23,864	279	24,143
Financial investments	2,653	13,704	333	16,690
Other assets	-	3,303	17	3,320
Loan assets	-	551	158	709
Due from other Macquarie Group entities	-	2,814	10	2,824
Total assets	32,228	99,620	1,628	133,476
Liabilities				
Cash collateralised borrowing and repurchase agreements	-	1,270	-	1,270
Trading liabilities	11,113	102	-	11,215
Derivative liabilities	5	22,310	366	22,681
Other liabilities	-	2,767	6	2,773
Due to other Macquarie Group entities	-	1,215	45	1,260
Issued debt securities and other borrowings	-	1,067	-	1,067
Total liabilities	11,118	28,731	417	40,266
As at 31 Mar 2025				
Assets				
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	98,126	1,435	118,637
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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 22

Fair value of assets and liabilities continued

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

Note 22

Fair value of assets and liabilities continued

Reconciliation of balances in Level 3 of the fair value hierarchy

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

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

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

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

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

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 22

Fair value of assets and liabilities continued

Significant transfers between levels of the fair value hierarchy

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

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

Unrecognised gains or losses

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

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

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

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

Note 22

Fair value of assets and liabilities continued

Significant unobservable inputs

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

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

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.

Notes to the consolidated financial statements

For the half year ended 30 September 2025 continued

Note 22

Fair value of assets and liabilities continued

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

Commodities

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

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

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

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

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

Equity and equity-linked products

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

Interest rates and other products

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

Note 22

Fair value of assets and liabilities continued

Sensitivity analysis of valuations using unobservable inputs

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

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

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

Note 23

Events after the reporting date

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

Directors' declaration

For the half year ended 30 September 2025

In the Directors' opinion:

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

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



Glenn Stevens AC
Independent Director and Chair



Stuart Green
Managing Director and Chief Executive Officer

Sydney
7 November 2025

Independent auditor's review report

To the member of Macquarie Bank Limited



Report on the half year financial report

Conclusion

We have reviewed the half year financial report of Macquarie Bank Limited (the Company) and the entities it controlled during the half year (together the Consolidated Entity), which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position as at 30 September 2025, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half year financial report of Macquarie Bank Limited does not comply with the *Corporations Act 2001* (Cth) including:

- giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2025 and of its performance for the half year ended on that date
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half year financial report* section of our report.

We are independent of 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half year financial report

The directors of the Company are responsible for the preparation of the half year 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 half year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half year financial report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* (Cth) including giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2025 and of its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Voula Papageorgiou
Partner

Sydney
7 November 2025

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