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MACQUARIE

ASX Release

MACQUARIE GROUP LIMITED (ASX CODE: MQG) – APPENDIX 4D FOR THE HALF YEAR ENDED 30 SEPTEMBER 2024

SYDNEY, 1 November 2024 – Pursuant to ASX Listing Rule 4.2A, attached is an Appendix 4D together with the Interim Financial Report for the half year ended 30 September 2024 for immediate release.[1] These documents should be read in conjunction with the Annual Report for the year ended 31 March 2024 released to ASX on 3 May 2024 and available at macquarie.com.

The following associated documents in relation to the half year ended 30 September 2024 will be provided separately for release:

- Appendix 3A.1 Notification of Dividend
- Media Release[1]
- Presentation[1]
- Management Discussion and Analysis[2]

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[1] This document was authorised for release to ASX by the MGL Board.
[2] This document was authorised for release to ASX by Sam Dobson, Head of Investor Relations.

Appendix 4D under ASX Listing Rule 4.2A

For the half year ended 30 September 2024

Current period:	1 April 2024 to 30 September 2024
Prior corresponding period:	1 April 2023 to 30 September 2023

Results for announcement to the market

Key Information	**Half year ended 30 September 2024 $m**	Half year ended 30 September 2023 $m	Change %
Revenue from ordinary activities[3]	**8,216**	7,910	3.87
Profit after income tax	**1,611**	1,404	14.74
Profit attributable to ordinary equity holders	**1,612**	1,415	13.92

Dividend per ordinary share	Amount per ordinary share	Franked amount per ordinary share
2024 Final dividend (paid 2 July 2024)[4]	$3.85	$1.5400
2025 Interim dividend (resolved, not yet provided for at 30 September 2024)[4]	$2.60	$0.9100

Interim Dividend dates	
Record Date	12 November 2024
Payment Date	17 December 2024

Other Disclosure Requirements

Dividend or distribution reinvestment plan details

The Company's Dividend Reinvestment Plan (DRP) remains active. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares without transaction costs. It is expected that shares allocated under the DRP will be purchased on market[5] and allocated on the dividend payment date. The DRP shares will rank *pari passu* with other fully paid ordinary shares then on issue. The allocation price will be the arithmetic average of the daily volume weighted average market price of all Macquarie Group shares sold through a normal trade on the ASX trading system over the ten business days commencing on the fourth business day after the Election Date of 13 November 2024. A shareholder can elect to participate in or terminate their involvement in the DRP at any time. Election notices for participation in the DRP in relation to the interim dividend to be paid on 17 December 2024 must be received by the registry by 5:00 pm on 13 November 2024 to be effective for that dividend.

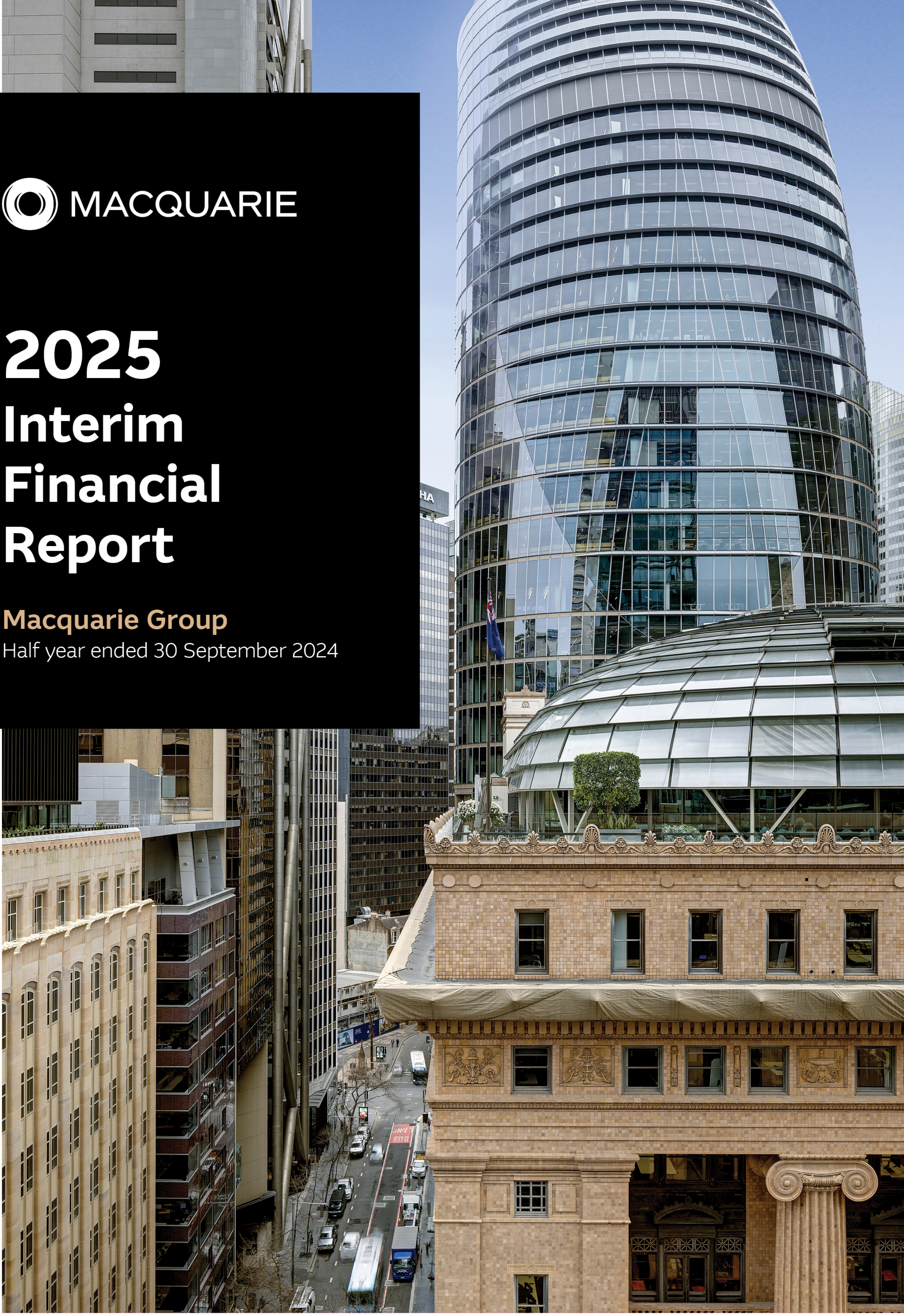
Net tangible assets	**Half year ended 30 September 2024 $**	Half year ended 30 September 2023 $
Net tangible assets per ordinary share	**75.62**	73.49

Additional Appendix 4D disclosure requirements and commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the period are contained in the Interim Financial Report and in the Management Discussion and Analysis for the half year ended 30 September 2024.

This document should be read in conjunction with Annual Report for the year ended 31 March 2024 and any public announcements made in the period by the Macquarie Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.

This report is based on consolidated financial statements on which PricewaterhouseCoopers has provided an unqualified review report.

[3] Revenue from ordinary activities represents net operating income disclosed in the income statement of the Interim Financial Report.
[4] The whole of the unfranked portion of the dividend is Conduit Foreign Income.
[5] The shares for the DRP may be issued in part or in full if purchasing the shares is no longer practical or advisable.



MACQUARIE

2025 Interim Financial Report

Macquarie Group

Half year ended 30 September 2024

Macquarie Group Limited
ACN 122 169 279

Macquarie is a global financial services group operating in 34 markets in asset management, retail and business banking, wealth management, leasing and asset financing, market access, commodity trading, renewables development, specialist advice, access to capital and principal investment.

Macquarie Group 2025 Interim Financial Report

This Interim Financial Report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001 (Cth) and does not include all the notes of the type normally included in an annual financial report. Macquarie Group Limited's (MGL and its subsidiaries, being the Consolidated Entity) most recent annual financial report is available at **www.macquarie.com** as part of Macquarie's 2024 Annual Report. MGL has also released information to the Australian Securities Exchange operated by ASX Limited (ASX) in compliance with the continuous disclosure requirements of the ASX Listing Rules. Announcements made by MGL under such rules are available on ASX's internet site **www.asx.com.au** (MGL's ASX code is 'MQG').

The material in this report has been prepared by MGL ABN 94 122 169 279 and is current at the date of this report. It is general background information about Macquarie's activities, is provided in summary form in terms of the requirements of AASB 134 Interim Financial Reporting and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

The Interim Financial Report was authorised for issue by MGL's Voting Directors (Directors) on 1 November 2024. The Board of Directors has the power to amend and reissue the Financial Report.

Cover image

1 Elizabeth, Sydney
Macquarie's new global headquarters at 1 Elizabeth Street is a landmark, state-of-the-art office tower in the heart of the city's civic, cultural and financial district. Opened earlier this year and connected to our existing heritage 50 Martin Place building, it brings our Sydney teams together in one campus for the first time in 25 years.

Contents

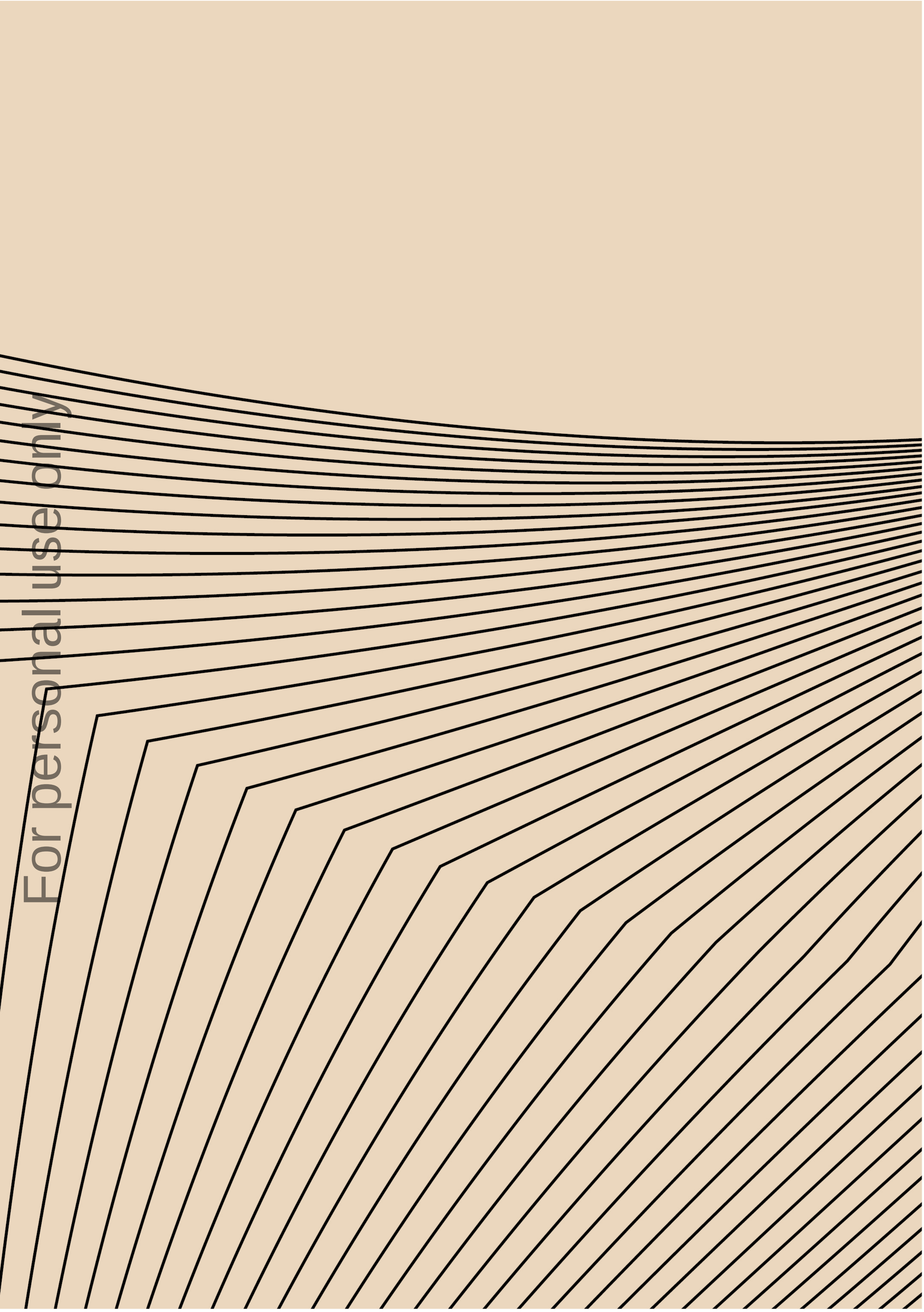
01

Directors' Report

02

Financial Report

01
Directors' Report



Directors' Report

For the half year ended 30 September 2024

The Directors of MGL submit their report with the financial report of the Consolidated Entity for the half year ended 30 September 2024.

Directors

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

Independent Directors

G.R. Stevens AC, Chair

J.R. Broadbent AC

P.M. Coffey

M.A. Hinchliffe

S.J. Lloyd-Hurwitz

R.J. McGrath

M. Roche

Executive Voting Director

S.R. Wikramanayake, Managing Director and Chief Executive Officer

The Directors listed above each held office as a Director of MGL 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 2024 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 holders for the half year ended 30 September 2024 was $A1,612 million (half year to 31 March 2024: $A2,107 million; half year to 30 September 2023: $A1,415 million).

Operating and financial review

For the half year ended 30 September 2024

Review of Group performance and financial position

Overview

Profit attributable to ordinary equity holders of $A1,612 million for the half year ended 30 September 2024 increased 14% from $A1,415 million in the prior corresponding period[1] and decreased 23% from $A2,107 million in the prior period[2].

	HALF YEAR TO			MOVEMENT	
	Sep 24	Mar 24	Sep 23	Mar 24	Sep 23
	$Am	$Am	$Am	%	%
Net operating income	**8,216**	8,977	7,910	(8)	4
Operating expenses	**(5,919)**	(6,142)	(5,919)	(4)	—
Income tax expense	**(686)**	(704)	(587)	(3)	17
Profit after income tax	**1,611**	2,131	1,404	(24)	15
Loss/(profit) attributable to non-controlling interests[3]	**1**	(24)	11	*	(91)
Profit attributable to ordinary equity holders	**1,612**	2,107	1,415	(23)	14

"*" Indicates that absolute percentage change in the balance was greater than 100%.

1H25 net profit contribution[4] by activity

Annuity-style activities

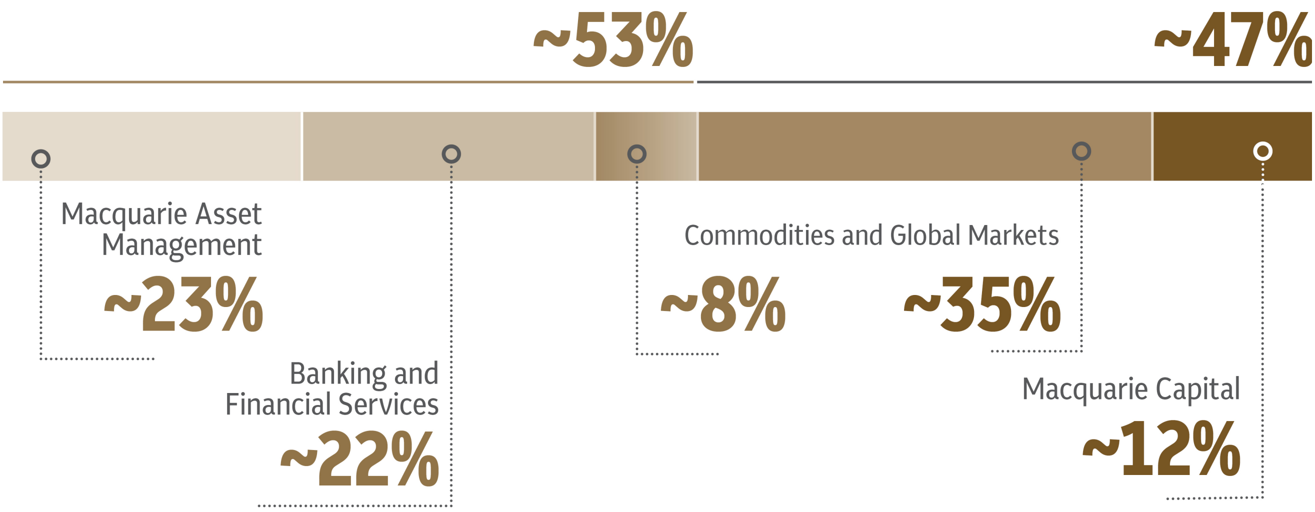
$A1,614m

↑ 25% on pcp

Markets-facing activities

$A1,407m

↓ 10% on pcp



1 Prior corresponding period (pcp) refers to the six months ended 30 September 2023.
2 Prior period refers to the six months ended 31 March 2024.
3 Non-controlling interests adjusts reported consolidated profit or loss for the share that is attributable to non-controlling interests, such that the net profit or loss contribution represents the net profit or loss attributable to ordinary equity holders.
4 Net profit contribution is management accounting profit before unallocated corporate items, profit share and income tax.

Net profit contribution by Operating Group

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

Annuity-style businesses

Non-Banking Group

Macquarie Asset Management (MAM)

$A684m

↑ 68% on pcp due to
- increased performance fees from Private Markets-managed funds, managed accounts and co-investors
- increased net income on equity, debt and other investments driven by higher asset realisations in green investments
- increased share of net profits from associates and joint ventures driven by revaluation of underlying investments.

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

Banking Group

Banking and Financial Services (BFS)

$A650m

↑ 2% on pcp due to
- lower operating expenses reflecting lower average headcount driven by digitalisation and operational improvements and the cessation of car loan originations
- higher fee and commission income mainly due to increased administration and adviser fees from higher average funds on platform.

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

Markets-facing businesses

Macquarie Capital

$A371m

↓ 14% on pcp due to
- higher origination credit provisions due to higher deployment and lower credit impairment reversals on the private credit portfolio compared to the prior corresponding period
- higher funding costs reflecting growth in the equity investment portfolio
- lower net income on consolidated investments.

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

Commodities and Global Markets (CGM)[1]

$A1,316m

↓ 5% on pcp due to
- decreased risk management income primarily in Global Gas, Power and Emissions, driven by decreased client hedging activity due to subdued volatility across energy markets.

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

Corporate

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

↓ 2% on pcp due to
- increased other income from a one-off sale of centrally held assets
- increased net interest and trading income driven by higher earnings on capital.

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

For more details on the financial performance of the Operating Groups, see section 3.0 Segment analysis of the Management Discussion and Analysis available at **macquarie.com/results**

[1] Certain assets of the Financial Markets business, certain activities of the Commodity Markets and Finance business, and some other less financially significant activities are undertaken from within the Non-Banking Group.
[2] Average volume calculation is based on balances converted at spot FX rates as at reporting period end.

Net operating income

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

Net interest and trading income

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

↓3% on pcp

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

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

Fee and commission income

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

↑9% on pcp

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

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

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

↑ substantially on pcp

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

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

Credit and other impairment (charges)/reversals

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

↑ substantially on pcp

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

Net other operating income

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

↑62% on pcp

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

Operating expenses

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

Employment expenses

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

↑1% on pcp

This movement was largely driven by:
- higher profit share and share-based payments expenses mainly as a result of the performance of the Consolidated Entity
- wage inflation.

Partially offset by:
- lower salary and related expenses from lower average headcount.

Brokerage, commission and fee expenses

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

↑10% on pcp

This movement was largely driven by:
- growth across equity and financial markets, in CGM
- increased market activity, in Macquarie Capital.

Non-salary technology expenses

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

↓3% on pcp

This movement was largely driven by:
- lower project-based consultancy spend.

Partially offset by:
- technology investment with a focus on data and digitalisation to support business activity.

Other operating expenses

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

↓5% on pcp

This movement was largely driven by:
- non-recurrence of expenses related to a specific legacy matter.

Partially offset by:
- higher occupancy expenses.

Income tax expense

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

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

Statement of financial position

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

Total assets

AS AT	
30 Sep 24	31 Mar 24
$Am	$Am
414,315	403,404

↑3% on 31 Mar 24

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

The principal drivers for the increase were as follows:

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

These increases were partially offset by:

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

Total liabilities

AS AT	
30 Sep 24	31 Mar 24
$Am	$Am
381,481	369,408

↑3% on 31 Mar 24

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

The principal drivers for the increase were as follows:

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

These increases were partially offset by:

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

Total equity

AS AT	
30 Sep 24	31 Mar 24
$Am	$Am
32,834	33,996

↓3% on 31 Mar 24

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

The principal drivers for the decrease were as follows:

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

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

Funding

4.6

years

Weighted average maturity

Macquarie's liquidity risk management framework is designed to ensure that it is able to meet its obligations as they fall due under a range of market conditions.

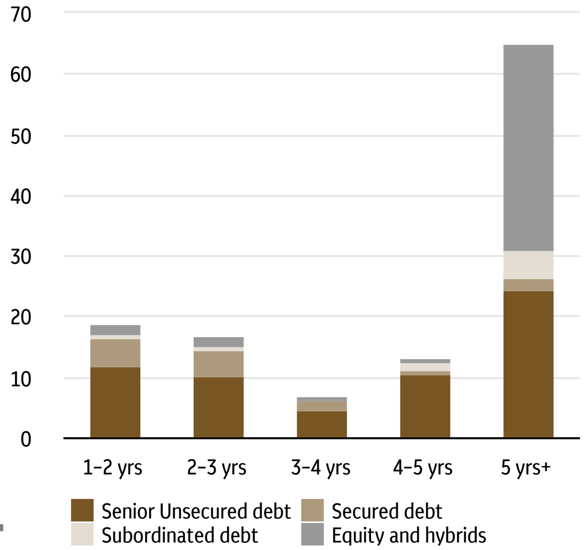
Macquarie has a funding base that is stable with short-term wholesale funding covered by cash, liquids and other short-term assets. As at 30 September 2024, Macquarie's term assets were covered by term funding maturing beyond one year, stable deposits, hybrids and equity.

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

Term funding profile

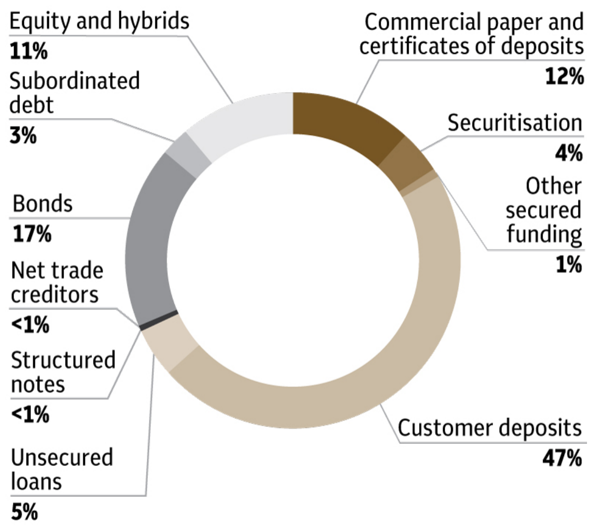
Detail of drawn funding maturing beyond one year

$A billion



Diversity of funding sources

Detail of drawn funding sources maturing across all tenors



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

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

		Bank Group $Ab	Non-Bank Group $Ab	**Total $Ab**
Issued paper	– Senior and subordinated	4.8	0.2	5.0
Secured funding	– Term securitisation and other secured finance	1.7	–	1.7
Loan facilities	– Unsecured loan facilities	4.4	11.0	15.4
Hybrids	– Hybrid instruments	–	1.5	1.5
Total[1]		**10.9**	**12.7**	**23.6**

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

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

$A9.8b

Group capital surplus

Capital

As an Australian Prudential Regulation Authority (APRA) authorised and regulated Non-Operating Holding Company (NOHC), Macquarie's capital adequacy framework requires it to maintain minimum regulatory capital requirements calculated as the sum of:

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

Transactions internal to Macquarie are eliminated.

The Bank Group's Level 2 minimum Common Equity Tier 1 capital ratio (CET1) 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.

Macquarie is well capitalised, with the following capital adequacy ratios as at 30 September 2024:

Bank Group Level 2 Basel III ratios as at 30 September 2024	APRA Basel III	Harmonised Basel III[2]
Common Equity Tier 1 Capital Ratio	12.8%	17.6%
Tier 1 Capital Ratio	14.5%	19.6%
Leverage Ratio	5.0%	5.7%

For further information relating to the capital adequacy of Macquarie, refer to section 6.0 Capital of the Management Discussion and Analysis at **macquarie.com/results**.

[1] The CCyB of the Bank Group at 30 September 2024 is 0.76%, this is rounded to 0.75% for presentation purposes. The individual CCyB varies by jurisdiction and the Bank Group CCyB is calculated as a weighted average based on exposures in different jurisdictions at period end.

[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.

For internal reporting and risk management purposes, Macquarie is divided into four Operating Groups, which are supported by four Central Service Groups. The Operating Groups are split between annuity-style businesses and markets-facing businesses.

A summary of the Operating Groups' activities for the half year ended 30 September 2024 and medium-term outlook is provided below.

Annuity-style businesses

Macquarie Asset Management

$A684m

↑68% on 1H24

MAM is a global integrated asset manager, investing to deliver positive outcomes for our clients, portfolio companies and communities.

MAM provides a diverse range of investment solutions to clients including real assets, real estate, credit, equities & multi-asset and secondaries.

Highlights

MAM AUM as at 30 September 2024 decreased 2% to $A916.8 billion from 31 March 2024, due to unfavourable foreign exchange movements, outflows in equity strategies and divestments, partially offset by favourable market movements, increased fund investments and net asset valuations.

During the period, MAM raised $A7.2 billion in new equity from clients across a diverse range of strategies, including energy transition, regional and global infrastructure, infrastructure secondaries, agriculture and private credit. MAM Invested $A10.9 billion of equity, across 24 new investments, including: 14 real assets, 2 real estate and 8 private credit investments.

MAM continues to develop Alternatives to Wealth capability with product launches in infrastructure and energy transition and grow digital capabilities across the platform to enhance delivery for clients.

Medium-term

MAM is well-positioned to respond to current market conditions and grow assets under management through its diversified product offering, track record and experienced investment teams. MAM continues to invest in green platforms on balance sheet as MAM Green Investments transitions to a fiduciary business.

Banking and Financial Services

$A650m

↑2% on 1H24

BFS serves the Australian market and is organised into the following three business divisions:

- **Personal Banking:** Provides a diverse range of retail banking products to clients with home loans, transaction and savings accounts and credit cards
- **Wealth Management:** Provides clients with a wide range of wrap platform and cash management services, investment and superannuation products, financial advice and private banking
- **Business Banking:** Provides a full range of deposit, lending and payment solutions, as well as tailored services to business clients, across a range of key industry segments.

Highlights

For the half year ended 30 September 2024, the loan portfolio increased 7% to $A150.4 billion, BFS deposits increased 7% to $A153.1 billion and funds on platform increased 7% to $A152.4 billion.

The home loan portfolio increased 9% to $A129.9 billion driven by strong demand in lower loan-to-value ratio and owner-occupier lending tiers, while the Business Banking loan portfolio increased 5% to $A16.6 billion driven by an increase in client acquisition across core segments and a continued build into emerging segments.

Medium-term

BFS remains focussed on growth opportunities through intermediary and direct retail client distribution, platforms and client service; opportunities to increase financial services engagement with existing Business Banking clients and extend into adjacent segments; and modernising technology to improve client experience and support scalable growth.

For more details on the financial performance of the Operating Groups, see section 3.0 Segment analysis of the Management Discussion and Analysis available at **macquarie.com/results**

Markets-facing businesses

Commodities and Global Markets

$A1,316m

↓5% on 1H24

CGM is a global business offering capital and financing, risk management, market access, physical execution and logistics solutions to its diverse client base across:

- **Commodities**: Provides capital and financing, risk management, and physical execution and logistics solutions across power, gas, emissions, agriculture, oil and resources sectors globally
- **Financial Markets:** Provides risk management, capital and financing solutions, and market access to corporate and institutional clients with exposure to foreign exchange, rates, fixed income, credit markets and listed derivatives markets
- **Asset Finance:** Global provider of specialist finance and asset management solutions across a variety of industries and asset classes.

Highlights

CGM recorded a net profit contribution of $A1.3 billion, down 5% on the prior corresponding period.

Commodities contribution was down on the prior corresponding period due to decreased risk management income primarily in Global Gas, Power and Emissions, and Global Oil. This was partially offset by an increased contribution from Resources, primarily from the metals sector. Increased inventory management and trading income was driven by trading gains in North American Gas and Power, relative to a weak prior corresponding period. This was partially offset by the unfavourable impact of timing of income recognition primarily on North American Gas and Power contracts.

Financial Markets contribution was up on the prior corresponding period, driven by continued strong client hedging activity in structured foreign exchange products and increased contribution from financing origination.

Asset Finance contribution was slightly down on the prior corresponding period, due to reduced contribution from end of lease income, partially offset by increased volumes in the shipping sector.

CGM continues to be recognised across the industries it operates in, with a number of awards earned during the period including House of the Year for Oil and Products, Natural Gas/LNG and Commodities Research at the Energy Risk Awards 2024 and House of the Year for Commodities Research, Base Metals, Commodity Trade Finance and Derivatives at the Energy Risk Asia Awards 2024. CGM is ranked as the No.1 Futures Broker on the ASX.

Medium-term

CGM remains focussed on: opportunities to grow the commodities business, both organically and through adjacencies; the development of institutional and corporate coverage for specialised credit, rates and foreign exchange products; providing tailored financing solutions globally across a variety of industries and asset classes; continued investment in the asset finance portfolio; supporting the client franchise as markets evolve, particularly as it relates to the energy transition and growing the client base across all regions.

Macquarie Capital

$A371m

↓14% on 1H24

Macquarie Capital has global capability in advisory and capital raising services, providing clients with specialist expertise and flexible capital solutions across a range of sectors.

It also has global capability in specialist investing across private credit, private equity, real estate, growth equity, venture capital and in infrastructure and energy projects and companies.

Macquarie Capital's Equities brokerage business provides clients with access to equity research, sales, execution capabilities and corporate access.

Highlights

Macquarie Capital maintained its leading market position in ANZ across M&A (by deal count) and No.1 in ASX ECM (follow-ons, excl. blocks, over $A50 million by deal value) in the calendar year to date.

Macquarie Capital acted as joint lead manager, bookrunner and underwriter on Auckland International Airport's $NZ1.2 billion institutional placement.

Macquarie Capital acted as financial adviser to Warburg Pincus on its acquisition of Specialist Risk Group, one of the largest independent specialist retail and wholesale insurance intermediaries in the UK.

As at 30 September 2024, the committed private credit portfolio grew to over $A22.5 billion, with approximately $A5 billion deployed in the period through focussed investment in credit markets and bespoke financing solutions.

Macquarie Capital supported Partners Group acquisition of a majority stake in Fairjourney Biologics, a contract research organisation headquartered between Portugal and the UK.

Macquarie Capital also acquired Kalkomey, a leading provider of online outdoor recreation education solutions serving more than 110 government agencies.

Medium-term

Macquarie Capital continues to support clients globally across long-term trends including tech-enabled innovation, the need for infrastructure and resilience and the growth in private capital. It pursues opportunities for balance sheet investment alongside clients and management teams and in infrastructure project development. It continues to tailor the business offering to current opportunities and market conditions including providing flexible solutions across advisory, capital markets, principal investing, development and equities. Macquarie Capital is well-positioned to respond to changes in market conditions.

For more details on the financial performance of the Operating Groups, see section 3.0 Segment analysis of the Management Discussion and Analysis available at **macquarie.com/results**

Our business strategy

The growth of Macquarie's global operations over 55 years reflects our philosophy to expand selectively, focussing 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 both the opportunity they have identified but also 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 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

Annuity-style businesses | Markets-facing businesses

MAM	**BFS**	**CGM**	**Macquarie Capital**
Macquarie Asset Management	Banking and Financial Services	Commodities and Global Markets	

Our core business involves utilising our

human capital

to realise opportunities, backed by a strong balance sheet

Evolution driven by:

- Addressing unmet **client** and **community needs**
- Building enduring franchises from positions of **deep expertise**
- Managing **diversified** businesses across regions and service offerings to deliver consistent returns through the cycle
- Pursuing evolutionary growth opportunities **adjacent** to existing businesses
- Ensuring **accountability** and entrepreneurial endeavour from staff
- Maintaining a **strong and conservative balance sheet** with diversified sources of funding
- Adopting a disciplined approach to **risk management**, underpinned by a sound risk culture and embedded across Operating and Central Service Groups

Supported from the
centre

COG	**FMG**	**RMG**	**LGG**
Corporate Operations Group	Financial Management Group	Risk Management Group	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

Outlook

We continue to maintain a cautious stance, with a conservative approach to capital, funding and liquidity that positions us well to respond to the current environment.

The range of factors that may influence our short-term outlook include:

- market conditions including: global economic conditions, inflation and interest rates, significant volatility events, and the impact of geopolitical events
- completion of period-end reviews and the completion of transactions
- the geographic composition of income and the impact of foreign exchange
- potential tax or regulatory changes and tax uncertainties.

Events after the reporting date

There were no material events subsequent to 30 September 2024 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.

Interim dividend

The Directors have resolved to pay an interim dividend for the half year ended 30 September 2024 of $A2.60 per fully paid ordinary MGL share on issue at 12 November 2024.

The dividend will be 35% franked and paid on 17 December 2024.

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

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
1 November 2024

Auditor's independence declaration

As lead auditor for the review of Macquarie Group Limited for the half year ended 30 September 2024, 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 Group Limited and the entities it controlled during the period.

V. Papageorgiou

Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
1 November 2024

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, **www.pwc.com.au**

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02 Financial Report

Contents

The Financial Report was authorised for issue by the Board of Directors on 1 November 2024.

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

Consolidated income statement

For the half year ended 30 September 2024

	Notes	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Interest and similar income				
Effective interest rate method	2	**8,466**	8,304	7,447
Other	2	**514**	434	307
Interest and similar expense	2	**(7,311)**	(6,912)	(6,121)
Net interest income		**1,669**	1,826	1,633
Net trading income	2	**2,460**	2,836	2,612
Fee and commission income	2	**3,300**	3,226	3,023
Share of net profits/(losses) from associates and joint ventures	2	**1**	(44)	(5)
Net credit impairment (charges)/reversals	2	**(54)**	140	(6)
Net other impairment (charges)/reversals	2	**(21)**	112	123
Net other operating income	2	**861**	881	530
Net operating income		**8,216**	8,977	7,910
Employment expenses	2	**(3,756)**	(3,989)	(3,734)
Brokerage, commission and fee expenses	2	**(580)**	(542)	(529)
Non-salary technology expenses	2	**(575)**	(569)	(594)
Other operating expenses	2	**(1,008)**	(1,042)	(1,062)
Total operating expenses		**(5,919)**	(6,142)	(5,919)
Operating profit before income tax		**2,297**	2,835	1,991
Income tax expense	4	**(686)**	(704)	(587)
Profit after income tax		**1,611**	2,131	1,404
Loss/(profit) attributable to non-controlling interests		**1**	(24)	11
Profit attributable to the ordinary equity holders of Macquarie Group Limited		**1,612**	2,107	1,415
		Cents	Cents	Cents
Basic earnings per share	6	**424.6**	549.2	369.2
Diluted earnings per share	6	**423.0**	545.7	366.2

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 2024

	Notes	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Profit after income tax		**1,611**	2,131	1,404
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	**(3)**	29	(37)
Changes in expected credit losses (ECL) allowance	19	**(25)**	(32)	8
Cash flow hedge reserves:				
Revaluation movement	19	**59**	4	(45)
Transferred to income statement on realisation	19	**32**	16	26
Cost of hedging reserves:				
Revaluation movement	19	**(14)**	(1)	(54)
Transferred to income statement on realisation	19	**6**	7	6
Share of other comprehensive income from associates and joint ventures	19	**(16)**	24	(2)
Foreign exchange movement on translation and hedge accounting of foreign operations		**(794)**	(125)	572
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	**(1)**	(32)	(12)
Others		**1**	(3)	1
Total other comprehensive (loss)/income		**(755)**	(113)	463
Total comprehensive income		**856**	2,018	1,867
Total comprehensive loss/(income) attributable to non-controlling interests		**9**	(24)	4
Total comprehensive income attributable to the ordinary equity holders of Macquarie Group Limited		**865**	1,994	1,871

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 2024

	Notes	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Assets				
Cash and bank balances		**19,109**	31,855	29,587
Cash collateralised lending and reverse repurchase agreements		**69,671**	58,416	66,119
Trading assets	7	**35,303**	27,924	20,224
Margin money and settlement assets	8	**25,829**	24,117	24,145
Derivative assets	9	**23,855**	24,067	29,121
Financial investments		**18,887**	24,378	22,862
Held for sale assets		**3,020**	2,204	1,802
Other assets	10	**11,075**	12,638	13,699
Loan assets	11	**187,064**	176,371	167,495
Interests in associates and joint ventures		**7,151**	6,969	6,174
Property, plant and equipment and right-of-use assets		**8,128**	8,134	7,531
Intangible assets		**3,482**	4,254	4,249
Deferred tax assets		**1,741**	2,077	1,586
Total assets		**414,315**	403,404	394,594
Liabilities				
Deposits		**158,472**	148,416	135,966
Cash collateralised borrowing and repurchase agreements		**3,146**	12,599	13,507
Trading liabilities	13	**5,235**	5,044	8,222
Margin money and settlement liabilities	14	**32,541**	28,423	27,136
Derivative liabilities	15	**22,340**	25,585	29,527
Held for sale liabilities		**826**	407	296
Other liabilities	16	**11,868**	14,472	13,842
Issued debt securities and other borrowings	17	**130,478**	119,878	119,886
Deferred tax liabilities		**304**	383	241
Total liabilities excluding loan capital		**365,210**	355,207	348,623
Loan capital		**16,271**	14,201	12,833
Total liabilities		**381,481**	369,408	361,456
Net assets		**32,834**	33,996	33,138
Equity				
Contributed equity	18	**11,014**	11,372	11,941
Reserves	19	**2,920**	3,891	3,590
Retained earnings	19	**18,365**	18,218	17,120
Total capital and reserves attributable to the ordinary equity holders of Macquarie Group Limited		**32,299**	33,481	32,651
Non-controlling interests		**535**	515	487
Total equity		**32,834**	33,996	33,138

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 2024

	Notes	Contributed Equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance as at 1 Apr 2023		12,407	3,302	17,446	33,155	951	34,106
Profit after income tax		–	–	1,415	1,415	(11)	1,404
Other comprehensive income, net of tax		–	467	(11)	456	7	463
Total comprehensive income		–	467	1,404	1,871	(4)	1,867
Transactions with equity holders in their capacity as ordinary equity holders:							
Dividends paid	5, 19	–	–	(1,734)	(1,734)	–	(1,734)
Purchase of shares by MEREP Trust	18	(1,028)	–	–	(1,028)	–	(1,028)
Movement in non-controlling interests		–	–	4	4	(460)	(456)
Other equity movements:							
MEREP share-based payment arrangements	18, 19	549	(153)	–	396	–	396
Deferred tax benefit on MEREP share-based payment arrangements	18, 19	13	(26)	–	(13)	–	(13)
Balance as at 30 Sep 2023		11,941	3,590	17,120	32,651	487	33,138
Profit after income tax		–	–	2,107	2,107	24	2,131
Other comprehensive income, net of tax		–	(78)	(35)	(113)	–	(113)
Total comprehensive income		–	(78)	2,072	1,994	24	2,018
Transactions with equity holders in their capacity as ordinary equity holders:							
Dividends paid	5, 19	–	–	(982)	(982)	–	(982)
On-market share buyback	18	(644)	–	–	(644)	–	(644)
Movement in non-controlling interests		–	–	–	–	4	4
Other equity movements:							
MEREP share-based payment arrangements	18, 19	58	337	8	403	–	403
Deferred tax benefit on MEREP share-based payment arrangements	18, 19	17	42	–	59	–	59
Balance as at 31 Mar 2024		**11,372**	**3,891**	**18,218**	**33,481**	**515**	**33,996**
Profit after income tax		**–**	**–**	**1,612**	**1,612**	**(1)**	**1,611**
Other comprehensive income, net of tax		**–**	**(747)**	**–**	**(747)**	**(8)**	**(755)**
Total comprehensive income		**–**	**(747)**	**1,612**	**865**	**(9)**	**856**
Transactions with equity holders in their capacity as ordinary equity holders:							
Dividends paid	5, 19	**–**	**–**	**(1,465)**	**(1,465)**	**–**	**(1,465)**
Purchase of shares by MEREP Trust	18	**(667)**	**–**	**–**	**(667)**	**–**	**(667)**
On-market share buyback	18	**(369)**	**–**	**–**	**(369)**	**–**	**(369)**
Movement in non-controlling interests		**–**	**–**	**(3)**	**(3)**	**29**	**26**
Other equity movements:							
MEREP share-based payment arrangements	18, 19	**646**	**(242)**	**3**	**407**	**–**	**407**
Deferred tax benefit on MEREP share-based payment arrangements	18, 19	**32**	**18**	**–**	**50**	**–**	**50**
Balance as at 30 Sep 2024		**11,014**	**2,920**	**18,365**	**32,299**	**535**	**32,834**

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 2024

	Notes	Half year to 30 Sep 24 $m	Half year to 31 Mar 24[1] $m	Half year to 30 Sep 23[1] $m
Cash flows generated from/(utilised in) operating activities				
Interest income and expense:				
Received		**8,958**	8,601	7,616
Paid		**(7,442)**	(6,671)	(5,930)
Fees, commissions and other income and charges:				
Received		**4,135**	3,177	2,883
Paid		**(601)**	(518)	(581)
Operating lease income received		**452**	465	443
Dividends and distributions received		**66**	110	108
Operating expenses paid:				
Employment expenses		**(4,472)**	(2,475)	(5,074)
Other operating expenses including brokerage, commission and fee expenses		**(1,544)**	(1,603)	(1,419)
Income tax paid		**(931)**	(681)	(952)
Changes in operating assets:				
Loan assets and receivables		**(12,104)**	(8,782)	(8,249)
Trading and related assets, and collateralised lending balances (net of liabilities)		**(7,563)**	(10,377)	4,946
Assets under operating lease		**(356)**	(474)	(486)
Other assets (net of liabilities)		**3**	(12)	(66)
Liquid asset holdings		**4,576**	78	(1,968)
Changes in operating liabilities:				
Issued debt securities, borrowings and other funding		**4,974**	(224)	6,810
Deposits		**10,310**	12,393	1,087
Net cash flows utilised in operating activities		**(1,539)**	(6,993)	(832)
Cash flows (utilised in)/generated from investing activities				
Net proceeds/(payments) for financial investments		**327**	158	(241)
Associates, joint ventures, subsidiaries and businesses:				
Proceeds from distribution or disposal, net of cash deconsolidated		**1,668**	592	366
Payments for additional contribution or acquisitions, net of cash acquired		**(2,426)**	(1,724)	(1,073)
Property, plant and equipment and right-of-use assets, investment property and intangible assets:				
Payments for acquisitions		**(521)**	(1,066)	(895)
Proceeds from disposals		**80**	—	2
Net cash flows utilised in investing activities		**(872)**	(2,040)	(1,841)
Cash flows (utilised in)/generated from financing activities				
Dividends and distributions paid		**(1,289)**	(928)	(1,501)
Payments for acquisition of treasury shares		**(844)**	(56)	(1,261)
Payments for on-market share buyback		**(369)**	(644)	-
Receipts from non-controlling interests		**21**	15	138
Proceeds from the issuance of loan capital		**2,173**	1,246	-
Net cash flows utilised in financing activities		**(308)**	(367)	(2,624)
Net decrease in cash and cash equivalents		**(2,719)**	(9,400)	(5,297)
Cash and cash equivalents at the beginning of the period		**58,932**	69,017	73,116
Effect of exchange rate movements on cash and cash equivalents		**(1,541)**	(685)	1,198
Cash and cash equivalents at the end of the period	20	**54,672**	58,932	69,017

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

[1] Comparative information has been re-presented to conform to changes in the current period. Refer to Note 20 *Notes to the statement of cash flow.*

Notes to the consolidated financial statements

For the half year ended 30 September 2024

Note 1

Basis of preparation

This general purpose interim financial report for the half year reporting period ended 30 September 2024 has been prepared in accordance with Australian Accounting Standard 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 Group Limited (MGL or the Company) and the entities it controlled at the end of, or during, the half year ended 30 September 2024 (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 2024 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 2024.

(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 2024.

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 Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are effective in the current period

(a) AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* (AASB 2023-2)

The Pillar Two Model Rules are part of the Organisation for Economic Co-operation and Development's inclusive framework designed to address the tax challenges arising from the digitalisation of the economy. The Pillar Two model rules:

- aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate; and
- would achieve that aim by applying a system of top-up taxes that results in the total amount of taxes payable on Global Anti-Base Erosion Rules (GloBE) income in each jurisdiction representing at least the minimum rate of 15%.

The Consolidated Entity's Pillar Two Project

During 2022, the Consolidated Entity initiated a project to manage the impact of the Pillar Two rules globally. The project's scope is to ensure the Consolidated Entity and its subsidiaries can meet their Pillar Two compliance obligations.

As part of the project, the Consolidated Entity is monitoring the progress of the implementation of the model rules into domestic legislation. Certain jurisdictions in which the Consolidated Entity has operations have started to enact the rules generally with operational effect from the Consolidated Entity's 31 March 2025 financial year.

Impacts on financial reporting

In June 2023, the AASB issued AASB 2023-2, which makes amendments to AASB 112 *Income Taxes* with immediate effect. The standard provides a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two Model rules published by the Organisation for Economic Co-operation and Development. The Consolidated Entity has applied this exception in preparing its interim financial report.

The Consolidated Entity is now subject to Pillar Two legislation in various jurisdictions. The Consolidated Entity has assessed its tax liability in these jurisdictions as at 30 September 2024 and concluded that no Pillar Two top-up tax is required to be accrued on the basis that the jurisdiction-based results are currently above the minimum threshold rate.

Australian legislation to implement the top-up tax was not enacted as at 30 September 2024. Consequently, Pillar Two tax has not been accrued for entities that only fall within the Australian Income Inclusion Rule legislation.

Due to the complexities in applying the legislation and calculating GloBE income and covered taxes, the quantitative impact of the enacted or substantively enacted legislation has to date been estimated using historical data over a number of years. Based on this assessment it is not anticipated that there will be a material impact to current tax expense of the Consolidated Entity on implementation of the changes. The impact of the Pillar Two income taxes legislation on future financial performance will continue to be assessed.

Note 1

Basis of preparation continued

(b) Other amendments made to existing standards

The amendments made to existing standards that were mandatorily effective for the annual reporting period beginning on 1 April 2024 did not result in a material impact on this interim financial report.

(iii) New Australian Accounting Standards and amendments to Australian Accounting Standards and Interpretations that are not yet effective for the financial year

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

In June 2024, the Australian Accounting Standards Board (AASB) issued AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18) which sets out requirements for the presentation and disclosure of information in general purpose financial statements.

AASB 18 will replace AASB 101 *Presentation of Financial Statements.* AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The transition provisions of AASB 18 require retrospective application. The Consolidated Entity is continuing to assess the full impact of adopting AASB 18.

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

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

The amendments are effective for reporting periods beginning on or after 1 January 2026, with earlier application permitted. An 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.

(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 2024 and have not been early adopted, are not likely to result in a material impact to the Consolidated Entity's financial statements.

(iv) Other developments

(a) AASB sustainability reporting standards

The Australian climate-related financial disclosures legislation received Royal Assent in September 2024, the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* ("Act").

Following the Act's enactment, the Australian Accounting Standards Board (AASB) introduced the first set of Australian Sustainability Reporting Standards (ASRS).

These standards include:

- AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*: A voluntary standard that provides entities with a framework for disclosing sustainability-related financial information in a consistent and comparable manner.
- AASB S2 *Climate-related Disclosures*: A mandatory standard requiring entities to disclose detailed information about their governance, strategy, risk management, and metrics and targets related to climate-related risks and opportunities.

The Act requires the Consolidated Entity to commence reporting for its financial year commencing on 1 April 2025. The Consolidated Entity acknowledges the growing importance of sustainability-related disclosures and continues to progress its established project to prepare for future sustainability and climate-related reporting obligations.

(b) IBOR reform: Transition from inter-bank offered rates (IBOR) to alternative reference rates (ARRs)

IBOR interest rate benchmarks that are used in a wide variety of financial instruments (such as derivatives and lending arrangements) are undergoing reform. The nature of such reforms varies by benchmark and jurisdiction.

IBOR including the GBP, JPY, EUR, CHF and USD London Inter-bank Offered Rate ('LIBOR'), as well as IBOR for certain other minor currencies, have ceased publication. The Consolidated Entity's IBOR reform project oversaw the transition of such exposures and the Consolidated Entity ceased the use of LIBOR in new products in accordance with industry and regulatory guidance.

The Consolidated Entity continues to have certain exposures referencing IBOR undergoing reform (including the Mexican Interbank Equilibrium Interest Rate (TIIE)). The Consolidated Entity's exposure to IBOR transition risk has not changed materially during the period to 30 September 2024, with the exception of exposures to Canadian Dollar Offered Rates which transitioned to ARRs during the period.

(v) 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 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Net interest income			
Interest and similar income:			
Effective interest rate method - Amortised cost	**7,108**	6,821	6,140
Effective interest rate method - FVOCI	**1,358**	1,483	1,307
Other - FVTPL	**514**	434	307
Interest and similar expense:			
Effective interest rate method - Amortised cost	**(7,304)**	(6,894)	(6,094)
Other	**(7)**	(18)	(27)
Net interest income	**1,669**	1,826	1,633
Net trading income[1]			
Commodities[2]	**1,532**	2,191	1,908
Equities	**638**	312	325
Credit, interest rate and foreign exchange products	**290**	333	379
Net trading income	**2,460**	2,836	2,612
Fee and commission income			
Base, portfolio administration and other asset management fees:			
Base fees	**1,448**	1,478	1,417
Portfolio administration fees	**158**	150	148
Other asset management fees	**100**	98	102
Brokerage and other trading-related fees	**429**	414	377
Mergers and acquisitions, advisory and underwriting fees	**413**	335	408
Performance fees[3]	**403**	396	236
Other fee and commission income	**349**	355	335
Total fee and commission income	**3,300**	3,226	3,023
Share of net profits/(losses) from associates and joint ventures	**1**	(44)	(5)

[1] Includes gains/losses for Trading Assets, Derivatives and Other Financial Assets and Financial Liabilities held at fair value including any ineffectiveness recorded on hedging transactions.
[2] Includes $383 million (half year to 31 March 2024: $426 million; half year to 30 September 2023: $433 million) of transportation, storage and certain other trading-related costs and $18 million (half year to 31 March 2024: $13 million; half year to 30 September 2023: $12 million) depreciation on right-of-use (ROU) assets held for trading-related business.
[3] Includes $390 million (half year to 31 March 2024: $389 million; half year to 30 September 2023: $233 million) from transactions with the Consolidated Entity's associates.

Note 2

Operating profit before income tax continued

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Credit and other impairment (charges)/reversals			
Credit impairment (charges)/reversals			
Loan assets	**(72)**	62	45
Off balance sheet exposures	**12**	31	(20)
Financial investments and other assets	**(10)**	22	(49)
Margin money and settlement assets	**(1)**	5	11
Loans to associates and joint ventures	**16**	20	7
Gross credit impairment (charges)/reversals	**(55)**	140	(6)
Recovery of amounts previously written off	**1**	–	–
Net credit impairment (charges)/reversals	**(54)**	140	(6)
Other impairment (charges)/reversals			
Interests in associates and joint ventures	**(4)**	137	126
Intangible and other non-financial assets	**(17)**	(25)	(3)
Net other impairment (charges)/reversals	**(21)**	112	123
Net other operating income			
Investment income			
Net gain/(loss) from:			
Interests in associates and joint ventures	**221**	189	95
Interests in businesses and subsidiaries	**129**	258	45
Financial investments	**153**	299	206
Non-financial assets	**14**	(2)	20
Net investment income	**517**	744	366
Operating lease income			
Rental income	**514**	526	497
Depreciation	**(235)**	(240)	(230)
Net operating lease income	**279**	286	267
Subsidiaries and businesses held for investment purposes:[4]			
Net operating revenue[5]	**419**	407	342
Expenses[6]	**(657)**	(605)	(526)
Net loss from subsidiaries and businesses held for investment purposes	**(238)**	(198)	(184)
Net other income	**303**	49	81
Total net other operating income	**861**	881	530
Net operating income	**8,216**	8,977	7,910

[4] Subsidiaries and businesses held for investment purposes are consolidated entities that are held with the ultimate intention to sell as part of the Consolidated Entity's investment activities.
[5] Includes revenue of $585 million (half year to 31 March 2024: $582 million; half year to 30 September 2023: $482 million) before deduction of $166 million (half year to 31 March 2024: $175 million; half year to 30 September 2023: $140 million) related to cost of goods sold and other direct costs.
[6] Includes employment expenses, depreciation, amortisation expense and other operating expenses.

Note 2

Operating profit before income tax continued

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
Employment expenses			
Salary and related costs including commissions, superannuation and performance-related profit share	**(3,074)**	(3,330)	(3,064)
Share-based payments[7]	**(433)**	(427)	(406)
Provision for long service leave and annual leave	**(34)**	(10)	(36)
Total compensation expenses	**(3,541)**	(3,767)	(3,506)
Other employment expenses including on-costs, staff procurement and staff training	**(215)**	(222)	(228)
Total employment expenses	**(3,756)**	(3,989)	(3,734)
Brokerage, commission and fee expenses			
Brokerage and other trading-related fee expenses	**(424)**	(393)	(377)
Other fee and commission expenses	**(156)**	(149)	(152)
Total brokerage, commission and fee expenses	**(580)**	(542)	(529)
Non-salary technology expenses			
Information services	**(149)**	(141)	(145)
Depreciation on own use assets: equipment	**(17)**	(15)	(13)
Service provider and other non-salary technology expenses	**(409)**	(413)	(436)
Total non-salary technology expenses	**(575)**	(569)	(594)
Other operating expenses			
Occupancy expenses			
Lease expenses	**(87)**	(87)	(86)
Depreciation on own use assets: buildings, furniture, fittings and leasehold improvements	**(50)**	(30)	(31)
Other occupancy expenses	**(95)**	(82)	(78)
Total occupancy expenses	**(232)**	(199)	(195)
Other expenses			
Professional fees	**(214)**	(247)	(221)
Advertising and promotional expenses	**(93)**	(90)	(87)
Amortisation of intangible assets	**(84)**	(84)	(80)
Travel and entertainment expenses	**(79)**	(75)	(93)
Indirect and other taxes	**(60)**	(86)	(100)
Fees for audit and other services	**(32)**	(37)	(33)
Other	**(214)**	(224)	(253)
Total other expenses	**(776)**	(843)	(867)
Total other operating expenses	**(1,008)**	(1,042)	(1,062)
Total operating expenses	**(5,919)**	(6,142)	(5,919)
Operating profit before income tax	**2,297**	2,835	1,991

[7] Includes share-based payments related expenses of $25 million (half year to 31 March 2024: $26 million; half year to 30 September 2023: $8 million) for cash settled awards.

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 management for evaluating Operating Segment performance and for deciding how to allocate resources to Operating Segments. Such information may be produced using different measures to that used in preparing the statutory income statement.

For internal reporting, performance measurement and risk management purposes, the Consolidated Entity is divided into Operating Groups and a Corporate segment (reportable segments).
The financial information disclosed relates to the Consolidated Entity's ordinary activities.

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

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

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

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

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

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

Internal funding arrangements

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

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

Transactions between Operating Segments

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

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

Note 3

Segment reporting continued

(i) Operating segments continued

Accounting for derivatives that economically hedge interest rate risk

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

Central Service Groups

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

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

Performance-related profit share and share-based payments 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. 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 segment in its operating activities.

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Notes to the consolidated financial statements

For the half year ended 30 September 2024 continued

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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:

	Macquarie Asset Management $m	Banking and Financial Services $m
		HALF YEAR TO 30 SEP 2024
Net interest and trading (expense)/income	**(293)**	**1,326**
Fee and commission income/(expense)	**2,047**	**304**
Share of net profits/(losses) from associates and joint ventures	**79**	**(1)**
Other operating income and charges		
Net credit and other impairment reversals/(charges)	**4**	**(21)**
Net other operating income and charges[1]	**101**	**(18)**
Internal management (charge)/revenue	**(3)**	**(4)**
Net operating income	**1,935**	**1,586**
Total operating expenses	**(1,258)**	**(936)**
Operating profit/(loss) before income tax	**677**	**650**
Income tax expense	**–**	**–**
Loss/(profit) attributable to non-controlling interests	**7**	**–**
Net profit/(loss) contribution	**684**	**650**
Reportable segment assets	**14,253**	**152,087**
		HALF YEAR TO 31 MAR 2024
Net interest and trading (expense)/income	(292)	1,285
Fee and commission income/(expense)	2,086	281
Share of net profits/(losses) from associates and joint ventures	25	2
Other operating income and charges		
Net credit and other impairment reversals	12	38
Net other operating income	232	(6)
Internal management (charge)/revenue	(2)	–
Net operating income	2,061	1,600
Total operating expenses	(1,259)	(997)
Operating profit/(loss) before income tax	802	603
Income tax expense	–	–
(Profit)/loss attributable to non-controlling interests	(1)	–
Net profit/(loss) contribution	801	603
Reportable segment assets	15,523	141,975
		HALF YEAR TO 30 SEP 2023
Net interest and trading (expense)/income	(265)	1,360
Fee and commission income/(expense)	1,855	273
Share of net profits/(losses) from associates and joint ventures	29	(2)
Other operating income and charges		
Net credit and other impairment reversals/(charges)	110	(23)
Net other operating income and charges	(36)	–
Internal management (charge)/revenue	–	1
Net operating income	1,693	1,609
Total operating expenses	(1,300)	(971)
Operating profit/(loss) before income tax	393	638
Income tax expense	–	–
Loss/(Profit) attributable to non-controlling interests	14	–
Net profit/(loss) contribution	407	638
Reportable segment assets	15,183	135,815

[1] The Corporate segment includes gain from sale of centrally held assets.

Commodities and Global Markets $m	Macquarie Capital $m	Corporate $m	Total $m
			HALF YEAR TO 30 SEP 2024
2,269	**322**	**505**	**4,129**
289	**671**	**(11)**	**3,300**
7	**(85)**	**1**	**1**
(16)	**(42)**	**–**	**(75)**
340	**261**	**177**	**861**
5	**18**	**(16)**	**–**
2,894	**1,145**	**656**	**8,216**
(1,578)	**(771)**	**(1,376)**	**(5,919)**
1,316	**374**	**(720)**	**2,297**
–	**–**	**(686)**	**(686)**
–	**(3)**	**(3)**	**1**
1,316	**371**	**(1,409)**	**1,612**
140,977	**38,654**	**68,344**	**414,315**
			HALF YEAR TO 31 MAR 2024
2,793	356	520	4,662
303	573	(17)	3,226
26	(96)	(1)	(44)
32	131	39	252
219	420	16	881
20	8	(26)	–
3,393	1,392	531	8,977
(1,563)	(750)	(1,573)	(6,142)
1,830	642	(1,042)	2,835
–	–	(704)	(704)
–	(21)	(2)	(24)
1,830	621	(1,748)	2,107
135,640	33,636	76,626	403,404
			HALF YEAR TO 30 SEP 2023
2,363	334	453	4,245
283	628	(16)	3,023
16	(48)	–	(5)
(21)	33	18	117
289	260	17	530
(1)	13	(13)	–
2,929	1,220	459	7,910
(1,545)	(788)	(1,315)	(5,919)
1,384	432	(856)	1,991
–	–	(587)	(587)
(1)	(2)	–	11
1,383	430	(1,443)	1,415
136,791	31,458	75,347	394,594

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:

	Macquarie Asset Management $m	Banking and Financial Services $m	Commodities and Global Markets $m	Macquarie Capital $m	Corporate $m	Total $m
						HALF YEAR TO 30 SEP 2024
Fee and commission income						
Base, portfolio administration and other asset management fees:						
Base fees	**1,436**	**11**	**1**	**–**	**–**	**1,448**
Portfolio administration fees	**–**	**158**	**–**	**–**	**–**	**158**
Other asset management fees	**100**	**–**	**–**	**–**	**–**	**100**
Brokerage and other trading-related fees	**1**	**25**	**154**	**249**	**–**	**429**
Mergers and acquisitions, advisory and underwriting fees	**3**	**–**	**6**	**404**	**–**	**413**
Performance fees	**403**	**–**	**–**	**–**	**–**	**403**
Other fee and commission income	**104**	**110**	**128**	**18**	**(11)**	**349**
Total fee and commission income	**2,047**	**304**	**289**	**671**	**(11)**	**3,300**
						HALF YEAR TO 31 MAR 2024
Fee and commission income						
Base, portfolio administration and other asset management fees:						
Base fees	1,467	10	1	–	–	1,478
Portfolio administration fees	3	147	–	–	–	150
Other asset management fees	98	–	–	–	–	98
Brokerage and other trading-related fees	1	20	161	231	1	414
Mergers and acquisitions, advisory and underwriting fees	(2)	–	4	335	(2)	335
Performance fees	395	–	–	1	–	396
Other fee and commission income	124	104	137	6	(16)	355
Total fee and commission income	2,086	281	303	573	(17)	3,226
						HALF YEAR TO 30 SEP 2023
Fee and commission income						
Base, portfolio administration and other asset management fees:						
Base fees	1,407	9	1	–	–	1,417
Portfolio administration fees	–	148	–	–	–	148
Other asset management fees	102	–	–	–	–	102
Brokerage and other trading-related fees	1	19	135	223	(1)	377
Mergers and acquisitions, advisory and underwriting fees	13	–	4	391	–	408
Performance fees	236	–	–	–	–	236
Other fee and commission income	96	97	143	14	(15)	335
Total fee and commission income	1,855	273	283	628	(16)	3,023

Note 4

Income tax expense

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
(i) Reconciliation of income tax expense to prima facie tax expense			
Prima facie income tax expense on operating profit @30% (31 March 2024: 30%; 30 September 2023: 30%)	**(689)**	(851)	(597)
Tax effect of amounts which are (non-deductible)/non-assessable in calculating taxable income:			
Rate differential on offshore income	**82**	173	56
Other items	**(79)**	(26)	(46)
Total income tax expense	**(686)**	(704)	(587)
(ii) Tax (expense)/benefit relating to Other Comprehensive Income (OCI)			
FVOCI reserve	**12**	2	14
Own credit risk	**–**	13	6
Cash flow hedges and cost of hedging	**(39)**	(16)	33
Foreign currency translation reserve	**–**	3	–
Share of other comprehensive (expense)/ benefit of associates and joint ventures	**(4)**	(8)	(6)
Total tax (expense)/benefit relating to OCI	**(31)**	(6)	47

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.

Note 5
Dividends

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
(i) Dividends paid			
Ordinary share capital			
Final dividend paid (2024: $3.85 per share, 2023: $4.50 per share)	**1,465**	–	1,734
Interim dividend paid (2024: $2.55 per share)	**–**	982	–
Total dividends paid[1]	**1,465**	982	1,734

The 2024 final dividend paid during the period was franked at 40% based on tax paid at 30% (2024 interim dividend and 2023 final dividends were franked at 40%, based on tax paid at 30%).

The Company's Dividend Reinvestment Plan (DRP) remains active. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares without transaction costs. A shareholder can elect to participate in or terminate their involvement in the DRP at any time. Ordinary shares purchased on the market or issued by the Consolidated Entity under the DRP in the reported periods were allocated as fully paid ordinary shares pursuant to the DRP, details of which are included in Note 18 *Contributed equity*.

(ii) Dividends not recognised at the end of the period

Since the end of the period, the Directors have resolved to pay an interim dividend for the half year ended 30 September 2024 of $2.60 per fully paid ordinary share, 35% franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 17 December 2024 from retained profits, but not recognised as a liability at the end of the period is $991 million. This amount has been estimated based on the number of shares and MEREP awards eligible to participate as at 30 September 2024.

	Half year to 30 Sep 24 $ per share	Half year to 31 Mar 24 $ per share	Half year to 30 Sep 23 $ per share
Cash dividend (distribution of current period profits) ($ per share)	**2.60**	3.85	2.55

[1] Includes $9 million (half year to 31 Mar 2024: $8 million; half year to 30 Sep 2023: $13 million) of dividend equivalent amount paid to Deferred Share Unit (DSU) holders.

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Note 6

Earnings per share

Basic earnings per share is calculated by dividing the Consolidated Entity's profit attributable to ordinary equity holders (adjusted by profit attributable to participating unvested MEREP awards) by the weighted average number of ordinary shares outstanding during the period (adjusted for vested MEREP awards).

Diluted earnings per share is calculated by dividing the Consolidated Entity's profit attributable to ordinary equity holders (adjusted by profit attributable to all the dilutive potential ordinary shares) by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

	Half year to 30 Sep 24	Half year to 31 Mar 24	Half year to 30 Sep 23
			CENTS
Basic earnings per share	**424.6**	549.2	369.2
Diluted earnings per share	**423.0**	545.7	366.2
			$m
Reconciliation of earnings used in the calculation of basic and diluted earnings per share			
Profit after income tax	**1,611**	2,131	1,404
Loss/(profit) attributable to non-controlling interests	**1**	(24)	11
Profit attributable to the ordinary equity holders of MGL	**1,612**	2,107	1,415
Less: profit attributable to participating unvested MEREP awards	**(57)**	(84)	(48)
Earnings used in the calculation of basic earnings per share	**1,555**	2,023	1,367
Add back:			
Profit attributable to dilutive participating unvested MEREP awards	**37**	55	28
Earnings used in the calculation of diluted earnings per share[1,2]	**1,592**	2,078	1,395
			NUMBER OF SHARES
Reconciliation of weighted average number of equity shares used in the calculation of basic and diluted earnings per share			
Weighted average number of equity shares (net of treasury shares) adjusted for vested MEREP awards used in the calculation of basic earnings per share	366,185,814	368,318,279	370,286,556
Add: weighted average number of dilutive potential ordinary shares:			
Unvested MEREP awards	10,190,022	12,450,255	10,708,618
Weighted average number of equity shares (net of treasury shares) and potential equity shares used in the calculation of diluted earnings per share	376,375,836	380,768,534	380,995,174

[1] The Consolidated Entity has issued loan capital which may convert into ordinary shares in the future (refer to Note 26 *Loan Capital* of the Consolidated Entity's annual financial report for the year ended 31 March 2024). For the half year ended 30 September 2024, all loan capital instruments were antidilutive (half year ended 31 March 2024: antidilutive; half year ended 30 September 2023: antidilutive).
[2] During the half year ended 30 September 2024, the Consolidated Entity issued Macquarie Group Capital Notes 7 (MCN7).

Notes to the consolidated financial statements

For the half year ended 30 September 2024 continued

Note 7

Trading assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Equity securities	**23,750**	19,271	11,349
Debt securities	**5,693**	3,147	2,963
Commodity inventories	**3,620**	2,526	2,373
Commodity contracts	**2,240**	2,980	3,539
Total trading assets	**35,303**	27,924	20,224

Note 8

Margin money and settlement assets

Margin money	**12,887**	13,148	14,365
Security settlement assets	**10,208**	6,875	6,576
Commodity settlement assets	**2,734**	4,094	3,204
Total margin money and settlement assets	**25,829**	24,117	24,145

Note 9

Derivative assets

Held for trading	**22,656**	23,064	27,962
Designated in hedge relationships	**1,199**	1,003	1,159
Total derivative assets	**23,855**	24,067	29,121

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 2024 in Note 36 *Financial risk management*, remained unchanged during the period.

These derivative balances are presented in the Statement of financial position after offsetting balances where the Consolidated Entity has both a legally enforceable right to set off and the intention to settle on a net basis. After taking into account related financial instruments (primarily derivative liabilities) of $13,302 million (31 March 2024: $12,593 million; 30 September 2023: $15,302 million), cash and other financial collateral of $2,669 million (31 March 2024: $4,119 million; 30 September 2023: $6,423 million), the residual derivative asset exposure amounts to $7,884 million (31 March 2024: $7,355 million; 30 September 2023: $7,396 million). The majority of the residual derivative asset exposure is short term in nature and managed within the Consolidated Entity's market and credit risk frameworks, with the majority of the exposure with investment grade counterparties.

Note 10
Other assets

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Other financial assets			
Commodity-related receivables	**4,077**	4,869	6,189
Trade debtors and other receivables	**1,825**	2,524	2,084
Fee and commission receivables	**991**	1,011	974
Total other financial assets	**6,893**	8,404	9,247
Other non-financial assets			
Contract assets	**1,128**	1,144	1,215
Investment properties	**1,072**	927	902
Income tax receivables	**964**	651	929
Prepayments	**646**	502	542
Indirect tax receivables	**191**	198	197
Inventories	**23**	564	360
Other	**158**	248	307
Total other non-financial assets	**4,182**	4,234	4,452
Total other assets	**11,075**	12,638	13,699

Note 11
Loan assets

	AS AT 30 SEP 2024			AS AT 31 MAR 2024			AS AT 30 SEP 2023		
	Gross carrying value $m	ECL allowance[1] $m	Net carrying value $m	Gross carrying value $m	ECL allowance[1] $m	Net carrying value $m	Gross carrying value $m	ECL allowance[1] $m	Net carrying value $m
Home loans[2]	**131,482**	**(113)**	**131,369**	120,890	(106)	120,784	115,698	(116)	115,582
Corporate, commercial and other lending[2]	**49,520**	**(954)**	**48,566**	48,647	(1,002)	47,645	44,099	(1,013)	43,086
Asset financing[2]	**7,211**	**(82)**	**7,129**	8,049	(107)	7,942	8,966	(139)	8,827
Total loan assets	**188,213**	**(1,149)**	**187,064**	177,586	(1,215)	176,371	168,763	(1,268)	167,495

[1] The ECL allowance carried against loan assets measured at FVOCI is not presented in the table as the allowance is included in FVOCI reserves. Refer to Note 12 *Expected credit losses.*
[2] Prior corresponding period information has been re-presented to conform with re-presentation in Consolidated Entity's annual financial report for the year ended 31 March 2024.

Note 12

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 loan 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) ('credit inputs') 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, material change in internal credit rating or whether an exposure has been identified and placed on CreditWatch, an internal credit monitoring mechanism supervised by 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 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 behavioural score which considers the exposures' lifetime PD on initial recognition. This behavioural score is periodically assessed and updated to reflect changes in the underlying exposures' credit behaviour. SICR movement thresholds between origination and reporting date of behavioural score movements have been established that, 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 Standard & Poor's 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; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Note 12

Expected credit losses continued

Forward-looking information (FLI)

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR in retail portfolios 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 $240 million (31 March 2024: $175 million, 30 September 2023: $335 million). These judgements are reviewed by FMG 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 exposures' PDs and LGDs.

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 and 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, continuing inflationary pressures and 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 12

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 ~$1,400 million[1]	Probable	**Global**: The baseline scenario forecasts a 3.0% year-on-year expansion in real global GDP in 2025, an increase from 2.6% full year 2024 growth with the global economy expected to be supported by interest rates cuts continuing from the second half of 2024 through into the first half of 2025. **Australia**: A full year real GDP growth rate of 2.1% is forecast for 2025 based on tax cuts and real wages growth supporting household consumption. Interest rate cuts by the Reserve Bank of Australia (RBA) are expected to begin in the first quarter of 2025, which are anticipated to further support real GDP growth in 2025 accelerating from 1.1% in 2024. House prices are projected to rise by a cumulative 10% over 2024 and 2025. **United States**: Real GDP is forecast to expand by 1.9% in 2025, slower than the 2.6% expected full year GDP growth in 2024. The unemployment rate is expected to peak at 4.7% by mid-2025. Weaker labour market data, softer economic indicators, and continued disinflation anticipated in the second half of 2024 and early 2025 are expected to result in a further 25 basis points of rate cuts by the US Federal Reserve by end of 2024 and another 125 basis points of cuts in 2025. **Europe**: The scenario projects annual real GDP growth increasing to 1.8% in 2025 from 0.8% in 2024. The unemployment rate is forecasted to remain stable at 6.5% over the next 2 years.
Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,850 million[1]	Possible	**Global**: The downside scenario projects annual real GDP growth that is approximately 1 percentage point lower than the baseline until late 2025. **Australia**: The scenario forecasts full year GDP to grow by 1.2% in 2025. The unemployment rate is expected to rise over the course of 2024-25, reaching 5.4% by end-2025. Inflation is expected to remain above the RBA's target, averaging 3.6% and the RBA is expected to initially hike the cash rate 25 basis points in the last quarter of 2024 before a projected cumulative cut of 125 basis points in the second half of 2025. House prices are expected to fall by a cumulative 15.0% over 2025 and 2026. **United States**: The scenario projects annual real GDP growth slowing from 2.4% in 2024 to 1.2% in 2025. Year-on-year inflation is projected to increase above 4.0% in the first quarter of 2025, and the US Federal Reserve is expected to respond by increasing interest rates by 25 basis points before holding rates steady until projected cuts recommence in Q4 2025 to support the slowing economy. The unemployment rate is projected to peak at 5.4% in Q2 2025. **Europe**: The scenario projects sluggish economic growth in 2024-25. Forecasted full-year annual real GDP growth of 1.0% in 2025 follows expected growth of 0.8% in 2024. The unemployment rate is projected to peak at 7.5% by mid-2026.
Severe Downside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$2,550 million[1]	Unlikely	**Global**: The scenario projects a sharp slowdown in annual real GDP growth, around 3 to 3.5 percentage points lower than the baseline. **Australia**: The scenario projects five consecutive quarters of contraction in real GDP beginning in Q4 2024. The unemployment rate is projected to peak at 7.2% by mid-2026. House prices are expected to fall for nine consecutive quarters throughout 2025 and 2026, a cumulative decline of 27.0%, before beginning to gradually rise at the start of 2027, with expected substantial cash rate cuts from the RBA. **United States**: The scenario projects five consecutive quarters of economic contraction with an annual real GDP contraction of 0.2% is projected in 2025 following an anticipated growth of 2.4% in 2024. The unemployment rate is anticipated to rise to 7.3% by end-2025 and fall below 7.0% in Q4 2026. The interest rate is initially projected to be hiked to 6.0-6.3% amid a spike in inflation but the US Federal Reserve is expected to embark on a 375 basis points easing cycle between Q2 2025 and Q2 2026. **Europe**: The scenario projects an annual real GDP contraction of 0.7% in 2025 following anticipated growth of 0.7% in 2024. Positive quarter-on-quarter growth is not expected until Q1 2026 and the unemployment rate, which peaks at 8.6% in Q4 2025, remains above 8.0% until Q4 2027.
Upside A 100% weighting to this scenario would result in a total expected credit loss provision on balance sheet at the reporting date of ~$1,200 million[1]	Possible	**Global**: The upside scenario projects annual real GDP growth that is approximately 1 percentage point higher than the baseline in 2024 and 2025. **Australia**: The scenario projects annual real GDP growth accelerating to 3.1% in 2025 from 1.3% in 2024. Inflationary pressures are expected to ease, enabling the RBA to cut the cash rate by 75 basis points to 3.6% by Q1 2025 and hold rates steady through 2026. The unemployment rate is projected to remain steady at 4.1% while house prices are expected to rise 7.0% in 2025 and a further 5% in 2026. **United States**: The scenario projects strong economic growth through 2024-25, with full-year real GDP growth of 3.0% in 2025. The inflation rate is expected to near the US Federal Reserve's 2.0% target, facilitating 125 basis point of rate cuts, bringing the benchmark interest rate target to 4.0%-4.3%. House prices and share prices are anticipated to rise 10.0% each by end-2026. **Europe**: The scenario projects an acceleration in growth that leads annual real GDP to expand by 0.9% and 2.8% in 2024 and 2025, respectively. The unemployment rate is expected to stabilise around 6% over the remainder of 2024 through to 2026.

[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.

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Note 12

Expected credit losses continued

The table below presents the gross exposure and related ECL allowance for assets measured at amortised cost or FVOCI, contract assets and off balance sheet exposures subject to the impairment requirements of AASB 9 *Financial Instruments*.

	GROSS EXPOSURE FOR FINANCIAL ASSETS CARRIED AT				ECL ALLOWANCE ON FINANCIAL ASSETS CARRIED AT			
	Amortised cost $m	FVOCI $m	Other $m	Gross exposure $m	Amortised cost $m	FVOCI $m	Other $m	Total ECL allowance $m
								AS AT 30 SEP 2024
Cash and bank balances	**19,110**	**–**	**–**	**19,110**	**1**	**–**	**–**	**1**
Cash collateralised lending and reverse repurchase agreements	**17,399**	**42,706**	**–**	**60,105**	**3**	**–**	**–**	**3**
Margin money and settlement assets	**25,572**	**–**	**–**	**25,572**	**19**	**–**	**–**	**19**
Financial investments	**2,069**	**14,428**	**–**	**16,497**	**–**	**1**	**–**	**1**
Held for sale and other assets[2]	**3,820**	**255**	**1,128**	**5,203**	**129**	**–**	**–**	**129**
Loan assets	**185,583**	**506**	**–**	**186,089**	**1,149**	**69**	**–**	**1,218**
Loans to associates and joint ventures	**497**	**–**	**–**	**497**	**19**	**–**	**–**	**19**
Off balance sheet exposures	**–**	**–**	**30,543**	**30,543**	**–**	**–**	**110**	**110**
Total	**254,050**	**57,895**	**31,671**	**343,616**	**1,320**	**70**	**110**	**1,500**
								AS AT 31 MAR 2024
Cash and bank balances	31,856	–	–	31,856	1	–	–	1
Cash collateralised lending and reverse repurchase agreements	11,728	34,915	–	46,643	1	–	–	1
Margin money and settlement assets	23,885	–	–	23,885	43	–	–	43
Financial investments	1,920	19,508	–	21,428	–	1	–	1
Held for sale and other assets[2]	4,270	255	1,144	5,669	141	–	–	141
Loan assets	174,953	625	–	175,578	1,215	100	–	1,315
Loans to associates and joint ventures	513	–	–	513	35	–	–	35
Off balance sheet exposures	–	–	31,308	31,308	–	–	125	125
Total	249,125	55,303	32,452	336,880	1,436	101	125	1,662
								AS AT 30 SEP 2023
Cash and bank balances	29,595	–	–	29,595	8	–	–	8
Cash collateralised lending and reverse repurchase agreements	12,673	47,042	–	59,715	4	–	–	4
Margin money and settlement assets	23,795	–	–	23,795	47	–	–	47
Financial investments	1,870	18,303	–	20,173	–	3	–	3
Held for sale and other assets[2]	4,176	193	1,214	5,583	162	–	–	162
Loan assets	167,221	631	–	167,852	1,268	140	–	1,408
Loans to associates and joint ventures	507	–	–	507	55	–	–	55
Off balance sheet exposures	–	–	30,366	30,366	–	–	159	159
Total	239,837	66,169	31,580	337,586	1,544	143	159	1,846

[2] Other exposures included in other assets represent fee-related contract assets.

Note 12

Expected credit losses continued

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

	Cash and bank balances $m	Cash collateralised lending and repurchase agreements $m	Margin money and settlement assets $m	Financial investments $m	Held for sale and other assets $m	Loan assets $m	Loans to associates and joint ventures $m	Off balance sheet exposures $m	Total $m
Balance as at 1 Apr 2023	3	8	58	4	120	1,444	60	134	1,831
Credit impairment charges/ (reversals) (Note 2)	5	(4)	(11)	(1)	49	(45)	(7)	20	6
Amount written off, previously provided for	–	–	–	–	(9)	(15)	–	–	(24)
Reclassifications, foreign exchange and other movements	–	–	–	–	2	24	2	5	33
Balance as at 30 Sep 2023	8	4	47	3	162	1,408	55	159	1,846
Credit impairment (reversals)/ charges (Note 2)	(7)	1	(5)	(3)	(13)	(62)	(20)	(31)	(140)
Amount written off, previously provided for	–	–	–	–	(27)	(15)	–	–	(42)
Reclassifications, foreign exchange and other movements	—	(4)	1	1	19	(16)	–	(3)	(2)
Balance as at 31 Mar 2024	1	1	43	1	141	1,315	35	125	1,662
Credit impairment charges/ (reversals) (Note 2)	**1**	**2**	**(1)**	**–**	**9**	**72**	**(16)**	**(12)**	**55**
Amount written off, previously provided for	**–**	**–**	**(22)**	**–**	**(16)**	**(139)**	**–**	**–**	**(177)**
Reclassifications, foreign exchange and other movements	**(1)**	**–**	**(1)**	**–**	**(5)**	**(30)**	**–**	**(3)**	**(40)**
Balance as at 30 Sep 2024	**1**	**3**	**19**	**1**	**129**	**1,218**	**19**	**110**	**1,500**

Note 12

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		
	Stage I 12 month ECL $m	Stage II Not credit impaired $m	Stage III Credit impaired $m	Total ECL Allowance $m
Balance as at 1 Apr 2023	625	425	394	1,444
Transfer during the period	34	33	(67)	–
Credit impairment (reversals)/charges (Note 2)	(60)	(44)	59	(45)
Amount written off, previously provided for	–	–	(15)	(15)
Reclassifications, foreign exchange and other movements	10	9	5	24
Balance as at 30 Sep 2023	609	423	376	1,408
Transfer during the period	131	(152)	21	–
Credit impairment (reversals)/charges (Note 2)	(286)	87	137	(62)
Amount written off, previously provided for	–	–	(15)	(15)
Reclassifications, foreign exchange and other movements	(6)	(3)	(7)	(16)
Balance as at 31 Mar 2024	448	355	512	1,315
Transfer during the period	**36**	**(2)**	**(34)**	**–**
Credit impairment charges (Note 2)	**18**	**18**	**36**	**72**
Amount written off, previously provided for	**–**	**–**	**(139)**	**(139)**
Reclassifications, foreign exchange and other movements	**(13)**	**(8)**	**(9)**	**(30)**
Balance as at 30 Sep 2024	**489**	**363**	**366**	**1,218**

Note 13

Trading liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Equity securities	**5,046**	4,991	8,154
Debt securities	**101**	53	68
Commodities	**88**	–	–
Total trading liabilities	**5,235**	5,044	8,222

Note 14

Margin money and settlement liabilities

Margin money	**15,852**	17,793	16,546
Security settlement liabilities	**11,615**	6,253	6,462
Commodity settlement liabilities	**5,074**	4,377	4,128
Total margin money and settlement liabilities	**32,541**	28,423	27,136

Note 15

Derivative liabilities

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Held for trading	**19,710**	21,808	24,621
Designated in hedge relationships	**2,630**	3,777	4,906
Total derivative liabilities	**22,340**	25,585	29,527

Note 16

Other liabilities

Other financial liabilities			
Commodity-related payables	**3,102**	3,848	4,310
Trade and other payables	**1,835**	1,831	1,815
Lease liabilities	**841**	918	921
Total other financial liabilities	**5,778**	6,597	7,046
Other non-financial liabilities			
Employment-related liabilities	**2,312**	3,485	2,374
Provisions[1]	**1,607**	1,782	1,761
Accrued charges and other payables	**864**	867	947
Income tax provision[2]	**693**	785	852
Income received in advance	**403**	504	528
Indirect taxes payables	**120**	260	175
Other	**91**	192	159
Total other non-financial liabilities	**6,090**	7,875	6,796
Total other liabilities	**11,868**	14,472	13,842

[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.

Note 17

Issued debt securities and other borrowings

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Bonds	**58,030**	57,233	52,378
Commercial paper	**35,284**	26,025	31,070
Securitised notes	**11,038**	11,621	10,925
Structured notes[1,2]	**2,840**	2,550	2,223
Certificates of deposit	**2,083**	1,333	3,207
Total issued debt securities	**109,275**	98,762	99,803
Borrowings	**21,203**	21,116	20,083
Total issued debt securities and other borrowings	**130,478**	119,878	119,886

Reconciliation of issued debt securities and other borrowings by major currency

(In Australian dollar equivalent)

United States dollar	**82,194**	74,384	77,340
Australian dollar	**18,156**	19,660	20,137
Euro	**16,147**	13,179	9,846
Pound sterling	**7,086**	6,891	6,320
Japanese yen	**2,348**	2,286	2,376
Others	**4,547**	3,478	3,867
Total issued debt securities and other borrowings	**130,478**	119,878	119,886

[1] The amount that would be contractually required to be paid at maturity to the holders of issued debt securities measured at DFVTPL is $4,225 million (31 March 2024: $3,868 million; 30 September 2023: $3,695 million). This amount is based on the final notional amount rather than the fair value. Refer to Note 22 *Measurement categories of financial instruments* for the carrying value of issued debt securities measured at DFVTPL.

[2] Includes a cumulative fair value gain recognised in OCI of $14 million (31 March 2024; $14 million; 30 September 2023: $30 million) due to changes in own credit risk on issued debt securities measured at DFVTPL.

Notes to the consolidated financial statements

For the half year ended 30 September 2024 continued

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Note 18

Contributed equity

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Ordinary share capital	**13,887**	14,156	14,812
Treasury shares	**(2,873)**	(2,784)	(2,871)
Total contributed equity	**11,014**	11,372	11,941

	Number of shares	Total $m
(i) Ordinary share capital[1]		
Balance as at 1 Apr 2023	386,476,754	14,735
For employee MEREP awards:		
Transfer from share-based payments reserve on vesting of MEREP awards	–	549
Transfer of deferred tax benefit on MEREP from share-based payments reserve on vesting of MEREP awards	–	13
Transfer from treasury shares for MEREP awards exercised	–	(485)
Balance as at 30 Sep 2023	386,476,754	14,812
For employee MEREP awards:		
Transfer from share-based payments reserve on vesting of MEREP awards	–	58
Transfer of deferred tax benefit on MEREP from share-based payments reserve on vesting of MEREP awards	–	17
Transfer from treasury shares for MEREP awards exercised	–	(87)
On-market share buyback[2]	(3,514,221)	(644)
Balance as at 31 Mar 2024	382,962,533	14,156
For employee MEREP awards:		
Transfer from share-based payments reserve on vesting of MEREP awards	**–**	**646**
Transfer of deferred tax benefit on MEREP from share-based payments reserve on vesting of MEREP awards	**–**	**32**
Transfer from treasury shares for MEREP awards exercised	**–**	**(578)**
On-market share buyback[2]	**(1,824,118)**	**(369)**
Balance as at 30 Sep 2024	**381,138,415**	**13,887**
(ii) Treasury shares		
Balance as at 1 Apr 2023	(16,724,053)	(2,328)
Acquisition of shares for employee MEREP awards	(5,737,537)	(1,028)
Transfer to ordinary share capital for MEREP awards exercised	3,951,704	485
Acquisition of shares for allocation under DRP scheme	(1,319,291)	(233)
Allocation of shares under DRP scheme	1,319,291	233
Balance as at 30 Sep 2023	(18,509,886)	(2,871)
Transfer to ordinary share capital for MEREP awards exercised	597,265	87
Acquisition of shares for allocation under DRP scheme	(322,890)	(54)
Allocation of shares under DRP scheme	322,890	54
Acquisition of shares for allocation under ESP scheme	(14,346)	(2)
Allocation of shares under ESP scheme	14,346	2
Balance as at 31 Mar 2024	(17,912,621)	(2,784)
Acquisition of shares for employee MEREP awards	**(3,482,352)**	**(667)**
Transfer to ordinary share capital for MEREP awards exercised	**4,179,769**	**578**
Acquisition of shares for allocation under DRP scheme	**(914,228)**	**(177)**
Allocation of shares under DRP scheme	**914,228**	**177**
Balance as at 30 Sep 2024	**(17,215,204)**	**(2,873)**

[1] Ordinary shares have no par value.
[2] On 3 November 2023, the MGL Board approved an on-market share buyback of up to $2 billion of MGL shares. During the half year, 1,824,118 (half year to 31 March 2024: 3,514,221) ordinary shares were bought back at an average price of $202.39 (half year 31 March 2024: $183.26 per share). The shares bought back were subsequently cancelled. On 1 November 2024, the MGL Board approved an extension of the on-market share buyback for a further 12 months.

Note 19

Reserves and retained earnings

	Half year to 30 Sep 24 $m	Half year to 31 Mar 24 $m	Half year to 30 Sep 23 $m
(i) Reserves			
Foreign currency translation reserve			
Balance at the beginning of the period	**2,072**	2,197	1,632
Foreign exchange movement on translation and hedge accounting of foreign operations, net of tax	**(786)**	(125)	565
Balance at the end of the period	**1,286**	2,072	2,197
FVOCI reserve and Other reserve			
Balance at the beginning of the period	**(2)**	1	30
Revaluation movement, net of tax	**(3)**	29	(37)
Changes in ECL allowance, net of tax	**(25)**	(32)	8
Balance at the end of the period	**(30)**	(2)	1
Share-based payments reserve			
Balance at the beginning of the period	**1,821**	1,442	1,621
MEREP share-based payment arrangements	**407**	403	396
Deferred tax on MEREP share-based payment arrangements	**50**	59	(13)
Transfer to ordinary share capital on vesting of MEREP awards	**(646)**	(58)	(549)
Transfer to retained earnings for forfeited awards	**(3)**	(8)	–
Transfer of deferred tax benefit to ordinary share capital on vesting of MEREP awards	**(32)**	(17)	(13)
Balance at the end of the period	**1,597**	1,821	1,442
Cash flow hedge reserve			
Balance at the beginning of the period	**22**	2	21
Revaluation movement, net of tax	**59**	4	(45)
Transferred to income statement on realisation, net of tax	**32**	16	26
Balance at the end of the period	**113**	22	2
Cost of hedging reserves			
Balance at the beginning of the period	**(72)**	(78)	(30)
Revaluation movement, net of tax	**(14)**	(1)	(54)
Transferred to income statement on realisation, net of tax	**6**	7	6
Balance at the end of the period	**(80)**	(72)	(78)
Share of reserves in associates and joint ventures			
Balance at the beginning of the period	**50**	26	28
Share of other comprehensive income from associates and joint ventures, net of tax	**(16)**	24	(2)
Balance at the end of the period	**34**	50	26
Total reserves at the end of the period	**2,920**	3,891	3,590
(ii) Retained earnings			
Balance at the beginning of the period	**18,218**	17,120	17,446
Profit attributable to the ordinary equity holders of Macquarie Group Limited	**1,612**	2,107	1,415
Dividends paid on ordinary share capital (Note 5)	**(1,465)**	(982)	(1,734)
Movement due to change in non-controlling ownership interest	**(3)**	–	4
Remeasurement of defined benefit plans	**1**	(3)	1
Fair value changes attributable to own credit risk on debt classified as DFVTPL, net of tax	**(1)**	(32)	(12)
Transferred from share-based payment reserve for forfeited MEREP awards	**3**	8	–
Balance at the end of the period	**18,365**	18,218	17,120

Note 20

Notes to the statement of cash flows

	As at 30 Sep 24 $m	As at 31 Mar 24 $m	As at 30 Sep 23 $m
Cash and bank balances[1,2]	**11,278**	23,232	23,412
Cash collateralised lending and reverse repurchase agreements	**41,670**	33,291	43,794
Financial investments[3]	**1,483**	2,251	1,627
Held for sale assets	**241**	160	184
Cash and cash equivalents at the end of the period	**54,672**	58,934	69,017

Note 21

Contingent liabilities and commitments

Credit risk related exposures			
Undrawn credit facilities and debt commitment[4,5]	**29,785**	30,880	28,495
Letter of credit and guarantees	**2,476**	2,453	2,542
Total credit risk related exposures	**32,261**	33,333	31,037
Other contingencies and commitments			
Equity investment commitments	**1,852**	2,090	2,125
Asset development and purchase commitments	**487**	706	1,505
Performance related contingencies[6]	**368**	260	289
Total other contingencies and commitments	**2,707**	3,056	3,919
Total contingent liabilities and commitments	**34,968**	36,389	34,956

[1] Amounts excluded from cash and cash equivalents but presented in the Statement of financial position as Cash and bank balances primarily relates to $7,540 million (31 March 2024: $8,021 million, 30 September 2023: $5,451 million) of funds received from clients which are segregated from the Consolidated Entity's own funds and other balances of $291 million (31 March 2024: $602 million, 30 September 2023: $724 million), not readily available to meet the Consolidated Entity's short-term cash commitments.

[2] Includes $2,402 million (31 March 2024: $2,004 million, 30 September 2023: $1,253 million) of balances held by consolidated SEs that are restricted from use by the Consolidated Entity, balances required to be maintained with central banks and other regulatory authorities and balances held in countries where remittance of cash outside the country is subject to certain restrictions.

[3] The Consolidated Entity maintains a portfolio of highly liquid unencumbered assets, including financial investments across various contractual maturities, for liquidity purposes. Financial investments that qualify as cash and cash equivalent have been adjusted to exclude investments with a residual maturity of three months or less at the balance date but whose maturity exceeded three months at the date of acquisition. Comparative information has been represented to conform to changes in the current period. For the half year ended 31 March 2024, Cash and cash equivalent at the beginning and at the end of the period decreased by $6,602m and $7,833m, respectively, and cash flows from the operating activities under liquid asset holdings decreased by $1,231m. For the half year ended 30 September 2023, Cash and cash equivalent at the beginning and at the end of the period decreased by $4,098m and $6,602m, respectively, and cash flows from the operating activities under liquid asset holdings decreased by $2,504m.

[4] 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 $16,455 million (31 March 2024: $14,839 million; 30 September 2023: $14,973 million) which are considered to be exposed to credit risk.

[5] Includes $981 million (31 March 2024: $1,101 million; 30 September 2023: $1,164 million) in undrawn facilities wherein loan positions have been sub-participated to a third party and will be transferred after drawdown.

[6] It is not practicable to ascertain the timing of any outflow and the possibility of any reimbursement related to these contingent liabilities. Certain contingent liabilities are collateralised and any cash collateral (and related liability to return the collateral) is recognised in the Statement of financial position.

Note 22

Measurement categories of financial instruments

The following table contains information relating to the measurement categories (i.e. Held for Trading (HFT), FVTPL, DFVTPL, FVOCI or Amortised cost) of assets and liabilities of the Consolidated Entity. The descriptions of measurement categories are included in Note 44(vii) *Financial instruments* in the Consolidated Entity's annual financial report for the year ended 31 March 2024.

The methods and significant assumptions that have been applied in determining the fair values of assets and liabilities are disclosed in Note 23 *Fair value of assets and liabilities*.

	FINANCIAL INSTRUMENTS CARRIED AT							FAIR VALUE OF ITEMS CARRIED AT	
	FAIR VALUE								
	HFT	DFVTPL	FVTPL	FVOCI	Amortised Cost	Non-financial instruments	Statement of financial position total	Fair Value	Amortised Cost
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Assets									**AS AT 30 SEP 2024**
Cash and bank balances	–	–	–	–	19,109	–	19,109	–	19,109
Cash collateralised lending and reverse repurchase agreements	–	226	9,343	42,706	17,396	–	69,671	52,275	17,396
Trading assets[1]	31,683	–	–	–	–	3,620	35,303	35,303	–
Margin money and settlement assets	–	–	276	–	25,553	–	25,829	276	25,553
Derivative assets	22,656	–	1,199	–	–	–	23,855	23,855	–
Financial investments:									
Equity	–	–	1,672	–	–	–	1,672	1,672	–
Debt[2]	–	–	782	14,363	2,070	–	17,215	15,145	2,070
Held for sale assets	–	–	332	–	392	2,296	3,020	332	392
Other assets[3]	–	–	3,299	255	3,339	4,182	11,075	4,626	3,339
Loan assets[2]	–	–	1,279	469	185,316	–	187,064	1,748	185,853
Interests in associates and joint ventures:									
Equity interests	–	–	9	–	–	6,146	6,155	9	–
Loans to associates and joint ventures	–	–	518	–	478	–	996	518	478
Property, plant and equipment and right-of-use assets[2]	–	–	–	–	–	8,128	8,128	–	–
Intangible assets	–	–	–	–	–	3,482	3,482	–	–
Deferred tax assets	–	–	–	–	–	1,741	1,741	–	–
Total assets	**54,339**	**226**	**18,709**	**57,793**	**253,653**	**29,595**	**414,315**	**135,759**	**254,190**
Liabilities									
Deposits	–	–	–	–	158,472	–	158,472	–	158,470
Cash collateralised borrowing and repurchase agreements	–	5	–	–	3,141	–	3,146	5	3,141
Trading liabilities	5,235	–	–	–	–	–	5,235	5,235	–
Margin money and settlement liabilities	–	–	–	–	32,541	–	32,541	–	32,541
Derivative liabilities	19,710	–	2,630	–	–	–	22,340	22,340	–
Held for sale liabilities	–	–	22	–	709	95	826	22	709
Other liabilities[4]	–	3,103	–	–	2,675	6,090	11,868	3,103	1,833
Issued debt securities and other borrowings [2]	–	3,174	–	–	127,304	–	130,478	3,174	128,415
Deferred tax liabilities	–	–	–	–	–	304	304	–	–
Loan capital[2]	–	–	–	–	16,271	–	16,271	–	16,615
Total liabilities	**24,945**	**6,282**	**2,652**	**–**	**341,113**	**6,489**	**381,481**	**33,879**	**341,724**

[1] Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
[2] Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.
[3] Non-financial assets under 'Other assets' include investment properties carried at fair value.
[4] The fair value of other liabilities carried at amortised cost excludes lease liabilities. Carrying value of other liabilities at DFVTPL approximates the contractual payables at maturity.

Note 22

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE							FAIR VALUE OF ITEMS CARRIED AT	
	HFT $m	DFVTPL $m	FVTPL $m	FVOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position total $m	Fair Value $m	Amortised Cost $m
								AS AT 31 MAR 2024	
Assets									
Cash and bank balances	–	–	–	–	31,855	–	31,855	–	31,855
Cash collateralised lending and reverse repurchase agreements	–	–	11,774	34,915	11,727	–	58,416	46,689	11,727
Trading assets[5]	25,398	–	–	–	–	2,526	27,924	27,924	–
Margin money and settlement assets	–	–	275	–	23,842	–	24,117	275	23,842
Derivative assets	23,064	–	1,003	–	–	–	24,067	24,067	–
Financial investments:									
Equity	–	–	2,218	–	–	–	2,218	2,218	–
Debt[6]	–	–	787	19,453	1,920	–	22,160	20,240	1,920
Held for sale assets	–	–	352	–	–	1,852	2,204	352	–
Other assets[7]	–	–	3,976	255	4,173	4,234	12,638	5,158	4,173
Loan assets[6]	–	–	1,310	559	174,502	–	176,371	1,869	175,019
Interests in associates and joint ventures:									
Equity interests	–	–	9	–	–	5,833	5,842	9	–
Loans to associates and joint ventures	–	–	649	–	478	–	1,127	649	478
Property, plant and equipment and right-of-use assets[6]	–	–	–	–	–	8,134	8,134	–	–
Intangible assets	–	–	–	–	–	4,254	4,254	–	–
Deferred tax assets	–	–	–	–	–	2,077	2,077	–	–
Total assets	48,462	–	22,353	55,182	248,497	28,910	403,404	129,450	249,014
Liabilities									
Deposits	–	–	–	–	148,416	–	148,416	–	148,375
Cash collateralised borrowing and repurchase agreements	–	82	–	–	12,517	–	12,599	82	12,517
Trading liabilities	5,044	–	–	–	–	–	5,044	5,044	–
Margin money and settlement liabilities	–	–	–	–	28,423	–	28,423	–	28,423
Derivative liabilities	21,808	–	3,777	–	–	–	25,585	25,585	–
Held for sale liabilities	–	–	–	–	397	10	407	–	397
Other liabilities[8]	–	3,885	–	–	2,712	7,875	14,472	3,885	2,712
Issued debt securities and other borrowings[6]	–	2,792	–	–	117,086	–	119,878	2,792	118,276
Deferred tax liabilities	–	–	–	–	–	383	383	–	–
Loan capital[6]	–	–	–	–	14,201	–	14,201	–	14,688
Total liabilities	26,852	6,759	3,777	–	323,752	8,268	369,408	37,388	325,388

[5] Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
[6] Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.
[7] Non-financial assets under 'Other assets' include investment properties carried at fair value.
[8] The fair value of other liabilities carried at amortised cost excludes lease liabilities. Carrying value of other liabilities at DFVTPL approximates the contractual payables at maturity.

Note 22

Measurement categories of financial instruments continued

	FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE							FAIR VALUE OF ITEMS CARRIED AT	
	HFT $m	DFVTPL $m	FVTPL $m	FVOCI $m	Amortised Cost $m	Non-financial instruments $m	Statement of financial position total $m	Fair Value $m	Amortised Cost $m
								AS AT 30 SEP 2023	
Assets									
Cash and bank balances	–	–	–	–	29,587	–	29,587	–	29,587
Cash collateralised lending and reverse repurchase agreements	–	–	6,408	47,042	12,669	–	66,119	53,450	12,669
Trading assets[9]	17,851	–	–	–	–	2,373	20,224	20,224	–
Margin money and settlement assets	–	–	397	–	23,748	–	24,145	397	23,748
Derivative assets	27,962	–	1,159	–	–	–	29,121	29,121	–
Financial investments:									
Equity	–	–	1,712	–	–	–	1,712	1,712	–
Debt[10]	–	–	1,103	18,177	1,870	–	21,150	19,280	1,870
Held for sale assets	–	–	150	–	306	1,346	1,802	453	303
Other assets[11]	–	–	5,437	193	3,708	4,361	13,699	6,227	3,711
Loan assets[10]	–	–	1,051	533	165,911	–	167,495	1,584	165,873
Interests in associates and joint ventures:									
Equity interests	–	–	–	–	–	5,236	5,236	–	–
Loans to associates and joint ventures	–	–	486	–	452	–	938	486	452
Property, plant and equipment and right-of-use assets[10]	–	–	–	–	–	7,531	7,531	–	–
Intangible assets	–	–	–	–	–	4,249	4,249	–	–
Deferred tax assets	–	–	–	–	–	1,586	1,586	–	–
Total assets	45,813	–	17,903	65,945	238,251	26,682	394,594	132,934	238,213
Liabilities									
Deposits	–	–	–	–	135,966	–	135,966	–	135,905
Cash collateralised borrowing and repurchase agreements	–	144	–	–	13,363	–	13,507	144	13,363
Trading liabilities	8,222	–	–	–	–	–	8,222	8,222	–
Margin money and settlement liabilities	–	–	–	–	27,136	–	27,136	–	27,136
Derivative liabilities	24,621	–	4,906	–	–	–	29,527	29,527	–
Held for sale liabilities	–	–	20	–	252	24	296	20	250
Other liabilities[12]	–	4,041	1	–	3,323	6,477	13,842	4,042	2,397
Issued debt securities and other borrowings [10]	–	2,472	–	–	117,414	–	119,886	2,472	117,773
Deferred tax liabilities	–	–	–	–	–	241	241	–	–
Loan capital[10]	–	–	–	–	12,833	–	12,833	–	13,057
Total liabilities	32,843	6,657	4,927	–	310,287	6,742	361,456	44,427	309,881

[9] Non-financial assets under 'Trading assets' represent commodities carried at fair value less costs to sell.
[10] Items measured at amortised cost or cost includes, where applicable, fair value hedge accounting adjustments for designated hedged risks.
[11] Non-financial assets under 'Other assets' include investment properties carried at fair value.
[12] The fair value of other liabilities carried at amortised cost excludes lease liabilities. Carrying value of other liabilities at DFVTPL approximates the contractual payables at maturity.

Note 23

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.

Asset or liability	Valuation technique, 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 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 approximates their carrying amounts, subject to any adjustment for changes in credit spreads.

Note 23

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 technique, inputs and other significant assumptions
Trading assets, Trading liabilities and Derivatives	Trading assets, including commodities 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. 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.
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 considerations 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, 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.
Investment property	Investment property is measured at fair value based on the discounted future cash flow approach or the capitalisation approach and is supported by recent market transactions, where available. The adopted discount rates and capitalisation rates are determined based on industry expertise.
Other financial assets and financial liabilities	Fair values of other financial assets and financial liabilities are based upon data or valuation techniques appropriate to the nature and type of the underlying instruments.

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

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

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

Note 23

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
Assets				**AS AT 30 SEP 2024**
Cash collateralised lending and reverse repurchase agreements	**–**	**52,275**	**–**	**52,275**
Trading assets	**25,414**	**8,869**	**1,020**	**35,303**
Margin money and settlement assets	**–**	**276**	**–**	**276**
Derivative assets	**17**	**23,477**	**361**	**23,855**
Financial investments	**570**	**14,647**	**1,600**	**16,817**
Held for sale and other assets[1]	**–**	**3,533**	**1,425**	**4,958**
Loan assets	**–**	**342**	**1,406**	**1,748**
Loans to associates and joint ventures	**–**	**–**	**527**	**527**
Total assets	**26,001**	**103,419**	**6,339**	**135,759**
Liabilities				
Cash collateralised borrowing and repurchase agreements	**–**	**5**	**–**	**5**
Trading liabilities	**4,923**	**312**	**–**	**5,235**
Derivative liabilities	**1**	**21,880**	**459**	**22,340**
Held for sale and other liabilities	**–**	**3,087**	**38**	**3,125**
Issued debt securities and other borrowings	**–**	**3,174**	**–**	**3,174**
Total liabilities	**4,924**	**28,458**	**497**	**33,879**
Assets				AS AT 31 MAR 2024
Cash collateralised lending and reverse repurchase agreements	–	46,689	–	46,689
Trading assets	19,959	7,146	819	27,924
Margin money and settlement assets	–	275	–	275
Derivative assets	1	23,652	414	24,067
Financial investments	300	20,042	2,116	22,458
Held for sale and other assets[1]	–	4,269	1,240	5,509
Loan assets	–	427	1,442	1,869
Loans to associates and joint ventures	–	–	658	658
Total assets	20,260	102,500	6,689	129,449
Liabilities				
Cash collateralised borrowing and repurchase agreements	–	82	–	82
Trading liabilities	4,835	209	–	5,044
Derivative liabilities	–	25,002	583	25,585
Held for sale and other liabilities	–	3,785	100	3,885
Issued debt securities and other borrowings	–	2,792	–	2,792
Total liabilities	4,835	31,870	683	37,388

[1] Includes $1,072 million (31 March 2024: $927 million) of investment properties measured at fair value.

Note 23

Fair value of assets and liabilities continued

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets				AS AT 30 SEP 2023
Cash collateralised lending and reverse repurchase agreements	–	53,450	–	53,450
Trading assets	12,221	6,823	1,180	20,224
Margin money and settlement assets	–	397	–	397
Derivative assets	15	28,340	766	29,121
Financial investments	2,849	16,263	1,880	20,992
Held for sale and other assets[2]	–	5,454	1,226	6,680
Loan assets	–	340	1,244	1,584
Loans to associates and joint ventures	–	–	486	486
Total assets	15,085	111,067	6,782	132,934
Liabilities				
Cash collateralised borrowing and repurchase agreements	–	144	–	144
Trading liabilities	8,054	168	–	8,222
Derivative liabilities	2	28,580	945	29,527
Held for sale and other liabilities	–	4,062	–	4,062
Issued debt securities and other borrowings	–	2,472	–	2,472
Total liabilities	8,056	35,426	945	44,427

Reconciliation of balances in Level 3 of the fair value hierarchy

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

	Trading assets $m	Financial investments $m	Held for sale and other assets $m	Loan assets $m	Loans to associates and joint ventures $m	Derivative financial instruments (net fair values)[3] $m	Held for sale and other liabilities $m	Total $m
Balance as at 1 Apr 2023	804	1,862	1,073	1,241	544	12	–	5,536
Purchases, originations, issuances and other additions	648	305	182	310	207	49	–	1,701
Sales, settlements and repayments	(224)	(70)	(24)	(336)	(7)	10	–	(651)
Reclassification	–	–	144	–	(144)	–	–	–
Transfers into Level 3[4]	26	89	–	–	37	32	–	184
Transfers out of Level 3[4]	(99)	(588)	(190)	(18)	(98)	(108)	–	(1,101)
Fair value movements recognised in the income statement:								
Net trading income/(loss)[5]	25	77	31	38	9	(172)	–	8
Other income/(loss)	–	180	10	8	(46)	–	–	152
Fair value movements recognised in OCI	–	25	–	1	(16)	(2)	–	8
Balance as at 30 Sep 2023	1,180	1,880	1,226	1,244	486	(179)	–	5,837
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[5]	21	243	33	33	(33)	(172)	–	125

[2] Includes $902 million of investment properties measured at fair value.
[3] The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are $766 million and derivative liabilities are $945 million.
[4] Assets and liabilities transferred into or out of Level 3 are presented as if the assets or liabilities had been transferred at the beginning of the period.
[5] 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 denominated financial instruments that are measured at amortised cost, that are not presented in the table above.

Note 23

Fair value of assets and liabilities continued

	Trading assets	Financial investments	Held for sale and other assets	Loan assets	Loans to associates and joint ventures	Derivative financial instruments (net fair values)[6]	Held for sale and other liabilities	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 Oct 2023	1,180	1,880	1,226	1,244	486	(179)	–	5,837
Purchases, originations, issuances and other additions	64	195	77	365	305	(7)	(126)	873
Sales, settlements and repayments	(393)	(21)	(167)	(222)	(28)	(236)	21	(1,046)
Reclassification	–	(9)	57	–	(48)	–	–	–
Transfers into Level 3[7]	(16)	(53)	–	4	32	(2)	–	(35)
Transfers out of Level 3[7]	(83)	(65)	21	18	(8)	44	5	(68)
Fair value movements recognised in the income statement:								
Net trading income/(loss)[8]	67	(9)	(8)	(3)	(1)	219	–	265
Other income/(loss)	–	188	34	42	(81)	–	–	183
Fair value movements recognised in OCI	–	10	–	(6)	1	(8)	–	(3)
Balance as at 31 Mar 2024	819	2,116	1,240	1,442	658	(169)	(100)	6,006
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[8]	70	173	(34)	24	(62)	220	–	391
Balance as at 1 Apr 2024	**819**	**2,116**	**1,240**	**1,442**	**658**	**(169)**	**(100)**	**6,006**
Purchases, originations, issuances and other additions	**330**	**134**	**325**	**570**	**139**	**150**	**(28)**	**1,620**
Sales, settlements and repayments	**(180)**	**(350)**	**(256)**	**(582)**	**–**	**4**	**49**	**(1,315)**
Reclassification	**–**	**5**	**152**	**(5)**	**(201)**	**22**	**27**	**—**
Transfers into Level 3[7]	**150**	**37**	**10**	**—**	**—**	**(1)**	**-**	**196**
Transfers out of Level 3[7]	**(125)**	**(352)**	**-**	**(1)**	**(3)**	**(113)**	**-**	**(594)**
income statement:								
Net trading income/(loss)[8]	**26**	**(86)**	**(39)**	**(39)**	**(21)**	**20**	**-**	**(139)**
Other income/(loss)	**-**	**91**	**(7)**	**(11)**	**(45)**	**3**	**14**	**45**
Fair value movements recognised in OCI	**-**	**5**	**-**	**32**	**-**	**(14)**	**-**	**23**
Balance as at 30 Sep 2024	**1,020**	**1,600**	**1,425**	**1,406**	**527**	**(98)**	**(38)**	**5,842**
Fair value movements for the period included in the income statement for assets and liabilities held at the end of the period[8]	**(3)**	**9**	**(44)**	**(38)**	**(58)**	**22**	**6**	**(106)**

[6] The derivative financial instruments in the table above are represented on a net basis. On a gross basis, derivative assets are $361 million (31 March 2024: $414 million) and derivative liabilities are $459 million (31 March 2024: $583 million).
[7] Assets and liabilities transferred into or out of Level 3 are presented as if the assets or liabilities had been transferred at the beginning of the period.
[8] 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 denominated financial instruments that are measured at amortised cost, that are not presented in the table above.

Note 23

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 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 interests 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 after the asset or liability is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable.

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

	Half year to 30 Sep 2024 $m	Half year to 31 Mar 2024 $m	Half year to 30 Sep 2023 $m
Balance at the beginning of the period	**288**	271	272
Deferred gain on new transactions and other adjustments	**68**	137	53
Foreign exchange movements	**(1)**	(3)	1
Recognised in net trading income during the period	**(100)**	(117)	(55)
Balance at the end of the period	**255**	288	271

Note 23

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.

					RANGE OF INPUTS	
	Fair value of Assets $m	Fair value of liabilities $m	Valuation technique(s)	Significant unobservable inputs	Minimum value	Maximum value
					AS AT 30 SEP 2024	
Interest rate and other products	**3,294**	**43**	Discounted cash flows	Discount rates - Credit spread	**5.5%**	**9.3%**
			Comparable transactions	Price in %	**91.9%**	**98.0%**
Commodities	**1,192**	**443**	Pricing Model	Commodity margin curves	**(542.5)**	**2,170.0**
			Pricing Model	Correlation	**(50.0%)**	**100.0%**
			Pricing Model	Volatility and related variables	**3.0%**	**97.3%**
Equity and equity linked products	**1,853**	**11**	Pricing Model	Earnings multiple	**7.0x**	**10.0x**
Total	**6,339**	**497**				
					AS AT 31 MAR 2024	
Interest rate and other products	3,661	69	Discounted cash flows	Discount rates - Credit spread	5.7%	10.0%
			Comparable transactions	Price in %	40.0%	94.9%
Commodities	1,203	608	Pricing Model	Commodity margin curves	(230.9)	958.7
			Pricing Model	Correlation	(50.0%)	100.0%
			Pricing Model	Volatility and related variables	0.0%	212.1%
Equity and equity linked products	1,825	6	Net asset value (NAV)	Fund's NAV[9]	–	–
			Pricing Model	Earnings multiple	7.0x	16.7x
Total	6,689	683				
					AS AT 30 SEP 2023	
Interest rate and other products	3,771	36	Discounted cash flows	Discount rates - Credit spread	2.4%	13.0%
			Comparable transactions	Price in %	5.0%	94.9%
Commodities	1,776	909	Pricing Model	Commodity margin curves	(372.2)	2,099.9
			Pricing Model	Correlation	(50.0%)	100.0%
			Pricing Model	Volatility and related variables	5.9%	415.0%
Equity and equity linked products	1,235	–	Net asset value (NAV)	Fund's NAV[9]	–	–
			Pricing Model	Earnings multiple	2.4x	16.0x
Total	6,782	945				

[9] The range of inputs in NAV is not disclosed as the diverse nature of the underlying investments results in a wide range of inputs.

Note 23

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.

Interest rate and other products

Discount rate – Credit spread: Loans are generally valued using discount rates. Significant unobservable inputs may include interest rates and credit spreads of counterparties and original issue discounts on primary debt issuances. Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality which increases the discount factor applied to future cash flows, thereby reducing the value of the asset. Credit spreads may be implied from the market prices and may not be observable in more illiquid markets.

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

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 commodity or delivery location and other economic conditions.

Correlation: Correlation is a measure of the relationship between the movements of input variables (i.e. how the change in one variable influences a change in the other variable). It is expressed as a percentage between –100% and +100%, where 100% represents perfectly correlated variables and –100% represents inversely correlated 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

Unlisted equity securities are generally valued based on earnings or revenue multiples, referencing market transactions which are not directly comparable or quantifiable and are adjusted as appropriate for current economic conditions. Other significant unobservable inputs may include NAV and discount rates determined using inputs specific to the underlying investment and forecast cash flows and earnings/revenues of investee entities.

Note 23

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 instruments 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	OCI $m	Profit or loss $m	OCI $m
				AS AT 30 SEP 2024
Product type				
Commodities	**163**	**–**	**(135)**	**–**
Interest rate and other products	**88**	**13**	**(116)**	**(15)**
Equity and equity-linked products	**203**	**–**	**(173)**	**–**
Total	**454**	**13**	**(424)**	**(15)**
				AS AT 31 MAR 2024
Product type				
Commodities	214	–	(181)	–
Interest rate and other products	153	18	(172)	(23)
Equity and equity-linked products	174	–	(121)	–
Total	541	18	(474)	(23)
				AS AT 30 SEP 2023
Product type				
Commodities	158	–	(92)	–
Interest rate and other products	140	10	(157)	(14)
Equity and equity-linked products	107	–	(72)	–
Total	405	10	(321)	(14)

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

Note 24

Acquisitions and disposals of businesses and subsidiaries

Acquisitions of businesses and subsidiaries

The Consolidated Entity's acquisitions include businesses and subsidiaries acquired as part of core business operations as well as businesses and subsidiaries held for investment and resell purposes.

Core business operations

During the current period, prior period and prior corresponding period, there were no material businesses and subsidiaries acquired for core business operations.

Held for investment purposes

During the half year ended 30 September 2024, businesses and subsidiaries acquired or consolidated for a total transaction value of $851 million resulting in recognition of net assets of $556 million, non-controlling interests of $8 million and goodwill of $303 million in the Statement of financial position. The purchase price allocations for the business combinations are provisional as at 30 September 2024.

During the half year ended 31 March 2024, businesses and subsidiaries acquired or consolidated for a total transaction value of $403 million resulting in recognition of net assets of $112 million, non-controlling interests of $16 million and goodwill of $307 million in the Statement of financial position.

During the half year ended 30 September 2023, businesses and subsidiaries acquired or consolidated for a total transaction value of $358 million resulting in recognition of net assets of $104 million, non-controlling interests of $2 million and goodwill of $252 million in the Statement of financial position.

Disposals of businesses and subsidiaries

The Consolidated Entity's disposals include businesses and subsidiaries which formed part of core business operations as well as businesses and subsidiaries held for investment and resell purposes.

Core business operations

During the current period, prior period and prior corresponding period, there were no material businesses and subsidiaries disposed of from core business operations.

Held for investment purposes

During the half year ended 30 September 2024, a subsidiary was deconsolidated for a total transaction value of $351 million resulting in deconsolidation of net assets of $196 million, non-controlling interest of $31 million (share of accumulated losses) and investment income (gain on interests in businesses and subsidiaries) of $124 million recognised in the income statement.

During the half year ended 31 March 2024, businesses and subsidiaries disposed of or deconsolidated for a total transaction value of $1,001 million resulting in a deconsolidation of net assets of $770 million, non-controlling interest of $24 million and investment income (gain on interests in businesses and subsidiaries) of $255 million recognised in the income statement.

During the half year ended 30 September 2023, businesses and subsidiaries disposed of or deconsolidated for a total transaction value of $832 million resulting in deconsolidation of net assets of $1,470 million, non-controlling interest of $686 million and investment income (gain on interests in businesses and subsidiaries) of $48 million recognised in the income statement.

Note 25

Events after the reporting date

There were no material events subsequent to 30 September 2024 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 2024

In the Directors' opinion:

(a) the financial statements and notes set out on pages 21 to 65 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 2024 and performance for the half year ended on that date, and

(b) there are reasonable grounds to believe that Macquarie Group 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 required by section 295A of the *Corporations Act 2001* (Cth).

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

Glenn Stevens AC
Independent Director and Chair

Shemara Wikramanayake
Managing Director and Chief Executive Officer

Sydney
1 November 2024

Independent auditor's review report

To the members of Macquarie Group Limited

Report on the half year financial report

Conclusion

We have reviewed the half year financial report of Macquarie Group Limited (the Company) and the entities it controlled during the half year (together the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 September 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half year ended on that date, material accounting policy information and 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 Group 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 2024 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 2024 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

PricewaterhouseCoopers

V. Papageorgiou

Voula Papageorgiou
Partner

Sydney
1 November 2024

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Ten year history

For the half year ended 30 September 2024

The financial information for the full years ended 31 March 2016–2024 and half year ended 30 September 2024 are based on the reported results using the Australian Accounting Standards that were effective and adopted by the Consolidated Entity at the reporting dates, which also comply with IFRS as issued by the IASB. Income Statements and Statements of Financial Position metrics for previous reporting periods have been restated only to the extent as required by the accounting standards. The financial reporting periods may hence not be fully comparable with one another as a result of changes in accounting standards' requirement.

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

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

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